

**EXPORT GUARANTEES ADVISORY COUNCIL**

**MINUTES OF MEETING HELD ON 11 MAY 2015**

**Present:**           **Mr Andrew Wiseman (Chair)**  
                          **Ms Anna Soulsby**  
                          **Ms Alexandra Elson**  
                          **Mr Neil Holt**

**Apologies:**       **Mr Alastair Clark**  
                          **Mr John Newgas**  
                          **Ms Gillian Arthur**

**In attendance:**   **Mr David Godfrey**  
                          **Mr Pat Cauthery**  
                          **Mr Steve Dodgson**  
                          **Mr Matt Vale**  
                          **Dr Helen Meekings**

**Secretary:**       **Mr David Underwood**

**1       APOLOGIES FOR ABSENCE**

1.1 Apologies were received from Mr Alastair Clark, Ms Gillian Arthur and Mr John Newgas.

**2       MINUTES OF 23 FEBRUARY 2015 MEETING AND MATTERS ARISING**

2.1 The draft minutes were approved with minor amendments and would be published on the UKEF website.

**3       CHIEF EXECUTIVE'S UPDATE**

3.1 Mr Godfrey updated the Council on business. He said the outturn of total business supported in 2014-15 was higher than for 2013-14 but lower than had been

anticipated in UKEF's Operating Plan. He commented that a significant contributory factor had been the unexpected recovery in the availability of commercial bank financing for civil aircraft which meant that demand for ECA support for Airbus business had been depressed. Moreover, there had been delays in bringing some projects to financial close, for example, in Brazil and Russia. Mr Godfrey commented that more companies had been directly supported than in previous financial years, including many SMEs that had used UKEF's new Short-Term products. Mr Godfrey said that the uptake of the new products was seeing traction and described to the Council the toolkits that had been developed for banks and brokers to assist them in their dealings with potential customers of UKEF support.

3.2 Mr Godfrey told the Council that a number of export contracts involving Petrobras, the Brazilian state oil company, had been delayed as UKEF needed to carry out due diligence in the light of a bribery scandal. He said that UKEF would be meeting senior Petrobras officials to understand the situation. The Council asked if any contracts supported by UKEF were involved in the alleged bribery. Mr Godfrey said that Rolls-Royce had been mentioned by a former Petrobras official but UKEF had not provided support to Rolls-Royce/Petrobras since 2004 and no evidence of any wrongdoing had been furnished. Mr Godfrey added that none of the recent export contracts with Petrobras supported by UKEF had been alleged to be tainted by bribery.

3.3 Mr Godfrey advised the Council that the Cole Commission on Exports was expected to publish a full report in June. It was expected to recommend a proposal for closer union between UKEF and UKTI. He agreed to report the findings and recommendations to the Council at its next meeting.

3.4 Mr Godfrey also informed the Council that following an audit, UKEF had been found not to have correctly adhered to guidelines on employing staff off-payroll and, as a result, had been fined by HM Treasury. He explained that measures had been put in place to help ensure compliance in the future.

3.5 Mr Godfrey told the Council that UKEF would be hosting a meeting of OECD Environmental Practitioners between 21-22 May. He thanked the Chairman for

his willingness to participate on behalf of the Council. He agreed to report on the outcome of the meeting.

#### **4 EGAC ANNUAL REPORT**

4.1 The Council considered a draft annual report of its activities during 2014-15. The Chairman asked Council Members to provide any comments to the Secretariat. The Chairman said it would be published as part of UKEF's 2014/15 Annual Report and Accounts, after they were laid in Parliament sometime in June.

**Action: Council members to submit comments to the Secretary**

#### **5 EGAC MEMBERSHIP UPDATE**

5.1 The Council noted that Chris Fitzpatrick's term had expired and he would be stepping down having served the Council since July 2011. It was agreed that the secretary would arrange for the Minister for Trade and Investment to thank Chris for his service.

5.2 It was noted that other Council Members whose terms were expiring had agreed to extend their membership for a further period as permitted by the rules of the Office of the Commissioner for Public Appointments.

5.3 The Council agreed that a new member should be recruited ideally with business and human rights experience.

**Action: The Secretary to get in touch with Minister's Office and to liaise with the Chairman and UKEF Human Resources to undertake the recruitment**

#### **6 INFORMATION MANAGEMENT**

6.1 UKEF's Senior Information Risk Officer (SIRO) Ms Wylde gave a presentation to the Council on Information Management. Ms Wylde reminded Council of its

responsibilities for handling official papers including their transmission destruction.

6.2 The Council asked Mr Vale to consider an appropriate way of sharing documents electronically which could allow faster circulation of documents, but be more secure than the current paper based system.

**Action: Secretary to discuss with Mr Vale electronic means of transmitting papers**

## **7 NEW PRODUCTS UPDATE**

7.1 At the Council's request, Mr Cauthery updated the Council on the passage through Parliament of the Small Business, Enterprise and Employment Act, which included clauses to widen UKEF's statutory powers. Mr Cauthery reported that the Bill had received Royal Assent on 26 March and its powers would come into force two months later. Mr Cauthery reminded the Council that the new powers would allow UKEF to support exporters, including those who might be contemplating exporting, which did not require that support be linked to specific export contracts and also enable UKEF to support intangibles.

