

The background of the entire page is a vibrant photograph of a woman in a pink shirt and a straw hat, standing in a lush green coffee plantation. She is holding a blue bucket filled with coffee beans. The plantation is situated on a hillside, with a vast, hazy landscape of rolling hills and valleys visible in the background under a blue sky with scattered clouds.

FMO

Entrepreneurial
Development
Bank

ANNUAL REPORT 2024

STEPPING UP TOGETHER

← Cover photo

Our client is Sucafina, one of the leading coffee traders in East Africa. They source both large volumes of coffee through their mainstream business, as well as premium coffee in smaller volumes. FMO provides financing to Sucafina, allowing them to source coffee from East Africa and Latin America. Sucafina's climate resilience efforts are crucial for maintaining high production levels, which in turn helps keep prices lower for consumers.

As the Netherlands serves as a key global hub for roasted coffee beans and depends heavily on international supply, FMO's financing indirectly supports the Dutch coffee industry.

PIONEER DEVELOP SCALE

1 OUR VISION

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

5 TO FULFILL OUR MISSION AND LIVE UP TO OUR PURPOSE

MISSION

We enable entrepreneurs to increase inclusive and sustainable prosperity.

PURPOSE

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

4 OUR STRATEGY

PIONEER

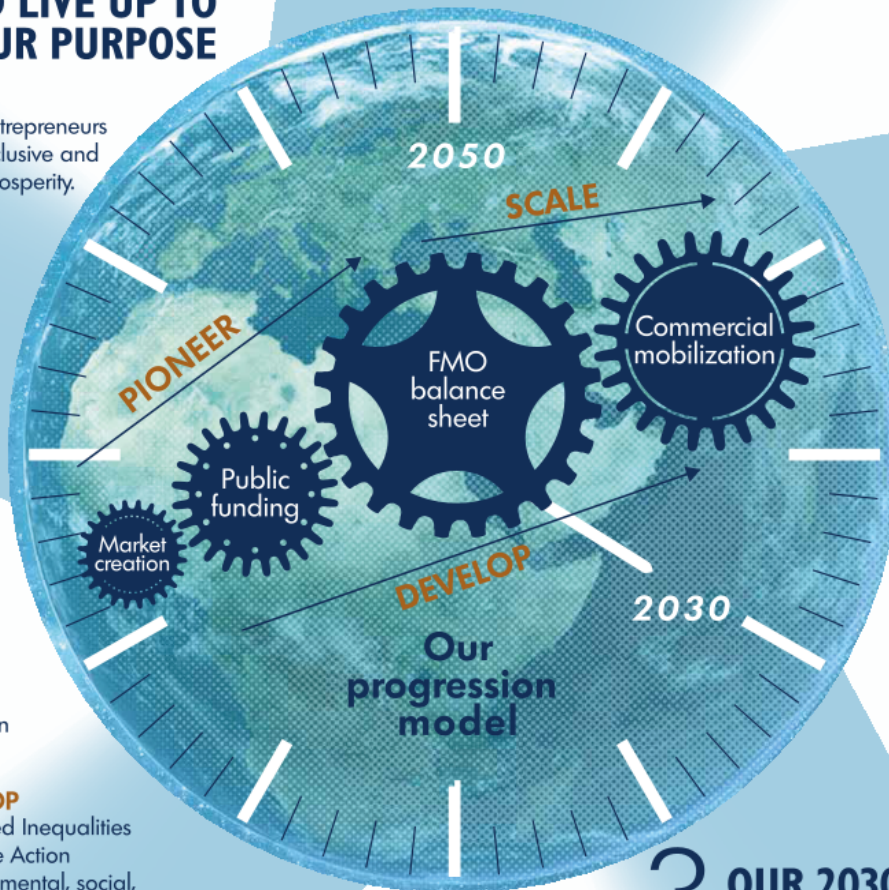
- Market creation
- Innovation

DEVELOP

- Reduced Inequalities
- Climate Action
- Environmental, social, governance management

SCALE

- Mobilization
- Efficiency



2 THE CHALLENGES

- Inequality on the rise
- Behind on the Paris goals
- Lack of bankable opportunities
- More stringent regulations
- Customers require speed and simplicity
- Increased stakeholder expectations

3 OUR 2030 AMBITIONS

To maximize our impact on 3 SDGs



...across 3 sectors



...with

10 meaningful innovations

10 bln € invested in SDG 10

10 bln € invested in SDG 13

SDG 8

- Grow jobs supported
- Increase decency and quality of jobs

SDG 10

- Improve economic inclusion for the B40
- Increase gender lens investments
- Invest more in LDCs / fragile states

SDG 13

- 'Net zero' portfolio by 2050 through just and inclusive transition
- Support customer alignment with Paris goals and customer resilience
- More investments in mitigation, adaptation, resilience, biodiversity

ABOUT THIS REPORT

This integrated annual report covers activities that took place in or had an effect on the reporting year. The report covers the period from 1 January 2024 to 31 December 2024 and was published on 24 March 2025 on FMO's website. The Annual General Meeting of Shareholders (AGM) is scheduled to be held on 23 April 2025.

This copy of the annual financial reporting of FMO for the year ended 31 December 2024 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available on FMO's website.

Presentation of information

We strive to report transparently on our strategy, the way we implement it to create value for our stakeholders and the dilemmas we face along the way. The report provides a comprehensive overview of our financial and sustainability performance.

This annual report of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and with Title 9 of Book 2 of the Dutch Civil Code. In addition, the Sustainability statement is prepared on a consolidated basis with Commission Delegated Regulation (EU) 2023/2772 comprising the European Sustainability Reporting Standards (ESRS). Furthermore, we applied the Partnership for Carbon Accounting Financials (PCAF) Standard to report on financed GHG emissions and the EU Taxonomy regulation to report on Taxonomy eligibility and alignment activities that qualify as environmentally sustainable under the first two defined environmental objectives (climate change mitigation and adaptation).

The management report in accordance with Part 9 of Book 2 of the Dutch Civil Code consists of the chapters At a glance, Report of the Management Board, Risk management and the Sustainability Statement.

Sustainability-related matters

The double materiality assessment is a formal process that aids FMO in identifying and assessing our impacts on the economy, environment, and people, and determining the organization's material sustainability-related matters. The result of the assessment helps us decide what information to disclose in our annual report. The assessment further serves as input for our stakeholder dialogues and strategic plans. A detailed description of the approach and results are provided in the 'Sustainability statement'.

External assurance and audit

We have engaged EY Accountants B.V. to audit the consolidated and company financial statements and to review the 'Sustainability statement'. The scope, procedures, findings and conclusions from this engagement are summarized in the 'Independent auditor's report' and 'Limited assurance report of the independent auditor on the sustainability statement'.

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AT A GLANCE

FMO is the Dutch entrepreneurial development bank

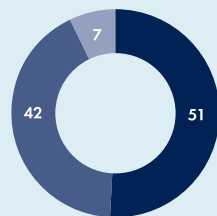
FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in emerging markets and developing economies by investing in ambitious projects and entrepreneurs.

For more than 50 years we have been enabling entrepreneurs to make local economies more inclusive, productive, resilient and sustainable. We create development impact by being additional in financing the private sector in low- and middle-income countries, focusing on (1) Agribusiness, Food and Water, (2) Energy, and (3) Financial Institutions.

FMO has its head office in The Hague (the Netherlands) and local offices in Johannesburg (South Africa), Nairobi (Kenya), and San José (Costa Rica).

Organization and ratings

Ownership structure %



- The State of the Netherlands
- Dutch banks
- Employers' associations, trade unions, corporate and individual investors

Ratings

AAA
Fitch ratings

AAA
Standard&Poor's

7th
/1027 banks
Sustainalytics relative performance
(1st=lowest risk)

Prime
ISS ESG rating

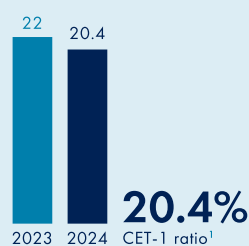
Employees

866
Total number of employees

76
Number of nationalities

46%
women in senior and middle management

Financial performance



1. This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter 'Alternative performance measures'.

2024 Performance

Investing in inclusive and sustainable prosperity²

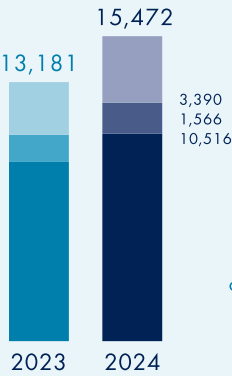


Decent Work and Economic Growth

Total committed portfolio³

39% of our total committed portfolio aims to contribute to reduced inequalities and 38% to climate action.

- Direct mobilized funds
- Public funds
- FMO's balance sheet

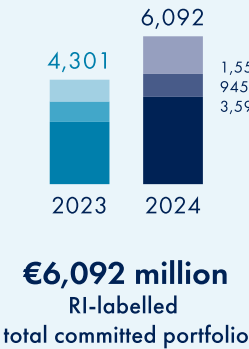


€15,472 million
Total committed portfolio

of which



Reduced Inequalities

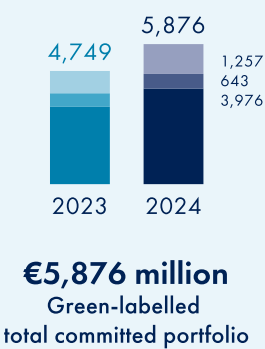


€6,092 million
RI-labelled
total committed portfolio

and



Climate Action

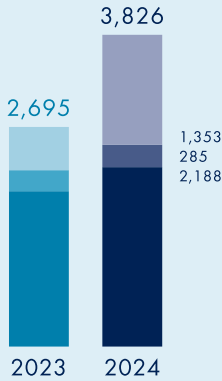


€5,876 million
Green-labelled
total committed portfolio

Total new investments³

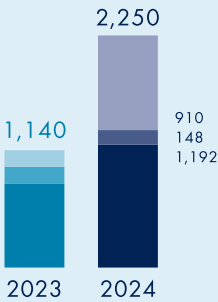
59% of the total new investment volume aims to contribute to reduced inequalities and 38% to climate action.

- Direct mobilized funds
- Public funds
- FMO's balance sheet



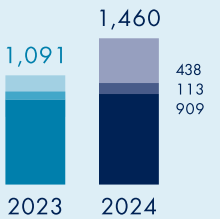
€3,826 million
Total new investments

of which



€2,250 million
RI-labelled
total new investments

and

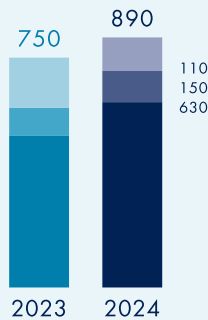


€1,460 million
Green-labelled
total new investments

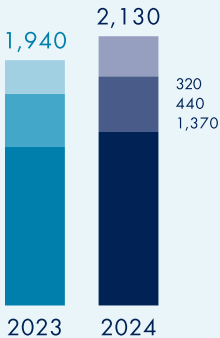
Other key indicators

Our portfolio resulted in an estimated 890 thousand jobs supported and 2,130 ktCO₂e financed avoided GHG emissions.

- Direct mobilized funds
- Public funds
- FMO's balance sheet



890 thousand
Jobs supported



2,130 ktCO₂e
Total financed avoided
greenhouse gas emissions

2. In addition to investments made on its own balance sheet, FMO also facilitates investments made through public funds and direct mobilized funds. The credit risk is for the providers of this capital.
3. This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter 'Alternative performance measures'.





01

REPORT OF THE MANAGEMENT BOARD

LETTER FROM THE MANAGEMENT BOARD



From left to right: Huib-Jan de Ruijter, Fatoumata Bouaré, Peter Maila, Michael Jongeneel, Franca Vossen

Stepping up

In front of you is FMO's annual report 2024, demonstrating our commitment to enabling entrepreneurs to increase inclusive and sustainable prosperity. It shows FMO achieved strong financial and impact results amidst a global landscape dominated by geopolitical tensions, high financing costs, and the increasing urgency to address climate change and inequality.

Before reflecting further on the year, we must acknowledge several concerning trends: rising geopolitical turmoil and weakening institutional foundations threaten global stability and solidarity, disproportionately affecting the most vulnerable people. Additionally, we are witnessing the public withdrawal of several major financial players from their climate and environmental, social and governance (ESG) commitments. In this context, FMO calls on the financial sector to remain resolute in advancing sustainable investment strategies. Financial institutions are pivotal in enabling local economic growth, reducing inequality and driving meaningful climate action, key factors in global stability. Investing in access to (green) energy, food and finance creates long-term value, something FMO has demonstrated consistently over 50 years of impactful and profitable investments.

Amidst these challenges, FMO recognizes the urgent need to step up even more. However, meaningful change cannot be achieved alone, partnerships are essential. By working together, we can drive sustainable investments, create economic opportunities in our markets, support Dutch businesses, and build a more resilient, inclusive future.

The strengths of partnerships

By providing crucial financial support and mobilizing additional funding for underserved regions—in 2024 we managed to directly mobilize more than 60 cents from investors for each Euro we invested from our own balance sheet—FMO has continued to make a tangible impact. The strength of our partnerships—evident in the success of initiatives such as the SDG Loan Fund and European Commission guarantees—enable us to expand programs like NASIRA and the FMO Ventures Program. These programs contribute to local livelihood options for the one billion young people who will try to enter the job market over the next decade—a majority living in emerging markets. We are also grateful for the increased funding for the Dutch Fund for Climate and Development (DFCD) from the Dutch government and the European Commission, and for Mobilising Finance for Forests (MFF) from both the Dutch and UK governments.

How partnerships enhance our impact is shown by customers like Camimex, a Vietnamese exporter of organic shrimp. With the Netherlands as one of the larger importers of Vietnamese shrimp, this investment increases climate adaptation and resilience for Vietnamese shrimp farmers and enhances carbon sequestration through expanded mangrove coverage. An investment sourced through our Dutch DFCD partner SNV. Another noteworthy example is our NASIRA guarantee to First City Monument Bank in Nigeria, the country that is the Netherlands' most significant African trade partner. The guarantee enabled increased lending to agricultural, youth and women-owned SMEs, groups traditionally seen as too risky by banks.

Market creation

To help close the financing gap to achieving the SDGs, and while recognizing the limited business opportunities available to us and other impact investors, we have further expanded our market creation efforts in 2024 to develop bankable business opportunities and foster ecosystems that drive sustainable local economic growth. These efforts also strengthen our contributions to the Global Gateway goals and support Dutch trade opportunities. Here, too, partnerships remain central to our endeavors, with initiatives such as Aria, Impact Invest Nepal, CASA Plus and the EU's €25 million fund for investments in Young Businesses in Africa all playing pivotal roles.

Dutch companies can also directly spark new business opportunities in emerging markets, contributing to the SDGs often through innovative ways of working. We further support them through Invest International—as a 49 percent shareholder.

Financial and impact results

Our financial results for 2024 show a net profit of €297 million (2023: €65 million). Due to improving credit quality we were able to release several provisions which have enhanced our profit. In addition, the appreciation of currencies (mainly USD) against the Euro positively influenced our financial performance, resulting in an upward adjustment of our Private Equity portfolio. Our net profit is a volatile number because of the close link to currency changes. To guide our day-to-day finances, we therefore focus more on our regular return—primarily based on interest income, fees rendered, and dividend payments. In 2024 our regular return ended just above the level of 2023. However, the increase in our regular return was lower than the increase in our expenses, resulting in a cost-to-regular-income ratio of 63 percent (2023: 61 percent). To keep our expenses in line with our regular return in years to come, we will be even more cost-conscious and continue to focus on enhancing our efficiency. In addition, to raise our regular return we will grow our portfolio. We maintained a robust Common Equity Tier 1 (CET-1) ratio of 20.4 percent (2023: 22.0 percent). Keeping both ratios at a healthy level is essential to maximizing our impact.

In 2024, we supported our customers with approximately €3.8 billion in total new investments (2023: €2.7 billion), a record number of which we are proud. €2.2 billion in new investments was made through FMO's own balance sheet, €285 million through public funds and €1.4 billion through direct mobilized funds (2023: €1.9 billion, €258 million, and €528 million respectively). At €15.5 billion (2023: €13.2 billion), our total committed portfolio grew significantly, driven by the appreciation of the US Dollar against the Euro and an increase in investments, particularly mobilized investments, an important component in maximizing our impact. Our total committed portfolio resulted in an estimated 890 thousand jobs supported and 2,130 ktCO₂e financed avoided greenhouse gas (GHG) emissions.

FMO invests in three sectors: (1) Agribusiness, Food & Water, (2) Energy, and (3) Financial Institutions. This allows us to combine climate action with socio-economic goals, focusing our impact on SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequality) and SDG 13 (Climate Action).

Some of the highlights per sector were:

- **Agribusiness, Food & Water**—Demonstrating our mobilization power, we arranged a US\$394 million syndicated Sustainability-Linked Loan (SLL) for ETC Group, an international trader that, as well as, having a Dutch office, also largely exports their cocoa beans to the Netherlands. An SLL is a powerful tool for companies to demonstrate their commitment to sustainability while accessing favorable financing terms. One of ETG's key targets is to reach one million African smallholder farmers, enhancing their production and crop quality. This is much needed given the shortage of cocoa beans and souring prices.
- **Energy**—Participating in Copperbelt Energy Corporation's green bond issuance is the start of our expansion of green energy investments in Zambia, a Least Developed Country (LDC). Zambia is grappling with extensive load-shedding caused by droughts impacting its hydropower plants, yet

demonstrating impressive signs of economic recovery following its default. The green energy will largely be used to mine copper, highly important in renewable energy systems because of its high conductivity and Zambia's main export product.

- **Financial Institutions**—As part of our growing support for financial institutions, we prioritize green loans and initiatives that benefit underserved groups, leveraging the local knowledge and networks of these institutions. A good example is FIDO Solutions, a digital lender operating in Ghana and Uganda with more than 650 thousand small companies and individuals as customers, who, in almost all instances, never previously had access to finance due to a lack of a formal financial track record.

To steer our portfolio, we label investments that directly contribute to Reduced Inequalities (SDG 10) and Climate Action (SDG 13). With respect to Reduced Inequalities (RI), our overall RI-labelled total committed portfolio amounted to €6.1 billion, achieving €2.3 billion in RI-labelled total new investments in 2024 (2023: €1.1 billion), a strong increase despite challenging global circumstances. Contributing to climate action, our Green-labelled total committed portfolio amounted to €5.9 billion, this included Green-labelled total new investments of €1.5 billion (2023: €1.1 billion).

Addressing regulatory challenges

This annual report marks the first time we present our sustainability information under the EU Corporate Sustainability Reporting Directive (CSRD). The regulation, however, may change in the near future following the recent Omnibus packages that were submitted to the European Parliament on 26 February 2025, aimed at reducing the complexity of EU requirements for all businesses. We will closely monitor these developments and determine what the implications are for FMO in the future.

Other regulations are also under development and FMO has internal workstreams and projects to comply with these. While we welcome the progress of regulatory frameworks, we remain cautious about the unintended consequences of stringent EU Sustainable Finance regulations, which could hinder the ability to support sustainable growth in emerging markets.

In August 2023 we reported that, as a result of late notifications of unusual transactions to the Dutch Financial Intelligence Unit (FIU-NL) in 2021 and 2022, Dutch Central Bank (DNB) decided on enforcement measures. FMO is appealing these administrative measures.

Changes in Management Board and Supervisory Board

In February 2025, FMO announced that Fatoumata Bouaré, FMO's Chief Finance & Operations Officer, will continue her career at the European Bank for Reconstruction and Development (EBRD) as of 1 May 2025. Fatou has been with FMO for over seven years. As a pivotal and steadfast member of FMO's management board for many years, she exemplified the strengths that diversity brings to teams. FMO is very thankful for her expertise, her thoughtful leadership, and above all, her congenial approach and wishes her every success in her new and exciting role at the EBRD. Fatou's second and final term at FMO was set to conclude in October 2025. The search for her successor has already been set in motion.

On 24 April 2024, during the Annual General Meeting of Shareholders (AGM), Eme Essien Lore was appointed as the sixth member of FMO's Supervisory Board. As Dirk Jan van den Berg, who has served as Chair of the Supervisory Board since May 2020, will step down after completing his second and final term, FMO has commenced the search for his successor. We extend our heartfelt gratitude to Dirk Jan for his commitment and strategic guidance during his tenure with FMO. As chair during the past five years, Dirk Jan guided the organization through turbulent times, including the COVID-19 pandemic. Under his supervision, the management board was expanded, a revised strategy was launched, FMO's impact increased substantially, the organization's capabilities were significantly enhanced, and a company-wide program on values and behaviors was initiated. The organization grew from less than 650 full-time employees (FTE) in 2020 to over 850 FTE in 2025. Always with a clear focus on our mission and performance, he leaves FMO financially healthy and resilient.

Looking ahead

In a volatile global landscape, FMO faces three key long-term challenges: a scarcity of investment-ready companies, limited availability of concessional funding, and increasing regulatory requirements. However, as these challenging times also call for steadfast action, we remain firmly committed to FMO's 2030 ambitions: €10 billion in Green investments and €10 billion in RI investments.

We will increase our efforts to stay on track to achieve these goals, with a particular focus on RI-labelled investments, especially in LDCs. Crucial next steps include the Market Creation initiative, one of the ten meaningful innovations outlined in our 2030 Strategy. Additionally, we will increase our investments in financial institutions in emerging markets, which have the local network and knowledge to play a key role in reducing inequalities within countries and supporting real climate action on the ground. To underpin these ambitions we must foster an organizational culture where we continuously improve how we collaborate efficiently and effectively in order to maximize our impact as One FMO.

As we reflect on the past year and prepare for the challenges ahead, we recognize that our achievements would not have been possible without our customers, our partners and our team. We therefore extend our heartfelt gratitude to our customers and partners for their trust and collaboration over the past year, and to FMO's staff for their dedication to our mission. At FMO, we believe that doing makes the difference, and that amidst the global turmoil, stepping up is a must.

Fatoumata Bouaré, Chief Finance & Operations Officer

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

Michael Jongeneel, Chief Executive Officer

Peter Maila, Co-Chief Investment Officer

A selection of our investments

SA Impact Forestry Fund LP (SAIFF)

Sustainable forestry private equity fund in Paraguay

US\$20 million equity | FMO | SDG 8, 13



Paraguay has one of the highest rates of deforestation globally and is the second-most deforested South American country. SAIFF is a private equity fund dedicated to sustainable forestry in Paraguay with a core investment strategy to acquire, develop and manage new and existing forestry assets at scale. SAIFF acquires low-productivity degraded pastureland with limited alternative uses and converts it into FSC-certified commercial timberland that produces wood fiber for global markets and generates high-integrity carbon credits. Furthermore, at least 25 percent of the area managed will be reserved for conservation and restoration activities. FMO provided a US\$20 million-equity investment so SAIFF can further scale their integrated forestry investment model, thereby increasing carbon sequestration, production of sustainable wood and conservation of natural habitats.

Access Bank Plc

Full-service commercial bank in Nigeria

US\$295 million debt | FMO, direct mobilized funds | SDG 8, 10



Access Bank is Nigeria's leading bank, committed to providing support to SMEs through funding, capacity building and networking opportunities. The nearly 40 million micro, small and medium enterprises (MSMEs) in Nigeria account for 86 percent of employment and 50 percent of GDP yet face numerous challenges in accessing finance. Together with Invest International, of which FMO is a shareholder, they have set up a Dutch Desk, which provides Dutch entrepreneurs with streamlined access to trade opportunities in Africa's largest economy. To support the Nigerian MSME sector, FMO acted as Mandated Lead Arranger and mobilized eight other syndication partners to provide a US\$295 million Tier-II loan to Access Bank, with FMO contributing US\$90 million. FMO also has provided technical assistance through a training program that will support building the capacity of 52,000 Nigerian young people in entrepreneurship and digital skills stimulating business growth, creating much needed jobs and bolstering financial inclusion across Nigeria.

Hydrobox Infrastructures SEZ Limited

Mini-grid and hydropower plant developer in Kenya

US\$7 million debt | AEF | SDG 7, 8, 10, 13



Hydrobox is a Kenya-based developer that builds, owns and operates small run-of-the-river hydropower plants that form mini-grids in underserved regions. The mini-grids provide commercial and industrial (C&I) clients, small businesses and households with access to reliable and renewable energy through an independent grid for an affordable price. Hydrobox's innovative approach translates to minimized construction costs and construction time, and makes it easier to install their plants in more remote, off-grid locations. FMO provided a US\$7 million facility, through AEF, to fund a portfolio of eight hydro projects forming five mini-grids. This will provide around 10,000 Kenyan people and businesses with sustainable, locally-sourced access to energy that reduces fossil fuel dependency and carbon emissions.

Fido Solutions Limited

Digital lender in Ghana and Uganda

US\$10 million equity | MASSIF | SDG 8, 10

Digital lending platforms in the Middle East and Africa are projected to be valued at US\$2 billion by 2029, a four-fold growth since 2021. As many individuals and MSMEs are excluded from traditional finance institutions, digital lending has stepped in to fill the gap. Ghanaian Fintech provider Fido offers short-term credits, small tickets and other financial products, all of which come with embedded insurance. Fido utilizes artificial intelligence and alternative data to underwrite its 650,000+ customers (a large portion of whom are young, informal business owners) and provide almost instantaneous access to credit, despite the borrowers not having a formal credit history. To improve access to finance at the bottom of the pyramid, FMO invested US\$10 million, through MASSIF, in direct equity in Fido's Series B capital raise. The funding will support Fido's loan book growth in Ghana and Uganda, while a Technical Assistance project supported Fido's assessment of its systems and practices on social performance and client protection practices, as well as helped define an action plan to address potential gaps.



Helios CLEAR Fund

Pan-African climate-focused fund

US\$20 million equity | LUF, BP | SDG 8, 13

The renewable energy market in sub-Saharan Africa has a potential investment opportunity of US\$193 million, but Africa currently only attracts three percent of global energy investment.⁴ The Helios Climate, Energy, Adaptation and Resilience Fund (CLEAR) is a Paris-aligned, climate fund dedicated to securing a low-carbon future for Africa. It takes a unique approach with its climate-first lens, targeting both climate mitigation and adaptation by investing in mid-size companies across five key themes: green energy solutions, climate-smart agribusiness, green transport and logistics, resource efficiency and climate enablers. To help bridge the climate financing gap and improve ESG standards, FMO provided a US\$20 million equity investment in CLEAR's first close, through LUF and BP, which will also support job creation and economic development across the continent.



Fedecredito (Federacion de Cajas de Credito y de Bancos de los Trabajadores)

Cooperative in El Salvador

US\$20 million debt | FMO, direct mobilized funds | SDG 8, 10

MSMEs play a core role in the El Salvadoran economy, as they employ around a third of the country's workforce. However, they face significant challenges in accessing financial services. Fedecredito supports its 54 member cooperatives by providing funding, technical assistance and advisory services. The member cooperatives then support the financial and non-financial needs of the MSMEs and lower- to mid-income individuals that belong to these cooperatives (comprised of around 1.4 million individuals). To reduce inequalities across El Salvador, FMO provided a US\$20 million loan to Fedecredito, of which US\$7.9 million mobilized—with an additional uncommitted US\$10 million facility—which will be on-lent to their member cooperatives to provide loans to microenterprises and underserved MSMEs across El Salvador. By partnering with an experienced player like Fedecredito, the funding will directly support the SMEs and be re-invested to ensure local prosperity.



⁴ Financing Clean Energy in Africa, International Energy Agency.

Kernel Group (Inerco Trade S.A.)

Largest edible-oil and grain exporter in Ukraine

US\$25 million debt | FMO | SDG 8, 13



Ukraine's agricultural sector makes up approximately 10 percent of Ukraine's GDP and employs one in six Ukrainian workers. Kernel is a global leader in sunflower oil production and exports, and is the largest edible oil and grain exporter of Ukraine. Following the onset of the full-scale war between Ukraine and Russia, ensuring the continued operations of this key sector has proven challenging. FMO provided its first direct investment in Ukraine since Russia's full-scale invasion of Ukraine by joining Kernel's Pre-Export Facility, led by Rabobank and ING Bank, with a US\$25 million participation. Through this investment, FMO reaffirms its support to Ukraine during these challenging times. The funds will be used to procure sunflower, rapeseed and soybean seeds from local farmers to process and export the oils and meals globally, including to least developed countries.

EXTERNAL ENVIRONMENT

The global landscape is evolving through a series of complex and interconnected challenges, including disruptive technologies, the climate crisis, geopolitical fragmentation and an increase in violent conflicts, particularly in FMO's geographies, with worsening impacts on our customers. These factors are testing the resilience of an international system that was established in the wake of World War II. Yet, while uncertainties persist, they also present opportunities for innovation and stronger global cooperation. In a year where tension among countries has increased, we have made strides in deepening our collaboration with peers. True to the proverb, 'If you want to go fast, go alone; if you want to go far, go together', we boosted our mobilizing efforts, deepened our partnerships with the EU and joined forces with other institutions to drive economic development. This chapter outlines the key global and regional trends and developments in 2024 that impacted our work and influenced our strategic decisions.

Global trends affecting our markets

Persistent geopolitical tensions and instability...

Geopolitical risks remained high throughout 2024. In the Middle East alone, the war in Gaza further escalated and spread into Lebanon, tensions between Israel and Iran increased, sparking fears of further violence, and we witnessed a sudden regime change in Syria at the end of the year. All of this has left the region in a state of deep turmoil. Meanwhile, the ongoing war in Ukraine and continuing tensions between Taiwan and China remain unresolved hotspots with (potentially) far-reaching geopolitical implications.

Elsewhere in the world, including several countries in which FMO operates, localized conflicts pose a threat to economic development. In Africa, for example, these include the escalating violence in Sudan; an increase in attacks by Al-Shabaab, especially in Kenya; Islamic insurgents wreaking havoc in countries such as Chad, Mali, Niger and Burkina Faso; and persistent tensions between Egypt and Ethiopia; and ongoing conflict in the DRC, particularly in the Goma and Kivu areas, as well as rising tensions between the DRC and Rwanda. There is also an increasing likelihood of proxy-wars that could destabilize entire regions.⁵ In addition, we have witnessed the eruption of violence following elections in several countries, including Georgia and Mozambique.

FMO remains vigilant in monitoring these developments closely and providing the support our customers need in these challenging circumstances.

...with direct implications for economic prospects

Conflicts, civil unrest, institutional instability and political volatility have all contributed to dampening economic prospects across the globe. Eroding social structures, contested democracies and changing global power dynamics are exposing systemic vulnerabilities that threaten economic stability and wellbeing. As a result, growth in 2024 in most parts of the world remained stable but slow. As an example, supply chain disruptions, with causes ranging from adverse climate events to the Houthi attacks on commercial shipping vessels in the Red Sea, have driven price instability and reduced productivity.⁶

On the upside, 2024 saw the further gradual easing of inflation and a shift to looser monetary policies, with better-than-expected employment and private consumption figures having a positive impact on the global economy. We continued to see technological innovations, for instance in the renewable energy space, artificial intelligence (AI), and biotechnology and health.⁷

As a result, global GDP growth is expected to have reached about 3 percent in 2024, but with notable regional differences. In South Asia, for example, projected growth is 6.4 percent, largely driven by India

⁵ ACLED, 2024: Regional Updates

⁶ World Economic Outlook, October 2024: Policy Pivot, Rising Threats

⁷ MIT, 2024: 10 Breakthrough Technologies 2024 | MIT Technology Review

(6.7 percent).⁸ In Latin America, growth remained slow at a predicted 1.9 percent but is expected to pick up in the coming years.⁹

In Sub-Saharan Africa growth averaged around 3 percent in 2024, but that figure disguises a wide range of national performances. From a country in turmoil like Sudan whose economic activity collapsed causing its GDP to contract (-15 percent) to countries such as Côte d'Ivoire (6.5 percent), Uganda (6 percent) and Tanzania (5 percent), that are all outperforming that regional average, with growth mainly driven by the service sector, increased public spending and higher investments¹⁰. Overall, however, Sub-Saharan Africa's recovery from the pandemic remains sluggish compared to other regions. Depreciating currencies and lower investor risk appetite have increased the cost of funding and debt-service costs. Policies are needed that will stimulate investments and economic activity while simultaneously tackling poverty and inequality.¹¹

Election results will put sustainable development financing under pressure

About half the world's population went to vote in 2024, with 70 countries holding national elections. In many, the incumbent parties were voted out of office or performed worse than in the previous election.¹²

In the United States, the new administration has announced changes to global trade policies, its geopolitical agenda and development cooperation. In many European countries (e.g. Germany, Austria, Romania), as well as in the European Parliament, national and regional elections have seen a shift towards populist parties. These parties have taken a more critical stance towards the international climate agenda and globalization, and highlighted national security and migration as key concerns in their campaigns. Additionally, in the Netherlands, a new coalition government took office in July 2024, with plans to sharpen and simplify development policy and reduce the development budget.

As official development budgets might shrink in many of these countries, private sector approaches have started to gain more attention. To close the SDG financing gap and continue supporting developing and emerging countries in their efforts to achieve sustainable development, it will therefore be more important than ever that FMO and its partners continue to blend financial instruments and mobilize private capital to get maximum leverage out of the scarcer official development resources available.

It is estimated that the financing gap to achieving the SDGs has grown from around US\$2.5 trillion before the pandemic to some US\$4 trillion now.¹³ In addition, only 17 percent of SDG targets are on track to be met by 2030, making it even more worrying that new funding for the SDGs dropped in 2023 by over 10 percent.¹⁴

Poverty, inequality and climate: intersecting challenges needing urgent attention

The aftermath of the global pandemic, a rise in conflicts and violence across the globe, and recent inflationary shocks have combined to derail progress made over the past 30 years to alleviate poverty and reduce inequalities. Moreover, adverse climate events tend to disproportionately affect the poorest, disrupting their livelihoods, depleting their savings and forcing them to flee their homes.¹⁵ It is estimated that 69 percent of climate-related deaths occur in the 46 LDCs, and yet LDCs have contributed only minimally to the continued acceleration of climate change. In its 2024 Development Cooperation

⁸ World Bank, October 2024: South Asia Development Update

⁹ World Bank, October 2024: LAC Economic Review

¹⁰ WB 2025: Global Economic Prospects, January 2025

¹¹ World Bank, October 2024: Africa's Pulse

¹² Global elections in 2024 - Statistics & Facts | Statista

¹³ UN DESA (2024) Financing for Sustainable Development Report 2024 | DESA Publications

¹⁴ UN STATS (2024) — SDG Indicators

¹⁵ OECD (2024). Development Co-operation Report 2024 | OECD

Report, the OECD warns that without appropriate action, the disruptive localized impacts of climate change will further entrench poverty and inequality between now and 2030.

All of this underscores just how critical it is that, together with the private sector and partners, FMO continues to seize opportunities to ensure financing is there to help develop economies, reduce inequalities, enhance food security and address climate change. In short, FMO remains committed to making a difference during these challenging times.

Expanding regulations that impact FMO

Financial institutions are required to responsibly manage the impact of their operations and value chains on the environment and local communities. Regulators and supervisors are continuously updating standards and setting new ones for companies to adhere to. In this section, we highlight the most important changes and updates to some of the regulations that (are most likely to) impact FMO.

Basel IV

The final texts of the Capital Requirements Regulation 3 (CRR3) and Capital Requirements Directive 6 (CRD6) were published on 19 June 2024. With this new banking package, the final Basel 3 reforms have been implemented in the European Union (EU). CRR3 entered into force on 9 July 2024 and applies directly in all EU Member States as of 1 January 2025, with the exception of specific amendments. The CRD6 entered into force on 9 July 2024, but as a Directive the changes will need to be transposed into national law in each Member State before they become applicable. The Dutch Ministry of Finance has 18 months to implement the new CRD6 into Dutch legislation. The provisions of CRD6 must largely be applied from January 2026. The final text of CRR3 contains a higher risk weight for equity investments. FMO will also be required to apply a higher capital charge for other types of credit risk exposures (e.g. debt funds) and for market risk. FMO expects to file its first COREP templates according to the new standards to DNB in June 2025. Further information is provided in the 'Risk management' chapter.

Climate and environmental related impacts and risks

The new CRR3 and CRD6 package includes several amendments in relation to ESG risks as drivers of traditional financial risks. ESG risks are considered (external) factors affecting existing risk categories, and banks are required to systematically identify, disclose and manage ESG risks as part of their risk management, including regular climate stress testing. Furthermore, CRR3/CRD6 introduces amendments regarding possible capitalization for ESG risks, and adjusted risk weights for assets with high levels of climate risk. Most notably, FMO is required on an annual basis starting in 2026 to disclose ESG risks as part of its Pillar 3 disclosures.

In 2020, the European Central Bank (ECB) published guidance on the safe and prudent management of climate-related and environmental (C&E) risks. The ECB also published a collection of good practices. In line with the DNB expectations, in 2024 FMO continued to align internal processes, disclosures, business strategy and risk management with the ECB guidance on managing C&E risks. Further information is provided in the chapters 'Risk management' and in the 'Sustainability statement'.

EU Taxonomy

In 2020, the European Commission introduced a taxonomy for sustainable activities for financial and non-financial companies. This classification system defines criteria for economic activities that are aligned with a Net Zero trajectory by 2050 and broader environmental goals than climate alone. The regulation is still in development. Since 2023, banks have been required to report their level of taxonomy alignment with the first two environmental objectives, as well as taxonomy eligibility on all six environmental objectives. Refer to the 'EU Taxonomy' section for further details on likely impacts for FMO.

Corporate Sustainability Reporting Directive

The CSRD was adopted by the European Commission in 2023, but has not yet been transposed into Dutch law. The CSRD revises and extends the requirements of the current EU Non-Financial Reporting Directive (NFRD). As a large public interest entity, FMO is in scope of the NFRD and is, therefore, among the first group of companies in scope to implement the CSRD. FMO adheres to the requirements of the CSRD in anticipation of its upcoming transposition into Dutch law. By implementing the CSRD, FMO covers all aspects required by the NFRD that is still applicable to FMO under the current situation.

Companies subject to the CSRD have to report according to the European Sustainability Reporting Standards (ESRS). This is the first year that FMO is publishing a report that is in accordance with the ESRS.

The regulation, however, may change in the near future following the recent Omnibus packages that were submitted to the European Parliament on 26 February 2025, aimed at reducing the complexity of EU requirements for all businesses. We will closely monitor these developments and determine what the implications are for FMO in the future.

Corporate Sustainability Due Diligence Directive

The Corporate Sustainability Due Diligence Directive (CSDDD), effective from 25 July 2024, will be transposed into national law by 26 July 2026 and fully applied by 26 July 2029, requiring large companies to conduct due diligence across their value chains to address human rights and environmental impacts. While FMO is currently outside its scope—given its size and the exclusion of financial institutions' downstream value chains—the directive may affect FMO's due diligence if it falls within the scope in 2029 and the value chain exception is removed. FMO has assessed the limited immediate impact and plans to reassess in 2026.

The Digital Operational Resilience Act

The Digital Operational Resilience Act (DORA) is a European regulation aimed at establishing a uniform and comprehensive framework for digital operational resilience across the EU financial sector. DORA provides a single set of rules for the use of ICT systems by financial institutions, focusing on governance and board responsibilities, ICT risk management, security and business continuity, resilience testing, and third-party risk management. DORA applies from 17 January 2025. While FMO has progressed significantly on DORA implementation, FMO is currently in the process of outsourcing its data center. This is envisaged in April 2025, for which related key controls will be updated in accordance with DORA as of then.

PIONEER DEVELOP SCALE

1 OUR VISION

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

5 TO FULFILL OUR MISSION AND LIVE UP TO OUR PURPOSE

MISSION

We enable entrepreneurs to increase inclusive and sustainable prosperity.

PURPOSE

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

4 OUR STRATEGY

PIONEER

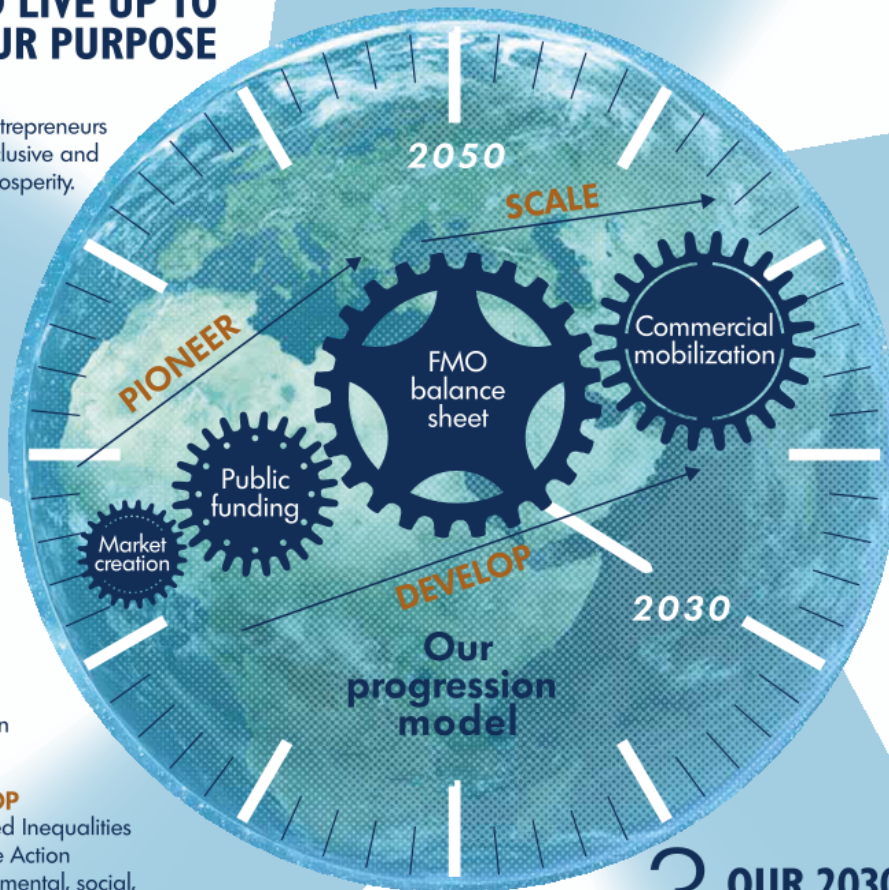
- Market creation
- Innovation

DEVELOP

- Reduced Inequalities
- Climate Action
- Environmental, social, governance management

SCALE

- Mobilization
- Efficiency



2 THE CHALLENGES

- Inequality on the rise
- Behind on the Paris goals
- Lack of bankable opportunities
- More stringent regulations
- Customers require speed and simplicity
- Increased stakeholder expectations

3 OUR 2030 AMBITIONS

To maximize our impact on 3 SDGs



...across 3 sectors



...with

10 meaningful innovations

10 bln € invested in SDG 10

10 bln € invested in SDG 13

SDG 8

- Grow jobs supported
- Increase decency and quality of jobs

SDG 10

- Improve economic inclusion for the B40
- Increase gender lens investments
- Invest more in LDCs / fragile states

SDG 13

- 'Net zero' portfolio by 2050 through just and inclusive transition
- Support customer alignment with Paris goals and customer resilience
- More investments in mitigation, adaptation, resilience, biodiversity

OUR STRATEGY

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 efforts are guided by the three Sustainable Development Goals (SDGs) where our financing of the private sector can have the greatest impact in emerging markets: Decent Work & Economic Growth (SDG 8), Reduced Inequalities (SDG 10) and Climate Action (SDG 13). However, progress towards achieving the SDGs is lagging worldwide: inequality is on the rise while the climate crisis continues to unfold. To counter these trends, we will be working closely with our partners to maximize our impact.

We have set clear impact ambitions for 2030 to focus our organization's efforts. By then, our goal is to achieve 10 meaningful innovations and build an investment portfolio of at least €10 billion in SDG 10 and €10 billion in SDG 13. We also aim to double our public and mobilized portfolios. Acting as a change agent on ESG issues, we will create value with our customers and together drive impact in the societies and communities where they operate. The 2030 Strategy Pioneer-Develop-Scale visual provides an overview of our key ambitions for 2030.

Pioneer-Develop-Scale

To achieve these ambitions, we 'pioneer, develop, scale' across our key sectors: (i) Agribusiness, Food & Water, (ii) Energy and (iii) Financial Institutions. By focusing on these sectors our portfolio contributes to food security, access to renewable energy and a healthy financial sector, all key enablers of inclusive and sustainable development.

Agribusiness, Food & Water - Accelerating sustainable and resilient agricultural supply chains to increase food security

More than 800 million people worldwide face severe food insecurity, and an even greater number lack access to nutritious foods. In Africa, population growth, rising incomes, and urbanization are driving food imports to unsustainable levels, exceeding US\$60 billion per year. This undermines local economies and harms farmers. Improving access to food is crucial for reducing inequality, requiring higher economic development in rural areas and greater investments across agricultural supply chains. At the same time, transforming the agricultural sector is critical, as it plays a dual role—both contributing to rising GHG emissions and being heavily impacted by climate change. We address these challenges by supporting sustainable practices throughout the agricultural and food supply chain. We also work to enable local supply chains to increase production and improve access to local food, while reducing food waste and reliance on imports. Moreover, we want to grow the number and quality of jobs supported, focusing on decent work and the inclusion of smallholders and women in supply chains.

These challenges also present opportunities for food and agribusiness companies that can navigate increasing climate risk and supply chain volatility, and acquire the know-how to deal with weak enabling environments, poor infrastructure, limited access to finance, and social and political instability. Besides meeting increased local food needs, a global demand for commodities such as pulses, cocoa, coffee, cashews, avocados and tropical fruits offer opportunities for farmers, processors and exporters in developing countries.

We invest in integrated supply chain managers, input providers (e.g. fertilizers, seeds) and food companies to increase sustainable practices along (international) agricultural supply chains. We also continue to expand our integral landscape approach to sustainable land use, and ecosystem protection and restoration. We do this through our work in forestry, climate-smart and regenerative agriculture, and soil improvements. By 2030, we plan to have increased our engagement with customers, helping them improve the resilience of their supply chains and align with the Paris Agreement goals.

Energy - Driving and supporting sustainable energy access and transition

Limited access to clean, reliable and affordable energy is a key impediment to economic growth and human development. While progress has been made—91 percent of the world's population now has access to energy compared to 78 percent in 2000—we continue to see stark regional disparities.

Of the people in the world without access to energy, 75 percent live in Africa.¹⁶ Transitioning to clean energy is also essential for reducing global CO₂ emissions and achieving internationally-agreed climate targets. Investments in renewable energy solutions must increase in emerging and developing markets to meet their growing energy demand and decouple economic growth from rising emissions.¹⁷

We want to support a low-emissions future in emerging and developing markets by investing in utility-scale clean energy generation projects, including solar, on- and offshore wind, hydropower and geothermal installations. We will phase out fossil fuels from our portfolio, in line with our Combined Position Statement on Fossil Fuels. By 2030, we aim to have reduced absolute GHG emissions financed in our power generation portfolio by 50 percent. To ensure power grids can accommodate the growth of clean energy, we invest in transmission and distribution infrastructure, as well as storage solutions. We are also exploring the potential of new technologies, including green hydrogen. Additionally, we finance distributed energy solutions, including commercial and industrial (C&I) solar projects and decentralized grids that provide clean, reliable electricity to businesses and communities, bringing energy supply closer to end-users.

We are also expanding cautiously into new energy-related sectors. For example, we are investing in e-mobility to accelerate the decarbonization of road transport. We are also pursuing opportunities in water desalination (a highly energy-intensive process) by investing in desalination plants that use more energy-efficient technologies and are partially powered by renewable energy.

With renewable energy investments heavily skewed to the more advanced economies, we aim to reduce disparities in access to clean energy by expanding our portfolio in LDCs and fragile states. We do so not only through our investments in renewable energy projects but also through our market creation activities. Finally, we aim to reach underserved rural areas and the bottom 40 percent of income distribution by investing in mini-grids and rooftop solar installation, mainly through the public funds under our management.

Financial Institutions - Creating inclusive, resilient and sustainable financial sectors

A healthy financial sector and access to finance are cornerstones of a strong economy and a private sector that can foster entrepreneurship, stimulate economic growth and create jobs. Despite their critical role in the economic development of emerging markets by contributing heavily to employment and GDP, MSMEs face a significant lack of access to finance. The International Finance Corporation (IFC) estimated the MSME financing gap equals roughly US\$5 billion or 19 percent of developing countries' GDP.¹⁸ Through our investments in financial intermediaries, we facilitate MSMEs to gain access to capital, support business growth, and channel finance to businesses and end-beneficiaries that we cannot directly finance efficiently. At the same time, by strengthening (the capacity of) financial institutions in these markets, we contribute to improving the environmental, social and ethical performance of our markets and the various institutions involved.

Through our work with financial institutions, including increasingly sharing in our customers' credit risk exposure, we help reduce inequalities. We achieve this by increasing access to finance for inclusive businesses and individuals within the bottom 40 percent of the income distribution, as well as previously underserved groups. This includes MSMEs, women, young people and rural entrepreneurs. In addition, we invest in the nascent financial markets of LDCs and fragile states.

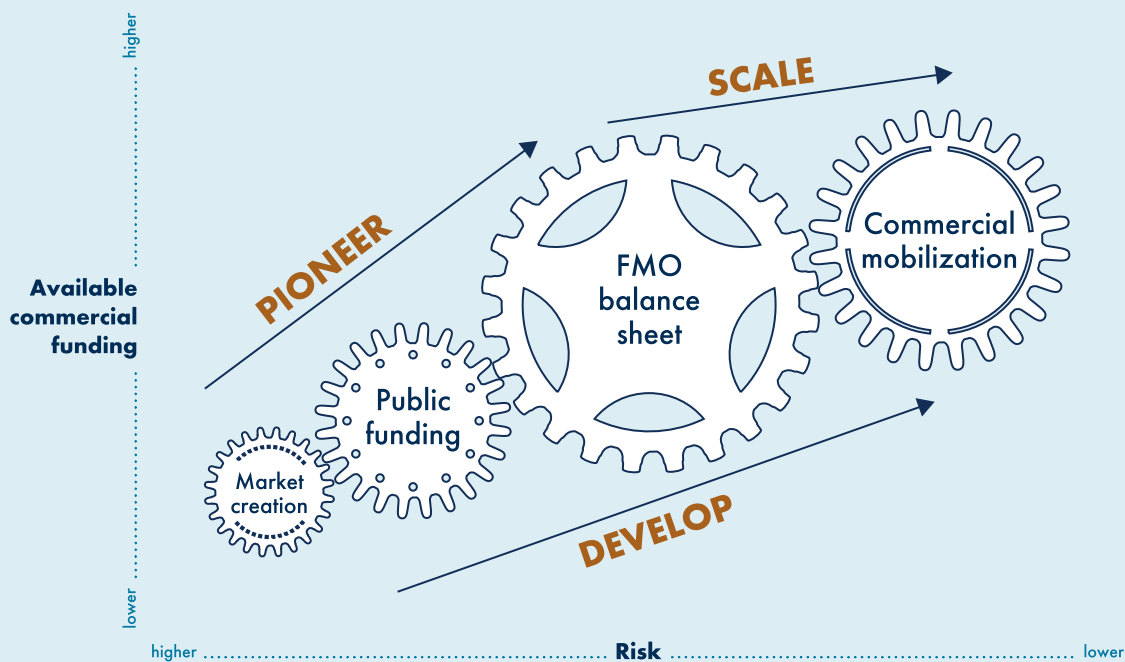
Finally, we provide finance to financial institutions targeting climate mitigation, climate adaptation and resilience, biodiversity, and other environmental footprint reductions. We are increasingly engaging with Financial Institutions' customers to help them build their climate strategies and capacity, and decarbonize their portfolios. Our focus extends to supporting fintechs, facilitating customers' digitalization, and helping (SME) banks and non-bank financial institutions develop green propositions. We also (aim) to cater to large financial institutions by buying and facilitating the issuing of green bond financing, expanding existing investable assets, and helping our customers develop climate governance and climate risk frameworks.

16 IEA 2004: Tracking SDG 7 The energy progress report | 2024

17 IEA 2004: Financing Clean Energy Transitions in Emerging and Developing Economies – Analysis - IEA

18 IFC 2017: MSME Finance Gap

Our progression model



Our progression model is at the heart of our ‘pioneer, develop, scale’ strategy, where we enable customers throughout their development cycle with the most appropriate financing solutions. We support opportunities from market creation and public funds, through our own balance sheet, to commercial mobilization. Through this progression model we aim to maximize our impact, generate financial returns and grow a diversified portfolio in a balanced manner. It is what makes us additional in financing the private sector in developing countries and emerging economies.

Pioneer Market creation

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

Public funds

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.

Develop FMO’s own funds

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 a range of solutions, including debt, equity, guarantees, capacity development and technical assistance.

ESG as a change agent

Through our ESG engagement with customers, we deliver positive impact in the societies and local communities where they operate. We promote responsible business practices through sector-wide initiatives via partnerships with local communities and civil societies. As an ESG change agent, we aim to create value for our customers by promoting good practices in areas such as environmental management, biodiversity impacts, labor and community engagement among others.

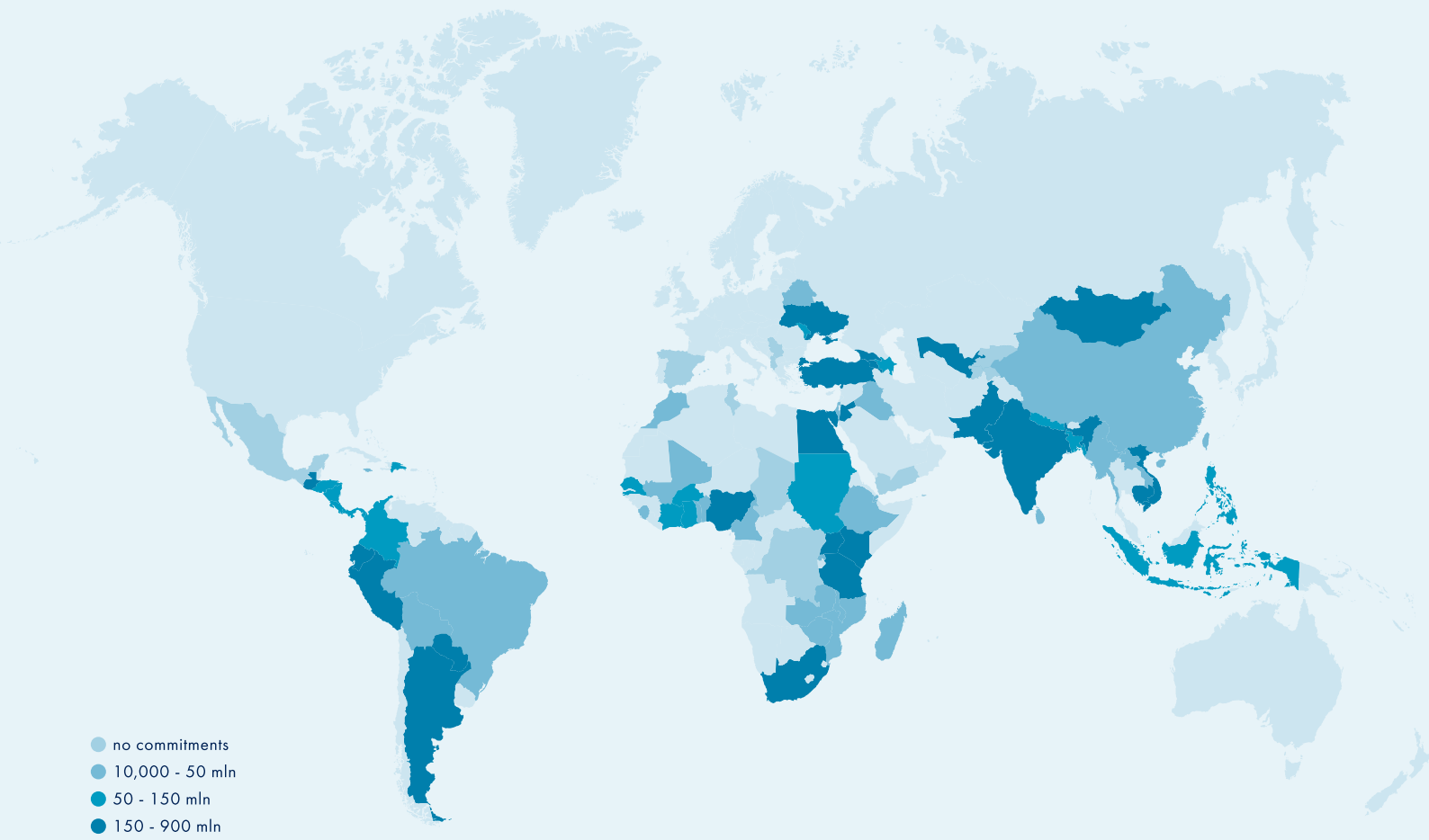
Scale Mobilization

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

Total committed portfolio

€15.5 billion

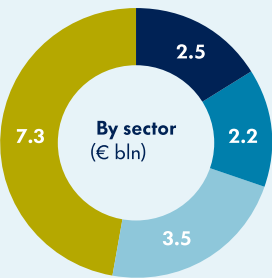
Note: Total committed portfolio consists of €10.5 billion for FMO, €1.6 billion for public funds and €3.4 billion mobilized funds



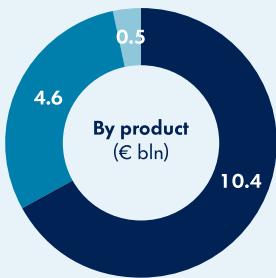
Total committed portfolio by region (per 31 December 2024)

Africa	Asia	Europe & Central Asia	Latin America & the Caribbean	Non-region specific
€5.0 bln	€3.2 bln	€2.5 bln	€3.2 bln	€1.6 bln
33% of total	20% of total	16% of total	21% of total	10% of total

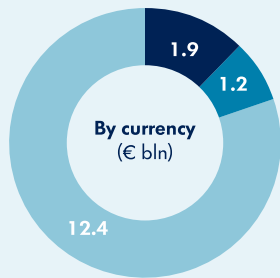
Total committed portfolio
€15.5 bln



- Agribusiness, Food & Water
- Diverse Sectors
- Energy
- Financial Institutions



- Debt
- Equity
- Guarantee



- EUR
- Local currency
- USD

PERFORMANCE AGAINST OUR STRATEGY

Sector performance

The following table provides an overview of our contribution towards the SDGs by strategic sector.

Indicators	SDG	2023	2024	AFW	EN	FI	Diverse sectors
Total committed portfolio *, of which:		13,181	15,472	2,449	3,541	7,278	2,204
FMO		9,071	10,516	1,363	2,558	4,787	1,808
Public funds		1,386	1,566	331	361	481	393
Direct mobilized funds		2,724	3,390	755	622	2,010	3
Total new investments *, of which:		2,695	3,826	936	577	2,124	189
FMO		1,909	2,188	552	408	1,122	106
Public funds		258	285	36	34	132	83
Direct mobilized funds		528	1,353	348	135	870	0
Total number of jobs supported (in thousands) **, of which:		750	889***	131	122	560	77
Direct jobs		84	83	24	12	22	25
Indirect jobs		666	806	107	110	538	51
RI-labelled total committed portfolio		4,301	6,092	1,244	1,082	3,500	266
RI-labelled total new investments		1,140	2,250	625	228	1,342	55
Green-labelled total committed portfolio		4,749	5,876	829	2,991	1,644	412
Green-labelled total new investments		1,091	1,460	296	529	564	71
Total financed avoided greenhouse gas emissions (ktCO2e)		1,940	2,130	120	1,870	0	140
Total financed absolute greenhouse gas emissions (ktCO2e) **, of which:		5,468	5,853	1,159	923	3,187	584
Scope 1 +2		1,564	1,378	396	590	114	278
Scope 3		3,904	4,475	763	333	3,073	306
ESG target performance (%)		91%	94%	93%	94%	90%	95%

* This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter 'Alternative Performance Measures'.

** The comparative figure for this indicator has been adjusted as a newer version of the JIM was used.

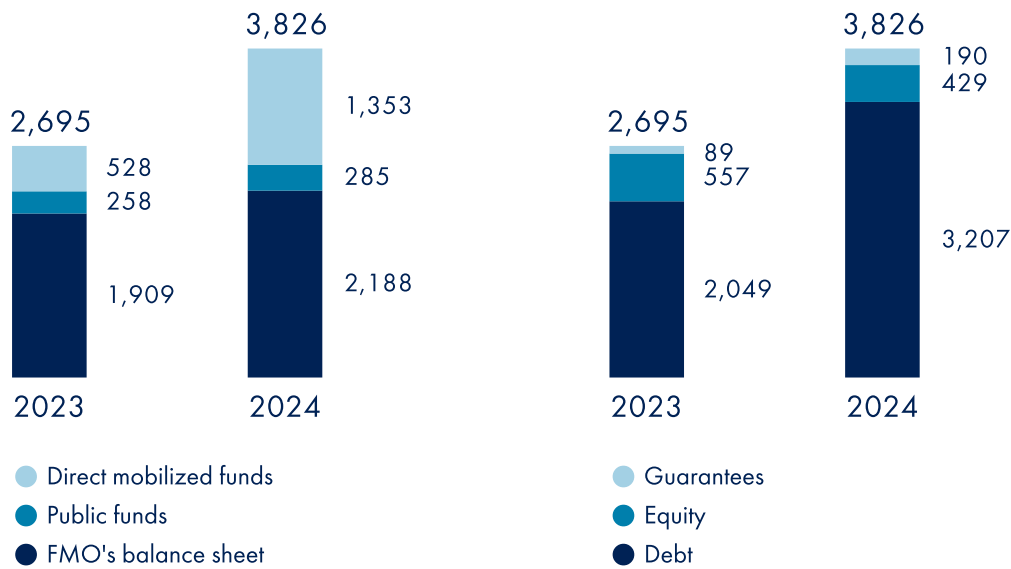
*** There is a discrepancy between the total number of jobs supported in this table and the "At a Glance" visual. This discrepancy is due to rounding.

We invest with the goal of having broader economic, social, environmental and governance impact in our markets. Our results are expressed in terms of total new investments and total committed portfolio. Information on the underlying definitions of these metrics is included in the 'Alternative Performance Measures' chapter.

Our total committed portfolio grew to €15.5 billion (2023: €13.2 billion), comprising €10.4 billion in debt products, €4.6 billion in equity investments and €0.5 billion in guarantees. Of this, €10.5 billion was invested through FMO's own funds (2023: €9.1 billion) and €1.6 billion through public funds (2023: €1.4 billion). Our direct mobilized committed portfolio amounted to €3.4 billion (2023: €2.7 billion). More than half (€2.0 billion) has been mobilized through commercial investors. This was realized through the private debt funds that FMO Investment Management (FMO IM) advises and through syndications and unfunded risk participations with other commercial parties, such as Munich Re.

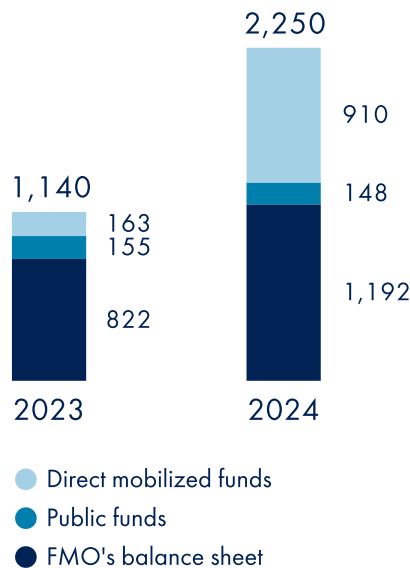
The portfolio growth was influenced by our strong investment performance and the appreciation of the USD in the last quarter of the year.

Total new investments (in € million)

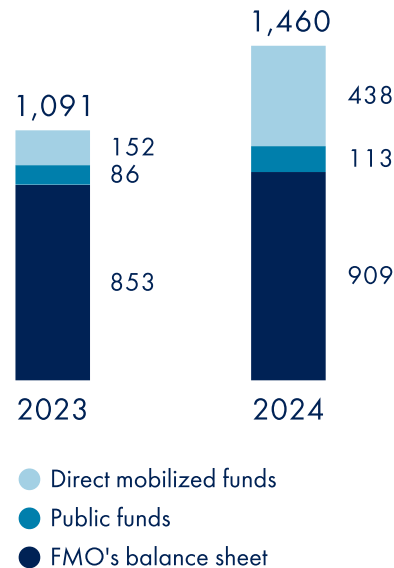


We achieved a 42 percent growth in total new investment volume compared to 2023, capitalizing on shifting market conditions—particularly the easing of inflationary pressures and the decline in base rates introduced by the US Federal Reserve in June—to maximize opportunities. Mobilization performed well above expectations, further enhancing our results. These conditions were especially favorable for new investments in financial institutions, which played a key role in driving our strong performance in the sector in 2024. Investment volumes in the Agribusiness, Food & Water and Energy sectors also increased compared to the previous year.

RI-labelled total new investments
(in € million)



Green-labelled total new investments
(in € million)



In 2024, reducing inequalities investments represented 59 percent of our total new investment volume, and investments in renewable energy projects, green credit lines, and sustainable agriculture represented 38 percent of total new investments.

In 2024, we achieved a considerable increase in our RI-labelled total new investments compared to 2023. This was mainly driven by investments in inclusive businesses through Financial Institutions. Additionally, in line with our least developed countries (LDC) Action Plan, adopted in 2024, we also managed to increase our investment volume in LDCs. Our Green-labelled total new investment volume also grew in 2024 compared to 2023. In particular, in the Financial Institutions and Energy sectors we saw a significant increase in investments supporting SDG 13 (Climate Action).

Agribusiness, Food & Water

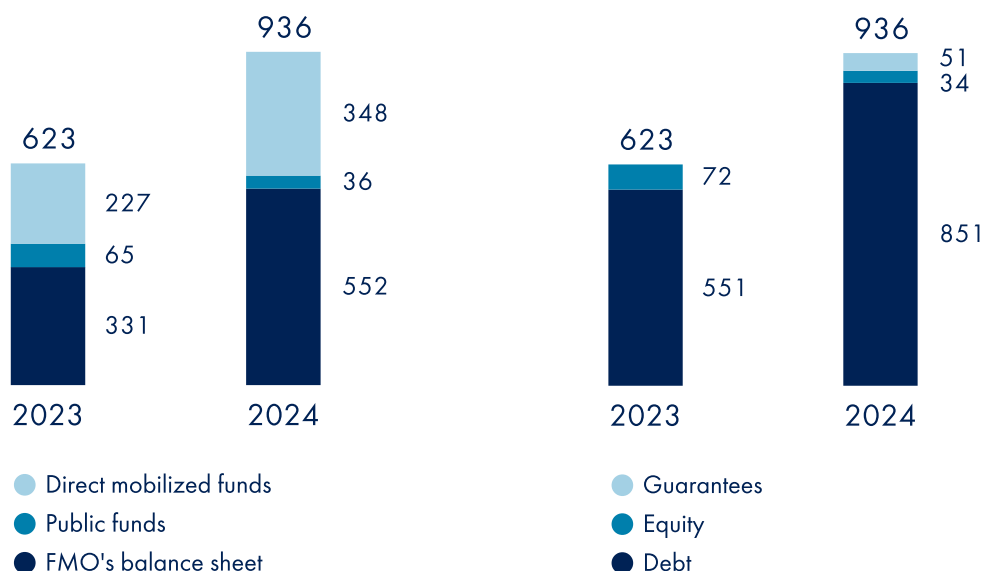
While the war in Ukraine disrupted the grains and fertilizer markets in 2022 and 2023, prices returned to pre-war levels in 2024. This was primarily driven by strong crop yields in the US, as well as continuing grain exports from Ukraine despite the end of the Black Sea grain deal with Russia in mid-2023. Despite the challenging conditions in Ukraine, most FMO investments in the country performed well.

In 2024, the cocoa and coffee markets were the most volatile of all the markets in the Agribusiness, Food & Water sector that FMO invests in. West African cacao production declined due to droughts and institutional instability, leading to historically high prices. Production shifted partly to Latin America and the Caribbean (LAC), benefitting (smallholder) farmers, but creating higher costs and liquidity pressures for some traders in our portfolio. Similarly, a poor coffee harvest in Brazil and Vietnam pushed prices higher benefitting (smallholder) farmers, but straining trading companies with increased costs and liquidity needs. The coffee market also experienced backwardation, where future prices are lower than current prices due to decreasing supplies, putting pressure on profitability, as the cost of storing coffee may no longer be offset by rising prices.

Meanwhile, a drop in demand for plywood in Europe dampened prices, negatively impacting some forestry customers, especially in Africa. Persistent high inflation and interest rates, while below recent peaks, continue to put pressure on some of our customers across markets, especially trading companies, which rely on large volumes of working capital to manage price fluctuations and operational costs.

Overall sector performance

Total new investments in Agribusiness, Food & Water (in € million)



In 2024, we achieved strong results in the Agribusiness, Food & Water sector. We also strengthened our expertise in the forestry sector and shared this knowledge by publishing the ESG Forestry Guide in 2024.

Additionally, we were pleased to have received a top-up of US\$33.5 million for the Mobilising Finance for Forests (MFF) fund from the Dutch government in November, and the commitment from the UK government of another £48 million into the same fund, further supporting our forestry investment ambitions.

Beyond our investment activities, and with the support of our Technical Assistance Program, we were proud to host the third African Cheetahs conference in 2024, organized in partnership with Finnfund and IFC. This event brings together leaders of fast-growing African agribusinesses in an intimate setting that fosters open discussions on business challenges and perspectives. Through case studies on key issues, such as how to capitalize on growth opportunities without overextending, delegates gained valuable insights.

Contribution to our strategic impact ambitions

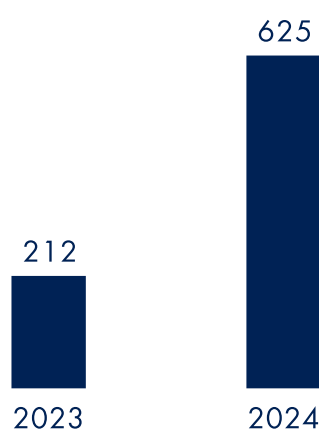
Agribusiness, Food & Water & SDG 8

The Agribusiness, Food & Water sector plays a critical role in advancing our goals for SDG 8, accounting for nearly one-third of the direct jobs supported. In 2024, investments in this sector supported 24,000 direct jobs, a figure that remained relatively stable compared to 2023 when we reported 26,000 direct jobs. The slight decrease was due to the lower share of impact attributed to FMO's investments (PCAF attribution factors) and customer exits, which were largely offset by new customers contributing direct jobs. Additionally, through our investments in this sector, we supported an estimated 107,000 indirect jobs (2023: 105,000), primarily generated through supply chain activities and salary spending, as modeled through the Joint Impact Model.

In addition, through our Technical Assistance Program, we supported United Exports, a customer of FMO, in improving the quality and decency of their jobs. Over a 12-month period, we provided a development contribution grant for, among other things, employee learning and development. Basic literacy courses improved 58 employees' communication skills, including writing reports, which created opportunities for entry-level workers to further develop their careers. Due to strong employee demand and the good results achieved, United Exports has continued with this program independently beyond FMO's initial support.

Agribusiness, Food & Water & SDG 10

RI-labelled total new investments in Agribusiness, Food & Water (in € million)



We significantly increased our volume of RI-labelled total new investments in the Agribusiness, Food & Water sector. This achievement was largely delivered through the deals with key agricultural commodity players, such as ETC Group (the largest agricultural commodity trader and processor in Africa), Agrocrop (a large Asian agricultural commodity trader), Robust (a key player in sesame and cashew processing in Africa) and Sucden (one of the largest buyers of sustainable cocoa beans in West Africa).

We also made progress in our ambition to reach individuals in the bottom 40 percent of income distribution. This was achieved primarily through trading customers, who play a critical role in sourcing products from smallholder farmers, which supports income generation and economic inclusion for vulnerable communities.

In addition, through our Technical Assistance Program we aim to help smallholder farmers access finance and grow their businesses. In 2024, in collaboration with BII, we supported the expansion of the Commercial Agriculture for Smallholders and Agribusiness (CASA) technical assistance facility, addressing the financing gap for agribusinesses in developing countries. CASA Plus aims to enhance the performance of existing investments; identify new high-growth, impactful investment opportunities; and collaborate with key market players to overcome barriers to green and inclusive agribusiness models in low- and middle-income countries. The initiative focuses on improving smallholder inclusion, increasing access to financing and driving the transformation of the global agricultural food system.

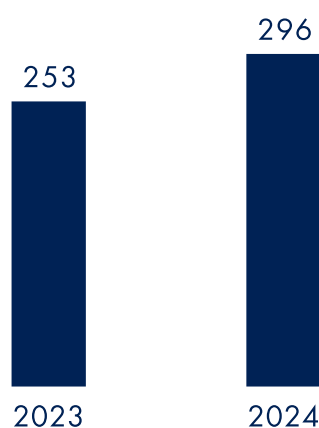
A notable transaction of 2024 was the US\$394 million syndicated Sustainability-Linked Loan (SLL) to ETC Group, a global conglomerate with expertise across various industries, including Agriculture, with a strong footprint in Africa. Although ETC Group primarily operates in Africa, it also has a Dutch office and largely exports its cocoa beans to the Netherlands. This investment is fully RI-labelled and marks several milestones for FMO.

First, it is one of FMO's largest investments to date. Second, it is the first DFI-led SLL in the African agribusiness space and the largest of its kind. Third, FMO mobilized a large amount from both private and public capital investors. And finally, this is the first time FMO has led an SLL, a loan designed to incentivize the borrower to achieve specific sustainability performance targets.

SLLs are powerful tools that allow companies to demonstrate their commitment to sustainability while still accessing favorable financing terms. This particular SLL includes six externally vetted and verified key performance indicators (KPIs), including reaching up to one million smallholder farmers and reducing the group's carbon footprint (scope 1 and 2 emissions) by 30 percent. We are also supporting the ETC Group with our technical assistance to achieve their sustainability ambitions.

Agribusiness, Food & Water & SDG 13

Green-labelled total new investments in Agribusiness, Food & Water (in € million)



Our strong performance in Green-labelled projects in 2024 was driven by onboarding new customers, who accounted for 60 percent of our total Green-labelled new investments for the year. Regionally, the largest contributions came from Africa, where we closed two large Green deals in the trading and agricultural inputs subsectors. In LAC, we completed several smaller Green transactions in forestry and across the agricultural and forestry value chains.

In 2024, we continued to implement our Forestry strategy, launched in 2022, while also advancing our Agribusiness & Food strategy. The year saw the addition of two new forestry investments in Paraguay and Brazil, along with an investment in a high-impact natural capital and biodiversity fund focused on Latin America. We also made a pioneering development contribution to a biodiversity credit project in Colombia. These investments contributed significantly to our

Green- and RI-labelled investments.

We contribute to the transformation of food systems to help mitigate climate change. This includes supporting regenerative agriculture projects such as our US\$42 million deal with Andean Cacao, closed in partnership with the International Finance Corporation (IFC) and funded partly through public funding from Building Prospects. This project is expected to create 3,720 hectares of agroforestry cacao plantations in Colombia employing advanced irrigation, precision agriculture and regenerative practices. It creates a scalable, sustainable and traceable cacao supply for major multinationals. The project addresses climate change on multiple fronts: it contributes to climate mitigation by planting trees that sequester carbon on degraded land, and to climate adaptation by introducing irrigation, drainage and shade trees to increase resilience to water scarcity, extreme precipitation and high winds.

We also invested in Camimex Group, one of Vietnam's leading processors and exporters of seafood, and a market leader in certified organic shrimp product. The transaction was generated by SNV, as part of the Dutch Fund for Climate and Development (DFCD) Origination Facility. It supports an integrated mangrove shrimp farming system in the Mekong Delta, promoting mangrove reforestation and ecosystem maintenance. The project aids carbon sequestration, strengthens flood defenses, improves water filtration and provides sustainable protein production. It also helps smallholder shrimp farmers by providing training, organic certification support, and access to a responsible off-taker, creating approximately 1,700 additional jobs by 2030 and boosting farmers' income. As of last year, Camimex has expanded its business to the EU through a Dutch B.V., importing frozen products via Rotterdam and shipping them across Europe.

Looking ahead

In 2025, we anticipate continued high prices in the coffee and cocoa markets. Coffee prices are rising due to supply concerns in Brazil, while challenges in Ghana and Côte d'Ivoire are driving up cocoa prices. We will focus on strengthening our efforts in LDCs by utilizing internal collaborations, in particular the Market Creation initiative, and collaborating with other development finance institutions.

We will expand our forestry portfolio. Additionally, we will continue investing in global merchants, input providers and food companies across the agricultural supply chain. These companies have significant influence in promoting sustainable practices and supporting vulnerable communities, such as smallholder farmers.

Energy

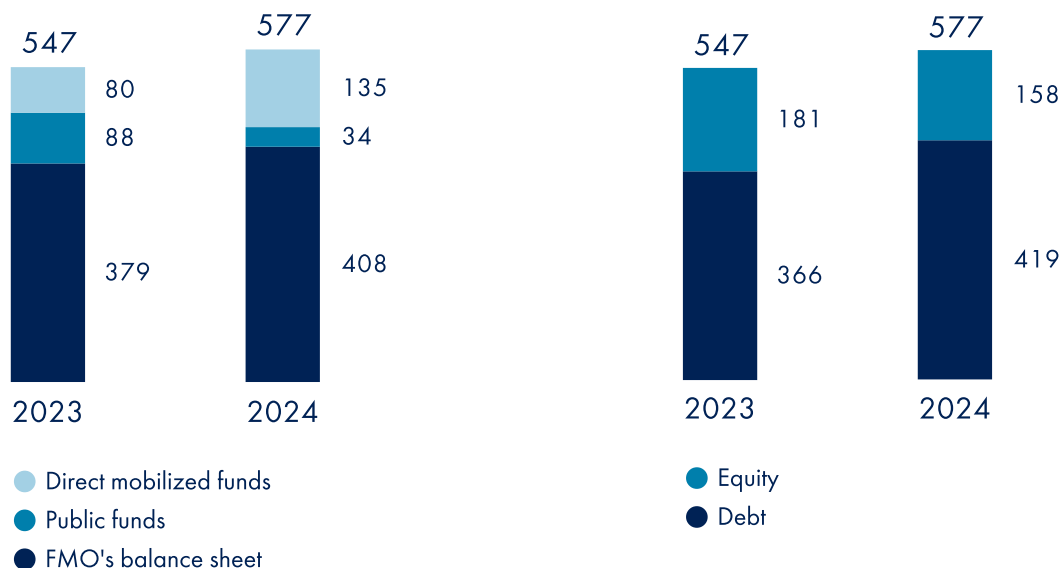
The ongoing war in Ukraine and crisis in the Middle East have highlighted the risks to energy security. In 2024, high fuel and electricity prices, along with geopolitical tensions, led some world leaders to reconsider the phasing out of fossil fuel. Nevertheless, the clean energy transition remains strong with investment in clean energy projects reaching nearly US\$2 trillion a year, almost double the amount spent on new oil, gas and coal supply combined.¹⁹

Renewable energy projects in wind and solar have become mainstream, attracting financiers, such as pension funds and commercial banks, particularly in emerging markets with strong institutions and promising growth prospects. While this is positive for the global energy transition, it narrows the opportunities where FMO's investments can be additional to what the market already provides. Meeting the rising demand for clean, affordable energy in LDCs and fragile states, or other countries with weak economic prospects remains a significant challenge.

Despite easing inflation and declining base rates in 2024, energy sector project development remained subdued due to high project costs, low tariffs and often difficult operating environments. Complex regulatory environments and high sovereign debt levels in many developing countries also delayed project closure and hindered power purchasing agreements with their governments. Moreover, many renewable energy projects, particularly in LDCs and other challenging markets, are being financed with concessional funding, further narrowing the space for FMO's investments.

Overall sector performance

Total new investments in Energy (in € million)



Despite the aforementioned challenges, we increased production in the Energy sector in 2024 compared to 2023. This growth was primarily driven by several large investments in the renewable energy space (e.g. in Argentina and Senegal). Nearly 40 percent of our total new investments supported solar energy projects.

A key trend influencing our Private Equity activities in the energy sector is the further liberalization of markets, which reduces dependency on state-owned utilities to buy renewable power. A notable example of this is our investment in Red Rocket in South Africa. The company is accelerating the development of renewable energy projects thanks to new regulations that enable power trading between independent producers like Red Rocket, and commercial and industrial (C&I) large power consumers.

We also strive to maximize the impact of our investments by supporting our customers in generating clean and affordable power while simultaneously seeking innovative means to support livelihoods within project communities. For example, we supported a solar project by JCM Power in Malawi that experiments with dual land use at the solar site. This initiative, known as the AgriPower project, involves piloting various farming activities between the solar panels. The first harvest yielded 5,257kg of watermelon, 250kg of eggplant, 2,750kg of spinach, 3,269kg of butternut and 20kg of honey, together with over 4,000kg of dried chili, for export, from on-site crops along with an outgrower program with local smallholder farmers, demonstrating the potential for combining renewable energy with agricultural productivity.

Finally, together with Solarplaza, we hosted the Future of Energy summit in Amsterdam for the fifth time. This high-level event brings together leading project developers, financial institutions, investors, service providers and asset owners. Through networking opportunities, interactive panel discussions and world-class keynotes, the Future of Energy summit inspired attendees to tackle key strategic challenges in accelerating the energy transition in the world's emerging markets.

Contribution to our strategic impact ambitions

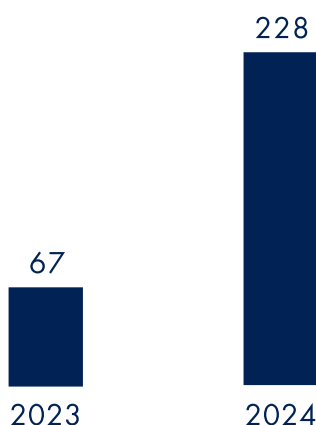
Energy & SDG 8

Through our investments in debt and equity, as well as our technical assistance, we support the clean energy transition while also facilitating access to reliable energy sources. With the clean energy economy now contributing approximately 10 percent of all global growth, and the number of clean energy jobs now surpassing those in the fossil fuel sector, this combination of clean and accessible energy will become an increasingly vital driver of economic development for many countries.

Our Energy investments supported 12,000 direct jobs in 2024 (2023: 15,000). This decrease is primarily due to the natural reduction in the impact share that can be allocated to FMO's investments for customers who remained in our portfolio. When factoring in indirect jobs, including those supported through the supply of electricity, we estimate—using the Joint Impact Model—that investments in the Energy sector contributed to a total of 122,000 supported jobs in 2024, up from 111,000 in 2023.

Energy & SDG 10

RI-labelled total new investments in Energy (in € million)



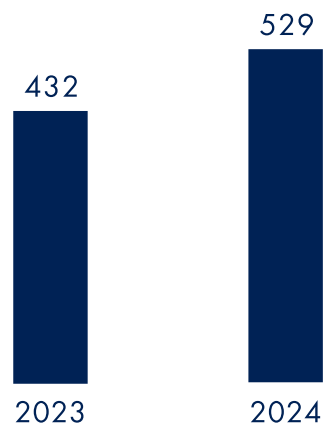
RI-labelled total new investments increased significantly in 2024. FMO's track record in operating in challenging environments, along with our customer and sector focus, were among the key factors driving the results. During the year, we were able to close deals in two LDCs—Zambia and Senegal. On the inclusive business side, we invested, for instance, in Genneia, a gender-smart energy company based in Argentina. Acting as lead arranger, we successfully mobilized FinDev Canada and Proparco, the Canadian and French DFIs into this project. Genneia has committed to supporting female employment and promoting gender-smart practices in their supply chain.

Through our Technical Assistance Program we help companies find innovative ways to reach underserved communities and marginalized groups. One example is Nithio Finance Inc., an AI-driven energy

financing platform and FMO customer. Nithio specializes in financing off-grid solar companies in Sub-Saharan Africa by leveraging advanced credit risk assessment tools to bring clean energy to underserved communities. In partnership with FMO, and funded from the Access to Energy Fund, Nithio is developing the launch of an innovative gender-lens financing initiative. With support from implementing partners Making Cents International, AdVision Finance and the Rallying Cry, the project uses a 'gender tranche' to incentivize solar companies to expand their reach to women. The initiative empowers women by giving them access to solar solutions and energy, and championing gender inclusion in renewable energy markets.

Energy & SDG 13

Green-labelled total new investments in Energy (in € million)



In 2024, FMO's Green-labelled total new investments in the Energy sector represented 92 percent of the sector's total new investments. This marks a considerable increase compared to the previous year. Most of our investments support the scaling of technologies and solutions to accelerate the energy transition and help mitigate climate change. These include investments in transmission and distribution, energy storage and C&I solutions. A good example is our investment in Nur Bukhara in Uzbekistan to finance the construction and operation of an up to 250MW solar PV with a 63MW battery energy storage system.

In 2024, the power generation target GHG emissions were 442 ktCO₂e, a 29 percent reduction compared to the 2021 baseline. The reduction is due to an overall decrease of our outstanding exposure in operational fossil fuel plants. For further details, please refer to

'E1-4 Targets related to climate change mitigation and adaptation' in the 'Sustainability statement'.

We also contribute to climate action by providing technical assistance. In 2024, FMO collaborated with WSP UK to develop and pilot a training program aimed at bridging a critical knowledge gap in the application of IFC Performance Standard 6, which focuses on biodiversity conservation and sustainable management of living natural resources. Delivered in Ghana, the Dominican Republic and Vietnam, the sessions provided renewable energy developers and environmental and social (E&S) consultants with practical tools to integrate biodiversity considerations throughout project lifecycles. Positive feedback confirmed the program's impact and highlighted opportunities for refinement and expansion in 2025.

FMO supported CEC Renewables (CEC-R), a subsidiary of Copperbelt Energy Corporation Plc (CEC), in issuing a 100 percent Green Bond, a pivotal component of its US\$200 million Medium Term Note Program listed on the Lusaka Securities Exchange. This investment was labelled Green due to its contribution to renewable energy development and received an RI Label, emphasizing the project's role in promoting inclusive growth in Zambia. By investing in this Green Bond, FMO has strengthened its partnership with CEC-R (and parent, CEC), enhanced local capital market development and mitigated risks through CEC's corporate off-take model. The investment exemplifies FMO's dual commitment to advancing sustainable energy solutions and fostering inclusive economic development in challenging contexts.

Looking ahead

Over the few decades, access to energy has improved in every region except Sub-Saharan Africa. Therefore, we aim to increase our efforts in LDCs, primarily located in Sub-Saharan Africa, by leveraging public funds to invest in areas such as improving grid connections, growing solar home systems and scaling mini-grids.

We added water to our strategic sub-sector mix, following the addition of desalination plants by some of our partners. We see a clear link in this highly energy-intensive production process to energy efficiency. Moreover, climate change threatens access to water as a basic public good in many emerging markets and developing countries. Investing in water production contributes to our goal of investing in climate adaptation and helps provide the bottom 40 percent of income distribution better access to higher quality basic goods and services.

We will also continue to invest in larger renewable energy projects as lead arrangers, with an ambition to mobilize, or by following partner institutions. Additionally, we will continue to explore opportunities in energy sub-sectors, such as water production, e-mobility and transmission & distribution, to drive change in a holistic manner.

We remain optimistic about the energy transition pathway, as renewable power and battery storage continue to become more affordable. Looking ahead, we anticipate further equity investments in 2025 in fast-growing renewable energy markets, including India and South Africa.

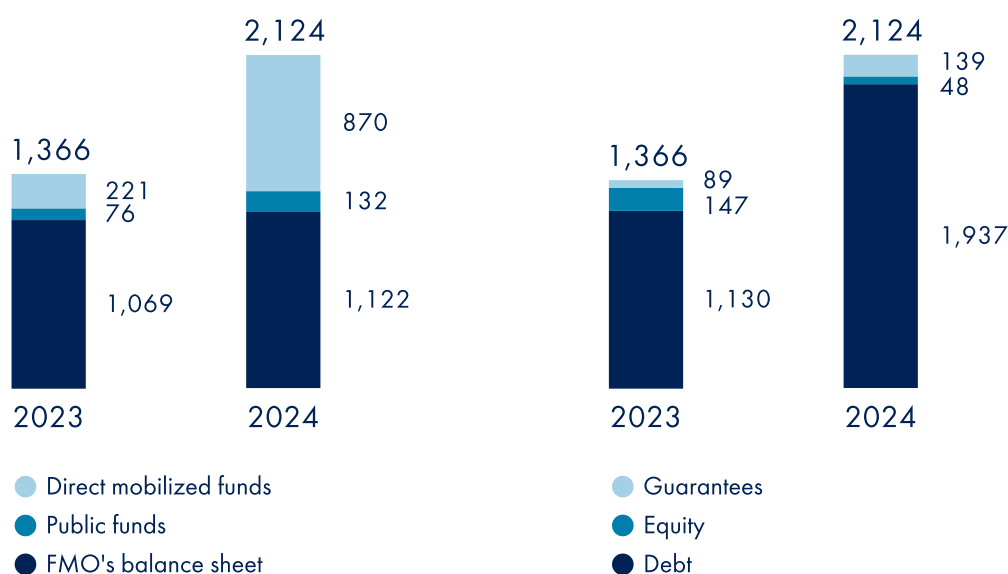
Financial Institutions

Despite geopolitical unrest in 2024 that affected the global economy, market conditions in many of the regions in which FMO invests remained relatively stable. As a result, we were able to conduct business with financial institutions with minimal disruption.

Nevertheless, the political and economic situation in several countries in LAC, such as Argentina and Nicaragua, created challenges for engagement. Additionally, global expectations regarding interest rate changes in 2024 created uncertainty around the timing of certain investments, prompting some customers to delay decisions on new loans. Despite this, the overall impact on our ability to close transactions remained limited.

Overall sector performance

Total new investments in Financial Institutions (in € million)



We achieved strong results in the Financial Institutions sector in 2024, with a notable increase in both the volume and number of total new investments compared to 2023. In just this one year, our portfolio grew by over 20 percent. We significantly increased the volume of direct mobilized funds, together with our partners. This effort increased our impact for customers by better meeting their financing needs—as FMO is limited to what it can provide to individual customers alone—while also introducing them to new and diverse financing partners. This accomplishment reflects not only an attractive and high-quality portfolio but also strong internal and external collaborations and FMO's solid reputation in the market.

We closed deals in countries in which we previously had limited or no presence in the Financial Institutions sector, including Côte d'Ivoire, Madagascar and Burkina Faso. Additionally, we made innovative investments in financial institutions active in the fields of climate finance (Ecofy, India) and digital lending (Fido, Ghana), as well as sectors in which we continued to focus, including microfinance (Esta Dana Ventura, Indonesia) and regional banking groups (I&M Group Plc., East Africa). At the same

time, our ongoing focus on generating liquidity from the global private equity-Financial Institutions portfolio showed results, with stakes in financial institutions in India (Satin Credit Care), Bosnia-Herzegovina (MF Banka) and with global presence (Finca Microfinance Holding) being fully sold. We also announced a major, multi-year phased exit from Amret Plc. (Cambodia).

Contribution to our strategic impact ambitions

Financial Institutions & SDG 8

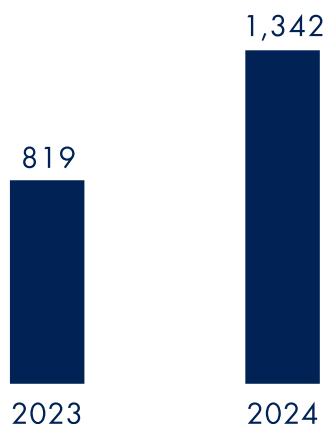
The strong performance achieved in 2024 enabled FMO to make a significant contribution to stimulating sustainable economic growth in our markets. This was reflected not only in new investment volumes and the total committed portfolio, but also in the increased number of attributed direct jobs through the financing we provided, growing from 17,000 in 2023 to 22,000 in 2024. Also taking into account indirect jobs, primarily those supported through the lending activities of our FI customers, it is estimated using the Joint Impact Model that our financing supported a total of 538,000 indirect jobs (2023: 387,000). The significant increase in the total number of supported jobs is driven by the growth of our investments in this sector, both through new customers and expansion of investment for existing customers. The rise in indirect jobs is also in large part due to improved and updated data from FI customers, as well as methodological enhancements that have made our approach to assessing FI investees more consistent.

The Financial Institutions sector makes a particularly vital contribution to SDG 8 through its support to micro, small and medium enterprises (MSMEs), a business segment that contributes heavily to employment and GDP but also traditionally faces challenges in accessing finance. With the majority of Financial Institutions loans directed at MSMEs, the reach of our financing to MSMEs expanded in 2024.

Our volume of direct mobilized new investments with private and other public investors roughly quadrupled compared to 2023. This was driven by large, syndicated investment in each of FMO's four regions, including Access Bank in Nigeria, Sekerbank in Türkiye, Banco de América Central in Guatemala and Khan Bank in Mongolia.

Financial Institutions & SDG 10

RI-labelled total new investments in Financial Institutions (in € million)



The trend of increasing investments in reducing inequalities within the Financial Institutions sector continued in 2024 and accounted for 63 percent of total RI-labelled new investments for the year. The overall increase in RI-labelled investments was entirely the result of higher total investment volumes within the FI sector. This growth was particularly strong in the inclusive business segment. In contrast, investments in LDCs, which address inequalities between countries, declined in 2024 relative to the previous year. In addition, we extended our LDC reach with our first deal in Madagascar.

Additionally, we closed several new investments with Fintech customers across various regions that helped lower the cost of financing, particularly for the bottom 40 percent of income distribution.

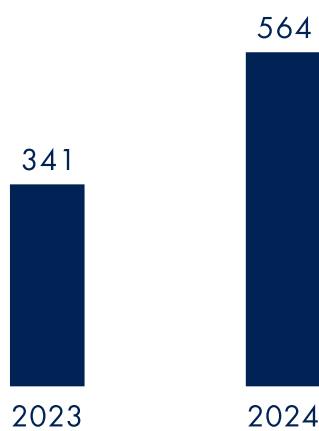
We supported gender credit lines, helping increase access to finance for women-owned businesses and other enterprises that meet the 2X criteria for gender finance. Building on its launch in 2023, we continued rolling out our Gender Framework in 2024 to provide efficient and structured technical assistance to our customers on this topic. For instance, we worked with private equity funds and their portfolio companies on initiatives such as obtaining 2X qualification.

In line with our efforts regarding market creation, we also support ecosystem development with a focus on LDCs and fragile states. For instance, as part of the Africa Resilience Investment Accelerator (ARIA) program, FMO and BII partnered with IFC to launch ESG guidelines for the financial institutions sector in Ethiopia. These guidelines have recently been approved by the regulator. In parallel, ARIA has been supporting local banks in Ethiopia to establish a baseline on ESG maturity, and providing capacity-building support to improve their capabilities. By engaging with a group of banks rather than individual

institutions, ARIA ensures a level playing field among major banks aligned with FMO's and BII's investment mandates, fostering collective progress in ESG integration.

Financial Institutions & SDG 13

Green-labelled total new investments in Financial Institutions (in € million)



In 2024, Green-labelled investments represented 27 percent of the sector's total new investments. This increase in Green-labelled investment was driven by a substantial rise in the overall investment volume, while the proportion of eligible Green-labelled activities remained stable at 27 percent. In other words, we successfully identified an equal share of eligible Green-labelled opportunities in a greater number of larger deals.

Highlights included arranging a Green Bond with our customer, Société Générale Madagascar (SGM) in Madagascar, an LDC. SGM has since changed ownership and is now known as BRED Madagascar. In addition, through the Green Finance Framework agreement, we helped 14 customers with technical assistance to improve their strategies and lending regarding activities that contribute to climate action. For instance, we supported Banco de América Central S.A. in Guatemala (BAC Guatemala) and their ambitious net-positive strategy with efforts to develop green finance solutions for their clients. In addition, through our Technical Assistance Program, we supported a project aimed at identifying green finance opportunities in BAC Guatemala's portfolio and market, while also developing tools and products to capitalize on these opportunities.

Looking ahead

FMO recognizes that in the current volatile global environment there are risks facing the Financial Institutions sector and our customers in emerging markets, including the potential uncertainty surrounding the appreciation of the US dollar. A further appreciation could exacerbate the discrepancy between local currency income and the cost of USD-denominated loans, potentially reducing demand for such loans. However, by building on our strong performance in the sector in 2024, we aim to continue to grow our Financial Institutions business in 2025. We will do this by further strengthening our relationships with key strategic partners and exploring growth opportunities in emerging green-, social- and sustainability-related financial products, including in the bond market.

Private equity funds and venture capital

In addition to equity investments made within FMO's strategic sectors, we make equity capital available on a wider scale through private equity funds. These PE funds can have a deeper and wider reach than FMO can have directly. By investing in growth equity funds and making investments through our FMO Ventures Program, FMO significantly contributes to SDG 8 by supporting job creation in our markets, and increasingly to SDGs 10 and 13.

In 2024, the private equity sector faced several challenges, including reduced liquidity in our markets due to macroeconomic pressures, political instability and higher interest rates. These factors created a more challenging environment for exits and fundraising. Additionally, the volatility of fluctuating, and sometimes sharply depreciating, currencies put pressure on returns in our markets.

Despite these challenges, the private equity sector in our regions has seen substantial growth and development over the past decade. Our fund managers have demonstrated resilience and adaptability in navigating these changing conditions. As ESG practices rapidly evolve, we have noticed an increasing trend toward climate-themed funds, with many fund managers integrating these elements into their core business strategies.

Following the 2020-2022 boom, the venture capital (VC) market continued to experience a 'funding winter' in 2024. While conditions are slowly improving, a heightened focus remains on profitability, rather than growth at any cost. As our VC portfolio matures, we are seeing a clearer distinction in performance across our investments.

In 2024, we saw the end of the first investment period of the FMO Ventures Program, which marked the realization of our first partial exit. Additionally, we were proud to launch the FMO Ventures Program 2, which aims to continue supporting high-potential startups. The majority of the portfolio within the program holds a RI and/or Green Label, reflecting our commitment to positive impact and sustainability.

Customer value creation

Customer value creation (CVC) is integral to FMO's Mission, Theory of Change²⁰, and 2030 Strategy. CVC reflects our commitment to delivering value that aligns with our customers' (strategic) goals, prioritizing their aspirations and success, and strengthening our role as a trusted partner in an evolving market. By directly supporting our customers' business objectives we promote development, innovative solutions and long-term impact towards the SDGs.

CVC is defined as our contribution to improving financial and non-financial customer value through our activities, including investment, financial and non-financial advisory services, development contributions and/or inherent contributions. This includes improvements in customer profitability, strategic goals, ESG advancements, impact and risk management. Importantly, CVC is evaluated from the customer's perspective—customer value is only recognized when it is perceived and experienced by the customer.

