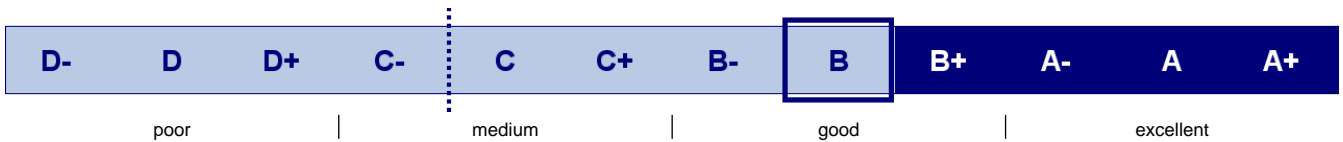


oekom Corporate Rating

Netherlands Development Finance Company

Industry: Financials/Development Banks
 GICS Industry: #N/A
 Country: Netherlands
 ISIN: XS0616465406
 Bloomberg Ticker: 1465Z NA Equity

Status: **Prime**
 Rating: **B**
 Prime Threshold: **C**



Company Profile

Netherlands Development Finance Company (FMO) is a bilateral private-sector development bank. It was created in 1970 by the Dutch Government, commercial banks, employer's association, labour unions and private investors to make investments in private sector projects in developing countries and emerging markets. In March 2008, FMO achieved bank status and is now officially under the supervision of the Dutch Central Bank. FMO specialises in the following sectors: financial institutions, energy, and agribusiness, food and water. FMO offers equity, loans and guarantees, capital market transactions, mezzanine and other tailor-made solutions, long-term and short-term project financing, and access to expertise, network and partnerships.

Competitive Position

Industry Leaders

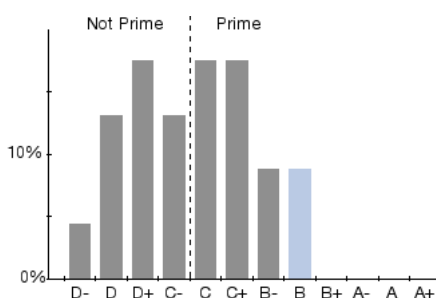
(in alphabetical order)

- International Bank for Reconstruction and Development (US) **B**
- KfW Bankengruppe (DE) **B-**
- Netherlands Development Finance Company (NL) **B**

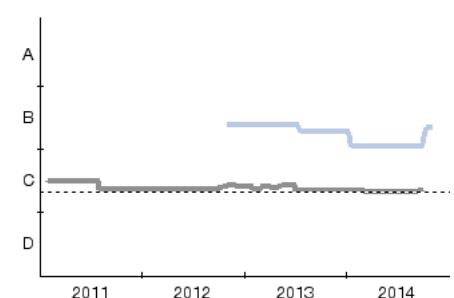
■ Company ■ Industry

Distribution of Ratings

(23 companies in the industry)

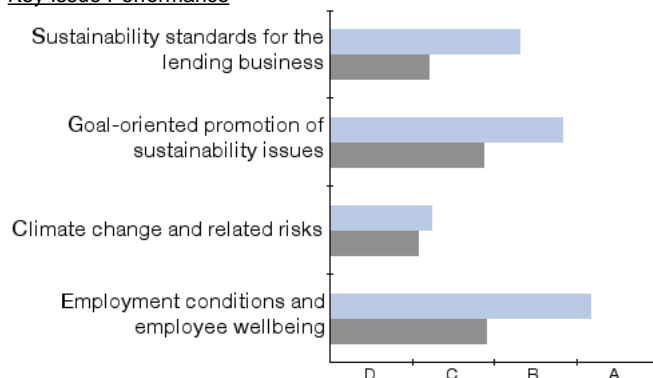


Rating History



Key Issues

Key Issue Performance



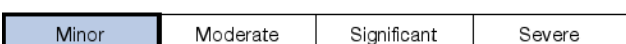
Strengths and Weaknesses

- + comprehensive programmes regarding lending to companies/projects with high social benefit
- + sound integration of environmental and social aspects into the lending business
- + reasonable measures concerning the application process of environmental and social guidelines in the lending business
- + various options to encourage work-life balance
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- no comprehensive strategy concerning the integration of positive environmental and social criteria into the company's own investment portfolio

