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FMO Corporate Positions Guidelines



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Preamble

Nominating individuals to the Boards of investee companies, or other governance bodies of investment funds is a key entry point for a DFI to add value. In order to achieve such a value-add, while at the same time fulfilling investment criteria and minimizing or adequately managing conflict of interest situations, these nominations need to be made in a conscientious and orderly manner.

The present document attempts to define the types of Corporate Positions that FMO has a right to by virtue of its investments or that are associated to the FMO employment of the nominee, and provide a set of guiding principles, procedures and templates that are relevant in the nomination and management of these positions. The document begins by defining key terms and acronyms used, and then outlines the guiding principles and describes the eligibility requirements, conditions and relevant processes.

The Guidelines were prepared by FMO's Corporate Governance Unit, and approved by FMO's Management Board. The present document replaces and supersedes FMO's policy documents "Beleid inzake Commissariaten FMO bij Participaties" (2002) and "Appointment of AC/IC/Board Members" (2008), the Policy on FMO Corporate Positions dated 30 March 2011, the Policy on Corporate Positions dated 10 May 2012, the Policy on Corporate Positions dated 17 October 2013 and the Policy on Corporate Positions dated 14 July 2014.

Definitions of Terms and Acronyms used in these Guidelines

"**AC**" means the Advisory Committee of a Company (mostly an investment fund).

"**Board**" When dealing with a one-tier board structure, the board of directors of a company or any other corporate body that pursuant to such company's corporate documents or Local Law is entrusted with the powers and responsibilities of executive and non-executive directors. When dealing with a two-tier board structure, the supervisory board of a company or any other corporate body that pursuant to such company's corporate documents or Local Law is entrusted with the powers and responsibilities of non-executive directors.

"**Candidate**" refers to an Internal Candidate or an External Candidate for a corporate position, as the case may be.

"**CG Unit**" means FMO's Corporate Governance Unit.

"**Closely-held Company**" refers to a privately held company with a limited number of shareholders (normally less than 10 shareholders, but the number needs to be assessed taking local practices into account), and where typically all shareholders have nominated a representative to the Board.

"**Code of Conduct**" refers to FMO's Code of Conduct for FMO Directors appointed on FMO's nomination, attached hereto as Annex III.

"**Company**" is used to refer to a company, corporation, fund, partnership, Strategic Venture or other entity in relation to which a Candidate is appointed Director, IC member or AC member upon FMO's nomination.

"**Corporate Position**" This term refers to any position—i.e. Director, IC member, AC member, etc.—which is established with the purpose of overseeing, guiding, advising, etc. an FMO investee company, or an organization with which FMO has established a partnership or joint venture. It

includes also platforms in which FMO participates, and FMO subsidiaries, affiliates or ventures. For FMO staff, a test to determine whether a position falls into this category is if and when the individual (i) contributes substantial FMO dedicated work time and (ii) the position is associated with his or her employment to FMO, and would therefore vacate his or her position upon termination of FMO employment. For the avoidance of doubt, such position is not be qualified as an "Outside Position" (see definition below).

"**DFI**" means any Development Finance Institute.

"**Director**" means a member of the Board of a Company.

"**Director/IC Member Memo**" means the (template) memorandum for nomination of Board and IC positions to be completed and approved in accordance with section 5.2 (*Director/IC Member Memo--for new and continuation of Board and IC seats*), attached hereto as Annex IV.

"**Early Stage Company**" refers to an organization or company that is in its first years of formation where typically individuals that sit on the Board more often than not are all shareholder representatives. If and when a company is defined as early stage, there needs to be a check on the maturity of the company after two years to see if the early stage definition still applies.

"**External Candidate**" means an expert or otherwise knowledgeable person, not being an FMO employee, identified and deemed suitable by FMO, in accordance with the requirements as set forth in these Guidelines, to be nominated by FMO to a Board seat or IC position at a Company.

"**FMO**" means Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

"**Guidelines**" means the Guidelines on FMO Corporate Positions dated [] 2017, as amended from time to time.

"**Internal Candidate**" means an FMO employee identified and deemed suitable by FMO, in accordance with the requirements as set forth in these Guidelines, to be nominated by FMO to a Board seat, IC - or AC position at a Company.

"**IC**" means the Investment Committee of a Company (mostly, an investment fund).

"**IO**" means an FMO employed (senior) investment officer.

"**IRC**" means the FMO Investment Review Committee.

"**Local Law**" means all applicable local laws and regulations, legally binding principles, case law or any other enactment or rule of law of the country a Company is established or acting in, which governs the activities of a Director, IC or AC member.

"**MB**" means FMO's Management Board.

"**Outside Position**" means a position as defined in the Outside Position Policy.

"**Outside Position Policy**" means the Outside Positions Policy of 17 September 2014, as amended from time to time.

"**SB**" means FMO's Supervisory Board.

"**Strategic Venture**" is a special initiative where FMO's name is strongly connected. While there is no simple definition, it typically involves cases where FMO takes above 20% in an underlying legal entity (subsidiary, affiliate or joint venture). Such an initiative may also be defined by a cross-

departmental approach. On a case-by-case basis, the MB in consultation with the CG Unit, will determine whether a particular investment falls into the category of "Strategic Venture", and if any special considerations to these Guidelines are merited.

1 Introduction¹

In its investment operations, FMO from time to time obtains the right to nominate individuals to corporate positions at companies: non-executive positions on the (supervisory) board of directors, as well as positions in the AC or IC of an investment fund. The extent to which FMO is able to add value through these nominations, and derive the highest benefit from this opportunity, is closely related to when, why, and who is selected to fill this role, and the considerations and rules that guide this nomination.

These Guidelines attempt to guide the nomination process so as to ensure the proper checks and balances, and also minimize and manage (potential) conflicts of interests. Any deviations of the principles and rules set forth in these Guidelines, including but not limited to nominations to corporate positions in (new) Company structures, partnerships, joint ventures, Strategic Ventures, platforms or similar (cooperation) and FMO subsidiaries or affiliates, must be submitted in writing following the procedure in the section 3 (*Processes*) hereof and will be considered by the MB on a case by case basis.

1.1 Guiding Principles

FMO seeks to follow and promote corporate governance best practices in its nomination and therefore aspires to contribute to the establishment of diverse Boards that exercise objective and independent judgement. Board members must commit sufficient time/attention to their responsibilities, and must be aware of their liabilities and requirements, as well as to act on a fully informed basis, in good faith, fulfilling their duty of care and in the best interest of the Company, its shareholders and other stakeholders.

FMO also seeks to assess, minimize and manage risks associated with nominations to the governance bodies of its investee companies and funds; in addition to adequately managing the commitment of FMO staff resources to directorship assignments. The objective of adding value to Companies on which such staff serve as Directors is a key consideration, as well as how this corresponds to the responsibilities of such staff in their roles at FMO.

1.2 Requests for Corporate Positions

All (requests for) Corporate Positions have to be announced to the CG Unit as soon as possible. At the CG Unit's discretion, the Corporate Position can be further discussed between the CG Unit and the originating IO/Manager/Director/MB member **timely and prior** to (i) any (in)formal discussions and negotiations with the Company in respect of Corporate Positions or the design of a Company's Corporate Governance structure, (ii) the drafting and processing of the relevant Board /IC Member memorandum or (iii) the request for approval thereof by

¹ FMO was a key contributor to an electronic publication titled "*Guidebook for Development Finance Institutions on Nominating Members to the Boards of Investee Companies*". This document provides a useful and interesting overview of the main dilemmas DFIs face when nominating individuals to Boards, and some key considerations to reduce and mitigate conflict of interest situations. Many of the principles outlined in the Guidebook are very much embedded in FMOs nomination practices. Follow this link to view the publication: <http://cgdevelopmentframework.com/wp-content/uploads/2016/09/Guidebook-for-DFIs-on-Nominating-Members-to-the-Boards-of-Investee-Companies.pdf>

MB and/or SB (applicable only when a MB member is nominated to the Board), in order to rule out or diminish conflicts of interest. An early announcement to the CG Unit also serves the purpose to enable the CG Unit discuss the proposal with the Compliance Department to properly distinct a Corporate from an Outside Position.