This customer-centric approach ensures alignment of FMO's offerings with our customers' needs. Customer value creation is explicitly about helping customers achieve their ambitions deepening trust and strengthening partnerships. Ultimately, CVC is a testament to our belief that when our customers succeed, it contributes to broader positive impact.

CVC in action through Private Equity and ESG

At FMO, we strive to create tangible and lasting value for our customers by aligning our expertise and resources with their specific goals. In the following section, we will present examples from our Private Equity and ESG activities that illustrate how we deliver value through these areas.

The FMO Ventures Program empowers innovative business models by applying disruptive technology to enable or improve affordable access to goods and services for un(der)served communities in Africa and Asia. Building on FMO's CVC approach, we provide not only capital but also services, knowledge and networks to be a partner who helps scale-up businesses sustainably. Through a dedicated Technical Assistance Facility, we have been able to link experts to investees on crucial topics such as ESG, human resources (HR) and fundraising. We have built networks in which companies are able to meet similar ventures from other countries, or that bring together CEOs and entrepreneurs at conferences and meetings. Our 'Impact Review and Outlook of the FMO Ventures Program' report, published in November 2024, captures learnings and case studies from this approach.

FMO actively creates customer value in ESG by supporting customers to achieve good international industry practices to manage potential negative impacts while optimizing positive impacts. In an effort to address the challenges faced by daily wage earners, Al Husainiyah, a power generation company in Jordan, and Lakeside Energy, a wind power plant in Pakistan, have implemented an innovative employment initiative enabled by FMO's advisory services. The companies have established a system that provides daily wage workers with three-month contracts, offering improved financial and social security. The initiative not only reduces income uncertainty but also improves the job quality of daily wage earners. This shows how FMO, as an ESG change agent, can help customers move the needle in terms of job quality beyond a minimum level of job decency, as required by FMO's Sustainability Policy.

2024 Customer Satisfaction Survey

In 2024, FMO conducted another extensive Customer Satisfaction Survey among our debt customers, soliciting feedback on our team, processes, expertise and products. Our Net Promoter Score improved to 73.5, exceeding our target of 70 and surpassing the 2022 score of 71.4. This increase reflects strong customer loyalty, with 76 percent of respondents giving FMO a 9 or 10 (out of 10). The survey has also identified areas for improvement, which are being actively shared and picked up by the respective teams.

20 For details on FMO's Theory of Change, refer to 'ESRS 2 - Strategy, business model and value chain' in the 'Sustainability statement'.

ESG management

FMO believes that sound Environmental, Social and Governance (ESG) management can materially enhance the quality and success of businesses, benefiting people, the planet and profit. Our ESG management approach is a core part of our investment strategy and essential to creating value. We, therefore, actively support our customers in achieving good international industry practices to manage potential negative impacts while optimizing positive impacts.

For more detailed information on our approach to ESG management and how we assess our performance, please refer to the 'ESRS 2 - IRO management' section in the 'Sustainability statement'.

Organizational developments

People and needed skills

At FMO, our mission depends on having a dynamic, engaged and competent workforce. Through human resources (HR) programs and initiatives, we are committed to creating an environment where employees can thrive, develop essential skills and contribute effectively to our strategic objectives. In 2024, among other things, we continued the Values in Action program that was launched last year.

Regular Employee Engagement Surveys and interim pulse checks ensure our programs remain relevant and impactful. In 2024, our employee survey reported an NPS of 21 (up from 15 in 2023), reflecting positive employee engagement and satisfaction. By continuously refining initiatives based on feedback, we strengthen alignment with organizational goals, ensuring FMO remains an agile, responsive organization that maximizes its impact.

For more information on these topics, refer to 'S1 - Own workforce' in the 'Sustainability statement'.

Efficiency

Continuing to optimize organizational efficiency is essential to achieving our long-term strategy towards 2030: 'Pioneer, Develop, Scale'. Our approach to improving efficiency is three-fold: automation and digitalization, bottom-up efficiencies, and artificial intelligence.

With regards to bottom-up efficiencies, we are helping managers and employees achieve incremental efficiency gains that alone might seem insignificant but together can make a huge difference. Not only to operational efficiency but also to the well-being and job satisfaction of our people. Encouraging everyone at FMO to question the status quo in terms of how we do things and experiment with new ways of doing those things improves operations, empowers people and encourages a continuous improvement culture.

In 2024, through FMO's Digitalization Program, we achieved several milestones. Notable accomplishments include the deployment of a DNB-compliant Credit Risk Event assessment tool, a cutting-edge arrears monitoring solution for proactive issue management, and advanced tools for automated risk classifications, covenant management and customer reporting oversight. Furthermore, we tested Microsoft Copilot in secure environments, ensuring data protection of both our own data and that of our stakeholders. Integrating AI will free up resources, strengthen stakeholder engagement, and increase our overall impact, moving us towards a more efficient, future-ready organization.

Financial performance

Financial results

Net profit for the financial year ending 31 December 2024 was €297 million, resulting in a €232 million increase compared to the profit over 2023 of €65 million. FMO's mainly USD-denominated investment portfolio was positively impacted by the strengthening of the USD against the Euro over the course of 2024. This mainly impacted the Private Equity portfolio, where foreign currency gains on the portfolio were €116 million for the year (2023: €62 million loss). This coincided with increases in the underlying capital value of the private equity portfolio of €45 million and negative realized results of €23 million (2023: €13 million gain and €9 million gain respectively). FMO's share in the results of associates and joint ventures increased by €13 million in 2024 with a gain for the year of €39 million (2023: €26 million).

Results for the year were also positively impacted by improvements in credit risk related to certain debt customers, allowing for a release of loan impairments. The release of loan impairments for the year was €26 million, compared to impairments of €40 million in 2023. The NPE ratio²¹ for the lending portfolio on 31 December 2024 was 7.0 percent, down from 9.8 percent in 2023, due to some loans returning to performing status, this was driven mainly from exposures in Uganda. The reduction also results from write-offs on other long outstanding exposures.

Interest income for the year was €556 million (2023: €533 million) and interest expense €330 million (2023: €311 million). This results in net interest income increasing by €4 million compared to 2023. Regular income²¹ also increased compared to 2023 with a result of €300 million (2023: €292 million).

The results for other pertinent line items were as follows:

- Fair value movements on treasury derivatives and fair value loans resulted in a loss of €27 million, and a gain of €12 million respectively (2023: €20 million loss and €15 million gain respectively)
- Operating expenses increased to €191 million (2023: €178 million), which was mainly a result of increases in staff-related costs.

Cash flow

The net cash flow for the year was an outflow of €397 million. Net cash flows from operating activities amounted to an outflow of €317 million. Cash outflows relate primarily to disbursements from new investments in the lending portfolio, as well as additional investments in interest-bearing securities.

Capital position

On 31 December 2024 FMO's capital position remained above the minimum levels required by the Dutch Central Bank as well as the requirements of FMO's own internal Risk Appetite Framework. The total capital ratio decreased to 21.3 percent (2023: 23 percent). The CET-1 ratio decreased to 20.4 percent (2023: 22 percent).²¹

FMO's liquidity ratios remained within the regulatory limits with a liquidity funding ratio (LCR) of 686 percent for the current financial year. The survival period was more than 12 months (2023: more than 12 months). The net stable funding ratio (NSFR) was 114 percent at the end of the financial year (2023: 114 percent).

FMO maintained its AAA ratings from both Fitch and Standard & Poor's during the financial year. FMO's funding portfolio increased by €270 million, where redemptions were offset by new bond issuances totaling approximately €1,214 million.

Proposal for appropriation of the net result

Taking into account the conditions set out in the State-FMO Agreement of 1 July 2023, the Management Board and Supervisory Board propose allocating the net profit as follows: distribution of €10.6 million as a cash dividend (€26.48 per share) and allocating the remaining net profit of €286.6 million to the contractual reserve.

Risk and uncertainties

FMO's primary risk exposures are investment risk (credit risk, equity risk, concentration risk and counterparty credit risk), market risk and liquidity risk. FMO monitors developments in these areas on an ongoing basis. This includes assessments of the impact of broader global macro-economic trends, such as increasing interest rates and foreign exchange rate movements, as well as more acute impacts arising from country- or region-specific political or environmental events. Risk levels are continuously measured against predefined risk tolerances and proactive measures are taken when challenging events take place.

Risks and uncertainties also arise in the financial reporting processes related to investment valuations, the estimation of expected credit losses and impairments on the lending portfolio, and the treatment of

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This is an alternative performance measure (APM) that is not included in the financial statements. For a definition of this APM, please refer to the chapter 'Alternative Performance Measures'.

large, structured investments. These processes rely on professional judgement, therefore there is an inherent degree of uncertainty that arises in accounting for these items. FMO embeds controls in the financial reporting and valuation processes to ensure all estimates are reasonable and free from bias.

Further information

For more details and analysis on the financial performance, please refer to the 'Consolidated statement of profit or loss' sub-chapter in the 'Consolidated financial statements'. For more information on developments related to equity investments, ECL allowances and impairments, funding, and liquidity, please refer to the 'Equity risk', 'Credit risk' and 'Liquidity risk' sections in the 'Risk Management' chapter.

Additionality

Additionality is a core principle of FMO's work and a requirement under our agreement with the Dutch State. It ensures that FMO offers financial services to the extent that the commercial market does not or does not sufficiently provide them, or which are only offered by the commercial market on terms that do not fit in a solid business model. FMO's role is not to crowd out private investors but to fill the gaps, offering support that drives long-term market development. In certain cases, FMO demonstrates additionality by contributing to higher ESG standards that go beyond local market norms, achieving a transformative effect. This approach is essential to promoting sustainable market growth and supporting communities without competing with commercial financing sources. The following examples showcase how FMO exemplifies additionality in each of its investments.

Credrails

Credrails is a Kenyan start up that offers a Software-as-a-Service (SaaS) solution to automate financial reconciliation by consolidating transaction data and flagging discrepancies. This provides customers with revenue assurance and operational efficiency. The company serves a diverse customer base, including banks, microfinance institutions, insurers, corporates, SMEs, and the rapidly growing FinTech sector in Africa, where fragmented financial systems and payment processors often cause inefficiencies.

The company was founded in 2020 by two female entrepreneurs. At a crucial stage in its development, the start-up raised US\$3 million in a pre-Series A round, with FMO contributing US\$1.5 million through its Ventures Program. FMO's investment addressed a significant funding gap: across the African VC ecosystem only 2 percent of equity financing was directed to women-led startups in 2024. FMO's investment has enhanced the company's governance, operational capacity, and growth potential, positioning it to scale operations, expand market reach, and (potentially) become a leading player in the African open banking space.

Beyond funding, FMO has supported the company in establishing a board of directors and strengthening governance, ensuring long-term stability and strategic direction. FMO's support aligns with its Gender Smart Criteria, contributing to SDG 5 (Gender Equality) by promoting women-led entrepreneurship and gender diversity in technology roles. As the company plans to expand its workforce significantly, from 23 employees in January 2024 to over 125 by December 2026, it will also contribute to SDG 8 (Decent Work and Economic Growth).

Işık Tanım Türkiye

A family-owned agri-processing company in Türkiye, engaged in an integrated value chain for organic fruit-based food and consumer products was seeking source capital to support its business growth due to permanent working capital requirements. To achieve this, the company required long-term financing, which is typically not available from local commercial banks. A key challenge was securing foreign exchange funding, essential for its supply chain, as local financial institutions do not provide the necessary loan structures. This gap in the market made this long-term financing financially additional.

One of the company's key success factors is its Happy Village program, which integrates over 4,000 smallholder farmers into an organic production network. The program offers technical assistance, input supplies, organic certification, training in organic farming practices and post-harvest produce purchases, helping the farmers meet high ESG standards that are uncommon in the local market.

To support the company's growth, FMO provided an US\$18 million long-term working capital loan. This loan, with a six-year tenor and one-year grace period, was tailored to the company's long cash cycle. Local financial institutions in Türkiye do not offer such long-term financing, making this intervention critical for scaling up the company's supply chain operations.

Beyond the financial aspect, the Happy Village program also ensures farmers benefit from timely payments, organic certification, premium pricing (10-30 percent above conventional rates), and access to better markets, increasing their financial stability. Additionally, the program improves village life, offering facilities such as playgrounds, fitness equipment, and educational opportunities for women and farmers' families.

The investment supports job creation and income stability in rural Türkiye, contributing to SDG 8 (decent work and economic growth). Additionally, the financing is also eligible for both FMO's 100 percent Green Label in view of climate mitigation and biodiversity and 100 percent RI Label in view of the company's support for smallholder farmers. This sustainable agribusiness model aligns with FMO's mission, promoting inclusive growth, environmental stewardship, and the potential for further development to bolster local economic activity.

CORPORATE GOVERNANCE

Good corporate governance at FMO is crucial for two reasons. The first relates to our mission to enable entrepreneurs to increase inclusive and sustainable prosperity. We believe that to carry out this mission, a high standard of corporate governance is paramount. The second is that, as a public-private development bank, our own governance, structure and reporting lines must be both sound and transparent.

Governance structure

FMO's corporate governance structure is based on the premise that FMO has established a long-term partnership with various stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives. Stakeholders include customers, the Dutch government, shareholders and other providers of capital, employees, NGOs and local communities in the countries where we work, as well as partners.

FMO is expected to take the interests of all stakeholders into account at all times. In governance terms, this expectation is expressed through the responsibilities and accountability of the Management Board and Supervisory Board with regard to our shareholders and other stakeholders.

The Management Board is responsible for ensuring it considers the interests of its employees and regularly meets with FMO's Works Council. In addition, the Works Council meets with the Supervisory Board twice a year.

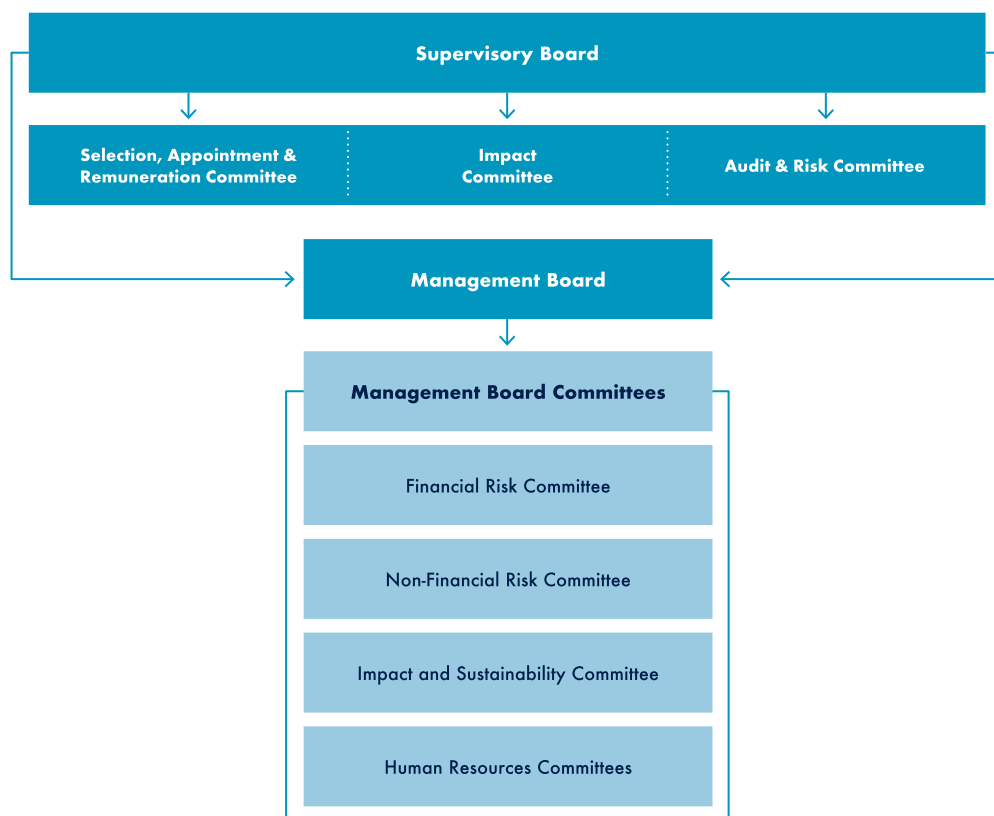
FMO's Supervisory Board has non-executive responsibilities, including supervising and advising the Management Board. New members of the Supervisory Board are appointed by the General Meeting of Shareholders on the nomination of the Supervisory Board. The Supervisory Board has the following three committees, which advise and prepare decision-making: the Audit and Risk Committee; the Selection, Appointment and Remuneration Committee, and the Impact Committee.

The daily management of our bank lies with the Management Board. The members of the Management Board are appointed by the Supervisory Board and are independent. The Supervisory Board deals with any conflict of interests. Appointments of members of the Supervisory Board and Management Board are subject to approval by the Dutch Central Bank (DNB), which assesses the reliability and suitability of candidates. FMO organizes extra training where necessary and offers a lifelong learning program to its Management Board and Supervisory Board members.

FMO's Supervisory Board consists of six non-executive members. FMO's Management Board consists of five executive members.

The Management Board has established committees to assist it in fulfilling its oversight responsibilities as shown in the following figure.

Governance structure



Members of the Management Board

Details of the members of the Management Board on 31 December 2024, including their outside positions, are included in the following table.

F. (Fatoumata) Bouaré	F.P.C.G. (Franca) Vossen	H. (Huib-Jan) de Ruijter	M.A.S. (Michael) Jongeneel	P.P. (Peter) Maila
Chief Finance & Operations Officer	Chief Risk Officer	Co-Chief Investment Officer	Chief Executive Officer	Co-Chief Investment Officer
Ivorian (Ivory Coast), 1966, female	Dutch, 1972, female	Dutch, 1976, male	Dutch, 1973, male	South African, British, 1977, male
Appointment in current position 2017-2021, 2021-2025	Appointment in current position: 2022-2026	Appointment in current position: 2021-2025	Appointment in current position: 2021-2025	Appointment in current position: 2022-2026
Experience: Managerial, Banking (incl. Development Banking), Finance, Treasury, Risk Management (incl. Credit), Impact & ESG, Operations, ICT, KYC/AML, Compliance, Facility Services, Strategy, Business Process Transformation	Experience: Managerial, Supervisory, Banking (incl. Development Banking), Private Equity, Asset Management, Insurance, Regulatory Affairs, Restructuring, Risk Management (incl. Credit), Compliance, Privacy, Legal, Corporate Governance, Tax, KYC/AML, Strategy, Impact & ESG, Finance, Operations, ICT (incl. AI and Cyber Security), Business Process Transformation	Experience: Managerial, Banking (incl. Development Banking), Financial Institutions, Financial Markets, Debt Financing, Private Equity, Blended Finance, Treasury, Risk Management (incl. Credit), Impact & ESG, Strategy, KYC/AML	Experience: Managerial, Banking (incl. Development Banking), Sustainable Finance, Leadership, Strategy, Finance, Human Resources, KYC/AML, Impact & ESG, Stakeholder Engagement (incl. NGOs), Operations, ICT, Business Process Transformation, Project Portfolio Management	Experience: Managerial, Supervisory, Banking (incl. Development Banking), Debt Financing, Private Equity, Impact Investing, Impact & ESG, Finance, Strategy, KYC/AML, Risk Management (incl. Credit)
Other positions: Member of the Advisory Board of One Africa	Other positions: None as per 31 December 2024. Stepped down as member of the Supervisory Board of VGZ U.A. as per 21 September 2024 after first term	Other positions: None as of 31 December 2024. Stepped down as member of the Steering Committee of Agri3 Finance Fund as per 23 December 2024	Other positions: Member of the Board of Directors, EDFI Association	Other positions: None

Organizational chart

FMO's organizational structure per 31 December 2024 was as follows.

 Fatoumata Bouaré Chief Finance & Operations Officer	 Franca Vossen Chief Risk Officer	 Huib-Jan de Ruijter Co-Chief Investment Officer	 Michael Jongeneel Chief Executive Officer	 Peter Maila Co-Chief Investment Officer
<ul style="list-style-type: none"> Business Process Transformation Finance, Impact & Data Information, Communication & Technology Operations Treasury 	<ul style="list-style-type: none"> Corporate Secretary Compliance Credit & Special Operations Corporate Legal & Tax Legal Risk 	<ul style="list-style-type: none"> Agribusiness, Food & Water Energy Financial Institutions Partnerships for Impact Impact 	<ul style="list-style-type: none"> MB Secretariat Corporate Stakeholder Engagement Human Resources Internal Audit Strategy 	<ul style="list-style-type: none"> ESG+ Know Your Customer Private Equity

Diversity and inclusion

FMO promotes diversity at all levels, including for the Management Board and Supervisory Board. FMO's diversity policy is embedded in several documents and ways of working. The aim of our diversity policy is to have well-balanced boards, which are up to their task and can arrive at good solutions, while considering the members' different perspectives, backgrounds and experiences.

The Supervisory Board aims for a diverse composition with respect to gender, education, experience and age, as well as relevant knowledge, expertise and experience in the business areas in which FMO is active. Similar diversity aspects apply to the composition of the Management Board. This is deemed important to ensure effective supervision and management respectively and, by extension, long-term value creation. In line with FMO's diversity policy, and included in the Supervisory Board Profile and the Standing Rules of the Management Board, and also in line with the Act on Gender Balance in Management and Supervisory Boards (In Dutch: 'Wet evenwichtiger verhouding tussen mannen en vrouwen in bestuur en raad van commissarissen'), FMO strives to meet its gender target.

For the Supervisory Board, the target is for the board to consist of at least one third men and at least one third women. On 24 April 2024, during the Annual General Meeting of shareholders (AGM), Eme Essien Lore was appointed as the sixth and final member of the Supervisory Board. At the same meeting, Dugald Agble, Marjolein Demmers, and Reintje van Haeringen, all current members of the Supervisory Board, were reappointed for a second term of 4 years. The Supervisory Board consists of six members. At year-end, the Supervisory Board consisted of three women (50 percent) and three men (50 percent). Two of the Supervisory Board members are non-Dutch. Dugald Agble holds Ghanaian and British nationality and Eme Essien Lore holds US nationality.

For the Management Board, the aim is for it to consist of at least one third men and one third women. At year end, the Management Board consisted of two women (40 percent) and three men (60 percent). The Management Board consists of one Ivorian member, one member with South-African and British nationality and three members with Dutch nationality. The ages of the members are well distributed, and knowledge and experience comply with the applicable matrices.

Aligned remuneration policies

The remuneration policies attach equal importance to investment and risk functions, by ensuring similar salary scale levels for both functions and avoiding bonus structures that incentivize excessive risk-taking.

As a purpose-driven organization, FMO does not offer identified staff (senior management and staff whose professional activities have a material impact on FMO's risk profile) any form of variable remuneration, such as bonuses. Our results are mainly based on team effort, innovation, knowledge-sharing and collaboration between colleagues in different disciplines, which does not align well with offering substantial bonuses for individual performance.

FMO's remuneration policy for the Management Board aims to attract, motivate and retain capable people with sufficient knowledge and experience in international development finance. The remuneration policy is aligned with the mission of FMO, our corporate values, our strategy and our risk appetite, as well as the expectations of various stakeholders. The remuneration policy does not incentivize directors to act in their self-interest or to take risks that do not fit with FMO's Risk Appetite Framework (RAF). Furthermore, the policy does not reward failing Management Board members for such behavior after they have been discharged. The remuneration policy is based on a market median, composed of two equal proportions of a private benchmark (Dutch financial sector) and a public benchmark, considering financial sector remuneration regulation and principles applied by the Dutch government as majority shareholder of FMO.

Employment contracts of members of the Management Board are awarded for a definite period (except for internal appointments). In the event of the employment contract being terminated before the expiry date, the maximum severance payment will amount to one year's salary, unless the Management Board member resigns voluntarily, or the termination is the result of his or her actions.

The remuneration policy for the Management Board is reviewed every three to four years and amendments are subject to approval at the AGM. During the April 2024 AGM, no amendments to the remuneration policy were proposed or approved.

More details on the remuneration of the Supervisory Board, Management Board and other (identified) staff members can be found on FMO's website. Aspects of Management Board members' remuneration are also disclosed in the paragraph 'Related party information' in the 'Consolidated Financial Statements'.

The ratio between the remuneration of our CEO (the highest-paid individual) and the median of all other colleagues (including the other Management Board members) per 31 December 2024 was 0.29 (2023: 0.28). This means that the CEO receives a total fixed remuneration of 3.5 times the median of the fixed income paid to the rest of the total staff population, which in comparison with the Dutch financial sector is relatively low.

Independent complaints mechanism

FMO invests in emerging markets and developing economies and aims to create value for the organization, its stakeholders, society and the environment. When investments lead to environmental and human rights harm, FMO can be held accountable to affected communities through its independent accountability mechanism. FMO has implemented an Independent Complaints Mechanism (ICM) together with the German DFI, Deutsche Investitions- und Entwicklungsgesellschaft (DEG), and French DFI, Proparco. The ICM allows people who feel affected by an FMO-financed operation to file a complaint with an Independent Expert Panel. The Independent Expert Panel is part of the ICM and has a dual mandate: a fact-finding and monitoring role ('compliance review') and a problem-solving role ('dispute resolution'). Utilizing the problem-solving role is only possible if all parties agree and there is a reasonable expectation that a mutually-agreed resolution of the complaint will be possible.

The Independent Expert Panel prepares reports in several phases of a complaint (e.g. notice of admissibility, preliminary review, compliance review, dispute resolution process, monitoring report), as specified in the ICM's policy. Before publicly publishing the complaints disclosure on FMO's website, the parties (complainant, customer and FMO) are asked for comments to ensure adequate reflection of the facts and any sensitivities. These reports can be used to monitor the complaint's progress and outcomes.

The ICM applies an approach of continuous improvement. In the ICM annual report, the overall effectiveness of the mechanism is publicly reported. In addition, peer complaint mechanism good practices are considered to achieve improvements. Procedures are then developed and/or adjusted accordingly. The ICM and its policy are also evaluated at least every four years. Based on the evaluation performed in 2022-2023, the ICM policy is currently being revised. The policy revision process includes a round of public consultation to ensure stakeholders are able to provide their input, which will be

considered when finalizing the new ICM policy, which is expected in 2025. In addition, the Ministry of Foreign Affairs periodically carries out an independent 'FMO-A evaluation', which includes the ICM. The next 'FMO-A evaluation' is planned for 2025.

For more information, please refer to the Independent Complaints Mechanism on FMO's website.

Corporate governance codes

FMO abides by two governance codes: the Dutch Corporate Governance Code and the Dutch Banking Code. We comply with the Banking Code, or will otherwise explain where and how we diverge from this code, including concrete examples. This document can be found on our website. Monitoring of the Code and other operational risks are further described in the 'Non-financial risk' sub-chapter in the 'Risk management' chapter.

The Dutch Corporate Governance Code (the 'Code') only applies to organizations whose shares are listed on a regulated market. As a non-listed bank, FMO is not required to adhere to the Code, but we have chosen to do so, nonetheless. In December 2022, the Code was updated, which applies as of the fiscal year 2023. Changes related to such topics as sustainable long-term value creation, new requirements for the composition of the annual management report, and diversity and inclusion. The Supervisory Board and Management Board fully endorse the basic principle on which the Code is based, namely that the company has a long-term partnership with various stakeholders. FMO has a policy regarding bilateral contacts with our shareholders, which is provisioned by the Code and published on our website.

The relevant principles and best practice provisions of the new Dutch Corporate Governance Code have been implemented, with the exception of the following principles and best practice provisions, which can be explained as follows:

BPP 1.1.5: FMO engages with its stakeholders regarding sustainability aspects of the strategy in various forms, from day-to-day, business-as-usual engagement to more strategic and planned engagements, such as regular meetings, surveys, forums, events and stakeholder dialogues.

For example, in December 2024, FMO opened consultation on its investment approach to responsibly-managed plantation forestry, allowing stakeholders to provide feedback to help FMO refine its approach and strengthen its impact. The Position Statement on Corporate Stakeholder Engagement and Lobbying is expected to be published on the website at the end of March 2025 and the consultation process is expected to be completed by the end of April 2025.

BPP 2.1.5: The diversity and inclusion policies of the Supervisory Board and Management Board are included in the Supervisory Board profile and the Standing Rules of the Management Board. In practice they are well adhered to, given that the Supervisory Board consists of 50 percent female and 50 percent male members, and the five-member Management Board's composition is 40 percent female, 60 percent male. For staff, FMO has various D&I practices, a statement, communities and reports on several elements, though the aim now is to bring these under one D&I policy.

BPP 2.1.6: Reporting takes place via (amongst other things) the annual report, the SER portal and internal gender diversity reporting. FMO does not report yet against a D&I policy document.

BPP 2.2.2: This provision refers to the reappointment of Supervisory Board members. The third term of four years, as meant in the previous version of the Corporate Governance Code, is split into two terms of two years in the current version of the Corporate Governance Code. Sections 2.4 and 2.7 of the Supervisory Board Standing Rules, which deal with reappointments and the duration thereof, will be amended accordingly in the next revision. None of the Supervisory Board members exceeded the eight-year term in 2024, with the exception of the Chair of the Supervisory Board, who will have exceeded this term by about 7 months when he steps down directly after the AGM in April 2025, which is allowed by FMO's Articles of Association.

BPP 2.2.4: This provision requires a written (separate) succession plan, which focuses on knowledge, experience and diversity. At FMO, knowledge, experience and diversity are included in the profiles of the Supervisory Board and Management Board. Succession and knowledge are regularly discussed in meetings of, among others, the SARC. The Supervisory Board retirement schedule is on the website and used by the Supervisory Board as a basis for succession planning.

BPP 2.3.10: This provision states that the Supervisory Board is supported by the Corporate Secretary of FMO. Section 6.1 of the Standing Rules of the Supervisory Board states that the Supervisory Board secretary might also be one of its members. In practice, it is the Corporate Secretary of FMO. This will most likely be amended on the occasion of the next amendment.

BPP 2.5.3: In practice, FMO complies with this principle. However, FMO has no integral D&I policy yet.

BPP 2.8.1 - 2.8.3: Stipulations on takeover bids are not implemented, given our stable majority shareholder, the State of the Netherlands.

BPP 4.1.4: The explanation of the agenda of the AGM is not published on FMO's website, since this document is sent to all shareholders of FMO.

BPP 4.2.3: This provision relates to analysts' meetings and presentations to institutional investors. This provision is of no practical significance to FMO and therefore does not apply.

BPP 4.2.6: This best practice provision requires the Management Board to provide a survey in the annual report of all anti-takeover measures to prevent control from being relinquished. FMO has not incorporated any anti-takeover measures in its articles of association, because it has a stable majority shareholder, namely the State of The Netherlands. Therefore, an overview as meant in this provision is not incorporated in this annual report.

BPP 4.3.3: This provision does not apply, as this provision refers to a legal entity that does not apply a so-called 'structuurregime'. FMO is a so-called 'structuur' legal entity as defined in paragraph 2.4.6 of the Dutch Civil Code.

BPP 4.3.4: This provision does not apply, as it refers to financing preferred shares, which FMO does not use in its share capital.

BPP 4.3.5 and 4.3.6: These provisions are most likely not applicable, as FMO most likely does not have shareholders which can be fully characterized as institutional investors with regard to FMO. Moreover, the provision is the responsibility of the institutional investor.

BPP 4.3.7 and 4.3.8: These provisions are not applicable, as FMO's shares are not listed.

Principle 4.4. Shareholders recognizing the importance of a strategy focused on sustainable long-term value creation for the company and its affiliated enterprise, is the responsibility of the shareholder.

BPP 4.5.1 - 4.5.8: These provisions concern the issuing of depositary receipts for shares. FMO's articles of association lay down that the company is not permitted to cooperate in issuing depositary receipts of shares.

BPP 5.1.1 - 5.1.5: These provisions do not apply, as FMO does not have a one-tier board.

A few minor textual changes will be included in the relevant Standing Rules and/or policies in the course of 2025.

FMO Investment Management BV

FMO Investment Management B.V. (FMO IM) is a 100 percent subsidiary of FMO. Its purpose is to build and grow investment management services for professional investors. This is part of FMO's strategic ambition to mobilize commercial investors to invest in emerging markets, thereby increasing its overall impact. FMO IM aims to scale up impact investing by providing investors access to FMO's deal flow in sustainable emerging markets.

FMO IM has a license as an investment firm and is authorized to provide investment advice. FMO IM has its own Management Board. As sole shareholder of FMO IM, FMO determines the charter and scope within which the company operates, and FMO has approval rights for specific matters.

2025 OUTLOOK

The IMF and the World Bank predict steady global economic growth of between 2.7 and 3.3 percent in 2025, which is broadly in line with growth rates in 2024.^{22,23} Emerging markets (excl. China) are expected to grow at 3.8 percent in 2025, up from 3.5 percent in 2024. Global inflation has been steadily declining in 2024 and this trend is expected to continue in 2025. Inflation is predicted to reach its lowest levels since the peak in 2022.

The global growth averages conceal regional differences in growth outlooks within FMO's markets. Growth is somewhat weakening in Europe and Central Asia, while it is strengthening in Africa, Latin America, and South Asia compared to 2024.

Growth in low-income countries is expected to accelerate significantly in 2025, reaching 5.8 percent compared to 3.6 percent in 2024. This projection assumes that the impact of major conflicts will ease this year. Key drivers supporting this growth outlook include falling interest rates, recovering real incomes, increasing consumer confidence, and expanding trade and industrial activity.

Both the IMF and the World Bank note that despite this relatively positive outlook, substantial uncertainties could affect economic development. In particular, the potential unravelling of restrictive trade policies by advanced economies is expected to disproportionately impact emerging economies. The Economist notes that a further decoupling of American-led and China-led trading blocs would result in a permanent 4 percent decline in GDP for Sub-Saharan African countries, the most severe impact among all regions.²⁴ Overall, rising geopolitical tensions and escalating conflicts pose a threat and could negatively impact trade and commodity markets.

Finally, with global warming reaching record levels, the year ahead could be significantly impacted by disasters of uncertain but generally increasing magnitude. These challenges may limit financing opportunities by raising costs and uncertainty. However, they also highlight the crucial role of DFIs like FMO in supporting sustainable development, promoting stability, and providing climate mitigation and adaptation solutions, especially when private investment is constrained.

Priorities in 2025

In 2025, FMO will continue to focus on the following three priorities: growing impactful business, improving our capabilities and ensuring FMO's foundation is solid. More specifically, we will focus on strengthening our course towards our 2030 strategic ambitions. We are also aiming for strong production to further build up our RI- and Green-labelled total committed portfolios. Simultaneously, we aim to maintain the size of our private equity portfolio from 2024 to 2025 while increasing its returns. We also seek to enhance the growth and returns of debt investments on our own balance sheet and improve organizational efficiency. To achieve these goals, we will build on our strong performance in 2024.

We will continue to invest in our people, systems and processes to respond to the increasing complexity resulting from regulatory and supervisory requirements, stakeholder expectations, and evolving impact management standards. Other factors that may affect our 2025 financial performance include uncertainty around economic developments with the start of the new presidency in the US, ongoing geopolitical conflicts that may affect the fair value of our private equity portfolio, and unpredictability around how the US dollar exchange rate will develop. During the year, we will closely monitor our financial performance and make budgetary adjustments where needed.

22 World Bank (2025), Global Economic Prospects, January 2025.

23 IMF (2025), World Economic Outlook Update – Global Growth: Divergent and Uncertain, January 2025.

24 The Economist (2025), The African investment environment is at its worst in years, January 2025.

Growing impactful business

In a volatile global landscape, FMO faces three key long-term challenges: a scarcity of investment-ready companies, limited availability of concessional funding, and increasing regulatory requirements. However, as these challenging times also call for steadfast action, we remain firmly committed to our 2030 ambitions: €10 billion in Green investments and €10 billion in RI investments.

In 2025, to stay on track towards these ambitions, we will prioritize increasing our new investments towards Reduced Inequalities (SDG 10) by leveraging FMO's own capital, as well as funds from public entities (public funds) and third parties (direct mobilized funds), particularly in least developed countries.

Additionally, we will increase our investments in financial institutions in emerging markets, which have the local network and knowledge to play a key role in reducing inequalities within countries and supporting real climate action on the ground. We will also continue to develop bankable opportunities through the Market Creation initiative, one of the ten meaningful innovations outlined in our 2030 Strategy.

Improving our capabilities

To help grow our impactful business, we will focus on improving FMO's organizational capabilities, particularly in efficiency and people and needed skills. We aim to achieve efficiency gains by facilitating increased productivity of our current workforce and adopting a more measured approach to staff growth compared to recent years. This will involve optimizing and digitizing selected investment and key support processes. Additionally, we will drive ongoing efficiency improvements through bottom-up initiatives from teams across FMO.

Our people remain a key priority. By strengthening leadership capabilities through the Leadership Impact Program and fostering a collaborative culture, we aim to enhance employee engagement and maximize our collective impact as One FMO.

Ensuring FMO's foundation is solid

Ensuring we continue to have a solid foundation remains a priority, as this is a prerequisite of our license to operate. In 2025, we will in particular focus on increasing income growth while limiting staff and other expenses to ensure our long-term financial health. We will also closely monitor the effectiveness of adopted interventions to keep the Total Capital Ratio (TCR) outlook above the alert level in the years running up to 2030. Moreover, we will continue to ensure regulatory compliance by adapting to regulatory changes and further enhancing risk processes. And finally, we will sustain and further strengthen our risk awareness.

IN CONTROL STATEMENT

FMO has internal risk management and control systems that enable us to take risks and control them and that are based on international best practices.

Adequate internal risk management and control systems support the attainment of objectives in the following categories:

- Realization of strategic and business objectives;
- Effectiveness and efficiency of processes;
- Reliability of financial reporting; and
- Compliance with laws and regulations.

The Management Board regularly considers the design and operation of FMO's internal risk management and control systems (taking into account the approved risk appetite) and discusses all related significant aspects with senior management. The results of the Management Board's monitoring of FMO's internal risk management and control system – including significant changes and planned major improvements – and the defined risk appetite are discussed with FMO's Audit & Risk Committee, which reports these to the Supervisory Board.

Based on our monitoring of the company's internal risk management and control systems, and cognizant of their inherent limitations described below, we have concluded that FMO is in compliance with the requirements of best practices 1.4.2 and 1.4.3 of the Dutch Corporate Governance Code. The Management Board makes the following statement:

As Management Board of FMO, we are accountable for internal risk management and control systems within FMO.

Based upon our assessment of the internal risk management and control systems of FMO and barring unforeseen adverse external and internal conditions, we are of the opinion that:

- i. The management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- ii. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- iii. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- iv. The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Reference is also made to the Risk Management Framework section in the Corporate Governance paragraph and the Risk Management section for an explanation on FMO's Risk Management Framework, which is organized in adherence to the three lines model.

We note that the proper design and implementation of internal risk management and control systems significantly reduces, but cannot fully eliminate, the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees or others, management overriding controls, or the occurrence of unforeseeable circumstances.

Another limiting factor is the need to consider the relative costs and benefits of risk responses. Properly designed and implemented internal risk management and control systems will therefore provide reasonable, but not absolute, assurance that FMO will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business.

Responsibility Statement

We have committed to ensuring, to the best of our abilities, that this report was prepared and is presented in accordance with the Integrated Reporting framework and that the integrity of all information presented can be assured. In accordance with article 5:25c sub 2 part c of the Dutch Financial Supervision Act (Wft), we state that, to the best of our knowledge:

- The annual accounts give a true and fair view of the assets, liabilities, financial position and profits of FMO and its consolidated companies;
- The annual report gives a true and fair view of the position on the balance sheet date and developments during the 2024 financial year of FMO and its consolidated companies; and
- The annual report describes the material risks that FMO faces.

The Hague, 24 March 2025

Fatoumata Bouaré, Chief Finance & Operations Officer

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

Michael Jongeneel, Chief Executive Officer

Peter Maila, Co-Chief Investment Officer



The background is a dark, blue-tinted photograph of a laboratory setting. In the foreground, a gloved hand is holding a petri dish. In the background, there are several petri dishes on a surface, and a light bulb is visible. The overall scene is dimly lit, with a focus on the laboratory equipment.

02

REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

Letter from the Supervisory Board

The year 2024 has been a strong year for FMO; building on our foundations and positioning the organization for future success. The geopolitical landscape's challenges, such as the ongoing war in Ukraine and the Middle East and a surge in protectionist policies across various nations, make this a complex period for global markets. Additionally, wavering green ambitions within the financial sector and among governments have put critical climate action at risk, potentially making it more difficult to secure co-investors for future impactful investments in emerging markets. Despite these headwinds, FMO has navigated these complexities with resilience, maintaining stability while adapting to evolving circumstances.

Impact and profit

The Supervisory Board is proud of the impact numbers FMO achieved in 2024. The investments with a Reduced Inequalities Label have far outpaced those of last year. While the energy sector faced challenges due to limited new project developments, Green-labelled investments also saw substantial growth.

FMO's profit for 2024 (€297 million) is notably higher than last year (€65 million) due to the release of several loan provisions and the appreciation of currencies (mainly the USD against the Euro). At €15.5 billion the total committed portfolio grew significantly in 2024, driven also by the appreciation of the US Dollar against the Euro and an increase in mobilized investments, indicating FMO's strong partnerships and mobilization power.

As the Supervisory Board, we keep a keen eye on the trend in FMO's regular income relative to its organizational expenditure. In 2024, these were well-balanced; however, the anticipated rise in operating expenses, driven largely by increased staff costs, highlights the need to remain cost-conscious, grow our portfolio and maintain a strong focus on improving efficiency in the years ahead. To underpin these ambitions FMO has a culture program and leadership impact program in place, focused on improving collaboration, effectiveness and efficiency throughout the organization.

Market creation

This year, FMO continued to advance its ambitious 2030 Strategy, with – amongst others – an emphasis on market creation. The Supervisory Board is particularly excited about the long-term potential of this initiative to unlock new opportunities – locally and paving the way for Dutch Businesses - and create bankable projects, especially in least developed countries (LDCs). While building the required skill sets and pipelines demands time and effort, the progress achieved thus far is promising, with the EU's €25 million fund for investments in Young Businesses in Africa as important additional funding. Viable investment opportunities in LDCs have proven to be scarce and achieving FMO's 2030 strategic goals in this area will require targeted interventions, included in the Market Creation program. Working together with local stakeholders and other DFIs will be crucial.

Private Equity

Private Equity continues to be a challenging part of our business, with returns lagging behind and exits proving difficult. Still, equity investments remain a crucial impact instrument; as often, without equity investors, there are no debt investors. Effective deployment is key to our success, ensuring our investments complement our overall ecosystem.

Values and behaviors

Employee satisfaction has improved compared to four years ago. The focus on values and behaviors continues to be an important theme for the Management Board. Embedding values such as accountability and clear communication within our organizational culture will significantly benefit FMO. This cultural shift is challenging but essential for aligning our strategy and working more efficiently. Streamlining ICT systems and investment processes will further support these efforts, creating a more cohesive and effective organization.

CSRD

On the compliance and KYC side, the dedicated teams have successfully addressed backlogs. Maintaining high standards and momentum in this area remains crucial. Being in the first group of institutions required to adopt the new Corporate Sustainability Reporting Directive (CSRD) approach to sustainability disclosure, radically changed how we present our sustainability performance in this annual report. These standards require significant effort from the organization and are not always designed to fit FMO's business model.

A new chair

In 2024, Eme Essien Lore was appointed as a new member of the Supervisory Board, joining both the Audit & Risk Committee and the Impact Committee. This year, FMO will bid farewell to Dirk Jan van den Berg, the current Chair of the Supervisory Board, as he concludes his second and final term. The search for a new Chair is already underway.

Reflecting on his tenure, Dirk Jan van den Berg said: *"It has been an honor to serve on FMO's Supervisory Board over the past eight and a half years, witnessing the organization's steadfast commitment to creating sustainable impact in some of the world's most challenging markets. As my second and final term comes to an end, I take pride in the progress we have achieved together. We navigated the challenges of the COVID-19 pandemic, addressed organizational complexities, onboarded a new CEO, expanded the Management Board, and steered the organization through significant growth. I am confident that FMO's dedicated leadership and talented team will continue to drive meaningful change and achieve the ambitious goals set for the future."*

Outlook

The Supervisory Board has started its search for a new Chief Finance & Operations Officer, as Fatoumata Bouaré will continue her career at the European Bank for Reconstruction and Development (EBRD). Fatou leaves FMO in a strong financial position, having ensured stability across our financial, operational, and risk frameworks during significant growth. Additionally, she took essential steps to future-proof FMO's systems and processes. The Supervisory Board thanks her for being a pivotal and steadfast member of FMO's management board for many years.

As we move into 2025, FMO's priorities will be continuing to execute its strategy. The Supervisory Board recognizes the need to balance ambition with pragmatism, increasing efficiency to reach the 2030 goals.

We extend our heartfelt gratitude to FMO's employees for their hard work and dedication throughout 2024.

Corporate governance

The Supervisory Board ensures that FMO adheres to all applicable corporate governance codes, further described in the sub-chapter 'Corporate governance'. Specific responsibilities include the tasks described in the 2021 Dutch Banking Code regarding sound and ethical operation.

Board composition and members of the Supervisory Board

The Supervisory Board currently consists of six members with very specific expertise in FMO's focus areas. They are appointed by the General Meeting of Shareholders upon nomination of the Supervisory Board. The Works Council recommends the nomination of one third of the members. The Supervisory Board is supported by three dedicated committees, each consisting of three of its own members: The Audit and Risk Committee (ARC), the Impact Committee (IC) and the Selection, Appointment and Remuneration Committee (SARC).

The following table provides an overview of the members of the Supervisory Board and the committees of which they are part.

	Supervisory Board	Audit & Risk Committee	Selection, Appointment & Remuneration Committee	Impact Committee
D.J. van den Berg (Chairman)	•		•	
J.V. Timmermans	•	•		
D.K. Agble	•	•		
M. Demmers	•		•	•
R.P.F. van Haeringen	•		•	•
E.M. Essien Lore	•	•		•

Board activities

The Supervisory Board held five regular meetings during 2024 and six extraordinary meetings. The attendance of the Supervisory Board members during the year is summarized in the following table.

	SB	Extraordinary SB	ARC	SARC	Impact Committee	Lifelong Learning
D.J. van den Berg (Chairman)	4 of 5	4 of 6		1 of 3		2 of 4
J.V. Timmermans	5 of 5	5 of 5	5 of 5			4 of 4
D.K. Agble	5 of 5	4 of 6	5 of 5			4 of 4
M. Demmers	5 of 5	2 of 6		3 of 3	3 of 3	4 of 4
R.P.F. van Haeringen	5 of 5	4 of 6		3 of 3	3 of 3	3 of 4
E.M. Essien Lore	5 of 5	4 of 6	5 of 5		3 of 3	4 of 4

The following sections provide an overview of the Supervisory Board and its committee activities. Further detailed information on the members of the Supervisory Board is included at the end of this chapter.

Supervisory Board

The Supervisory Board closely monitored progress on the 2024 Business Plan, including the pace of hiring staff. The Supervisory Board gave its approval to, among other things, the 2025 Business Plan, updated versions of the Risk Appetite Framework and Recovery Plan, and the yearly and interim reporting. Other topics that were discussed included a Capital Plan, Quarterly reports on the integrated results, compliance and risk, the DNB measures, progress on Know Your Customer (KYC) files, a stakeholder engagement and NGO strategy, the Supervisory Board's own retirement schedule and succession planning, and developments regarding various complex projects.

Appointments and reappointments

The SARC successfully rounded off the search process for the sixth Supervisory Board Member, Eme Essien Lore, who was appointed at the Annual General Meeting (AGM) of April 2024. In addition, the SARC continued the search for a new Chair of the Supervisory Board and started the search for a new Chief Finance and Operations Officer. Furthermore, the SARC prepared the reappointments of the Chief Executive Officer, Michael Jongeneel, and one of the Co-Chief Investment Officers, Huib-Jan de Ruijter. Finally, the SARC planned the search for a new Chair of the ARC.

Permanent education

The Supervisory Board continued its regular lifelong learning program, focused on the requirements of, for instance, the Dutch Banking Code, as well as other relevant topics. This included workshops on the Systemic Integrity Risk Analysis, ICT Architecture, Artificial Intelligence & Efficiency, Anti-Bribery & Corruption, and Remedy under the UNGPs & OECD MNE Guidelines.

Culture, including compliance

At FMO, the compliance function is safeguarded within the Management Board and Supervisory Board. In 2024, the Supervisory Board continued discussions on the progress made on KYC reviews, KYC quality and improvement, and the efficiency of KYC procedures. The Supervisory Board received quarterly compliance updates at its meetings. In addition, the Chairman of the Supervisory Board met periodically with the Compliance Director to discuss relevant issues.

Furthermore, the Supervisory Board regularly interacted with the Works Council to discuss matters such as successions within the Management Board and Supervisory Board, Employee Engagement Survey (EES) results, and FMO's culture and development program.

Evaluation

The Management Board has functioned in its current five-member composition since December 2022. Throughout 2024, it made efforts to regularly discuss its performance and collaboration. After which, it prepared an assessment of how it functioned in 2024. This consisted of, amongst other things, the achievement of the financial and non-financial targets, as well as areas of personal development. Non-financial targets included, for example, impact-related targets and efforts that strengthen the foundation of FMO's operations.

The Supervisory Board evaluated the individual Management Board members by means of separate interviews that were conducted by two Supervisory Board members. During these meetings, the self-assessments and 2024 objectives and targets were discussed, as well as the collaboration between the Management Board members. The conclusions from these meetings will be carried forward into the 2025 team and personal goals. The Supervisory Board discussed the outcomes of the evaluation in a concluding session without the Management Board present.

It was concluded that the Management Board functioned effectively in 2024. However, there is always room for enhancement. The Supervisory Board and the Management Board are continuously striving to further develop a well-balanced Management Board team where the qualities of all Management Board members complement each other and are utilized to their full potential. The Management Board continued to participate in a senior leadership development program called "Leadership Impact" and regularly discusses its cooperation during Management Board off-sites.

Regarding the evaluation of the Supervisory Board, the Banking Code requires an external evaluator to conduct such an evaluation once every three years. This was done for the year 2021 and therefore again for 2024.

The Supervisory Board evaluated its functioning in 2024 by means of a self-assessment questionnaire and interviews with the Supervisory Board members, Management Board members and the Corporate Secretary. The Supervisory Board members filled out a questionnaire regarding a three-dimensional development model. Subsequently, the Supervisory Board reviewed the outcomes and shared additional reflections and observations in a session organized by the external evaluator and the Chairman of the Supervisory Board. Additionally, a joint session between the Supervisory Board and the Management Board was conducted. The functioning of the Supervisory Board, its three committees, the functioning of the individual members and the relation to the Management Board were all part of the evaluation.

The external assessment concluded that the Supervisory Board, along with its committees and members, function as a competent and effective team, operating in an engaged and highly committed fashion. This included their interaction with the Management Board through open dialogue, which was well-facilitated and expertly guided by the Chairman. The members invest sufficient time when the agenda requires it. The individual Supervisory Board members have a diverse set of skills and background, which is deemed not only beneficial to adequate supervision but also much needed, given the background of FMO. The previously mentioned three-dimensional model also confirmed an adequate level of cognitive diversity and individual contributions to the team. Regarding the execution of the 2030 Strategy, the Supervisory Board expressed a need for a continued focus on the longer-term strategic challenges of FMO and maintaining a good balance between impact, risk and return. In respect of its own organizational activities, the Supervisory Board aims to allocate more time for reflection on matters not included in the often-extensive meeting agendas. Therefore, the Board intends to place more emphasis on proactive agenda setting. Furthermore, it was concluded that a supervision plan, elaborating on the ways of working as a Supervisory Board, will be developed. This plan will be developed in close collaboration with the Management Board, incorporating topics such as management information, insights on peers' and competitors' performance, and perspectives on the existing cover notes to the documentation. Finally, some updates will be made to the existing by-laws, rules and regulations to bring them in accordance with the ever-changing regulatory landscape.

Audit and Risk Committee

The ARC supervises and advises the Supervisory Board on FMO's financial position and risk. It monitors and offers expertise on issues such as our risk management policy, internal and external auditing systems, and compliance with legislation and external and internal regulations. One of its tasks is to monitor the performance of internal and external auditors. The ARC held four regular meetings and one extraordinary meeting in 2024. In 2024, the ARC discussed recurring matters such as yearly and half-yearly reporting, the business plan for the upcoming year, the risk appetite report and framework,

internal and external audit plans and reporting, capital and liquidity adequacy, the status of the KYC files, and the recovery plan. In addition, the ARC rounded off the selection of a new external auditor for the fiscal years 2025 and onwards, which was approved by the Annual General Meeting of Shareholders (AGM) on 24 April 2024. The following key audit matters were discussed with the external auditor in March 2025: IFRS 9 impairment of loans to the private sector, valuation of equity investments at fair value and reliability and continuity of the information technology and systems.

Impact Committee

Our material sustainability-related impacts, risks and opportunities are reflected in the standing rules of the Supervisory Board IC, as part of its objective of assisting the Supervisory Board in overseeing the quality and integrity of FMO's statements regarding development impact. The IC also prepares advice to support Supervisory Board and Management Board decision-making concerning FMO's strategy relating to Impact and ESG, including policies and target-setting. The IC also carries out supervision of the Management Board and acts as a sounding board for the MB with regard to impact and ESG matters. The IC held three meetings in 2024. During the year, it discussed, among other things, the 2023 Annual Report and 2024 Interim Report, the CSRD/ESRS double materiality assessment, the Stakeholder Engagement and NGO Strategy, impact-focused strategy implementation, the market creation operational strategy, 2024 progress against the business plan, the sustainability management framework review, the 2025 Business Plan, the periodic status update of the Independent Complaints Mechanism, and updates on complex projects.

Selection, Appointment and Remuneration Committee

An important task of the SARC is to advise the Supervisory Board on the proposals for the appointment and re-appointment of Supervisory Board and Management Board members. Other tasks include monitoring the remuneration policy, and preparing proposed adjustments to and providing advice on the remuneration of individual members of the Management Board. The SARC officially met three times in 2024, and deliberated several times on an ad hoc basis. It discussed, among others, the search for a new Chief Finance and Operations Officer, the final steps regarding the appointment of the new member of the Supervisory Board, and the search for a new Chair of the Supervisory Board. It also prepared the reappointments of the Chief Executive Officer, Michael Jongeneel, and of one of the Co-Chief Investment Officers, Huib-Jan de Ruijter, and planned the search for a new Chair of the ARC. Moreover, the SARC discussed evaluation and goal-setting issues, as well as remuneration and human resources (HR) topics, such as the quality of interaction, including company values and pensions.

Independence, conflicts of interest and governance

The Supervisory Board is of the opinion that all its members are independent (100 percent), as meant by Best Practice Provisions 2.1.7 up to and including 2.1.9 of the Corporate Governance Code. No direct, indirect or formal conflicts of interest were identified in 2024. FMO has specific regulations concerning private investments. Compliance by members of the Supervisory Board and Management Board and all other employees with FMO's regulations on private investments is also addressed regularly.

Proposals and recommendations to the Annual General Meeting of Shareholders (AGM)

Having stated all of the above, the Supervisory Board endorses the report of the Management Board. We propose that the AGM adopt the 2024 Financial Statements audited by EY Accountants B.V. In accordance with Article 6 (2) of the State-FMO Agreement of 1 July 2023, and the current dividend policy, we propose that the AGM approve the allocation of €297.2 million net profit (2023: €64.9 million net profit) as follows: €286.6 million profit to Contractual Reserves, and a distribution of €10.6 million as a cash dividend equal to €26.48 per share A and share B.

The Supervisory Board is pleased to nominate a candidate for the position of Chair of the Supervisory Board. Furthermore, the General Meeting will be informed regarding the reappointments of two Management Board members.

We trust that the AGM will discharge the Management Board for its management of FMO and the Supervisory Board for its supervision during the reporting year.

Members of the Supervisory Board

Details of the members of the Supervisory Board per 31 December 2024, including other positions, are provided in the following table.



Dirk Jan van den Berg (Chairman)



Dugald Agble



Eme Essien Lore



Koos Timmermans



Marjolijn Demmers



Reintje van Haeringen

D.J. (Dirk Jan) van den Berg (Chair SB, member SARC)	D.K. (Dugald) Agble (member ARC)	E.M. (Eme) Essien Lore (member SB, member ARC, member Impact Committee)
Dutch, 1953, male	British, Ghanaian, 1970, male	American, 1970, female
Appointment in current position: 2016 - 2024 (AGM 2025) (second term)	Appointment in current position: 2020 - 2028 (second term)	Appointment in current position: 2024 - 2028 (first term)
Experience: Supervisory, Political relations, International relations, Healthcare	Experience: Supervisory, Private Equity, Impact investing	Experience: Supervisory, Finance, Risk, Emerging Markets, Impact Investing, Corporate Governance, Diversity & Inclusion
Principal position: 1. Chair of the Association of Health Insurance Companies in the Netherlands (Zorgverzekeraars Nederland) Other positions: 1. Member of the Supervisory Board of the AFKL-holding (Air France - KLM S.A.) 2. Chair of the Supervisory Board of the Dutch Research Council (NWO) 3. Chair (non-executive) of the Board of Stasq B.V. (formerly: Tradesparent B.V.) a startup/scaleup software company offering solutions in data management for commodity trading industries. 4. Chairman of the Supervisory Board of FMO.	Positions: 1. Director Patria Private Equity Trust Plc (formerly named abrdn Private Equity Opportunities) 2. Director Black Volta limited 3. Director Black Volta Ventures UK limited 4. Member of the Supervisory Board of FMO	Positions: 1. Senior Advisor for ESG Africa 2. Co-founder and Executive Director of Wealth4Impact 3. Independent non-executive director and member of the Audit Committee of Africa50 Infrastructure Acceleration Fund 4. Independent non-executive director, chair of the Investment Strategy Committee and member of the Audit Committee of ARM Pension Managers (until 18 September 2024) 5. Independent non-executive director, member of the Remuneration Committee and chair of the Audit & Risk Committee of AfyA Nigeria 6. Member of the Sustainability and ESG Advisory Committee of Blue Like an Orange Sustainable Capital 7. Chair of African Children's Hospital Foundation (this organization is inactive. There have been no activities in the last 3 years) 8. Investment Committee member of Chui Ventures 9. Investment Committee member of Enko Impact Credit Fund 10. Member of the Supervisory Board of FMO

J.V. (Koos) Timmermans (Vice-chair SB, Chair ARC)	M. (Marjolein) Demmers (member SB, Chair Impact Committee, member SARC)	R.P.F. (Reintje) van Haeringen (member SB, Chair SARC, member Impact Committee)
Dutch, 1960, male	Dutch, 1967, female	Dutch, 1963, female
Appointment in current position: 2017 - 2025 (AGM 2026) (second term)	Appointment in current position: 2020 - 2028 (second term)	Appointment in current position: 2020 - 2028 (second term)
Experience: Supervisory, Banking, Finance, Sustainability, International relations, Risk & Regulatory	Experience: Supervisory, NGOs, Sustainability, Compliance, Operations	Experience: Supervisory, Development, Poverty reduction
Positions: 1. Member of the Supervisory Board of PostNL 2. Chair of the Supervisory Board of Havenbedrijf Rotterdam (Port Authority Rotterdam) 3. Board Member Administratie Kantoor Vopak 4. Board Member Administratie Kantoor Philips 5. Member Advisory Board Van Lanschot Kempen 6. Member Supervisory Board KWF Dutch Cancer Society 7. Member of the Supervisory Board of NN 8. Member of the Supervisory Board of FMO	Principal position: Director/CEO of Dutch environmental NGO "Natuur & Milieu" Other positions: 1. Chair of the Supervisory Board of DRIFT (research, consultancy and education in transitions) 2. Board member of SKAO (Schemabeheerder CO2-prestatieladder) 3. Member of the Strategic Advisory Council of TNO ISP (ICT, Policy & Strategy) 4. Member of the Sustainability Board Van Oord 5. Member of the Advisory Council Environmental Sciences Group (ESG), WUR 6. Member Raad van Toezicht Stichting Sustainable Industry Lab (SIL), UU 7. Member Raad van Toezicht Stichting Robin Food Coalition (research and collaboration in the food transition) 8. Member Steering Board KIN – Klimaatonderzoek Initiatief Nederland – Science for Accelerating Transitions (NWO) 9. Member of the Supervisory Board of FMO	Principal position: CEO CARE Nederland Other positions: 1. Board member of the 'Samenwerkende Hulp Organisaties' (SHO/Giro555) 2. Chair of the Supervisory Board of the Dutch Relief Alliance 3. Member Advisory Board of 4TU's initiative on resilience 4. Member of Steering Committee KUNO, a platform for humanitarian knowledge exchange 5. Member of the Supervisory Board of FMO

Banco Pichincha
Largest universal bank in Ecuador







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RISK MANAGEMENT

RISK MANAGEMENT

This chapter provides an overview of FMO's risk governance and risk management approach. The sections describe the risk domains relevant to FMO and developments throughout 2024. Together with the quantitative Pillar 3 disclosures - available on FMO's website - it constitutes FMO's Pillar 3 disclosure.

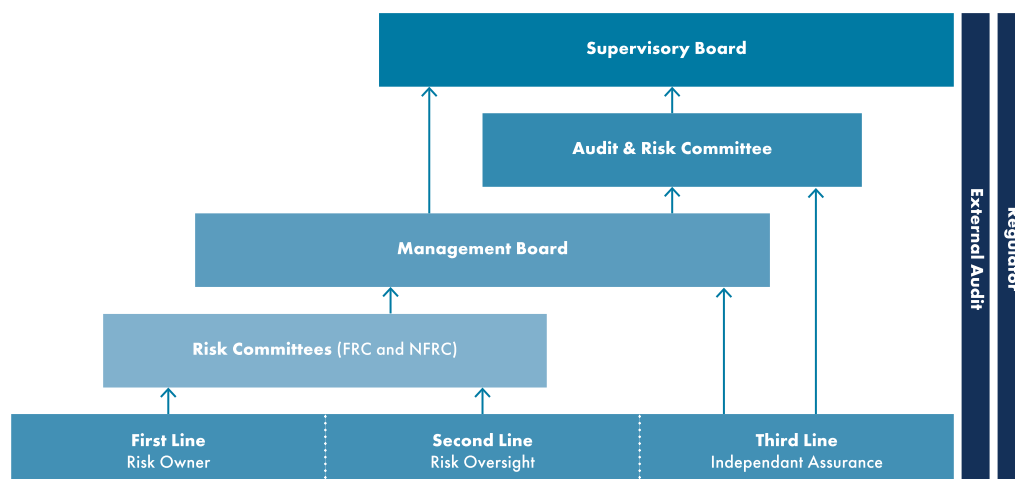
Risk governance

FMO defines risk as the effect of uncertainty on objectives. FMO has a comprehensive framework in place to manage and control risk, reflecting its banking license, State Support Agreement and a mandate that involves doing business in increased risk countries. The risk management framework helps us realize our ambitions and safeguard our viability. Risk management practices are integrated across the organization, from day-to-day activities to strategic planning, to ensure both compliance with relevant regulations and adherence to the risk appetite. A sound risk management framework is in place to preserve FMO's integrity, which is essential for fulfilling its mission and upholding its good reputation.

The Management Board defines and promotes the desired corporate culture and high ethical and professional standards. Employees are encouraged to take the right risks in an informed manner, with integrity and careful consideration of the interests of all stakeholders.

The risk management framework is based on the 'three lines model', where the first line (Investment department and supporting functions) is challenged and advised by the second line (Risk department, Compliance department and Credit department), and the third line (Internal Audit) that performs independent assessments of the functioning of the first and second line.

The organizational structure is shown below.



The Management Board has established risk committees to assist it in fulfilling its oversight responsibilities regarding the risk appetite of FMO, the risk management framework and the governance structure that supports it. The risk committees and their responsibilities are described below:

The Financial Risk Committee (FRC). The FRC is appointed by the Management Board for the purpose of monitoring, challenging and deciding upon the execution of financial risk management within FMO.

The Non-Financial Risk Committee (NFRC). The NFRC is appointed by the Management Board for the purpose of monitoring, challenging and deciding upon the execution of non-financial risk and strategic risk management within FMO.

Both the FRC and NFRC are chaired by the Chief Risk Officer (or Director Risk in her absence). Several sub-committees report into the FRC and NFRC, such as the Investment Committee, the Integrity and

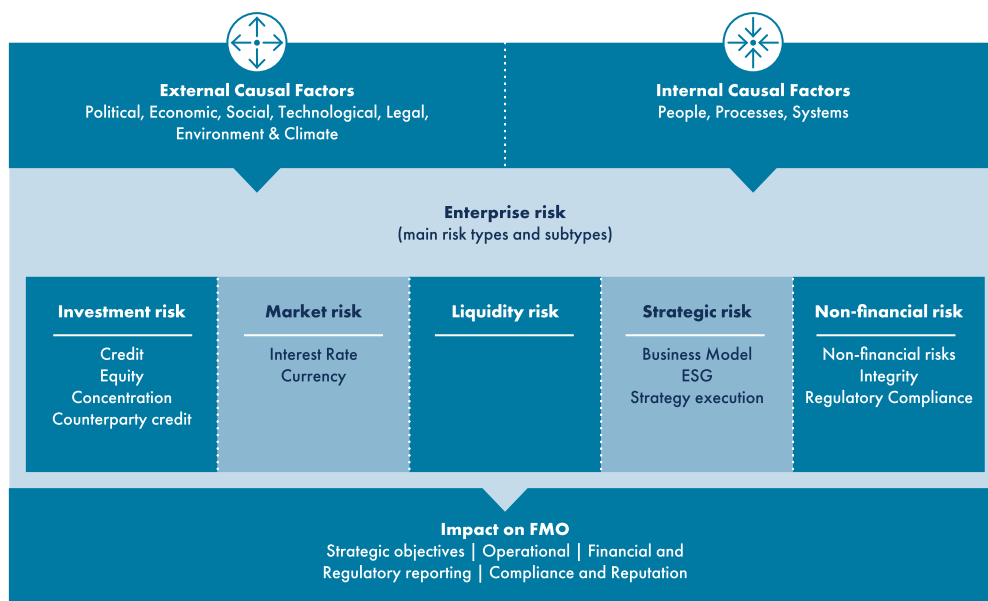
Issue Management Committee, the Corporate Information Security Office and the Regulatory Monitoring Group. These sub-committees are chaired by directors.

Risk appetite and taxonomy

The risk taxonomy defines the main risk types and risk subtypes FMO is exposed to in the pursuit of its objectives. This common set of risk categories, types and subtypes facilitates the structuring of other elements of the risk management framework, such as the risk appetite and risk policies.

The risk appetite defines appetite bandwidths alert and tolerance levels for main risk types and subtypes. The Risk Appetite Framework (RAF) is reviewed by the Management Board and approved by the Supervisory Board on an annual basis. If necessary, it can be revised during the year in the event of material developments or a change in the strategic goals.

The risk appetite, governance and monitoring metrics for each risk domain are described in more detail in the sections below.



Pillar 3 disclosure

FMO publishes the required Pillar 3 disclosures on an annual basis alongside the publication of the annual report. These documents fulfil the Pillar 3 disclosure requirements of the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

The objective of FMO's disclosure policies is to ensure maximum transparency in a practical manner. The consolidation scope for prudential reporting is equal to the accounting scope for FMO. FMO was granted the solo waiver for prudential reporting based on Article 7 and therefore only reports figures related to CRR/CRD on a consolidated basis.

Climate-related and environmental financial related risk

Climate-related and environmental financial risk is not a separate risk type but an external causal factor of FMO's existing risk types. FMO defines climate-related and environmental financial risk as the risk of any negative financial impact on FMO stemming from the current or prospective impact of climate-related and environmental factors on FMO directly (e.g. on FMO's own operations and policies regarding its aggregate investment portfolio) or indirectly, (e.g. through FMO's customers and invested assets).

In 2021, FMO began a project to embed climate-related and environmental risks within the organization, based on the European Central Bank (ECB) Guide on Climate-Related and Environmental (C&E) Risks. Throughout 2024, FMO has reported quarterly portfolio scans to its Financial Risk Committee. The portfolio scan is an aggregated overview of climate-related risks in FMO's investment portfolio (i.e. all loans and private equity exposures), and provides an initial assessment of climate-

related risk exposures in industries and geographies, offering a view of risk concentrations in the portfolio. With regard to Transition risk, FMO has further developed its methodology for Policy and Legal and Reputational risks, while an approach to Market and Technology risk is actively being reviewed and refined.

In 2023, FMO developed an application to operationalize climate risk assessments as part of the investment process, which supports FMO's deal teams in carrying out the climate risk assessments step by step. As of the beginning of 2024, the application has been rolled out to investment departments, enabling improved data collection and granular identification of climate-related and environmental financial risks. FMO continues to work on improving the application using an iterative approach.

As part of our supervisory discussions, DNB has been assessing FMO's progress in managing climate-related and environmental financial risks. In 2024, FMO conducted an additional materiality assessment and assessment on alignment with ECB C&E sub-expectations. DNB provided feedback and indicated that FMO has progressed in an adequate manner. DNB expects FMO to continue advancing with regard to the integration of climate-related and environmental financial risks within its risk management framework and strategy, with an expectation of reaching full compliance with the ECB Guide by 31 December 2025. FMO is also expected to periodically review, update and improve the C&E materiality assessment and to include the outcomes in its Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). Early 2025, FMO updated its materiality assessment and concluded that C&E financial risks are material to FMO's investment risk (credit and equity), liquidity risk, strategic/business model risk and reputation risk over the short, medium and long term. Based on current insights and the profile of FMO, it also concluded that C&E financial risks do not pose a material risk for FMO's market risk, business continuity risk or litigation risk across the different time horizons. FMO has mitigants in place for all its risk types to manage the risks within appetite.

Finally, FMO has continued to work on integrating climate risks into internal policies and procedures, and a Climate-Related and Environmental Financial Risk policy has been established and reviewed. For further information, please refer to the 'Sustainability Statement' chapter in FMO's 2024 integrated annual report.

IFRS Reporting Requirement

Certain disclosures in this 'Risk Management' chapter are an integral part of the 'Consolidated Financial Statements' and contain audited information. The audited parts concern risk disclosures of financial instruments (IFRS 7) and capital disclosures (IAS 1). The audited section runs from this introductory section through the 'Capital adequacy' sub-chapter to the end of the 'Financial risk' sub-chapter of the 'Risk Management' chapter of this annual report.

Capital adequacy

Definition

FMO aims to maintain a strong capital position that exceeds regulatory requirements and supports its AAA rating.

Risk appetite and governance

FMO maintains a strong capital position by means of an internal capital adequacy planning and control framework. Capital adequacy metrics are calculated by the Risk department and regularly reviewed by the FRC and senior management.

FMO uses both regulatory capital ratios and an internal economic capital ratio to determine its capital position. The regulatory ratios, the Total Capital Ratio and Common Equity Tier 1 (CET1) Ratio, are calculated based on the standardized approach of the Capital Requirements Regulation (CRR) and take credit, market, operational and credit valuation adjustment risks into account. The Economic Capital Ratio is based on an economic capital approach, with credit risk as the most important element. Other risks in FMO's economic capital framework are operational, market, credit value adjustment, interest rate risk in the banking book (IRRBB), concentration risk and ESG risk.

FMO has implemented a Capital Management Framework that aggregates all elements to manage FMO's current and future capital position in line with the RAF. The Capital Management Framework

provides insights into FMO's management regarding the degree to which the strategy and capital position may be vulnerable to (unexpected) changes. These insights may require management intervention to steer FMO's capital position through these unexpected events. Risk is responsible for flagging potential capital issues, forecasting future capital needs, and proposing and quantifying possible interventions to FRC.

Developments

FMO's Total Capital Ratio decreased from 23.0 percent at year-end 2023 to 21.3 percent at year-end 2024, well above the Supervisory Review and Evaluation Process (SREP) minimum and other regulatory requirements. Given that FMO has no additional Tier 1 and limited Tier 2 Capital, the Total Capital ratio requirements are more restrictive than the CET-1 Ratio requirements. The reduction of the Total Capital Ratio during 2024 is mostly attributable to a year-over-year USD appreciation of almost 7 percent against EUR and is aligned with previous forecasts regarding the TCR development in 2024. USD appreciation brings about an immediate increase in FMO risk weighted assets, which pushes down the Total Capital Ratio. The USD appreciation also increases the Marked to Market value of FMO's private equity assets that are USD denominated; this increase in the value of the private equity portfolio will result in a higher profit for FMO. However, this profit cannot yet be taken into account when calculating the capital ratio as the profits can only be included in the regulatory capital after DNB approval. Consequently, the increase in the fair value of assets during 2024 resulted in profit which was not included in capital ratios. On the other hand, this increase directly results in higher risk weighted assets at the end of 2024. Accordingly, the timing difference in the regulatory approval result in a temporarily lower capital ratio in 2024. The upcoming regulatory approval of the 2024 profit will result in a recovery of the capital ratio, if there are no further fair value movements/losses in 2025.

Regulatory own funds

Under the CRR/CRD banks are required to hold sufficient capital to cover for the risks they face. FMO reports its capital ratio to the DNB on a quarterly basis according to the standardized approach for all risk types. Per 31 December 2024, FMO's total available qualifying capital equals €3,399 million (2023: €3,245 million).

(€ x 1,000)	2024	2023
IFRS shareholders' equity	3,855,680	3,512,784
Tier 2 capital	250,000	250,000
Regulatory adjustments:		
-Interim profit not included in CET 1 capital	-166,995	-22,047
-Other adjustments (deducted from CET 1)	-425,076	-382,556
-Other adjustments (deducted from Tier 2)	-114,715	-113,143
Total capital	3,398,895	3,245,038
Of which Common Equity Tier 1 capital	3,263,610	3,108,181
Risk weighted assets	15,994,823	14,128,491
Of which:		
- Credit and counterparty risk	12,243,509	10,794,894
- Foreign exchange	3,180,955	2,743,665
- Operational risk	554,290	570,780
- Credit valuation adjustment	16,069	19,152
Total capital ratio	21.25%	22.97%
Common Equity Tier 1 ratio	20.40%	22.00%

Following specific provisions in the CRR, FMO is required to deduct from its regulatory capital significant and insignificant stakes for subordinated loans and (in)direct holdings of financial sector entities above certain thresholds. Exposures below the thresholds are risk weighted accordingly.

As part of the SREP, DNB sets the minimum capital requirements for credit institutions, encompassing Pillar 1 and Pillar 2 risks. On top of the total SREP capital requirement, additional capital buffers are applicable according to the regulation.

The combined buffer requirement applicable to FMO consists of the capital conservation buffer and the institution specific countercyclical buffer.

The Pillar 2 guidance (P2G) determines the adequate level of capital to be maintained above the existing capital requirements for withstanding stressed situations. The P2G is a non-binding requirement, but is expected to be met under normal circumstances and a breach would represent an important early warning signal.

FMO's regulatory target capital ratio incorporates the fully phased-in capital requirement (including the P2G) supplemented by:

- A management buffer.
- A dynamic foreign exchange (FX) buffer. The dynamic FX buffer is in place to cover variations in the regulatory capital ratio following short-term changes in the EUR/USD exchange rate not covered by the structural hedge. The structural hedge functions as a partial hedge against an adverse effect of the exchange rate on the regulatory capital ratios. Further information regarding the structural hedge is provided in the 'Currency Risk' section.

FMO's Total Capital Ratio and CET-1 Ratio remained comfortably above the appetite level throughout 2024.

Economic capital

Economic capital is calculated in order to support an AAA rating. The economic capital framework differs in two elements from the regulatory capital ratios. First, it captures risks that are not covered under Pillar 1, such as ESG risk, interest rate risk in the banking book (IRRBB), and concentration risk. Second, the EC approach applies internal methodologies for credit risk of the loan and equity portfolio, as well as for market risk. FMO invests in emerging markets, which results in a profile with higher credit risk exposure than generally applies to credit institutions in developed economies. The internal model is more risk sensitive and more conservative, leading to a higher capital requirement than the standardized approach. From the economic capital framework, an internal capital adequacy indicator (Economic Capital Ratio) is derived. FMO's Economic Capital Ratio remained comfortably above the appetite level throughout 2024.

Leverage ratio

The leverage ratio represents a non-risk-adjusted capital requirement, defined as Tier 1 capital as a percentage of FMO's total unweighted exposures. FMO's leverage ratio equals 27 percent (2023: 29 percent), far above the minimum requirement of 3 percent proposed by European authorities.

Financial risk

Credit risk

Definition

Credit risk is defined as the risk that the bank will suffer an economic loss because a customer fails to meet its obligations in accordance with agreed terms.

Risk appetite and governance

Adverse changes in credit quality can develop within FMO's emerging market loan portfolio due to specific customer and product risks, or risks relating to the country in which the customer conducts its business. The main source of credit risk arises from investments in emerging markets and off-balance instruments such as loan commitments and guarantees.

Credit risk management is important when selecting and monitoring projects. In this process, a set of investment criteria per sector and product is used that reflects minimum standards for the required financial strength of FMO's customers. This is further supported by credit risk models that are used for risk quantification, calculations of expected credit loss allowance, and the determination of economic capital use per transaction. Funding decisions depend on the risk profile of the customer and financing instrument. As part of regular credit monitoring, FMO customers are subject to annual reviews at a minimum. Customers that are identified as having financial difficulties fall under an intensified

monitoring regime to proactively manage loans before they become non-performing, including quarterly portfolio monitoring meetings. For distressed assets, the Special Operations department actively manages workout and restructuring.

FMO has set internal appetite levels for non-performing exposures and specific impairments on loans. If any of the metrics exceed the appetite levels, Credit will assess the underlying movements and analyze trends per sector, geography, and any other parameter. Credit will also consider market developments and peer group benchmarks. Based on the analysis, Credit will propose mitigating measures to the FRC. If any of the indicators deteriorate further, the Risk department will be involved to assess to what extent the trend is threatening FMO's capital and liquidity ratios.

Developments

FMO has embarked on an overhaul of its credit risk policy and processes. The objective is to implement a more aligned and effective portfolio management framework across the organization.

As part of this process, FMO has fundamentally redesigned the Credit Risk Policy and has adjusted internal processes and systems accordingly. The new Credit Risk Policy has been formally implemented in 2023. The main changes include strengthening the governance framework, alignment amongst key prudential policies, and enhancing the loan monitoring framework. During 2024, further improvements were made in the policy framework and underlying support systems.

Exposures and credit scoring

The following table shows FMO's total gross exposure to credit risk at year-end. The exposures, including derivatives, are shown gross, before impairments and the effect of mitigation using third-party guarantees, master netting, or collateral agreements. Regarding derivative financial instruments, only the ones with positive market values are presented. The maximum exposure to credit risk increased during the year to €9.8 billion at year-end 2024 (2023: €9.0 billion).

Maximum exposure to credit risk, including derivatives (€ x 1,000)	2024	2023
On-balance		
Banks	43,096	49,285
Current accounts with State funds and other programs	1,336	488
Short-term deposits		
-of which: amortized cost	400,930	350,182
-of which: fair value through profit or loss	369,481	613,031
Interest-bearing securities		
-of which: amortized cost	481,858	539,789
-of which: fair value through profit or loss	107,596	-
Short-term deposits – DNB	710,956	870,177
Derivative financial instruments	126,339	197,150
Loans to the private sector		
-of which: amortized cost	5,443,421	4,593,257
-of which: fair value through profit or loss	686,588	629,546
Current tax receivables	13,297	29,634
Wage tax assets	72	-
Other receivables	18,321	33,677
Deferred income tax assets	9,075	11,230
Total on-balance	8,412,366	7,917,446
Off-balance		
Contingent liabilities (guarantees issued)	193,176	154,675
Irrevocable facilities	1,186,725	947,126
Total off-balance	1,379,901	1,101,801
Total credit risk exposure	9,792,267	9,019,247

When measuring the credit risk of the emerging market portfolio at customer level, the main parameters used are the credit quality of the counterparties and the expected recovery ratio in case of defaults. Credit quality is measured by scoring customers on various financial and key performance indicators. FMO uses a Customer Risk Rating (CRR) methodology. The model follows the European Banking Authority (EBA) guidelines regarding the appropriate treatment of a low default portfolio and uses an alternative for statistical validation to perform the risk assessment of the models when there is limited or no default data.

The CRR models are based on quantitative and qualitative factors and are different for respective customer types. The models for banks and non-banking financial institutions use factors including the financial strength of the customer, franchise value, and the market and regulatory environment. The model for corporates uses factors including financial ratios, governance, and strategy. The project finance model uses factors such as transaction characteristics, market conditions, political and legal environment, and financial strength of the borrower.

Based on these scores, FMO assigns ratings to each customer on an internal scale from F1 (lowest risk) to F20 (default) representing the probability of default. This rating system is equivalent to the credit quality rating scale applied by Moody's and S&P. Likewise, the loss given default is assigned by scoring various dimensions of the product specific risk and incorporating customer characteristics. The probability of default and loss given default scores are also used as parameters in the IFRS9 expected credit loss model. Please refer to the 'Material accounting policies' section, for details of the expected credit loss calculation methodology.

The majority of our gross loan portfolio (65 percent) remains in the F11 to F16 ratings categories.

Credit quality analysis

2024						
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Fair value	Total	%
F1-F10 (BBB- and higher)	1,027,684	-	-	40,097	1,067,781	17%
F11-F13 (BB-,BB,BB+)	2,206,347	7,293	-	429,664	2,643,304	43%
F14-F16 (B-,B,B+)	1,077,219	133,435	-	129,572	1,340,226	22%
F17 and lower (CCC+ and lower)	169,094	476,569	345,772	92,344	1,083,779	18%
Gross exposure	4,480,344	617,297	345,772	691,677	6,135,090	100%
Less: amortizable fees	-38,701	-5,674	-2,337	-	-46,712	
Less: ECL allowance	-30,723	-31,694	-143,766	-	-206,183	
Plus: FV adjustments	-	-	-	-39,616	-39,616	
Carrying amount	4,410,920	579,929	199,669	652,061	5,842,579	

2023						
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Fair value	Total	%
F1-F10 (BBB- and higher)	747,670	-	-	42,320	789,990	15%
F11-F13 (BB-,BB,BB+)	1,881,974	14,849	-	416,837	2,313,660	44%
F14-F16 (B-,B,B+)	893,297	167,248	-	95,885	1,156,430	22%
F17 and lower (CCC+ and lower)	115,174	332,233	440,812	74,504	962,723	18%
Gross exposure	3,638,115	514,330	440,812	629,546	5,222,803	100%
Less: amortizable fees	-34,775	-5,728	-2,626	-	-43,129	
Less: ECL allowance	-26,306	-32,811	-195,288	-	-254,405	
Plus: FV adjustments	-	-	-	-41,606	-41,606	
Carrying amount	3,577,034	475,791	242,898	587,940	4,883,663	

Apart from on-balance finance activities, FMO is also exposed to off-balance credit-related commitments. Guarantees, which represent contingent liabilities to make payments if a customer cannot meet its obligations to third parties, carry similar credit risks as loans. Most of the guarantees are quoted in US dollars. Guarantees on export facilities are collateralized by the underlying letters of credit, and

therefore carry less credit risk than direct uncollateralized borrowing. The following table shows the credit quality and the exposure to credit risk of the financial guarantees for the period.

2024				
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Total
F1-F10 (BBB- and higher)	50,037	-	-	50,037
F11-F13 (BB-,BB,BB+)	293,199	-	-	293,199
F14-F16 (B-,B,B+)	12,238	28,502	-	40,740
F17 and lower (CCC+ and lower)	45,702	2,117	24,553	72,372
Sub-total	401,176	30,619	24,553	456,348
ECL allowance	-1,137	-296	-1,386	-2,819
Total	400,039	30,323	23,167	453,529

2023				
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Total
F1-F10 (BBB- and higher)	-	-	-	-
F11-F13 (BB-,BB,BB+)	246,703	8,742	-	255,445
F14-F16 (B-,B,B+)	40,235	12,111	-	52,346
F17 and lower (CCC+ and lower)	16,803	-	25,814	42,617
Sub-total	303,741	20,853	25,814	350,408
ECL allowance	-936	-507	-9,837	-11,280
Total	302,805	20,346	15,977	339,128

Financial guarantees represent €193 million (2023: €154 million) classified as contingent liabilities and €263 million (2023: €196 million) classified as irrevocable facilities.

Additionally, irrevocable facilities represent commitments to extend finance to customers and consist of contracts signed but not disbursed, which are usually not immediately and fully drawn.

The following table shows the credit quality and the exposure to credit risk of the loan commitments to the private sector of contracts signed but not yet disbursed.

2024					
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Other	Total
F1-F10 (BBB- and higher)	23,094	-	-	140,097	163,191
F11-F13 (BB-,BB,BB+)	301,222	-	-	3,225	304,447
F14-F16 (B-,B,B+)	288,950	63,139	-	-	352,089
F17 and lower (CCC+ and lower)	58,431	38,008	7,388	-	103,827
Total nominal amount	671,697	101,147	7,388	143,321	923,553
ECL allowance	-4,742	-5,443	-397	-	-10,582
Total	666,955	95,704	6,991	143,321	912,971

2023					
Indicative counterparty credit rating scale of S&P (€ x 1,000)	Stage 1	Stage 2	Stage 3	Other	Total
F1-F10 (BBB- and higher)	36,166	-	-	45,208	81,374
F11-F13 (BB-,BB,BB+)	243,561	13,562	-	3,018	260,141
F14-F16 (B-,B,B+)	246,573	85,786	-	6,278	338,637
F17 and lower (CCC+ and lower)	39,439	27,293	4,509	-	71,241
Total nominal amount	565,739	126,642	4,509	54,504	751,393
ECL allowance	-3,092	-6,458	-	-	-9,550
Total	562,647	120,184	4,509	54,504	741,843

The "Other" category relates to loan commitments for which no ECL is calculated (fair value loans or expired availability date).

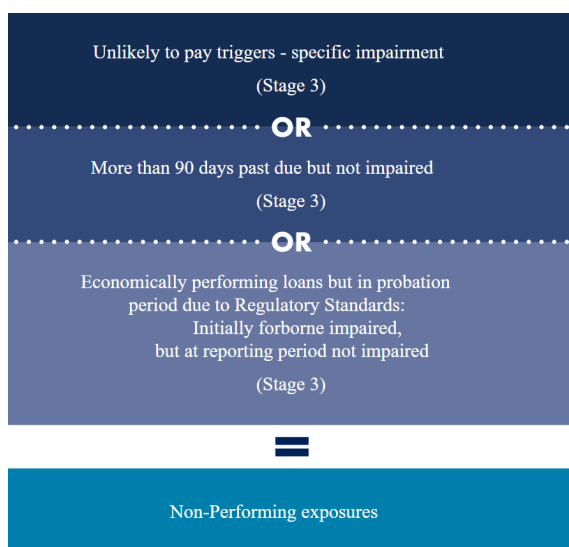
Non-performing exposures

A customer is considered non-performing when it is not probable that they will be able to pay their payment obligations in full without realization of collateral or calling on a guarantee, regardless of the existence of any past-due amount or of the number of days past due. This situation is considered to have occurred when one or more of the following conditions apply:

- The customer is past due more than 90 days on any outstanding facility;
- An unlikelihood to pay (UTP) trigger is in place that automatically leads to non-performing exposure (NPE);
- An impairment analysis, done upon a UTP trigger that possibly leads to NPE, results in an impairment higher than 12.5 percent on any outstanding facility;

There are additional criteria for a customer to enter NPE status in case of Forbearance. If a customer with '(No) Financial Difficulty – Forbearance' status is under probation and during probation is extended additional forbearance measures/concessions, or becomes more than 30 days past-due, they shall be classified as non-performing. This only applies if the customer has been non-performing while the loan was forbore.

When a loan is deemed no longer collectible, it is written off against the related loss allowance. In 2024, FMO's write-offs including disposals equal to € 52.7 million (2023: €83.6 million). NPE is applied at customer level.



During 2024, NPEs in FMO decreased from 9.8 percent as of 31 December 2023 to 7.0 percent as of 31 December 2024. In Euro terms, the NPEs decreased from €511 million to €428 million. The 3 largest contributors to the reduction were repayments received from several NPE Customers, positive developments in certain projects in Uganda, which were subsequently reclassified as performing.

NPEs remain concentrated in a few large facilities. Top three NPEs are 24 percent of the total (2023: 20 percent), top ten are 57 percent (2023: 51 percent). As a result, a limited number of large new NPEs result in large movements in the NPE percentage. In terms of sector, NPEs are highest in Energy, in absolute terms at €215 million (2023: €244 million), followed by AFW at €127 million (2023: €174 million), FI at €56 million (2023: €44 million) and Diverse Sectors at €28 million (2023: €54 million). In relative terms (as percentage of the exposure in that sector) NPEs remain highest for Diverse Sectors at 15 percent, followed by Energy at 14 percent, AFW at 12 percent, and FI at 2 percent. FMO stopped providing loans to Diverse Sector customers in 2017. NPEs excluding other sectors are 6.7 percent.

In 2024, FMO's NPE exposure in Uganda reduced from €72.4 million to €27.0 million, mainly as a result of customers being reclassified as performing. At the end of 2024, the 3 countries with the highest level of NPEs were Ukraine, Honduras and Ghana, which together make up 45 percent of all NPEs.

NPE levels in FMO's portfolio partially reflect long recovery periods, which are inherent in the markets in which FMO operates.

Past due information related to FMO's loans portfolio is presented in the tables below.

2024					
(€ x 1,000)	Stage 1	Stage 2	Stage 3	Fair Value	Total
Loans not past due	4,382,686	506,981	134,542	691,677	5,715,886
Loans past due:					
-Past due up to 30 days	97,658	16,025	13,598	-	127,281
-Past due 30-60 days	-	64,845	8,209	-	73,054
-Past due 60-90 days	-	29,446	-	-	29,446
-Past due more than 90 days	-	-	189,423	-	189,423
Gross exposure	4,480,344	617,297	345,772	691,677	6,135,090
Less: amortizable fees	-38,701	-5,674	-2,337	-	-46,712
Less: ECL allowance	-30,723	-31,694	-143,766	-	-206,183
Less: FV adjustments	-	-	-	-39,616	-39,616
Carrying amount	4,410,920	579,929	199,669	652,061	5,842,579

2023					
(€ x 1,000)	Stage 1	Stage 2	Stage 3	Fair Value	Total
Loans not past due	3,481,802	499,523	189,482	612,534	4,783,341
Loans past due:					
-Past due up to 30 days	156,313	14,807	16,892	-	188,012
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	8,807	-	8,807
-Past due more than 90 days	-	-	225,631	17,012	242,643
Gross exposure	3,638,115	514,330	440,812	629,546	5,222,803
Less: amortizable fees	-34,775	-5,728	-2,626	-	-43,129
Less: ECL allowance	-26,306	-32,811	-195,288	-	-254,405
Less: FV adjustments	-	-	-	-41,606	-41,606
Carrying amount	3,577,034	475,791	242,898	587,940	4,883,663

The table below presents the distribution of Stage 3 loans according to regions and sectors.

Stage 3 - ECL distributed by regions and sectors (€ x 1,000)

December 31, 2024	Financial Institutions	Energy	Agribusiness, Food and Water	Infrastructure, Manufacturing, Services	Total
Africa	8,034	14,985	8,946	4,458	36,423
Asia	3,384	24,977	4,775	5,089	38,225
Latin America & the Caribbean	21,529	12,735	11,898	566	46,728
Europe & Central Asia	-	4,948	17,442	-	22,390
Total	32,947	57,645	43,061	10,113	143,766

Stage 3 - ECL distributed by regions and sectors (€ x 1,000)

December 31, 2023	Financial Institutions	Energy	Agribusiness, Food and Water	Infrastructure, Manufacturing, Services	Total
Africa	4,115	25,865	6,511	6,417	42,908
Asia	8,257	23,057	2,689	4,375	38,378
Latin America & the Caribbean	15,815	12,855	43,365	3,650	75,685
Europe & Central Asia	-	6,456	31,861	-	38,317
Total	28,187	68,233	84,426	14,442	195,288

Modified financial assets

Changes in terms and conditions usually include extending the maturity, changing the interest margin and changing the timing of interest payments. When the terms and conditions are modified due to financial difficulties, these loans are qualified as forborne. For more details refer to the section on 'Modification of financial assets' in the 'Accounting policies' sub-chapter. The Credit department reviews modified loans periodically in accordance with the Intensified Monitoring process. When a loan is deemed no longer collectible, it is written off against the related loss allowance. In 2024, FMO's write-offs including disposals equal to €53.3 million (2023: €83.6 million).

The following table provides a summary of FMO's forborne assets, both classified as performing and non-performing, as of December 31, 2024.

2024			
(€ x 1,000)	Loans to the private sector (Amortised Cost)	Loans to the private sector (Fair value)	Total
Performing	5,097,642	609,262	5,706,904
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	145,591	2,488	148,079
Non Performing	345,771	82,415	428,186
of which: non performing forborne	225,767	50,798	276,565
of which: impaired	216,080	-	216,080
Gross exposure	5,443,413	691,677	6,135,090
Less: amortizable fees	-46,712	-	-46,712
Less: ECL allowance	-206,183	-	-206,183
Plus: fair value adjustments	-	-39,616	-39,616
Carrying amount at December 31	5,190,518	652,061	5,842,579

2023			
(€ x 1,000)	Loans to the private sector (Amortised Cost)	Loans to the private sector (Fair value)	Total
Performing	4,152,445	559,168	4,711,613
of which: performing but past due > 30 days and <=90 days	37,896	-	37,896
of which: performing forborne	351,681	47,565	399,246
Non Performing	440,812	70,378	511,190
of which: non performing forborne	261,082	47,565	308,647
of which: impaired	201,823	-	201,823
Gross exposure	4,593,257	629,546	5,222,803
Less: amortizable fees	-43,129	-	-43,129
Less: ECL allowance	-254,405	-	-254,405
Plus: fair value adjustments	-	-41,606	-41,606
Carrying amount at December 31	4,295,723	587,940	4,883,663

The following table shows the gross carrying amount of previously modified financial assets for which the loss allowance has changed to stage 1 measurement during the period:

(€ x 1,000)	Post - modification		Pre - modification	
	Gross outstanding amount	Corresponding ECL	Gross outstanding amount	Corresponding ECL
December 31, 2024				
Restored loans since forbearance and now in Stage 1	21,907	-387	22,180	-931
Loans that reverted to Stage 2/3 once restored	-	-	-	-

(€ x 1,000)	Post - modification		Pre - modification	
	Gross outstanding amount	Corresponding ECL	Gross outstanding amount	Corresponding ECL
December 31, 2023				
Restored loans since forbearance and now in Stage 1	18,147	-138	29,449	-611
Loans that reverted to Stage 2/3 once restored	32,217	-3,994	36,839	-2,596

The table below includes Stage 2 and Stage 3 assets for which terms and conditions were modified including the related net modification result.

(€ x 1,000)	2024	2023
Amortized cost of financial assets modified during the period	-	84,965
Net modification result	-	799

Credit risk mitigation

As per 31 December 2024, the total carrying value of the FMO's loan portfolio was €5.8 billion of which €498.3 million is guaranteed by highly rated guarantors. The following table shows a breakdown of guaranteed amounts received and carrying values of guaranteed loans per credit ranking of the guarantors.

Guarantor credit ranking based on rating scale S&P (€ x 1,000)	2024		2023	
	Amount of guarantees received	Guaranteed loans - carrying amount	Amount of guarantees received	Guaranteed loans - carrying amount
Dutch State	-	-	1,063	1,250
AA- and higher ratings	498,375	1,411,156	398,908	1,063,373
A+ to A-	-	-	-	-
BBB+ to B-	-	-	-	-
CCC+ and lower ratings	-	-	-	-
Total	498,375	1,411,156	399,971	1,064,623

The total carrying value of defaulted (Stage 3) loans in FMO's loan portfolio is €199.7 million of which €29.9 million is guaranteed by either the Dutch Government or highly rated guarantors. The following table shows a breakdown of guaranteed amounts received and carrying values of guaranteed loans.

Stage of guaranteed loans (€ x 1,000)	2024		2023	
	Amount of guarantees received	Guaranteed loans - carrying amount	Amount of guarantees received	Guaranteed loans - carrying amount
1	419,422	1,279,560	322,250	847,267
2	20,737	71,315	30,410	64,327
3	29,872	60,281	47,311	153,029
Total	470,031	1,411,156	399,971	1,064,623

Equity risk

Definition

Equity risk is the risk that the fair value of an equity investment decreases. It also includes exit risk, which is the risk that FMO's stake cannot be sold for a reasonable price and in a sufficiently liquid market.

Risk appetite and governance

FMO has a long-term view on its equity portfolio, usually selling its equity stake within a period of 5 to 10 years. FMO can accommodate an increase in the average holding period of its equity investments and wait for markets to improve before pursuing an exit. The equity investment portfolio consists of direct investments, largely in the financial institutions and energy sectors, co-investments with aligned partners (mainly in cooperation with funds) and indirect investments in private equity funds. Equity investments are approved by the Investment Committee. On a quarterly basis the Private Equity department determines the valuation of direct equity investments and assesses the valuation of equity fund investments. Before the valuations are presented to the FRC for approval, the Credit and Finance departments will perform a final assessment on the valuation of equity investments. Diversification across geographical area, sector and equity type across the total portfolio is evaluated before new investments are made. Based on this performance and the market circumstances, direct exits are pursued by involving intermediaries. In the case of co-investments, our fund managers initiate the exit process as they are in the lead. Exits are challenging due to limited availability of liquidity in some markets and the absence of well-developed stock markets.

The risk in building an equity portfolio is driven by two factors:

- Negative value adjustments due to currency effects (EUR/USD and USD/local currencies), negative economic developments in emerging markets (EM), and specific investee-related issues impacting the value of the business and thereby affecting the profitability of FMO.
- Liquidity of the portfolio – in the event that FMO is not able to liquidate (part of) its maturing equity portfolio by creating sufficient exits for its direct and co-investment portfolio. This is also reflected in the fund portfolio where some fund managers have to hold on longer to their portfolio due to a lack of good exit opportunities.

Developments

In 2024 as in the year before, de-globalization continued to put a strain on GDP growth and the realization of the SDGs. The war in Ukraine persisted, the conflict in Gaza escalated, and the US–China economic tensions remained pronounced, exacerbating global economic uncertainties. These events contributed to higher food and basic goods prices, particularly in Africa, where vulnerable populations were most impacted. Meanwhile, climate risk became more evident with record high temperatures and extreme weather patterns across the globe. Central banks in both the US and Europe introduced interest rates cuts in their monetary policies. Despite these adjustments, US 10-year Treasury yields remained elevated, further tightening financial conditions. Many African countries have high budget deficits (50 percent of countries have more than 5 percent deficit). This had a strong negative impact on capital flows to emerging markets and put strong pressure on local currencies, which further depreciated. Overall, the risk appetite of investors further declined.

