

EXPORT GUARANTEES ADVISORY COUNCIL

MINUTES OF MEETING HELD ON 7 DECEMBER 2020

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

**In attendance:** [Redacted]  
[Redacted]  
Ms Esi Eshun  
[Redacted]  
[Redacted]  
Ms Davinder Mann  
[Redacted]  
[Redacted]  
Mr Richard Simon Lewis  
Mr Louis Taylor (UKEF CEO)  
[Redacted]  
Mr Gordon Welsh

**Apologies:** Mr John Morrison

**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 September 2020 meeting were approved by the Council and will be published in due course.

**3. CHIEF EXECUTIVE'S UPDATE**

- 3.1. Mr Taylor provided the Council with an update on business. New business recorded for 2020/21 totals £2,328m with 436 issued and effective facilities. Of these 417 are Short-Term facilities and 19 are Medium and Long-Term facilities. This provided cover for 118 exporters, of which 99 are SMEs.
- 3.2. Mr Taylor updated the Council on the outcome of the Spending Review 2020. HM Treasury recognised the important services UKEF provides to UK exporters and suppliers with a 32% (£18.2m) increase to UKEF's resource budget, all funded from premium income.
- 3.3. Mr Taylor debriefed the Council following a parliamentary Public Accounts Committee (PAC) hearing. On 28 October, the PAC released their report and UKEF and DIT will address the Committee's recommendation by January.
- 3.4. The Council was updated on the actions in respect of the Judicial Review relating to the decision to support the Mozambique LNG project.
- 3.5. The Council recognised a great year for UKEF with some milestone achievements including a very positive staff engagement score in the Civil Service annual survey, all set against challenging working conditions.

#### **4. CLIMATE CHANGE POLICY UPDATE AND UPDATE ON OECD DISCUSSIONS**

- 4.1. The Council was updated on the status of UKEF's support for fossil fuels. UKEF had been working closely with other government departments and no10 to examine the deal pipeline.
- 4.2. The Council was updated on the TCFD project. The Council welcomed the work that had been carried out, and advised that in due course the TCFD project could provide a template for UKEF consideration of other factors such as the SDGs, just transitions, IFC performance standards and Equator Principles. The Council advised that EGAC would benefit from developing a clear strategy to consider all of these issues.
- 4.3. The Council agreed that a small Council working group on Climate Change would provide benefit, allowing Council advice to be delivered between the quarterly full EGAC meetings.

4.4. The Council considered the wide range of climate related policy discussions being undertaken in UKEF, and welcomed the restructuring of the Chief Executive's office to strengthen UKEF capability in this area.

**5. GHANA ROAD PROJECT**

5.1. The E&S team was postponed and the presentation will be taken at a later meeting.

5.2. **Action: Secretariat to rearrange.**

**6. BOUNCE BACK SECTORS: CLEAN GROWTH**

6.1. UKEF presented the Council with information on UKEF's future activities in respect of clean growth. UKEF set out its clean growth objectives which are to continuously adapt and focus activity on sectors and countries where UKEF support will have the greatest economic benefit for exporters and suppliers of all sizes and across all of the UK.

6.2. The Council noted that in 2019-20 UKEF has provided £392m in support for renewable energy products, is ranked third in a global league of ECAs supporting sustainable finance deals and received an additional £2bn in direct lending capacity from HMT for clean growth projects.

6.3. UKEF set out how it is proactively seeking out opportunities for companies UK-wide on low carbon projects, is promoting support for low carbon and climate adaption/resilience technologies and supporting HMG's Green Finance and Clean Growth strategies. UKEF is also engaging international partners and counterparts on climate change and transition.

6.4. The Council advised that UKEF should consider the fact that UKEF's future may involve 100% clean growth. The Council advised that UKEF would benefit from developing a clear strategy for developing sector capability, rather than reactively learning by doing. UKEF pointed towards the example of experience gained in windfarm financing, and noted it may take time to replicate this for all sustainable sectors.