Controversy Monitor

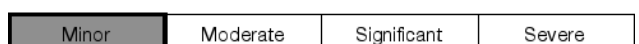
Company

Controversy Score: -2
 Controversy Level: Minor



Industry

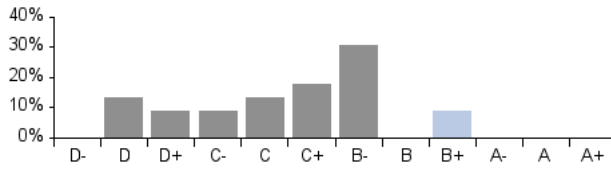
Maximum Controversy Score: -6
 Controversy Risk: Minor



Netherlands Development Finance Company

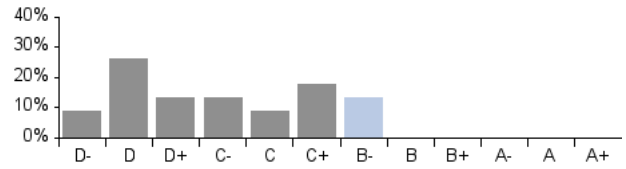
A. Social Rating

40.0% | B+



B. Environmental Rating

60.0% | B-

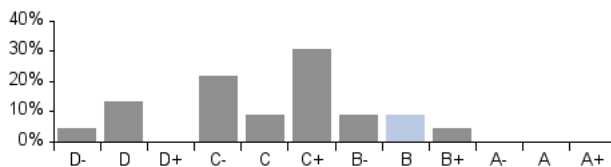


A.1. Staff and Suppliers

12.0% | B

- staff
 - freedom of association
 - equal opportunities
 - health & safety
 - work-life balance
 - employment security
 - training and education
- suppliers

Weight Rating

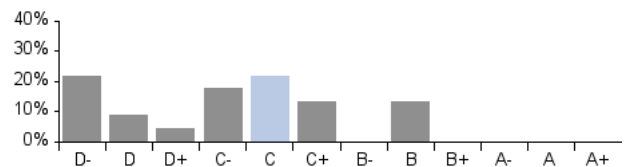


B.1. Environmental Management

12.0% | C

- environmental policy
- environmental management system
- climate change strategy
- travel and transport
- suppliers

Weight Rating

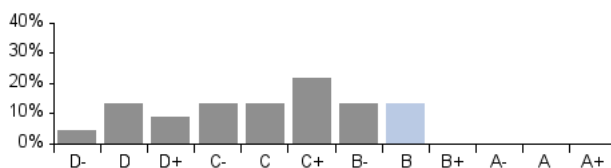


A.2. Society and Product Responsibility

20.0% | B

- society
 - human rights
 - community
 - stakeholder dialogue
- customer and product responsibility

Weight Rating

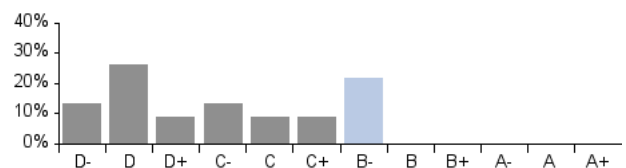


B.2. Products and Services

43.5% | B-

- lending / investment banking business
- investments

Weight Rating

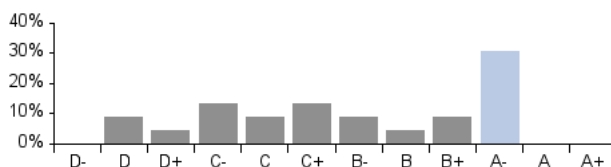


A.3. Corporate Governance and Business Ethics

8.0% | A-

- corporate governance
 - board independence
 - executive compensation
 - shareholder structure
- business ethics

Weight Rating

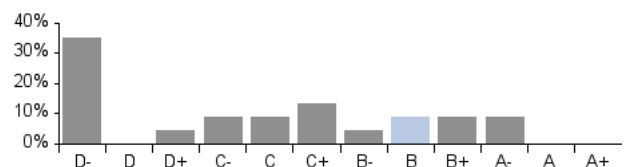


B.3. Eco-efficiency

4.5% | B

- energy use
- GHG emissions
- paper use
- business travel

Weight Rating



Netherlands Development Finance Company

Controversial Activities

Business Areas

	Risk Industry	Violation		No	No Info	
		Producer	User/ Retailer			
Abortion	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Alcohol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Biocides	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Chlororganic Mass Products	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Embryonic Research	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Furs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
GMOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Gambling	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Military	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Nuclear Power	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Pornography	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tobacco	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Business Practices

