

EXPORT GUARANTEES ADVISORY COUNCIL

MINUTES OF MEETING HELD ON 3 June 2019

Present:	Mr Alistair Clark (Chair) Ms Alexandra Elson Mr John Morrison Mr Stephen Prior Dr Roseline Wanjiru Mr Neil Holt (item 6)
In attendance:	Mr Patrick Cauthery (item 6) Mr Patrick Crowley (item 7,8) Mr Max Griffin Ms Reinet Jankowitz (item 5) Mr Michael Leahy (item 7,8) Ms Davinder Mann (item 5,6) Ms Gabi Morato Mr Louis Taylor (UKEF CEO) Mr Gordon Welsh
Observers:	Asesoria observers, carrying out an external effectiveness of governance review.
Secretary:	Mr David Underwood

1. APOLOGIES FOR ABSENCE

1.1. None

2. MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING

2.1. The minutes of the February 2019 meeting were approved by the Council.

2.2. Alistair Clark chaired his first meeting having been appointed EGAC Chair.

3. CHIEF EXECUTIVE'S UPDATE

3.1. Final Figures for 2018/19 were being prepared for publication later in June. UKEF expected to announce a record year with over £6.5bn of support issued in the financial year. Mr Taylor also advised that 2019/20 had got off to a promising start, with over 120 issued and effective facilities, consisting of 115 short-term facilities and 5 medium and long term facilities. Over £20m of premium had already been received.

3.2. The Council noted the exceptional year that UKEF had seen, and recognised the good work being done by UKEF staff at all levels of the department.

3.3. Mr Taylor discussed the events taking to place to mark UKEF's centenary year. UKEF was pleased that a number of the EGAC members would be attending the dinner.

4. EXPORT DEVELOPMENT CANADA (EDC) UPDATE

4.1. John Morrison shared insight following his recent visit to EDC in Canada, primarily in respect of the may EDC's Advisory Council operated. The Council noted that the EDC Council looked to take a leadership role, using leverage to change the behaviour of others.

4.2. The Council is examining its role and considered how lessons could be learned from EDC's advisory council. The council noted that the EDC Council included a representative from the foreign ministry and the EDC Board. The Council considered that the operation of the EDC Council was in very similar to EGAC.

4.3. **Action: Secretary to organise a strategy meeting** with UKEF/EGAC chair to consider i) more deep dives ii) full day EGAC sessions iii) horizon scanning iv) inviting Board members to the Council and vice versa.

4.4. Action; Council members to provide high level thoughts to the secretary that can be consolidated in a discussion document.

5. MODERN SLAVERY UPDATE

5.1. The update paper was circulated to Council members, and following their review will be added to the next Council agenda.

5.2. Following an independent review of the Act, the UK government will produce guidance which will be published in due course. Following that, UKEF will publish its proposed actions in order not to pre-empt the government's response.

5.3. The Council provided advice on how UKEF could meet its obligations. The Council welcomed the approach UKEF was taking in respect of procurement and advised on the wider implications which UKEF should consider around exporters being supported overseas recipients of loans.

5.4. Action: The Legal and Compliance team will publish the 3-eye document on the UKEF website.

6. CHANGES TO BRIBERY AND CORRUPTION POLICY WORDING

6.1. Pat Cauthery and Davinder Mann outlined the work which had been done on the wording for buyer credit policy wording, following a public consultation.

6.2. The Council discussed the obligation of entities that UKEF supports to report any attempts to commit bribery by any persons. UKEF advised that there was an obligation to report any attempts by any party. The Council were satisfied that this is requirement would help identify entities that could be acting unethically. The Council advised that satisfactory progress had been made in this area. The revised wording was clear and the approach UKEF had taken was defensible.

6.3. The Council also asked what UKEF was doing regarding ensuring local taxes were being paid correctly by exporters and buyers it supports. **Action: Tax item to be added to a future agenda.**

6.4. **Action: UKEF will respond to specific questions directly and circulate the response to all members.**

7. ENVIRONMENTAL AUDIT COMMITTEE: UPDATE

7.1. Patrick Crowley updated the Council on activities relating to the EAC inquiry into UKEF's support for fossil fuel projects. The Council noted that there had been little new evidence submitted, but the issues raised by the inquiry were gaining traction. The final report by the EAC was expected in late spring, with a government response to follow after the summer.

