



Sustainability Report 2015

Atradius Dutch State Business

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Foreword

2015 was a busy year for Atradius Dutch State Business's corporate social responsibility team. In the past years we have seen an increase in the number of applications screened and reviewed as to their environmental and social aspects. This trend continued in 2015 with the number increasing another ten per cent. We were therefore pleased to have been able to welcome a third environmental and social specialist to our team in April. We have also seen a rise in the number of applications for support from the Dutch Good Growth Fund which was launched in 2014.

In addition to the growing number of projects to be reviewed, we are witnessing growing national and international interest in corporate social responsibility. This field continues to evolve and expand. Currently, for example, there is a growing focus on corporate governance, animal welfare and transparency, in addition to the classic issues such as the environment and human rights.

Finally we note that in 2015 there was a lot of interest from the media in a number of projects which the Dutch State insured on the basis of our advice. This is one of the reasons why we are examining how we can improve our public communication and transparency. We will be working on this in 2016 and will be making use of diverse communication channels in our endeavours.

Bert Bruning

Managing Director

Atradius Dutch State Business NV

May 2016

Organisation and policy

Atradius Dutch State Business and the Atradius Group

Atradius Dutch State Business (Atradius DSB) is part of the Atradius Group but is an operationally separate entity due to its mandate from the government to manage the Dutch State's export credit facility. The Atradius Group maintains a corporate social responsibility (CSR) policy, on which it reports in its annual report¹.

Atradius DSB, the agency responsible for the management of specific Dutch state facilities, also maintains its own specific corporate social responsibility policy for its activities.

Atradius Dutch State Business and the Dutch State

Atradius Dutch State Business manages the Dutch State's export credit insurance programme and foreign investment scheme in accordance with the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (known as the Common Approaches) agreed in the OECD².

The Dutch State, in co-operation with Atradius DSB, established a national policy document³ incorporating the international agreements made in the Common Approaches and supplementary Dutch policy agreements. This policy document focuses on the review of the environmental and social impact of export transactions and foreign investments. For more information on how Atradius DSB promotes and stimulates corporate social responsibility in its day-to-day business, please refer to our policy document (in Dutch) and our brochure on corporate social responsibility, both available on our website.

We also have policies on transparency, sustainable lending and deterring bribery. We expect exporters to do their utmost to comply with the OECD guidelines for multi-national enterprises.

International developments

When the OECD policy group for export credit insurance, the Export Credit Group (ECG), adopted the Common Approaches in 2012, it also mandated the environmental and social specialists of the national export credit insurers to explore specific issues and/or further develop relevant CSR themes. In 2015, as part of this mandate, the specialists worked on improving the screening and assessment of project-related human rights issues as well as on diverse other matters such as animal welfare and the fine-tuning of definitions and terminology. The ECA environmental and social specialists subsequently made recommendations to the ECG for the improvement of the Common Approaches.

Furthermore, in 2015, new rules were agreed in the OECD on official support for coal-fired powerplants. With the aim of reducing (greenhouse) gas emissions, the new rules significantly limit the possibility of providing export credit insurance for such projects by setting new conditions for the types and sizes of coal-fired power plants which qualify for support. Exceptions can still be made for small and medium-sized plants in countries with an "inadequate energy network". Several countries, including the United States, Australia, Japan and the European Union countries came to this agreement in November 2015 after two-and-a-half years of negotiations in the OECD. Until then, every type of coal-fired power plant and component could be exported to other countries with support from official export credit insurance programmes. The Ministry of Finance and Atradius DSB represented the Netherlands during the various international negotiations and were staunch advocates of the new agreements.

1 <https://atradius.nl/artikel/jaarverslagen.html>

2 Organisation for Economic Co-operation and Development (OECD)

3 http://www.atradiusdutchstatebusiness.nl/Images/Beleidsdocument%202012_tcm1008-133093.pdf

New review category

In 2015 a new review category - category E - was introduced for our reviews of some of the transactions. This new category consists of the review of the environmental, health and safety policies and track record of the exporter only; hence the letter E. This new type of limited review is conducted for two new products only. The first new product is the stand-alone tool cover. The second instance in which an E review is done, is for applications for support from the Dutch Good Growth Fund (DGGF) with a value of less than EUR 1 million, in sectors and regions which are not deemed to be sensitive. Due to the limited risk and/or nature of these products, a more in-depth review of these applications is either unnecessary or infeasible.

