



2016 Annual Review

Atradius Dutch State Business

Key figures 2016

	2016	2015	2014
Premium Income:	€ 114 million	€ 145 million	€ 126 million
Claims Paid:	€ 15 million	€ 96 million	€ 36 million
Recoveries:	€ 232 million	€ 95 million	€ 103 million
Applications received:	221	279	287
Promises and notices of cover issued:	1116	129	135
Insurance policies issued:	96	105	108
Nominal risk exposure under promises and notices of cover issued:	€ 7.5 billion	€ 4.8 billion (€ 7.9 billion*)	(€ 8.4 billion*)
Nominal risk exposure under insurance policies issued ¹	€ 2.7 billion	€ 4.5 billion (€ 8.3 billion*)	(€ 7.1 billion*)
Aggregate nominal risk exposure	€ 10.2 billion	€ 9.4 billion (€ 16.2 billion*)	(€ 15.6 billion*)

1 Including policies issued for previously issued promises of cover.

* In previous annual reviews, the figures we published for nominal risk exposure included exposure for foreign exchange rate risk cover for insurance policies and for promises and notices of cover issued in foreign currency. When calculating our exposure for these in euro terms, we used a "maximum guaranteed exchange rate" which in practice always turned out to be higher than the year-end conversion rate. As a result, the nominal risk exposures, expressed in euros, were too high and did not accurately reflect the actual volume of liabilities in our portfolio.

We therefore decided to convert nominal risk exposure for liabilities in foreign currency to euros using the relevant year-end conversion rate and without taking into consideration the theoretical maximum for potential claims for damages. In this report we have stated nominal exposures for 2015 according to both our former and our revised methods of calculation in order that these key figures can be compared with those for 2016.

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- 4 Foreword
- 5 Co-operation between the Dutch state and Atradius Dutch State Business
- 8 New business in 2016
- 9 Foreign investment insurance
- 12 Claims and recoveries and debt rescheduling
- 13 Liabilities and receivables
- 14 Product innovation
- 15 Dutch Trade & Investment Fund and Dutch Good Growth Fund
- 16 International co-operation
- 17 Corporate Social Responsibility (CSR)
- 19 Financial results for account of the Dutch state

Foreword

2016 was a turbulent year and several developments which occurred then continue to receive a great deal of attention today. In particular Brexit and President Trump are still frequently in the news. The Brexit choice in Great Britain has Prime Minister Theresa May working hard to prepare for the coming negotiations on the UK's exit from the EU. Donald Trump is also repeatedly in the news and the papers. He is characteristically always looking for "a good deal", now or in the future. Such a prominent position in global politics is perhaps not something to which you aspire. Parallels can however be drawn between the work of these two leaders and yours as entrepreneur. Looking ahead and developing a strategy in order to secure a strong market position to enable you to conclude favourable contracts is an important factor contributing to your success. You have certainly been successful in 2016. Dutch exports grew 3.7%. This was far more than the growth of global trade, which was only one percent. The Netherlands therefore performed well compared to other countries. We expect Dutch exports to increase three to four percent in 2017 as well.

With a view to continuing to improve our export support for you and your client, who would like to make use of good financing options, we have further broadened our product range. One example is that we have improved our cover for the banks which finance your exports: under buyer credit insurance policies we now offer supplementary cover for losses related to interest rate swaps. In addition our export credit guarantee is now also available for export loans financed by bond issues. The financing facilities we manage for the Ministry of Foreign Affairs have also been expanded further. For Dutch Good Growth Fund countries (primarily developing countries) we are now able to discount bills of exchange for up to € 5 million instead of € 2 million per transaction. For most other countries, similar financing is now available from the new Dutch Trade and Investment Fund. Furthermore, we have expanded our underwriting policy under our regular export credit insurance programme. Iran, Argentina and Cuba are the most

important countries for which we have, step by step, made export credit insurance available.

In 2016 we also undertook to make our facilities more accessible. We started working more closely with the FMO (the Dutch development bank) and the NEA (the Netherlands Enterprise Agency - *Rijksdienst voor Ondernemend Nederland*). We will continue to strengthen our co-operation this year. Another development of great importance in this context is the plan announced by the cabinet to establish a Dutch financial and development institution, named Invest-NL. We are directly involved in the preparations being made for the opening of this institution and its international arm in 2018.