2 Decision-making

A series of distinctions are made below in an effort to guide FMO's decision of *when, why, and whom* to nominate to Corporate Positions. The categories listed below are key in defining the rules that apply around Board nominations considering that liabilities and the conflicts of interest that can arise are intimately related to the characteristics of the company and the type of governance body, among other matters.

First, a distinction should be made to determine whether the position is a **Corporate Position** or an **Outside Position** for which the Outside Position Policy would be applied. In case of a Corporate Position, the steps below are to be decided upon.

Second, when dealing with a Corporate Position, a distinction is made between:

- (i) a Corporate Position in the Board (or other governance body) of an FMO investee or fund, or a client of FMO. Often the right to nominate an individual to these positions comes by virtue of FMO's position as shareholder (often associated with the percentage stake taken by FMO); and
- (ii) a position offered to an FMO staff member in other organizations that are **not** an FMO client or investee company, or associated with such, but where the invitation to be part of this governance body is connected to the individual's employment to FMO. A different set of rules apply in this case, which are described below.

Third, distinction is made among types of companies in which FMO is investing:

- (i) Widely-held companies (in which ownership is dispersed);
- (ii) Closely-held companies and/or early-stage companies (where ownership is concentrated, and typically Board members are shareholder representatives); and
- (iii) investment funds.

Fourth, distinction is made between types of corporate positions (a general description of the different positions is provided in Annex I):

- (i) member of a Board;
- (ii) member of an Investment Committee (IC); and
- (iii) member of an Advisory Committee (AC).

Fifth, distinction is made between Boards that are for the greater part comprised of non-executive (Independent) Directors other than shareholder representatives, and Boards that only comprise shareholder representatives (mostly in Closely-held companies).

Sixth, distinction is made between types of Candidates for corporate positions:

- (i) Internal Candidates; and
- (ii) External Candidates.

The distinctions above are captured in the following tables by outlining the type of position, the rationale or priorities that FMO applies behind such nominations, and who (Internal or External Candidates) is eligible for these positions.

One key consideration in this section is the extent to which an FMO staff member (or Internal Candidate) is eligible for a Corporate Position. In all nominations, FMO seeks to uphold best practices, and attempts to minimize as best as possible the conflict of interest situations that may arise in these nominations. Nominating an External Candidate allows FMO to select an individual who is not employed full-time and can allocate sufficient time to the Board assignment, and may reside close to the Company, therefore can more easily attend Board meetings in person; also, an External Candidate is arguably in a better position to prioritize (or be perceived to prioritize) the interest of the Company over the interest of the nominating institution and therefore better fill his/her fiduciary duties. Finally, and arguably most importantly, nominating External Candidates allows for the selection among a large variety of skills and level of experience, being able to better complement the existing expertise present at the Board of the Company.

FMO recognizes that there are some instances where the investment team—and maybe even the investee—strongly favors the approach of nominating an Internal Candidate. This may be the case when the investee is an early stage company, or a Closely-held Company and all other shareholders have representatives on the Board. Companies labelled as “early-stage” must be checked periodically (at least every 2 years) to ensure that conditions have not changed and the Candidate is still operating with acceptable liability exposure and the appointment is still fit for purpose. If and when an Internal Candidate is proposed, s/he should refrain from the responsibility of monitoring that investment unless such company is an early-stage investment.

TABLE 1 - SUMMARY GUIDING PRINCIPLES APPLICABLE TO DIFFERENT KINDS OF CORPORATE POSITIONS

Position	Why	Who
<u>Director at:</u> <ul style="list-style-type: none"> ➤ Widely-held companies 	<ul style="list-style-type: none"> ➤ To add significant value to the Company, amongst others by bringing in relevant knowledge or experience at Board level, enhancing the Company's operational standards and/or to strengthen the environmental, social and corporate governance standards and practices of the Company. 	<ul style="list-style-type: none"> ➤ External Candidate
<u>Director at:</u> <ul style="list-style-type: none"> ➤ Closely-held Companies / Early Stage Companies 	<ul style="list-style-type: none"> ➤ To add significant value to the Company by bringing in relevant knowledge or experience at Board level, enhancing the Company's operational standards and/or to strengthen the environmental, social and corporate governance standards and practices of the Company, among others. 	<ul style="list-style-type: none"> ➤ External Candidate ➤ Internal Candidate with some limitations expressed in Table 3 below.
<u>IC member at:</u> <ul style="list-style-type: none"> ➤ investment funds 	<ul style="list-style-type: none"> ➤ To add significant value to investment-related decisions 	<ul style="list-style-type: none"> ➤ External Candidate ➤ Internal Candidate with some limitations expressed in Table 3 below.
<u>AC member at:</u> <ul style="list-style-type: none"> ➤ investment funds 	<ul style="list-style-type: none"> ➤ To monitor strategy and performance of the Fund and participate in areas and topics that have been pre-defined and stipulated in the contract such as conflict of interests, review of valuations, among others. 	<ul style="list-style-type: none"> ➤ Internal Candidate (preferably the responsible IO or manager) (see Table 3 below (<i>Conditions for Directors/IC members/AC members</i>))

The table below summarizes FMO’s eligibility requirements with regard to Candidates:

TABLE 2 – Eligibility requirements for Board Directors & IC members

Candidate	Eligibility requirements for Directors
External Candidate	<ul style="list-style-type: none"> ➤ External Candidate’s profile, expertise and experience must match Company’s needs. ➤ External Candidate to make available sufficient time to serve in the Corporate Position. ➤ External Candidate to fully understand responsibilities, Director duties and potential liabilities. ➤ External Candidate is aware that s/he acts strictly for the benefit and in the interest of a Company and needs to disclose any (potential) conflicts to the Board in which s/he serves. ➤ External Candidate must undergo an induction/on-boarding program (see details in Annex V)
Internal Candidate	<ul style="list-style-type: none"> ➤ Internal Candidate’s profile, expertise and experience match Company’s needs. ➤ Internal Candidate to make sufficient time available to serve in the Director position. ➤ Internal Candidate to fully understand responsibilities, Director duties and potential liabilities. ➤ Internal Candidate is aware that s/he acts strictly for the benefit and in the best interest of a Company and needs to disclose any (potential) conflicts to the Board in which s/he serves. ➤ Internal Candidate to a Closely-held Company or in an Early Stage Company is acceptable if the Company does neither plan to distinct shareholder and board levels in the near future nor to introduce other type of Board members than shareholder representatives. ➤ Internal Candidates must complete the Board leadership training program offered by FMO within one year of being appointed or as soon as possible thereafter, training opportunities permitting. ➤ Internal Candidate must undergo an induction/on-boarding program (see details in Annex V).

	Eligibility requirements IC members
External Candidate/Internal Candidate	<ul style="list-style-type: none"> ➤ External/Internal Candidate’s profile, expertise and experience match the IC’s needs. ➤ External/Internal Candidate to make sufficient time available to serve in the IC position. ➤ External/Internal Candidate to fully understand responsibilities, IC member duties and potential liabilities. ➤ External/Internal Candidate is aware that s/he acts strictly for the benefit and in the best interest of a Company and needs to disclose any (potential) conflicts to the IC in which s/he serves and/or the relevant AC.

