

ESG Viewpoint: Euler Hermes

RepRisk interviews Omoniyi Osoba, Sustainability Advisor at Euler Hermes

Euler Hermes is a global provider of trade credit insurance, surety bonds, commercial debt collection, among other services. Headquartered in Paris, France, the company operates in 52 countries, and has more than 6,000 employees. Euler Hermes is a subsidiary of Allianz, the world's largest insurance company.

Omoniyi Osoba is a Sustainability Advisor, and has been with Euler Hermes since July 2017. Prior to this, he garnered several years of sustainability and corporate reporting experience as a consultant at PwC and the German management consultancy Stakeholder Reporting. Omoniyi holds a MSc in Global Business and Stakeholder Management from Rotterdam School of Management (2013).



1. RepRisk: Could you please provide some insight into your specific role at Euler Hermes and explain the work that your team does?

Omoniyi Osoba: As mandatary of the Federal Government, Euler Hermes manages the foreign trade promotion instruments (Export Credit Guarantees and Untied Loan Guarantees) on behalf of the Federal Republic of Germany. Environmental, social, and human rights (ESHR) issues play an important role in the promotion of foreign trade. When an application for cover is made, an ESHR review is carried out in line with the [OECD Common Approaches](#) to make sure that national and international standards will be met. The Department Sustainability (DST) of Euler Hermes is tasked with conducting the ESHR reviews, monitoring the ESHR performance of projects where cover is granted, and with refining the review process in order to address current ESHR trends and issues. DST currently comprises a team of nine environmental and social experts.

2. RR: Euler Hermes has been a RepRisk client since 2017. How do you use RepRisk in your day-to-day business?

OO: The ESHR review at Euler Hermes takes into account information supplied by the applicant as well as information by external stakeholders. With its comprehensive ESG Risk Platform on ESG and business conduct risks and its ability to search media and publications in multiple languages, RepRisk is a very helpful tool for understanding stakeholders' perceptions of a company's ESHR risks. That is why every application that is subject to an ESHR review is screened with RepRisk.

3. RR: Information on infrastructure projects such as mines, pipelines, highways, and ports, is relevant for export credit agencies. How do you conduct due diligence on projects in line with the OECD Common Approaches?

OO: The requirements of the OECD Common Approaches (CA) are followed for all transactions within the scope of the CA (repayment term of two years or more and contract value of at least 10 million special drawing rights). If the project, for which the German export is destined, is expected to have adverse ESHR impacts, it will be benchmarked against the ESHR standards in the buyer country and against the ESHR standards of the World Bank Group. If any gaps are identified, they will be required to be closed. Transactions outside the scope of the CA will not be benchmarked against international standards, but they are subject to a risk-based approach. This assessment is intended to identify and mitigate significant adverse ESHR risks of the transactions.

4. RR: How do you think integrating ESG criteria into your evaluation process creates value for Euler Hermes, and what are some of the challenges it involves?

OO: The German Federal Government's export promotion scheme has significant positive effects on the creation of jobs, economic value, and the diffusion of innovative technology both in Germany and in the countries of destination. The ESHR review ensures that these benefits are not spoiled by adverse ESHR impacts. Thereby it helps to manage and reduce the environmental and social risks that are often linked to large infrastructure and industrial projects in developing and emerging economies. Moreover, ESHR risks have been proven to serve as early warning signs for operational risks and, as such, help in avoiding transactions with hidden ESHR-induced financial downsides. The main challenges involve leverage issues and obtaining sufficient information.

5. RR: What do you see as the upcoming trends or emerging issues from an environmental and social risk perspective? And any new developments in this area for Euler Hermes?

OO: One important development is the diffusion of social media in developing and emerging economies. This trend provides a unique opportunity for international lenders to gain direct access to local employees', residents' and NGOs' perspectives on a certain company or project. Moreover, citizens in many economies experience increasing limits on civil liberties such as the freedom of expression and assembly. These limits obstruct meaningful stakeholder engagement in the buyer countries. This trend heightens the need for tools providing an authentic view of local stakeholders' concerns and grievances toward a certain company or project.