We strongly support the ambitions revealed by these plans. We think that, as managers of diverse facilities, we can thus improve the services available to you and your bankers. Indeed, improving our services has always been a guiding principle for us. In 2016 we developed a strategy, which we are implementing further this year, to accomplish our aspiration to, simply stated, do more for more Dutch exporters. Our aim is to ensure that no export transactions are lost which could have been concluded if you had been able to find your way to us. We stand ready to serve you as best we can in support of your export transactions.



Bert Bruning
Managing Director Atradius Dutch State Business

Co-operation between the Dutch State and Atradius Dutch State Business

Atradius Dutch State Business N.V. is the Atradius Group company which the Dutch State has mandated to manage the following facilities:

- the export credit insurance facility
(*ekv: exportkredietverzekering*)
- the foreign investment insurance scheme
(*RIV: Regeling Investeringsverzekering*) established in 1969, offering insurance for political risks related to Dutch investments abroad
- the export credit insurance and export finance facilities of the Dutch Good Growth Fund (DGGF)
- the export credit insurance and export finance facilities of the Dutch Trade and Investment Fund (DTIF)

Atradius Dutch State Business manages the export credit insurance facility and the foreign investment insurance scheme for account of the Ministry of Finance. The agreements with the Dutch State pertaining to these facilities date from 1932.

The DGGF and DTIF facilities fall under the responsibility of the Ministry of Foreign Affairs and are managed by the NEA, the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*). We therefore carry out our work for the DGGF and DTIF programmes in co-operation with the NEA. For further information, please refer to page 15.

Since November 2010, Atradius Dutch State Business has also been managing, on behalf of the Ministry of Foreign Affairs, a portfolio of soft loans granted to developing countries which totalled approximately € 441 million at the end of 2016.

Risk-sharing arrangements with the Dutch state

The Ministry of Finance determines annually - after investigating conditions in the private credit insurance market - which risks can be taken under the export credit insurance facility; in other words, where the state can complement the private credit insurance market. The parameters for determining the risks to be taken for account of the Dutch State were left virtually unchanged for 2016.

Portfolio

As well as assessing individual risks, we closely monitor risks at portfolio level. Our portfolio consists of promises and notices of cover (notices of cover are promises of cover subject to the additional, essential condition that there is sufficient capacity under the relevant country limit at the time the export contract comes into effect), obligations under current policies, our right of recourse to exporters' liabilities under buyer credit insurance policies, direct guarantees, counter-guarantees, our right of recourse to banks under export credit guarantees, and receivables we have acquired on foreign borrowers upon having paid exporters' claims for losses.

In almost all cases, country limits were high enough to allow us to continue underwriting risks. In a few cases we reinsured risks with other parties in order to remain within the relevant country limit or were able to increase a country limit due to the improved economic climate in the country concerned.

Benchmarking

Since 2003, in close co-operation with the Ministry of Finance, we have been comparing a number of aspects of our export credit insurance programme with that of Dutch exporters' competitor countries. This annual benchmarking exercise provides insight into the competitiveness of the Dutch export credit insurance programme. The benchmark indicators include country policy, rules regarding national interests and national versus foreign content, cover policy and premium rates. Contrary to previous years, the most recent benchmarking exercise did not include a qualitative comparison of corporate social responsibility policies. This is due to the fact that the revision of the Common Approaches led us to review and revise our national policy and to furthermore have the policy evaluated externally. We will be providing further information about this in the course of 2017.

The benchmarking exercise conducted at the beginning of 2017 to measure competitiveness in 2016 revealed relatively minor differences among the export credit insurance programmes included in the exercise.

Our overall export credit insurance programme score was, just as in previous years, relatively high. Nevertheless, we will be implementing several improvements in 2017. One of the benchmarking results - of previous years, rather than of the latest year - was that our country policy is more restrictive or is certainly perceived to be more restrictive than that of other official export credit insurance agencies. We will therefore modify how we communicate our country policy in order to encourage exporters to contact us about possible options for export credit insurance. We have seen in practice that sometimes, even on very high-risk countries, transactions can still be insured if they have an acceptable risk profile. The differences in premium rates among the export credit insurance programmes included in the exercise continued to diminish. This was due to the agreement made on minimum premium rates for transactions with countries known as Market Benchmark Countries, being the high-income countries which are not classified in any country category. The agreement took effect on 1 February 2017.

