Atradius
Dutch State Business

Annual review 2020

ECI key figures

	2020	2019	2018	2017	2016
Premium	€ 72 million	€ 52million	€ 108 million	€ 103 million	€ 114 million
Claims	€ 22 million	€ 186 million	€ 27 million	€ 40 million	€ 15 million
Recoveries	€ 31 million	€ 153 million	€ 152 million	€ 137 million	€ 232 million
Applications received	276	224	229	286	221
Promises and notices of cover issued	189	143	156	163	116
Insurance policies issued	104	110	123	113	96
Volume of promises and notices of cover issued	€ 7,5 billion	€ 4,1 billion	€ 2,8 billion	€ 4,8 billion	€ 7,5 billion
Volume of policies issued	€ 1,6 billion	€ 1,4 billion	€ 2,5 billion	€ 2,5 billion	€ 2,7 billion
Total issued	€ 9,1 billion	€ 5,6 billion	€ 5,3 billion	€ 7,4 billion	€ 10,2 billion

DGGF key figures

	2020	2019	2018	2017	2016
Premium	454.353	563.442	375.037	212.152	115.110
Claims	3.911.675	231.050	7.500	32.845	–
Advance payment	4.930.771	1.236.392	2.060.467	3.132.263	2.472.718
Number of applications	32	37	27	18	33
	25	24	15	12	18
Number of policies	14	10	10	12	12
Volume of promises and notices of cover issued	32.753.830	121.002.128	29.834.667	8.015.919	17.072.416
Volume of policies	7.943.272	10.767.800	20.269.103	18.160.369	3.846.915
Total issued	40.697.102	131.769.928	50.103.770	26.176.288	20.919.331

DTIF key figures

	2020	2019	2018	2017
Premium	1.785.186	78.383	148.302	257.466
Claims	–	–	–	–
Advance payment	11.799.956	4.167.475	4.080.015	1.786.660
Number of applications	28	21	7	10
Promises and notices of cover issued	22	18	7	1
Number of policies	17	8	4	3
Volume of notices of cover issued	9.915.870	11.589.568	930.840	1.186.935
Volume of policies	28.354.130	8.780.753	4.295.440	7.029.302
Total issued	38.270.000	20.370.321	5.226.280	8.216.237

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Stronger and greener after the crisis

The year 2020 was a challenging one. Governments, companies, but also people like you and me, have been dealing with the consequences of the Covid-19 crisis for over a year. The impact this pandemic has had on daily life is huge. Social distancing, over-flowing hospitals, working from home, video calls. These were the most normal thing in the world last year. But it seems that by the time this year's review is published, the large-scale vaccination process will be bearing fruit, and, hopefully, we'll soon be able to return to 'normal'.

However, it's also likely that certain things have changed permanently. Think, for example, about the acceptance of working from home, video calling and webinars. We at Atradius Dutch State Business have also worked mainly from home during the past year. And video calling has become the most normal thing in the world.
Of course, we hope that we've been able to help our customers 'online' in the past year just as well as we did before. In any case, the number of applications (336) was distinctly higher than last year (282), and the number of policies and promises of cover issued was also higher (185), not least because the ministries approved a support package with special measures for the Corona crisis. This broad support package includes helping Dutch exporters by extending certain conditions. No fewer than 75 applications qualified for these special measures in 2020.
But on top of all the problems Covid-19 has caused worldwide, there have, of course, been several other developments that have had an impact on Dutch exporters. For instance, Biden's victory in the US presidential elections has probably positively influenced the world economy and climate talks. Not least because of a possible trade agreement between the EU and the US. Furthermore, the United Kingdom and the EU reached a last-minute agreement last year. This is a significant development for the Dutch business community because the United Kingdom is an important trading partner. Exports of 35 billion last year were slightly lower than the year before (40 billion). Imports were also down by 20 billion compared to 2019 (25 billion). These lower figures will be due partly to the impact of the Corona crisis but possibly also because of uncertainties surrounding Brexit.
So much for looking back on the past year. I would also like to join you in looking to the future. In 2021, the State and Atradius DSB is focusing on greening our portfolio and doing even more for SMEs. Moreover, we've noticed that the ministries have an increasing need for information, partly because of social developments. All this is putting more pressure on our work, which is why we've made some adjustments to the organisation and hired a large number of new colleagues in recent months. We hope this extra support will help us serve our exporters even better in the future!

Bert Bruning
Director Atradius Dutch State Business

About Atradius Dutch State Business: insurance for insurance for Dutch export

Atradius Dutch State Business

With branches in more than 50 countries, the Atradius Group is a significant credit insurance and debt collections partner for businesses worldwide, from SMEs to multinationals. In the Netherlands, Atradius has been the market leader in credit insurance since 1925. Atradius Dutch State Business (Atradius DSB) is part of the Atradius Group but operates independently. We offer exporters of capital goods, internationally operating contracting companies, banks and investors a wide range of insurances and guarantees against the risks of doing business abroad. These services are offered on behalf of, and for the account of, the Dutch State. With this mandate, Atradius DSB is the Netherlands' official Export Credit Agency (ECA). We have performed this role for the Dutch State since 1932.

Our mission

We are committed to supporting Dutch enterprises in international business activities. To achieve this, we offer entrepreneurs insurance and guarantees that protect their financial position and enable access to financing. Therefore, our mission is to generate added value by putting Dutch companies in the best possible export and competitive position. Of course, we facilitate this within the rules set out in the Arrangement on Officially Supported Export Credits. Arrangement on Officially Supported Export Credits.

Cooperation between the Dutch State and Atradius Dutch State Business

Atradius Dutch State Business NV is the company within the Atradius Group that facilitates the activities we carry out for the Dutch State.

The facilities that Atradius DSB carries out for the State are:

- The export credit insurance (ECI) facility *(exportkredietverzekering, ekv)*.
- The Foreign Investment Insurance Scheme (RIV: *Regeling Investerings-Verzekering*).
- 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 & Investment Fund (DTIF).

The ECI and the RIV are responsible to the Ministry of Finance, with the Ministry of Foreign Affairs having co-responsibility for policy. ECI's agreements with the Dutch State date back to 1932. Atradius DSB has insured political risks associated with investments on behalf of the State since 1969.
The DGGF and DTIF facilities are the responsibility of the Ministry of Foreign Affairs and are managed by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland: RVO) and partly by Atradius DSB.
Since 2010, Atradius DSB has also managed, on behalf of the Ministry of Foreign Affairs, a portfolio of loans to developing countries worth approximately € 258 million end-2020.
The Dutch State insures only 'non-marketable' risks, i.e. risks that cannot be covered on the private insurance market. After all, the State does not want to distort the private market but only to operate complementary to the market and thus support exports that would otherwise not be possible. That is why the Ministry of Finance determines annually, after probing the private insurance market, which risks can be covered by the ECI.
As an official export credit insurance agency (ECA), we hold daily consultations with the State. We provide substantive advice and coordinate our working methods with them. This working method is based on the policy determined by the State. The Ministries of Finance and Foreign Affairs also supervise Atradius DSB activities.

Portfolio

In addition to assessing individual risks, we also keep a close eye on the quality of the overall portfolio. This portfolio consists of:

- Promises and notices of cover (a notice of cover is a commitment that Atradius Dutch State Business will insure the payment risks on behalf of the Dutch State, provided there is sufficient capacity under the country limit at the time the export contract comes into effect)
- Obligations under current policies
- Recourse bonds on insured exporters under finance policies
- Direct guarantees and counter-guarantees,
- Recourse to banks under export credit guarantees,
- Claims on debtors in debtor countries after having paid the insureds' losses.

We were able to welcome 43 new customers in 2020. These are customers wanting to insure a transaction for the first time in the past year, or for the first time since 2016, and who had received a policy. Bringing in new SME customers is a high priority for the Dutch State. Approximately 62% of our new customers are SMEs. We use the European Union's definition of an SME

Effective 1 January 2005, the definition of small, medium and micro enterprises has been redefined by the European Commission in accordance with the following table:

Enterprise category	Employees	Annual turnover	or fixed assets at the end of the financial year
Medium	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

In applying the above criteria, account will be taken of any partner or related enterprise. As a result, data from related enterprises may have to be consolidated, with the possible consequence that the enterprise is reclassified in a different category or excluded from this definition.

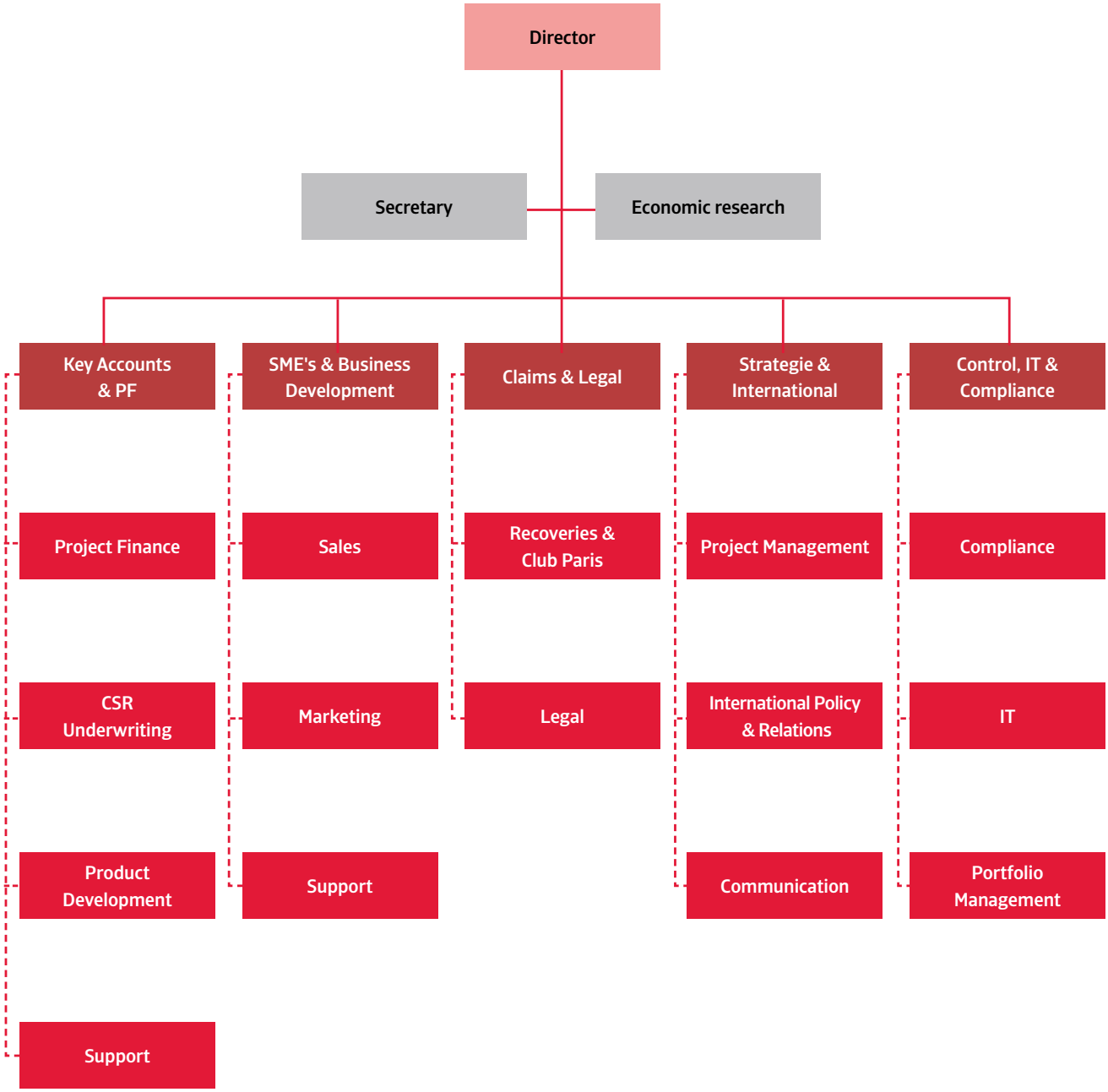
Update ADSB organisation

It has become increasingly busy for Atradius DSB in recent years. This is due partly to the development and launch of new products and a broadening of the customer base, particularly in the SME sector (which often needs more support). The stricter requirements of CSR audits, more extensive compliance checks and more international coordination contributed to the increased workload.

Furthermore, politicians and ministries have an ever-increasing need for information, especially on issues at the top of the political agenda, such as sustainability, climate and attention to SMEs. There is also an increasing demand for transparency at the portfolio and individual transaction level, on the one hand from civil society and on the other hand as a result of stricter (international) regulations. All this has caused a significant increase in our organisation's workload.

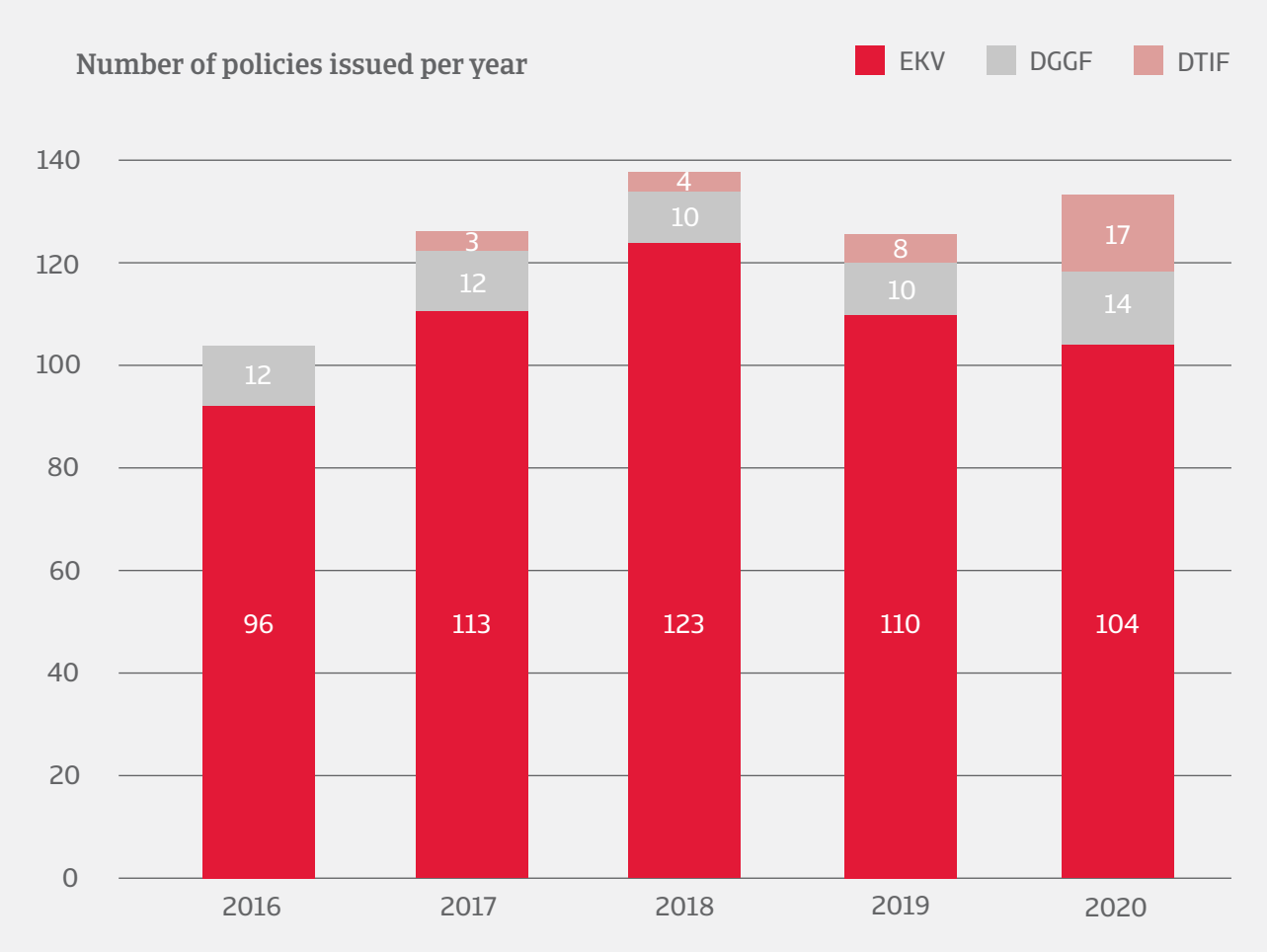
The State has acknowledged this workload and given scope to recruit new colleagues. To make the best possible use of this growth, we also decided to reorganise from 1 January 2021. This allows us to perform additional functions and improve the service we provide to our exporters. You can see the outcome of this new organisational structure in the attached organogram.