Despite these difficult circumstances, in 2024 we saw a good deal-flow: distributions from fund managers and exits resulted in cash distributions of €330 million and once again in a strong level of dividends at €29 million. We made less new commitments than the previous year of €259 million and invested (paid-in) capital of €337 million. Overall, our committed equity portfolio (including associates) increased to €2.9 billion (2023: €2.6 billion) which was the result of the sum of new commitments, distributions, the strengthening of the USD resulting in a €116 million profit and Fair Value gain for the portfolio of €45 million.

Exposures

The total outstanding equity portfolio on 31 December 2024, amounted to €2.9 billion (2023: €2.7 billion) of which €1.4 billion (2023: €1.3 billion), was invested in investment funds.

Equity portfolio including Associates distributed by region and sector (€ x 1,000)

December 31, 2024	Financial Institutions		Energy		Agribusiness, Food and Water		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	379,366	40,221	65,054	59,558	92,083	10,672	6,066	442,393	127,342	-	669,911	552,844
Asia	209,191	13,850	46,743	117,380	42,538	10,037	3,636	363,744	15,616	-	317,724	505,011
Latin America & the Caribbean	85,858	-	10,524	17,303	-	12,783	-	66,513	81,098	-	177,480	96,599
Europe & Central Asia	60,879	5,750	-	11,325	-	21,841	-	120,094	-	-	60,879	159,010
Non-region specific	202,464	44,510	26,319	38,677	-	3,273	-	48,800	25,485	-	254,268	135,260
Total	937,758	104,331	148,640	244,243	134,621	58,606	9,702	1,041,544	249,541	-	1,480,262	1,448,724

Equity portfolio including Associates distributed by region and sector (€ x 1,000)

December 31, 2023	Financial Institutions		Energy		Agribusiness, Food and Water		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	323,960	34,869	54,822	50,798	68,243	9,249	-	399,161	144,503	-	591,528	494,077
Asia	190,990	16,697	40,413	93,870	36,695	7,833	-	392,510	51,596	-	319,694	510,910
Latin America & the Caribbean	89,125	-	6,617	19,504	12,279	915	-	58,001	66,715	-	174,736	78,420
Europe & Central Asia	43,129	4,403	-	10,592	-	5,681	-	95,852	6,752	-	49,881	116,528
Non-region specific	168,220	48,317	24,117	43,151	-	2,070	-	35,863	11,512	-	203,849	129,401
Total	815,424	104,286	125,969	217,915	117,217	25,748	-	981,387	281,078	-	1,339,688	1,329,336

The equity portfolio is left unhedged for currency risk. For more information please refer to the 'Currency risk' and 'Structural hedge' sections.

Concentration risk

Definition

Concentration risk is the risk that FMO's exposures are too concentrated within or across different risk categories. Concentration risk could trigger losses large enough to threaten FMO's health or ability to maintain its core operations, or trigger material change in our risk profile.

Risk appetite and governance

Strong diversification within FMO's emerging market portfolio is ensured through stringent limits on individual counterparties (single risk limits), sectors, countries and regions. These limits are monitored by the Risk department, reviewed regularly, and approved by the FRC, the Management Board and the Supervisory Board. Diversification across countries, sectors and individual counterparties is a key strategy to safeguard the credit quality of the portfolio.

Developments

Global growth decelerated from 3.6 percent in 2022 to 3.3 percent in 2023 and was projected to be 3.2 percent in 2024 and 2025, according to the IMF's October 2024 World Economic Outlook. Growth forecasts for the US have been raised, balancing out lower growth expectations in other advanced economies, particularly in Europe. Among emerging markets, growth prospects are mixed. Production disruptions, especially in oil, along with conflicts, unrest, and severe weather, have lowered growth expectations for the Middle East, Central Asia, and sub-Saharan Africa. In contrast, emerging Asia has seen a boost in growth, driven by high demand for electronics and semiconductors, as investments in

artificial intelligence rise supported by government spending in China and India. Overall, global growth is expected to reach 3.2 percent per annum in 2024 and 2025.

Rising geopolitical tensions could lead to spikes in commodity prices, complicating efforts to control inflation and delaying monetary easing, which may threaten financial stability. Unpredictable policy changes, such as the Bank of Japan's decision to hike interest rates and economic indicators fueling increased recession concerns in the United States in early August, could cause sudden disruptions in financial markets, resulting in capital outflows and debt challenges for countries reliant on external funding. Sovereign debt stress continues to pose significant risks for emerging market and developing economies. According to the World Economic Outlook, Ghana, Cameroon, Egypt, El Salvador, Georgia, Argentina, Bolivia, Türkiye, Tunisia, Mozambique, Belarus, and Kenya are particularly vulnerable. Economies with substantial external financing needs and limited international reserves are at greater risk of a repricing of risk, which could lead to further increases in sovereign spreads and escalate debt distress. Throughout 2024, FMO has actively monitored its portfolio and will continue doing so, leveraging its diverse exposure across over 70 markets to mitigate the negative impact of country-specific crises.

The war in Ukraine persists, with the UK, US, and EU maintaining sanctions on Russia and Belarus. Its exposure to Belarus is approximately €14 million in indirect equity. FMO has no direct exposure to Russia and only limited indirect exposure (€162.000).

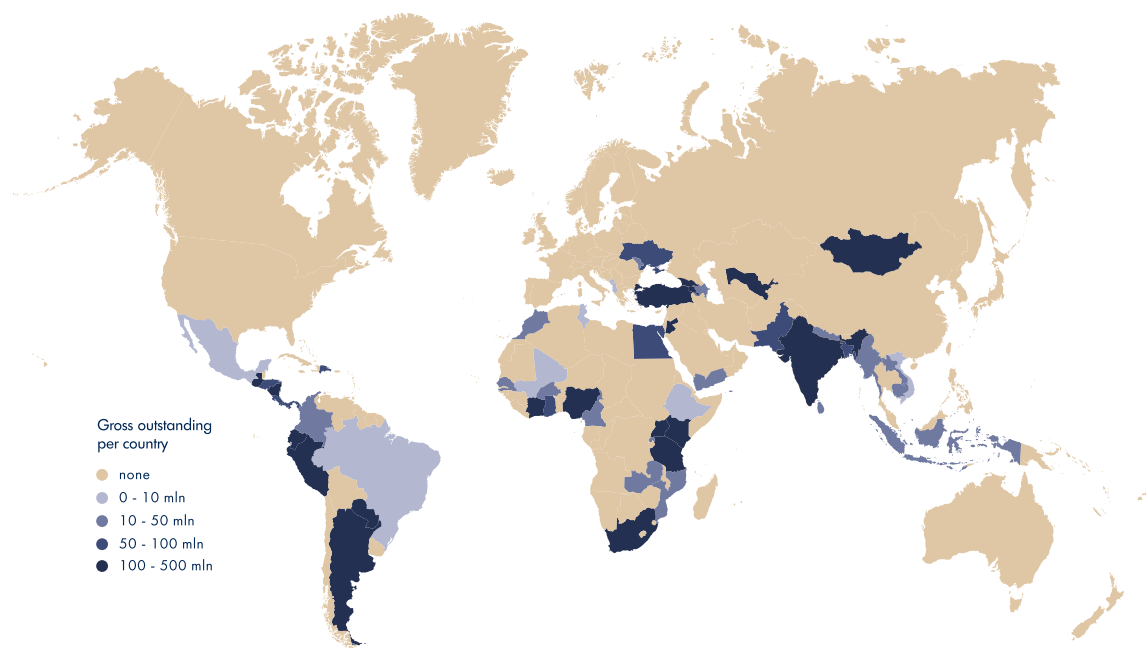
The conflict in Gaza has intensified regional tensions, already impacting neighboring countries like Lebanon, Syria, and Iran, which are experiencing war-like conditions. This escalation raises concerns about further spillover effects on Egypt and Jordan. FMO's exposure in the Palestinian Territories is limited to €12 million in commitments to two microfinance customers through the Nasira guarantee program, with €3.5 million currently outstanding. While FMO has no exposure to Israel, Syria, Iran, or Lebanon, it maintains commitments in Jordan and Egypt. FMO continues to closely monitor these developments but has yet to identify significant financial impacts on its portfolio.

Country, regional and sector exposures

Country risk arises from country-specific events that adversely impact FMO's exposure in a specific country. Within FMO, country risk is broadly defined. It includes all relevant factors that have a common impact on FMO's portfolio such as economic, banking and currency crises, sovereign defaults, and political risk events.

To ensure diversification within FMO's emerging market portfolio across regions, a country limit is in place to minimize concentration risk in the portfolio as a whole. Country limits range from 8 percent to 22 percent of FMO's shareholders equity, depending on the country rating, with higher limits in less risky countries. The assessment of the country rating (F-rating scoring in line with internal credit risk rating) is based on a benchmark of external rating agencies and other external information. The average of the long-term foreign currency ratings of Moody's, S&P and Fitch is used (debt and issuer rating). If none of the aforementioned ratings is available, then the average among OECD and IHS medium-term ratings is used.

In determining the limit within a country for investments, the committed portfolio amount, as well as underlying transaction specific elements (which may lead to effective reduction of country risk) are considered. The figure below provides an overview of the diversification across countries of FMO's gross outstanding in the loan portfolio.



In general, the loan portfolio remains well diversified across different countries. The single largest country exposure is under 10 percent of the total loan book. The three largest country exposures in the loan book at the end of 2024 were India, Türkiye, and Uzbekistan, together 17 percent of the total loan exposure. In 2024, Türkiye's rating improved from F15 to F13, while India remained stable at F10, and Uzbekistan stayed unchanged at F13.

	2024 (%)	2023 (%)
F9 and higher (BBB and higher ratings)	4.6	3.8
F10 (BBB-)	8.8	7.2
F11 (BB+)	3.8	2.9
F12 (BB)	11.9	8.6
F13 (BB-)	23.2	18.5
F14 (B+)	9.2	13.1
F15 (B)	10.9	17.9
F16 (B-)	16.4	13.9
F17 and lower (CCC+ and lower ratings)	11.2	14.1
Total	100.0	100.0

In addition to country risk limits, FMO has limits to ensure adequate diversification across sectors and regions. Below an overview is given of the gross exposure of loans distributed by region and sector.

Gross amount of loans distributed by region and sector (€ x 1,000)

	Financial Institutions	Energy	Agribusiness, Food and Water	Multi- Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
December 31, 2024						
Africa	695,284	650,977	175,453	29,598	76,824	1,628,136
Asia	722,162	284,860	120,970	-	51,439	1,179,431
Latin America & the Caribbean	944,900	439,723	270,313	-	11,972	1,666,908
Europe & Central Asia	871,354	201,861	238,982	-	52,938	1,365,135
Non-region specific	42,058	11,274	242,148	-	-	295,480
Total	3,275,758	1,588,695	1,047,866	29,598	193,173	6,135,090
December 31, 2023						
Africa	579,919	604,728	139,438	37,682	86,949	1,448,716
Asia	533,711	283,679	80,356	-	49,461	947,207
Latin America & the Caribbean	836,277	432,242	173,912	-	25,179	1,467,610
Europe & Central Asia	734,659	164,982	221,504	-	73,149	1,194,294
Non-region specific	40,230	10,550	109,237	-	4,959	164,976
Total	2,724,796	1,496,181	724,447	37,682	239,697	5,222,803

Single risk exposures

Single risk refers to an individual customer or group of customers which are so interconnected that while they might be separate legal entities on paper, from a risk perspective, they behave as if they were a single entity. A single risk exposure refers to the sum of all exposures on entities that constitute a single risk.

FMO has set internal single risk limits at the level that the maximum possible loss for one customer is limited to approximately one year of FMO's net historical profit. This has resulted in a nominal single risk limit of 6 percent of our shareholders' equity. The limit set by CRR for single risk exposure is 25 percent of our "eligible capital". To ensure compliance with both regulation and our own risk appetite, we set the nominal limit on single customer exposure at the lower level of 6 percent of FMO's shareholders' equity or 25 percent of Eligible Capital. In practice, the internal risk appetite limits are more restrictive than the CRR limit. At year-end, all exposures were well within these limits.

Counterparty credit risk

Definition

Counterparty credit risk in the treasury portfolio is the risk that FMO will suffer economic losses because a counterparty fails to fulfill its financial or other contractual obligations from open positions in the portfolio.

Risk appetite and governance

The main responsibility of FMO's Treasury department is to fund the core business of FMO, and to mitigate risk efficiently and effectively line with Treasury's mandate. Treasury's portfolio aims to maintain a liquidity buffer such that FMO can meet its liquidity needs in regular and stressed circumstances. The Treasury department does not have its own trading book and does not actively take open positions in the pursuit of profits. FMO aims to balance between keeping losses within its limited risk tolerance and supporting FMO's business strategy, thereby minimizing credit risk and concentration risk in the treasury portfolio, derivative portfolio, and several bank accounts.

The Treasury department is responsible for day-to-day counterparty risk management. The Risk department is the second line and responsible for assessing, quantifying, and monitoring counterparty risk daily. Limit excesses and material findings are reported to the FRC on a monthly basis, together with

recommended mitigations and actions. The Risk department is also responsible for updating policies and processes, and for setting up limits, including minimum credit rating requirements, exposure limits, and transaction limits. The policies, processes, relevant parameters, and limits are reviewed and approved by the FRC periodically.

Exposures

Counterparty risk exposures in FMO's treasury portfolios originate from short-term investments (deposits, investment in money market funds, commercial papers, and collaterals related to transacted derivatives), interest-bearing securities (e.g., bonds), and transacted derivatives for hedging purpose. The tables below show outstanding positions as of 31 December 2024.

Overview interest-bearing securities based on rating scale S&P and Fitch (€ x 1,000)

	2024	2023
AAA	262,438	259,198
AA- to AA+	315,028	280,510
BBB-	11,928	-
Total	589,394	539,708

Geographical distribution interest-bearing securities

	2024 (%)	2023 (%)
Belgium	4	12
Finland	11	6
France	20	6
Germany	17	31
The Netherlands	11	16
Philippines	-	9
Sweden	11	-
Denmark	4	7
India	2	-
Luxembourg	2	-
South Korea	4	-
Supra-nationals	14	13
Total	100	100

Overview short-term deposits based on rating scale S&P (€ x 1,000)

	2024	2023
European Central Bank	2,946	2,946
Dutch central bank	710,956	870,177
A-1/A-1+	598,151	752,783
A-2	23,820	36,605
A-1+	145,494	170,878
Total at December 31	1,481,367	1,833,390

Supra-nationals are international organizations or unions to which member states delegate part of their national powers.

FMO mitigates its counterparty credit risk through various means. Minimum requirements of credit quality are set for counterparties of treasury activities. Netting and collateral agreements are also utilized to reduce counterparty credit risk originating from derivative transactions. FMO has Credit Support Annexes (CSAs) with all derivative counterparties. Additionally, part of the derivative portfolio, particularly EUR and USD interest rate swaps, is cleared through central counterparties, as required by the European Market Infrastructure Regulations.

Derivative financial instruments distributed by rating, based on rating scale S&P and Fitch (€ x 1,000)

	2024		2023	
	Net exposure	CSA (%)	Net exposure	CSA (%)
AA- to AA+	7,352	100	-	-
A- to A+	107,765	100	193,014	100
BBB to BBB+	-	-	-	-
Central cleared	-	-	-	-
Total	115,117	100	193,014	100

The exposure of derivative financial instruments is presented only for derivatives with positive market value, netted with derivatives with a negative market value if it concerns the same counterparty. For this reason, the total amount shown in the table above does not equal the exposure presented in other tables.

The tables below include financial assets and financial liabilities that:

- are offset in the consolidated balance sheet of FMO; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated balance sheet.

FMO receives and pledges only cash collateral with respect to derivatives.

2024				
(€ x 1,000)		Derivatives financial assets	Derivatives financial liabilities	Total
Gross amounts recognized in balance sheet	(a)	126,339	471,386	-345,047
Gross amount of financial assets/liabilities offset in the balance sheet	(b)	-	-	-
Net amount presented in the balance sheet	(c)=(a)-(b)	126,339	471,386	-345,047
Related amounts not offset in the balance sheet				
Financial instruments (including non-cash collateral)	(d)	-	-	-
Cash collateral	(d)	-	-	364,147
Net amount	(e)=(c)+(d)	126,339	471,386	19,100

2023				
(€ x 1,000)		Derivatives financial assets	Derivatives financial liabilities	Total
Gross amounts recognized in balance sheet	(a)	197,150	418,839	-221,689
Gross amount of financial assets/liabilities offset in the balance sheet	(b)	-	-	-
Net amount presented in the balance sheet	(c)=(a)-(b)	197,150	418,839	-221,689
Related amounts not offset in the balance sheet				
Financial instruments (including non-cash collateral)	(d)	-	-	-
Cash collateral	(d)	-	-	234,457
Net amount	(e)=(c)+(d)	197,150	418,839	12,768

Liquidity risk

Definition

Liquidity risk is defined as the risk for FMO of not being able to fulfill its financial obligations due to insufficient availability of liquid means.

Risk appetite and governance

FMO's risk appetite is to maintain adequate liquidity buffers to fulfill FMO's current and future financial obligations at all times. The appetite follows a similar rationale as for capital and is aimed at maintaining enough liquidity to ensure FMO would never need to fall back on the guarantee provided by the Dutch

State to our investors. To realize this ambition, minimum liquidity requirements apply as prescribed by the regulator.

FMO's liquidity risk policy framework is built on four pillars:

1. Survival period and minimum liquidity buffer under stress
2. Maturity matched funding
3. Diversified funding
4. Regulatory ratio requirements

FMO's risk appetite levels are defined to ensure a minimum buffer above the 7-month minimum survival period under stress, a Liquidity Coverage Ratio (LCR) above 135 percent, a Net Stable Funding Ratio (NSFR) above 107 percent, and restrictions on failed funding periods and cost of wholesale funding above peers. Additional thresholds such as matching funding, funding diversification and liquidity in specific currencies, are also in place for managing and monitoring the risk profile of the bank. These monitoring metrics are delegated to the Director Risk and the Director Treasury and are subject to a formal sign-off procedure and reported to the FRC. The FRC is also responsible for approving the liquidity risk policy.

FMO has a conservative liquidity policy and funding strategy that is well suited to its business. Stress tests are conducted on FMO's liquidity position on a weekly basis to ensure this conservative position is maintained. During the Internal Liquidity Adequacy Assessment Process (ILAAP), FMO performs additional stress tests, including scenarios provided by DNB and reverse stress testing. A continuous review is performed on the liquidity position, FMO's assumptions, internal expectations and external market conditions to ensure that FMO's liquidity planning is accurate.

The liquidity contingency plan sets out FMO's strategy for addressing liquidity needs in the case of a crisis, ensuring various sources of emergency liquidity are available to meet all current and future financial obligations, while avoiding excessive funding costs, incurring unacceptable losses or significantly changing the business profile. The liquidity sources include a long-term bond portfolio and a portfolio of short-term instruments such as cash, money market funds, commercial paper and treasury bills. The long-term bonds and commercial paper can be used as collateral in repurchase agreements to obtain short-term cash from the ECB.

Developments

In 2024, the global financial landscape experienced significant shifts as central banks adjusted their monetary policies to stimulate economic growth amid slowing inflation. The ECB initiated a series of interest rate cuts, reducing the deposit facility rate to 3 percent by December. This marked a reversal from the previous rate hike cycle that had reached a 22-year high in 2023. Similarly, the US Federal Reserve (Fed) lowered its benchmark interest rate to the range of 4.25 to 5 percent. These concerted efforts by major central banks aimed to invigorate economic activity and address the challenges posed by a decelerating inflation rate.

Following the presidential elections in the US, USD appreciated considerably against EUR, accompanied by a volatility in interest rates. These fluctuations in foreign exchange and interest rates resulted in collateral outflows stemming from FMO's derivative exposures. However, FMO experienced minimal impact on its liquidity position. The institution successfully maintained access to capital markets throughout 2024, ensuring the continuity of its financial operations.

Continuing its commitment to developing capital markets in line with its mandate, FMO solidified its position as an established issuer in local currency frontier markets through regular issuance activities. In 2024, FMO issued approximately €226 million in equivalent funding through local currency transactions. These efforts not only reinforced FMO's presence in these markets but also contributed to the overall development and stability of local financial systems.

Liquidity position

FMO's liquidity position remained comfortably above regulatory requirements and internal managerial limits in 2024, with an LCR never falling below 260 percent.

The following table shows the categorization of the balance sheet per maturity bucket. This table shows the timing of the undiscounted principal cash flows (and not the market values) per instrument. The totals per instrument may therefore differ from the totals on the balance sheet. Expected cash flows resulting from irrevocable facilities being drawn are not included in the liquidity gap. For internal liquidity planning and management, cash flows from irrevocable facilities are included in the cash flow forecasts.

2024						
(€ x 1,000)	< 3 months	3-12 months	1-5 years	>5 years	Maturity undefined	Total
Assets						
Banks	43,087	-	-	-	-	43,087
Current accounts with State funds and other programs	-	1,336	-	-	-	1,336
Short-term deposits	1,081,315	16,715	-	-	384,188	1,482,218
-of which: Amortized cost	711,015	16,715	-	-	384,188	1,111,918
-of which: Fair value through profit or loss	370,300	-	-	-	-	370,300
Other receivables	18,321	-	-	-	-	18,321
Interest-bearing securities	20,000	146,707	322,486	96,000	-	585,192
-of which: amortized cost	20,000	146,707	247,486	66,000	-	480,192
-of which: fair value through profit or loss	-	-	75,000	30,000	-	105,000
Derivative financial instruments	12,289	9,297	60,834	2,981	-	85,400
Loans to the private sector	233,399	1,085,447	3,348,298	1,205,515	-	5,872,659
-of which: Amortized cost	185,139	1,023,509	3,095,785	943,046	-	5,247,478
-of which: Fair value through profit or loss	48,261	61,939	252,513	262,469	-	625,181
Equity investments	-	-	-	-	2,556,913	2,556,913
-of which: Fair value through OCI	-	-	-	-	201,287	201,287
-of which: Fair value through profit or loss	-	-	-	-	2,355,626	2,355,626
Investments in associates	-	-	-	-	372,073	372,073
Current tax receivables	-	13,297	-	-	-	13,297
Property, plant and equipment	-	-	-	-	16,365	16,365
Intangible assets	-	-	-	-	26,445	26,445
Deferred income tax assets	-	-	-	-	9,075	9,075
Total assets	1,408,411	1,272,799	3,731,617	1,304,496	3,365,059	11,082,382
Liabilities and shareholders' equity						
Short-term credits	200,000	-	-	-	17,100	217,100
Current accounts with State funds and other programs	93	-	-	-	-	93
Derivative financial instruments	3,894	122,876	150,143	17,072	-	293,984
Debentures and notes	41,593	1,405,918	4,815,269	113,432	-	6,376,211
Other financial liabilities	-	-	-	-	-	-
-of which: Fair value through profit or loss	-	-	-	-	121,715	121,715
Wage tax liabilities	62	-	-	-	-	62
Accrued liabilities	38,683	-	-	-	-	38,683
Other liabilities	787	2,291	7,973	18	7,792	18,861
Provisions	-	-	-	-	36,780	36,780
Deferred income tax liabilities	-	-	-	-	510	510
Shareholders' equity	-	-	-	-	3,855,680	3,855,680
Total liabilities and shareholders' equity	285,112	1,531,084	4,973,384	130,521	4,039,577	10,959,679
Liquidity surplus/gap 2024	1,123,299	-258,285	-1,241,767	1,173,974	-674,518	122,703

2023						
(€ x 1,000)	< 3 months	3-12 months	1-5 years	>5 years	Maturity undefined	Total
Assets						
Banks	49,273	-	-	-	-	49,273
Current accounts with State funds and other programs	-	488	-	-	-	488
Short-term deposits						
-of which: Amortized cost	870,177	15,675	-	-	330,882	1,216,734
-of which: Fair value through profit or loss	619,887	-	-	-	-	619,887
Other receivables	33,677	-	-	-	-	33,677
Interest-bearing securities						
-of which: amortized cost	-	-	-	-	-	-
-of which: fair value through profit or loss	18,222	75,500	330,660	115,500	-	539,882
Derivative financial instruments	43,508	22,638	95,719	9,667	-	171,532
Loans to the private sector						
-of which: Amortized cost	201,047	676,720	2,677,324	922,800	-	4,477,891
-of which: Fair value through profit or loss	14,002	34,712	283,934	244,481	-	577,129
Equity investments						
-of which: Fair value through OCI	-	-	-	-	167,074	167,074
-of which: Fair value through profit or loss	-	-	-	-	2,193,771	2,193,771
Investments in associates	-	-	-	-	308,179	308,179
Current tax receivables	-	29,634	-	-	-	29,634
Property, plant and equipment	-	-	-	-	19,859	19,859
Intangible assets	-	-	-	-	15,325	15,325
Deferred income tax assets	-	-	-	-	11,230	11,230
Total assets	1,849,793	855,367	3,387,637	1,292,448	3,046,320	10,431,565
Liabilities and shareholders' equity						
Short-term credits	-	-	-	-	97,114	97,114
Current accounts with State funds and other programs	43	-	-	-	-	43
Derivative financial instruments	4,431	23,525	162,656	21,507	-	212,119
Debentures and notes	587,158	587,951	4,849,200	160,414	-	6,184,723
Other financial liabilities						
-of which: Fair value through profit or loss	-	-	-	-	74,003	74,003
Wage tax liabilities	771	-	-	-	-	771
Accrued liabilities	29,498	-	-	-	-	29,498
Other liabilities	546	2,572	10,595	20	22,088	35,821
Provisions	-	-	-	-	44,922	44,922
Deferred income tax liabilities	-	-	-	-	7,943	7,943
Shareholders' equity	-	-	-	-	3,512,784	3,512,784
Total liabilities and shareholders' equity	622,447	614,048	5,022,451	181,941	3,758,854	10,199,741
Liquidity surplus/gap 2023	1,227,346	241,319	-1,634,814	1,110,507	-712,534	231,824

The tables below are based on the final availability date of the contingent liabilities and irrevocable facilities.

Contractual maturity of effective guarantees issued and irrevocable facilities (€ x 1,000)					
December 31, 2024	< 3 months	3-12 months	1-5 years	>5 years	Total
Effective guarantees issued	-	23,996	48,726	120,454	193,176
Irrevocable facilities	-	67,771	199,730	1,899,758	2,167,259
Total off-balance	-	91,767	248,456	2,020,212	2,360,435

Contractual maturity of effective guarantees issued and irrevocable facilities (€ x 1,000)

December 31, 2023	< 3 months	3-12 months	1-5 years	>5 years	Total
Effective guarantees issued	-	-	36,334	118,341	154,675
Irrevocable facilities	12,271	13,562	90,903	1,706,296	1,823,032
Total off-balance	12,271	13,562	127,237	1,824,637	1,977,707

FMO expects that not all of these off-balance items will be drawn before expiration date.

FMO complies with DNB's Pillar 2 liquidity requirements methodology for Less Significant Institutions (LSIs), which have been applied from the Supervisory Review and Evaluation Process (SREP). The liquidity requirements are a survival period of at least six months based on internal stress testing methodology, a Net Stable Funding Ratio (NSFR) of 100 percent and a specific Liquidity Coverage Ratio (LCR) requirement of 100 percent. FMO's internal liquidity appetite levels include a safety cushion over and above the minimum requirements as described in the section above.

FMO's liquidity position has been well above regulatory requirements and internal risk appetite levels throughout 2024. Per the reporting date, FMO has a survival period exceeding 12 months, an LCR of 428 percent (2023: 686 percent) and a NSFR of 109 percent (2023: 114 percent).

FMO's major liquidity exposures are in EUR and USD currencies. However, some transactions are denominated, and may be settled, in local currencies. These exposures are specifically hedged using financial instruments to minimize liquidity and settlement risks.

Funding and sustainability bonds

The Treasury department aims to ensure good market access by diversifying FMO's funding sources. The result of this is a balanced funding mix in terms of currency, instrument and maturity.

Eurodollar (e.g. USD investors outside the United States) constitutes a key market for FMO. The Treasury department has identified USD and EUR as strategic funding markets. Other markets to attract funding include Australia, Sweden, UK, Japan and local frontier currencies. Except for our Tier II issuance, FMO funding is plain vanilla and generally senior unsecured funding.

ESG bonds are an important part of FMO's funding strategy and accounted for about 43 percent of the funding portfolio in 2024. In June and October 2024, FMO priced two successful US\$500 million five-year fixed rate green bonds. The new sustainability bond has been issued under FMO's Sustainability Bonds Framework (SBF), and proceeds will be used to finance or refinance eligible green and social projects, or to repay a note issued under the FMO's Sustainability Bond Framework.

Market risk

Market Risk is the risk that the value and/or earnings of the bank decline because of unfavorable market movements. At FMO, this includes interest rate risk (including credit spread risk) and currency risk.

Interest rate risk in the banking book

Definition

Interest rate risk is the risk of potential loss due to adverse movements in interest rates. Changing interest rates mainly influence the fair value of fixed interest balance sheet items and affect the bank's earnings by altering interest rate-sensitive income and expenses, affecting its Net Interest Income (NII).

Credit spread risk is the risk driven by changes to the market price for credit risk, for liquidity and potentially for other characteristics of credit-risky instruments, which is not captured by any another existing prudential framework, such as IRRBB or by expected credit/(jump-to) default risk.

Risk appetite and governance

FMO has no trading book and all assets (loans and investments) are part of the banking book. FMO's policy is to match assets and liabilities within defined limits. As the loan portfolio is more granular, loans are pre-funded and new funding is obtained periodically and matched to the asset portfolio in terms of expected maturity and interest rate sensitivity. Interest rate risk arises from the residual tenor mismatch,

mismatch in fixed rate assets funded by floating rate liabilities, and differences in reference rates or currencies resulting in basis risk. FMO has little optionality in its portfolio and no material exposure to rates-driven prepayment risk. The volatility of the market value of assets and liabilities over the holding period due to interest rate movements is of less concern, as these are held until maturity.

Interest rate risk management falls under the responsibility of the FRC. The Treasury department acts as the first line and is responsible for the day-to-day management of interest rate risk and daily transactions. The quantification, monitoring and control of market risk is the responsibility of the Risk department as second line.

FMO considers the liquidity investment portfolio, assets accounted at fair value and amortized cost and the funding portfolio as the main balance sheet items sensitive to credit spread risk. For liabilities, credit spread risk would relate to FMO's own credit risk.

Interest rate risk is monitored using earnings-based metrics and value-based metrics.

Earnings-based methods capture short-term effects of interest rate repricing or repricing that may impact NII. The following two metrics are used for this purpose.

- The interest rate gap provides a static overview of the full balance sheet's repricing and refinancing characteristics. The gap is monitored over different time buckets with limits in place per bucket and on a cumulative level, for all currencies (aggregate and currency-by-currency).
- NII at Risk provides a dynamic projection of net interest income sensitivity to yield curve shocks. FMO monitors NII at Risk on a two-year forward-looking basis and applies different scenarios simultaneously that also allow for identification of basis risk.

Economic value methods capture changes resulting from changes in yield curves. Value-based metrics measure the long-term effects of interest rate changes over the full tenor of the balance sheet. The following economic value metrics are calculated:

- Basis Point Value (BPV) provides the change in market value of assets, liabilities and interest-rate risk sensitive off-balance items for a one basis point change in yield curves. Limits are in place for the whole balance sheet, and main currencies (EUR and USD) separately.
- Delta Economic Value of Equity (delta EVE) provides changes in the economic value of the shareholder's equity, given certain shifts in yield curves. The impact of a 200 basis-points parallel shifts and SA-IRRRB scenarios are reported.

The interest rate gap and BPV exposure are monitored on a weekly basis against limits set by the FRC. BPV limits are defined dynamically to accommodate a 200 basis-points shock within five percent of Tier I. The delta EVE limit is defined in the RAF and set at five percent of Tier I. The NII at Risk limit is defined based on one percent of Tier 1.

Credit spread risk is measured under both economic value and NII, in line with IRRBB.

The interest rate positions were within risk appetite in 2024. Despite rates volatility in the United States, Europe and globally our positions remain within limits.

Developments

No material developments occurred in 2024. Our positions remained well within the limits.

Exposures

The interest rate risk limits were not breached in 2024. The following table summarizes the interest re-pricing characteristics for FMO's assets and liabilities.

2024						
(€ x 1,000)	< 3 months	3-12 months	1-5 years	> 5 years	Non-interest-bearing	Total
Assets						
Banks	43,087	-	-	-	-	43,087
Current accounts with State funds and other programs	-	-	-	-	1,336	1,336
Short-term deposits	-	-	-	-	-	-
-of which: Amortized cost	1,095,171	16,715	-	-	-	1,111,886
-of which: Fair value through profit or loss	369,481	-	-	-	-	369,481
Other receivables	-	-	-	-	18,321	18,321
Interest-bearing securities	-	-	-	-	-	-
-of which: amortized cost	20,077	147,027	248,393	66,302	-	481,798
-of which: fair value through profit or loss	-	-	77,005	30,590	-	107,596
Derivative financial instruments ¹	124,925	1,414	-	-	-	126,339
Loans to the private sector	-	-	-	-	-	-
-of which: Amortized cost	2,184,195	1,442,168	1,013,558	550,596	-	5,190,518
-of which: Fair value through profit or loss	130,147	330,618	65,264	126,031	-	652,061
Current tax receivables	-	-	-	-	13,297	13,297
Wage tax assets	-	-	-	-	72	72
Equity investments	-	-	-	-	-	-
-of which: Fair value through OCI	-	-	-	-	201,287	201,287
-of which: Fair value through profit or loss	-	-	-	-	2,355,626	2,355,626
Investment in associates	-	-	-	-	372,073	372,073
Property, plant and equipment	-	-	-	-	16,365	16,365
Intangible assets	-	-	-	-	26,445	26,445
Deferred income tax assets	-	-	-	-	9,075	9,075
Total assets	3,967,083	1,937,943	1,404,220	773,519	3,013,897	11,096,663
Liabilities and shareholders' equity						
Short-term credits	216,912	-	-	-	-	216,912
Current accounts with State funds and other programs	93	-	-	-	-	93
Derivative financial instruments ¹	470,089	1,297	-	-	-	471,386
Other financial liabilities	-	-	-	-	-	-
-of which: Fair value through profit or loss	-	-	-	-	121,715	121,715
Debentures and notes	303,583	1,409,299	4,531,340	91,758	-	6,335,981
Wage tax liabilities	-	-	-	-	62	62
Accrued liabilities	-	-	-	-	38,683	38,683
Other liabilities	-	-	-	-	18,861	18,861
Provisions	-	-	-	-	36,780	36,780
Deferred income tax liabilities	-	-	-	-	510	510
Shareholders' equity	-	-	-	-	3,855,680	3,855,680
Total liabilities and shareholders' equity	990,678	1,410,596	4,531,340	91,758	4,072,291	11,096,663
Interest sensitivity gap 2024	2,976,406	527,347	-3,127,120	681,761	-1,058,394	

2023

(€ x 1,000)	< 3 months	3-12 months	1-5 years	> 5 years	Non-interest-bearing	Total
Assets						
Banks	49,273	-	-	-	-	49,273
Current accounts with State funds and other programs	-	-	-	-	488	488
Short-term deposits						
-of which: Amortized cost	1,204,694	15,665	-	-	-	1,220,359
-of which: Fair value through profit or loss	613,031	-	-	-	-	613,031
Other receivables	-	-	-	-	33,677	33,677
Interest-bearing securities						
-of which: amortized cost	-	-	-	-	-	-
-of which: fair value through profit or loss	18,094	75,576	329,995	116,043	-	539,708
Derivative financial instruments ¹	193,948	3,202	-	-	-	197,150
Loans to the private sector						
-of which: Amortized cost	1,673,116	1,123,168	928,867	570,571	-	4,295,723
-of which: Fair value through profit or loss	93,762	309,967	67,048	117,162	-	587,940
Current tax receivables	-	-	-	-	29,634	29,634
Equity investments						
-of which: Fair value through OCI	-	-	-	-	167,074	167,074
-of which: Fair value through profit or loss	-	-	-	-	2,193,771	2,193,771
Investment in associates	-	-	-	-	308,179	308,179
Property, plant and equipment	-	-	-	-	19,859	19,859
Intangible assets	-	-	-	-	15,325	15,325
Deferred income tax assets	-	-	-	-	11,230	11,230
Total assets	3,845,919	1,527,577	1,325,911	803,776	2,779,237	10,282,421
Liabilities and shareholders' equity						
Short-term credits	97,114	-	-	-	-	97,114
Current accounts with State funds and other programs	-	-	-	-	43	43
Derivative financial instruments ¹	417,058	1,781	-	-	-	418,839
Other financial liabilities						
-of which: Fair value through profit or loss	-	-	-	-	74,003	74,003
Debentures and notes	832,196	569,869	4,539,470	119,148	-	6,060,683
Wage tax liabilities	-	-	-	-	771	771
Accrued liabilities	-	-	-	-	29,498	29,498
Other liabilities	-	-	-	-	35,821	35,821
Provisions	-	-	-	-	44,922	44,922
Deferred income tax liabilities	-	-	-	-	7,943	7,943
Shareholders' equity	-	-	-	-	3,512,784	3,512,784
Total liabilities and shareholders' equity	1,346,369	571,649	4,539,470	119,148	3,705,785	10,282,421
Interest sensitivity gap 2023	2,499,551	955,928	-3,213,559	684,628	-926,548	

The fair value of individual components (e.g. individual swap legs) of derivative financial instruments is allocated to the relevant interest re-pricing category.

Currency risk

Definition

Currency risk is defined as the risk of changes in foreign currency exchange rates having an adverse effect on the value of FMO's financial position and future cash flows. FMO also reviews currency risk in terms of impact on the capital ratios.

Risk appetite and governance

FMO offers loans and attracts funding in a wide range of currencies. This is done to provide financing in the currency best fitting FMO's customers and to reduce currency risks on their side.

FMO has limited appetite for currency risk. Exposures are hedged through matching currency characteristics of assets with liabilities, or through derivative transactions such as cross-currency swaps and FX forwards conducted with either commercial parties or The Currency Exchange Fund (TCX Fund N.V.). Most currency exposures are hedged to US dollars on a micro-hedge basis, whereby the US dollar position is managed accordingly on a portfolio basis. FMO does not take any active positions in any currency for the purpose of making a profit. Each individual currency is managed within a strict position limit and an overall appetite level is set at one percent of shareholder's equity for the total open position across all currencies. Both the individual and overall open positions are monitored by the Risk department on a daily basis. Additionally, FMO maintains a deliberately unhedged foreign currency position for the purpose of structural hedge which is reported to the FRC monthly. Please refer to the 'Structural hedge' section for further details.

Developments

No material developments occurred in 2024. Our positions remained well within the limits.

Exposures

Individual and total open currency positions were within risk appetite in 2024. The table below illustrates that the currency risk sensitivity gap as of December 2024 was almost completely part of FMO's equity investments and investments in associates.

2024						
(€ x 1,000)	EUR	USD	INR	ZAR	Other	Total
Assets						
Banks	23,981	14,913	247	-	3,946	43,087
Current accounts with State funds and other programs	633	622	-	-	81	1,336
Short-term deposits						
-of which: Amortized cost	1,067,099	40,901	-	-	3,886	1,111,886
-of which: Fair value through profit or loss	8,030	361,451	-	-	-	369,481
Other receivables	3,177	14,278	-90	-	956	18,321
Interest-bearing securities						
-of which: amortized cost	345,763	124,107	11,928	-	-	481,798
-of which: fair value through profit or loss	107,596	-	-	-	-	107,596
Derivative financial instruments	-174,782	791,731	-376,312	-94,374	-19,924	126,339
Loans to the private sector						
-of which: Amortized cost	471,716	3,780,368	359,408	121,503	457,523	5,190,518
-of which: Fair value through profit or loss	107,891	530,604	-	-	13,566	652,061
Equity investments						
-of which: Fair value through OCI	10,072	191,215	-	-	-	201,287
-of which: Fair value through profit or loss	479,818	1,635,225	102,215	49,076	89,292	2,355,626
Investments in associates and joint ventures	2,494	369,579	-	-	-	372,073
Current tax receivables	13,253	39	-	-	5	13,297
Wage tax assets	-	72	-	-	-	72
Property, plant and equipment	16,336	29	-	-	-	16,365
Intangible assets	26,445	-	-	-	-	26,445
Deferred income tax assets	9,075	-	-	-	-	9,075
Total assets	2,518,597	7,855,134	97,396	76,205	549,331	11,096,663
Liabilities and shareholders' equity						
Short-term credits	216,912	-	-	-	-	216,912
Current accounts with State funds and other programs	93	-	-	-	-	93
Derivative financial instruments ¹	-583,027	2,128,526	8,736	-33,011	-1,049,838	471,386
Other financial liabilities						
-of which: Fair value through profit or loss	119,370	2,345	-	-	-	121,715
Debentures and notes	1,241,501	3,494,656	-	64,230	1,535,594	6,335,981
Wage tax liabilities	62	-	-	-	-	62
Accrued liabilities	30,040	9,937	-	15	-1,309	38,683
Other liabilities	12,015	6,654	-	-	192	18,861
Provisions	24,060	11,234	-	-	1,486	36,780
Deferred income tax liabilities	510	-	-	-	-	510
Shareholders' equity	3,854,681	992	-	-	7	3,855,680
Total liabilities and shareholders' equity	4,916,217	5,654,344	8,736	31,234	486,132	11,096,663
Currency gap 2024		2,200,790	88,660	44,971	63,199	
Currency gap 2024 excluding equity investments and investments in associates		4,770	-13,554	-4,105	-26,092	

2023						
(€ x 1,000)	EUR	USD	INR	ZAR	Other	Total
Assets						
Banks	27,415	8,774	8,472	1,101	3,510	49,273
Current accounts with State funds and other programs	404	84	-	-	-	488
Short-term deposits						
-of which: Amortized cost	1,157,161	58,133	-	-	5,065	1,220,359
-of which: Fair value through profit or loss	25	613,006	-	-	-	613,031
Other receivables	3,122	14,737	15,004	36	778	33,677
Interest-bearing securities						
-of which: amortized cost	-	-	-	-	-	-
-of which: fair value through profit or loss	405,546	134,162	-	-	-	539,708
Derivative financial instruments	415,190	-139,964	-237,223	-44,566	203,713	197,150
Loans to the private sector						
-of which: Amortized cost	464,939	3,116,476	256,274	46,333	411,701	4,295,723
-of which: Fair value through profit or loss	116,066	470,307	-1	1,106	463	587,940
Equity investments						
-of which: Fair value through OCI	9,956	157,118	-	-	-	167,074
-of which: Fair value through profit or loss	459,211	1,501,904	118,100	42,470	72,085	2,193,771
Investments in associates and joint ventures	2,040	306,139	-	-	-	308,179
Current tax receivables	29,622	12	-	-	-	29,634
Property, plant and equipment	19,830	29	-	-	-	19,859
Intangible assets	15,325	-	-	-	-	15,325
Deferred income tax assets	11,230	-	-	-	-	11,230
Total assets	3,137,087	6,240,917	160,626	46,480	697,315	10,282,421
Liabilities and shareholders' equity						
Short-term credits	81,869	15,245	-	-	-	97,114
Current accounts with State funds and other programs	43	-	-	-	-	43
Derivative financial instruments ¹	282,882	979,735	44,573	12,441	-900,792	418,839
Other financial liabilities						
-of which: Fair value through profit or loss	74,003	-	-	-	-	74,003
Debentures and notes	1,216,270	3,283,117	-	-	1,561,296	6,060,683
Wage tax liabilities	792	-22	-	-	-	771
Accrued liabilities	27,113	3,208	-	-83	-739	29,498
Other liabilities	13,610	6,676	15,273	20	242	35,821
Provisions	24,620	19,358	-	390	554	44,922
Deferred income tax liabilities	7,943	-	-	-	-	7,943
Shareholders' equity	3,513,491	-698	-	-10	2	3,512,784
Total liabilities and shareholders' equity	5,242,636	4,306,619	59,845	12,757	660,563	10,282,421
Currency gap 2023		1,934,298	100,781	33,723	36,753	
Currency gap 2023 excluding equity investments and investments in associates		-30,863	-17,319	-8,748	-35,332	

Fair value of individual components (e.g. individual swap legs) of derivative financial instruments is allocated to the relevant currency category.

As described above, FMO's loan assets in local currencies, such as the Indian Rupee (INR), are fully swapped to the US Dollar on a cash flow basis. The positions in these currencies are therefore fully hedged. For IFRS reporting, however, the loans are recorded at (amortized) cost, while the related swaps are recorded at fair value, leading to an accounting mismatch in these currencies.

Sensitivity of profit & loss account and shareholders' equity to main foreign currencies (€ x 1,000)

Change of value relative to the Euro	December 31, 2024		December 31, 2023	
	Sensitivity of profit & loss account	Sensitivity of shareholders' equity	Sensitivity of profit & loss account	Sensitivity of shareholders' equity
USD value increase of 10%	200,957	19,122	177,718	15,712
USD value decrease of 10%	-200,957	-19,122	-177,718	-15,712
INR value increase of 10%	8,866	-	10,078	-
INR value decrease of 10%	-8,866	-	-10,078	-
ZAR value increase of 10%	4,497	-	3,372	-
ZAR value decrease of 10%	-4,497	-	-3,372	-

The sensitivities employ simplified scenarios. The sensitivity of profit and loss account and shareholders' equity to possible changes in the main foreign currencies is based on the immediate impact on the financial assets and liabilities held at year-end. This includes the effect of hedging instruments.

Shareholders' equity is sensitive to equity investments valued at fair value through other comprehensive income.

Structural hedge

FMO maintains a deliberately unhedged foreign currency position in equity investments to manage the volatility of the capital ratio. These foreign currency positions act as an economic hedge against an adverse effect of the exchange rate on the regulatory capital ratios. A depreciation of FMO's reporting currency (Euro) can significantly affect the capital ratio since FMO's assets - and hence also the risk weighted assets - are mainly denominated in foreign currencies. The long open position in the equity portfolio thereby functions as a partial hedge for FMO's regulatory capital ratios. In addition, the uncertainty in the size and timing of the cash flows for equity investments makes micro-hedging less effective, hence these positions are a better fit for use as a capital ratio hedge.

Strategic risk

Environmental, social and governance risks

Definition

ESG risk is defined as the risk that our investments realize adverse impacts on people and the environment, and/or contribute to corporate governance practices, that are inconsistent with FMO policy commitments. FMO is exposed to ESG risk via our investment selection (the risks associated with our investments, which include the investments of our customers/investees) and the effectiveness of customers'/investees' ESG risk management, including the effectiveness of FMO's engagement thereon. In addition to potential adverse impacts to people and the environment, ESG risk can for example result in financial (remediation, legal) costs to FMO or the customer, jeopardized access to capital for FMO (external investors), jeopardized license to operate/shareholder relations or reputation damage.

Risk appetite and governance

FMO has a cautious appetite for ESG risk in investments. FMO strives for investments to be brought in line with our ESG risk mitigation requirements within a credible and reasonable period of time. It is understood and accepted that customers/investees need knowledge and resources to implement ESG improvements, so full adherence cannot generally be expected at the start of the relationship. Consequently, the appetite for ESG risk is open during the initial phases of an investment and reduces over time. The appetite for unmitigated ESG risk is minimal for repeat investments. At the portfolio level, FMO also has a cautious appetite for ESG risk. In view of FMO's own capacity to support and monitor customers/ investees in improving their ESG risk mitigation, FMO seeks a manageable mix of customers/ investees with (partially) unmitigated ESG risk and customers/investees with adequate risk mitigation in place.

FMO accepts a limited gap in successful ESG risk management to our standards. This gap acknowledges residual risk posed by contextual and implementation challenges in our markets

As part of its investment process, FMO screens and categorizes all customers on ESG risk according to their gross ESG risk profile (i.e. risk that is inherent to the activity to be financed irrespective of a customer's risk management performance). For a detailed description of our ESG risk management process, refer to the section 'ESRS 2 - IRO management'.

For FMO's high ESG risk investments and for investments where a FMO Corporate Governance officer is allocated, we monitor our net ESG risk, exposure through FMO's proprietary Sustainability Information System (SIS); The net ESG risk exposure is the investment's gross risk exposure corrected for by the customer's performance managing down these risks. ESG risk performance tracking in SIS is integrated within the investment process and forms the basis of FMO's ESG target. SIS ratings are monitored and updated throughout the lifetime of the investment as part of the annual review cycle of each customer, enabling FMO to have an up-to-date portfolio-wide view of the ESG risks in its portfolio.

FMO's ESG target indicates portfolio alignment with our ESG risk appetite. Our ESG target of 90 percent refers to 90 percent of the ESG risks of our high ESG risk portfolio being managed adequately by our customers/investees.

Developments

Similarly, to the 2023 ESG target, the 2024 ESG target group covers high risk customers in our portfolio contracted prior to 2024 ('target list') and those supported by a corporate governance specialist. We continue to register the ESG risk assessments of the customers with high risk and report against the ESG target.

Business model risk

Definition

Business model risk is defined as the risk of a non-viable business model or strategy, in line with FMO's 2024 RAF. For banks in general, long-term viability is achieved when a bank is able to cover all its costs and provide an appropriate return on equity, taking into account its risk profile. For FMO, as impact investor, business model risk is also related to the (in)ability to reach our impact goals.

Risk appetite and governance

FMO's appetite for business model risk is minimal: both the organization's continuity and its ability to achieve its impact targets are highly dependent on its ability to generate investments and produce impactful investments in often higher-risk environments and produce sufficient returns from these investments. At the same time, exposure to this risk cannot be entirely avoided, given the nature of FMO's business model. FMO's ability to invest is dependent on both demand-and supply-side factors (such as respectively demand for funding, and market liquidity and peers' activities), not all of which are within FMO's direct control. On the demand side, this is most notably the demand for funding provided by FMO, which is itself dependent on activity of other DFIs and impact investors as well as commercial market risk appetite. On the supply side, in addition to market liquidity FMO needs to attract public funding and funding from private investors willing to take higher risks. Additionally, the nature of FMO's investments leads to investment risks. This in turn affects FMO's ability to generate operating income and impact.

Developments

In 2024, FMO continued to perform in line with the business model risk indicators. FMO reviewed its progress against the Strategy pathway and identified potential business model risks that might undermine the organization's strategic ambitions towards 2030. On the impact side, we noted the Reducing Inequalities (RI) portfolios were sufficiently on track to achieve the €10 billion ambitions by 2030. This was mainly caused by larger than expected RI-labelled portfolio outflows, shorter tenors of RI portfolio deals and difficulties in sourcing new RI investments with acceptable risk and return profile, especially in LDCs. In LDCs, particularly in the Energy sector, we have seen declining margins due to the increasing availability of concessional funding. At the same time, we noted that the PE portfolio was growing faster and debt portfolio slower than forecast in our 2030 Strategy, with potential negative effects on our Capital position. While our business model risk metrics were above or close to target throughout the year, we still initiated remedial actions to prevent risks from materializing further down the road. These were a) to refocus investment efforts on the Financial Institutions (FI) segment of our operations – with due attention to inclusive business deals to strengthen our RI-labelled portfolio – and b) to temper growth in the PE portfolio. The interventions are incorporated in the 2025 Business

Plan and intended to increase investment volumes and returns, rebalance the debt and PE portfolio, and counter the RI-labelled portfolio outflows. LDC investments continue to be a concern due to lack of investable business and lower than expected margins. An LDC action plan has been set up to address internal bottlenecks, while exogenous factors are not fully within our control and an inherent risk to our business model.

Strategy execution risk

Definition

Strategy execution risk is defined as the risk of failed execution of strategic projects, initiatives or decisions. FMO is only willing to take strongly justified project risks. Some uncertainty and variation are expected. We prefer options that are most likely to result in successful delivery while also providing an acceptable level of risk-reward trade-offs, where the potential rewards will clearly contribute to our strategic ambitions and objectives. Example of risks related to projects are lack of experience, resource constraints, project interdependencies and complexity and dependency on external parties.

Risk appetite and governance

FMO's performance is measured against the YTD realization of agreed deliverables (total overall FMO project portfolio level). Baseline and performance are measured in the PMO model, based on quantified data from project templates/reports. Please note that no weighting is applied for different types of deliverables.

Developments

In 2024, project selections were strongly aligned with FMO's priorities set out in the annual business plan, as well as driven by regulatory requirements. Due to the high complexity of many projects in the project portfolio as well as human resource constraints, particularly in the data, ICT and operational team, strategy execution carried considerable risks. Mandatory deadlines of regulatory projects required some prioritization and replanning during the year. External staff were recruited to support project delivery. As a result of mitigating actions, more than 85 percent of project deliverables were achieved for the year.

Non-financial risk

Operational risk

Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, including legal risks, excluding strategic risks. This is the Basel definition of operational risk, which covers a wide range of non-financial risks.

FMO adopted the Operational Risk Data Exchange Association (ORX) risk taxonomy to structure all non-financial risk types, such as people, data, model, technology, third party, information and cyber security, business continuity, statutory reporting, and transaction execution. FMO uses the terms operational risk and non-financial risk interchangeably.

Risk appetite and governance

FMO is in general cautious about non-financial risks. We do not seek them as they have no direct material reward in terms of return/income generation, but they are inherent to our business. We prefer safe options, with low inherent risk, even if they limit rewards or lead to higher costs. There is no appetite for high residual risk.

First and second line functions work closely together to understand the full and varied spectrum of non-financial risks, and to focus their risk and control efforts on meaningful and material risks. Risk identification and assessment draws on multiple sources of data, such as topic-specific risk-assessments, results of half-yearly control monitoring and testing rounds, internal loss data and root cause analysis, audit results, supervisory findings, and key risk indicators. Policies and operating procedures clarify control standards and, accountabilities, and require training on key risks.

Management of the first line is responsible for understanding risks and implementing and operating internal controls in the day-to-day business processes. Key controls are monitored and tested twice a year. The first line performs these responsibilities in line with the risk management framework, using the methods and tools provided by the second-line Operational Risk function. The Operational Risk function challenges and advises the first line, performs oversight and maintains the Internal Control Framework.

Risk events will occur, despite the implementation of internal controls. Risk events can result in losses, non-compliance, misstatements in the financial reports, and reputational damage. Risk events are centrally registered and reviewed and classified by the Operational Risk team. Root cause analyses of high-concern risk events require approval by the Non-Financial Risk Committee and follow-up of remediating actions is tracked and reported.

Non-financial risk metrics are reported on a monthly and quarterly basis. These metrics cover operational risks, such as the amount of loss per quarter, timely follow-up of remediating actions by management, and specific metrics for all non-financial risk subtypes. All departmental directors evaluate the operational risks in their area of responsibility and sign a departmental in control statement at year end.

Developments

The scope and quality of the Internal Control Framework has been further improved in 2024 through two half-yearly rounds of control monitoring and testing. Special attention has been given to the review and improvement of General IT controls and accounting controls.

Financial economic crime risk

Definition

Financial economic crime (FEC) risk is the risk that FMO, its subsidiaries, investments, customers and/or employees are involved in or used for any crime that has a financial component, even though at times such transactions may be hidden or not socially perceived as criminal. This includes (but is not limited to): money laundering, terrorism financing, bribery and corruption, sanction breaches or any other predicate offence as defined by the Dutch Penal Code or any other rules or regulations related to financial crime that are applicable to FMO.

Risk appetite and governance

FMO acknowledges that as a financial institution it has been entrusted with a gatekeeper role. FMO attaches great value to this role and will always strive for full and timely adherence to FEC regulations. We are aware that in line with FMO's mandate, the operational working environment (countries with high(er) financial crime risks) as well as the risk maturity level of its customers, means that risks are present and incidents within customer complexes (i.e. the customer and any associated and/or third parties) may happen.

Financial economic crime framework

FMO's FEC procedures include measures to ensure compliance with applicable anti-money laundering, counter financing of terrorism and international sanctions laws and regulations and mitigate risks of FMO being involved in FEC. Due diligence is performed on customers, which includes checks such as verifying the ultimate beneficial owners of the customer we finance, identifying politically exposed persons and screening against mandatory international sanction lists. These checks are also performed regularly during the relationship with existing customers.

In our continued efforts to implement learnings, FMO's Compliance department reviews its FEC framework in cooperation with the Know Your Customer (KYC) department on an ongoing basis, taking into account any monitoring results, risk analysis, incidents and updates in regulations and industry best practices. In addition, continuous risk-based quality monitoring takes place in both the first- and second line including sample-based and thematic monitoring. In 2024, the sample-based monitoring consisted of at least 10 percent of all finalized KYC files in every quarter. FMO also conducts ongoing training programs for its employees to raise awareness on topics related to FEC. In addition, FMO continues to remind its customers of the importance of integrity in business operations, including sanctions compliance.

FMO continues to work on strengthening its risk culture and creating awareness of FEC, potential unusual transactions and anti-bribery and corruption practices. In 2024, all FMO employees were required to complete the Compliance 'Annual Integrity refresher e-learning' course that addresses customer and personal integrity topics, such as bribery and corruption.

There is always a risk that a customer is involved or alleged to be involved in illicit acts (e.g., money laundering, fraud, or corruption). When FMO is of the opinion that there is a breach of law that cannot be remedied, that no improvement by the customer will be achieved (e.g., awareness, implementing controls) or that the risk to FMO's reputation is unacceptably high, FMO may exercise certain remedies under the contract, such as the right to cancel a loan or suspend upcoming disbursements. FMO will report to the regulatory authorities when necessary. Refer to the sub-chapter 'G1 Business conduct' for recent developments in this area.

Developments

In 2024, FMO conducted its periodic company-wide Systematic Integrity Risk Analysis (SIRA). Its purpose was to gain insights into the inherent risks facing the organization, including FEC risks, and to determine whether the control measures FMO implements are sufficiently effective. The outcomes of the SIRA were discussed by the Management Board and Supervisory Board of FMO. The outcome of the SIRA shows that FMO is acting within risk appetite with respect to FEC risks. To ensure ongoing compliance, various follow-up actions are taken to ensure continued insight into (emerging) risks and further strengthen the management of those risks.

Regulatory compliance risk

Definition

Regulatory compliance risk is the risk that FMO does not operate in accordance with applicable rules and regulations, either by not or not timely identifying applicable regulations or not adequately implementing and adhering to applicable regulations and related internal policies and procedures.

Risk appetite and governance

FMO has a minimal appetite for regulatory compliance risk. It closely monitors and assesses future regulations that apply to FMO and strives for full and timely implementation of regulations.

To ensure compliance with the EU Banking Supervisory Regulations as implemented by the DNB and the ECB and other laws and regulations applicable to FMO, FMO closely monitors regulatory developments, including the supervisory authority's guidance.

FMO has a risk committee structure, accompanied by a Regulatory Monitoring Policy that defines the internal requirements, processes, roles, and responsibilities of identifying, assessing and implementing regulatory changes.

Developments

Basel IV implementation in the EU

The new EU legislative package on the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6) implementing the Basel IV standards within EU was published on 19 June 2024. The CRR3 will largely apply to FMO starting from 1 January 2025 with a phase-in approach. The CRD6 will enter into force following its transposition in January 2026. The market risk framework under the new legislative package will also enter into force on 1 January 2026. In addition to the implementation of Basel IV standards, the legislative package introduced new rules requiring banks to systematically identify, disclose and manage sustainability risks (ESG risks), and stronger enforcement tools for supervision of the EU banks.

FMO has set up a bank-wide project for the timely and compliant implementation of the CRR3/CRD6 amendments which require changes in FMO's internal policies, systems and processes. As of date, the project is on track in line with the regulatory timelines. Full implementation of the CRR3/CRD6 is still subject to the finalization and publication of supporting regulatory and implementing technical standards and guidelines.

The package contains a number of items which will impact FMO's capital position following implementation in January 2025, particularly the regulatory changes regarding the standardized approach for credit risk and the new alternative standardized approach for market risk. Regarding the credit risk, the main capital impact is expected to come from the phasing in of the treatment of equity exposures to 250 percent risk weight instead of the current 150 percent. Regarding market risk, FMO will be subject to the new alternative standardized approach for market risk (A-SA). The methodology is significantly more sensitive to movements in currency composition and its results are therefore also more volatile.

FMO has taken all these changes into consideration for its internal capital adequacy assessment process in 2024.

ESG related regulatory requirements

The new EU legislative package includes several amendments in relation to ESG risks. ESG risks are considered (external) factors to existing risk categories and banks are required to systematically identify, disclose and manage ESG risks as part of their risk management including regular climate stress testing. This provides an additional lens for addressing ESG risks to the existing (predominant) practice within FMO, whereby ESG risks are regarded as the risk that our investments will realize adverse impacts on people or the environment, and/or contribute to corporate governance practices, that are inconsistent with FMO policy commitments. Furthermore, the proposal introduces amendments regarding the possible capitalization for ESG risks, and adjusted risk weights for assets with high levels of climate risk. Most notably, FMO is required to start disclosing ESG risks as part of its Pillar 3 disclosures on an annual basis starting in 2026.

In line with the DNB's expectations, FMO continued to align internal processes, disclosures, business strategy and risk management with the ECB guidance on managing C&E risks, issued in 2020. This guide describes how the ECB expects institutions to consider climate-related and environmental risks – as drivers of existing categories of risk – when formulating and implementing their business strategy and governance and risk management frameworks. It further explains how the ECB expects institutions to become more transparent by enhancing their C&E disclosures.

In respect to additional ESG related reporting requirements, the CSRD revises amends and expands extends the requirements of the current NFRD for undertakings to disclose information on ESG matters, including sustainability-related impacts, risks and opportunities. Companies subject to the CSRD have to report according to the European Sustainability Reporting Standards (ESRS). This is the first year that FMO is publishing a report that is in accordance with the ESRS.

In addition, in 2020, the EC introduced a taxonomy for sustainable activities. This is a classification system that defines criteria for economic activities that are aligned with a Net-Zero trajectory by 2050, and with broader environmental goals beyond climate alone. Since 2023, banks have been required to report their level of taxonomy alignment with the first two environmental objectives (climate change mitigation and climate change adaptation), and their taxonomy eligibility on all six environmental objectives (the two objectives above, plus sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems). FMO reported against these rules in our 2023 Annual Report and plan to continue reporting each year against the framework as it evolves.

The Digital Operational Resilience Act (DORA)

The Digital Operational Resilience Act (DORA) is a European regulation aimed at establishing a uniform and comprehensive framework for digital operational resilience across the EU financial sector. DORA provides a single set of rules for the use of ICT systems by financial institutions, focusing on governance and board responsibilities, ICT risk management, security and business continuity, resilience testing, and third-party risk management. DORA applies from 17 January 2025. While FMO has progressed significantly on DORA implementation, it is currently in the process of outsourcing its data center. This is envisaged for April 2025, for which related key controls will from that time be updated in accordance with DORA.

KuviWatt Power Plant

World's first floating gas extraction platform on a lake in Rwanda





The background is a dark, blue-tinted photograph of a wooden structure, possibly a fence or a building. A blue motor with a circular grille is visible in the upper left. A dotted line runs horizontally across the middle of the page.

04

SUSTAINABILITY STATEMENT

ESRS 2 General Information

ESRS 2 Introduction

The EU Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Commission (EC) in 2023, but has not yet been transposed into Dutch law. The CSRD revises and extends the requirements of the current EU Non-Financial Reporting Directive (NFRD). As a large public interest entity, FMO is in scope of the NFRD and is, therefore, among the first group of companies required to implement the CSRD. FMO adheres to the requirements of the CSRD in anticipation of its upcoming transposition into Dutch law. By implementing the CSRD, FMO covers all aspects required by the NFRD that is still applicable to FMO under the current situation. Companies subject to the CSRD have to report according to the European Sustainability Reporting Standards (ESRS). This is the first year that FMO is publishing a report that is in accordance with the ESRS.

Sustainability is core to FMO's business model and strategy, and as such, sustainability reporting has been an integral part of FMO's Integrated Annual Report for over two decades. From the financial year 2024 onwards, FMO will be reporting on its sustainability-related matters under the umbrella of the ESRS, repurposing the information that has been reported previously under other global sustainability reporting frameworks and principles – including the Taskforce on Climate-related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) and the Integrated Reporting framework – most of which have been integrated within the ESRS.

In its Integrated Annual Report, FMO continues to disclose information in line with other regulation such as the Dutch Corporate Governance Code and the EU Taxonomy. As the EU Taxonomy regulation is not yet fully rolled out, FMO will implement the changes incrementally, as they become applicable. Based on the current guidance provided by the EC, there are no additional reporting requirements for 2024 that FMO is required to implement apart from the inclusion of 2023 comparative figures in the templates. For more information, refer to the 'EU Taxonomy' disclosure in this 'Sustainability statement'.

Our sustainability reporting approach

In 2021, FMO launched the EU Sustainable Finance project in response to the EU Sustainable Finance Action Plan, which is made up of seven workstreams including the EU Taxonomy regulation, the CSRD and climate-related & environmental risk. The publication of FMO's first report in accordance with the ESRS marks a key milestone.

Despite FMO's experience and recognition in the field of sustainability reporting, it has required extensive time, effort and resources from the organization to implement this new regulation. For the first year, we have focused on remaining compliant with applicable regulation, using – where possible – the phase-ins and other transitional provisions included in the ESRS to reduce the burden on the organization and our customers.²⁵ While we continue to monitor regulatory developments and implement reporting requirements in line with the CSRD and other applicable regulation and obtain lessons learned along the way, in the coming years, we will revise the structure and content as well as improve the report's conciseness.

The 'Sustainability statement' consists of four sections:

1. General information ('ESRS 2 General information')
2. Environmental information ('E1 Climate change', 'EU Taxonomy', 'E3 Water and marine resources', 'E4 Biodiversity and ecosystems')
3. Social information ('S1 Own workforce', 'S2 Workers in the value chain', 'S3 Affected communities', 'S4 Consumers and end-users')
4. Governance information ('G1 – Business conduct')

The double materiality assessment – explained in 'ESRS 2 Double materiality assessment' – has determined the topic-specific ESRS standards as well as the underlying disclosure requirements that are material for FMO to report on. Each section in this 'Sustainability statement' covers detailed information

²⁵ We have used the relevant transitional provisions, as described in ESRS 1 10. Transitional provisions, and more specifically in 10.2 Transitional provision related to chapter 5 Value chain, 10.3 Transitional provision related to section 7.1 Presenting comparative information, and 10.4 Transitional provision: List of Disclosure Requirements that are phased-in mostly relating to anticipated financial effects.

on FMO's material sustainability-related matters including the relevant policies, actions, targets and metrics FMO has put in place to manage on these matters.

Actions and resources

Because FMO's mission is to enable entrepreneurs to increase inclusive and sustainable prosperity, FMO manages sustainability-related impacts, risks and opportunities (IRO) as an integral part of its core activities and functions. There are dedicated departments and teams that focus specifically on sustainability to maximize positive impact and minimize negative impact. The so-called OpEx to manage sustainability-related matters includes the expenditures of these departments and teams. It is not possible, nor reasonable for an organization with a mission like FMO, to separate out the OpEx per material sustainability-related matter or IRO.

As this is the first year we report within the structure of the ESRS, we do not report progress on our sustainability-related actions from prior years. Overall, our actions are focused on growing the investment portfolio towards our SDG 10 and SDG 13 strategic objectives. In addition, we continue to take action to enhance customer environmental, social and governance (ESG) management processes and address gaps by agreeing environmental and social action plans (ESAPs) and corporate governance action plans (CGAPs). Progress on these customer-related action plans is part of our ESG target performance.

Incorporation by reference

To avoid duplication of information, FMO has chosen to disclose certain sustainability-related information that is required under the ESRS, but which is also critical to our strategy or corporate governance, in other parts of the 2024 Integrated Annual Report. The following chapters and sub-chapters in this Integrated Annual Report are referenced throughout in the 'Sustainability statement':

1. At a glance
2. Report of the Management Board
 - a. Performance against our strategy
 - b. Corporate governance
3. Report of the Supervisory Board
4. Risk management
5. Consolidated financial statements

The chapter 'At a glance' contains a snapshot of FMO as an organization and of its annual results. The Report of the Management Board consists of several sub-chapters that are referenced in the 'Sustainability statement'. The sub-chapter 'Performance against our strategy' contains detailed information on FMO's annual results, including those related to the sustainability matters covered by the 'Sustainability statement'. The sub-chapter 'Corporate governance' and the chapter 'Report of the Supervisory Board' contain information on FMO's overall governance structure and processes as well as the role of the Management Board and Supervisory Board in monitoring, managing and overseeing sustainability-related matters that are material to FMO. The chapter 'Risk management' contains information on FMO's overall risk management approach, governance and internal control system. The chapter 'Consolidated financial statements' contain disclosures regarding the basis for preparation that are similar to the financial information as well as the financial effects of sustainability matters on the financial statements.

The information that has been incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of value chain information.

For a detailed overview of the ESRS disclosure requirements that are material for FMO as well as the (sub)chapters and sections in which these are addressed and disclosures for which we have applied applicable phase-in provisions, refer to the 'Reference tables - List of material ESRS disclosure requirements'.

ESRS 2 Basis for preparation

Reporting frameworks

The sustainability statement of FMO is prepared on a consolidated basis. The Commission Delegated Regulation (EU) 2023/2772 comprising the ESRS form the basis of our 2024 sustainability statement preparation. In addition, we have applied the Partnership for Carbon Accounting Financials (PCAF) Standard to report on financed greenhouse gas (GHG) emissions and the EU Taxonomy to report on Taxonomy eligibility and alignment activities that qualify as environmentally sustainable under the first two defined environmental objectives (climate change mitigation and adaptation). No other reporting standards have been used.

Consolidation

The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For additional details on the accounting of FMO's subsidiaries, joint ventures, associates and programs, please refer to section 'Group accounting and consolidation' in the 'Consolidated financial statements' chapter.

FMO also receives funds from the Dutch government for MASSIF, Building Prospects and Access to Energy Fund. Furthermore, FMO receives funding for the Mobilising Finance for Forests (MFF) from the UK government. These public funds are reported from a value chain perspective, as explained in the following section.

Scope

Our 'Sustainability statement' covers FMO's value chain, including FMO's own operations as well as specific upstream and downstream activities. An overview of FMO's value chain has been included in the section 'ESRS 2 - Strategy, business model and value chain'.

The double materiality assessment considered FMO's own operations, FMO's upstream value chain, including key suppliers and the attraction of third-party capital, and our downstream value chain with respect to customers we invest in across our three core strategic sectors.

As a development finance institution (DFI), the most material impacts, risks and opportunities occur through our financing and engagement with our customers (i.e. our investment portfolio) in the downstream value chain that operate within FMO's strategic sectors.

In our sustainability reporting, where relevant, we distinguish between three business lines: FMO's own balance sheet, funds made available by public entities ('public funds') and funds made available by other third parties ('direct mobilized funds'). The following metrics are disaggregated according to the proportional share of funding provided by each business line: RI-labelled total new investments, Green-labelled total new investments, number of jobs supported, total gross indirect (scope 3, category 15) GHG emissions, and financed avoided GHG emissions.

Where FMO has identified a material impact, risk or opportunity in its value chain, we report on value chain information or data. If there is no value chain data available, we use estimates. The methodology used to calculate metrics, including where estimations or calculations are performed, is noted alongside the disclosure. The table included in the section 'Value chain estimation and sources of estimation (degree of reliability)' summarizes the metrics for which estimates were used.

FMO has not used the option to omit specific information corresponding to, for instance, intellectual property, know-how or the results of innovation.

Time horizons

Short, medium and long-term time horizons are defined in line with the ESRS definitions. When applicable, deviations from these time horizons are clarified within the respective disclosures. Other time horizons were considered in FMO's climate risk assessment as further explained in 'E1 - Impacts, risks and opportunities'.

Value chain estimation and sources of estimation

For reported metrics where (value chain) estimates are used and which are subject to a certain level of measurement uncertainty, please refer to the following table.

This table includes the following guidance for reliability:

- **High:** the reported metric is fully based on primary metric data (e.g. primary metric data for financed emissions is emissions data reported by customers).
- **Medium:** the majority of the reported metric is based on primary metric data. The other part of the metric is estimated, for example using activity data (e.g. revenues, power production).
- **Low:** the majority of the reported metric is estimated, for example using activity data (e.g. revenues, power production).

Table 1. Metrics and data subject to measurement uncertainty

ESRS topic	Metrics	Methodology used including (value chain) estimations	Degree of reliability	Actions to improve data quality
Climate change (E1)	Gross scope 1 and 2 emissions, scope 2, scope 3 category 6 and category 7 GHG emissions	The emissions are calculated based on measured data collected internally, such as information on commuting and flights and heating consumption of the FMO office in The Hague.	High	No further actions needed
	Gross scope 3 category 15 GHG emissions (financed absolute GHG emissions)	Where primary GHG data is not available, financed emissions are estimated using the Joint Impact Model (JIM). The majority of FMO's financed absolute GHG emissions are estimated with the JIM. The JIM modeling has clear limitations and it depends on 6 simplistic assumptions. Assumptions of the model include: No supply and capacity constraints (model assumes additional output is generated regardless of the availability of resources [e.g. labor, raw materials, production capacity], which may be tied up in other activities), fixed prices (price changes in the local economy are not considered, thus prices do not constrain input availability), and sector averages (all companies in a certain sector have the same production structure). FMO is using the JIM model 3.1.6 (referencing GTAP 11A database) for this statement. For additional details on the assumptions and limitation associated with the JIM, please reference The JIM Methodology on FMO's website.	Low	Continuously increase primary data collection and improving JIM estimations
	Avoided emissions	GHG avoidance for renewable energy projects is calculated as the annual electricity production during the latest available reporting year, multiplied by the country emission factors in accordance with the International Financial Institution (IFI) harmonized list of emission factors (version 3.2). For avoided emissions in other sections, all figures are based on data reported by our clients.	Low	Further refine estimation and verification methodologies
	Power generation target	Emissions data for fossil fuel customers is based on reported data by customers or estimated based on power production. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero.	Medium/ High	For the purpose of the target, no further actions are required

Workers in the value chain (S2)	Number of direct jobs supported	FMO mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when this data is not available, the JIM model will estimate the number of direct jobs based on the customer's available financials, sector and country of operations.	Low	Continuously increase primary data collection and improving JIM estimation
		The JIM modeling has clear limitations and it depends on 6 simplistic assumptions. Assumptions of the model include: No supply and capacity constraints (model assumes additional output is generated regardless of the availability of resources [e.g. labor, raw materials, production capacity], which may be tied up in other activities), fixed prices (price changes in the local economy are not considered, thus prices do not constrain input availability), and sector averages (all companies in a certain sector have the same production structure). FMO is using the JIM model 3.1.6 (referencing GTAP 11A database) for this statement. For additional details on the assumptions and limitation associated with the JIM, please reference The JIM Methodology on FMO's website.		
Own workforce (S1)	S1-16 – Remuneration metrics (pay gap and total remuneration)	In order to determine the median total salary of all employees, the median of the total fixed remuneration was utilized and converted into a total annual remuneration amount. This adjustment was necessary because not all required reports were available at the time of calculating the median of the total remuneration of the entire employee population.	High	We aim to align the methodology with the applicable regulatory requirements

Changes in preparation or presentation of information

Until the financial year 2023, FMO prepared its sustainability-related information in accordance with the GRI Standards and by following the principles of the Integrated Reporting Framework. For the financial year 2024 onwards, FMO reports according to the ESRS. As this is the first year of ESRS implementation, changes in the preparation and presentation of sustainability information are not applicable. However, when relevant, changes in preparation or presentation of previously reported metrics are explained alongside the disclosures in which our sustainability-related metrics are presented.

Comparability of information

FMO reports on ESRS-defined and entity-specific metrics that are used to evaluate the performance and effectiveness of material impacts, risks or opportunities. For ESRS-defined metrics which are material, FMO applies the transitional provision related to section ESRS 1 7.1 Presenting comparative information and, as such, excludes comparative information.

FMO acknowledges that comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information presented in accordance with the ESRS and by the absence of a uniform practice on which to draw, and to evaluate and measure this information. And that this allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

ESRS 2 Double materiality assessment

As part of our preparation for compliance with the CSRD, we conducted a double materiality assessment (DMA) in 2024, aligning with the requirements of the ESRS. The new DMA approach considers both impact materiality (inside-out) and financial materiality (outside-in), providing a more comprehensive evaluation of our impacts, risks and opportunities. This assessment marks a shift from our previous GRI-aligned materiality assessment, which focused solely on impact materiality. Building on our existing practice of assessing sustainability-related impacts, we broadened our scope this year to include sustainability-related risks and opportunities in the assessment.

Consistent with our established practice, we will continue to review our most significant sustainability-related IROs. This regular assessment ensures that our material sustainability-related matters remain relevant, allowing us to validate strategic decisions and align our work with evolving priorities. Our DMA assessment identified material sustainability-related impacts, risks and opportunities across FMO's entire value chain, while considering stakeholder interests and views. The assessment resulted in a list of sustainability-related matters that are material for FMO, and are aligned at the sub-topical level covered by the topical ESRS.

ESRS terminology and definitions

In its sustainability statement, FMO has adopted the definition of impacts, risks and opportunities as prescribed by the ESRS. A sustainability-related matter is material from an impact perspective when it pertains to FMO's material actual or potential, positive or negative impacts on people or the environment over the short-, medium and long-term. This includes impacts connected to FMO's own operations and upstream and downstream value chain, including through our products and services, as well as through business relationships. Most of the impacts identified through the DMA are in FMO's downstream value chain.

A sustainability-related matter is material from a financial perspective if it generates risks or opportunities that affect (or could reasonably be expected to affect) FMO's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Whereas sustainability-related risks relate to negative financial effects, sustainability-related opportunities relate to positive financial effects arising from environmental, social or governance matters that may positively affect FMO.

The way we manage on material impacts, risks and opportunities is further explained in section 'ESRS 2 – IRO management'.

Process and methodology

As a starting point for our DMA, we leveraged several existing activities and insights, as follows:

- **Previous materiality assessments:** we have been performing materiality assessments in line with the GRI Standards since the early 2000s. In 2023, we performed a comprehensive materiality assessment focusing on impact materiality, with the aim of bringing our approach closer to alignment with the CSRD. This assessment, presented in our 2023 annual report, considered both positive and negative as well as actual and potential impacts.
- **Previous and ongoing stakeholder engagement:** we drew on insights from stakeholder engagement conducted for the 2023 materiality assessment. This was complemented by numerous touchpoints with key stakeholders as part of regular stakeholder engagement activities.
- **Investment portfolio insights:** at the investment portfolio level, we gathered relevant insights into material ESG risks and stakeholder perspectives related to the ESG performance of our customers collected through our regular ESG impact management practices.
- **Climate risk assessments:** we incorporated findings from our climate risk assessments, conducted for our supervisor Dutch Central Bank (DNB) in 2023 and updated in Q1 2024, which provided insights into the materiality of climate-related risks.

Building on these insights, our DMA approach and methodology focused on three main phases:

1. **From long list to short list:** we narrowed down our long list of relevant sustainability-related matters to a shortlist, linking them to our value chain and investment portfolio.
2. **Assessment and prioritization:** we assessed and prioritized shortlisted sustainability-related matters, along with their related impacts, risks and opportunities. This process included updating our assessment methodology to better align with our internal risk management framework.
3. **Validation and approval:** FMO subject matter experts validated the results, after which the Management Board approved the final list of sustainability-related matters.

Phase 1. From long-list to short-list

The process began with the creation of a long list of potential material sustainability-related matters, informed by insights from internal and external sources, including standards like GRI, MSCI, peer reporting, sector trends, media analysis and internal documentation (e.g. E&S performance data, climate risk assessments, FMO's 2030 Strategy, previous materiality assessments and related stakeholder input).

Using this foundation, we conducted multiple working sessions with FMO subject matter experts—such as impact and ESG officers, stakeholder engagement advisors, and (climate) risk management officers—to further refine the list. Internal and targeted external stakeholder input was then gathered to sharpen the definitions of impacts, risks, and opportunities, ensuring they accurately reflected both our business context and stakeholder expectations while also addressing any existing gaps.

Subsequently, we included stakeholder views in our assessment. This year, we primarily engaged with internal subject matter experts to evaluate our sustainability-related impacts, risks, and opportunities. To

complement this, interviews and a survey involving both internal and external stakeholders were conducted as part of our 2023 impact assessment. These activities provided a valuable proxy for incorporating external stakeholder perspectives into our DMA.

FMO's ongoing stakeholder dialogue with both corporate stakeholders and those at the investment level forms a strong foundation for understanding the interests and views of our key stakeholders. These continuous interactions also serve as a reliable proxy for identifying the impacts and risks that are most material to us. For more details, please refer to the section 'ESRS 2 - Interests and views of our stakeholders'.

More specifically, during this year's DMA, we performed the following activities:

- Direct engagement with representatives from our main shareholders, the Dutch Ministry of Foreign Affairs and Ministry of Finance via a targeted interview. They confirmed that the current 2030 Strategy and the focus on SDG 8, 10 and 13 continues to be supported. This is in line with the results from FMO's previous impact materiality assessment.
- Targeted interviews with an FMO HR expert representing employees for validation and definition of employee-related IROs. Our employees continue to be passionate about our mission. In line with FMO's previous materiality assessment, working conditions, and equal treatment and opportunities for all remain important topics.
- An analysis of the input received from our existing stakeholder engagement activities, brought in via stakeholder engagement team members that have a good overview of the interests and views of our key stakeholders, including affected stakeholders.
- An analysis of E&S performance data. Perspectives of affected stakeholders (or rights-holders) in due diligence and engagement processes are included and reflected in this assessment data. Stakeholder and community engagement is a fundamental principle outlined in the IFC Performance Standards (IFC PS) that FMO applies during the selection and monitoring of investments.
- Desktop review of documents reflecting climate risk assessments and evaluation of losses and concerns within FMO's loan portfolio related to sustainability matters.

Phase 2: Assessment and prioritization

The scope of our materiality assessment included our downstream investment portfolio, where, given our core investment activities, we expect most of FMO's material sustainability-related matters to arise. To enhance the accuracy of the assessment, we evaluated our strategic investment sectors individually, recognizing that different sustainability-related matters are likely to be material within each of these sectors. Additionally, our assessment covered FMO's own operations and our upstream business activities where we mostly focused on identifying opportunities for attracting and mobilizing funds and considered potential reputational and investment risks relevant for our shareholders and investors.

To determine which IROs from the shortlist were material to FMO, each was assessed using a scoring methodology aligned with the criteria of severity (scale, scope and irremediable character) for negative impacts, scale and scope for positive impacts, and likelihood for potential impacts as outlined by the ESRS. For risks and opportunities, the parameters of magnitude and likelihood were used.

The parameters of both impact and financial materiality scoring were defined leveraging FMO's risk management framework which includes parameters for financial effects related to the severity of the consequences of a risk or opportunity. The FMO subject matter experts mentioned previously were involved in assessing these criteria and assigning scores. For impacts related to our investment portfolio, aggregated data from our ESG impact assessments was used to inform the scoring process. This ensured that actual risk exposure across all ESG topics monitored within our portfolio was considered in the materiality assessment.

Thresholds and outcome

To ultimately determine materiality, thresholds were applied to the impact, risk and opportunity scores based on FMO's operational risk matrix and risk appetite statement. This matrix already has parameters in place for likelihood and magnitude to be able to indicate the severity of the consequences if a risk or opportunity were to arise, and these parameters were also used to assess impacts. Seven risk categories, plus a separate category for opportunities, were included, with consequences articulated ranging from trivial to extreme. FMO applied a higher financial materiality threshold to reflect the nature of FMO having a higher tolerance for risk. A higher score also reflects having stakeholders that require investments that are higher risk, have higher additionality and are more pioneering in nature, whilst

limiting risk exposure to high reputational risks. Further substantiation of the materiality of the sustainability-related matters of water resources, pollution and circular economy was required, because the materiality of these matters could not be conclusively determined based on the scoring methodology alone.

Our DMA found an (inter)connection between the topics of water (withdrawals), climate change (adaptation), biodiversity (condition of ecosystems) and affected communities and also presented an overlap of water-related impacts and risks between these topics. Given the nature of our investments (agricultural practices) water-related impacts are to be expected. Considering FMO's climate resilience ambitions and water withdrawals being a potential driver of biodiversity loss, it was decided to include the topic of water withdrawals as a material topic from an impact perspective.

The topic of pollution was also discussed by FMO experts and the FMO's Impact and Sustainability Committee (ISCO). Although FMO addresses potential pollution-related impacts through ESG activities, which require customers to uphold relevant (inter)national ESG standards, we assessed that within both our Agriculture sector and Energy sector the likelihood of a major pollution event is considered relatively low. Therefore, it was concluded that pollution is not a material sustainability-related matter for FMO.

Phase 3: Validation and approval

The final list of material sustainability-related matters was validated through FMO's ISCO (for impact materiality) and the Financial Risk Committee (FRC) (for financial materiality). Both the impact and financial materiality assessments were approved by FMO's Management Board.

The DMA identified eight sustainability-related topics as material for FMO covering impacts, risks and opportunities across three environmental topics, four social topics and one business conduct topic.

Table 2. FMO material sustainability-related matters

2024 ESRS Topic	ESRS subtopics	Aggregate 2024 Double Materiality Assessment Results			Mapping to 2023 FMO sustainability-related matters (impact-only)
		Impact Perspective	Financial Perspective*		
			Risk	Opportunity	
E1 Climate Change	<ul style="list-style-type: none">Climate change mitigationClimate change adaptationEnergy	Material	Material	Material	Climate Change
E2 Pollution	n/a	Not material	Not material	Not material	Pollution
E3 Water	<ul style="list-style-type: none">Water withdrawals	Material	Not material**	Not material	Water resources
E4 Biodiversity	<ul style="list-style-type: none">Direct impact drivers of biodiversity lossImpacts on the extent & condition of ecosystems	Material	Not material	Material	Biodiversity
E5 Circular Economy	n/a	Not material	Not material	Not material	Not material
S1 Own workforce	<ul style="list-style-type: none">Working conditionsEqual treatment and opportunities for all	Material	Material	Material	Diverse and inclusive organization, Employee development, engagement, health and well-being
S2 Workers in the Value Chain	<ul style="list-style-type: none">Working conditionsEqual treatment and opportunities for allOther work-related rights	Material	Material	Not material	Reduced inequalities, Productive employment & decent work for all and inclusive & sustainable economic growth - workers in the value chain, Human rights, gender equality

S3 Affected Communities	<ul style="list-style-type: none"> Communities' economic, social and cultural rights Communities' civil and political rights Rights of indigenous communities 	Material	Material	Not material	Community investment and engagement, Reduced inequalities, Human rights
S4 End Users and Consumers	<ul style="list-style-type: none"> Social inclusion of consumers and/or end-users 	Material	Not material	Material	Reduced inequalities, Human rights, gender equality
G1 Business Conduct	<ul style="list-style-type: none"> Corporate culture Protection of whistle-blowers Political engagement and lobbying activities Corruption and bribery 	Material	Material	Not material	Responsible, compliant, transparent, and accountable banking

FMO recognizes that its ongoing due diligence and double materiality assessment process will evolve over time and possibly be impacted by the ESRS sector standards that will apply to FMO once adopted. The 'Sustainability statement' does not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own assessment.

Detailed information on the material impacts, risks and opportunities related to FMO's eight material sustainability-related matters, where they are concentrated in our value chain, time horizons and how these affect people or the environment is included in each topical chapter. Each chapter outlines how FMO responds to these impacts, risks and opportunities through our strategy and actions, and how they relate to our strategy, business model and business activities.

Theory of Change

Our vision

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

Impact

Inclusive & sustainable economic growth

Productive employment & decent work for all

Reduced inequalities between countries

Reduced inequalities within countries

Climate change adaptation

Climate change mitigation

Protecting & promoting biodiversity

Indirect outcomes

Improved livelihoods, including for the B40, increased gender equality and poverty reduced

A more inclusive, resilient, responsible, and sustainable private sector

A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity

Direct outcomes

Benefiting people

Increased access to better goods, services, and income-generating opportunities

Increased economic empowerment for marginalized groups

Increased decent jobs supported

Avoided or mitigated negative social and environmental impacts

Benefiting companies

Increased financial and non-financial customer value

Increased adaptation and resilience of customers' businesses

Additional (commercial) capital attracted

Benefiting markets

Customers' increased Paris alignment, reduced emissions and/or positive biodiversity outcomes

Strengthened entrepreneurial and ESG ecosystems

Indirect Outputs

Entrepreneurs enabled by FMO's customers

Entrepreneurs enabled by FMO in our three key sectors

Financial Institutions (incl. funds)

Agribusiness, Food & Water

Energy

Making businesses 'bankable'

Initiatives for ecosystem development

Direct Outputs

Finance provided

Impact & ESG roadmaps agreed

Capacity development and advisory projects initiated

Initiatives developed for market creation

Carefully selecting our customers and encouraging transformation where relevant in low- and middle-income countries

Activities

We provide finance: equity, debt, and guarantees

We blend finance with public partners

We mobilize finance, preferably with private partners

We stimulate impact, ESG, and value creation through ESG, impact advisory and capacity development

We (help others to) innovate through opportunity development, ecosystem development

Inputs

Financial capital

Human & intellectual capital

Networks & partnerships

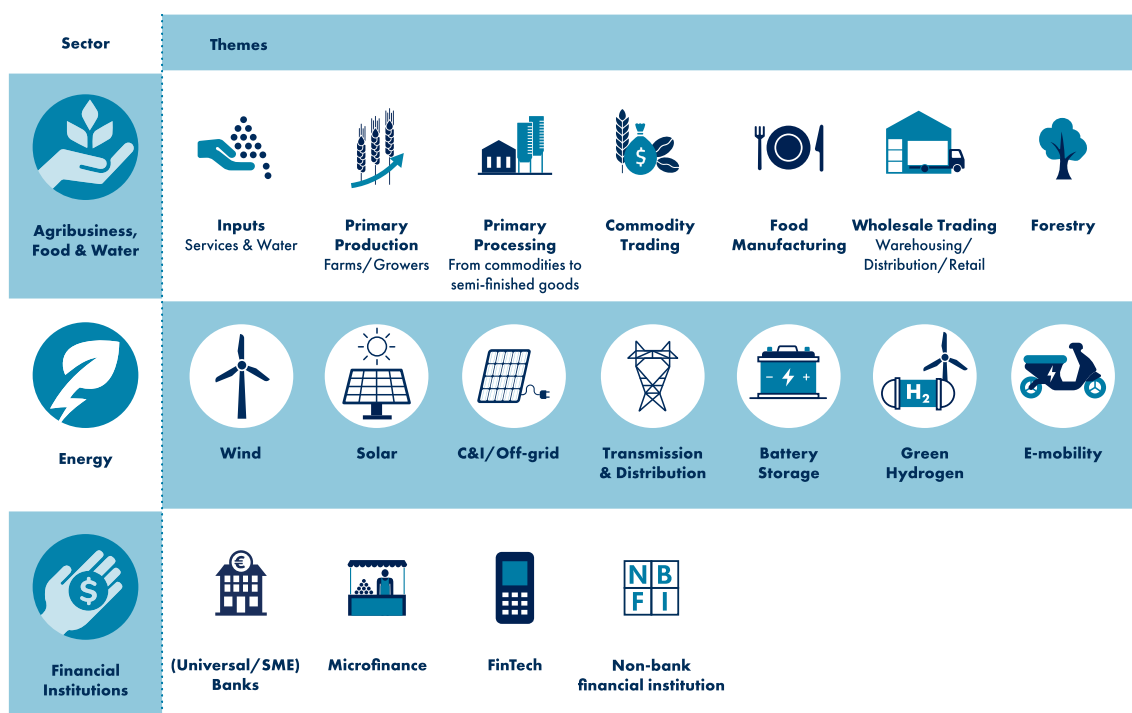
ESRS 2 Strategy, business model and value chain

FMO supports sustainable private sector growth in emerging markets and developing economies by investing in ambitious businesses and projects.

We invest in 75 countries across four regions: Africa, Asia, Europe and Central Asia, and Latin America and the Caribbean. We focus on emerging markets and developing economies which are often characterized by fragile private sectors, limited job security, and high poverty rates. Our customers operate in volatile markets influenced by macroeconomic factors such as rising commodity prices and foreign exchange fluctuations. To support them effectively, we engage with them throughout the investment process to understand their unique risks and tailor our products accordingly. This long-term approach helps our customers enhance their ESG practices, aimed at creating meaningful impact and fostering sustainable change.

FMO focuses on three key sectors: Agribusiness, Food & Water, Energy, and Financial Institutions. We also finance other sectors indirectly through our investments in financial institutions (FIs) and private equity (PE) funds. By concentrating our efforts in these areas, we take a leading role, build strong relationships, and contribute to such SDGs as promoting Decent Work and Economic Growth (SDG 8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13).

Figure 1. The sectors and customer segments we focus on



Our business model

Through our core business activities and interactions with others, FMO transforms resources into outputs that, over the short, medium and long-term can create value for the organization, its stakeholders, the local society and the environment. By offering and creating financing solutions, supporting our customers with technical assistance and capacity development, and helping customers enhance their capabilities around sustainability-related matters, we aim to move investment opportunities from market creation and public funds, through our own balance sheet, to commercial mobilization. Our core business activities are described in the following sections.

Our Resources

To deliver on our strategic ambitions, FMO relies on specific capabilities, resources and inputs. Most notably people and needed skillsets, networks and partnerships and financial resources.

People

- Employee numbers and diversity have been growing in line with our strategy to enable portfolio growth, new strategic focus areas (e.g. market creation) and the increasing complexity and regulatory requirements. In the future, the growth in employee numbers is expected to tail off. The total number of employees is included in the sub-chapter 'S1 Own workforce'.
- We will continue to improve our ability to attract, hire, on-board, train, develop and retain employees while ensuring that employee wellbeing remains a key focus.
- Strategic workforce and succession planning are needed to have a multi-year view on required employee skills and capacity.

New skillsets

- We need to continue developing new skillsets through hiring, training and/or forming external partnerships to support, for example market creation, investing in fragile states, deal sourcing, ESG risk assessment, customer advisory, data analytics, agile project management, etc. This will require further strengthening of FMO's learning & development programs and tools.
- Leadership need to stimulate the right behaviors and develop their own skillsets in line with the envisioned scaling and diversity of FMO staff.

Network and partnerships

FMO cannot achieve its strategic ambitions alone. We rely on partners and other stakeholders to secure funding, innovate and create new offerings, support market creation, engage with local communities and develop new skillsets. As the number and diversity of these relationships grows, FMO needs to be able to adapt and manage multifaceted, complex relationships in the most effective way.

Financial

FMO benefits from a solid financial foundation with a healthy net interest margin, supported by its strong capital base, and has similar credit ratings, AAA, to the Dutch State. The relationship with the Dutch State covers three pillars: the Support Agreement, ownership structure and government funds. The Support Agreement reaffirms the vital role that FMO plays in Dutch government policy, the State's intention to ensure FMO's continuity in accordance with the Agreement and to facilitate FMO's stable access to capital market funding in order to effectively carry out its mandate.

Products and services

Through the following business activities and interactions with others, FMO transforms resources into outputs that, over the short-, medium- and long-term, create value for the organization, its stakeholders, local society and the environment.

1. We provide financing

We finance and support proven business models. This is the core of our operations. It is where we provide bankable businesses and projects, for example loans, equity investments, guarantees and development contributions. We offer long-term finance and, where possible, provided in local currencies to mitigate the exchange rate risk of our customers. This includes:

- Offering direct medium- and long-term loans at both fixed and variable interest rates, with a repayment grace period where needed.
- Investing equity directly or indirectly (through private equity funds) or investing alongside partners. We provide stable, long-term capital and intend to sell our stake after five to ten years. We receive dividends and account for fair value gains or losses during the lifetime of an investment.
- Structuring guarantees that meet the needs of the (end) beneficiary, the market and the targeted creditors.

2. We blend and mobilize finance

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. This includes:

- Deploying - on behalf of governments and multilateral organizations - public finance in higher-risk projects. Such finance helps to reduce and share risks. Private and institutional capital will then be more easily attracted towards scalable but higher-risk investments that otherwise would not have been considered by commercial investors.

- Arranging syndicated loans by bringing together commercial banks, investors and other DFIs. Commercial investors have access to FMO's expertise in impact investing in emerging markets and developing economies.
- Through FMO Investment Management, providing services to several funds with different market-based, risk-return profiles to accommodate different investor risk appetites. FMO receives a fee for providing these services.

3. We (help others to) innovate

We aim to 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. This includes:

- Fostering innovation by encouraging and participating in the evolution of new approaches, business models, and products that possess the potential for heightened impact and scalability.
- Enabling market ecosystem development and strengthening customer business development through strategic collaborations with partners.

4. We actively promote impact and ESG standards

Our services also include advisory support and technical assistance, aimed at assisting customers in establishing sustainable and profitable enterprises. This encompasses guidance in designing and implementing ESG risk mitigation measures, conducting master classes and events, facilitating capacity development, and spearheading sector initiatives.

Long-term outcomes

FMO believes in a world in which, in 2050, more than 9 billion people live well, within planetary boundaries. In order to achieve this, FMO aims to maximize its contribution towards the SDGs while minimizing the negative impacts that may occur as a result of its activities.

FMO's approach involves generating intentional, positive development impact through its investment portfolio. This is in line with our mandate and strategic objectives.

FMO has identified the following long-term impact and sustainability-related outcomes that we believe our activities can contribute to:

1. A more inclusive, resilient, responsible and sustainable private sector.
2. Improved livelihoods, including for people in the bottom 40 percent of income distribution, increased gender equality and poverty reduced.
3. A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity.

However, we recognize that our activities may also result in unintended impacts - impacts we do not deliberately seek to generate but which may affect society or the environment. Hence, we aim to minimize the potential negative impacts that may occur as a result of our activities through ESG performance management. Furthermore, FMO also integrates ESG in its own operations.

A more inclusive, resilient, responsible and sustainable private sector

To contribute towards a more inclusive private sector, we invest in countries where other investors perceive risks as too high, including least developed countries (LDCs) and fragile states. In addition, we encourage our FI customers to increase access to finance to marginalized groups, particularly women. By providing finance and expertise, we aim to support customer resilience during economic downturns, as well as navigate the adverse impacts of climate change and other uncertainties. We intend to help our customers to be more responsible and sustainable by supporting the implementation of (improved) ESG risk identification and management and the adoption of responsible business practices within their operations. We believe these activities lead to more robust and resilient customer operations, which in turn enables them to attract additional (commercial) capital and further grow their businesses. Furthermore, we support business ideas that have not yet matured to a commercial phase and strengthen private sector ecosystems.

Improved livelihoods, including for people in the bottom 40 percent of income distribution, increased gender equality and poverty reduced

We focus on three areas to improve the livelihoods of the people in our markets. First, we invest in increased access to goods and services—such as food, finance and electricity—thereby facilitating income-generating opportunities. Second, we support our customers in growing and/or sustaining the number of jobs in their own businesses as well as the wider economy, and encourage them to improve the quality and inclusiveness of those jobs. Third, by investing in climate adaptation and resilience, we aim to protect and strengthen livelihoods from the adverse impacts of climate change. We believe our approach can be particularly beneficial to the most vulnerable groups such as women and people belonging to the bottom 40 percent of income distribution.