In the latest benchmarking exercise no comparison was made of official export finance instruments. This was due to a recent policy development, namely the plans announced by the Dutch government to establish Invest-NL. This institution is to offer diverse facilities including, for banks, financing at fixed interest rates for transactions covered by export credit insurance. Benchmarking exercises in previous years showed that Dutch exporters were at a disadvantage in this respect and the options to be offered by Invest-NL should largely redress this situation.

Consultation with the government and the business community

The National Committee for Export, Import and Investment Guarantees (*Rijkscommissie voor Export-, Import- en Investeringsgaranties*) is the consulting body for export credit insurance matters. The committee consists of representatives from the business community, banks, the government and Atradius Dutch State Business.

An important topic in every meeting is determining ways to expand the range of products and tailor them even more to exporters' needs. This led to several modifications in 2016, some of which we have explained on page 14, Product Innovation.

Another item on this committee's agenda was a report written in 2016 by Statistics Netherlands (CBS) on the contribution of the export credit insurance programme to the Dutch economy. CBS conducted a study in which it calculated the amount of value added by export credit insurance facilities. The study made clear that export credit insurance facilities - assuming that the transactions included in the study would not have been executed without these facilities - contributed on average one quarter percent to GDP per annum. This represents almost 20,000 man-years of employment, related both directly and indirectly to the export transactions.

Broad support for exports

At the end of 2015, the Ministries of Finance and Foreign Affairs as well as Atradius Dutch State Business voiced their ambition of further developing Dutch export credit insurance into an instrument offering wide support for exports. In 2016 we developed a strategy to accomplish our aspiration to, simply stated, do more for more Dutch exporters. This therefore included closely examining our product range and country policy and modifying them where necessary. We also created new staff positions in our organisation in order to offer information and support more effectively to Dutch exporters who are totally unfamiliar with us or do not know us very well. We thus seek to ensure that no export orders are lost - either because they were not pursued or because they failed to materialise - which could have been concluded successfully if the Dutch company had been able to find its way to us.



Dutch Health delivers tricycle ambulances to Mali

Dutch Good Growth Fund

The Dutch Good Growth Fund (DGGF) was launched in July 2014. By providing export financing and export credit insurance through this fund, the Ministry of Foreign Affairs enables development-related trade with, and investment in, emerging markets and developing countries. Atradius Dutch State Business manages the export financing and export credit insurance facilities offered by the DGGF.

The fund is intended primarily for Dutch small and medium-sized enterprises (SMEs) and larger enterprises which can demonstrate that their export transaction will benefit Dutch SMEs.

Dutch Health B.V.

Dutch Health B.V. specialises in converting boats and a broad variety of motorised vehicles into water taxis and ambulances. The company also designs and manufactures mobile clinics and diverse types of medical vehicles, such as tricycle ambulances. With its innovative solutions for ambulant medical care, the company contributes significantly to health care in developing countries and emerging markets. Dutch Health B.V. has carried out a wide array of projects abroad, often commissioned by public authorities. Its customer base includes the United Nations.

Mali

Since the launching of the DGGF, Dutch Health B.V. has concluded three transactions with funds from the DGGF for the Ministry of Public Health and Hygiene of Mali.

These included the delivery of 44 tricycle ambulances along with related medical and communications equipment. The tricycle ambulances are primarily deployed in the case of traffic accidents and in situations such as sudden life-threatening complications during pregnancy where rapid admission to hospital is essential.

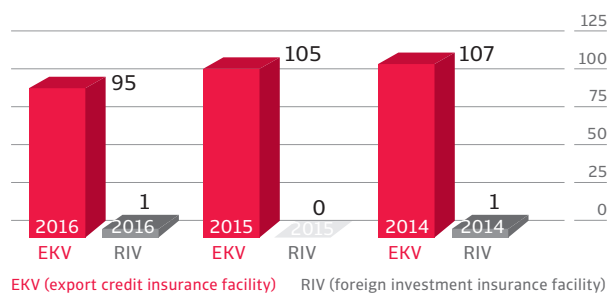
In addition to improving health care for the local population, the ambulances create additional employment, as drivers are needed for the tricycles and medical personnel for the clinics and hospitals. The ambulances also stimulate employment indirectly at businesses supplying medical equipment and complementary products, given that they require medical supplies such as bandages, needles and surgical gloves and masks.

After delivering the medical vehicles, Dutch Health B.V. transfers knowledge by instructing local personnel in the work procedures and providing training at the buyer's site for the operation and maintenance of the ambulances and medical equipment.