7.2 Mr Cauthery told the Council that UKEF was developing new products that would make use of the new powers, including an enhanced working capital scheme and a supply chain finance facility. Mr Cauthery explained that the Public Consultation on changes to UKEF's anti-bribery procedures would need to be completed before these products could be launched.

7.3 Mr Cauthery reminded the Council that the Secretary of State no longer had a duty to consult it on reinsurance matters.

7.4 The Council asked to be kept informed of the launch of new products.

## 8 ANTI BRIBERY AND CORRUPTION CONSULTATION

8.1 The Council agreed to meet to discuss the submissions made from interested parties to the Public Consultation on changes to UKEF anti-bribery procedures and give advice on the government's response.

**Action: The Secretary to set-up a meeting in June**

## 9 REVIEW OF THE 2012 COMMON APPROACHES

9.1 Dr Meekings told the Council that the OECD Export Credit Group (ECG) was expected to consider at the next OECD meeting whether to make revisions to the *2012 OECD Recommendation of The Council On Common Approaches For Officially Supported Export Credits And Environmental And Social Due Diligence* (the "2012 Common Approaches"). This was in line with the 2012 OECD Common Approaches which required the ECG to report to the OECD Council on the implementation of the 2012 OECD Common Approaches and the need to amend or undertake a review no later than 3 years following its adoption.

9.2 Dr Meekings advised that the ECG would take into account the work of the Environmental Practitioners Group which had reviewed practice and experience of project related human rights and greenhouse gas accounting and reporting.

9.3 Dr Meekings said there were mixed views amongst ECAs about whether to make changes to the OECD Common Approaches. She commented that it was by no means certain all ECAs would press for changes to be made and even if the ECG and Council agreed to do so, they were unlikely to be radical.

9.4 Dr Meekings said there were a number of areas that could be considered for change: applicable environmental and social international standards, human rights and the UN Guiding Principles on Business and Human Rights and Greenhouse Gas reporting, definition of 'Project', post-issue monitoring of projects, etc. Dr Meekings advised that areas where more substantive change could be contemplated included the monitoring arrangements for projects

during their construction and operational phases for on-going alignment with international standards and the definition of 'project'.

9.5 The Council advised that UKEF had to take into account maintaining a playing field, while seeking to make improvements to the OECD Common Approaches where this could help raise standards across the board. For example, the Council noted that the 2012 OECD Common Approaches permitted the use of World Bank Safeguard Policies but these lacked comprehensiveness and were out of date, although under review. The Council observed that it would be helpful if ECAs all uniformly used the IFC Performance Standards.

9.6 The Council also noted the work that had been carried out by the Environmental Practitioners on human rights. The Council considered this may also be an area where there could be scope to strengthen the 2012 OECD Common Approaches in order to achieve consistency of approach by ECAs taking into account the experience of those ECAs that appeared to be widening and deepening their human rights due diligence.

9.7 The Council recalled from previous discussions that there was varying practices amongst ECAs on monitoring projects for their ongoing alignment with environmental and social standards in the construction and operational phases of projects. The Council observed that the OECD Common Approaches lacked details on what ECAs should do in regards to post-issue monitoring as compared to the requirements to consider whether support should be provided for a project. The Council considered that this area should be looked at by the ECG for future changes to the OECD Common Approaches.

9.8 The Council agreed that there were issues the ECG should consider to clarify and improve the 2012 Common Approaches and encouraged UKEF in its discussions at the OECD.

9.9 Dr Meekings said that UKEF would be consulting Ministers which would also provide an opportunity to appraise them of the work UKEF does on

environmental and human rights when, and after, it provides support for projects.

9.10 The Council requested an update as and when discussions progressed in the OECD.

**Action: Update the Council on the outcome of the June OECD meeting**

## **10 REQUESTS FOR INFORMATION – ANNUAL REVIEW**

10.1 Mr Cauthery reported on UKEF's performance in responding to requests for information under the Freedom of Information (FOI) Act and Environmental Regulations (EIR) to the year ending 31 March 2015. The Council noted there had been a small reduction in the number of requests and that some had been considered under the EIRs. The Council welcomed the improvement in the number of requests that had been responded to within the statutory deadline. The Council observed that the majority of information requests related to organisational and procurement matters. It also noted there was a continuing interest in international sovereign debt matters.

10.2 Mr Cauthery updated the Council on current FOI/EIR activity. He told the Council that the arrangements for carrying out Internal Reviews of decisions on FOIs/EIRs was being streamlined through redesigning the process in order to help speed-up responses. The Council asked that once the review of the Internal Review process was complete, it would welcome an update on how the new process were working in practice. Mr Cauthery advised that the present level of staff resourcing was adequate for the current level of FOI requests.

## **11 EGAC SCORECARD**

11.1 The Council reviewed the advice it had provided and decisions it had taken, and noted that all actions arising from these were either complete or in hand.

## **12 BUSINESS SUPPORTED**

12.1 The Council noted the business supported since its last meeting.

**13 ANY OTHER BUSINESS**

13.1 The Chairman had written to Professor Ruggie to thank him for attending the previous EGAC meeting.

**David Underwood**

**Secretary**