**6.5. Action: UKEF to brief the Council on how it intends to develop capability in renewable sectors quickly.**

**6.6. Action: UKEF risk team to attend a future Council meeting to advise the Council on climate and risk work.**

**7. SPOTLIGHT ON CORRUPTION REPORT**

7.1. The Council prepared for the meeting between UKEF, EGAC and representatives from Spotlight on Corruption.

7.2. It was noted that the meeting would take place on 17 December.

**8. REPORT ON THE IMPLEMENTATION OF ANTI BRIBERY POLICIES AND PRACTICES 2019-20**

8.1. The Council looked at the annual report on the operation of anti-bribery policies and practices for the period July 2019 – June 2020.

8.2. UKEF also provided an update to the Council on the introduction of the Global Human Rights Sanctions Regulations 2020 (Magnitsky Sanctions). The Council noted that UK sanctions are already captured under UKEF's Financial Crime Compliance Risk Appetite Statement.

**8.3. Action: UKEF to publish the data attached to these minutes.**

**9. FREEDOM OF INFORMATION UPDATE**

9.1. The Council reviewed the information released under FOI requests since the last Council meeting, noted the types of information requested and UKEF's handling of the requests.

**10. ENVIRONMENTAL AND SOCIAL TEAM QUARTERLY MONITORING REPORTS – JANUARY TO MARCH 2020 and BUSINESS SUPPORTED LIST**

10.1. The Council reviewed the latest Environmental and Social Team (E&S) monitoring reports. The Council recognised the difficulties that COVID19 had caused in respect of site monitoring visits, but discussed the unexpected benefits which had been realised with the increased use of all party conference calls.

**11. UKEF BOARD**

- 11.1. The Council considered if there was anything that needed presentation to the UKEF Board. At this time, there was nothing specific identified.

**12. EGAC SCORECARD**

- 12.1. 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.

- 12.2. **Action: UKEF to update and develop the scorecard accordingly.**

**13. ANY OTHER BUSINESS**

- 13.1. There was none.

**[Redacted]  
CXO Secretariat**

**EXPERIENCE OF UK EXPORT FINANCE IN OPERATING ITS ANTI-BRIBERY & CORRUPTION PROCEDURES UNDER ITS REVISED APPLICATION FORMS IN PLACE SINCE 1 JULY 2006**

**ANNUAL BRIEFING FOR EXPORT GUARANTEES ADVISORY COUNCIL**

**FOR PERIOD: 1 JULY 2019 TO 30 June 2020**

**A. APPLICATIONS RECEIVED AND CASES SUPPORTED**

**1. APPLICATIONS**

A. Total number of Applications received	B. Number of Applications disclosing the existence of an Agent	C. Number of Applications disclosing the existence of Joint Venture/ Consortium Partners	D. Number of Applications involving SMEs <sup>1</sup>	E. Number of Loan Contracts not governed by English law
<b>297</b>	<b>77</b>	<b>1</b>	<b>217</b>	<b>2<sup>2</sup></b>
F. Number of occasions where UK Export Finance as reinsurer relied on due diligence by the lead ECA on the head contract under reinsurance arrangements	G. Number of occasions where anti-bribery procedures were not applied by UK Export Finance due to the low value of a sub-contract under reinsurance arrangements			
<b>0</b>	<b>0</b>			

<sup>1</sup> An SME is defined as an enterprise with fewer than 250 staff and turnover of less than €50m and does not have a parent that falls outside of these criteria.

<sup>2</sup> German law. These relate to a Supplier Credit Financing Facility under which UK Export Finance does not take the documentation risk

**2. JOINT VENTURES/CONSORTIUM PARTNERS (JVs)**

A. What proportion of Applicants, who were party to a JV, disclosed all the parties to that JV?	100%
B. What proportion of Applicants, who were party to a JV, refused to disclose any of its JV partners?	0%
C. What proportion of Applicants, who were party to a JV, disclosed the names of all agents acting on their JV's behalf?	N/A <sup>3</sup>

**3. DUE DILIGENCE (conducted on all processed Applications)**

A. What was the proportion of Applications on which all relevant names were checked by UK Export Finance against the publicly available debarment lists of the International Financial Institutions specified in the OECD Recommendation?	100%
B. What proportion of UK Export Finance checks against the above lists identified any potential problems/issues?	0%
C. What proportion of Applicants disclosed the existence of a corporate Code of Ethical Conduct or the equivalent?	62%
D. What proportion of those Applicants with a Code of Conduct provided a copy of that Code of Conduct to UK Export Finance (where not previously provided)?	100%

<sup>3</sup> Of the one applicant that were party to a JV, it did not use an agent.