Since 2015 the Ministry of Public Health and Hygiene of Mali has ordered various vehicles from Dutch Health B.V. This new transaction confirms their positive experience and shows that they are very pleased to do business with Dutch Health B.V. Under the DGGF facilities, Atradius Dutch State Business insured this transaction for non-payment risk and also discounted the bills of exchange the exporter drew under the supplier credit it granted to the buyer, as the exporter's bank was unable to do so.

New business in 2016

Distribution of policies issued by type of facility:



The volume of policies issued declined to € 2.7 billion in 2016 from € 4.5 billion in 2015. Premium income decreased to € 114 million in 2016 from € 145 million in 2015. This difference was largely due to the fact that in 2015 we insured a few very large transactions in the oil and gas sectors. The volume of promises of cover issued in 2016 did however increase.

Number of policies issued per country

20	Netherlands
9	Ireland
5	United Kingdom
3	Colombia
3	France
3	Kuwait
3	Namibia
3	Russia
3	Turkey
3	South Korea
2	Angola
2	Ghana
2	Ivory Coast
2	Kenya
2	Norway
2	Sri Lanka
2	Tunisia
2	United Arab Emirates
2	United States
2	Switzerland
21	Other countries

Foreign investment insurance

Exposure under the foreign investment insurance scheme totalled approximately € 155 million at the end of 2016, which was 6.1% lower than at the end of 2015 (€ 165 million). This exposure was for 19 policies and one promise of cover (2015: 21 policies), for transactions in 8 countries, just as in 2015.

At the end of 2016 our highest exposures under the foreign investment insurance scheme were for the following countries:

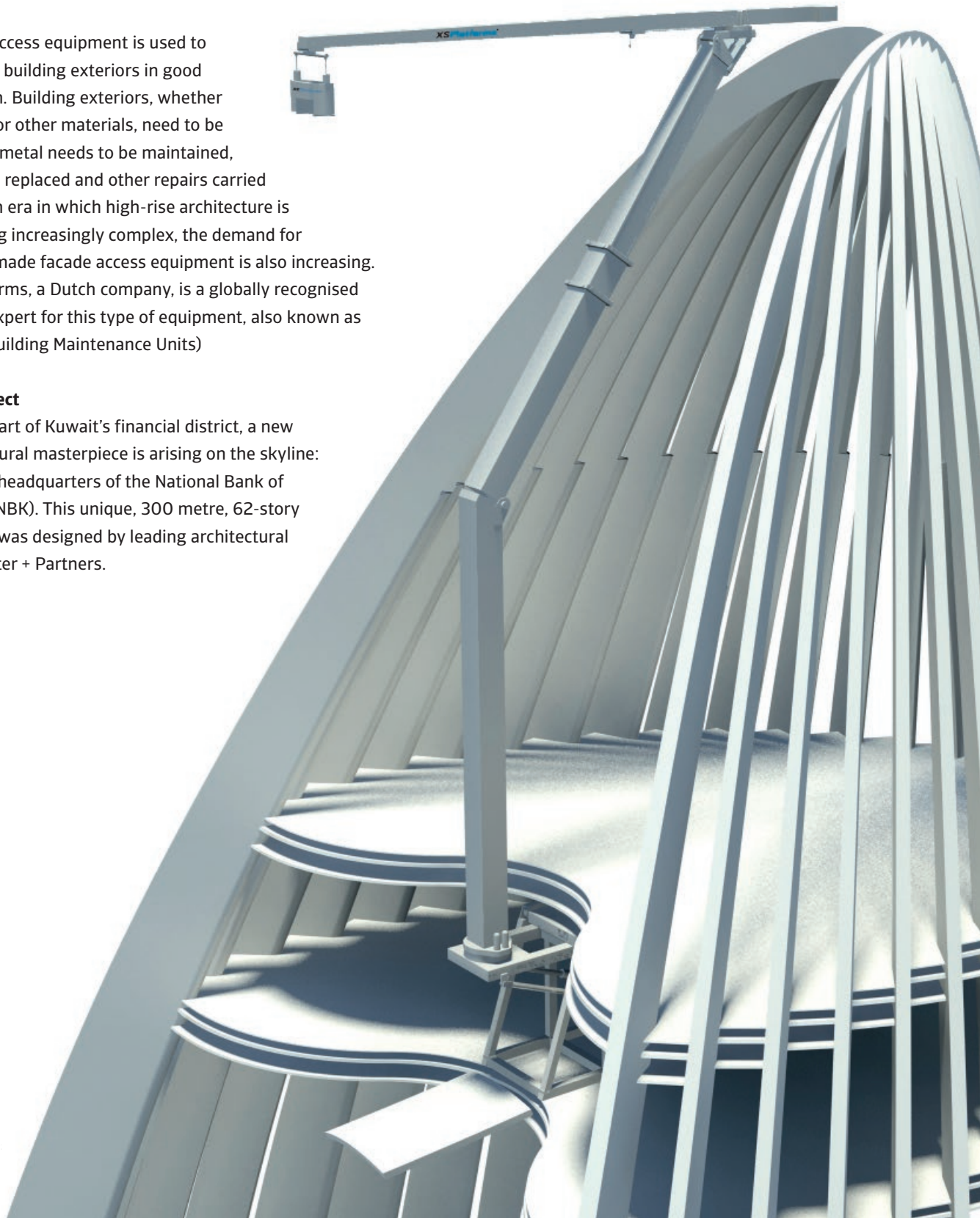
	31-12-2016
Ukraine	€ 55.9 million
Ecuador	€ 40.5 million
Indonesia	€ 16.9 million