Anti-bribery and corruption procedures

The Dutch state and Atradius DSB wish to prevent export orders being secured through bribery. Apart from its criminal aspects, bribery also harms a country's economic development. The OECD Recommendation on Bribery and Officially Supported Export Credits, adopted in 2006, accords priority to deterring bribery in connection with export transactions supported by official export credit agencies. By adopting the Recommendation, OECD member countries agreed on appropriate measures against bribery; the Recommendation describes what these measures must entail. Atradius DSB does not want to be associated in any way with transactions involving bribery. If there are any indications of bribery in the broadest sense of the word, Atradius DSB is obliged to investigate.

Not only an exporter, but also an exporter's agent may commit bribery. Furthermore, if there are well-founded suspicions that an exporter's main contractor is involved in bribery, this may be an impediment for an exporter wishing to obtain insurance, even if we have not insured the contractor concerned. Atradius DSB asks for information about agents' commissions on its application forms. In our insurance policies we furthermore refer to the penalties for bribery, being the loss of the right to indemnification and possibly, criminal prosecution by the Netherlands Public Prosecution Service.

In 2015 we screened all applications for any indications of bribery. There were no applications for transactions where there were any well-founded suspicions of bribery. In some cases we did however carry out additional investigations, which led to the conclusion that no further action was required.

Sustainable lending policy

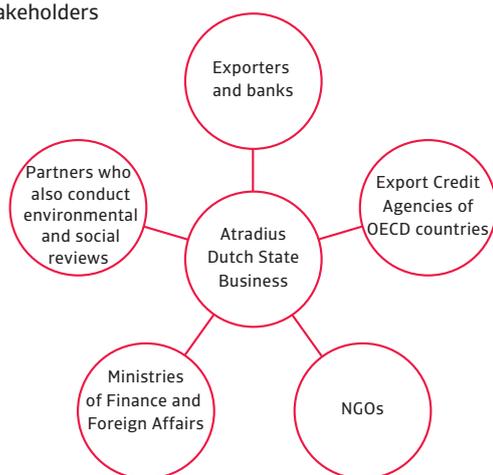
In 2008 the OECD concluded agreements on sustainable lending to low-income countries. The purpose of these agreements is to ensure that government support for export credits is used for transactions which benefit a country's development and that our export credit insurance complies with the IMF and World Bank sustainable lending policy for low-income countries.

In practice this means that transactions with low-income countries where the payment obligation ultimately lies with the central government must include aid or be in accordance with the IMF and World Bank sustainable lending policy. Aid may take the form of a loan on concessional terms or a grant for part of the contract sum. In 2015 we insured, for account of the Dutch State, various transactions which were partially financed with official development aid. In 2014 the IMF and the World Bank started examining whether recipient countries should take more responsibility for sustainable lending policies. This new IMF policy for sustainable lending took effect on 1 June 2015. The ECG is currently examining how to incorporate the new policy into the Arrangement on Officially Supported Export Credits.

Transparency and relationship with stakeholders

Atradius DSB engages with five groups of stakeholders on matters pertaining to environmental and social reviews and policy developments (see figure 1).

Figure 1: Stakeholders



Mandate

Firstly, we frequently consult with the Dutch state (represented by the Ministry of Finance and Ministry of Foreign Affairs), which gave us our mandate. In addition to advising the Ministries on policy issues, we coordinate our procedures with them. They review our work.

In the spring of 2015 we held a two-day introductory course on export credit insurance for new central government staff. The course also dealt with the

environmental and social review process. In the autumn a number of central government staff members took part in an internship programme at Atradius DSB.

Clients

We naturally also maintain good contacts with our clients: the exporters and banks we insure. In 2015 our services included holding our introductory course for them twice. Atradius DSB organises these introductory courses to explain export credit insurance procedures to employees of new clients and to new employees of existing clients. The courses also deal with corporate social responsibility and the review of the environmental and social aspects of export transactions.

