



Sustainability Report 2017

Atradius Dutch State Business

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Foreword

Corporate social responsibility and sustainability occupy an increasingly important place in our society. The new cabinet is therefore according more attention than ever to climate issues and the development of a more sustainable economy. At Atradius Dutch State Business this means we will be devoting increasing attention to and taking action on issues such as human rights, climate change, bribery and transparency.

In 2017 our activities included updating our corporate social responsibility policy for the export credit insurance facility and publishing the revised version on our website. In addition, Atradius DSB formulated an explicit transparency policy. In accordance with our commitment to greater transparency, we have taken the initiative to publish articles more frequently about the projects we support and our reasons for doing so. Interested parties can hence keep themselves informed more easily of existing and new policies, transactions we have supported, and developments in the fields of the environment, social issues, human rights and matters such as anti-bribery and corruption measures.

In November 2017 Atradius DSB organised a day of consultations during which we explained our revised environmental and social policies and transparency policy to exporters, banks, trade and industry organisations and NGOs, and asked them for their views on these policies. Atradius DSB furthermore contributed to the establishment of Climate Investor One, an innovative climate fund which focusses on developing and carrying out medium-sized renewable energy projects in Africa, Asia and Latin America.

In 2018 Atradius DSB wishes to concentrate more attention on reaching and supporting Dutch enterprises which recognise that climate change also brings new economic opportunities. Our new business team will therefore be devoting extra attention to sustainable entrepreneurship - and in particular to sustainable energy. We will moreover be examining ways to make clear how our activities contribute to the United Nations Sustainable Development Goals (SDGs). By doing so we will be taking a further step in providing greater insight into the composition and development of our portfolio.

Bert Bruning
Managing Director
Atradius Dutch State Business NV
June 2018

Organisation and policy developments

Atradius Dutch State Business

Atradius CyC, with branches in 54 countries, is an important credit insurance and debt collections partner for many businesses, from small- and medium-sized ones to multi-national enterprises. In the Netherlands Atradius CyC has been the market leader in the field of credit insurance since 1925.

Atradius DSB is part of Atradius CyC but operates independently¹. We offer exporters capital goods and services, internationally operating contractors, banks and investors a broad range of insurance products and guarantees covering various risks, including payment risks, when doing business abroad. We offer our services on behalf of and for account of the Dutch State. Atradius DSB's government mandate makes it the official Export Credit Agency (ECA) of the Netherlands. We have been fulfilling this role since 1932.

Atradius DSB's mission is to generate added value for Dutch companies by providing them with the most competitive position from which to export. We do this by offering insurance policies and guarantees that protect their financial position and enable financing. By developing innovative insurance products and providing support for economically relevant exports to developing countries and emerging economies, we stimulate sustainable trade. We do this in an ethically responsible way and with the greatest possible transparency.

We also expect the companies that we support in this way to operate as responsible partners, both in the Netherlands and internationally. We therefore insure only those export transactions and investments that have no unacceptable environmental or social impact, and which are not implicated in any way in such issues as bribery or human rights violations.

This sustainability report for 2017 will provide insight into our activities and new developments in sustainable

entrepreneurship. Key themes in 2017 were human rights, climate change, bribery, transparency and co-operation with our stakeholders.

Environmental & Social Policy: Due Diligence in a Nutshell

The official export credit insurance agencies of the OECD member countries have made agreements in the OECD about corporate social responsibility (CSR) in relation to the transactions they support. The agreements contained in the *OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* (Common Approaches) include agreements on the types of transactions to be reviewed by environmental and social specialists, the applicable assessment frameworks and the extent of the reviews. The Dutch State has established supplementary policies with a wider scope than that of the international agreements. These policies are contained in the export credit insurance policy document for environmental and social due diligence (*Environmental and Social Policy Document, 2018*)².

Atradius DSB screens all applications for export credit insurance and foreign investment insurance in order to determine whether a due diligence review is required. In accordance with the Common Approaches, in principle all transactions valued at higher than EUR 10 million will be reviewed, as will transactions for less than EUR 10 million if:

- they are for deliveries to or near a sensitive location, such as a site of high biodiversity value or sites or areas important to indigenous peoples, or
- there is an increased risk of project-related human rights violations.

Atradius DSB maintains a corporate social responsibility (CSR) desk staffed by specialists responsible for conducting environmental and social due diligence. The CSR desk is part of Atradius DSB's underwriting teams.

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

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

Our environmental and social specialists analyse each transaction, its role in the project of which it is a functional component, and the project environment. Transactions are classified into specific categories, each according to its risk profile. For all categories, transactions are subject to a due diligence review, the extent of which will be commensurate with the nature and severity of the environmental and social risks concerned. Projects with the highest potential risks will be subject to the most comprehensive due diligence review.

The environmental and social specialists review projects in accordance with the Performance Standards of the International Finance Corporation (IFC)³. We can underwrite a transaction only if the environmental and social due diligence concludes that the impacts of the transaction and the related project are deemed acceptable.

Dutch government policy for conducting environmental and social due diligence is wider in scope than that of

the Common Approaches. For example, under Dutch government policy, a review of all transactions valued at less than EUR 10 million but for sensitive sectors is required, as is an environmental and social due diligence for “cash” transactions (transactions which are not financed externally) and transactions with a credit period shorter than two years. Although the Common Approaches only apply to transactions with a credit period longer than two years, the Dutch government maintains its own policy, given that cash transactions and transactions with a shorter credit period could indeed have adverse impacts on people, the environment or animal welfare. The State Secretary for Finance⁴, who had already undertaken before Dutch parliament in 2016 a lasting commitment to have the scope of the Common Approaches expanded in order to align them better with the Dutch environmental & social policy for export credit insurance. In 2017 further discussions were held in the OECD about creating a more level playing field.

