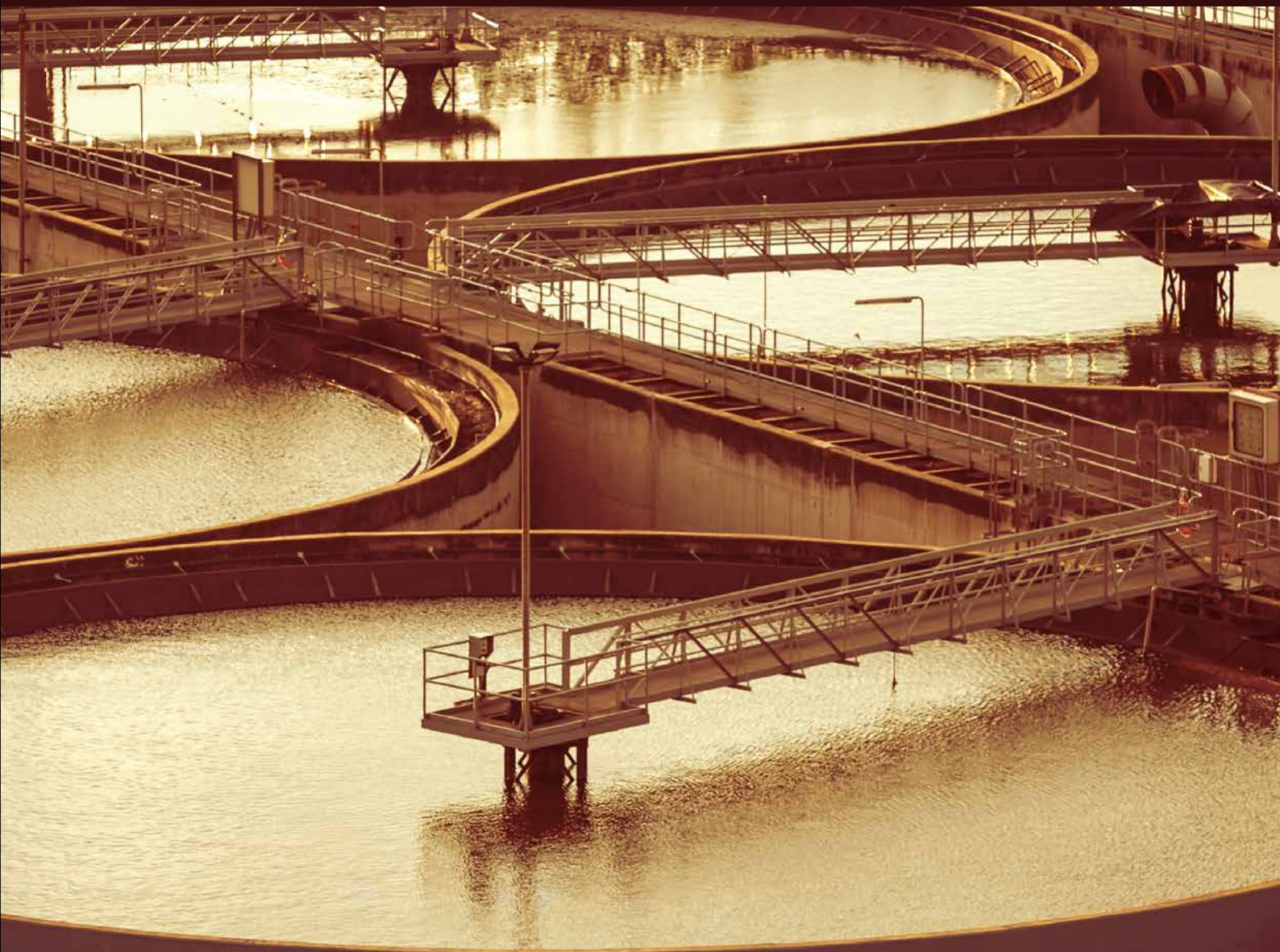




Export Credit Agency

REPORT ON CORPORATE SOCIAL RESPONSIBILITY 2015-2017



TURNING UNCERTAINTIES
INTO **OPPORTUNITIES**

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FOREWORD

In early 2017, Delcredere | Ducroire changed its trading name to Credendo – Export Credit Agency (hereinafter ‘Credendo’). This important milestone in the development of our company – which will celebrate its centenary in 2021 – is based on our core values, i.e. the DNA that guides our every action.

These key values include:

CUSTOMER INTIMACY: customer satisfaction is at the heart of our values.

RELIABILITY: top-flight expertise coupled with a long-term vision of our business activities.

RESPECT: we respect our customers, employees, shareholders and all other stakeholders, as well as the environment and society.

Credendo’s third Report on Corporate Social Responsibility demonstrates the importance we attach to our role and our primary mission (i.e. to support and promote international trade, and Belgian exports in particular), taking a long-term perspective that goes hand in hand with the sustainable and harmonious development of the society in which we operate. More than ever, we are convinced that societal and entrepreneurial values cannot be separated.

Since we published our last report, considerable progress has been made at international level in terms of sustainable development. In December 2015, COP 21 (the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change – UNFCCC) resulted in 195 countries ratifying a new treaty to limit global warming. Moreover, the Organisation for Economic Cooperation and Development’s (OECD) Common Approaches text has been revised to include the impact of projects on human rights. As a further step forward, new rules came into effect on 1 January 2017 to encourage the phasing out of coal-fired power plants, beginning with halting public support for polluting technologies, and encouraging the use of high-efficiency technologies.