Co-operation with Dutch and international partners

Atradius DSB's environmental and social specialists maintain a network of partners which also conduct environmental and social reviews. These include the environmental and social specialists of the other export credit agencies in the OECD, banks which adhere to the Equator Principles⁴, development banks and the IFC/World Bank.

If development co-operation is involved, we coordinate our activities with the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland (RVO): see text box below). We also consult with the RVO, PWC and Triple Jump on matters relating to the management of the Dutch Good Growth Fund.

4 The Equator Principles include elective guidelines developed by banks for managing social and environmental issues related to project finance transactions.

Co-operation with RVO.nl - When both development aid and export credit insurance are involved for a project, we work together with the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland (RVO) in order to coordinate the project review process. Our co-operation dates from the time of the earlier ORET and ORIO development aid programmes. It was expanded in 2014 when the Dutch Good Growth Fund (DGGF) was launched, as the RVO and Atradius DSB are each responsible for managing one of the Fund's three segments. In June 2015 we expanded our co-operation further when the RVO introduced its new DRIVE programme. DRIVE, which succeeds ORIO, focuses on development-relevant, public infrastructure in developing countries.

It is most likely that only one of the organisations will conduct an environmental and social review for a transaction applying for support from both the development aid programme and the export credit insurance programme. In practice this will often be the RVO. The non-reviewing organisation will use the reviewing organisation's findings. This is possible because the basis for conducting reviews is the same for both organisations, as they adhere to the same guidelines, being those set by the Dutch State for international corporate social responsibility and the IFC Performance Standards.

Atradius DSB maintains contact with the Netherlands National Contact Point OECD Guidelines (NCP). We participate in meetings organised by the NCP and we keep up to date with their publications.

Our specialists participate in meetings with all these partners but also initiate contacts with them whenever there are opportunities for co-operation and coordination.

In 2015 two meetings were held with the environmental and social specialists of the export credit agencies of the other OECD member countries. The purpose of such international meetings is to enable national export credit insurers (Export Credit Agencies: ECAs) to share their expertise on the environmental and social review of projects and to provide technical advice to the ECG of the OECD. In the year under review specialists focused on several amendments to the guidelines of the Common Approaches for the environmental and social review for export credits as well as on issues such as animal welfare and human rights. The specialists' other activities included exchanging information about their experience with project monitoring and about the social and environmental review process of small projects in sensitive sectors or locations.

In 2015 the OECD furthermore organised a workshop for ECAs and the financial sector on co-operation between ECAs and banks. Both the Common Approaches for ECAs and the Equator Principles for the financial sector promote such co-operation. Projects for which export credit insurance is requested, are also often reviewed by the financial institution which is to provide financing. During the workshop, which was attended by representatives from both commercial and development banks, trends and developments related to the environment, human rights and sustainability were discussed.

We also consult with non-governmental organisations (NGOs). Last year we had ad-hoc contacts with various NGOs. Furthermore, the Ministry of Finance organises an annual stakeholder meeting for industry organisations, NGOs and trade unions. In 2015 this meeting was held in October. Prior to the meeting, participants were invited to propose items for the agenda. This year, export credit insurance programmes, the various insurance products

and the related environmental and social review were discussed at length. Several policy developments, such as those concerned with the international aspects of and the deterring of bribery and corruption, were also discussed.

In 2013 the IFC started revising its IFC Industry Sector Environmental, Health, and Safety Guidelines. These guidelines were established for specific sectors and can be used to review the environmental, health and safety aspects of projects in these sectors. The Common Approaches as revised in 2012 stipulate that, if relevant, projects must be reviewed to determine whether they comply with these sector guidelines as well as with the general IFC Performance Standards. We therefore regularly refer to these guidelines. Several rounds of consultations have meanwhile taken place, each resulting in amendments to a number of sector guidelines. As a user of these guidelines, we also submit suggestions for amendments and thus contribute to the improvement of the guidelines.

Outlook

In April 2016 the Common Approaches were augmented and tightened in a number of respects. Definitions were improved, terminology was fine-tuned and "guidance notes" were included for specific concerns such as animal welfare. In the application screening phase, more consideration will be given to project-related human rights issues. The new agreements will be incorporated into national policy in the coming year.