## EGAC (2020) 4th MEETING

E. What proportion of Applicants refused to provide to UK Export Finance any additional information, when requested, relating to a bribery and corruption issue?	0%
F. The number of Applicants that disclosed to UK Export Finance that they, or anyone acting on their behalf, were under charge or, within the last five years, had been convicted of bribery or corruption in a UK court	0
G. What proportion of Applicants disclosed that they, or anyone acting on their behalf, had been subject within the last five years to any administrative sanction or measure in the UK for bribery or corruption?	1%
H. What was the proportion of Applicants that were the subject of allegations made to UK Export Finance relating to bribery or corruption in respect of the contract for which UK Export Finance support was requested?	0%
I. The number of Applications rejected by UK Export Finance because of bribery or corruption-related issues?	0
J. What proportion of Applications, in which the existence of an agent was disclosed, were subject to inquiry by UK Export Finance with the relevant UK overseas diplomatic mission on the standing of that agent?	100%



**4. CASES SUPPORTED BY UK EXPORT FINANCE**

A. Number of cases supported by UK Export Finance <sup>4</sup>	B. Number of supported cases on which the existence of an Agent was disclosed to UK Export Finance	C. Number of supported cases on which the existence of a JV was disclosed to UK Export Finance	D. Number of supported cases on which the Loan Contract was not governed by English law
<b>648</b>	<b>56</b>	<b>2</b>	<b>1<sup>5</sup></b>

<sup>4</sup> Not all applications result in a supported case and those that are supported are not necessarily in respect of applications received during the period of this report.

<sup>5</sup> See footnote 2. Of the two applications, only one resulted in issued business.

**B. INTERNATIONAL AND OTHER DEVELOPMENTS**

**1. OECD/INTERNATIONAL**

*Brief outline of significant international developments concerning UK Export Finance's anti-bribery and corruption procedures that took place within the OECD or elsewhere*

A. Number of OECD anti-bribery and corruption meetings attended by UK Export Finance.	<b>2</b>
B. Number of bilateral meetings with non-OECD official export credit agencies (ECAs) at which UK Export Finance raised the general topic of anti-bribery and corruption	<b>0</b>

19th November 2019: **OECD CSO Export Credits Forum**: Civil Society Organisations and adherents looked at how the 2019 Recommendation will help combat bribery in international business transactions supported by export credits, what further steps might ECAs take, and what other initiatives and good business practices might inform ECAs' policies and procedures.

20<sup>th</sup> November 2019: UKEF attended an **OECD Export Credits Group** meeting, where adherents to the 2019 Recommendation agreed a final version of the implementation survey. The OECD Anti-corruption Division provided an update on recent developments and future work with regard to the implementation and monitoring of the OECD Anti Bribery Convention.

March and June Meetings were cancelled due to COVID19.

**2. ALLEGATIONS**

*UK Export Finance refers all specific allegations of bribery and corruption and money laundering of which it becomes aware to the appropriate authorities*

A. Number of specific allegations of corruption received by UK Export Finance	<b>In the range of 1-10</b>
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B. Number of specific allegations of corruption referred by UK Export Finance to the appropriate UK authorities	<b>In the range of 1-10</b>
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**3. RECOURSE**

*UK Export Finance has a right under its Recourse Agreement with an exporter on a transaction which benefits from financing provided under an UK Export Finance guarantee to a funding bank or a Direct Loan to take financial recourse to that exporter in the event of loss caused by a corrupt act*

A. Number of cases in which UK Export Finance sought to enforce its right of recourse against an exporter because of corrupt activity

**Nil**

**4. OTHER DEVELOPMENTS**

*Brief timeline of other significant developments during the period of this briefing concerning UK Export Finance and the issue of anti-bribery and corruption*

**UK Export Finance**

**December 2020**