Atradius Dutch State Business - organisation

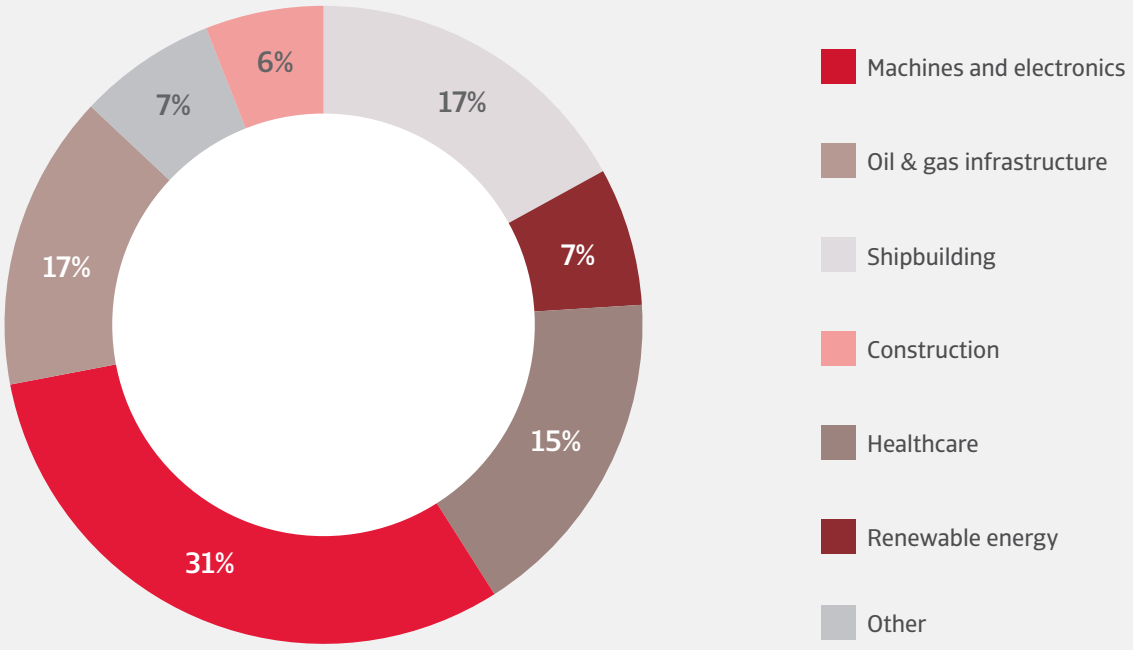


Key figures

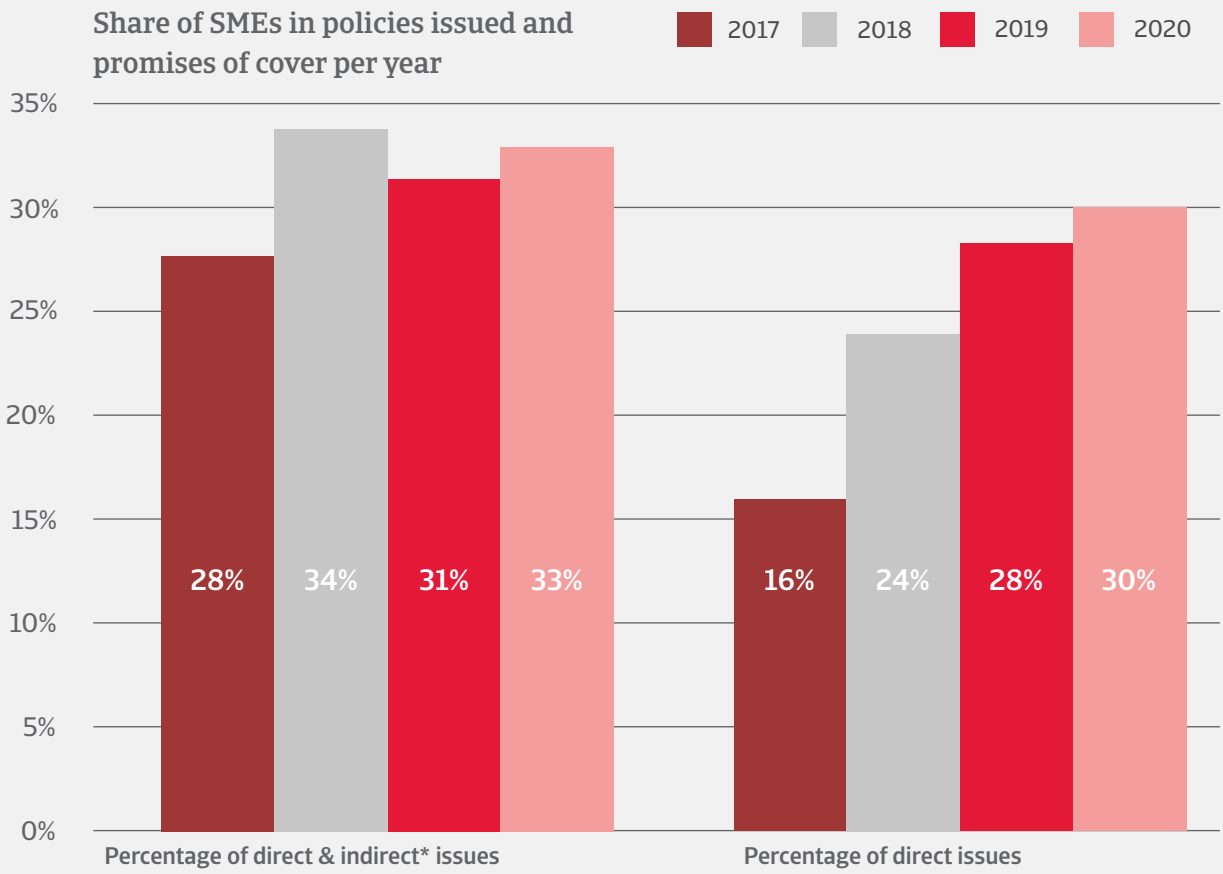
We have presented the key figures for Atradius DSB in the graphs below. We have tried to give a clear picture of the portfolio's composition and development. For example, we have looked at the distribution of policies by product, sector and region and the development of the share of SME applications and premium income.



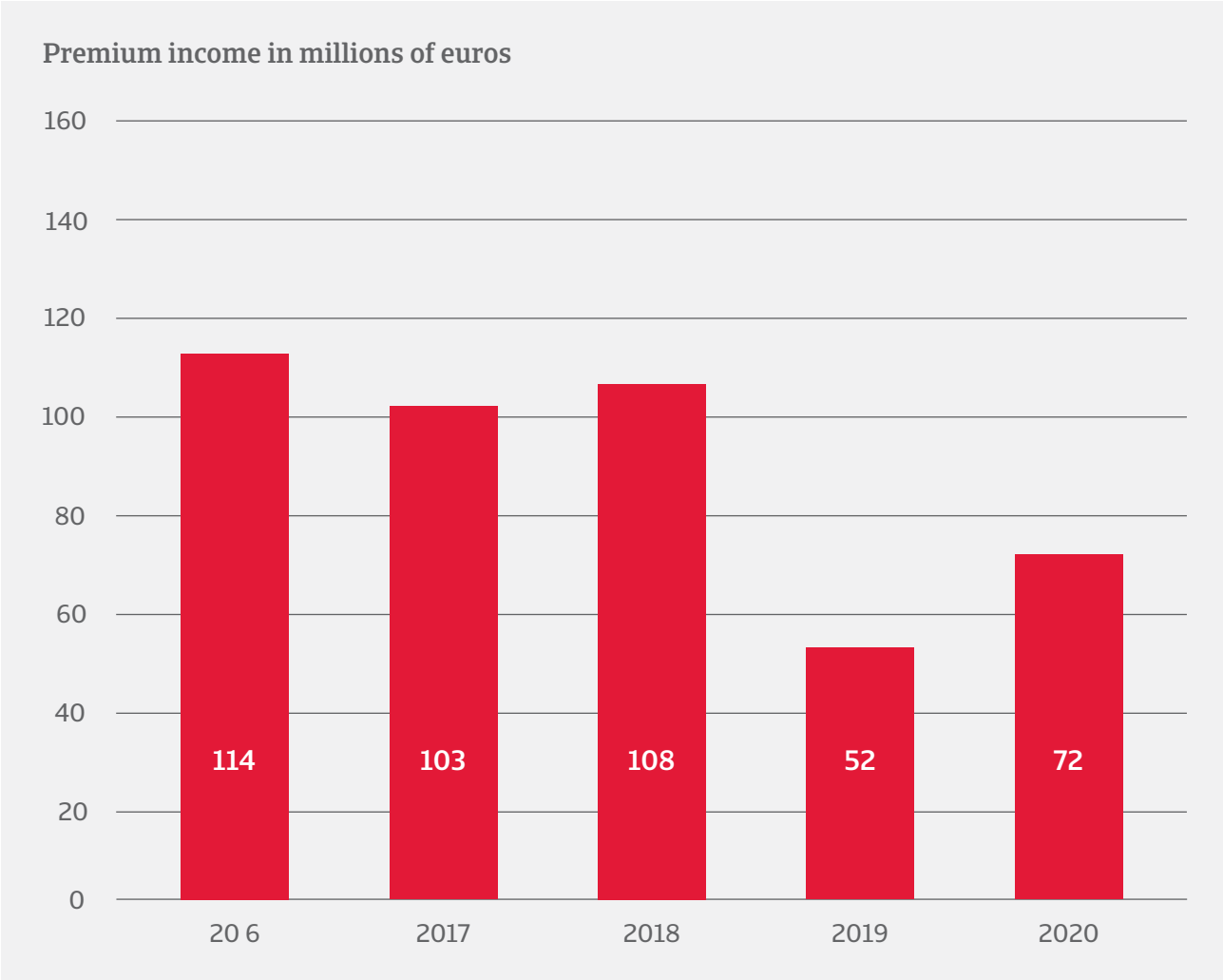
Percentage of policies issued in 2020 by sector



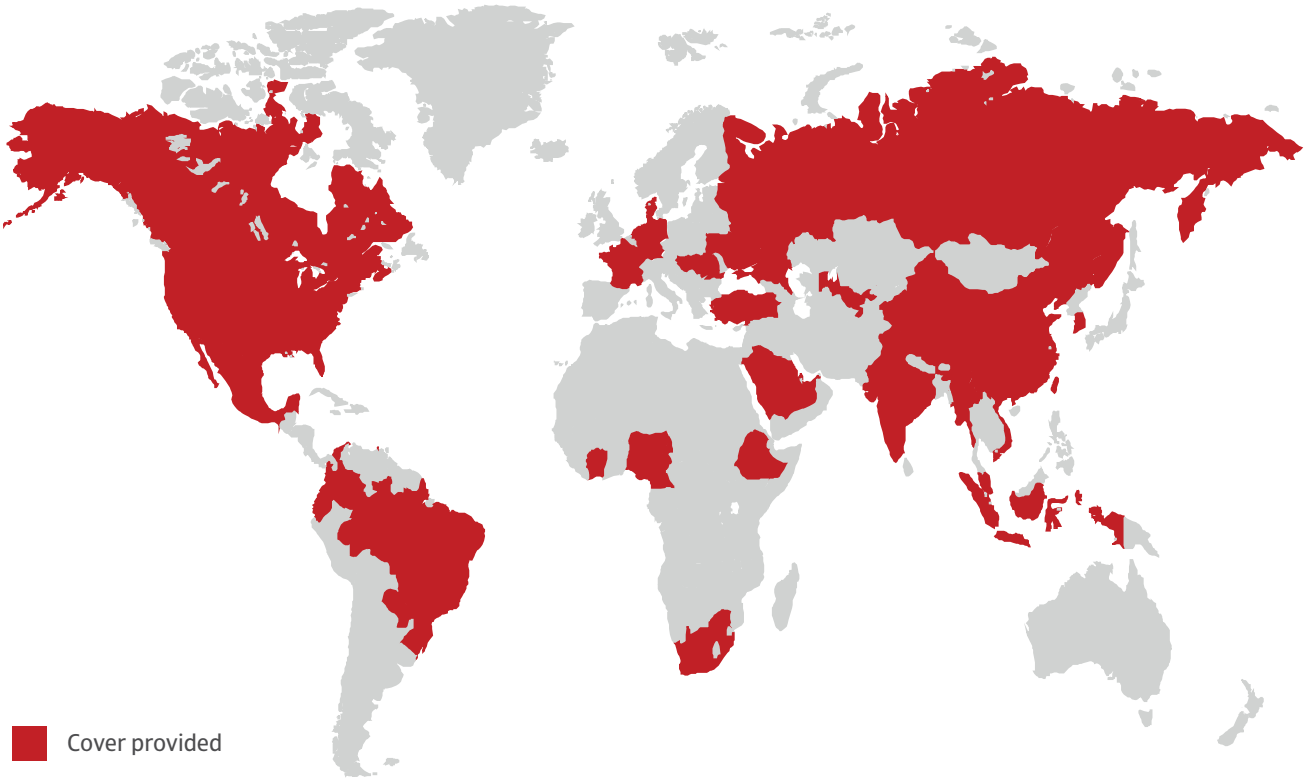
Share of SMEs in policies issued and promises of cover per year



