



# Sustainability Report 2016

Atradius Dutch State Business

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# Foreword

For Atradius Dutch State Business, corporate social responsibility means we take responsibility for the environmental and social context of the export credit insurance we underwrite on behalf of the Dutch State. This includes actively listening to the developments and drives of our various stakeholders, reflecting on our actions and communicating internally and externally how we deal with our responsibilities.

In 2016 Atradius Dutch State Business focussed on increasing transparency. Reactions from our clients, partners and other stakeholders show us that export credit insurance is perceived as complicated. In order to overcome this, we organise sessions for exporters, banks, government departments and non-governmental organisations (NGOs) to explain the finer points of our products and procedures.

In 2016 we launched a new website. Through the use of specific profiles we aim to provide our stakeholders with the most relevant information. The information provision has also been expanded. For example, we now publish details of projects with high social and/or environmental risks as soon as we have issued a policy for them.

In the past year we have assessed a wide range of applications for their creditworthiness, but also for their potential environmental and social impact. Several of these were development-related projects for which support had been requested from the Dutch Good Growth Fund.

We will continue to improve our transparency in 2017. We will focus particularly on providing greater insight into our operating processes as export credit insurer on behalf of and for account of the Dutch State. This will include a clear transparency policy in the form of a Disclosure Policy, which will be drafted this year.

We hope that this report will provide you insight into the developments of the past year and our plans for the near future. Needless to say, we always welcome any questions or comments you may have about our policy.

Bert Bruning  
Managing Director  
Atradius Dutch State Business NV  
June 2017

# Organisation and Policy Developments

## Atradius Dutch State Business

On behalf of and for account of the Dutch State, Atradius Dutch State Business (Atradius DSB) insures financial risks run by Dutch businesses when they export their products or services or invest abroad. Atradius DSB's government mandate makes it the official Export Credit Agency (ECA) of the Netherlands. Although Atradius DSB is part of the Atradius Group, it operates independently from the Group<sup>1</sup>.

Environmental and social issues play an increasingly important role in our society. The Dutch government stimulates Corporate Social Responsibility (CSR) and expects businesses to operate responsibly both in the Netherlands and abroad. Therefore Atradius DSB, on behalf of the Dutch State, only insures export transactions and investments abroad if we are of the opinion that these transactions have no unacceptable environmental or social consequences. They may furthermore not be associated with issues such as bribery or abuses of human rights.

Atradius Dutch State Business's assessment of applications includes an assessment of the potential CSR risks of the specific export transaction and also of the related project and the buyer.

Our Sustainability Report for 2016 provides insight into the activities related to our environmental and social assessments as well as into the developments in the field of CSR relevant to our business.

## Corporate Social Responsibility Policy for Export Credit Insurance

The official export credit insurance agencies of the OECD member countries have made agreements in the OECD on the subject of CSR in relation to officially supported export transactions. These guidelines, the *OECD Common Approaches for Officially Supported*

*Export Credits and Environmental and Social Due Diligence (Common Approaches)*, include agreements about the types of transactions which environmental and social specialists must review, which assessment frameworks to apply and the extent of these assessments. In addition the Dutch state has established supplementary policies which go beyond these international agreements. These are contained in the export credit insurance policy document for environmental and social reviews (CSR Policy Document)<sup>2</sup>.

Atradius DSB's environmental and social specialists screen all applications for export credit insurance and foreign investment insurance in order to determine whether an environmental and social review is required. In principle, transactions valued at less than EUR 10 million will not be reviewed, unless they are deliveries to a sensitive sector or to a project which will have an impact on a sensitive location<sup>3</sup>. We also review all transactions whereby there is an increased risk of project-related human rights violations.

The applications which are assessed by our environmental and social specialists, are subsequently classified according to their environmental and social risk profile. For all categories, the depth of the assessment is proportional to the extent and severity of the pertinent environmental and social risks. Projects with the highest risks will be subject to the most extensive review..

The environmental and social specialist who reviews a transaction will analyse the transaction's role in the project of which it is a functional component. The specialist will subsequently review the environmental and social impacts of the entire project, in accordance with the Performance Standards of the International Finance Corporation (IFC)<sup>4</sup>.

1 For more information on sustainable entrepreneurship within the Group, please refer to <https://group.atradius.com/about-us/corporate-responsibility.html>. The Group reports on a yearly basis to UN Global Compact and its annual reports include a chapter on corporate social responsibility.