IFC (International Finance Corporation) Performance Standards on Environmental and Social Sustainability

We conduct our environmental and social due diligence reviews in accordance with the international guidelines of the World Bank Group - known as the IFC Performance Standards. In 2017 IFC Performance Standard-1 was also made available in Dutch. The IFC performance standards define businesses' responsibilities for managing their environmental and social risks.

Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts

Performance Standard 2: Labour and Working Conditions

Performance Standard 3: Resource Efficiency and Pollution Prevention

Performance Standard 4: Community Health, Safety and Security

Performance Standard 5: Land Acquisition and Involuntary Resettlement

Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Performance Standard 7: Indigenous Peoples

Performance Standard 8: Cultural Heritage

The Dutch translation of IFC Performance Standard 1 is available at: http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps1

³ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

⁴ <https://www.government.nl/government/members-of-cabinet/menno-snel>

OECD Guidelines for Multinational Enterprises

In addition to conducting an environmental and social due diligence for a project in accordance with agreed international standards, we consider it important that exporters assume their own responsibilities when delivering goods or services for projects abroad. Their responsibilities are stipulated in the OECD Guidelines for Multinational Enterprises⁵. These guidelines contain recommendations for the business community for operating in a socially responsible manner globally.

The Dutch government has endorsed the OECD 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 projects' supply and delivery chains. As per the OECD guidelines, exporters are responsible for conducting their own due diligence reviews. We furthermore expect exporters - to the best of their ability - to exert control and influence over projects in order that aspects such as chain responsibility, human rights, child labour, the environment and deterring corruption are dealt with responsibly.

By signing our application form, applicants for export credit insurance declare that they will use their best efforts to comply with the OECD guidelines. They thereby commit to applying the guidelines for multinational enterprises to their companies' activities to the best of their ability. We moreover engage in active dialogue with applicants and policy holders about compliance with the OECD guidelines. Any matters related to the application or interpretation of the OECD guidelines can be brought before the Netherlands National Contact Point OECD Guidelines (NCP). Complaints against businesses in the export sector may furthermore be submitted to this body.

The OECD is currently developing its general Due Diligence Guidance for Sustainable Entrepreneurship to provide

practical assistance to multinational enterprises in the implementation of the OECD guidelines. The document is expected to be published in 2018.

Principles and Guidelines to Promote Sustainable Lending Practices

In 2008, OECD member countries concluded agreements to ensure that export credits to governments of developing countries are in accordance with their sustainable development goals. In this way the OECD contributes to the efforts of the IMF and the World Bank to help low income countries avoid a renewed build-up of unsustainable debt.

In practice this means that export credits to governments of low-income countries must remain within the limits set by the IMF, the World Bank and the country concerned. In the case of large loans, OECD member countries have also committed to requesting the government of the recipient country for prior confirmation that the loan is in accordance with agreed borrowing and development policy.

In consideration of the new lending policy established by the IMF and the World Bank in 2014 and 2015, the OECD revised its own 2008 *Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries*⁶. The revised version took effect in November 2016. The most significant amendment calls for greater transparency among OECD member country official credit insurance agencies and the IMF and the World Bank. This will give the IMF and the World Bank greater insight into the amount of debt which low income countries incur and will help prevent vulnerable countries taking on unsustainable debt. The policy has meanwhile been integrated into the reporting requirements of the *OECD Arrangement on Officially Supported Export Credits*⁷. In 2017 OECD member countries started reporting to the IMF and World Bank on their sustainable lending to lower income countries.

5 <http://www.oecd.org/daf/inv/mne/48004323.pdf>

6 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=tad/ecg\(2016\)14&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=tad/ecg(2016)14&docLanguage=En)

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

Human rights

Background

As planned in 2016, Atradius DSB, in consultation with the Ministry of Finance and the Ministry of Foreign Affairs, started updating the export credit insurance facility's environmental & social policy in 2017. The 2012 policy document was due to be updated as in recent years various amendments had been made to international and national corporate social responsibility policies for export credit insurance facilities. When the policy was updated, explicit attention was paid to human rights issues.

A clear international framework for business and human rights has existed since 2011: the *United Nations Guiding Principles on Business and Human Rights*⁸ (UNGPs). These principles, which were agreed unanimously in the United Nations in June 2011, 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 for respecting human rights. This means that they must prevent violations of human rights and, where possible, improve negative situations (*Responsibility to Respect*).

The UNGPs were already included in the 2012 OECD Common Approaches. The Common Approaches as

revised in 2016 draw particular attention to human rights, notably in the screening phase, through the inclusion of an extra criterium for human rights issues in the due diligence review.

2017 in Review

In 2017, as part the revision of our environmental & social policy, Shift, an independent bureau with expertise in the field of UNGPs, reviewed our current policy in light of the *UN Guiding Principles on Business and Human Rights* (UNGPs). The objective was to determine which of the Guiding Principles are applicable to our activities and to which extent our business processes were in harmony with these principles. Shift made a number of recommendations for concrete improvements which would incorporate the UNGPs even better in our policy.

In addition to obtaining external advice from Shift, we held consultations on our policy. Public consultations were held on the draft policy in November 2017. Furthermore a consultative session was organised which was attended by many interested parties including exporters, banks, NGOs and industry and trade associations. Interested parties were able to express their wishes and concerns about the policy document by participating in the session as well as by submitting them in writing.