Credendo is no exception. We have strengthened our governance structures, which comply with the latest standards in force. Our systematic analyses of the potential environmental and social risks associated with export credit requests have been fine-tuned and complemented by a human rights component. Our internal environmental and social procedures were presented to our stakeholders at a meeting set up with the help of The Shift. BIO, WWF, Greenpeace, 11.11.11, ACODEV and the Federal Public Services Environment, Finance, Foreign Affairs and Economy attended the meeting, as did the Belgian point of contact for the OECD Guidelines for Multinational Enterprises.

Our proactive policy has been further strengthened through our active participation in international conferences. We also promote and support a range of sustainable development projects. Internally, we have also increased our efforts by launching programmes that promote ethics and integrity among our staff members (who act as our first ambassadors with other companies), by developing a range of initiatives to ensure our employees’ well-being, and by adopting a sustainable procurement policy.

All these topics are addressed in detail in the report. Happy reading.

Dirk Terweduwe
Chief Executive Officer

CREDENDO – EXPORT CREDIT AGENCY

BELGIUM'S EXPORT CREDIT AGENCY

Delcredere | Ducroire was established in 1921 as the Delcredere Committee. Its role as Belgium's public credit insurer is to promote international economic relations. Since 1939, it has provided this service as an independent public institution backed by the government. In early 2017, Delcredere | Ducroire changed its trading name to Credendo – Export Credit Agency, simply referred to as Credendo.

Credendo promotes Belgian exports and insures companies and financial institutions against political and commercial risks in international trade relations related to capital goods, industrial projects, and works and services to companies. We are also authorised to participate in these risks via risk-sharing facilities with banks. We also cover political risks linked to direct investments overseas and we provide direct financing for commercial transactions within a limited scope. However, our role does not stop there. We also cover exchange rate risks for public contracts, arrange forwarding transactions, provide financial guarantees and perform technical or financial missions on behalf of the Government.

Credendo's activities mainly focus on non-OECD countries. The majority of the risks we insure are in these countries.

OUR SUSTAINABLE COMMITMENT

Credendo complies with a range of OECD directives: since 1999 anti-corruption; since 2001, sustainable loans for developing countries; since 2007, environmental issues; and since 2012 human rights.

Credendo has also integrated sustainability into all its decision-making procedures and processes. In addition to financial analyses, we also assess the environmental and social risks of the transactions submitted to us. These analyses are the result of regular exchanges with exporters to guarantee that any potential negative impacts are prevented or reduced as far as possible. We also work closely with other export credit agencies to guarantee that OECD member countries apply the same approach. We regularly consult external environmental and social experts. Finally, we strongly support projects contributing to harmonious and sustainable economic development and protecting our planet.

The aim of our third corporate social responsibility report is to provide an overview of our commitments in these areas.

A SOLID PARTNER

Credendo's main mission is to provide insurance coverage against export risks for Belgian companies. Policyholders must be able to rely on their insurer at all times, especially in times of crisis and in an often tense geopolitical context. That is why our financial soundness is of paramount importance.

Thanks to the quality of our management approach, we have built up solid reserves over time. We have equity of more than EUR 2.4 billion and we carry no debt. This means we can pay out compensation without any problem even during times of crisis.

MODERN GOVERNANCE

Credendo is constantly seeking sound policies, proper procedures and useful tools, so as to provide services with appropriate diligence and professionalism, whilst complying with the principles of honesty and commercial ethics, the legislation, rules and regulations in force and the best practices adopted within our industry.

To this end, Credendo's governance structure is regularly updated in line with changes within the company. Credendo has adopted an integrity policy in order to apply the best principles and practices. This integrity policy sets out the main ethical principles, together with a set of standard rules to be applied by every Credendo employee, both within the organisation and in their dealings with any individual who comes into contact with any Credendo entity. These principles are consistent with Credendo's internal standards and values and comply with legislation and local prudential rules in force.

AN INTERNATIONAL ROLE

Credendo forms part of the Belgian delegations to the OECD, the European Union, the Paris Club and the Berne Union. These organisations formulate guidelines and recommendations covering the activities of export credit agencies. We make a contribution to this decision-making process and often exceed the legal minimum when applying our international obligations.



OUR CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE

In accordance with the legal framework within which we operate as an export credit agency, Credendo has developed a governance structure which, on the one hand, sets out the management rules and the relationships between the various stakeholders and, on the other hand, ensures that integrity is maintained and regulations complied with, as well as guaranteeing the transparency of the decision-making process. To do this, to a great extent we draw upon the principles that apply to European private insurance companies, such as Solvency II.

The various policies and charters approved by the Board of Directors set out the responsibilities of the executive bodies, such as the Board of Directors itself, the Executive Committee and the Audit Committee, as well as the role and powers of the internal control functions. These guidelines also set out the sphere of activity within which we wish to operate as a responsible company.

These policies outline the competences which enable us to ensure that the decisions we make are effectively monitored, that the potential risks are assessed and managed, that appropriate supervision is in place and that the requirements for reporting to the competent authorities and bodies are complied with.

In accordance with the principles of the 'three lines of defence' model, the independent and ongoing internal functions of risk management control and compliance ensure that the risks are identified and managed by the operational departments, whilst the internal audit function ensures that procedures are correctly followed.

The compliance function is more specifically responsible for ensuring compliance with legal and regulatory requirements in terms of integrity and behaviour within Credendo, whilst the risk management function ensures that all significant risks are identified, assessed and managed as necessary. This function is actively involved in developing the institution's risk strategy and in any policy decisions that have a significant impact on risk.

Finally, the internal audit function, through the Audit Committee, provides the Board of Directors and the Executive Committee with independent and reasonable assurance regarding the quality and adequacy of the internal audit, risk management and the quality management systems and processes.