2 <https://atradiusdutchstatebusiness.nl/en/article/environmental-and-social-review.html>

3 An example of a sensitive sector is the dredging sector, a sensitive location could be in an area with high natural value or densely populated urban environment.

4 [http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)

### Environmental and social review categories used by Atradius DSB

Category	Description
<b>A</b>	A project is classified in Category A if there are significant potential adverse environmental and/or social impacts at or beyond the project's or work's location. The project could have diverse impacts, these could be irreversible and/or unprecedented. Category A projects are often in sensitive sectors. In principle, projects in or near sensitive locations will be classified as Category A projects. Examples of Category A projects are listed in Annex 1 of the Common Approaches.
<b>B</b>	A project is classified in Category B if its potential adverse environmental and/or social impacts are substantial, but less severe than for Category A projects. The potential impacts would be limited to the project itself, few of them would be irreversible, and they would be easier to mitigate and/or compensate.
<b>C</b>	Projects which are likely to have minimal or no potential adverse environmental and/or social impacts.
<b>M</b>	Dutch national policy includes a separate category for marginal reviews. This type of review, which is more limited in scope, is conducted in certain cases, such as for: <ul style="list-style-type: none"><li>- transactions for existing operations whose output or function will consequently not change significantly</li><li>- applications for refinancing or for the confirmation of letters of credit</li><li>- transactions not linked to a specific location (movable assets)</li></ul> When conducting this type of review, we initially consider the exporter's and buyer's performance with regard to social and environmental matters. If this fails to provide adequate assurance, we will also look into other parties involved (such as the end user), the initial location (for e.g. vessels), or other relevant information.
<b>E</b>	Category E was introduced specifically for applications for independent plant and equipment cover and for small DGGF transactions valued at less than EUR 1 million. Category E reviews focus on the reputation of the exporter.

### OECD Guidelines for Multinational Enterprises

In addition to conducting an environmental and social review for a project in accordance with agreed international standards, Atradius DSB reminds exporters of their own responsibilities when delivering goods or services to projects abroad; as stipulated in the OECD Guidelines for Multinational Enterprises<sup>5</sup>. These guidelines contain recommendations for the business community for operating in a socially responsible way in a global context. The Dutch government has endorsed these guidelines.

Entrepreneurs are therefore responsible for having a sound understanding of the environmentally and socially sensitive aspects of the projects their goods and services are intended for and also of the project's supply and delivery chains. Exporters must exert control and influence on projects to the best of their ability in order that aspects such as chain responsibility, human rights, child labour, the environment and corruption are dealt with responsibly.

### IFC (International Finance Corporation) Standards

We conduct our environmental and social assessments in accordance with international guidelines of the World Bank Group, the so-called IFC Performance Standards and Environmental, Health, and Safety (EHS) Industry Sector Guidelines. In 2013, the IFC started revising these Industry Sector Guidelines. The Industry Sector guidelines are sector-specific guidelines which 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, next to the general IFC Performance Standards, projects, if relevant, must also be reviewed against these Industry Sector guidelines. We therefore regularly use these guidelines.

The IFC has meanwhile revised several of these Industry Sector guidelines. As a user of these guidelines, we submitted proposals for amendments and thus contributed to their improvement.

5 <https://www.oesorichtlijnen.nl/oeso-richtlijnen/o/oeso-richtlijnen/documenten/brochure/201/12/8/volledige-tekst-oeso-richtlijnen>

## Human Rights

A clear international framework for business and human rights has existed since 2011: the United Nations Guiding Principles on Business and Human Rights (UNGPs)<sup>6</sup>. These principles, which were agreed unanimously in the United Nations, call upon governments and businesses to assume their responsibilities in the field of human rights. Governments have the duty to protect people against human rights abuses (Duty to Protect). Businesses are responsible to respect human rights. This means that they must prevent violations of human rights and, where possible, improve negative situations (Responsibility to Respect).

The Common Approaches already included the UNGPs in 2012. The Common Approaches, as revised in 2016, draw particular attention to human rights in the screening and project-definition phases as well as to policy coherence. The influence of the explicit UNGPs framework on the environmental and social reviews conducted by Atradius DSB is explained further below.