International Corporate Social Responsibility (ICSR) Covenant for the Banking Sector

In October 2016 the International Corporate Social Responsibility (ICSR) Covenant for the Dutch banking sector⁹ was signed by banks, the government and social organisations. (document available only in Dutch). The ICSR Covenant for Banks contains agreements made by banks with social organisations, trade unions and the government. Its purpose is to ensure that businesses in the financial sector address and prevent abuses of human rights. These include, for example, inadequate working conditions, an insufficient degree of trade union freedom, child labour and the violation of land rights. The Dutch State export credit insurance facility is specifically named in the clauses referring to the role of the government.

The covenant includes a paragraph on Atradius DSB's management of the export credit insurance facility. By updating the corporate social responsibility policy for the export credit insurance facility and further embedding the UNGPs into our policy, we have contributed to the agreements made in the covenant to make a lasting commitment to the UNGPs and to further integrate them into our operating procedures

In 2017 Atradius DSB contributed actively to the further implementation of the covenant by participating in various thematic working groups.



8 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

9 <https://www.ser.nl/nl/publicaties/overige/2010-2019/2016/dutch-banking-sector-agreement.aspx>

Looking towards the Future: Further Embedding of Human Rights

In February 2018 the update of the environmental and social policy document was presented to Parliament¹⁰ (at the time, the document was available only in Dutch).

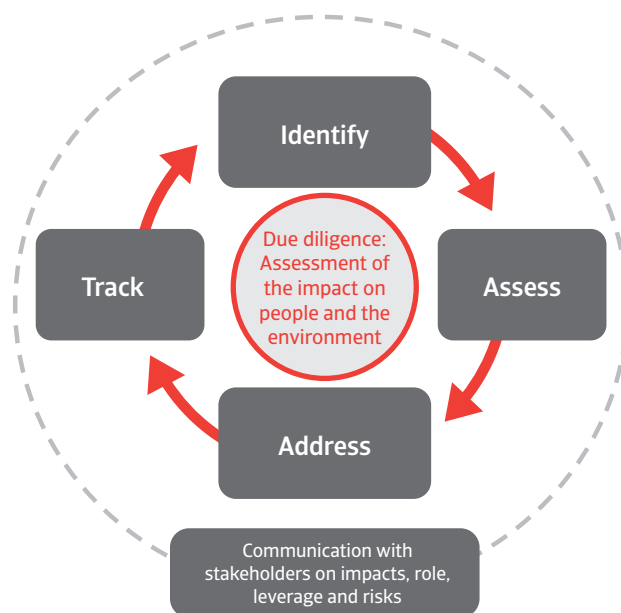
The principle modifications to the policy dealt with:

- embedding the extra screening criterium regarding human rights due diligence in cases where there is a high likelihood of human rights violations occurring
- applying a more detailed risk-based approach to due diligence (see diagram, opposite) focussing on the impact on people and the environment and prioritising risks and their potential impact.
- according more attention to the ways we can use our influence to call upon our business relations to take responsibility for respecting human rights.
- placing more emphasis on communication and on involving stakeholders in the due diligence process.
- making explicit how risks and impacts are tracked and monitored.

Updating our policy document was an important step in embedding human rights issues in the policy for the export credit insurance facility and also for aligning the policy better with current practices. Early in 2018 we published our policy statements on Corporate Social Responsibility and human rights on our website.

In 2018 we will continue working on embedding the policy within our organisation and our operational procedures. We will moreover devote specific attention to communicating the policy both internal and to our external stakeholders.

In 2018 we will of course be holding training sessions for exporters and banks again. A recurring topic in these sessions is corporate social responsibility. Our corporate social responsibility policy document will also be made available on our website in English in the course of 2018.



10 <https://www.rijksoverheid.nl/documenten/kamerstukken/2018/02/06/aanbiedingsbrief-mvo-beleidsdocument-voor-exportkredietverzekeringen>

Climate change

Background

In December 2015 the Dutch government signed the Paris Agreement, the UN global agreement on climate change. Since then, Atradius DSB together with the Ministry of Finance has been looking into opportunities - both nationally and internationally - for applying its knowledge, experience and products in order to contribute to the Dutch climate objectives ensuing from the Agreement. Our efforts are focused particularly on mobilising capital and attracting loans from commercial financial institutions - such as pension funds, green funds and banks - for climate and climate-related projects in emerging economies and developing countries. This is important because the enormous investments required for ensuring that the global average temperature rise will not exceed 2 °C cannot be realised solely with government funds.

Other official export credit insurance agencies are also investigating how they can contribute to meeting the climate challenge. We are active in the OECD, as well as bilaterally, and have sought co-operation with, among others, a few Scandinavian countries.

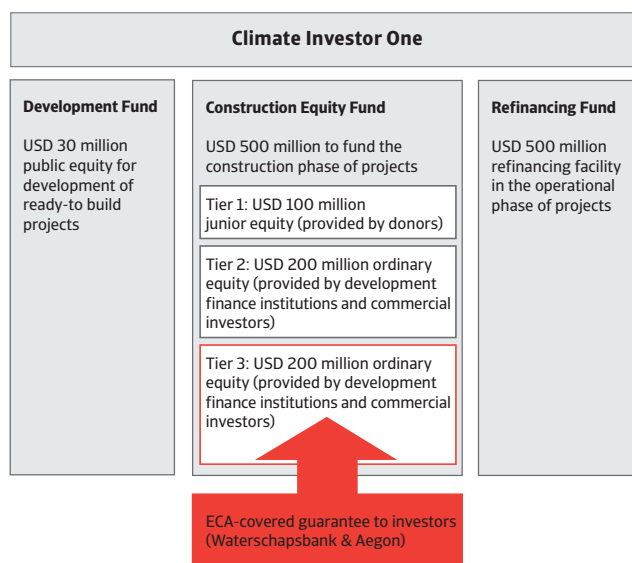
2017 in Review

In 2017 we started actively deploying our array of export credit insurance instruments to support or help support good climate projects. In this way we wish to contribute to boosting Dutch climate initiatives and to further greening our portfolio. One of the initiatives Atradius DSB supported in 2017 was *Climate Investor One* (CIO), a blended finance facility. Thanks to a guarantee from the Dutch government, Aegon and the Nederlandse Waterschapsbank (NWB Bank) made EUR 200 million available to Climate Investor One; a significant contribution to the Dutch fund's total volume of USD 530 million.