The most complex facade access equipment in the world: a sophisticated Dutch product

Facade access equipment is used to maintain building exteriors in good condition. Building exteriors, whether of glass or other materials, need to be cleaned, metal needs to be maintained, windows replaced and other repairs carried out. In an era in which high-rise architecture is becoming increasingly complex, the demand for custom made facade access equipment is also increasing. XSPlatforms, a Dutch company, is a globally recognised design expert for this type of equipment, also known as BMUs (Building Maintenance Units)

The project

In the heart of Kuwait's financial district, a new architectural masterpiece is arising on the skyline: the new headquarters of the National Bank of Kuwait (NBK). This unique, 300 metre, 62-story building was designed by leading architectural firm Foster + Partners.



The most complex facade access equipment in the world: a sophisticated Dutch product

In November 2011 XSPlatforms was asked to see to the design of a building maintenance unit for this remarkable tower. Its iconic design and challenging construction inspired the Dutch enterprise to advance the frontiers of its expertise and creativity. As the building's unconventional roof does not allow for the installation of a building maintenance unit, an integrated and innovative solution had to be found. The result was the world's heaviest and most complex building maintenance unit ever designed and built, which was realised in consultation with the client, the building advisor and the architect.

The project in more detail

Three BMUs, to be installed on two different levels, were designed for the NBK tower. The solution for level 52 in particular - the crown installation - is revolutionary. It is integrated in the building and therefore invisible when not in use. The BMU is located behind a panel which opens and shuts with one simple touch of a button. It can reach every inch of the façade from the very top down to level 41. The two other BMUs are located at level 41, from which they can reach all the lower levels.

The crown installation at level 52 is, at a staggering 123,000 kilos, the heaviest facade access machine in the world. Its telescopic arm can be pivoted and extended from its inoperative position to reach the top of the building. This makes the BMU the most complex in the world.

Who is XSPlatforms?

XSPlatforms in Gorinchem is a rapidly growing Dutch company with 14 branches in Europe, Asia, the Middle East, North America and South America. The company specialises in designing fully custom-made facade access equipment. XSPlatforms offers exceptional safety solutions for working at any height, whereby worker safety is always paramount. In addition to facade access equipment, the company specialises in fall protection systems, scaffolding and suspended platforms.

Atradius's role

Atradius Dutch State Business contributed to making XSPlatforms' project possible. It issued counter guarantees to ABN AMRO Bank which had issued two guarantees for the transaction.

Claims and recoveries and debt rescheduling

In 2016, claims paid under the export credit insurance facility totalled € 13.9 million. Claims totalling € 0.8 million were paid under the Good Projects Guarantee Scheme, which has meanwhile been discontinued. Total claims were therefore significantly lower than in 2015, when claims amounted to € 96.4 million.

In 2016 the largest claims were paid under policies for Ukraine (€ 8.5 million), Iran (€ 3.4 million) and Kuwait (€ 1.1 million). The claims for Ukraine were due to protracted default by private debtors. As in previous years, the claims for Iran were due to payments via Iranian banks coming to a standstill as a result of sanctions against these banks.

In 2016 no claims were paid under either foreign investment insurance policies or foreign exchange rate risk insurance policies.