## Policy Developments in 2016

### Revision of Common Approaches

In April 2016 a number of modifications were made to the OECD Common Approaches. The most important are:

- After an application for export credit insurance has been screened, an environmental and social review will always be conducted if there is a high likelihood of severe project-related human rights impacts occurring. In certain cases, the scope of the general environmental and social review can be expanded to include a specific risk review on the subject of human rights (human rights due diligence).
- Monitoring of and reporting on human rights aspects of projects must be explicitly addressed. Furthermore, an additional provision regarding policy coherence with the OECD Guidelines and UNGPs has been included.
- Additional provisions related specifically to animal welfare have been included: the guidelines of the World Organisation for Animal Health (OIE) and the general IFC Good Practice Notes.
- It is now mandatory to report on the CO<sub>2</sub> emissions of fossil fuel power plants which have received export credit insurance agency support. The purpose of the agreements made is to create a level playing field in the OECD and to share knowledge and experience among OECD member countries. Data will however not be made public. The existing obligation to report, on a best effort basis, on the CO<sub>2</sub> emissions of supported power plants above CO<sub>2</sub> 25000 metric tons equivalent remains in force.



### New website launched in 2016

Last year Atradius DSB launched its new website, an important step in our commitment to present information about our policy, products and procedures as clearly and accessibly as possible for all our stakeholders.

6 [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

### ***Environmental and Social Review beyond the Scope of the Common Approaches***

Dutch national policy for environmental and social reviews goes beyond the agreements made in the Common Approaches. For example, we conduct environmental and social reviews for “cash” transactions (transactions which are not financed externally) and those with a credit period shorter than two years, even though the Common Approaches apply only to transactions with a credit period longer than two years. In 2016 the Ministry of Finance undertook before the Dutch parliament to endeavour to have the scope of the Common Approaches enlarged in order to align them better with the Dutch national policy for export credit insurance. This was discussed in the OECD in 2016; further discussions on improving the agreements in order to ensure a level playing field will be held in 2017.

### ***Publication of environmental and social information for Category A projects***

For projects with the highest risks to man and the environment (Category A) we conduct an extensive environmental and social review. Prior to issuing an insurance policy for these projects, we make it known on our website that we are conducting such a review. Once we have issued a policy, we also post this on our website. In 2016 Atradius introduced a number of modifications regarding the publication of Category A projects.

In accordance with international agreements and Dutch national policy, we post all Category A projects on our website for at least 30 days before issuing an insurance policy for them. (This is referred to as the ex-ante disclosure requirement.) During this period, anyone

### **Category M: environmental and social review for special transactions, including the export of ships**

Dutch national policy includes a separate category for marginal reviews, called Category M. This type of review, which is conducted in certain cases, such as transactions not linked to a specific location (movable assets). This category is not included in international guidelines; it was introduced in 2010 based on Dutch national policy.

We use the Category M review primarily for transactions involving the delivery of ships. Other transactions in this category may, for example, be for the export of busses. These types of transactions, for what is known as movable assets, are characterised by the fact that they are usually not linked to a specific project location and we therefore cannot evaluate an identified location. Consequently, we examine how parties deal with issues such as health, safety and the environment. We do this by, for example, investigating whether they are certified in certain fields and by requesting relevant documentation such as policy documents and manuals. We also inquire as to whether any parties have ever been discredited. In cases where the destination or initial destination of a movable asset is known, our review will include this as well.

We also use the M classification for export transactions for existing projects which will not change as a result of the transaction (for example a replacement production line for an existing plant) and for financing transactions for projects which have already been executed. In the latter case it would no longer be meaningful to conduct a full review because the project had already been completed. We will however always verify whether any particular issues or problems were encountered during the execution of the project.

In 2016 a working group was formed in the OECD to determine a uniform way of reviewing the environmental and social aspects of ships and other movable assets. Notably ships are not included in the scope of the OECD Common Approaches. Norway and the Netherlands have taken the lead within this group as they have extensive experience in reviewing the export of ships.