The Table below summarizes FMO’s conditions with regard to Candidates:

TABLE 3 – Conditions and Requirements for Board Directors/IC members/AC members

Candidate	Conditions
External Candidate	<p><u>Director</u> on the Board of an investee company, or partner organization or joint venture, platform and FMO subsidiaries or affiliates</p> <ul style="list-style-type: none"> ➤ A maximum of five non-executive Board positions. (A committee chair position may count for two regular Board positions.) ➤ No appointment as the chairperson of a Board. (Chair of a Board committee is possible and encouraged.) ➤ External Candidates appointed to the Board of a Company shall not formally represent FMO in shareholders' meetings of that Company, unless there are no items on the agenda of a shareholders’ meeting to be contested by FMO. If there are items on the agenda to be contested, the responsible IO has to represent FMO at a shareholders’ meeting (under an unrestricted Power of Attorney). ➤ Joint nomination together with other DFI(s) of an External Candidate shall be arranged by one of the DFIs under its external Director nomination regime and to be covered by the Company’s D&O Liability Insurance². Such joint nomination shall be clearly communicated to the Company’s Board. ➤ Once the IRC decides to refer a Company where an External Candidate is nominated as Board member to the Special

² See Section 4.6 (*Insurance and Indemnification*)

	<p>Operations Department for consultation, the IRC and/or the Special Operations Department in close cooperation with the CG Unit can decide to revoke such External Candidate's nomination. Same applies once the Company is transferred to the Special Operations Department.</p> <p><u>IC</u> Member in ICs of a fund or a partner organization of FMO, a joint venture, platform and FMO subsidiary or affiliate</p> <ul style="list-style-type: none"> ➤ IC should be independent of the management team. ➤ Preferably, only when (i) FMO is part of fund manager or is anchor investor or (ii) the fund is too small to attract strong IC members for the lifetime of that fund. ➤ No simultaneous nomination to IC and Board. ➤ Joint nomination together with other DFI(s) of an External Candidate shall be arranged by one of the DFIs under its external IC nomination regime and to be covered by the Company's D&O Liability Insurance³. Such joint nomination shall be clearly communicated to the investee company's Board.
Internal Candidate	<p><u>Director</u> on the Board of a Company or partnership, joint venture, platform or FMO subsidiary or affiliate</p> <ul style="list-style-type: none"> ➤ Restrict nomination as: <ul style="list-style-type: none"> • Executive director; • Alternate director, unless obligatory pursuant to local law and/or regulations, the investee company's bylaws or other local conditions; • Director of a listed company; • Director in cases in which FMO provides equity and debt to a Company and FMO is arranging the debt component on behalf of 3rd parties (arranger/leader syndicated loan or club deal, leading agent, etc.); • Director in cases in which FMO provides debt only; and • Board - and IC member or AC member (vested in the same person) simultaneously at the same Company. ➤ Nomination of observers to a Board is not recommended, but acceptable in exceptional cases. Approval of such exceptional cases are jointly to be determined by the CG Unit and the originating Department. <i>Occasional</i> attendance of a Board meeting by the responsible IO/Portfolio Analyst <i>is not considered</i> an observer position. Such person is recommended to only observing and not contributing to any form of oral communication, and is to be qualified as "invitee" in the minutes of meeting.

³ See Section 4.6 (*Insurance and Indemnification*)

	<ul style="list-style-type: none"> ➤ No more than four (combined) Board/IC positions in total per Internal Candidate at the same time. ➤ No functioning as the chairperson of a Board. (Chair of a Board committee is possible and encouraged.) ➤ Board committee participation is encouraged. ➤ FMO Senior Management (MB members) are NOT to serve in any Corporate Position; ➤ Front Office Directors not to serve as Director on a Company within their portfolio; ➤ Managers not to serve as Director on a Company within their portfolio unless their portfolio responsibility for the Company is transferred prior to nomination to another Manager or Front Office Director (of his/her department); ➤ Director(s) and Manager(s) of the Credit Department not to sit on Boards; ➤ Internal Candidates to be nominated (i) once only equity is provided and (ii) not responsible for follow-up investments. ➤ Internal Candidates appointed to the Board of a Company shall not formally represent FMO in shareholders' meetings of that Company, unless there are no items on the agenda of a shareholders' meeting that are to be contested by FMO. If there are items on the agenda to be contested, the responsible IO has to represent FMO at a shareholders' meeting (under an unrestricted Power of Attorney). ➤ Joint nomination together with other DFI(s) of an Internal Candidate can be made on a rotating basis among co-investing DFIs successively nominating different internal candidates, which is to be arranged by one of the DFIs under its Director nomination regime and to be covered by the Company's D&O Liability Insurance⁴. Such joint nomination shall be clearly communicated to the Company's Board. ➤ Internal Candidate not to be nominated close to his/her retirement. Internal Candidate to be retired will be re-nominated after retirement as an External Candidate in their currently held position upon review of his/her Board member position by applying the annual Board position review template, attached hereto as Annex IV. In exceptional cases and at the discretion of the originating department and the CG Unit a 1-year "cooling-off" period can be applied to retirees "collecting" board seats shortly before their actual
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⁴ See Section 5.6 (*Insurance and Indemnification*)

	<p>retirement, however such 1-year "cooling-off" period is mandatory to retiring members of the MB. Such "cooling-off" period will start at the actual retirement date of the relevant FMO employee until the date 1 (one) year thereafter.</p> <ul style="list-style-type: none">➤ Once the IRC decides to refer a Company where an Internal Candidate is nominated as a Board member to the Special Operations Department for consultation, the IRC and/or the Special Operations Department in close cooperation with the CG Unit can decide to revoke such Internal Candidate's nomination. Same applies once the investee company is transferred to the Special Operations Department.➤ Internal Candidate vacates the position upon termination of FMO employment.➤ On rare occasions, an Internal Candidate could be approached directly by an investee company requesting him/her directly to sit on their Board, and this opportunity may come even if and when FMO has not formally gained the right to Nominate through the investment. In such a case, the Internal Candidate is encouraged to formalize this position to be treated as an FMO Nominee in order for all the FMO liability protections to adequately kick-in. <p><u>ICs</u> of funds or partnerships, joint ventures, platforms or similar (cooperation) and FMO subsidiaries or affiliates</p> <ul style="list-style-type: none">➤ IC should be independent of management team.➤ Only to be nominated in first time funds for the life of that fund, provided that the fund is not in the Internal Candidates portfolio.➤ Restrict nomination as: IC – and Board member or AC member (vested in the same person) simultaneously at the same Company.➤ Not more than four (combined) IC/Board positions in total per Internal Candidate at the same time.➤ Joint nomination together with other DFI(s) of an Internal Candidate can be made on a rotating basis among co-investing DFIs successively nominating different internal candidates, which is to be arranged by one of the DFIs under its IC nomination regime and to be covered by the Company's D&O Liability Insurance⁵. Such joint nomination shall be clearly communicated to the general – and the other limited partners.➤ Internal Candidate not to be nominated close to his/her retirement.
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⁵ See Section 4.6 (*Insurance and Indemnification*)

	<ul style="list-style-type: none"> ➤ Internal Candidates to be retired can be re-nominated after retirement as an External Candidate in their currently held position, upon an assessment thereof by the responsible IO, his/her Manager and the CG Unit. ➤ Forthwith vacates the position upon termination of FMO employment. <p><u>AC</u></p> <ul style="list-style-type: none"> ➤ To be fulfilled by responsible IO or his/her manager. ➤ Total of ten AC positions per Internal Candidate at the same time. AC positions in funds managed by the same Asset Manager/Private Equity firm count as one AC seat. ➤ No AC seat for the same Internal Candidate if already on the IC or the Board of the same Company. ➤ Forthwith vacates position upon termination of FMO employment.
<p>Corporate Positions in organizations that are NOT FMO investees or clients, or not associated with such (partner, NGO, Foundation, organization, etc.) where an FMO employee has been invited to sit on the Board or alternate governance body and this invitation is associated to the FMO employment of the individual.</p>	
<p>Internal Candidate</p>	<ul style="list-style-type: none"> ➤ Individual must request the approval of his or her Manager or Director. ➤ Individual must be aware of liabilities connected to the position, and is advised to seek adequate insurance coverage. Since this position is not nominated by FMO, the relationship will be between the individual and the company, and the individual is personally responsible to take the necessary precautions. ➤ Individual must notify in writing the Corporate Governance Unit for registration purposes. ➤ The Internal Candidates actions represent a potential reputational risk for FMO, given the individual's connection by employment to FMO, and the links between FMO and the company or institution in which this individual is serving. Therefore, the internal candidate must act with integrity and respect FMOs principles and rules of conduct at all times. ➤ A maximum of 4 such positions may be held simultaneously including any Corporate Positions held by the individual.

3 Processes

This section discusses FMO's internal processes for the nomination of individuals to Corporate Positions.

