

**EXPORT GUARANTEES ADVISORY COUNCIL**

**MINUTES OF MEETING HELD ON 13 DECEMBER 2021**

- Present:** Dr Alistair Clark (Chair)  
Dr Ben Caldecott  
Ms Vanessa Havard-Williams  
Mr John Morrison  
Mr Stephen Prior
- In attendance:** Ms Kimberly Wiehl (UKEF Board member)  
Ms Davinder Mann  
Mr Gordon Welsh  
Ms Esi Eshun  
[Redacted]  
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- Observers:** [Redacted]  
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[Redacted]
- Apologies:** Mr Louis Taylor (UKEF CEO)  
Dr Roseline Wanjiru (EGAC member)  
Mr Lawrence Weiss (Board member)  
[Redacted]
- 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 2021 meeting were approved by the Council and will be published in due course. The actions arising were discussed and updates noted.

**3. CHIEF EXECUTIVE'S UPDATE**

3.1. Ms Davinder Mann noted that the Foreign Secretary had requested at short notice the presence of Mr Louis Taylor at a meeting with Western Balkans ministers this morning so he would miss the EGAC meeting.

3.2. In Mr Taylor's absence, Mr Gordon Welsh, Head of the Business Group, provided the Council with an update on business. New business recorded for 2021/22 (to end of October 2021) totals 410 issued and effective facilities. Of these, 379 are Short-Term facilities and 31 Medium or Long-Term facilities. This provided cover for 57 exporters, of which 109 are SMEs.

3.3. Mr Welsh reported that total exposure is £43bn, with capacity for £60bn. Mr Welsh noted that the pipeline was strong and there was good attendance at UKEF's Exporter Conference last week, particularly from SMEs.

3.4. Turning to products, members were informed of the Clean Growth EDG that offered up to ten years scenario, the investment EDG which were announced along with the new Export Strategy, and updates to the EXIP.

3.5. Ms Mann provided a broader update on UKEF activity, covering strategy, policy and international relations teams.

3.6. The Chair asked how the sector distribution of the pipeline had changed over the last two years. Mr Welsh, with Mr Simon-Lewis commented that since March 2021 the fossil fuel business had effectively stopped since Government's policy on public support internationally to this sector came into effect, whilst opportunities in infrastructure and renewable energy have increased.

**ACTION: Secretariat to share breakdown of pipeline sector distribution for the last two years.**

3.7. Mr Morrison asked what sectors offer potential growth in the Middle East. Mr Welsh noted that activity in the Middle East is focused on clean growth such as hydrogen, water, transportation and smart cities projects.

3.8. Ms Mann continued with the wider departmental updates. The number of transactions that Compliance is conducting due diligence has increased due to the function and policies maturing and closer cooperation with the Business Group.

3.9. The Chair questioned how we compare with other ECAs on compliance in terms of policies and processes.

3.10. One highlight was that 100% of FOIs are being responded to within the target timeframe. The Mission Statement was being reviewed. Work is ongoing on clean growth, market gaps, and risk appetite.

**ACTION: Secretariat to ask for a comparison of UKEF's performance on compliance with other ECAs.**

#### **4. REFLECTIONS FROM COP 26**

4.1. [Redacted] from the International Team gave an overview of the team's activity around COP. [Redacted] highlighted UKEF's leadership on the OECD Coal-Fired Sector Understanding (CFSU) review, and its involvement in supporting the COP team in developing the Joint Statement on international public finance support for the clean energy transition.

4.2. Mr Taylor and Ms Mann moderated ECA panel events in the UK Pavilion and outside on Finance Day and held a series of bilateral meetings with ECA counterparts. Mr Taylor had remarked that the level of energy in the UK Pavilion was inspiring and energised those in the room to think deeply about the issues.

4.3. The Chair agreed with Mr Taylor's sentiments and viewed the conference in a fairly positive light. He noted that there was disappointment in the amount of climate finance that had been raised by the international community, yet COP 26 in general had been a step forward.

- 4.4. Dr Ben Caldecott pointed out that the integrity of commitments from non-state actors got a lot of attention, noting that this has implications for the net zero strategy and how UKEF makes progress towards its net zero target. He advised that there are also implications for the information UKEF collects and uses from companies and institutions that it is working with. Thinking about transition planning and how that relates to institutions and companies UKEF work with will inform the implementation strategy.
- 4.5. Dr Caldecott raised the just energy transition partnership with South Africa and British Investment International, questioning what role UKEF would play in enabling these big transactions. He advised it was worth reflecting on planning for the next two COPs, knowing that they will be hosted by Egypt and UAE.
- 4.6. Ms Vanessa Havard-Williams noted that from the fringes of COP that there are high levels of engagement from the private sector. There is a dawning appreciation that firms will come under scrutiny and be asked to show the detail of their workings in a way they have not before, which will be very challenging. She observed that there is a discrepancy between organisations' ambitions and their capability to execute and deliver. She advised UKEF to use this time wisely and efficiently. Ms Havard-Williams endorsed the transition point.
- 4.7. Mr John Morrison reflected on the UK government's support for South Africa's transition from coal and asked whether there are opportunities or will be alignment from UKEF or other ECAs in just transition efforts. He separately raised the issue of responsible exit, referring to the dumping of assets onto governments or less responsible actors, and suggested there would be increasing scrutiny in this area and the effect on workers and communities.
- 4.8. Ms Mann noted that the Council's comments, including planning for future COPs, transition execution and responsible exit were well received and would be followed up on.