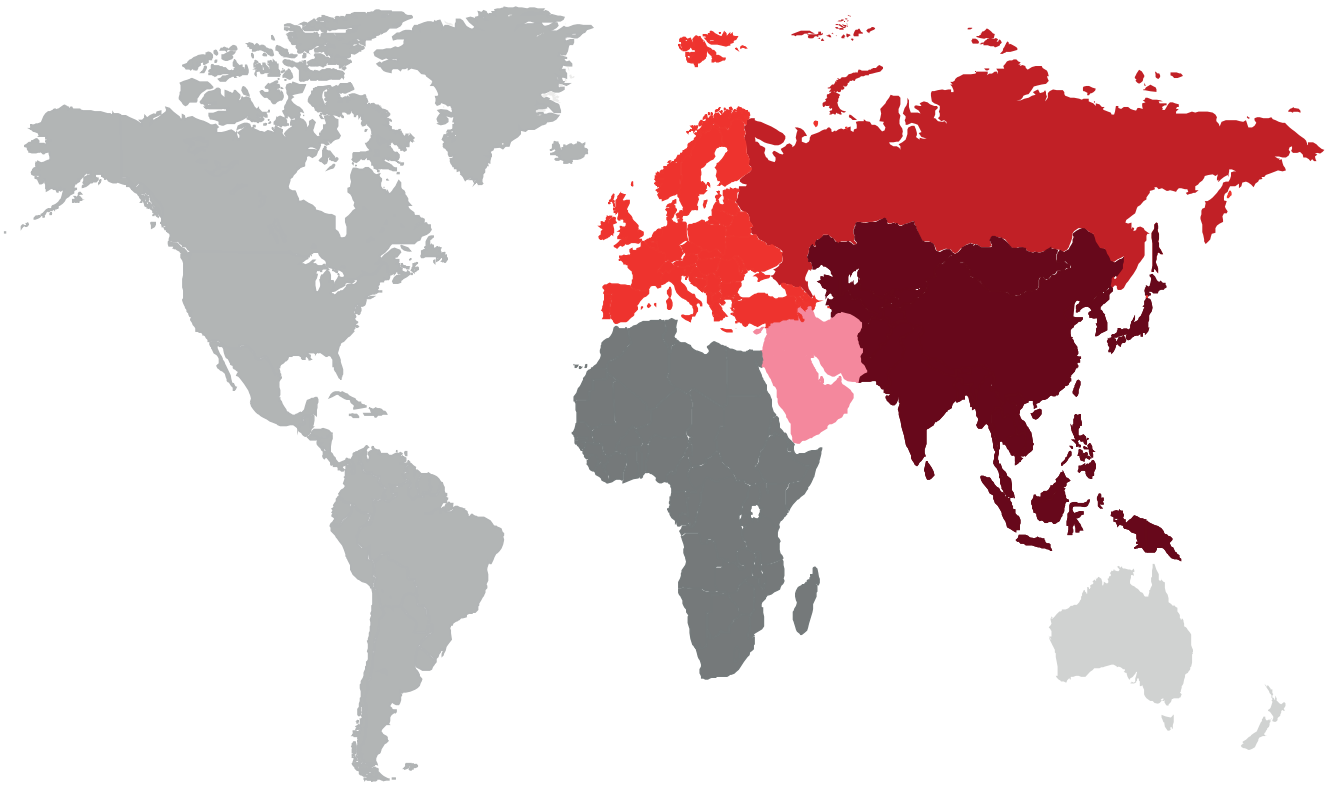
Indirect issues are policies or promises of cover issued to banks, particularly for (counter)guarantees, in favour of SMEs.



Countries in which we have provided cover for our customers in 2020



Distribution of exposure per region, based on policies and promises of cover in the portfolio



Region	Exposure in million euro	% total exposure
Oceania	1	0%
North and South America	1..712	9%
Middle East	1.976	11%
Africa	3.529	19%
Europe	3.380	19%
Asia	7.662	42%

Corporate Social Responsibility

Corporate Social Responsibility is an integral part of Atradius DSB's business culture and processes. Every applicant for export credit insurance signs a declaration of intent on the application form regarding the OECD Guidelines for Multinational Enterprises. These guidelines consist of recommendations for the business community to conduct socially responsible business in a global context. For example, entrepreneurs must gain a thorough understanding of the environmental and social vulnerabilities of projects and supply and sales chains relevant to the application.

The basic principle is that no transactions will be underwritten if they have unacceptable negative effects on people, animals and the environment. This principle is firmly anchored in the ECI's corporate social responsibility policy. The resulting due diligence processes are laid down in the CSR policy document for the ECI.

Atradius DSB has a CSR desk with advisers for screening and conducting environmental and social due diligence.

[1] https://atradiusdutchstatebusiness.nl/nl/artikel/mvo.html

Environmental and social assessment

The 'OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence' (Common Approaches) are the guiding principles for assessing environmental and social aspects. These contain agreements made by the export credit agencies of the OECD member countries on the procedure for the environmental and social assessment of the transactions they support.

The Common Approaches apply to transactions with a credit term of more than two years. All transactions within the scope of the Common Approaches are subject to the environmental and social assessment process. However, it is possible that certain transactions do not get assessed, despite their potential for significant negative impact on people, animals and/or the environment. This applies, for example, to 'cash business' (transactions without financing) and transactions with a credit term of less than two years. For this reason, a broader national policy has been chosen, whereby transactions not covered by the Common Approaches are also subject to environmental and social assessment.

Atradius DSB screens all applications for environmental and social risks. The information on the application form serves as the basis for the screening, supplemented by online research and RepRisk. RepRisk is a big-data platform for analysing global environmental, social and governance issues. Information from RepRisk can prompt additional questions through the bank and/or exporter to verify facts and sources and to gain an impression of possible involvement in cases of abuse, such as potential human rights violations.

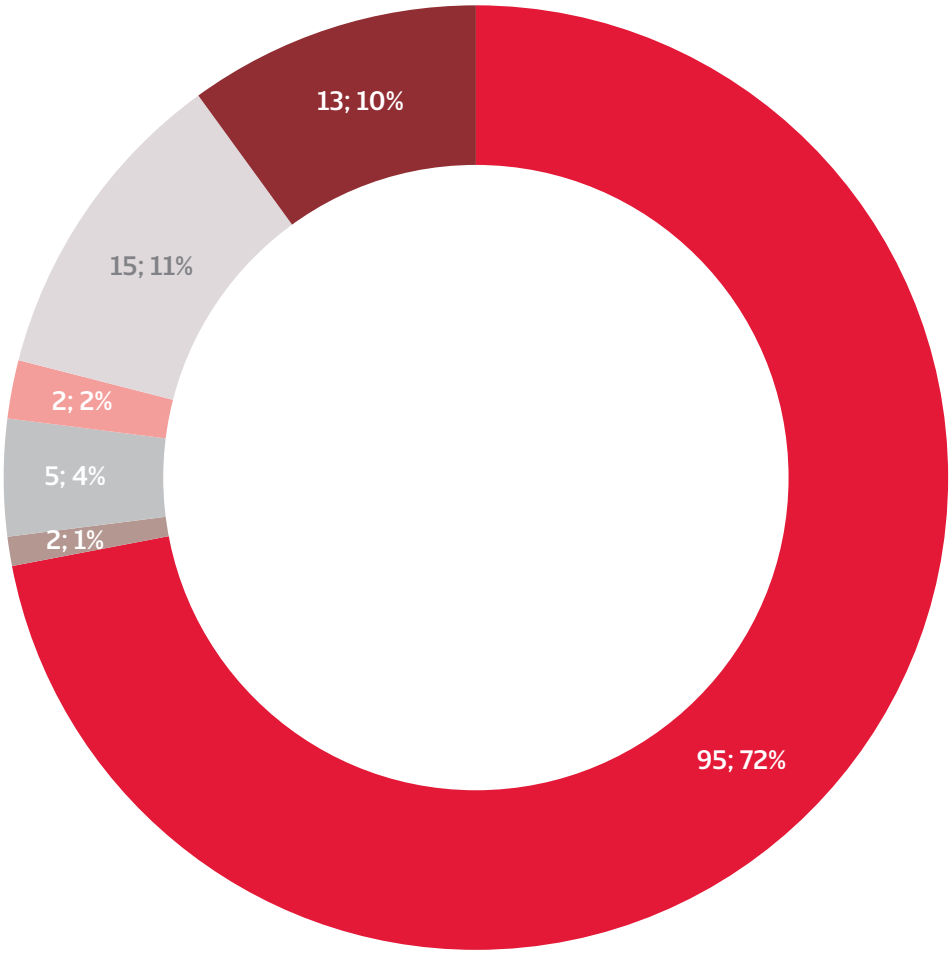
The screening also examines whether the transaction should be assessed in detail, using criteria from the ECI's CSR policy. All transactions valued at €10 million or more are assessed for environmental and social impact. A transaction valued at less than €10 million is also assessed if:

- It concerns a transaction in a sensitive sector such as the dredging or mining industry;
- It concerns a transaction in, or impacting, a sensitive area;
- It concerns a transaction with an increased risk of serious project-related human rights violations.

Once the screening reveals that a transaction requires an additional environmental and social assessment, the risk profile is defined. The CSR policy distinguishes between categories A, B, C, M and E. The content of the environmental and social assessment is in proportion to the risk. For example, the projects with the highest potential risks (category A) receive the most extensive assessment. The environmental and social advisor analyses the transaction and the project of which this transaction is a functional part. The International Finance Corporation (IFC) Performance Standards are the guideline for the intrinsic assessment of a project. These are standards for environmental and social risk management in projects such as working conditions, biodiversity, relocation but also cultural heritage. A transaction can be insured only if the environmental and social impact assessment shows that the effects of the transaction and the project are acceptable.

[2] IFC Performance Standards

CSR Assessment 2020



Only E&S screening | Cat. A | Cat. B | Cat. C | Cat. M | Cat. E

In numbers and percentages per category

Due diligence and Covid-19

The Corona pandemic had a major impact on international trade and therefore also on the implementation of environmental impact assessment. Projects were delayed and certain studies were hampered by global restrictions. Site visits were often cancelled due to travel restrictions. Under these circumstances, alternative solutions such as deploying local consultants, structural virtual meetings and frequent exchange of knowledge with stakeholders were pursued as much as possible.

General policy developments

Atradius DSB supports Dutch exports in the most transparent, ethical and ethical and responsible manner. We support Dutch companies in doing business abroad.

CSR policy evaluation

In 2018, the Corporate Social Responsibility (CSR) policy for export credit insurance (ECI) was renewed and laid down in the 'CSR policy document for export credit insurance '. This was necessary because of the various changes that had taken place in international and national CSR policy in previous years. The State stipulated at the time that the CSR policy should be evaluated after two years. In 2020, a start was made on conducting this policy evaluation in cooperation with an external consultant. The evaluation examined the extent to which the CSR policy had proved to be effective and, at the same time, workable. In addition to a policy analysis and an analysis based on selected case studies, the parties involved and various stakeholders such as companies and civil society organisations were interviewed. The aim is to publish the results of the CSR policy evaluation in the autumn of 2021.

Animal welfare

The drafting of a dedicated animal welfare policy for export credit insurance started in 2019. During several stakeholder meetings, animal welfare stakeholders (exporters, interest groups and financial institutions) contributed to drafting this policy. In 2020, the Policy Statement on Animal Welfare was presented to the Lower House of Parliament. The policy statement clarifies the assessment framework for animal welfare and what is expected from companies involved in an export transaction, for example within the intensive poultry farming sector. The policy on animal welfare is based on current Dutch and European legislation and regulations as well as international guidelines on CSR and animal welfare. The Animal Welfare Statement is on our website.

OECD Common Approaches

In response to various developments in, for example, climate change and Sustainable Development Goals (SDGs), the group of collaborating ECAs within the OECD examined whether the existing framework, formed by the Common Approaches, should be tightened up. This exercise arose out of feedback from the implementation of the Common Approaches in 2016. The initial steps were taken in 2020 to adjust such a framework, even though this is usually a lengthy process. This will be followed up in more detail in 2021.

Anti-bribery policy

In 2019, the Dutch Parliament's Lower House was notified about the new anti-bribery policy applicable to all transactions administered by Atradius DSB. The new policy came about partly due to the revision of the 'Recommendation of the Council on Bribery and Officially Supported Export Credits' in the same year. It was also decided to evaluate the anti-bribery policy after two years of implementation. The launch of this policy evaluation has been postponed until mid-2021.

DGGF - Policy Evaluation

The Dutch Good Growth Fund (DGGF) enables Atradius DSB to support the export of capital goods to developing countries when financing is difficult for the buyers. The DGGF also has two other tracks administered by Rijksdienst voor Ondernemend Nederland, RVO (investments by Dutch entrepreneurs in emerging markets) and PWC/ Triple Jump (financing of local SMEs). A policy evaluation was conducted for DGGF in 2020 at the request of the Ministry of Foreign Affairs. This evaluation, covering all the DGGF's channels, was carried out by Itad, an external consultancy firm. The evaluation examined the policy's coherence and relevance, as well as efficiency, effectiveness, impact and sustainability. Based on this study, several recommendations were made regarding the coherence of the three different tracks, the revolving nature of the fund and maximising the impact of the available capital. Atradius DSB will examine whether and how to implement potential adjustments to the process in future.

DGGF - Technical Assistance

Technical Assistance is also available for the DGGF. Technical Assistance provides support, e.g., through external advice related to the export transaction. This might include support for the exporter when more information is required or support for the buyer, e.g., when this helps to enhance the relevance of the development or improves a project's CSR features. Atradius DSB regularly used Technical Assistance during 2020. This involved, for example, advising a new company on drafting a CSR policy based on the OECD guidelines for multinational enterprises, or supporting a customer to ensure that the project meets international CSR standards. Technical Assistance is one of the ways in which Atradius DSB contributes positively to corporate social responsibility.

Sustainable Development Goals (SDG's)

Our potential contribution to the SDGs in 2020

The Sustainable Development Goals, or SDGs, were adopted by the United Nations in 2015 as the 17 goals that collectively embody the global sustainable development agenda for 2030. Several governments and companies have since adopted the SDG agenda as a framework for measuring their own contribution to a better world and communicating this to the outside world. The ECI's purpose is to enable export transactions that could not take place without State insurance. The rationale is that such export transactions contribute to the Dutch economy and employment. This is consistent with SDG-8 (Decent Work and Economic Growth). However, the ECI also contributes to the international SDG agenda. And it does so in the recipient countries that use Dutch export products. For this reason, in 2019, Atradius DSB started reporting on the potential contribution by insured transactions to the various SDGs. For this purpose, a standardised SDG mapping methodology was used, developed by Steward Redqueen Business Consultants, based on scientific research by Erasmus University . This method is based on the assumption that an individual economic activity - both positive and negative - can interact with multiple SDGs. A maximum of five positive and five negative SDGs are identified per transaction in terms of economic activity. The results are based on literature research into transactions in comparable sectors. This does not necessarily mean that they also occur in the individual insured transactions.

In 2020, we applied this SDG mapping methodology again to all transactions for which a policy had been issued in that year. The results for category A and B projects were also verified separately and adjusted if necessary based on information at the project level. Furthermore, all renewable energy projects were additionally labelled as making a potentially positive contribution to SDG-7 and SDG-13 . Based on the ECI's mandate to contribute to the Dutch economy and the SDG mapping regarding the potential contribution to development in the recipient country, we came to the following core SDGs for 2020.

Core SDGs of the policies issued.