In addition to conducting internal controls, we also encourage transparency amongst our employees by asking them to inform their line manager and the compliance officer of any behaviour, procedure or system, at whatever level of the organisation, that does not comply with the regulations in force, or with our internal values and principles. They may do this anonymously, if they prefer.

Policyholders are also able to lodge complaints regarding their relationship with Credendo, in writing or by any other means. Internal procedures for the handling of complaints of this nature have been set up. Credendo believes that handling complaints appropriately and in a timely manner is an essential aspect of its values.





WE PROMOTE ETHICAL CONDUCT AND INTEGRITY

We recognise the importance of integrity in performing our insurance activities with regard to all our stakeholders. We emphasise this principle to promote honesty, business ethics and compliance with applicable laws, rules, regulations, policies and best practices while carrying out our activities. These principles are embedded in the Integrity Policy and Code of Conduct approved by the Board of Directors and reviewed on a regular basis. Both documents inform everyone working for us how to deal with certain issues such as compliance with international regulations on sanctions, the avoidance of conflicts of interest, the fight against corruption and money-laundering, the protection of personal data, free competition and compliance with market regulation.

Specific and regular training sessions help our staff to apply these principles in their day-to-day business activities.

WE ARE COMBATING CORRUPTION

Credendo applies an anti-bribery and anti-corruption policy in line with the recommendations of the OECD in respect of bribery of foreign public officials⁽¹⁾. A well-established internal procedure is in place.

For any application for cover, the exporter and bank concerned must sign an anti-corruption declaration. They must declare, inter alia, that they or persons acting on their behalf (such as agents) are not engaged in acts of corruption in connection with the insured transaction, and that they comply with the relevant international conventions and domestic legislation in force. They must also advise us in the event of any legal proceedings before a national court or an administrative body involving bribery of foreign public officials in any country whatsoever. Lastly, exporters

must declare that they do not appear on any exclusion lists created by the following international institutions: the World Bank, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank. In addition to the conventional sources of information, we also use online Governance, Risk and Compliance (GRC), a screening tool that enables us to conduct targeted, ongoing checks on whether a given company or individual is under investigation or subject to certain national or international restrictions. For this, we use a content provider that has a good reputation in the international financial sector.

We apply the general principle whereby our case handlers examine each case file with the same degree of prudence, irrespective of the requesting party. They perform an additional analysis for applications from exporters excluded by financial institutions for acts of corruption, who are subject to legal proceedings or have already been convicted for corruption during the last five years. In such cases, the case handlers verify firstly whether the company concerned has implemented any corrective measures and put in place internal prevention mechanisms, before any new cover can be granted. They then ask additional questions if they uncover suspect elements in the application file.

If the case handlers identify plausible signs of corruption in a case file, they report this to their line managers and to the Credendo Compliance Officer, who decides, where applicable, on the steps to be taken, in conjunction with the Credendo Executive Committee or the Board of Directors.

(1) OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

WE ASSESS THE IMPACT OF INSURED PROJECTS

CREENDO ASSESSES THE FINANCIAL AND NON-FINANCIAL RISKS IN ORDER TO HAVE AN ANALYSIS OF THE SUSTAINABILITY OF PROJECTS IN RELATION TO WHICH INSURANCE IS REQUESTED. FOR THIS PURPOSE, WE'VE INTRODUCED A 'DUE DILIGENCE' PROCEDURE DESIGNED TO EXAMINE AND ADDRESS POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH APPLICATIONS FOR EXPORT CREDIT. THIS DUE DILIGENCE HAS RESULTED IN THE INTRODUCTION OF A SPECIFIC PROCEDURE FOR ENVIRONMENTAL AND SOCIAL RISKS, WHICH FORMS AN INTEGRAL PART OF OUR DECISION-MAKING AND RISK-MANAGEMENT PROCESS.

OECD COMMON APPROACHES

Our environmental and social procedures are based on the OECD guidelines on environmental and social assessments and, more precisely, on the revised Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence⁽²⁾ (dated 28 June 2012), more widely known as 'Common Approaches'.

The OECD's Common Approaches apply to all credit transactions with a repayment term of two years or more. However, Credendo has chosen to go above and beyond the OECD's scope. We also analyse the environmental and social risks of transactions involving no credit or whose repayment term is under two years. For example, cash transactions⁽³⁾ and investment projects.

In 2016, the Common Approaches document was amended to include the impact of projects in terms of human rights. Where serious impacts are likely to occur in this area, we need to implement a specific due diligence process with regard to human rights. Endangering human life, human trafficking, child labour and forced labour are severe threats to human rights.

In 2015 and 2016, various meetings were held with the environmental and social specialists of OECD countries' export credit agencies. The purpose of such international meetings is to enable national export credit agencies to share their expertise in the environmental and social assessment of projects and to provide technical advice for the OECD Working Party on Export Credits.

We also take part in other international meetings aimed at strengthening the implementation of environmental and social standards by financial institutions. These meetings provide an important opportunity to share experiences, learn from case studies and engage in dialogue with environmental and social risk-management experts from around the world. The participants include representatives from financial institutions, regional development banks, banks applying the Equator Principles⁽⁴⁾, export credit agencies, and the World Bank.

(2) <http://www.oecd.org/fr/tad/xcred/recomendations-ocde.htm>

(3) Cash transactions are projects for which there is no financing and where the entrepreneur (i.e. the insured exporter) is paid in line with the progress of a project.

(4) The Equator Principles framework is a risk-management framework used by financial institutions to identify, assess and manage projects' environmental and social risks.