3.1 Corporate governance - and Local Law review

Before FMO exercises its right to nominate anyone to a Corporate Position (except for ACs), the responsible IO, in close cooperation with the CG Unit, is to carry out a corporate governance review of the Company (and start-up the Board member on-boarding programme (see Section 4.7 below) or discuss the Company's corporate design as meant in section 1.2 (*Requests for Corporate Positions*)).

The purpose of such corporate governance review is to identify the key corporate governance weaknesses and risks or value add opportunities of the Company and to prioritize improvements thereof and the purpose of structuring discussions to avoid or mitigate conflicts of interest.

Special attention is to be paid to the role, composition and functioning of the Company's Board as to determine any gaps and conflicts of interest and the subsequent requirements/profile of the Candidate to be nominated by FMO.

The responsible IO, in close cooperation with the CG Unit, shall assess the (personal) liabilities a Candidate may incur due to his intended membership of a Board or an IC of a Company in respect of Local Law. The CG Unit may recommend obtaining Local Law advice in case it is intended to nominate such Candidate in a country for which FMO has not yet obtained legal advice or will seek, together with the IO, other ways to obtain Local Law intelligence related to Board member liabilities. General rule is that legal advice will be at costs of the pertaining Front Office Department.

3.1.1 Tools

The tools needed to carry out the corporate governance review comprise of the FMO Toolkit(s) on Corporate Governance. The relevant toolkit is available in the Process Atlas.

3.1.2 Corporate Governance Review Results

The responsible IO shall discuss the results of the corporate governance review with the Candidate and the CG Unit and reflects the results in the Director/IC Member Memo, as further set out below (thus to be drafted by the IO). If obtained, Local Law advice is to be communicated to the Candidate.

3.2 Director/IC Member Memo (for new and continuation of Board and IC seats) and annual Board position review template

The form of the Director/IC Member Memo and of the annual Board position review template are attached hereto as Annex III and IV, respectively.

	<p>from the Guidelines) to the Chief Investment Officer, in close cooperation with the Compliance Department. Report to be submitted on or before 30 November of any year.</p> <p>N.B.</p> <p>In case of discrepancies in positions of:</p> <ul style="list-style-type: none"> • IO and Corporate Governance Analyst/Corporate Governance Officer, the case is to be escalated to FO Manager and Corporate Governance Manager; • FO Manager and Corporate Governance Manager, the case is to be escalated to FO Director and Director the Corporate Governance Manager resorts to; • FO Director and the Director the Corporate Governance Manger resorts to, the case is to be escalated to the Chief Investment Officer. <p>In the exceptional case that – in deviation from the Guidelines – MB members have to be nominated as an IC member (thus a Corporate Position), such nomination shall be approved by the FMO Supervisory Board.</p>	<p>Reporting format to be determined from time to time; see Annex VI</p>
<p>AC members</p>	<ul style="list-style-type: none"> ➤ Verbal approval by relevant Manager. Written approval required only if the proposed AC member is not the IO or his Manager. In such case same approval process as for IC seat. ➤ Annual overview report (including but not limited to number of persons in Corporate Positions and deviations from the Guidelines) to the Chief Investment Officer, in close cooperation with the Compliance Department. Report to be submitted on or before 30 November of any year. 	<p>Notification by to CG Unit/Corporate Governance Analyst by e-mail</p> <p>Reporting format to be determined from time to time; see Annex VI</p>
<p>Corporate Positions in organizations that are NOT FMO investees or clients, or not associated with such (partner, NGO, Foundation, organization, etc.) where an Internal Candidate has been invited to sit on the Board or alternate Governance Body and</p>	<ul style="list-style-type: none"> ➤ Approval obtained from the corresponding Manager or Director. ➤ Formal notification in writing to the CG Unit (Analyst) for registration purposes. ➤ Annual overview report (including but not limited to number of persons in Corporate Positions and deviations from the Guidelines) to the Chief Investment Officer, in close cooperation with the Compliance Department. Report to be submitted on or before 30 November of any year. 	<p>Reporting format to be determined from time to time; see Annex VI</p>

this invitation is associated to the FMO employment of the individual		
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3.4 Formalization⁶

Upon approval of the corporate position, FMO will provide the Candidate with:

- an FMO nomination letter, which contains the key terms and conditions of the nomination, to be counter-signed by the Candidate;
- the Code of Conduct, which the Candidate is to sign and abide by (only for Board positions), to be signed by the Candidate;
- an indemnity statement to be counter-signed by the Candidate; and
- a copy of the local corporate governance principles, if available, and the Dutch Corporate Governance Code (only for Board positions). In case of a financial institution, also a copy of the local bank governance principles and the Dutch Banking Code may be added.

Separately, FMO will provide the Company with a nomination letter, nominating a Candidate for membership of the Board, IC or AC of the Company, to be counter-signed by the Company, if so required.

Nomination letters in respect of AC positions are only to be signed by the corresponding manager or director.

3.5 Registration

All Corporate Positions shall be registered by the relevant (Senior) CG Analyst in the relevant (IT) system(s) for reporting and monitoring purposes. Therefore it is the IO's and the relevant FMO employee's obligation to communicate such positions to the same.

3.6 Annual Board positions review

All Director positions held by External and Internal Candidates are to be annually reviewed at the time the Company is scheduled for its annual Client Credit Review (CRR). To that effect, the CRR template addresses such review and provides for a link to the annual Board position review template. The completed annual Board position review is to be filed in CRM/relationship information/corporate positions.

⁶ Templates of all applicable letters are available with the CG Unit.

3.7 Cancellation

If FMO no longer wishes to maintain the Candidate it nominated, either because (i) FMO's involvement is no longer required, (ii) FMO is not satisfied with the achievement of objectives as set out in the Board/IC Member Memo, from time to time, (iii) FMO deems the withdrawal of the Candidate appropriate due to unacceptable liabilities a Candidate might incur, (iv) the Candidate wishes to resign (on a two months' notice to FMO and the Company), or (v) for any other reason as determined by FMO in its sole discretion, FMO will send a termination letter to the Candidate and a resignation letter to the Company and shall ensure that the Candidate sends a personal resignation letter to the Company.

4 Key terms and conditions

4.1 Term of nomination

Candidates for a Board position are nominated as from the date of FMO's nomination up to the date four years thereafter and can subsequently be renewed up to the date eight years thereafter or up to the date FMO's nomination is revoked (i) by FMO at its first request, (ii) by the Company in accordance with its relevant corporate documents or (iii) by the Candidate at his personal request, whichever comes first. Nomination periods of less than four years are to be avoided.

Candidates for an IC are nominated only in first time funds as from the date of FMO's nomination until the end of the life of that fund or up to the date FMO's nomination is revoked (i) by FMO at its first request, (ii) by the Company in accordance with its relevant corporate documents or (iii) by the Candidate at his personal request, whichever comes first.

Internal Candidates for an AC are nominated as from the date of FMO's nomination until the termination date of the Company or up to the date; FMO's nomination is revoked (i) by FMO at its first request, (ii) by the Company in accordance with its relevant corporate documents or (iii) by the Candidate at his personal request, whichever comes first.

4.2 Duties

The duties and performance requirements of Directors are set forth in the Code of Conduct, as attached hereto as Annex II. Directors shall accept and adhere to the Code of Conduct.

4.3 Communication with FMO

The Internal – or External Candidate may be in regular contact with the responsible IO for general discussion on the Company, the country/ies involved, for knowledge sharing and discussing his findings in respect of the achievement of the objectives set for his positions, provided that either:

- (i) the information shared is in the public domain; or
 - (ii) FMO, as a shareholder, is entitled to access Board meeting minutes; or
 - (iii) the Internal – or External Candidate obtained approval documented in the minutes of a Board meeting to share information with FMO; and
- by so doing the Internal – or External Candidate is not in breach of his duty of confidentiality and loyalty to the Company.

4.4 Remuneration and reimbursement of costs and expenses

Internal Candidates

Any remuneration and reimbursement of costs and expenses whether derived from a Corporate Position paid by the Company in respect of the Internal Candidate are for the benefit of FMO and shall be transferred to FMO directly (or in exceptional cases) by the Internal Candidate to FMO immediately upon receipt thereof.