In 2017, together with the Ministry of Finance we furthermore started investigating opportunities for co-operating with other Dutch Ministries in the fields of climate change and sustainability, both at home and abroad. This has led to our seeking initiatives - together with the Ministry of Foreign Affairs, the Ministry of Economic Affairs and Climate Policy and the Ministry of Infrastructure and Water Management – in which Atradius DSB's expertise, experience and products can provide added value.

Climate Investor One

Climate Investor One is an innovative facility focussing on developing renewable energy projects in emerging and developing markets in Africa, Asia and Latin America. The facility, which is managed by Climate Fund Managers¹¹, consists of three funds which jointly support the entire life cycle of a project: from project development through to the construction and ultimate sale of an energy facility. When a facility is sold, the capital released and the revenues gained from the sale can be used for starting up new energy projects. Climate Investor One is furthermore exceptional in that, with donor funds of USD 130 million and a guarantee from Atradius DSB, it was able to raise an additional USD 400 million in the capital markets.



11 www.climatefundmanagers.com

Another initiative in our effort to increase the green component of our portfolio is a revision of our investment insurance scheme. For many years, only very limited use was being made of this type of insurance. It is however an excellent instrument for mitigating the political risks inherent in investing abroad. Political risks make private investors reluctant to invest in climate projects in politically less stable countries. The potential for supporting climate projects led Atradius DSB to advise the Dutch government to considerably modify the current investment insurance scheme.

The ability of official export credit insurance agencies for helping mobilise commercial capital and financing in aid of climate projects has also received attention internationally. In the OECD, Canada, Denmark and the Netherlands jointly advocated successfully for supplementary reporting requirements to the OECD on ECA-covered financing for foreign climate projects. The proposal gained wide support and took effect on 1 January 2018.

Looking towards the future: Climate to Remain the Focus of Attention

The initiatives taken in 2017 will be pursued in the coming year. Particular attention will be devoted to revising the investment insurance scheme referred to above. As mentioned previously, it was furthermore agreed that from 1 January 2018 all official export credit insurance agencies of the OECD member countries will report the amount of financing and/or credit insurance they provide for climate projects. Atradius DSB will therefore be including its contribution to insuring financing for climate related projects in its reports to the OECD.

Climate action is one of the 17 *UN Sustainable Development Goals*¹² (SDG's). We intend to provide insight in the near future into the extent to which the export credit insurance facility (including the foreign investment insurance scheme) contributes to these SDG's.

We will be reporting more on these topics in our annual Sustainability Report from 2019 onwards.



12 For more information on the UN Sustainable Development Goals please refer to <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

IHC Delivers Dredger for Clean-Up Operations in Brazil



Early in 2017 Atradius DSB issued an insurance policy covering IHC's lease of a small dredger and a multi-purpose work boat to the Allonda Ambiental company in Brazil. An environmental and social impact due diligence was conducted beforehand as the dredging sector is defined as a sensitive sector. The dredger and workboat were deployed to carry out repairs in the aftermath of a dam burst near a mine in Brazil.

On 5 November 2015 a huge dam disaster (known as the Samarco incident) occurred in Brazil. The dam was a tailings dam (an earth-fill embankment dam) which contained wastewater and sludge from Samarco's iron ore mine. The Samarco mining company is a joint venture between mining giants BHP Billiton and Vale. The wastewater contained mine waste as well as much mud and chemicals used in the mines. The disaster cost 19 people their lives and more than 500 people lost their homes. The dam burst led to a mudslide which destroyed two villages and heavily polluted more than 600 km of the Dolce River as well as partially silting up the river.

Samarco's emergency plan was implemented immediately after the disaster occurred. Rescue operations for people and animals were rapidly undertaken, clean water was distributed and shelter and other aid was provided for residents who had lost their homes. Furthermore, the quality of the river water was constantly monitored and the first clean-up operations were started. New locations were sought for resettling the residents of the destroyed villages. The Samarco company had a plan addressing all these issues and the actions to be taken in the event of a disaster. This plan along with an interactive map is available on their website so that all interested parties can follow the repair and recovery activities step by step. The company has meanwhile agreed to various compensation schemes for stricken inhabitants and started the reconstruction operations needed as a result of the disaster. In addition to the compensation agreement, the company is facing various lawsuits, including those about the cause of the disaster. Investigations into the disaster are still being carried out and lawsuits are still pending; to date, the definite outcome is



A Beaver 50 dredger and a Delta Multi Craft 1050 [source: IHC website]

unknown. Given the enormous consequences of the disaster, the project is under minute scrutiny and is being closely followed by many parties worldwide. Governments at various levels are closely involved in the recovery and repair operations.

Samarco has contracted the Allonda company to help clean up the tailings. Due to the dam burst, sediment and part of the tailings poured into the Rio Dolce, putting the Risoleta Neves hydro-electric plant powered by the river out of operation. Allonda used a dredger to clear more than 1.6 million cubic metres of sludge from the Rio Dolce near the hydro-electric plant so that the plant can restart operations. Allonda has thus made a major contribution to the recovery operations subsequent to this environmental disaster in Brazil. The company has experience in dredging and treating contaminated sludge. A risk assessment was conducted for these operations and a work plan drawn up to ensure that the work would be carried out as safely as possible.