THE STEPS IN THE ENVIRONMENTAL AND SOCIAL PROCEDURE



STEP 1: SCREENING OF APPLICATIONS FOR COVER

We subject all requests for cover to screening that makes it possible to classify the transactions according to their potential impact in environmental and social terms (see step 2). This screening is based on the responses provided in the insurance application form and on the information available at the time when the application for cover is received.

STEP 2: CLASSIFICATION OF PROJECTS

The OECD Common Approaches envisage classification – into categories A, B or C – of all transactions where the value of the application for cover is at least SDR 10 million⁽⁵⁾. We also classify and assess certain transactions where the value of the application for cover is less than SDR 10 million.

DEFINING SENSITIVE AREAS

Sensitive areas include national parks and other protected areas identified as such by national or international law, as well as other sensitive sites of international, national or regional importance such as marshes and wetlands, forests with high levels of biodiversity, areas of archaeological or cultural interest, and areas of importance to indigenous or other sensitive groups.

- > Projects classified in **category A** potentially have significant consequences for the environment and social aspects, which may be irreversible and may extend beyond the project site. Category A automatically includes projects in sensitive sectors and areas. In this case, an Environmental and Social Impact Assessment (ESIA) is compulsory.
- > Projects classified in **category B** entail potential environmental or social consequences less significant than those classified in category A and limited to the site where the installations are located. These consequences are generally reversible and prevention and mitigation measures are more readily available. An ESIA isn't required by the OECD but we may request one depending on the scale of impact of the projects.
- > Projects classified in **category C** have minimal or no environmental and social consequences. According to the OECD Common Approaches, these projects don't require additional investigation. In all cases, we nonetheless perform an evaluation of their impact, although this may be cursory.

Projects classified as A and B generally differ in terms of their scale and whether or not the project in question involves new infrastructure or a new production unit. For example, if the application for cover concerns the delivery of a capital good making it possible to significantly reduce greenhouse gas emissions as part of the modernisation of an existing production unit, this is likely to be a category B project. If a project entails the displacement of a population or significant damage to biodiversity, it is a category A project. The ESIA, or a summary thereof, must be made available to the public at least 30 calendar days before a decision is made in relation to the application for insurance for category A projects subject to application of the OECD Common Approaches.

(5) Special Drawing Rights: the basket of international currencies used by the International Monetary Fund (IMF). As at 18/12/2017, EUR 1 = SDR 0.83.



STEP 3: ASSESSMENT OF THE IMPACT

Our assessments are intended to determine the expected positive and negative impacts of the project, in terms of both quality and quantity. They also aim to identify possible prevention and mitigation measures and to analyse the possibilities for improving environmental performance. We regularly make use of consultants and external experts for the evaluation of projects. We also rely on the expertise of other export credit agencies and constantly exchange information with the exporter in question during the due diligence process. The assessment of a project may take from several days to several months, depending on the information available, and the scale and timetable for the project.

On the basis of the ESIA and the information made available by the exporter, our sustainable development expert assesses the environmental and social risks associated with the project and how they are managed by the exporter or project sponsor. We verify compliance with international standards. The International Financial Corporation (IFC) performance standards are the principal reference in this area and cover a wide range of themes.

If, following the analysis, the impacts are considered to be limited or appropriately controlled by means of measures designed to

mitigate or offset them, the project is deemed to be acceptable from an environmental and social standpoint and can therefore be supported by Credendo. Where applicable, our cover may be subject to specific environmental and social conditions intended to ensure compliance with the applicable standards. These conditions are generally tied to a Management Plan or an Environmental and Social Action Plan. These documents describe all of the measures to be applied during implementation of the project in order to avoid, reduce, mitigate or correct adverse social and environmental impacts, according to a stated order of priority and a detailed schedule.

Credendo's final decision to insure a transaction will only be made if the project is generally positive in economic, social and environmental terms. If this is not the case, we will not proceed.

STEP 4: MONITORING

If the insurance includes environmental and social conditions, Credendo ensures that these conditions are actually fulfilled. The procedures for compliance with environmental and social conditions are generally defined in the ESIA.

SENSITIVE SECTORS

The transactions we cover can have significant environmental and social impacts. Category A and B projects include the following sectors and activities:

- > creation and rehabilitation of water supply systems and water purification plants;
- > construction of new infrastructure such as ports, bridges, hospitals, offshore windfarms and solar power plants;
- > delivery of equipment to gas power plants and chemical and steel plants;
- > rehabilitation of existing hydro-power plants;
- > extension of existing plants and infrastructure;
- > combating erosion.

WE ARE COMMITTED TO FULL TRANSPARENCY

TRANSPARENCY EX ANTE



The projects being analysed that have been classified as category A and that are subject to application of the OECD Common Approaches are published on our website⁽⁶⁾ at least 30 calendar days before a decision on cover is made. This information includes the name of the project, its location, a description and a link to the ESIA. We'll have obtained authorisation to disclose this information beforehand. Where applicable, information that cannot be disclosed without infringing commercial or industrial confidentiality may have been previously removed from the document, at the request of the buyer or exporter.

TRANSPARENCY EX POST



After a decision is made to provide cover for projects classified in categories A and B that are subject to application of the OECD Common Approaches, we provide various types of information to the public through our website (country, name of the exporter, amount, project category, reference to additional information).

REPORTING TO THE OECD



The Common Approaches require that we provide a report to the OECD in relation to projects classified in categories A and B. Furthermore, we're required to advise the OECD of emissions of CO₂ (or CO₂ equivalents) or carbon intensity values (CO₂/kWh) for projects where the CO₂ emissions amount to more than 25,000 tonnes annually.