The Internal Candidates are not allowed to receive shares in a Company (unless required by Local Law⁷) or a performance related remuneration, such as but not limited to bonuses and stock options.

If contractually agreed upon, travel, accommodation costs and reimbursement of out-of-pocket expenses shall be reclaimed by FMO from the Company in accordance with the relevant contractual/Company policy requirements. Internal Candidates appointed to the relevant corporate position are subject to FMO's travel policy and shall reclaim their costs and expenses in accordance with the FMO policies in this respect.

External Candidates

For External Candidates, remuneration and reimbursement of any costs and expenses are to be borne by the Company and to be paid directly to the External Candidate. Such remuneration is to be negotiated in the documentation phase, if not already arranged for in the Company's corporate documents.

In the event that remuneration and reimbursement of costs incurred by External Candidates are NOT adequately arranged for in the legal documentation or corporate documents, either the respective FMO department shall pay such remuneration or the remuneration may be paid out of FMO's Capacity Development funds, provided that such remuneration is approved (i) in accordance with the Capacity Development approval process and (ii) reflected in the Director/IC Member Memo.

In case of payment out of FMO's Capacity Development funds, the applicable rules apply and shall be documented in the nomination letter to be counter-signed by the External Candidate.

The External Candidates are not allowed to receive shares in a Company (unless required by Local Law) or a performance related remuneration, such as but not limited to bonuses and stock options.

4.5 Liabilities

Liabilities for Candidates may arise from Local Law, tort (non-contractual, non-criminal wrongdoing), wilful misconduct and/or gross negligence when carrying out their Corporate Positions, which could also (partly) result in liability towards the Company and its share- and stakeholders, especially in (near) bankruptcy situations. It is important to point out that Candidates can be imprisoned, fined, sued for losses, held personally liable, removed from office, disqualified, etc.

Local Law is most likely to be leading for the determination of liabilities of the holders of corporate positions. Accordingly, all Candidates will be encouraged to make themselves

⁷ In this case the Internal Candidate has to obtain a pre-clearance for such holding pursuant to the Private Investment Policy.

familiar with such potential liabilities under Local Law liability rules, prior to accepting FMO's nomination. The CG Unit can assist in obtaining Local Law advice.

4.6 Insurance and indemnification

The Company shall take out a Directors and Officers Liability Insurance or as the case may be a Professional Liability Insurance covering persons in corporate positions within the Company ("**D&O Insurance**"). FMO, as well as the Candidate, shall endeavour to ensure that such insurance is taken out by the Company without diminishing the Candidate's own responsibility to confirm the existence of such insurance cover. A copy of the cover is to be sent to FMO upon each renewal thereof. The unavailability of proper D&O Insurance may be a reason not to nominate a Candidate or to reject the nomination on a case-by-case basis.

In case the Candidate is held liable due to the performance of his Corporate Position with the Company and a claim arises in respect thereof, the Candidate shall refer to the Company's D&O Insurance. In case the Company's D&O Insurance does not cover a claim or no D&O Insurance is available with the Company, the Candidate may refer to FMO's indemnity statement. To that effect, every Candidate will receive an FMO indemnity statement indemnifying the Candidate for all costs incurred in connection with a claim by a third party in respect of the corporate position nominated to.

4.7 Induction/on-boarding and Training

Induction/on-boarding

The (potential) candidates for Corporate Positions will have to be subject to an induction/on-boarding program, details of which are set out in Annex V hereto.

Training

While External Candidates nominated to a Board are assumed to have previous experience in corporate positions, they may choose to attend a Board leadership-training program made available by FMO. For Internal Candidates nominated to a Board, this training program is mandatory and should be completed preferably within one year after appointment or as soon as possible thereafter training opportunities permitting.

4.8 Board information storage

The Internal Candidate shall store all Board correspondence (including minutes of Board meetings) in FMO's internally accessible data systems.

5 Exceptions

The Guidelines apply to any and all cases where FMO is nominating an individual to a Corporate Position. Any exceptions to the application of these Guidelines will be considered on a case by case basis and can only be approved by the Management Board, or the Supervisory Board, in cases where the reason to request an exception are related to the interest of nominating a member of the Management Board to a Corporate Position. The request for the exception must be accompanied by the proper justification, and, a plan to mitigate any additional risk or liability posed by choosing to follow a different path.

In recent times, exceptions to the rules here outlined have been requested in particular in cases where FMO has engaged in Strategic Ventures (i.e. Arise). As stated above, the

Management Board will determine if and when an specific investment can be labelled as a Strategic Venture, and if different rules would need to apply. Corporate Positions in Strategic Ventures will need to be determined by the Management Board in consultation of the Corporate Governance Unit. If and when an MB member is to be nominated, the Supervisory Board will approve such an exception.

While these Guidelines attempt to provide a framework for the Nomination of individuals to Corporate Positions, its application ultimately remains in the discretion of the Management Board and Supervisory Board.

6 Reviewing the Guidelines

These Guidelines were first established in 2011 and were reviewed in 2012. Due to progressing understanding, certain provisions of these Guidelines were amended and approved by Management Board on 16 October 2013 and 14 July 2014.

The present review (July 2017) responds to the need to revisit the Guidelines as a result of FMO participating in innovative investment vehicles, in addition to the realization that FMO staff are being asked to sit on Boards of companies by virtue of their employment connection to FMO, but not in companies or organizations where FMO has a right to nominate a Director. These positions must somehow be acknowledged and should follow a certain procedure, and in the present document, they are considered Corporate Positions, with a slightly lighter treatment.

The next update of the Guidelines will take place if and when considered necessary, based on annual review, by either of the CG Unit, (a) Front Office Director(s)/Manager(s) and/or other relevant parties in consultation with each other.

ANNEX I - GENERAL DESCRIPTION OF CORPORATE POSITIONS

This Annex I forms an integral part of these Guidelines.

Directors

Directors play a crucial role in the relationship between shareholders and management. The key tasks and responsibilities of Directors are laid down in the Code of Conduct.

Key principles:

- There should be a clear separation of duties between management, (executive and non-executive) directors and shareholders;
- In general, responsibilities of the Board include the following:
 1. assess the Company' strategy and performance of the Company;
 2. select and monitor the management;
 3. approve major transactions;
 4. approve the annual accounts;
 5. make recommendations to shareholders;
 6. monitor the financial position of the Company.
- Directors should act as a non-executive Directors for the benefit and in the best interest of the Company in accordance with Local Law.

IC members

The IC of a Company typically needs to approve all investment-related decisions of a Company, both at entry and at exit. As a general principle, the IC should be independent of a Company's management team.

The key tasks and responsibilities of IC members generally entail:

- allocating budgets for investment opportunities;
- voting on investment proposals and disposals;
- reviewing the fair value of the investment portfolio.

IC members should act for the benefit and in the best interest of the Company in accordance with Local Law.

AC members

The AC of a Company would typically be formed to monitor a fund's performance and compliance with the defined investment strategy.

In general the tasks and responsibilities of an AC member entail:

- (i) reviewing and approving:
 - transactions that impose conflicts of interest;
 - methodology used for portfolio valuations;
 - portfolio valuations;
 - changes to the fund's investment strategy; and
- (ii) discussing with GP:
 - change of auditors;
 - compliance;
 - allocation of partnership expenses; and
 - team/key man development/changes.

ANNEX II – CODE OF CONDUCT

This Annex II forms an integral part of these Guidelines.

Code of Conduct

for
FMO Directors

Definitions and Interpretation

In this Code of Conduct:

“Board” means in respect of a one-tier board structure, the board of directors of the Company or any other corporate body that pursuant to the Company's corporate documents or Local Law is entrusted with the powers and responsibilities of executive and non-executive directors and in respect of a two-tier board structure, the supervisory board of the Company or any other corporate body that pursuant to the Company's corporate documents or Local Law is entrusted with the powers and responsibilities of non-executive directors.

“Code of Conduct” means this code of conduct in which a set of rules outlining the rights responsibilities and proper practices of an FMO Director are laid down.