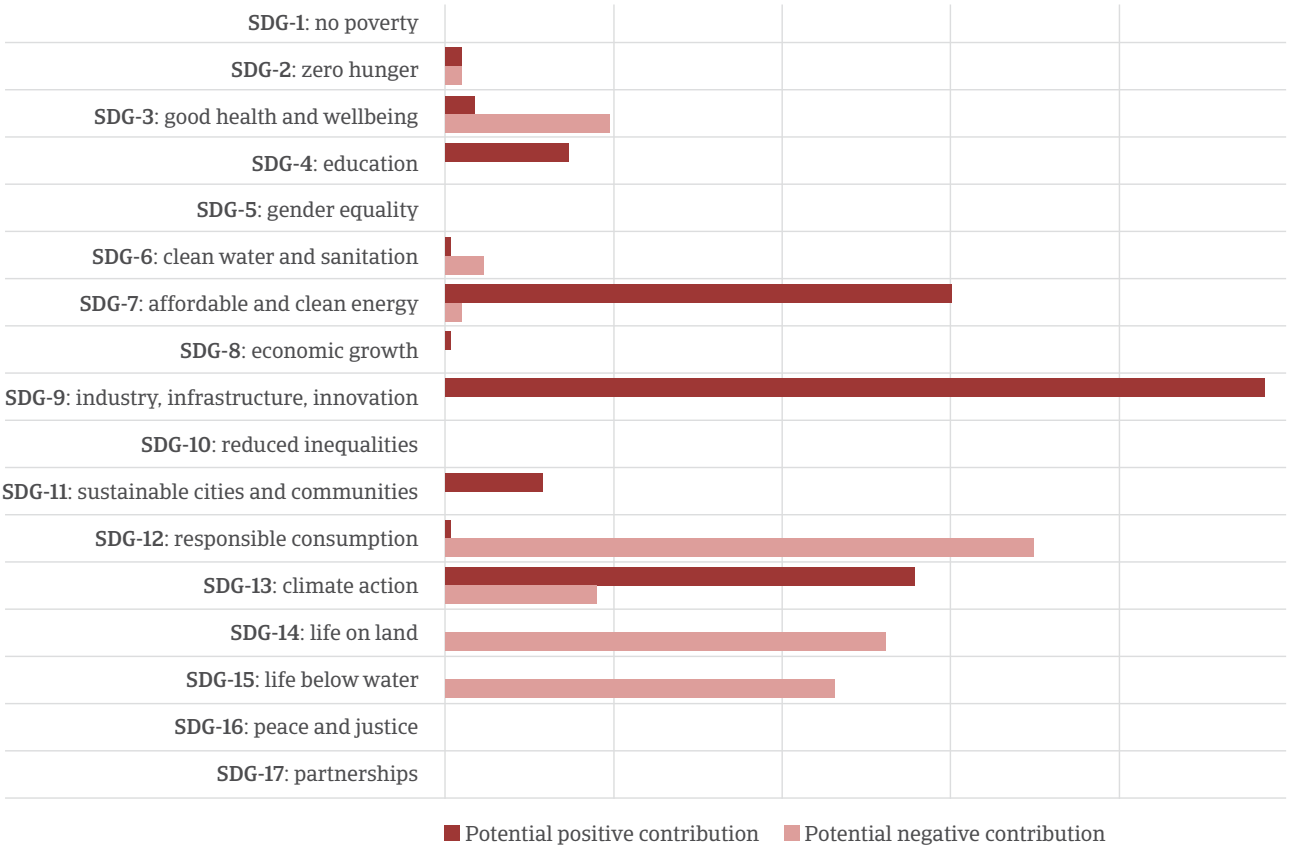
The figure below shows which SDGs have been assigned to the transactions insured in 2020, as a potential contribution to the development goals. This relates to a maximum of five main impacts on development in a positive sense, and a maximum of five in a negative sense. These are direct impacts.

For example, SDG-1 (no poverty) and SDG-5 (gender equality) were not found to be direct development goals in the projects supported by ADSB. This also applies to SDG-10 (reduced inequality), SDG-16 (peace and justice) and SDG-17 (partnerships). This may be the case indirectly for certain individual transactions.

[4] J.A. van Zanten, R. van Tulder. Towards nexus-based governance: defining interactions between economic activities and Sustainable Development Goals (SDG's). Int. J. Sustain. Dev. World Ecol. (2020), pp. 1-17

[5] The official NACE code as used for this study does not distinguish between the generation/distribution of fossil energy and green energy. Renewable energy generation/distribution is therefore assigned the same positive and negative potential contributions as fossil energy generation/distribution. The potential negative contributions related to fossil energy generation (SDG-3, SDG-6, SDG-13) have been dropped.

Potential positive and potential negative SDG contribution based on insured volume in 2020.

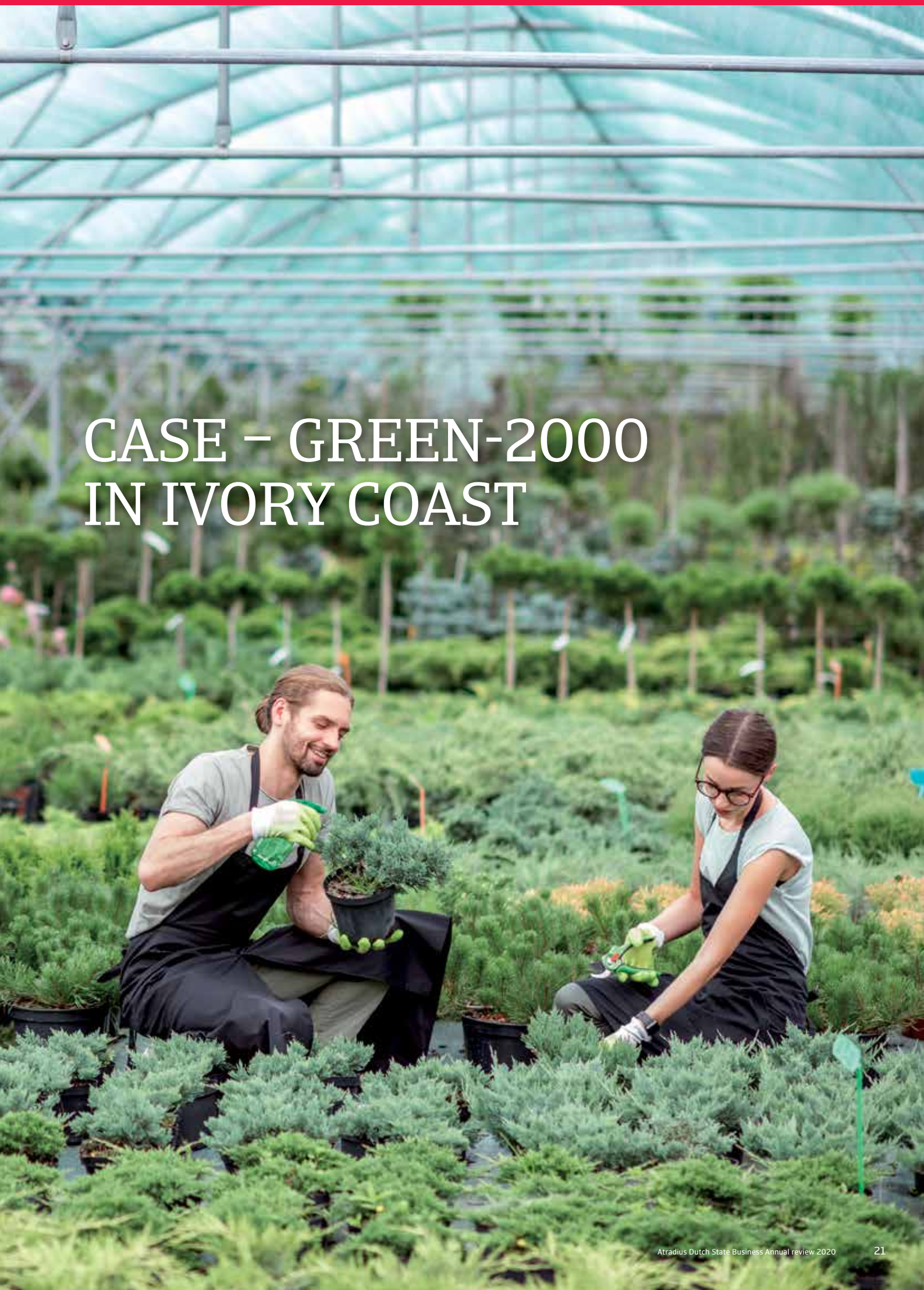


Judging from the results, the potential positive contributions to SDG-7 (Affordable and Clean Energy) and SDG-9 (Industry, Innovation and Infrastructure) particularly stand out. These appear to be the largest in terms of both volume and number of transactions. This conforms to expectations, by the way. Renewable energy solutions and climate adaptation projects both contribute to SDG-13 (Climate Action). The positive contribution to SDG-2 and SDG-4 derives from its relevance to development in a particular agricultural education project (see case).

Decent working conditions are a precondition for insuring a transaction and are a standard part of the environmental and social due diligence carried out by Atradius DSB. Moreover, projects often contribute in a general sense to local employment and sustainable, inclusive economic growth. Direct jobs related to a project or transaction as such are not measured or mapped by Atradius DSB. That is why SDG-8 (Decent work & economic growth) scarcely features in the SDG mapping methodology.

SDG-12 (Responsible Consumption and Production), SDG-14 (Life Below Water) [see NOTES] and SDG-15 (Life on Land) stand out as potential negative SDG contributions. This can be explained by the industrial nature of the sectors where most of the underlying capital goods and services are used. This is because the methodology used assigns inherent negative impacts to such SDGs if it concerns, for example, the agricultural sector, the manufacturing industry, the energy sector or the construction sector in the recipient countries. Furthermore, the potential negative contribution is spread relatively evenly across SDG-6 (Clean Water and Sanitation) and SDG-13 (Climate Action), and there is a limited potential negative contribution to SDG-3 (Good Health and Well-being), Incidentally, all regular transactions are subject to environmental and social due diligence addressing negative impacts at the project level. This means that through proper project design or execution, negative impacts are prevented or reduced as much as possible. If this is not possible, they compensated or mitigated as per international standards.

CASE – GREEN-2000 IN IVORY COAST



Food security, education and inclusive economic growth

Green 2000, a subsidiary of an Israeli agricultural company, has developed a project concept to benefit small farmers in developing countries. It combines in-house Agricultural Services and Training Centres (ASTCs) to provide agricultural services with the management of modern, small-scale commercial agricultural projects to make these training centres self-sufficient. The regional training centres also encourage farmers to set up their own Community Production Units (CPUs), supported by the centres with machines to rent. It is also producing Agro Educational Kits for primary schools. Green-2000 will develop this concept at four different locations in Cote d'Ivoire. These are a tilapia fish farm in Korhogo, two poultry farms in Kong and Guitry, and a mushroom growing project. Green-2000 has set up a comprehensive environmental and social management system to ensure that the detailed design, planning and project implementation comply with international standards.

The Agricultural Services and Training Centres include a workshop for agricultural machinery services (including tractors, tilling tools, crop handling equipment, harvesters and logistics vehicles), training facilities, laboratories, a demonstration farm, nurseries, a shop and a post-harvest facility (packing station). Farmers can receive professional training, rent equipment for their own use, or purchase machinery services from the ASTC at a reasonable price.

The SDG mapping shows that this project will positively contribute to SDGs 2, 4 and 8. This project invests in rural infrastructure in agricultural research and training. It is expected to increase farm productivity and farmers' incomes, with access to expertise, technology and resources, making this project of particular interest. Detailed planning ensures that the projects are appropriate for the region in which they will be implemented, so that knowledge and technology for sustainable food production systems for that specific region can be shared with the farmers' cooperatives. The project is expected to contribute to food security. Agro Educational Kits for primary schools, the in-depth training of farmers and the guidance provided by the cooperatives' training centre all contribute to SDG-4, access to quality education and promotion of lifelong learning for all. This project is expected to contribute to decent work and sustainable economic growth through technological improvement and innovation by the agricultural sector in the different regions (SDG-8).

A sound environmental and social management system for the project and regular monitoring by an independent consultant will prevent any negative impacts on other SDGs as much as possible.

Transparency & complaints system

Atradius DSB attaches considerable importance to open communication and a transparent approach to our stakeholders. For example, we publish information on all issued policies on our website. For each transaction, this details the parties involved, the type of insurance, and the CSR assessment's risk category. The assessment's key points are given for high-risk projects. Despite our commitment to transparency, we cannot share all information. Due to the importance of confidentiality, which information can and cannot be shared is elaborated in our transparency policy, which is on transparantiebeleid.

Atradius DSB revised its complaints procedure in 2018. A grievance procedure is designed to optimise our products, operations and services and, insofar as we can influence them, to help prevent or address social or environmental issues in the projects we support. Our complaints procedure is on our website using the link website. This also includes a document with guidelines on how to submit a complaint. Atradius DSB did not receive any complaints through the complaints procedure in 2020. One previous complaint is still pending.

Climate

Greening is one of Atradius DSB's key priorities. While the effects of climate change pose a threat to the world, we also recognise that the transition to zero emission can offer plenty of opportunities for the business community. We are already experiencing an increasing number of applications from various corners of the Dutch business world for innovative and sustainable projects. By launching the Green Toolbox and the Green Label, we are stimulating green Dutch exports.

The Green Toolbox

Green measures, green recovery

Atradius DSB wants to stimulate green exports as much as possible and thus enable exporters and their customers to emerge from the current health. We introduced a series of measures in 2020 which, in terms of policy or risk appetite, go just that bit further to insure green transactions: the green toolbox. This includes more opportunities for start-ups and scale-ups working on green innovations and for large companies transitioning from, for example, offshore oil and gas to offshore wind energy. These kinds of measures can also stimulate exports, especially by SMEs. The Green Toolbox is already bearing its first fruit. Transactions previously uninsurable or difficult to insure with export credit insurance are often insurable using one of the measures under the new conditions.

The Green Toolbox in brief

- **Broader Dutch content policy for green project finance (pf)**
  This means we can insure a greater portion of the transaction, giving sponsors and clients an extra incentive to use Dutch companies. Moreover, under certain conditions, we can offer up to 95% cover on green project finance transactions instead of the usual 70-90%.

- **Relaxation of acceptance criteria for small green transactions up to € 5 million**
  The risk appetite is higher for smaller green export transactions (up to € 5 million). This enables small green transactions to be insured. As a pilot, a total of EUR 50 million is available for these transactions. Examples of small transactions are off-grid solar panels or charging systems for electric buses.

- **Broadening the definition of 'export' for green transactions**
  Green transactions are examined per transaction to determine whether a broader definition of export can apply. This applies to transactions by Dutch companies with domestic buyers, whereby the goods are initially also used in the Netherlands. The transaction must have an export link, or the export potential of the capital good must be made apparent in the longer term.

More green measures under development

Work also started in 2020 on an additional set of measures, including the green export development guarantee, the modernization of investment insurance cover for green investments and expansion of cover for the standard ECI instruments:

- The green development guarantee enables us to help companies attract funding for investments and research that stimulate green exports. This involves (1) investment in the production facility for green capital goods; (2) research into the development of green capital goods; and ultimately (3) the production of green capital goods. This facility can be used for small and large investments in the area of greening that are not yet based on a concrete export transaction, but where the investment plan shows that green exports will be encouraged in the long run. This facility aims to stimulate not only green exports but also green innovation.