Recoveries (amounts Atradius collected from debtors after paying claims under insurance policies) totalled € 231.7 million, which was € 136.6 million more than in 2015. This included a large portion, € 141.7 million, on debt rescheduled under Paris Club arrangements. Amounts outstanding were recovered predominantly from Argentina (€ 110.7 million), Iran (€ 74.4 million) and Indonesia (€ 20.4 million). After sanctions against Iran were lifted, an arrangement was made early in 2016 for the repayment of all claims for damages we had honoured which were due to the sanctions. Large amounts were also received from Cuba (€ 6 million), Mexico (€ 4.6 million) and Iraq (€ 3.9 million).

In 2016 Atradius furthermore collected € 44.5 million in payments due on loans in the loan portfolio it manages for the Netherlands Investment Bank for Developing Countries (NIO). The NIO portfolio totalled € 440.6 million at the end of 2016.

Lastly, our total recoveries included realised foreign exchange gains of € 1.2 million on exchange rate risk policies and € 2.1 million in recoveries on transactions insured under the Good Projects Guarantee Scheme.

Liabilities and receivables

At the end of 2016, the maximum liability (net of matured instalments) under current policies for all government facilities totalled € 14.8 billion (year end 2015: € 14.6 billion). The year-end maximum liability for promises of cover totalled € 4.8 billion, which was the same as at the end of 2015. Notices of cover outstanding at the end of 2016 totalled € 2.1 billion, compared to € 2.7 billion at the end of 2015.

In 2016 we received 221 applications, compared to 279 applications in 2015.

When Atradius Dutch State Business pays a policy holder's claim, the policy holder assigns the related receivables to Atradius. Receivables which Atradius Dutch State Business (on behalf of the Dutch state) acquired on foreign borrowers and borrower countries subsequent to claims payments to policy holders (excluding insureds' own risk and interest payable after claims payments) totalled € 793 million in 2016. This was less than in the previous year, as, in 2016, the volume of recoveries exceeded that of claims paid to policy holders. € 500 million of the € 793 million accounts receivable represented payments to be made under Paris Club rescheduling arrangements. At the end of 2015, accounts receivable totalled € 935 million, of which € 534 million represented payments to be made under Paris Club rescheduling arrangements.

Product innovation

In 2016 Atradius Dutch State Business continued to improve its products and implement product modifications.

Cover expanded under Atradius Dutch State Business buyer credit insurance policies

Atradius Dutch State Business offers banks the option of expanding their cover under a buyer credit policy to include potential losses related to interest rate swaps, known as breakage costs. These are costs which may be incurred upon early termination of an interest rate swap or in the case of borrower default on interest or principle payments under a loan agreement.

Export Credit Guarantee for Bond Financing

The export credit guarantee has been available for several years and until recently, in three versions. A fourth version has now been added: the guarantee for bond financing. This guarantee enables banks to obtain funds via bond issues. A bank can issue bonds in its own name or establish a special purpose vehicle (SPV) which then issues the bonds. The bond maturities must mirror exactly the payments due under the export loan. This is to ensure that the funding raised through the bond issue is used exclusively to finance the specific export transaction for which we have issued an export credit insurance policy.

Expansion of Cover for Working Capital Financing

If a bank provides a Dutch exporter working capital financing for a specific export transaction, the bank can insure up to 80% of this financing with Atradius Dutch State Business by taking out working capital financing cover. The advantage for the bank is that such cover considerably reduces its exposure on the exporter. The advantage for the exporter is that it frees up part of its lines of credit with its bank.

In 2016 we modified our working capital financing cover to make it more efficient and transparent. In summary:

- The financing bank is no longer obliged to pay the insurance premium upfront. It may also pay the premium periodically. The advantages hereof are: (i) recalculation of the premium will no longer be necessary (ii) the bank no longer needs to advance the premium but can pay it as and when it receives the premium from the exporter. However, should the exporter ever fail to pay the instalments due on the working capital financing granted by the bank, the bank must pay Atradius the remaining premium immediately. This is a risk which the bank can also insure with us.
- The premium will no longer be based on the bank's calculations but on the exporter's rating.
- Working capital financing cover can, in certain circumstances, be extended to a date beyond the export delivery date; the ultimate date being the date the buyer must make the last "cash" payment to the Dutch exporter.