Case study: Multifunctional market in Zinder



Multifunctional market in Zinder - We regularly receive applications requesting support from the Dutch Good Growth Fund (DGGF) for development-related transactions and associated projects. Such projects aim to have a positive impact on, for example, employment, health, the environment or education - particularly in developing countries. Under our regular export credit insurance programme we also often receive applications for development-related transactions. In contrast to transactions supported by the DGGF, transactions insured under our regular export credit insurance programme do not stipulate it as a condition for acceptance to be development-related. Their development-related aspects are however taken into consideration as positive elements in the environmental and social review.

One example of a development-related project insured under our regular export credit insurance programme is the construction of a covered market in the city of Zinder in Niger. The government of Zinder wishes to improve the organisation of the city due to the flood of refugees from Nigeria. The construction of a covered market is part of this improvement project. The square where the covered market is to be built is currently in use as an open-air marketplace where goods, and food in particular, are sold from small stalls under very poor hygienic conditions.

The Ministry of Health of Niger has commissioned Commodore Procurement Services to build the new market. Commodore is a reputable construction company with broad experience ranging from building small houses to constructing hospitals and high-rise buildings. They will manage the covered market building project.

The market will accommodate 1350 small sales spaces measuring a few square metres each. As an electricity supply system will also be built, refrigeration units will be offered as well, which will improve the standard of hygiene of the food offered for sale. In addition to the sales booths, two educational centres and two medical centres - one for first aid and one for pre-natal care - will be built. The complex will include independent water treatment and sanitary facilities. The construction of the market will create 300 to 600 jobs. Local citizens will be trained to fill these jobs and will be provided with food. One of the project's objectives is to have the training programme lead to employees being recruited again for future projects.

In conclusion, it can be stated that this is a good example of Dutch export being able to make a worthy contribution to the improvement of the quality of life abroad. This transaction will have a positive impact on employment as it will create jobs directly and indirectly. It will moreover bring health benefits to the local population by improving hygiene in the market and providing two medical centres. The employee training programme and the education centre will help improve education.

Environmental and social review of insurance applications

Procedure

Atradius DSB screens all applications for export credit insurance and foreign investment insurance in order to determine whether an environmental and social review is required. In our screening process we look at the size of the transaction and whether a vulnerable region or sector is involved. The screening and review procedures agreed in the OECD are stated in the Common Approaches. The agreements made in the Common Approaches have been developed further in a Dutch policy document on reviewing environmental and social aspects of projects (*Milieu- en Sociale Beoordeling (2012)*) drawn up by the Ministries of Finance and Economic Affairs⁵ and Atradius DSB. The screenings, classifications and reviews are conducted by Atradius DSB's environmental and social specialists.

Content

We assess applications according to the IFC Performance Standards for Social and Environmental Sustainability. These were developed by the World Bank Group for the projects they finance around the world. The Common Approaches also refer to these standards.

Report on applications screened and reviewed in 2015

In 2015 we received 279 applications pertaining to 222 export transactions. The discrepancy in the number of

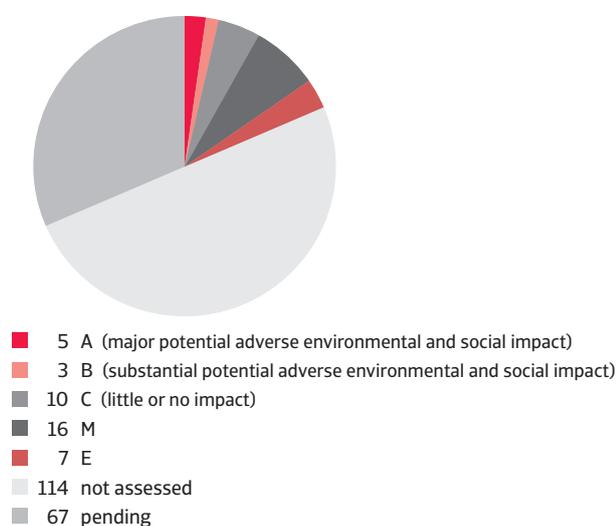
applications versus the number of transactions is due to the fact that for one transaction, both an exporter and a bank can be involved and, therefore, both can submit an application for cover. We thus conducted 222 screenings in order to determine whether an environmental and social impact assessment was required. This number was approximately 9% higher than in 2014. In 2015, 41 projects were ultimately defined, classified and, after being reviewed, approved as to their environmental and social aspects. It must be noted that this small number gives a distorted view of the actual number of applications, as sometimes a single review can pertain to several applications. This is the case when various exporters submit applications for different goods and services transactions for the same project or when several exporters compete for the same project and each one submits an application for export credit insurance for the project. Nine of the projects we reviewed were related to applications for support from the Dutch Good Growth Fund which was launched in 2014.