A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity

Climate change poses a threat to people's livelihoods and wider efforts to meet the SDGs. For this reason, we aim to contribute to a just and inclusive transition towards low-carbon and climate resilient economies. We focus on reducing the environmental footprint of our customers and their value chains through energy solutions, agriculture, forestry and customer engagement. In addition, we target investments in climate adaptation to support our customers to mitigate physical climate risk and reduce the impact of climate change on their activities. Through our ESG activities, we work with our customers to improve risk management practices, recognizing the linkages between climate, environment, and social risks.

Minimizing negative impact

We recognize that our activities and the projects in which we invest may result in unintended negative impacts on people and the planet - impacts we do not deliberately seek to generate but which may affect society or the environment. We identify and manage these unintended impacts through our ESG management processes. For example, whilst a hydro power investment can provide clean energy, support economic growth and improve lives overall, it may also require the resettlement of surrounding communities. In such cases, we would require the customer to put in place safeguards including a grievance mechanism, and to respond to community concerns. The ESG standards we expect our customers to apply are intended to identify, evaluate and mitigate key E&S risks as well as the negative impact of their activities.

FMO's own operations

As an organization, FMO is required to comply with applicable laws and regulations, including Dutch and European law, as well as the Dutch Corporate Governance Code and Dutch Banking Code. With regards to the Dutch Corporate Governance Code and Dutch Banking Code, FMO complies or will otherwise explain where we diverge from these codes. FMO believes in diversity, and embraces and promotes this within its recruitment, career management and management development. FMO strives to remain climate-neutral in all its operational activities, through energy efficiency, compensation and sustainable energy production. In its supply chain, FMO pays particular attention to the terms and conditions of employment of the contractors working in its offices and to minimizing the environmental impact of the food supplied in FMO's offices. FMO provides healthy and organic food to FMO's employees. FMO informs employees regularly on external and internal results from ESG and sustainability-related efforts and provides regular staff training on its Sustainability Policy and on specific ESG issues and processes.

Main features of FMO's value chain

As a DFI, the most material impacts, risks and opportunities occur through our investments by financing and engaging with our customers in the **downstream** value chain. We invest in customers that operate within FMO's strategic sectors.

In turn, FMO's customers have their own operations and value chains that have different impacts in the areas and local context in which they operate, affecting both people (end-users, beneficiaries, local communities) and the environment (climate and nature). A description of the type of customers we serve is included in the 'Report of the Management Board' in the sub-chapter 'Our strategy'.

Our **own operations** revolve around identifying potential investment opportunities (customer relationships), determining their sustainability-related impacts and risks, securing funding, and establishing contracts and agreements with customers. Additionally, our operations include providing

loans, guarantees, equity and technical assistance to our customers (our financing products), monitoring the portfolio's health (credit risk, impact, customer satisfaction, and compliance), and managing the overall investment lifecycle. Enabling activities to support our core operations include strategy setting, product management, policy and compliance definition, risk management, external reporting, sustainability and impact management, and various corporate functions like IT, finance, procurement as well as human resources as FMO acts as an international employer to the people that work for our organization.

We need **upstream** shareholders and public and private investors to provide capital as well as key partners and key suppliers to support us in our business model. Our **upstream** value chain activities are, therefore, focused on attracting and mobilizing funds and capital to scale up our development impact. We use public funds to de-risk investments and to be able to attract private capital. We bring in commercial investors through syndicated loans or fund management. Our public investment partners include: the Dutch Government, the UK Government, the EC and the Green Climate Fund (GCF). Mobilization activities include loan syndications, participations by several private debt funds that FMO Investment Management (FMO IM) advises for and through unfunded risk participations by commercial parties such as commercial banks. In addition, we work with suppliers that provide goods and services. We only want to work with trustworthy suppliers and have put in place a due diligence process in line with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft). This process applies to new or existing suppliers related to our main activities, such as consultants, legal advisors, government intermediaries and/or providers of critically outsourced services. This is set out in FMO's Procurement and Outsourcing Policy.

ESRS 2 Interests and views of stakeholders

We engage with stakeholders for various purposes: to create partnerships, to invest together, to harmonize approaches, and/or to seek insights that inform our policies and approaches. In addition, we value the input we receive from various stakeholders on our (proposed) investments. Our stakeholders bring critical perspectives, alert us to different viewpoints, provide us with critical feedback, and challenge us to be more transparent and accountable as an organization. Through stakeholder dialogues we aim to better understand each other's perspectives and find ways to strengthen our collaboration. These dialogues help us to reflect on and enhance our risk assessment practices. Overall, most stakeholders engage with us because of the impact we aim to achieve through our investments.

FMO stakeholders and stakeholder management

Our customers, the State of the Netherlands, shareholders, employees, investors, NGOs, supervisors, other DFIs/IFIs and regulators are among our most important stakeholders. Engagement can take various forms, from day-to-day, business-as-usual engagement to more strategic and planned engagements, such as regular meetings, surveys, forums and stakeholder dialogues.

FMO distinguishes between three stakeholder groups: 1) FMO's own workforce, 2) external stakeholders FMO engages with at an investment level and 3) corporate stakeholder groups.

1. **FMO's own workforce** include employees with an employment contract with FMO or a regional office subsidiary and contractors, consultants and secondees. Non-employees include a variety of individuals such as contractors (including ZZP), consultants and secondees. All managers, directors and Management Board members are responsible for employee engagement.
2. **External stakeholders** include customers, local communities and employees employed by our customers as well as other (positively/negatively) affected individuals. The relationships with our customers are managed by FMO's investment teams, including ESG and impact specialists.
3. **Corporate stakeholder groups** include private investors such as FMO shareholders, syndicated partners and investors in FIM funds, the Dutch government (also as a shareholder), the Dutch Parliament, supervisor and regulator, NGOs, media and international partners (the EC, Multilateral Development Banks (MDBs), and (European) Development Finance Institutions ((E)DFIs). These relationships are overseen by the following internal functions within FMO: Corporate Stakeholder Engagement, Risk, Partnerships for Impact and the Corporate Secretary.

Policies

FMO believes that transparency and accountability in its financing and investments are fundamental to fulfilling its development mandate. It allows us to improve our investment decisions and helps us be transparent to our stakeholders about whether FMO is achieving what it intends.

To facilitate this, FMO adheres to a Customer Disclosure Policy, outlining the scope and type of information that it makes available to the public. In addition to the disclosure of its annual reports, press releases and corporate- and policy-related disclosure, FMO also discloses selected relevant information about its investments and financing, both prior to (explicitly inviting comments from the stakeholder community), and after contracting.

Table 3. Minimum disclosure requirements for Customer Disclosure Policy

Scope of policy	All investments involving FMO debt and equity transactions
Accountable body	Management Board
Third-party standards/initiatives (if relevant)	IFC PS, EDFI's Principles for Responsible Financing of Sustainable development
Consideration to interests of key stakeholders (if relevant)	Stakeholders are invited to provide comments on our investments, prior to and after contracting
Availability to stakeholders (if relevant)	Customer Disclosure Policy is publicly available on our website

As a DFI, we are sensitive to the social context and environment in which we are active. The businesses and projects we invest in have an important impact on local communities and society at large. Therefore, we integrate stakeholder considerations and information, based on consultation with stakeholders (including affected communities, in line with the IFC PS), into our investment decision-making and we monitor whether decisions will further contribute to the quality and positive impact of FMO's investments and also ensure community support. For more information, see our Sustainability Policy.

FMO makes a distinction between project-related complaints and general complaints. General complaints can be communicated in writing. For project-related complaints, FMO has implemented an Independent Complaints Mechanism (ICM) and accompanying procedures. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM Policy describes the structure and governance of the complaints procedure, which allows affected external parties to file a complaint concerning a project financed by FMO. For more information on the project-related complaints procedure, refer to 'S2-3 Processes to remediate negative impacts and channels to raise concerns'.

Table 4. Minimum disclosure requirements for Independent Complaints Mechanism Policy

Scope of policy	The mechanism applies to FMO-financed operations
Accountable body	Management Board
Third-party standards/initiatives (if relevant)	IFC PS, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises
Consideration to interests of key stakeholders (if relevant)	We invite stakeholders to give their views on new (draft) ICM Policy via public consultation before finalizing the policy.
Availability to stakeholders (if relevant)	ICM policy can be found publicly on our website

FMO reports on the number admissible complaints received through the ICM. Details of this entity-specific metric and results are included in the following table. In 2024, no complaint was found admissible by the ICM's Independent Expert Panel relating to non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises.

Table 5. Minimum disclosure requirements for metrics: new admissible complaints received

Methodology and assumptions	<p>Number of complaints filed with the ICM that were declared admissible by the Independent Expert Panel (IEP) are defined as 'New admissible complaints received'.</p> <p>When the IEP groups several complaints pertaining to the same project as one case, this is treated as one complaint. An admissible complaint is a complaint for which the IEP has decided that it meets the admissibility criteria. These are specified in the ICM policy, which can be accessed on our website.</p>
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Validation by external body other than the assurance provider (if applicable)	NA
Unit	Number
2024	0 admissible complaints
2023	0 admissible complaints

Stakeholder engagement and outcomes

We are in constant dialogue with various stakeholders. Throughout the years, at a corporate level we have taken the outcomes of stakeholder engagement into account in, among other things:

- FMO's strategy development (*2030 Strategy: Pioneer-Develop-Scale*)
- FMO's double materiality assessment
- FMO's Sustainability Policy
- FMO's position statements
- FMO's Customer Disclosure Policy
- The Independent Complaints Mechanism
- FMO's Climate Action Plan (CAP)

During the development of our long-term 2030 Strategy *Pioneer – Develop – Scale* we consulted internal stakeholders (including FMO's employees) and external stakeholders. For this consultation, meetings were held with the Dutch Ministry of Finance, Dutch Ministry of Foreign Affairs, DNB, NGOs, (E)DFIs, private banks, commercial finance partners, and the European Commission (EC). At the start of the strategic development process, FMO collected the key topics and expectations of these stakeholders, which was part of the foundation for the further development of the long-term strategy. The Dutch Ministries of Foreign Affairs and Finance provided their vision during various stages of the strategy development process.

During the materiality assessment, FMO takes the views and interests of stakeholders into account. We do this either by consulting them directly or integrating knowledge about stakeholder interests coming out of regular stakeholder engagement activities as described in this section.

When developing or updating policy statements, we invite stakeholders to give their views on new policies and position statements that guide our investment process and decision-making. For example, in 2016, we developed a comprehensive Sustainability Policy, taking into account more than 300 comments from various parties from society, government and customers. We are active participants in a number of multi-stakeholder dialogues.

At an investment level, the outcomes of stakeholder engagement are taken into account via our due diligence process. Stakeholder and community engagement is a key principle embedded within the IFC PS. This means that FMO is committed to actively engaging with affected stakeholders and local communities throughout the project lifecycle in order to understand their concerns, incorporate their perspectives into decision-making processes, and mitigate any negative impacts on them. On an ad-hoc basis, FMO also engages with value chain workers as part of its monitoring. For more information refer to section 'ESRS 2 - IRO management' and specific information on this type of stakeholder engagement in the sections 'S2-2 Processes for engaging with value chain workers', 'S3-2 Processes for engaging with affected communities' and 'S4-2 Processes for engaging with consumers and end-users'.

The Integrity and Issue Management Committee (IIMC) is a sub-committee of the Non-Financial Risk Committee (NFRC) and is appointed by the Management Board. The IIMC monitors and advises on designated projects, transactions, and customers on a corporate and project level, including where applicable complaints related matters brought forward via the ICM for proposed, active and completed/exited investments.

The Management Board is informed of the views and interests of FMO project affected stakeholders on a case-by-case basis and the Supervisory Board (through the Management Board) via quarterly periodic briefs. For example, when there is a material impact voiced via 1) ex-ante (prior to commitment) disclosure questions; 2) NGO questions; or 3) (ongoing) complaints with the ICM.

FMO regularly conducts employee surveys to gauge employee satisfaction and engagement levels. For more information on how we engage with our employees please refer to the sub-chapter 'S1 - Own Workforce'.

Future steps towards our stakeholder dialogues

In 2024, we worked on an outline policy for effective dialogue with the relevant corporate stakeholders, which will be published as a position statement in the first quarter of 2025. This policy will enable FMO to effectively decide: (i) if engagement is needed for specific topics, (ii) which stakeholders should be involved, (iii) what the timelines are for this engagement process and (iv) how the process should be organized.

Currently, the ICM Policy is being revised. Input from stakeholders will be sought by a public consultation of the draft policy, to enhance and clarify the policy and increase the trust and buy-in of stakeholders. Advocacy NGOs are especially interested in the ICM because they use it to escalate their complaints. NGOs that have requested to be able to provide input at an early stage – before public consultation – have been engaged with to share their views.

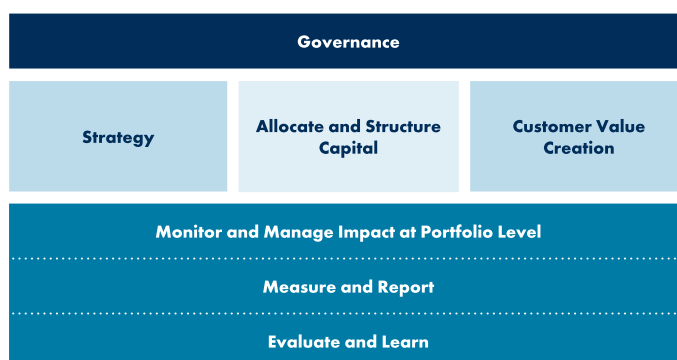
ESRS 2 IRO management

FMO manages material sustainability-related matters, including material impacts, risks and opportunities, through various policies and actions. Material impacts, risks and opportunities identified for S1 and G1 relate to FMO's own operations and are, therefore, managed by FMO's Human Resources and Compliance departments. Material impacts, risks and opportunities identified for E1, E3, E4, S2, S3 and S4 relate to FMO's customers and investments (downstream value chain) and are managed as part of our investment process. In addition, FMO has developed an impact management framework to ensure it takes an integrated approach to managing positive and negative impacts – potential and actual – as well as the financial risks that may result from the negative impacts in its investment portfolio.

Our management approach to our own workforce and business conduct are described in the S1 and G1 topical statements, respectively. Our approach to impact management is common across E1, E3, E4, S2, S3 and S4 and is described in the following section.

- Negative impacts and the resulting financial risks are managed through ESG management practices. Negative impacts on people and the environment could result in financial risks, leading to, for example, financial (remediation, legal) costs to FMO or its customer, jeopardize access to capital for FMO (from external investors), jeopardizing the license to operate, jeopardizing shareholder relations or reputational damage. This is further described in the paragraphs relating to ESG management.
- Positive impacts are managed through allocating and structuring capital towards the SDGs, mostly through our Reducing Inequalities (RI) and Green Labels. This is further described in the paragraphs relating to impact management.

Figure 2. Impact management framework



Strategy and policy

FMO's impact and sustainability commitments are outlined in FMO's Sustainability Policy, which was first approved by FMO's Management Board in 2016. The policy is complemented by our exclusion list,

position statements on – among other things – human rights, land governance, fossil fuels and coal, and impact and ESG for financial intermediaries. Together, these documents form the Sustainability Policy Universe (SPU), available on our website.

FMO requires, that all customers comply with applicable environmental, social and human rights laws in their home and host countries. In addition, FMO upholds (inter)national standards, including the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Client Protection Principles (CPPs). In addition, FMO has adopted the IFC PS (2012) as its operating standard. FMO requires its customers to comply with these standards and in doing so to identify, prevent and mitigate negative social and environmental impacts.

FMO's Sustainability Policy and position statements apply to all our new investments. This includes both direct investments and investments through financial intermediaries. This policy is the foundation of our impact management framework and provides guidance for FMO's internal processes. FMO considers this policy a living document. It will be updated based on lessons learned and input from FMO's stakeholders.

Our Sustainability Policy and position statements undergo targeted and public consultation with various relevant stakeholder groups (e.g. the Dutch government, DFI partners, (commercial) peers, (inter)national Civil Society Organizations (CSOs) and think tanks, and relevant (industry) standard organizations) during the development process and every three years, are formally approved by the Management Board.

Table 6. Minimum disclosure requirements for FMO's Sustainability Policy

Scope of policy	<p>The scope of this policy extends to FMO's entire footprint. This includes FMO's activities at the organizational level and new investments with respect to all products provided by FMO. The nature of the services FMO delivers can in some situations limit FMO's level of influence. FMO will then apply this policy to the greatest extent possible.</p> <p>This Policy is the foundation of our sustainability management and provides guidance to FMO's internal processes.</p> <p>This Sustainability Policy is the leading part of a broader Sustainability Policy Universe (see Annex 1 of the Policy) that also encompasses thematic and sectoral Position Statements that complement the Sustainability Policy and give further depth and content to the choices FMO makes.</p>
Accountable body	Management Board with approval delegated to Impact and Sustainability Committee (ISCO)
Third-party standards/initiatives (if relevant)	<p>As part of the Sustainability Policy, FMO upholds various (inter)national standards. They are listed in the policy, which is publicly available.</p> <p>With respect to the management of environmental and social impact, the primary standards that FMO upholds are the IFC PS and the associated World Bank Group Environmental Health and Safety Guidelines. They cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights.</p>
Consideration to interests of key stakeholders (if relevant)	We invite stakeholders to give their views on new policies and position statements that guide our investment process and decision-making.
Availability to stakeholders (if relevant)	Sustainability Policy Universe, as well as a document describing how FMO navigates dilemmas and issues are all published on FMO's website.

Allocate and structure capital

FMO's policy requirements are translated into internal investment criteria that are applied and assessed at the investment level where FMO assesses both the positive and negative impacts to define the boundaries of where we allocate capital. The exclusion lists and ESG risk appetite define the boundaries for negative impacts.

Our labels highlight the potential that individual investments must contribute to certain principles and objectives. The RI and Green Labels help classify individual investments as per their *ex-ante* (prior to commitment) potential to materially contribute to SDG 10 Reducing Inequalities and SDG 13 Climate Action respectively, thereby allocating capital towards FMO's strategic impact ambitions.

For each investment, FMO measures volume indicators (assets under management) which include FMO's RI and Green-labelled total committed portfolio. Labelling processes are operationalized using FMO's Sustainability Information System (SIS).

Reducing Inequalities Label

The RI Label steers toward investments that have the ex-ante potential to materially contribute to SDG 10. Two objectives underlie the RI Label: increase investment in least developed countries (reducing inequality between countries) and increase investment in inclusive growth (reducing inequality within countries). Each of these has a set of principles, definitions and criteria. We report on RI-labelled total new investments. More information on the 2024 performance results is provided in the sub-chapter 'Performance against our strategy' in the section 'Sector performance'.

Table 7. Minimum disclosure requirements for RI-labelled total new investments

Methodology and assumptions	<p>New investment is the aggregate commitment made to a customer in a specific reporting period by FMO and PIM Funds, and by private participants and other public participants directly mobilized by FMO. For the calculation of new investment per participant, the aggregate commitment is allocated to the participants based on their credit risk exposure to the customer.</p> <p>The RI Label is an SDG Label indicating an Instrument has the ex-ante potential to materially contribute to the SDG 10 objectives. Two objectives underlie the RI Label: increase investment in LDCs (reducing inequalities between countries) and increase investment in inclusive growth (reducing inequalities within countries, focusing on gender and youth). Each of these objectives has a set of principles, definitions and criteria. The RI percentage is the share of an investment that is approved for the RI Label.</p>
Validation by external body other than the assurance provider (if applicable)	NA
Unit	EUR million
2024	2,250
2023	1,140

Green Label

The Green Label steers toward investments that have ex-ante potential to materially contribute to SDG 13. The Green Label is defined by FMO's green principles, its objectives, and definitions that clarify FMO's approach to meeting these objectives. We report on Green-labelled total new investments. More information on the 2024 performance results is provided in the sub-chapter 'Performance against our strategy' in the section 'Sector performance'.

Table 8. Minimum disclosure requirements for Green-labelled total new investments

Methodology and assumptions	<p>New investment is the aggregate commitment made to a customer in a specific reporting period by FMO and PIM Funds, and by private participants and other public participants directly mobilized by FMO. For the calculation of new investments per participant, the aggregate commitment is allocated to the participants based on their credit risk exposure to the customer.</p> <p>The Green Label is an SDG Label indicating an investment has the ex-ante potential to materially contribute to the SDG 13 objectives, including climate mitigation, climate adaptation and resilience, water, circular economy and pollution prevention and biodiversity. The Green percentage is the share of an Instrument that is approved for Green Label.</p>
Validation by external body other than the assurance provider (if applicable)	NA
Unit	EUR million
2024	1,460
2023	1,091

Customer value creation

At the customer level, FMO creates impact by contributing to improving financial and non-financial customer (or prospect) value, through a range of activities. These include the provision of investment,

financial and non-financial advisory services, development contributions, and inherent contributions. In addition, FMO contributes by identifying and mitigating negative impacts, and through the improvement of ESG performance. FMO's engagement to generate value for customers overall also adds value to the wider market, the respective sectors and the ecosystem, and supports mutually beneficial progress towards our RI and Green Label targets.

The following are sub-components of the way we support value creation at the customer level.

ESG management at customer level

Our investments may, unintentionally, lead to negative impacts on people and the environment. FMO is exposed to financial risks resulting from our investment selection, the effectiveness of customers to manage their impacts and the effectiveness of FMO's engagement therein. At FMO, ESG management covers the management of both negative impacts as well as potential financial risks. As part of its investment process, FMO screens and categorizes all customers according to their gross ESG risk profile (i.e. risk that is inherent to the activity to be financed irrespective of a customers' ESG performance). Based on this screening, the following categorization of customer E&S risk profiles is determined: A and B+ (high risk), B (medium risk) and C (low risk) for direct investments; and ID-A (high risk), ID-B+ (high risk), ID-B (medium risk) and ID-C (low risk) for indirect exposure through debt and PE funds. An initial assessment of the corporate governance (CG) risk for a customer is also conducted, resulting in a CG risk classification. Further, customers are evaluated on their potential negative impacts as well as their ESG performance, i.e. their capacity to manage these.

Note that in the case of direct investments, E&S impact is assessed at customer-level. For indirect exposure to FIs, E&S impact is assessed by considering the operations as well as the investments of the FI (i.e. on a portfolio level basis). In particular, the FI customers' level of exposure to high E&S impact sectors is considered. Similarly, in the case of funds, the E&S risk categories of the underlying investments the fund is composed of are taken into consideration when determining the funds' E&S risk profiles.

For high E&S risk customers, we conduct site visits and stakeholder engagement, with further ESG requirements defined and negotiated as needed. Dedicated ESG specialists within FMO engage actively with all high-risk customers. The level and exact focus of engagement depend on the type and severity of impact and/or the extent to which the identified impact pose a threat to the environment, communities, the customer and/or FMO.

FMO assesses the customers' performance in mitigating and managing ESG impacts against the IFC PS. For each applicable standard, FMO monitors the customer's performance against the standards. Impacts that are not adequately managed by high-risk customers are considered a performance gap, and recorded as such. The performance is assessed against the standards and is used to set the ESG performance target, described in the section 'ESG management at portfolio level'.

FMO accepts a limited gap in successful ESG management to our standards. This gap acknowledges residual risk posed by contextual and implementation challenges in our market. FMO ESG specialists work with customers to develop Environmental and Social Action Plans (ESAPs) and Corporate Governance Action Plans (CGAPs) to enhance customer ESG impact management processes and remediate these gaps.

FMO's Credit department evaluates the ESG impacts and performance of each financial proposal and prepares credit advice to guide the final investment decision. Upon approval, all customer contracts will include ESG requirements, and FMO monitors the implementation of these requirements by our customers (throughout the investment period) through regular contact and site visits, often supported by independent consultants. Customer compliance against the ESAP and CGAP, as well as closing of actions, is monitored as part of the Customer Credit Review (CCR) process. In addition, FMO monitors serious incidents as reported by our customers or underperformance that would warrant corrective actions. We follow up on each incident to ensure a robust root cause analysis is conducted and corrective action implemented.

For FMO's high ESG risk customers, we monitor our exposure through FMO's proprietary SIS. The net ESG risk exposure is the customers' gross risk exposure corrected for by the customer's performance managing down the negative impact. The methodology used to track performance for these high-risk customers is described in table 11 for number of customers with E&S performance gaps in portfolio.

ESG performance tracking in SIS is integrated within the investment process and forms the basis of FMO's ESG performance target. ESG performance is monitored and updated throughout the lifetime of the investment as part of the annual review cycle of each customer, enabling FMO to have an up-to-date portfolio-wide view of the ESG negative impacts in its portfolio.

Impact management at customer level

At FMO, different teams contribute to different core elements relating to the management of positive impacts. This includes defining the strategic impact ambition of an investment aligned with 2030 Strategy ambitions, providing methodological guidance and defining reporting frameworks (how to measure), gathering data from customers and other sources, and recording this data in FMO's SIS; and aggregating and reporting this data internally and externally.

To measure, report and monitor the development impact of transactions, deal teams work with customers to define how the investment supports the core SDGs. They select approximately one to three impact indicators that best capture the intended positive impact of that investment and establish baselines and (where possible) time-specific expected values for these indicators. During the annual review process, customers report on the indicators.

FMO engages with other European Development Finance Institutions (EDFI) to harmonize indicators to measure impact and align requirements across DFIs for customers. FMO strives towards alignment vis-à-vis the Harmonized Indicators for Private Sector Operations (HIPSOP), the Global Impact Investing Network (GIIN), and Impact Reporting and Investment Standards Plus.

Monitor and manage impact at portfolio level

At the portfolio level, FMO manages and steers towards positive and negative impacts. FMO measures volume indicators.

Impact management at portfolio level

The volume indicators include FMO's RI and Green-labelled total committed portfolio. FMO has a 2030 target of €10 billion for investments that will contribute towards SDG 10 Reduced Inequalities and SDG 13 Climate Action. The labels are a strategic steering tool to this end. In addition, FMO has identified several metrics to measure FMO's contributions to the SDGs. While these metrics will be monitored for broader impact management purposes or external reporting requirements, only the metrics with a target are used to steer towards our strategic impact objectives.

Table 9. Minimum disclosure requirements for SDG 10 Target

Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable)	By 2030, we aim to have an investment portfolio of at least €10 billion in SDG 10 by financing assets that contribute to our SDG 10 objectives.
Scope of target	SDG 10 investments in the total committed portfolio
Baseline value	€4.0 billion
Baseline year	2021
Application period	2023 – 2030
Milestones or interim targets	Annual targets are set as part of the annual business planning process. 2024 target: €5,000 million

Methodologies and assumptions	<p>The target has been established following the intent to double FMO's impact regarding SDG 10 compared to the baseline year 2021. In the absence of a single impact metric, we focused on doubling the size of the relevant portfolios. Setting the target involved a forecasting exercise of the portfolio and subsequent internal discussions.</p> <p>Key assumptions for this target are that FMO can contribute to reducing inequalities within and between countries by steering investments towards 1) least developed countries or 2) activities that support inclusive growth. Hence, an investment can receive an ex-ante RI Label if the investment takes place in, or funds are expected to flow predominantly to LDCs (aligned with SDG 10.9) and/or if the investment is expected to contribute to inclusive business practices or targets the bottom 40 percent of the population (SDG 10.1).</p> <p>Portfolio trajectories per department were forecast during the 2030 Strategy process and SDG 10 targets were confirmed with investment directorates, based on past and expected performance. It should be noted that portfolio growth was forecasted using a stable EUR/USD FX rate of 1.10 through 2030. An appreciating USD has a positive effect on our portfolio results.</p>
Target related to environmental matters is based on conclusive scientific evidence (if applicable)	NA
Stakeholder involvement with target setting	The target has been set as part of the 2030 Strategy process. Key input to setting the target was the Corporate Evaluation of our performance on reducing inequalities in the years 2015-2020. The evaluation was concluded in 2021. The target and strategic focus were discussed both formally and informally with key stakeholders during the strategy process. This included the Dutch government, being the main shareholder, and multi-stakeholder dialogues held in the course of 2021.
Changes in target	In 2024, the RI Label was updated in line with updated market standards (e.g. 2X and the updated MDB Common Principles) and other market developments. Two new sub-categories were added to the reducing within country inequality label to align with the new 2x standards and to account for access to food as a basic goods and services for low-income populations.
Performance	There was a 42 percent increase in 2024 compared to 2023, to €6.1 billion. This means that the target of €5 billion that was set for 2024 was reached. For more information on key trends and drivers, refer to the sub-chapter 'Performance against our strategy', 'Sector performance'.

Table 10. Minimum disclosure requirements for SDG 13 Target

Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable)	By 2030, we aim to have an investment portfolio of at least €10 billion in SDG 13 by financing assets that contribute to our SDG 13 objectives
Scope of target	SDG 13 investments in the total committed portfolio
Baseline value	€4.1 billion
Baseline year	2021
Application period	2023 – 2030
Milestones or interim targets	Annual targets are set as part of the annual business planning process. 2024 target: €5,4 million
Methodologies and assumptions	<p>The target has been established following the intent to double FMO's impact regarding SDG 13 compared to the baseline year 2021. In the absence of a single impact metric, we focused on doubling the size of the relevant portfolios. Setting the target involved a forecasting exercise of the portfolio and subsequent internal discussions.</p> <p>The Green Label is applied ex-ante to investments that are identified to contribute to potential positive impact on climate.</p> <p>Portfolio trajectories per department were forecast during the 2030 Strategy process and SDG 10 targets were confirmed with investment directorates, based on past and expected performance. It should be noted that portfolio growth was forecasted using a stable EUR/USD FX rate of 1.10 through 2030. An appreciating USD has a positive effect on our portfolio results.</p>

Target related to environmental matters is based on conclusive scientific evidence (if applicable)	The Green Label methodology is based on and largely aligned with the Multilateral Development Banks (MDB) common principles on climate finance tracking. This set of principles is not intended to be scientifically evidenced per se, but evidence (such as certification of agricultural products or buildings) is required to support that these investments meet the principles and definition as set out in FMO's Green Label methodology.
Stakeholder involvement with target setting	The target has been set as part of the 2030 Strategy which has been discussed both formally and informally with key stakeholders during drafting, including the Dutch government as key stakeholder and shareholder.
Changes in target	The Green Label methodology was updated in 2024 in line with MDB Common Principles of Climate Mitigation Finance Tracking of October 2021 and the MDB Common Principles of Climate Adaptation Finance Tracking of 2022 and external market standards. Green Label objectives have also been revised splitting the 'other footprint reduction' objective into the objectives biodiversity, water security, circular economy and pollution prevention.
Performance	There was a 24 percent increase in 2024 compared to 2023, to €5.9 billion. This means that the target of €5.4 billion that was set for 2024 was reached. For more information on key trends and drivers, refer to the sub-chapter 'Performance against our strategy', 'Sector performance'.

ESG management at portfolio level

FMO measures ESG gross and net risk in our portfolio to monitor our risk profile and to ensure we remain within risk appetite while measuring ESG performance. FMO has a public ESG target on the ESG performance of its high-ESG risk customers' portfolio. The target is part of FMO's Risk Appetite Framework (RAF), which specifies the appetite for accepting residual ESG risk. FMO has a cautious appetite for ESG risk in its investments. Full adherence cannot generally be expected at the start of the relationship. FMO strives for investments to be brought in line with our standards within a credible and reasonable period of time. It is understood and accepted that customers/investees have performance gaps as they need knowledge and resources to implement ESG improvements.

E&S performance gaps

Table 11. Minimum disclosure requirements for number of customers with E&S performance gaps in portfolio

Methodology and assumptions	<p>Number of customers for which subpar performance has been identified (denoted by 'n').</p> <p>E&S performance tracking is conducted for all high E&S risk customers, to determine their adherence to the IFC PS. The performance tracker considers all applicable IFC PS criteria per customer and allows these to be scored to assess the potential negative impacts and performance of the customer to mitigate these.</p> <p>For each high E&S risk customer, the following is determined:</p> <ol style="list-style-type: none"> 1. The customers' risk exposure to each criterion (1 – Low 2 – Medium 3 – High), and 2. The customers' performance score against each PS criterion (1 – Exemplary 2 – Good 3 – Fair 4 – Caution 5 Unacceptable). <p>The combination of these elements leads to a 7-letter scale E&S risk rating (AAA, AA, BBB, BB, CCC, CC, D) for each applicable criterion. Ratings BB/BBB/AA/AAA represent adequate customer E&S risk management per criterion, whilst CCC/CC/D are deemed to be inadequate.</p> <p>The lowest rating that the customer has achieved across all IFC PS criteria is used as the overall customer ESG performance rating. Performance is monitored over the lifetime of the investment.</p>
Validation by external body other than the assurance provider (if applicable)	NA
Unit	Number
2024	54

The following table provides an overview of the current E&S performance gaps we have identified and how we engage with these customers. It includes the number of customers for which subpar performance has been identified (denoted by 'n'). The outcomes shown below were compiled as part of FMO's ESG performance tracking on a customer level (the methodology underlying this is outlined in

table 11). These performance gaps have been summarized by theme in the table that follows which illustrates the high priority issues that still require attention.

Table 12. E&S performance gaps

E&S performance gaps 2024	Description	Our engagement	ESRS topic
Willingness and commitment (PS1) (n=7)	Resistance to engage on E&S issues can stem from over-reliance on DFLs to drive ESG work streams. Commitment can waver due to financial, operational and contextual difficulties. Wavering commitment can have tangible implications on human rights and the environment, for example through delays in implementing management plans or community benefits, or in conducting specialized studies.	We use contractual leverage on specific E&S items, raise issues with customers' top management and exert influence on their boards, e.g. to push for the improvement of organizational culture.	-
Environmental and social governance and budget (PS1) (n=9)	The customer's leadership is not fully aware of and involved with E&S performance management, and/or has not allocated sufficient budget, resources, or time. Governance issues can result in poor protection of workers' rights, a range of risks to communities, as well as damage to the environment.	We use contractual leverage and escalate the issue to top management. We may offer capacity building and advice on integrating E&S costs into financial planning and monitor frequently.	-
Identification and assessment of risks and impacts (PS1) (n=8)	Weak (initial and ongoing) identification and mitigation of risks. This can adversely impact human rights.	We provide customers with continuous engagement with our ESG staff and capacity building. If needed, we exert formal pressure e.g. through withholding additional financing or triggering default.	-
Environmental and social management system (PS1) (n=13)	Since the assessment and management of E&S risks and impacts is part of a larger set of processes that the customer uses to manage its projects, the customer needs to deploy an environmental and social management system (ESMS) to warehouse and utilize such processes. A weak system hampers the ability to identify issues or risks, and through that to improve E&S performance, and so can lead to adverse economic, financial, social, and environmental impacts.	We support customers in the development and improvement of an ESMS.	-
Organizational capacity and competency (PS1) (n=10)	E&S teams can be too small, change often, continue to perform poorly, or lack qualified staff. This is an issue in countries where environmental legislation is developing, and/or state human rights policy and practice are weak.	We use contractual leverage, offer capacity building and look for competent staff in our network.	-
Stakeholder engagement, external communication, grievance mechanisms (PS1) (n=16)	Trust and communication between FMO's customer and its stakeholders are eroding or have broken down. Ineffective channels of communication play an important part here, particularly when grievances are insufficiently captured or redressed. Poor performance in this area can infringe on the freedom of opinion and expression, and even result in inhuman treatment, retaliation, and risk to lives.	We intensify our customer engagement, offer to connect customers to experts, mediate or provide capacity building.	S3 Affected communities
Voluntary land rights transfer (PS1) (n=2)	Customer needs to demonstrate that the buyer and the seller were both willing to transfer the land. Involuntary land transfer can be masked as voluntary, which can weaken community cohesion, cause tension between company and community and affect people's livelihoods.	We engage with our customers to help them establish a land acquisition process that shows both the buyer and seller are willingly transferring the land.	S3 Affected communities
Working conditions and management of workers relationship (incl. third party workers) (PS2) (n=14)	Project workers working in substandard conditions, unaware of their rights or without access to grievance mechanisms. This can infringe on labor rights.	We discuss gaps with the customer, enable capacity building and set conditions, e.g. by making disbursements conditional on improvement.	S2 Workers in the value chain
Occupational health and safety (PS2) (n=10)	Gaps in ensuring safe and healthy working conditions, possibly leading to serious injuries and fatalities. This could infringe upon the right to health and safety in the workplace, and the right to life.	We discuss gaps with the customer, enable capacity building and set conditions, e.g. by making disbursements conditional on improvement.	S2 Workers in the value chain

Supply chain working conditions (PS2) (n=3)	When the customer does not monitor its primary supply chain, risks or incidents affecting vulnerable groups are not adequately addressed.	We require customers with supply chains susceptible to high human rights or environmental risks to conduct a supply chain risk assessment. In some cases, they also need to develop a leverage plan and/or action plan to mitigate those risks.	S2 Workers in the value chain
Resource efficiency and pollution prevention (PS3) (n=10)	Projects reduce the availability of water in arid regions or pollution prevention measures are inefficient. This can infringe upon the right to life, the rights of the child and the right to live in a safe, clean, and healthy environment.	We discuss gaps with the customer, enable capacity building and set conditions, e.g. by making disbursements conditional on improvement.	-
Community health, safety and security (PS4) (n=9)	Potential negative impacts to local communities are poorly managed, especially when security forces are mandated to protect personnel and assets. The increasing fragility of political environments across the geographies we work in makes this a complex area.	We discuss gaps with the customer, enable capacity building and set conditions, e.g. by making disbursements conditional on improvement. FMO can require a root cause analysis and corrective measures or redress.	S3 Affected communities
Land acquisition and involuntary resettlement (PS5) (n=9)	When resettlement and livelihood restoration plans are poorly managed or insufficiently recognize vulnerable groups and/or have ineffective grievance mechanisms. This can impoverish people and infringe on their right to an adequate standard of living, notably the right to food and adequate housing.	We find an expert to conduct gap analyses and implement recommendations. In the event of an early exit, FMO seeks to provide remedy to those impacted.	S3 Affected communities
Biodiversity and living natural resources (PS6) (n=9)	Biodiversity potential negative impacts have not been modeled well enough or monitoring and mitigation are insufficient, or new findings are missed or ignored. This reduces biodiversity and access to forest products, thereby infringing on the right to food and/or an adequate standard of living.	We intensify customer monitoring, engage a biodiversity expert and use our leverage to improve the situation.	E4 Biodiversity and ecosystems
Indigenous Peoples (PS7) (n=3)	Community engagement processes do not meet FPIC requirement and/or do not allow for sufficient participation of Indigenous Peoples. In some cases, we recognize challenging operating conditions where risks to these communities are difficult to control. This may lead to the infringement of their right to food, traditions and sacred sites.	FMO encourages customers to meet FPIC standards, share benefits with communities, and include indigenous groups in livelihood restoration. We may intensify monitoring of contextual risk factors.	S3 Affected communities
Cultural heritage (PS8) (n=3)	Failure to protect cultural heritage. This can infringe on the rights of people to benefit from their and other people's cultural heritage.	We use our leverage to improve the situation, looking at past and future risks.	S3 Affected communities
Financial intermediaries: financial institutions and fund managers (n=22)	Substandard system for identifying and managing E&S potential negative impacts of financed activities. Processes and procedures are unclear, E&S management responsibilities are insufficiently defined and/or capabilities are lacking, or inadequate E&S due diligence and monitoring is performed. This can be compounded by lack of exposure to and experience in E&S risks management by the financial sector and the lack of a level-playing field. This can lead to infringements of all types of human rights as referenced before.	We provide expertise and funding for the ESMS or sit on E&S risk management committees. We negotiate improvement plans and, in some cases, initiate or contribute to sector initiatives.	-

ESG performance target

While we monitor all negative impacts in our portfolio, FMO's ESG performance target is set annually for high-ESG risk customers contracted prior to 2024 (identified as the 'target list'). The target list includes high E&S risk customers and customers with a corporate governance officer in the deal. We register and monitor all potential negative impacts of our high-risk customers and aim to have at least 90 percent of ESG risks in our target list managed at an adequate level by our customers.

The 2024 results indicate that, on average, 94 percent of ESG risks were adequately managed. In instances where customer performance deteriorates or open action items are not implemented on time, customers receive lower ratings, which bring down the average of the entire portfolio. The target has

been met and the 2024 performance has improved from 91 percent in 2023, resulting from improved impact management by our clients, with a particular increase in performance of our FI portfolio.

Table 13. Minimum disclosure requirements for ESG performance target

Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable)	At least 90 percent of the ESG risks in our target list are managed at an adequate level by our customers
Scope of target	High E&S-risk customers and customers with a corporate governance officer in the deal. By consolidating customers within the same corporate group or group of companies, and excluding those in B Loans* or contracted in 2024, we created a target list of 258 customers.
Baseline value	90%
Baseline year	2023
Application period	2024-2030
Milestones or interim targets	Annual targets are set as part of the annual business planning process. 2024 target: 90%
Methodologies and assumptions	E&S performance tracking is conducted for all high E&S risk customers, to determine their adherence to the IFC PS. The performance tracker considers all applicable IFC PS criteria per customer and allows these to be scored to assess the potential negative impacts and performance of the customer to mitigate these. For each high E&S risk customer, the following is determined: 1. The customers' risk exposure to each criterion (1 – Low 2 – Medium 3 – High), and 2. The customers' performance score against each PS criterion ((1 – Exemplary 2 – Good 3 – Fair 4 – Caution 5 Unacceptable). The combination of these elements leads to a 7-letter scale E&S risk rating (AAA, AA, BBB, BB, CCC, CC, D) for each applicable criterion. Ratings BB/BBB/AA/AAA represent adequate customer E&S risk management per criterion, whilst CCC/CC/D are deemed to be inadequate. The target is calculated as the share of adequate risks amongst all risks assessed in the target list customers (see scope for target list).
Target related to environmental matters is based on conclusive scientific evidence (if applicable)	NA
Stakeholder involvement with target setting	The target has been set as part of the 2030 Strategy which has been discussed both formally and informally with key stakeholders during drafting, including the Dutch government being the key stakeholder and shareholder.
Changes in target	Target remains the same as in 2023 except the target list is redefined every year as described in the methodology.
Performance	94%

*FMO participates in 'B-loans', contractual arrangements where it has a sub-participation where another DFI/MDB manages the customer relationship. In these cases, FMO does not have a direct business relationship with the end recipient. In 2023, it was decided that, while FMO will continue to monitor B-loan performance, the results would not be included in our ESG target.

Evaluate and learn

FMO conducts evaluations to assess and learn from FMO's performance against our committed (impact) objectives. At the portfolio level, we perform corporate evaluations to assess FMO's contributions to the SDGs, while for fund evaluations, we selectively choose specific investments for review. Evaluations help us to be accountable and to learn from the results that our financial and non-financial activities create in order to continuously improve.

ESRS 2 Governance of sustainability matters

The topic of governance is mostly covered in the sub-chapter 'Corporate governance' and the chapter 'Report of the Supervisory Board'. In this section, we provide information on the governance aspects relating to sustainability-related matters.

Roles and responsibilities in managing IROs

FMO's sustainability agenda is managed in an integrated way. The Supervisory Board oversees the overall strategy and performance. The Supervisory Board has three dedicated committees: The Audit and Risk Committee (ARC), the Impact Committee (IC) and the Selection, Appointment and Remuneration (SARC). The Audit and Risk Committee provides - among others - advice to the Supervisory Board on approving the Risk Appetite Framework. The Audit and Risk committee also discusses the quarterly Risk Appetite Reports on a regular basis. This report includes sections on whether climate risk and ESG risk are within appetite level. The Impact Committee prepares the decision-making and advice of the Supervisory Board on FMO's strategic impact commitments, including policies and targets related to sustainability-related matters.

Our material sustainability-related impacts, risks and opportunities are reflected in the standing rules of the Supervisory Board Impact Committee as part of their objective of assisting the Supervisory Board in overseeing the quality and integrity of FMO's statements regarding development Impact. The Supervisory Board Impact Committee also prepares advice to support Supervisory Board and Management Board decision-making concerning FMO's strategy in respect to sustainability-related matters, including policies and target-setting.

Our Management Board is responsible for FMO's mission, vision, strategic goals and strategy including our long-term value creation. The Management Board is also responsible for implementing the strategy and the subsequent delivery of results, as reflected in the standing rules of the Management Board. Our sustainability-related matters are closely connected to managing FMO's development impact, which is a core Management Board responsibility. In 2022, the Management Board approved FMO's 2030 Strategy, including its 2030 strategic targets and ambitions. FMO's long-term strategy is translated into annual business plans, outlining the priorities as well as the annual targets for the year, which are discussed and approved by the Management Board. The Management Board also approves the overall outcome of FMO's double materiality assessment and reporting approach.

Specific investments and divestments are discussed and/or approved by the Management Board. The Management Board decides and steers on strategic ambition levels regarding sustainability, through the setting of sustainability-related targets at corporate level, approving elements of our sustainability policy universe and guiding on items with high sustainability-related risks of reputational damage.

Management Board committees

The Management Board has delegated some of these responsibilities to its management committees. With regards to sustainability-related impacts, risks and opportunities, responsibilities have been delegated to the Impact and Sustainability Committee (ISCO), the Non-Financial Risk Committee (NFRC) and the Financial Risk Committee (FRC).

The ISCO supports the Management Board by driving the day-to-day impact and sustainability agenda through improved decision-making of sustainability-related matters and interpretation of external developments, with a view to implementation consequences. The Co-CIO has been appointed as the single point of accountability in the Management Board for sustainability-related matters and acts as Chair of the ISCO. In addition, the committee is composed of the following permanent members: Director Strategy, Director ESG+, Director Finance, Impact and Data, Investment Director and Director Credit and Special Operations. The ISCO endorses the results of the FMO's double materiality assessment (DMA) from an impact materiality perspective, for the Management Board to approve. The Sustainability Policy is approved by the Management Board at least once every 3 years. The ISCO has delegated authority for its annual approval.

The NFRC is appointed by the Management Board as an independent body for the purpose of monitoring, challenging, and deciding upon the execution of non-financial risk within FMO including ESG risks and will decide on the escalation of unacceptable ESG risks related to investment projects and cases with high reputational risk. The FRC deals with ESG risk at a portfolio level including for example climate risk assessments and results. The FRC also endorses the results of the DMA from a financial materiality perspective. Both the FRC and NFRC are chaired by Management Board members.

Internal functions

The responsibility for managing sustainability-related impacts, risks and opportunities lies with several internal functions within FMO. The Strategy department is tasked with managing FMO's corporate strategy and implementation, including defining the sustainability strategy and related policies. FMO's

strategic goals and objectives are cascaded down to the investment departments, which are supported by the respective Impact and ESG+ departments for managing impacts and opportunities. These departments are responsible for identifying the areas in which FMO can work with customers to minimize our negative impacts and optimize our development impacts, to build customer capabilities and for the integration of sustainable standards in our investment processes. The Credit department is responsible for performing an independent review of FMO's impact assessments at an investment level. The Finance, Impact and Data department, together with the Strategy department, prepares periodic reports to monitor progress on our strategic goals and operational targets, from both a financial and impact perspective. These are discussed with the Management Board on a monthly, quarterly and annual basis. Other relevant sustainability-related developments can be brought to the Management Board's or ISCO's attention when deemed necessary. For a description of the procedures to manage ESG risks and FMO's risk management framework, please refer to the 'Risk management' chapter.

Skills and expertise

As an impact-driven development finance institution, operating in emerging markets, we deal with a diverse group of stakeholders and topics. The Management Board aims to have a diverse composition with respect to gender, education, experience and age as well as relevant knowledge, expertise and experience in the business areas in which FMO is active. This includes sustainability-related matters, which are core to FMO's mission. Having an up-to-date understanding of the topic is important for all board members. The Management Board and Supervisory Board can rely on internal experts or hire external experts, should the topic in hand require it. Moreover, the Supervisory Board and Management Board follow a Lifelong Learning Plan where besides, for example, topics that are required by the Dutch Banking Code, sustainability-related matters are included from time to time. The knowledge and experience we have at Supervisory Board and Management Board level relates to FMO's development goals, which includes contributing to in particular SDGs 8, 10 and 13.

Sustainability-related matters addressed

The Management Board is informed and discusses progress on material sustainability-related impacts and opportunities on a quarterly basis via the Integrated Quarterly Reports. These reports are prepared by the Strategy department to enable the Management Board to monitor progress towards our strategy, including progress on this year's three priorities: 1) growing impactful business, which among other things includes progress on investments related to SDGs 8, 10 and 13; 2) improving our capabilities; and 3) regulatory compliance, financial sustainability and risk management.

The Management Board discusses the Risk Appetite Report every quarter and assesses whether the ESG risk and climate risks are within risk-appetite levels. If this is not the case, the Management Board discusses ways to steer our portfolio back towards risk-appetite levels. With regard to the approval of policies that touch upon ESG and climate risk, the Management Board generally invites representatives of the departments involved to the meeting to discuss the pros and cons and thereafter decides whether to approve the proposed policy. The same goes for prospective investments that have an ESG, climate or sustainability-related element that poses a dilemma. In general, the representatives of the departments involved elaborate on their point of view. Thereafter, the Management Board takes a decision on whether to invest, sometimes subject to conditions.

The Supervisory Board Impact Committee acts as a sounding board for the Management Board with regard to sustainability-related matters. For information on the topics discussed by the Supervisory Board and its committees, refer to the 'Corporate governance' section.

For a list of impacts, risks and opportunities that were addressed by the Management Board, Supervisory Board or their relevant committees, refer to the section on impact, risk and opportunity management included in each topical standard.

Sustainability-related performance in incentive schemes

FMO's remuneration policy includes no direct relationship between sustainability-related elements such as the avoidance or reduction of GHG emissions and remuneration elements such as a pay-for-performance system in which the achievement of individual or team targets related to climate/emissions results in an (additional) reward element or benefits. Sustainability-related goals and ambitions, as stated in FMO's strategy, are translated into an annual corporate business plan and goals per department/team. The contribution to the annual performance related to these goals and ambitions is part of the annual performance and appraisal interviews. The specific individual contribution towards

FMO's sustainability agenda varies greatly by role. Therefore, along with many other elements, while sustainability-related performance can contribute in part to individual annual performances, it only has an indirect effect on remuneration. Further information on FMO's remuneration policy is provided in the sub-chapter 'Corporate governance' in the section 'Aligned remuneration policies'.

ESRS 2 Risk management and internal controls

The risk management and internal control system associated with the sustainability reporting process is currently partially integrated into FMO's comprehensive risk governance and risk management framework, with work being undertaken for full alignment. More details can be found in the 'Future actions' section.

The governance of non-financial risk in FMO follows the three lines model.

- **First line** – management monitors whether the (key) controls in their area of responsibility are functioning effectively or need any improvement. For this purpose, they assess through direct or indirect feedback and evidence the effectiveness of the (key) controls in place.
- **Second line** - for non-financial risk is performed by the Operational Risk Management team (ORM) and the Compliance department. They perform independent testing on an agreed subset of key controls. These tests verify if Control Monitoring activities have resulted in a correct assessment of the effectiveness of the controls.
- **Third line** – Internal Audit performs independent oversight over non-financial risk and internal control. The mandate and responsibilities of Internal Audit are described in the Audit Charter.

Control monitoring and testing is facilitated by ORM twice a year, in November and in June. ORM provides guidance, training and sampling instructions, and reports the results of control monitoring and testing, as well as the progress of control remediation, to the Non-Financial Risk Committee (NFRC). Internal Control activities follow a yearly cycle and are aligned with the financial reporting process, because the results are used to substantiate the Management Board's In Control Statement (ICS) in the annual report. Detailed information is provided in the 'Risk Management' chapter in the 'Risk governance' section and 'Non-financial risk' sub-chapter.

FMO's approach to the annual reporting of findings of risk assessment and internal controls to administrative, management and supervisory bodies, can be found in the 'Risk Management' chapter, in the section 'Risk governance'.

The purpose of FMO's annual report is to be compliant with both existing regulations as well as additional external commitments which are not prescribed by law but have been made on a voluntary basis. Through the annual report FMO ensures that we report in line with sustainability reporting standards which include a compliant and timely report, as well as accurate and complete data and narrative. As such, when it comes to sustainability reporting, two layers of risks have been identified: the first level relates to key risks to process and content, while the second level goes with more granularity into the controls over the data and policies reported in our 'Sustainability statement'.

Four categories of key risks have currently been identified; two that address the process and two that address our sustainability-related data and narrative, included in our 'Sustainability statement'.

1. Report is compliant with regulations and standards (process).
2. The report is on time (process).
3. Data is accurate and complete (content).
4. Narrative is accurate and complete (content).

For all identified key risks, controls and mitigation actions are in place. To ensure the sustainability report is compliant with regulations and standards, the Risk department actively monitors new regulations and identifies changes that need to be addressed. Checks are performed throughout the sustainability reporting process to make sure all applicable regulatory requirements are included. Timeliness of the report is managed as part of business-as-usual activities, adhering to an agreed-upon timeline with internal escalation routes in case of unexpected delays. For data accuracy and completeness, FMO has implemented manager approvals and four-eye principle checks as controls on data to the first level of risk. Controls on data and policies for the second level of risks are currently

being formalized. To ensure the narrative's accuracy and completeness, the report undergoes multiple levels of review within FMO.

At FMO, risks are prioritized based on their severity, which is assessed using two factors: probability and impact. Probability measures how likely a risk event is to occur. Impact considers the potential consequences, which can include operational loss, financial errors, failure to meet business goals, regulatory issues, or damage to reputation.

Risk severity is assessed based on probability and impact, and classified as high, medium, or low. This corresponds to a 'Level of Concern' (LoC) rating: high (LoC 3), medium (LoC 2), or low (LoC 1). Depending on the severity, actions are required:

- High (LoC 3): actions must be completed within 3-6 months.
- Medium (LoC 2): actions should be completed within 6-9 months.
- Low (LoC 1): actions are optional.

As the four risks identified as part of the first layer are key risks, they have a high LoC, while the risks in the second layer have been qualified with a medium LoC.

The risks within the first layer have controls in place that are regularly being monitored and tested by their designated owners, in line with FMO's approach. While for the second layer of risks related to data, controls are in place, but only some of them are being actively monitored as part of FMO's overall risk governance and risk management approach. FMO is currently working on integrating the controls not regularly monitored and tested within the organization's overall risk and management approach.

Future actions

FMO adheres to the Dutch Corporate Governance Code. The Code is maintained by the Monitoring Committee Dutch Corporate Governance Code and supported by the 'schragende partijen' (supporting parties) consisting of Eumedion, Euronext, FNV, CNV, Vereniging van Effecten Bezitters (VEB), de Vereniging van Effecten Uitgevende Ondernemingen (VEUO) and VNO-NCW.

The supporting parties and the Nederlandse Beroepsorganisatie van Accountants have suggested amending the Code to include a 'Verklaring omtrent Risicobeheersing' (VOR). According to this proposal, listed companies and other companies following the Dutch Corporate Governance Code will be required to include for the first time in the annual report on 2025 a disclosure statement on risk management and internal controls over sustainability reporting.

Although sustainability reporting guidelines such as CSRD / ESRS are not embedded in the Corporate Governance code yet, FMO would like to adhere to these requirements as soon as possible. ESRS calls for a connectivity between the 'Financial Statements' and 'Sustainability statement' both from the process perspective and disclosures perspective. As this is the first time reporting, FMO recognizes this as a point of attention.

It is up to the Monitoring Committee Dutch Corporate Governance Code to amend the Code to accommodate the VOR proposal. In a letter to the Dutch parliament, the minister of finance encourages the (to be appointed) Monitoring Committee to include the VOR.

E1 Climate Change

E1 Introduction

In its 2030 Strategy and Climate Action Plan, FMO presents a set of ambitions, targets and actions to contribute to climate change mitigation and greenhouse gas (GHG) emission reduction. SDG 13 on Climate Change is one of the core components of our 2030 Strategy. An important component of FMO's climate ambition is that it contributes to a just and inclusive transition. We recognize that environmental and social objectives are inextricably linked. For FMO, this represents both the synergies and necessity of pursuing our core SDG goals SDGs 8 (Decent Work and Economic Growth), 10 (Reducing Inequalities), and 13 (Climate Action) together, if we are to be successful in contributing to any of them individually.

FMO acknowledges that climate change will undermine sustainable development goals if not urgently addressed. This implies that FMO's customers (both current and new) might face new and never previously experienced risks from negative climate change consequences. The rise in weather and climate extremes has already led to some irreversible effects, while the preservation of ecosystems is essential for human well-being and the achievement of the SDGs. FMO recognizes that development finance is urgently needed to contribute to SDG 13, and to support an inclusive and just transition. FMO steers its investments towards those aiming at contributing to a positive impact towards SDG 13, such as investments related to climate adaptation, resilience and mitigation, while managing possible negative impacts.

E1 Impacts, risks and opportunities

Based on our double materiality assessment (DMA), we have identified the following impacts, risks and opportunities (IROs) related to the topic of climate change.

Table 14 Overview of how each IRO relates to the policies, actions and targets respectively.

ESRS Subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Climate change mitigation	Actual negative impact	Financed emissions contributing negatively to climate change.	Financed emissions Short term	Downstream Investment portfolio	Sustainability Policy	CAP: Aligning our portfolio and investments with the Paris Agreement goals.	Power Generation Emission Reduction Target
Climate change adaptation	Potential positive impact	The potential positive impact of investments throughout agricultural supply chains on climate change adaptation through the increase of sustainable, resource efficient and resilient practices and business models. These investments aim to enhance the readiness and capacity of stakeholders to address changing weather patterns and extreme events (e.g. droughts or floods) associated with climate change.	Contribution to climate adaptation through investments. Long term	Downstream Investment portfolio	Sustainability Policy	CAP: Aligning our portfolio and investments with the Paris Agreement goals; Increasing climate investments and support to our customers.	SDG 13 Target

Climate change mitigation	Potential positive impact	Impact through climate mitigation as a result of investments into renewable energy production capacity, CO2 storage and energy infrastructure in developing countries and fragile states, financing the transition away from fossil fuels and thus reducing overall GHG emissions.	Contribution to climate mitigation through investments. Medium term	Downstream investment portfolio	Sustainability Policy	CAP: Increasing climate investments and support to our customers.	
Energy	Potential positive impact	The potential positive impact of renewable energy production capacity and energy infrastructure investments to reduce volatility of energy prices experienced using fossil fuel sources, and increase the stability of local energy grids and production capacity, as well as strengthen resilience against extreme weather events caused by climate change, contributing overall to better climate change resilience and adaptation for beneficiaries.	Contribution to renewable energy production capacity through investments. Medium term	Downstream investment portfolio	Sustainability Policy	CAP: Aligning our portfolio and investments with the Paris Agreement goals, Increasing climate investments and support to our customers.	
Climate change adaptation	Potential positive impact	The potential positive impact of investing in FI's to provide climate financing, including the use of innovative technologies, such as FinTech, or financial instruments to entrepreneurs or FI's in developing countries, providing new access to financing of climate resilience solutions.	Contribution to increased access to financing of climate resilience solutions. Long term	Downstream investment portfolio	Sustainability Policy	CAP: Increasing climate investments and support to our customers.	
Climate change adaptation	Opportunity	The opportunity for FMO to identify, create and develop new markets relating to climate adaptation (e.g. climate smart and resilient solutions) into bankable projects, to deploy and attract public or private funds and generate return on investment at scale.	Opportunity to create new markets related to climate adaptation.	Upstream, Downstream investment portfolio		CAP: Increasing climate investments to support our customers.	No specific target
Climate change mitigation	Risk	Risk of not achieving net zero alignment by 2050, caused by misaligned investment decisions or poor progress by clients and beneficiaries, resulting in reputational, legal and financial issues.	Risk of not being in the path to Net Zero.	Own operations		CAP: Aligning our portfolio and investments with the Paris Agreement goals.	No specific target

Climate change adaptation	Risk	The risk of climate hazards having a material impact on client creditworthiness, caused primarily by effects from acute physical climate hazards such as floods, wildfires, droughts and other extreme weather events.	Risk of physical climate hazards on clients.	Downstream investment portfolio	Climate Risk Policy	CAP: Active management of our climate action.	No specific target
Climate change adaptation	Risk	The risk of choosing inefficient climate mitigation innovations or some which have the need to be further developed. Investments in the innovative sector have the potential of not being profitable.	Risk of investing in inefficient climate mitigation innovations.	Downstream investment portfolio			No specific target
Climate change adaptation	Risk	The risk of FIs being affected by macroeconomic conditions in the event of a chaotic transition to a low-carbon economy (i.e. rapid, large changes in policy, financing or sentiment), or as a result of the ineffective transition and adaptation to the new reality of climate change, resulting in financial damage to FMO.	Risk of a chaotic transition to low-carbon economy.	Downstream investment portfolio	Climate Risk Policy	CAP: Active management of our climate action.	No specific target

FMO's DMA, as described in 'ESRS 2 - Double materiality assessment', identified potential negative impacts through financed absolute emissions and potential positive impacts through investments in climate adaptation, climate mitigation and renewable energy as well as physical and transition risks. The Climate Risk Report and Climate Action Plan (CAP), both prepared in 2022, provided important input for determining FMO's climate-related IROs.

Impacts

Both positive and negative impacts take place downstream in our investment portfolio. The impact of our own operations or those of our upstream suppliers are not considered material because of the small scale of emissions compared to those in our portfolio.

The CAP describes how FMO actively monitors its activities and portfolio, thereby identifying actual and potential future GHG emission sources and other climate-related impacts within its operations and across its value chains. The intent of our data/ information collection drive is not only to use the information we gather for reporting and compliance purposes, but to actively manage our portfolio better, and to tailor our climate actions towards what is most effective. We will continue to work on improving our internal management and reporting systems to actively manage progress towards our sustainability goals.

As part of our ESG management process we uphold IFC Performance Standard 3 (IFC PS3) (addressing resource efficiency and pollution prevention), which includes minimizing the pollution from project activities. When project related emissions are potentially significant, FMO requires its customers to adopt measures (e.g. use of renewable energy sources, sustainable agricultural, the reduction of fugitive emissions, etc.) that avoid or reduce emissions in order to mitigate adverse impacts on the environment (IFC PS3). FMO requires that projects implement technically and financially feasible and cost-effective measures for integrating emission reduction into product design and operational processes (IFC PS3). Specifically, "this applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances with the potential for local, regional, and transboundary impacts." Transboundary pollutants include those covered under the Convention on Long-Range Transboundary

Air Pollution, such VOCs that are key precursors in the formation of tropospheric ozone and particulate matter (of which black carbon is a significant component). This means that by upholding the IFC PS we indirectly screen investments for climate-related impacts, such as black carbon and tropospheric ozone.

FMO reports on financed absolute emissions in scopes 1, 2 and 3 in line with the GHG Protocol, as described in more detail in section 'E1-6 Gross Scope 1, 2, 3 and Total GHG emissions'. The financed absolute GHG emissions are reported in line with the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF).

Although emissions from FMO operations are not considered material, we will continue to report scope 1 and 2 emissions to be able to present a full picture of our GHG emission footprint.

Risks & opportunities

The material climate-related risks and opportunities for FMO occur both upstream and downstream in the investment portfolio.

The climate-related risks identified in the DMA are aligned with internal risk assessment processes and documents. The assessment of climate risks happens on an ongoing basis at FMO. We run a portfolio scan on a quarterly basis that is reported to the Financial Risk Committee (FRC), which monitors our portfolio's exposure to physical and transition risks. We also conduct materiality assessments which determine the potential for climate risk drivers to affect FMO's portfolio or the entity itself. Both processes are discussed with the FRC. Furthermore, work is ongoing to embed climate risk assessments at the organizational level as well as within the investment cycle.

The regular climate risk assessments inform the Financial Risk team's decisions. Scenarios are considered and factors are stressed in FMO's Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP and ILAAP), which are aligned with our regular Supervisory Review and Evaluation Process (SREP) cycle.

FMO's physical climate risks were assessed over the current, medium and long-term using a high-emissions scenario and in line with guidelines from the Task Force on Climate-related Financial Disclosures and the ECB guide on Climate-related and Environmental Risks. While the climate risk assessment covers physical risks and transition risks, the various time horizons and high-emissions scenario were applied only to physical risks. FMO is currently working on further defining a methodology to assess transition risks that is suitable for the markets in which it operates.

The climate risks associated with FMO's investment portfolio are also described in FMO's first climate risk report, which, as mentioned above, are aligned with the climate-related risks identified in the DMA. This report was written in line with the Dutch Central Bank (DNB) requirements and shows that FMO's portfolio is exposed to climate change risks, which will increase over time, with clear differences across locations, sectors and hazard types. This analysis, as well as those resulting from FMO's ICAAP and ILAAP and continuous monitoring, served as input for the DMA, where additional transition risks (and opportunities) were identified.

The climate scenarios used are currently independent of the financial models, as FMO currently does not include climate-related assumptions in the financial models. FMO will explore assessing possible inclusion of climate-related risks in our financial models based on expected credit losses.

As part of our DMA, we identified a specific downstream (portfolio) risk related to water (E3) that we feel is better addressed under the risk of climate hazards here in E1: "There is a global risk of increased water scarcity due to climate change, increased water withdrawals and unsustainable water practices. This affects costs of production through higher water prices and leads to reduced crop yield and failure." This is covered by the current climate hazards risk described in Table 14.

Physical risks

FMO plans to perform a physical risk assessment in line with the recommendations set out by the Task Force on Climate-related Financial Disclosures and the ECB guide on Climate-related and Environmental Risks (ECB, 2021). For this reason we have developed a C&E risk assessment tool that supports the identification and monitoring of C&E risks at the customer level. The tool currently focuses mainly on physical climate risks.

Various physical risks (flooding, temperature extremes, fire, water stress, drought, erosion, tropical cyclones and crop yield loss) are assessed based on a multiplication of hazard scores at specific locations or regions and sensitivity scores (specific to the sector/industry of the investment/business activity) to these hazards.

The climate-related physical hazards have been identified over current-, medium- and long-term time horizons. For the physical climate risks, current-, medium- and long-term time horizons have been defined as follows:

- Current-term: 2011-2040
- Medium-term: 2041-2070
- Long-term: 2071-2100

These time horizons are different from the time horizons specified by the ESRs. The time horizons used are in line with standard practice in the climate science community, where climate refers to the long-term weather pattern in a region, typically averaged over 30 years. In some cases, if the original data source did not overlap with these time horizons, the closest time period was chosen. The physical risk assessments are currently not tied to the lifetime of the exposure. Even if human-induced climate changes would not materialize in the near future under the climatological time horizon, foreseen changes may already affect investment decisions and other financial parameters today and therefore materialize earlier from a financial risk perspective, within the time horizons as specified by the ESRs.

The ICAAP assessments consider climate risks over a period of three years. Physical risks hazards are estimated to affect FMO's customers in various locations and sectors to different extents, according to the climate risk assessment. The physical risks assessed in the climate risk assessments were summarized as one physical risk in the DMA.

The various physical risks for FMO's relevant industries are assessed on an ongoing basis and reported through regular reviews within internal committees at portfolio level. To increase the granularity and understanding of these risks, FMO is currently in the process of rolling out physical climate risk assessments in the investment process, complementing the assessment at portfolio level as mentioned above.

The scores for physical hazards were created for both acute and chronic hazard types under a high emissions or worst-case climate scenario, which is the IPCC RCP 8.5 scenario. RCP 4.5 was also considered, but the projections from RCP 8.5 cover a greater range of climate conditions, especially for the long-term time horizon. Furthermore, the temperature and rainfall changes are more intense under RCP 8.5, and the long-term projections from RCP 4.5 are quite similar to the medium-term projection from RCP 8.5. In conclusion, RCP 8.5 covers a wider range of climate conditions (more extremes) for the risk assessment, so we believe this is the more appropriate choice, as it better covers potential risks and uncertainties.

RCP 8.5 makes the following assumptions about policies, macro-economic trends, energy usage and mix, and technology:

- Policy Assumptions: It assumes minimal or no additional climate policies beyond those already in place, leading to high GHG emissions.
- Macroeconomic Trends: The scenario includes assumptions about high population growth and relatively slow income growth.
- Energy Usage and Mix: It projects high energy demand with a continued reliance on fossil fuels, resulting in significant GHG emissions.
- Technology Assumptions: The scenario assumes modest rates of technological change and improvements in energy intensity, meaning that advancements in energy efficiency and low-carbon technologies are not sufficient to offset the high energy demand.

The scores for physical hazards were derived from climate models listed in the IPCC CMIP5 and CMIP6 protocols, where available. Each hazard was evaluated using a specifically chosen modeling method and simulated hazard exposure outputs from leading, peer-reviewed research institutions, and was further developed in partnership with well-known research institutions. The risk scores were created and standardized at an approximate 50x50 km spatial resolution as a level 1 detailed product. If grid location or country data was missing for an investment or loan, it was excluded from the analysis. Additionally, if

the provided location data was not at least at the country level (e.g. listed as 'Global' or 'Latin America'), it was also not included in the analysis.

Transition risks

Transition risks are described in FMO's climate risk methodology. FMO is currently in the process of adjusting its transition risk methodology with a specific focus on considering how this risk can materialize and affect clients in unique ways based on the different markets where FMO invests. In addition, further developments are ongoing, for example:

- The Paris Alignment methodology was developed in 2023-2024, and it will apply to new investments after its implementation (as described in further detail in E1-3).
- ICAAP and ILAAP stress testing as described in 'E1 Resilience Analysis'.

The transition risks identified in the current assessment framework are focused on industry sensitivities. Additionally, transitional risks and opportunities were identified and scored as material during the DMA 2024 process due to the inputs from interviews and discussions with the project group.

We currently do not perform a climate transition risk assessment for new investments, but only at portfolio level. FMO evaluates its exposures to transition risk at portfolio level by considering industry sensitivities, as well as a range of specific energy technologies, various transition risk (drivers) and scale possible risk exposure from 1-5. These risks were taken as input for the DMA, which have been summarized into three transition risks, as presented in the overview table at the start of this section.

The risks outlined in the (internal) climate risk assessment align with the risks identified by the DMA. The transition risk assessment at portfolio level analyzes the transition risks (policy and legal; technology-related; market-related and reputational risks) for the various sectors in our portfolio in more detail than the DMA provides.

Furthermore, our ICAAP 2022 includes information on the identification of transition events and assessment of exposure informed by climate-related scenario analysis. Our ICAAP from 2023 covers more detail on transition events, and an assessment of exposure based on the stress test assumptions for transition risk, where a disorderly transition is tested.

The transition risk assessments mentioned in the 2022 risk assessment are less mature than the physical risks. We are currently updating the transition risk assessment methodology. The transition risks are not yet linked to current-, medium- and long-term time horizons, and these horizons have not been yet defined (transition trends, however, have been linked to current-, medium- and long-term time horizons).

We have finalized the methodology for Paris Alignment in 2024. This methodology will enable FMO to identify activities that are incompatible with, or need significant efforts to be compatible with, transition to an economy that is aligned with the climate goals in the Paris Agreement. New transactions will be assessed for alignment with the Paris Agreement goals once the methodology has been rolled out.

In the remainder of the E1 chapter, we describe the policies, actions, targets and decarbonization levers related to the IROs that were identified during the DMA, as well as FMO's resilience analysis.

E1 Resilience analysis

The section 'E1-IRO' describes the material climate-related risks, including whether they are classified as physical or transition risks.

To determine the resilience of both its investment portfolio and its own operations, FMO is required by the DNB to assess material risks under the Internal ICAAP and ILAAP through stress testing. FMO's upstream value chain is not included in this resilience assessment and was also not found to be material by the DMA.

The ICAAP and ILAAP assessments are conducted every year, though the depth of the assessments differs depending on whether a SREP runs in a specific year. The frequency of the latter is decided upon by the DNB based on the risk profile of the institution but is typically done on an annual basis. The ICAAP and

ILAAP assessments are aligned with FMO's Risk Appetite Framework (RAF), which formulates the type and amount of risk that the bank is able and willing to accept in pursuit of its strategy.

The 2023 version of the ICAAP and ILAAP assessments was the latest one that was part of a SREP. Some additional analyses took place in Q1 of 2024 based on feedback from DNB.

Part of the input for the stress tests that were performed for this assessment cycle was based on a Climate Risk Analytics Methodology for FMO to identify material climate risks. Based on the assessment of physical risks by using this methodology, the countries and hazards with the highest severity and likelihood have been selected as input to the stress test. Transition risks have also been included, based on scenarios developed by the Network for Greening the Financial System (NGFS).

Based on the outcomes of the DMA, the focus of FMO's climate-related risks is on its investment portfolio rather than its own operations or upstream value chain. All material risks as identified in DMA were already included in the materiality assessment underlying the ICAAP and ILAAP assessments.

The 2023 ICAAP and ILAAP assessments used 2022 as a base year to make a forecast for the period 2023 - 2025. The climate risk stress testing includes both physical and transition risks, based on established climate scenarios (IPCC, NGFS) to evaluate potential impact on FMO's portfolio.

The ICAAP and ILAAP assessment use stress testing scenarios that include macroeconomic factors, such as currency fluctuations and market volatility. A 'disorderly transition' scenario to a low-carbon economy has been formulated with help of experts, which has been used to evaluate potential transitions risks for FMO. This scenario assumed 1) policy & legal risks in the form of carbon pricing, asset stranding, and rising insurance costs, 2) technology and innovation risks in the form of advancements in renewable energy and battery technologies, 3) market risks resulting from changing consumer and market sentiments, and 4) reputation risks resulting from adverse reputational impacts, such as changing perceptions of financing high-carbon activities.

The stress tests show that FMO is resilient to material climate risks. Both physical and transition risks under different scenarios have limited impact on liquidity and are within the risk appetite formulated by FMO. Additionally, FMO's capital position remains adequate, and the excess capital remains robust under all circumstances simulated by the stress test scenarios. Specifically, the climate risks scenarios show that, despite the risks that are relevant for FMO and for the markets in which FMO operates, the impact on the capital position is estimated to remain limited.

There were several limitations to the resilience analysis. First, the definition of the physical climate risks used include the fact that the risk definitions are ex-ante and model based, do not include potential adaptation measures, and use a top-down, national level approach. Reliability for these types of risks was further limited by the use of proxy data to fill in data gaps, applying averages over long time-periods, and not including all potential hazards. Secondly, with regards to transition risks, the risk assessment is predominantly based on qualitative information, reducing its systemization and comparability, and not allowing for granularity (e.g., at country-level). While there are inherent uncertainties to climate change and society's response to it, FMO continues to improve its methodology and run (stress) scenario analyses to capture plausible but severe scenarios for the institution.

As mentioned previously, the stress testing done for the resilience analysis is in line with FMO's RAF. The RAF is monitored, managed and revised regularly to accommodate any market or organizational changes, and is reviewed by the Management Board and approved by the Supervisory Board on an annual basis. If necessary, it can be revised on a semi-annual basis in case of material developments. The outcomes of the ICAAP and ILAAP assessments are used to formulate possible strategic responses.

Climate- and environmental risks are inherently material to FMO's business model & strategic risks, but this risk is also well managed by means of monitoring and reviewing of its business environment and strategic planning embedded within the organization and periodically reviewed with its stakeholders. Currently, the conclusion is that the risks to capital and liquidity related to climate change are well-managed by FMO and do not constitute a risk for the resilience of the business model.

In addition to monitoring and managing risks, FMO has a pro-active investment strategy that contributes to climate adaptation and mitigation worldwide, also specifically aiming to increase the resilience of its customers, by engaging actively with them to define climate adaptation solutions and

providing technical assistance. How FMO implements this in practice will be elaborated on more in 'E1-3 Actions'. Through these actions, FMO not only aims to achieve a positive impact, but also increases resilience of the portfolio against both physical and transition risks.

E1 ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

As explained in 'ESRS 2 - Governance of sustainability matters', there is no direct relationship between sustainability-related elements, including climate, and remuneration elements in FMO's remuneration policy. Along with many other elements, climate-related performance only has an indirect effect on remuneration, even though it can contribute in part to individual annual performances.

E1-1 Transition plan for climate change mitigation

FMO does not have a formal transition plan, however, information included in this section is described in other relevant FMO documents.

Two sets of actions, directly contributing to climate change mitigation, can be classified as decarbonization levers, as per the ESRS definition:

1. Aligning our portfolio and investments with the Paris Agreement goals.
2. Increasing climate investments and support to our customers.

These levers are described in more detail in section 'E1-3 Actions and resources in relation to climate change policies'.

FMO has set a GHG emission reduction target: the Power Generation Emission Reduction Target. FMO aims to reduce emissions from financed scope 1 emissions in power generation by 50 percent in 2030. This target was developed using a 1.5°C pathway scenario (REMIND-MAGPIE 3.0-4.4, Scenario: Orderly - Net Zero 2050 scenario, electricity). More details on this target are provided in section 'E1-4 Targets related to climate change mitigation and adaptation'.

FMO has set the ambition in its 2030 Strategy to be Net Zero by 2050. In the short-term FMO will steer on aligning financial flows with 1.5°C aligned sectors and activities. FMO is also developing a Paris alignment methodology, based on internationally acknowledged guidelines and best practice. Over time, when data and methodologies have improved, FMO will use country- and sector-based 1.5°C pathways as guidance for the emission intensity requirements of its targets at portfolio and investments level. As a component of our climate action project workstream, we will continue to improve our data collection, including at the level of our customers, and use it to assess our progress.

FMO recognizes that climate objectives should be carefully balanced with customer- and/ or location-specific social and environmental considerations, including the need for a just and inclusive transition and will further study how to treat potential tradeoffs in this regard. In addition, FMO invests in projects that contribute to GHG removals and storage, including forestry, and aims to grow forestry investments.

The significant operational expenditures (OpEx) in the form of internal and external staff required for the implementation of the decarbonization levers are provided in section 'E1-3 Actions and resources in relation to climate change policies', since they are aggregated for the implementation of the Climate Action Plan. The Climate Action Plan includes actions on both climate mitigation and adaptation.

There are no material capital expenditures (CapEx) in the form of investments in FMO's own operations associated with the transition plan, as explained further below and in the section 'ESRS 2 - Our sustainability reporting approach'.

FMO has no key (physical) assets in its own operations that materially contribute to climate change, nor do we sell any direct-use products. As such, no carbon lock-ins are expected to occur in the own operations of FMO under the definition provided in ESRS E1.

In relation to the application of the lock-in definition for investments in the investment portfolio, as of today FMO does not have a definition of carbon lock-ins related to investments. FMO may have carbon-

intensive assets in its current portfolio, for example, via indirect investments through financial intermediaries in the Financial Institutions portfolio. However, mechanisms are in place to mitigate this risk in the investment portfolio. In this regard, a distinction between new and legacy investments should be made:

1. For new investments:
 - The Combined Position Statement on Coal and Phasing Out Fossil Fuels excludes and screens out investments that are expected to have a high risk for future carbon lock in.
 - FMO will use the Paris Alignment (PA) methodology to screen potential investments for alignment with the Paris Agreement. See section 'E1-3 Actions and resources in relation to climate change policies' for more background on the PA methodology.
2. While there may be carbon-intensive assets locked in, in the current portfolio, the Power Generation Emission Reduction Target applies to both new and existing investments, thereby ensuring that the total emissions from investments in power generation will be reduced by 50 percent in 2030. See section 'E1-4 Targets related to climate change mitigation and adaptation' for more information on the Power Generation target.

In its current form, the Commission Delegated Regulation (EU) 2021/2178, also known as the EU Taxonomy, is applicable for European economic activities. Since FMO invests outside Europe and entities based outside the EU are excluded from the numerator of the Green Asset Ratio (GAR), FMO reports a GAR of 0 percent. This implies that no key performance indicators from the EU Taxonomy can be linked to the resources required for the implementation of the actions described. More information is included in the 'EU Taxonomy' section.

Based on FMO's interpretation of as investments in physical assets in scope 1 and 2 of an organization, there is no CapEx to be identified as material for FMO. As a financial institution, FMO does not do climate-related investments in physical assets in its own operations that can be considered material (see 'ESRS 2 - Double materiality assessment'). FMO is awaiting guidelines or sector standards specifically for financial institutions for possible adaptation of the CapEx definition to financial institutions.

FMO is not excluded from the EU Paris-aligned Benchmarks.

The decarbonization levers presented are based on FMO's 2030 Strategy and the CAP, i.e. the aims and actions described are embedded in FMO's strategy. This is explained in more detail in the chapter on 'E1 Impact, risks, opportunities'. Details on the progress of each of the decarbonization levers are provided in 'E1-3 Actions and resources in relation to climate change policies'. Details on the targets that are part of the decarbonization levers (e.g. the Power Generation Emissions Reduction target and €10 billion SDG 13 target) are provided in 'E1-4 Targets related to climate change mitigation and adaptation'.

The 2030 Strategy was approved by the Supervisory Board in 2022. The CAP was approved by the Management Board in 2022.

E1-2 Policies related to climate change mitigation and adaptation

Our material IROs related to climate change are covered in the following two policies.

1. Sustainability Policy
2. Climate Risk Policy

In the following sections, these policies are described in further detail. FMO's commitments and actions on climate are described in the CAP and reported in 'E1-3 Actions'. All policies are subject to frequent revisions as per the Bank Risk Policy and are continuously evolving.

Sustainability Policy

FMO's sustainability policy is mostly related to our (positive and negative) impacts and is described in more detail in 'ESRS 2 - IRO management'. The Sustainability Policy encompasses FMO's organizational activities, including energy consumption, resource utilization, travel practices, and new investments, addressing all products offered by FMO. As such, our Sustainability Policy covers how we manage the

climate-related impacts throughout our value chain. The Sustainability Policy is complemented by several position statements and an exclusion list. For climate change the most noteworthy include:

- Our Combined Position Statement on Coal and Position Statement on Phasing Out Fossil Fuels from our Investments reflects our approach to phasing out fossil fuels from our portfolio, both direct and indirect.
- Our Position Statement on Hydro Power Plants outlines our approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical and E&S impacts, including adherence to IFC PS and continuous monitoring.
- Our Position Statement on Impact and ESG for financial intermediaries outlines FMO's structural approach to impact steering and ESG management in financial intermediary financing, including restricting our financial intermediary portfolio exposure to coal activities, and promoting and advising on green credit lines or green bonds that support climate action.
- Our exclusion list contains the activities, products, uses, distribution, business or trade that FMO and the borrower will not finance, extending to the borrowers' shareholders, their affiliates and their subsidiaries.

Additional major documents and processes that explain how material climate positive and negative impacts are managed are:

- The Paris alignment methodology, which describes our methodology for checking our new investments for alignment with the Paris goals, thereby helping our clients with the transition to become Paris aligned.
- ESG in the investment process: While the Sustainability Policy explains FMO's ESG management process, this is operationalized via different internal documents such as the Risk Appetite Framework, Investment Criteria, and SIS manual.
- The Green Label Guidelines are used to assess eligibility of new investments for a 'Green Label'. A Green Label is assigned based on the ex-ante potential of an investment in terms of its positive impact on our portfolio, including for instance the reduction of greenhouse gas emissions, increasing resource efficiency, preserving and growing natural capital, and/or supporting climate adaptation. The label is not intended to monitor (ex post) impact. The Green Label thereby serves as a strategic steering tool and a proxy for FMO to measure progress against its €10 billion SDG 13 2030 target.

In relation to the upstream value chain, an additional relevant document is the Sustainability Bonds Framework, which addresses the four key pillars of the ICMA ESG Bond Principles. The framework explains how FMO attracts private or public funds by issuing sustainable or green bonds in the capital market. Moreover, FMO aims to mobilize public and private capital and to create new bankable opportunities, as described in our 2030 Strategy.

Climate Risk Policy

The Climate Risk Policy covers our climate-related risks in the entire value chain. Complementing this policy, the climate risk methodology explains how we identify the physical and transition risks associated with climate change.

All policies are subject to frequent revisions as per the Bank Risk Policy and are therefore continuously evolving.

The Climate Risk Policy aims to:

1. Define climate risk in terms of physical and transition risk drivers.
2. Introduce the approach used to identify climate risks in all FMO's operations, products, and services.
3. Define the roles and responsibilities related to climate risk identification, assessment, and action.

Table 15. Minimum Disclosure Requirements for Climate Risk Policy

Scope of policy	The policy applies to the FMO-A portfolio (both on and off-balance sheet) and to FMO-managed government funds. It has a specific focus on assessing and managing climate risks related to FMO's loan and equity investments. In 2025, the scope and name of the policy will be expanded from a climate risk policy to a climate-related and environmental financial risk policy.
Accountable body	The document is approved by the FRC after consultation via the ISCO and owned by Risk. Implementation is currently managed via an internal project and related implementation oversight is performed by the Steering Committee of the project.
Third-party standards/ initiatives (if relevant)	The document was developed in the light of the ECB Guide on climate-related and environmental risks.
Consideration to interests of key stakeholders (if relevant)	No key external stakeholders were consulted upfront in this process, but the policy has been shared with DNB for information afterwards.
Availability to stakeholders (if relevant)	This is an internal policy and the document is therefore not publicly available.

With regards to climate change mitigation, FMO manages material IROs through several processes. Most importantly, through our Green Label guidelines, with which we aim for our portfolio to materially contribute to climate mitigation, reduction of GHG emissions and/or increasing sequestration of GHG emissions from the atmosphere (along with adaptation and energy efficiency, as described below). FMO's Green Label definition is based on the Common Principles for Climate Mitigation Finance Tracking, as defined by the Multilateral Development Banks. All Green-labelled investments should meet FMO's Green Principles, namely that Green-labelled investments contribute to a genuine improvement and should not contribute to a long-term lock-in of high carbon infrastructure. A genuine improvement implies that 1) the improvement goes beyond the local regulatory requirements 2) the improvement is unrelated to local resources stress and 3) the improvement is sustainable throughout the value chain of an industry or a business. The implementation of our Paris Alignment methodology will contribute to further aligning our new investments to the Paris Agreement.

Furthermore, as per our combined Position Statement on Coal and Phasing Out Fossil Fuels, FMO will not invest in any upstream coal mining activities, transportation of coal, construction or renovation of a coal producing plant, or other associated business or infrastructure. Other fossil fuels are only invested in the exceptional case that a transition phase is deemed necessary to improve a country's energy accessibility. The combined position statement applies to both direct and indirect investments of FMO.

The SBF sets out a list of climate change mitigation activities eligible for the sustainability bonds issued.

The Climate Risk Policy includes components such as knowledge and awareness development, embedding climate risk in the organization's strategy, governance, risk appetite determination, policy adjustments, stress testing, climate risk assessment methodology development, and internal and external reporting.

FMO manages its knowledge components and supports customers primarily via technical assistance. Investment teams are responsible for assessing climate risks and it is at their discretion to discuss the outcomes with clients. The Risk department maintains the methodology and supports knowledge development across the organization.

Besides climate mitigation, FMO also aims to contribute to climate adaptation. Most notably, we do this through our Green Label, through which we label those investments that ex ante are expected to positively contribute to climate adaptation. For a customer or an activity to be eligible for a Green Label in this category, it needs to be assessed to meet the climate adaptation principles set by the IFC-MDB joint methodology for climate change adaptation. This means that climate change adaptation is defined as achieving climate resilience outcomes in response to relevant climate change impacts, by managing or reducing physical climate risks, reducing the underlying causes of vulnerability and avoiding maladaptation.

Our Paris Alignment methodology further aims to ensure a minimum level of resilience for Paris alignment.

Our physical Climate Risk Assessment underpins our climate adaptation label analysis.

The SBF sets out a list of climate change adaptation activities eligible for the sustainability bonds.

Following the EDFI Statement on Climate and Energy Finance and as part of our Climate Action Plan, FMO aims to finance initiatives that contribute to adaptation and resilience to climate change, especially in respect of vulnerable communities and natural ecosystems.

Improving energy efficiency is one of the ways by which FMO strives to remain climate neutral in all its operational activities. FMO looks to build-up a portfolio that is targeted at improving access to basic services, such as energy, and aiming to optimally use scarce resources.

Energy efficiency is seen as a form of climate change mitigation when assessing activities according to the Green Label Guidelines: at least 20 percent reduction in energy consumption or GHG emissions is required for it to comply with that category. Through our E&S practices, we apply IFC PS3: Resource Efficiency and Pollution Prevention, which is specific for water and pollution (e.g. air, noise, water) related impacts and for opportunities on efficiencies (e.g. energy or water).

This also involves the issuance of sustainability bonds used to finance renewable energy and improve energy.

Regarding renewable energy deployment, following the EDFI Statement on Climate and Energy Finance, our Sustainability Policy states that FMO is committed to increase its share of investment that contributes to low-carbon, reliable and affordable energy. As described previously, through our Green Label and Position Statements, we aim to increase our portfolio's share of contribution to renewable energy deployment and avoid investments in non-renewables respectively. Also, investing in renewable energy is central to our Energy sector strategy, which is one of the three core sectors in which FMO invests.

Finally, FMO aims to increase the volume of investments in biodiversity and forestry, to remove carbon and increase resilience. For further information please refer to 'E4 Biodiversity and Ecosystems'.

E1-3 Actions and resources in relation to climate change policies

The three main actions to operationalize FMO's 2030 Strategy in relation to climate are as follows:

1. Aligning our portfolio and investments with the Paris Agreement goals.
2. Increasing climate investments and support to our customers.
3. Active management of our climate action.

Details regarding these actions are described in the following sections.

Aligning our portfolio and investments with the Paris Agreement goals

This action consists of the following sub-actions:

1. Reduce emissions in our investments, so that in 2050 our portfolio's aggregate absolute emissions, when added with our carbon removal investments' negative emissions, result in net zero emissions. We will strive to align the overall portfolio emission reductions with aggregate country- and sector-specific 1.5°C emission reduction pathways, taking into account a just and inclusive transition. At FMO we recognize that a starting point for Paris alignment are the Nationally Determined Contributions (NDCs) and National Adaptation Plans, and while we will seek to align our investments with these plans, we also seek to raise the ambition level of our customers and strive toward 1.5°C pathway alignment.

2. Reduce power generation portfolio emissions by 50 percent to 2030, while at the same time approximately doubling our sustainable power generation portfolio and overall energy portfolio. We will consider additional targets in other parts of the portfolio.
3. Assess new investments for Paris alignment from a climate mitigation and resilience perspective, by implementing an investment-level Paris alignment assessment for new transactions.
4. Implement our commitment under the EDFI Climate and Energy Statement regarding fossil fuels in our indirect investments, and consider other policies that support our goals.

FMO has a dedicated project allocated to the implementation of this action. Since 2023, FMO has a dedicated workstream focused on developing a Paris alignment methodology and further developing our in-house capacity. In 2024 FMO finalized its Paris alignment methodology, based on the MDB Principles for Paris Alignment. This methodology will be used to assess new investments for Paris alignment from a mitigation and resilience perspective and was piloted in 2024 based on which the methodology was further refined and finalized. The Paris alignment assessment methodology will be rolled out in the coming period and once ready, will be used to assess new transactions.

Additionally, FMO will work further towards an approach for striving towards 1.5-degree alignment and develop climate mitigation KPIs for progress measurement.

The overall action can be classified as a decarbonization lever, since the sub-actions will reduce emissions in FMO's investment portfolio, thereby mitigating climate change.

The target of reducing power generation emissions by 50 percent in 2030 is part of this action. This target – together with performance on expected and achieved GHG reductions - is elaborated in section 'E1-4 Targets related to climate change mitigation and adaptation'.

Increasing climate investments and support to our customers

This action is made of by the following sub-actions:

1. Building up a portfolio of at least €10 billion dedicated to SDG 13 goals in climate mitigation, adaptation & resilience (including nature-based solutions), biodiversity, and other footprint reduction. We do this by engaging with customers such as our financial institutions to encourage their further investments in these objectives, through activities that contribute to developing our markets (market creation), and by mobilizing additional capital to closing the financing gap needed in emerging markets.
2. Increasing our climate mitigating investments and investments that contribute to solutions for adaptation, resilience and biodiversity, thereby strengthening our customers' resilience to climate change. Examples of what this entails, include:
 - Corporate governance advisory work focused on climate governance and climate risk, building on the work we have done in this area to date.
 - Technical assistance funding, building on platforms like our Green Finance Framework.
 - Engagement with portfolio companies and new customers to influence them to set targets and transition plans to reduce their emissions over time, or at a minimum to consider technical solutions together.
 - Supporting green finance innovation in our investments.
 - Active shareholdership by ensuring our investees are prepared for both climate risks and opportunities.
 - Creating coalitions with key nature conservation organizations, contributing to the understanding of the landscape approach, and promoting community and stakeholder engagement.
3. Provide sector-specific solutions for energy, financial institutions, and agriculture and forestry. Regarding energy, FMO will continue financing utility scale clean energy generation projects (solar, wind both on- and offshore, hydro power and geothermal), with an increased attention towards the least developed countries (LDCs) and fragile states. These efforts will be an important driver behind our climate mitigation and resilience goals. Towards 2030, through sector initiatives, partner engagement, and other means, we will work to remove bottlenecks currently slowing down the sustainable energy transition in some of our markets. We will also work toward sustainable energy access and inclusion, while further scaling both already established / proven and innovative technologies and solutions.

For financial institutions, FMO will increasingly aim to have a 'transformative' impact on customers through a strategic approach including the development of product propositions, capabilities, and related financing with the goal of having the same effect on end beneficiaries.

Finally, regarding agriculture and forestry, our focus will remain on strengthening local agricultural and food supply chains for both local or regional markets to increase local production and reduce reliance on imports, to improve local access to nutritious food, and to reduce food waste (e.g. through more and improved storage and distribution). We continue our focus on decent work and economic inclusion of the bottom 40 percent of income distribution, including smallholder farmers and women. Towards 2030, emphasis will be on engagement and investing more in global merchants, input providers and food companies with leverage to increase sustainable practices, along the (international) agricultural supply chains. We will continue expanding our integral/ landscape approach to supporting and investing in sustainable land-use and ecosystem protection and restoration, among others, through our work on forestry (carbon sequestration), climate smart and regenerative agriculture, soil improvements and livelihoods.

4. Continue to invest in carbon removals, specifically forestry, and help build these markets. More details on this are provided in the section 'E1-7 GHG Removals and GHG mitigation projects financed through carbon credits'.
5. Contribute to our impact portfolio growth objectives through our market creation efforts and scale our activities through our mobilization efforts. In order to advance our impact contributions (including for climate action), through 'market creation' we aim to develop unbankable opportunities into bankable projects, as well as drive topics and business models of the future. We aim to accelerate impact by upscaling mobilization of private and public capital by aiming to double this portfolio by 2030 through:
 - Developing climate fund propositions for large scale mobilization, following a just and inclusive transition approach, targeting both climate impact and social impact.
 - Blending public and commercial funding for high-impact propositions in LDCs.
 - Exploring possibilities for equity mobilization.
 - Strengthening syndication efforts by increasing sourcing capacity of transactions, and by expanding and diversifying our investor base.
6. Engaging with our customers to increase their Paris alignment and provide them with technical assistance and other support. This will include helping to develop climate governance and climate risk frameworks and tools to work with their clients. We will specifically start with pan-regional customers as agents of change, gradually expanding to all customers over time.

FMO's Green Label Methodology was updated in 2023 by the Sustainability Strategy and Policy team (established in 2023), following updated Multilateral Development Banks common principles for climate mitigation finance tracking. FMO has also established a Sustainable Finance Advisory team to support investment teams with Green deal origination. This team reached its full size at the end of 2023 and initiated work with the sectors in 2024.

On advancing sector-specific solutions for energy, financial institutions, and agriculture and forestry, in 2024, FMO developed a climate framework for Technical Assistance (TA) to the Private Equity and Agribusiness, Food and Water sectors. Through the climate framework, FMO is able to offer customers in the Private Equity and Agribusiness, Food and Water sectors TA on climate adaptation and mitigation. This includes climate awareness training, climate risk assessments, GHG measurement and reporting, climate action planning and implementation, climate opportunity origination, and compliance with sustainability standards.

As part of our ambition to continue to invest in carbon removals, specifically forestry, and help build these markets, FMO has investment officers specialized in forestry in various investment teams.

Under market creation, FMO has defined four focus themes: financial inclusion and resilience for entrepreneurs, responsible energy transition, forestry and sustainable land-use, and food system transformation. In 2024, we worked in particular on operationalizing and building out the financial inclusion theme.

The overall action can be classified as a decarbonization lever, since it will contribute to reducing emissions, thereby mitigating climate change. However, no GHG emission reduction target is linked to this action.

Active management of our climate action

This action is comprised of a set of sub-actions:

1. Monitor our work at a portfolio level, including absolute and relative emission levels. In order to achieve the impact we aim for, having the right data and additional information needed for measuring and steering our work will be key.
2. Continue to improve data quality and collection, including at the level of our customers. Data collection in our markets and for our specific customer types is not always readily available, especially for investments in smaller companies and for financial institutions and funds, which need to obtain data from their clients. To tackle this challenge, together with our development finance institution partners, we launched the Joint Impact Model (JIM) in 2021. The JIM allows us to model the emissions in the absence of emission data, to have an indication of our portfolio emissions.
3. Adopt an adaptive management approach and adjust our actions based on data and information. The intent of our data/information collection drive is to not only use the information we gather to report and for compliance purposes, but to also better actively manage our portfolio and tailor our climate actions to what is most effective. Moving forward, we will continue to work on improving our systems.
4. Implement a climate risk framework to manage the portfolio for both physical and transition climate risk. Integrating climate risk at FMO is about ensuring that risks to our portfolio due to climate change (physical and transition risks) are structurally identified, assessed, and managed. It is also about bringing this knowledge to our customers and structuring our transactions with the same considerations. Ultimately managing climate risk is another way to drive the change we want to see in our markets.

The implementation of this action is mainly covered via a project. In 2024, FMO made progress in developing transition and physical risk assessment methodologies for assessing climate risk. Physical risk assessment tooling is currently implemented for all sectors. Furthermore, FMO established a climate risk policy as well as a quarterly portfolio scan as part of the climate risk framework. FMO also continued work on improving data quality and collection. For the first time, FMO reported the PCAF score for the tracking of emissions data quality.

FMO will further work on transition risk assessment and improving data quality and management. FMO will also aim to refine emissions data to better take into account known use-of-proceeds instruments, i.e., when the investment is allocated to specific assets of a customer.

While this action aims to enhance FMO's management of climate actions, such as creating more awareness via enhanced data and methodologies, the overall action cannot be classified as a decarbonization lever since it does not directly contribute to GHG reduction.

Table 16. Minimum Disclosure Requirement applicable for all presented actions

Scope of actions	The actions apply to FMO's value chain, with a focus on the downstream value chain. No actions regarding FMO's own operations are included, as these were found to be not material in the DMA.
Time horizon	The actions are formulated for the period until 2030, in line with our Strategy.
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	N/A
Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

As explained in section 'E1-1 Transition plan for climate change mitigation', no key performance indicators from the EU Taxonomy can be linked to the resources required for the implementation of the actions described. More information is provided in the 'EU Taxonomy' section.