A good example of this type of review is the one we conducted for a ship destined for Angola. The ship is to be used for assessing fish stock off the coast of Angola. In our review we investigated the reputation of both the Dutch shipbuilder and the Angolan buyer. We also looked into the procedures at the shipbuilder’s foreign wharf where the ship was to be built. As in this case it was known where the ship was to be deployed, we also examined the purpose of the ship and how and where it would sail. The fishing sector has always been important in Angola and it is the third largest economic sector after the oil industry and the diamond trade. The fishing sector is based primarily on small-scale and semi-industrial fishing. As Angola attaches great importance to a sustainable fishing industry, it wishes to have the best possible insight into the richness of its fishing grounds. This will allow it to consult with neighbouring countries and, with the help of, among others, the African Development Bank, manage its fishing grounds sustainably. This is why Angola is acquiring a fourth research ship.

interested in a project we have posted may request the environmental and social impact assessment from us. In mid-2016 we started making more project information available for this ex-ante posting, including the project name and description, country, location, the reasons for its classification as Category A and the type of environmental and social information available. Also new is that this intention to insure a Category A project will remain posted on our website for the duration of the environmental and social review.

In order to improve transparency, we now also post additional information after issuing an insurance policy for a Category A project (This is referred to as the ex-post disclosure requirement.) We have modified the format of the list of policies issued and now also publish a summary of the review process. In 2016 we decided to present this summary clearly on an individual page, like we do for the ex-ante publication. What is also new is that the policy framework (national policy or international agreements) applicable to the transaction is included in the ex-post information we publish. We furthermore provide insight into the environmental and social aspects we took into account when conducting the environmental and social review and when reaching our conclusions.

#### ***Anti-bribery and Corruption Policy***

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 2006 OECD Recommendation on Bribery and Officially Supported Export Credits 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 details the measures to be undertaken. 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 intermediary may commit bribery. If there are well-founded suspicions that an exporter's main contractor is involved in bribery,

this may also 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.

We have recently been working on tightening policies on bribery and integrity in business. A number of due diligence procedures have been further standardised, resulting in a more risk-based and more structured approach to due diligence. When we conduct due diligence we will also refer to the Transparency International Corruption Perceptions Index. In the event of bribery by any party in connection with a proposed transaction, the Dutch State will not insure the transaction. In any case of bribery or well-founded suspicions thereof, the Dutch State is under obligation to prosecute alleged offenders.

In 2016 we screened all applications for any indications of bribery. No applications were declined on the basis of well-founded suspicions of bribery.

#### ***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 recent years we have insured, on behalf 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. The new IMF policy for sustainable lending took effect on 1 June 2015. This policy has meanwhile been integrated with the reporting requirements of the OECD Arrangement on Officially Supported Export Credits<sup>7</sup>.

### ***International Corporate Social Responsibility (ICSR) Covenant for the banks***

In 2016 the International Corporate Social Responsibility (ICSR) Covenant for the Dutch banking sector<sup>8</sup> was signed by banks, the government and social organisations. The ICSR covenant for the banking sector contains agreements made by banks with civil society organisations, trade unions and the government. Its purpose is to ensure that businesses in the banking sector deal with and prevent abuses of human rights. These include, for example, inadequate working conditions, an insufficient degree of freedom of association, child labour and the violation of land rights. The Dutch State export credit insurance facility is specifically mentioned in the clauses referring to the role of the government.

Atradius DSB is expected to:

- Continue to apply the OECD Common Approaches<sup>18</sup> for environmental & social due diligence in the framework of export credits, including the application of the IFC Performance Standards for these due diligence processes;
- Endorse the UNGPs and continuing to implement its principles in the business processes;
- Support further cooperation between Atradius DSB and the adhering banks in client and project due diligence processes where both Atradius DSB and an adhering bank are involved

### **Outlook for 2017**

#### ***UN Guiding Principles on Business and Human Rights***

In 2017 we will have our National environmental & social review policy assessed by an independent party in light of the United Nations Guiding Principles on Business and

Human Rights (UNGPs). The assessment is to determine which of the Guiding Principles are applicable to our activities and to what extent our operating procedures are already aligned with them. We have asked for concrete recommendations for any specific modifications which would incorporate the UNGPs even better in our policy.

#### ***Review of Policy Document***

In 2017, the 2012 Dutch national policy document will be revised as it is outdated and needs to be brought into alignment with the 2016 revised Common Approaches. The updated document will include results from the assessment regarding alignment with the UNGPs referred to above.

#### ***Transparency***

Atradius DSB and the Dutch State value open communication and operational transparency in their relationships with their stakeholders. In 2016, transparency continued to receive a great deal of attention both domestically and internationally. At present Atradius DSB is working on improving the information it provides after issuing an insurance policy as well as on developing an Information Disclosure Policy. This policy is to make clear to stakeholders which information Atradius DSB is able to share and how it can do so. The transparency policy in regard to export credit insurance will thus be made explicit, easy to find and accessible for all stakeholders. In the course of 2017 we will release a draft transparency policy in order to allow stakeholders to give us their feedback.