7.2. EGAC considered UKEF's input into the government's green finance strategy and the implication it would have in future for carbon reporting.

7.3. EGAC reviewed the way UKEF was considering "transition" projects and the role that UKEF would have in assisting the move to less carbon intensive jobs in the UK. EGAC discussed "just" transition

7.4. EGAC advised that UKEF should make sure it is keeping up with the pace of change of the landscape.

7.5. EGAC recognised that UKEF is demand led but advised that UKEF did have a major role in the government's responsibilities following the Paris climate conference. EGAC advised it would benefit UKEF to get clear ministerial direction on what it should be doing in respect of climate change.

7.6. EGAC agreed that the extensive preparation work carried out by UKEF in advance of the EAC hearings had been very useful in identifying areas which UKEF should be considering more deeply.

7.7.Action: UKEF will ensure the EAC report is circulated to Council members immediately following its publication, and arrange a separate meeting to discuss if timings require.

8. FREEDOM OF INFORMATION: 2018 ANNUAL REVIEW

8.1.UKEF has previously provided the Council with annual updates on performance against freedom of information requests on a financial year basis. However, the Cabinet Office produces national statistics on freedom of information in central government on a calendar year basis, which are released in May each year. This year's update has been aligned to the calendar year to allow for meaningful comparison with national statistics.

8.2.The Council examined the annual review and noted the slight decline in the number of information requests received, but saw that over the longer term, numbers have remained consistent.

8.3.The Council recognised UKEF's continuing high performance in terms of responding to requests within the statutory deadline. UKEF responded in time to 99% of requests, compared to a central government average of 91%.

9. DUE DILIGENCE ON IRAQ GAS FIRED POWER STATION PROJECTS

9.1.The Council examined the environmental and social due diligence which had been carried out UKEF in relation to its support for the Samawa and Dhi Qar Power Stations in Iraq which had been classified as Category A projects.

9.2.The Council scrutinised key ESHR impacts and challenges, and the mitigations engaged by UKEF. These cases were of particular interest to EGAC, given the recently announced increased limits for Iraq, and both cases are recently completed and made affective.

9.3. The Council noted that UKEF was the only Export Credit Agency engaged on the project. UKEF had been able to exert positive influence on the project, for example where it had required a redesign of the plant to incorporate more emission reducing equipment

9.4. The Council also noted that these projects had been examined during the Environmental Audit Committee inquiry into the scale and impact of UK Export Finance's financing of fossil fuels in developing countries.

9.5. The Council welcomed the positive outcomes for the projects, noting particular success in respect of female only grievance mechanisms and on dealing with the difficult security situation in Iraq.

9.6. The Council advised that UKEF could do more to ensure that the contribution made to the UK's Nationally Determined Contribution under the Paris Climate Agreement is considered more widely by government.

9.7. The Council recommended that UKEF give more consideration to the associated facilities on projects such as these. The Council also discussed the UN Sustainable Development Goals and the fact they were becoming more central to ECA thinking.

9.8. Action: EGAC members to provide comments and questions on the projects to UKEF. EGAC and UKEF will consider further how EGAC expertise could be best applied to the scrutiny of projects that have been supported.

10. ENVIRONMENTAL AND SOCIAL TEAM QUARTERLY MONITORING REPORTS – JANUARY and BUSINESS SUPPORTED LIST

10.1. The Council reviewed the latest Environmental and Social Team (E&S) monitoring reports. Mr Griffin gave some short updates on significant cases where UKEF had provided support.

10.2. The Council noted the length of the list of cases where ongoing due diligence was being carried out. The Council discussed the resourcing requirements that would only be expected to increase as the UKEF business pipeline increases, and more reporting requirements in respect of carbon are potentially introduced.

10.3. Mr Taylor advised the Council that UKEF recognised the growing and pressing challenge of E&S assessment and reporting, and assured the Council that resource planning was fully factored in to the department's financial planning processes.

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.

11.2. **Action: EGAC members to provide comments to UKEF.**

12. ANY OTHER BUSINESS

12.1. None

David Underwood
CXO Secretariat