

## Press Release

The Hague, 19 October 2005

### **FMO ADOPTS EQUATOR PRINCIPLES – AND GOES BEYOND**

**On October 19, the Netherlands Development Finance Company (FMO) adopted the Equator Principles. FMO already has been actively implementing its sustainability policy since 2000. FMO's policy goes further than the Equator Principles require.**

FMO finances the private sector in developing countries. Sustainable development is the objective par excellence of FMO's financing. It is an objective which logically addresses such matters as business, return and respect for people and the environment. This mission resulted in FMO's sustainability policy in 2000, which was supplemented in 2001 by a specific social policy and by a corporate governance policy. FMO's entire financing process is organized to assess the risks and development effects in the financial, economic, ecological and social fields.

#### **Further than international guidelines**

FMO's sustainability policy sets investment criteria based on the safeguard policies and environmental guidelines of IFC and the World Bank. In FMO's social policy, these have been supplemented by criteria relating to working conditions and conditions of employment. These criteria have notably been based on ILO conventions addressing what are known as the *Core Labor Standards* and the *Primary Labor Conditions*. FMO's corporate governance policy is based, among other things on the Guidelines of the Organisation for Economic Cooperation and Development (OECD).

#### **FMO and the Equator Principles**

On June 4 2003, the Equator Principles were published and adopted by ten commercial banks. In doing so, Member Banks declare that they will apply the same environmental and social standards as the World Bank and IFC when engaged in project finance of projects whose total financing amounts to more than USD 50 million. 33 banks have since endorsed the Equator Principles and this number is growing steadily.

FMO has been applying the Equator Principles investment criteria for years and applies these to all financing, including those of less than USD 50 million and not only to project financing but also to corporate financing. Financing by development banks such as FMO often mobilizes investments by commercial banks into regions and markets that would otherwise not be reached. FMO highly values the environmental and social criteria that financing partners apply and therefore decided to also endorse the Equator Principles. The main objective here is to achieve a more in-depth collaboration and a more efficient application of environmental and social criteria in all financing transactions that FMO concludes together with other Equator banks.

#### **Sustainability in practice at FMO**

Sustainability is about more than just principles and policies. Above anything else, it's about how you perform. This means that sustainability must have a solid place in the organization and the portfolio and is the reason why sustainability is an integral part of the risk management organization at FMO. In addition to the general risk management know-how, common in the financial sector, FMO has a dedicated team of environmental & social specialists that is involved from the very start in the assessment of financing projects. The

specialist reports the findings to the investment committee, puts forward environmental and social conditions to be integrated in the financing agreement and monitors these throughout the financing relation with the client.

## **Dialogue and partnership**

Any vision of development and sustainability stays focused thanks to dialogue and debate. And in order to turn a vision into action, collaboration is essential. FMO accordingly sees the adoption of Equator Principles and this year's first publication of the sustainability report as an invitation to financing partners and other stakeholders to work together on sustainable development.

## **Relevant links**

FMO policies : [www.fmo.nl/en/publications/investmentpolicy.php](http://www.fmo.nl/en/publications/investmentpolicy.php)  
FMO sustainability report : [www.fmo.nl/en/publications/annualreports.php](http://www.fmo.nl/en/publications/annualreports.php) (late October)  
Equator Principles : [www.equator-principles.com](http://www.equator-principles.com)  
IFC Safeguard Policies : [www.ifc.org/ifcext/enviro.nsf/Content/Safeguardpolicies](http://www.ifc.org/ifcext/enviro.nsf/Content/Safeguardpolicies)  
IFC / World Bank Guidelines : [www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines](http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines)  
ILO Conventions : [www.ilo.org/ilolex/english](http://www.ilo.org/ilolex/english)

*The Netherlands Development Finance Company (FMO) is the international development bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. FMO's mission: to create flourishing enterprises, which can serve as engines of sustainable growth in their countries. FMO is one of the largest bilateral development banks worldwide and has an investment portfolio of EUR 2 billion.*

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