**5. CLIMATE CHANGE STRATEGY**

- 5.1. [Redacted], provided an update on the implementation of the Climate Change Strategy.

- 5.2. Ms Havard-Williams considered that listed companies may require transition plans from next year. She suggested that UKEF start thinking now about its transition plan.
- 5.3. Dr Caldecott asked UKEF to consider how it integrates transition plans and metrics into workflow and priorities next year. There was not an expectation that UKEF should know exactly what to do in Q1 2022 but involvement in workstreams to do with Race to Zero and GFANZ would expose them to useful ideas.
- 5.4. Mr Morrison expressed concern that the climate strategy still frames climate change as mainly an environmental risk and not a social or human rights risk. He noted that TCFD does not help with addressing social risk but that there was an increased focus on climate justice at COP26. Mr Morrison asked how the social and human rights risk of climate change fits in the climate framework and questioned whether civil society organisations (CSOs) and business were raising these points.
- 5.5. Ms Mann and [Redacted] noted the comments and that UKEF will come back to the Council on this issue. Ms Mann commented that UKEF is thinking about these points and conscious that the strategy does not address social and governance risk. Resources were focused on TCFD at this time but UKEF is building its understanding and knowledge in this area and are looking to incorporate these aspects as the strategy evolves.

**6. CSO/ NGO ENGAGEMENT STRATEGY**

- 6.1. [Redacted], Senior Policy Adviser, provided an overview of the strategy and next steps for engaging with civil society organisations that the Executive Committee approved in November.
- 6.2. Ms Havard-Williams suggested including ClientEarth.
- 6.3. Mr Stephen Prior highlighted his involvement in responding to Spotlight on Corruption's report and that it was a positive experience on both sides. He requested an update on developments related to Spotlight on Corruption.

**ACTION: UKEF (Compliance) to update to Mr Prior on the Spotlight on Corruption report.**

6.4. Mr Morrison advised in mapping CSOs, UKEF considers CSOs in terms of their theories of change, intended outcomes, mission within the UK, as well as broader international expertise, being conscious to consider global south organisations which represent important stakeholders that UKEF's work affects.

**ACTION: UKEF to organise follow-up call with Mr Morrison and the Chair.**

6.5. Dr Caldecott thanked the team for presenting the strategy and noted that a lot of CSOs/NGOs lack understanding of what UKEF does and how it operates. There is capacity / education building opportunity that engagement can contribute to.

6.6. Ms Kimberly Wiehl advised UKEF to consult the Board on these plans and noted the importance of UKEF coordinating between Business Group, policy and communications teams.

**ACTION: Add CSO engagement to a future Board agenda.**

6.7. The Chair agreed with Mr Morrison's points and underlined the reputational risk that not engaging presents. He asked how UKEF will bring ministers in on CSO engagement. [Redacted] noted that we will be looped in with private offices as this work progresses.

## **7. MODERN SLAVERY UPDATE**

7.1. [Redacted], Deputy Head of Policy and Engagement, presented a paper on modern slavery.

7.2. Mr Morrison cautioned that modern slavery in the supply chain needs to be considered as an upstream and downstream risk, noting the example of green energy projects in the Gulf rely on migrant labour.

7.3. The Chair was glad to see steps forward on this issue. He mentioned concern about supply chain risk and that modern slavery can occur in any industry, citing such diverse sectors as chocolate producing and infrastructure. He noted that the right due diligence process is key.

**8. UPDATE ON JUDICIAL REVIEW**

8.1. Ms Esi Eshun, Director of Legal, provided a verbal update on the judicial review.

**ACTION: UKEF to send an official note on the Judicial Review to the Council after proceedings have been completed.**

**9. ANY OTHER BUSINESS**

9.1. The Chair advised that interviews for a new EGAC member will be held in January. There is a shortlist of four.

9.2. Ms Mann added that there would be a restructure within UKEF in the new year, bringing the Underwriting and Policy and E&S teams out of the Business Group and into the Strategy, Policy and Climate Change directorate, which would facilitate closer working.

9.3. Ms Mann noted that the International Trade Committee is launching a new committee to scrutinise the extent towards the Government's approach to trade reflects its net zero objectives.

9.4. Mr Prior attended the UKEF Conference last week. He had spoken to the Chair of the British Exporters' Association (BEXA) who have recently delivered a report on UKEF and were keen to discuss it with UKEF. Ms Mann reassured the council that UKEF is aware of the report and engages with BEXA. The Chair agreed that the UKEF conference was a successful event and confirmed the interest of BEXA to present their findings to UKEF.

**ACTION: UKEF will follow up with BEXA on their recent report.**

**[Redacted]**

**SPoCC Secretariat**