View of the sludge released as a result of the Samarco disaster [source: Reuters]

Anti-bribery policy

Background

The Dutch government's stance when providing export credit insurance is that it does not want to be associated in any way with transactions in which bribery is or was involved. When a Dutch enterprise applies for cover under the export credit insurance facility, it declares that the information it provides is accurate and that it will use its best efforts to operate in a socially responsible manner as per the OECD guidelines. The enterprise furthermore declares that neither it nor any third party on its behalf is or has been guilty of bribery in obtaining the contract or executing the insured transaction.

2017 in Review

At the end of 2016 Atradius DSB, in co-operation with the Ministry of Finance and the Ministry of Foreign Affairs, started updating its internal procedures regarding anti-bribery. This was to ensure that each application will be screened according to the same criteria and that our advice to the Dutch government will be based on consistent parameters for assessing the risks of bribery inherent in a transaction.

In 2017 we improved and clarified our insurance documentation and included a clause providing for the insurer's audit rights. The revision aims to ensure that the insured's obligations to the insurer (the Dutch State) are clear for the entire period of their relationship, i.e. from the moment the insured submits an application to the moment the insurance agreement expires. All the insured's obligations (including disclosure obligations) and the consequences for the insured if it fails to comply with its obligations must be clear. This means that, for example, an applicant or an insured should report any agents it engages or may engage. This enables us to conduct a due diligence review on these agents, the activities they are to undertake for the insured and the agreed remuneration, in order to assess the risk of bribery.

Much attention was also devoted to the Dutch State's right to audit as insurer. If there is any suspicion of misrepresentation by the insured prior to the insurance policy coming into effect, or – in a broader context – if there is any indication that the insured is failing to fulfil its obligations, the government wishes to be able to verify



whether there is indeed a default on the performance of any of its obligations.

Anti-bribery was also often discussed in the OECD, as the 2006 *Recommendation of the Council on Bribery and Officially Supported Export Credits*¹³ is considered for replacement. Throughout 2017, extensive negotiations were held, including on the scope of any new *Recommendation*. The revision also aims to better align the *Recommendation* to current practices applied by official credit insurance agencies, given that the current *Recommendation* was established 12 years ago.

All insurance applications for transactions involving an agent were screened and assessed. In 2017 no applications were declined on the grounds of an unacceptable risk of potential bribery.

Looking towards the Future: Maintaining a Focus on Anti-Bribery

We expect to complete the revision process referred to above in the course of 2018, after prior publication on our website. We will be publishing information about Dutch and international anti-bribery policy, background information on amendments to our insurance documentation (including the application form) and information on our due diligence review of the Dutch exporter, foreign buyer and any agent. If there is agreement in the OECD on the revised OECD *Recommendation of the Council on Bribery and Officially Supported Export Credits* during the year, we will make this known via our website as well.

In 2018 we furthermore intend to organise external training sessions on bribery and its prevention for all staff contributing to the export credit insurance facility at both Atradius DSB and the government. We will thus contribute to heightening awareness of the negative effects of bribery in international trade, and Atradius DSB will be in a better position to prevent the Dutch State from being involved in tainted transactions.

13 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=td/ecg\(2006\)24](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=td/ecg(2006)24)

Transparency

Background

Atradius DSB values open communication and operational transparency in its relations with its stakeholders. We are transparent in our application evaluation procedure whilst we take all parties' commercial interests into consideration. We furthermore provide insight into the transactions we support by publishing a list of all policies issued including information about the export transaction, exporter, buyer and financing institution involved.

Via our website and publications, we provide information about our organisation and our relationship with the Dutch State as well as information about our products, underwriting procedure, country cover policy and the types of insurance cover we can offer.

In our environmental and social due diligence procedures our commitment to transparency is evidenced primarily by our:

- ex-ante publication of Category A projects:
We post all Category A projects, including project environmental and social information, on our website for at least 30 days prior to issuing an insurance policy
- ex-post publication of Category A and B projects:
We post all Category A and B projects, including project and project assessment information, on our website after issuing an insurance policy
- publication of policies issued: We publish an overview of all policies issued, stating whether or not an environmental and social due diligence review was conducted and if so, the resulting classification.
- general publications and presentations on sustainable entrepreneurship (for example, our annual Sustainability Report and presentations for meetings with stakeholders).

2017 in Review

New Transparency Policy

In 2017 we improved transparency by establishing an explicit transparency policy – our *Information Disclosure Policy*. This policy clarifies which information we will make available and how we will do so. The policy also explains which information will be publicly available and which will be considered confidential and therefore cannot be

made public. For many transactions requiring insurance, we will necessarily be involved at an early stage, i.e. before conclusion of the commercial contracts. In order to enable us to evaluate transactions properly, we may receive confidential information which we must treat with care. We therefore seek to be transparent without breaching the trust of exporters, their buyers and banks. Our transparency policy applies to:

- general information about Atradius DSB including information about our organisation, policies and procedures, country policy, products, reporting requirements and publications and
- applications we are processing or have processed on behalf of and for account of the Dutch State.

We provide, notably via our website, more information about individual policies than we did in the past. We currently describe the exporter, transaction, buyer, recipient country and the type of insurance policy issued. We furthermore specify the most important aspects – for example, sustainable environmental & social factors – we took into consideration when determining whether to issue the insurance policy. As part of the consultation process, various stakeholders contributed to the realisation of the *Information Disclosure Policy*.