#### ***Anti-bribery and Anti-corruption Procedures***

The national policy on bribery and integrity in business is being tightened; the Ministry of Finance supports the OECD initiative to better align the 2006 *OECD Recommendation on Bribery and Officially Supported Export Credits* with current practices. The modifications to be implemented at national level will be clarified later this year, in particular those of importance to exporters and banks when submitting applications for export credit insurance.

7 <http://www.oecd.org/tad/xcred/theexportcreditsarrangementtext.htm>

8 <https://www.rijksoverheid.nl/onderwerpen/internationaal-maatschappelijk-verantwoord-ondernemen-imvo/inhoud/imvo-convenanten>



**Land reclamation in the Maldives:  
new, protected land in a sensitive ecosystem**

In 2015 Van Oord was awarded a contract by the Ministry of Housing and Infrastructure of the Republic of Maldives for land reclamation for the islands of S.Feydhoo, GDh.Thinadhoo and K.Himmafushi. Atradius Dutch State Business issued Van Oord a policy covering non-payment risk. Van Oord deposited the sand for the land reclamation between May and September 2016.

This land reclamation project is part of an infrastructure development programme for the Maldives which is to include a good road network and sewage and water supply systems, and to improve access to health care and education. By reclaiming land for the islands, Van Oord will at the same time contribute to protecting them against climate threats.

The three islands are part of a sensitive ecosystem. The Maldives are known for their coral atolls and extraordinary

marine life of high biodiversity value. The rich marine life attracts many tourists annually. The negative impact of dredging on the natural and social environment was minimised by pro-actively involving stakeholders, extensively monitoring the environment and by various measures and regulations adopted by the local authorities, according to Van Oord.

Van Oord's environmental engineer Tijmen Smolders told Atradius DSB: "We paid close attention to the environment and surrounding area, which was appreciated by the local inhabitants and NGOs as well as the client. Van Oord's environmental engineers were involved from beginning to end. We carried out various studies and assisted the client at meetings with local inhabitants. We furthermore monitored the water quality while carrying out dredging operations and also monitored the impact on the coral in the area. The project team also transplanted coral to a location beyond the dredging area; a technique which Van Oord previously applied successfully in the Bahamas."

Aerial photograph of land reclamation at Feydhoo Island (Addu Atoll, the Maldives) [Photo credit: Van Oord]

# Relationships with Stakeholders

Atradius DSB engages regularly with various direct stakeholders on environmental and social review matters and policy developments on corporate responsibility. Our most important stakeholders are the Dutch State, exporters, banks, NGOs, other export credit insurance agencies, other entities which conduct environmental and social reviews, and industrial and trade organisations. How we cooperate with them is described below.

## The Dutch State

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

The State regularly organises meetings with stakeholders such as industrial and trade organisations, NGOs, trade unions, banks and exporters to discuss topics related to corporate responsibility. In the spring of 2016 we held a two-day introductory course on export credit insurance for new government staff. The course also dealt with the environmental and social review process. In the autumn we furthermore held, at our premises, a number of introductory sessions on our environmental and social review policies for government staff members.

## Exporters and Banks

Naturally we also maintain good contacts with our clients: the exporters and banks we insure. In 2016 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 responsibility and environmental and social reviews for export transactions. In addition to providing client support through introductory courses, our environmental and social specialists are of course in regular contact with exporters when they conduct an environmental and social review for any of their transactions. In 2016 we furthermore held sessions explaining the responsible business conduct for several regular clients at their premises.



We moreover remind exporters of their responsibilities under the OECD guidelines. These include guidelines for dealing with issues such as supply chain responsibility, human rights, child labour and the environment as regards, for example, the project of the local buyer of their goods and/or services. By signing our application form, exporters declare that they will use their best efforts to comply with the OECD guidelines.

## 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 Principles<sup>9</sup>, development banks and the IFC/World Bank.

We also coordinate our activities with the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland (RVO) if development co-operation is involved. We consult with the RVO, PWC and Triple Jump on matters relating to the management of the Dutch Good Growth Fund (DGGF). We cooperate with the FMO (the entrepreneurial development bank of the Netherlands) if they are involved in financing a project.