Dutch Trade & Investment Fund and Dutch Good Growth Fund

Dutch Trade and Investment Fund (DTIF)

A new fund, named the Dutch Trade and Investment Fund (DTIF) was launched on 1 September 2016 at the initiative of the Ministry of Foreign Affairs. The DTIF is intended for Dutch companies wishing to invest in or export to markets abroad. Companies wishing to invest abroad can apply to the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*), those wishing to export can apply to Atradius Dutch State Business. On behalf of the Ministry of Foreign Affairs, under DTIF's funding scheme we can discount an exporter's bills of exchange up to an amount of € 5 million per transaction in cases where its bank is unwilling or unable to do so. The DTIF is available for transactions with countries which are not served by the Dutch Good Growth Fund (DGGF, see below), provided they are not subject to sanctions.

Dutch Good Growth Fund (DGGF)

The Dutch Good Growth Fund is also a Ministry of Foreign Affairs initiative. The purpose of the fund is to provide financing and credit insurance - when mainstream market players are unable to do so - to enterprises and investment funds in the Netherlands and in low- and middle-income countries for export transactions to and development-related investments in 71 designated countries. The fund comprises three segments; Atradius Dutch State Business is responsible for managing the export segment.

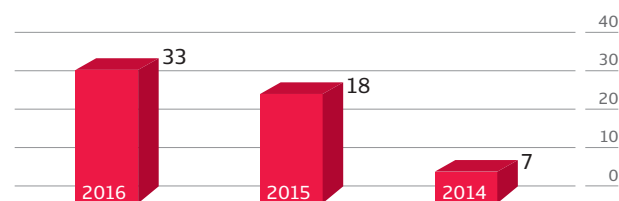
DGGF Export Segment

Atradius Dutch State Business manages the DGGF segment destined for Dutch capital goods exports. For Dutch exporters of capital goods to designated DGGF countries, we can offer alternative solutions if their transaction cannot be insured under our regular credit insurance programme. The transaction must contribute to the sustainable development of the DGGF country. This means that it must create jobs and increase production capacity as well as transfer knowledge, expertise and technology locally.

Our experience to date

We have seen much interest in the fund from the moment it was launched. After the start-up period, this interest led to an increasing number of applications for transactions seeking support from the DGGF. To date we have received more than 60 applications, many of which we have been able to underwrite. A few examples of export transactions which we have insured under the DGGF are the delivery of fully-automated analysers for serology testing for patients in Vietnam who are to receive a blood transfusion, food processing equipment for India, a hatchery for Mozambique and three-wheeled ambulances for Mali (described earlier in this report).

Number of Applications



International Co-operation

The European Union (EU) and the Organisation for Economic Co-operation and Development (OECD)

The EU Working Party on Export Credits and Credit Guarantees is an important EU forum. It coordinates the viewpoints of the EU member countries for discussions among and decision-making in the OECD by the Participants to the Arrangement on Officially Supported Export Credits. The Participants, comprising the EU and most other OECD member countries, form the body which decides on Arrangement matters. The Arrangement (also known as the Consensus) is the principal international covenant on officially supported export credit insurance. In addition, various OECD committees and working groups deal with diverse topics.

In 2016 an important topic was the agreement made on minimum premium rates for transactions with high-income countries, known as Market Benchmark Countries (MBCs). The new premium rules took effect on 1 February 2017.

Furthermore, Participants and non-Participants (in particular China and Brazil and other emerging economies) to the current Arrangement continued their consultations on the draft of a new Arrangement for all parties. These consultations were conducted by the International Working Group on Export Credits (IWG) outside of the framework of OECD agreements. After the US and China had held preparatory bilateral meetings, the first multi-lateral meetings were held in 2013. The purpose of the consultations is to develop worldwide guidelines for officially supported export credits in order to create a more level playing field for all countries: i.e. those which are bound by the OECD Arrangement and those which are not.

Berner Unie

The Berne Union is the international organisation of private and public sector export credit and investment insurers. Atradius is a prominent member of the Berne Union and is represented on its Management Committee. The Prague Club, an information exchange network for new and maturing insurers of export credit and investment, is part of the Berne Union.

Corporate Social Responsibility (CSR)

The environment, society and sound corporate governance play an increasingly important role in our world today. Therefore Atradius Dutch State Business, on behalf of the Dutch State, will insure export transactions and investments abroad only if we are of the opinion that they have no unacceptable environmental or social impacts. They may furthermore not be associated in any way with issues such as bribery or abuses of human rights.