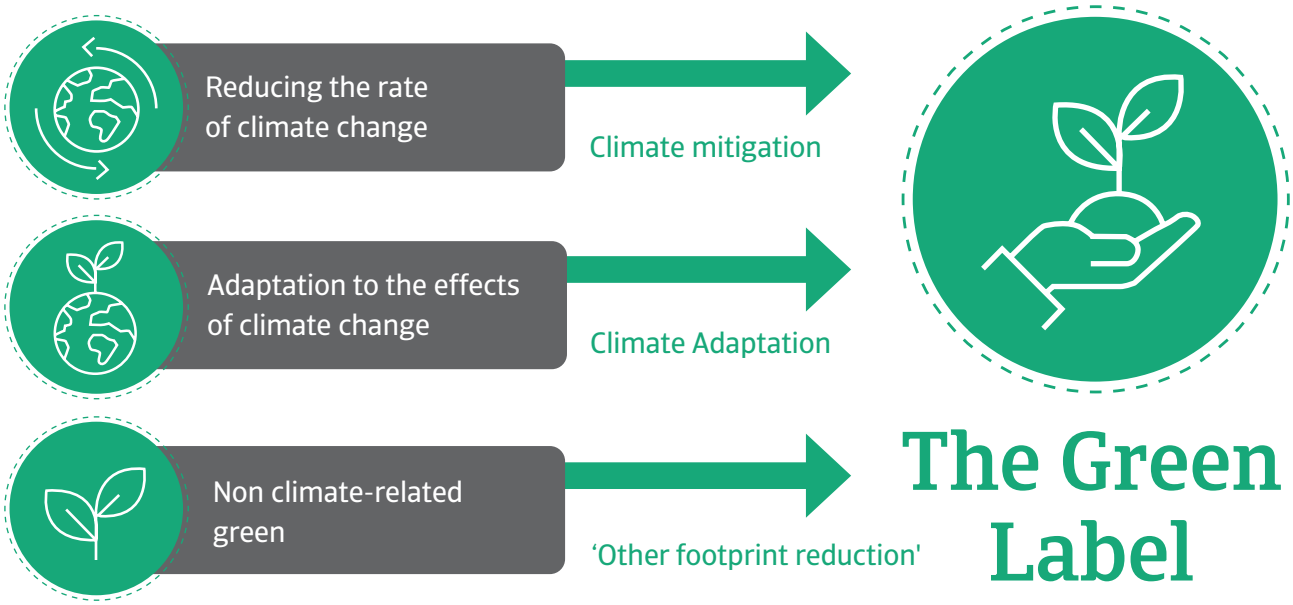
- The purpose of investment insurance is to insure against political risks that are involved in investments abroad. To further promote greening, the terms and conditions of the insurance policy will be relaxed, for example, by waiving a maximum investment amount or by adjusting the percentages and maximum periods covered. This will allow more investments to qualify for cover.

- Present international agreements (e.g., the Arrangement) provide some room to improve the cover of green transactions by the ECI toolbox. Examples include maturities, payment profiles and premiums. By improving the cover conditions of regular ECI instruments for green export transactions, green capital goods and services can become more attractive than non-green alternatives.

We expect to be able to say more about the supplementary parts of the Green Toolbox in the course of 2021.

The Green Label

Atradius DSB developed a green taxonomy in 2020 - the 'Green Label'. The methodology enables us to determine whether a transaction classifies as green. If a green label is awarded, an exporter or bank may be eligible for the greening initiatives (see Green Toolbox). Moreover, by labelling green transactions, we can map out the greening of export credit insurance for monitoring and reporting.



Transactions are labelled 'green' if they contribute substantially to reducing the rate of climate change (climate mitigation) or adapting to the effects of climate change (climate adaptation).

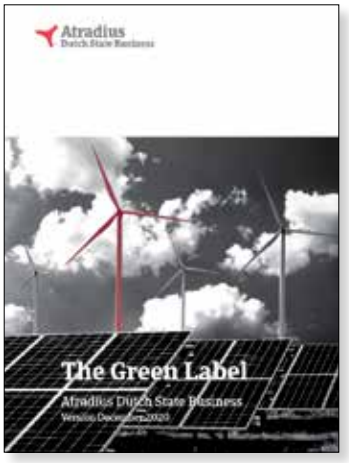
Climate mitigation consists of actions that contribute to avoiding or reducing greenhouse gas emissions. Examples include sustainable energy supplies, the use of electric vehicles and vessels, climate-smart agriculture, or projects that lead to substantially more efficient use of natural resources.

Climate adaptation involves projects that address the vulnerability to climate change by adapting the living environment. Examples include the use of hydraulic engineering solutions to protect against rising sea levels. There is also a third category of non-climate related green initiatives. These include activities that are not directly aimed at mitigating or adapting to climate change but have a positive impact on the environment and exceed local legal requirements, such as smart waste management and recycling and the sustainable use of water.

The Green Label definitions align with the standard definition used by the International Finance Corporation (IFC) and the IFC-aligned' sustainability bonds framework' from the Netherlands Development Finance Company (FMO). The Green Label also matches the six environmental objectives of the EU Taxonomy for Sustainable Activities.

For reporting purposes, Atradius DSB has further refined the definition of 'green' by subdividing the categories into shades of green: light, medium and dark green . By differentiating green projects, Atradius DSB will eventually be able to demonstrate how the ECI portfolio contributes positively to the greening of Dutch exports.

The Green Label brochure is available in Dutch and English on our website.

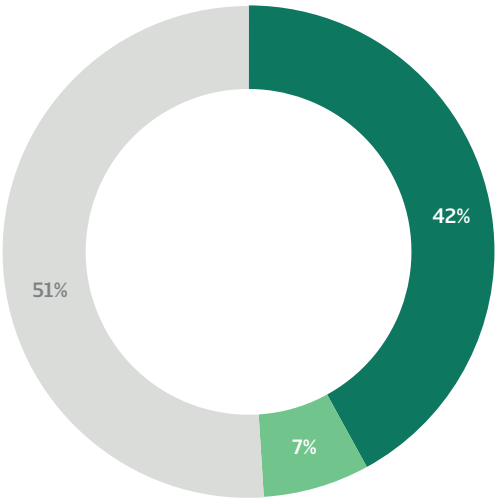


[6] The EU is working to further tighten its climate targets and has created a taxonomy to identify and stimulate sustainable investments The six environmental objectives of the EU Taxonomy include: climate mitigation, climate adaptation, pollution prevention, ecosystem protection, sustainable use of water and marine resources and transition to a circular economy.

[7] The shades of green derive from the 'shades of green' of CICERO, a non-profit research institute specialising in climate and environmental science.

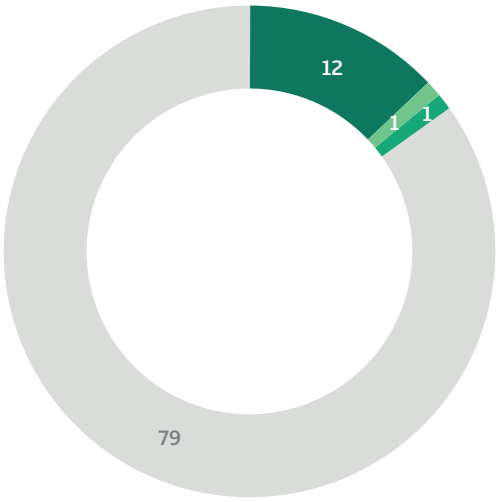
How green was 2020?
Fourteen green deals were underwritten in 2020. These include the off-grid solar systems operated by SMEs such as Rural Spark or Independent Energy and the development of renewable energy projects under Climate Investor One. Other projects include the delivery of hybrid ships to Canada (see Damen case), sand replenishment projects in Romania (climate adaptation), delivery of a 'Floating Oil Recovery Unit' to efficiently clean up oil from the water surface (light green), and construction of a major wind farm in Taiwan. This last project ensured that a significant part of the volume (commitment) was classified as green by 2020.

Green transactions 2020 based on transaction volume (MS)



Dark green
Other
Medium green

Green transactions 2020 based on number of transactions



Dark green
Light green
Medium green
Other

*Based on policies issued for 2020, excluding exchange rate risk insurance, stand-alone counter-guarantees and OOM turnover policies

Fossil fuel related business in the portfolio

Climate is just one of Atradius DSB's focus points. Besides supporting green export, this also means focusing on the extent to which we support transactions within the fossil value chain. We also want to be transparent about this. An independent consultant was appointed in October 2020 to develop a measurement methodology together with Atradius DSB to gain more insight into the share of the insurance portfolio related to fossil fuel value chains.

Phasing out ECI support for fossil transactions

In 2020, the Dutch cabinet promised to bring export credit insurance in line with the Paris Agreement. This means not only stimulating green transactions but also phasing out ECI support for fossil transactions. State Secretary for Finance, Hans Vijlbrief, informed Parliament's Lower House that he would explore scenarios for phasing out support. More on this will be announced this year.

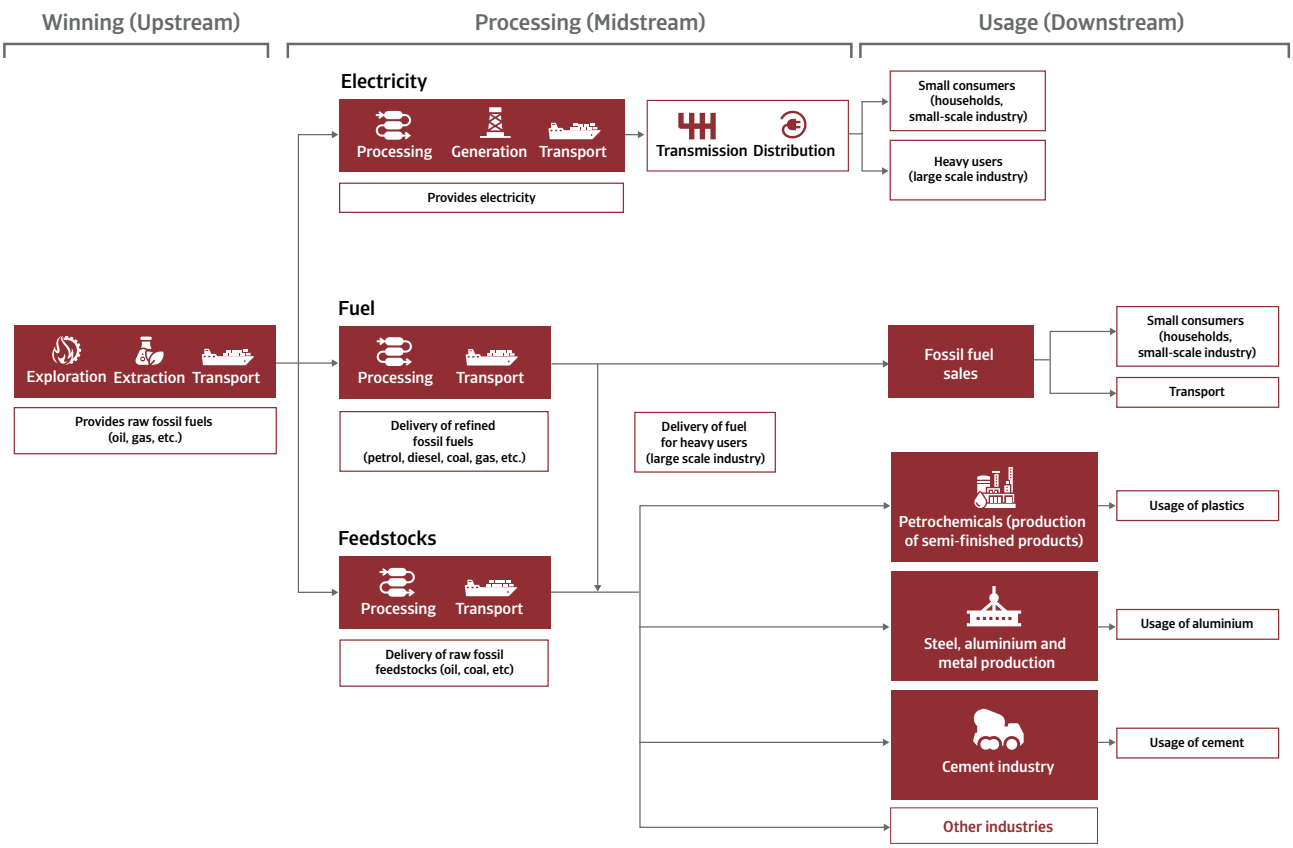
The methodology uses a classification and differentiation approach whereby policies and promises of cover are classified into different value chains for the three fossil fuel types (coal, oil and/or gas) and their place in the value chain based on the project or deployment of the transaction. Depending on the fuel type, it is then possible to differentiate according to its potential contribution to the greenhouse effect:

A fossil-related transaction that is part of the 'fossil value chain coal' is classified as having a heavy potential contribution to climate change.

A fossil-related one that is part of the 'fossil value chain oil' is classified as a medium potential contributor to climate change

A fossil-related one that is part of the 'fossil gas value chain' is classified as having a moderate potential contribution to climate change.

Three phases can be distinguished within the fossil value chain: the extraction phase (upstream), the processing phase (midstream) and the use phase (downstream). Upstream comprises activities to extract raw materials and deliver them to the processing units. This includes the exploration and extraction of oil, coal and gas, including the transport of these raw materials to the processing units. Midstream production refers to all activities of processing crude raw materials into refined fossil fuels, electricity and fossil feedstocks, including the bulk transport of these refined fossil products to end-users or distributors. The downstream activities concern the end-use, either by burning the fuels or using them as feedstock.



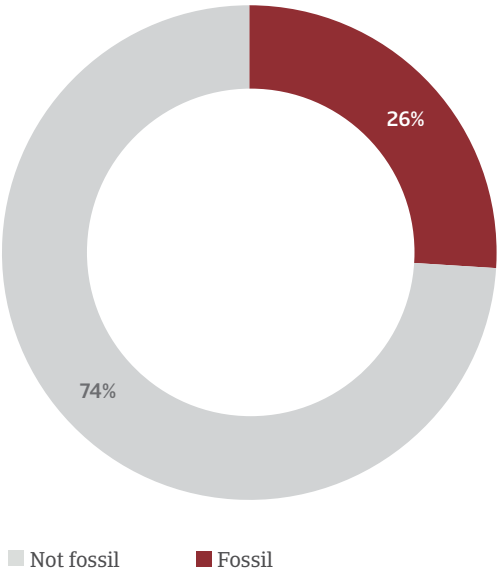
The figure above contains a (simplified) overview of the fossil value chains and the different parts that are classified as fossil (shaded yellow). The methodology classifies a fossil-related transaction as: 'A fossil-related transaction potentially contributes to (or facilitates) one or more components of the fossil value chains of at least one of the three fossil fuels and feedstocks, namely oil, coal and gas.'

How fossil-based is the portfolio?