(6) <https://www.credendo.com/about/credendo-export-credit-agency>

OVERVIEW OF PROJECTS BY CATEGORY



We carefully examine all applications to ascertain whether the sector, nature or size of the transaction requires an environmental and social analysis. Out of all the insurance requests we receive, only a minority falls within the scope of the OECD's Common Approaches. Market transactions and those relating to the supply of goods (ambulances, buses, devices, medical equipment, etc.), or transactions associated with the defence industry are not covered by the OECD rules. However, we regularly go above and beyond the OECD recommendations by classifying transactions and requesting ESIA's for transactions which do not fall within the Common Approaches' scope. Indeed, insurance coverage requests have been withdrawn or held up due to insufficient information to properly carry out the environmental and social due diligence process. Similarly, coverage requests can also be refused when the environmental and social risks are deemed to be too high.

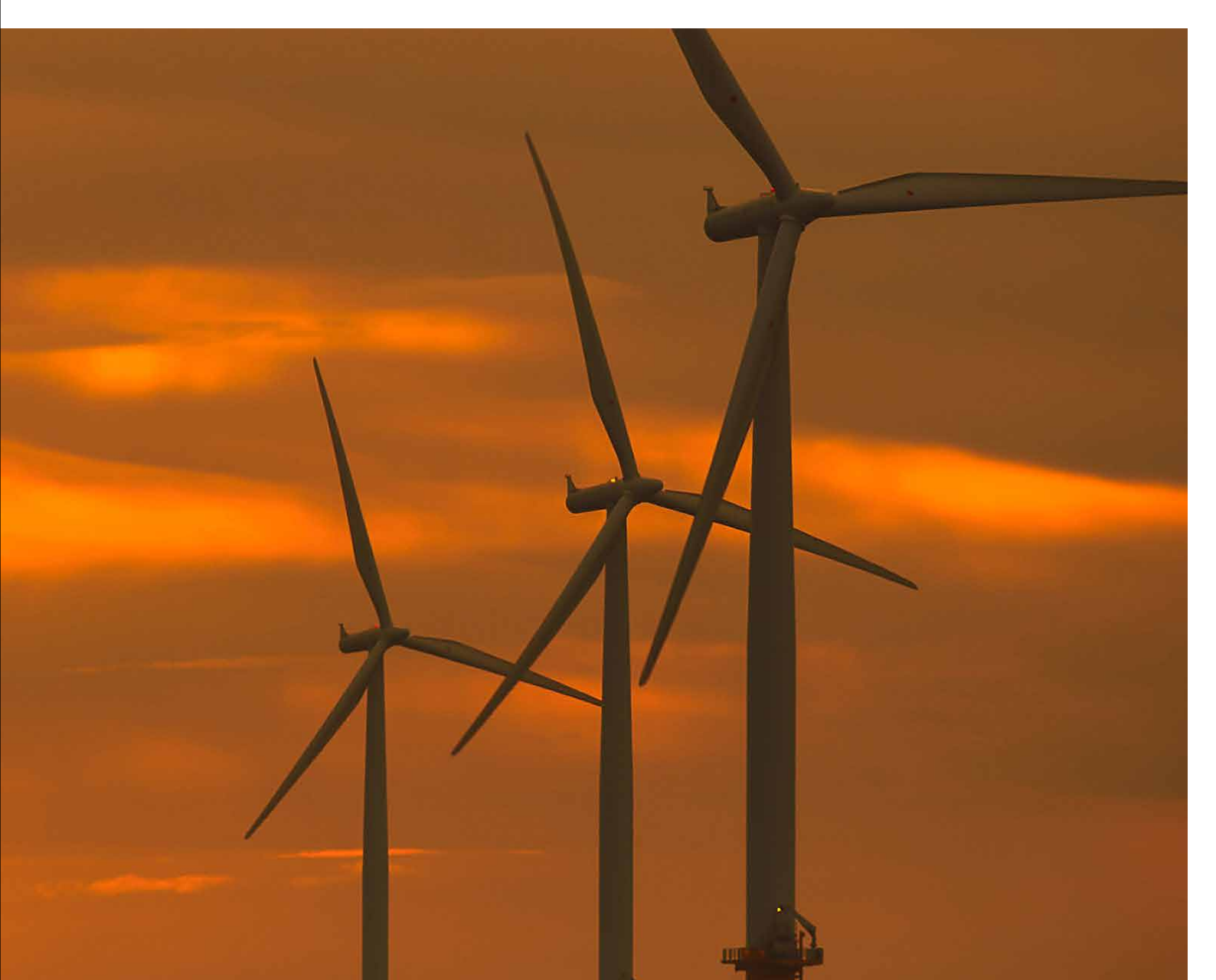
	NUMBER OF PROJECTS			INSURED AMOUNTS (IN MILLION EUR)		
	2015	2016	2017	2015	2016	2017
Cat. A	12	11	16	593	342	690
Cat. B	5	4	18	100	270	830
Cat. C	15	19	31	285	96	142

OUR RELATIONSHIP WITH OUR EXTERNAL STAKEHOLDERS

With The Shift, we organised a stakeholders meeting in order to present our internal environmental and social procedure. We invited several NGOs, the Belgian contact point of the OECD Guidelines for multinationals at the Federal Public Service Economy, and representatives of Belgian public services. BIO, WWF, Greenpeace, 11.11.11, ACODEV and the Federal Public Services Environment, Finance, Foreign Affairs and Economy

were present. DEME and Balteau were also invited to present case studies. These meetings are held depending on the requests and needs.

Meetings are also regularly organised with our main clients to exchange information on our due diligence process, our clients' internal environmental management systems and specific issues at project level.



