

Minute of UKEF Board Strategy Day – 18 October 2023

Present:

Noel Harwerth (Chair)
Candida Morley
Charlotte Morgan
Andrew Mitchell
Tim Frost
Jackie Keogh
Kimberley Wiehl
Tim Reid
Cameron Fox
Charlotte Morgan
Vanessa Havard-Williams

Jayne Whymark
Julia Beck
Esi Eshun
Carl Williamson
Adam Harris
Samir Parkash
Shane Lynch
[redacted]

Secretariat:

[redacted]

Attendees:

[redacted]

1. Introduction

1.1. The Chair and the CEO welcomed Members and attendees to the meeting. They commended Andrew and Esi for their hard work noting it was their final UKEF Board meeting.

1.2. The CEO set the scene for the day's presentations with a short presentation about UKEF's mission and vision.

2. Business Plan- Overview and discussion

2.1. [redacted], talked the committee through the context, structure and operationalisation of UKEF's next business plan.

2.2. Members asked whether it would be more prudent to wait until after the election

to write a business plan, and they heard that, aside from having a duty to continue the business of government, in writing the business plan now UKEF would set a direction of travel and have a chance to choose how issues such as SME support were framed for ministers.

2.3. Members further asked about UKEF's support for the clean growth sector, how UKEF measured support, whether other government departments created similar business plans, and about whether risk appetite levels would need to be changed.

3. UKEF's 2024-2029 Ambition

3.1. [redacted], introduced UKEF's ambition for the next five years, inviting the board to comment on whether objectives were appropriate and helped UKEF to meaningfully deliver its objectives and customer needs.

3.2. Objective 1 was discussed. Members asked how numbers had been obtained. In particular the figure of £12.5bn of exports supported and £10bn of support for UK firms, and about product development and management processes.

3.3. It was agreed that the underpinning modelling would be provided to the Board.

3.4. Regarding Objective 2, the committee heard about the ways UKEF supports small deals and emerging sectors, asking about funding and issues with the product being a good fit for small exporters,

3.5. Regarding Objective 3: UKEF's goal to grow in an equal way across regions and to support diversely owned businesses, members heard about the need to improve data capture with reference to minority-owned businesses, enquired about the possibility of sponsoring or developing education programmes, and commented on the need to get UKEF's name know, especially by SMEs and businesses outside of London.

3.6. On Objective 4, UKEF's goal was to provide £5-10bn of ML support for clean growth and transition, members heard about the benefit to UK exporters brought from UKEF support in projects such as [redacted], and heard about risks and risk appetite.

3.7. Regarding Objective 5, members heard how UKEF was clearly positioning itself as a financier of projects in emerging markets and derisking those markets, with 75% of its IEFEs in emerging markets, and how UKEF was increasingly seen as

a lever for the government's international development aims. They enquired about risk and discussed the need to balance our commitment to SMEs with our wish to seek contracts with high impact in developing countries, which would likely be larger contracts with larger exporters. Members further discussed terminology used to frame our impact [redacted].

4. Sustainability Strategy- Overview and Priority projects

4.1. [redacted], presented UKEF's sustainability strategy framework along with the broader picture of global trends, asking the committee what they wanted the strategy to do for UKEF.

4.2. Members asked whether UKEF's strategy aligned with that of other ECAs and heard that partner ECAs frequently communicated with UKEF for guidance and collaboration on their own strategies.

4.3. The committee asked what merit being a leader in the sustainability field provided. [Redacted].

4.4. [redacted], presented UKEF's sustainability targets and asked the committee for steer on what targets UKEF should be setting to better incentivise green deals. They showed members what targets other ECAs and private sector counterparts had set.

4.5. Members asked about the definition of 'nature'. Members asked about alternative ways of measuring our success rather than the size of the commitment [redacted].

4.6. [redacted], presented to the committee on 'Principles, Products and Segments'. The committee heard about the transition timeline, what the TEDG aimed to do and the plan to develop a TGEF [redacted].

4.7. Members asked about ringfencing of finance, the benefits of moving with government policy versus staying ahead of it, and choosing to prioritise supporting specific industries. Members further enquired how the aviation sector would provide a credible transition plan and whether UKEF could use their influence to encourage adoption of SAF when this entered the market.

5. TCFD Next Steps

5.1. [redacted], explained the department's plans with regards to disclosure of financed emissions, given the imminent closure of TCFD Project 2 after successfully

achieving its objectives. The committee heard that UKEF were well ahead of other ECAs and noted the CC&S team's four recommendations on how to implement TCFD going forward.

5.2. The board enquired about the introduction of mandatory requirement for transition plans [redacted]. Members further heard that EDC's board had taken sustainability training and enquired how they could take similar training.

6. Strategic Risk Register

6.1. [redacted], presented the department's Strategic Risk Register.

6.2. Members commented on how operational risk was not accurately captured by the Strategic Risk Register and heard that there was a separate framework for operational risk, while the SRR served to catalogue risks which threatened UKEF's license to operate.

6.3. Members further commented on the limits of the SRR, on the appropriateness of the phrasing used [redacted], and on changing the impact levels of specific risks.

7. Wrap-up

7.1. The Chair and the CEO thanked all the members and presenters for their attendance at the meeting.

[redacted]

Strategy, Policy and Climate Change Directorate