

Minute of UKEF Board meeting – 25 October 2019

Present: Noel Harwerth (Chair) [REDACTED]
Oliver Peterken (Observer) [REDACTED] (Item 2)
Maddy McTernan Adam Harris
Lawrence Weiss (Item 3)
Louis Taylor Dr Charles Donovan, Dr Ana
Kim Wiehl Ostrovnaya, (Imperial College)
Samir Parkash [REDACTED]
Shalini Khemka [REDACTED] (Item 4)
John Mahon (from
item 3)

Apologies: Cameron Fox,
Gordon Welsh

Secretariat: [REDACTED]

1. Draft Minutes and Actions Log of 16 September 2019 Meeting

1.1. The draft minutes were approved. The meeting discussed the actions arising from the prior meeting, and noted the forward agenda.

2. International landscape paper

2.1. The Head of International Relations in UKEF, [REDACTED] updated the Board on the current international landscape. The meeting noted the current international framework within which UKEF operates which included the World Trade Organisation, the EU, the OECD, the International Working Group and the Berne Union. The meeting heard how the UK leaving the EU might affect UKEF's position within the framework as outlined, and the steps being taken to mitigate any adverse impact.

3. Business Performance Update

3.1. In the absence of the Director of Business Group, the Head of Civil, Infrastructure and Energy, Adam Harris, updated the meeting 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 meeting discussed share fairs and the UK presence at the forthcoming Dubai Expo. Attendees also raised the

subject of country limits. It was noted that Country Limits were being reviewed as core part of the triennial Exposure Management Framework (EMF) review.

- 3.2. The meeting heard that the EMF scoping document was approved at the Enterprise Risk and Credit Committee in September and would be completed by the end of March 2020.
- 3.3. The meeting noted the paper provided by the Chief Risk Officer and discussed the credit portfolio; the development of the enterprise risk function; and resourcing in the division. The meeting heard that there remained two key roles outstanding, but recruitment was underway for both of them.
- 3.4. The Chief Executive informed the meeting of the financial performance of the business for August. The meeting also noted the progress on the Target Operating Model roadmap and the digital trade finance services project.

ACTION: Target Operating Model update note to be provided to the Board in January

4. Climate change risks and opportunities presentation

- 4.1. Dr Charles Donovan and Dr Ana Ostrovnaya from Imperial College joined the meeting to lead a discussion on climate change risks and opportunities for UKEF and the wider finance industry. Attendees heard that climate change was leading to the biggest shift in the economy since the Second World War, indeed what was being experienced in the industry was a disruption not a transition.
- 4.2. The meeting noted that banks had moved the responsibility for climate change from their moving from their CSR departments to the Chief Risk Officer as it becomes a key credit risk issue. Attendees considered the impact on the perceptions of climate change in the developed world on the commodity markets in the developing world
- 4.3. The Board discussed what could be done to encourage and facilitate a supply chain in the UK in renewables; how oil and gas companies might be different in 10-15 years; and the need for change in agricultural business.
- 4.4. The Board thanked Dr Donovan and Dr Ostrovnaya for their time.

5. Committee Chairs' update

5.1. The meeting received an update from the Audit and Risk Committee Chairs which covered the discussions and actions taken by the Audit and Risk Committees at their respective meetings on the 24th October.

5.2. The Audit Committee Chair noted the key agenda items which included a presentation from a colleague at HM Treasury on how accounting standards were set in Government, progress on the internal audit plan and the deferral of IRS 9. It was noted that this deferral was approved by Audit Committee subject to technical advice from Grant Thornton and the National Audit Office.

5.3. The Risk Committee Chair reported that there were a number of excellent papers at the Risk Committee meeting which included an update on enterprise risk management and progress on the Kayali lessons-learned item.

6. Board effectiveness review

6.1. The Chair introduced an item on the Board Effectiveness Review. The meeting noted that the review was positive generally, that improvements had been made on the prior year in terms of focussing more on strategy.

6.2. The Chair reported that there were areas for improvement, particularly around relationships with other government departments. The meeting heard that UKEF's relationships with DIT posts was productive but there was work to be done in Whitehall. Members agreed that the training day being offered to the new DIT sector directors was a positive step forward.

7. Internal governance review

7.1. The Board Secretary introduced a paper on the external effectiveness review of UKEF's committees which took place between April and June 2019. The report was positive, it noted that the Chief Executive was well respected; that Committee chairs were committed to develop best practice; and that there was good debate and challenge during meetings.

7.2. The meeting heard that there were three key recommendations coming out of the review, to nominate a senior sponsor for governance; to provide centralised secretariat support; and for all committees to be included within an organisational committee matrix.

7.3. It was agreed that the Board secretary would report back on the progress with implementation of the actions in May 2020.

ACTION: Board Secretary to report back on the progress on implementing recommendations from internal governance review in May 2020.

8. Any other business

8.1. There being no other business, the meeting was brought to a close.