The piechart (see figure 2) displays the screening and classification distribution by category.

5 of the 41 applications reviewed were classified as category A projects (major potential adverse environmental and social impact), 3 as category B projects (substantial potential adverse environmental and social impact) and 10 as category C projects (little or no impact). In addition, marginal reviews, known as M reviews, which focus on the reputation of the buyer and the related project, were conducted for 16 applications. We also conducted 7 Category E reviews. The E category was introduced in 2015 (please refer to Chapter 1). 114 transactions were not reviewed. This was because screening showed that the nature, small size or sector of a transaction meant that a review was not required. A review may also have been unnecessary because an application was withdrawn during the review process or because it was rejected for other reasons.

Figure 3 clearly shows that the trend for the number of category A projects reviewed was reversed in 2012. After rising steadily up to 2011, the number continued to decline

Figure 2: Applications screened in 2015, by category



5 Inmiddels is deze verantwoordelijkheid overgegaan van het ministerie van Economische Zaken naar het ministerie van Buitenlandse Zaken.

in the years thereafter. Last year however, the number rose again slightly. The number of category B projects has remained fairly stable over the past years. The number of category C projects, which had been declining steadily through the years except for a sharp increase in 2012, is gradually growing again. The number of category M projects, which had been growing steadily since the introduction of this category in 2009, declined in both 2014 and 2015. As we received a large number of applications at the end of the year, reviews for many transactions were still pending at the end of 2015. Although the number of reviews pending at year end had been increasing in recent years, the many applications received very late in the year meant it was higher than ever at the end of 2015.

Figure 3: Number of applications reviewed and classification 2008-2015

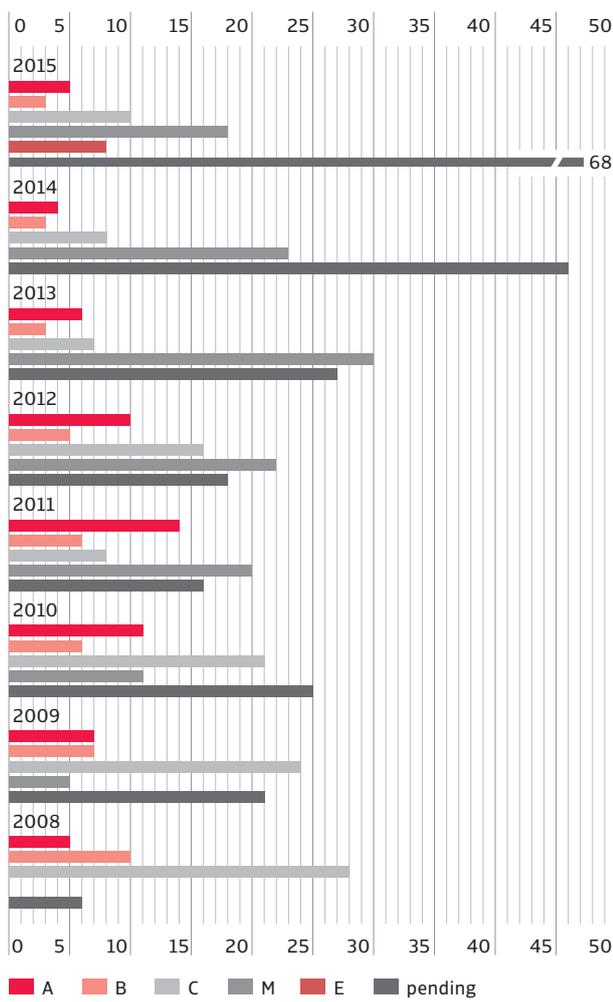
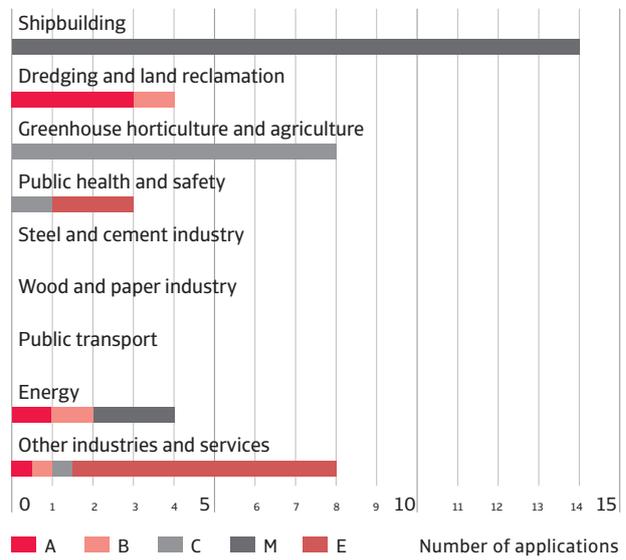


