

Green Bond Fact Sheet

FMO		Date: 16-Apr-2019	
Issue date: 20-02-2019 Maturity date: 20-02-2024 Tenor: 5			
Issuer Name	Netherlands Development Finance Company (FMO)	Amount Issued	USD500m
Country of risk	Netherlands	CBI Database	Included
Issuer Type ¹	Development bank	Bond Type	Senior unsecured
Green Bond Framework	Link to framework	Second party opinion	Sustainalytics
Certification Standard	Not certified	Assurance report	N/A
Certification Verifier	N/A	Green bond rating	N/A
Use of Proceeds			
<input checked="" type="checkbox"/> Energy	<input checked="" type="checkbox"/> Solar <input checked="" type="checkbox"/> Onshore wind <input checked="" type="checkbox"/> Offshore wind <input checked="" type="checkbox"/> Geothermal <input checked="" type="checkbox"/> Hydro	<input checked="" type="checkbox"/> Tidal <input checked="" type="checkbox"/> Biofuels <input checked="" type="checkbox"/> Bioenergy <input type="checkbox"/> District heating <input checked="" type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input checked="" type="checkbox"/> Energy performance <input checked="" type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Buildings	<input checked="" type="checkbox"/> Certified Buildings <input checked="" type="checkbox"/> HVAC systems <input checked="" type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input checked="" type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Transport	<input checked="" type="checkbox"/> Electric vehicles <input checked="" type="checkbox"/> Low emission vehicles <input checked="" type="checkbox"/> Bus rapid transit <input checked="" type="checkbox"/> Passenger trains <input checked="" type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input checked="" type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input checked="" type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Water & wastewater	<input type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input checked="" type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Flood protection <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience

<input checked="" type="checkbox"/> Waste management	<input checked="" type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input checked="" type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input checked="" type="checkbox"/> Waste to energy <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> FSC Forestry <input type="checkbox"/> FSC Cellulose & paper	<input checked="" type="checkbox"/> Land remediation <input checked="" type="checkbox"/> Energy/water efficiency	<input checked="" type="checkbox"/> Sustainable agriculture <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Other	<input checked="" type="checkbox"/> Adaptation & resilience	<input type="checkbox"/> ICT	<input checked="" type="checkbox"/> Industry: process

Issue details

Reporting	<p>FMO commits to reporting to stakeholders annually. Then reporting will be produced in accordance with the Green and Social Bond reporting templates published during the Green Bond Principles (GBP) 2018 Annual General Shareholder Meeting. The annual investor newsletter will include allocation reporting with the following details:</p> <ul style="list-style-type: none"> Allocation of use of proceeds for new and existing projects on a portfolio basis, based on the outstanding portfolio and 85% of the committed (non-disbursed) project portfolio, per region, MDB category and subcategory <p>Impact reporting will comprise:</p> <ul style="list-style-type: none"> Estimated annual GHG emission reduction from direct green investments on a portfolio level, and the estimated number of (in)direct jobs supported per target group
Company information	<p>FMO was established in 1970. Its core mission is to empower entrepreneurs in emerging markets. It invests with the aim of enhancing local prosperity in places where this is needed most. In addition to financing, FMO challenges businesses to meet international standards on the welfare of people, corporate governance and the environment.</p>
Firsts, records and certifications	<p>This is the inaugural green bond from a development bank in the Benelux region.</p>
Proceeds description	<p>FMO will finance three broad categories of activities. These are defined as follows:</p> <ul style="list-style-type: none"> Climate Change Mitigation: Activity contributes to either reducing or sequestering greenhouse gas (GHG) emissions. If the activity relates to energy efficiency, a minimum 20% reduction in energy consumption or GHG emissions is required. The activities under this category are classified under energy efficiency in industrial equipment/machinery or in buildings; renewable energy; transport; agriculture, forestry and land use; waste and wastewater; and cross-sector activities. A full list is available on p. X of the Framework. Climate Change Adaptation: An activity with the intention of reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience. Some examples include climate smart agriculture, increasing biological diversity, fisheries co-management and controlling overfishing, and adaptive land use management. Other Footprint: This category includes those activities that do not directly target climate change mitigation or adaptation but still have a positive impact on the environment (e.g. water, waste and biodiversity). <p>The climate-related categories are defined in line with the Multilateral Development Banks (MDBs) report for Climate Finance Tracking.</p>

Climate Bonds view	It is good to see further MDB issuance from Europe. FMO's framework is extensive and ambitious and includes specific definitions, targets and guidelines for each eligible project category. The issuer has also followed market best practice by obtaining an external review, as well as making the commitment to annual post-issuance reporting on both the use of proceeds as well as the impact of investments. For impact reporting, FMO has disclosed a methodology already at issuance, which is rare to see.
Underwriters	Bank of America Merrill Lynch, Citi, Credit Agricole, HSBC
Deal comments	
Credit Rating	Fitch: AAA, S&P: AAA
Pricing summary	Reoffer price: 99.950% / 2.742% (s.a.), 2.761% (annual); reoffer spread: mid-swaps + 17bps
Investors summary	

¹ Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign