



CORPORATE
SOCIAL
RESPONSIBILITY
REPORT
2018-2020

TURNING UNCERTAINTIES
INTO **OPPORTUNITIES**

Contents

1

Foreword

2

Supporting an inclusive and resilient economy

4

Our sustainability strategy: a commitment to increase our positive impact on society

8

How we assess sustainability

14

Our responsibility to support a global transition to a more sustainable future

25

How sustainability is embedded in Credendo



Foreword

Credendo's Corporate Social Responsibility (CSR) report was published while we were experiencing an unprecedented pandemic that led to global disruption around the world.

Credendo's priority in this unique situation is to ensure that we continue to fulfil our mission by supporting our clients in their cross-border trade activities, protecting their businesses against commercial and political risks while preserving the health and safety of our workforce. This global disorder has demonstrated once again that sound risk assessment and management are more necessary than ever to face the current challenges encountered by corporates.

Because risk management is at the heart of our activities, Credendo has continued to demonstrate its ability to adapt to new circumstances and new types of challenges over the years. **For almost a century, we have supported the Belgian economy and international trade.** We have promoted sustainable and sound development in line with the needs of our times. It is our responsibility to address the expectations of future generations, and meanwhile awareness of social and environmental issues is growing. As a responsible corporate citizen, we recognise that our actions have direct and indirect impacts on the global environment, societal development, the economy and its stakeholders. We strive, of course, to limit the negative impact, but above all, to increase our positive impact in these different areas.

Credendo has obviously always complied with the Agreements to which it is subject, but often Credendo goes beyond those agreements. Alongside this international framework, Credendo has adopted a set of internal policies over the last decade, followed by concrete measures to reduce our own carbon footprint and the potential impact of the projects we support. Responsibility starts with what we do, with the type of transactions or

investments that we support or finance. By assessing the environmental and social risks of the transactions that are submitted to us, we support companies that help to make a positive impact on society and the environment, or those that have plans to alleviate the adverse impact of their operations.

Credendo supports **projects that contribute directly to the achievement of the Sustainable Development Goals (SDGs)** set up by the United Nations. Examples of such projects relate to hospitals and public health infrastructure, drinking water production and wastewater treatment, waste reduction and prevention, energy efficiency, renewable energy, information and communication technology, development of sound economic activities including sustainable tourism, road development, public transport and other infrastructure, educational and training facilities, etc.

Relying on collective intelligence, we continuously build partnerships with other export credit agencies, experts, financial institutions and other stakeholders in Belgium and abroad.

Of course, we put everything in action to respond to environmental and social concerns in relation to our own day-to-day activities. For ten years and counting, we have made a concerted effort towards achieving our CO₂ objectives. We achieved carbon neutrality in 2019 thanks to a sharp decline in our greenhouse gas emissions and by offsetting the remaining emissions as a result of financially supporting climate projects each year.

During the period under review, we expanded our sphere of action in other fields as we strive to become a zero-waste organisation. Several initiatives have been set up to achieve this target. At Credendo's headquarters in Belgium and in all our branches in Europe, we continue to consider and measure our consumption of materials and resources in order to

reduce it significantly. To support these environmental efforts, Credendo raises employees' awareness of environmental issues and implements a number of campaigns promoting energy efficiency, soft mobility, video conferencing, etc.

Credendo's staff is the company's human capital and key driver of success. The creation of a comfortable workplace environment; the development of training and learning programmes; the commitment to ensure fair treatment in terms of compensation and benefits regardless of age, race, culture, gender, disability, sexual orientation, religion or political belief; the encouragement of work excellence; and life balance and conviviality between employees are among the initiatives launched by Credendo.

In these particularly difficult times, all Credendo employees have demonstrated their loyalty and dedication to the company and its clients. We are grateful for their

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Credendo's priority is to ensure that we continue to fulfil our mission by supporting our clients in their cross-border trade activities, protecting their businesses against commercial and political risks.

commitment to giving our clients the utmost importance.

What comes next post-2020? Corporate sustainability is part of our three-year strategic plan, and an action plan has been drawn up and its implementation is carefully monitored. This covers actions aimed at further improving the sustainability of our own operating model. Our CO₂ neutral label is a concrete outcome of our efforts. The next focus of our strategic mindset is to increase the performance of social and environmental risk evaluations in order to increase the support we provide to projects that contribute to the achievement of SDGs.

Dirk Terweduwe,
Chief Executive Officer

Please note that this report was drawn up taking into account the first half of 2020. However, the table on page 13 comprises figures until October 2020.

Supporting an inclusive and resilient economy

CREDENDO, THE BELGIAN EXPORT CREDIT AGENCY, WAS CREATED IN 1921. IN 15 YEARS, CREDENDO – EXPORT CREDIT AGENCY HAS EVOLVED FROM A TRADITIONAL EXPORT CREDIT INSURANCE AGENCY INTO AN INTERNATIONAL PLAYER. ITS SOLIDITY IS UNDERLINED BY ITS AA RATING FROM STANDARD & POOR'S AND COVER CAPACITY OF EUR 30 BILLION.

TODAY, CREDENDO IS A EUROPEAN CREDIT INSURANCE GROUP THAT IS PRESENT ACROSS THE CONTINENT AND ACTIVE IN ALL SEGMENTS OF TRADE CREDIT AND POLITICAL RISK INSURANCE, PROVIDING A RANGE OF PRODUCTS THAT COVER RISKS WORLDWIDE.

Belgian Export Credit Agency

Credendo – Export Credit Agency is the official Belgian export credit agency.

Backed by the state, its mission is to promote international trade relations, mainly by accepting risks in the field of exports, imports and foreign investments.

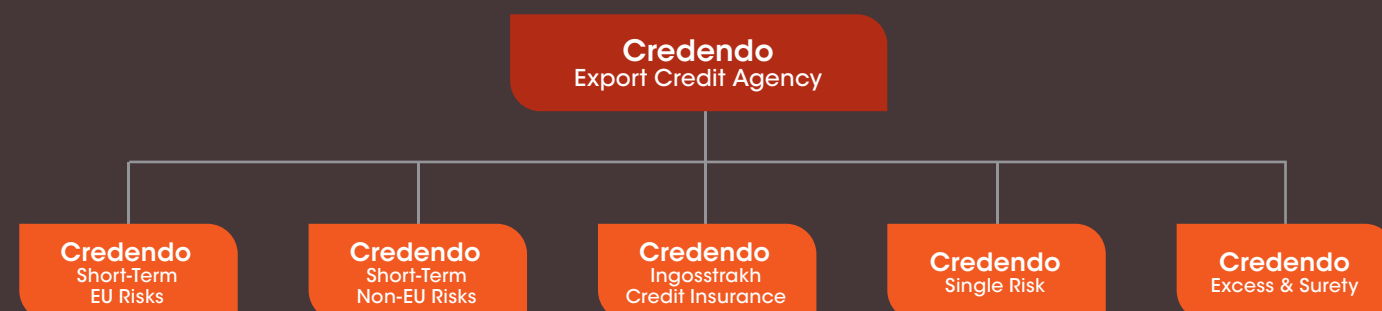
In addition to export credit and foreign investment insurance, Credendo – Export Credit Agency's offer includes financial guarantees and direct financing. Its activities mainly focus on non-OECD countries as these markets involve the larger part of clients' risks.

Vision

We are the first-choice business partner to protect against the risks of trade and investments in the real economy and to facilitate the financing of such transactions.

Mission

Our mission is to support trade relations. We provide customised solutions of insurance, reinsurance, guarantees, bonding and financing related to domestic and international trade transactions or investments abroad. We protect companies, banks and insurance undertakings against credit and political risks or facilitate the financing of such transactions. We act in a responsible and forward-looking way. We turn uncertainties into opportunities.



Our values shape our conduct of business

As a credit insurer, due diligence comes as a standard, but Credendo goes further and ensures that responsibility is an integral component, both for individuals and the company as a whole.

Credendo continuously strives to provide its services with due diligence and professionalism, with respect for integrity and business ethics, and compliance with any laws, rules, regulations and best practices pertaining to the sector. All Credendo entities share the same values: Customer intimacy, Reliability and Respect.

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Solid foundations to grow together

Customer intimacy You get bespoke solutions.

Customer satisfaction is at the core of our values. We listen, we propose bespoke solutions, we are approachable, we explain our decisions, we deliver first-class service. Our people come up with smart solutions in response to specific business needs or complex risk environments.



Reliability You can count on us.

We aim for best-in-class expertise of our businesses and risks. We strive for operational efficiency that underpins customer intimacy. We have a long-term view on our activities, look through the cycle and aim for sustainable financial results.

Respect You can trust us.

We show respect for our customers, our staff, our shareholders and all other stakeholders as well as for society and the environment. We act forcefully against any discrimination of people. We treat everyone fairly and honestly. We always try to do the right thing and apply high standards of ethical behaviour.

Our sustainability strategy: a commitment to increase our positive impact on society

CORPORATE SUSTAINABILITY IS VERY IMPORTANT AT CREDENDO. AS AN INSURER, WE HAVE A LONG-TERM VISION, AND WE ARE NATURALLY BUILDING A FUTURE FOR THE NEXT GENERATIONS BASED ON RESPONSIBILITY AND SUSTAINABLE COMMITMENT.

WE CONDUCT OUR BUSINESS IN A MANNER THAT IS SOCIALLY RESPONSIBLE AND FORWARD-LOOKING, TAKING INTO CONSIDERATION OUR IMPACT ON THE ENVIRONMENT, ON SOCIETY, ON THE ECONOMY, ON OUR STAKEHOLDERS AND ON OUR PEOPLE. WE PAY ATTENTION BOTH TO THE IMPACT OF OUR OWN ACTIVITY AND TO THE IMPACT OF THE TRANSACTIONS WE SUPPORT. THESE CONSIDERATIONS ARE REFLECTED IN OUR GOVERNANCE. OUR OBJECTIVE IS TO GO BEYOND THE REQUIRED OBLIGATIONS TO ACT SUSTAINABLY AS A CORPORATE CITIZEN.

In 2019, we approved a **new corporate sustainability policy** associated with an action plan to continue the efforts undertaken over recent years and to embrace the environmental and societal challenges already underway. With this new corporate sustainability policy, we shall ensure that our global strategy is aligned with our sustainability, increasing efforts to quantify Credendo's carbon footprint and assure the environmental due diligence of its transactions. The new policy takes into consideration the impact of Credendo and all its entities on the environment, on society and on the economy. This new action plan will accelerate and strengthen our CSR approach.



A set of rules and policies to conduct responsible business

Promoting business responsibility and professional excellence, Credendo commits itself in sustainability. We recognise the importance of integrity in performing our insurance activity with regard to all our stakeholders. Our core values are translated into a **Group Integrity policy** and a **Group Code of Conduct** approved by the Board of Directors and reviewed on a regular basis.

Our Group Integrity policy sets out the principles that govern how Credendo's management bodies, staff and representatives conduct their activities. Our Group Code of Conduct expands on these integrity principles in practical guidelines to assist staff members in their day-to-day activities. It covers in particular the prevention of illicit activity, the protection of personal data, fair treatment, the avoidance of conflicts of interest, the fight against corruption and money laundering, and compliance with market regulations.

Credendo strives to conduct its business in a responsible and sustainable way, and promotes responsible and sustainable business practices relating to the environment, human rights, combating corruption and promoting sustainable lending to lower-income countries.

We demonstrate our continued commitment to deter bribery in the export transactions that we support. We adopted an **anti-bribery and anti-corruption policy** in line with the recommendation of the OECD on Bribery and Officially Supported Export Credits¹ revised in 2019.

We foster all parties that request export credit insurance cover or financing support to conduct business in a responsible way, and encourage exporters or other relevant parties to ensure the implementation of internal management and control systems that prevent and detect bribery.

In line with this recommendation, each applicant concerned must sign an anti-corruption declaration. They must declare, inter alia, that they or the persons acting on their behalf 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.

Sustainability as an integral part of our culture

Corporate culture has a major influence on performance and business conduct. Our corporate culture reflects how Credendo and its employees think and act and what our clients can expect from us as an insurance partner. At every level, Credendo ensures that integrity, ethics and fairness prevail.

Credendo continuously strives to provide its services with due diligence and professionalism, with respect for integrity and business ethics, and compliance with any laws, rules, regulations and best practices pertaining to the insurance sector.

All Credendo entities adhere to a set of rules and policies set up to conduct responsible business. These are permanently updated to stay ahead of market developments.

¹ Recommendation of the Council on Bribery and Officially Supported Export Credits (OECD/LEGAL/0447), as adopted by the OECD Council on 13 March 2019



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.

Exporters must declare that they do not appear on any exclusion lists created by international institutions such as the World Bank, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank.

Credendo also pursues the fight against bribery and corruption through **a responsible procurement policy**. According to the OECD, public procurement, which represents 13% of GDP in OECD countries, is a sector vulnerable to corruption. In this context, we establish strict assessment and evaluation criteria to select suppliers working with Credendo. They must abide by our principles and requirements of a responsible business and help us to improve our level of social responsibility. For these reasons, we promote suppliers with a local edge to support local economy and/or suppliers that are certified by high-standard labels. We also take into account the life-cycle sustainability of the products and their global environmental impact such as energy usage, plastic pollution, etc. to select suppliers.

We believe that our approach to procuring goods and services generates a virtuous circle, and addresses our commitment to increase our positive impact on society significantly.



DUE DILIGENCE TO SUPPORT RULES AND POLICIES

Credendo has developed due diligence procedures, supported by the necessary policies and internal control systems, to identify, prevent, mitigate and account for how it addresses actual and potential adverse impacts on its operations and business relationships.

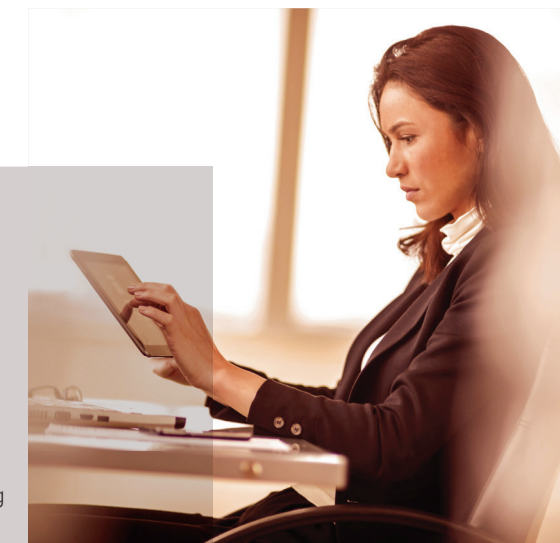
We apply the general principle, whereby **our underwriters** examine and screen each application file with the same level of prudence, irrespective of the requesting party. This starts at the underwriting process, with the aim of identifying which applications should be subject to enhanced due diligence for risks associated with bribery.

In addition to the conventional sources of information and the information provided by the applicant or other relevant parties, we also **use online screening tools** that enable us to conduct targeted, ongoing checks on whether a given company or individual is subject to any national or international restrictions.

During the underwriting process, if an underwriter or any other person becomes aware of reasons to believe that bribery may be involved in the transaction concerned, or has reasons to believe that there is an increased risk of bribery or corruption, the **Compliance Officer** must be notified immediately. In that case, Compliance may decide to start up an enhanced due diligence process.

During the enhanced due diligence process, the Compliance Officer will verify and evaluate all available information and decide whether to request further information, and whether official support should be declined or is pertinent in this case, and if so, under which conditions. Such decision will always be taken in conjunction with Credendo's **Executive Committee** or **Board of Directors**.

Credendo will inform its law enforcement authorities promptly if it becomes aware of a credible allegation or evidence that bribery was involved in the award or execution of an export contract, before or after export credit support has been provided.



How we assess sustainability

RISK ASSESSMENT IS THE CORNERSTONE OF OUR BUSINESS. OUR MISSION IS ABOUT PROTECTING COMPANIES, BANKS AND INSURANCE UNDERTAKINGS AGAINST CREDIT AND POLITICAL RISKS, OR FACILITATING THE FINANCING OF SUCH TRANSACTIONS.



To this end, we perform an accurate quantitative and qualitative assessment of those risks, and as a result of this analysis, pricing and country limits, and eventually special conditions, will be defined. This analysis allows us to evaluate the sustainability of the transactions or investments. Our decision to provide export credit insurance or financing support will be made only if the project is deemed appropriate and acceptable for the society with regard to its economic, social and environmental impacts.

For this purpose, Credendo introduced a **due diligence procedure** designed to examine and address **potential environmental and social risks** associated with transactions or investment projects. This specific procedure forms an integral part of our decision-making and risk management processes.

Beyond the OECD Common Approaches

As the Belgian export credit agency, Credendo follows the **Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence** (The 'Common Approaches').

This agreement sets common approaches for undertaking environmental and social due diligence to identify, consider and address the potential environmental and social impacts and risks relating to applications for officially supported export credits as an integral part of members' decision-making and risk management systems. Since 2016, the OECD recommendations have promoted the inclusion of human rights standards in the due diligence process to fight against human trafficking, child labour and forced labour.

Credendo – Export Credit Agency has taken an active role in negotiations on the OECD Common Approaches. Based on the first text, which was approved in 2000, OECD practitioners collaborated to draw up the Recommendation that came into effect on 1 January 2002. Through the last revision in 2016, the internal procedure was adapted accordingly.

Credendo – Export Credit Agency regularly exchanges information with other OECD members to promote a global level-playing field for officially supported export credits.

According to the OECD Common Approaches, only projects, goods and services that are directly linked to export projects with a credit period of two years or more, and where the contract amount is above SDR¹ 10 million, are governed by these environmental rules. Credendo – Export Credit Agency has decided to extend the area of application for these rules and applies them to project-related cash transactions and investments as well, including in cases where the contract amount is below SDR 10 million.

Exporters are encouraged to abide by the social standards mentioned in the OECD Guidelines for Multinational Enterprises, which primarily includes recommendations about equal treatment, human rights, child labour and the fight against bribery.

DEFINITIONS

Environmental impacts refer to the project-related impacts on the environment as a result of the construction and operation of the project.

Social impacts refer to the project-related impacts on the local communities directly affected by the project, and on the people involved in the construction and operation of the project. These social impacts encompass the relevant adverse project-related human rights impacts.



¹ Special Drawing Rights: the basket of international currencies used by the International Monetary Fund (IMF). As at 30 October 2020, EUR 1 = SDR 0.83.

Four steps in environmental and social due diligence



Step 1: screening of applications for cover

- > All requests for cover are submitted to screening in order to classify the transactions according to their potential impact in environmental and social terms (see step 2).
- > The screening is based on the information available at the time of the request and provided in the application form.

Step 2: classification of projects

- > The OECD Common Approaches sets up criteria for the classification – into categories A, B or C – of all transactions whose value for cover is at least SDR 10 million.
- > Credendo also classifies and assesses certain transactions whose value for cover is below SDR 10 million.

Step 3: assessment of the impacts

- > The objective is twofold: identify possible prevention and mitigation measures and analyse opportunities for improving environmental efficiency.
- > In our environmental and social due diligence process, we refer to national and international norms and standards to assess and address the risks and impacts on the environment and for the local population. There is a focus on potential biodiversity and ecosystem degradation for the environmental aspects, and on the working conditions, the impacts on health and safety, resettlement, indigenous peoples, vulnerable groups and cultural heritage for the human rights aspects.
- > Credendo uses the Performance Standards (PS) of the International Financial Corporation (IFC) to assess the risks and impacts relating to the environment and human rights, and to ensure that the project for which the insured applies is performed according to higher international standards:
 - Assessment and Management of Environmental and Social Risks and Impacts (PS1)
 - Labour and Working Conditions (PS2)
 - Resource Efficiency and Pollution Prevention (PS3)
 - Community Health, Safety and Security (PS4)
 - Land Acquisition and Involuntary Resettlement (PS5)
 - Biodiversity Conservation and Sustainable Management of Living Natural Resources (PS6)
 - Indigenous Peoples (PS7)
 - Cultural Heritage (PS8)
- > Credendo not only reviews the potential impacts of the projects, but also, when required, the measures that can be taken to prevent, minimise, mitigate or remedy adverse impacts and/or to improve the environmental and social performance of the projects through an ESIA and management and action plans.
- > We also use specific questionnaires that must be filled in by the exporters and information databases focusing on environmental and social risks.

Step 4: decision and monitoring

- > The project is deemed acceptable from an environmental and social standpoint if impact assessments proved to be limited or appropriately controlled by means of measures designed to mitigate or offset them.
- > Where applicable, Credendo can make its cover subject to specific environmental and social conditions aimed at ensuring compliance with the applicable standards.
- > Credendo's final approval will only be given if the project is compliant with national and international standards. Furthermore, Credendo will evaluate how the project contributes positively to the economy, society and the environment.
- > Credendo will assure the follow-up of the environmental and social conditions.

RISK CLASSIFICATION FOR ENVIRONMENTAL AND SOCIAL ASSESSMENT

Category A	Category B	Category C
<ul style="list-style-type: none"> > Potential high impact on social and environmental aspects. > Projects in sensitive sectors and areas included automatically. > Impact may be irreversible and may extend beyond the project site. > Environmental and Social Impact Assessment (ESIA) compulsory. 	<ul style="list-style-type: none"> > Potential impact on social and environmental aspects less significant than category A and limited to the project site. > Reversibility of the potential damages with risk mitigation. > ESIA linked to the scale of the project according to OECD. 	<ul style="list-style-type: none"> > Minimal or no adverse impact on social and environmental aspects. > No ESIA required according to OECD Common Approaches but Credendo regularly performs the E&S analysis.

The distinction between categories A and B is generally linked to the potential environmental and social risks of the project or the fact that the project involves a new infrastructure, a new production unit or the extension of an existing infrastructure. If a project entails the displacement of a population or significant damage to biodiversity, it is classified as a category A project. According to the OECD Common Approaches applied to category A projects, the ESIA or a summary thereof, must be made available to the public at least 30 calendar days before a decision is made.



Full transparency

Disclosure and ex ante transparency

If a transaction is placed under category A, the ESIA and project details will be made available to the public (upon request) at least 30 days prior to the day that the offer of cover or the insurance policy is issued.

Exceptions can be made if the ESIA contains confidential information. Information that cannot be disclosed without infringing commercial or industrial confidentiality may be removed from the document beforehand at the request of the buyer or exporter.

Ex post transparency

After a decision is made to provide cover for projects classified in categories A and B that are subject to the application of the OECD Common Approaches, you can find the relevant information on our website (nature of the project, country, exporter name, amount, project category, etc.).

Reporting to the OECD

The Common Approaches require that we provide a report to the OECD in relation to projects classified under categories A and B. Furthermore, we are required to inform the OECD about projects for which the CO₂ (or CO₂ equivalent) or carbon intensity values (CO₂/kWh) are over 25,000 tonnes annually.



Overview by category of insured projects

NUMBER OF PROJECTS CLASSIFIED¹

	CATEGORY A	CATEGORY B	CATEGORY C
2016	11	4	19
2017	16	18	31
2018	18	32	14
2019	11	53	9
2020 ²	15	48	6

INSURED AMOUNTS (IN EUR MILLION)³

	CATEGORY A	CATEGORY B	CATEGORY C
2016	342	270	96
2017	690	830	142
2018	1,176	699	149
2019	558	926	48
2020 ⁴	717	392	220

Credendo will only consider an insurance application if:

- > the application is compliant with the applicable national and international sanction regulations;
- > the applicant conforms to the environmental and social national legislation;
- > the project and transactions are compliant with local laws and regulations;
- > Credendo receives all information requested to assess the environmental and social risks and impacts;
- > Credendo considers that the environmental and social impacts are acceptable.

¹ Market transactions and transactions related to the supply of goods (ambulances, devices, medical equipment, etc.) are not included.
² Number of projects classified from January 2020 to October 2020 (included).
³ Market transactions and transactions related to the supply of goods (ambulances, devices, medical equipment, etc.) are not included.
⁴ Insured amounts from January 2020 to October 2020 (included).

Our responsibility is to support a global transition to a more sustainable future

ENVIRONMENTAL AND SOCIAL CHALLENGES SUCH AS CLIMATE CHANGE, THE DEPLETION OF NATURAL RESOURCES, THE FAIR-TRADE MOVEMENT, ETC. ARE EXPOSING CREDENDO'S CLIENTS TO OTHER TYPES OF RISKS THAT CAN AFFECT THEIR BUSINESS, SUCH AS REPUTATIONAL RISK AND ENVIRONMENTAL SURTAXES, IN ADDITION TO THOSE COVERED BY US.

ENVIRONMENTAL CHALLENGES MAY ALSO BE A SOURCE OF NEW BUSINESS OPPORTUNITIES WITH THE DEVELOPMENT OF NEW SECTORS, SUCH AS CLEAN ENERGY, INCLUSIVE TECHNOLOGIES, LOW-CARBON REAL ESTATE, E-MOBILITY, ETC.

WE BELIEVE THAT OUR SECTOR HAS A DECISIVE ROLE TO PLAY IN THE TRANSFORMATION OF THE ECONOMY AND SOCIETY, BECAUSE INSURANCE PERTAINS TO TWO MAJORS PRINCIPLES: PRECAUTION AND EQUITY – PRINCIPLES THAT CAN HELP TO ADDRESS THE ENVIRONMENTAL AND SOCIAL SUSTAINABILITY PARADIGM.



Shaping tomorrow's challenges

Corporates need the ability to navigate rapidly shifting currents. In-depth knowledge and prospective scenarios drive more adaptable and responsive strategies, empowering companies to take action with confidence. Credendo is very well equipped to provide customers with reliable analysis and to identify and anticipate major trends that can affect trade and investments at a local and global level, with the ultimate goal to provide comprehensive and bespoke insurance solutions for alleviating cross-border risks.

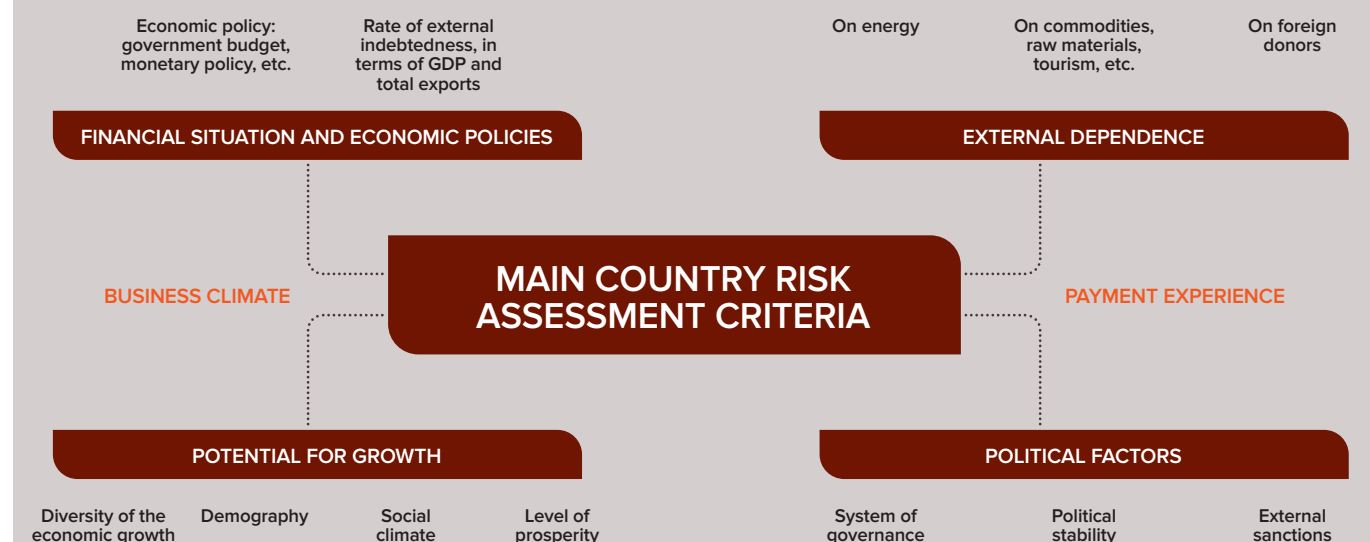
Credendo has developed and manages the Country Risk Assessment Model (CRAM) that all OECD member states use as a basis for assessing financial and economic country risk. Credendo provides the OECD group of country risk experts with the necessary information to decide on the country risk classification applicable within the OECD Arrangement on Officially Supported Export Credits. Country risk classifications are systematically updated to take into account any change in financial and political materiality.

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

The assessment of the economic and financial situation of a country is 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.

Country classification using categories 1 to 7 (with 7 being the highest level of risk) is the core element of Credendo's risk assessment and management strategy. It is the starting point for limiting credit claims and, in extreme cases, protecting Belgian exporters from high levels of risks.

MAIN COUNTRY RISK ASSESSMENT CRITERIA





Emerging geopolitical trends

Credendo generally grants a better classification to countries that have a sustainable and diversified economic and sociopolitical situation, which is likely to improve human development. Over the past decade, factors such as wealth gap, elite corruption, bad governance, attempts of incumbent leaders to stay in power via constitutional amendments or continued environmental damage (e.g. air and water pollution, violence around arable land, etc.) have increasingly fuelled popular discontent and become sources of higher internal instability.

In the view of these societal and political developments, Credendo has refined its political risk assessments to better take into account these factors of tension and instability.

The impact of these different dimensions on domestic stability varies depending on the nature of the regime. Actual or perceived violations of democracy and the legal system may harm internal stability in a lasting way. Conversely, if an authoritarian and/or military regime can favour stability in the short term, there is a rising risk that it will be challenged in the long term by violent protests, eventually triggering a civil war. Therefore, Credendo takes into account the risk of political violence from ongoing but also potential internal conflicts resulting from aspirations for a regime change, communal tensions or wide social inequalities.

Credendo also incorporates the payment experience of a country in its 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 which 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.

In the context of accelerating climate change and given countries' exposure to more frequent and devastating natural disasters (droughts, floods, hurricanes, etc.), the environmental situation is given increasing attention. Country vulnerability to prominent and multidimensional climate risks is assessed through many macroeconomic indicators that directly or indirectly affect it (e.g. size of the country, dependency on tourism or agriculture, flood vulnerability, etc.).

Globally, some specific countries such as small Caribbean and Pacific Islands are highly concerned by the effects of climate change, which may increase their level of vulnerability. Likewise, in other regions of the world, climate change adds a new degree of uncertainty that may increase country risk, although the size of the economy, the level of (financial) development, institutional capacity and economic diversification can mitigate these risks and a possible rating deterioration. Climate shock may also increase instability and sociopolitical tensions, notably by means of water scarcity and large-scale human migrations (internal and external) which would be a source of multiple future conflicts. Hence, Credendo will continue to closely monitor those developments, which will feed into future risk analysis. Credendo periodically adapts its methodology in order to further refine its risk analyses and adapt them to the new structural challenges.

Focus on climate change: 2019 Credendo Trade Forum

Climate change is the number one concern for many corporates, as evidenced by the World Economic Forum in the 2020 edition of the Global Risks Report. Environmental and climate risks continue to dominate the report for the third year, both in terms of impact and likelihood. For some analysts, climate change will most probably influence economic relations and international trade in the years to come.

As a responsible player in global trade, Credendo is committed to taking an active part in climate change debates. We actively involve all stakeholders in this debate while giving a greater focus to the financial and economic consequences of climate change, as we did during the **Credendo Trade Forum** on 'Climate change: threat or new economic challenge?'

A large majority of Belgian exporters are very concerned by climate change. The fourth export barometer¹ reveals that 90% of exporting companies believe that businesses should already be taking their own measures to combat climate change. Almost one in five companies expect climate change to have a negative impact on their business, while a similar proportion of exporters can also see opportunities in the areas of innovation and sustainability.



ENTREPRENEURS WHO AGREE WITH THE FOLLOWING STATEMENTS



¹ The survey was conducted among 1,371 Belgian business leaders by Trends for Credendo in 2019.

For Credendo, public-private partnership is key when it comes to combatting climate change challenges. This Forum was an opportunity to demonstrate that solutions also come from corporates and that they are already working on them today. Key Belgian players shared their vision for energy transition and sustainable development, insisting that in terms of technology and willingness, we are ready to address climate challenges, and that we can make the European Green Deal happen if financing is also in place.

Stephan Windels
Business Unit Manager Eoly,
Colruyt Group

Jean-Luc Maurange
CEO, John Cockerill

Caroline Ven
CEO, Blue Cluster

Philippe Van Troeye
CEO, Engie Benelux



Credendo Trade Forum 2019

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The pioneering spirit is less about thinking up new ideas, and more about ridding ourselves of dogmas and habits that hold us captive to old ways of thinking and acting.

Bertrand Piccard,
Solar Impulse Foundation

Bertrand Piccard, founder of Solar Impulse and an active promotor of clean energy and sustainable development, took the floor and detailed the **'1,000 cost-effective solutions for the planet'** that will enable us to preserve natural resources when innovation and pioneering spirit come to the fore.



Credendo Trade Forum 2019
Bertrand Piccard, Solar Impulse Foundation

Embracing a sustainable future

UN Sustainable Development Goals

Many of Credendo's transactions contribute directly to the UN SDGs. It is in the company's DNA to promote projects that are beneficial for the environment and social aspects. The SDGs call upon the private and public sectors, together with 194 signatory governments, to cooperate closely in order to tackle the most serious sustainable issues faced by people and the planet. They act as a catalyst for positive change towards a more sustainable future.

Because we consider the SDGs as a world roadmap, Credendo has identified 11 SDGs that respond to our global aspiration. Our goal is to meet our clients' expectations for long-term objectives while fostering the development of businesses that are fully consistent with the UN SDGs. Starting with the assessment and review of the impacts of projects and ending with the eligibility of the businesses covered, we promote the environmental and social performance of projects that help to achieve the SDGs. We strive to increase awareness and engage our clients to invest in high-priority projects that are economically feasible and compatible with development policy goals.



OUR SUSTAINABILITY AMBITION IS CLOSELY LINKED TO THESE 11 UN SDGs



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Debt relief

In addition, Credendo – Export Credit Agency takes part in the **Paris Club** talks on debt rescheduling. The Paris Club is an informal group of official public creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries.

Since 1956, the Paris Club has reached **465 agreements with 98 different debtor countries**. The debt treated in the framework of Paris Club agreements amounts to **USD 588 billion**.

Recently, Credendo – Export Credit Agency, in its capacity as a member of the Paris Club, has supported a coordinated time-bound suspension of debt service payments for the poorest countries in response to the impact of the Covid-19 crisis. Export credit agencies that have taken part in this initiative support the debt service suspension of payments due by the beneficiary countries between 1 May and 31 December 2020.

HIPC initiative

We ensure that the indebtedness of poor countries under the HIPC initiative (Highly Indebted Poor Countries) does not increase further by only accepting projects for such countries if they constitute a priority for their economic development. This specific commitment is in line with the OECD Recommendation on Sustainable Lending Practices, which defines clear rules to limit commercial lending to lower-income countries. It also establishes procedures for notifying the lenders 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.