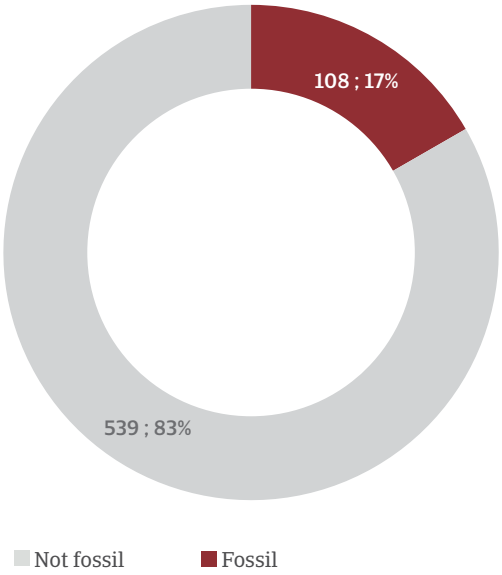
The methodology has been used to gain an understanding of which transactions in the portfolio are related to the fossil value chain. The basis of the analysis is the total insurance portfolio (to 31 December 2020) for the ECI with a volume of €18.5 billion in net real commitmentss. A total of 527 policies and 120 promises of cover were classified for this analysis. The portfolio analysis is based on issued policies and promises of cover (PCs). The data based on volume and the number of transactions are compared.

Figure below shows that 26% of the volume (percentage of the total amount insured) is fossil related and that 17% of the number of policies and PCs issued are also fossil related. The difference between the two is that the largest part of the outstanding fossil-linked amount consists of transactions with relatively large insured volumes.

Policies and promises of cover in volume (ms)



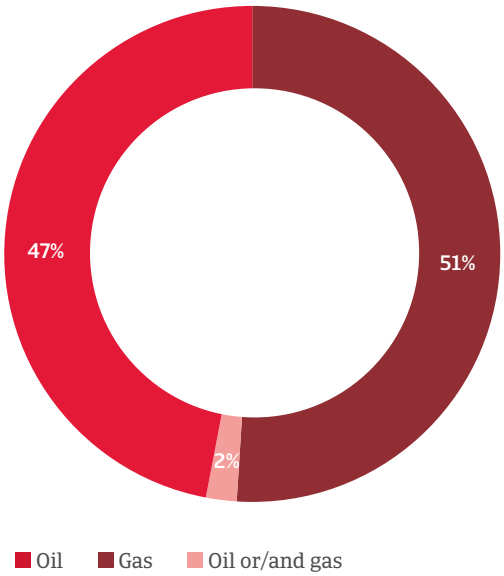
Policies and promises of cover in numbers



Coal, oil or gas?

Figure below shows that just over half of the insured and committed volume (51%) of fossil-related transactions is attributable to gas and 47% to oil. It is impossible to determine whether the remaining 2% of the insured volume of fossil-related transactions contributes to gas or oil, or perhaps both. These could be, for example, ships used by a customer in the 'oil and gas industry'. There is one transaction of limited size that can be attributed to the coal value chain.

Policies and promises of fossil by type (ms)



Policies and promises of fossil in numbers

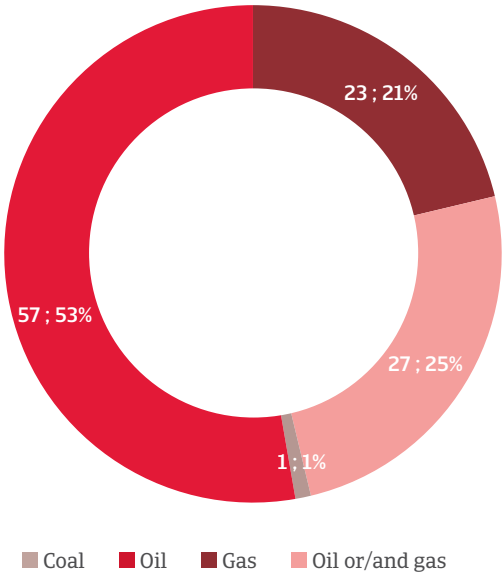
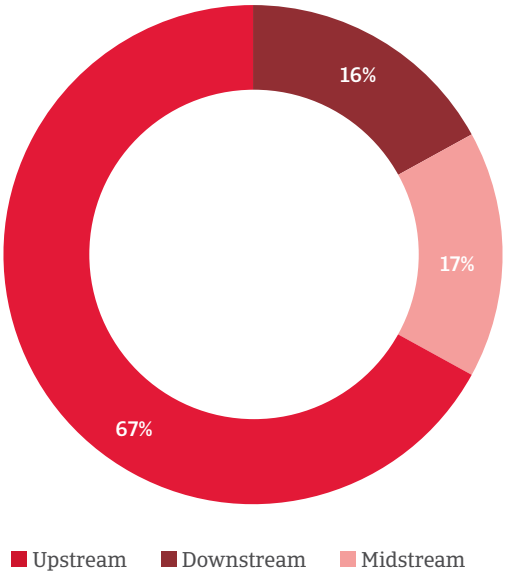
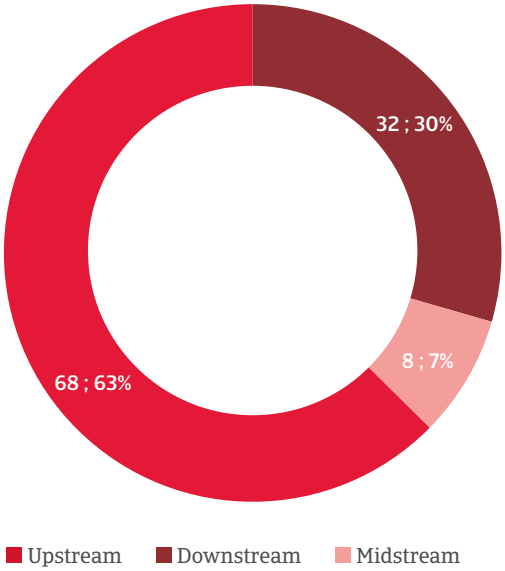


Figure below shows the position of fossil related transactions in the value chain. The largest share of the insured and committed volume (67%) is in the upstream part of the chain. The upstream part contains several large project finance transactions and several large ship transactions related to the oil and gas sector.

Policies and promises of cover in the supply chain (ms)



Policies and promises of cover in the supply chain (numbers)



Climate-related reporting

We have taken the first steps using the fossil measurement method to gain greater insight into the fossil share of the insurance portfolio. Our organisation will further develop and embed the method this year to continue monitoring and reporting on developments in ECA support fossil fuels. The ultimate goal is to develop climate-related reporting for both the green and fossil shares of the transactions supported each year.

CASE – DAMEN SHIPYARDS DELIVERS HYBRID RORO VESSELS TO CANADA

One of Atradius DSB's larger customers, Damen Shipyards Group has been insuring its transactions with us for more than 40 years. They build an average of 175 vessels per year with some 12,000 employees worldwide, of which 3,500 are in the Netherlands. The Dutch head office is in Gorinchem. They have shipyards in 20 countries worldwide. Damen builds a wide variety of vessels in different sectors to cushion the impact of economic cycles. Moreover, Damen has developed standardisation and inventory building to a high degree. The significant advantage of this is that ships can be delivered relatively quickly. These include tugs, ferries, offshore vessels and practically everything in between.

The transaction concerns a replacement investment of two Roll on Roll off (RoRo) vessels to the debtor, Seaspan. A company with a long history and extensive experience in shipping, Seaspan is a strategic partner of the Canadian government in modernising the Canadian fleet. Within this government programme, called National Shipbuilding, Seaspan focuses on designing and building 'non-combat' vessels.

These new ships will replace two obsolete ships (43 and 53 years old) that are currently used for RoRo transport. These existing ships no longer meet the latest environmental demands. The new LNG Battery hybrid ships, that use LNG and can switch to batteries, do meet these requirements. The ships will operate between Vancouver Island and the mainland. Seaspan already has two LNG-fuelled hybrid ships on this route. Since they came into operation, the amount of greenhouse gas emissions has reduced significantly. The two ships, ordered from Damen in 2019 to add to the fleet, will be delivered in 2021. In short, the two new vessels will contribute to further cuts in greenhouse gas emissions.

Damen has already supplied several hybrid tugboats and ferries, and is currently building 40 LNG-powered inland waterway barges for use in Europe. Depending on the vessel's operating profile and the available infrastructure, Damen builds fully electric tugboats and ferries.

There is a lot of interest from shipowners and governments in more sustainable means of transport. Unfortunately, many organisations lack the financial means to invest in a new ship. The price of a sustainable ship, such as a hybrid ship, is on average 25% to 30% higher. Although companies are very keen, the threshold is high. Furthermore, the lack of own capital, sufficient certainty about the market risks and access to financing are challenging. This is why export credit insurance can play a role in greening water transport.

The impact of Covid-19

The corona crisis in the Netherlands is a consequence of the infectious Covid-19 disease, which has been recognised as a pandemic since March 2020. Not only in the Netherlands, but almost everywhere in the world, the economy has been hit hard. Non-emergency travel abroad was strongly discouraged, and this, of course, also had far-reaching consequences for exporters.

Crisis measures to support exports

To support exporters of capital goods and services or contractors and engineers operating internationally during the Corona crisis, a raft of temporary special measures for export credit insurance was drawn up. This came about following consultation with entrepreneurs and the Dutch government.

A large part of the package, available until 31 December 2021, consists of different measures in three different categories.

Broadening certain conditions

- Enabling cover on short-term export credits
- Underwriting indirect export transactions
- Broadening our national policy and national ceilings
- Increasing the percentage covered on stand-alone counter-guarantees and working capital hedges
- Waiving the 5% down payment requirement for contracts

Accelerating processes

- Fast-track approval process: exporters can use a fast-track approval process for obviously urgent cases resulting from the Corona crisis

Supplementary arrangement Dutch Trade & Investment Fund (DTIF)

- Providing working capital under DTIF

Effects on the portfolio

The impact of the COVID-19 outbreak on the portfolio in 2020 remained limited. However, compared to previous years, there has been an increase in potential claims because several debtors could not meet their payment obligations due to the COVID-19 crisis. Arrangements have been made with most of these debtors to postpone payment. However, due to the COVID-19 crisis, claims paid out are expected to increase over the next few years.

Paris Club and Covid-19

The Paris Club is an international group of government creditors that coordinate efforts to find lasting solutions to the payment problems of governments with debt problems. Paris Club creditors can choose to enter into a joint debt repayment arrangement with these governments.

A country's public debt may consist of debt to multilateral institutions, private parties and other countries' governments. The Paris Club's mandate covers only the last category. This includes credit-insured claims on governments insured by the Dutch State.

Owing to the Covid-19 crisis, the Paris Club, in cooperation with the G20, introduced the Debt Service Suspension Initiative (DSSI) in March 2020. DSSI is a mechanism to provide liquidity to the poorest debtor countries. To preempt the impact of the crisis, and with the agreement of all the Club members and the G20, the DSSI was set up very quickly.

This arrangement applies only to direct bilateral government loans and Previously Rescheduled Debt. It means that all interest and principal payments (the debt service) maturing in the 3rd and 4th quarters of 2020 are deferred. Meanwhile, the DSSI has been extended to 31 December 2021. Of the 77 debtor countries within the scope of the DSSI, approximately 40 have asked to use this arrangement.

The consequences of the postponement for the Netherlands have been limited so far. Only four countries have been involved, namely Angola, Pakistan, Yemen and Myanmar, with a total debt service deferral of US$ 8.4 million. Accounting for the debt service up to and including June 2021 would add another US$ 4 million.

CASE – FAST-TRACK APPROVAL PROCESS SUPPORTS PHILIPS HEALTHCARE

Philips has evolved into a digital health and well-being company in recent years, transforming itself into a focused global leader in healthcare technology, with a broad portfolio of solutions. Philips has been structuring financing solutions using extensively the export credit insurance product for various healthcare transactions in several countries worldwide. In 2020 Philips insured 12 transactions with Atradius DSB all over the world.

Keshava Lal, Global Head for Project Development and Structured Finance at Philips Capital: "Covid-19 has impacted everyone around the globe in one way or the other – Philips is certainly no exception. We had to deal with a mixed impact from the pandemic as they played across health systems and personal health space. It is satisfying that we were able to play an important role by supporting healthcare providers and patients across the globle from our vast healthtech product portfolio. Key modalities were patient vital signs monitors and portable ventilators and medical consumables for non-invasive and invasive ventilation to treat a broad range of respiratory conditions.

The measures that were implemented by Atradius DSB such as enabling coverage on short-term export credits, extending country policies and country ceilings, as well as flexibility around the down payment requirement have been essential for us to further support our end customers in accessing critical Health-tech solutions in various markets under difficult & unprecedented situation. Helping the accessibility of essential healthcare equipment for treatment and diagnosis of Covid-19 patients was very appreciated by healthcare providers across countries

Special mention about the fast-track approval process that has been the most advantageous measure to Philips and our customers. We had certain urgent cases that needed a quick decision making. At Philips, we were very pleased with execution of the fast-track process and we continue to use it as and where the customer need is."

Cooperation and dialogue

Cooperation with the Dutch business community, strategic partners and civil society

National Commission

The National Commission for Export, Import and Investment Guarantees ('Rijkscommissie') is an essential consultative body between the government and the business community set up by the Finance Minister. Atradius DSB is a member of this commission, which met twice in 2020. These meetings were devoted mainly to updates on the steps taken by the ministries and Atradius DSB in the wake of the corona crisis, such as cover for short-term loans, cover for indirect exports and a 'fast-track' route for corona applications. Other items on the agenda with major relevance for the exporting Netherlands as exporting nation included establishing Invest International and the Dutch efforts within the international consultations about updating the Arrangement.

Cooperation with strategic partners

Atradius DSB maintains a broad network of trade and investment facilitation partners. These include commercial banks, the Dutch Entrepreneurial Development Bank (FMO), sector and trade organisations and other administrative institutions in the Netherlands. In December, for example, we organised a session together with the NWP, the Dutch Water Partnership, to bring the EHIC to the attention of companies in the water sector.

There is also regular consultation with the Dutch Government Service for Entrepreneurship (RVO), including the implementation of the Dutch Good Growth Fund (DGGF) and the Dutch Trade & Investment Fund (DTIF). Atradius DSB also regularly takes part in (virtual) trade missions organised by RVO.

Atradius DSB maintains contact with the National Contact Point OECD Guidelines (NCP). We take part in the stakeholder meetings organised by the NCP and keep track of their publications.

Non-governmental organisations

Finally, we hold regular discussions with non-governmental organisations (NGOs). These can involve either a policy aspect or a specific project. We had contact with several national NGOs last year, as well as NGOs from other countries, on an ad hoc basis. There have been a number of sessions with three NGOs, several exporters and the Confederation of Netherlands Industry and Employers (VNO-NCW) to discuss the greening agenda and the aspirations of all the parties involved. The annual ECI stakeholder meeting, postponed due to the corona crisis, was eventually held digitally in February 2021. Discussions about greening, but also about phasing out ECI support for fossil fuels, are in full swing and we are doing our best to contribute to a thorough inventory of the various stakeholders' ideas and thoughts so that we can pass them on to the next cabinet.

International dialogue

As the administrator of the Dutch export credit insurance facility, Atradius DSB works together with various foreign export credit insurers, for example, to jointly insure transactions or projects. Atradius DSB is also frequently involved in international discussions. These include multilateral talks in an OECD and EU context. Atradius DSB supports the Dutch State in its efforts and in formulating its position in these international negotiations. The foundations were laid in 2020 for talks on modernising the international rules governing public export finance.