“Company” means the company, corporation, fund, partnership or other entity to which an FMO Director is appointed as member of the Board of [*insert name of FMO investee company*]

“Conflict of Interest” means any circumstance where personal interest can obscure personal judgement to the detriment of the Company's best interest.

“FMO” means Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., established in The Hague, The Netherlands and having offices at Anna van Saksenlaan 71, 2593 HW The Hague, The Netherlands;

“FMO Director” means the member of the Board who, pursuant to any contractual agreement or side letter between FMO, the Company and/or the Company's shareholders or other persons having an interest or participation in the Company, has been nominated by FMO and is or will be appointed by the Company as a Board member.

“Local Law” means any law, rule, regulation (including international treaty obligations), applicable in the jurisdiction of the country in which the Company is established or carries out its business and which governs the rights, responsibilities and actions of the FMO Director as a member of the Board.

“Related Party” means a controlling company, entities under common control, shareholders including members of their family and business associates, key management personnel and board members.

“Related Party Transaction” means a business deal or arrangement between Related Parties joined by a special relationship prior to the deal, including but not limited to business transactions between shareholders and corporation, issuing shares to related parties, executive compensation.

Obligations prior to appointment

1. Prior to the appointment of the FMO Director as member of the Board and at all times thereafter until termination of the FMO Director's membership to the Board, the FMO Director shall obtain Local Law advice and/or adequately familiarise himself with Local Law to such extent that he is reasonably aware of his rights, obligations and (potential) liabilities as a Board member pursuant to Local Law.
2. The FMO Director shall (a) prior to his appointment as member of the Board, to the best of his ability ensure that the Company takes out a Directors and Officers Liability Insurance or a Professional Liability Insurance in the amount which is appropriate for the Company's business covering any liabilities the FMO Director may incur in respect of his membership of the Board and (b) ensure to the best of his ability that the Company maintains such Directors and Officers Liability Insurance or Professional Liability Insurance for the duration of his appointment as a member of the Board.
3. In respect of on-boarding the FMO Director as a member of the Board (in close cooperation with the relevant FMO Investment Officer and the CG Unit):
 - (a) shall sign a Confidentiality Agreement with FMO and the Company;
 - (b) familiarize himself with the Company and FMO (including its development mandate), including but not limited to, by reviewing (i) the Company's annual reports (last three years), (ii) FMO's financial proposal and approval for the relevant investment, (iii) the Company's shareholding structure and shareholding percentages in the Company, (iv) the composition and performance of the Company's Board;
 - (c) should have a discussion with FMO's Investment officer and FMO's (Senior) Corporate Governance Officer on, including but not limited to, (i) the identified corporate governance weaknesses of the Board and the Company, (ii) FMO's objectives to the Board position, (iii) Local Law issues, (iv) any relevant Company codes and policies, the country's corporate governance code and this Code of Conduct;
 - (d) should have an introduction meeting with (at least) the chairman of the Board and key management (preferably in person);
 - (e) should discuss his remuneration package with the chairman of the Board.

Performance principles

4. An FMO Director shall to the best of his abilities ensure that the Board monitors the course of business of the Company and supervises the Company's management.
5. The FMO Director shall at all times comply with Local Law and the Company's corporate documents and shall to the extent legally possible adhere to the principles set forth in this Code of Conduct. In case of a discrepancy between Local Law and this Code of Conduct, Local Law shall prevail.

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6. An FMO Director shall act and decide, in good faith, with due diligence and care in the best interest of the Company.
 7. An FMO Director shall act in accordance with decisions taken under the Company's corporate documents and shall not exercise his powers outside their proper purpose.
 8. An FMO Director shall not, except where authorised to do so by the Company's corporate documents or any decisions taken under the Company's corporate documents:
 - (a) delegate any of his powers; or
 - (b) fail to exercise his independent judgement in relation to any exercise of his powers.
 9. An FMO Director shall exercise the care, skills and diligence, which would be exercised by a reasonably diligent person with the knowledge, skills and experience, which may reasonably be expected of a director in such a position.
 10. The FMO Director shall make himself adequately familiar with and remain informed about any developments in respect of the Company, the industry, the market and any other issues, which may be relevant to the Company.
 11. The FMO Director shall obtain to the best of his ability all information from the Company and its auditors necessary to carry out his role as a Board member sufficiently.
 12. The FMO Director shall attend at least 75% of the Board meetings annually scheduled to form a sound opinion and take sensible decisions.
 13. The FMO Director shall refrain from any actions, which may be considered as an action performed by an executive director of the Company.
 14. The FMO Director shall not hold more corporate positions at any company than allowed for pursuant to Local Law and in any event no more than 5 non-executive positions in total at any time (a Chairman of the Board position counts for two regular Board positions).

Confidentiality principles

15. An FMO Director may not disclose any confidential information obtained during the course of his Board membership to any third party, and will refrain from disclosing confidential and/or sensitive insider information to anyone unless he is required to disclose such information pursuant to Local Law, any Dutch legal or statutory obligation, or is contractually allowed to disclose such information.
16. Notwithstanding the FMO Director's duties with regard to confidentiality, he may, to the extent (i) that the FMO Director has been appointed on the basis of a binding nomination from any specific shareholder (including but not limited to FMO) or group of shareholders and (ii) permitted by Local Law:

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- (a) discuss with such shareholder or group of shareholders, in general terms, prior to any Board meeting, any agenda items for such Board meeting deemed by him to be non-confidential;
 - (b) report to such shareholder or group of shareholders on any issues deemed by him to be non-confidential that were discussed at any Board meeting attended;
 - (c) consult with such shareholder or group of shareholders on all matters deemed by him to be non-confidential, related to their interest in the Company,

provided that:

- (a) the FMO Director acts in the best interest of the Company; and
- (b) if the information disclosed to any specific shareholder or group of shareholders relates to matters relevant to all shareholders, the FMO Director shall use the best of his abilities to ensure that the Board provides all shareholders with that information.

16. The FMO Director may be in regular contact with the responsible FMO Investment Officer for general discussion on the Company, the country/ies involved, for knowledge sharing and discussing his findings in respect of the achievement of the objectives set for his position, provided that either:

- (a) the information shared is in the public domain; or
- (b) FMO, as a shareholder, is entitled to access Board meeting minutes; or
- (c) the FMO Director obtained approval documented in the minutes of a Board meeting to share information with FMO; and

by so doing, the FMO Director is not in breach of his duty of confidentiality and loyalty to the Company.

17. Notwithstanding the FMO Director's duties with regard to confidentiality and loyalty to the Company, he shall treat all information obtained from FMO in the execution of his position as FMO Director as strictly confidential for the duration of this appointment and any time thereafter and not disclose such information to any third parties unless approved by FMO in advance and in writing.

Integrity principles

- 18. The FMO Director shall not own, buy, take, acquire or accept any shares in the Company. If acceptance of shares is legally required under Local Law, the FMO Director will hold the shares for the duration of his appointment as member of the Board and will, if necessary, exercise any rights and obligations attached to them diligently.
- 19. The FMO Director shall not enter into any transaction with the Company other than in direct relation to his membership of the Board.
- 20. The FMO Director shall not trade or cause trading of any shares in the Company.

21. The FMO Director or former FMO Director shall not gain personal profit from transactions or other actions of the Company for his own benefit or for the benefit of any related third party in respect of any corporate or commercial opportunity of the Company of which he became aware of during his membership of the Board.
22. The FMO Director or former FMO Director shall not accept any benefit which is offered to him by a third party because of the powers he has or has had as Board member or by way of reward for any exercise of his powers as such, nor accept during the terms of his membership of the Board any position at any competitor of the Company within three years after termination of his Board membership, without FMO's prior written consent.
23. If an FMO Director detects any indication of corruption within or related to the Company, he shall immediately (i) make the Chairman of the Board aware of the same and (ii) shall use his best efforts to ensure that the Board takes appropriate measures while taking into consideration all relevant interests.
24. The FMO Director shall during the term of his membership of the Board and three years thereafter adhere to the Company's Anti-Money Laundering, Anti-Corruption and Anti-Bribery policies, if in place. If such policies are not available, the FMO Director shall use his best efforts to ensure that the Board takes appropriate action to have such policies established.

