

Minute of UKEF Board/EGAC meeting – 26 April 2023

Present:

Noel Harwerth (Chair)
Charlotte Morgan
Candida Morley
Tim Frost
[redacted]
Vanessa Havard-Williams
Jackie Keogh
Kimberley Wiehl
Andrew Mitchell
Tim Reid
Samir Parkash
Jayne Whymark
Julia Beck
Cameron Fox
[redacted]

Apologies:

Roseline Wanjiru (EGAC)
Ben Caldecott (EGAC)

Secretariat:

[redacted]

Attendees:

[redacted]

1. Introduction

1.1. The Chair welcomed Members and attendees to the meeting and checked whether Members had any interests to declare. There were none to declare. The Chair welcomed EGAC Members to the meeting.

2. Draft Minutes and Actions Log of 16 March 2023 Meeting

2.1. The draft minutes were approved, and the actions log discussed.

3. CEO update

3.1. The CEO delivered his monthly update, which covered ongoing progress across UKEF's various functions. In particular, he discussed; meetings with suppliers; launch events for new members of UKEF's international network; sustained

engagement with SMEs; the increased dialogue around impact at UKEF; and internal developments within UKEF.

3.2. The meeting discussed the resourcing position within Internal Audit and whether it would have any impact on the Annual Report and Accounts. Attendees noted the CEO had met with the Secretary of State and it was agreed that a draft version of the Secretary of State's priorities letter would be shared with the Board via written procedure.

4. Compliance teach-in

4.1. [redacted], introduced this paper. [redacted], led the teach-in session outlining the main financial crime risks facing UKEF. The committee heard the steps UKEF was taking to prevent financial crime and learnt about the UKEF Financial Crime Compliance Framework.

4.2. The meeting heard about UKEF's rigorous policies on financial crime, noting that our policies were more sophisticated than those of many private sector counterparts, even though the Proceeds of Crime Act does not technically apply to government bodies. The meeting discussed the implications of this policy on real cases.

4.3. Members discussed the impact of new technological advances on reducing financial crime, the financial crime risk of using agents, and effective creation of a culture where financial crime is discouraged.

4.4. Attendees discussed the differences between the training provided to the Board and Council Members and that undertaken by UKEF staff. It was agreed that the Head of Compliance would work with the Chair and the Head of Governance to determine what level of training was appropriate for Non-executive Members and Council Members. In addition, it was agreed that the Head of Compliance and Head of Governance would discuss conflicts of interest policy with regard to Board Members.

4.5. Members noted a reference to a fraud strategy effectiveness assessment in the CEO update. It was agreed that a response on this would be provided to the Audit Committee as soon as possible.

5. International Relations Strategy

- 5.1. The Director of Strategy, Policy and Climate Change, Julia Beck, introduced this paper to the committee, in the context of the amendments to the OECD arrangements to be released in May. [redacted], presented UKEF's first ever International Relations strategy to the board, expounding UKEF's desire to stay at the forefront of global ECAs to deliver the best possible service to customers
- 5.2. The meeting discussed how UKEF could best use its world-leader status and soft power to pursue the national interest. It was agreed that the strategy was an excellent piece of work, and it was agreed that the strategy would be discussed further at the June EGAC meeting.
- 5.3. The meeting noted and endorsed the strategy.

6. TCFD and Aero Decarbonisation Target

- 6.1. The Director of Strategy, Policy and Climate Change, Julia Beck, introduced the item.
- 6.2. [redacted], presented this paper on the target from UKEF's Taskforce on Climate-related Financial Disclosures. This paper was the result of two items presented to EC on 17th April and 24th April. The presentation focused on metrics and targets in relation to financed emissions.
- 6.3. The committee discussed the difficulties in calculating targets when decarbonisation technologies for certain sectors, such as aviation, are predicted for the near future but not yet in existence. Attendees discussed whether UKEF should have targets for funding companies developing sustainable aviation fuel. The meeting heard that UKEF has a strategy to help sector decarbonisation, but also needed targets for how to decarbonise the portfolio.
- 6.4. The Board debated the merits of setting ambitious targets and agreed that by being ahead of peers UKEF can win ground with challenging stakeholders, and that it would be a bigger reputational risk to not be bold enough. It was noted that there may be risks in applying certain targets. The meeting further discussed how to construct a narrative around the plan.
- 6.5. It was agreed that a response on the TCFD disclosure would be provided by [redacted] by written procedure by 9th May, noting whether a further meeting of the Board or the Audit Committee to discuss the issue would be necessary.

7. Business Performance updates

7.1. In the absence of the interim Director of Business Group, [redacted] gave a presentation detailing the pipeline and progress with the Business Group reorganisation.

7.2. The Chief Risk Officer, Samir Parkash provided an update detailing the macroeconomic picture, the resourcing position from within Risk Management Group and key areas of concern from a risk perspective. It was noted that a Risk Committee meeting would take place on 3rd May and more detail would be given on enterprise risk, risk appetite and taxonomy and credit portfolios.

7.3. Cameron Fox, the Chief Finance and Operating Officer gave an update on the end of year figures and performance against UKEF's financial objectives. It was agreed that for the next meeting, more detail would be provided on the premium to risk ratio.

7.4. The interim Head of Legal and Compliance, Jayne Whymark, provided a brief update on legal and compliance matters.

8. Audit and Risk Committee Chairs' updates

8.1. Charlotte Morgan and Tim Frost provided a brief update on the Audit and Risk Committees.

9. Any other business

9.1. There was no other business.

[redacted]

Strategy, Policy and Climate Change Directorate