E1-4 Targets related to climate change mitigation and adaptation

FMO has two targets related to the Policies and Actions described in the sections 'E1-2 Policies related to climate change mitigation and adaptation' and 'E1-3 Actions and resources in relation to climate change policies' respectively. Table 14 presented in the 'E1 Impacts, risks and opportunities' section shows which target relates to which IRO, policy and/or action. The table, therefore, indicates for each action whether there is a related target, thereby specifying whether and how the effectiveness of these actions are quantitatively tracked.

Firstly, a GHG emission reduction target has been set in the form of the Power Generation Emission Reduction target. The target is set to reduce the financed scope 1 emissions in the power generation portfolio by 50 percent in 2030. Given the baseline value of 624 ktCO₂e, this would imply an absolute reduction of 312 ktCO₂e. This target will specifically contribute to reducing the financed absolute GHG emissions, i.e. the GHG emissions in scope 3 category 15 (Investments). The target has the same reporting boundary as the financed absolute GHG emissions. In 2024, the power generation portfolio emissions are 442 ktCO₂e, which is 42 percent of the financed scope 1 emissions and 8 percent of total financed absolute GHG emissions. In line with the 'Financial Sector Climate Commitment Guideline on relevant financing, investments and action plans' FMO has prioritized target setting for its power generation portfolio, being an emission-intensive sector.

Secondly, a strategic target has been set in the form of the €10 billion SDG 13 target. FMO aims to have developed a portfolio of at least €10 billion in investments dedicated to SDG 13 goals by 2030. An ex-ante assessment is made to assess an investment's potential impact and its related contribution to SDG 13, determining eligibility to receive the Green Label. The Green Label includes positive impact contributions to for instance climate change mitigation and adaptation and biodiversity. While it is no direct emission reduction target, the Green Label as a tool to steer towards FMO's €10 billion SDG 13 target will contribute to reduced emissions in FMO's investments portfolio and overall positive impact to SDG 13. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

Since the Power Emission Reduction Target is the only target related to GHG emission reduction, disclosures requirements focusing on emission reductions are only applicable to this target.

Table 14 in the 'E1 Impact, risks and opportunities' section indicates to which IRO the Power Generation Emission Reduction Target and the €10 billion SDG 13 target relates to.

Table 17 provides information on the Power Generation Emission Reduction target, whereas the relevant details for the €10 billion SDG 13 target are presented in 'ESRS 2 - IRO management'.

Table 17. Minimum Disclosure Requirement for Power Generation Emission Reduction Target

Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable)	50 percent emission reduction in FMO's financed Scope 1 power generation emissions by 2030.
Scope of target	The power generation target GHG emissions include active investments that have production of electricity (NACE code 35.11) as their main economic activity. They are calculated based on customers' Scope 1 emissions, attributed in line with the PCAF Global Standard. The outstanding amounts include FMO-A, public funds and mobilized capital.
Baseline value	624 ktCO ₂ e
Baseline year	2021
Application period	2021 – 2030
Milestones or interim targets	None

Methodologies and assumptions	<p>The target is based on a calculated 1.5°C pathway provided by the REMIND-MAGPIE 3.0-4.4 database, using the Orderly - net zero 2050 scenario for electricity. This scenario is broken down by region, and country income level (upper middle income, lower middle income, low income using World Bank categorization) within regions, using our best estimate of proxies where there is no perfect match. The REMIND-MAGPIE 3.0-4.4 database is a scenario of the NGFS, which has as its goal meeting the goals of the Paris agreement. REMIND-MAGPIE is a comprehensive Integrated Assessment Model that simulates the dynamics within and between the energy, land use, water, air pollution and health, economy, and climate systems.</p> <p>It has been assumed that the portfolio distribution at country-income level will remain constant up to 2030 compared to 2021. Moreover, power production growth projections are based on 2030 Strategy projections, including direct mobilized funds (average of ~8.0 percent p.a. between 2021-2030). Thereafter, a projection of 4 percent per year is used. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero.</p>
Target related to environmental matters is based on conclusive scientific evidence (if applicable)	The REMIND-MagPIE scenario is based on the SSP2 scenario defined by the IPCC.
Stakeholder involvement with target setting	The target has been set as part of the CAP, and while taking into consideration the expectations following FMO's commitment to the Financial Sector commitment to the Dutch Climate Agreement. The CAP was discussed both formally and informally with key stakeholders during drafting.
Changes in target	<p>We include only scope 1 emissions, as this is the primary emission driver of power generation plants. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero.</p> <p>In order to compare performance year-on-year, data is aligned according to reporting year to the extent possible. Given that this annual report is published in early 2025, not all 2024 customer data (e.g. emissions data) was available. As a result, the reported 2024 power generation emissions combines 2023 customer emissions data with 2024 portfolio data from FMO (e.g. outstanding amounts). The 2024 number will be finalized in next year's annual report. The 2023 power generation emissions are, in principle, finalized in this annual report with a value of 510 ktCO₂e, based on 2023 portfolio data and 2023 customer data.</p> <p>The baseline for the power generation target is restated in this Annual Report in line with the recalculation approach. The new baseline number is 624 ktCO₂e (previous value was 582 ktCO₂e). The reason is that emission factors were updated in an internal calculation tool. In order to ensure consistency between baseline and later years, emissions data for 2021 and 2022 was retroactively adjusted for customers where the tool was used – note the tool is not used if customers directly reported emissions.</p>
Performance	The power generation target GHG emissions were 442 ktCO ₂ e in 2024, which is a 29 percent reduction compared to the 2021 baseline. The reduction is due to an overall decrease of our outstanding exposure in operational fossil fuel plants.

FMO has set a GHG emission reduction target for financed scope 1 emissions in the power generation portfolio, as described in E1-4. While FMO aims to be net zero by 2050, FMO has not yet set other reduction targets for financed scope 1, 2 and 3, therefore no information and data can be provided regarding such targets. This is due to the many unknowns ahead including how climate change itself will evolve, how our markets and customers will respond, lack of data and what solutions are needed and effective. We seek to carefully balance our climate objectives with customer- or location-specific social and environmental considerations, including the need for a just and inclusive transition. FMO will focus in the short-term on striving to align financial flows with 1.5°C aligned activities and is working on an approach to measure this. FMO will consider setting additional targets to further align financial flows. We will continue to improve our data collection, including at the level of our customers, and use it to assess and monitor our progress, as a component of our climate action project workstream.

The progress made regarding the Power Generation Reduction Emission Target has been disclosed in table 17. The baseline value is considered representative as there are no indications that for the power generation portfolio the activities covered and influences from external factors in the base year were significantly different to other years. Table 17 provides information on the scientific base used to define the Power Generation Emission Reduction Target.

Since no other targets for GHG emission reduction exist, no other progress can be disclosed, nor can information be provided on how it has been ensured that the baseline value of such targets is representative in terms of activities covered and influences from external factors.

The decarbonization levers of FMO are defined in the section 'E1-1 Transition plan for climate change mitigation'. The Power Generation Emission Reduction target is part of the lever 'Aligning our portfolio and investments with the Paris Agreement goals'. Refer to table 17 for information on the quantitative contribution to GHG emission reduction and the definition of the target, for which one scenario has been used.

The €10 billion SDG 13 target is part of the decarbonization lever 'Increasing climate investments and support to our customers', supporting mitigation of and adaptation to climate change. Because of the nature of this target, no quantitative contribution to GHG emission reduction can be provided for this target. More details on how the decarbonization levers and targets relate is provided in table 14 in the 'E1 Impacts, risks and opportunities' section.

E1-6 Gross Scope 1, 2, 3 and Total GHG emissions

Table 18 provides the previous year and the reporting period's emissions. The previous year emissions were restated in line with our recalculation approach. The previously reported value for the total financed GHG absolute emissions (8,403 ktCO₂e) was recalculated to 5,468 ktCO₂e. The decrease is mainly due to the use of a new JIM version (3.1.6), which includes updated economic emissions factors based on an updated GTAP database. Compared to the restated previous year emissions, total GHG emissions increased in the reporting period mainly due to an extended methodological coverage for scope 3 category 15 GHG emissions (i.e. sector breakdown adjustments). For more details, please refer to the 'FMO methodology for reporting financed GHG emissions and jobs', available on FMO's website.

Even though emissions in scope 1 and 2 from FMO's own operations were found not to be material, these have been added for completeness and consistency with previously reported emissions. Milestones and targets have not been defined and are therefore left blank. FMO did set a target to reduce emissions in its power generation portfolio, which is described in section 'E1-4 Targets related to climate change mitigation and adaptation'.

The excluded scope 3 categories are indicated in the following table with 'N/A'. These categories are excluded because they are not expected to be material for FMO. The upstream scope 3 categories 1-5 are not relevant as they only pertain to goods and services purchased for FMO's one office building, scope 3 category 8 is not applicable as upstream leased assets (e.g. vehicles and building) are included under Scope 1 and 2, and the downstream scope 3 categories 9-14 are not applicable because FMO's operations do not include sold physical products, downstream leased assets or franchises.

Table 18. Overview of total GHG emissions

	Retrospective				Milestones and target years			
	Base year	Comparative (N-1)	N	% N / N-1	2025	2030	-2050	Annual % target / Base year
Gross Scope 1 GHG emissions (ktCO ₂ eq)		0.08	0.06					
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)		0	0					
Gross location-based Scope 2 GHG emissions (ktCO ₂ eq)		0.43	0.52					
Gross market-based Scope 2 GHG emissions (ktCO ₂ eq)		0.03	0.03					
Total Gross indirect (Scope 3) GHG emissions (ktCO ₂ eq)		5,473	5,861					
1. Purchased goods and services		N/A	N/A					
2. Capital goods		N/A	N/A					
3. Fuel and energy-related Activities (not included in Scope 1 or Scope 2)		N/A	N/A					
4. Upstream transportation and distribution		N/A	N/A					
5. Waste generated in operations		N/A	N/A					
6. Business traveling		4.84	5.26					

7. Employee commuting	0.84	0.52
8. Upstream leased assets	N/A	N/A
9. Downstream transportation	N/A	N/A
10. Processing of sold products	N/A	N/A
11. Use of sold products	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A
13. Downstream leased assets	N/A	N/A
14. Franchises	N/A	N/A
15. Investments	5,467	5,855
Total GHG emissions (location-based) (ktCO ₂ eq)	5,473	5,861
Total GHG emissions (market-based) (ktCO ₂ eq)	5,473	5,861

The scope 1 and scope 2 emissions are calculated for the consolidated accounting group using the operational control approach. FMO does not have operational control over any investees that are not fully consolidated in the financial statements, such as associates, joint ventures and unconsolidated subsidiaries, and therefore exposures towards these entities are reported under scope 3 category 15.

The following graph shows the financed absolute emissions under scope 3 category 15 per strategic sector and emissions scope.

Figure 3. Financed absolute GHG emissions under scope 3 category 15 per strategic sector (in ktCO₂e)

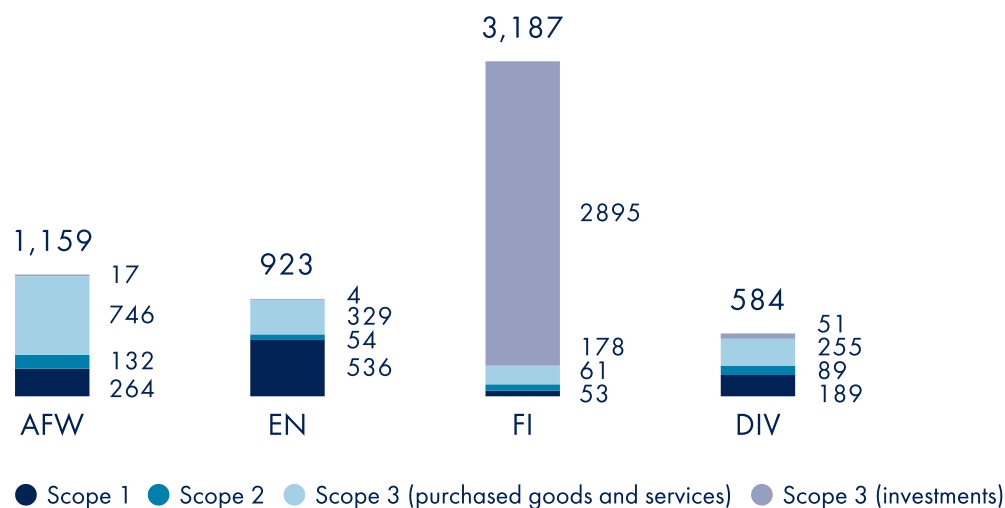


Table 19a shows the total overview of financed emissions under scope 3 category 15. Table 19b disaggregates the financed emissions under scope 3 category 15 per strategic sector, funding source, product and emissions scope.

Table 19a. Overview of financed absolute emissions under scope 3 category 15 (totals)

Financed emissions	ktCO ₂ e	ktCO ₂ / BN EUR	% coverage	% primary	DQ score
Scope 1	1,042.5	96.6	99.5%	52.6%	3.5
Scope 2	337.1	31.4	98.8%	15.1%	3.5
Total Scope 1 + Scope 2	1,379.5				
Scope 3 - Purchased goods and services	1,508.0	140.7	98.9%	12.1%	3.7
Scope 3 - Investments	2,967.4	527.8	98.3%	6.5%	4.6
Total Scope 1 + Scope 2 + Scope 3	5,854.9				

Table 19b. Overview of financed emissions under scope 3 category 15 per strategic sector, funding source, product and emissions scope

Financed emissions***			AFW	AFW	AFW	AFW	AFW	EN	EN	EN	EN	EN	FI	FI	FI	FI	FI	DIV	DIV	DIV	DIV	DIV
Source*	Product	Scope	ktCO2e	ktCO2/BN EUR	% coverage	% primary	DQ score	ktCO2e	ktCO2/BN EUR	% coverage	% primary	DQ score	ktCO2e	ktCO2/BN EUR	% coverage	% primary	DQ score	ktCO2e	ktCO2/BN EUR	% coverage	% primary	DQ score
Scope 1	FMO-A**	Debt	146.6	144.8	100.0%	33.9%	3.3	326.2	216.8	98.5%	94.3%	3.7	30.8	9.7	100.0%	1.7%	3.5	14.2	64.4	100.0%	28.3%	3.6
Scope 1	FMO-A**	Equity	41.5	267.3	100.0%	3.7%	3.4	132.4	385.5	99.8%	61.6%	3.3	7.1	7.6	100.0%	0.7%	3.7	145.4	154.4	98.4%	11.6%	3.5
Scope 1	PF	Debt	28.8	139.1	100.0%	18.4%	3.2	19.9	130.1	100.0%	0.5%	4.2	9.7	56.5	100.0%	0.3%	4.2	6.8	858.8	100.0%	26.5%	3.4
Scope 1	PF	Equity	6.9	161.4	100.0%	21.9%	3.0	7.6	84.5	95.8%	93.3%	4.0	4.9	22.3	100.0%	1.8%	3.3	22.3	148.8	99.6%	0.6%	4.3
Scope 1	MOB	Debt	40.0	125.0	100.0%	49.7%	2.9	50.0	167.2	100.0%	99.5%	3.7	0.8	0.9	100.0%	43.7%	3.0	0.6	207.6	100.0%	100.0%	2.0
Scope 1	MOB	Equity	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A
Scope 1	Total	Total	263.7	151.8	100.0%	29.5%	3.2	536.1	224.3	98.9%	83.2%	3.7	53.4	10.0	100.0%	1.9%	3.5	189.3	143.1	98.9%	12.4%	3.6
Scope 2	FMO-A**	Debt	92.6	91.5	100.0%	6.6%	3.4	36.8	25.0	96.2%	5.2%	3.9	36.5	11.5	100.0%	2.2%	3.5	12.0	54.7	100.0%	23.0%	3.7
Scope 2	FMO-A**	Equity	7.0	45.1	100.0%	4.4%	3.8	7.7	22.5	99.7%	34.5%	3.4	12.3	13.2	100.0%	0.3%	3.7	73.3	78.8	97.6%	23.8%	3.5
Scope 2	PF	Debt	10.6	51.5	100.0%	56.8%	3.2	2.4	15.7	100.0%	1.1%	4.2	3.2	18.6	100.0%	1.9%	4.2	0.2	28.1	100.0%	2.8%	3.4
Scope 2	PF	Equity	0.9	20.1	100.0%	36.7%	3.1	0.4	6.6	90.4%	13.1%	4.0	3.5	15.8	100.0%	2.0%	3.2	3.5	23.4	99.0%	4.4%	4.3
Scope 2	MOB	Debt	21.3	66.7	100.0%	40.5%	3.0	6.7	22.5	98.0%	45.0%	3.7	5.9	7.1	100.0%	5.5%	3.0	0.1	33.9	100.0%	100.0%	2.0
Scope 2	MOB	Equity	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A
Scope 2	Total	Total	132.4	76.2	100.0%	16.2%	3.3	54.0	23.2	97.1%	14.2%	3.8	61.4	11.5	100.0%	2.1%	3.5	89.2	68.0	98.2%	22.9%	3.6
Scope 3 - Purchased goods and services	FMO-A**	Debt	474.7	468.9	100.0%	14.6%	3.7	221.8	150.6	96.2%	0.0%	4.0	98.6	31.0	100.0%	0.8%	3.6	24.5	111.3	100.0%	0.0%	4.2
Scope 3 - Purchased goods and services	FMO-A**	Equity	41.4	266.6	100.0%	0.9%	4.1	40.0	117.1	99.7%	0.9%	3.5	30.5	32.5	100.0%	0.1%	3.7	195.0	209.4	98.3%	6.6%	3.9
Scope 3 - Purchased goods and services	PF	Debt	53.2	257.6	100.0%	1.9%	3.9	27.3	178.3	100.0%	23.1%	4.2	13.8	79.7	100.0%	3.0%	4.2	1.2	149.1	100.0%	0.6%	3.4



Scope 3 - Purchased goods and services	PF	Equity	4.1	113.4	99.3%	15.8%	3.5	9.9	146.4	90.4%	0.0%	4.2	20.7	94.0	100.0%	1.3%	3.2	32.7	218.3	99.0%	11.3%	4.3
Scope 3 - Purchased goods and services	MOB	Debt	172.7	539.7	100.0%	49.9%	3.6	30.2	101.2	98.0%	0.1%	3.9	14.7	17.8	100.0%	6.8%	3.1	1.2	418.6	100.0%	0.0%	4.0
Scope 3 - Purchased goods and services	MOB	Equity	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A
Scope 3 - Purchased goods and services	Total	Total	746.1	431.1	99.9%	21.1%	3.8	329.1	141.1	97.1%	2.0%	3.9	178.3	33.4	100.0%	1.4%	3.6	254.5	194.0	98.7%	6.5%	4.0
Scope 3 - Investments	FMO- A**	Debt	10.5	200.0	100.0%	0.0%	5.0	0.0	N/A	N/A	N/A	N/A	1,605.3	522.1	97.3%	7.8%	4.5	0.1	109.1	100.0%	0.0%	5.0
Scope 3 - Investments	FMO- A**	Equity	0.0	0.0	100.0%	N/A	5.0	4.0	436.6	100.0%	0.0%	5.0	493.8	536.8	100.0%	1.4%	4.9	38.6	141.8	99.0%	0.0%	5.0
Scope 3 - Investments	PF	Debt	0.1	20.7	100.0%	0.0%	5.0	0.0	N/A	N/A	N/A	N/A	100.8	699.4	94.1%	1.7%	4.8	0.0	N/A	N/A	N/A	N/A
Scope 3 - Investments	PF	Equity	0.0	0.8	100.0%	0.0%	5.0	0.0	0.3	100.0%	0.0%	5.0	255.1	1,187.8	97.0%	0.7%	4.9	12.4	175.5	100.0%	0.0%	5.0
Scope 3 - Investments	MOB	Debt	6.3	292.8	100.0%	0.0%	5.0	0.0	N/A	N/A	N/A	N/A	440.3	531.8	100.0%	12.8%	3.9	0.0	N/A	N/A	N/A	N/A
Scope 3 - Investments	MOB	Equity	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A	0.0	N/A	N/A	N/A	N/A
Scope 3 - Investments	Total	Total	16.9	193.9	100.0%	0.0%	5.0	4.0	433.4	100.0%	0.0%	5.0	2,895.3	558.8	98.0%	6.7%	4.5	51.1	148.6	99.3%	0.0%	5.0

* FMO-A = FMO consolidated; PF = public funds; MOB - direct mobilized funds

** The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For blended finance programs like DFCD, LUF & FMO Ventures, we disaggregate scope 3 category 15 emissions according to the funding source.

*** AFW = Agribusiness, Food & Water, EN = Energy, FI = Financial Institutions, DIV = Diverse sectors

No significant changes have taken place in the definition of what constitutes the reporting undertaking and its value chain. The financed emission calculations have benefitted from data improvements and methodological refinements compared to the previous Annual Report. The adjustments are elaborated upon in the FMO methodology for reporting financed GHG emissions and jobs, which is available on FMO's website.

FMO follows the GHG Protocol Corporate Standard to report its GHG emissions scopes 1, 2 and 3. The absolute GHG emissions from FMO's own operations are calculated based on measured data collected internally, such as information on commuting and flights and heating consumption of the FMO office in The Hague.

To report on the scope 3 category 15 emissions (i.e. the financed absolute GHG emissions), FMO follows the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF).²⁶ The reporting boundary includes the debt and equity portfolio at the time of reporting. The majority of FMO's financed absolute GHG emissions are estimated through economic modelling using the Joint Impact Model (JIM). For more details, please refer to the FMO methodology for reporting financed GHG emissions and jobs, which is available on FMO's website.

The JIM version used in this sustainability statement has not been externally validated. The upcoming JIM version is undergoing an external validation process, but the planned release of that version was not in time for this report.

Emissions are reported for the entire portfolio based on the actual results of the investments using the most recent data available. For the Annual Report 2024, this means that numbers reflect annual results of investments for 2024 to the extent that information is available, and otherwise 2023 (or older) numbers. Emissions are recorded per year. In other words, if the reporting date of the client is 31 March 2024, the data is reported for the year 2024 and similarly for customers where the reporting date is 31 December 2024. When investments are no longer in the portfolio as of 31 December 2024, we no longer include emissions of these customers.

Information about the percentage of different contractual instruments within scope 2 is not provided, since scope 2 emissions were found to be non-material by the DMA.

The percentage of financed emissions calculated using primary data is disclosed in table 19a and 19b. The tables also include information on the coverage percentage and the PCAF data quality score.

Biogenic emissions of CO₂ from combustion or bio-degradation of biomass that occur in value chain are included in the gross scope 3 emissions, as data limitations do not allow to disclose these separately.

This is the first year that FMO reports on its GHG emissions per net revenue. As such, no comparative value or marginal change is provided in table 20. The net revenue figure was calculated by summing the line items 'Interest income from financial instruments measured at AC', 'Interest income from financial instruments measured at FVPL', 'Dividend income', 'Fee and commission income' and 'Remuneration for services rendered' from the financial statements (see 'Consolidated statement of profit or loss' in the 'Consolidated Financial Statements' chapter).

Table 20. GHG intensity per net revenue

GHG intensity per net revenue	Comparative	N	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/MEUR)	N/A	9,294	N/A
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/MEUR)	N/A	9,293	N/A

26 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

E1-7 GHG Removals and GHG mitigation projects financed through carbon credits

In the downstream value chain, FMO invests in projects that contribute to GHG removals and storage. As per FMO's 2030 Strategy, Climate Action Plan and Forestry Strategy, we will increase our contribution to GHG removals and storage, by investing more in, for example, forestry and nature-based solutions. For instance, FMO's Forestry strategy was launched in 2023 and aims to grow investments in forestry, including nature-based solutions, sustainable natural forest management, and greenfield plantations. Projects that contribute to GHG removals and storage are moreover eligible for FMO's Green Label.

FMO does not yet quantitatively report on emission removals through these activities. This is something that is being worked on for future reporting.

Even though operational emissions were found to not be material, FMO offsets its operational emissions from business travel by investing in a mix of different carbon credits. In 2024, FMO has offset 5,869 tonnes of CO₂eq, using an equal split of VCS Punjab Agroforestry India credits and VCS Pichacay LFG Ecuador credits.

It should be noted that no carbon credits are used to claim emission reductions towards the Power Generation Emission Reduction Target. The offset emissions are also not deducted from the operational emissions reported in section 'E1-6 Gross Scope 1, 2, 3 and Total GHG emissions'. In other words, we report our gross operational emissions.

Within our own value chain, FMO invests in activities that contribute to carbon removals, including forestry investments. Currently, we are choosing to not quantitatively assess the GHG removals through our investment portfolio as we are still waiting on global standards to become clear before deciding on a sequestration tool/methodology. This includes, for example, the GHG Protocol on Land Sector and Removals Guidance (expected Q1 2025) and SBTi FINZ standard (expected Q1 2025).

The carbon credits FMO acquires are all retired on a yearly basis. These carbon credits do not originate from FMO's customers and are therefore outside FMO's value chain. FMO plans to keep offsetting its market-based operation emissions by purchasing carbon credits, but there are no contractual agreements for future purchase of carbon credits.

FMO has committed to be net-zero by 2050. Our plan is to achieve this by (1) reducing the emission intensity at portfolio and investment levels; and (2) increasing investments in carbon removals (primarily forestry), so that when all carbon equivalent emissions – positive and negative - are aggregated in 2050, our portfolio emissions are 'net zero'. Pathways regarding these carbon removals are not developed yet, as elaborated on in section 'E1-1 Transition plan for climate change mitigation'. FMO will focus in the short-term on striving to align financial flows with 1.5°C aligned activities and is working on an approach to measure this. FMO will consider setting additional targets on the alignment of financial flows. We will continue to improve our data collection, including at the level of our customers, and use it to assess our progress, as a component of our climate action workstream ahead.

FMO strives to remain climate neutral in all its operational activities, through energy efficiency, sustainable energy procurement and compensation through the use of carbon credits. FMO's operational emission neutralization initiative does not affect the set reduction targets because carbon credits or removals do not count as emission reductions. Moreover, FMO's material emissions take place in the downstream value chain. While FMO's operational emissions are not subject to an emission reduction target, they are considered part of its net zero ambition.

FMO entity specific metrics – climate change

In addition to ESRS-specific metrics on emissions, FMO reports on Green-labelled new investments and financed avoided GHG emissions.

Green-labelled new investments

The Green Label Guidelines provide criteria and a methodology to assess new investments for their eligibility for FMO's Green Label. The Green Label is a strategic steering tool and a proxy for us to measure progress against the €10 billion SDG 13 target and includes, but is not limited, to climate

change. The metric disclosure for Green-labelled total new investments is presented in 'ESRS 2 - IRO management'.

Financed avoided GHG emissions

Avoided emissions are the reduction in systemic emissions resulting from a project, product, or service compared to a counterfactual scenario. For example, this can be emissions avoided by renewable power production that is assumed to displace fossil fuel-based power plants, or emissions avoided through the protection of forests against illegal logging. The financed avoided GHG emissions metric aims to quantify our contributions to climate change mitigation activities. A significant proportion of avoided emissions was attributable to our debt and equity portfolios in on-grid renewable power projects. While this metric is not defined under the CSRD, financed avoided emissions is a key entity-specific metric for FMO and further defined in Table 21. Table 22 disaggregates the financed avoided emissions per strategic sector, funding source, product and project type.

Table 21. Minimum Disclosure Requirements for Metrics for Financed Avoided Emissions

Methodology and assumptions	GHG avoidance for on-grid renewable power projects is calculated as the annual electricity production during the latest available reporting year, multiplied by the country emission factors in accordance with the International Financial Institution (IFI) harmonized list of emission factors (version 3.2). The financed avoided GHG emissions are reported and attributed in line with the PCAF Global Standard, except we report avoided emissions beyond the renewable power portfolio.
Validation by external body other than the assurance provider (if applicable)	N/A
Unit	ktCO ₂ eq
2024	2,134
2023 (restated)	1,940
Restatement of information	Unverifiable data was identified for one customer that exceeded the significance threshold by itself. In addition, an error was identified in the data processing whereby the avoided emissions for one customer were omitted. Previously reported figure for 2023 was 2,061 compared with the new figure 1,940. This represents a 6 percent decrease.

Table 22. 2024 results on Financed Avoided Emissions

Project type	Source*	Product	AFW***	EN***	FI***	DIV***
			ktCO ₂ e	ktCO ₂ e	ktCO ₂ e	ktCO ₂ e
On-grid renewable power	FMO-A**	Debt	-	834	-	23
On-grid renewable power	FMO-A**	Equity	-	27	-	-
On-grid renewable power	PF	Debt	-	31	-	-
On-grid renewable power	PF	Equity	-	5	-	-
On-grid renewable power	MOB	Debt	-	301	-	-
On-grid renewable power	MOB	Equity	-	-	-	-
On-grid renewable power	Total	Total	-	1,198	-	23
Other	FMO-A**	Debt	70	52	-	-
Other	FMO-A**	Equity	-	254	-	112
Other	PF	Debt	50	279	-	-
Other	PF	Equity	1	66	-	7
Other	MOB	Debt	-	22	-	-
Other	MOB	Equity	-	-	-	-
Other	Total	Total	121	673	-	119

* FMO-A = FMO consolidated; PF = public funds; MOB - direct mobilized funds

** The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For blended finance programs like DFCD LUF & FMO Ventures, we disaggregate financed avoided emissions according to funding source.

*** AFW = Agribusiness, Food & Water, EN = Energy, FI = Financial Institutions, DIV = Diverse sectors

EU Taxonomy

FMO discloses how and to what extent investments are aligned with economic activities that qualify as environmentally sustainable under the first two defined environmental objectives (climate change mitigation and adaptation) of the EU Taxonomy Regulation (Taxonomy). Moreover, FMO reports on eligibility in line with the Taxonomy for the remaining four environmental objectives. Alignment with the remaining four objectives will be disclosed in the Annual Report covering the financial year 2025 (reported in 2026).

Recognizing the importance of financing the transition to a sustainable economy, FMO supports the EU Taxonomy's objective to enhance transparency and address greenwashing by providing clear criteria and definitions for what constitutes environmentally sustainable economic activities.

FMO closely follows the developments related to the EU sustainable finance regulations and has been disclosing under EU Taxonomy since 2021. Despite being an EU-based organization, FMO's core business focuses on investing in LMICs. As FMO invests mostly outside of the EU, we deal with counterparties that, for the most part, do not fall within the scope of the NFRD and, hence, are not required to disclose their Taxonomy eligibility and alignment. As the current Taxonomy regulation stipulates that mandatory disclosure on eligibility and alignment must be based on actual information disclosed by financial or non-financial undertakings subject to the NFRD, FMO reports that zero percent of its balance sheet in 2024 is Taxonomy eligible and aligned (2023: zero percent Taxonomy eligible and aligned). As such, we report a Green Asset Ratio (GAR) of 0 percent. In this year's EU Taxonomy disclosure, we present the 2023 templates alongside the 2024 templates (where applicable) for comparative purposes. We have updated the relevant 2023 templates (in relation to the EU Taxonomy disclosure from the 2023 annual report) to reflect more accurately the figures in line with the GAR requirements.

The Taxonomy regulation requires FMO to disclose a breakdown of the different asset classes held on its balance sheet. In accordance with the EC's guidance, exposures to central governments, central banks, supranational issuers, and derivatives are excluded from the calculation of Taxonomy eligibility and alignment. Also, as mentioned, exposure to non-NFRD undertakings, which constitutes FMO's investment portfolio in LMICs are not considered either. Finally, the remaining FMO assets – including cash and cash-related assets held in FMO's liquidity portfolio, tangible and intangible assets, and tax assets – are to a large extent not Taxonomy eligible as they do not finance a specific economic activity. In line with EC guidance on the topic FMO does not report on Taxonomy eligibility and alignment for its liquidity portfolio as it is not considered to be material in the context of FMO's core business and contributions to the climate-related objectives.

In addition, the Taxonomy regulation requires FMO to disclose information on its assets under management. As mentioned in the 'Consolidated financial statements' chapter in the section 'Related party information', in FMO's role of program manager for the assets under management, FMO holds positions with the government programs. Considering the mandate of these funds is to invest in LMICs, FMO reports 0 percent GAR for these assets, for the same reasons described above.

Challenges in implementation

FMO supports the intention of the EU Taxonomy to redirect capital flows towards sustainable development investments. However, when analyzing the regulatory framework, gaps were identified preventing the use of this framework as a steering instrument for sustainable activities outside the EU.

Most notably, the mandatory reporting under the EU Taxonomy can only be reported for NFRD compliant counterparties. Since FMO invests outside the EU, the investment portfolio cannot be assessed for its Taxonomy eligibility and alignment for mandatory disclosures. As these entities do not disclose in line with the NFRD, they are excluded from the numerator of the GAR and related templates.

Moreover, the direct application of the Taxonomy with regards to investments in LMICs is limited given that its requirements and thresholds have been developed with the needs of European markets in mind. For example, the Taxonomy's "Do No Significant Harm" (DNSH) criteria refers to EU laws and regulations which promote consistency within the European regulatory framework. However, this presents a challenge for European investors investing in LMICs where different regulatory frameworks apply.

Additionally, data and disclosure requirements might be challenging to deliver by companies located in LMIC at the level required by the Taxonomy regulation.

If these challenges are not addressed, the EU Taxonomy could not function as an effective tool to reorientate capital flows towards sustainable investments in LMICs.

Impact management at FMO

In order to manage and steer capital towards sustainable investments, an internal approach has been developed fitting FMO's business model while leveraging international standards. In particular, FMO's climate action plan provides an overview of FMO's climate-related objectives. The plan provides a framework for the actions FMO will take to contribute to its SDG 13 objectives (Climate Action), including increasing our investments in climate change mitigation, adaptation and resilience and biodiversity, as set out in FMO's Strategy 2030.²⁷ FMO assesses the impact of its green investments relative to its climate mitigation, climate adaptation and other footprint reductions, based on international standards such as the MDB Common Principles, by using its Green Label as part of FMO's broader impact management framework.

FMO mitigates possible negative social and environmental impact by screening investments using its position statements on human rights, land governance, hydropower, fossil fuels and coal as well as its exclusion list²⁸, which defines the type of activities in which FMO does not invest. Moreover, FMO manages environmental and social impacts as per the IFC PS it has adopted as its operating standard. Further examples of the standards that FMO applies align with good practices relating to responsible investing include the EDFI Principles for the Responsible Financing of Sustainable Development and the Operating Principles for Impact Management. In addition to FMO's contribution to SDG 13, a large portion of its investments is focused on SDG 10 and SDG 8.

FMO will continue to classify assets based on its internal framework and keep monitoring sustainable finance regulatory developments while it constructively engages with relevant stakeholders with a view to making the Taxonomy more inclusive for companies operating in LMICs, recognizing the different contexts and characteristics of countries outside the EU.

Template for the KPIs of credit institutions

For 2024, FMO discloses Taxonomy eligibility for all six environmental objectives and Taxonomy alignment for climate adaptation and mitigation following Annex VI of the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act). Considering the applicability of the EU taxonomy for FMO's business model, aligned exposures are reported to be zero.

FMO performed an assessment to determine the materiality of exposures that might positively contribute to the GAR and be classified as taxonomy eligible or aligned. With respect to the investment portfolio, FMO has some investments in entities with European headquarters that are reporting under the NFRD. We performed an assessment of the exposure and identified two bond issuers and one equity investment in scope. The bond issuers are part of FMO's liquidity portfolio and, as previously mentioned, are not considered to be material in the context of FMO's activities. The equity investment is reporting Taxonomy eligibility of 0.17 percent and alignment of 0 percent. Accordingly, the amounts were not considered to be material for further assessment.

In addition, FMO discloses the template on Taxonomy aligned, eligible and non-eligible exposures in nuclear and fossil gas. For the purpose of Taxonomy reporting, the regulation stipulates that mandatory disclosures must be based on actual data disclosed by financial or non-financial undertakings following NFRD. Considering FMO invests in LMICs and the vast majority of its exposures are outside of the EU, actual information disclosed according to the NFRD is not available. In the context of the EU Taxonomy, FMO therefore discloses that it has no exposure in fossil gas.

That said, FMO investments in non-NFRD undertakings has resulted in direct exposures to fossil gas activities. These are mainly the result of previous investments made prior to releasing, in 2021, of our Position Statement on Coal and Phasing out Fossil Fuel in direct investment in upstream or mid-stream standalone fossil fuel related activities. Nuclear activities are on FMO's exclusion list. None of these exposures are anyway reported as Taxonomy eligible or aligned.

²⁷ FMO's criteria for climate mitigation and climate adaptation are in line with the IDFC-MDB list of Green investments.

²⁸ FMO and its clients will not finance any activity, production, use of, trade in, distribution of or including forced labor or child labor or direct investment in upstream or mid-stream stand-alone fossil fuel related activities. For a complete overview of excluded activities please refer to FMO's exclusion list and position statements.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	0	0	0	0		

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0	0	0	0		
	Trading book*	N/A	N/A	N/A	N/A	N/A	N/A
	Financial guarantees	0	0	0	0		
	Assets under management	0	0	0	0		
	Fees and commissions income**	N/A	N/A	N/A	N/A	N/A	N/A

* For credit institutions that do not meet the conditions of Article 9(4)(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

** Fees and commissions income from services other than lending and AuM

Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks' total assets

**** based on the Turnover KPI of the counterparty

***** based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Million EUR		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	aa	ab	ac	ad	ae	af							
		Disclosure reference date 2023																																					
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)						
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)						
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)						
			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling				Of which use of proceeds	Of which enabling				Of which use of proceeds	Of which enabling				Of which use of proceeds	Of which enabling				Of which use of proceeds	Of which enabling				Of which specialised landing	Of which transitional	Of which enabling				
	GAR - Covered assets in both numerator and denominator																																						
1	Loans and advances, debt securities and equity instruments not HTI eligible for GAR calculation	126,183,752.41	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
2	Financial corporations	126,183,752.41	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
3	Credit institutions	126,183,752.41	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
5	Debt securities, including UoP	117,160,624.41	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
6	Equity instruments	9,023,128.00	0	0		0	0	0	0	0	0	0	0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
11	Equity instruments	0	0	0		0	0	0	0	0	0	0	0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
15	Equity instruments	0	0	0		0	0	0	0	0	0	0	0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
19	Equity instruments	0	0	0		0	0	0	0	0	0	0	0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0
23	Equity instruments	0	0	0		0	0	0	0	0	0	0	0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0
24	Households	0	0	0	0	0	0	0	0	0	0	0	0	0				N/A	N/A	N/A										0	0		0	0	0	0	0	0	
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0				N/A	N/A	N/A										0	0		0	0	0	0	0	0	
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0	0	0				N/A	N/A	N/A										0	0		0	0	0	0	0	0	
27	Of which motor vehicle loans	0	0	0	0	0	0											N/A	N/A	N/A										0	0		0	0	0	0	0	0	
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0		N/A	N/A	0	0	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0		N/A	N/A	0	0	0	0	0	0
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0		N/A	N/A	0	0	0	0	0	0
31	Collateral obtained by taking possessions: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0		N/A	N/A	0	0	0	0	0	0
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	16,698,868.461	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0		N/A	N/A	0	0	0	0	0	0
33	Financial and Non-financial undertakings	8,892,085.765																																					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,443,524.968																																					
35	Loans and advances	501,213.366																																					
36	Of which loans collateralised by commercial immovable property	0																																					
37	Of which building renovation loans	0																																					
38	Debt securities	773,197,550.70																																					
39	Equity instruments	169,114,050.43																																					
40	Non-EU country counterparties not subject to NFRD disclosure obligations	7,448,560,798																																					
41	Loans and advances	4,714,044,267																																					
42	Debt securities	72,751,824.18																																					

2. GAR sector information

[illegible]

3. GAR KPI stock
3a. Revenue-based KPIs

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af				
% [compared to total covered assets in the denominator]	Disclosure reference date 2024																																			
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
	Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling					
GAR - Covered assets in both numerator and denominator																																				
1 Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
2 Financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
3 Credit institutions	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
4 Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
5 Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
6 Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0		
7 Other financial corporations	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
8 of which investment firms	0	0									N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
9 Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
10 Debt securities, including UoP	0	0									N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
11 Equity instruments	0	0	N/A	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0		
12 of which management companies	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
13 Loans and advances	0	0									N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
14 Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
15 Equity instruments	0	0									N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0		
16 of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
17 Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
18 Debt securities, including UoP	0	0									N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
19 Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0		
20 Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
21 Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
22 Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		
23 Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0	0	0	0		
24 Households	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0		0	0	0	0	0			
25 of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0		0	0	0	0	0			
26 of which building renovation loans	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0		0	0	0	0	0			
27 of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0																										
28 Local governments financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A												0	0	0	0	0			
29 Housing financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A		0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0	0			
30 Other local government financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A		0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0	0			
31 Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A		0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0	0			
32 Total GAR assets	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0		

3a. Revenue-based KPIs

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af				
% [compared to total covered assets in the denominator]		Disclosure reference date 2023																																			
	GAR - Covered assets in both numerator and denominator	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Of which use of proceeds	Of which transitional	Of which enabling								
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling						Of which use of proceeds	Of which transitional		Of which enabling				
1	Loans and advances, debt securities and equity instruments not HFI eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
6	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
10	Debt securities, including UoP	0	0		0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
11	Equity instruments	0	0	N/A		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
15	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
19	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
23	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
24	Households	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
27	Of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
32	Total GAR assets	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		

3b. CapEx-based KPIs

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af				
% [compared to total covered assets in the denominator]		Disclosure reference date 2024																																			
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling					
	GAR - Covered assets in both numerator and denominator																																				
1	Loans and advances, debt securities and equity instruments not HFI eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
6	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
11	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
15	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
19	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
23	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
24	Households	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
27	Of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0				0				0				0				0				0	0	0	0		
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
32	Total GAR assets	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		

3b. CapEx-based KPIs

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af				
% [compared to total covered assets in the denominator]		Disclosure reference date 2023																																			
	GAR - Covered assets in both numerator and denominator	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Of which use of proceeds	Of which enabling	Of which enabling	Of which enabling	Of which enabling						
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling									Of which use of proceeds	Of which enabling			
1	Loans and advances, debt securities and equity instruments not HFI eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
6	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
10	Debt securities, including UoP	0	0		0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
11	Equity instruments	0	0	N/A		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
15	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
19	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	
23	Equity instruments	0	0		0	0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	
24	Households	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
27	Of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A	0				0				0				0	0	0	0		
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		
32	Total GAR assets	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0				0				0				0	0	0	0		

4. GAR KPI flow
4a. Revenue-based KPIs

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af		
% (compared to flow of total eligible assets)		Disclosure reference date 2024																																	
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)						Proportion of total assets covered			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)									
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)									
		Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling							
	GAR - Covered assets in both numerator and denominator																																		
1	Loans and advances, debt securities and equity instruments not HIF eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
6	Equity instruments	0	0	N/A	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	N/A	0	0
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
11	Equity instruments	0	0	N/A	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	N/A	0	0
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
15	Equity instruments	0	0	N/A	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	N/A	0	0
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
19	Equity instruments	0	0	N/A	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	N/A	0	0
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
23	Equity instruments	0	0	N/A	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	N/A	0	0
24	Households	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0	0	0	0	0	0	0	
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0	0	0	0	0	0	0	
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0	0	0	0	0	0	0	
27	Of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0																								
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A									0	0	0	0	0	0	0	0	
29	Housing financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0
32	Total GAR assets	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0

4b. CapEx-based KPIs

		a	b	c	d	e	f	g	h	i	l	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af					
% (compared to flow of total eligible assets)		Disclosure reference date 2024																																			
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
		Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which transitional	Of which enabling								
	GAR - Covered assets in both numerator and denominator																																				
1	Loans and advances, debt securities and equity instruments not HFI eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
6	Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0					
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
11	Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0					
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
15	Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0					
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
19	Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0					
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
23	Equity instruments	0	0		0	0	0	0		0	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	N/A		N/A	0	0		0	0	0					
24	Households	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A					0	N/A			0	0	0	0	0	0					
25	Of which loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0	0	0	0	0					
26	Of which building renovation loans	0	0	0	0	0	0	0	0	0	0				0	N/A	N/A	N/A									0	0	0	0	0	0					
27	Of which motor vehicle loans	0	0	0	0	0																															
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A									0	0	0	0	0	0					
29	Housing financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A		0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0				
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					
32	Total GAR assets	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0					

5. KPI off-balance sheet exposures
5a. STOCK

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae					
% (compared to total eligible off-balance sheet assets)		Disclosure reference date 2024																																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which transitional	Of which enabling						
1	Financial guarantees (Fin-Guar KPI)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
2	Assets under management (AUM KPI)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					

5a. FLOW

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae					
% (compared to total eligible off-balance sheet assets)		Disclosure reference date 2024																																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which transitional	Of which enabling						
1	Financial guarantees (Fin-Guar KPI)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
2	Assets under management (AUM KPI)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					

6. Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

E3 Water and Marine Resources

E3 Introduction

FMO recognizes the critical role of water management in supporting climate and nature goals, ecosystems, and economic development. FMO invests in projects dependent on freshwater resources in the water, energy and agrifood portfolios, and impacts are expected regarding both water quality and water availability. As part of the impact management strategy, FMO has an ambition to invest in water efficient projects that align with the wider goals of environmental protection, safeguard affected communities, and ensure the sustainable use of water resources. By addressing water impacts, FMO aims to contribute to sustainable development and help mitigate the negative impacts of climate change on water resources.

E3 Impacts, risks and opportunities

The following table provides an overview of how each impact, risk and opportunity (IRO) relates to the policies, actions and targets respectively. The impacts caused by our own operations fell below the materiality threshold. However, two negative impacts in our investment portfolio are considered to be material.

It should be noted that the double materiality assessment (DMA) for E1 on Climate included a Climate Risk Assessment, through which a material financial risk related to water dependency was identified. This risk will be reported under 'E1 Climate change' as it relates to climate change effects that lead to increased water scarcity.

Table 23. Overview of how each IRO relates to the policies, actions and targets respectively

ESRS Subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Water withdrawals	Actual negative impact	The actual negative impacts on water quality and availability resulting from significant water usage or degradation by customers and/or projects financed by FMO. Water scarcity and degradation undermine the long-term sustainability of water resources, posing risks to ecosystems, biodiversity, and the livelihoods of communities dependent on water for agriculture and other purposes	Degraded water quality and reduced availability Short term	Downstream investment portfolio	Sustainability Policy		No specific target
Water withdrawals	Actual negative impact	Actual impact on water withdrawals through the creation of reservoirs because of construction of hydro power dams and/or generators by our customers.	Water availability Short term	Downstream investment portfolio	Sustainability Policy		No specific target

E3-1 Policies

Our Sustainability Policy and related underlying documents outline how we manage our material water-related IROs. The Sustainability Policy is mostly related to our (positive and negative) impacts in our downstream value chain and is part of the Sustainability Policy Universe.

The ESG management approach for screening and monitoring customers with regard to potential negative impacts on local communities are described in 'ESRS 2 - IRO management'. FMO has adopted

the IFC Performance Standards (IFC PS) as its operating standard. The following documents are relevant for water:

- a. IFC PS3, 4 and 6 provide specific guidance on water related topics, as they respectively cover Resource Efficiency and Pollution Prevention, Community Health, Safety, and Security, and Biodiversity Conservation and Sustainable Management of Living Natural Resources.
- b. Our Position Statement on Hydropower Plants outlines our approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical, environmental, and social impacts, including adherence to IFC PS and continuous monitoring.

FMO's policies that address water-related impacts are aimed at reducing the material negative impacts downstream in FMO's value chain. FMO aims to support customers to improve their sustainable use of natural resources, such as water, and to prevent degradation of ecosystems. FMO assesses its direct and indirect potential and existing investments over time according to ESG criteria such as the presence and quality of the E&S management system, availability, quantity and quality of resources such as water for local communities and related impacts on resource efficiency including the consumption and use of water. The scope of this assessment applies to the financed activities and their primary suppliers, though FMO may look beyond the direct financed activities when salient risks are expected in the value chain.

Potable water availability or sanitary wastewater collection, treatment, or discharge are also considered, whereby opportunities are explored to improve these aspects, especially where these can be provided at marginal cost to the project.

When projects are a potentially significant consumer of water, in addition to applying the resource efficiency requirements of the IFC PS3, FMO requires its customers to adopt measures (e.g., use of additional water conservation measures, the use of alternative water supplies, water consumption offsets, evaluation of alternative project locations) that avoid or reduce water usage so that the project's water consumption does not have significant negative impacts.

FMO requires that projects implement technically and financially feasible and cost-effective measures for improving efficiency in its consumption of water, integrating the principles of cleaner production into product design and production processes with the objective of conserving water.

Policies related to water management pertain to an organization's own operations. Since FMO's own operations were not identified as material in the DMA, this type of water management policies is not relevant for FMO. Since the water-related impacts that were identified to be material for FMO are not related to our own operations, there are no policies required to address water stress near one of FMO's operating sites.

E3-2 Key actions

As part of the normal due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to negative impacts on water and marine resources (e.g. impact of hazardous materials on ecosystem services, degradation of natural resources, water usage etc.). These improvements are translated into an action plan (ESAP) which is incorporated into the contract. The ESAP also stipulates timelines for the customers to close the actions (see 'ESRS 2 - IRO management').

Compliance with the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be required to mitigate and possibly remediate the impact; this can be agreed with the customer.

E3-3 Targets

FMO has not adopted targets related to water resources. However, FMO's 90 percent ESG performance target includes but is not limited to water impact from related investments (incl. IFC PS3, 4 and 6). Detailed information on this target is provided in 'ESRS 2 - IRO management'.

E4 Biodiversity and ecosystems

E4 Introduction

FMO recognizes the value of ecosystems that form the natural capital for the world economy. Their degradation poses a direct risk for FMO's customers and the societies in which they operate. When we talk about biodiversity, we look at it from a broader perspective, taking into consideration nature and natural capital. While biodiversity and nature are not always explicitly singled out as specific objectives in the way FMO manages on sustainability-related matters (see 'ESRS 2 - IRO Management'). FMO's impact management procedures are aligned with environmental conservation, sustainable use of natural resources, and protection of ecosystems. Furthermore, they promote consideration of how investments affect biodiversity and the pursuit of investments that support nature-based solutions and conservation goals. FMO aims to achieve positive impacts through biodiversity finance that are focused on for instance nature-based solutions and forestry- and regenerative agriculture investments. As per the 2030 Strategy, FMO aims to increase the volume of investments contributing to biodiversity. Together with our partners, FMO committed to engage on climate adaptation and resilience, and biodiversity, by creating coalitions with key nature conservancy organizations, contributing to the understanding of the landscape approach, promoting community and stakeholder engagement.

E4 Impacts, risks and opportunities

Table 24 below gives an overview of how each material IRO relates to policies, actions, and targets, which will be covered in the sections of this statement.

Table 24. Overview of how each IRO relates to the policies, actions and targets respectively

ESRS Subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Potential negative impact	Impact on biodiversity from AFW investments as a result of land-use changes (e.g. deforestation, conversion of natural landscapes), insufficient consideration of the habitat function of agricultural lands through the introduction of monocrops or the use of non-native species agricultural production or poor water management, can contribute to habitat degradation.	Land-use change Medium term	Downstream (AFW portfolio)	Sustainability Policy	ESG impact using IFC Performance Standards.	No specific target
Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Actual negative impact	Impact through the investments in hydro power plants by impacting marine/freshwater species migration paths and changing of natural hydrological cycles.	Negative impacts from investments in hydro power plants Short term	Downstream (Energy portfolio)	Sustainability Policy	ESG impact using IFC Performance Standards.	No specific target

Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Actual negative impact	Impact through the investments in large-scale wind turbines can affect bird and other animal migration paths, and can lead to the loss and fragmentation of wildlife habitat.	Negative impacts of investments in large-scale wind turbines Medium term	Downstream (Energy portfolio)	Sustainability Policy	ESG impact using IFC Performance Standards.	No specific target
Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Actual negative impact	Impact through the investments in large-scale solar panels that can lead to the loss and fragmentation of wildlife habitat.	Negative impacts of investments in large-scale solar panels Medium term	Downstream (Energy portfolio)	Sustainability Policy	ESG impact using IFC Performance Standards.	No specific target
Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Potential positive impact	Impact on biodiversity and other ecosystems through the financing of AFW investments and projects that are specifically aimed at ecosystem restoration and regeneration.	Finance projects that restore and regenerate ecosystems Long term	Downstream (AFW portfolio)	Sustainability Policy	Increase volume of investments related to biodiversity.	SDG 13 target
Direct impact drivers of biodiversity loss Impacts on the extent & condition of ecosystems	Opportunity	The opportunity for FMO to identify, create and develop new markets with a biodiversity positive impact (e.g. forestry projects, regenerative agriculture) into bankable projects, to deploy and attract public or private funds and generate return on investment at scale.	Opportunity to develop new biodiversity positive markets	Downstream (AFW portfolio)	Sustainability Policy	Increase volume of investments related to biodiversity.	No specific target

We identified biodiversity and ecosystems to be a material topic because of our potential and actual positive and negative impacts from our investments in the agrifood, water, and energy sectors (downstream value chain), and because of the developments in biodiversity-positive financing markets that can create material opportunities for FMO. However, currently we do not consider biodiversity a material topic from the financial risk perspective. For more details, please refer to our double materiality assessment process (DMA) as described in 'ESRS 2 - Double materiality assessment'.

As part of our assessment on the materiality of the topic of biodiversity and ecosystems in our own operations and downstream value chain we conducted desk research into the agrifood, water and energy sectors looking into international sector standards, peers, trends, and media coverage. Additionally, we considered FMO's 2030 Strategy and current ways of working (such as our ESG management process, climate risk assessment, Green Label assessments, and forestry strategy). As such, we took into consideration impact drivers such as climate change, land-use change, the impact on marine and freshwater-use, direct exploitation and invasive alien species and pollution, as well as impacts on the state of species, impacts on the extent and condition of ecosystems and impacts and dependencies on ecosystem services.

While our DMA was being conducted, we were also in the process of creating a methodology to assess our dependency on nature. As this methodology was still in early stages of development during the reporting period, we did not take it into consideration during our DMA.

For the methodology to assess dependencies on nature we are applying the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) materiality ratings to help evaluate our exposure to nature-

related risks, and to better understand our dependencies and impacts on nature. We expect to continue developing our methodology and improving our ways of assessing dependencies and risks related to biodiversity and ecosystems.

Our Climate Risk Report (see 'E1 - Impact, Risk and opportunity management') formed part of the input for the material risks and opportunities determined in our DMA. Our climate risk assessment explicitly covers physical and transition risks related to climate change, which also indirectly impacts nature, biodiversity and ecosystems. Within the climate risk assessment, the relevant risks for biodiversity and ecosystems are sometimes direct and sometimes indirect (as climate change can affect ecosystems and biodiversity). These risks have been covered as material under 'E1 Climate Change' and we did not find any additional material nature-related risks during our DMA.

The outcome of our DMA concluded that biodiversity-related outside-in financial risks are currently not material to FMO. However, as our methodology to assess our dependency on nature continues to develop, we may identify material biodiversity-related risks in the future.

Exploring biodiversity-related opportunities has been embedded into our 2030 Strategy, in which we aim to increase the volume of investments contributing to biodiversity as part of our SDG 13 ambition through the growth of our Green Label investments portfolios.

As our methodology for assessing dependency on nature is still under development and was not considered during the DMA, we have not yet taken systemic risks into consideration.

We did not consult with potentially affected communities specifically for the purposes of the DMA. As discussed in 'ESRS 2 - IRO management', we apply the relevant IFC Performance Standards (IFC PS) in our investment process and due diligence, which may require consultation of potentially affected communities (depending on the investment) in order to avoid causing negative impacts on communities. Our approach towards affected communities is described further in our ESRS statement 'S3 Affected communities'.

As the topic of biodiversity and ecosystems is not material to FMO's own operations, the potential impacts on ecosystem services of relevance to affected communities in FMO's own operations are not applicable.

FMO does not have sites of its own that can create material impacts on biodiversity. Some of our investments can take place in physical locations that may be in or near biodiversity sensitive areas. We manage potential negative impacts in our investment process with the implementation of IFC PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources).

We assess on an individual project level whether it is necessary to implement climate mitigation measures. Our relevant process is described further in the section 'E4-2 Policies'.

E4-1 Transition plan

We identified material potential positive and negative impacts on biodiversity and ecosystems in our downstream value chain. Additionally, we are developing our methodology on how to assess our dependencies on nature, and we are in the process of identifying potential risks from ecosystem degradation, regulatory and market shifts, climate change and biodiversity loss. Lastly, we have identified biodiversity-related opportunities as part of our 2030 Strategy, where we aim to increase the volume of investments contributing to biodiversity towards our SDG 13 ambition and Green Label growth target.

As discussed in the previous section of this statement and in section 'ESRS 2 - Double materiality assessment', no material biodiversity and ecosystems-related risks were identified during the DMA. Therefore, our conclusion from our DMA is that FMO is resilient in terms of biodiversity and ecosystems.

The DMA covered FMO's upstream and downstream value chain, and FMO's own operations. The time horizons used for the DMA were in line with the time horizons mentioned in ESRS 1. Furthermore, no specific stakeholder engagement was performed for the purposes of the DMA on the topic of biodiversity and ecosystems.

As mentioned before, during the reporting period we were developing our methodology to assess FMO's risks and dependencies related to nature. This methodology covers our entire portfolio (downstream value chain). This work is still in its early stages, and we expect that as we continue to develop our methodology further in the coming years, our understanding of FMO's resilience in terms of biodiversity and ecosystems will also evolve.

Lastly, during the reporting period, we developed our 'Biodiversity roadmap' to outline how we plan to address impacts, risks and opportunities in biodiversity, and increase investments in biodiversity positive finance in line with our 2030 Strategy (see 'E4-3 Actions and resources related to biodiversity and ecosystems').

E4-2 Policies

Our material potential impacts related to the topic of biodiversity and ecosystems are mainly addressed by one policy: the Sustainability Policy and the relevant supporting documents, which together form the FMO Sustainability Policy Universe (SPU). Our 2030 Strategy and Climate Action Plan describe FMO's commitment to increase investments in biodiversity.

Below is a description of the relevant documents within the SPU:

- Our **Sustainability Policy** and related underlying documents outline how we manage our material biodiversity-related IROs. A complete description of the Sustainability Policy is described in 'ESRS 2 - IRO management'.
- Our **Position Statement on Hydropower Plants** outlines our approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical, environmental, and social (E&S) impacts, including adherence to IFC PS and continuous monitoring. This emphasizes mandatory consultation with the local population affected by the project and specific plans available to compensate for any negative effects.
- **Exclusion list:** FMO's exclusion list requires that an investment may not result in the 'significant conversion or degradation of critical habitats'. Primary forests or forests of a high conservation value are classified as critical habitats.
- **ESG management.** The general criteria for screening and monitoring customers with regard to negative/adverse impacts on local communities are described in 'ESRS 2 - IRO management'. The following standards are relevant for biodiversity:
 - i. IFC PS1: Assessment and management of environmental and social risks and impacts in relation to communities as well as disadvantaged and vulnerable groups
 - ii. IFC PS6: Biodiversity conservation and sustainable management of living natural resources
 - iii. IFC PS3 and 4 address the impacts of customer activities on ecosystem services and areas of importance to biodiversity that affect local communities
- **Green Label Guidelines:** the Green Label Guidelines provide the methodology and criteria for how to identify investments that are ex ante expected to have the positive impact we aim to create through our portfolio, including when it comes to preserving and growing natural capital and promoting biodiversity.

FMO's material biodiversity-related IROs are provided in the overview Table at the start of this chapter. These cover the relevant biodiversity drivers mentioned in the application requirements for ESRS E4 (with the exception of pollution which was not identified as a material topic for FMO) and ecosystem-related impacts, risks and opportunities.

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts caused by our customers in relation to biodiversity and ecosystems. Ecosystem services are the benefits that people, including businesses, derive from ecosystems.

FMO requires customers to identify and avoid negative impacts on biodiversity or ecosystems. Specifically, this requires customers to identify potential negative impacts (IFC PS1 and IFC PS6) such as habitat loss, degradation and fragmentation, possibility of invasive alien species introduction, overexploitation of a habitat and pollution (IFC PS3) that arise as a result of their activities. Where these potential negative impacts cannot be avoided, mitigation strategies and measures (e.g., avoiding impacts through exclusion of land areas within a site for conservation, introducing biological corridors, habitat restoration during or after operations etc.) are to be developed by our customers to minimize the negative impacts (IFC PS6).

Additionally, customers engaged in primary production of living natural resources, such as forestry and agriculture, are required to manage these resources sustainably using industry-specific good management practices (IFC PS6) and this is to be demonstrated by independent verification or certification.

Furthermore, in cases where customers are purchasing primary production (such as food and fiber commodities) from areas with a known potential negative impact of significant conversion of natural and/or critical habitats, FMO requires that these customers implement systems and verification practices to identify where the supply originates, the type of habitat of the area, review supply chains and limit procurement from suppliers where these impacts are identified (IFC PS6 and IFC PS1).

Moreover, customer activities can negatively impact local communities in the following ways:

1. A customer's operations may directly negatively impact priority ecosystem services that can result in adverse health and safety impacts on local communities (IFC PS4). For example, customer activities in the agricultural sector can result in the loss of natural buffer areas such as wetlands and mangroves which mitigate the effects of natural hazards such as landslides and flooding, thus resulting in increased vulnerability and community safety-related risks and impacts. Some of these impacts can be exacerbated by climate change (IFC PS4).
2. Customer operations can also negatively impact local communities whose livelihoods are dependent on biodiversity in these areas or ecosystem services (IFC PS1).

These negative impacts should be identified and avoided. If deemed unavoidable, then customers are required to implement appropriate mitigative measures (IFC PS4) in consultation with affected local communities (IFC PS1). The process used by FMO to identify and manage IROs to local communities is described in S3.

Throughout the investment process and as part of our due diligence, we assess our customers' performance against the above standards. The outcome of the assessment is an integral part of the financial proposals that inform our investment decisions. Where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an Environmental and Social Action Plan (ESAP) which is included in the financing contract with the customer. By collaborating with our customers, we aim to address these gaps in order to effectively manage associated (material) negative impacts on biodiversity and ecosystems.

In this manner, FMO sees an opportunity to transform the agriculture sector in our markets through the use of sustainable, resource-efficient and resilient practices and business models throughout agricultural supply chains. We assess our investments for negative impacts and dependencies on nature (as described above) and use this analysis to identify investment opportunities. For example, some investments leave natural forests intact or preserve certain ecosystems while still profitably harvesting products. This is how we turn identified dependencies and negative impacts into opportunities for investment.

In addition, the biodiversity-related parts of our Sustainability Policy and associated documents are linked to several other third party standards and initiatives:

- Our biodiversity commitments are linked to SDG 13 on climate action, as we actively participate in biodiversity efforts by forming partnerships with key conservation organizations, enhancing understanding of landscape approaches, and encouraging community and stakeholder involvement.
- Additionally, the European Regulation on Deforestation-Free Products (EUDR) came into force in 2023. This regulation requires companies to prove their products are deforestation-free from 30 December 2025. Although it will not affect FMO directly, it will become relevant as it poses a transition risk for many of our agrifood partners. It is applicable downstream, to customers in our portfolio (especially the Agribusiness, Food and Water portfolio). More information on how we consider acting upon this is included section 'E4-3 Actions and resources related to biodiversity and ecosystems'.

The target of investing €10 billion in SDG 13-related investments by 2030 contributes to the positive impact of FMO and the opportunity for FMO to restore and regenerate ecosystems and create and develop new markets with a biodiversity positive impact. The biodiversity-related eligibility criteria for an investment to receive the Green Label are as follows:

- A financed activity is either contributing to conserving/increasing biodiversity or the core business/aim of the project is to conserve or increase biodiversity.
- The transition to, or maintenance of, silvo-pastoral systems, if no conversion of natural land is involved.

Since we did not identify any material biodiversity-or ecosystem-related IROs for FMO's own operations, we have not adopted any biodiversity and ecosystem protection policies covering FMO's operational sites.

Since FMO's potential negative impacts through unsustainable land use change or agricultural practices were found to be material, our approach to managing these impacts is described above. The potential positive impact of investing in projects that promote sustainable land use through ecosystem restoration and regeneration is also described above.

Sustainable oceans and sea are not material for FMO and therefore no related policies exist.

Two policy aspects are relevant to how we address deforestation at FMO. First, FMO uses an exclusion list when evaluating potential investments. Part of this exclusion list is the fact that an investment may not significantly contribute to the conversion or degradation of a critical habitat, like primary or high conservation-value forests. Secondly, the IFC PS6 addresses deforestation by emphasizing the need to protect and conserve biodiversity, maintain ecosystem services, and manage living natural resources sustainably.

IFC PS6 requires customers to take proactive steps to address deforestation and its impacts on ecosystems and biodiversity.

E4-3 Key actions

We have formulated actions from the reporting period at the operational level, which mainly address the material IROs, and at the strategic level. Additionally, we present the main future planned actions. The scope for these actions concerns our downstream investment portfolio.

Operational actions in 2024

1. Increase the Green-labelled share of our portfolio. Investments are assessed based on potential impact and include increasing biodiversity positive-related investments in line with the relevant biodiversity criteria in our Green Label. Our investment teams seek opportunities in biodiversity finance on an ongoing basis. Our Sustainable Finance Advisory team provides investment teams with ongoing support on such transactions. Investment teams receive regular training on the label and opportunities in these focus areas.
2. Keep using and improving the IFC PS6 standard application including training and ESAPs at customer level to manage potential negative impact.

Strategic actions in 2024

1. We developed a Biodiversity roadmap that describes how we plan to manage biodiversity impacts, risks and opportunities and increase investments in biodiversity positive finance by 2030.
2. We started developing our methodology to assess our dependency on nature, as part of our climate risk assessment project that is covered in 'E1 Climate change'.
3. We organized a training on managing negative impacts of biodiversity, in line with IFC PS6 to allow staff to upgrade their existing knowledge on the IFC PS6 content or process.

Future planned actions

1. Green Label update planned for 2025.
2. KPI development to monitor strategic impact ambitions. We started the development of two KPIs to monitor strategic impact ambitions in 2024, covering both biodiversity opportunities and potential negative impacts; these are expected to be in place earliest in 2026.
3. Continue developing a pipeline for biodiversity financing in line with our strategic commitments.

Table 25. Minimum Disclosure Requirements for actions and resources related to biodiversity and ecosystems

Scope of actions	The actions apply to FMO's value chain, with a focus on the downstream value chain.
Time horizon	<ul style="list-style-type: none"> Operational/BAU actions are implemented within the reporting period. Strategic actions are implemented in the period 2024-2026. Future actions are all planned within the timeframe of the 2030 strategy.
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	N/A
Progress of actions	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

In 'ESRS 2 - Governance of sustainability matters' we provide information on the teams and departments that are involved with the management of material IROs, which relate to the implementation of the operational actions described above.

No actions described require significant OpEx or CapEx.

In principle, we do not use biodiversity offsets in our action plans. However, on an individual investment level, FMO's Biodiversity Mitigation hierarchy is based on IFC PS6 and denotes offsetting as a last resort for residual impact after following the implementation of prevention/avoidance, minimization, and restoration measures. Biodiversity offsets adhere to the 'like-for-like or 'better' principle and are designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss of biodiversity and net gain in critical habitats.

Additionally, on an individual project level, we identify any needs for offsets and apply specific relevant key performance indicators on a case-by-case basis. The same applies to financing effects and types, areas and quality criteria applied to the offsets. These will therefore not be described in more detail here as they are not part of our action plans.

IFC PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources forms a key element of FMO's ESG performance assessment of direct high-risk customers. When significant impacts on biodiversity are identified, our projects must develop and implement a Biodiversity Action Plan (BAP), which explicitly describe the project's mitigation strategy and how local and indigenous knowledge and nature-based solutions are incorporated into conservation strategies and actions. FMO ensures its projects consult protected area managers, affected communities, indigenous peoples and other stakeholders. Affected communities should participate in this identification process in accordance with the stakeholder engagement process as defined in IFC PS1. This process involves Indigenous Peoples' representative bodies and organizations as well as members of the affected communities of indigenous peoples and provide sufficient time for indigenous peoples' decision-making processes.

Our stakeholder engagement process involves disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to affected communities. Where projects are likely to generate adverse E&S impacts to affected communities, FMO will implement a Stakeholder Engagement Plan tailored to their characteristics and interests. Following IFC PS6, FMO makes every reasonable effort to verify that during this process, community representatives represent the views of affected communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.

E4-4 Targets

We currently have no specific biodiversity targets to manage the material IROs, and for the time being, we do not intend to set any specific targets. This topic is continuously evolving, which makes it currently challenging to predict progress and set reliable targets.

We do, however, have two portfolio targets (see 'ESRS 2 - IRO management') that have a connection to our biodiversity portfolio:

- We register and monitor the different types of ESG risks of our high-risk customers and aim to have at least 90 percent of the ESG risks managed at an adequate level by the customers in our target list. This includes biodiversity-related risks through IFC PS6.
- We aim to grow our SDG 13-related investment portfolio to €10 billion by 2030, which includes but is not limited to biodiversity-related investments.

E4-5 Metrics

On an annual basis, FMO tracks entity specific metrics related to Biodiversity. These metrics enable us to monitor our objective regarding positive impact, as well as to identify, manage and monitor potential and actual negative impacts caused by our customers in relation to biodiversity and ecosystems through our impact management process.

We assess the potential positive biodiversity impacts of investments ex-ante. This assessment is done through our Green Label, which we assign to investments that are expected to benefit biodiversity. The Green Label includes but is not limited to Biodiversity.

FMO tracks the performance of high-risk customers against the requirements of the IFC PS's in relation to biodiversity and ecosystems. The methodology used to determine this metric and any identified performance gaps for the year as well as the Green Label have been outlined in 'ESRS 2 - IRO management'.

S1 Own Workforce

S1 Introduction

FMO will continue its commitment to further increase its impact in the coming years. In addition to the total number of employees, different skillsets will need to be developed to meet changing requirements in respect of impact & ESG themes, regulations and stakeholder expectations, as well as our strategic ambitions. FMO is actively cultivating a culture that values diversity, quality, integrity, and making a positive impact on society. We have an ambitious strategy towards 2030 and recognize the role of culture in long-term value creation. FMO is committed to fostering a work environment that prioritizes the wellbeing and development of its workforce and enabling a healthy and inspiring working environment. FMO provides equal treatment and opportunities for all and strives to create a workplace where everyone can thrive.

In terms of FMO's commitment to corporate culture, we comply with the Dutch Labor Law and Collective Labor Agreement (CLA Banks) to ensure employee rights and wellbeing are fully incorporated. Comprehensive onboarding and training programs give employees an understanding of FMO's vision, strategy, and human rights fundamentals.

FMO's strategy integrates the interests, views, and rights of its workforce through a strong commitment to human rights, and embedded impact management framework following international standards like the UNGPs and OECD Guidelines to guide its human rights practices and sustainability policy with a focus on investments and customers, but also with respect to our own organization. This approach ensures that the rights, including labor rights, of people within FMO are respected and upheld.

This sustainability statement describes FMO's guidelines, processes, actions, metrics, and targets related to employees and non-employees, enabling the readers to understand its strategy, approach, processes, procedures, and performance in this area. FMO employees are individuals with an employment contract with FMO or a regional office subsidiary, whether for a definite or indefinite period. This includes the regional offices in South Africa, Kenya (branches), and Costa Rica (subsidiary). Non-employees include a variety of individuals such as contractors (including self-employed persons), consultants and secondees. Third Party contractors (security, catering, and cleaning) and Interns are excluded. All FMO employees and non-employees who can be materially impacted are included under this statement.

S1 Impacts, risks and opportunities

We identified the following impacts, risks, and opportunities (IROs) during the double materiality assessment (DMA).

Table 26. IROs and Policies and Actions and Targets

ESRS Subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Working conditions	Actual positive impact	The actual positive impact on its own workforce, as a result of FMO fostering a working environment that prioritizes the health, safety, and well-being of employees, leading to positive working conditions for employees.	Working conditions of our own workforce Short term	Own operations			No specific target

Working conditions	Actual positive impact	The actual positive impact on its own workforce by creating purposeful work, contributing to the wellbeing and development of our employees.	Working conditions of our own workforce Short term	Own operations	To review and enhance the employee value proposition, The implementation of the Values in action program	No specific target
Working conditions	Potential negative impact	The potential negative impact on FMO's own personnel due to an adverse event (e.g., physical or psychological threat, psychological trauma) during site visits or travel to clients or projects in fragile states or highly remote areas.	Working conditions of our own workforce Short term	Own operations		No specific target
Working conditions	Opportunity	The opportunity to develop FMO's own workforce to ensure their skills, knowledge and expertise will enable FMO to successfully implement its strategy	Working conditions of our own workforce	Own operations	The implementation of the Values in Action program	No specific target
Equal treatment and opportunities for all	Actual positive impact	The actual positive impact to support employees when expressing themselves through the option to participate in various communities within FMO.	Diversity, equity and inclusion in our own workforce Short term	Own operations		No specific target
Equal treatment and opportunities for all	Actual positive impact	Creating a diverse, equitable, and inclusive workplace, where all individuals can thrive	Diversity, equity and inclusion in our own workforce Medium term	Own operations	DIEB action plan	Aim to have gender balance within FMO (approx. 50-50) in 2025 and any upcoming years Aim for at least one third of our board members to be men and one third to be women

Equal treatment and opportunities for all	Risk	The risk that FMO does not provide an attractive, inclusive work environment with equitable conditions, may result in difficulty attracting and retaining talent, high staff turnover, and/or reputational damage	Diversity, equity and inclusion in our own workforce	Own operations	No specific target
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Following the DMA there are no material impacts resulting from climate transition plans of FMO. Employees traveling to (remotely located) projects and/or clients are those that are identified as groups of workers in particular risk of harm. As FMO relies on its people being actively present in developing countries, the associated risks stem from this dependency. All other material risks and opportunities arising from our workforce's impacts and dependencies pertain to the entire workforce.

S1-1 Policies

FMO employees in the Netherlands fall under the Dutch Labor Law and the Collective Labor Agreement (CLA Banks), and FMO employees in our regional offices fall under the local labor laws. FMO does not have employee-specific policies, and to address material sustainability-related impacts, risks and opportunities for our employees, FMO has developed several procedures and guidelines, such as the FMO Personnel Guide, which are in line with the Dutch Labor Law and CLA Banks.

Our procedures focus on objectives that cultivate diversity, quality, integrity, and a positive societal impact. Furthermore, where we have caused or contributed to a negative impact on our own workforce, we have procedures in place to raise complaints or grievances. The main procedures are outlined below.

Working conditions

FMO aims to foster a workplace environment that prioritizes the health, safety and well-being of our people (including the availability of grievance procedures, investment in health and wellbeing initiatives, investing in learning and development to maintain positive working conditions). This empowers employees to reach their full potential and make meaningful contributions through their work. This includes providing career advancement opportunities, a diverse array of professional development courses and training programs, as well as access to preventive health consultations aimed at promoting a healthy and sustainable work-life balance.

Our Code of Conduct outlines the guidelines that govern our workforce. These guidelines establish the common standards of behavior we expect in our professional activities. By implementing these guidelines, we aim to develop our people's skills, knowledge, and experience.

Health, safety and wellbeing

Preventative measures

We recognize that actively managing health and wellbeing is more effective than managing the outcomes of illness and injury. In line with the CLA Banks and the FMO Personnel Guide, procedures are set in place to ensure the health, safety and wellbeing of everyone working at FMO. Our prevention procedures include working with a healthcare provider to support FMO and employees on prevention and management of absenteeism, having first aid kits available on every floor within the office and providing preventive medical checks relevant to the work undertaken for FMO, a company emergency response team (CERT), computer glasses, and vaccination for business travel.

Emergency situations and procedures

FMO has processes in place in preparation for any emergencies such as accidents, dealing with a bomb threat, and fire evacuation processes. In addition, any issues or hazards are to be reported to facility services.

Health, sick leave and reintegration

FMO implements various strategies to support the creation of a healthy work environment and to prevent and manage absenteeism. We provide a range of physical, mental and social well-being initiatives, like home office equipment and ergonomic work stations, sports events and preventative individual psychological support, as well as multiple social events for FMO communities, teams, departments and the entire organization. Additionally, there are processes in place for supporting difficult or sensitive conversations and handling sick leave. For reintegration, FMO has established clear roles and responsibilities, along with timelines for managing illness and reintegration as outlined in the FMO sickness absence protocol. These are set up in accordance with the applicable regulations and business standards.

Purposeful work

FMO is dedicated to creating a positive impact for its workforce by aligning employee roles with our core mission. This alignment fosters a sense of purpose and fulfillment, making FMO an attractive place to work and helping to retain and attract top talent. Our Values in Action program supports this by reinforcing our mission and integrating our core values into staff behavior, cultivating a corporate culture that resonates with our people. According to the EVP Mercer survey, our mission consistently ranks highest among factors that draw individuals to FMO.

Our employees find immense meaning in their work by contributing to projects in developing countries, where they can witness firsthand the transformative impact of their efforts. This commitment extends beyond those who travel for projects, encompassing all employees who contribute to our collective goals. By providing meaningful work and a values-driven environment, we have people who remain engaged and motivated, ultimately driving the success of FMO.

Learning and development

FMO is committed to developing its workforce to enhance skills, knowledge, and expertise, which will contribute to market and product creation, as well as investments in transition technologies. The FMO Academy offers a variety of training programs on a number of personal and technical topics that enable the development of our employees in line with their ambitions and role. Additionally, development opportunities are available in the form of other activities, such as the attendance at professional conferences and secondments between FMO and other DFIs.

Travel safety

As a DFI we know that our employees may be at greater risk of harm during site visits or engagements with customers in the countries where we operate. FMO manages safety and resilience for high-risk engagements by setting a safe travel procedure for travelers to high-risk areas. This includes restricting travel to high-risk countries and areas using the color coding of the Dutch Ministry of Foreign Affairs. In addition, frequent travelers are equipped with information, tools, and training, such as a mandatory one-day travel safety training, and specific travel-related risks are covered through insurances.

Diversity, Equity, Inclusion and Belonging

Equal treatment and opportunities

FMO is committed to being a diverse and inclusive employer and is an advocate of equal opportunities. We strive for diversity at all levels of our organization and do our utmost to create an inclusive work culture for our people. This includes striving for diversity based on gender, gender identity and sexual orientation, culture (topics around ethnicity and race), and age. Our diversity and inclusion statement outlines a clear commitment to an inclusive and diverse society. In addition, FMO has signed the diversity charter of SER to promote the application of the principles of equal opportunities at all levels.

Undesirable behavior including discrimination

FMO will not tolerate discrimination, harassment, bullying or any other form of undesirable behavior. In situations where an employee experienced undesirable behavior, they can file a complaint with the external confidentiality counselor. If an employee feels they are treated differently or unfair compared to the way another employee is or would be treated in a similar situation, individuals may file a complaint that will be processed by the internal Grievance Advisory Committee. FMO takes all complaints and grievances seriously and aims to ensure that any complaint or grievance is discussed at the earliest possible stage, so that it can be addressed at the earliest opportunity and resolved as soon as possible. This treatment may be either direct or indirect, on the basis of the following topics: religion, ethical belief, life conviction, political affiliation, race, gender, nationality, sexual orientation, civil status, age,

disability or chronic illness, and/or where an apparently neutral stipulation, benchmark or action specifically affects people of a particular religion, ethical belief, life conviction, political affiliation, race, gender, nationality, civil status, age or sexual orientation or with a disability or chronic illness.

Gender distribution and Diversity, Equity and Inclusion

FMO strives for an equal gender distribution at the organizational and department level. FMO aspires to become one of the leading organizations in the Netherlands, as well as among DFIs, when it comes to diversity, equity and inclusion. As part of this commitment, we consider gender and other diversity-related factors, like age and cultural background for all positions (including management roles) important selection criteria.

Communities within FMO

FMO has various employee communities through which employees can express themselves. These are to be included in the DEIB policy, which is expected to be in place in 2025. Below is an overview of these FMO's internal communities and networks.

BYOU is FMO's informal network supporting LGBTIQ+ rights. The objective of this network is to make a call for action to LGBTIQ+ and non-LGBTIQ+ employees to promote LGBTIQ+ inclusion at all levels within FMO, and to raise awareness and emphasize FMO's position that a violation of LGBTIQ+ rights is a violation of human rights.

FMO Femmes is an informal internal network aimed to facilitate connection, sharing, and inspiration for both women and men. The network's focus is on empowering women through advancing career development, enhancing self-leadership, and ensuring they have the support and resources to excel. By cultivating a culture where women feel valued and recognized, FMO Femmes actively contribute to creating an environment where women thrive, positively influencing the success of our clients as well as that of FMO.

Young FMO is an informal network of FMO employees that are under the age 35. Through organizing networking, content related and just fun events both within FMO and with other financial institutions, Young FMO aims to connect young employees to as many like-minded peers as possible.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

FMO engages with its employees through the regular operational structure (bilateral meetings and team/ department/ staff meetings) and the works council which ultimately represents the full workforce. The works council frequently interacts with senior management and employees about a variety of workplace and people related topics, such as work conditions, benefits, leadership, efficiency and company culture. Employees are furthermore engaged and asked for feedback through a bi-annual (engagement) survey and shorter interim pulse surveys to gauge employee perspective and make informed decisions on the actions that will impact on our own workforce. The results of these surveys used to assess the effectiveness of the engagement with employees. This survey is managed by the HR department on behalf of the Management Board/senior management. In addition, pulse surveys are run related to various specific topics, like corporate values, leadership, undesired behavior and the Employee Net Promoter Score (see 'S1 Entity specific metrics').

All managers, directors and management board members (collectively referred to as ELT: Extended Leadership Team) and therefore, ultimately the CEO - are responsible for employee engagement within the processes and progress towards the IROs. The S1 sustainability statement is governed by HR ensuring the implementation of guidelines, procedures, and action plans, as well as the monitoring of metrics and targets. FMO operates mainly in the Netherlands, therefore it has not signed the Global Framework Agreement. FMO recognizes its responsibility to respect human rights and is committed to acting consistently with the International Bill of Human Rights; the International Labor Organization Declaration on Fundamental Principles and Rights at Work; the OECD Guidelines on Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Raising a complaint, a grievance, reporting an irregularity or a risk event

FMO has established processes for raising concerns, complaints, and grievances. These include procedures for filing complaints, grievances, and reporting irregularities or risk events. Employees can file a complaint if they experience undesired behavior such as (sexual) harassment, intimidation, bullying, or discrimination. These complaints can be raised informally with (their) management, and, if desired, with the support from internal confidential advisors. Alternatively, employees can file a complaint with an external specialized confidentiality advisor. Furthermore, if an employee feels they are being treated unfairly, they can file a formal internal grievance.

Both formal and informal procedures for submitting complaints or grievances are detailed in the Personnel Guide. FMO has an internal Grievance Advisory Committee to assist in investigations and to advise senior management on the follow-up. If a complaint is not resolved through the internal processes, employees may also file a complaint with an external specialized consultant.

To report an irregularity, FMO provides a procedure that allows our workforce and third parties to report issues anonymously. The procedures for reporting suspicions are outlined in the Speak Up Policy, which is available to employees, non-employees, and third parties. For more information, refer to the Speak Up Policy and Procedure that is available on the FMO website and is also described in 'G1 Business Conduct'.

The Director HR is responsible for ensuring the Complaints and grievances processes are reviewed periodically and communicated, and ensures training is available for managers and employees. Thereby FMO ensures that our people are aware of and trust these structures as a safe and efficient manner to raise concerns. FMO ensures protection against retaliation for all individuals using these channels, as detailed in the Personnel Guide and Speak Up policy.

S1-4 Key actions

FMO sets out clear actions to pursue positive impacts and opportunities and remedy negative impact and manage risks. These are identified and conceptualized based on internal strategy and in pursue of a positive impact on our workforce or in response to negative impacts identified through the DMA process. The key actions are outlined below. It is important to note that not all identified IROs are currently addressed within the planned actions.

Employee value proposition

One of our main actions is to review and enhance the employee value proposition (EVP) for FMO's employees, supporting our goal of being an employer of choice. This initiative aims to attract and retain employees by creating more flexibility and, where possible, aligning our offerings better with FMO's strategic goals, ultimately achieving a positive impact on working conditions.

The effectiveness of this action is tracked and assessed by feedback from employees to management HR and/or the works council (employee representation).

Quality of interaction (Values in Action)

FMO has implemented a Values in Action program to ensure a positive impact on the working conditions of its workforce and integrate FMO's core values into staff behavior. This initiative, which is designed to enhance corporate culture, is further detailed in 'G1 Business Conduct' (see 'G1 Key actions').

The effectiveness of this action is tracked and assessed by conversations between employees and management as well as during bi-annual engagement surveys.

HR Connect

The main objective of HR Connect is to implement an integrated Human Capital Management System (HCMS) that will improve processes and enhance our workforce's user experience. HR Connect will help us strengthen business continuity, and enable data-driven decision-making around HR topics, including talent acquisition, ultimately creating a more efficient work environment.

The effectiveness of this action is tracked and assessed by reduced (manual) administration, human errors and shorter throughput times.

Diversity, equity, inclusion and belonging (DEIB) action plan

To implement the DEIB action plan in line with FMO's D&I statement and the Diversity Charter in Bedrijf of SER, we will conduct regular surveys, provide training, and promote flexible work arrangements to meet legal and societal expectations. Additionally, we will support employee expression through diversity days. This initiative aims to positively impact the working conditions and overall well-being of our workforce and address the material risk of not providing sufficient working conditions and an inclusive work environment that was identified during the DMA.

The effectiveness of this action is tracked and assessed by employee and candidate feedback as well as via engagement surveys.

Mitigation of undesirable behavior and discrimination

FMO will not tolerate discrimination, harassment, bullying or any other form of undesirable behavior. In situations where an employee is treated differently from the way another employee is or would be treated in a similar situation individuals may file a complaint which will be processed with two internal confidentiality counselors. All leaders work together to discuss this to mitigate undesirable behavior. The Management Board and HR measure progress, check data and provide guidelines.

Mitigation of the potential negative impact due to an adverse event during site visits

To minimize potential negative impacts from adverse events during site visits, FMO implements measures to identify risks before employees travel to customers or projects. FMO also prepares its employees through regular mandatory training. Employees are encouraged to avoid unnecessary risks and seek advice when needed. Before traveling, all employees must obtain an FMO emergency pass and activate the BCM app to receive and communicate necessary information. They must also register on the AIG Travel Guard website. Prior to booking a trip, employees should check non-travel destinations and gather safety information from FMO colleagues, the AIG Travel Guard website, and the Dutch Ministry of Foreign Affairs website. In the event of an adverse situation, the FMO travel crisis team, which handles crises in foreign countries, collaborates with AIG Travel Guard to mitigate any adverse effects. Employees are provided with emergency contact numbers for both AIG Travel Guard and the FMO travel crisis team.

Table 27. Minimum Disclosure Requirements for Actions

	Employee value proposition	Quality of interaction (Values in action)	HR Connect	Diversity, equity, inclusion and belonging (DEIB) action plan	Mitigation of undesirable behavior and discrimination
Scope of actions	FMO employees	FMO employees and non employees – own workforce	FMO employees and non employees – own workforce	FMO employees	FMO employees
Time horizon	2027	2026	2027	2025-2027	Ongoing
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	N/A	N/A	N/A	N/A	N/A
Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.				
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.				

S1-5 Targets

The targets in this section were established by HR representatives, taking into account the significant impacts, risks, and opportunities related to our workforce, as well as the disclosure requirements outlined in S1. Additionally, we assessed the Employee Net Promoter Score (see 'S1 Entity specific metrics') concerning key topics. Workforce representatives, such as the HR representatives and the Work council are engaged with setting up and tracking the below targets.

Gender distribution

FMO aims to be a diverse and inclusive employer, promoting diversity across gender, identity, culture, age, and disability. This also accounts for those that may not identify strictly as male or female. We strive for equal gender distribution, particularly in management roles (Managers, Directors, Board members), and we aim to have gender balance within FMO (approximately 50-50) in 2025 and any upcoming years using the baseline year 2022. By considering diversity factors in all recruitment processes and addressing the gender pay gap, we foster an inclusive culture that enhances decision making, creativity, and innovation. This commitment aligns with our core values, helping us attract and retain top talent, ultimately benefiting our employees, stakeholders, and customers.

FMO promotes diversity across all levels, and we aim for well-balanced Supervisory and Management Boards boards by considering members' different perspectives, backgrounds, and experiences. In line with the Act on Gender Balance ('Wet Ingroeiquotum, 2021) in Management and Supervisory Boards and our internal Diversity Charter, we aim for at least one third of our board members to be men and one third to be women (with ultimate ambition of 40 percent and even most ideally 50 percent of the underrepresented).

As of 2023, our Supervisory Board, consisting of six members, had two women (40 percent) and three men (60 percent) and one vacancy. In 2024 the vacancy was filled by a woman, resulting in a 50/50 gender balance in the Supervisory Board. Our Management Board, with five members, included two women (40 percent) and three men (60 percent), featuring diverse nationalities and well-distributed ages. When vacancies arise, the Selection, Appointment and Remuneration Committee ensures consideration of gender requirements, fit and proper criteria, and the necessary expertise in development banking, as outlined in our Profile and Standing Rules.

Table 28. Minimum Disclosure Requirements for Targets

Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable)	Aim to maintain gender diversity within FMO (approximately 50-50) in 2025 and any upcoming years	At least one third of our board members to be men and one third to be women
Scope of target	FMO staff, particularly in management roles	Board members
Baseline value	Women 52%, Men 48% in 2022	As of 2023, our Supervisory Board (SB), consisting of six members, had two women (40%) and three men (60%), with one vacancy expected to be filled by a woman Our Management Board (MB), consisting of five members, had two women (40%) and three men (60%)
Baseline year	2022	2023
Application period	2025	2025
Milestones or interim targets	N/A	N/A
Methodologies and assumptions	Tracked through our ADP system based on individual input that employees can enter based on gender identity	Tracked through our ADP system based on individual input that board members can enter based on gender identity
Target related to environmental matters is based on conclusive scientific evidence (if applicable)	N/A	N/A

Stakeholder involvement with target setting	Workforce representatives such as the HR representatives and the work council, are engaged with in setting up and tracking the target	Workforce representatives such as the HR representatives and the work council, are engaged with in setting up and tracking the target
Changes in target	N/A	N/A
Performance	Women: 53%, Men:47% in 2024	SB: Women 50%, Men 50% in 2024 MB: Women 40%, Men 60% in 2024

S1-6 Characteristics of FMO's employees

FMO employees are individuals with an employment contract with FMO NV or a regional office subsidiary, whether for a definite or indefinite period. This includes the regional offices in South Africa, Kenya, and Costa Rica. All regional offices are included in any following metrics, except those that require specification based on the inclusion of EEA countries or as stated otherwise.

Employee data is entered into our Human Capital Management System (HCMS) by FMO's HR services. FMO compiles employee analytics to report on HR statistics and diversity metrics to the Management Board each quarter.

Employee numbers are reported at the end of each reporting period, quarterly, and annually for 31 December 2024. Employee numbers are reported as head count unless otherwise stated.

Table 29. FMO Employee* head count by gender 31 December 2024

Gender**	Number of employees (head count)
Male	406 (47%)
Female	460 (53%)
Other	0 (0%)
Not reported	0 (0%)
Total Employees	866 (100%)

*FMO employees includes those employed by FMO branches/ subsidiaries in the regional offices in South Africa, Kenya, and Costa Rica.

**FMO has no gender records reported as 'other', or 'not reported'.

Table 30. Employee head count by country 31 December 2024

Location	Number of employees (head count)	Male	Female
Netherlands (The Hague)	858	403 (47%)	455 (53%)
Other (SA, KE, CR)	8	3 (38%)	5 (62%)

Table 31. Employee head count by contract type 31 December 2024

Contract type	Male	Female	Other	Total
Permanent Employees	402	457		859
Temporary employees	4	3		7
Non-guaranteed hours employees				

FMO employee turnover is reported at the end of each reporting period, quarterly, and annually for 31 December 2024. The headcount of employees reported in this metric are those counted on 31 December 2024. Employee numbers are reported as head count. Employees leaving on 31 December 2024 are included within the period as head count and are counted as turnover in 2025.

Table 32. Employee turnover 31 December 2024

Head count Leavers	Male	Female
69	34 (49%)	35 (51%)

* Leavers 31 December 23 to 30 December 24.

Average employee headcount in 2024 was 844 based on headcount at the end of each quarter.

The FMO employee turnover rate in 2024 (leavers (69)/average headcount (844)) was 8.18 percent.

A cross-reference of the information reported in this section can be found in table 29 'Staff costs' in the section 'Notes to the consolidated statement of profit or loss' in the 'Consolidated Financial Statements' chapter.

S1-7 Characteristics of non-employee workers in FMO's own workforce

Non-employees include a variety of individuals such as contractors (including self-employed persons), consultants and secondees. Third Party contractors (security, catering, and cleaning) and Interns are excluded.

FMO compiles non-employee analytics quarterly from ADP Workforce (HCMS) to report on HR statistics. This data is checked and presented to the Management Board each quarter.

Non-employee numbers are reported at the end of each reporting period, quarterly, and annually for 31 December 2024. Non-employee numbers are reported as head count unless otherwise stated.

Non-employees make up 17.8 percent of FMO's own workforce. On average, there were 170 (headcount) non-employees at FMO during the reporting period.

Table 33. Characteristics of non-employee workers in FMO's own workforce

Type of non-employee	Headcount
BAU/ Operational	54 (35%)
Project	82 (53%)
Other (incl secondees)	19 (12%)
TOTAL	155 (100%)

S1-8 Collective bargaining coverage and social dialogue

In the Netherlands, all employees (100 percent) are covered by collective bargaining agreements and represented by a Work council reflective of the workforce. Outside of the European Economic Area, no employees (0 percent) are covered by bargaining agreements. There is no agreement with employees for representation by European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council as within Europe FMO only operates in the Netherlands.

Table 34. Collective bargaining coverage and social dialogue

	Collective Bargaining Coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. Representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%	SAR/ KENYA/ CR (0%)		
20-39%			
40-59%			
60-79%			
80-100%	Netherlands (100%)		Netherlands (100%)

S1-9 Diversity metrics

FMO defines senior management (Senior Leadership Team, SLT) as members of the Management Board and Directors. The Extended Leadership Team (ELT) includes also the Managers. Below, you will find FMO's diversity metrics, categorized by management division and gender.

Table 35. Management by gender 31 December 2024

Management*	Head count	Male	Female
Senior Leadership team (Management Board & Directors)	23	15 (65%)	8 (35%)
Managers	63	33 (52%)	30 (48%)
Total	86	48 (56%)	38 (44%)

*Excludes those holding "ad interim – a.i." appointments

Table 36. Employee age distribution 31 December 2024

Age Group	Head count	% (of employees)
Under 30	87	10%
30 to 49	558	64%
Over 50	221	26%

S1-10 Adequate wages

As a DFI we strive to stay competitive with our compensation and benefits package and be at least comparable with the median standards of our reference market, being the Dutch financial industry. All employees of FMO, including those working outside of the Netherlands, are paid an adequate wage, in line with applicable benchmarks.

S1-11 Social protection

At FMO, all employees (including those outside of the Netherlands) are protected against loss of income due to sickness, unemployment, injury, and acquired disability through public programs or offered benefits. In the Netherlands, employees are partially covered for parental leave under the Dutch social security system and CLA, and for retirement under the AOW. There are no employees in the Netherlands who lack social protection for sickness, unemployment, injury, disability, maternity leave, or retirement. We are currently investigating the status of social protection in our regional offices and expect to report on social protection in regional offices next year. All non-employees in the Netherlands are also covered under the Dutch social security system, which can be supplemented by individual arrangements for sickness, disability, unemployment and retirement.

S1-13 Training and skills development metrics

Career and Performance Management at FMO aims to foster the development of high performing teams to ensure that the right talent is in the right role, at the right time, delivering the optimal performance by enabling our employees to perform, develop and make an impact. FMO aims to provide a supportive environment where feedback is regular through bilateral conversations, is open, and based on trust, providing clarity on expectations and transparency around employee potential and future development opportunities.

All employees participate in the annual appraisal process including goal setting, mid-year, and end-year reviews, except those who join FMO on or after 1 September each year. Employees must have been in their role for at least four months to be appraised and if absent due to illness or for other reasons for longer than eight months, they are not appraised. In 2024, 796 annual appraisals (out of 866 employees, including local offices) were completed (92 percent).

Below is an overview of the distribution of employee training and skills development. The average hours per person represent the total average time spent on training, though individual attendance may cause slight variations.

Table 37. Employee training and skills development distribution 31 December 2024

Average number of training hours per employee and by gender			
	Headcount/ unique participants	Total training hours completed	Average training hours
Male			
online	428	1,530	3.6
classroom	368	9,802	26.6
total male headcount	406	11,332	27.9
Female			
online	478	1,734	3.6
classroom	439	14,164	32.3
total female headcount	460	15,898	34.6
Total headcount			
	866	27,230	31.4

S1-14 Health and safety metrics

The Dutch Working Conditions Act provides the basis for a sound, healthy, and safe work environment. It applies to all employers and employees in The Netherlands. Based on these legal requirements all employees employed by FMO in the Netherlands (100 percent) are part of this system. The employees in the regional offices, as well as our non-employees, are not covered by this system. No work-related fatalities or injuries were registered in 2024. Additionally, due to employee privacy and confidentiality regarding illness cases, FMO does not maintain records of ill health attributed to work conditions. Consequently, we do not have records of days lost due to work-related injuries, fatalities from work-related accidents, or work-related ill mental health even if we have been notified voluntarily by the person concerned.

S1-15 Work-life balance metrics

At FMO, all employees (100 percent) are entitled to family-related leave in accordance with the respective laws and regulations, the FMO Personnel Guide and/ or collective bargaining agreements (in the Netherlands). Non-employees are not included in this metric.

Table 38. Family related leave

Employee family related leave during the reporting period		
Headcount	Entitled	Took family related leave
Male - 406	406 (100%)	104 (25.6%)
Female - 460	460 (100%)	101 (22%)

Family related leave includes the following categories: Maternity, Birth, Full-time Parental, Bereavement, and Short-term care leave.

S1-16 Compensation metrics (pay gap and total compensation)

FMO conducts periodically - at least once a year - quantitative research to compare men's and women's salaries.

The uncorrected gender pay gap based on gross hourly pay levels of all female and male employees is 16.4 percent (reference date 31 December 2024).

Additionally, FMO performs an analysis to determine the corrected gender pay gap. The corrected gender pay gap is determined using the Oaxaca-Blinder decomposition and corrects for variables like salary grade, age, type of work and tenure to have a fair comparison. The analysis has been performed by an external consultant. The outcome of this analysis for the base salary as well as for the total cash income (base salary and variable income) showed a gap of 1.4 percent in male's advantage (reference

date 1 April 2024). The analysis also resulted in a statistically significant difference, which means that men and women at FMO at the reference date were not awarded the same for equal work (same salary bands). In the gender pay gap analysis of April 2024 the local office employees (six employees at the time of the survey) were not included, which was less than one percent of the total workforce.

Compared to the Dutch corporate sector and the Dutch government, the corrected gender pay gap at FMO is smaller. Data published by Statistics Netherlands (CBS) shows on average a corrected gender pay-gap in the private sector in the Netherlands of approx. 6,9 percent and approx. 1.8 percent in the government. (Source: 'Monitor Loonverschillen mannen vrouwen', 2022.)

The pay ratio compares the total remuneration of the CEO, the highest-paid individual, with the median of the total salary of all other FMO employees. At FMO, efforts are made to maintain a moderate pay ratio. The CEO's salary does not fluctuate as it lacks variable elements. The rest of the staff, with exception of the senior management, is eligible for individual discretionary bonuses. The total amount of individual bonuses is less than 1 percent of the sum of all total fixed annual remuneration.

In 2024, the methodology for calculating the ratio was revised to include employees in the regional offices. Additionally, to determine the median total salary of all other employees, the median of the total fixed remuneration was utilized and converted into a total annual remuneration amount. This adjustment was necessary because not all required reports were available at the time of calculating the median of the total remuneration of the entire employee population. We aim to align the methodology with the applicable regulatory requirements.

The pay ratio between the median annual employee remuneration (including employees working outside the Netherlands) and the total annual remuneration of the CEO in 2024 was 3.5. In 2023, this ratio was also 3.5 (which was based on the median of the fixed salary of all FMO employees in the Netherlands).

S1-17 Incidents, complaints and severe human rights impacts

In 2024, no instances of discrimination, including harassment, that resulted in formal complaints or grievances were reported.

During the same reporting period, one employee filed three grievances with the internal Grievance Advisory Committee (GAC), which were considered admissible. After further investigation, all complaints were resolved.

Additionally, in 2024, our external confidentiality agency regarding undesired behavior received one complaint, which was declared inadmissible by the complaints committee.

S1 FMO entity specific metrics

Employee engagement score and employee Net Promoter score

In 2023, an employee engagement survey gauged the experience of our employees and obtained feedback on inclusion, team leadership, engagement, psychological safety and employership. The average employee engagement score was 7.5 (2022: 7.3). In 2023 we decided to reduce the frequency of the employee engagement survey to once every two years. The next employee engagement will be assessed again in 2025.

In 2024, a follow-up pulse survey was conducted regarding psychological safety and work atmosphere, with follow-up sessions with teams as needed or desired. The pulse survey also focused on the employee-Net Promoter Score(eNPS), showing that the outcome was a further improvement in the employee-NPS score to 21 (2023: 15). The eNPS indicates the extent to which employees are willing to name FMO as an 'employer of choice'.

Table 39. Minimum disclosure requirements for metrics: Employee engagement score

Methodology and assumptions	The employee engagement score is calculated using the most recent biennial employee engagement survey (2023) distributed to all FMO employees who have been in service for at least three months. The results are shared and reviewed at the team level. The survey includes a questionnaire with multiple-choice and open-ended questions about topics such as working conditions, compensation and benefits, management, organizational culture, safe working environment, and career opportunities. To ensure comparability with previous surveys and benchmarking, certain questions remain unchanged. The overall organization engagement score is calculated from responses to four specific questions. FMO contracts an external partner to process and report the results anonymously.
Validation by external body other than the assurance provider (if applicable)	N/A
Unit	Numerical score
2024	N/A
2023	7.5

Table 40. Minimum disclosure requirements for metrics: employee Net promoter score (eNPS)

Methodology and assumptions	The eNPS is calculated annually using an anonymous employee engagement survey conducted by an independent survey company. Employees who have been with FMO for at least 2 months are invited to take part in the survey. The eNPS is measured by asking employees to rate their likelihood of recommending FMO on a scale of 0 to 10, with 9 and 10 representing promoters, 7 and 8 representing passives, and 0-6 representing detractors. The difference between promoters and detractors represents the final eNPS score.
Validation by external body other than the assurance provider (if applicable)	N/A
Unit	Numerical score
2024	21
2023	15

S2 Workers in the value chain

S2 Introduction

The process of the double materiality assessment (DMA) has been described in detail in 'ESRS 2 - Double materiality assessment'. The DMA processes assessed the materiality of impact, risks and opportunities (IROs) related to workers in the value chain. For FMO, this specifically included workers who are employed by FMO's customers directly and/or workers in the primary supply chains of our customers. For example, in the context of a dairy processor customer, workers in the value chain include the direct employees of that customer, as well as the smallholder farmers who supply the raw milk to that customer.

FMO distinguishes different vulnerable groups of workers that must be considered during the investment process. Given the countries we are active in, the jobs that we support are often for people who belong to the bottom 40 percent of global income distribution, including marginalized groups, rural populations and women working in our customer's value chain. Marginalized groups are those with limited access to economic resources and opportunities due to attributes such as age, gender, disability, race, ethnicity, origin, or religion. Women - in particular - often face unique and disproportionate challenges and are at higher risk of being negatively impacted by the activities of our customers (e.g. gender-based violence).

FMO promotes the development of the private sector in low- and middle-income countries, which supports job creation. FMO therefore has a positive employment impact, supporting job creation when we invest in private sector customers. By focusing on SME investments in particular, we channel our efforts towards labor intensive segments.

Furthermore, our investments may also have a positive impact on gender diversity and in particular on female workers employed by our customers. We actively promote job inclusiveness, by removing barriers to the employment of women and by targeting businesses that focus on the inclusion of women in their value chain. Furthermore, equity investments made by FMO often come with the right to nominate a Director to the Board. By nominating female nominee directors to be appointed on the board of investee companies, we positively contribute to gender diversity in the workforce of our investee companies.

As a financial institution, FMO is expected to responsibly manage the potential negative impact of our customers on their workers. We acknowledge that workers may be negatively impacted by inadequate practices of our customers with regards to labor standards and working conditions, workplace health and safety, protections of vulnerable groups and workers' relationship with management. We note that our customers operate in countries where labor laws may not be in line with international standards and/or in jurisdictions where their enforcement may be weak. This may increase the risk of forced and child labor. This risk is heightened in the agricultural and energy sectors, which employ low-skilled and temporary labor. We have identified that the solar supply chain sector is particularly exposed to the risk of forced labor. As such, for all new transactions involving solar technology, additional information is required from the solar supplier to confirm that no forced labor was used in the production of various components (panels, modules etc.).

Our E&S risk categorization process is based on the likelihood of negatives impact occurring on our customers' workers in their value chain.

S2 Impacts, risks and opportunities

Based on our DMA, and our ESG risk management expertise, FMO has identified the following impacts, risks and opportunities related to the topic of workers in the value chain. Table 41 gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 41. IROs and Policies and Actions and Targets

ESRS subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Working conditions Equal treatment and opportunities for all Other work-related rights (i.e. child and forced labor)	Actual positive impact	Supporting jobs for people through investments and strengthening economic participation of marginalized groups and rural populations.	Strengthened economic participation Short term	Downstream Investment portfolio	Sustainability Policy	Ongoing action as part of making investments.	No specific target
Equal treatment and opportunities for all	Potential positive impact	Advancing gender equality through increased gender-lens investments to include women in the labor market and target businesses that specifically include women in their value chain. FMO is actively seeking opportunities to consider female candidates to nominate to the Boards of investee companies.	Advanced gender equality Short term	Downstream Investment portfolio	Sustainability Policy	Ongoing actions as part of making Reducing Inequalities-labelled investments	No specific target
Working conditions Equal treatment and opportunities for all Other work-related rights (i.e. child and forced labor)	Potential negative impact	Potential negative impact on workers of FMO's clients resulting from inadequate practices with regards to labor standards and working conditions, workplace health and safety, protection of vulnerable groups and workers' relationship.	Inadequate working conditions Short term	Downstream Investment portfolio	Sustainability Policy Independent Complaints Mechanism Policy Customer Disclosure Policy	Development and monitoring of ESAPs and corrective action plans. Targeted action towards investments involving solar components. Targeted action towards customers involved in electrical distribution infrastructure.	No specific target
Working conditions Other work-related rights (i.e. child and forced labor)	Risk	The risk of reputational, legal and/or financial damages resulting from FMO's linkage to human rights abuses (e.g., illegal or poor working conditions) or fatalities or injuries by FMO's customers.	Reputational, legal and/or financial damage.	Downstream Investment Portfolio	Sustainability Policy	Development and monitoring of ESAPs and corrective action plans.	No specific target

S2-1 Policies

Policies towards strengthened economic participation (supporting jobs)

FMO aims to allocate capital towards advancing economic participation through our financing of the private sector in emerging markets and we monitor the number of jobs supported through our investments. As part of our sustainability policy, we actively seek to achieve inclusive development, reaching the economically excluded, including people in the bottom 40 percent of income distribution.

Policies towards advanced gender equality (women in the labor market)

FMO aims to contribute to gender equality through increased gender-lens investments to include women in the labor market and target businesses that specifically include women in their value chain. Our Sustainability Policy (including Gender Position Statement) describes our commitment to gender equality and to steering towards investments that have a positive impact on reducing inequalities, including gender inequality.

To operationalize this for all new investments, the Reducing Inequalities Label (RI Label) has been put in place to classify individual investments as per their intended impact and to steer towards specific impact objectives which can also be related to workers in the value chain.

The RI Label has several categories, including gender. Investment teams assess investments for opportunities to meet the label criteria and they can qualify under one or multiple categories. Investments that contribute to advancing gender equality, including through women in the workforce, is one such category.

The label is assigned based on the ex-ante potential to advance gender equality, which includes advancing women in the workforce, women as part of the value chain, and gender criteria such as governance of a gender strategy and women in management. Definitions and eligibility thresholds are based on inclusive growth practices of peer DFIs and other industry standards, however they are FMO-specific. The methodology to monitor gender lens investments is being reviewed.

See an example of a definition and related criteria below.

Table 42. Gender Smart Energy company

Category	Gender Smart Energy company
Definition	Energy company with demonstrated intentionality and commitment to drive gender inclusion and material inclusion of women as owners and/or leaders, employees, suppliers, or end-users of products and services. See annex "Gender smart criteria" for details
Criteria	RI Client (100 percent of investment): Energy company that meets the 'Gender Smart Criteria or is 2X certified at any level.

Equity investments made by FMO often come with the right to nominate a Director to the Board. FMO has committed that a third of all Nominee Directors appointed per year to serve on the board of an investee company will be female. This target was set with the aim of improving gender balance in the number of Nominee Directors by 2030.

Policies towards preventing inadequate working conditions

Identifying and managing potential negative impacts on our customers' workers at an adequate level is embedded in FMO's ESG management process. The ESG management procedures for screening and monitoring clients with regard to negative impacts on workers in the supply chain are described in 'ESRS 2 - IRO management'. The following standards are relevant to address the potential negative impact on our customers' workers:

- FMO is committed to acting consistently with the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

- IFC Performance Standard 2 (PS2): The requirements set out in this Performance Standard have been in part guided by a number of international conventions²⁹ and instruments, including those of the International Labor Organization (ILO) and the United Nations (UN).

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts related to workers in the value chain of our customers. Every investment is considered in a specific context with specific risks related to specific value chain workers. Every type of worker is potentially exposed to negative impacts. Our ESG management process is therefore inherently designed to develop an understanding of specific contexts and specific type of workers per investment project and to identify investments with a greater likelihood of negative impact on workers.

We expect our customers to treat all workers fairly (IFC PS2), establish or maintain worker-management relationship (IFC PS2), provide safe and healthy working conditions (IFC PS2), promote compliance with labor laws, protect vulnerable workers, avoid the use of child or forced labor (IFC PS2), and identify and remediate risks in their primary supply chains (IFC PS2), recognizing that we work in regions with weak regulations and in sectors relying heavily on subcontracting (IFC PS2).

IFC PS1 and 2 address gender equality in the value chain, namely capturing men and women's views on impacts, concerns and priorities (IFC PS1), and ensuring non-discrimination and equal employment opportunities and the occupational health and safety of both men and women (IFC PS2).

IFC PS2 explicitly addresses child labor, forced and compulsory labor and trafficked persons. This standard applies to workers directly engaged by the customer (direct workers), workers engaged through third parties to perform work related to core business processes of the project for a substantial duration (contracted workers), as well as workers engaged by the customer's primary suppliers (supply chain workers).

Throughout the investment process and as part of our due diligence, for high E&S risk investments we assess our customers' performance against the above standards. The outcome of the assessment is part of the financial proposals that inform our investment decisions.

In cases where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an Environmental and Social Action Plan (ESAP) which is included in the financing contract with the customer. By collaborating with our customers, we aim to address these gaps in order to effectively manage associated negative impacts on workers in our customers' value chain.

As per FMO's Customer Disclosure Policy, FMO publicly discloses the proposed investment on the World Map page of the FMO website upon approval of an investment, but before finalizing any financing contract. Information relating to the investment, such as the countries where operations take place, sector(s), funding objective, E&S (Environmental and Social) impact and Human Rights context, as well as any substantive rationale, are included as part of this disclosure. This allows (local) stakeholders including workers, worker representatives such as labor unions, NGOs and CSOs, and others to raise concerns and enables FMO to make more informed decisions that improve the quality of the investment. This process ensures that the perspectives of impacted workers of our customers' value chain are taken into account in our decision-making process and supports a collaborative approach in FMO's investment activities.

Customers contractually undertake action to comply with E&S requirements which include the IFC PS (and other requirements as described above) and to respect human rights. In addition, our customers are also contractually required to report on serious incidents (including incidents involving their workers and contractors) occurring on or nearby any site, plant, equipment or facility of the customer as soon as these occur, including those that may impact human rights.

We have developed a Serious Incident Register where we register and track serious incidents. We have defined serious incidents as the occurrence of events that interrupt normal procedures related to:

- Investments, customers, projects, affected people, processes and systems and,
- FMO (E&S) standards (as described above for workers).

Where the underlying cause of the incident is unknown, FMO ensures that a meaningful root cause analysis is conducted on incidents and, where required, corrective action is implemented. Follow-up actions are monitored, which is crucial to ensure that effective measures are taken to reduce the chance of re-occurrence. We use the information to monitor the performance of our customers in managing their impacts on value chain workers. Numbers of fatalities is part of the information registered in the serious incident register, and is reported as a metric under S2. However, the risk remains that some incidents may not have been reported to us and have, therefore, not been included in these numbers.

No severe human rights issues and incidents were reported to FMO through the ICM or the Integrity and Issue Management Committee (IIMC). The IIMC is a sub-committee of the Non-Financial Risk Committee (NFRC), appointed by the Management Board. It monitors and advises upon designated projects, transactions and customers at a corporate and project level, including, where applicable, complaints related matters brought forward via the Independent Complaints Mechanism (ICM), for proposed, active and completed/exited investments (see 'ESRS 2 - Interests and views of stakeholders'). With regards to the occurrence of human rights issues and incidents, the IIMC is informed by the ICM, FMO's human rights due diligence process, Serious Incident Register, ex-ante and ex-post disclosure questions as well as questions from external stakeholders like NGOs, the media or parliament.

S2-2 Processes for engaging with value chain workers

Ensuring sufficient engagement with value chain workers is part of IFC PS2. As part of our due diligence for all high and medium risk customers, we assess the extent to which our customers have engaged and addressed the concerns of their workers. In the same process, the extent to which the perspective of vulnerable workers (e.g. migrant workers, women etc.) has been considered by our customer is also assessed against the IFC PS2. Additionally, FMO requires its customers to provide a grievance mechanism for workers to raise their concerns.

We perform periodic site visits to assess and monitor our customer's performance against the above requirements. On an ad-hoc basis we also engage with value chain workers as part of our monitoring. When an investment has been approved, FMO's Disclosure Policy provides an opportunity for the public (including workers) to raise questions or concerns about the investments prior to contracting.

Disclosures are provided in six languages. This allows labor unions, worker representatives, NGOs and CSOs to raise concerns relating to the negative impacts of the investment on workers. By enabling these stakeholders to raise concerns, we take into account the perspective of impacted stakeholders in our investment decisions; this can enhance the design and implementation of projects.

S2-3 Processes to remediate negative impacts and channels to raise concerns

There are three channels in place through which value chain workers may raise complaints:

1. As part of the IFC PS, customers of FMO are required to make channels available for their workers to raise concerns or needs directly and have them addressed. In particular, customers are expected to have a grievance mechanism (IFC PS2) in place that is accessible to public/external stakeholders, follows a transparent process, ensures confidentiality of complaints and assures that stakeholders raising concerns will not be subject to retaliation or reprisal. Through our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanism is assessed against the requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved, how, etc.). Access to remedy is provided by our customer in cases where an incident has occurred. This can take various forms, such as (in random order) financial compensation, public apologies, restitution, or rehabilitation, depending on the needs of the affected communities. Where incidents occur, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact.

2. In addition to this, FMO has an Independent Complaints Mechanism (ICM) that allows external parties to file a complaint concerning investments or projects financed by FMO, and this includes complaints about ESG aspects. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM includes a non-retaliation statement to protect complainants when raising concerns and, applies an approach of continuous improvement and the ICM annual report describes the overall effectiveness of the mechanism, and the lessons learned (publicly). The ICM policy and procedures are evaluated at least every four years. If a complaint has been declared admissible, the Independent Expert Panel will launch a preliminary review into the issue(s) raised by the complainant. Based on the preliminary review and in consultation with relevant parties, the Independent Expert Panel will either conduct a 'compliance review' or, when all parties are willing to participate in such a process, facilitate a 'dispute resolution' process. The monitoring role in 'dispute resolution' is determined on a case-by-case basis. Any agreements reached by the parties involved will usually contain a mutually agreed program with timelines for implementation as well as roles and responsibilities to monitor the progress made. A 'compliance review' is the process to determine whether FMO has complied with applicable FMO policies. The Independent Expert Panel will launch a full inquiry into the issue(s) raised by the complainant and prepare a final report that is discussed with FMO's Management Board and submitted to the Supervisory Board for disclosure. In cases where material non-compliances are identified, the ICM will monitor the situation until actions taken by FMO assure the ICM that FMO is addressing the material non-compliance(s).

3. Moreover, to report an irregularity, FMO provides a procedure that allows third parties, including value chain workers to report issues anonymously. The procedure for reporting suspicions is outlined in the Speak Up Policy which is available to value chain workers. For more information, refer to the Speak Up Policy and procedure.

Currently, FMO does not assess whether value chain workers are aware of and trust the structures or processes of the ICM as a way to raise their concerns. Nonetheless, given the number of requests we receive we believe the current process is overall functioning effectively.

The Minimum Disclosure Requirements for the ICM Policy are included in 'ESRS 2 – Strategy, business model and value chain'.

S2-4 Key actions

General actions

As part of FMO's due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to workers in our customers' value chains (e.g. working conditions, occupational health and safety etc.). These improvements are translated into an environmental and social action plan (ESAP) that is incorporated into the financing contract.

The ESAP also stipulates timelines for the customers to close the action. Compliance against the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact. Performance gaps and specific actions taken in 2024 to address these gaps are described in the metric tables (see 'ESRS 2 - IRO management').

Specific initiatives in 2024

In 2024 we identified an increased potential negative impact on safety in the power distribution sector that directly impacts our customer performance against IFC PS2. As such, we co-developed an electric power and distribution health and safety toolkit to raise awareness and support customers in improving the safety of workers and local communities around network equipment and electrical distribution infrastructure.

Table 43. Minimum Disclosure Requirements for Actions

Scope of actions	<p>ESAPs and corrective action plans are developed and monitored for all high-risk customers with gaps identified in respect of IFC PS2 requirements related to workers' rights and impacts.</p> <p>Targeted action regarding investments involving solar components.</p> <p>Targeted action regarding customers involved in electrical distribution infrastructure.</p> <p>Ongoing actions as part of making Reducing Inequalities-labelled investments.</p>
Time horizon	<p>ESAPs and corrective action plans take place on an ongoing basis.</p> <p>Development of electric power and distribution health and safety toolkit was finalized (Q1 2024).</p>
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	NA
Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

S2-5 Targets

FMO has not set a measurable target for impacts related to (value chain) workers. However, FMO does monitor the impact of our investments (see 'ESRS 2 - IRO management') related to workers. FMO's 90 percent ESG performance target includes, but is not limited to, investments with risks related to workers in the value chain.

S2-5 Metrics

On an annual basis, FMO tracks entity-specific metrics related to workers disclosed in the table below. These metrics relate to monitoring our objective regarding positive impact, as well as our commitment to protecting value chain workers in general, as included in our ESG management processes to monitor negative impacts and channels for raising concerns. We report on the number of direct jobs supported, number of direct jobs supported for women and number of customers with E&S performance gaps in portfolio.

FMO tracks the performance of high-risk customers against the requirements of the IFC PS in relation to the treatment of workers in the value chain. The methodology used to determine the number of customers with E&S performance gaps in the portfolio, and any identified performance gaps for the year have been outlined in 'ESRS 2 - IRO management'.

Table 44. Minimum Disclosure Requirements for Metrics for the number of direct jobs supported

Methodology and assumptions	<p>FMO mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when data is not available, the JIM model will estimate the number of direct jobs based on the customer's available financials, its sector and country of operations.</p> <p>The modelled data by the JIM is expressed in headcount due to the unavailability of country employment data sources in FTE.</p> <p>By using the JIM, we also model the estimated indirect jobs supported by our portfolio. Indirect jobs encompass supported jobs through supply chains, through the spending of wages, and economy-wide employment enabled by bank lending and the supply of electricity.</p> <p>All supported jobs indicators are reported using a PCAF aligned attribution factor to report only the supported jobs based on the proportional share of lending or investment in the borrower or investee.</p>
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Validation by external body other than the assurance provider (if applicable)	The JIM version used in this sustainability statement has not been externally validated. The upcoming JIM version is undergoing an external validation process, but the planned release of that version is not in time for this report.
Unit	FTE (in thousands)
2024	83
2023	84
Restatement of information	The previous year metric was restated in line with our recalculation approach since we improved our reporting methodology and adopted the latest available JIM version. For more details, please refer to the 'FMO methodology for reporting financed GHG emissions and jobs supported', available on FMO's website.

Table 45. Minimum Disclosure Requirements for the number of direct jobs supported for women

Methodology and assumptions	<p>FMO's mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when data is not available, the JIM model will estimate the number of direct jobs based on the customer's financials, its sector, country of operations and statistics on the percentage of jobs for women in a particular sector and country.</p> <p>All supported jobs indicators are reported using a PCAF aligned attribution factor to only report the supported jobs based on the proportional share of lending or investment in the borrower or investee.</p>
Validation by external body other than the assurance provider (if applicable)	The JIM version used in this sustainability statement has not been externally validated. The upcoming JIM version is undergoing an external validation process, but the planned release of that version is not in time for this report.
Unit	FTE (in thousands)
2024	29
2023	31
Restatement of information	The previous year metric was restated in line with our recalculation approach since we improved our reporting methodology and adopted the latest available JIM version. For more details, please refer to the 'FMO methodology for reporting financed GHG emissions and jobs supported', available on FMO's website.

Table 46. Minimum Disclosure Requirements for the number of fatalities

Methodology and assumptions	Number of fatalities resulting from financed activities of FMO's customers occurring and registered during the reporting period (as reported by customers).
Validation by external body other than the assurance provider (if applicable)	NA
Unit	Number
2024	70 fatalities. 48 involving workers in the value chain and 22 involving members of the public (affected communities).
2023	60 fatalities reported in 2023
	14 fatalities occurred in 2023 but were registered in 2024

S3 Affected communities

S3 Introduction

The process of the double materiality assessment (DMA) has been described in detail in 'ESRS 2 - Double materiality assessment'. The DMA processes assessed the materiality of impacts, risks and opportunities (IROs) related to affected communities. For FMO, this specifically included communities that are potentially negatively impacted by the operations or activities of our customers directly and/or through their primary supply chains. For example, whilst a hydro power investment provides clean energy, it may require the resettlement of surrounding communities.

Within the scope of this topic, FMO distinguishes between different types of local communities that must be considered during the investment process. Given the countries we are active in, many of the communities that may be impacted by our customers' operations are communities who belong to the bottom 40 percent of global income distribution and include groups who may be particularly vulnerable. These include marginalized groups such as rural populations, indigenous people and women.

Marginalized groups are those with limited access to economic resources and opportunities due to attributes such as age, gender, disability, race, ethnicity, origin or religion. Women in particular often face unique and disproportionate challenges, and are at higher risk of being negatively impacted by the activities of our customers (e.g. gender-based violence).

As a financial institution, FMO is expected to responsibly manage the potential negative impact on communities associated with our investments. We acknowledge that communities' economic, social, cultural, civil or political rights may be negatively impacted by inadequate practices by our customers with regard to, for example, land acquisition or potential resettlement, adequate housing, access to food, water and sanitation, and impact on their livelihood and/or cultural heritage. We note that our customers operate in countries where environmental and social (E&S) legislation may not be in line with international standards and/or in jurisdictions where their enforcement may be weak. This may increase the likelihood of negative impacts on local communities. This risk can be heightened for marginalized groups who may have limited access to mechanisms and structures that protect them (such as legal protection or lack of representation in local institutions).

Our linkage to the above negative impacts, and in particular potential linkage to the breach of the human rights of local communities by our customers in relation to the project/activity that FMO finances, may result in reputational risk, litigation risk and/or financial risk to FMO.

Our E&S risk categorization process is based on the likelihood of a negative impact occurring on local communities.

S3 Impacts, risks and opportunities

Based on our DMA, FMO has identified the following IROs related to the topic of local communities. The table gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 47. IROs and Policies and Actions and Targets

ESRS subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Communities' economic, social and cultural rights Communities' civil and political rights	Potential negative impact	Potential negative impacts may relate to traditional land use, soil fertility, biodiversity, or pollution or displacement of local communities (including indigenous people), caused by insufficient consideration of affected communities during FMO's investment and project due diligence processes, and lack of continuous dialogue.	Impacts related to traditional land use, soil fertility, biodiversity or pollution, or displacement of local communities. Short-term	Downstream investment portfolio	Sustainability Policy Independent Complaints Mechanism Policy Customer Disclosure Policy	Development and monitoring of ESAPs and corrective action plans.	No specific target
Communities' economic, social and cultural rights Communities' civil and political rights	Risk	The risk of reputational, legal and/or financial damages resulting from FMO's linkage to the breach of the rights of local communities by FMO's clients in relation to the projects and activities that FMO finances.	Reputational, legal and/or financial damage.	Downstream investment portfolio	Sustainability Policy	Development and monitoring of ESAPs and corrective action plans.	No specific target

S3-1 Policies

Identifying and managing potential negative impacts on communities affected by our customers at an adequate level is embedded in FMO's ESG management, which is part of our overarching Sustainability Policy. The ESG management procedures for screening and monitoring customers with regard to negative/adverse impacts on local communities are described in 'ESRS 2 - IRO management'. The following standards, which are part of FMO's ESG management, are relevant to addressing the potential negative impact on local communities:

- FMO is committed to acting consistently with the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
- IFC Performance Standards (IFC PS) and related World Bank Environmental, Health, and Safety (EHS) Guidelines: The following standards are applied to manage negative impacts of our investments on local communities:
 - IFC PS1: Assessment and Management of Environmental and Social Risks and Impacts in relation to communities as well as disadvantaged and vulnerable groups.
 - IFC PS4: Community health, safety and security
 - IFC PS5: Land acquisition and involuntary resettlement
 - IFC PS7: Indigenous people
 - IFC PS3, 6 and 8 address impacts to communities indirectly

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts related to local communities. Every investment is considered within a specific context with specific risks related to local communities. Every type of local community is potentially exposed to negative impacts. Our ESG management process is inherently designed to develop an

understanding of specific contexts and specific type of communities per investment project and identify investments with greater risk of negative impact on local communities: this leads to the categorization of E&S risk, where additional measures are required for high-risk investments.

We expect our customers to consult with (IFC PS1) and establish a grievance mechanism (IFC PS1) for all local communities. Customers are expected to respond and facilitate the resolution of all grievances of local communities (IFC PS1) as well as assist and collaborate with these communities in cases of emergency where customer facilities are likely to generate impacts (IFC PS1).

FMO requires customers to evaluate and manage the risks of and impacts on the health and safety of the local communities during the project life cycle (IFC PS3) by: (i) considering safety risks to local communities in the design, construction, operation and decommissioning of structural elements (IFC PS3); (ii) avoiding or minimizing the potential for community exposure to hazardous materials (IFC PS3); (iii) avoiding and mitigating impacts on priority ecosystem services that may result in adverse health and safety risks (IFC PS3).

Furthermore, customers are required to avoid and minimize the displacement of communities by considering alternative project designs or, where avoidance is not possible, to provide compensation (IFC PS5) and improve, or restore, the livelihoods (IFC PS5), living conditions and standards of living of displaced persons (IFC PS5).

Moreover, in project locations where indigenous peoples are present, customers must identify and avoid negative impacts on these communities (IFC PS7) and where unavoidable, the negative impacts must be minimized and compensation must be provided in a culturally appropriate manner (IFC PS7). In these cases, customers must also establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP), with the community throughout the project's life cycle (IFC PS7). In certain situations, such as when the project impacts critical cultural heritage or is located on traditionally owned land etc. (IFC PS7), it is necessary that the customer obtains Free, Prior, and Informed Consent (FPIC) from the community.

For higher-risk investments, and where applicable, customers are required to comply with the IFC PS 3, 6 and 8 which indirectly address affected communities reducing pollution and ensuring efficient resource use, minimizing harm to local health and environments (IFC PS3); safeguarding biodiversity and ensuring businesses preserve ecosystems that communities rely on for their livelihoods (IFC PS6); and protecting cultural heritage, and ensuring the development project respects and engages with communities to avoid damage to culturally significant sites (IFC PS8).

Throughout the investment process and as part of our due diligence, we assess our customers' performance against the above standards. The outcome of the assessment is an integral part of the financial proposals that inform our investment decisions.

Where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an ESAP which is included in the financing contract with the customer. By collaborating with our customers, we aim to address these gaps in order to effectively manage associated (material) negative impacts on affected communities. (See 'ESRS 2 - IRO management')

As per FMO's Customer Disclosure Policy, FMO publicly discloses the proposed investment on the World Map page of the FMO website upon approval of an investment, but before finalizing any financing contract. Information relating to the investment, such as the countries where operations take place, sector(s), funding objective, E&S risk and impact category and Human Rights context, as well as any substantive rationale, are included as part of this disclosure. This allows (local) stakeholders, local communities, their representatives, NGOs and CSOs and others to raise concerns and enables FMO to make more informed decisions that improve the quality of the investment. This process ensures that the perspectives of impacted local communities are taken into account in our decision-making process and fosters a collaborative approach in FMO's investment activities.

Customers contractually undertake action to comply with E&S requirements which include the IFC PS (and other requirements as described above) and to respect human rights. In addition, customers are contractually required to report on serious incidents (including incidents involving local communities)

occurring on or nearby any site, plant, equipment or facility of the customer as soon as these occur, including those that may impact human rights.

We developed a Serious Incident Register where we register and track serious incidents. We have defined serious incidents as the occurrence of events that interrupt normal procedures related to:

- investments, customers, projects, affected people, processes and systems,
- FMO E&S standards (as described above).

Where the underlying cause of the incident is unknown, FMO ensures that a meaningful root cause analysis is conducted on incidents and, where required, corrective action is implemented. Follow-up actions are monitored, which is crucial to ensuring that effective measures are taken to reduce the risk of re-occurrence. We use the information to monitor the performance of our customers in managing their impacts on local communities. Numbers of fatalities is part of the information registered in the serious incident register, and is reported as a metric under S3.

No severe human rights issues and incidents were reported to FMO. However, the risk remains that some incidents may not have been reported to us and have therefore not been included in these numbers. No severe human rights issues and incidents were reported to FMO through the ICM or the Integrity and Issue Management Committee (IIMC). The IIMC is informed by the ICM, FMO's human rights due diligence process, the Serious Incident Register, and ex-ante and ex-post disclosure questions as well as questions by external stakeholders such as NGOs, the media or parliament.

The IIMC, which is a sub-committee of the Non-Financial Risk Committee (NFRC), as appointed by the Management Board, monitors and advises upon designated projects, transactions, and customers on a corporate and project level, including where applicable complaints related matters brought forward via the Independent Complaints Mechanism (ICM), for proposed, active and completed/exited investments (see 'ESRS 2 - Interests and views of stakeholders').

S3-2 Processes for engaging with affected communities

Ensuring sufficient engagement with local communities is an integral part of IFC PS1. As part of our due diligence, for high- and medium- E&S risk customers, we assess the extent to which our customers have engaged with and addressed the concerns of local communities.

In particular, for investments with negative impacts on local communities, the customer is expected to conduct an Informed Consultation and Participation (ICP) process (IFC PS1), which is an organized and iterative consultation with various members of the community to obtain their views on aspects of the investment that impact them directly (e.g. the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues). The customer is required to incorporate the outcome of the consultation process into the project implementation plans.

The extent to which the perspective of vulnerable groups (such as indigenous peoples) has been considered is also assessed against the IFC PS. In line with the IFC PS, FMO applies heightened due diligence to any investment causing complex resettlement or affecting Indigenous Peoples, Critical Habitat or Critical Cultural Heritage. IFC PS1 include additional requirements in case indigenous people are impacted and informed consultation and participation with indigenous peoples throughout the project process is a core requirement of IFC PS7 and includes Free, Prior and Informed Consent under certain circumstances.

Additionally, FMO requires its customer to establish a stakeholder engagement approach and provide a grievance mechanism for local communities to raise their concerns. We perform site visits to assess and monitor our customers' performance against the above requirements. When a financial proposal has been approved for an investment, FMO's Customer Disclosure Policy provides an opportunity for the public (including local communities) to raise questions or concerns about the investment prior to contracting. Disclosures are provided in six languages. This allows various members and representatives of the local communities (e.g. religious leaders, local government representatives etc.), NGOs and CSOs to raise their concerns relating to the negative impacts of the investment.

S3-3 Processes to remediate negative impacts and channels to raise concerns

There are two channels in place through which local communities may raise complaints:

1. As part of the IFC PS, customers of FMO are required to make channels available to the local communities to receive and facilitate the resolution of concerns and grievances on E&S matters. In particular, customers are expected to have a grievance mechanism (IFC PS1) in place that is accessible to external stakeholders, follows a transparent and culturally appropriate consultative process, ensures confidentiality of complaints, and assures that stakeholders raising concerns will not be subject to retaliation or reprisal. The mechanism should not impede access to judicial or administrative remedies. As part of our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanism is assessed against the requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved and how, etc.). Access to remedy is provided by our customer in cases where an incident has occurred. This can take various forms, such as (in random order): financial compensation, public apologies, restitution, or rehabilitation, depending on the needs of the affected communities. Where incidents take place, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact.
2. In addition to this, FMO has an ICM that allows external parties to file a complaint concerning investments or projects financed by FMO and this includes complaints on ESG aspects. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM allows members of the community to file a complaint with an independent expert panel (IEP). The ICM includes a non-retaliation statement to protect complainants when raising concerns. An approach of continuous improvement is applied and the ICM annual report describes the overall effectiveness of the mechanism, and the lessons learned (publicly). Policies and procedures are evaluated at least every four years. Currently, FMO does not assess whether local communities are aware of and trust these structures or processes (the ICM) as a way to raise their concerns or needs and have them addressed. Nonetheless, based on the community reach-outs received, we believe the current process is overall functioning effectively. If a complaint has been declared admissible, the Independent Expert Panel will launch a preliminary review into the issue(s) raised by the complainant. Based on the preliminary review and in consultation with relevant parties, the Independent Expert Panel will either conduct a 'compliance review' or, when all parties are willing to participate in such a process, facilitate a 'dispute resolution' process. The monitoring role in 'dispute resolution' is determined on a case-by-case basis. Any agreements reached by the parties involved will usually contain a mutually-agreed program with timelines for implementation as well as roles and responsibilities to monitor the progress made. A 'compliance review' is the process to determine whether FMO has complied with applicable FMO policies. The Independent Expert Panel will launch a full inquiry into the issue(s) raised by the complainant and prepare a final report that is discussed with FMO's Management Board and submitted to the Supervisory Board for disclosure. In cases where material non-compliances are identified, the ICM will monitor the situation until actions taken by FMO assure the ICM that FMO is addressing the material non-compliance(s).

S3-4 Key actions

As part of FMO's due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to local community-related topics (e.g. impact of hazardous materials on ecosystem services, degradation of natural resources, exposure to disease etc.). These improvements are translated into an ESAP that is incorporated into the contract. The ESAP also stipulates timelines for the customers to close the action.

Compliance against the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be required to mitigate and possibly remediate the impact, this can be agreed with the customer. Performance gaps and specific actions taken in 2024 to address these gaps are described in the following table.

Table 48. Minimum Disclosure Requirements for Actions

Scope of actions	ESAPs and corrective action plans are developed and monitored for all high-risk customers with gaps identified towards IFC PS requirements related to communities' rights and impacts.
Time horizon	ESAPs and corrective action plans take place on an ongoing basis.
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	NA
Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

S3-5 Targets

FMO currently has no targets related to affected communities. FMO's 90 percent ESG performance target includes but is not limited to affected communities from related investments. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

S3-5 Metrics

On an annual basis, FMO tracks community-related metrics. These metrics are related to our objective regarding preventing negative impacts on affected communities in general, as included in our ESG management and processes to remediate negative impacts and channels to raise concerns. Refer to 'ESRS 2 - Interests and views of stakeholders' for the disclosure on the new admissible complaints received through the ICM and 'S2-5 Metrics' for the disclosure on fatalities involving members of the public (affected communities).

FMO tracks the performance of high-risk customers against the requirements of the IFC PS in relation to local communities. The methodology used to determine this metric and any identified performance gaps for the year have been outlined in 'ESRS 2 - IRO management'.

S4 Consumers and end-users

S4 Introduction

Consumers and end-users in the context of FMO's business model are the beneficiaries and users of the products or services of FMO's customers in the sectors of Agribusiness, Food & Water, Energy and Financial Institutions (FIs). FMO proactively seeks investment opportunities that contribute to a more inclusive economy and improve access to basic goods and services under our strategic goal of Reducing Inequalities (RI), with a particular focus on underserved consumers and end-users, including women.

FMO invests in customers who provide access to food, energy and financial services, and thereby positively impact consumers or end-users. In line with our strategy, we invest in agribusiness, food and water to support agricultural supply chains to increase food security where we invest in global merchants, input providers, food companies and companies that support smallholder farmers to improve their yields. In the energy sector, we invest in a range of solutions, including those that target low-income and marginalized populations who face challenges with access to reliable and affordable energy. Additionally, through our investments in FIs, we facilitate MSMEs to gain access to capital, support business growth and channel finance to businesses and end-beneficiaries that we cannot directly finance efficiently. In collaboration with FI customers, we also identify, target and reach underserved segments of the population, including youth, women and other economically marginalized customer groups.

A potential negative impact of FMO's investments that has been identified as material is the potential undue financial stress on users of financial products that are offered by FMO's FI customers in particular. To mitigate potential negative impacts related to over-indebtedness, FMO has integrated the Client Protection Principles (CPPs) into its Sustainability Policy, supporting responsible lending practices when our customers are providing finance to natural persons or micro-enterprises. We want these borrowers to grow their businesses sustainably and not be worse off by taking credit. We require customers that provide micro finance to adhere to the Client Protection Principles, which set the minimum standards that end-customers should expect when doing business with a financial service provider (FSP). The CPPs focus on the prevention of over indebtedness, transparency, and responsible pricing.

Our 2030 Strategy has also identified an opportunity for FMO to invest in new FI products, markets and/or technologies that expand market access for financial products, allowing for additional funding or investment opportunities for FMO.

Also within the scope of our Reducing Inequalities ambition is the potential positive impact that FMO has on reducing inequalities between countries. In this context, FMO aims to increase investments in least developed countries (LDCs) and aims to invest responsibly in fragile states and support market creation, with Africa in particular representing our largest portfolio. Consumers and end-users in LDCs often lack access to affordable financial services, energy, and food. LDCs face significant challenges in their development due to structural, historical, and geographical factors. They are highly vulnerable to economic and environmental shocks and have low levels of human assets. LDC status is determined by the United Nations, according to specified criteria and indicators. The RI Label Guidelines 2024 contain the LDC List Annex that is updated annually.

S4 Impacts, risks and opportunities

More explicitly, FMO has identified the following impacts, risks and opportunities (IROs) as a result of our strategic investment focus, double materiality assessment (DMA) and expertise related to the topic of consumers and end-users. Table 49 gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 49. IROs and Policies and Actions and Targets

ESRS subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Social inclusion of consumers and/or end-users	Potential negative impact	Improved access to better basic goods, services and income generating opportunities, including reaching women as end-users of goods and services.	Improved access to goods and services Short-term	Downstream investment portfolio	Sustainability Policy	Ongoing actions as part of making Reducing Inequalities-labelled investments including gender lens investments.	No specific target
Social inclusion of consumers and/or end-users	Potential negative impact	Investing in LDCs and fragile states to reduce inequalities between countries, including for consumers and end-users in these countries to have access to affordable financial services, energy, and food.	Reduced inequalities between countries. Long-term	Downstream investment portfolio	Sustainability Policy	Ongoing actions as part of making Reducing Inequalities-labelled investments.	No specific target
Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end-users Social inclusion of consumers and/or end-users	Potential negative impact	Lending or banking practices by FI customers and/or new financing models may cause undue financial stress on end-users (e.g. over-indebtedness).	Undue financial stress on end-users. Short-term	Downstream investment portfolio	Sustainability Policy Independent Complaints Mechanism Policy	Hiring a CPP specialist. Evaluation on Client Protection. Review of Client Protection implementation.	No specific target
Social inclusion of consumers and/or end-users	Opportunity	Investing in new FI products, markets and/or technologies that expand market access for financial products, allowing for additional funding or investment opportunities for FMO.	Investing in new markets and technologies	Upstream, Downstream investment portfolio	Sustainability Policy	Ongoing action as part of making Reducing Inequalities-labeled investments in the FI sector.	No specific target

S4-1 Policies

Policies towards improved access to better basic goods, services and income generating opportunities

Our general investment objective is to contribute to the development of private sector businesses in developing countries in the interest of the economic and social progress of those countries. In this case

improving access to food, energy and financial services. This aligns with the development goals of the Dutch Government.

FMO sees investment in inclusive growth as a key means for the private sector to contribute to reducing inequalities. Inclusive growth is driven by inclusive business and employing market-based solutions to expand access to essential and affordable goods, services and livelihood opportunities. Expanding access refers to first-time access or improved access to goods, services or livelihood opportunities which improve the quality of life or incomes of consumers/end-users. Furthermore, FMO proactively seeks investments that reach women as end-users of goods and services. We label and steer our investments towards these objectives and they are a standardized element of the financial proposal and are presented as part of the basis for investment decision-making.

The RI Label has been put in place to classify individual investments ex-ante as per their potential impact and to steer investments towards specific impact objectives related, among other things, to consumers and end-users. (See 'ESRS 2 - IRO management') Label categories related to improved access to better basic goods and services and generating income opportunities include companies that contribute to access to food, last mile delivery of power and basic goods and services to low-income and underserved populations (including women and consumers in LDCs). Definitions and eligibility thresholds are based on practices of peer DFIs and other industry standards, however they are FMO-specific.

See an example of a definition and related criteria below.

Table 50. Last mile delivery of power

Category	Last mile delivery of power
Definition	Energy solutions for low income or marginalized populations who lack adequate coverage, reliability, or affordability of these services. Examples are off-grid energy, rural energy access, household-level devices and systems, mini-grids and grid extensions.
Criteria	RI Client (100 percent of investment): At least 30 percent share of the client's revenue is from last mile delivery of power. OR RI Use of Proceeds (1-100 percent of investment): Share of FMO financing earmarked for last mile delivery of power.

Policies towards reducing undue financial stress on end-users

To mitigate potential negative impacts related to financial stress on end-users (e.g. over-indebtedness), we have embedded the CPPs in our investment process. The principles are a financial consumer protection standard developed by the Smart Campaign, an initiative led by the Center for Financial Inclusion (as of 2020, the standards are managed by Cerise+ SPTF). They define the minimum standards that end-clients should expect to receive when doing business with a financial service provider and guide responsible lending practices. The standard consists of seven principles, including prevention of over-indebtedness specifically.

FMO assesses all financial institutions, non-banking financial institutions, and corporates providing finance to natural persons or micro-enterprises against these principles, utilizing the CPP Toolkit that guides investment teams in identifying potential negative impacts, mitigants and action plans in line with FMO's Investment Criteria. This part of the investment process is called a CPP Review. The review is conducted during due diligence and included as an input in the Clearance in Principle and Financial Proposal stage of FMO's investment process, as well as during annual customer credit reviews. The process is reviewed by FMO's Credit department to ensure guidelines have been applied when relevant. The action plans are monitored by investment teams.

In relation to the protection of end-users and consumers in general, FMO is committed to acting consistently with the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The CPPs are our operating standard for implementing our human rights commitment for FI customers. We use them as a key reference for financial intermediaries identifying potential human rights impacts, defining customer requirements and responsibilities towards their consumers and end-users, and for monitoring performance during the tenor of our engagement.

No severe human rights issues and incidents were reported to FMO through the ICM or the Integrity and Issue Management Committee (IIMC). The IIMC is informed by the ICM, FMO's human rights due

diligence process, the Serious Incident Register, and ex-ante and ex-post disclosure questions as well as questions by external stakeholders such as NGOs, the media or parliament.

S4-2 Processes for engaging with consumers and end-users

FMO does not have a process for engaging with the consumers and end-users of our customers directly. Our customers engage with this group as they are their direct customers.

FMO has criteria to facilitate a risk-based assessment of Financial Institutions and other companies providing financing to natural persons or microenterprises for alignment with the CPPs. For high-risk customers an external CPP assessment is required to confirm gaps with an action plan developed and implemented to address gaps identified. An independent consultant or expert may engage with end-users.

S4-3 Processes to remediate negative impacts and channels to raise concerns

As part of the CPPs and IFC Performance Standards (IFC PS), customers of FMO are required to make channels available for stakeholders to raise concerns or needs directly and have them addressed. In particular, customers of FMO are expected to have a grievance mechanism in place that is accessible to public/external stakeholders, including consumers and end-users, follows a transparent process, ensures confidentiality of complaints and assure that stakeholders raising concerns will not be subject to retaliation or reprisal. Through our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanisms are assessed against the standards of the CPPs and requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved, how, etc.).

In addition to this, FMO has an Independent Complaints Mechanism (ICM) that allows external parties to file a complaint concerning investments or projects financed by FMO. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM includes a non-retaliation statement to protect complainants when raising concerns. An approach of continuous improvement is applied and the ICM annual report describes the overall effectiveness of the mechanism (publicly). Policies and procedures are evaluated at least every four years.

More information on FMO's general approach to and processes for providing or contributing to remedy is explained in the section 'S2-3 Processes to remediate negative impacts and channels to raise concerns'. The Minimum Disclosure Requirements for the ICM Policy are in the section 'ESRS 2 – Strategy, business model and value chain'.

S4-4 Key actions

General actions

On an ongoing basis we strategically steer toward investments that reduce inequalities within and between countries. Investment teams seek opportunities that improve access to better basic goods and services, income-generating opportunities, new FI market opportunities and products, and in LDCs via the RI Label and label target. Our Sustainable Finance Advisory team provides investment teams with ongoing support on such transactions. Investment teams receive regular training on the label and opportunities in these focus areas. Technical assistance is also available to support customers, including a framework technical assistance program for customers pursuing gender equality objectives.

Specific initiatives in 2024 towards reducing undue stress on end-users

In 2024, FMO hired a CPP specialist who will be based in the Sustainability Standards Integration team in the ESG+ department. This specialist will support investment teams in aligning investments with the CPPs.

We also conducted an evaluation on Client Protection to understand the best practices and risks. FMO hired external consultants to evaluate how investees implement the CPPs and gather lessons learned. They conducted two case studies with Financial Service Providers (FSPs) that are customers of FMO and

their customers. The evaluation included interviews with FSP management and their staff, as well as in-person and phone surveys with around 250-270 end-customers per FSP. Additionally, they held six-eight focus group discussions and conducted interviews with about 14 customers per FSP to delve deeper into client protection topics. The findings highlighted some best practices in client protection and identified emerging risks. These risks are areas where FSPs can improve to ensure customers have a better experience and reduce potential negative impacts. The results of these case studies will be compiled into a final report in 2025, which will help FMO understand key risks and how to address them.

Actions planned in 2025 towards reducing undue stress on end-users

In 2025, FMO will review the current implementation of the CPPs. The goal of the review is to ascertain the minimal standards that end-users should expect to experience when doing business with an FSP. The methodology assesses the risk that the CPPs are not met by a client. If a risk is identified, the client is required to develop an action plan. Our commitment to the CPPs will remain unchanged.

Table 51. Minimum Disclosure Requirements for Actions

Scope of actions	Focused on our investments in customers in the sectors and markets in which we operate.
Time horizon	2025
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	NA
Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

S4-5 Targets

FMO aims to have developed a total committed portfolio of at least €10 billion in SDG 10 in 2030. For 2024, our target was €5 billion. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

This target does not distinguish specific categories within the RI Label, which means that the target includes women in the value chain, underserved consumers and end-users and access to financial services, energy and food, as well as other categories. The target also relates to the potential positive impact FMO has on inclusion of women in the workforce and improved access to better basic goods, services and income-generating opportunities, including reaching women as end-users of goods. Consumers and end-users are not engaged directly in setting or tracking performance against these targets, nor in identifying lessons or improvements as a result of performance.

S4-5 Metrics

On an annual basis, FMO tracks the entity-specific metric related to our objective towards positive impact. FMO assesses new investments against the criteria of the 'Reducing Inequalities Label' for ex ante potential to contribute to positive impact through, among other things, improved access to better basic goods, services and income generating opportunities and investments in LDCs. As such, we report on RI total new investments. For more information on this metric, please refer to 'ESRS 2 - IRO management'.

G1 Business Conduct

G1 Introduction

At FMO, we are committed to sustainable governance and ethical business practices that drive positive economic and social impact. Our approach emphasizes transparency, accountability, and integrity in all our operations. By embedding these principles into our decision-making processes, we aim to foster trust among our stakeholders. Our framework ensures we adhere to ethical practices, comply with legal requirements, and integrate environmental, social, and governance (ESG) in decision making. Through due diligence, stakeholder engagement, and continuous monitoring, we uphold high standards of professionalism and corporate governance.

Governance

FMO's administrative, management and supervisory structure consists of the Supervisory Board and Management Board of FMO. The Management Board collectively manages FMO and consists of five members. The Management Board independently assesses overall policies and risks. The Supervisory Board, comprising six members, oversees the management conducted by the Management Board. It guides FMO's general business and risk management policies, always considering the interests of all stakeholders.

Given that FMO is an impact-driven development bank, members of the Management Board and Supervisory Board were selected and appointed because of their already present knowledge and experience regarding sustainability-related matters. The Management Board and Supervisory Board members have appropriate knowledge regarding development impact, human rights, sustainability-related matters. For a more detailed description of FMO's corporate governance structure please refer to the section 'ESRS 2 - Governance of sustainability matters', the sub-chapter 'Corporate governance', and the chapter 'Report of the Supervisory Board'.

Together, these bodies ensure effective governance, risk management, and a commitment to sustainable development at FMO.

G1 Impacts, risks and opportunities

We identified the following impacts, risks and opportunities (IROs) for business conduct during our Double Materiality Assessment (DMA). Table 52 gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 52. IROs and Policies and Actions and Targets

ESRS Subtopic	Material impact, risk, opportunity	Description	Short description & reasonably expected time horizons of the impacts	Value chain location	Policy	Actions	Targets
Corporate culture	Potential positive impact	The potential positive impact of an effective and healthy corporate culture on the ability for FMO to make decisions that are in the best interests of the environment, people and the economy	Corporate culture Short-term	Own Operations		Implementing the program Quality of Interaction (Values in Action)	No specific target

Business conduct	Potential positive impact	The potential positive impact on the corporate governance of customers, as a result of FMO's enforcement of, and engagement on international corporate governance standards. By adhering to these standards, customers are expected to improve their corporate governance and ultimately enhance accountability, transparency, and sustainability in their operations.	Enforcement of and engagement on international corporate governance standards Medium term	Downstream investment portfolio		No specific target
Corruption and bribery	Risk	The risk of staff not meeting the FMO Code of Conduct or FMO not fulfilling legislative requirements with regards to anti-bribery and corruption, anti-money laundering or countering the financing of terrorism and sanctions, caused by ignorance of FMO policies, lack of awareness of legal requirements or insufficient consideration of societal or regulator expectations, resulting in reputational and financial damage and/or legal actions against FMO.	Anti-bribery and corruption, anti-money laundering, and countering the financing of terrorism and sanctions.	Own operations	Code of conduct, Anti-bribery & Corruption policy, Sanctions Policy and CDD AML Policy	No specific target
Business conduct	Risk	The risk of key funders removing or reducing their financial or political support for FMO, caused by significant governance issues arising, leading to lack of confidence in the ability of FMO to govern itself effectively, resulting in strategic, financial, legal and reputational damage.	Governance issues	Own operations	Systematic Integrity risk analysis	No specific target
Political influence and lobbying activities	Risk	The risk of FMO's lobbying activities on key EU directives and engagement with the Dutch State being seen as unethical	Lobbying activities	Own operations		No specific target
Business conduct	Risk	The risk that our Sustainability Policy Universe is not implemented properly, resulting in reputational, financial and/or legal actions against FMO.	Implementation of ESG Standards	Own operations		No specific target

Protection of whistleblowers	Risk	The risk that FMO's speak up process and protection of whistleblowers is insufficient, resulting in reputational and financial damage and/or legal action against FMO.	Speak up process and protection of whistleblowers.	Own operations	Speak-up Policy	No specific target
Governance	Risk	The risk that our Sustainability Policy Universe does not address the ESG impacts of our downstream portfolio, leading to reputational, financial, and/or legal actions against FMO.	Effectiveness of ESG Standards.	Own operations	Sustainability Policy	No specific target
Corruption and bribery	Risk	The risk of intended positive impacts from projects not reaching the targeted end beneficiaries due to corruption and/or bribery, leading to financial and reputational damage and/or legal actions against FMO.	Corruption and bribery	Own operations	Anti-bribery & Corruption policy, CDD AML Policy	No specific target
Business conduct	Risk	The risk that FMO is unable to effectively perform its mandate as a result of the need to balance profitability, impact additionality and compliance with Dutch and EU regulations.	Impact additionality and compliance.	Own operations		No specific target
Business conduct	Risk	The risk that the operations or financial performance of FMO current or potential customers are negatively affected by an inability to comply with international regulations, or significantly increased cost to comply, leading to lower returns for FMO.	Compliance	Own operations	Regulatory Monitoring Policy	No specific target

G1-1 Business conduct policies and corporate culture

FMO is actively cultivating a culture that values diversity, quality, integrity, and making a positive impact on society. We have an ambitious strategy towards 2030 and recognize the role of culture in long-term value creation. That is why we have aligned our values and behaviors with our long-term business priorities and sustainability goals. Our four values – Diversity, Integrity, Making the difference, and Quality – continue to represent what we believe in and shape our FMO culture. The behaviors that underpin each value have been developed, driven by employee input, to provide guidance on how we act on that value. We recently launched a multi-year program to focus on embedding behaviors to encourage common understanding and ensure that behaviors are actionable and meaningful for everyone in the organization. Through this initiative, including training programs and leadership development, we aim to create an environment where we work together to make decisions that are in the best interests of the environment, people and the economy and maximize our impact as one FMO.

Development occurs via training programs that promote ethical behavior and a commitment to diversity and inclusion through the FMO academy. FMO encourages open communication and recognizes employees who exemplify their values. Evaluation is conducted through regular feedback mechanisms and performance metrics including evaluation through our bi-annual employee engagement survey to ensure alignment with our cultural goals and overall mission.

Our corporate culture is cultivated by our Code of Conduct and compliance policies, which include safeguarding whistleblowers and steering clear of bribery, corruption, and other unethical behaviors. These key topics are outlined below.

Code of Conduct

FMO's Code of Conduct reflects our commitment to diversity, integrity, quality and making the difference in all our interactions. It sets shared standards of behavior that guide our decision-making and the exercise of our judgment, outlining how we should conduct our professional activities both individually and as a team. FMO expects its employees to be aware of, and behave according to, the Code of Conduct and speak out when they feel that the business principles are threatened or compromised. Any business conduct issues that are raised are managed effectively, independently and objectively. Our commitment to an effective Code of Conduct is evident through regular trainings, for example our annual integrity awareness e-learning, and transparent reporting mechanisms. Our Speak up policy and process, and our internal grievance and complaint mechanisms help us monitor the effectiveness of the Code of Conduct.

In addition to complying with FMO's Code of Conduct, all employees have also taken the Dutch Bankers' Oath. The obligation to take the bankers' oath is stipulated in the Dutch Financial Supervision Act (Wft, article 3.17 b, section 2). This Bankers' Oath and the related banking disciplinary regulations were introduced on 1 April 2015. All employees declare - briefly summarized - that they will perform their work at the bank with integrity and care and that they will act openly and verifiably. The latter means that employees also understand and accept that their conduct may be subject to disciplinary review.

G1-3 Anti-bribery and corruption

FMO is subject to the Dutch Criminal Code, which prohibits any form of active or passive bribery involving (foreign) government officials as well as private parties. Furthermore, FMO is subject to the anti-bribery and corruption laws of the countries where it operates in, or other anti-corruption laws that may apply, such as the U.S. Foreign Corrupt Practices Act (FCPA). FMO is guided by the OECD Convention on Combating Bribery and the UN convention against corruption (UNCAC).

Functions that are most at risk in respect to corruption and bribery are staff from the investment departments, and other colleagues that travel often and have in-person contacts. To mitigate corruption risks, FMO has established a comprehensive Anti-bribery and Corruption policy that applies to both the organization and its third-party representatives. This policy includes measures for reporting and training on anti-bribery and corruption practices. Any actual or suspected violations of the Anti-bribery and Corruption policy will be reviewed and investigated by the Compliance department. Compliance, as second line function, operates independently from any commercial, administrative or other control function and has direct access to the Management Board and the Supervisory Board. The Management Board is informed of violations through Compliance reporting.

Table 53. Minimum Disclosure Requirements for Anti-bribery & Corruption policy

Scope of policy	<p>This policy covers FMO, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management (FIM), and/or any entities in which the bank has a stake of more than 50 percent and or management control. This policy is applicable to:</p> <ul style="list-style-type: none"> • All FMO products and services; • All employees; • Non-employees delivering services under authority of FMO; and • All third parties acting on behalf of FMO (when applicable).
Accountable body	The owner of this policy is the Compliance department, and it is approved by the NFRC.

Third-party standards/initiatives (if relevant)	<p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> • Dutch Penal Code (Wetboek van Strafrecht) • OECD Convention on combating Bribery • UN Convention against Corruption (UNCAC) • DNB Good Practices fighting corruption (February 2014) • Wolfsberg Anti-Bribery and corruption (AVC) guidelines (2017) • Transparency International: Global Anti-Bribery Guidance (2017) • Resource Guide to the U.S. Foreign Corrupt Practices Act published by the US DOJ/SEC (2020) • OECD Guidelines on Anti-corruption and Integrity in State-owned Enterprises (2019) • NVB Knowledge Document Corruption (2020)
Consideration to interests of key stakeholders (if relevant)	<p>Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes in any event the Risk department, FIM and P4i. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.</p>
Availability to stakeholders (if relevant)	<p>This is an internal policy, and the document is therefore not publicly available.</p>

Anti-Money Laundering and Countering the Financing of Terrorism

FMO is committed to implementing robust measures against money laundering and the financing of terrorism, in line with the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft) and the European AML/CFT Directives, which mandate a risk-based approach to combat money laundering and terrorism financing. Our Customer Due Diligence (CDD) and Anti-Money Laundering (AML) Policy establishes rigorous standards for customer acceptance and ongoing monitoring to prevent misuse of the financial system. By ensuring that we engage only with reputable customers, FMO aims to safeguard its integrity and mitigate potential regulatory and reputational risks including the risk of becoming involved in bribery or corruption. This policy is further detailed in the CDD/AML Manual, which guides our employees in recognizing and addressing financial crime risks effectively.

Table 54. Minimum Disclosure Requirements for Customer Due Diligence (CDD) and Anti-Money laundering (AML) policy

Scope of policy	<p>The CDD AML policy applies to FMO, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management B.V (FMO IM), and/ or any entities in which the bank has a stake of more than 50 percent, and/ or management control and are designated Wwft-entities.</p>
Accountable body	<p>The owner of this policy is the Compliance department, and it is approved by the NFRC and the FMO Management Board.</p>
Third-party standards/initiatives (if relevant)	<p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> • The EU fourth AML Directive 2015/849 as revised by the EU Fifth AML Directive (2018/ 843), and subsequent revisions • Section 3:10 and 3:17 of the Dutch Financial Supervision Act (Wft) • Chapter 3 of the Dutch Decree of Prudential Rules for Financial Undertakings (Bpr Wft) • The Anti-Money Laundering and Combating the Financing of Terrorism Act (Wwft) • EBA Guideline on the Risk Factors Guidelines under Articles 17 and 18(4) of EU Directive 2015/849
Consideration to interests of key stakeholders (if relevant)	<p>Relevant internal stakeholders are consulted, this includes in any event the KYC department, Risk, FIM and P4i. Other stakeholders informed of any material updates to the policy through internal communication channels</p>
Availability to stakeholders (if relevant)	<p>This is an internal policy, and the document is therefore not publicly available.</p>

Protection of whistleblowers

FMO aims to establish a transparent process for reporting and investigating any suspected wrongdoings and/or any breach of law or regulation that may adversely impact FMO. Both employees and third parties can report any wrongdoings or suspicions anonymously. This allows FMO to be informed, address issues, and prevent future occurrences, while also learning from these situations to enhance business practices. Each report is carefully reviewed in a timely manner, ensuring that the investigation is conducted fairly for all parties involved. For further information regarding the rights and obligations please refer to the Speak up policy on the FMO website.

Table 55. Minimum Disclosure Requirements for Speak Up policy

Scope of policy	The Speak up policy applies to all employees, including those working in FMO's local/representative offices abroad, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management B.V. (FMO-IM), and to any third party with whom FMO has or has had some type of relationship (e.g., externals or non-employees, business partners, suppliers, shareholders, customers) who wish to raise a wrongdoing (as defined in the policy) about possible misconduct within FMO, or its subsidiaries.
Accountable body	The owner of this policy is the Compliance department, and it is approved by the NFRC and the FMO Management Board. In addition, the WoCo needs to provide their consent
Third-party standards/initiatives (if relevant)	<p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> • Dutch Whistleblowers Protection Act (Wet bescherming klokkenluiders), which implements EU Whistleblowing legislation; • article 7:658c Dutch Civil Code; and • any guidelines of the 'Huis voor Klokkenluiders'. <p>The Speak Up Policy qualifies as FMO's whistleblower policy ('klokkenluidersprocedure') as set out in the Dutch Whistleblowers Protection Act.</p>
Consideration to interests of key stakeholders (if relevant)	<p>Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes in any event the Risk department, FIM and P4i. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.</p> <p>Also, any updates to the Speak up policy will be submitted to the Works Council for their consent.</p>
Availability to stakeholders (if relevant)	The Speak Up policy can be found publicly on our website.

Mechanisms and procedures related to unlawful behavior

FMO runs the risk that employees or key partners may fail to comply with the FMO Code of Conduct. They may not meet legislative requirements related to anti-bribery, anti-money laundering, countering the financing of terrorism, and sanctions. This can be due to ignorance of FMO policies, lack of awareness of legal obligations, or inadequate consideration of societal and regulatory expectations, potentially leading to reputational, financial, and legal harm.

FMO is committed to mitigating this risk and address any concerns related to unlawful behavior or actions that contradict our Code of Conduct. Disciplinary action will be taken if employees do not act according to the Code of Conduct. Depending on the offence this can lead to a warning, suspension, or dismissal. FMO has a procedure in place to allow employees and externals and third parties to (anonymously) report suspicions of wrongdoings through our Speak-Up policy. A wrongdoing is a suspicion of an act or behavior (or the suspicion thereof) in relation to FMO that violates integrity standards, for example, unethical behavior, or bribery, fraud, or other criminal offences.

FMO has a Customer Due Diligence and Anti-Money laundering (CDD/AML) policy and a sanctions policy in place to combat unlawful practices such as money laundering and terrorism financing. Employees who do not comply with the CDD/AML policy and ensuing procedures and/or local laws and regulations must realize that they jeopardize FMO's reputation and will be held accountable. This may lead to disciplinary actions including dismissal.

If an employee deliberately avoids or ignores information that could have led to the discovery of an unlawful activity, so-called 'willful blindness', FMO's management will strive to enforce the appropriate measures. Depending on the offence this can lead to a warning, suspension, or dismissal.

Table 56. Minimum Disclosure Requirements for Sanctions policy

Scope of policy	The Sanctions policy is applicable to all departments of FMO that deal with customers and other business relationships as well as financial services and transactions
Accountable body	The owner of this policy is the Compliance department, and it is approved by the NFRC.
Third-party standards/initiatives (if relevant)	<p>This policy is based on, but not limited to, the following legal frameworks:</p> <ul style="list-style-type: none"> • The Sanctions Act 1977 (Sanctiewet 1977), being is the legal basis in the Netherlands for the implementation of international sanctions; The Regulation on Supervision pursuant to the Sanctions Act 1977 (Regeling Toezicht Sanctiewet 1977).

Consideration to interests of key stakeholders (if relevant)	Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes, in any event, the KYC department, Risk and FIM. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.
Availability to stakeholders (if relevant)	This is an internal policy, and the document is therefore not publicly available.

Training in relation to business conduct

FMO provides training on policy requirements and corruption to internal and external employees as needed, aiming to ensure that employees are knowledgeable with respect to integrity-related topics concerning FMO's customers, the organization itself, and their personal conduct obligations. The trainings are targeted at all levels of the organization, and specified to internal and external employees, high risk functions and management and supervisory boards. The nature of the training includes introduction and integrity training for new joiners, annual integrity refreshers and content specific presentations focused on key topics, e.g. data privacy, sanctions, risk management, and FIU notifications. In addition, the Supervisory Board and Management Board are supported to meet their compliance related obligations. The depth of the training is evident in the coverage of topics. As outlined in the following table, FMO employees are trained annually on the definition of bribery and corruption, the application legislations and the policy requirements in the context of FMO, the incident reporting procedure and the Speak up policy. High risk functions and the administrative management and supervisory bodies also receive classroom training in addition to computer-based training. This structure reinforces our Code of Conduct as well as the value of 'Integrity' as a fundamental principle engrained within the organization.

The following table shows the training coverage on the topic of bribery and corruption for the reporting period. FMO provided training to all employees, including those in high-risk roles (high risk roles include staff from the investment departments and other colleagues that travel often and have in-person contacts), managers, administrative staff, and members of the management and supervisory bodies. The training covers the definition of bribery and corruption, relevant policies and procedures, incident reporting, and the Speak-up policy.

Table 57. Training coverage on the topic of bribery and corruption

	At-risk functions	Managers	Administrative, management and supervisory bodies.	Other own workers
Training coverage				
Total	392 (100%)	66 (100%)	10 (100%)	497(100%)
Total receiving training	389 (99.2%)	66 (100%)	10 (100%)	495 (99.6%)
Delivery method and duration				
Classroom training	2 hours (for KYC functions)	0	1 hour	0
Computer-based training	45 minutes	45 minutes	45 minutes	45 minutes
Voluntary computer-based training	0	0	0	0
Frequency	Annually	Annually	Annually	Annually
Topics covered				
Definition of Bribery & Corruption	x	x	x	x
Policy & Procedures	x	x	x	x
Incident Reporting/ Speak Up	x	x	x	x

Governance and compliance

Governance

FMO's corporate governance structure is based on the premise that FMO has established a long-term partnership with various stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives. Stakeholders include customers, the Dutch Government, shareholders and other providers of capital, employees, NGOs and local communities in the countries where we work, as well as partners.

FMO's Management Board and Supervisory Board have set up a sound governance structure, which complies, with all relevant laws and regulations, including Dutch and European law, as well as the Dutch Corporate Governance Code and the Dutch Banking Code. FMO complies with the Dutch Banking Code or will otherwise explain where and how we diverge from this code in this report. A document titled 'FMO and the Dutch Banking Code' can be found on our website. For a more detailed description of FMO's corporate governance structure please refer to the section 'ESRS 2 - Governance of sustainability matters', the sub-chapter 'Corporate governance', and the chapter 'Report of the Supervisory Board'.

Compliance

As a licensed bank, FMO is subject to regulations across a wide range of regulatory topics. FMO runs the risk of not operating in accordance with the applicable rules and regulations. To mitigate this risk, FMO has a regulatory monitoring process that involves the identification, assessment and implementation of applicable regulatory changes. This process is set out in FMO's Regulatory monitoring policy. FMO recognizes the risk that it may struggle to fulfill its mandate due to the necessity of balancing profitability, impact additionality, and compliance with Dutch and EU regulations.

Table 58. Minimum Disclosure Requirements for Regulatory Monitoring Policy

Scope of policy	This policy applies to FMO and its subsidiaries (e.g. FMO Investment Management B.V. ("FMO-IM")).
Accountable body	The owner of this policy is the Compliance department, and it is approved by the NFRC.
Third-party standards/ initiatives (if relevant)	This policy, including process and governance, has been developed in accordance with the EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2017/11 – including the second revision, EBA/GL/2021/05).
Consideration to interests of key stakeholders (if relevant)	Key internal stakeholders are consulted and informed in respect of any updates to the policy through the Regulatory Monitoring Group. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.
Availability to stakeholders (if relevant)	This is an internal policy, and the document is therefore not publicly available.

Potential positive impact on the corporate governance of customers

Through our engagement with customers on corporate governance (CG) we intend to create opportunities for positive impact while mitigating potential negative impacts of our investments. We identify dilemmas or issues, establish collaborations and partnerships, utilize technical assistance, provide trainings, and engage with customers or sectors aiming to shift mindsets or approaches. These efforts enable us to influence customer practices or potentially entire industries. Customers that elevate their corporate governance practices and demonstrate positive outcomes can transform business operations and may improve access to funding. Continuous monitoring and improvement of the corporate governance performance of our customers is crucial to creating value.

The risk that our Sustainability Policy Universe does not address the ESG impacts of our downstream portfolio

FMO has adopted the IFC Performance Standards (2012) as its operating standard. In 2016, we launched the Sustainability Policy Universe, a framework of documents and tools that guides us around environmental and social (E&S) impact management and in improving the corporate governance of our customers. Our Sustainability Policy was approved by FMO's Management Board in 2016. The policy is complemented by position statements on human rights, land governance, fossil fuels and coal and on Impact and ESG for Financial Intermediaries. We are further guided by the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the

Client Protection Principles. Our policies and position statements are available on our website, undergo targeted and public consultation with various stakeholder groups during the development process, and are formally approved by the Management Board. In addition, FMO conducts and commissions evaluations (e.g., thematic studies, investment studies, etc.) to reflect on its strategy, its business model, the effectiveness of its policies and processes, and the impact of its investments.

The risk that our Sustainability Policy is not implemented

The responsibility for implementing the sustainability policy lies with the investment departments, which are supported by the respective Impact and ESG+ departments. These departments are responsible for identifying the areas in which FMO can work with customers to minimize our negative impacts and optimize our development impacts, building customer capabilities and work for the integration of sustainable standards in our investment processes. The Credit department is responsible for performing an independent review of FMO's impact assessments at an investment level.

Additionally, the risk management and internal control system in relation to the sustainability reporting process is partially integrated into FMO's overall risk governance and risk management approach. Detailed information is provided in the 'Risk Management' chapter, in the section 'Risk governance' and sub-chapter 'Non-financial risk'.

Control Monitoring and Testing is facilitated by Operational Risk Management (ORM) twice per year – in November and in June. ORM provides guidance, training and sampling instructions, and reports the results of control monitoring and testing, and the progress of control remediation to the Non-Financial Risk Committee (NFRC). Internal Control activities follow a yearly cycle and are aligned with the financial reporting process, because the results are used to substantiate the Management Board's In Control Statement in the annual report.

G1 Key actions

Systematic Integrity risk analysis

In 2024, FMO finalized the Systematic Integrity Risk Analysis (SIRA). The scope of the 2023/2024 SIRA involved the company wide integrity risks relevant for FMO. This included, amongst others, financial economic crime risks (including bribery and corruption risks) and market conduct related risks (such as market abuse and conflict of interest risks). The outcomes of the SIRA were discussed in the Management Board and Supervisory Board of FMO.

Quality of interaction (Values in action)

In relation to promoting an effective and healthy corporate culture, FMO has set up a program to integrate FMO's core values into employee behavior through a structured implementation program (Values in action), covering four values and 12 behaviors, aimed at both employees and non-employees. The ultimate goal is to positively impact working conditions by embedding these core values into daily interactions, thereby enhancing the quality of interactions within the workforce. This initiative will contribute to our overall positive impact on the working conditions of our workforce.

Table 59. Minimum Disclosure Requirements for Actions

Systematic integrity risk analysis		Quality of interaction (Values in action program)
Scope of actions	The integrity risks FMO faces. This includes, amongst others, financial economic crime risks (including bribery and corruption risks) and conduct-related risks (such as market abuse, conflict of interest risks).	FMO employees and non employees – own workforce
Time horizon	2024	2026
Actions taken to provide for and cooperate in or support the provision of remedy (if applicable)	N/A	N/A

Progress of actions disclosed in prior periods	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.	As this is the first year we report within the structure of the ESRS, we do not report progress on actions from prior periods. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.
Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.	No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.

G1 Targets

FMO has not set any specific targets. Performance on business conduct related IROs is monitored through various internal procedures (see 'S1 - FMO entity specific metrics'; 'ESRS 2 - IRO management').

G1-4 Incidents of corruption or bribery

No incidents of corruption or bribery were reported during the reporting period; therefore, the number of convictions and number of fines for breaches is zero and no actions were required to be taken to address breaches.

G1-5 Political influence and lobbying activities

Political influence and lobbying activities are represented by FMO's internal compliance unit. FMO is a member of the EDFI. The EDFI is registered in the EU Transparency Register (REG 410540760-32) and as a member of the EDFI, FMO needs to comply with the transparency and disclosure requirements set forth by the EU to ensure accountability and integrity in its operations.

FMO is regularly in contact with the Dutch Government and the European Commission. The large majority of these contacts follow from (i) the role of the Dutch State as majority shareholder of FMO, for which the Ministry of Finance and the Minister for Foreign Trade and Development Aid are responsible, and (ii) the high impact funds for which FMO receives financial support from the Ministry for Foreign Trade and Development Aid, the European Commission and the UK Government. These contacts fall outside the scope of 'the exercise of political influence'.

Annually, there are a few meetings in which FMO participates that could be considered part of a 'lobby'. In 2024, the topics that have been discussed with the Dutch government and the EC that can be perceived as a lobby:

- Conversations on EU regulations to reflect realities of emerging markets. FMO participated in EDFI's Sustainable Finance seminar, attended meetings at the relevant European Commission Director General (DGs) together with other Development Finance Institutions (DFIs), and gave an interview on the topic to the Financial Times.
- In 2024, discussions were held to explore opportunities for new, adjusted, or extended mandates for government programs relating to private sector development. Topics for discussion in 2024 were (i) the conversations about a new European Commission (EC) guarantee Dutch Fund for Climate and Development (DFCD) Aya, (ii) the Ukraine Investment Facility of the EU, and (iii) the start of Ventures 2.0. and (iv) upscale Mobilising Finance for Forests (MFF).

Furthermore, following up on the general elections in the Netherlands, FMO had introduction meetings with five Dutch parliamentarians, all members of the Foreign Trade and Development Aid (FTD) parliamentary committee, and the newly installed Minister for FTD. In July 2024 our CEO made a public statement in support of international cooperation in an interview he gave to Dutch national newspaper the Telegraaf.

During the reporting period no financial contributions or contributions in kind were made.

In 2024, a new Director (reporting to a Management Board member) was appointed who is also a member of the Dutch Senate. Before his appointment, a thorough assessment was made by FMO's Management Board together with Compliance. Based on this assessment mitigating measures were agreed upon and put in place. FMO is transparent about this potential 'conflict of interest' and has brought it to an acceptable level.

Reference tables

Legend:

- CFS = Consolidated financial statements
- CG = Corporate governance
- RM = Risk management
- RMB = Report of the Management Board
- RSB = Report of the Supervisory Board
- SUS = Sustainability statement

List of material ESRS disclosure requirements

Table 60: ESRS2 General disclosures (cross-cutting)

Disclosure Requirement		Section	Page	Phase-in
ESRS 2 General disclosures				
BP – 1	General basis for preparation of the sustainability statement	SUS/ESRS 2 - BP; CFS	103, 238	
BP – 2	Disclosures in relation to specific circumstances	SUS/ESRS 2 - BP	103-105	
GOV – 1	The role of the administrative, management, and supervisory bodies	SUS/ESRS 2 - GOV; RMB/CG; RSB	127-129; 41-43; 54-57	
GOV – 2	Information provided to, and sustainability matters addressed by, the undertaking's administrative, management, and supervisory bodies	SUS/ESRS 2 - GOV; RSB	129, 56-57	
GOV – 3	Integration of sustainability related performance in incentive schemes	SUS/ESRS 2 - GOV; RMB/CG	129-130; 43-44	
GOV – 4	Statement on due diligence	SUS/RT	225-226	
GOV – 5	Risk management and internal controls over sustainability reporting	SUS/ESRS 2 - RM; RM	130-131; 63-64, 94-97	
SBM – 1	Strategy, business model, and value chain	SUS/ESRS 2 - SBM	111-115	Paragraph 40(b) (breakdown of total revenue by significant ESRS sector) and 40(c) (list of additional significant ESRS sectors)
SBM – 2	Interests and views of stakeholders	SUS/ESRS 2 - INT	115-118	
SBM – 3	Material impacts, risks, and opportunities and their interaction with strategy and business model	SUS/E1 IRO, E3 IRO, E4 IRO, S1 IRO, S2 IRO, S3 IRO, S4 IRO, G1 IRO	132-137, 169, 171-173, 179-181, 193-194, 201-202, 207-208, 212-214	Paragraph 48(e) (anticipated financial effects)
IRO – 1	Description of the process to identify and assess material impacts, risks, and opportunities	SUS/ESRS 2 - DMA	105-109	
IRO – 2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	SUS/RT	222-227	

Table 61: ESRS E1 Climate change

Disclosure Requirement		Section	Page	Phase-in
ESRS E1 Climate Change				
E1 – GOV-3	Integration of sustainability-related performance in incentive schemes	SUS/E1-ESRS 2 GOV-3	139	

E1 – 1	Transition plan for climate change mitigation	SUS/E1-1	139-140
E1 – IRO-1	Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	SUS/E1-INTRO	134-137
E1 – 2	Policies related to climate change mitigation and adaptation	SUS/E1-2	140-143
E1 – 3	Actions and resources in relation to climate change policies	SUS/E1-3	143-147
E1 – 4	Targets related to climate change mitigation and adaptation	SUS/E1-4	147-149
E1 – 6	Gross Scopes 1, 2, 3, and Total GHG emissions	SUS/E1-6; CFS	149-153, 232
E1 – 7	GHG removals and GHG mitigation projects financed through carbon credits	SUS/E1-7	154
E1 – 9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		Paragraph 64-70

Table 62: ESRS E3 Water and marine resources

Disclosure Requirement		Section	Page	Phase-in
ESRS E3 Water and Marine Resources				
E3 – IRO-1	Description of the processes to identify and assess material water and marine resources – related impacts, risks, and opportunities	SUS/E3-INTRO	169	
E3 – 1	Policies related to water and marine resources	SUS/E3-1	169-170	
E3 – 2	Actions and resources related to water and marine resources	SUS/E3-2	170	
E3 – 3	Targets related to water and marine resources	SUS/E3-3	170	

Table 63: ESRS E4 Biodiversity and ecosystems

Disclosure Requirement		Section	Page	Phase-in
ESRS E4 Biodiversity and ecosystems				
E4 – IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	SUS/E4-INTRO	171-173	
E4 – 1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	SUS/E4-1	173-174	
E4 – 2	Policies related to biodiversity and ecosystem	SUS/E4-2	174-176	
E4 – 3	Actions and resources related to biodiversity and ecosystems	SUS/E4-3	176-177	
E4 – 4	Targets related to biodiversity and ecosystems	SUS/E4-4	177-178	
E4 – 5	Impact metrics related to biodiversity and ecosystems change	SUS/E4-5	178	

Table 64: ESRS S1 Own workforce

Disclosure Requirement		Section	Page	Phase-in
ESRS S1 Own workforce				
S1 – SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	SUS/S1-INTRO	179-181	
S1 – 1	Policies related to own workforce	SUS/S1-1	181-183	
S1 – 2	Processes for engaging with own workers and workers' representatives about impacts	SUS/S1-2	183	
S1 – 3	Processes to remediate negative impacts and channels for own workers to raise concerns	SUS/S1-3	184	
S1 – 4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	SUS/S1-4	184-185	
S1 – 5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS/S1-5	186-187	
S1 – 6	Characteristics of the undertaking's employees	SUS/S1-6	187-188	

S1 – 7	Characteristics of non-employee workers in the undertaking's own workforce	SUS/ S1-7	188
S1 – 8	Collective bargaining coverage and social dialogue	SUS/S1-8	188
S1 – 9	Diversity metrics	SUS/S1-9	189
S1 – 10	Adequate wages	SUS/ S1-10	189
S1 – 11	Social protection	SUS/ S1-11	189
S1 – 13	Training and skills development metrics	SUS/ S1-13	189-190
S1 – 14	Health and safety metrics	SUS/ S1-14	190
S1 – 15	Work-life balance metrics	SUS/ S1-15	190
S1 – 16	Compensation metrics (pay gap and total compensation)	SUS/ S1-16	190-191
S1 – 17	Incidents, complaints, and severe human rights impacts	SUS/ S1-17	191

Table 65: ESRS S2 Workers in the value chain

Disclosure Requirement		Section	Page	Phase-in
ESRS S2 Workers in the value chain				
S2 – SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	SUS/S2-INTRO	193-194	
S2 – 1	Policies related to value chain workers	SUS/S2-1	195-197	
S2 – 2	Processes for engaging with value chain workers about impacts	SUS/S2-2	197	
S2 – 3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	SUS/S2-3	197-198	
S2 – 4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	SUS/S2-4	198-199	
S2 – 5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS/S2-5	199	

Table 66: ESRS S3 Affected communities

Disclosure Requirement		Section	Page	Phase-in
ESRS S3 Affected communities				
S3 – SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	SUS/S3-INTRO	201-202	
S3 – 1	Policies related to affected communities	SUS/S3-1	202-204	
S3 – 2	Processes for engaging with affected communities about impacts	SUS/S3-2	204	
S3 – 3	Processes to remediate negative impacts and channels for affected communities to raise concerns	SUS/S3-3	205	
S3 – 4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	SUS/S3-4	205-206	
S3 – 5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS/S3-5	206	

Table 67: ESR S4 Consumers & end-users

Disclosure Requirement		Section	Page	Phase-in
ESRS S4 Consumers & End-users				
S4 – SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	SUS/S4-INTRO	207-208	
S4 – 1	Policies related to consumers and end-users	SUS/S4-1	208-210	
S4 – 2	Processes for engaging with consumers and end-users about impacts	SUS/S4-2	210	
S4 – 3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	SUS/S4-3	210	
S4 – 4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	SUS/S4-4	210-211	
S4 – 5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS/S4-5	211	

Table 68: ESR S1 Business conduct

Disclosure Requirement		Section	Page	Phase-in
ESRS G1 Business Conduct				
G1 – GOV-1	The role of the administrative, supervisory and management bodies	SUS/Governance and compliance	219	
G1 – 1	Business conduct policies and corporate culture	SUS/G1-1	214-215	
G1 – 3	Prevention and detection of corruption and bribery	SUS/G1-3	215-218	
G1 – 4	Incidents of corruption or bribery	SUS/G1-4	221	
G1 – 5	Political influence and lobbying activities	SUS/G1-5	221	

Statement on due diligence

Table 69: Statement on due diligence

Core elements of due diligence	Section	Page
Embedding due diligence in governance, strategy and business model	SUS / ESR S 2 - Interests and views of stakeholders	115-118
	SUS / ESR S 2 - Impact management framework	118-127
Engaging with affected stakeholders in all key steps of the due diligence	SUS / ESR S 2 - Interests and views of stakeholders	115-118
	SUS / ESR S 2 - Impact management framework	118-127
	SUS / S2-2 Processes for engaging with value chain workers	197
	SUS / S3-2 Processes for engaging with affected communities	204
	SUS / S4-2 Processes for engaging with consumers and end-users	210
Identifying and assessing adverse impacts	SUS/E1 Impacts, risks and opportunities	132-137,
	SUS/E3 Impacts, risks and opportunities	169,
	SUS/E4 Impacts, risks and opportunities	171-173,
	SUS/S1 Impacts, risks and opportunities	179-181,
	SUS/S2 Impacts, risks and opportunities	193-194,
	SUS/S3 Impacts, risks and opportunities	201-202,
	SUS/S4 Impacts, risks and opportunities	207-208,
	SUS/G1 Impacts, risks and opportunities	212-214
Taking actions to address those adverse impacts	SUS / ESR S 2 - Impact management framework	118-127
	SUS / E1-3 Key actions	143-147
	SUS / E3-2 Key actions	170
	SUS / E4-3 Key actions	176-177
	SUS / S1-4 Key actions	184-185
	SUS / S2-4 Key actions	198-199
	SUS / S3-4 Key actions	205-206
	SUS / S4-4 Key actions	210-211
	SUS / G1 Key actions	220-221

Tracking the effectiveness of these efforts and communicating	SUS / ESRs 2 - Impact management framework	118-127
	SUS / E3-2 Key actions	170
	SUS / E4-2 Policies	174-176
	SUS / E4-3 Key actions	176-177
	SUS / S2-1 Policies	195-197
	SUS / S2-4 Key actions	198-199
	SUS / S3-1 Policies	202-204
	SUS / S3-4 Key actions	205-206

Data points derived from other EU legislation

Table 70: List of data points derived from other EU legislation and references

Disclosure requirement	Data point	Sustainability statements	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Section	Page
ESRS 2 GOV – 1	21 d	Board's gender diversity ratio	X				CG - diversity and inclusion	43
ESRS 2 GOV – 1	21 e	Percentage of independent board members	X				RSB - Independence, conflicts of interest and governance	57
ESRS 2 GOV – 4	30; 32	Disclosure of mapping of information provided in sustainability statement about due diligence process	X				Reference Tables - statement on DD	225-226
ESRS 2 SBM – 1	40 d i	Undertaking is active in fossil fuel (coal, oil, and gas) sector	X				NA	NA
ESRS 2 SBM – 1	40 d ii	Undertaking is active in chemicals production	X				NA	NA
ESRS 2 SBM – 1	41 d ii	Revenue from chemicals production	X				NA	NA
E1 – 1	15	Disclosure of transition plan for climate change				X	E1	139-140
E1 – 6	48a	Gross Scope 1 greenhouse gas emissions	X	X	X		E1	149-150
E1 – 6	49a, 52a	Gross location-based Scope 2 greenhouse gas emissions	X	X	X		E1	149-150
E1 – 6	49b, 52b	Gross market-based Scope 2 greenhouse gas emissions	X	X	X		E1	149-150
E1 – 6	52	Gross Scope 3 greenhouse gas emissions	X	X	X		E1	149-150
E1 – 6	44, 52a	Total GHG emissions locations based	X	X	X		E1	149-150
E1 – 6	44, 52b	Total GHG emissions market based	X	X	X		E1	149-150
E1 – 7	56a	Disclosure of GHG removals and storage resulting from projects developed in own operations or contributed to in upstream and downstream value chain				X	E1	154
E1 – 7	56b	Disclosure of GHG emission reductions or removals from climate change mitigation projects outside value chain financed or to be financed through any purchase of carbon credits				X	E1	154
S1 – 1	21	Description of relevant human rights policy commitments relevant to own workforce	X				S1 - Intro	179

S1 – 1	20a	Disclosure of general approach in relation to respect for human rights including labor rights, of people in its own workforce	X		S1 - Intro	179
S1 – 1	20b	Disclosure of general approach in relation to engagement with people in its own workforce	X		S1-2	183
S1 – 1	20c	Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts	X		S1 - Intro	179
S1 – 1	21	Disclosure of whether and how policies are aligned with relevant internationally recognized instruments	X		S1 - Intro	179
S1 – 1	23	Workplace accident prevention policy or management system is in place	X		S1-1	181
S1 – 3	32c	Grievance or complaints handling mechanisms related to employee matters exist	X		S1-3	184
S1 – 16	97a	Gender pay gap	X	X	S1-16	190-191
S1 – 16	97b	Annual total remuneration ratio	X		S1-16	191
S4 – 1	17	Description of relevant human rights policy commitments relevant to consumers and/or end-users	X		S4-1	209
S4 – 1	16a	Disclosure of general approach in relation to respect for human rights of consumers and end-users	X		S4-1	209
S4 – 1	16b	Disclosure of general approach in relation to engagement with consumers and/or end-users	X		S4-2	210
S4 – 1	16c	Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts	X		S4-3	210
S4 – 1	17	Description of whether and how policies are aligned with relevant internationally recognized instruments	X		S4-1	209
S4 – 1	17	Disclosure of extent and indication of nature of cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve consumers and/or end-users	X	X	ESRS2 - Interests and views of stakeholders	116
S4 – 4	35	Disclosure of severe human rights issues and incidents connected to consumers and/or end-users	X		S4-1	209-210

Banco Sudameris

A medium-sized universal bank in Paraguay offering a wide range of financial products and services primarily to SME- and corporate clients.

SUDAMERIS

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CERRO DORA 186

SUDAMERIS







05

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

For the year ended December 31, 2024

Before profit appropriation	Notes	2024	2023
Assets			
Banks	(1)	43,087	49,273
Current accounts with State funds and other programs	(2)	1,336	488
Short-term deposits	(3)		
-of which: amortized cost		1,111,886	1,220,359
-of which: fair value through profit or loss		369,481	613,031
Other receivables	(4)	18,321	33,677
Interest-bearing securities	(5)		
-of which: amortized cost		481,798	539,708
-of which: fair value through profit or loss		107,596	-
Derivative financial instruments	(6)	126,339	197,150
Loans to the private sector	(7)		
-of which: amortized cost		5,190,518	4,295,723
-of which: fair value through profit or loss		652,061	587,940
Current tax receivables	(31)	13,297	29,634
Wage tax assets		72	-
Equity investments	(9)		
-of which: fair value through OCI		201,287	167,074
-of which: fair value through profit or loss		2,355,626	2,193,771
Investments in associates and joint ventures	(10)	372,073	308,179
Property, plant and equipment	(11)	16,365	19,859
Intangible assets	(12)	26,445	15,325
Deferred income tax assets	(31)	9,075	11,230
Total assets		11,096,663	10,282,421
Liabilities			
Short-term credits	(13)	216,912	97,114
Current accounts with State funds and other programs	(14)	93	43
Derivative financial instruments	(6)	471,386	418,839
Other financial liabilities	(15)		
-of which: fair value through profit or loss		121,715	74,003
Debentures and notes	(16)	6,335,981	6,060,683
Wage tax liabilities		62	771
Accrued liabilities	(17)	38,683	29,498
Other liabilities	(18)	18,861	35,821
Provisions	(19)	36,780	44,922
Deferred income tax liabilities	(31)	510	7,943
Total liabilities		7,240,983	6,769,637
Shareholders' equity			
Share capital		9,076	9,076
Share premium reserve		29,272	29,272
Contractual reserve		3,008,465	2,721,823
Development fund		657,981	657,981
Fair value reserve		86,758	65,208
Actuarial result pensions		-4,380	-9,670
Translation reserve		31,030	8,092
Other reserves		26,887	28,850
Undistributed result		10,591	2,152
Shareholders' equity (parent)		3,855,680	3,512,784
Non-controlling interests		-	-
Total shareholders' equity	(20)	3,855,680	3,512,784
Total liabilities and shareholders' equity		11,096,663	10,282,421

Consolidated statement of profit or loss

For the year ended December 31, 2024

	Notes	2024	2023
Income			
Interest income from financial instruments measured at AC		514,136	473,938
Interest income from financial instruments measured at FVPL		42,209	58,653
Interest expenses from financial instruments measured at AC		-237,423	-170,269
Interest expenses from financial instruments measured at FVPL		-92,708	-140,756
Interest expenses on leases		-97	-122
Net interest income	(21)	226,117	221,444
Dividend income	(22)	29,171	34,481
Results from equity investments	(23)	138,429	-39,814
Total results from equity investments		167,600	-5,333
Fee and commission income		9,672	7,737
Fee and commission expense		-13,726	-14,202
Net fee and commission income	(24)	-4,054	-6,465
Results from financial transactions	(25)	10,604	7,629
Remuneration for services rendered	(26)	35,499	31,335
Gains and losses due to derecognition	(27)	1,863	2,464
Other operating income	(28)	-	79
Total other income		47,966	41,507
Total income		437,629	251,153
Operating expenses			
Staff costs	(29)	-144,964	-127,460
Administrative expenses	(30)	-36,541	-39,731
Depreciation and impairment of PP&E and intangible assets	(11), (12)	-8,618	-9,634
Other operating expenses		-572	-775
Total operating expenses		-190,695	-177,600
Impairments on			
Interest-bearing instruments		27	-8
Loans	(7), (8)	17,433	-38,622
Loan commitments	(34)	-164	-1,259
Guarantees issued	(34)	8,884	243
Total impairments		26,180	-39,646
Results on associates/joint ventures			
Share in the result of associates/joint ventures		39,483	26,065
Profit/(loss) before taxation		312,597	59,972
Income tax	(31)	-15,363	4,950
Net profit/(loss)		297,234	64,922
Net profit/(loss) attributable to			
Owners of the parent company		297,234	64,922
Non controlling interest		-	-
Net profit/(loss)		297,234	64,922

Consolidated statement of comprehensive income

For the year ended December 31, 2024

	Notes	2024	2023
Net profit/(loss)		297,234	64,922
Other comprehensive income			
Share of other comprehensive income of associates / joint ventures due to exchange differences		22,938	-9,452
Income tax effect		-	-
Items to be reclassified to profit and loss	(32)	22,938	-9,452
Fair value reserve of equity instruments at FVOCI		34,093	16,341
Actuarial gains/(losses) on defined benefit plans	(19)	7,129	-4,227
Income tax effect		-14,382	-3,126
Items not reclassified to profit and loss		26,840	8,988
Total other comprehensive income, net of tax	(32)	49,778	-464
Total comprehensive income		347,012	64,458
Total comprehensive income attributable to:			
Owners of the parent company		347,012	64,458
Non-controlling interests		-	-
Total comprehensive income		347,012	64,458

Consolidated statement of changes in shareholders' equity

For the year ended December 31, 2024

	Share capital	Share premium reserve	Contractual reserve	Development fund	Fair value reserve	Actuarial result pensions	Translation reserve	Other reserves	Undistributed result	Non-controlling interests	Total
Balance at January 1, 2023	9,076	29,272	2,659,053	657,981	38,559	-6,533	17,544	43,338	36	-	3,448,326
Exchange differences on associates	-	-	-	-	-	-	-9,452	-	-	-	-9,452
Fair value reserve of equity instruments at FVOCI	-	-	-	-	16,341	-	-	-	-	-	16,341
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-4,227	-	-	-	-	-4,227
Income tax effect other comprehensive income	-	-	-	-	-4,216	1,090	-	-	-	-	-3,126
Total other comprehensive income, net of tax	-	-	-	-	12,125	-3,137	-9,452	-	-	-	-464
Net profit/(loss) ¹	-	-	62,770	-	-	-	-	36	2,116	-	64,922
Transfer reserves	-	-	-	-	14,524	-	-	-14,524	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023	9,076	29,272	2,721,823	657,981	65,208	-9,670	8,092	28,850	2,152	-	3,512,784
Exchange differences on associates	-	-	-	-	-	-	22,938	-	-	-	22,938
Fair value reserve of equity instruments at FVOCI	-	-	-	-	34,093	-	-	-	-	-	34,093
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	7,129	-	-	-	-	7,129
Income tax effect other comprehensive income	-	-	-	-	-12,543	-1,839	-	-	-	-	-14,382
Total other comprehensive income, net of tax	-	-	-	-	21,550	5,290	22,938	-	-	-	49,778
Changes in Non Controlling Interests	-	-	-	-	-	-	-	-	-	-	-
Changes due to FOM	-	-	-	-	-	-	-	-1,963	-	-	-1,963
Net profit/(loss) ¹	-	-	286,642	-	-	-	-	-	10,591	-	297,234
Dividend declared	-	-	-	-	-	-	-	-	-2,152	-	-2,152
Balance at December 31, 2024	9,076	29,272	3,008,465	657,981	86,758	-4,380	31,030	26,887	10,591	-	3,855,680

¹ Under the Agreement State-FMO 1 July 2023, part of the net profit is added to the contractual reserve at each financial year-end. The part allocated to the contractual reserve is not distributable.

Changes due to FOM relate to the unwinding of FOM which was liquidated in 2024. Refer to Note 20.