COVID-19 CRISIS: CREDENDO SUPPORTS THE DEBT SERVICE SUSPENSION INITIATIVE FOR THE POOREST COUNTRIES

- > For Credendo – Export Credit Agency, the initiative will affect two types of maturities:
 - instalments due under Paris Club Agreements that are already in place, previously called rescheduled debt, and
 - repayments of principal and interest due to our export credit agency as a result of compensation paid before 24 March 2020 on an officially supported export credit.
- > The initiative will as such not affect new contracts that are currently being honoured under ongoing and recently finished projects, nor contracts for which no compensation has been paid before the aforementioned date of 24 March 2020.
- > Private creditors such as banks and bondholders are called upon to participate on a voluntary basis.
- > The terms for the debt service suspension initiative for the poorest countries are the following:
 - Beneficiary countries are all IDA eligible countries that currently have debt obligations to the IMF and the World Bank.
 - The suspension of payment lasts until the end of 2020, with possible extension, taking into account a report on the liquidity needs of eligible countries by the World Bank and IMF. The suspension period starts on 1 May 2020.
 - Both principal repayments and interest payments will be suspended.
 - A cut-off date protecting new financing was set on 24 March 2020.
 - The repayment period will be four years in total with a one-year grace period (2021) and the first repayment in June 2022.
 - The suspension of payments will be Net Present Value neutral.

New sources of business opportunities

Credendo expects corporates to operate as environmentally and socially responsible partners worldwide.

We encourage our counterparties to implement the OECD Guidelines for Multinational Enterprises, a set of recommendations that can help companies to avoid and address adverse impacts in areas such as employment and industrial relations, human rights, the environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

We are in constant dialogue with the largest export companies on how to promote sustainable and responsible business practices, and we have set up an ongoing evaluation process for the environmental and social management systems and management capacity of our clients.

Credendo covers many projects that contribute directly to the achievement of the SDGs. Shifting major economic sectors towards the achievement of SDGs unlocks new market and business opportunities, as it requires innovation and alternative solutions to create a disruptive transformation.

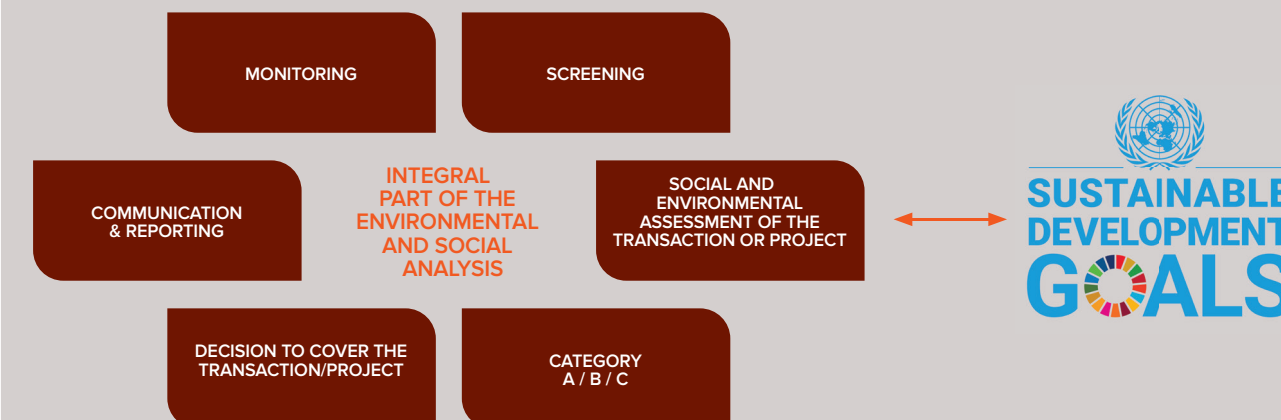


Main SDGs in relation to value-added sectors

- > hospitals and public health infrastructure,
- > drinking water,
- > wastewater treatment,
- > waste reduction and prevention,
- > energy efficiency,
- > renewable energy,
- > electricity,
- > information and communication technology,
- > development of economic activities including sustainable tourism, road development and public transport,
- > climate change,
- > educational and training facilities.

For example, in Kenya, Credendo covered the supply and installation of wind turbines; in Zambia, Ghana and Cameroon, Credendo supported drinking water supply projects; in Benin, we covered dredging works aimed at coastal protection for the shoreline in Cotonou to address the impacts of climate change; in Ghana, Credendo supported the implementation of an educational e-learning project; and in South Africa and Chile, we covered equipment for solar power towers.

ENVIRONMENTAL AND SOCIAL ANALYSIS PROCEDURES



Progress of SDGs in applied cases

Drinking water supply in Ghana



Water transport network, Tono-Bolgatanga

Credendo covers a number of projects relating to the development, rehabilitation and strengthening of drinking water supply in countries facing issues of access to drinking water. Typically, this kind of project creates a virtuous circle for the communities, including employment and skills transfer. Positive and cumulative effects are a direct result: improved access to water, less water-borne disease, reduced water costs, improved individual cost of living and regional prosperity.

In Ghana for example, Credendo covers a drinking water supply project which entails the design and construction of a water treatment plant along with its transport and distribution network in the Upper East Region, near the border with Burkina Faso. This project aims to improve the supply of drinking water in the region. Ghana is a country that faces challenges due to the lack of infrastructure and the rising demand for water driven by the growth of the population and of the industrial and agricultural sectors. The project is consistent with the aim of the country to accelerate the provision of safe water to its inhabitants and improve global living conditions.



Construction of the water sanitation plant, Tono

Formosa 2 project in Taiwan



In Taiwan, Credendo covers the Formosa 2 offshore wind farm, which once completed will generate enough green electricity to power 380,000 homes. The project is located approximately 5 km off the west coast of Taiwan, in the deep water, and the wind farm will consist of 47 wind turbines with a total capacity of 376 MW.

Thanks to the state-of-art technology and skills of our Belgian dredging companies, it will represent a significant contribution to Taiwan's renewable energy targets.

Taiwan's energy sector faces several long-term issues that the government is seeking to address, including:

- > Expected increase in demand for energy – Taiwan's economic structure is dependant on international exchanges, with more than half of its electricity consumption attributed to trade-related production activities. Since trade is strongly reliant on energy-intensive industries, it is unlikely that there will be a meaningful reduction in energy consumption in the short term.

> Energy security – Taiwan does not have any significant source of local fuel. As of 2014, Taiwan imported 98% of all its fuel supply (for energy production) through the procurement of coal, oil and petrol.

> Decommissioning of nuclear power plants – In 2014, nuclear power accounted for 8.3% of Taiwan's energy supply. Progressively within the next 10 years, four of the six currently operational reactors have been scheduled to be decommissioned.

Increasing energy supply from renewable energy sources is recognised as a key component in resolving the aforementioned challenges. A renewable energy project such as Formosa 2 helps to address Taiwan's dependency on imported energy sources, whilst increasing energy supply. The total greenhouse gas reduction of the project is estimated to be 10,800,000 t CO₂ over a life cycle of 20 years.



