

**EXPORT GUARANTEES ADVISORY COUNCIL**

**MINUTES OF MEETING HELD ON 10 MAY 2021**

**Present:** Mr Alistair Clark (Chair)  
Dr Ben Caldecott  
Ms Vanessa Harvard Williams  
Mr John Morrison  
Mr Stephen Prior  
Dr Roseline Wanjiru

**In attendance:** Mr Louis Taylor (UKEF CEO)  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
Ms Davinder Mann  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

**Apologies:** None

**Secretary:** [Redacted]

**1. EGAC only session**

1.1. The Council members met with no UKEF staff present.

**2. MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING**

2.1. The minutes of the March 2021 meeting were approved by the Council and will be published in due course.

2.2. The Chair asked if members had any conflicts of interest to declare and gave an opportunity to recuse themselves. There were no conflicts declared.

2.3. The Chair reported on his appearance in front of the International Trade Committee. The Chair described a constructive meeting in which the committee sought information on UKEF's environmental and social due diligence, and anti-bribery and corruption processes, as well as the role of the Council.

**3. CHIEF EXECUTIVE'S UPDATE**

3.1. Mr Taylor provided the Council with an update on business. New business recorded for 2020/21 (to end of March 2021) totals 780 issued and effective facilities. Of these, 712 are Short-Term facilities and 68 Medium or Long-Term facilities. This provided cover for 168 exporters, of which 131 are SMEs.

3.2. Mr Taylor reported that total exposure is £40bn, with capacity for £60bn, which reflects a significant increase in utilisation of funds and spare capacity for more business. Mr Taylor drew attention to the strong, geographically diverse pipeline.

3.3. The Council was informed of a busy period for recruitment and for the E&S team. New bilateral trade agreements and the potential ensuing effect on UKEF's portfolio were discussed.

**4. CLIMATE CHANGE STRATEGY**

4.1. [Redacted], presented a draft of UKEF's inaugural climate change strategy. The Council noted the progress that had been made and provided feedback on the working vision.

4.2. The Council stressed the importance of having an ambitious, broad vision for UKEF to be an agent of change to more positively assist HMG succeeding in its climate goals, and robust implementation and governance processes. Council members advised ways to strengthen the vision and expand the scope of the strategy. The Council discussed an array of issues that might be considered, including climate metrics and targets, biodiversity, renewables in business operations, transition finance products, and of considering the social impact of climate transition in due diligence.

4.3. The importance of a comprehensive data strategy, stakeholder engagement, appropriate resourcing and implementation arrangements were also mentioned. In

addition members of the Council commented on the potential value of aligning climate and E&S.

4.4. While UKEF had planned to submit the strategy in the upcoming annual report, the Council advised UKEF to consider giving itself more time to complete the strategy and offered to provide comments in writing. The Council and SPoCC discussed a plan to share, review and iterate the strategy between now and the next formal EGAC meeting in the autumn.

**ACTION: UKEF to create and share a Gantt Chart detailing the necessary activities, tasks and events for the climate strategy.**

### 5. CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

5.1. [Redacted], reminded members that UKEF's TCFD draft disclosure had previously been shared with them. It had since been discussed internally with EC, the Board and the Audit Committee, and this was to update the Council on progress to date and seek comments.

5.2. [Redacted] noted that this first report reflects where UKEF's is in terms of maturity of thinking and reported that UKEF is collaborating across Government, most notably with BEIS.

5.3. Emphasising the longer-term view that UKEF is taking more broadly around climate-related finance, [Redacted] outlined the challenges and opportunities involved in scenario analyses, KPIs and metrics, cross-government alignment, implementation, and the mainstreaming of TCFD into business-as-usual processes.

5.4. Council members discussed the energy transition of trade, green supply chains, the increased risks of negative environmental and human rights impacts amid the demand for new commodities. The Council advised UKEF to pursue a robust framework and stakeholder engagement strategy to support its work in this area.

**ACTION: Secretariat to add stakeholder engagement strategy to EGAC forward agenda.**

### 6. E&S ANNUAL REPORT

- 6.1. [Redacted] presented UKEF's E&S chapter for the Annual Report and Accounts 2020-21 and informed EGAC members on the progress of the E&S team.
- 6.2. [Redacted] reported that 2020-1 had been an exceptionally busy year, with 65 transactions being screened under the OECD Common Approaches and/or Equator Principles – forty more than the previous year. Particular attention was drawn to evolving policies and practices in a changing environment, increased monitoring on aspects of climate change outside of the scope of Common Approaches or the Equator Principles, international cooperation, and how E&S fits in to wider reporting.
- 6.3. It was noted that the E&S Team spoke at the recent IFC Community of Learning, during which IFC announced that they were beginning the process of updating their Performance Standards (which are used as a benchmark for UKEF's E&S due diligence). This development was welcomed by the Council.
- 6.4. The Council welcomed the report and noted that resourcing of the E&S team is on the agenda for the autumn EGAC meeting.

**7. UKEF APPROACH TO FINANCIAL CRIME COMPLIANCE**

- 7.1. [Redacted] from the Legal and Compliance team explained UKEF's approach to Financial Crime compliance. [Redacted] outlined the processes for screening and monitoring for risk and gave examples of transactions; the procedures followed, how they were managed, the outcomes, and lessons.
- 7.2. The Council thanked [Redacted] and commented on the value of hearing procedures described in practice.

**8. MODERN SLAVERY STATEMENT**

- 8.1. UKEF's Modern Slavery working level lead, [Redacted], informed the Council that UKEF will be publishing its first Modern Slavery statement later this year, in line with the new requirement on all ministerial departments. UKEF is working with the Home Office and with the Department for International Trade (DIT) to finalise certain parts of the statement as DIT conduct due diligence on procurement for UKEF.

8.2. The Director of SPoCC, Davinder Mann, noted that most of UKEF's exposure to modern slavery risks were in the exporters and projects that it supported, rather than its supply chain. She added that UKEF is exploring a range of options for mitigating modern slavery in its downstream business.

8.3. The Council was pleased to hear that UKEF recognised that most of its salient risks were within the projects it supported. Council members looked forward to working with UKEF on the issue. The Council confirmed they would like the opportunity to review and comment on the statement and paper. SPoCC agreed to share the papers with the Council ahead of sharing it with Home Office in mid-June.

**ACTION: UKEF to share modern slavery statement and discussion paper with Council members for comment.**

**9. EGAC SCORECARD**

9.1. The Council reviewed the advice it had provided and decisions it had taken. The Chair noted that all actions on the scorecard were either complete or in hand.

**ACTION: Secretariat to update the scorecard accordingly.**

**10. ANY OTHER BUSINESS**

10.1. The Council discussed recruitment of new members and agreed to provide feedback on the job specification to Secretariat by written procedure.

**ACTION: Secretariat to share recruitment specification with Council members.**

10.2. Mr Taylor thanked Council members for their advice and the substantive discussions. The Chair thanked UKEF staff for the quality of their work.

**[Redacted]**

**SPoCC Secretariat**