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. Atradius DSB also keeps abreast with developments in the multi-stakeholder dialogue on land governance, initiated by

<sup>9</sup> The Equator Principles include elective guidelines developed by banks for managing social and environmental issues related to project finance transactions.

Minister Ploumen of the Ministry for Foreign Trade and Development Cooperation.

### OECD

In 2016 two meetings were held with 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 experience & expertise on the environmental and social review of projects and to provide technical advice to the OECD Export Credits Group (ECG). In 2016, topics included the review process for relatively small transactions carried out by small and medium-sized enterprises (SMEs) for large projects, experience with project monitoring, and the screening of transactions as to human rights in light of the revised Common Approaches.

In February 2016, for the second year in a row, the OECD organised a two-day workshop for ECAs and the financial sector focussing on co-operation and knowledge sharing. 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. Trends and developments related to the environment, human rights and sustainability were discussed with representatives

from both commercial and development banks during the workshop.

In November 2016, the OECD organised its annual Civil Society Organisation (CSO) meeting for non-governmental organisations, businesses and industrial and trade organisations. This annual meeting deals specifically with export credits.

### Non-Governmental Organisations

Lastly, we consult with non-governmental organisations (NGOs). In 2016 we had ad-hoc contacts with various Dutch NGOs as well as NGOs from other countries.

In September 2016 the Party for the Animals, a Dutch political party, and Both ENDS, a Dutch NGO, organised an export credit insurance masterclass for Dutch members of parliament and their colleagues. Atradius DSB contributed to the masterclass in order to develop a better understanding of the rules and regulations governing export credit insurance and also of the roles and responsibilities of the parties involved.

2016 also saw the handling of the notification submitted by Both ENDS to the Dutch National Contact Point (NCP). The resulting mediation process with Both ENDS, facilitated by the NCP, was completed towards the end of the year (see text box below).

### Complaint lodged with the NCP: Both ENDS et al vs Atradius DSB

On 8 June 2015, Both ENDS, in conjunction with and on behalf of the Associação Fórum Espaço Socioambiental, Conectas Direitos Humanos and Colônia de Pescadores do Município do Cabo de Santo Agostinho notified the Dutch National Contact Point (NCP) of a specific instance concerning an alleged violation of the OECD Guidelines for Multinational Enterprises. The notification was related to the provision of two export credit insurance policies Atradius DSB issued (at the end of 2011 and beginning of 2012) - on behalf and for account of the Dutch State - for two dredging projects in Brazil. The notification had also been submitted to the Brazilian National Contact Point.

After the complaint was deemed admissible on 3 December 2015, Atradius DSB and the Ministry of Finance, upon request of the NCP, agreed to mediation and to engage in dialogue with the parties concerned about transparency, due diligence, monitoring and evaluation in relation to export credit insurance, and about the roles and responsibilities of all parties involved in export credit insurance. The Ministry of Finance was involved because Atradius DSB carries out its operations for account of and on behalf of the Dutch State.

After the dialogue sessions were completed in November 2016, the NCP concluded in its final statement that Atradius DSB, in its role as export credit insurer, was directly linked to any possible damage, given its commercial relationship with the exporter. It is for the Brazilian NCP to assess whether the exporter and/or client have indeed violated the OECD Guidelines.

The Dutch NCP published its final statement on the Both ENDS et al. vs. Atradius Dutch State Business notification on 30 November 2016. The final statement describes the procedure followed and the conclusions drawn from the dialogue facilitated by the NCP. Please refer to the NCP's website for the final statement at <https://www.oecdguidelines.nl/documents/publication/2016/11/30/final-statement-notification-both-ends--forum-suape-vs-atradius-dsb>.

# Environmental and Social Review of Insurance Applications

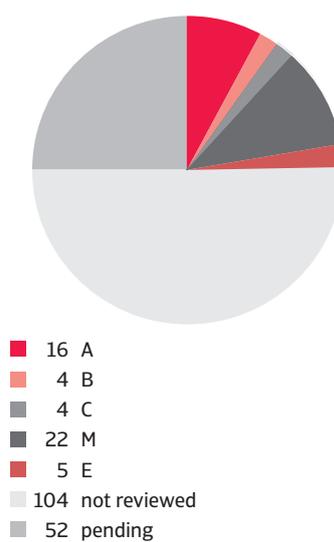
## Report on Applications Screened and Reviewed in 2016

In 2016 Atradius DSB received 221 applications pertaining to 207 export transactions. The discrepancy in the number of applications versus the number of transactions is due to the fact that we may receive an application for cover for one and the same export transaction from both the exporter and the bank involved. We thus conducted 207 screenings - 15 less than in 2015 - in order to determine whether an environmental and social impact assessment was required. In 2016, 51 applications were reviewed and approved as to their environmental and social aspects. Ten of these applications were related to applications for support from the Dutch Good Growth Fund which was launched in 2014.