	Risk Industry	Violation		No	No Info	
		Company	Supplier			
Animal Testing	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Business Malpractice	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Controversial Env. Practices	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cannot be excluded due to financing of controversial projects, e.g. the Barro Blanco Dam in Panama.
Violations of Human Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2012: Financing of projects with negative human rights impact, e.g. Agua Zarca Dam in Honduras.
Violations of Labour Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Netherlands Development Finance Company

Additional Company Information

Business Data

	Total Assets (EUR m)	Net. Income (EUR m)	Number of Employees
2012	5,561.00	146.00	330
2013	6,184.00	133.00	372
2014	n/a	n/a	n/a

Financial Year ends: 12/2011

Participation in Rating Process

The rating report based on publicly available company documentation and external sources such as NGOs, authorities, trade unions and the media was submitted to the company for consideration and feedback. The company actively participated in the rating process and provided additional information. The Netherlands Development Finance Company (FMO) commissioned oekom research AG to conduct the rating for a fee.

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Netherlands Development Finance Company

Methodology - Overview

oekom Corporate Rating	<p>The oekom Universe comprises more than 3,400 companies (mostly companies in important national and international indices, but also small & mid caps drawn from sectors with links to sustainability as well as significant non-listed bond issuers).</p> <p>The assessment of the social and environmental performance of a company is generally carried out with the aid of approx. 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no relevant or up-to-date company information available on a certain criterion, it is graded with a D-.</p> <p>In order to generate a comprehensive picture of each company, our analysts collect information relevant to the rating both from the company itself and from independent sources. During the rating process, considerable importance is attached to cooperating extensively with the company under evaluation. Companies are regularly given the opportunity to comment on the results and provide additional information.</p> <p>An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.</p>
Controversial Activities	<p>In addition to the rating, oekom research undertakes a comprehensive analysis of controversies with respect to numerous business areas and practices for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the best-in-class rating, the behaviour of a company in areas they view especially critical.</p> <p>If relevant cases are identified, they are highlighted by a blue frame. A Risk Industry indicates that the industry is frequently active in controversial business areas or prone to controversial business practices. An overview of all exclusion criteria and how they are applied in practice can be found at www.oekom-research.com.</p>
Controversy Monitor	<p>The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.</p> <p>The controversy score is a measure of the number and extent of the controversies in which a company is currently involved: all controversial business areas and business practices are assigned a negative score, which varies depending on the significance and severity of the controversy. Both the score of the portrayed company and the maximum score obtained in the industry are displayed.</p> <p>For better classification, the scores are assigned to different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.</p> <p>Only controversies, for which reliable information from trustworthy sources is available, are recorded. It should be noted that large international companies are more often the focus of public and media attention and available information is often more comprehensive than for less prominent companies.</p>
Distribution of Ratings	<p>Overview of the distribution of all company ratings of an industry from the oekom Universe (company portrayed in this report: light blue). The industry-specific Prime threshold (vertical dotted line) is also shown.</p>
Industry Classification	<p>The social and environmental impacts of industries differ. Therefore, subject to its relevance, each industry analysed is classified in a Sustainability Matrix.</p> <p>Depending on this classification, the two dimensions of the oekom Corporate Rating, i.e. the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).</p>
Industry Leaders	<p>List (in alphabetical order) of the top three companies in an industry from the oekom Universe at the time of generation of this report.</p>
Key Issue Performance	<p>Overview of the company's performance with regard to important social and environmental issues that are key to the industry, compared to the industry average.</p>
Rating History	<p>Trend in the company's rating over time and comparison to the average rating in the industry.</p>
Rating Scale	<p>Companies are rated on a twelve-point scale from A+ to D-:</p> <ul style="list-style-type: none"> A+: the company shows excellent performance. D-: the company shows poor performance. <p>Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).</p>
Sources of Information	<p>A selection of significant sources used for this report is illustrated on the last page. Data for the Bloomberg Ticker, Business Data, Company Name, Country, GICS Industry, ISIN and Sales by Segment was sourced from Bloomberg.</p>
Status & Prime Threshold	<p>Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the leaders in that industry.</p>
Strengths & Weaknesses	<p>Overview of selected strengths and weaknesses of a company with regard to relevant social and environmental criteria.</p>