Consolidated statement of cash flows

For the year ended December 31, 2024

	Notes	2024	2023
Operational activities			
Net profit/(loss)		297,234	64,922
Adjustment for non-cash items:			
- Result of associates and joint ventures		-39,483	-26,065
- Unrealized (gains)/losses arising from changes in fair value		68,852	-58,762
- Unrealized (gains)/losses arising from changes in foreign exchange rates		-121,968	107,872
- Unrealized (gains)/losses arising from other changes		17,900	47,745
- Amortization of premiums/discounts debentures and notes		12,857	-18,135
- Impairments		-26,180	39,646
- Depreciation and impairment of PP&E and intangible assets	(11),(12)	8,618	9,634
- Income tax expense/(gain)		15,363	-4,950
Changes in:			
- Income taxes payable / receivable		16,337	-8,692
- Loans		-677,604	29,677
- Equity investments		-18	-109,312
- Other assets and liabilities		-10,145	-41,766
- Short-term deposits > 3 months		1,074	4,738
- Short-term credits		119,865	44,958
Net cash flow from operating activities		-317,298	81,510
Investing activities			
Purchase of interest-bearing securities	(5)	-131,567	-137,391
Redemption/sale of interest-bearing securities	(5)	93,422	132,602
Investments in PP&E and intangible fixed assets	(11),(12)	-1,236	-1,877
Disinvestments in PP&E and intangible fixed assets	(11),(12)	718	89
Investments in associates/joint ventures	(10)	-7,338	-14,260
Disinvestments in associates/joint ventures	(10)	-	6,657
Net cash flow from investing activities		-46,001	-14,180
Financing activities			
Proceeds from issuance of debt securities, debentures and notes	(16)	1,213,542	1,535,514
Redemption of debt securities, debentures and notes	(16)	-1,241,544	-1,052,840
Lease payments	(11)	-3,325	-3,385
Dividend paid		-2,152	-
Net cash flow from financing activities		-33,479	479,289
Net cash flow		-396,778	546,619
Cash and cash equivalents			
Banks and short-term deposits at January 1		1,866,997	1,374,780
Net foreign exchange difference		37,496	-54,402
Total cash flow		-396,778	546,619
Banks and short-term deposits at December 31	(33)	1,507,715	1,866,997
Operational cash flows from interest and dividends			
Interest received		486,523	286,486
Interest paid		-330,132	-311,025
Dividend received		29,171	34,481
Interest paid for lease liabilities		-97	-122
Income tax received/(paid)		-18,681	-15,501

Accounting policies

Corporate information

The 2024 financial statements of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereafter referred to as 'FMO' or 'the company') were prepared by the members of the Management Board and signed by all members of the Management Board and the Supervisory Board on March 24, 2025 and will be submitted for adoption by the General Meeting of Shareholders on April 23, 2025.

Certain disclosures in the 'Risk Management' chapter are also an integral part of the 'Consolidated Financial Statements' and contain audited information. The audited parts concern risk disclosures of financial instruments (IFRS 7) and capital disclosures (IAS 1). The audited section of the 'Risk Management' chapter runs from its introductory section through the 'Capital adequacy' sub-section until the end of the 'Financial risk' sub-section of the 'Risk Management' chapter of this annual report."

FMO was incorporated in 1970 as a public limited company with 51 percent of shares held by the Dutch Government and 49 percent held by commercial banks, state unions and other members of the private sector. The company is located at Anna van Saksenlaan 71, 2593 HW The Hague, The Netherlands and is registered under ID 27078545 in the Chamber of Commerce. FMO finances activities in developing countries to stimulate private sector development. In addition, FMO provides services in relation to government funds and programs.

Financing and investing activities

FMO is the Dutch entrepreneurial development bank. We support sustainable private sector growth in developing and emerging markets by investing in entrepreneurs. We specialize in sectors where our contribution can have the highest long-term impact: financial institutions, energy and agribusiness, food and water.

FMO's main activity consists of providing loans, guarantees and equity capital to the private sector in developing countries. Furthermore, FMO offers institutional investors access to its expertise in responsible emerging markets investing through its subsidiary FMO Investment Management B.V..

We arrange syndicated loans to mobilize funds, by bringing together investors – commercial banks and other development finance institutions (DFIs) - with FMO for structuring these transactions. This enables us to provide our customers with increased access to finance and more diversified lending, while giving our financial partners efficient opportunities to enter new markets.

Commercial fund management

FMO's subsidiary, FMO Investment Management B.V. (FMO IM), works with third party investment funds, which participate in FMO's transactions in emerging market and developing economies. Through these funds, FMO IM offers investors access to our expertise in responsible emerging market investing.

Services in relation to government and public funding

Apart from financing activities from its own resources, FMO provides loans, guarantees and equity capital from government funding, within the conditions and objectives stipulated in the agreements. The Dutch Government funding consists of subsidies provided under the General Administrative Law Act regarding MASSIF, Access to Energy Fund (AEF), Building Prospects and Dutch Fund for Climate and Development (DFCD). In addition, funding is provided by both the UK and Dutch Governments for the Mobilising Finance for Forests (MFF) program.

In 2024 FMO in conjunction with the European Commission (EC) and the Dutch Government established the DFCD Aya program which expanded on the existing DFCD program. This initiative resulted in FMO providing a loan commitment of €240 million to the program, of which €105 million is covered by financial guarantee from the EC. As a result of this financial interest, and taking into account the control FMO exercises over part of the program, FMO now consolidates the Land Use Facility part of DFCD for financial reporting purposes. See "Group accounting and consolidation" section.

FMO incurs a risk in MASSIF as it has an equity share of 2.16 percent (2023: 2.16 percent). In addition, the subsidy agreements for certain public fund programs contain provisions for FMO to return at least 75 percent of the subsidy amounts on the end dates of the respective programs. With respect to the remaining interest in MASSIF, and the full risk in the other government programs, FMO has a contractual right and obligation to settle the results arising from the programs' activities

with the Dutch Government. The economic risks related to these funds are predominantly taken by the Dutch Government, and FMO has limited control over policy issues regarding these funds. FMO receives a remuneration fee for managing these funds. Therefore, with the exception of FMO's equity share in MASSIF and the consolidation of the DFCD Land Use Facility, the funds' assets, liabilities and results are not included in the financial statements.

The European Development Financial Institutions (EDFI) Management Company (of which FMO is one of the shareholders together with the other EDFIs) was established in Brussels to manage European Commission (EC) funding for the Electri-FI global facility, the Agri-FI investment facility and the Electri-FI Country facility. FMO, as accredited entity for the EC, acts as the delegate (contractee) for the EC and has sub-delegated all operational activities related to these facilities to the EDFI Management Company. FMO receives a fee for facilitating these activities.

FMO is accredited by Green Climate Fund (GCF) and capitalizes on FMO's experience in mobilizing and enabling the private sector in developing countries towards low-emission and climate-resilient investments. FMO has received funds from the EU, USAID and the Dutch Government to invest directly in Climate Investor One (CIO), a facility raised by FMO and managed by Climate Fund Managers (CFM). CIO and the follow up Climate Investor Two (CI2) are blended finance, capital-recycling facilities mandated with delivering renewable energy infrastructure projects in emerging markets that contribute to each phase of a project's lifecycle. FMO receives a fee for facilitating these activities.

The EC and FMO have an agreement for the risk sharing facility NASIRA for an amount of €100 million. The facility uses guarantees to allow banks to on-lend to under-served entrepreneurs within the European Neighborhood and Sub-Saharan Africa. The guarantees are split into a loss-sharing hierarchy that is allocated between the issuing bank, the EC and FMO. The goal of these guarantees is to allow local banks to provide loans to groups they perceive as too risky.

The EC has provided €40 million in guarantees to the FMO Ventures Program, which aims to invest €200 million in both fund and direct investments in Africa, the European Neighborhood and Asia (excluding China). In addition to equity investments, the program will also have a dedicated technical assistance program, for which the EC is providing €6.5 million, to support investees of FMO Ventures Program and promote the development of local venture capital ecosystems. In 2024 the Ventures 2 Program was initiated which expands the program by an additional €200 million however does not make use of a guarantee from the EC.

Mobilising Finance for Forests (MFF) was established by the UK government as a blended finance investment program to combat deforestation and other environmentally unsustainable land use practices contributing to global climate change. Through MFF, FMO has been appointed by the UK government to invest up to €172.5 million across a mix of investment funds and direct investments in tropical forest regions in Africa, Asia and Latin America. In 2024 the Dutch Government participated in the program by providing a €32.4 million commitment to MFF.

Material accounting policies

Basis of preparation

The consolidated financial statements (the 'financial statements') have been prepared in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil Code for the financial period ended on December 31, 2024. These financial statements are based on the 'going concern' principle.

The consolidated financial statements are measured at historical cost except for:

- Interest-bearing securities that are designated at fair value through profit and loss (FVPL);
- Money market funds, commercial paper and all derivative instruments that are mandatorily measured at fair value;
- Equity investments which are measured mandatorily at fair value through profit and loss (FVPL) or fair value through other comprehensive income (FVOCI);
- The part of loans to the private sector which is measured (mandatorily) at fair value (refer to business model assessment and contractual cash flow assessment in this chapter below);
- The carrying value of debt issued that qualifies for hedge accounting, is adjusted for changes in fair value related to the hedged risk;
- Other financial liabilities designated at FVPL to significantly reduce an accounting mismatch with related financial assets;
- The provision for defined benefit pension obligations which is calculated using the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, after adjusting for unrecognized actuarial gains/losses and past service costs.

Loans to the private sector and private equity investments (including FVOCI) are recognized on the statement of financial position when funds are transferred to customer accounts. Other financial assets and liabilities are recognized on the same day that FMO becomes a party to the contractual terms and conditions of the financial instrument.

Presentation of financial statements

FMO presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

Group accounting and consolidation

FMO consolidates a subsidiary when it controls it. Control is achieved when FMO is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, FMO may still exercise control with a less than 50 percent shareholding, or may not be able to exercise control even with ownership over 50 percent of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, FMO considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether FMO can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether FMO is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company accounts of FMO and the company accounts of the subsidiaries Asia Participations B.V., FMO Investment Management B.V., Equis DFI Feeder L.P., FMO Representative Office LAC Limitada, the FMO Ventures Program and the Land Use Facility (LUF, within the Dutch Fund for Climate and Development (DFCD) program) are consolidated in these financial statements. FMO has a 63 percent stake in Equis DFI Feeder L.P. and all other entities except FMO Ventures Program are 100 percent owned by FMO.

FMO Representative Office LAC Limitada is FMO's representative entity in Costa Rica. The consolidation of this entity does not have a material impact on FMO's statement of financial position. Asia Participations B.V. and Equis DFI Feeder L.P. provide equity capital to companies in developing economies. FMO Investment Management B.V. carries out portfolio management activities for third party investment funds, which are invested in FMO's transactions in emerging markets and developing economies.

The FMO Ventures Program and the LUF are programs involving FMO, the Dutch State and European Commission. The FMO Ventures Program facilitates investments in young startups and scale ups while LUF facilitates investments specifically in sectors relating to agroforestry, sustainable land use and climate resilient food production. These programs are structured entities that have been designed so that voting or similar rights are not a dominant factor in deciding who controls the entity and relevant activities are directed by means of contractual arrangements. FMO has control over direct relevant investment decisions and returns of these programs. Therefore, FMO has consolidated the FMO Ventures program and LUF (for the first time in the 2024 financial year) on FMO's statement of financial position.

Non-controlling interests (NCIs) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in FMO's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When FMO loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Fiscal Unity

FMO forms a fiscal unity for corporate income tax purposes with its fully owned Dutch subsidiaries Asia Participations B.V. and FMO Investment Management B.V. As a consequence, FMO is liable for all income tax liabilities for these subsidiaries.

Adoption of new standards, interpretations and amendments

There are no newly effective standards, interpretations or amendments that have a significant impact on FMO.

Issued but not yet adopted standards

FMO has assessed recently completed amendment and standard development projects expected to be effective from 2025 to 2027, FMO does not expect these amendments and new standards to have a significant impact on its consolidated financial statements, except for IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. FMO is still in the process of establishing the probable materiality of the impact of IFRS 18. The relevant and more detailed impact assessment will be disclosed in the financial statements, as appropriate, when they have been endorsed for application within the European Union by the European Financial Reporting Advisory Group (EFRAG).

Significant estimates, assumptions and judgments

In preparing the annual accounts in conformity with IFRS, management is required to make estimates and assumptions affecting reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment is inherent to the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from such estimates and the differences may be material to the annual accounts.

For FMO, the most relevant estimates and assumptions relate to:

- The determination of the fair value of loans to private sector, derivative financial instruments, interest-bearing securities and equity investments based on generally accepted modeled valuation techniques;
- The determination of the ECL allowance for loans to private sector, loans commitments, guarantees given, interest bearing securities;
- The estimation of pension liabilities.

Information about judgements made in applying accounting policies are related to the following:

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest;
- The inputs and calibration of the ECL models which include the various formulas and the choice of inputs, aging criteria and forward-looking information.
- Assessment of risks, rewards and control, when considering the recognition and derecognition of assets or liabilities and the consolidation, deconsolidation or equity accounting of structures.

Foreign currency translation

The consolidated financial statements are stated in euros, which is the presentation and functional currency of FMO. All amounts are denominated in thousands of euros unless stated otherwise. In accordance with IAS 21, foreign currency transactions are translated to euro at the exchange rate prevailing on the date of the transaction. At the statement of financial position date, monetary assets and liabilities are reported using the closing exchange rate. Non-monetary assets that are not measured at cost denominated in foreign currencies are reported using the exchange rate that existed when fair values were determined.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the statement of profit or loss under 'Results from financial transactions'.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. When a gain or loss for non-monetary financial asset is recognized through FVOCI, any foreign exchange component of the gain or loss is also recognized through FVOCI.

When preparing the financial statements, assets and liabilities of foreign subsidiaries and FMO's share in associates and joint ventures are translated at the exchange rates at the statement of financial position date, while income and expense items are translated at weighted average rates for the period. Differences resulting from the use of closing and weighted average exchange rates, and from revaluation of a foreign entity's opening net asset value at closing rate, are recognized directly in the translation reserve within shareholders' equity. These translation differences are maintained in the translation reserves until disposal of the subsidiary, associate and/or joint venture.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and when there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. FMO only applies offsetting on derivatives with a master netting agreement.

Fair value of financial instruments

Fair value is the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

In the performance of the fair value assessment for equity instruments, the exposure and impact of climate and environmental risks on the relevant investee companies are considered according to current and near-term climatic and environmental conditions, as appropriate, in developing a reasonable estimate of the fair value for these equity instruments.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

Gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Financial assets - classification

On initial recognition, a financial asset is classified as measured at amortized cost (AC), fair value through profit and loss (FVPL) or fair value through other comprehensive income (FVOCI).

A financial asset is measured at AC if it meets both of the following conditions and is not classified as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not measured at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For equity investments that are not held for trading an irrevocable election exists (on an instrument-by-instrument basis) to present subsequent changes in fair value in OCI.

Derivatives are mandatorily held at FVPL.

All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL. In addition, on initial recognition FMO may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs related to financial assets, not measured at FVPL, are directly added to its fair value for initial recognition and therefore attributed directly to its acquisition.

Business model assessment

FMO has made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that is considered includes:

- How the performance of the portfolio is evaluated and reported to the management of FMO;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how FMO's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets whose performance is measured on a fair value basis are carried at FVPL because they are neither held to collect the contractual cash flows nor are they held both to collect contractual cash flows and to sell financial assets.

Contractual cash flow assessment

For the purpose of the contractual cash flow assessment, related to solely payments of principal and interest (SPPI), 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, FMO has considered the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, FMO has considered among others:

- Contingent events that would change the amount and timing of cash flows – e.g. prepayment and extension features, loans with performance related cash flows;
- Features that modify the consideration for the time value of money – e.g. regulated interest rates, periodic reset of interest rates;
- Loans with convertibility and prepayment features;
- Terms that limit FMO's claim to cash flows from specified assets – e.g. non-recourse assets;
- Contractually linked instruments.

Financial instruments – initial recognition

Financial assets and liabilities, with the exception of loans to the private sector, are initially recognised on the trade date, i.e., the date on which FMO becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans to the private sector are recognised when funds are transferred to the customers' accounts. FMO recognises balances due to customers when funds are transferred to FMO.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, FMO accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, FMO recognizes the difference between the

transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognised in profit or loss when there is a change in a factor (including time) that market participants would take into account when pricing the asset or liability. FMO has assessed that amortising the deferred amount on a straight-line basis over the life of the instrument is appropriate. Any outstanding amount is immediately recognised in profit or loss when the instrument is derecognised or when the input(s) becomes observable.

Reclassification

In rare circumstances, financial assets can be reclassified but only after initial recognition. This happens if the business model for managing financial assets has changed and this change is significant to FMO's operations.

Cash and cash equivalents (banks and short-term deposits)

Cash and cash equivalents consist of banks and short-term deposits which mature in less than three months from the date of acquisition. Short-term deposits are all measured at AC with the exception of money market funds and commercial paper which are measured at FVPL. These financial instruments are highly liquid with a high credit rating and are subject to an insignificant risk of changes in fair value. There is no restriction on these financial instruments and FMO has on demand full access to the carrying amounts. Unrealized gains or losses on the money market funds and commercial loan portfolio (including foreign exchange results) are reported in the note 'Results from financial transactions'.

Interest-bearing securities

Interest-bearing securities include bonds which are held for long-term liquidity purposes. A part of interest-bearing securities are measured at AC since they comply with the classification requirements for AC as indicated in the section 'Financial assets – classification'. The securities are initially measured at fair value of the consideration paid, including transaction costs incurred. Subsequently, they are measured at AC using the effective interest rate method. For the interest-bearing securities an ECL allowance is estimated. For more details on ECL allowance, please refer to the section 'Financial assets – Impairment'.

Interest bearing securities can also be irrevocably designated at fair value through profit and loss. Interest rate swaps are entered into to manage the risk associated with some interest bearing securities. To eliminate a possible accounting mismatch, the related interest bearing securities are designated at fair value through profit and loss. The interest bearing securities are initially measured at fair value and subsequent changes in fair value are recognized immediately in profit and loss.

Loans to the private sector

Loans originated by FMO include:

- Loans to the private sector in developing economies for the account and risk of FMO;
- Loans provided by FMO and to a certain level, guaranteed by financial guarantors.

Loans to the private sector on the statement of financial position of FMO include:

- Loans measured at AC which comply with the classification requirements for AC as indicated in the section 'Financial assets – classification'. These loans are initially measured at fair value of the consideration paid including incremental direct transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method;
- Loans mandatorily measured at FVPL that do not comply with the classification requirements for AC as indicated in the section 'Financial assets – classification'. These are measured at fair value with changes recognized in the statement of profit or loss.

Equity investments

Equity investments on the statement of financial position of FMO include investments in which FMO has no significant influence, including:

- Equity investments measured at FVPL. FMO has a long-term view on these equity investments, usually selling its stake within a period of 5 to 10 years. Therefore, these investments are not held for trading and are measured mandatorily at fair value with changes recognized in the statement of profit or loss;

- Equity investments designated as at FVOCI. The designation is made for investments held for long-term strategic purposes and not for trading. These investments are measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery part of the cost of the investment. Other net gains and losses are recognized in the fair value reserve (OCI) and are never reclassified to the statement of profit or loss.

Financial assets – impairment

FMO estimates an allowance for expected credit losses for all financial assets, loan commitments and financial guarantee contracts issued (off balance items) in scope of IFRS 9 impairment assessment.

No impairment loss is recognized on equity investments. Specific impairment on loans guaranteed by other financial institutions and the European Commission are taken by FMO for unguaranteed amounts. However, these unguaranteed amounts can be eligible for compensation in specific cases.

Impairment stages loans to the private sector

FMO groups its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 – Performing loans: when loans are first recognized, an allowance is recognized based on a 12-month expected credit loss;
- Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, an allowance is recorded for the lifetime expected credit loss;
- Stage 3 – a lifetime expected credit loss is recognized for these loans. In addition, interest income is accrued on the AC of the loan net of allowances.

ECL measurement

The ECL model is primarily an expert-based model and is frequently benchmarked with other external sources.

ECL measurement Stage 1 and Stage 2

ECL allowance reflects unbiased, probability-weighted estimates based on loss expectations resulting from default events over either a maximum 12-month period from the reporting date or the remaining life of a financial instrument. The method used to calculate the ECL allowances for Stage 1 and Stage 2 assets are based on the following parameters:

- PD: the Probability of Default is an estimate of the likelihood of default over a given time. FMO uses a scorecard model based on quantitative and qualitative indicators to assess current and future customers and determine PDs. The output of the scorecard model is mapped to the Moody's PD master scale based on idealized default rates. For accounting purposes, a point in time adjustment is made to these PDs using a z-factor approach to account for the business cycle;
- EAD: the Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, scheduled by contract or otherwise, expected drawdowns and accrued interest from missed payments. Guarantees due to Unfunded Risk Participants are deducted from the Exposure at Default to an obligor for ECL measurement;
- LGD: the Loss Given Default is an estimate of FMO's loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows that FMO would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the customer PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Customer PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro-economic scenarios in PD estimates

In addition to the country-specific Z-factor adjustments to PD, FMO applies probability-weighted scenarios to calculate final PD estimates in the ECL model. The scenarios are applied globally and are based on the vulnerability of emerging markets to prolonged economic downturn. The scenarios and their impact are based on IMF data and research along with historical default data in emerging markets.

The three scenarios applied are:

- Positive scenario: reduced vulnerability to an emerging market economic downturn;
- Base scenario: vulnerability and accompanying losses based on FMO's best estimate from risk models;
- Downturn scenario: elevated vulnerability to an emerging market economic downturn.

ECL measurement Stage 3

The calculation of the expected loss for Stage 3 is different from the Stage 1 and Stage 2 calculation, because loan-specific impairments provide a better estimate for Stage 3 loans in FMO's diversified loan portfolio. The following steps serve as the input for the Financial Risk Committee (FRC) to decide about the specific impairment level:

- Calculate probability weighted expected loss based on multiple scenarios, including return to performing (and projected cash flows), restructuring, and write-off or sale;
- Based on these probability weights, a discount curve is generated and the discounted cashflow (DCF) model is used to determine the percentage to be applied on the outstanding amount of a loan;
- Take expected cash flows arising from liquidation processes, unfunded risk participations and firm offers into account. The cashflows from unfunded risk participations and firm offers serve as a cap for the provision (or a floor for the value of the loan).

Staging criteria and triggers

Financial instruments classified as low credit risk

FMO considers all financial instruments with an investment grade rating (BBB- or better on the S&P scale or F10 or better on FMO's internal scale) to be classified as low credit risk. For these instruments, the low credit risk exemption is applied and irrespective of the change of credit risk (as long as it remains investment grade) a lifetime expected credit loss will not be recognized. This exemption lowers the monitoring requirements and reduces operational costs. This exemption is applied for interest-bearing securities, banks and current accounts with subsidiaries and state funds.

No significant increase in credit risk since origination (Stage 1)

All loans that have not had a significant increase in credit risk since contract origination are allocated to Stage 1 with an ECL allowance recognized equal to the expected credit loss over the next 12 months. The interest revenue of these assets is based on the gross amount.

Significant increase in credit risk (Stage 2)

IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognized based on their lifetime ECLs. FMO considers whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. Interest revenue for these financial assets is based on the gross amount. This assessment is based on either one of the following items:

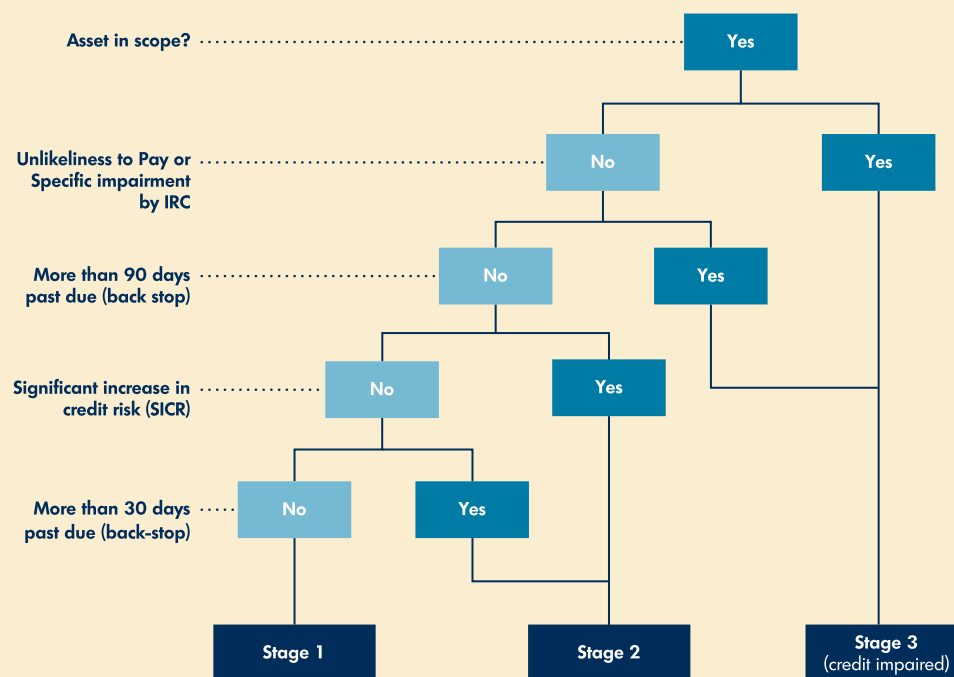
- The fact that an early warning signal has triggered financial difficulty following a transfer to the watchlist;
- The fact that the financial asset is 30 days or more past due on any material obligation to FMO, including fees and excluding on-charge expenses (unless reasonable and supportable information is available demonstrating that the customer can service its debt).

Definition of default - Stage 3 financial assets

A financial asset is considered in default when any of the following occurs:

- The customer is 90 days or more past due on any material obligation to FMO, including fees (but excluding on-charged expenses);
- FMO judges that the customer is unlikely to pay its credit obligation to FMO due to occurrence of credit risk deterioration and the FRC or Credit department decides on a specific impairment on an individual basis. The triggers for deciding on specific impairment include bankruptcy, days of past due, central bank intervention, distressed restructuring or any material adverse change or development that is likely to result in a diminished recovery of debt.

The following diagram provides a high-level overview of IFRS 9 staging triggers at FMO:



Reversed staging

Reversed staging relates to criteria that trigger a transfer to Stage 1 for loans that are in Stage 2 or Stage 3. The following conditions must apply for a transfer to stages representing lower risk:

- Loans in Stage 2 will only revert to Stage 1 when there is no indication of financial difficulty and the exposure is removed from the watchlist, the regulatory forbearance probation period of minimum two years has passed and no material amounts are past due for more than 30 days.
- Loans in Stage 3 will revert to Stage 2 when the specific impairment is released, there are no obligations past due for more than 90 days and all regulatory probation periods have passed.

Climate and environmental risk impact assessment

In 2024, FMO has assessed the materiality of climate risk across time horizons in relation to risk categories, as part of the ECB and DNB expectations on managing climate-related and environmental risks. DNB indicated that Dutch institutions are expected to use the ECB Guide, taking into account the materiality of their exposure to Climate-related and Environmental (C&E) risks. For the purposes of the guide, materiality should be considered in the light of the applicable CRD and CRR provisions. FMO is expected to have a holistic and well-documented view of the impact of C&E risks on existing risk categories: credit risk, operational risk, business model & strategic risk, market risk and liquidity risk. Institutions are expected to comprehensively include C&E risks in their assessment of materiality for all of their business areas in the short, medium and long-term under various scenarios. This assessment has not been translated into direct financial impact but is monitored on a regular basis by the Financial Risk Committee (FRC). Financial impact was assessed as part of the 2023 ICAAP exercise where a stress test has been performed against the FMO portfolio. This stress test assumed multiple severe climate stress events based on countries which were rated as having a high likelihood of exposure to physical and transition risks. The results of these stress tests did not lead to additional capital requirements. A renewed stress test is foreseen in the 2025 ICAAP, by when FMO also will formalize its conclusions on C&E materiality with relation to existing risk types. In parallel, FMO has set up a process to evaluate climate and environmental related risks on individual customers, both at origination and throughout monitoring via an internal tool, as part of the credit process. Through this process, FMO aims to ensure that higher risk transactions undergo further assessments and appropriate measures (when feasible) are taken to address and manage climate-related and environmental risks throughout the investment cycle. As part of the annual monitoring cycle of FMO's customers, reviews will take place to assess whether the assessments are still up to date and where needed adjusted. The performance of climate risk assessments as part of our investment process is considered to be an important mitigant for our credit risk in relation to C&E risks.

Given the current understanding of climate and environmental risks and their impact within FMO, FMO does not currently consider such risks in its ECL assessment directly. Central tendencies for the calibration of PDs do include a best-effort

correction for uncertainty with a 10 percentage increase of the assumed long-term average default rate to account for uncertainties from a variety of factors that could be considered to account for Climate-related and Environmental risks. Additionally, a review of past defaults found little direct impact of Climate-related and Environmental risks on defaults, with most issues being related to questions of governance and ability of a company to adapt; such factors are captured in FMO's current rating model.

Written-off financial assets

A write-off is made when a claim is deemed non-collectible, when FMO has no reasonable prospects of recovery after, among others, enforcement of collateral or legal enforcement with means of lawsuits. Furthermore, a write-off is performed when the loan is being forgiven by FMO. There are no automatic triggers, which would lead to a write-off of the loan; specific impaired loans are assessed on individual basis depending on their circumstances. Generally, when the impairment percentage exceeds 95 percent, the FRC is advised to consider a write-off.

Write-offs are charged against previously booked impairments. If no specific impairment is recorded on the basis of an FRC decision from the past, the write-off is included directly in the statement of profit or loss account under 'Impairments'.

Modification of financial assets

FMO has defined specific event-based triggers, related to the type of restructuring being carried out in order to determine whether a specific change in contractual terms gives rise to derecognition or modification, instead of relying on a quantitative threshold only related to differences in net present value (NPV).

Modification of contractual cashflows and terms and conditions, arise from lending operations where FMO enters into arrangements with their customers, which implies modifications to existing contractual cash flows or terms and conditions. Such arrangements are usually initiated by FMO when financial difficulty occurs or is expected with a borrower. The purpose of such an arrangement is usually to collect original debt over different terms and conditions from the borrower. Modifications may include extending the tenor, changing interest rate percentages or their timing, or changing of interest margin.

During the modification assessment, FMO will evaluate whether the modification event leads to a derecognition of the asset or to a modification accounting treatment. Generally, loans that are sold to a third party or are written off lead to a derecognition. When existing debt is converted into equity, a derecognition of the debt will occur and recognized again on the statement of financial position as equity. For modifications in interest percentages or tenor changes of existing amortized cost loans that do not pass the SPPI test, the loan will also be derecognized and will be recognized as new loans on FMO's statement of financial position according to the new classification.

When modification measures relate to changes in interest percentages or extensions of tenors and the loan is at amortized cost, FMO will recalculate the gross carrying amount of the financial asset. It will do so by discounting the modified expected cash flows using the original effective interest rate and by recognizing material differences in the gross carrying amount as a modification gain or loss in the statement of profit or loss. However, when the NPV of the original loan is substantially different than the NPV of the modified loan, the original loan is derecognized and re-recognized on the statement of financial position. FMO considers a variance of greater than 10 percent as substantially different.

Modification of contractual terms versus forbearance

Forbearance is not an IFRS term but relates to arrangements with customers that imply modifications to cashflows or existing terms and conditions due to financial difficulties of the customer, such as prospects of bankruptcy or central bank intervention. Forbearance must include concessions to the borrower such as release of securities or changes in payment covenants that implies giving away payment rights. Forbearance measures do not necessarily lead to changes in contractual cash flows (e.g., waiver of specific covenant breaches).

Theoretically the modification of contractual cash flows or terms and conditions, does not necessarily apply to customers in financial difficulty. However, at FMO, a modification of the contractual terms is usually initiated when financial difficulty occurs or is expected. Therefore, only in exceptional cases will modifications of contractual terms not lead to forbearance e.g. in case of an environmental covenant breach. At FMO, generally, modifications will follow from financial difficulties of the borrower and will be classified as forborne assets.

Derivative instruments

Derivative financial instruments are initially recognized at fair value on the date FMO enters into a derivative contract and are subsequently remeasured at fair value. Changes in the fair value of these derivative instruments are recognized immediately

in the statement of profit or loss. All derivatives are classified as assets when fair value is positive and as liabilities when fair value is negative.

Embedded derivatives

Part of the derivatives related to the asset portfolio concerns derivatives that are embedded in other financial instruments. Such combinations are known as hybrid instruments and arise predominantly from providing mezzanine loans and equity investments.

Derivatives embedded in host contracts, where the host is a financial asset in the scope of IFRS 9, are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification as set out in the section 'Financial assets-classification'.

Certain derivatives embedded in other contracts are measured as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the host contract is not carried at fair value through profit or loss and if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. An assessment is carried out when FMO first becomes party to the contract. When there is a change in the terms of the contract that significantly modifies the expected cash flows, the modification results in derecognition of the original instrument and leads to recognition of a new instrument again on the statement of financial position.

Treasury derivatives

FMO uses derivative financial instruments as part of its asset and liability management to manage exposures to interest rates and foreign currencies. FMO applies micro fair value hedge accounting to the funding portfolio with the purpose of mitigating exposure to interest rate risk (please refer to the 'Hedge accounting' paragraph in this section).

Furthermore, economic hedges are conducted to hedge items that do not fulfill the criteria of hedge accounting and are presented as 'Derivatives other than hedge accounting derivatives'. Changes of market value for these derivatives are immediately recognized in the statement of profit or loss.

Definition fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the statement of profit or loss, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, in the case of interest-bearing instruments, amortized through the statement of profit or loss over the remaining term of the original hedge or recognized directly when the hedged item is derecognized. For non-interest-bearing instruments, the cumulative adjustment of the hedged item is recognized in the statement of profit or loss only when the hedged item is derecognized.

Hedge accounting

FMO applies micro fair value hedge accounting in accordance with IFRS 9 when transactions meet the specified criteria. When a financial instrument is designated as a hedge, FMO formally documents the relationship between the hedging instrument(s) and hedged item(s). Documentation includes its risk management objectives and its strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. FMO only applies micro fair value hedge accounting on the funding portfolio. Changes in the fair value of these derivatives are recorded in the statement of profit or loss under results of financial transactions. Any changes in the fair value of the hedged liability that are attributable to the hedged risk are also recorded in the statement of profit or loss. If a hedge relationship is terminated for reasons other than the derecognition of the hedged item, the difference between the carrying value of the hedged item at that point and the value at which it would have been carried had the hedge never existed (the 'unamortized fair value adjustment') is amortized and included in the statement of profit or loss over the remaining term of the original hedge. If the hedge item is derecognized, e.g. sold or repaid, the unamortized fair value adjustment is recognized immediately in the statement of profit or loss.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the statement of profit or loss, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, amortized through the statement of profit or loss over the remaining term of the original hedge or recognized directly when the hedged item is derecognized.

FMO only applies micro-hedging strategies to a part of the fixed rate funding portfolio, which is why the prospective test is conducted at hedge inception.

A hedging relationship qualifies for hedge accounting, if it meets all of the requirements below:

- There is an economic relationship between the hedged item and the hedging instrument, Economic relationship means that the hedging instrument and the hedged item must be expected to move in opposite directions as a result of a change in the hedged risk;
- The effect of credit risk does not dominate the value changes that result from that economic relationship. In other words, credit risk that can arise on both the hedging instrument and the hedged item in the form of counterparty's credit risk or the entity's own credit risk does not have a very significant effect on the fair value of the hedged item or the hedging instrument;
- The critical terms of the hedged item and hedging instrument are matched. In case the critical terms of the hedge do not match, the hedge ratio is assessed. The hedge ratio, defined as the ratio between the amount of hedged item and the amount of hedging instrument, shall not reflect an imbalance that would create hedge ineffectiveness. For a perfect match of the underlying terms of the hedging instrument with the designated hedged risk, the hedge ratio would be 1:1 or less. The level of the hedge is discussed by Treasury and Risk Management.

Hedge accounting shall be discontinued if the qualification criteria are not met. The scenarios are as follows:

Scenario	Discontinuation
The risk management objective has changed	Full or partial
There is no longer an economic relationship between the hedged item and the hedging instrument	Full
The effect of credit risk dominates the value changes of the hedging relationship	Full
As part of rebalancing, the volume of the hedged item or the hedging instrument is reduced	Partial
The hedging instrument expires	Full
The hedging instrument is (in full or in part) sold, terminated or exercised	Full or partial
The hedged item (or part of it) no longer exists or is no longer expected to occur	Full or partial

Rebalancing

Rebalancing aligns accounting with what has happened in the actual basis relationship, between the hedged item and hedging instrument by altering either one of them. Rebalancing only affects the expected relative sensitivity between the hedged item and the hedging instrument going forward, as ineffectiveness from past changes in the sensitivity will have already been recognized in the statement of profit or loss. FMO will rebalance a hedging relationship if that relationship still has an unchanged risk management objective but no longer meets the hedge effectiveness requirements regarding the hedge ratio.

For more details on hedge accounting we refer to Note 'Derivative financial instruments and hedge accounting'.

Collateral received (related to derivative financial instruments)

FMO receives and pledges only cash collateral with respect to derivatives. However, because cash is fungible and the cash collateral received is not legally segregated from FMO's assets, it is impossible to determine whether it has been used by the secured party. Accordingly, all cash collateral received for derivative contracts held with positive value is recorded as an asset by FMO (as the secured party), together with a liability for the obligation to return it to the transferor. The related liability is recorded as part of Short-term credits.

On the other hand, when FMO delivers a cash collateral based on derivative contracts held with negative value, FMO derecognizes the cash collateral disbursed, and records a corresponding receivable from the recipient (the secured counterparty). The related asset is recorded as part of Short-term deposits.

Investments in associates and joint arrangements

Measurement and criteria

Equity investments in companies in which FMO has significant influence ('associates') are measured using the equity accounting method. Significant influence is normally evidenced when FMO has from 20 percent to 50 percent of a company's voting rights unless:

- FMO is not involved in the company's operational and/or strategic management by participation in its Management Board, Supervisory Board or Investment Committee; and
- There are no material transactions between FMO and the company; and

- FMO makes no essential technical assistance available.

Equity investments where FMO has joint control are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are initially recorded at cost and the carrying amount is increased or decreased after the date of acquisition to recognize FMO's share of the investee's profit or loss. Distributions received from the investee reduce the carrying amount of the investment.

Impairment of investments in associates and joint ventures

Investments in associates and joint ventures are reviewed and analyzed at least on a semi-annual basis. A net investment in an associate or joint venture is impaired or impairment losses occur where there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the net investment and the loss event has an impact on the estimated future cash flows from the net investment that can be reliably estimated. A significant or prolonged decline in the fair value of an investment in an associate or joint venture below its cost is considered as the primary objective evidence of impairment, in addition to other observable loss events. FMO considers more than 10 percent difference between fair value and its cost as significant and greater than one year as prolonged. When FMO decides to take an impairment on one of these investments, the impairment is recognized in the statement of profit or loss under 'Share in the results on associates and joint ventures'.

Property plant and equipment

Property plant and equipment (PP&E) includes tangible assets such as buildings, vehicles, furniture, and office equipment.

Furniture and leasehold improvements

Furniture and leasehold improvements are stated at historical cost less accumulated depreciation.

Depreciation of furniture and leasehold improvements

Depreciation for furniture and leasehold improvement is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives.

Useful life for:

- Furniture - 5 years
- Leasehold improvements - 5 to 10 years

These assets are reviewed for impairment whenever triggering events indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are reported in operating profit.

IFRS 16 leases: right-of-use assets and lease liabilities

FMO records the right-of-use assets for its operational leases according to IFRS 16. These assets consist of buildings, lease vehicles and office equipment.

FMO assesses whether a contract is or contains a lease, at inception of a contract. FMO recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases of low value assets (value below €5,000). For these leases, FMO recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

FMO recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment testing.

Useful life for:

- Buildings - 10 years
- Vehicles - 5 years
- Office equipment - 3 to 5 years

At the commencement date of the lease FMO recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, FMO uses the incremental borrowing rate at the lease commencement date as the interest rates implicit in the lease agreements are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Interest expenses on IFRS 16 leases are recognized under a separate line under net interest income. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, such as a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Intangible assets

Software products

Expenditures directly associated with identifiable and unique software products or internally developed software, controlled by FMO and likely to generate economic benefits are recognized as assets. These assets include staff costs incurred to make these software products operable in the way management intended. These assets are recognized at cost less accumulated amortization and accumulated impairment losses.

Useful life for software ranges between 3 - 5 years.

Costs associated with maintaining software programs are recognized in the statement of profit or loss as it is incurred. Expenditure that enhances or extends the performance of software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Amortization and impairment

Internally developed software is amortized on the basis of the useful life on a straight-line basis. Furthermore, these assets are tested for impairment when there is an indication of impairment, or annually in the case of software that is not yet ready for use. In case an asset is no longer in use, the asset is impaired.

Fiduciary assets

FMO provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of FMO.

Financial liabilities

Debentures and notes

Debentures and notes consist of medium-term notes under FMO's Debt Issuance Program or other public issues. Furthermore, a subordinated note is also included in the Debentures and Notes. Under IFRS this note is classified as financial liability, but for regulatory purposes it is considered as Tier 2 capital.

Debentures and notes can be divided into:

- Notes qualifying for hedge accounting (measured at AC and adjusted for the fair value of the hedged risk);
- Notes that do not qualify for hedge accounting (valued at AC).

Debentures and notes measured at amortized cost

Debentures and notes are initially measured at cost, which is the fair value of the consideration received, net of transaction costs incurred. Subsequent measurement is AC, using the effective interest rate method to amortize the cost at inception to the redemption value over the life of the debt.

Debentures and notes eligible for hedge accounting

When hedge accounting is applied to debentures and notes, the carrying value of debt issued is adjusted for changes in fair value related to the hedged risk. The fair value changes are recorded in the statement of profit or loss. Further reference is made to sections 'Derivative instruments' and 'Hedge accounting' of this chapter.

Other financial liabilities

Other financial liabilities reflect the Dutch State's investment in the Ventures Program (refer to the Group accounting and consolidation section of this chapter) and other exposures resulting from FMO's involvement in Dutch Government funds. These financial liabilities are designated at fair value through profit or loss to significantly reduce an accounting mismatch related to financial assets. The underlying equity investments (financial assets) in the Ventures Program are measured mandatorily at FVPL and the valuation of these assets form the basis of the value attributable to the program's co-investors. In order to significantly reduce the accounting mismatch in returns generated on the underlying assets versus the financial liabilities that represent the amounts attributable to the co-investors, the related financial liabilities are carried at FVPL. Refer to the 'Fair value of financial assets and liabilities' note for the description of the valuation technique applied to these financial liabilities.

Revaluation of other financial liabilities is reported under 'Results from financial transactions'.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

As previously explained in the accounting policy for "Financial assets impairment", FMO derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial instrument.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. FMO also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

FMO has transferred the financial asset if, and only if, either:

- FMO has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby FMO retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following three conditions are met:

- FMO has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- FMO cannot sell or pledge the original asset other than as security to the eventual recipients
- FMO has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, FMO is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:

- FMO has transferred substantially all the risks and rewards of the asset, or
- FMO has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

FMO considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When FMO has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of FMO's continuing involvement, in which case, FMO also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that FMO has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value FMO would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Provisions

Provisions are recognized when:

- FMO has a present legal or constructive obligation as a result of past events; and
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

A provision is made for the liability for retirement benefits, loan commitments, guarantees, legal events and severance arrangements. Further reference is made to the 'Retirement benefits' section below.

Retirement benefits

In the past FMO provided all employees, up until 31 December 2021, with a defined benefit retirement plan. This is a pension plan defining the amount of pension benefit to be provided, as a function of one or more factors such as age, years of service or compensation.

This scheme is funded through payments to an insurance company determined by periodic actuarial calculations. The principal actuarial assumptions are set out in Note 19. All actuarial gains and losses are reported in shareholders' equity, net of applicable income taxes and are permanently excluded from the statement of profit or loss.

The net defined benefit liability or asset is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, together with adjustments for unrecognized actuarial gains/losses and past service costs. Independent actuaries perform an annual calculation of the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using, in accordance with IAS 19, interest rates of high-quality corporate bonds, which have terms to maturity approximating the terms of the related liability. FMO has a contract with a well-established insurer, in which all nominal pension obligations are guaranteed and the downside risk of pension assets is mitigated.

When the fair value of the plan's assets exceeds the present value of the defined benefit obligations, a gain (asset) is recognized if this difference can be fully recovered through refunds or reductions in future contributions. No gain or loss is recognized solely as a result of an actuarial gain or loss, or past service cost, in the current period.

FMO recognizes the following changes in the net defined benefit obligations under staff costs:

- Service costs comprising current service costs, past-service costs (like gains and losses on curtailments and plan amendments);
- Net interest expense or income.

Past-service costs are recognized in the statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that FMO recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

During 2021, FMO curtailed the defined benefit plan and introduced a defined contribution plan that is effective from 1 January 2022 onwards. The details of the amendment are described in the 'Pension schemes' section within the Provisions note.

The contributions to the defined contribution plan are expensed in the statement of profit or loss and a liability (expense accrual) is recognized in the statement of financial position.

Taxation

Taxable income, based on the applicable tax laws in each jurisdiction, is used to calculate a tax expense. The tax expense is recognized in the period in which the taxable income arose. The tax effects of income tax losses, available for carry-forward, are recognized as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilized. Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their amounts as measured for tax purposes, which will result in taxable amounts in future periods using the liability method. Deferred tax assets are recognized for temporary differences, resulting in deductible amounts in future periods, but only when it is probable that sufficient taxable profits will be available against which these differences can be utilized.

The main temporary differences recorded by FMO arise from the post-retirement benefits provision and the fair value movements on equity investments accounted for at FVOCI.

Shareholders' equity

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by FMO's shareholders.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Contractual reserve

The contractual reserve consists of the cumulative part of the annual net results that FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023. This reserve cannot be freely distributed.

Development fund

This special purpose reserve contains the allocations of risk capital provided by the Dutch Government to finance the portfolio of loans and equity investments.

Fair value reserve

The fair value reserve includes gains and losses of equity investments designated as at FVOCI. Gains and losses on such equity investments are never reclassified to the statement of profit or loss. Cumulative gains and losses recognized in this reserve are transferred to 'Other reserves' on disposal of an investment.

Translation reserve

The assets, liabilities, income and expenses of foreign subsidiaries, associates and joint ventures are translated using the closing and weighted average exchange rates. Differences resulting from the translation are recognized in the translation reserve.

Actuarial result pensions

The unrealized actuarial gains and losses related to the defined benefit plans are included in the 'Actuarial result pensions'. The movements in this reserve are not reclassified to the statement of profit or loss.

Other reserves

The other reserves include the cumulative distributable net profits. Dividends are deducted from other reserves in the period in which they are declared.

Undistributed result

The undistributed result consists of the part of the annual result that FMO is not obliged to distribute under the Agreement Dutch State-FMO of July 1, 2023.

Non-controlling interests

Non-controlling interest related to FMO's investment in Equis DFI Feeder L.P. in previous years, however, this had been written down to zero as of 31 December 2023.

Net interest income: interest income and interest expenses

Interest income and interest expenses from financial instruments measured at AC are recognized in the statement of profit or loss for all interest-bearing financial instruments on an accrual basis using the effective interest method based on the amortized cost at inception. Interest income and interest expenses also include amortized discounts, premiums on financial instruments and interest related to derivatives. When a financial asset measured at AC is credit-impaired and regarded as Stage 3, interest income is calculated by applying the effective interest rate to the net AC of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Interest income and interest expenses from financial instruments measured at FVPL reflect fair value gains and losses mainly related to the derivatives portfolio. Interest on derivatives related to loans to the private sector is classified as interest income and interest on derivatives related to debentures and notes is classified as interest expense. Moreover, interest income from loans measured at FVPL are also recognized under 'Interest income from financial instruments measured at FVPL'.

Furthermore, interest expenses on IFRS 16 leases are recognized under the interest expenses separately.

Fee and commission income and expense

FMO earns fees from a diverse range of services. The revenue recognition for financial service fees depends on the purpose for which the fees are charged and the basis of accounting for the associated financial instrument. Fees that are part of a financial instrument carried at fair value are recognized in the statement of profit or loss. Fee income that is part of a financial instrument carried at AC can be divided into three categories:

- *Fees that are an integral part of the effective interest rate of a financial instrument (IFRS 9)*
These fees (such as front-end fees) are generally treated as an adjustment to the effective interest rate. When the facility is not used and the commitment period expires, the fee is recognized at the moment of expiration. However, when the financial instrument is to be measured at fair value subsequent to its initial recognition, the fees are recognized as interest-income;
- *Fees earned when services are provided (IFRS 15)*
Fees charged by FMO for servicing a loan (such as administration fees and agency fees) are recognized as revenue when

the services are provided. Portfolio and other management advisory and service fees are recognized in line with the periods and the agreed services of the applicable service contracts;

- *Fees that are earned on the execution of a significant act (IFRS 15)*

These fees (such as arrangement fees) are recognized as revenue when the significant act has been completed.

Dividend income

Dividends are recognized in dividend income when a dividend is declared. The dividend receivable is recorded at declaration date.

Results from equity investments

Gains and losses in valuation of FMO's equity investment portfolio are recognized under 'Results from equity investments'. These gains and losses include foreign exchange results of equity investments that are measured at fair value. As mentioned earlier, the foreign exchange results for equity investments, measured at fair value through OCI are recognized in the shareholder's equity.

Results from financial transactions

Results from financial transactions include foreign exchange translation results (excluding foreign exchange results related to equity investments measured at fair value), valuation gains and losses related to derivatives, driven by changes in the market. Furthermore, the valuation gains and losses related to loans and other financial liabilities measured at fair value are recognized in the statement of profit or loss under 'Results from financial transactions'.

Remuneration for services rendered

Remuneration for services rendered relate to fees that FMO receives from the Dutch and UK Government to manage subsidized programs on their behalf. These fees are recognized in accordance with IFRS 15. The performance obligations arising out of the program agreements are established at the inception of the agreement. The performance obligations are satisfied over the course of the year.

Fee income is recognized at an amount that represents the consideration to which FMO is entitled in return for the program's management services. Fees are calculated quarterly based on a fixed rate and the value of the respective program's committed portfolio at the end of the quarter. The income relating to the fees is recognized at the end of each quarter.

Other operating income

Other operating income relates to any other income that is not related to loans to the private sector, equity investments and treasury instruments.

Impairments

Financial assets of FMO and off-balance items are subject to impairments. For impairment methodologies and criteria, refer to 'Financial assets' paragraph in this section above.

Reimbursement of staff costs

FMO receives reimbursements of its staff costs for the time spent on various government initiated activities. These reimbursements are deemed to be government grants related to income in accordance with IAS 20. Based on the presentation options available in IAS 20 FMO has elected to present the reimbursements as a deduction against the expense line-items to which the grants relate. Given FMO receives the amounts as compensation for the staff costs incurred on the program, the amount is presented as a reduction against staff costs.

Statement of cash flows

The consolidated cash flow statement shows the sources of liquidity that became available during the year and the application of this liquidity. The liquidity is measured by the statement of financial position accounts 'Banks' and 'Short term

deposits'. The cash flows are broken down according to operational, investing and financing activities. The cash flow statement is prepared using the indirect method.

Cash and cash equivalents

Investments qualify as a cash equivalent if they are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, Cash and cash equivalents includes balances with banks, short-term deposits at AC and a part of short-term deposits at FVPL, which consists of commercial paper with a maturity of less than three months from the date of acquisition.

The difference between the Net cash flow in accordance with the statement of cash flows and the change between the opening and closing balance of Cash and cash equivalents is due to exchange rate differences and is presented separately in the cash flow statement. Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

Restricted cash and cash equivalents

Restricted cash and cash equivalents are recognized when they meet the recognition criteria for a financial asset and are included in the cash and cash equivalents presented within the statement of cash flows when they meet the definition of "cash and cash equivalents" described above. In FMO's case, the restrictions to which the applicable balances are subject to are appropriately disclosed in the relevant note on Short-term deposits.

Net cash flow from operational activities

In the net cash flow from operating activities, the result before tax is adjusted for those items in the statement of profit or loss and changes in items per the statement of financial position, which do not result in actual cash flows during the year.

The net cash flow from operational activities includes the company's portfolio movements, such as loans to the private sector and under guarantee of the Dutch Government, equity investments, subsidiaries and associates. The net cash flow further includes the movements in working capital and current accounts with the State regarding government funds and programs.

The addition to ECL allowance which is deducted from the item loans to private sector in the statement of financial position has been adjusted accordingly from the result before tax and is shown separately in the statement of cash flows.

Fair value changes in loans to private sector, derivatives, equity investments, debentures and notes are reflected as part of non-cash items adjusted against net profit/(loss) and presented as "Unrealized (gains) losses arising from changes in fair value" on the cashflow statement.

Accrual and amortizable fees of financial assets and liabilities are reflected as part of non-cash items adjusted against net profit/(loss) and presented as "unrealized (gains) losses arising from other changes" on the cashflow statement.

The changes in other assets, other liabilities, short-term deposits greater than 1 month and short-term credit, as included in the net cash flow from operating activities, does not include the related foreign exchange results. The related foreign exchange results are included in unrealized gains (losses) arising from foreign exchange rates reflected as part of non-cash items adjusted against the net profit/(loss).

Net cash flow from investing activities

The net cash flow from investing activities includes the movements in the investment portfolio, such as the interest-bearing securities. The movements in PP&E assets are also included in the cash flow from investing activities.

Net cash flow from financing activities

The net cash flow from financing activities includes movements in the funding attracted from the capital market. Also included in the cash flow from financing activities are the additions to and reductions from the company's capital.

Guarantees and undrawn loan commitments

FMO issues financial guarantee and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, issued financial guarantee contracts are measured at the higher of:

- ECL allowance or the amount of the provision under the contract; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies as set out in sections 'Interest income' and 'Fee and commission income'. These fees are recognized as revenue on an accrual basis over the period commitment.

FMO applies the same methodology as loans to the private sector for measurement of ECL allowance of guarantees. Refer to chapter 'Financial assets - impairment' in this section. Provisions resulting from guarantees are included in line item "Provisions" on the statement of financial position.

Undrawn loan commitments are commitments under which, over the duration of the commitment, FMO is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL allowances are disclosed in Note 34.

Segment reporting

The operating segments are reported in a manner consistent with internal reporting to FMO's chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board. FMO presents its operating segments based on servicing units instead of strategic sector to be more aligned with internal reporting towards the Management Board. Reference is made to the section 'Segment information' for more details on operating segments.

Notes to the consolidated financial statements

Notes to the consolidated statement of financial position: assets

1. Banks

	2024	2023
Banks	43,087	49,273
Balance at December 31	43,087	49,273

The cash on bank accounts can be freely disposed of. All bank accounts are classified as Stage 1.

2. Current accounts with State funds and other programs (assets)

	2024	2023
Current account EIB	231	231
Current account MFF	292	204
Current account BP	118	48
Current account MASSIF	695	5
Balance at December 31	1,336	488

These are bank accounts held for State Funds' administration, and these are classified as Stage 1.

3. Short-term deposits

	2024	2023
Collateral delivered (related to derivative financial instruments)	381,245	331,546
Dutch Central Bank	702,745	863,825
Mandatory reserve deposit with Dutch Central Bank	8,211	6,352
Collateral delivered to European Central Bank	2,946	2,946
Other short-term deposits	16,739	15,690
Short-term deposits measured at AC	1,111,886	1,220,359
Commercial paper	240,726	457,794
Money market funds	128,755	155,237
Short-term deposits measured at FVPL	369,481	613,031
Balance at December 31	1,481,367	1,833,390

Mandatory reserve deposits are not available for use in FMO's day-to-day operations.

Fair value results on money market funds and commercial paper portfolio recorded in the statement of profit or loss amounts to a profit of €9k (2023: €52k profit). The amount attributable to change in credit risk is limited.

Short-term deposits have a maturity of less than three months. Other short-term deposits consist of an amount FMO deposited with Invest International with a maturity of 1 year. FMO holds an equity stake in Invest International that has been recorded as an associate.

Short term deposits at amortized cost are classified as Stage 1.

4. Other receivables

	2024	2023
Receivables related to equity disposals	-	20,563
Taxes and social premiums	564	671
To be declared on State guaranteed loans	-	18
Transaction fee receivables and prepayments	17,757	12,425
Balance at December 31	18,321	33,677

Other receivables are classified as Stage 1.

5. Interest-bearing securities

This portfolio contains marketable bonds with fixed interest rates. Interest-bearing securities (credit quality of AA+ or higher) recognized at Amortized Cost are classified as Stage 1. An amount of 60k (2023: €82k) is calculated for the ECL as per December 31, 2024.

During the current period FMO acquired new interest bearing securities. Interest rate swaps are entered into to manage the risk associated with the securities and these swaps are measured at fair value through profit and loss. Therefore, to eliminate a possible accounting mismatch, the interest bearing securities are designated at fair value through profit and loss. The interest bearing securities are initially measured at fair value and subsequent changes in fair value are recognized immediately in profit and loss. The maximum credit exposure of the securities is €106 million and the cumulative change in fair value for the period is a gain of €0.4 million. The notional value of the swaps is €105 million, and the cumulative change in fair value for the period is a loss of €1.6 million. The movements in fair value are attributable to market risk.

	2024	2023
Bonds Amortised Cost (listed)	481,798	539,708
Bonds Fair Value (listed)	107,596	-
Balance at December 31	589,394	539,708

The movements can be summarized as follows:

	Bonds measured at AC	Bonds measured at FV	Total
Movement			
Balance at January 1	539,708	-	539,708
Amortization premiums/discounts	534	-	534
Purchases	26,567	105,000	131,567
Redemptions	-93,422	-	-93,422
Changes in ECL allowances	23	-	23
Changes in fair value	-	283	283
Changes in accrued income	99	2,313	2,412
Exchange rate differences	8,289	-	8,289
Balance at December 31, 2024	481,798	107,596	589,394
	Bonds measured at AC	Bonds measured at FV	Total
Movement			
Balance at January 1	537,825	-	537,825
Amortization premiums/discounts	647	-	647
Purchases	137,391	-	137,391
Redemptions	-132,602	-	-132,602
Changes in ECL allowances	-4	-	-4
Changes in fair value	-	-	-
Changes in accrued income	2,009	-	2,009
Exchange rate differences	-5,558	-	-5,558
Balance at December 31, 2023	539,708	-	539,708

6. Derivative financial instruments and hedge accounting

Use of derivatives and hedge accounting

Derivatives are held for both economic hedging purposes and for hedge accounting. FMO uses derivatives for hedging purposes in the management of its asset and liability portfolios and structural risk positions. These risks are hedged with interest rate swaps, cross currency swaps and cross currency interest rate swaps. The objective of hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that exposure. The objective of FMO hedging activities is to optimize the overall cost to the bank of accessing debt capital markets and to mitigate the risk that would otherwise arise from structural imbalances in the duration and other profiles of its assets and liabilities. The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies under the IFRS hedge accounting rules.

Derivatives that qualify for hedge accounting under IFRS are classified and accounted for in accordance with the nature of the instrument hedged and the type of IFRS hedge model that is applicable. FMO applies fair value hedge accounting to the funding portfolio with interest rate swaps as hedging instruments. To qualify for hedge accounting under IFRS, strict criteria must be met. Certain hedges that are economically effective from a risk management perspective do not qualify for hedge accounting under IFRS. The fair value changes of derivatives relating to such non-qualifying hedges are taken to the statement of profit or loss and recorded under the line results from financial transactions. If hedge accounting is applied under IFRS, it is possible that during the hedge a hedge relationship no longer qualifies for hedge accounting and hedge accounting cannot be continued, even if the hedge remains economically effective. As a result, the volatility arising from undertaking economic hedging in the statement of profit or loss may be higher than would be expected from an economic point of view. With respect to exchange rate and interest rate derivative contracts, the notional or contractual amount of these instruments is indicative of the nominal value of transactions outstanding at the statement of financial position date. However, they do not represent amounts at risk.

For the year ended December 31, 2024, FMO recognized a profit of €7.3 million for hedge ineffectiveness on the micro fair value hedges (2023: €4.5 million loss). The gain on the hedging instruments amounts to €48.7 million (2023: €134.2 million gain). The loss on hedged items attributable to the hedged risk amounts to €41.4 million (2023: €138.7 million loss). The result is mainly attributed to the mismatch in the valuation curves.

Micro fair value hedge accounting

FMO only applies a micro-hedging strategy, hence at hedge inception the test is conducted. FMO's micro fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate instruments due to movements in market interest rates. Gains and losses on derivatives designated under fair value hedge accounting and hedged items are recognized in the statement of profit or loss.

Derivatives other than hedge accounting instruments

These derivatives are held to reduce interest rate risks and currency risks but do not meet the specified criteria to apply hedge accounting for the reporting period. The following table also includes derivatives related to the asset portfolio. These derivatives are used to manage FMO interest rate and foreign exchange risks within the risk appetite and are subject to the risk governance and policy framework.

The table below presents the amounts relating to derivatives designated as fair value hedging instruments, hedge ineffectiveness, as well as balances related to derivatives not applied as hedge accounting instruments:

2024					
					Carrying amount
	Notional amount	Assets	Liabilities	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recorded in profit or loss
Line item in P&L that includes hedge ineffectiveness					
Derivatives hedge accounting instruments:					
Interest rate swaps	5,541,648	27,739	131,728	48,680	7,254
Derivatives other than hedge accounting instruments:					
Currency swaps	319,791	2,687	389		
Interest rate swaps	3,055,885	41,008	5,537		
Cross-currency interest rate swaps	3,349,386	54,905	321,490		
Subtotal	6,725,062	98,600	327,416		
Embedded derivatives related to asset portfolio		-	12,242		
Total derivative assets /(liabilities) other than hedge accounting instruments	6,725,062	98,600	339,658		
Balance at December 31	12,266,710	126,339	471,386		

Results from financial transactions

2023

Carrying amount						
	Notional amount	Assets	Liabilities	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recorded in profit or loss	Line item in P&L that includes hedge ineffectiveness
Derivatives hedge accounting instruments:						
Interest rate swaps	5,438,525	36,638	186,929	134,237	-4,462	Results from financial transactions
Derivatives other than hedge accounting instruments:						
Currency swaps	609,876	355	10,498			
Interest rate swaps	1,810,968	48,057	6,610			
Cross-currency interest rate swaps	3,030,180	112,100	203,931			
Subtotal	5,451,024	160,512	221,039			
Embedded derivatives related to asset portfolio		-	10,871			
Total derivative assets /(liabilities) other than hedge accounting instruments	5,451,024	160,512	231,910			
Balance at December 31	10,889,549	197,150	418,839			

The amounts relating to items designated as hedged items were as follows:

2024

Balance sheet line item	Carrying amount of the hedged item	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Change in fair value used for calculating hedge ineffectiveness	Accumulated amount remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses
		Liabilities	Assets		
Debentures and notes	5,472,577	-	-	-41,426	-
Balance at December 31	5,472,577	-	-	-41,426	-

2023

Balance sheet line item	Carrying amount of the hedged item	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Change in fair value used for calculating hedge ineffectiveness	Accumulated amount remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses
		Liabilities	Assets		
Debentures and notes	5,301,915	-	-	-138,699	-
Balance at December 31	5,301,915	-	-	-138,699	-



Hedge of debentures and notes:

2024

Risk category: Interest rate	Maturity				
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	more than 5 years
Nominal amount (in millions of euro)	-	-	1,221	4,224	97
Average fixed interest rate (%)	-	-	3.7	2.6	2.0

2023

Risk category: Interest rate	Maturity				
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	more than 5 years
Nominal amount (in millions of euro)	-	542	539	4,209	149
Average fixed interest rate (%)	-	2.4	2.2	2.6	1.8

7. Loans to the private sector

These loans to the private sector include:

- Loans to the private sector in developing economies are for the account and risk of FMO;
- Loans in developing economies that are individually guaranteed by financial guarantors for 80 percent to 95 percent. Any losses will be compensated by the guarantors up to the guaranteed amount. Refer to the Credit risk section in the 'Risk Management' chapter for details of these guarantees received.

The movements in the loans to the private sector are as follows:

Loan movements

	Loans measured at AC	Loans measured at FVPL	Total
Balance at January 1, 2024	4,295,723	587,940	4,883,663
Disbursements	1,672,784	67,267	1,740,051
Interest capitalization	7,060	2,252	9,312
Conversion from loan to equity	-7,887	-289	-8,176
Part sold	-57,159	-	-57,159
Repayments	-1,007,359	-55,088	-1,062,447
Write-offs / disposals	-53,283	-1,603	-54,886
Consolidation of group entities	21,212	3,730	24,942
Derecognized and /or restructured loans	-182	-	-182
Changes in amortizable fees	-708	-48	-756
Amortized premium / discount	-44	-	-44
Changes in fair value	-	9,126	9,126
Changes in accrued income	1,334	4,312	5,646
Exchange rate differences	270,805	34,462	305,267
Movement of impairments	48,222	-	48,222
Balance at December 31, 2024	5,190,518	652,061	5,842,579

	Loans measured at AC	Loans measured at FVPL	Total
Balance at January 1, 2023	4,623,568	486,067	5,109,635
Disbursements	1,251,260	145,046	1,396,306
Interest capitalization	8,936	4,266	13,202
Conversion from loan to equity	-	-1,879	-1,879
Part sold	-138,783	-2,700	-141,483
Repayments	-1,249,673	-48,029	-1,297,702
Write-offs / disposals	-41,359	-42,200	-83,559
Derecognized and /or restructured loans	935	-	935
Changes in amortizable fees	824	-495	329
Amortized premium / discount	-44	-	-44
Changes in fair value	-	56,863	56,863
Changes in accrued income	5,939	6,706	12,645
Exchange rate differences	-167,874	-15,705	-183,579
Movement of impairments	1,994	-	1,994
Balance at December 31, 2023	4,295,723	587,940	4,883,663

The contractual amount of assets that were written off during the period are still subject to enforcement activity.

The line item "Consolidation of group entities" in the above movement schedule and used elsewhere in these notes relates to the consolidation in 2024 of the Land Use Facility part of the Dutch Fund for Climate Development.

Loans segmented by sector

2024					
	Stage 1	Stage 2	Stage 3	Fair value	Total
Financial Institutions	2,741,998	25,093	23,067	419,947	3,210,105
Energy	864,504	413,932	129,418	58,578	1,466,432
Agribusiness, Food and Water	742,222	73,749	41,462	112,746	970,179
Multi-Sector Fund Investments	27,381	-	-	1,820	29,201
Infrastructure, Manufacturing and Services	34,815	67,155	5,722	58,970	166,662
Balance at December 31	4,410,920	579,929	199,669	652,061	5,842,579

2023					
	Stage 1	Stage 2	Stage 3	Fair value	Total
Financial Institutions	2,259,763	30,305	15,292	353,658	2,659,018
Energy	745,478	402,029	148,523	66,001	1,362,031
Agribusiness, Food and Water	442,259	13,817	53,485	104,596	614,157
Multi-Sector Fund Investments	32,721	-	-	4,213	36,934
Infrastructure, Manufacturing and Services	96,813	29,640	25,598	59,472	211,523
Balance at December 31	3,577,034	475,791	242,898	587,940	4,883,663

Loans segmented by geographical area

2024					
	Stage 1	Stage 2	Stage 3	Fair value	Total
Africa	899,900	363,592	72,411	190,949	1,526,852
Asia	921,067	113,888	12,644	66,095	1,113,694
Latin America & the Caribbean	1,357,619	40,021	72,107	116,291	1,586,038
Europe & Central Asia	994,880	58,481	42,507	226,466	1,322,334
Non - region specific	237,454	3,947	-	52,260	293,661
Balance at December 31	4,410,920	579,929	199,669	652,061	5,842,579

2023					
	Stage 1	Stage 2	Stage 3	Fair value	Total
Africa	843,793	208,854	123,257	174,334	1,350,238
Asia	692,757	112,446	9,216	68,921	883,340
Latin America & the Caribbean	1,033,829	152,815	67,062	98,554	1,352,260
Europe & Central Asia	897,315	1,676	43,363	192,349	1,134,703
Non - region specific	109,340	-	-	53,782	163,122
Balance at December 31	3,577,034	475,791	242,898	587,940	4,883,663

Loans to private sector - other information

	2024	2023
Gross amount of loans to companies in which FMO has equity investments	224,660	216,192
Gross amount of subordinated loans	331,146	342,031

The analysis of the changes in the gross carrying amounts and ECL allowances for loans to the private sector at AC are as follows:

Changes in Loans to the private sector at AC in 2024	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance
Balance at January 1, 2024	3,603,340	-26,306	508,602	-32,811	438,186	-195,288	4,550,128	-254,405
Additions	1,629,433	-11,276	36,858	-8,294	-	-	1,666,291	-19,570
Exposure derecognised or lapsed	-924,954	2,385	-92,211	7,658	-52,613	36,836	-1,069,778	46,879
Transfers to Stage 1	191,123	-15,336	-191,123	15,336	-	-	-	-
Transfers to Stage 2	-247,643	6,026	304,347	-10,986	-56,704	4,960	-	-
Transfers to Stage 3	-21,092	410	-16,480	2,078	37,572	-2,488	-	-
Modifications of financial assets (including derecognition)	-29,004	-	33,400	-	6,348	-	10,744	-
Changes in risk profile (including changes in accounting estimates)	-	15,272	-	-3,086	-	-29,329	-	-17,143
Consolidation of group entities	18,216	-211	-	-	2,996	-651	21,212	-862
Amounts written off/disposals	-	-	-	-	-53,283	53,283	-53,283	53,283
Changes in amortizable fees	-2,819	-	1,138	-	972	-	-709	-
Premium / discount	-26	-	-18	-	-	-	-44	-
Changes in accrued income	6,230	-	-1,905	-	-2,992	-	1,333	-
Foreign exchange adjustments	218,839	-1,687	29,015	-1,589	22,953	-11,089	270,807	-14,365
Balance at December 31, 2024	4,441,643	-30,723	611,623	-31,694	343,435	-143,766	5,396,701	-206,183

Changes in Loans to the private sector at AC in 2023	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance
Balance at January 1, 2023	4,019,439	-32,579	338,766	-17,223	521,762	-206,597	4,879,967	-256,399
Additions	1,158,476	-8,839	92,904	-9,840	-	-	1,251,380	-18,679
Exposure derecognised or lapsed	-1,216,793	3,162	-85,688	1,605	-85,975	61,637	-1,388,456	66,404
Transfers to Stage 1	42,060	-1,673	-33,812	738	-8,248	935	-	-
Transfers to Stage 2	-225,869	5,116	287,726	-15,003	-61,857	9,887	-	-
Transfers to Stage 3	-38,567	209	-82,672	5,314	121,239	-5,523	-	-
Modifications of financial assets (including derecognition)	-8,059	-	4,743	-	13,069	-	9,753	-
Changes in risk profile (including changes in accounting estimates)	-	7,281	-	674	-	-102,521	-	-94,566
Amounts written off/disposals	-	-	-	-	-41,359	41,359	-41,359	41,359
Changes in amortizable fees	-911	-	703	-	1,032	-	824	-
Premium / discount	-44	-	-	-	-	-	-44	-
Changes in accrued income	11,414	-	1,345	-	-6,821	-	5,938	-
Foreign exchange adjustments	-137,806	1,017	-15,413	924	-14,656	5,535	-167,875	7,476
Balance at December 31, 2023	3,603,340	-26,306	508,602	-32,811	438,186	-195,288	4,550,128	-254,405

Total impairments on loans in the consolidated profit and loss account

	2024	2023
Additions	-19,570	-18,679
Exposure derecognized or matured / lapsed (excluding write - offs)	46,879	66,404
Changes in risk profile (including changes in accounting estimates)	-17,143	-94,566
Recoveries (written off loans)	-9,205	-11,181
Other	16,472	19,400
Total at December 31	17,433	-38,622

During 2024, ECL allowances reduced, which resulted in a net release to the profit and loss account. The reduction in ECL allowances is primarily the result of the reduction in the non-performing exposures, as also described in Credit risk section in the 'Risk Management' chapter.

8. ECL allowances - assessment

FMO calculates ECL allowances for interest-bearing securities, loans to the private sector at AC (including off-balance loan commitments) and guarantees given to customers. The movement in ECL allowances for each of these items is presented in their relevant notes.

To demonstrate the sensitivity of the 'Significant Increase in Credit Risk' criteria, the tables below present the distribution of Stage 2 impairments by the criteria that triggered the migration to Stage 2.

	Loans to private Sector	Guarantees	Loan Commitments	Total
More than 30 days past due	-	-	-	-
Deterioration in credit risk - financial difficulties	-31,694	-296	-5,443	-37,433
Total at December 31, 2024	-31,694	-296	-5,443	-37,433

	Loans to private Sector	Guarantees	Loan Commitments	Total
More than 30 days past due	-	-	-	-
Deterioration in credit risk - financial difficulties	-32,811	-507	-6,458	-39,776
Total at December 31, 2023	-32,811	-507	-6,458	-39,776

The table below shows the values of the IMF GDP forecasts used in each of the economic scenarios for the ECL calculations for 2023 and 2024. The upside and downside scenario calculations are derived from the base case scenario, adjusted based on an indicator of public debt to GDP in emerging markets.

The macro-economic scenarios' model was updated following the publication of the new macro- economic outlook data by the IMF in October 2024. The updates of the model based on more recent GDP forecast, caused new point-in-time adjustments to probability of defaults in the impairment model, leading to a slight increase in combined Stage-1 and Stage-2 impairment charge.

IMF GDP % Growth Forecasts (the figures are based on the latest forecast in October 2024)

	2024	2023
Turkey	3.01	3.18
India	7.02	6.33
Georgia	7.55	5.20
Argentina	-3.48	3.25
Nigeria	2.86	3.06
Uganda	5.88	7.47
Bangladesh	5.40	6.60
Ghana	3.12	4.59
Armenia	6.04	4.50
Costa Rica	4.00	3.19

The following tables outline the impact of multiple scenarios on the ECL allowance. The probabilities of macro-economic scenarios (making point-in-time adjusted probability of default) were updated using the data provided by the IMF, as published in October 2024.

	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector	Guarantees	Bonds and cash	Total
ECL scenario:						
Upside	194,826	2%	3,852	43	1	3,897
Base case	219,653	50%	108,382	1,410	34	109,826
Downside	261,515	48%	123,646	1,848	33	125,527
Total at December 31, 2024			235,880	3,301	68	239,250

	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector	Guarantees	Bonds and cash	Total
ECL scenario:						
Upside	249,680	2%	4,778	213	2	4,994
Base case	275,327	50%	131,977	5,640	47	137,664
Downside	307,082	48%	141,513	5,840	45	147,399
Total at December 31, 2023			277,397	11,693	94	289,186

The total unweighted amount for the base scenario of €219 million (2023: €275 million) is an aggregation of €206million (2023: €254 million) ECL allowances related to Loans to private sector (refer to Note 7), €3 million (2023: €11 million) ECL off balance items for financial guarantees (refer to Note 34), €10 million (2023: €10 million) ECL off balance for loan commitments (refer to Note 34).

Loans to private sector in the tables above include amounts related to ECL allowances for off balance loan commitments (refer to Note 34 - 'Off-balance sheet information').

Reference is made to the 'Accounting policies' chapter on macro-economic scenarios on PD estimates.

9. Equity investments

Equity investments in developing countries are for FMO's account and risk. The movements in fair value of the equity investments are summarized in the following table. Equity investments of FMO are measured at FVPL or at FVOCI.

	Equity measured at FVOCI	Equity measured at FVPL	Total
Balance at January 1, 2024	167,074	2,193,771	2,360,845
Purchases and contributions	120	329,824	329,944
Conversion of loans to equity	-	289	289
Transfer associate/FVPL	-	-	-
Return of capital (including sales)	-	-329,927	-329,927
Changes in fair value	34,093	161,669	195,762
Balance at December 31, 2024	201,287	2,355,626	2,556,913

	Equity measured at FVOCI	Equity measured at FVPL	Total
Balance at January 1, 2023	150,733	2,130,903	2,281,636
Purchases and contributions	-	333,825	333,825
Conversion of loans to equity	-	1,879	1,879
Transfer associate/FVPL	-	-	-
Return of capital (including sales)	-	-224,513	-224,513
Changes in fair value	16,341	-48,323	-31,982
Balance at December 31, 2023	167,074	2,193,771	2,360,845

Equity investments segmented by sector

	2024	2023
Financial Institutions	754,872	682,684
Energy	329,313	287,203
Agribusiness	193,227	142,965
Multi-Sector Fund Investments	1,029,960	966,915
Infrastructure, Manufacturing and Services	249,541	281,078
Balance at December 31	2,556,913	2,360,845

FMO has designated the investments shown in the following table as equity investments at FVOCI. The FVOCI designation was made because the investments are expected to be held for long-term strategic purposes.

	2024		2023	
	Fair value	Dividend income	Fair value	Dividend income
The Currency Exchange Fund N.V.	191,215	-	157,118	-
Seed Capital	9,911	-	9,916	-
EDFI Management Company	161	-	40	-
Total at December 31	201,287	-	167,074	-

10. Investments in associates and joint ventures

Movements carrying amounts of the Associates and Joint ventures

	2024	2023
Balance at January 1	308,179	297,960
Purchases and contributions	7,338	14,260
Conversion from loans to equity	7,887	-
Conversion Associates/FVPL	-	-
Return of capital (including sales)	-	-6,657
Share in net results	39,483	26,065
Exchange rate differences	9,186	-23,449
Balance at December 31	372,073	308,179

All investments in associates and joint ventures are measured based on the equity accounting method. Cash dividends received from associates amount to €13.8 million (2023: €12.4 million).

The following tables summarize FMO's share in the total assets, liabilities, total income and total net profit/loss of the associates and segments the associates by sector.

	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
Banyantree Growth Capital LLC	2,614	27%	-	-	-	-
Arise BV	284,723	27%	292,455	7,733	2,706	41,409
JCM Power Corporation	15,951	24%	-	-	-	-
BE C&I Solutions Holding Pte. Ltd.	37,251	25%	76,728	39,367	10,296	-4,446
Invest International B.V.	2,494	49%	2,512	37	52	21

Balance at December 31, 2024 **343,033**

	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
Banyantree Growth Capital LLC	2,781	27%	-	-	-	-
Arise BV	234,985	27%	241,349	6,364	2,661	46,562
JCM Power Corporation	14,172	24%	-	-	-	-
BE C&I Solutions Holding Pte. Ltd.	32,564	24%	58,039	25,488	-	-
Invest International B.V.	2,040	49%	161,197	-	-	70

Balance at December 31, 2023 **286,542**

	2024	2023
Financial Institutions	287,217	237,026
Energy	53,202	46,735
Multi-Sector Fund Investments	2,614	2,781

Net balance at December 31

343,033 286,542

Invest International was established on July 28, 2021. Share capital is split between A-shares where the Dutch Government owns 51 percent and FMO 49 percent and B-shares which are owned 100 percent by the Dutch Government.

At year end the deposit with Invest International amounted to €16.7 million (2023: €15.6 million). The deposit has a 1-year maturity and accrues interest at a market-based rate after adjusting for non-applicable internal costs. Expected credit loss is not expected to be material taking into account the support offered to Invest International from the Dutch State. The deposit is presented in the short-term deposits statement of financial position line item, refer to Note 3.

In 2016 FMO signed an agreement to set up an investment vehicle, Arise B.V., together with Norfund and Rabobank. This investment vehicle is set up to invest in African financial institutions. FMO's commitment amounts to US\$266 million. As of December 31, 2024, our remaining commitment towards Arise B.V. amounts to US\$10.5 million.

Arise B.V. is a private limited liability company incorporated in the Netherlands whose statutory seat is registered at Croeselaan 18, 3521 CB Utrecht, the Netherlands and is registered in the Dutch commercial register under number 64756394. FMO's share and voting rights in Arise B.V. is 27 percent.

The following tables summarize FMO's share in the total assets, liabilities, total income and total net profit/loss in joint ventures.

	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
Climate Fund Managers B.V.	10,368	50%	17,281	6,913	15,288	3,320
SDG Loan Fund S.C.A SICAV-SIF	18,672	10%	15,161	344	128	87

Balance at December 31, 2024 **29,040**

	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
Climate Fund Managers B.V.	9,946	50%	15,051	5,105	12,876	2,363
SDG Loan Fund S.C.A SICAV-SIF	11,691	10%	11,954	186	11	-5

Balance at December 31, 2023 **21,637**

During the current financial year FMO made an investment of EUR 5 million into the SDG Loan Fund S.C.A. SICAV SIF. This investment is treated as a joint venture in accordance with IAS 28 and IFRS 11 as FMO exercises joint control over the Fund, in cooperation with the other co-investors via the Fund investment committee and shareholders advisory committee. FMO also has rights to the net assets of the Fund. FMO's share of the capital of the Fund is 10 percent. FMO's total commitment to the Fund is US\$111 million.

For material joint ventures, the above amounts of assets and liabilities include the following:

SDG Loan Fund S.C.A SICAV SIF		
	2024	2023
Cash and cash equivalents	35,845	28,440
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

For material joint ventures, the above profit and loss amounts include the following:

SDG Loan Fund S.C.A SICAV SIF		
	2024	2023
Interest income	1,232	122
interest expense	-	-
Income tax expense	-	-

Reconciliation of summarized financial information to carrying amount for material joint ventures:

SDG Loan Fund S.C.A SICAV SIF		
	2024	2023
Net assets of joint venture	153,357	130,161
Economic ownership	10%	10%
Carrying amount	18,671	11,691

The Fund is an investment fund which co-invests with FMO in loans in emerging markets. It is incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 6A, route de Trèves, L-2633 Senningerberg, Luxembourg and registered under number B259701 with the Luxembourg Trade and Companies' Register.

11. Property, plant and equipment

Property, plant and equipment (PP&E) includes tangible assets that are used by FMO. These assets include buildings, office equipment and vehicles that are rented by FMO from third parties. These leases have been recognized on the statement of financial position following the implementation of IFRS 16.

Furthermore, PP&E includes furniture owned by FMO and costs related to leasehold improvements.

	Furniture	Leasehold improvement	Other	Right-of-use assets	Total
Cost at December 31, 2023	9,655	8,695	38	29,875	48,263
Accumulated amortization at December 31, 2023	-8,931	-3,080	-10	-16,383	-28,404
Balance at December 31, 2023	724	5,615	28	13,492	19,859
Carrying amount at January 1, 2024	724	5,615	28	13,492	19,859
Investments	345	-	-	568	913
Depreciation	-335	-853	-	-3,216	-4,404
Disposals	-	-	-	-3	-3
Accumulated depreciation on disposals	-	-	-	-	-
Balance at December 31, 2024	734	4,762	28	10,841	16,365
Cost at December 31, 2024	10,000	8,695	38	30,440	49,173
Accumulated amortization at December 31, 2024	-9,266	-3,933	-10	-19,599	-32,808
Balance at December 31, 2024	734	4,762	28	10,841	16,365

Right-of-use assets consist of operational leases and include buildings, vehicles and office equipment.

	Buildings	Office equipment	Vehicles	Total right-of-use assets	Lease liabilities
Balance at January 1, 2023	13,987	249	1,678	15,914	16,144
Additions	474	24	382	880	880
Disposals	-	-	-29	-29	-29
Depreciation	-2,428	-122	-723	-3,273	-
Finance costs	-	-	-	-	122
Payments	-	-	-	-	-3,385
Balance at December 31, 2023	12,033	151	1,308	13,492	13,732
Additions	-	279	289	568	568
Disposals	-	-	-3	-3	-3
Depreciation	-2,414	-139	-663	-3,216	-
Finance costs	-	-	-	-	97
Payments	-	-	-	-	-3,325
Balance at December 31, 2024	9,619	291	931	10,841	11,069

Maturity breakdown of the leases

	< 1 year	1-5 years	>5 years	Total
Buildings	2,440	7,393	-	9,833
Office Equipment	111	167	18	296
Vehicles	527	413	-	940
Total at December 31, 2024	3,078	7,973	18	11,069
	< 1 year	1-5 years	>5 years	Total
Buildings	2,422	9,832	-	12,254
Office Equipment	76	61	20	157
Vehicles	620	701	-	1,321
Total at December 31, 2023	3,118	10,594	20	13,732

12. Intangible assets

Intangible assets include costs associated with identifiable and unique software products or internally developed software, controlled by FMO. For internally developed software, only costs related to the development phase are capitalized. Expenses related to the research phase are immediately recognized in the statement of profit or loss under 'Temporary staff expenses'.

	ICT software	Internally developed software	Total
Cost at December 31, 2023	7,998	40,909	48,907
Accumulated amortization at December 31, 2023	-6,324	-27,258	-33,582
Balance at December 31, 2023	1,674	13,651	15,325
Carrying amount at January 1, 2024	1,674	13,651	15,325
Investments	323	16,576	16,899
Amortization	-738	-4,326	-5,064
Impairment/disposals		-1,565	-1,565
Accumulated depreciation on disposals		850	850
Accumulated amortisation at December 31, 2024	1,259	25,186	26,445
Cost at December 31, 2024	8,321	55,920	64,241
Accumulated amortization at December 31, 2024	-7,062	-30,734	-37,796
Balance at December 31, 2024	1,259	25,186	26,445

	ICT software	Internally developed software	Total
Cost at December 31, 2022	7,195	33,130	40,325
Accumulated amortization at December 31, 2022	-5,606	-22,764	-28,370
Balance at December 31, 2022	1,589	10,366	11,955
Carrying amount at January 1, 2023	1,589	10,366	11,955
Investments	803	7,839	8,642
Amortization	-718	-4,494	-5,212
Impairment/disposals	-	-60	-60
Accumulated depreciation on disposals	-	-	-
Accumulated amortisation at December 31, 2023	1,674	13,651	15,325
Cost at December 31, 2023	7,998	40,909	48,907
Accumulated amortization at December 31, 2023	-6,324	-27,258	-33,582
Balance at December 31, 2023	1,674	13,651	15,325

Impairment relates to software that is not in use anymore.

Notes to the consolidated statement of financial position: liabilities and equity

13. Short-term credits

	2024	2023
Collateral received (related to derivative financial instruments)	17,099	97,114
Commercial paper	199,813	-
Balance at December 31	216,912	97,114

14. Current accounts with State funds and other programs (liability)

	2024	2023
Current account AEF	81	31
Current account GCF	12	12
Balance at December 31	93	43

15. Other financial liabilities

Other liabilities at fair value through profit or loss

	2024	2023
Balance at January 1	74,003	82,328
Purchases and contributions	7,280	2,916
Changes in fair value	-14,233	-23,741
Other changes	-200	12,500
Other additions	54,865	-
Balance at December 31	121,715	74,003

The financial liabilities contained in this note relate to amounts payable to the Dutch government as a part of their participation in the program. Other changes relate to the recognition of liabilities for FMO's obligations to the public fund programs managed on behalf of the Dutch State. Other additions line item relates to the consolidation in 2024 of the Land Use Facility of the Dutch Fund for Climate Development (DFCD) and represents the amounts payable to the Dutch government as a result of their participation in the program.

FMO applies the net asset value valuation technique as the basis for estimating the fair value of these liabilities. The valuation is based on the underlying assets included in the overall programs' values, which are level 3 inputs.

16. Debentures and notes

Debentures and notes include issued debt instruments in various currencies under FMO's debt issuance programs. In addition, a subordinated note of €250 million is also included in the debentures and notes. Under IFRS this note is classified as a financial liability, but for regulatory purposes it is considered Tier 2 capital. This note was issued on July 15, 2020 with a maturity date of January 15, 2031. The note is issued at 99.764 percent of the aggregated nominal amount at a fixed coupon rate of 0.625 percent. The note is non-convertible and can be called on first call date after five years until July 15, 2026.

	2024	2023
Balance at January 1	6,060,683	5,572,253
Amortization of premiums/discounts	12,857	8,718
Proceeds from issuance	1,213,542	1,352,546
Redemptions	-1,241,544	-895,802
Changes in fair value	41,426	137,776
Changes in accrued expense	25,736	25,096
Exchange rate differences	223,281	-139,904
Balance at December 31	6,335,981	6,060,683

Line item 'Changes in fair value' represents the fair value changes attributable to the hedge risk in connection with the debentures and notes used for hedge accounting purposes.

Carrying value of the debentures

	2024	2023
Debentures and notes under hedge accounting	5,472,577	5,301,915
Debentures and notes valued at AC	863,404	758,768
Balance at December 31	6,335,981	6,060,683

Nominal amounts of the debentures and notes

	2024	2023
Debentures and notes under hedge accounting	5,514,090	5,384,764
Debentures and notes valued at AC	829,735	745,281
Balance at December 31	6,343,825	6,130,045

17. Accrued liabilities

	2024	2023
Personnel payables	3,245	3,200
Tax refund credits	9,842	7,312
Accrued costs	2,572	3,772
Payables to third parties	23,024	15,214
Balance at December 31	38,683	29,498

18. Other liabilities

	2024	2023
Costs related to guarantees	1,976	1,311
Payments to third parties	2,720	197
Lease liabilities	11,069	13,732
Other liabilities	3,096	20,581
Balance at December 31	18,861	35,821

Lease liabilities relate to IFRS 16 leases. For a breakdown of the lease liabilities, refer to Note 11 - 'Property, plant and equipment'.

19. Provisions

The amounts recognized in the statement of financial position are as follows.

	2024	2023
Pension schemes	17,230	21,367
Allowance for loan commitments	10,582	9,549
Allowance for guarantees	2,819	11,279
Other provisions	6,149	2,727
Balance at December 31	36,780	44,922

The movements in allowance for loan commitments and liabilities for guarantees are set out in Note 34 - 'Off-balance sheet information' section.

Pension schemes

FMO's pension schemes cover all its employees. Up to 2022 the pension schemes were according to defined benefit plans and were mostly based on average-pay-schemes. FMO has a contract with a well-established insurer, by which all nominal pension obligations are guaranteed.

Due to the expiration on December 31, 2021, of FMO's pension agreement and taking into account upcoming changes in regulations impacting defined benefit pension plans, FMO made the decision during 2021 to amend its pension plan for existing and future employees. Starting from January 1, 2022, employees participate in a defined contribution plan. The defined benefit obligation reflects the net pension liability attributable to members of the defined benefit plan that ended on December 31, 2021.

The actuarial profit on the pension liability amounts to €7.1m (2023: €4.2m loss). This profit is mainly due to the fact that for 2023 no indexation was granted for the conditional group of participants and the decrease of indexation for inactive participants.

The amounts recognized in the statement of financial position are as follows:

	2024	2023
Present value of funded defined benefit obligations	196,429	200,131
Fair value of plan assets	-179,199	-178,764
Liability included in provisions	17,230	21,367

Defined benefit obligations

	2024	2023
Present value at January 1	200,131	179,041
Service cost	-	-
Interest cost	6,062	6,275
Actuarial (gains)/losses due to changes in financial assumptions	-4,947	18,401
Actuarial (gains)/losses due to changes in demographic assumptions	-297	-
Actuarial (gains)/losses due to experience assumptions	-6,394	-
Past service cost (indexation)	5,460	-
Benefits paid	-3,586	-3,586
Present value at December 31	196,429	200,131

In December 2024 the indexation budget for active members with conditional indexation has been increased. This resulted in an increase in the indexation assumption for this group and has an increasing impact of €5.5m on the defined benefit obligation.

Plan assets

	2024	2023
Fair value at January 1	-178,764	-160,258
Expected return on plan assets	-5,456	-5,650
Employer contribution	-3,074	-2,269
Actuarial (gains)/losses due to changes in financial assumptions	1,687	-14,671
Actuarial (gains)/losses due to changes in demographic assumptions	258	-
Actuarial (gains)/losses due to experience assumptions	2,564	498
Benefits paid	3,586	3,586
Fair value at December 31	-179,199	-178,764

No direct asset allocation is held in relation to the new pension insurance contract. Therefore, the fair value of the plan assets can no longer be determined based on a certain asset allocation. Due to this, paragraph 115 of IAS 19 has been applied in estimating the fair value of plan assets based on accrued pension rights and actuarial rates.

The movement in the liability recognized in the statement of financial position is as follows:

	2024	2023
Balance at January 1	21,367	18,783
Annual expense	6,137	696
Contributions paid	-3,145	-2,339
Actuarial gains/losses	-7,129	4,227
Balance at December 31	17,230	21,367

The amounts recognized in the statement profit or loss account as net periodic pension cost are as follows:

	2024	2023
Administration cost	71	71
Net interest cost	606	625
Subtotal	677	696
Contribution by plan participants	-	-
Past service cost (curtailment)	5,460	-
Total annual expense	6,137	696

The principal assumptions used for the purpose of the actuarial valuations at year-end are as follows:

	2024 (%)	2023 (%)
Discount rate	3.1	3.1

Significant actuarial assumption is the discount rate. Reasonably possible changes to the discount rate, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase (+0.5%)	Decrease (-0.5%)
Defined benefit obligation	-14,879	19,965

20. Shareholders' equity

Share capital

The authorized capital amounts to €45,380k, consisting of A shares of €22.69 each, which are held by the Dutch Government, and B shares of €22.69 each, which are held by commercial banks and private investors. The Dutch Government holds 51 percent of the total shares of FMO, while commercial banks and private investors hold the remaining 49 percent. The voting rights for A shares and B shares are equal. In addition, the equity of the company comprises of three reserves, in line with the Agreement State-FMO of July 1, 2023. These are the share premium reserve, the development fund and the contractual reserve. As long as the company continues its activities, these reserves are not available to the shareholders. Upon liquidation of FMO these reserves fall to the Dutch Government, after settlement of the contractual return to the shareholders.

Authorized share capital	2024	2023
1,020,000 A shares x €22.69	23,144	23,144
980,000 B shares x €22.69	22,236	22,236
Balance at December 31	45,380	45,380
Issued and paid-up share capital	2024	2023
204,000 A shares x €22.69	4,629	4,629
196,000 B shares x €22.69	4,447	4,447
Balance at December 31	9,076	9,076

Share premium reserve

Share premium reserve is solely contributed by shareholders of A shares on the transfer to the company of investments administrated on behalf of the Dutch Government at the time of the financial restructuring and amounts to €29,272k (2023: €29,272k).

Contractual reserve

The addition relates to that part of the annual profit that FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023 (see section 'Additional information').

Development fund

This special purpose reserve contains the allocation of risk capital provided by the Dutch Government to finance the portfolio of loans and equity investments.

Fair value reserve

	2024	2023
Balance at January 1	65,208	38,559
Fair value reserve of equity instruments at FVOCI	34,093	16,341
Income tax effect other comprehensive income	-12,543	-4,216
Transfer reserve	-	14,524
Balance at December 31	86,758	65,208

'Transfer reserve' line item reflected in the movement of 'Fair value reserves' above relates to the transfer of unrealized fair value gains on financial assets measured at fair value through other comprehensive income to the fair value reserve. The transfer arises out of a reorganization of the underlying group of investee entities which did not result in full realization of the fair value gains.

Actuarial result pensions

	2024	2023
Balance at January 1	-9,670	-6,533
Gains/(losses) during the period	5,290	-3,137
Balance at December 31	-4,380	-9,670

Translation reserve

	2024	2023
Balance at January 1	8,092	17,544
Change	22,938	-9,452
Balance at December 31	31,030	8,092

Other reserves

	2024	2023
Balance at January 1	28,850	43,338
Transfer reserve	-	-14,524
Allocation of undistributed result prior year	-	36
Changes due to subsidiaries	-1,963	-
Balance at December 31	26,887	28,850

'Transfer reserve' line item reflected in the movement of 'Other reserves' above relates to the transfer of unrealized fair value gains on financial assets measured at fair value through other comprehensive income to the fair value reserve. The transfer arises out of a reorganization of the underlying group of investee entities which did not result in full realization of the fair value gains.

Changes due to FOM line item relates to the liquidation of FOM and the subsequent distribution made to the Dutch State.

Capital Adequacy

FMO's Total Capital Ratio and CET-1 Ratio remained comfortably above the appetite level throughout 2024.

Notes to the consolidated statement of profit or loss

21. Net interest income

Interest income

	2024	2023
Interest on loans measured at AC	457,136	434,357
Interest on collateral delivered	11,189	14,606
Interest income related to banks	36,089	17,506
Interest on interest-bearing securities at AC	9,722	7,469
Total interest income from financial instruments measured at AC	514,136	473,938
Interest on loans measured at FVPL	50,216	43,905
Interest on interest-bearing securities at FVTPL	2,439	-
Interest on short-term deposits at FVTPL	20,992	31,605
Interest on derivatives related to asset portfolio	-31,438	-16,857
Total interest income from financial instruments measured at FVPL	42,209	58,653
Total interest income	556,345	532,591

Included in the interest income on loans is €144.9m (2023: €30.7m) related to Stage 3 loans (adjusted on basis of net carrying amount).

Interest expense

	2024	2023
Interest on debentures and notes in hedge accounting	-143,642	-106,940
Interest on debentures and notes not in hedge accounting	-90,561	-63,329
Interest on short-term credits	-3,220	-
Total interest expense from financial instruments measured at AC	-237,423	-170,269
Interest on derivatives related to funding portfolio	-92,708	-140,756
Total interest expense from financial instruments measured at FVPL	-92,708	-140,756
Interest on leases	-97	-122
Other interest expenses	-97	-122
Total interest expense	-330,228	-311,147

22. Dividend income

Dividend income relates to income from equity investments.

	2024	2023
Dividend income direct investments	16,219	18,587
Dividend income fund investments	12,952	15,894
Total dividend income	29,171	34,481

23. Results from equity investments

	2024	2023
Results from equity investments		
Unrealized results from capital results	45,333	13,208
Unrealized results from FX conversions - capital results	4,485	-2,005
Unrealized results from FX conversions - cost price	111,648	-59,526
Net results from fair value re-measurements	161,466	-48,323
Results from sales		
Realized results	40,858	42,573
Release unrealized results	-63,895	-34,064
Net results from sales	-23,037	8,509
Net results from equity investments	138,429	-39,814

24. Net fee and commission income

	2024	2023
Prepayment fees	1,998	347
Fees for FVPL loans	1,080	691
Administration fees	1,875	1,674
Other fees (for example: arrangement, cancellation and waiver fees)	4,719	5,025
Total fee and commission income	9,672	7,737
Custodian fees and charges for the early repayment of debt securities	-796	-969
Guarantee fees related to unfunded risk participants	-12,771	-13,112
Other fee expenses	-159	-121
Total fee and commission expense	-13,726	-14,202
Net fee and commission income	-4,054	-6,465

25. Results from financial transactions

	2024	2023
Gains/(losses) on remeasurement on valuation of hedged items	-41,426	-138,699
Gains/(losses) on remeasurement of hedging instruments	48,680	134,237
Net result on hedge accounting	7,254	-4,462
Result on sale and valuation of treasury derivatives not under hedge accounting	-20,929	-23,096
Result on sale and valuation of derivatives related to asset portfolio	-5,878	2,933
Result on sale and valuation of loans at FVPL	11,734	14,662
Result on sale and valuation of securities at FVPL	1,791	-
Net result on financial instruments mandatory at FVPL	-13,282	-5,501
Foreign exchange results loans at FVPL	34,462	-15,705
Foreign exchange results derivatives	-102,932	57,500
Foreign exchange results on other financial assets/liabilities	74,499	-35,500
Net foreign exchange results	6,029	6,295
Other financial results	-19	57
Other changes	10,622	11,240
Other results from financial transactions	10,603	11,297
Net result from financial transactions	10,604	7,629

Other changes relate to the remeasurement of liabilities for FMO's obligations to the public fund programs managed on behalf of the Dutch State.