Figure 4 gives an overview of the sectors and classifications for projects approved in 2015

Just as in previous years, in 2015 the shipbuilding sector, with 14 applications, was by far the largest sector requiring reviews. Far behind in numbers were the greenhouse horticulture and agriculture and the dredging and land reclamation sectors. A large number of reviews was conducted for transactions in the “other products and services” category. This included several applications for projects seldom seen before such as food production and water projects.

In 2015 one application was formally rejected on environmental or social impact grounds. This brings the number of applications rejected on these grounds to seven since the implementation of the Common Approaches in 2001. This figure gives a somewhat distorted view however, as applications which would have been rejected on either of these grounds were often withdrawn beforehand or rejected for other reasons such as financial shortcomings. In 2015, 23 projects were either withdrawn during the environmental and social review process or rejected on other than environmental or social impact grounds. This is more than double the number in 2014.

Figure 4: Sector and classification of projects reviewed in 2015 and approved as to their environmental and social impact



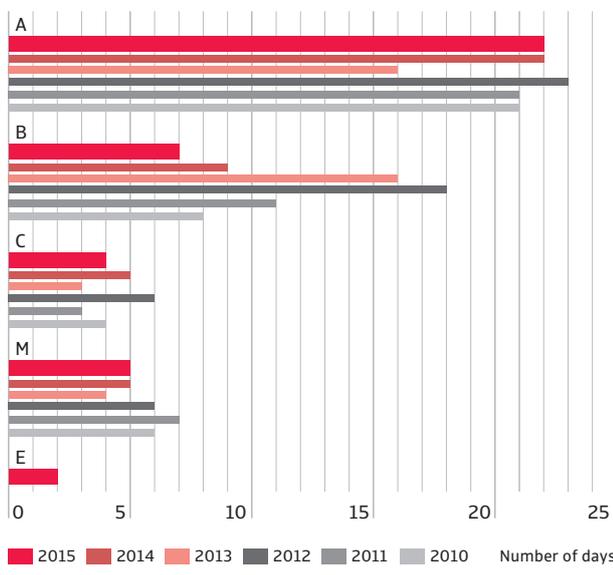
Environmental and social impact review processing times

We met our targets for the environmental and social review processing times in 2015. With one exception, reviews for all applications received in 2015 were completed within 30 processing days. This score is high but reflects the trend of the past years.

The average number of processing days for the environmental and social review for category A projects was 22, for category B projects 7, category C projects 4 and for category M projects 5. In 2015, the processing times were on average the same or shorter than in previous years. On average, 2 processing days were required for a category E review. These figures however say little about the overall processing times, which include the time it takes to obtain all the information required for a review.

Figure 5 compares the average number of processing days for each category from 2010 onwards.