FOCUS ON THE DREDGING INDUSTRY

The category A and B projects we cover include a lot of dredging works. This can be explained by the fact that Belgium has two major players in the sector: Jan De Nul and DEME.

Maintenance dredging is vital because sedimentation and siltation are natural phenomena and a permanent threat to the navigation and accessibility of channels and ports. Moreover, the increase in the size of vessels and container ships coupled with the continuous development of maritime trade have made dredging an absolute necessity.

Dredging works can be carried out with respect for the environment, reducing overflow and limiting turbidity. 'Smart dredging' supports the natural processes and uses the river dynamics. Sophisticated software and automation on board our clients' dredging vessels ensure increased performance and optimised monitoring.

Dredging works are diverse and can be categorised as follows:

CAPITAL DREDGING

Capital dredging is required for the creation of new ports, and deepening and widening access channels, berths, quays and basins in existing ports. The installation of undersea cables is another example of works of this nature. These works are often carried out in sensitive estuaries with proper dynamics and

valuable marine life. Continuous innovation allows for improving dredging technology and limiting environmental impacts.

COASTAL PROTECTION

Coastal protection works provide defences against flooding and erosion caused by wave and tide action, wind, currents and littoral drift. Rising sea levels, global climate change and the melting of the ice caps will increase the need for coastal defences. Dredging works include breakwaters to protect exposed ports, fixed wharfs and jetties, sand dune stabilisation and beach nourishment.

Beach nourishment restores the natural order and strengthens age-old natural processes. These operations often take into account environmental constraints such as the breeding season.

CREATION OF POLDERS THROUGH RECLAMATION

Reclamation creates new land: industrial sites, ports, airports and artificial islands. Volumes of sand are transported to the reclamation from a borrow zone at sea or material from capital dredging projects is beneficially used in major land reclamations.

ENVIRONMENTAL SERVICES

Dredging works include the remediation of contaminated soil, construction or rehabilitation of landfills, recycling of dredging material and decontamination and lagoonation of silt, as well as major cleanup operations of brownfield sites.

WE SUPPORT SUSTAINABLE PROJECTS

Credendo supports Belgian companies which participate in projects respecting the environment and local populations and contributing to better energy efficiency. We have insured sustainable projects throughout the world in the following areas:

- > Waste: treatment and reduction of waste
- > Water: clean and safe water supply and adequate sanitation
- > Renewable energy: solar power plants, wind farms
- > Energy efficiency: more efficient power and industrial plants
- > Public health: cancer treatment and hospitals

In addition to working on projects with our traditional clients, we have increased initiatives to encourage sustainable projects. Credendo works closely with Agoria, and in particular with the Renewable Energy Club, which brings together a range of technology companies from the renewable energy sector.

In September 2016, we took part in a mission to Southern India organised by Brussels Invest & Export dedicated to 'smart cities'. The aim was to support participating Belgian companies that presented innovative ideas and solutions to make cities more sustainable and more people-friendly, as well as to tackle the main challenges of cities in emerging countries.

We also support micro-finance initiatives by insuring political risks related to equity holdings and non-subordinated loans issued to micro-credit institutions. They manage loans granted to start-up entrepreneurs and small businesses in developing countries. This represents a key economic component in these countries. Entrepreneurs who fail to secure loans for their projects from the conventional banking sector can do so through micro-finance institutions.

EXAMPLES OF SUSTAINABLE PROJECTS

In Kenya, we covered a transaction related to the supply and installation of 5 additional wind turbines on an existing wind farm. The Government of Kenya wants to increase the share of wind energy from the current level of 1%, to 11% by 2030.

In Zambia, we supported a water supply, sanitation and drainage project in Lusaka. It is a rehabilitation and modernisation project. The Government of Zambia has identified a clean and safe water supply and adequate sanitation, storm water drainage and solid waste management in the capital city of Lusaka as key development priorities.

In Cameroon, we supported the project to construct, renovate and extend drinking water supply systems across the whole country, in both rural and urban areas.

By supporting these three projects, we contribute to the achievement of the United Nations' Millennium Development Goals, which are now set out in the Sustainable Development Programme up to 2030.

As a final example, in a different vein, in Benin, we covered a contract for dredging works aimed at coastal protection for the shoreline at Cotonou. The works included beach nourishment and the construction of the seawall and groynes. These works formed part of Benin's long-term strategy to address the impact of climate change.



OUR INTERNATIONAL COMMITMENTS

WE ARE COMBATING CLIMATE CHANGE

Further progress has been made in combating climate change. The OECD Working Party on Export Credits ('the Participants') extensively debated possible limitations in terms of financing coal-fired power stations. We actively took part in these discussions so that the group would come to a meaningful consensus.

At the end of 2015, the Participants agreed on a text restricting or banning their support of the least efficient coal-fired power plants. The agreement removes support for large super-critical and sub-critical coal-fired power plants, while also allowing support for small sub-critical plants in poorer, developing countries.

In addition to the existing sectoral agreement on promoting renewable energies (renewable energies, climate change mitigation and adaptation, and water projects), there is a new sectoral agreement on curbing or prohibiting official support for coal-fired electricity-generation projects. The new rules have been in force since 1 January 2017.

Further information on this can be found on the OECD website⁽⁷⁾.

EXAMPLE: RENTEL'S WIND FARM

Rentel is an offshore windfarm which is located approximately 42 kilometres from the port of Zeebrugge in Belgium. Rentel consists of 42 wind turbines of 7 MW capable of producing about 300 MW of electricity at peak periods, thus supplying low-carbon electricity to more than 280,000 households.