Formosa 2 project in Taiwan © Jan De Nul Group

Solar park in Dubai



Credendo covered the supply of a solar receiver for the Mohammed bin Rashid al Maktoum solar park in Dubai. This concentrated solar power (CSP) park is one of the world's largest and participates in Dubai's goal of generating 75% of the Emirate's electricity demand from renewable energy by 2050. When completed in 2030, the solar park will have an installed capacity of 5 GW.

CSP and the use of molten salts have two significant advantages over conventional wind and solar photovoltaic (PV) projects. First, high-temperature molten salts permit energy storage, so power may be generated 24 hours a day. Second, the power output of a CSP plant is dispatchable, which means electricity production may be controlled to match grid demand, unlike wind and solar PV.



Actual Picture of Noor Energy 1 PSC central tower CSP unit © Noor Energy 1 PSC

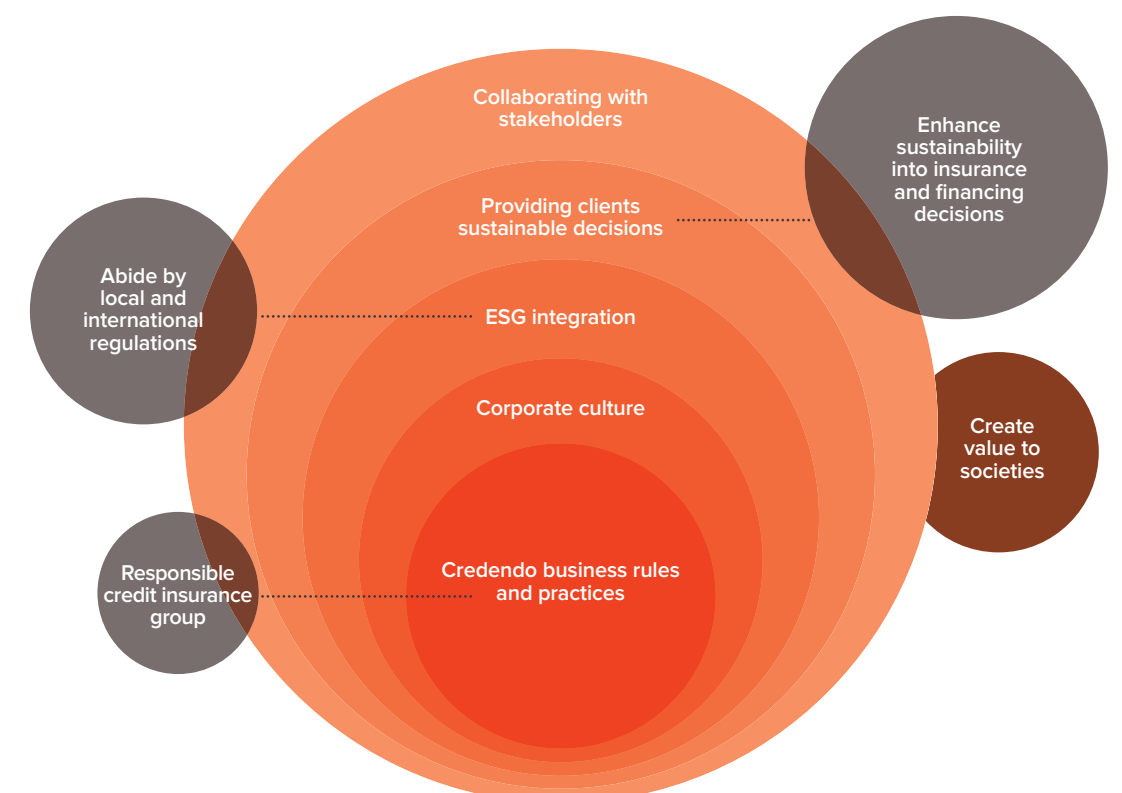
How sustainability is embedded in Credendo

WE ARE COMMITTED TO STRENGTHENING OUR POSITION AS A SUSTAINABLE COMPANY. CREDENDO BELIEVES IN ENGAGING ACTIONS ON THE GROUND. WE FOCUS ON CLIENTS, EMPLOYEES AND COMMUNITIES TO ENHANCE OUR SUSTAINABILITY CAPACITY AND TO ADD LONG-TERM VALUE TO SOCIETY.

OVER THE LAST YEARS, WE HAVE MADE SIGNIFICANT PROGRESS IN INTEGRATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS AT CREDENDO. WE HAVE INCREASED AWARENESS OF ESG ISSUES AND THEIR IMPACT TOWARDS OUR CLIENTS AND WE HAVE PROMOTED POSITIVE CHANGE BY ENGAGING ACTIVELY WITHIN THE COMPANY TO TACKLE THE DIRECT IMPACT OF OUR OPERATIONS.

MOREOVER, WE CONSIDER INNOVATION TO BE A KEY DRIVER FOR SERVICE RELIABILITY, CUSTOMER EXPERIENCE, PERFORMANCE AND SUSTAINABILITY. CREDENDO HAS INVESTED HEAVILY IN INNOVATION AND IN THE EFFECTIVE IMPLEMENTATION OF LAST-GENERATION E-PLATFORMS. WE WANT TO BUILD A CULTURE OF INNOVATION AND INGRAIN THE NEED TO IMPROVE CONTINUOUSLY IN EACH OF OUR ACTIVITIES.

A COMPREHENSIVE AND SUSTAINABLE FRAMEWORK



Protecting the environment

Since 2010, Credendo has engaged in a proactive carbon neutral campaign, including energy consumption reduction, notably at its headquarters in Brussels.

In our own operations, we are taking every step to cut our carbon footprint by using advanced building technologies, reviewing our processes and reducing the greenhouse gas emissions of our infrastructures and human activities.