In some cases we conduct a single review for several applications. This would be the case when various exporters submit applications for different goods and services transactions pertaining to the same project, or when several exporters competing for the same project each submit an application for cover. The pie chart below shows the number of applications screened and the resulting category.

Sixteen of the 51 applications reviewed were classified as Category A projects (major potential adverse environmental and social impacts). Some of these applications pertained to the same project. Four of the applications reviewed were classified as Category B projects (substantial potential adverse environmental and social impacts) and another four as Category C projects (little or no impacts). In addition, we conducted marginal reviews, known as M reviews, which focus on the reputation of the exporter and the buyer, for 22 applications. We also conducted five Category E reviews, which focus solely on the reputation of the exporter<sup>10</sup>.

Figure 2: Applications screened in 2016, by category



104 transactions were not reviewed because their nature, small size or sector meant that a review was not required. Other transactions were not reviewed because the application was withdrawn during the review process or because the transaction was rejected for other reasons, which made a further assessment of their environmental and social aspects unnecessary.

At year end, 52 applications received during the year were still pending.

<sup>10</sup> This represents five applications for support from the Dutch Good Growth Fund (DGGF) which were classified as Category E because their contract value was less than EUR 1 million. The contract value of the other six DGGF applications was higher than EUR 1 million and these therefore required a regular review. Two of these were classified as Category M, two as C, one as B and one as A.

What is most striking about the statistics is the sharp increase in the number of Category A projects reviewed. In 2016 these were thrice the number of the prior two years. 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 an outlier in 2012, is gradually growing again. The number of Category M projects, after declining in 2014 and 2015, increased strongly in 2016.

The number of reviews pending at the end of 2016 declined again slightly compared to 2015. The peak in 2015 was incidentally due to the many applications received very late in the year.

Figure 4 gives an overview of the sectors<sup>11</sup> and classifications for projects approved in 2016.

Just as in previous years, in 2016 the shipbuilding sector, with 22 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 bakeries, communications equipment and construction tools.

In 2016 one application was formally rejected on environmental or social impact grounds. This brings the number of applications rejected on these grounds to eight since the implementation of the Common Approaches in 2001. This figure gives a somewhat distorted view however, as in some cases, applications which would have been rejected on either of these grounds were withdrawn beforehand or rejected for other reasons such as unacceptable risks from a financial perspective.

Figure 3: Number of applications reviewed and their classification 2012-2016

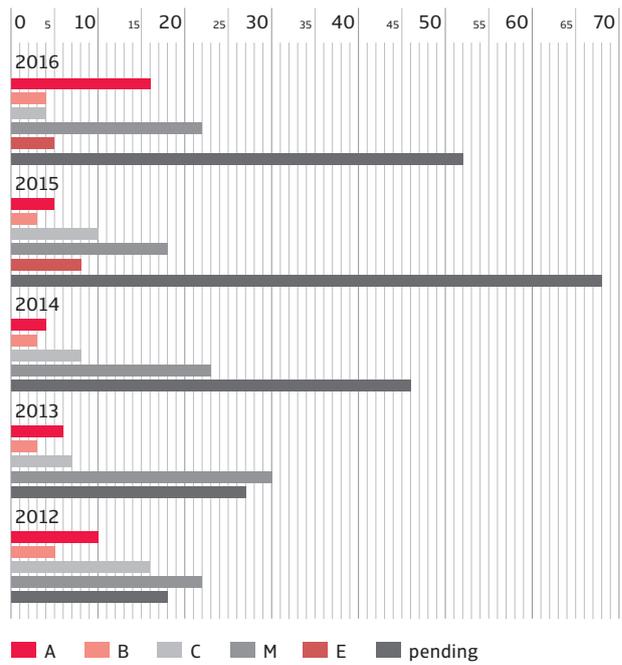
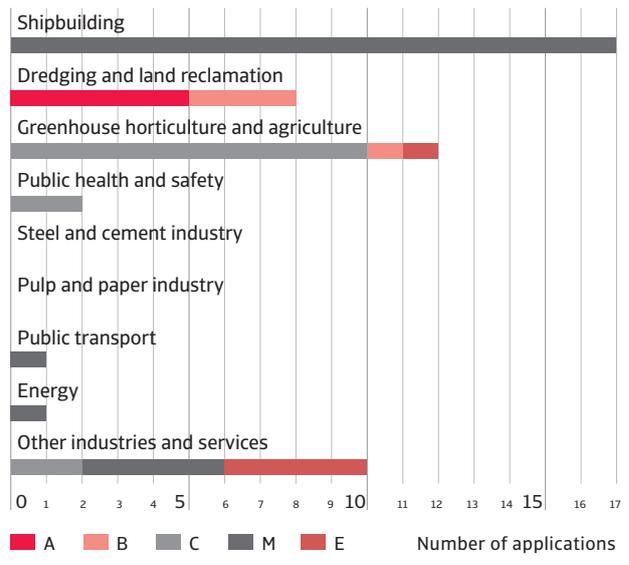