Complaints Mechanism

In 2017, while we were updating our sustainable entrepreneurship policy and establishing our transparency policy, we also started revising our grievance procedure.

In the first instance we always encourage all parties to a project to maintain a proper grievance procedure which makes it possible for local parties to submit any grievances they may have. Should grievances related to the project not being acted on locally, we also maintain our own complaints mechanism. Our complaints procedure allows for submitting a formal complaint against a project which we have insured. A complaint may be lodged by, for example, a private individual, an enterprise or a community. We are in the process of further developing our grievance procedure; the process will include consulting with a number of NGOs. Our revised grievance procedure will be made available on our website in the course of 2018.

Evaluation of notification to NCP

On 30 November 2016 the Dutch National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises published its final statement regarding the dialogue the NCP facilitated further to the notification by NGO Both ENDS et al about an alleged breach of the OECD Guidelines for Multinational Enterprises relating to two dredging projects in Brazil for which an insurance policy had been issued under the export credit insurance facility. The final statement describes the dialogue process and its outcome. Early in 2018, the Ministry of Finance, Atradius DSB and Both ENDS held an evaluation meeting in which the outcomes of the dialogue were jointly evaluated. In May 2018 the NCP published the outcome of this evaluation on its website¹³.

Looking towards the future: Transparency

In 2018 we will continue working on our current initiatives relating to transparency. We will be publishing the Information Disclosure Policy on our website in the first half of 2018 and will also be making it available in English. In addition to publishing our new transparency policy, we will be revamping our current list of policies issued. This will include publishing more information about each transaction, the aspects taken into consideration during underwriting and the type of insurance policy issued.

In 2018 we will furthermore be increasing transparency by according more attention to policies issued by means of news reports. We will be highlighting, for example, transactions of special interest to NGOs, remarkable transactions and other items of interest which we consider worthwhile sharing with the public.



13 <https://www.oecdguidelines.nl/oecd-guidelines>

Relationships with our stakeholders

Atradius DSB engages with various direct stakeholders on policy developments related to corporate social responsibility. Our most important stakeholders are the Dutch State, exporters, banks, NGOs, various partners which conduct environmental and social reviews, such as other state-supported export credit insurance agencies (including those of other OECD member countries) and other entities responsible for executing government programmes. In order for the export credit insurance facility to function well, good co-operation with these parties is of utmost importance.

The Dutch State

The Dutch State, represented by the Ministry of Finance and the Ministry of Foreign Affairs, gave us our mandate. We coordinate our procedures, which are based on government policy, with them. We advise the Ministries on, matters such as, payment risk, underwriting techniques, environmental and social due diligence, transparency, anti-bribery issues, political risks, country cover policy and insurance claims and recoveries. The Ministries referred to above review our work. The State regularly organises meetings with diverse stakeholders for exchanging ideas related to sustainable entrepreneurship.

In March 2017 we held a two-day introductory seminar on medium-term export credit insurance for new and existing central government staff who deal with the export credit insurance facility in the course of their work. The subjects covered during the seminar included our product portfolio, insurance underwriting, claims handling and debt recovery procedures and country cover policy.

Exporters and Banks

We continually strive to maintain a good working relation-

ship with our clients: Dutch exporters and their banks.

Twice a year we organise an introductory course for staff of new and existing clients. In these courses we explain export credit insurance procedures and devote attention to sustainable entrepreneurship and environmental and social due diligence for export transactions and foreign investments requiring insurance.

In addition to providing client support through our introductory courses, we are in regular contact with our clients. We raise awareness about their responsibilities under the OECD guidelines and discuss relevant environmental and social issues with them. Small- and medium-sized enterprises in particular do not always have their own environmental and/or social specialists on staff and may therefore have limited sustainable entrepreneurship expertise. As desired, Atradius DSB provides extra guidance to such enterprises. We maintain contact with our regular clients on developments in sustainable entrepreneurship and also visit their premises.

Co-operation with Dutch and International Partners

We maintain a network of partners which also conduct environmental and social due diligence. These include the environmental and social specialists of the other official export credit agencies in the OECD, banks which adhere to the *Equator Principles*¹⁵, development banks and the IFC/World Bank. In addition, we co-ordinate 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 co-operate with the FMO (the entrepreneurial development bank of the Netherlands) if they are involved in financing a project.

Thematic evaluation: Dutch Good Growth Fund (DGGF)

In 2014 the Ministry of Foreign Affairs launched the Dutch Good Growth Fund (DGGF) to provide funding and credit insurance to enterprises and investment funds in the Netherlands and low- and middle-income countries in support of development-related investments and export transactions. Atradius DSB manages the segment known as Track 3, which provides export support and insurance for capital goods transactions with eligible countries. The Ministry of Finance requested Atradius DSB to provide a thematic evaluation of Track 3 in 2018. The purpose of the evaluation is to obtain a clear picture of this segment's relevancy for development, i.e. its contribution to local social and economic improvements.

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

OECD

In 2017 two meetings were held with the environmental and social specialists of the official 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 OECD *Export Credits Group*. In 2017, topics included transparency and disclosure policy, human rights, complaints handling procedures and climate change.

Both the *Common Approaches* for ECAs and the *Equator Principles* for the financial sector promote co-operation with respect to environmental and social due diligence. Often, projects for which export credit insurance is requested are also reviewed by the financial institution providing the financing. We furthermore discuss trends

Animal welfare as a component of the environmental and social due diligence review

For projects in the agricultural sector, such as for intensive livestock operations, an important component of the environmental and social due diligence review process is reviewing animal welfare. When revising our environmental & social policy document this year, we embedded animal welfare better into our policy. Intensive livestock farming is defined as a sensitive sector in our policy. Deliveries related to this sector, regardless of size, are therefore always reviewed by our environmental and social specialists. We consider it very relevant to evaluate how a buyer takes animal welfare into account, as responsible treatment of animals is of great importance from both an ethical and a commercial perspective.