Principles on (potential) Conflicts of Interest, Related Party Transactions and personal liabilities

25. An FMO Director shall upon becoming aware of a (i) (potential) Conflict of Interest, (ii) a Related Party Transaction or (iii) upon becoming aware of any potential and/or personal liabilities of material significance for the Company or the FMO Director:
 - (a) disclose to the Chairman of the Board, as soon as practicable, such matter in accordance with the confidentiality principles set out herein;
 - (b) take immediate action and shall to the best of his abilities ensure that the Board takes immediate action to avoid any negative effects by, including but not limited to, obtaining Local Law advice and/or resignation from the Board in case the FMO Director incurs or expects to incur undue personal liabilities;
 - (c) in the performance of his function as member of the Board reclude himself from any deliberation or any decision whether to authorise, procure or permit the Company to enter into a transaction or otherwise act related to such (potential) Conflict of Interest, Related Party Transaction or which may enhance his personal liability;
 - (d) reclude himself from any deliberation and any decision, other than set out in (c) above;
 - (e) forthwith disclose to the Chairman of the Board any (potential) Conflict of Interest or Related Party Transaction he is personally involved in related to the Company and which potentially may affect the Company and (i) shall reclude himself from any deliberation or any discussion within the Board on said personal Conflict of Interest or Related Party Transaction, (ii) shall strictly adhere to any decision made by the Board in this respect

or (iii) shall resign from the Board in case of materiality of such Conflict of Interest or Related Party Transaction.

Principles on insolvency

26. If an FMO Director at any time believes that the Company may at some point in the future be unable to pay its debts as they fall due, he shall, in the exercise of his powers and in accordance with applicable Local Law, make the Board aware hereof and take such steps as he believes will achieve a reasonable balance between:
- (a) promoting the success of the Company; and
 - (b) reducing the risk that the Company will be unable to pay its debts as they fall due.
27. At any time when an FMO Director is aware, or should reasonably be aware that there is a reasonable prospect of the Company going into insolvent liquidation he shall make the Board aware hereof and shall use the best of his abilities to ensure that the Board takes every step to minimise the potential loss to the Company’s creditors in accordance with applicable Local Law.

End of term

28. The FMO Director shall resign within a reasonable term, but no longer than two months, upon receipt of a request in writing from FMO to that effect.
29. Should the FMO Director wish to resign he shall give FMO two months written notice and inform the Company at the same time.

Survival of principles

30. Upon resignation of the FMO Director (for whatever reason), the principles set out sections 14, 17, 18, 19, 20 and 21 (to the extent applicable) of this Code of Conduct shall be complied with by such FMO Director at all times until two years after termination of his Board membership.

FOR ACCEPTANCE AND ADHERENCE

Name:

Title:

Date:

ANNEX III – BOARD/IC MEMBER MEMO

This Annex III forms an integral part of these Guidelines.

Board/IC Member Memo

[To (for new Board and IC Member nominations only):

- (i) (Relevant) Manager of originating Department (with copy to Director originating Department);
- (ii) Corporate Governance Manager;
- (iii) Chief Investment Officer.]

[To (for extension Board nominations only):

- (i) (Relevant) Manager of originating department;
- (ii) Corporate Governance Manager.]

From: [IO/PA] N.B. to be drafted by IO and further discussed with (Senior) Corporate Governance Analysts/Officers

Date:

Regarding: Request approval [new [Board]/[IC Member] nomination]/[extension Board nomination]

Client name: [] (the ["Company"/["Fund"])

Equity share FMO : [EUR (fair value)]/[.....% stake]

[Note: *The requirements and conditions to all nominations for corporate positions in FMO investee companies are documented in the Guidelines on FMO Corporate – and FMO Related Outside Positions (the "Guidelines") (see Process Atlas). Please check the Guidelines prior to (i) negotiations with a Candidate and (ii) completion of the Director/IC Member Memo. Terms and expressions used herein shall have the same meaning as assigned to them in the Guidelines.]*

Existing/previous corporate positions with the Company:

- Mention previous and/or existing positions with the Company: [name[s], position, and period when active. If applicable, see CRM/Investment Relations/Details/Corporate Positions)]

Rationale and key objectives for the Director/IC position

- Main conclusions of the Corporate Governance Review:
- Key deficiencies at the [supervisory] Board level with regards to skills and experience:
- Other weaknesses of the Company the Candidate could address:

- [Explain the need for a new [Board]/[IC Member] nomination:]
- [Explain the need for renewal of the Board nomination:]
- Specify the expectations in respect of the [Board]/IC Member] nomination:
- Which objectives the Candidate should work towards: [*specify in detail*]

Profile

- Who is going to fulfil the position: [*In case of External Candidate attach CV!*]
- Justify the Candidate:

Responsibility and liability

- Discuss with Corporate Governance Unit (“**CG Unit**”) local law aspects in respect of [personal] liability of the Candidate (see Section 45.1 of the Guidelines) and elaborate on results:
- Has the Candidate been made or will the Candidate be made aware of his responsibilities and (personal) liabilities: [*describe action (to be) taken*]

Terms and conditions

- Duration of nomination (see Section 5.1 of the Guidelines):
- Compensation arrangements, including CD contribution (see Section 5.4 of the Guidelines):
- The Company has taken out a D&O Liability Insurance (see Section 5.6 of the Guidelines): [*yes, provide details: insurer, cover, duration & send insurance policy to CG Unit*]/[*no elaborate why not and/or willingness to do so*]

FMO conditions

- Position meets the conditions of Tables 1, 2, 3 and Annex I (*Decision Matrix Corporate – vs Outside Positions*) of the Guidelines: [*if not, explain*]
- Search for External Candidate: [*if not, explain*]
- Not chosen for an External Candidate: [*elaborate why not*]

Conflicts of Interest

External Candidate:

- The Candidate has any other relationship (for example, contractually or family-wise) with the Company other than the proposed future Board seat: [*describe*]
- Identify all potential conflicts of interest which may exist between the Board position and the other relationship of the Candidate with the Company: [*describe*]
- How are potential conflicts be managed (in case of any question, pls. consult the CG Officer beforehand): [*describe*]

Internal Candidate (FMO staff):

- Identify all potential conflicts of interest which may exist between the Board position and the Candidate’s employment relation with FMO: [*describe*]
- How are potential conflicts be managed (in case of any question, pls. consult the CG Officer beforehand): [*describe*]

Observations/advice (Senior) Corporate Governance Officer

As agreed:

Date:

Signature:

Corporate Governance Manager

Front Office Manager

Chief Investment Officer

Routing for new Board and IC Member nomination:

- 1) Obtain approval and signature of Corporate Governance Manager;
- 2) Obtain approval and signature of (relevant) Manager of originating Department (with copy to Director originating Department);
- 3) Obtain approval of Chief Investment Officer.

The CG Analyst arranges for signature of the Board/IC Member Memo by the Chief Investment Officer by filing the Memo with MB secretariat with a request for signature.

Routing for extension Board nomination:

- 1) Obtain approval and signature of Corporate Governance Manager; and
- 2) Obtain approval and signature of relevant Manager originating Department.

The CG Analyst arranges for drafting and submitting the relevant nomination letters and further documentation.

ANNEX IV – ANNUAL BOARD POSITION REVIEW TEMPLATE

This Annex V forms an integral part of these Guidelines

[NB: always address in all items below any changes since the previous review

[Copy to be sent to relevant (Senior) Corporate Governance Analyst for filing]

Company

- Name: *[insert full legal name]*
- [FMO Equity share (fair value): EUR []]/[FMO Equity share %: []%]

Investment Rationale

[Briefly describe the original rationale for the investment in Company].