Figure 4: Sector and classification of projects reviewed as to their environmental and social impact in 2016

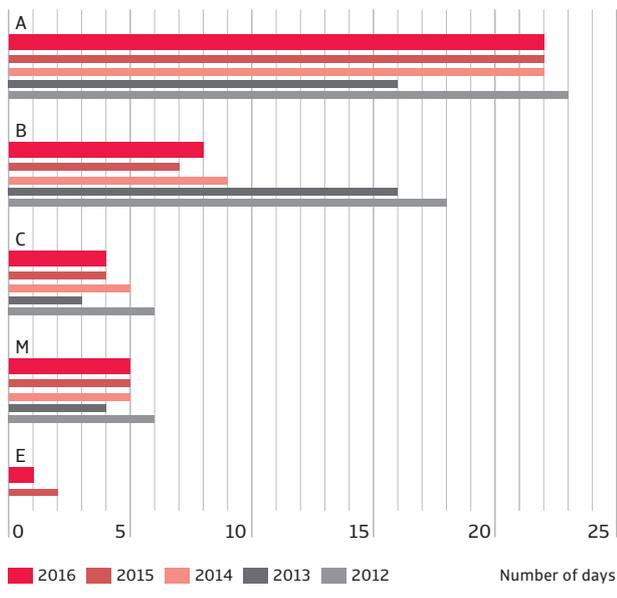


11 These are the same sectors used in previous sustainability reports and the bar charts can therefore be compared from year to year. The choice of sector categories was determined by the frequency of certain types of transactions and by sensitive sectors, as defined in our policies. Examples of the latter are dredging and land reclamation, greenhouse construction, greenhouse horticulture and agriculture, and the wood and paper industry.

**Environmental and Social Impact Review Processing Times**

The average number of processing days for the environmental and social review for Category A projects was 22, for Category B projects eight, for Category C projects four and for Category M projects five. A Category E review took on average one processing day. These processing times were similar to those of prior years. However, they say little about the overall processing times, which include the time required to obtain all the information needed for a review. Figure 5 compares the average number of processing days for each category for the years 2012-2016.

Figure 5: Average number of processing days for reviews conducted from 2012 - 2016 by category



**Publication of Environmental and Social Information**

In accordance with the ex-ante disclosure provisions of the Common Approaches, we must disclose all Category A projects on our website prior to issuing an insurance policy. 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 to provide us information which could be relevant for our environmental and social review.

We disclosed all the Category A projects we reviewed in 2016 on our website for 30 days before completing their environmental and social review, and therefore also before issuing an insurance policy. Environmental and social impact information for all of these projects was available and was indeed requested for all of them by third parties. We were furthermore able to make the environmental and social impact assessment for all projects available to the requesting party or parties. In a few cases they 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](http://www.dggf.nl) for a period of 30 days prior to our providing cover for them.

Furthermore, after issuance of a policy, we publish on our website a list of all policies issued, along with key transaction data and the environmental and social review classification. Please refer to our website for the lists of policies issued from 2012 onwards. Due to changes in the list of all policies issued and the inclusion of more information herein, our annual Sustainability Reports therefore no longer includes a list of policies issued.