Evaluating a buyer's management capacity is therefore crucial when we look into the animal welfare aspects of a transaction: Does management have the right expertise and the proper education and training? Does the buyer have a sound animal welfare policy? Are its employees well trained, supervised and monitored? We moreover review animal housing in depth, in accordance with international standards. In principle we follow the IFC Sector Guidance and Good Practice Note on Improving Animal Welfare in Livestock Operations, and also, first and foremost, the Terrestrial Animal Health Code of the World Organisation for Animal Health (OIE). When reviewing a project, we furthermore refer to other standards such as the Global GAP Control Points and Compliance Criteria for Farming Businesses and all relevant EU regulations.

Projects do not necessarily comply with the highest standards initially. Internationally agreed standards for animal welfare are not at the same, relatively high, level achieved in the livestock

and developments related to the environment, human rights and sustainability with representatives from commercial and development banks.

Lastly, we maintain contact with the Netherlands National Contact Point OECD Guidelines (NCP). We participate in the stakeholder meetings they organise and keep up to date with their publications.

Non-Governmental Organisations (NGOs)

We also consult regularly with non-governmental organisations (NGOs) as well as often on an ad-hoc basis in connection with specific transactions. The Ministry of Finance furthermore organises an annual meeting to which they invite NGOs. In addition, Atradius DSB holds consultation sessions on specific policy topics to which NGOs are also invited.

sectors in the Netherlands. We endeavour to have the standards raised both in the Netherlands and internationally. We therefore play an active role in the OECD Export Credits Group in order to share experiences with other participants and discuss animal welfare standards.

In 2017, World Animal Protection, an NGO, completed a study into how animal welfare has been incorporated into various government facilities which support Dutch exports. The study concluded that Atradius DSB needed to strengthen a few of its animal welfare criteria. We will however not be classifying all export transactions concerning animals immediately as Category A transactions, as this category, as defined internationally, was intended for other purposes. We do however subscribe to the necessity of carefully assessing all applications for cover under our regular export credit insurance facility as to a transaction's animal welfare aspects, if this is relevant. This means, for example, that we will be including animal welfare aspects in our due diligence of the supply and demand chain. We are open to constructive dialogue on this topic, which will also be given due consideration in 2018.



Communication with Stakeholders in the Event of Changes in Policy

In 2017 we established a methodology for approaching stakeholders in the event of important policy developments. These could be related to major amendments to existing policies or the implementation of new policy. For each policy domain, we devised different categories, based on our various stakeholders' influence on and interest in a topic. This means that our interaction with stakeholders may differ per topic. We have distinguished four ways of approaching our stakeholders:

- **Participation** – involving stakeholders in policy formulation through consultation sessions, consultation via the internet, round table discussions and other means when interaction is desirable.
- **Communication** – interacting personally (face-to-face) with stakeholders, for example by means of information meetings, seminars or training sessions.
- **Information** – informing stakeholders personally in writing or by digital means. In this case communication would be one-way. This could be, for example, through direct mailings to contacts or specific target groups to keep them informed.
- **Notification** – publishing information on Atradius DSB's website.

Stakeholder Meeting and Consultation on Policy

In February 2017 the Ministry of Finance, in co-operation with Atradius DSB, organised a stakeholder meeting dedicated entirely to export credit insurance. This type of stakeholder meeting is organised regularly to allow interested parties to exchange ideas on policy developments and other relevant developments related to export credit insurance. This time the meeting focussed on environmental and social policy and transparency.

At the consultation session on export credit insurance held in November 2017, the documents devised for the policies mentioned above were discussed once again. During the session, exporters, banks, NGOs and trade and industry organisations had the opportunity to share their vision on both documents with Atradius DSB and the Ministry of Finance.

Unitherm contributes to sustainable fishing in Ethiopia

Dutch exporter Unitherm delivered a pre-fabricated fish processing plant to Omo River Fisheries, a family firm located on the banks of Lake Turkana at the mouth of the Omo River in Ethiopia. Unitherm also provided management support for food safety practices. This export transaction, supported by the Dutch Good Growth Fund (DGGF), was valued at less than EUR 1 million but was classified as a Category C project and subject to an environmental and social due diligence. This was because the plant is located in a sensitive area: it is home to indigenous communities and there are furthermore national parks and a UNESCO World Heritage Site nearby. We concluded that the project would have little or no potential adverse environmental and/or social impacts. We have summarised below the most important aspects we took into consideration in our environmental and social due diligence.

Buyer's Reputation

Omo River Fisheries is a family firm, established over 40 years ago, which catches tilapia and Nile perch in Lake Turkana and subsequently processes the fish for the local market. This small-scale enterprise has been working with the same group of fishermen for many years. When Omo River Fish started, it trained indigenous communities in fishing techniques. As a result, it has earned the respect of local tribal groups. The company focuses on fishing sustainably. Its relationship with its suppliers is essential to its survival and is sustained by the support the company gives to the community through scholarship funds for local students and financial support for village elders for carrying out local development plans.

Sustainability Aspects of Fishing and Fish Processing

The company uses fishing nets which local inhabitants set out from canoes and rowboats. Omo River Fish will be purchasing extra canoes and rowboats for its current expansion project. The targeted catch – Nile perch – are large fish. Omo River Fish provides the fishermen with large mesh size fishing nets which allow smaller fish and younger Nile perch to escape, which is advantageous for fish stocks. "We do not fish any other way, nor would we want to," states the company. The bycatch in the nets is consumed by local fishermen. By choosing the right locations and using visible floats, crocodile bycatch is virtually eliminated.