Figure 5: Average number of processing days for reviews conducted from 2010 - 2015 by category



Publication of environmental and social information for category A projects

In accordance with the ex ante disclosure provisions of the Common Approaches, we must post all category A projects on our website prior to issuing an insurance policy for them. (Category A projects are those with major potential adverse environmental or social impacts.) This enables third parties to request information related to a project’s environmental and social impact or provide us with information which could be relevant for our environmental and social review. We furthermore publish key transaction data for all the policies we have issued. All policies issued since 2010, along with the environmental and social review classification, are listed on our website.

We posted all the category A projects we reviewed in 2015 on our website for 30 days before completing their environmental and social review, and therefore also before issuing an insurance policy or promise of cover. In all cases third parties requested environmental and social impact information for the projects and we were able to make the environmental and social impact assessment available to them. In a few cases these third parties asked Atradius DSB questions about the available information or gave us additional project information.

All the DGGF applications we processed were posted on www.dggf.nl for a period of 30 days prior to providing cover.

Appendix

Overview of environmental and social reviews conducted and approved in 2015

Table 1: Category A projects approved in 2015

Description of transaction and project	Project sector	Country of buyer and delivery
Dredging for a refinery project	Dredging and land reclamation	Kuwait
Land reclamation project	Dredging and land reclamation	Nigeria
Land reclamation project	Dredging and land reclamation	Indonesia
Floating production, storage and offloading unit (FPSO)	Oil and gas industry	Brazil
Pumps for a phosphate processing plant	Other industries and services	Turkey

Table 2: Category B projects approved in 2015

Description of transaction and project	Project sector	Country of buyer and delivery
Wind turbines for a wind farm	Energy	Finland
Lithography equipment for a microprocessor plant	Other industries and services	United States
Maintenance dredging in a harbour	Dredging and land reclamation	Tunisia

Table 3: Category C projects approved in 2015

Description of transaction and project	Project sector	Country of buyer (and recipient country, if different)
Incubators for a hatchery	Greenhouse horticulture and agriculture	Peru
Milk evaporator for a milk powder plant	Greenhouse horticulture and agriculture	Ireland
Multifunctional market	Other industries and services	Niger
Cocoa processing equipment	Greenhouse horticulture and agriculture	Ivory Coast
Cocoa processing equipment	Greenhouse horticulture and agriculture	Dominican Republic
Expansion of an existing greenhouse complex	Greenhouse horticulture and agriculture	Kazakhstan
Expansion of an existing greenhouse complex	Greenhouse horticulture and agriculture	Armenia
Incubators for a hatchery	Greenhouse horticulture and agriculture	Zimbabwe
Incubators for a hatchery	Greenhouse horticulture and agriculture	Mozambique
Rehabilitation and expansion of an existing hospital	Public health and safety	Laos

Table 4: Category M projects approved in 2015

Description of transaction	Project sector	Country of buyer (and recipient country, if different)
5 fast crew suppliers	Shipbuilding	Monaco
3 pipe-laying vessels	Shipbuilding	Brazilië
1 fast crew supplier	Shipbuilding	Nigeria
1 dredger	Shipbuilding	Egypte
1 anchor handling vessel and 3 tug boats	Shipbuilding	Groot-Brittannië
1 fast crew supplier	Shipbuilding	Nigeria
Transportation and installation of platforms	Oil and gas industry	Mexico
Floating production, storage and offloading unit (FPSO) conversion	Shipbuilding	Bermuda/Brazilië
1 ferry	Shipbuilding	Angola
2 fast crew suppliers	Shipbuilding	Nigeria
1 fast crew supplier	Shipbuilding	Nigeria
Water treatment plant	Oil and gas industry	Rusland
2 work boats	Shipbuilding	Verenigde Staten
1 fast crew supplier	Shipbuilding	Nigeria
1 patrol vessel	Shipbuilding	Senegal
1 vessel for offshore wind farm	Shipbuilding	Groot-Brittannië

Table 5: Category E projects approved in 2015

Description of transaction	Project sector	Country of buyer (and recipient country, if different)
Drinking water purification plant	Other industries and services	Ghana
Machine for producing baby food	Other industries and services	Ethiopia
Blood type testing equipment	Public health and safety	Vietnam
Drinking water project	Other industries and services	Ghana
Ambulances	Public health and safety	Mali
Machines for producing drinking cups	Other industries and services	Indonesia
Food processing machines	Other industries and services	India

