

## **Minute of UKEF Board meeting – 13 September 2018**

Present: Noel Harwerth (Chair) [REDACTED] Item 3 – Richard Smith-Morgan,  
Amin Mawji (Observer) Item 3 (Waivers/covenants) –  
Oliver Peterken Gordon Welsh [REDACTED]  
Lawrence Weiss (Observer) [REDACTED]  
John Mahon Item 4 – Richard Smith-Morgan, [REDACTED]  
Louis Taylor Item 6 – Richard Smith-Morgan, [REDACTED]  
Cameron Fox Item 7 – Richard Smith-Morgan, [REDACTED]  
Samir Parkash

Apologies: Shalini Khemka  
Justin Manson

Secretary: [REDACTED]

### **1. Draft Minutes and Actions Log of 12 June 2018 Meeting**

1.1. The draft minutes were approved. The meeting discussed the actions arising from the last meeting. John Mahon updated members on the possibility of a share fair taking place with a focus on the mining industry.

### **2. Committee Chairs' updates**

2.1. Members received an update from the Audit and Risk Committee Chairs. The Audit Committee Chair informed the meeting that the Internal Audit team's resourcing was stretched due to a retirement, which attendees noted. The meeting also heard that the shared services commercial function was being looked at following an audit report. It was agreed that the audit report on the commercial function would be considered at the October Audit Committee meeting.

**Action: Commercial function audit report to be put on the Audit Committee forward agenda for the October meeting.**

2.2. The Risk Committee Chair informed the meeting that the next Risk Committee meeting would include a training session on the PRISM system.

### **3. Business Performance Update**

3.1. The Director of Business Group gave an update on the deal pipeline, taking time to discuss completed deals, the deals that were expected to be completed, and

also projects that were still in development. The Board agreed that the future pipeline looked strong and discussed the location of a number of deals, including the potential and barriers to business in South America.

3.2. Following an action from the last meeting, [REDACTED] provided a presentation on the procedures in place to monitor covenant compliance in loan documentation in the Business Group Division covering Aerospace; and Civil Infrastructure and Energy. It also detailed how Post-Issue Management (PIM) interface with other internal stakeholders such as Risk and Legal when dealing with specific waiver requests.

3.3. The Board noted the paper and agreed that the number of waiver and covenant breaches were to be included in Risk Management's monthly report to the Risk Committee. It was also agreed that a paper would be provided to the November Board meeting articulating the governance of PIM and how it interfaces with Risk Management.

**Action: Numbers of waivers and covenants to be included in Risk Management's monthly report to Risk Committee.**

**Action: Clare Kent to provide a paper to the November Board covering PIM's governance and relationship with Risk Management.**

3.4. The Board received an update on Credit Risk from the Chief Risk Officer covering the key risk indicators and the current credit environment. The Board discussed the recruitment issues surrounding the Chief Economist position.

3.5. Following an action from the June Board meeting, the Deputy Chief Risk Officer provided a brief oral update to the Board on stress testing. The meeting noted that a paper would be circulated by written procedure with more detail on the issue.

**Action: Richard Smith-Morgan to provide a paper on stress testing to the Board by Written Procedure.**

3.6. The meeting was given an update by the Chief Finance and Operations Officer on the changes in key finance measures since the June Board meeting. It was noted that UKEF's key financial measures were in line with projections, with the exception of the 'people' measures. It was agreed that this would be explored in more detail during the Board Strategy Day.

#### **4. Expected loss working group findings**

4.1. Following an action from the June Board meeting, the Deputy Head of Risk Assessment Division, and the Deputy Chief Risk Officer presented to the Board on the output of a working group investigation into why UKEF's Actual Loss levels had been consistently and materially below model-generated Expected Loss estimates.

4.2. The Board welcomed the paper and discussed the findings. It was agreed that reverse stress testing should be implemented and that the findings should be brought back to the Board.

**Action: Samir Parkash to feedback to the Board on the outcome of the reverse stress testing and provide his view on the modelling.**

#### **5. UKEF Transformation Report**

5.1. The Board received an update on organisational transformation from the Chief Finance and Operations Officer. This report was provided in a new format which the Board welcomed. It was noted that the team planned to introduce reporting on benefits realisation and define and improve harmonisation between project and programme level risks and overall RAG ratings in due course.

5.2. The NED lead for the FCC project noted that he was impressed with external consultants and the internal Compliance Team.

5.3. It was agreed that a mini deep dive into each project noted in the report would take place at future Board meetings.

**Action: Secretariat to agree with CFOO a schedule for mini deep dives.**

#### **6. Marketing and Communications Update**

6.1. The Head of Origination, Client Coverage, Marketing & Communications and the Head of Marketing and Communications gave the Board an update on marketing and communications activities over the summer.

6.2. The meeting heard that the marketing approach had been targeted through email direct marketing. It was noted that the exporter edge videos had been seen by 1.5

million times online. The meeting heard that the spend profile for marketing and communications actions was not linear, and at the end of August, Marketing and Communications had spent 25% of its budget. This reflected two main bursts of activity: September-November and January-March. Members noted that the total spent/committed will be around 45% of the budget at the 7-month mark, which was in line with the implementation plan.

6.3. The meeting discussed the challenging target to generate 5,000 leads to support 500 exporters in the year. It was noted that Marketing and Communications generated leads were outperforming last year and expected to reach target levels with the September-November ramp up.

6.4. Attendees discussed whether any analysis of leads conversion had been done. It was agreed that detail of gestation periods for leads coming from a Share Fair would be brought as part of the next Marketing and Communications update.

**Action: MarComms update to include detail of gestation period for leads generated at a share fair.**

7. **Origination / International Export Finance Executive (IEFE) Network – surfacing the value**

7.1. The Head of Origination, Client Coverage, Marketing & Communications and the Regional Head of International Business Development for Sub-Saharan Africa, Latin America and India provided an update to the Committee on the impact of the IEFE network.

7.2. The Board welcomed the paper and discussed the development and scalability of the IEFE network. The meeting noted the excellent feedback from key stakeholders on the network. It was agreed that an IEFE was to be invited to a future Board meeting to meet Board members.

**Action: Secretariat to invite IEFE to Board meeting.**

8. **Post-Board effectiveness review plan**

8.1. The Head of Secretariat provided an update on the response to the external UKEF Board Effectiveness Review, which was undertaken by Independent Audit from January – May 2018.

8.2. The meeting considered the types of items taken at the Board and asked that the Chair and secretariat consider whether some Board items should be seen by Board sub-committees or by the Executive Committee. Attendees noted and agreed the action plan provided.

**9. Any other business**

9.1. There was no other business.