As a relatively small country with a strong focus on exports, the Netherlands benefits from having well-defined rules regarding trade support that are correctly adhered to. These rules apply to granting or insuring export credits within the framework of the 'Arrangement on officially supported export credit'. This is known in short as the 'Arrangement'. These rules and their compliance are under pressure for two reasons. First, Western countries are experiencing increasing competition from countries - particularly China, but also India, for example - that are not participants in the Arrangement and of which there is a strong suspicion that they do not (always or fully) comply with these rules. Secondly, countries that are Participants in the Arrangement also undermine the level playing field with other kinds of support, such as development cooperation or 'investment loans'.

In recent years, the International Working Group (IWG) has tried to reach new agreements with countries that are not part of the Arrangement. Some of the participants in these consultations, including the EU, unfortunately, had to call a halt to the negotiations in 2020. The reason was the lack of agreement on several key principles for new international rules. In particular, there was a difference of opinion with China about providing transparency regarding the export financing conditions of transactions. After a year, it will be assessed whether there is any new commitment that makes it worthwhile to resume talks.

The attention in the discussions between the Participants has thus shifted to reviewing the rules that have already been agreed upon. In particular, the EU - the only Participant for which the rules of the Arrangement, formally a gentlemen's agreement, are legally binding by being laid down in an EU Regulation - is initiating the discussion on modernising the rules. This includes the rules on maximum term, linear (total) repayment, down payments and the starting point for credit. These rules are complex or ambiguous and do not always correspond to customary practice in the market. Moreover, the idea is that conditions that lead to more risk – such as a 'bullet payment' at the end of the term - can also be compensated by the automatically higher premium that goes with it.

Participants reached an agreement in 2020 on an important issue for Dutch exporters: relaxation of the rules on co-financing local costs. This is an important improvement for contractors in particular, as they often incur a lot of local expenses due to the nature of the projects. The new rules came into effect on 20 April 2021. Since then, local costs of up to 50% of the export contract value or up to 40% in wealthier countries have been allowed.

Apart from starting with modernising the Arrangement, a start was also made in 2020 with revising two important 'Sector Understandings' on climate as part of the Arrangement. These are the Climate Change Sector Understanding (CCSU) and the Coal Fired Power Plant Sector Understanding (CFSU). The CCSU allows more favourable conditions for transactions related to Renewable Energy, Climate Adaptation and water projects (drinking water and sanitation). For example, the permitted repayment period for financing under the CCSU is longer (up to 18 years). The CFSU aims at discouraging investments in coal-fired power plants. These revisions reflect the Netherlands' commitment to further discouraging coal-based power generation.

International engagement

The Netherlands is endeavouring to put the greening of ECI higher on the international agenda. In 2020, negotiations started in the European context for revising the CCSU (Climate Change Sector Understanding). The sector understanding for climate change, renewable energy and water (CCSU) already provides more favourable conditions, such as longer repayment terms for specific projects. The aim is to extend the current scope so that more projects can make use of the CCSU's benefits.

The future of public export finance in the EU: *"Act now or fall behind!"*

That is the message of the Export Finance Lab (ExFi Lab), a group of experts from several European ECAs (including Atradius DSB) in their independent report, dat in de zomer van 2020 is gepubliceerd.

That is the message of the Export Finance Lab (ExFi Lab), a group of experts from several European ECAs (including Atradius DSB) in their independent report (link to report), published in the summer of 2020.

The report is a 'call for action' for future-proof public export support within the EU. It calls on the EU and its member states to ensure an immediate and robust European response to the rapid changes in the global economy and tensions in the multilateral framework. Failure to act, the ExFi Lab argues, could jeopardise the competitive position of European exporters.

Present arrangements governing export finance are regulated through the WTO, the OECD and the EU. However, these are no longer adequate to maintain the global level playing field in times of fundamental change.

The report's main conclusions are:

- Present OECD rules on public export finance do not sufficiently consider the impact of globalisation and global value chains on international trade.
- Export Credit Agencies (ECAs) such as Atradius Dutch State Business are not the only providers of public finance for trade, investment and international projects. Different financial institutions and development banks are increasingly involved in the same types of projects, which inadvertently creates competition and undermines the level playing field. Trade, investment and development projects are interrelated. At present, there is no common strategy to support this development.
- Non-OECD countries such as Brazil, Russia, India, China and South Africa have become major suppliers of export finance. Meanwhile, China is by far the most dominant player in the world. These countries are not bound by OECD rules on public export finance.
- The greening of the global economy will require massive investments, which will involve trade and the export of green technologies not provided for in the current system with its focus on capital goods.

ECAs and public export finance enable exports to continue, especially in times of crisis when the private market is more risk-averse or is pulling back. This was the case during the 2008/2009 financial crisis, but is also currently the case in the global coronavirus pandemic. The EU, its Member States and their ECAs have reacted quickly with additional temporary financial measures. This has filled the gaps in the private financial market to sustain the economy and trade.

Returning to 'normal' and finding a new global balance in the use of public financing to support trade and exports is just as crucial for European businesses as is the speed of coordinated action to enable extra support.

The ExFi Lab's work began long before the coronavirus outbreak, but the urgency of its recommendations has now intensified because of the current crisis. To prevent a 'race to the bottom' worldwide and to ensure the future competitiveness of EU exporters, the ExFi Lab proposes three recommendations:

1. Design a comprehensive EU strategy for public finance for exports, trade and investment.
2. Take the lead and engage with key public finance providers on global regulation of public export finance.
3. Develop a strategy for using public export finance to mobilise private capital for the green transition.

This means that the Netherlands will start working with the other EU Member States and the European Commission on these recommendations soon. Early this year, in its Trade Policy Review for 2021, the Commission announced exploration of an EU strategy for public export finance, including an EU export credit facility and better coordination between EU programmes.

Product innovation

Atradius DSB, in consultation with the Finance Ministry, is constantly working on renewing its existing products or developing new ones. Market demand and achieving an internationally-level playing field are important drivers, as is the desire to make the portfolio greener and reach out more effectively to SMEs.

Of course, 2020 was mainly about maintaining trade as much as possible against the background of the COVID19 crisis.

CIRR

The most significant change in terms of products was in 'CIRR financing[8]'. In line with the Arrangement rules, a fixed interest rate was introduced in 2020 that can be fixed at least four months before concluding a financing agreement, with an increase in the CIRR rate by 20 basis points. This has levelled the playing field somewhat for Dutch exporters in respect of such export financing. Work will continue in 2021 on facilitating flexibility during the drawdown period of a loan, which is the most important remaining requirement by banks in terms of CIRR financing.

2020 was also the first year that insurance was issued for a CIRR loan, and hence the sector banks provided financing for this for the very first time. ING and Rabobank provided a € 121 million fixed-rate loan to Boskalis to finance the 'Krios', a mega-cutter suction dredger built by IHC. This transaction was also innovative in another respect: it was the first time that use had been made of the possibility, introduced in 2019, of insuring domestic transactions. This is possible if the buyer of the asset can demonstrate that the financed capital asset will primarily be used in export transactions and, therefore, that the cash flows used to repay the loan originate from abroad.

Extension of the OOM policy

The OOM allows exporters to insure short-term payment risks for which no cover is available on the commercial market. This is done by reinsuring them with the State, with Atradius CyC for example. This relates to a company's sales to countries that do not have an investment grade credit rating.

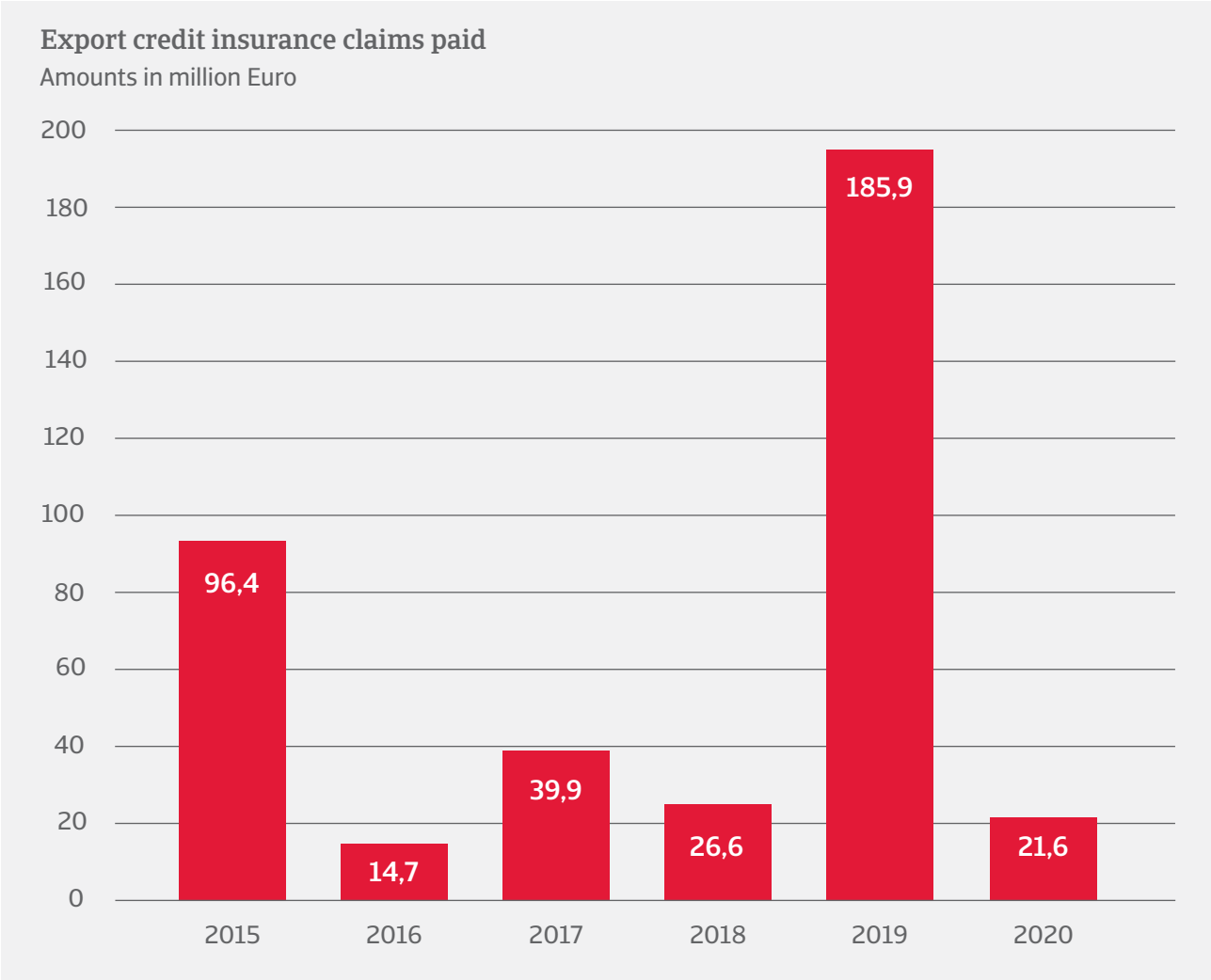
In 2020, the pilot for the Omzetpolis Opkomende Markten (OOM) (turnover policy for emerging markets) was extended by one year. This pilot was initially scheduled to last one and a half years until 31 December 2020, but due to a combination of factors - in particular the COVID19 crisis - insufficient experience had been gained by the end of 2020 to be able to decide whether or not to include the OOM structurally in the product range. The pilot will be evaluated at the end of this year.

[8] CIRR stands for Commercial Interest Reference Rate. The Arrangement includes rules, such as a minimum rate, for providing or insuring export credits at fixed interest rates. The Dutch State has concluded an agreement with the sector banks BNG Bank and NWB Bank to provide refinancing of export credits at fixed interest rates to banks.

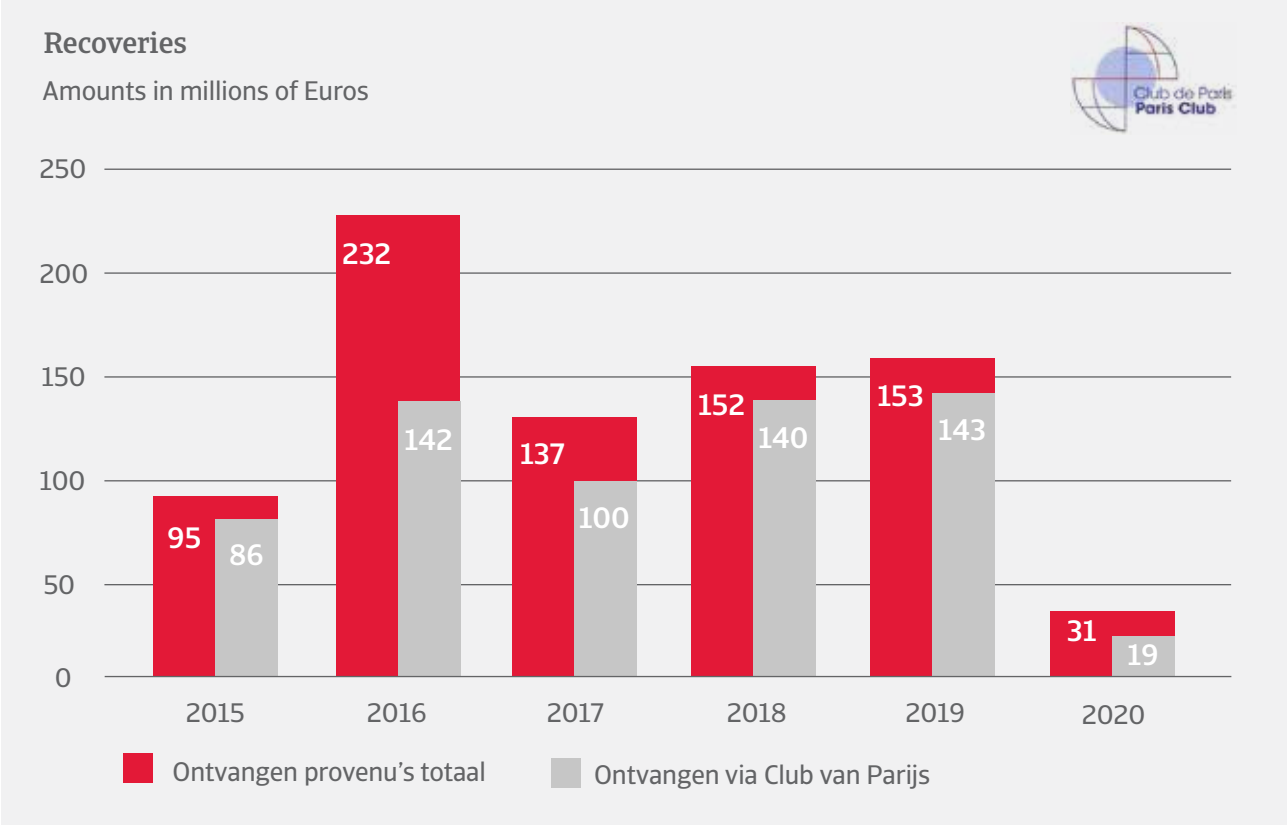
Claims and recoveries

The impact of the COVID-19 outbreak on the portfolio proved to be limited. However, compared with previous years, the number of potential claims increased because several debtors could not meet their payment obligations because of the COVID-19 crisis. Arrangements have been made with most of these debtors to postpone payment. An amount of € 21.6 million was eventually paid out in claims under the Export Credit Insurance (ECA) in 2020, of which € 0.1 million under exchange rate risk cover. The total claims paid are substantially lower than the previous year, when a total of € 185.9 million was paid out due to one unusually high claims payment. The largest claim in 2020, totalling €4.8 million, was paid out in Panama. This relates to follow-up payments on two policies with a private debtor in the oil and gas sector. A further €4.4 million was paid out in Mauritius, divided between two policies with a private debtor that is also active in the oil and gas sector. This debtor had run into payment issues years ago.