The power station will be fully operational by the end of 2018. The Rentel project will contribute to the achievement of the Belgian 2020 goals, respect of EU climate standards as well as the transition to a durable economy and energy supply.

WE SUPPORT SUSTAINABLE LOANS

In 2016, the OECD Working Party on Export Credits agreed new rules to avoid increasing the debt burden of the most fragile states. In cooperation with the IMF and the World Bank, the group revised its sustainable lending practices. It defined clear rules to limit commercial lending to lower-income countries. It also agreed procedures for notifying the group and international institutions on the lending that is officially supported, to give a clearer view of the total debt burden of these countries. The rules aim to ensure that the most vulnerable countries receive the financial support they deserve for their development while maintaining a sustainable level of debt.

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



This agreement has been transposed internally into clear guidelines for export credit agencies. In addition to country risk ratings, acceptance criteria for each country define whether commercial lending is acceptable or not. When only concessional lending is allowed, we also investigate whether tied aid is permissible. For the poorest countries, the Development Aid Committee defined that only the most efficient type of aid should be granted, i.e. untied aid.

Further information on this can be found on the OECD website⁽⁸⁾.

WE SUPPORT SUSTAINABLE ECONOMIES

Country policy, which classifies countries by category of political risk on a scale from 1 to 7 (with 7 designating the highest level of risk), is the core element of Credendo's risk management strategy. It's the starting point for limiting credit claims and, in extreme cases, protecting Belgian exporters from misguided ventures. Credendo has developed and still manages the Country Risk Assessment Model (CRAM) that all OECD member states use as the basis for assessing financial and economic country risk.

The assessment of the economic and financial situation of a country is clearly the cornerstone of country policy, but the variables taken into consideration also reflect the various facets of the social context and the environmental situation in the country in question.

RISK ASSESSMENT CRITERIA

- > Measurement of the level of prosperity
- > Measurement of the economic policy through inflation, public accounts and current account
- > Dependence of the country on donors
- > Potential for growth, taking into account demographic factors and social climate
- > Dependence on certain raw materials including oil and, as a result of this, diversity of the economic growth drivers
- > Dependence on energy imports
- > Dependence in relation to a given export product, in this case raw materials, when this generates too large a proportion of foreign currencies
- > Rate of foreign indebtedness, both in terms of GDP and in terms of total exports
- > Political criteria, such as stability, democracy, ethnic and religious conflicts, potential boycotts and sanctions
- > System of governance (legal context, corruption, etc.)
- > Attitude and payment experience

(8) <http://www.oecd.org/tad/xcred/theexportcreditsarrangementtext.htm>

Credendo generally grants a better classification to countries that have a sustainable and diversified economy and sociopolitical situation. In addition to actual internal conflicts, the assessment of the risks associated with the political situation takes into account political stability, the potential for conflict attributable to social tensions (related to unemployment, disparity of wealth, environmental damage, etc.) and the extent to which these are channelled democratically. The democratic dimension of a country, which fosters internal stability over time, is assessed from various perspectives, including the quality and independence of the legal system, the extent of corruption and the quality of public governance. The more deep-seated and pervasive corruption is in society, the more widespread it generally is in public administration and the greater the effect on governance.

Since the Arab Spring in 2011, large-scale protest movements have increased in developing countries because of difficult socioeconomic conditions, but also because of growing demands by the population with regard to governance and tackling corruption. In these countries people increasingly feel they are insufficiently or badly represented or defended by those in power, which calls their legitimacy into question even more. The impact of these different dimensions on domestic stability varies depending on whether the regime is democratic or authoritarian, or indeed military. The latter is more likely to exacerbate internal conflict in the case of a popular desire for regime change. In the last few years this has been experienced by many of the regimes in power in Sub-Saharan Africa, with outgoing presidents changing or wishing to change the constitutionally mandated term limits. In view of these societal and political developments, Credendo refines its political risk assessments by better taking account of these factors of tension and instability.

Credendo also incorporates the payment experience of a country in the risk assessment. This can be adversely influenced by factors such as corruption, poor public administration or economic policy, or reluctance to pay.

The acceptance policy also reflects Belgian and international agreements relating to embargos and sanctions imposed on certain countries. If the United Nations or the European Union bans export credit insurance for a given country (e.g. because of child labour, forced labour, a dictatorship, a breach of international law), Credendo applies any such bans to the letter.

With regard to countries that are in a difficult economic and financial position, and are positioned in one of the highest risk categories, Credendo analyses whether the project submitted has a sufficiently high level of economic profitability and whether it constitutes a priority for the economic development of the beneficiary country. Credendo wishes to avoid 'white elephants' that can worsen country risk.

For the countries classified in categories 4 to 6, Credendo requests an opinion from the World Bank, within the framework of projects with the public sector in the debtor country, in order to avoid a worsening of risk in a precarious economic and financial context, as well as non-productive expenditures. Credendo also complies with all requirements imposed in terms of concessionality and sustainable loans by the IMF and the World Bank, which were reviewed at the end of 2016 (see above).

Risk assessment models currently rely on a very large number of elements that reward a sustainable and diversified policy. Nonetheless Credendo adapts its methodology periodically in order to further refine its risk analyses and adapt them to the new structural challenges.

WE CONTRIBUTE TO DEBT RELIEF

THE PARIS CLUB

The Paris Club constitutes an informal group of official public creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. The debts treated are public or sovereign debts.

Since it was founded in 1956, the Paris Club has concluded 433 agreements with 90 different debtor countries covering over USD 583 billion.