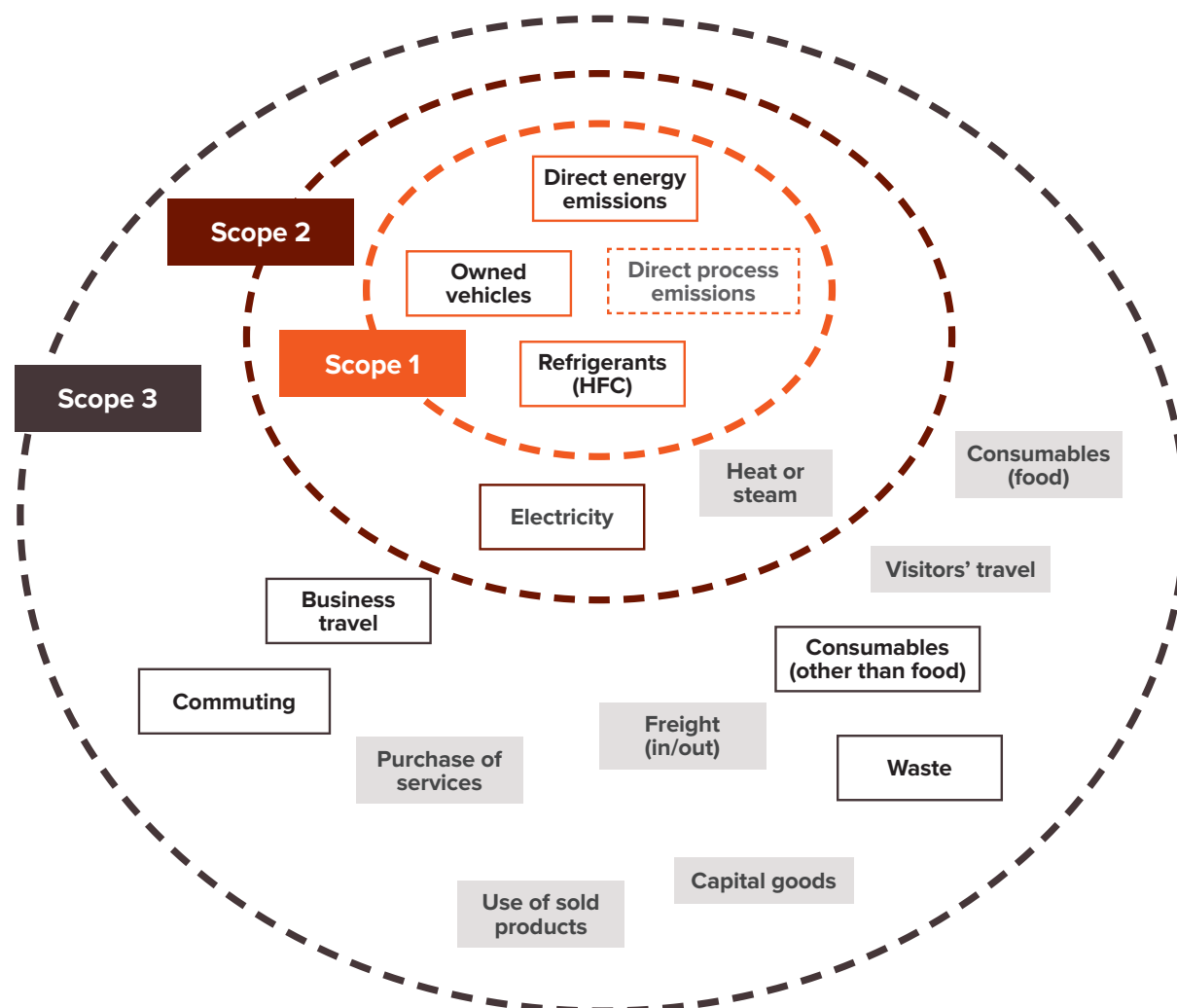
As a result, Credendo has reduced its carbon emissions by almost a third since 2010, to reach around 3 tonnes equivalent of emissions per annum per full-time equivalent (FTE) – which is well below the financial sector average of around 6 tonnes.

In 2019, Credendo received a CO₂-neutral label, which confirms its real and measurable commitment to the environment and puts confidence in its policy to manage and reduce greenhouse gas emissions.



Because some greenhouse gas emissions are unavoidable, such as staff travel, we decided to support projects that compensate our own emissions, enabling us to achieve our carbon neutrality through other worthy projects that reduce emissions.

SCOPE OF THE CREDENDO CARBON FOOTPRINT IN 2020



An offsetting project in Ghana

Credendo supported the distribution of insulated and efficient cooking stoves to families in Ghana, which helped to:

- > reduce deforestation and improve biodiversity; charcoal production and use is a major contributor to deforestation in Ghana
- > reduce indoor air pollutants resulting from the burning of fuel in family houses
- > reduce fuel purchasing costs for households
- > promote local employment thanks to the local production of stoves

The new CSR plan also sharpens the assessment of the indirect impacts of the projects supported by Credendo – Export Credit Agency. This strategy meets internal guidelines and national and international legislation on the environment, while deepening and strengthening our environmental and social due diligence. It uses clearly defined categories for project monitoring, and includes a greater presence on the ground. Furthermore, we will support more projects in sectors lending themselves to environmental care, such as wind power or solar panel schemes.



WORLD ENVIRONMENT DAY CELEBRATIONS AT CREDENDO

All Credendo entities celebrated World Environment Day to focus on pressing environmental issues. It gave Credendo opportunities to undertake specific actions to protect the environment and increase awareness of global environmental issues.

2020: Launch of the internal campaign #CredendoForNature

- > Comprehensive information on biodiversity and the economic impacts
- > Comprehensive information on Internet carbon footprint and practical tips on how to limit digital pollution
- > Planting seeds
- > Promoting the use of the bicycle

2019: Beat air pollution campaign

- > Distribution of air filtering plants to all Credendo employees
- > Comprehensive information on air pollution and practical tips on how to reduce it
- > Tree-planting activity at Credendo – Short-Term EU Risks in Prague

2018: Beat plastic pollution campaign

- > Eco-friendly water bottles offered to all Credendo employees





Working for social progress

Credendo promotes equal opportunities, diversity, non-discrimination and gender equality in connection with recruitment and employment.

At work, Credendo pays particular attention to equal rights, health and safety. A healthy workplace is a critical asset and health literacy is a helpful tool for achieving sustainable personal and corporate well-being. Health literacy is part of Credendo's social responsibility. The programme Credendo Cares strengthens the health literacy of its employees through various well-being initiatives such as healthy food challenges, newsletters and workshops. Programmes are also organised that aim to give employees a good work-life balance, like yoga sessions during lunchtime.

As part of our strong belief in investing in future generations, we offer extensive in-house training. One important track of

Credendo's 2019-2021 strategic plan focuses on 'culture and engagement' in order to foster engagement among employees. Investing in the well-being of our staff is a crucial aspect of developing a culture compatible with this mission, as is equipping managers with the right tools to support their people. Credendo wants its managers to lead by example, nurture team spirit and empower their staff.

Every year, in addition to its continuing professional development programmes, Credendo takes on a number of young students and gives them their first immersive experience in the world of work.

Last but not least, we would like to comment the work performed by a group of volunteers known as 'Value ambassadors', whose aim is to bring our values to life within the entities through a number of initiatives and programmes.

Practicing fair 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 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.

This structure draws extensively on 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 scope of activity within which we wish to operate as a responsible company.

Through these policies the levels of competence within the company are defined, which will allow 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 risks are identified and managed by the operational departments, whilst

the internal audit function ensures that procedures are followed correctly.

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 among our employees by asking them to inform their line manager and the compliance officer of any behaviour, procedure or system, at any 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.

Fostering sustainability thinking

To anchor the concept of sustainability, we intensify the dialogue with multiple stakeholders to share our knowledge on sustainable business. We regularly organise exchanges of information on our due diligence process, our client's internal environment management system and specific issues at project level.

We continue to exchange best practices with our peers and other public and private partners from different backgrounds (non-profit organisations, academia, government structures, multilaterals, etc.) to foster collaboration in the field of sustainable trade and finance.

In Belgium, Credendo pursues discussions with The Shift, the Belgian meeting point for sustainability, and participates in different workshops, notably the ABC of the SDGs, whose objective is to assist companies in making the SDGs part of their global strategy.

We work closely with the Chambers of Commerce and business federations (BECI). We develop fruitful collaboration networks with members of Agoria, the Federation for the Technology Industry, which gathers more than 1,600 companies from the sector. This keeps us up to speed with all specific developments, notably through our active membership in the Energy Technology Club, the Food & Beverage Technology Club and the Building & Infrastructure Technology Club.

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Credendo Risk app



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Government body under State guarantee