Environmental and Social Review

All applications for export credit insurance and foreign investment insurance are screened in order to determine whether an environmental and social review is necessary. In our screening we look at the size of the transaction and whether a sensitive region and/or sector is involved. We also review all transactions for which there is an increased risk of project-related human rights violations.

The screening and review procedure is set out in the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (known as the Common Approaches) agreed within the OECD. The relevant standards and guidelines of the Common Approaches have been incorporated in the Dutch national policy for environmental and social reviews, the *Milieu- en Sociale Beoordeling* (2012)¹. Atradius Dutch State Business's environmental and social specialists conduct the screenings and reviews. We assess applications according to the standards which were developed by the IFC, a member of the World Bank Group, for the projects they finance around the world.

In the year under review we continued to see an increase in the number of applications which needed to be screened and reviewed as to their environmental and social aspects. In addition to the increase in the number of projects to be reviewed, we witnessed much national and international interest in transparency as well as in corporate social responsibility. This is reflected in several policy developments described below.

Policy Developments

In April 2016 a number of modifications were made to the OECD Common Approaches. The most important ones are a stronger focus on due diligence reviews of project-related human rights and mandatory reporting on the CO₂ emissions of fossil fuel power plants.

For years Dutch national policy for environmental and social reviews has gone further than 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. We wish to have the scope of the Common Approaches enlarged in order to align them better with the Dutch national sustainable entrepreneurship policy for export credit insurance. This was discussed in the OECD in 2016 and further discussions will be held in 2017.

In order to improve transparency, we introduced a number of modifications regarding our publication of information for projects with the greatest risks to man and the environment (Category A projects) - both prior to (ex-ante) and after (ex-post) issuing an insurance policy for them. As of mid-2016, the ex-ante information we publish includes the project country, location, name, description, rationale for the classification as Category A and the type of environmental and social information available. We have decided to publish this information in a clear overview on a separate web page. The same holds for the ex-post information we publish, which includes more information on the review procedure.

Government Ministries and Atradius Dutch State Business have recently been working on tightening policies on bribery and integrity in business. A number of due diligence procedures have been standardised, resulting in a more risk-based and more structured approach to

1 [https://atradiusdutchstatebusiness.nl/en/article/csr-\(corporate-social-responsibility\).html](https://atradiusdutchstatebusiness.nl/en/article/csr-(corporate-social-responsibility).html)

assessments. When we conduct due diligence reviews we 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.

More information

For more information about the Atradius Dutch State Business environmental and social review and about corporate social responsibility, please refer to our Sustainability Report for 2016 which is available via our website.

Financial return for account of the Dutch state

Accrual-based results

In addition to presenting our results on an invoice basis, we have presented them below on an accruals basis. State programmes, including government-supported export credit insurance facilities, must at minimum break even. This requirement is laid down in international agreements, including World Trade Organisation (WTO) and the OECD agreements. Breaking even means that, in the long run, proceeds (premiums and recoveries) must cover costs (claims payments and operating costs). This is to prevent unauthorised government support. The accrual-based method of accounting (*bedrijfseconomische resultaatbepaling: BERB*) is used to determine whether the facilities do indeed break even. One of the features of this method is that provisions are made for outstanding risks. This method also incorporates the facilities' operating costs, which the method of reporting results on an invoice basis does not.

For our calculations we took into account all policies issued since 1999. According to the accrual-based method of accounting, revenues covered costs for the period from 1999-2016. The cumulative return for this eighteen-year period was € 402 million (see table below). The cumulative return for the period from 1999-2015 was € 359 million. Thus the cumulative accrual-based result increased € 43 million in 2016. This increase was mainly due to premium income; it is standard practice to allocate a portion of this to revenues.

Cumulative results, using accrual-based accounting, of all facilities (underwritten after 1998) for 1999-2016, in millions of euros:

	1999-2016	1999-2015
1 Current assets	669	494
1.1 Premium income	1.202	1.088
1.2 Net claims paid	- 296	- 371
1.3 Net foreign exchange losses	- 2	- 3
1.4 Net interest income	41	41
1.5 Operating costs	- 277	- 260
2 Receivables	245	319
3 Provisions	- 512	- 454
3.1 for outstanding political risk	- 240	- 224
3.2 for outstanding commercial risk	- 120	- 99
3.3 for expected claims	- 97	- 58
3.4 for uncollectible receivables	- 55	- 72
3.5 for foreign exchange rate risk	-	-
Total	402	359

Note: Any discrepancies in totals are due to rounding

