

EXPORT GUARANTEES ADVISORY COUNCIL

MINUTES OF MEETING HELD ON 8 October 2018

Present: Mr Alistair Clark
Mr John Newgas
Mr Stephen Prior
Mr Andrew Wiseman (Chair)

Apologies: Ms Alexandra Elson
Mr Neil Holt
Mr John Morrison
Ms Anna Soulsby
Dr Roseline Wanjiru

In attendance: Mr Andy Bloss
Mr Max Griffin
Dr Helen Meekings
Mr Louis Taylor

Secretary: Mr Jamie Hart

1. MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING

1.1. The minutes of the July meeting were agreed as an accurate record. The Council discussed the reference in the July minute regarding the February minute. It was agreed that the secretary would provide an update to the Council by correspondence.

Action: Secretariat to update the Council about status of February minute by correspondence.

2. CHIEF EXECUTIVE'S UPDATE

2.1. Mr Taylor provided a business update to the Council. It was noted that as of the end of August, issued and effective business and premium were at £701m and £40m respectively. The meeting heard that UKEF provided support for the

sale of Rolls-Royce aero engines to Israel's national carrier EL AL as part of Rolls-Royce's contract to supply engines for 16 Boeing 787 Dreamliner aircraft, the largest single export deal the UK has had with Israel.

2.2. Mr Taylor also noted that UKEF was supporting the export of 24 Typhoon and 9 Hawk aircraft and associated goods and services by UK defence companies BAE Systems Plc and MBDA UK Limited to Qatar. UKEF will provide a combined package of support with a value of around £5bn to the Government of Qatar, the exporters and a consortium of financing banks. Due to the size, nature and maturity of the transaction, it was outside of UKEF's permitted underwriting criteria, and was undertaken through a ministerial direction to use UKEF's "Account 3".

2.3. The CEO updated members on the OECD Council Recommendation on Bribery and Officially Supported Export Credits. It was noted that there had been a consensus minus one for accepting the Chairman's compromise text since early 2018, with the US not able to join due to concerns over inclusion of text referring to private sector bribery. The meeting were told that the US were given a deadline of 12 October to reply stating whether they could accept the text.

2.4. The CEO advised the Council that UKEF had been re-elected to the steering group of Equator Principles Financial Institutions (EPFIs) for a second term in a Management Support role on the Equator Principles Steering Committee (EPSC). The meeting was informed that the EPFIs had committed to completing the update process to the EPs (termed 'EP4') by July 2019, and the Council advised of the conclusions drawn.

2.5. Mr Taylor reported that the E&S Team had been involved in UKEF's Export Finance and Gender Strategy which was aligned with, and contributes heavily to, the DIT Trade and Gender Initiative.

3. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT REPORT

3.1. Mr Griffin provided the Council with an oral update on Environmental and Social Risk Management. The meeting were informed that UKEF had recruited four new staff to the Environmental and Social Team (E&S) in the previous 6 months, with the team now numbering 7 (6.5 FTE), with a further member of staff joining before the end of October.

3.2. The meeting were informed that during the EPFI Steering Group there was a growing consensus that there gap between the Equator Principles and the Common Approaches should be closed. It was also noted that climate change had become a big issue for commercial banks and there was a drive to strengthen the way that the Equator Principles looked at climate change.

3.3. Mr Griffin noted that in the Town Hall prior to the Council meeting being convened, the work being done by UKEF and DIT on trade and gender had been discussed. The meeting were informed that within UKEF the E&S team were looking at the numbers of women attending exporter fairs and consideration given to how women led businesses could be encouraged to access UKEF support. The meeting also discussed diversity within UKEF more broadly.

4. PROGRESS UPDATE ON POTENTIAL MAPPING OF SELECTED UKEF POST-ISSUE CASES TO THE UN SUSTAINABLE DEVELOPMENT

4.1. Mr Andy Bloss gave a presentation to the Council which gave an overview of UKEF's initial approach to post-issue mapping of example cases against the Sustainable Development Goals. This was given in response a request from the Council in 2017 and an action from the February meeting requesting an outline.

4.2. The meeting were given a brief overview of the Sustainable Development Goals. It was noted that across Government the SDGs were being implemented through Single Departmental Plans and coordinated cross-Whitehall through a 25-year plan led by a Sustainable Development Forum.

4.3. Members were informed that as UKEF did not produce a Single Departmental Plan, it was not explicit what action, if any, UKEF was expected to provide related to the SDGs. The Council were told that UKEF's counterparts in Sweden (EKF) and Canada (EDC) produce reports which detail their consideration of SDGs.

4.4. Attendees were shown the SDG goal matrix that the E&S Team had used to screen case alignment with the SDGs, which the Council agreed was useful. The meeting discussed further ways in which SDGs could be applied to the work UKEF has done. It was agreed that a sensible approach would be to focus on those goals which are most relevant to UKEF and provide commentary on this area in the Annual report and Accounts.

5. CATEGORY B PROJECT: KUMASI AIRPORT, GHANA

5.1. Mr Andy Bloss presented a paper to the Council giving an update on the Kabaale Airport Project in Uganda. The background overview of the construction was given.

5.2. Mr Bloss discussed the Environmental and Social considerations of the project. This included reviewing the impact assessments and specific management plans that related to resettlement, biodiversity and the protection of cultural heritage, amongst others. This also included the measures in place to mitigate these where impacts were acknowledged to be significant.

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5.4. The meeting noted how standards were maintained with regard to noise and air quality and noted that UKEF seeks to ensure that projects meet the requirements of the OECD Common Approaches and Equator Principles.

5.5. The Council discussed the lessons learnt from this project and the length of time the project took from initial contact through to due diligence and completion. It was noted that a change of Government could have had an impact on the project, but the fact that UKEF were involved meant that certain standards, such as those mentioned on air quality and noise, were maintained.

6. FREEDOM OF INFORMATION UPDATE

6.1. The Council considered information requests which had been answered since the last Council meeting. The Council noted the continued high performance against statutory deadlines for processing requests under the Freedom of Information Act and the Environmental Information Regulations.

7. ENVIRONMENTAL AND SOCIAL TEAM QUARTERLY MONITORING REPORTS – JANUARY - JUNE 2018 and BUSINESS SUPPORTED LIST

7.1. The Council reviewed the Environmental and Social Team (E&S) reports for July to September 2018. Mr Griffin gave some short updates on significant cases where UKEF had provided support. The Council also noted the recent business supported list.

8. EGAC SCORECARD

8.1. 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.

8.2. The Council agreed that as a number of EGAC members were not in attendance, the update on the Modern Slavery Act 2015 and its application to UK exporters who were supported by UKEF would be considered at the next meeting.

9. ANY OTHER BUSINESS

9.1. There was no other business.

Jamie Hart

CXO Secretariat