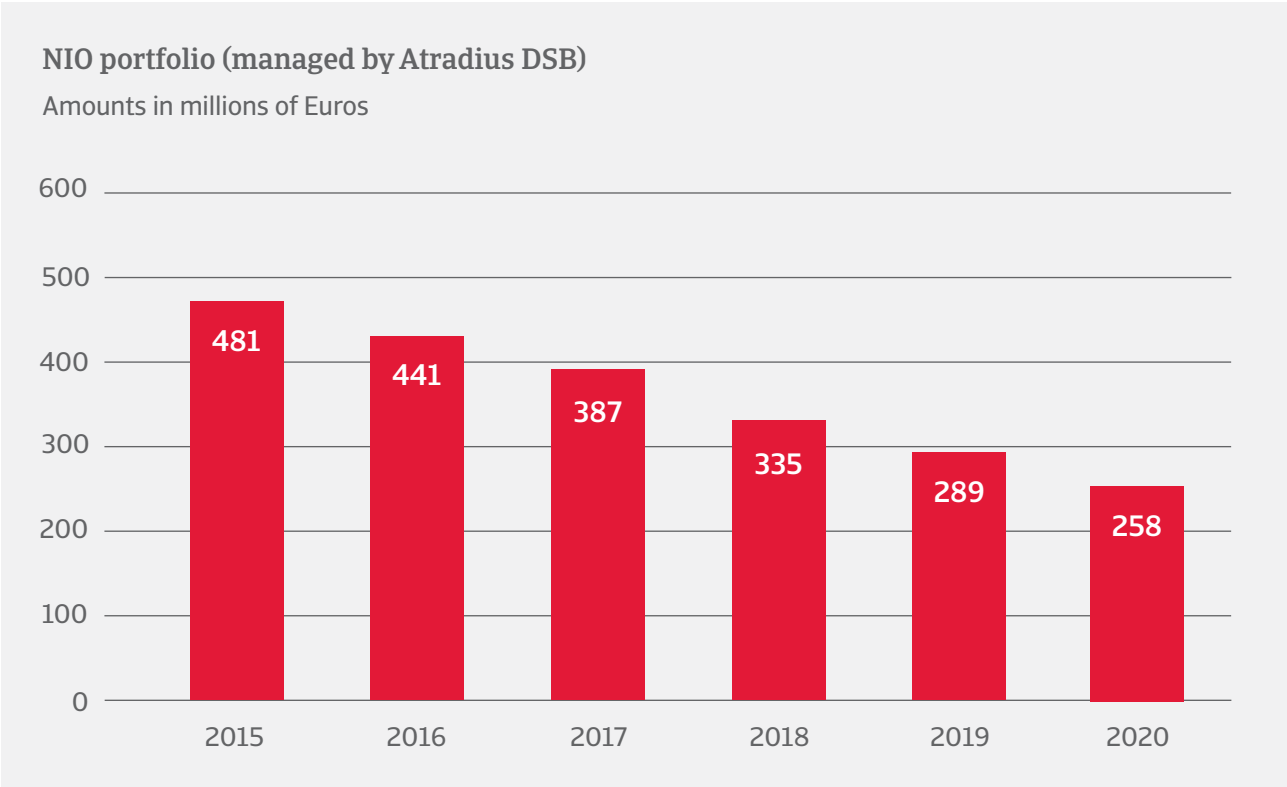
> *“No claims were paid in 2020 under the investment insurance policy.”*



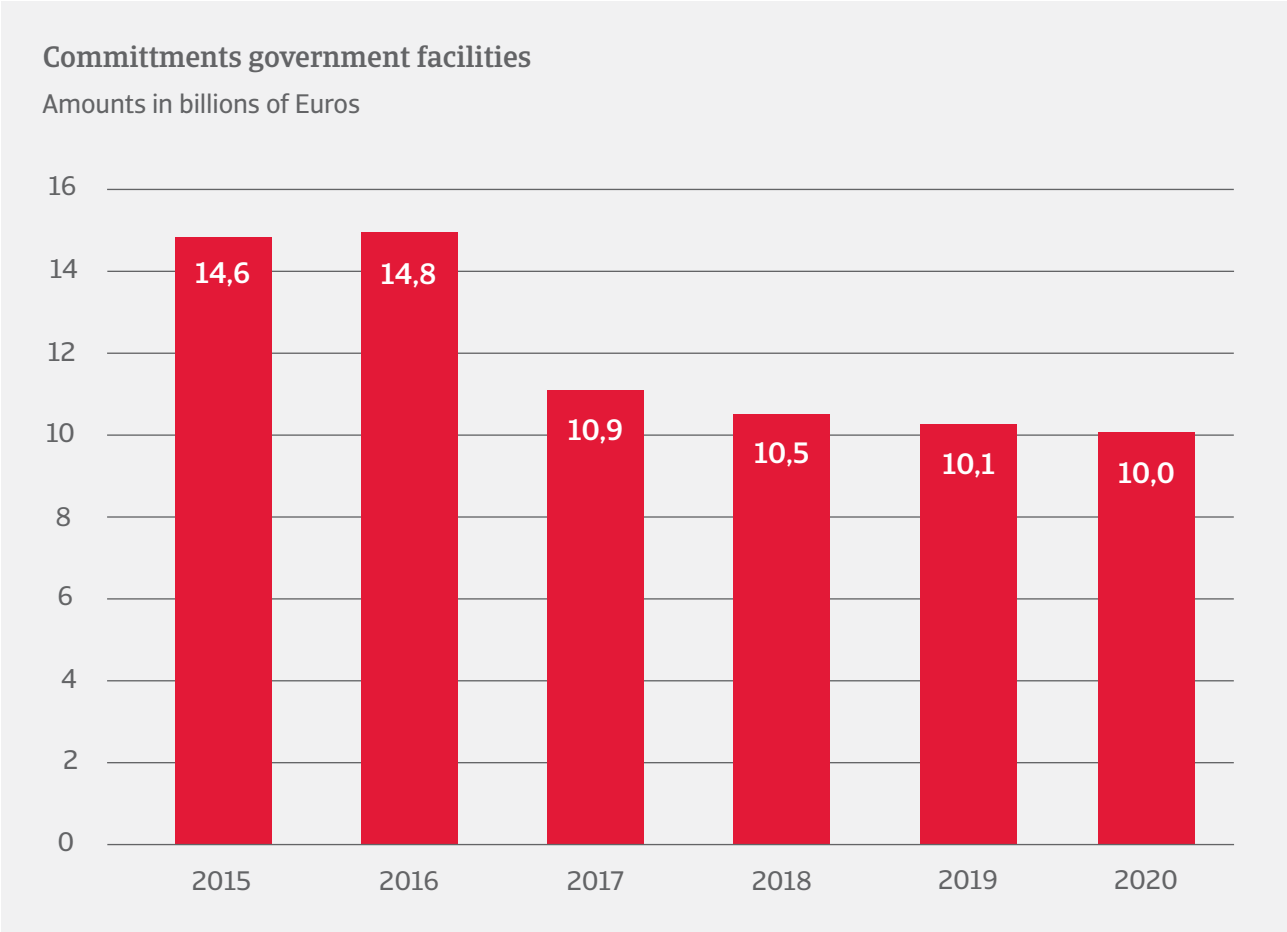
Proceeds received (collection after damages) in 2020 totalled € 30.6 million. Of this, a large part, €18.9 million, derived from debt settlements concluded within the Paris Club framework. Recoveries in 2020 were € 122.6 million less than in the previous year, due mainly to the lack of payments from Argentina. The recoveries were mainly from Indonesia, € 12.4 million (CoP), Mexico, € 8.3 million, and Iraq, € 3.5 million (CoP).



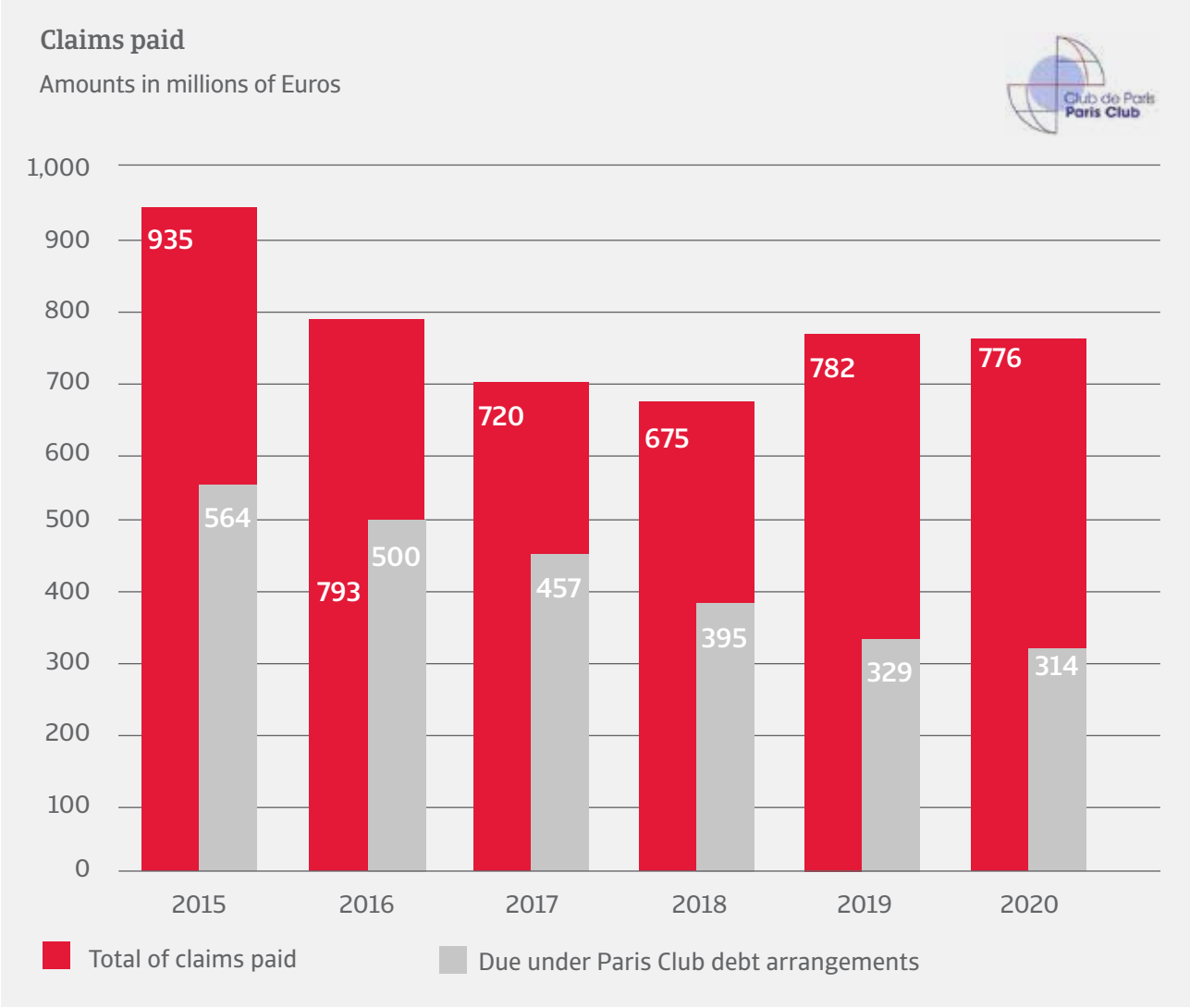
Finally, there were no exchange rate gains under exchange rate risk insurance.
Another € 32.1 million of payments was processed in 2020 under the financing portfolio of Nederlandse Investeringsbank voor Ontwikkelingslanden NV (NIO), for which Atradius DSB manages the loans. The NIO portfolio totalled € 258 million at year-end 2020.



Balance of liabilities and receivables
The liabilities for all government facilities combined under current policies (adjusted for amounts already expired and after adjustment for the reinsured liability) amounted to €10 billion at the end of 2020. It was € 10.1 billion at end-2019. The total liability under cover commitments at end-2020 was € 8.8 billion, compared with € 5.6 billion at end-2019. There were no hedging notices outstanding at the end of 2020, compared with € 316 million at end-2019. A notice of cover is a promise that Atradius DSB will insure the payment risk on behalf of the Dutch State if there is sufficient capacity under the country limit when the export contract comes into effect.



The claims which Atradius DSB has on behalf of the State against debtors and debtor countries after having compensated the insured for loss (excluding the insured's deductible excess and excluding interest payable after the date of compensation) amounted to a total of €776 million in 2020. This is less than the previous year because on balance, less has been paid out in claims than has been received in recoveries. Of this € 776 million, € 314 million is part of the Paris Club debt arrangements. At the end of 2019, receivables amounted to € 782 million, of which € 329 million as part of Paris Club arrangements.



Investment insurance

At the end of 2020, liabilities for investment guarantees totalled around € 31 million, equal to the liability amount at end-2019. The liability for 2020 consists of three policies (2019: three policies) divided between three countries.

The position of key liability countries for investment insurance at end-2020 was:

Tunisia

Malaysia

Ukraïne

Financial results on behalf of the Dutch State

Business Economy Results Determination (BERD)

In addition to the results on an invoice basis, we also show below the results on an economic basis. The facilities provided by the Dutch State should at least cover costs. For export credit insurance, this has been laid down internationally, including by the World Trade Organisation (WTO) and the OECD. Break-even means that the revenues (premiums and recoveries) must be sufficient to cover the costs of the facilities (claims payments and implementation costs) over the long term. This avoids the need for unauthorised state aid.

Cost recovery is determined with the aid of the Business Economy Results Determination (BERD). One of the features of this model is that it takes account of outstanding risks. The model also includes the facilities' implementation costs, as opposed to the technical determination of the result based on invoices.

To arrive at the result, only policies issued from 1999 onwards are considered. The model results show that revenues over the 1999-2020 period have been sufficient to cover costs. Cumulatively, a positive result of € 582 million was achieved over this 22-year period (see table below).

The cumulative result for 1999-2019 was € 556 million. In 2020, € 26 million was added to the result on an economic basis. This increase is explained mainly by adding the premiums to the result, both a standard part of the new premiums and also those from previous years.

Operating result for all facilities (signing year after 1998) cumulative over 1999-2020 in millions of euros

	2020		019	
1. Cash and cash equivalents	739		689	
1.1 Premium		1537		1465
1.2 Net claims		-482		-473
1.3 Net exchange-rate risk		-14		-14
1.4 Net interest		42		42
1.5 Implementation costs		-345		-331
2. Receivables	427		418	
3. Provisions	-584		-552	
3.1 Outstanding political risk		-265		-284
3.2 Outstanding commercial risk		-133		-129
3.3 Estimated claims		-125		-67
3.4 Receivables		-61		-71
3.5 Exchange-rate risk		0		0
Total	582		555	

N.B.: discrepancies in totals are the result of rounding off

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