Current Company Board and Composition

- Total number of board members:
- Number of executive board members:
- Number of non-executive board members: *[total number]*, out of which are (i) *[number]* independent board members and (ii) *[number]* shareholder representatives
- Elaborate on mix of skills and knowledge of the board members and whether the mix of skills and knowledge of the board members (i) to the benefit of the Company and (ii) contributing to FMO's Investment Rationale
- Mention all board committees of the Board: *[Audit Committee, Risk Committee, Remuneration committee, etc.]*

Existing FMO Board member

- Name:
- Internal - or External Candidate:
- Background and expertise (in general terms):
- Membership of Company's board committees and role: *[Committee name and position (chairman, member)]*:
- Board positions held (other than with the Company) *[company name and number of executive and non-executive board positions]*:
- Relationship (other than current board position) with the Company (contractually/family-wise):

Objectives

- Initial objectives for nomination existing board member:
- Current objectives for board member:
- Which objectives have been achieved during review period:
- Objections for board member for upcoming review period:

Conflict of interest

- External Candidate: *[(i) indicate (potential) conflict(s) of interest between board position and other relationship with the Company, (ii) indicate (potential) conflict(s) of interest between current board position with the Company and board positions in other Companies and (iii) indicate how (potential) conflict(s) of interest under (i) and (ii) will be/are managed.]*

-
- **Internal Candidate:** [(i) indicate (potential) conflict(s) of interest between board position and FMO employment and (ii) indicate how (potential) conflict(s) of interest under (i) will be/are managed.]

Communication

- Number of contact moments with Board member during review period:
- Communication initiated by IO or by Board member:
- Communication by way of: [contact in person, e-mail, telephone]
- IO to value communication with Board member:

Terms

- FMO nomination date (and termination date, if known):
- Initial nomination period: [number of years as from FMO nomination date as per Board/IC Member Memo/Management Board approval]:
- Remuneration paid by the Company and/or by FMO/CD/AEF/IDF: [amount and further details]
- Reimbursement travel and subsistence expenses (details) paid by the Company and/or by FMO/ AEF/IDF: [amount and further details]
- D&O Liability insurance with Company: [amount of coverage, name of insurance company, duration]
- Joint nomination with other DFI: [state name of other DFI and details of the arrangement]

Conclusion

- IO to value performance of Board member in respect of (i) FMO's investment rationale, (ii) current objectives and (ii) value add to the Company:
- Board member to be replaced or prolonged: [also address when nomination period will expire during the upcoming review period]

Action points IO/CG Unit

Action points IO/CG Unit: [address any action point to be undertaken by the IO or the CG Unit vs. the nominee director]

ANNEX V – INDUCTION/ON-BOARDING PROGRAMMES

This Annex V forms an integral part of these Guidelines

(Potential) Board members

The (potential) Board Member on-boarding programme is comprised of the following steps:

- IO in close cooperation with the CG Unit, identifies weaknesses in the Board (and the Company) by performing the corporate governance review;
- CG Unit (in consultation with Legal Department) checks the relevant legal documentation;
- IO discusses with CG Unit the results of the corporate governance review and establishes the profile of a potential Board member (age, gender, knowledge/experience, expertise);
- IO and CG Unit (and the chairman of the Company's Board/Key Management) identify a potential Board member;
- IO approaches the potential Board member;
- The potential Board member signs a Confidentiality Agreement between FMO, the Company and the potential Board member.
- IO discusses the Company with the potential Board member in brief;
- IO (further) introduces the potential Board member to the chairman of the Company's Board of Directors/key management, preferably in person;
- IO, chairman of the Company's Board of Directors/key management discuss remuneration and reimbursement package for the potential Board Member (if Capacity Development support is required the IO shall contact the relevant CG Analyst);
- IO and CG Unit discuss with the potential Board Member (i) the Company and FMO (incl. its development mandate), (ii) the results of the corporate governance review and (iii) the remuneration/reimbursement package. The potential Board Member is to be provided with FMO's Financing Proposal (FP), an overview of the Company's Board structure, the Company's Annual Accounts (last 3 years), the objectives of the Board position, the Company's relevant Company codes and policies, Local Law advise and/or any other local requirements/the country's Corporate Governance Code and FMO's Code of Conduct;
- IO and CG Unit write a Board/IC Member Memo and obtain Manager Front Office department/team -, (Senior)Compliance Officer - and Chief Investment Officer approval thereof;
- IO communicates Chief Investment Officer approval to the potential Board member and the Company;
- The Company arranges for fulfilment of all legal requirements for the appointment of potential Board member and communicates such requirements to the potential Board member and CG Unit for completion. The CG Unit will assist the potential Board member;

-
- Upon the Chief Investment Officer's approval the CG Unit sends the potential Board member and the Company the relevant nomination letters and documentation; and
 - The Company will have the potential Board member appointed as Board member by the Company's annual general shareholders' meeting.

(Potential) IC members

The potential IC Member on-boarding programme is comprised of the following steps:

- IO and the CG Unit identify a potential IC member;
- The CG Unit (in close consultation with the Legal Department) checks the relevant legal documentation;
- IO approaches the potential IC member;
- The potential IC member signs a Confidentiality Agreement between FMO, the Company and the potential IC member.
- IO discusses the Company with the potential IC member in brief;
- IO (further) introduces the potential IC member to the Company's General Partner;
- IO and CG Unit discuss with the potential IC Member (i) the Company and provide the potential IC member with such information as required for the proper exercise of that IC position;
- IO and CG Unit write an Board/IC Member Memo and obtain Chief Investment Officer approval thereof;
- IO communicates MB approval to the potential IC member and the Company;
- Upon MB approval the CG Unit sends the potential IC member and the Company the relevant nomination letters and documentation; and
- The Company will have the potential IC member appointed as IC member.

AC Members

Upon verbal approval of an AC membership by the relevant Front Office Manager, the IO taking the AC position is to be briefed by the vacating IO on the following subjects:

- overview of the Company;
- description of the tasks of AC member as stipulated in the investment documentation; and
- any previous experiences gained from the AC position.

ANNEX VI – REPORTING TEMPLATE

This Annex VI forms an integral part of these Guidelines

DRAFT MEMORANDUM (NB FORMAT SUBJECT TO CHANGE)

To: CIO

From: CG Unit

Re: Overview corporate positions as per 31 December []

Date:

Introduction

This memorandum [and Annex[es] []] provides:

- (i) an overview of the Corporate Positions (as defined in the FMO Corporate Positions Guidelines) held by FMO employees or (non FMO employed) persons nominated by FMO in such positions as per 31 December [];
- (ii) the deviations from the Guidelines;
- (iii) Candidates holding more than one Corporate Position;
- (iv) D&O Liability Insurance taken out by clients/investees;
- (v) CD contribution to Director remuneration; and
- (vi) other.

Corporate Positions and exceptions

Board positions

20[*previous reporting year*] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

20[*current reporting year*] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

IC positions

20[previous reporting year] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

20[current reporting year] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

AC positions

20[previous reporting year] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

20[current reporting year] Total number []
Internal Candidates []
External Candidates []
Male []
Female []

Deviations from the Guidelines

Candidates holding more than one Corporate Position

D&O Liability Insurance taken out by clients/investees

CD contribution to Director remuneration

Other

Appendix Document Management

Document approved by

Name	Function	Date
Management Board		16 October 2013
Management Board	Sent 140714 copy for information	14 July 2014
Management Board		12 July 2017

Document owner

Name	Function	Department
CG Unit	Corporate Governance Manager/(Senior) Corporate Governance Officers/(Senior) Corporate Governance Analyst	Department Corporate Governance Unit resorts to/Corporate Governance Unit

Document location

SharePoint location

Versioning

Version	Date	Status	Author/Editor
6	10-09-2108	Approved	CG Unit
5	12-07-2017	Approved	CG Unit
4	14-07-14	Approved	Martin Steindl/Felicie Ameschot
3	16-10-13	Approved	Martin Steindl/Felicie Ameschot
2	10-05-12	Approved	Yvonne Bakkum/Legal
1		Approved	

Distribution

Name	
Supervisory Board and Management Board	Corporate Secretary
FO Directors + Managers	All relevant
Legal Department	Director, Manager(s)
SO	Manager(s)
Credit	Director, Manager(s)
ESG Coordinating Director	Relevant Director