The Paris Club adheres to the solidarity principle and the principle of consensus-based decision-making, as debt treatment is deliberately sought within the multilateral framework of the Club. Moreover, the IMF and World Bank, which are present at each meeting, guarantee the sustainability analysis, which is an important part of every debt treatment.

NEW INDEBTEDNESS OF POST-HIPC COUNTRIES

First introduced in 1996 under the aegis of the World Bank and the IMF, the Heavily Indebted Poor Countries Initiative (HIPC) provided coordinated debt relief from the entire international financial community to 36 countries. Credendo has significantly contributed to alleviating the burden of debt in HIPC countries. Between 1991 and 2016, it cancelled EUR 2,172 million worth of debt for 17 indebted countries. Paris Club members remain faithful to their commitments made within the HIPC Initiative. However, only a few countries remain eligible under the HIPC Initiative. The next debtor country which is eligible for debt relief under the HIPC Initiative in the framework of the Paris Club is Somalia, but the country has yet to meet all the requirements for the decision point.



Although post-debt relief ratios are still lower than pre-debt relief ratios, a worrying trend of new indebtedness among post-HIPC countries has been observed: a strong heterogeneity has been seen in post-HIPC countries in terms of debt ratios but also in terms of the composition of external financing. The external environment has also deteriorated sharply in recent years: oil prices have fallen drastically and commodity prices have plummeted whilst many post-HIPC countries have had to rely heavily on commodity exports, and the USD relative value has risen while many countries had chosen that currency for their external debt.

NEW MEMBERS

Two emerging creditors, Brazil and South Korea, joined the Paris Club as full members in 2016 after years of close cooperation in terms of exchanging information.

Further progress has been made on sharing information with China. China decided to share with Paris Club members data on all of its official claims on a reciprocal and confidential basis. This mutual transparency is a big step forward and will foster a common vision on major debt issues.

The Paris Club has also seen progress in terms of involvement in its work, in particular South Africa's participation in a debt-to-environment swap.

AGREEMENTS WITH ARGENTINA, CHAD, THE SEYCHELLES AND CUBA

Over the last two years the Paris Club has concluded important debt-rescheduling agreements with Argentina, Chad, the Seychelles and Cuba. As is customary in the Paris Club, each individual creditor concludes a bilateral agreement with the debtor country in which agreement rules and principles must be applied in conformity with the terms proposed in the multilateral agreement.

FUTURE

Although the vast majority of countries eligible under the HIPC Initiative have been treated within the framework of the Paris Club, the recent tendency for post-HIPC countries to find themselves on the verge of new indebtedness will certainly mean that the role of the Paris Club, in cooperation with the IMF and the World Bank, will be to monitor these countries more closely.

The Paris Club will continue to reach out to non-member creditor countries such as China, Turkey, Kuwait, South Africa, etc. in order to continue to deliver a significant leverage in the treatment of sovereign debt.

Finally, the Paris Club is strengthening its role by sharing its expertise in the field of multilateral debt treatment at OECD, UNCTAD and IFI forums.

OUR IN-HOUSE COMMITMENTS

WE MONITOR OUR CARBON FOOTPRINT

Each year, Credendo has its carbon footprint evaluated by an external consultancy firm in accordance with a model developed by ADEME (the French Environment and Energy Management Agency). This approach is based on the ISO 14064 standard.

The scope of the assessment includes energy consumption, air conditioning, business travel, commuting to and from work, and paper consumption.

The first carbon footprint was calculated for the year 2010: it was 1,036 tonnes of CO₂. In 2015, our carbon footprint went down to 1,022 tonnes of CO₂ and in 2016 it was 1,027 tonnes. This represents 2 tonnes of CO₂ per FTE in 2015 and 2.2 tonnes in 2016. This is both direct and indirect emissions.

Energy consumption represented 46% of our carbon footprint in 2016 while travel accounted for 45%. Energy emissions are set to decrease in the future thanks to our green electricity supplier. Travel-related emissions could be reduced by our Action Plan specifically aimed at company cars, commuting and business travel.

OUR RESPONSIBLE PROCUREMENT POLICY

Credendo's procurement policy is an integral part of our Corporate Social Responsibility policy. In this context, the Procurement & Facility Management department ensures coherency by only selecting suppliers whose approach corresponds to our policy and improves our level of social responsibility.

For example, we try to promote suppliers selling local and/or certified products (with recognised labels) or appliances whose lifecycle is longer than average. Another example: we recently awarded a contract to an energy supplier guaranteeing that all the electricity it procures is entirely from renewable energy sources.

We believe that our approach to procuring goods and services generates a virtuous circle, which, in return, demonstrates to our suppliers our commitment to CSR.

WE CARE ABOUT OUR EMPLOYEES' WELL-BEING

Credendo wants to take care of its employees by promoting healthy lifestyles both at work and at home.

Our health and well-being strategy encompasses raising awareness among employees of their own health status and encouraging them to adopt healthy behaviours. These different programmes include anti-smoking and healthy eating campaigns, health check-ups and flu vaccinations.

In February 2017, Credendo employees were also encouraged to take part in the 'Tournée Minérale' initiative, a campaign set up by the 'Fondation contre le Cancer' and the 'Druglijn' to go for a month without alcohol.

Credendo has also launched a new programme called 'Move@work'. This is a long-term project to promote health and well-being, organised in partnership with Partena Vitality.

Finally, Credendo has launched a psychosocial survey, the results of which can be considered reliable, due to the fact that 75% of employees took part. Overall, the results of the survey are positive. Credendo scores well when it comes to employee development opportunities, support from management and the right to have a say. It is also above the benchmark in terms of procedures and clarity of its strategy.

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Credendo Risk app



Government body under state guarantee

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