The African Development Bank¹⁶ reported in 2010 that approximately 8 160 fishermen operated in Lake Turkana, most of whom used traditional boats. In 2012 the total catch was estimated at 9 500 tons per year and the sustainable processing capacity at 15 000 to 30 000 tons per year. Omo River Fish's current project to expand processing capacity from 1.5 tons to a maximum of 7 tons per week remains largely within the limits of sustainable processing capacity.



Small-scale fishing on Lake Turkana (source: see footnote)

We also assessed water usage, waste disposal methods, energy consumption and the coolants to be used in the factory. The fish processing factory was designed and built in accordance with European standards. We concluded that the factory is to be delivered in keeping with the latest technology and that there are no serious threats to either land, water or the atmosphere. Little water is to be used and the factory will be built on the firm's own premises, meaning no land purchases are required.

Sensitivity of the Area

The location of the factory and the area which could potentially be affected by its operations can be considered sensitive. The Omo River flows between the Mago and Omo National Parks which are known for their fauna. Furthermore, many fossils have been found in this area, including those of one of mankind's predecessors, *Homo gracilis*. On the grounds of these distinctive characteristics, the lower Omo Valley has been designated a UNESCO World Heritage Site. The site of the factory in relation to the national parks and the proposed boundaries of the UNESCO World Heritage Site are however such that the factory is expected to have no impact on these sensitive locations.

Impact on Indigenous Communities

The impact on indigenous communities, which are increasingly under threat due to hydro-electric plants, large-scale agricultural projects along the river banks and the establishment of the national parks, was specifically examined. At present 25 people work in the factory and 50 indigenous fishermen supply the fish. The factory is to employ 18 extra staff, making a total of 43 employees, 20 of whom will be processing the fish. The increase in fish sales will improve the incomes of 50 to 100 families. The fishermen work for an association and jointly determine the price of the fish. Omo River Fish has been working with the same group of fishermen for decades. The fishermen's sales opportunities and income will increase, and during the expansion phase they will be provided new nets, boats, canoes, etc.

16 <http://assets.survivalinternational.org/documents/1375/whatfuturelaketurkana-update.pdf>

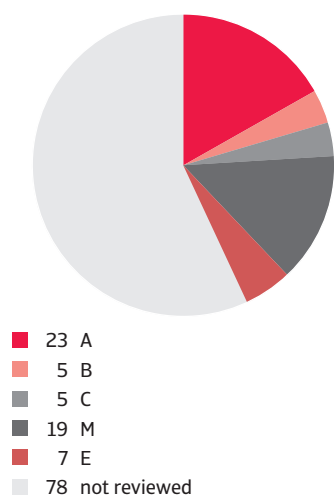
2017 facts and figures

General

Atradius DSB screens all applications for export credit insurance and foreign investment insurance in order to determine whether an environmental and social due diligence is required. In 2017 Atradius DSB issued 137 policies. For 59 of these policies an environmental and social impact assessment was completed which resulted in a positive outcome. Twelve of these policies were issued for transactions supported by the Dutch Good Growth Fund. Sometimes 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.

Figure 1: Environmental and social categories of policies issued in 2017



Of the 59 policies issued after completion of an environmental and social review, 29 were transactions for projects classified as Category A projects (major potential adverse environmental and social impacts). Some of these policies pertained to deliveries for the same project. Five of the projects reviewed were classified as Category B projects (substantial potential adverse environmental and social impacts) and another five as Category C projects (little

or no impacts). We conducted marginal reviews, known as M reviews, which focus on the reputation of the buyer and the related project, for 19 transactions. For seven transactions we conducted Category E reviews, which focus solely on the reputation of the exporter. For 78 of the policies we issued, the transactions were not reviewed as to their environmental and social impacts because their nature, small size, low potential sensitivity or the type of insurance meant that a review was not required.

We issued more policies for the shipbuilding and agricultural sectors than for any other sectors.

In 2017 no applications were rejected on environmental or social impact grounds. We did however give a negative advice on a project which resulted in the application being withdrawn before a formal decision could be made. This brings the number of applications rejected on environmental or social impact 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.

In 2017 the environmental and social reviews were on average completed within the agreed number of processing days, which differ per project category. For four applications, the number of agreed processing days was exceeded due to the complexity of the projects.

Complaints

No formal complaints were submitted in 2017. A consultation process was however initiated in relation to the concerns NGOs had about certain aspects of a project in Indonesia for which we had issued an insurance policy in 2017. Furthermore, a number of NGOs expressed criticism of animal welfare aspects of transactions approved for Mexico and Ukraine. In another case, NGOs engaged with Atradius DSB in a consultation process in 2016 and 2017 on a project which ultimately did not receive support in the form of export credit insurance because the application was withdrawn in 2017.

Publication of Environmental and Social Information for Category A Projects

In accordance with the ex-ante disclosure provisions of the Common Approaches, we post all Category A projects (projects with major potential adverse environmental or social impacts) on our website at least 30 days prior to issuing an insurance policy for them. 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 furthermore publish on our website a list of all policies issued along with the key transaction data. Please refer to our website for the lists of policies issued and their environmental and social review classification from 2012 onwards.

We posted all the Category A projects we reviewed in 2017 on our website for 30 days prior to completing their environmental and social review, and therefore also before issuing an insurance policy for them. Environmental and social impact information for all of these projects was available and was indeed requested by third parties. We made the environmental and social impact assessment for all published 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 information. All the DGGF applications we processed were posted on www.dggf.nl both before and after we provided cover for them.