26. Remuneration for services rendered

	2024	2023
Funds and programs managed on behalf of the State:		
- MASSIF	10,775	10,073
- Building Prospects	9,594	9,456
- Access to Energy Fund	3,657	3,471
Syndication fees, remuneration from directorships and others	11,473	8,335
Total remuneration for services rendered	35,499	31,335

Remuneration for managing funds and programs is assessed for market conformity and expressed in gross amounts. Related management expenses are included in operating expenses.

27. Gains and losses due to derecognition

Gains and losses due to derecognition arise from loans measured at amortized cost when sold to a third party or when terms and conditions of a loan arrangement have been modified significantly.

	2024	2023
Gains and losses due to derecognition	1,863	2,464
Total gains and losses due to derecognition	1,863	2,464

28. Other operating income

	2024	2023
Other operating income	-	79
Total other operating income	-	79

29. Staff costs

The number of FTE on December 31, 2024, amounted to 826 (2023: 773 FTEs). All FTE are employed in the Netherlands except for 1 FTE, which is employed in our Costa Rican office.

	2024	2023
Salaries	-83,400	-74,487
Social security costs	-10,889	-9,433
Pension costs	-23,848	-16,377
Temporaries	-18,251	-17,805
Travel and subsistence allowances	-5,257	-5,069
Other personnel expenses	-3,319	-4,289
Total staff costs	-144,964	-127,460

The Pension costs line item includes an amount of €17.7m (2023 €15.7m) related to the defined contribution plan expenses.

Other personnel expenses include reimbursements on staff costs amounting to €5.9m (2023 €4.9m) which relate to activities performed on behalf of various government agencies. These reimbursements are treated as government grants related to income and are presented as a reduction against staff costs.

30. Administrative expenses

	2024	2023
IT expenses	-11,120	-11,172
Advisory costs	-12,914	-14,741
Other operational expenses	-12,507	-13,818
Total administrative expenses	-36,541	-39,731

These expenses consist primarily of services from third parties and other operational expenses. The remuneration paid to the Supervisory Board is included in these expenses. At December 31, 2024, the Supervisory Board consisted of six members (2023: five). The members of the Supervisory Board were paid a total remuneration of €140k (2023: €120k).

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by EY Accountants B.V. (2023: EY Accountants B.V.) to the company and its subsidiaries. Other assurance services include assurance in respect of sustainability disclosures, regulatory reporting, specific financial reporting of government and EU funds and capital market transactions. EY Accountants B.V. has not provided any non-assurance services to FMO.

Total fees charged by auditors

	2024	2023
Statutory audit of annual accounts	-1,138	-908
Other assurance services	-1,329	-1,099
Total	-2,467	-2,007

31. Income taxes

Income tax by type

	2024	2023
Current income taxes	-11,875	2,869
Deferred income taxes	-3,488	2,081
Total income tax	-15,363	4,950

The reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	2024	2023
Profit/(loss) before taxation	312,597	59,972
Income taxes at statutory rate of 25.8% (2023 25.8%)	-80,650	-15,473
Increase/decrease resulting from:		
Settlement with local withholding taxes	3,049	2,510
Non-taxable income (participation exemption facility)	62,639	15,034
Tax adjustments to prior periods	-293	2,977
Other	-108	-98
Total income tax	-15,363	4,950
Effective income tax rate	4.9%	-8.3%

Current income tax

FMO paid €18,681 (2023: €15,501) to the tax authorities. The remaining current income tax receivable amounts to €13,297 (2023: €29,634). Per year end 2024 unused tax losses amount to €0 (2023: €0) and unused tax credits amount to €0 (2023: €0).

Deferred tax

FMO's deferred income tax assets and liabilities are summarized as follows:

	2024	2023
Deferred tax assets		
Pension provision	2,816	2,154
Actuarial gains and losses on defined benefit plans	1,523	3,363
Unused tax credits	1,508	5,655
Liability Government Funds	3,173	-
Leases	55	58
Total deferred tax assets	9,075	11,230
Deferred tax liabilities		
Fair value movements equity investments	-510	-7,943
Total deferred tax liabilities	-510	-7,943
Net balance at December 31	8,565	3,287

Notes to the consolidated statement of comprehensive income

32. Other comprehensive income

Tax effects relating to each component of other comprehensive income

	2024		
	Before tax amount	Tax (expense) benefit	Net of tax amount
Exchange differences on translating foreign operations	22,938	-	22,938
Fair value reserve of equity instruments at FVOCI	21,550	-15,203	15,125
Actuarial gains/losses on defined benefit plans	5,290	-2,155	6,197
Total	49,778	-17,358	32,420

	2023		
	Before tax amount	Tax (expense) benefit	Net of tax amount
Exchange differences on translating foreign operations	-9,452	-	-9,452
Fair value reserve of equity instruments at FVOCI	16,341	-4,216	12,125
Actuarial gains/losses on defined benefit plans	-4,227	1,090	-3,137
Total	2,662	-3,126	-464

Notes to the consolidated statement of cash flows

33. Banks and short-term deposits

The balance as mentioned in the cash flow statement corresponds with the following items in the consolidated statement of financial position:

	2024	2023
Banks	43,087	49,273
Short-term deposits measured at AC	1,111,886	1,220,359
Short-term deposits measured at FVPL	369,481	613,031
-of which > 3 months	-16,739	-15,665
Banks and short-term deposits < 3 months at December 31	1,507,715	1,866,997

Cash and cash equivalents include banks, short-term deposits at AC and a part of short-term deposits at FVPL, which consists of commercial paper with a maturity of less than three months. For breakdown of short-term deposits, refer to Note 3 - 'Short-term deposits'.

Off-balance sheet information

34. Irrevocable and contingent liabilities

To meet the financial needs of borrowers, FMO enters into various irrevocable commitments (loan commitments, equity commitments and guarantee commitments) and contingent liabilities. These contingent liabilities consist of financial guarantees, which oblige FMO to make payments on behalf of the borrowers in case the borrower fails to fulfill payment obligations. Though these obligations are not recognized on the statement of financial position, they are subject to credit risk similar to loans to the private sector. Therefore, provisions are calculated for financial guarantees and loan commitments according to the ECL measurement methodology.

Furthermore, the contingencies include an irrevocable payment commitment (IPC) to the Single Resolution Board (SRB) in Brussels. In April 2016, the SRB provided credit institutions with the option to fulfill part of their obligation to pay the annual ex-ante contributions to the Single Resolution Fund through IPCs.

Moreover, FMO receives guarantees from various guarantors, which participate in the risk FMO takes. For more details refer to section 'Credit risk' within the 'Risk management' chapter.

The outstanding amount for financial guarantees issued by FMO and the amount of guarantees received by FMO is as follows:

	2024	2023
Contingent liabilities		
Encumbered funds (Single Resolution Fund)	2,946	2,946
Effective guarantees issued	193,176	154,675
Total guarantees issued	196,122	157,621
Effective guarantees received	-503,519	-403,008
Total guarantees received	-503,519	-403,008

Nominal amounts for irrevocable facilities are as follows:

	2024	2023
Irrevocable facilities		
Contractual commitments for disbursements of:		
• Loans	923,553	751,393
• Equity investments and associates	980,534	875,906
• Contractual commitments for financial guarantees given	263,172	195,733
Total irrevocable facilities	2,167,259	1,823,032

The movement in exposure for the financial guarantees issued (including contractual commitments) and ECL allowance is as follows:

Movement financial guarantees in 2024

	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance
Balance at January 1, 2024	303,741	-935	20,853	-507	25,814	-9,837	350,408	-11,279
Additions	240,775	-993	-	-	-	-	240,775	-993
Exposures matured (excluding write-offs)	-97,542	533	-20,681	557	-40,973	7,589	-159,196	8,679
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-26,673	160	26,673	-160	-	-	-	-
Transfers to Stage 3	-29,782	148	-	-	29,782	-148	-	-
Changes to models and inputs used for ECL calculations	-	-33	-	-82	-	1,334	-	1,219
Foreign exchange adjustments	10,657	-17	3,774	-104	9,930	-324	24,361	-445
Balance at December 31, 2024	401,176	-1,137	30,619	-296	24,553	-1,386	456,348	-2,819

	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance
Balance at January 1, 2023	305,172	-1,314	-	-	14,023	-10,717	319,195	-12,031
Additions	193,805	-1,084	978	-3	-	-	194,783	-1,087
Exposures matured (excluding write-offs)	-112,260	515	-16,376	28	-	-	-128,636	543
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-42,260	210	42,260	-210	-	-	-	-
Transfers to Stage 3	-8,414	29	-	-	8,414	-29	-	-
Changes to models and inputs used for ECL calculations	-	540	-	-327	4,255	580	4,255	793
Foreign exchange adjustments	-32,302	169	-6,009	5	-878	329	-39,189	503
Balance at December 31, 2023	303,741	-935	20,853	-507	25,814	-9,837	350,408	-11,279

Financial guarantees represent €193m (2023: €154m) classified as contingent liabilities and €263m (2023: €196m) classified as irrevocable facilities.

Movement of loan commitments and ECL allowances in 2024

	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
Balance at January 1, 2024	565,739	-3,092	126,642	-6,457	4,509	-	696,890	-9,549
Additions	3,290,691	-7,358	-	-	-	-	3,290,691	-7,358
Exposures derecognized or matured (excluding write-offs)	-3,220,099	6,108	-41,814	4,148	-4,293	-	-3,266,206	10,256
Transfers to Stage 1	9,390	-421	-9,390	421	-	-	-	-
Transfers to Stage 2	-25,181	267	25,181	-267	-	-	-	-
Transfers to Stage 3	-	-	-6,510	510	6,510	-510	-	-
Changes to models and inputs used for ECL calculations	-	88	-	-3,280	-	133	-	-3,059
Consolidation of group entities	15,823	-135	-	-	-	-	15,823	-135
Changes due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	35,334	-199	7,038	-518	662	-20	43,034	-737
Balance at December 31, 2024	671,697	-4,742	101,147	-5,443	7,388	-397	780,232	-10,582

	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
Balance at January 1, 2023	426,057	-2,387	127,071	-6,185	5,504	-	558,632	-8,572
Additions	2,043,510	-5,183	13,665	-994	-	-	2,057,175	-6,177
Exposures derecognized or matured (excluding write-offs)	-1,831,516	3,778	-65,547	5,709	-1,176	-	-1,898,239	9,487
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-56,473	484	56,473	-484	-	-	-	-
Transfers to Stage 3	-	-	-394	-	394	-	-	-
Changes to models and inputs used for ECL calculations	-	134	-	-4,704	-	-	-	-4,570
Changes due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-15,839	82	-4,626	201	-213	-	-20,678	283
Balance at December 31, 2023	565,739	-3,092	126,642	-6,457	4,509	-	696,890	-9,549

Related party information

FMO defines the Dutch Government, FMO's subsidiaries, associates, the Management Board (MB) and Supervisory Board (SB) as related parties.

Dutch Government

The Dutch Government holds 51 percent of FMO's share capital. The remaining 49 percent is held by commercial banks and other private investors. FMO received its last contribution to the development fund from the Dutch Government in 2005.

FMO has a support agreement with the Government which is detailed in the 'Additional Information' section. This agreement sets out the conditions for when the Government is obliged to support FMO in meeting its obligations. The agreement includes an arm's length amount that is payable by FMO annually. This amount is not material to the financial results of FMO. The updated agreement introduces a limitation on the amount that can be borrowed by FMO in financial markets. This limitation is currently set at 2.5 times FMO's current total debt.

In 2024 the 'Faciliteit Opkomende Markten' (FOM) program was liquidated and is therefore no longer consolidated by FMO. FOM was a joint initiative with the Dutch Government whereby the Dutch Government acted as a guarantor for 80 percent

to 95 percent of the applicable loans. As of 1 July 2016, the mandate of this facility was transferred to the 'Rijksdienst voor Ondernemend Nederland'. After the transfer, all remaining loans in the portfolio have been repaid.

FMO manages several government programs at the risk and expense of the Dutch Government. Below is a description of the various programs:

1. MASSIF: FMO manages the MASSIF program on behalf of the Dutch Government. MASSIF enhances financial inclusion for micro-entrepreneurs and small- and medium-sized enterprises (MSMEs) in the poorest social-economic segments, which are underserved by the local financial sector. The program supports financial intermediaries that reach out to MSME's in fragile and low-income countries, in rural areas and agriculture, female and young entrepreneurs and in innovative sectors. FMO has a 2.16 percent (2023: 2.16 percent) stake in this program. For 2024, FMO received a fixed remuneration of €10.8 million (2023: €10.1 million). In 2024, no loans or equity investments were transferred from MASSIF to FMO (2023: no transfers).

2. Building Prospects: Through this program, FMO focuses on the development of the social and economic infrastructure in least developed countries. The objective is to stimulate private investors to invest in private or public-private infrastructure projects in these countries. For 2024, FMO received a fixed remuneration for services rendered of €9.6 million (2023: €9.5 million). In 2024, no loans and private equity investment positions were transferred from Building Prospects to FMO (2023: no transfers).

3. Access to Energy Fund (I and II): The Access to Energy Fund I was set up by the Dutch Government and FMO in 2007 to support private sector projects aimed at providing long-term access to energy services in Sub-Saharan Africa. FMO provides financing through equity, local currency loans, subordinated debt and grants to facilitate projects that generate, transmit or distribute sustainable energy. In 2017, the Access to Energy Fund II committed US\$55.6 million to Climate Investor One, an investment vehicle with three interlinked funds that invest in projects during their whole lifetime. For 2024, FMO received a fixed remuneration for services rendered of €3.7 million (2023: €3.5 million). In 2024, no loans and private equity positions were transferred from Access to Energy Fund I and II to FMO (2023: no transfers).

4. Dutch Fund for Climate and Development: Land Use Facility: In 2019, the Dutch Government awarded a tender to manage the €160.0 million Dutch Fund for Climate and Development (DFCD) to the consortium of FMO, Stichting SNV Nederlandse Ontwikkelingsorganisatie, Stichting Het Wereld Natuur Fonds-Nederland, and Coöperatief Climate Fund Managers U.A. (through Climate Investor Two). FMO is the lead partner in the DFCD consortium and responsible for the management of the DFCD's Land Use Facility. In 2024, the Dutch Government provided €8.9 million for the Land Use Facility, in addition to the aggregate amount of €68.0 million, disbursed in previous years (2023: providing €11.7 million in addition to €56.3 million).

Under the EFSD+ program of the European Commission (EC), a proposal ("DFCD Aya", or "Aya") was positively advised by the EC Operational Board to top up the Program with a loan/ contribution from FMO ('FMO-A', total up to €240 million) on a commitment basis, of which €105 million is to be guaranteed under the EFSD+ program of the EC. The facility will be provided from FMO-A to the existing DFCD Land Use Facility Program ("LUF"), one of the three facilities within the DFCD Program which is being managed by FMO. The FMO-A Loan under the DFCD Aya Program has a tenor up to September 30, 2037, with a maximum of EUR 240 million. It should be disbursed over the first 5 years and will be senior to the existing LUF Capital provided by the Dutch Government (equity buffer via existing assets). The guarantee agreement was signed in the last quarter of 2024 and the loan disbursements under the 'Aya' program have since commenced. Up to 31 December 2024 €6.5 million has been disbursed by FMO to the Program.

5. The Mobilising Finance for Forests (MFF) programme was launched by the British government in 2021. MFF supports the restoration and protection of forests through loans, equity investment, development contributions and technical assistance. FMO is responsible for the management of the programme. As per 2024, MFF has received a grant from the Dutch Government for an amount of €32.4 million, of which a first disbursement is expected to take place in 2025. Since origination, an aggregate amount of €172.5 million of funding was provided by the British Government.

In our role of program manager for the assets under management, FMO holds current account positions with the government programs mentioned above. The balances of those current account positions are disclosed under Note 14 - 'Current accounts with State funds and other programs (liability)'.

Subsidiaries

The consolidated subsidiaries Asia Participations B.V., Land Use Facility and Equis DFI Feeder L.P. are used for intermediate holding purposes. FMO Representative Office LAC Limitada is FMO's representative entity in Costa Rica. The subsidiary FMO Investment Management B.V. carries out portfolio management activities for third party investment funds that are invested in FMO's transactions in emerging market and developing economies.

Associates and joint ventures

FMO hold stakes directly in private equity companies or indirectly via fund structures. These equity stakes are held as a part of FMO's overall investing activities, or in some cases, for strategic purposes. Investments are treated as associates or joint ventures when the criteria in the accounting policies are met.

Reference is made to the significant accounting policies and the 'Investments in associates and joint ventures' note for transactions during the year.

Remuneration of the Management Board

General

FMO's remuneration policy for the Management Board aims to attract, motivate and retain capable directors with sufficient knowledge and experience in international development finance. The remuneration policy is aligned with the mission of FMO, the corporate values, the strategy, the risk appetite as well as with the expectations of the various stakeholders. The remuneration policy is based on a market median, composed of two equal proportions of a private benchmark (Dutch financial sector) and a public benchmark, taking into account the principles as applied by the Dutch Government as majority shareholder of FMO.

Furthermore, the policy aims to be unambiguous and transparent and should never encourage of directors to act in their own interest, or to take risks that do not fit within the mission and established strategy of the company. Neither should the policy reward behavior of failing directors upon discharge.

Employment contracts of members of the Management Board are awarded for a definite period of time (with exception of one internal appointment). In the event the employment contract is terminated before the expiry date, the maximum severance payment will amount one year's salary, unless the board member resigns voluntarily, or the termination is the result of his or her actions.

The remuneration policy for the Management Board will be reviewed every three to four years and amendments will be subject to approval of the AGM. In 2024 no amendments to the remuneration policy were made.

Changes in Management Board

The board consists of five functions: a Chief executive officer, two Co-Chief Investment Officers, a Chief Risk Officer and a Chief Finance & Operations Officer. In 2024, the composition of the board has not changed.

All Management Board members have been appointed for four years. The compensation related to these appointments are aligned with the remuneration policy of the Management Board.

Effective April 1, 2025, Fatoumata Bouaré will be leaving FMO. She served as a member of the Management Board for seven and a half years.

The Supervisory Board has initiated the recruitment process for a new member of the Management Board to fill the position of Chief Finance and Operations Officer.

Remuneration package

The total remuneration consists of a fixed salary (including holiday allowance), a pension arrangement and other benefits. A summary of the employment arrangements and amounts constituting the total remuneration per Management Board member in 2024 are provided below.

Fixed salary remuneration

As per January 1, 2024 the maximum salary cap-applicable to the CEO increased by 4 percent (in conformity with the structural salary adjustment of the collective labor agreement, CLA Banks) to €327k (2023: €314k). During 2024, the fixed remuneration for the CEO was equal to the maximum cap. For the other members of the Management Board this salary cap was €278k and for Directors the salary cap was €239k (as per January 1, 2024). In the future only structural salary adjustments as indicated by the CLA Banks will be applicable to the salary caps.

Variable compensation

Members of the senior management (Management Board members and Directors) and other members of the identified staff are not entitled to any form of variable income (e.g. individual bonuses).

Pension arrangements

FMO offers all its employees, including members of the Management Board, a defined contribution pension scheme. For pensionable salary up to the applicable threshold, which for 2024 amounted to €138k (2023: €129k), a defined contribution is made by the employer. Accrued pension entitlements in the previous defined benefit scheme remain in the former scheme, in which the nominal pension obligations are guaranteed by a pension insurer.

Other benefits

The other benefits include accident and disability insurance, appropriate expense allowances and the use of a company car, Dutch national business card or mobility allowance. The company has also taken out a directors' and officers' liability insurance on behalf of the Management Board members.

The members of the Management Board have no options, shares or loans related to the company. Acceptance of ancillary positions requires the explicit approval of the Supervisory Board.

Tenure

Management Board members can serve two terms of four years and thereafter - by exception only - two extra reappointments of two years can be possible.

All members of the Management Board are appointed for a period of 4 years, which can be renewed. Mrs. Bouaré serves in her second term of appointment, ending in October 2025 and has an employment contract for a definite period of time.

Mr. De Ruijter is serving in his first term and has an employment contract for an indefinite period of time (related to his internal promotion). Mr. Jongeneel is serving in his first term, which ends in September 2025. Ms. Vossen and Mr. Maila started in their first term in 2022, per 1 September and 1 December respectively.

Remuneration ratios

There are no employees at FMO who earn more than the CEO. In accordance with the European Sustainability Reporting Standards, the ratio between the total fixed remuneration of the highest-paid individual, the CEO, and the median of the rest is 0.29 (2023: 0.28). Or in other words the highest-paid individual received a total fixed remuneration of 3.5 times the amount paid to the median of (the rest of) the total staff population. Compared to what is seen in the financial sector in the Netherlands this ratio remained relatively low.

Remuneration of the Management Board

On December 31, 2024, the Management Board consisted of five statutory members (2023: five). The total remuneration of the Management Board in 2024 amounts to €1,684k (2023: €1,635k) and is specified as follows:

2024				
	Fixed remuneration	Other short term employee benefits	Pension	Total
Michael Jongeneel (CEO)	327	9	44	380
Fatoumata Bouaré (CFOO)	278	8	49	335
Huib-Jan de Ruijter (CCIO)	278	17	43	338
Peter Maila (CCIO)	278	5	27	310
Franca Vossen (CRO)	278	14	29	321
Total	1,439	53	192	1684

2023				
	Fixed remuneration	Other short term employee benefits	Pension	Total
Michael Jongeneel (CEO)	312	14	41	367
Fatoumata Bouaré (CFOO)	266	21	47	334
Huib-Jan de Ruijter (CCIO)	266	18	43	327
Peter Maila (CCIO)	266	7	26	299
Franca Vossen (CRO)	266	15	27	308
Total	1,376	75	184	1,635

Except for pensions of €185k (2023: €184k) all components above are short term employee benefits.

Remuneration of Supervisory Board

The remuneration policy for the Supervisory Board will be reviewed every three to four years, taking into account the principles as applied by the Dutch Government as majority shareholder. Amendments will be subject to the approval of the AGM. The members of the Supervisory Board have no shares, options, or loans related to the company.

Dugald Agble, Marjolein Demmers, and Reintje van Haeringen, all existing members of the Supervisory Board, were reappointed for a second term of 4 years, starting 24-04-2024.

The annual remuneration of the members of the Supervisory Board is as follows:

Annual remuneration of Supervisory Board members				
	2024			2023
	Remuneration member ¹⁾	Committees	Total	Total
Dirk Jan van den Berg ²⁾	27	3	30	29
Koos Timmermans ³⁾	18	4	22	22
Dugald Agble ⁴⁾	18	3	21	21
Reintje van Haeringen ⁵⁾	18	7	25	24
Marjolein Demmers ⁶⁾	18	7	25	24
Eme Essien Lore ⁷⁾	13	4	17	0
Total	112	28	140	120

- As per January 1, 2024, the remuneration of the SB members has increased by 4 percent, equal to the structural income adjustment in the CLA Banks (1 January 2023 - 1 January 2025).
- Dirk Jan van den Berg is Chair of the SB and member of the SARC.
- Koos Timmermans is the Chair of the ARC.
- Dugald Agble is member of the ARC.
- Reintje van Haeringen is Chair of the SARC and member of the Impact Committee.
- Marjolein Demmers is Chair of the Impact Committee and member of the SARC.
- Eme Essien Lore started as per 24-04-2024, is member of the ARC and member of the Impact Committee.

Subsequent events

There has been no significant subsequent event between the balance sheet date and the date of approval of these accounts which should be reported by FMO.

Segment information

Segment reporting by operating segments

The Management Board sets performance targets, approves and monitors the budgets prepared by servicing units. Servicing units are not identical to the strategic sectors.

FMO's strategic sectors represent the economic sectors in which FMO operates. The three strategic sectors are Agribusiness Food and Water, Financial Institutions and Energy, which represent economic sectors. As per December 31, 2024, FMO's Management Board steers on the following four operating segments: Financial Institutions, Energy, Agribusiness Food and Water and Private Equity.

In 2024, no transactions were transferred between operating segments.

FMO presents the results of the operating segments using a financial performance measure called underlying profit. Underlying profit excludes the EUR/USD currency effects related to the results from equity investments, since all fair value changes including currency effects are now recorded in the profit and loss account instead of shareholder's equity since the adoption of IFRS 9.

Underlying profit as presented below is an alternative performance measure. A reconciliation of the underlying net profit to the net profit as reported under the statement of profit and loss is performed in the table here below.

	2024					
	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Interest income	243,501	148,841	78,462	4,040	81,501	556,345
Interest expenses	-92,266	-51,635	-27,416	-87,248	-71,663	-330,228
Net fee and commission income	-2,582	3,250	-3,667	266	-1,321	-4,054
Dividend income	-	-	-	29,171	-	29,171
Results from equity investments	-	-	-	22,293	-	22,293
Results from financial transactions	9,758	-344	1,030	9,699	-9,539	10,604
Remuneration for services rendered	7,612	5,762	5,355	13,082	3,688	35,499
Gains and losses due to derecognition	227	1,191	432	-	13	1,863
Other operating income	-	-	-	-	-	-
Allocated income	-92	-52	-27	-87	258	-
Total underlying income	166,158	107,013	54,169	-8,784	2,937	321,493
Operating expenses	-51,463	-43,563	-32,750	-59,452	-3,467	-190,695
Total operating expenses	-51,463	-43,563	-32,750	-59,452	-3,467	-190,695
Impairments on loans and guarantees	-16,184	28,628	13,945	-214	5	26,180
Total impairments	-16,184	28,628	13,945	-214	5	26,180
Profit/(loss) before taxation	98,511	92,078	35,364	-68,450	-525	156,978
Share in the result of associates/joint ventures	-	-	-	38,641	842	39,483
Taxation	-22,604	-21,128	-8,114	39,457	-71	-12,460
Underlying net profit/(loss)	75,907	70,950	27,250	9,648	246	184,001
Currency effect equity investments	-	-	-	113,233	-	113,233
Net profit/(loss)	75,907	70,950	27,250	122,881	246	297,234

2023

	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Interest income	230,946	147,269	78,717	3,353	72,306	532,591
Interest expenses	-86,665	-51,446	-29,214	-73,276	-70,546	-311,147
Net fee and commission income	-3,558	1,758	-3,969	375	-1,071	-6,465
Dividend income	-	-	-	34,481	-	34,481
Results from equity investments	-	-	-	21,717	-	21,717
Results from financial transactions	8,199	1,361	5,397	26,628	-33,956	7,629
Remuneration for services rendered	4,905	5,650	4,590	12,511	3,679	31,335
Gains and losses due to derecognition	-	2,237	-41	268	-	2,464
Other operating income	-	-	-	-	79	79
Allocated income	-11,534	-6,847	-3,888	-9,752	32,021	-
Total underlying income	142,293	99,982	51,592	16,305	2,512	312,684
Operating expenses	-48,828	-40,017	-30,799	-55,100	-2,856	-177,600
Total operating expenses	-48,828	-40,017	-30,799	-55,100	-2,856	-177,600
Impairments on loans and guarantees	-10,990	-10,723	-18,073	-125	265	-39,646
Total impairments	-10,990	-10,723	-18,073	-125	265	-39,646
Profit/(loss) before taxation	82,475	49,242	2,720	-38,920	-79	95,438
Share in the result of associates/joint ventures	-	-	-	26,065	-	26,065
Taxation	-9,312	-5,560	-307	18,533	9	3,363
Underlying net profit/(loss)	73,163	43,682	2,413	5,678	-70	124,866
Currency effect equity investments	-	-	-	-59,944	-	-59,944
Net profit/(loss)	73,163	43,682	2,413	-54,266	-70	64,922

Segment assets

2024

	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Loans to the private sector	3,211,378	1,580,952	1,016,886	31,418	1,945	5,842,579
Equity investments and investments in associates	-	-	-	2,910,315	18,671	2,928,986
Other assets	851,247	419,066	269,548	779,772	5,465	2,325,098
Total assets	4,062,625	2,000,018	1,286,434	3,721,505	26,081	11,096,663
Contingent liabilities – Effective guarantees issued	150,493	18,120	23,995	568	-	193,176
Assets under management (loans and equity investments) managed for the risk of the state	146,616	155,442	168,638	545,016	-	1,015,712

Segment assets

2023

	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Loans to the private sector	2,595,261	1,516,403	737,279	29,023	5,697	4,883,663
Equity investments and investments in associates	-	-	-	2,669,024	-	2,669,024
Other assets	937,994	548,067	266,472	975,143	2,058	2,729,734
Total assets	3,533,255	2,064,470	1,003,751	3,673,190	7,755	10,282,421
Contingent liabilities – Effective guarantees issued	112,079	17,842	24,222	532	-	154,675
Assets under management (loans and equity investments) managed for the risk of the state	111,065	156,505	138,766	542,654	-	948,990

Information about regions

FMO operates in the following four regions: Africa, Asia, Europe & Central Asia, Latin America & the Caribbean.

The following table shows the allocation of FMO's income based on the country risks arising from the regions in which FMO invests. As FMO obtains revenues from customers in developing economies, no revenues are derived from FMO's country of domicile, the Netherlands.

2024						
	Africa	Asia	Latin America & Caribbean	Europe & Central Asia	Non-region specific	Total
Results from debt products	70,852	43,030	39,344	60,745	8,092	222,063
Results from equity investments	53,265	37,935	-9,402	84,304	1,498	167,600
Share in the result of associates/joint ventures	40,348	-5,930	-	-	5,065	39,483
Other income	17,261	14,676	-15,580	30,998	611	47,966
Total income	181,726	89,711	14,362	176,047	15,266	477,112

2023						
	Africa	Asia	Latin America & Caribbean	Europe & Central Asia	Non-region specific	Total
Results from debt products	70,980	35,606	49,337	53,766	5,290	214,979
Results from equity investments	20,459	-39,651	6,396	15,884	-8,421	-5,333
Share in the result of associates/joint ventures	17,885	3,523	-	-	4,657	26,065
Other income	-3,148	19,601	421	22,043	2,590	41,507
Total income	106,176	19,079	56,154	91,693	4,116	277,218

Disaggregation of revenue

The following table sets out the disaggregation of the remuneration for services rendered based on the primary region. The table also includes a reconciliation of the remuneration of services rendered with FMO's operating segments.

2024						
	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Primary region						
Africa	1,558	633	10	-	-	2,201
Asia	780	314	7	-	-	1,101
Latin America & Caribbean	794	735	44	-	-	1,573
Europe & Central Asia	4,473	4,029	3,941	13,082	3,688	29,213
Non-region specific	7	51	1,353	-	-	1,411
Total remuneration for services rendered	7,612	5,762	5,355	13,082	3,688	35,499

2023						
	Financial Institutions	Energy	Agribusiness, Food and Water	Private Equity	Other	Total
Primary region						
Africa	342	450	14	-	13	819
Asia	137	202	-47	-	8	300
Latin America & Caribbean	1,787	664	205	-	13	2,669
Europe & Central Asia	2,618	4,301	4,349	12,511	3,643	27,422
Non-region specific	21	33	69	-	2	125
Total remuneration for services rendered	4,905	5,650	4,590	12,511	3,679	31,335

Segment reporting of funds and programs managed for the risk of the Dutch Government and for other public funding

Funds managed for the risk of the Dutch Government and other public funding

Apart from financing from its own resources, FMO provides loans, guarantees and equity investments from special government funds, within the conditions and objectives of these programs. The funds consist of subsidies provided under the General Administrative Law Act and other official third parties. In case of MASSIF, FMO has an equity stake of 2.16 percent (2023: 2.16 percent). FMO does not consolidate the assets and liabilities, of the Funds managed for the risk of the Dutch Government, in FMO's financial statements, except for the Ventures Program and the DFCD Land Use Facility. In section 'Related parties', the arrangements between the Dutch Government and FMO regarding these funds and programs are described in detail.

Furthermore, FMO provides guarantees and equity investments with resources obtained from other public organizations, such as the European Commission (EC) and the United Kingdom Government. The mandate financing is conducted in line with conditions and objectives of these programs.

Loans and equity managed for the risk of the Dutch Government and other public funding

These loans and equity investments are managed for the risk of the Dutch Government and other programs.

	2024 Gross exposure	2023 Gross exposure
Loans to the private sector	504,445	471,960
Equity investments	499,287	397,753
Total	1,003,732	869,713

Loans managed for the risk of the Dutch Government and other public funding

The loan portfolio comprises the loans issued by the following funds:

	2024 Gross exposure	2023 Gross exposure
MASSIF	175,079	142,625
Building Prospects	211,347	236,640
Access to Energy Fund	65,260	63,063
Land Use Facility	52,760	29,632
Total	504,445	471,960

Equity investments managed for the risk of the Dutch Government and other public funding

The equity investments have been made by the following funds:

	2024 Gross exposure	2023 Gross exposure
MASSIF	261,052	224,874
Building Prospects	164,800	122,208
Access to Energy Fund	73,404	50,671
Land Use Facility	31	-
Total	499,287	397,753

Analysis of financial assets and liabilities by measurement basis

The significant accounting policies summary describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table provides a breakdown of the carrying amounts of the financial assets and financial liabilities by category as defined by balance sheet heading.

2024

	Fair Value P&L	Fair value hedging instruments	FVOCI- equity instruments	Amortized cost	Financial liabilities used as hedged items	Total
Financial assets						
Banks	-	-	-	43,087	-	43,087
Current accounts with state funds and other programs	-	-	-	1,336	-	1,336
Short-term deposits	369,481	-	-	1,111,886	-	1,481,367
Other receivables	-	-	-	18,321	-	18,321
Interest-bearing securities	107,596	-	-	481,798	-	589,394
Derivative financial instruments	98,600	27,739	-	-	-	126,339
Loans to the private sector	652,061	-	-	5,190,518	-	5,842,579
Equity investments	2,355,626	-	201,287	-	-	2,556,913
Total Financial assets	3,583,364	27,739	201,287	6,846,946	-	10,659,336
Financial liabilities						
Short-term credits	-	-	-	216,912	-	216,912
Current accounts with state funds and other programs	-	-	-	93	-	93
Derivative financial instruments	339,658	131,728	-	-	-	471,386
Other financial liabilities	121,715	-	-	-	-	121,715
Debentures and notes	-	-	-	863,404	5,472,577	6,335,981
Accrued liabilities	-	-	-	38,683	-	38,683
Other liabilities	-	-	-	18,861	-	18,861
Total Financial liabilities	461,373	131,728	-	1,137,953	5,472,577	7,203,631

2023

	Fair Value P&L	Fair value hedging instruments	FVOCI- equity instruments	Amortized cost	Financial liabilities used as hedged items	Total
Financial assets						
Banks		-	-	49,273	-	49,273
Current accounts with state funds and other programs	-	-	-	488	-	488
Short-term deposits	613,031	-	-	1,220,359	-	1,833,390
Other receivables	-	-	-	33,677	-	33,677
Interest-bearing securities	-	-	-	539,708	-	539,708
Derivative financial instruments	160,512	36,638	-	-	-	197,150
Loans to the private sector	587,940	-	-	4,295,723	-	4,883,663
Equity investments	2,193,771	-	167,074	-	-	2,360,845
Total Financial assets	3,555,254	36,638	167,074	6,139,228	-	9,898,194
Financial liabilities						
Short-term credits	-	-	-	97,114	-	97,114
Current accounts with state funds and other programs	-	-	-	43	-	43
Derivative financial instruments	231,910	186,929	-	-	-	418,839
Other financial liabilities	74,003	-	-	-	-	74,003
Debentures and notes	-	-	-	758,768	5,301,915	6,060,683
Accrued liabilities	-	-	-	29,498	-	29,498
Other liabilities	-	-	-	35,821	-	35,821
Total Financial liabilities	305,913	186,929	-	921,244	5,301,915	6,716,001

Fair value of financial assets and liabilities

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation processes

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, FMO uses the valuation processes to decide its valuation policies and procedures and analyze changes in fair value measurement from period to period.

FMO's fair value methodology and governance over its methods includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the relevant departments. Once submitted, fair value estimates are also reviewed and challenged by the Financial Risk Committee (FRC). The FRC approves the fair values measured including the valuation techniques and other significant input parameters used.

Valuation techniques

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument (level 1). A market is regarded as active if transactions of the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Valuation techniques include:

1. Recent broker/price quotations;
2. Discounted cash flow models;
3. Option-pricing models.

The techniques incorporate current market and contractual prices, time to expiry, yield curves and volatility of the underlying instrument. Inputs used in pricing models are market observable (level 2) or not market observable (level 3). A substantial part of fair value (level 3) is based on net asset values.

FMO uses internal valuation models to value derivative financial instruments. Due to model imperfections, there can be initial differences between the transaction price and the calculated fair value. These differences are not recorded in the profit and loss at once, but are amortized over the remaining maturity of the transactions.

Equity investments are measured at fair value when a quoted market price in an active market is available or when fair value can be estimated reliably by using a valuation technique. The main part of the fair value measurement related to equity investments (level 3) is based on net asset values of investment funds as reported by the fund manager and are based on advanced valuation methods and practices. When available, these fund managers value the underlying investments based on quoted prices, if not, multiples are applied as input for the valuation. For the valuation process of the equity investments we further refer to the accounting policies and related notes within these financial statements. The determination of the timing of transfers is embedded in the quarterly valuation process, and therefore recorded at the end of each reporting period.

Other financial liabilities carried at FVPL represent amounts attributable to the Dutch State in return for their co-investment in the FMO Ventures Program (refer to the 'Group accounting and consolidation section' of the 'Accounting policy' chapter). The management of FMO's Ventures Program has the mandate to engage in transactions and also to realize any positions at a given time and call out the Program at reporting date. The amount attributable to co-investors is based on a predefined value sharing waterfall which utilizes the values of the underlying investments in the program. The underlying investments in the program are valued using the existing equity investment fair valuation techniques described in the paragraphs above. The waterfall calculation defines the timing and amount of distributions to respective co-investors and is therefore applied to estimate the fair values of the related financial liabilities.

IFRS 9 requires the adjustments in the valuation of FVPL financial liabilities related to FMO's own credit risk to be recorded in the statement of other comprehensive income. The impact of this treatment is however negligible due to the Support Agreement between the Dutch State and FMO.

The table below presents the carrying value and estimated fair value of FMO's financial assets and liabilities, not measured at fair value.

The carrying values of the financial asset and liability categories in the table below are measured at AC except for the funding in connection with hedge accounting. The underlying changes to the fair value of these assets and liabilities are therefore not recognized in the balance sheet.

The valuation technique we use for the fair value determination of these financial instruments is the discounted cash-flow method. The discount rate we apply is a spread curve based on the average spread of the portfolio. The fair value calculation is mainly based on level 3 inputs.

Financial assets and liabilities not measured at fair value

At December 31	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets not measured at fair value				
Short term deposits at AC	1,111,886	1,111,886	1,220,359	1,220,359
Banks	43,087	43,087	49,273	49,273
Interest-bearing securities at AC	481,798	470,770	539,708	522,820
Loans to the private sector at AC	5,190,518	5,027,228	4,295,723	3,790,288
Current accounts with state funds and other programs	1,336	1,336	488	488
Other receivables	18,321	18,321	33,677	33,677
Total financial assets not measured at fair value	6,846,946	6,672,628	6,139,228	5,616,905
Financial liabilities not measured at fair value				
Short-term credits	216,912	216,912	97,114	97,114
Debentures and notes	6,335,981	6,431,967	6,060,683	5,986,337
Current accounts with state funds and other programs	93	93	43	43
Accrued liabilities	38,683	38,683	29,498	29,498
Other liabilities	18,861	18,861	35,821	35,821
Total financial liabilities not measured at fair value	6,610,530	6,706,516	6,223,159	6,148,813

The following table gives an overview of the financial instruments measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVPL				
Short-term deposits	128,755	240,726	-	369,481
Derivative financial instruments	-	126,339	-	126,339
Loans to the private sector	99,857	-	552,204	652,061
Equity investments	23,881	-	2,331,745	2,355,626
Financial assets designated at FVPL				
Interest-bearing securities at FVTPL	107,596	-	-	107,596
Financial assets at FVOCI				
Equity investments	-	-	201,287	201,287
Total financial assets at fair value	360,089	367,065	3,085,236	3,812,390
Financial liabilities mandatorily at FVPL				
Derivative financial instruments	-	459,144	12,242	471,386
Financial liabilities designated at FVPL				
Other financial liabilities	-	-	121,715	121,715
Total financial liabilities at fair value	-	459,144	133,957	593,101

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVPL				
Short-term deposits	170,901	442,130	-	613,031
Derivative financial instruments	-	197,150	-	197,150
Loans to the private sector	87,482	-	500,458	587,940
Equity investments	32,965	-	2,160,806	2,193,771
Financial assets at FVOCI				
Equity investments	-	-	167,074	167,074
Total financial assets at fair value	291,348	639,280	2,828,338	3,758,966
Financial liabilities mandatorily at FVPL				
Derivative financial instruments	-	407,968	10,871	418,839
Financial liabilities designated at FVPL				
Other financial liabilities	-	-	74,003	74,003
Total financial liabilities at fair value	-	407,968	84,874	492,842

The following table shows the movements of financial assets measured at fair value based on level 3. All other financial liabilities are level 3 positions (refer to other financial liabilities note 15).

Movements in financial instruments measured at fair value based on level 3	Derivative financial instruments	Loans to the private sector	Equity investments	Total
Balance at December 31, 2022	-	432,150	2,247,785	2,679,935
Total gains or losses				
-In profit and loss (changes in fair value)	-	48,772	13,533	62,305
-In other comprehensive income (changes in fair value)	-	-	16,341	16,341
Purchases / disbursements	-	117,126	333,825	450,951
Sales/repayments	-	-50,729	-224,513	-275,242
Interest capitalization	-	4,964	-	4,964
Write-offs	-	-42,200	-	-42,200
Accrued income	-	6,010	-	6,010
Exchange rate differences	-	-13,058	-60,970	-74,028
Derecognition and/or restructuring FVPL versus AC	-	-698	-	-698
Conversion from loans to equity	-	-1,879	1,879	-
Conversion associate/FVPL	-	-	-	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Other changes	-	-	-	-
Balance at December 31, 2023	-	500,458	2,327,880	2,828,338
Total gains or losses				
-In profit and loss (changes in fair value)	-	2,863	51,875	54,738
-In other comprehensive income (changes in fair value)	-	-	34,093	34,093
Purchases / disbursements	-	56,064	329,945	386,009
Sales/repayments	-	-55,088	-326,091	-381,179
Interest capitalization	-	2,252	-	2,252
Write-offs	-	-1,603	-	-1,603
Accrued income	-	4,397	-	4,397
Exchange rate differences	-	28,217	115,041	143,258
Derecognition and/or restructuring FVPL versus AC	-	11,203	-	11,203
Conversion from loans to equity	-	-289	289	-
Conversion associate/FVPL	-	-	-	-
Transfers into level 3	-	3,730	-	3,730
Transfers out of level 3	-	-	-	-
Other changes	-	-	-	-
Balance at December 31, 2024	-	552,204	2,533,032	3,085,236

Other changes relate to consolidation of FMO's Ventures Program (refer to section 'Group accounting and consolidation' in the 'Accounting policies' chapter).

Type of debt investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	76,464	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1 percent will result in a higher/lower fair value of approx. €2.4 million
	93,719	Discounted cash flow model	Based on client rating	An improvement / deterioration of the Client Rating with 1 notch will result in 0.4 percent increase/decrease
	50,275	Discounted cash flow model	n/a	n/a
Debt Funds	331,746	Net Asset Value	n/a	n/a
Total	552,204			

Type of equity investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	1,410,649	Net Asset Value	n/a	n/a
Private equity direct investments	60,035	Recent transactions	Based on at arm's length recent transactions	n/a
	684,116	Book multiples	1.0 – 1.90	A decrease/increase of the book multiple with 10 percent will result in a lower/higher fair value of €68 million.
	141,078	Earning Multiples	Depends on several unobservable data such as EBITDA multiples (range 1.0 - 10.0)	A decrease/increase of the used unobservable data with 10 percent will result in a lower/higher fair value of €14million.
	77,596	Discounted Cash Flow (DCF)	Based on discounted cash flows	A decrease/increase of the used unobservable data with 10 percent will result in a lower/higher fair value of €8 million.
	9,879	Put option	The guaranteed floor depends on several unobservable data such as IRR, EBITDA multiples, book multiples and Libor rates	A decrease/increase of the used unobservable data with 10 percent will result in a lower/higher fair value of €1 million.
	149,679	Firm offers	Based on offers received from external parties	n/a
Total	2,533,032			

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 to level 3

There were no material transfers between level 1 and 2 to level 3.



A photograph of a large array of solar panels installed on a hillside, with trees in the background. The image is overlaid with a dark blue gradient.

06

COMPANY FINANCIAL STATEMENTS

Accounting policies

Activities

The activities of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereafter referred to as FMO) consist of financing activities in developing countries to stimulate private-sector development. Furthermore, FMO provides services in relation to government funds and programs. For more information, please refer to the consolidated financial statements.

Material accounting policies

Principles of valuation and determination of results

The financial statements are prepared in accordance with the financial reporting requirements as included in Part 9 of Book 2 of the Dutch Civil Code with the allowed application of the accounting policies (EU-IFRS) as set forth in the consolidated financial statements. The principles of valuation and determination of results stated in the consolidated statement of financial position and statement of profit or loss are also applicable to the company statement of financial position and statement of profit or loss. Investments in group companies are initially recognized at cost and subsequently accounted for by the equity method.

Intercompany accounts with subsidiaries consist of current accounts. These current accounts can be freely disposed of. Low credit risk exemption is applied due to limited credit risk and expected credit loss is not calculated.

Reference to the consolidated financial statements

As mentioned above, the accounting policies applied in the financial statements correspond with the consolidated financial statements. Furthermore, the consolidated financial statements have a limited consolidation scope and accordingly the notes to the statement of financial position and statement of profit or loss are almost similar in both the company financial statements and the consolidated financial statements. Please refer to the disclosure notes and information provided in the consolidated financial statements for details. For the mandatory disclosure notes and notes with larger discrepancies, information is included in the notes to the company's financial statements.

Estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from such estimates and the differences may be material to the financial statements. The most relevant estimates and assumptions relate to the determination of the fair value of financial instruments based on generally accepted modeled valuation techniques and the determination of specific and portfolio-level value adjustments. Estimates and assumptions are also used for the pension liabilities, determination of tax and depreciation of PP&E assets and others.

Company statement of financial position

For the year ended December 31, 2024

Before profit appropriation	Notes	2024	2023
Assets			
Banks	(A)	30,827	43,280
Current accounts with State funds and other programs	(2)	1,336	488
Short-term deposits	(3)		
-of which: amortized cost		1,111,887	1,220,359
-of which: fair value through profit or loss		361,452	613,031
Other receivables	(B)	17,406	39,738
Interest-bearing securities	(5)		
-of which: amortized cost		481,798	539,708
-of which: fair value through profit or loss		107,596	-
Derivative financial instruments	(6)	126,339	197,150
Loans to the private sector	(7)		
-of which: amortized cost		5,147,894	4,295,723
-of which: fair value through profit or loss		654,051	587,940
Current tax receivables	(31)	14,329	29,634
Wage tax assets		-	-
Equity investments	(C)		
-of which: fair value through OCI		201,287	167,074
-of which: fair value through profit or loss		2,189,097	2,033,303
Other financial assets	(D)	107,121	87,767
Subsidiaries	(E)	4,858	11,114
Investments in associates	(10)	372,073	308,179
Intangible assets	(12)	26,445	15,325
Property, plant and equipment	(11)	16,336	19,830
Deferred income tax assets	(31)	9,075	11,230
Total assets		10,981,207	10,220,873
Liabilities			
Short-term credits	(13)	216,912	97,114
Current accounts with State funds and other programs	(14)	93	43
Derivative financial instruments	(6)	471,386	418,839
Debentures and notes	(16)	6,335,981	6,060,683
Wage tax liabilities		62	775
Accrued liabilities	(17)	38,050	29,447
Other liabilities	(18)	12,533	35,823
Other financial liabilities at FV	(15)	12,300	12,500
Provisions - pensions, other provisions	(19)	36,729	44,922
Deferred income tax liabilities	(31)	1,481	7,943
Total liabilities		7,125,527	6,708,089
Shareholders' equity			
Share capital		9,076	9,076
Share premium reserve		29,272	29,272
Development fund		657,981	657,981
Total contractual reserve			
-of which: other Contractual reserve		1,557,430	1,550,203
-of which: other Revaluation reserve		1,451,035	1,171,620
Fair value reserve		86,758	65,208
Translation reserve		31,030	8,092
Other reserves		22,507	19,180
Undistributed result		10,591	2,152
Total shareholders' equity		3,855,680	3,512,784
Total liabilities and shareholders' equity	(F)	10,981,207	10,220,873

Company statement of profit or loss

For the year ended December 31, 2024

	Notes	2024	2023
Income			
Interest income from financial instruments measured at AC		510,915	457,008
Interest income from financial instruments measured at FVPL		41,102	75,509
Interest expenses from financial instruments measured at AC		-237,423	-170,269
Interest expenses from financial instruments measured at FVPL		-92,708	-140,756
Interest expenses on leases		-97	-122
Net interest income	(21)	221,789	221,370
Dividend Income	(22)	29,171	34,481
Results from equity Investments		161,036	934
Share in the result of subsidiaries	(E)	-6,254	-3,657
Share in the result of associates	(10)	39,483	26,065
Total results from equity Investments, subsidiaries and associates		223,436	57,823
Fee and commission income		9,660	7,737
Fee and commission expense		-13,726	-14,202
Net fee and commission income	(24)	-4,066	-6,465
Results from financial transactions	(G)	-4,310	-29,291
Remuneration for services rendered	(26)	33,201	28,878
Gains and losses due to recognition	(27)	1,636	2,464
Other operating income	(28)	-	79
Total other income		30,527	2,130
Total income		471,687	274,858
Operating expenses			
Staff costs	(29)	-141,025	-125,278
Administrative expenses	(30)	-36,444	-39,618
Depreciation and impairment of fixed assets	(11), (12)	-8,618	-9,628
Other operating expenses		-579	-774
Total operating expenses		-186,666	-175,298
Impairments on			
Interest-bearing instruments	(5)	26	-8
Loans	(7),(8)	18,816	-38,622
Loan commitments	(34)	-252	-1,259
Guarantees issued	(34)	8,884	243
Total impairments		27,474	-39,646
Profit/(loss) before taxation		312,494	59,913
Income tax	(31)	-15,260	5,008
Net profit/(loss)		297,234	64,922

Notes to the company financial statements

Notes to the company statement of financial position

The company financial statements of FMO should be read in conjunction with the consolidated financial statements including the risk management information, segment information and the notes to the consolidated financial statements. The FMO company financial statements are, due to the limited investments activities of our consolidated subsidiaries almost the same as the consolidated financial statements. Therefore, for notes of specific items of the statement of financial position and the statement of profit or loss, we refer to the consolidated financial statements to the extent these are not specifically disclosed hereafter.

For information related to the maturity of the assets and liabilities recorded in the statement of financial position of the company financial statements, we refer to the table with the categorization of principal cash flow per maturity bucket in the section 'Liquidity risk' of the 'Risk management' chapter.

A. Banks

	2024	2023
Banks	30,827	43,280
Balance at December 31	30,827	43,280

The cash on bank accounts can be freely disposed of.

B. Other Receivables

	2024	2023
Receivables related to equity disposals	-	20,563
Taxes and social premiums	546	659
To be declared on State guaranteed loans	-	18
Transaction fee receivables and prepayments	16,860	11,731
Intercompany receivables from subsidiaries	-	6,767
Balance at December 31	17,406	39,738

C. Equity investments

	Equity measured at FVOCI	Equity measured at FVPL	Total
Balance at January 1, 2024	167,074	2,033,302	2,200,377
Purchases and contributions	120	301,358	301,478
Reclassification from loans	-	289	289
Reclassification associate/FVPL	-	-	-
Sales	-	-329,899	-329,899
Changes in fair value	34,093	184,047	218,140
Balance at December 31, 2024	201,287	2,189,097	2,390,385

	Equity measured at FVOCI	Equity measured at FVPL	Total
Balance at January 1, 2023	150,733	1,942,125	2,092,858
Purchases and contributions	-	321,066	321,066
Reclassification from loans	-	1,879	1,879
Reclassification associate/FVPL	-	-	-
Sales	-	-224,192	-224,192
Changes in fair value	16,341	-7,575	8,766
Balance at December 31, 2023	167,074	2,033,303	2,200,377

D. Other financial assets

Other financial assets reflect FMO's investment in FMO's Ventures Program. The Program is a structured entity and is a co-investment between FMO, the Dutch Government and the European Commission. FMO has not inserted any share capital in the program and invests cash when purchasing underlying assets.

Amounts attributable to FMO are based on a predefined value sharing waterfall that utilizes the values of the underlying equity investments in FMO's Ventures Program and are carried at FVPL. The underlying investments in the program are valued using the existing equity investment fair valuation techniques described in the fair value. The waterfall calculation defines the timing and amount of distributions to the various co-investors.

	2024	2023
Balance at January 1	87,767	91,484
Purchases and contributions	20,964	9,772
Return of Capital (including sales)	-	-311
Changes in fair value	-1,610	-13,178
Balance at December 31	107,121	87,767

E. Subsidiaries

	2024	2023
Balance at January 1	11,114	14,771
Share in net results	-6,256	-3,657
Balance at December 31	4,858	11,114

The investments in subsidiaries consist of the following interests in the share capital of:

1. Asia Participations B.V.: 100 percent;
2. FMO Investment Management B.V.: 100 percent;
3. FMO Representative Office LAC Limitada: 100 percent;

FMO also has investment stakes in some structured entities namely, FMO Ventures Program and Land Use Facility. FMO Ventures Program is a co-investment between FMO, the Dutch Government and the European Commission. Similar to FMO Ventures Program, the Land Use Facility is a co-investment between FMO and the Dutch Government, with partial guarantee provided by the European Commission.

The following table summarizes the carrying amount of the subsidiaries.

	2024	2023
Asia Participations B.V.	-1,185	5,179
FMO Investment Management B.V.	6,377	6,081
FMO Representative Office: Costa Rica	-306	-119
Equis DFI Feeder L.P.	-28	-27
Balance at December 31	4,858	11,114

F. Shareholders' equity

Share capital

The authorized capital amounts to €45,380k, consisting of A shares of €22.69 each, which are held by the Dutch Government, and B shares of €22.69 each, which are for held by commercial banks and private investors. The Dutch Government holds 51 percent of the total shares of FMO, while commercial banks and private investors hold the remaining 49 percent. The voting rights for A shares and B shares are equal.

Authorized share capital	2024	2023
1,020,000 A shares x €22.69	23,144	23,144
980,000 B shares x €22.69	22,236	22,236
Balance at December 31	45,380	45,380

In addition, the shareholders' equity of the company comprises three reserves, in line with the Agreement State-FMO of July 1, 2023. These are the share premium reserve, the development fund and the contractual reserve. As long as the company continues its activities, these reserves are not available to the shareholders. Upon liquidation of FMO these reserves fall to the Dutch Government, after settlement of the contractual return to the shareholders.

Issued and paid-up share capital	2024	2023
204,000 A shares x €22.69	4,629	4,629
196,000 B shares x €22.69	4,447	4,447
Balance at December 31	9,076	9,076

Share premium reserve

Share premium reserve is sole contributed by Shareholders of A shares on the transfer to the company of investments administrated on behalf of the State at the time of the financial restructuring and amounts to €29,272k (2023: €29,272k).

	2024	2023
Share premium reserve shareholder A, contributed on the transfer to the company of investments administered on behalf of the State on the financial restructuring	8,061	8,061
Share premium reserve shareholder B, contributed on the transfer to the company of investments administered on behalf of the State on the financial restructuring	21,211	21,211
Balance at December 31	29,272	29,272

Statutory reserves

Development fund

This special purpose reserve contains the annual budgetary allocations made by the Dutch Government to finance the portfolio of loans and equity investments.

Other contractual reserve

The addition relates to that part of the net result, which FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023 (see section 'Additional information').

Legal reserves

Legal reserves include the fair value, other revaluation, and translation reserves.

	2024	2023
Fair value reserve	86,758	65,208
Other revaluation reserve	1,451,034	1,171,620
Translation reserve	31,030	8,092
Total legal reserves	1,568,822	1,244,920

Fair value reserve

The fair value reserve is the part of the revaluation reserve and includes gains and losses of equity investment measured at FVOCI. Gains and losses on such equity investments are never reclassified to profit or loss. Cumulative gains and losses recognized in this reserve are transferred to other reserves on disposal of the investment.

Other revaluation reserve

The Other revaluation reserve (as a part of the total contractual reserve) includes unrealized gains related to financial assets measured at FVPL. The revaluation reserve in the company financial statements follows from differences in presentation requirements between IFRS and Part 9 of the Dutch Civil Code. This revaluation reserve has been created against the other reserves. At the same time, a same amount is added to the Other reserves and compensated by the contractual reserve.

The Other revaluation reserve includes the unrealized fair value gains of our equity investments, loans to the private sector at FVPL, derivatives for which the valuations are not determined based on quoted market prices and the internally developed software.

	2024	2023
Equity investment FVPL	1,338,931	1,009,272
Loans to private sector FVPL	12,968	28,313
Derivatives other than hedge accounting instruments	73,950	120,384
Legal reserve internally developed software	25,186	13,651
Total other revaluation reserve	1,451,035	1,171,620

Translation reserve

The assets, liabilities, income and expenses of foreign subsidiaries and associates are translated using the closing and weighted average exchange rates. Differences resulting from the translation are recognized in the translation reserve.

At December 31, 2024 the translation reserve (as a part of the legal reserve) has a balance of €31.030 (2023: €8.092).

Other reserves

Pursuant to Dutch reporting requirements in Part 9 of Book 2 the Dutch Civil Code, the table reflects the other reserves included in the total Shareholders' equity. According to the Support Agreement with the Dutch Government, FMO allocates the net results after dividend pay-out to the contractual reserve. The contractual reserve is a statutory reserve, against which no legal reserves can be created. The Other revaluation reserve is recorded through Other reserves. At the same time Other reserves are compensated via the contractual reserve.

	2024	2023
Actuarial gain/loss on defined benefit plans	-4,380	-9,670
Retained earnings	26,887	28,850
Total other reserves	22,507	19,180

Changes in Shareholders' equity

The table below presents changes in Shareholders' equity for line items that are only relevant to the company-only equity. Remaining line items are reflected in the FMO's consolidated financial statements.

	Legal reserve - Other revaluation reserve	Other reserves
Balance at January 1, 2023	999,077	36,805
Actuarial gains/(loss) on defined benefit plans net of tax ¹	-	-3,137
Addition/(release) to other reserves	-	-14,488
Addition/(release) to other revaluation reserve	172,543	-172,543
Addition/(release) from contractual reserve	-	172,543
Balance at December 31, 2023	1,171,620	19,180
Actuarial (gain)/(loss) on defined benefit plans net of tax	-	5,290
Addition/(release) to other reserves	-	-1,963
Addition/(release) to other revaluation reserve	279,415	-279,415
Addition/(release) from contractual reserve	-	279,415
Balance at December 31, 2024	1,451,035	22,507

¹ This item refers to line item Actuarial result pension in the consolidated statement of changes in Shareholders' equity.

G. Result of financial transactions

	2024	2023
Gains/(losses) on remeasurement of on valuation of hedged items	-41,426	-138,699
Gains/(losses) on remeasurement of hedging instruments	48,680	134,237
Result on hedge accounting	7,254	-4,462
Result on sale and valuation of treasury derivatives not under hedge accounting	-20,929	-23,096
Result on sale and valuation of derivatives related to asset portfolio	-5,878	2,933
Result on sale and valuation of loans at FVPL	11,666	14,662
Result on sale and valuation of securities at FVPL	1,791	-
Result on financial instruments mandatory at FVPL	-13,350	-5,501
Foreign exchange results loans at FVPL	34,198	-15,705
Foreign exchange results Derivatives	-102,932	57,500
Foreign exchange results on other financial assets/liabilities	72,109	-35,500
Foreign exchange results	3,375	6,295
Other financial results	-19	56
Other changes	-1,570	-25,679
Total result from financial transactions	-4,310	-29,291

Other changes relate to consolidation of FMO's Ventures Program (refer to section Group accounting and consolidation in the accounting policies chapter).

Proposal for appropriation of the net result

A company net profit of €297.2 million is recorded in 2024. Under the Agreement State-FMO of July 1, 2023, FMO is required to add €286.6 million to the contractual reserve. Therefore the 2024 profit is not completely distributable. The distributable element of the net profit amounts to €10.6 million (2023: €2.1 million). The Management Board and the Supervisory Board propose distributing a sum of €10.6 million as cash dividend equaling €26.48 per A and B share. This proposal for dividend distribution can be withdrawn if FMO's economical and financial conditions deteriorate significantly in the period up to the moment of distribution of the dividend. This reservation is the result of the recommendation of the European Central Bank and adopted by the Dutch Central Bank.

Subsequent events

There has been no significant subsequent event between the balance sheet date and the date of approval of these accounts which should be reported by FMO.





07

ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES

An alternative performance measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In disclosing our performance, FMO uses specific APMs that are not defined by IFRS and are different to what is included in the financial statements. APMs should not be considered as alternatives to the equivalent IFRS measures but rather supplementary to the most directly comparable IFRS measures. Alternative performance measures do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. FMO distinguishes between Sustainability-related APMs and Financial Accounting APMs.

Sustainability-related APMs

Committed portfolio

Committed portfolio is an impact measure that is used for steering purposes. It measures FMO's contribution and expected impact towards SDG 8 Decent Work and Economic Growth, a key strategic objective of FMO, and reflects the risk exposure taken by different risk parties. We distinguish between three business lines: FMO, funds made available by public entities ('public funds') and funds made available by other third parties ('direct mobilized funds').

The measure committed portfolio is not reconcilable with information included in the financial statements as it consists of a unique set of business rules. These business rules combine a mix of financial and non-financial information and data. The non-financial information is not required by IFRS and, as such, is not reflected in the financial statements.

The following table includes a breakdown of committed portfolio per business line and financial product.

	2024			2023		
Total committed portfolio (€ mln)	Committed portfolio	Outstanding amount	Remaining commitment	Committed portfolio	Outstanding amount	Remaining commitment
FMO	10,516	8,557	1,959	9,071	7,446	1,625
Debt	6,341	5,538	803	5,411	4,769	642
Equity	3,813	2,876	937	3,359	2,555	804
Guarantees	362	143	219	301	122	179
Public funds	1,566	1,226	340	1,386	1,095	291
Debt	668	545	123	625	487	138
Equity	791	625	166	704	572	132
Guarantees	107	56	51	57	36	21
Direct mobilized funds (debt only)	3,390	2,522	868	2,724	2,414	310
Total	15,472	12,305	3,167	13,181	10,955	2,226

Committed portfolio is the sum of outstanding amounts and remaining commitment amounts of the active debt, guarantee and equity investment transactions. Debt includes commercial loans, mezzanine loans and debt funds. Equity includes direct and fund investments, as well as investments made in associates. Guarantees include guarantees issued.

The outstanding amount for debt is equal to the principal outstanding amount reduced to the amount of the used Unfunded Risk Participation (guarantees received), if any; for the equity investments this is equal to the sum of fair value of the underlying assets. For guarantees, this is equal to the effective guarantees issued. The remaining commitment consists of the committed not disbursed amounts for all financial products mentioned, or in other words the principal amount available for disbursement to the customer by the funding party.

A non-material portion (less than 0.2 percent) of our total committed portfolio is double counted as a result of FMO's equity investment in the SDG loan fund, which was launched in 2023 and participates solely in FMO loans. FMO's equity stake in this structure is accounted for on FMO's own books. Along with the equity provided by other investors, this is then used by the fund to participate in FMO loans that – once commitments are made – are accounted for as direct mobilized portfolio. Direct mobilized portfolio consists of funds provided by third parties that are not on FMO's own books. In 2024, the fund participated in several FMO loans. As such, a small portion of FMO's equity investment counts towards both FMO committed portfolio as well as direct mobilized committed portfolio. The impact on the 2024 results is not material and, therefore, is not corrected.

New investments

New investments is a strategic business measure used for steering purposes to ensure funds maximize impact on SDGs 8, 10 and 13. New investment refers to the volume of new commitments made to customers at the end of the reporting year (based on signed contracts), reported per party bearing the risk (i.e. FMO, public entities, other third-parties considered direct mobilization). Volume is reported for all debt, equity and guarantee products and includes new facility agreements, limit increases, renewals of contracts and interest capitalization. It excludes transfers from one party to another or conversions from e.g. equity to debt. Grants provided through, for instance, the Capacity Development program and sub-delegated funds under management of third parties are excluded from the results.

The measure new investments is not reconcilable with information included in the financial statements as it consists of a unique set of business rules. These business rules combine a mix of financial and non-financial information and data. The non-financial information is not required by IFRS and, as such, is not reflected in the financial statements.

The following table includes a breakdown of new investments per business line and financial product. For a description of each financial product, refer to the section on committed portfolio.

Total new investments (€ mln)	2024	2023
FMO	2,188	1,909
Debt	1,738	1,356
Equity	312	486
Guarantees	138	67
Public funds	285	258
Debt	116	165
Equity	117	71
Guarantees	52	22
Direct mobilized funds (debt only)	1,353	528
Total new investments	3,826	2,695

A non-material portion (less than 0.4 percent) of our total new investments is double counted as a result of FMO's equity investment in the SDG loan fund. In 2024, the fund participated in several FMO loans that counted towards total new investments. As such, a small portion of FMO's equity investment counts towards both FMO new investments as well as direct mobilized new investments. The impact on the 2024 results is not material and, therefore, is not corrected.

Financial Accounting APMs

Regular income

FMO's regular income relates to income following from financing activities and administrative services. Regular income excludes income related to value adjustments of financial instruments. Regular income includes net interest income, net fee and commission income, dividend income and remuneration from services rendered. These elements are visible on the FMO's consolidated statement of profit or loss.

Regular income per consolidated profit or loss account (€ mln)	2024	2023
Net interest income	226	221
Net fee and commission income	-4	-6
Dividend income	43	46
Remuneration from services rendered	35	31
Regular income	300	292

Loan impairments and revaluations

Loan Impairments and revaluations relate to gains/losses following from value adjustments of FMO's loan portfolio. Impairments can be reconciled to the consolidated profit or loss account. Revaluations include fair value gains/losses (presented under line item 'results from financial transactions') arising from the loan portfolio measured at fair value through profit or loss (FVPL) and gains/losses due to derecognition.

Loan Impairments and revaluations (€ mln)	2024	2023
Expected Credit Loss Stage 1 & Stage 2	1	-13
Expected Credit Loss Stage 3 (Impairments)	16	-38
Recover loans written off	9	11
Total loan provisions	26	-40
Fair value gains/losses loan portfolio measured at FVPL	8	15
Gains and losses due to derecognition (Note 27)	2	2
Loan impairments and revaluations	36	-23

Revaluation of equity investments

Revaluation on equity investments relate to the gains/losses following from valuation adjustments of FMO's equity portfolio. These elements are visible on FMO's consolidated statement of profit or loss.

Revaluation of equity investments (€ mln)	2024	2023
Results from equity	45	13
Realized results	-23	9
Results of associates & subsidiaries	26	14
Venture Capital consolidation	12	26
Revaluation of equity investments	60	62

Results on derivatives

Results on derivatives relate to gains/losses following from valuation adjustments of FMO's treasury portfolio and foreign exchange gains/losses. These are included under the line item 'results from financial transactions' in the consolidated statement of profit or loss.

Results on derivatives (€ mln)	2024	2023
Total results from financial transactions (Note 25)	11	8
Result on sale and valuation of loans at FVPL (Note 25)	-12	-15
Result on sale and valuation of derivatives related to asset portfolio (Note 25)	6	-3
Other changes (Note 25)	-11	-11
Results on derivatives	-6	-21

Return on average shareholders' equity

A measure that indicates how the profitability is in relation to the average shareholders' equity. This metric is expressed in the form of a percentage that is equal to net profit/(loss) divided by the average shareholders' equity for the prior and current reporting year.

Return on average shareholders' equity (%)	2024	2023
Net profit/(loss) per consolidated profit or loss account (€ mln)	297	65
Opening balance: consolidated statement of shareholders' equity (€ mln)	3,513	3,448
Closing balance: consolidated statement of shareholders' equity (€ mln)	3,856	3,513
Return on average shareholders' equity (%)	8.1%	1.9%

Return on assets

A measure that indicates profitability in relation to total assets. The metric is expressed in the form of a percentage that is equal to net profit/(loss) divided by the total assets for a specific reporting year.

Return on assets (%)	2024	2023
Net profit/(loss) per consolidated profit or loss account (€ mln)	297	65
Total assets per consolidated balance sheet (€ mln)	11,097	10,282
Return on assets (%)	2.7%	0.6%

Non-performing exposure ratio

A measure expressed as the percentage of non-performing exposures. The ratio is calculated as gross exposure of the non-performing exposures (on balance) divided by the gross exposure of the total loan portfolio. For further details on this measure, refer to the sub-section on "Non-performing exposures" included within the credit risk disclosures.

NPEs (%)	2024	2023
Gross exposure: NPEs to private sector (amortized cost) (€ mln)	346	441
Gross exposure: NPEs to private sector (fair value) (€ mln)	82	70
Total gross exposure: NPEs to private sector (on balance) (€ mln)	428	511
Total gross exposure: Exposures to private sector (on balance) (€ mln)	6,135	5,223
NPE %	7.0%	9.8%

CET-1 ratio

CET-1 ratio compares a bank's capital against its risk-weighted assets to determine its ability to withstand financial distress. For calculation of the CET-1 ratio refer to the Capital Adequacy section in the 'Risk management' chapter.



INDEPENDENT AUDITOR'S REPORT AND ASSURANCE REPORT

Independent auditor's report

To: the shareholders and the supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 2024 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereinafter: FMO or the bank), based in The Hague, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of FMO as at December 31, 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS Accounting Standards) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of FMO as at December 31, 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2024
- The following statements for the year ended December 31, 2024: the consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at December 31, 2024
- The company statement of profit and loss for the year ended December 31, 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of FMO in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

FMO is the Dutch entrepreneurial development bank that invests with the aim of enhancing economic and social prosperity in emerging markets in line with the intentions of local governments and with the Dutch government policy on development cooperation. We paid specific attention in our audit to a number of areas driven by the operations of FMO and our risk assessment.

To obtain sufficient and appropriate audit evidence to provide an opinion about the consolidated financial statements, we have performed a full-scope audit on the consolidated financial information of FMO as a whole (no components).

Materiality

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	€35 million (2023: €35 million)
Benchmark applied	Approximately 1% of total shareholders' equity as at December 31, 2024 (2023: 1%)
Explanation	FMO's shareholders' equity and solvency, are important drivers for the ability to invest in and provide financing to companies in developing countries, and as such are key indicators for the users of its financial statements. We initially planned our audit with a materiality based on 1% of the anticipated total shareholders' equity as at December 31, 2024, consistent with previous year, and did not revise the materiality amount (€35 million) upwards as our audit progressed.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €1.75 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed development bank. We included team members with specialized knowledge in the areas of IT audit, forensics, sustainability, treasury, and have made use of our own specialists in the areas of valuation of derivatives, financial investments, credit risk modelling, income tax, regulatory reporting, compliance and legal and actuarial calculations.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda and lead to significant change for many businesses and society. The management board summarized FMO's targets and ambitions, and reported in the sections Our strategy, ESRS 2 General Information and E1Climate Change of the annual report how FMO is addressing climate-related and environmental risks, also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and FMO's commitments, targets and ambitions, are taken into account in estimates and significant assumptions underlying the valuation of certain account balances of FMO, including those related to the estimation of expected credit losses. Furthermore, we read the annual report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at December 31, 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the bank and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to the Risk Management chapter of the annual report for the management board's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, as a result of doing business in developing countries, in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Significant estimates, assumptions and judgements in the Accounting policies section in the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

Additionally, as described in our key audit matter Impairment of loans to the private sector, we specifically considered whether the judgements and assumptions in the determination of this allowance indicate a management bias that may represent a risk of material misstatement due to fraud.

When identifying and assessing fraud risks, we presumed that there are risks of fraud in revenue recognition. We evaluated that this risk is present in areas that are complex or with higher subjectivity in meeting revenue recognition criteria, more specifically relating to results from equity investments. We refer to our audit approach included in the key audit matter Valuation of equity investments at fair value.

Furthermore, we considered available information and made enquiries of relevant executives, internal audit, legal, compliance, risk management, human resources and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, enquiries with relevant executives, internal audit, legal, compliance, risk management and the supervisory board, inspection of the systematic integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. We paid specific attention to the bank's compliance with the Dutch Act on the prevention of money laundering and financing of terrorism and Sanctions Law. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in the basis of preparation in the Accounting policies section of the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management board made a specific assessment of FMO's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the bank's ability to continue as a going concern and whether the bank will continue to comply with regulatory solvency and liquidity requirements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a bank to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Impairment of loans to the private sector

Risk

At December 31, 2024, FMO reported loans to the private sector measured at amortized cost of €5.8 billion including an allowance of €206 million for expected credit losses (ECL). The timing and measurement of expected credit losses require significant estimates and management judgment in setting assumptions and criteria in respect of:

- Allocation of loans to stages 1, 2 or 3
- Accounting policies and modelling assumptions used to build the model to calculate the ECL
- Completeness and accuracy of data used to calculate the ECL
- Estimating the impact of multiple macro-economic scenarios and variables to calculate the ECL for stages 1 and 2
- Measurement of individually assessed allowances for stage 3, including the assessment of recovery scenarios

Due to the significance of the loans to the private sector and the related estimation uncertainty of expected credit losses, and our consideration of the potential risk of management bias that may represent a risk of material misstatement due to fraud, we consider the measurement of the allowance for expected credit losses a key audit matter.

Reference is made to Financial assets – Impairment in the Accounting policies section, note 7 Loans to the private sector, note 8 ECL allowances – assessment of

Impairment of loans to the private sector

	the notes to the consolidated financial statements and the Credit risk section of the Risk Management Chapter in the annual report.
Our audit approach	<p>Our audit procedures included, amongst others, evaluating the appropriateness of FMO's accounting policies related to expected credit losses in accordance with IFRS 9 Financial Instruments and whether these have been applied consistently. We also obtained an understanding of the impairment allowance process, evaluated the design and where applicable tested operating effectiveness of internal controls relevant to FMO's ECL calculation. This included the allocation of loans into stages, model governance, data accuracy and completeness, credit risk monitoring, multiple economic scenarios and variables, reasonableness of the management's assumptions applied, individual allowances for non-performing loans, journal entries and disclosures.</p> <p>We performed an overall assessment of the ECL allowances levels by stage to determine if they are reasonable considering FMO's portfolio, risk profile, credit risk management practices and macro-economic environment. We considered trends in the economies and industries to which FMO is exposed to.</p> <p>We challenged the criteria used to allocate loans into stage 1, 2 or 3 in accordance with EU-IFRSs and FMO's policy. We tested loans in stage 1, 2 and 3 and verified whether they were allocated to the appropriate stage.</p> <p>With the support of our modelling specialists, we tested assumptions, inputs and formulas used in the ECL model. This included the appropriateness of model design, recalculating the Probability of Default, Loss Given Default and Exposure at Default in this model including back-testing of assumptions applied. Further, we assessed the reasonableness of the selected macro-economic scenarios and variables used.</p> <p>We examined a sample of loans to evaluate the expected credit loss allowance for stage 3 loans. We applied professional judgment, driven by risk, in selecting those exposures for our detailed inspection, placing an emphasis on portfolios that are potentially more sensitive to developing economic and political trends. For selected loan exposures we recalculated individually assessed allowances and challenged the recovery scenarios and probability weightings assigned. Furthermore, we reconciled the allowances to the amounts approved by the Financial Risk Committee.</p> <p>We evaluated the completeness and accuracy of the disclosures in accordance with IFRS Accounting Standards.</p>
Key observations	Based on our procedures performed, we consider the expected credit loss allowance to be reasonable and in accordance with IFRS 9, and we concur with the related disclosures in the financial statements.

Valuation of equity investments at fair value

Risk	Equity investments amounted to €2.6 billion as at December 31, 2024. These equity investments are measured at fair value with the corresponding fair value change
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Valuation of equity investments at fair value

recognized through profit and loss, except for 3 strategic equity investments, for which fair value changes are recognized through other comprehensive income.

The valuation of the equity investments is inherently subjective, most predominantly for level 3 equity investments since these are valued using inputs other than quoted prices in an active market. Key inputs used in the valuation of individual level 3 equity investments are, amongst others, net asset values for private equity fund investments, and comparable book and earnings multiples for private equity direct investments. Certain aspects of the valuation of the equity investments require significant judgment, such as the assessment of the reliability of recent available information and determining the appropriate peer group for establishing multipliers.

Furthermore, we presumed there is a risk of fraud in recognizing unrealized results from capital results from equity investments. Due to the significance of equity investments at fair value and the related estimation uncertainty, we consider the valuation of these equity investments a key audit matter.

Reference is made to Equity investments in the Accounting policies section, note 9 Equity investments of the notes to the consolidated financial statements, and Fair value of financial assets and liabilities in the section Analysis of financial assets and liabilities by measurement basis to the financial statements.

Our audit approach

Our audit procedures included, amongst others, evaluating the appropriateness of FMO's accounting policies related to fair value measurements in accordance with IFRS 13 Fair Value Measurement and whether valuation techniques for measuring fair value and inputs used to value private equity fund investments and private equity direct investments are appropriate and have been applied consistently.

We evaluated the design and tested operating effectiveness of internal controls where applicable in FMO's valuation processes for equity investments and performed substantive audit procedures. We inspected the FMO Financial Risk Committee approved valuations as at December 31, 2024 and evaluated any differences between the approved values and the financial statements.

We involved our own valuation specialists to assess market related inputs used for the valuation of a sample of private equity direct investments (level 3), and to assess whether the valuations were within a reasonable range. We assessed the accuracy of key inputs and assumptions driving the valuation, such as the appropriateness of comparable market multiples, the appropriate peer group for establishing these multiples and adjustments for comparability differences such as size and liquidity.

We examined a selection of the private equity fund investments to assess the appropriate application of net asset value statements received from the fund managers and evaluated whether this statement was the best reflection of fair value. We verified the clerical accuracy of the fair value calculations. We performed back-testing procedures on fund investments and on the direct investment exited during 2024 to verify the appropriateness and reasonableness of the previous recorded valuations.

Valuation of equity investments at fair value

	<p>We evaluated whether all new relevant information available between balance sheet date and the date of the financial statements relevant for the year end fair value was properly included in the valuations.</p> <p>We evaluated the completeness and accuracy of the disclosures in accordance with EU-IFRSs.</p>
Key observations	We are satisfied that the fair value of the equity investments is within a reasonable range and concur with the related disclosures in the financial statements.

Reliability and continuity of the information technology and systems

Risk	<p>The activities and financial reporting of FMO are highly dependent on the reliability and continuity of the IT environment due to the volume of transactions that is processed daily and the reliance on IT applications to support initiation through reporting of those transactions. Effective IT general controls with respect to change management, logical access, infrastructure and operations, support the integrity and continuity of the electronic data processing as well as the operating effectiveness of the automated controls.</p> <p>The dependency on the IT environment could lead to undetected misstatements in financial reporting. Therefore, we identified the reliability and continuity of the IT environment to be a key audit matter.</p> <p>Reference is made to the Report of the Management Board, section Organizational developments regarding Efficiency as well as the paragraph relating to the Digital Operational Resilience Act (DORA).</p>
Our audit approach	<p>IT audit professionals are an integral part of the engagement team and assessed the reliability and continuity of the electronic data processing to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of the automated data processing (or parts thereof). As part of our audit procedures, we assessed the impact of changes to the IT environment during the year, both from ongoing internal improvement initiatives and to meet external reporting requirements.</p> <p>Furthermore, we performed the following procedures:</p> <ul style="list-style-type: none"> ▪ We evaluated the design of the IT general control processes and tested the operating effectiveness of IT general controls for the main IT processes: Manage Change, Manage Access and Manage IT operations. This was done for the IT Applications in scope of our audit of the financial statements as well as for the underlying Operating System and Database Management and tooling supporting the IT processes (such as Deployment tools) ▪ We reviewed relevant reports on the design and operating effectiveness of controls from vendors when one or more of the main IT processes were outsourced, including cloud computing outsourcing and SaaS solutions

Reliability and continuity of the information technology and systems

	<ul style="list-style-type: none"> ▪ We tested key application controls over data processing, data feeds and interfaces where relevant for the financial reporting <p>Our audit was not aimed at making a statement about the cybersecurity of FMO. However, we did obtain an understanding of the cyber security procedures, controls and reporting as performed by FMO.</p>
Key observations	Our testing of the general IT controls provided sufficient evidence to enable us to rely on the adequate and continued operation of the information technology and systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statement) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Annual General Meeting of Shareholders as auditor of FMO on December 4, 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

FMO has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by FMO, complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the [annual report] in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the FMO's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
 - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the bank's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the bank's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the bank's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit and risk committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 24, 2025

EY Accountants B.V.

signed by P.J.A.J. Nijssen

Limited assurance report of the independent auditor on the sustainability statement

To: the shareholders and the supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Our conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement for 2024 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. based in The Hague, the Netherlands (hereinafter: FMO or the bank) in Section Sustainability statement of the accompanying management report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by the bank to identify the information reported pursuant to the ESRS and
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance engagements other than audits or reviews of historical financial information".

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities in this regard are further described in the Section Our responsibilities for the limited assurance engagement on the sustainability statement of our report.

We are independent of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of the sustainability statement, as doing so may compromise our independence.

Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matters

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to Section Value chain estimation and sources of estimation (degree of reliability) in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the bank has made in measuring these in compliance with the ESRS.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to Section ESRS 2 Double materiality assessment in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the bank's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires the bank to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted.

Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not assured

Sustainability information for 2023 and baseline year included in the sustainability statement, has been part of this limited assurance engagement except of the following:

- EU Taxonomy – Taxonomy eligibility and Green Asset Ratio
- The pay ratio between the total annual remuneration of the highest-paid individual (CEO) and the median annual employee remuneration
- Gender diversity ratio in management roles and the management board and the supervisory board
- Employee-Net Promoter Score (eNPS)
- The number of direct jobs supported (restated)
- The number of direct jobs supported for women (restated)
- Financed avoided GHG emissions (restated)

Consequently, we do not provide any assurance on the comparative information for the above listed metrics and targets and thereto related disclosures in the sustainability statement for 2023 and baseline year.

Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the management board describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that forward-looking information reflects the actual plans or decisions made by the bank (actions). Forward-looking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information. Our conclusion is not modified in respect of this matter.

Responsibilities of the management board and the supervisory board for the sustainability statement

The management board is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by the bank as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the management board is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The management board is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the bank's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the sustainability reporting including the double materiality assessment carried out by the bank.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the bank, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the bank as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS
- Obtaining through inquiries a general understanding of the internal control environment, the bank's processes for gathering and reporting entity-related and value chain information, the information systems and the bank's risk assessment process relevant to the preparation of the sustainability statement and for identifying the bank's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Assessing the double materiality assessment process carried out by the bank and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise (selected disclosures). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the management board appears consistent with the process carried out by the bank
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends
- Assessing whether the bank's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate management board's estimates
- Analyzing, on a limited sample basis, relevant internal and external documentation available to the bank (including publicly available information or information from actors throughout its value chain) for selected disclosures

- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of the bank and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, 24 March 2025

EY Accountants B.V.

signed by J. Niewold

ADDITIONAL INFORMATION

Provision in the Articles of Association concerning the appropriation of the net result

The provision and the appropriation of the net profit is based upon the Articles of Association and the Agreement State-FMO of July 1, 2023.

The Annual General Meeting of Shareholders (AGM) will determine which portion of the result of a financial year is reserved or in which way a loss will be incorporated. The Supervisory Board and the Management Board can make a non-binding proposal in accordance with the provision and dividend policy adopted by the AGM, taking into account the relevant provisions in the Agreement State-FMO of July 1, 2023.

Proposal for appropriation of the net result

A company net profit of €297.2 million is recorded in 2024. Under the Agreement State-FMO of July 1, 2023, FMO is required to add €286.6 million to the contractual reserve. Therefore the 2024 profit is not completely distributable. The distributable element of the net profit amounts to €10.6 million. The Management Board and the Supervisory Board propose distributing a sum of €10.6 million as cash dividend equaling €26.48 per A and B share. This proposal for dividend distribution can be withdrawn if FMO's economical and financial conditions deteriorate significantly in the period up to the moment of distribution of the dividend.

Guarantee provisions in the Agreement State-FMO of July 1, 2023

Article 4: The Maintenance Obligation of the State

4.1.1 In accordance with this Agreement, the State shall maintain FMO as a financial undertaking as referred to in Article 1:1 of the Dutch Financial Supervision Act. Maintenance will be understood to mean that, at FMO's written request, the State undertakes to make the financial resources described in Article 4.1.2 available to FMO if it is reasonably foreseeable that FMO will be assessed Failing or Likely to Fail by the Supervisor (the Maintenance Obligation).

4.1.2 The financial resources provided by the State under Article 4.1.1 to FMO upon written request will be at least sufficient for FMO to meet the Prudential Requirements.

4.1.3 If FMO makes a request under the Maintenance Obligation, the State shall consult with FMO on the manner in which the support will be provided and the reasonable conditions applicable to the support before the support is made available. The support to be provided by the State to FMO will under no circumstances be for no consideration. The State and FMO shall not let these consultations in any way prevent the support from being provided in a timely manner. Timely, as referred to in this Article 4, will be understood to mean that in all cases the financial resources will be made available to FMO before FMO is assessed Failing or Likely to Fail by the Supervisor.

4.1.4 If (i) the State has not suspended its obligations under this Article 4 pursuant to Article 9.1, (ii) FMO has submitted a request pursuant to Article 4.1.1 and (iii) the State has discussed with FMO the manner of support and any reasonable conditions applicable thereto pursuant to Article 4.1.3, the resulting payment obligation of the State to FMO will be a direct, unconditional and irrevocable obligation.

4.1.5 In the event that FMO ceases to be supervised as a financial undertaking as referred to in Article 1:1 of the Dutch Financial Supervision Act, Article 4.1.1 will lapse and Article 4.1.5 et seq. will apply. Losses on FMO's operations will first be charged to the RAR Fund. To the extent that such losses have not been covered by compensation and/or insurance benefits received, the State will be obliged to supplement the losses insofar as:

a. The amount of these losses exceeds the amount of the RAR Fund at the end of the month in which these losses were incurred; and

b. The inadequacy of the cover for general value adjustments under the RAR Fund is due to abnormal operating risks, such as unforeseen political difficulties or transfer problems with particular countries or the collapse of the world economy or a regional economy.

4.1.6 The Parties shall consult with each other on the determination of the amount of the losses referred to in Article 4.1.5. This Article 4.1.6 will in no way interfere with the timely provision of the support to be granted, as referred to in Article 4.1.5.

4.1.7 If the circumstances described in Article 4.1.5 occur and FMO requests the State to fulfil its obligation referred to in Article 4.1.5, such request will give rise to a claim of FMO towards the State recognised by the State on the first business day of the first month following the day on which the request is made. The request must be made in writing.

Article 5: The Financial Security Obligation of the State

5.1.1 If FMO so requests in accordance with Article 5.1.2, the State shall prevent FMO from failing to meet the following exhaustively listed obligations of FMO in a timely manner (the Obligations):

- a. debt, loans and funds raised on the capital market;
- b. short-term money-market borrowings with a maturity of up to two years;
- c. swap agreements with exchange of principal sum and interest payments;
- d. swap agreements without exchange of principal sum with interest payments;
- e. foreign exchange forward contracts and Forward Rate Agreements (FRAs);
- f. option and future contracts;
- g. securities financing transactions;
- h. other financial instruments that FMO includes in its range of instruments to conduct adequate balance sheet management;
- i. combinations of the products referred to above under 5.1.1a to 5.1.1h inclusive;
- j. guarantees and other committed funds provided by FMO to third parties in the fulfilment of its mandate; and
- k. maintaining an adequate organization comprising operational costs, including employee costs, expenditure on buildings, administrative costs and similar expenditure.

5.1.2 If FMO anticipates that it cannot meet any payment obligation due under the Obligations described in Article 5.1.1 from its own financial resources, FMO may submit a properly substantiated written request to the State to make available to FMO an amount equal to (the portion of) such payment obligation due under the Obligations for the purpose of enabling FMO to meet such payment obligation due under the Obligations (the Financial Security Obligation).

5.1.3 The State shall transfer the amount to be provided to FMO under the Financial Security Obligation and as included in the written request in accordance with Article 5.1.2 to a bank account to be specified by FMO on a date to be agreed that will enable FMO to meet the Obligations in a timely manner.

5.1.4 FMO undertakes towards the State to use the amount that the State provides to FMO in accordance with this Article 5 solely to meet the Obligations that FMO cannot meet from its own financial resources.

5.1.5 If FMO makes a request under the Financial Security Obligation, the State shall, before the support is made available, consult with FMO on the manner in which the support will be provided and the reasonable conditions applicable to the support. In accordance with Article 5.1.3, the State and FMO shall not let these consultations in any way hinder the timely provision of the support.

5.1.6 If FMO has submitted a request pursuant to Articles 5.1.1 and 5.1.2 and the State has consulted with FMO on the manner of support and any reasonable conditions attached thereto pursuant to Article 5.1.5, the resulting payment obligation of the State to FMO will be a direct, unconditional and irrevocable obligation.

Notes to the guarantee provision

The GRR fund referred to in Article 3 of the Agreement State-FMO of July 1, 2023 consists of share premium reserve of €21,211k and the contractual reserve. On December 31, 2024, the fund amounted to €3,029,676k (2023: €2,743,034k).

LIST OF ABBREVIATIONS

AC	Amortized cost	IC	Investment Committee
AEF	Access to Energy Fund	ICAAP	Internal Capital Adequacy Assessment Processes
AFW	Agribusiness, Food & Water	ICM	Independent Complaints Mechanism
AGM	Annual General Meeting of Shareholders	IEP	Independent Expert Pane
AI	Artificial Intelligence	IFC	International Finance Corporation
APM	Alternative Performance Measures	IFRS	International Financial Reporting Standards
ARIA	Africa Resilience Investment Accelerator	IIMC	Integrity and Issue Management Committee
ARC	Audit and Risk Committee	ILAAP	Internal Liquidity Adequacy Assessment Process
BII	British International Investment	IMF	International Monetary Fund
BPV	Basis Point Value	IMS	Infrastructure, Manufacturing and Services
C&E	Climate-related and environmental	INR	Indian Rupee
CAP	Climate Action Plan	IRC	Investment Review Committee
CASA	Commercial Agriculture for Smallholders and Agribusiness	IRO	Impacts, risks and opportunities
CCR	Customer Credit Review	IRRBB	Interest rate risk in the banking book
CD	Capacity Development	ISCO	Impact and Sustainability Committee
CEO	Chief Executive Officer	ISDA	International Swaps and Derivatives Association
CET 1	Common Equity Tier 1	JIM	Joint Impact Model
CFI	Center for Financial Inclusion	KPI	Key Performance Indicator
CFOO	Chief Finance and Operations Officer	ktCO ₂ e	One kiloton of CO ₂ equivalent
CG	Corporate Governance	KYC	Know Your Customer
CGAPs	Corporate Governance Action Plans	LAC	Latin America and the Caribbean
C&I	Commercial & Industrial	LCR	Liquidity Coverage Ratio
CIO	Chief Investment Officer	LDC	Least developed country
CIp	Clearance in Principle	LIBOR	London Interbank Offered Rate
CP	Commercial Paper	LIC	Low-income country
CPPs	Client Protection Principles	LoC	Level of Concern
CRD6	Capital Requirements Directive 6	LSIs	Less Significant Institutions
CRO	Chief Risk Officer	MDB	Multilateral Development Bank
CRR3	Capital Requirements Regulation 3	MFF	Mobilising Finance for Forests
CRR	Customer Risk Rating	MFI	Microfinance institution
CSA	Credit Support Annex	MoFA	Dutch Ministry of Foreign Affairs
CSOs	Civil Society Organizations	MSCI	Morgan Stanley Capital International
CSRD	Corporate Sustainability Reporting Directive	MSME	Micro, small and medium enterprise
CSS	Customer Satisfaction Survey	MW	Megawatt
CVC	Customer value creation	NFRC	Non-Financial Risk Committee
D&I	Diversity and Inclusion	NFRD	Non-Financial Reporting Directive
DCF	Discounted Cashflow	NGO	Non-governmental organization
DEIB	Diversity, Equity, Inclusion and Belonging	NII	Net Interest Income
Delta EVE	Delta Economic Value of Equity	NPE	Non-performing exposures
DFCD	Dutch Fund for Climate and Development	NPS	Net Promotor Score
DFI	Development Finance Institution	NPV	Net present value
DMA	Double materiality assessment	NSFR	Net Stable Funding Ratio
DNB	Dutch Central Bank	OCI	Other comprehensive income
DORA	Digital Operational Resilience Act	OECD	Organisation for Economic Co-operation and Development

E&S	Environmental and social	OFAC	The Office of Foreign Assets Control
EBA	European Banking Authority	OHS	Occupational health and safety
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization	ORX	Operational Risk Data Exchange Association
EC	European Comission	ORM	Operational Risk Management
ECB	European Central Bank	P2G	Pillar 2 Guidance
ECL	Expected Credit Loss	PCAF	Partnership for Carbon Accounting Financials
EDFI	European Development Financial Institution	PD	Probability of default
EM	Emerging market	PE	Private equity
EN	Energy	PP&E	Property, plant and equipment
ESAP	Environmental and social action plan	PRB	Principles for Responsible Banking
ESG	Environmental, social and governance	PV	Photovoltaic
ESMS	Environmental and social management system	RAF	Risk Appetite Framework
ESRS	European Sustainability Reporting Standards	RI	Reducing Inequalities
EU	European Union	S&P	Standard and Poor's
EURIBOR	Euro Interbank Offered Rate	SARC	Selection, Appointment and Remuneration Committee
EVP	Employee Value Proposition	SBF	Sustainability Bonds Framework
FEC	Financial economic crime	SDG	Sustainable Development Goal
FI	Financial institution	SFDR	Sustainable Finance Disclosure Regulation
FIU	Financial economic crime	SIRA	Systematic Integrity Risk Analysis
FMO	Financierings-Maatschappij voor Ontwikkelingslanden N.V.	SIS	Sustainability Information System
FMO IM	FMO Investment Management B.V.	SLL	Sustainability Linked Loan
FOM	Faciliteit Opkomende Markten	SME	Small and medium-sized enterprise
FOM-OS	Fund Emerging Markets for Developing Countries	SNV	Stichting Nederlandse Vrijwilligers
FPIC	Free prior and informed consent	SOFR	Secured overnight financing rate
FRC	Financial Risk Committee	SPPI	Solely payments of principal and interest
FTE	Full-time equivalent	SPU	Sustainability Policy Universe
FVOCI	Fair value through other comprehensive income	SRB	Single Resolution Board
FVPL	Fair value through profit or loss	SREP	Supervisory Review and Evaluation Process
FSLU	Forests and Sustainable Land Use	TA	Technical assistance
FX	Foreign exchange	TCFD	Task Force on Climate-Related Financial Disclosures
GAAP	Generally Accepted Accounting Principles	TCX Fund N.V.	The Currency Exchange Fund
GCF	Green Climate Fund	UBO	Ultimate beneficial owner
GDP	Gross Domestic Product	UK	United Kingdom
GDPR	General Data Protection Regulation	UNEP	United Nations Environment Programme
GHG	Greenhouse gas	URP	Unfunded Risk Participation
GIIN	Global Impact Investing Network	US	United States
GRI	Global Reporting Initiative	USD	US dollar
GRR	General Risk Reserves	UTP	Unlikelihood to pay
GWh	Gigawatt-hours	VC	Venture capital
HIPSO	Harmonized Indicators for Private Sector Operations	VSC	Verified Carbon Standard
HR	Human Resources	VOR	Verklaring omtrent Risicobeheersing
IAS	International Accounting Standards	Wwft	Dutch Anti-Money Laundering and Anti-Terrorist Financing Act
IBOR	Interbank Offered Rate		

COLOPHON

Contact details

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Arenda Oomen, Arenda Oomen Fotografie: P9 group picture Management Board, P43 individual pictures Management Board members and P58 Supervisory Board members (Dirk Jan, Dougald, Koos, Marjolein and Reintje). Yvette Wolterinck, Eyescream Photography: P58 Supervisory Board member (Eme)

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www.studioduel.nl

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Reporting scope

This integrated annual report covers activities that took place or had an effect on the reporting year.

FMO publishes its integrated annual report on 24 March 2025. The annual shareholders' meeting is in April. The report is audited by an external auditor. Please read EY's auditor's report for detailed information on the scope of their work. Previous reports are available on [FMO - Reporting Center](#)

DISCLAIMER

Presentation of information

This annual report ("Annual Report") of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-Eu") and with Title 9 of Book 2 of the Netherlands Civil Code.

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Cautionary statement regarding forward-looking statements

Certain of the statements in this Annual Report are not historical facts, including but not limited to certain statements made of future expectations and other forward-looking statements that relate to, among other things, FMO's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. Such statements are subject to risks and uncertainties. These statements represent only FMO's beliefs at the date of publication of this document regarding future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Words such as 'anticipate', 'believe', 'could', 'endeavor', 'estimate', 'expect', 'forecast', 'intend', 'predict', 'project', 'may', 'objectives', 'outlook', 'plan', 'strive', 'target', 'will', and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Actual results, performance or events may differ materially from those anticipated by the forward-looking statements due to, without limitation: (i) changes in general economic, financial and market conditions, in particular in FMO's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) changes in performance of financial markets, including emerging and developing markets, (iv) changes in interest rate levels, (v) changes in credit spread levels, (vi) changes in currency exchange rates, (vii) changes in general competitive factors, (viii) general changes in the valuation of assets, (ix) conclusions with regard to accounting assumptions and methodologies, (x) changes in law and regulations, including regulatory law and fiscal law, (xi) changes in policies of governments and/or regulatory authorities, (xii) changes in credit and financial strength ratings, (xiii) other risks and uncertainties detailed in the 'Risk Factors' section contained in recent public disclosures made by FMO, (xiv) risks and uncertainties as addressed in this Annual Report, and (xv) FMO's success in managing the risks involved in the foregoing.

The forward-looking statements are only applicable as from the date of publication of this Annual Report. FMO does not intend to publicly update or revise forward-looking statements contained in this Annual Report to reflect events or circumstances after the date of this report, and FMO does not assume any responsibility to do so.

By accessing this Annual Report, readers acknowledge and accept that forward-looking statements are subject to risks and uncertainties and agree not to rely on them as a basis for making any financial or investment decisions. FMO shall not be liable for any damages, whether direct, indirect, incidental, or consequential, arising from or related to the use of or reliance upon forward-looking statements contained in this Annual Report.

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