

**REDACTED**

**EGAC (2022) 3<sup>rd</sup> MEETING**

**EXPORT GUARANTEES ADVISORY COUNCIL**

**MINUTES OF MEETING HELD ON 11 OCTOBER 2022**

**Present:** Dr Alistair Clark (Chair)  
Dr Ben Caldecott, EGAC  
Mr Harold Freeman, EGAC  
Ms Vanessa Havard-Williams, EGAC  
Mr John Morrison, EGAC  
Mr Stephen Prior, EGAC  
Ms Sarah Steele, EGAC  
Ms Kimberly Wiehl, UKEF Board  
Mr Tim Reid, UKEF Director  
[redacted]  
[redacted]

**Presenters:** [redacted]

**Observers:** [redacted]

**Apologies:** Dr Roseline Wanjiru

**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. Members discussed the July 2022 minute and actions log. The minutes were approved by the Council and it was noted that they would be published in due course.

3. **CEO UPDATE**

- 3.1. The Head of the Business Group, Mr Tim Reid, gave an overview of business activity. He outlined structural changes within the Business Group and emphasised the Directorate's focus on the customer experience. Mr Reid talked about transactions, products, digitisation, the outlook and pipeline. He noted the risk environment and outlined mitigations.
- 3.2. The Council asked about opportunities. Mr Reid highlighted infrastructure projects such as roads and water sanitation mostly in Africa and the Middle East. He described the challenges of projects in these regions.
- 3.3. The Council and UKEF staff discussed the effect of Ministerial changes.
- 3.4. Members asked whether sovereign-backed lending and guarantees in a risky environment changed the nature of business. The meeting discussed sustainable lending criteria and country limits.
- 3.5. The meeting discussed OECD arrangement modernisation including climate change sector understanding, rules for transactions in clean and green sectors. Members noted that UKEF was leading a small group working to give longer repayment terms to enable sustainable finance.
- 3.6. The Council would come back to the Secretariat with any questions.

**ACTION: Members to be made aware of any significant changes to OECD arrangements.**

4. **UKRAINE AND ESHR DUE DILIGENCE**

- 4.1. [Redacted] outlined a proposed streamlined approach to considering ESHR risks associated to support being considered under the Reconstruction Facility for projects in Ukraine. The E&S team sought EGAC's views on the appropriateness, concerns, and improvements.

- 4.2. [Redacted] outlined the background, explaining that the urgency for priority projects such as hospital, bridges, and temporary and permanent housing arose from the impending winter conditions.
- 4.3. [Redacted].
- 4.4. The Council noted the urgency of conducting accelerated ESHR due diligence in this context and was broadly supportive, acknowledging that a proportionate, risk-based approach was required, similar to E&S process changes made during the Covid pandemic. Members pointed out on the need to be flexible when considering infrastructure that has long-term impacts.
- 4.5. [Redacted]
- 4.6. Members gave advice on engaging with NGOs, working on OECD Common Approaches to level the playing field among export credit agencies on export credit related to conflict areas, making a public announcement about the facility and UKEF activity, and not limiting ESHR diligence to a few performance standards but starting with a broader approach.
- 4.7. UKEF staff agreed that increasing awareness would be positive and they would liaise with the communications team to do so.
- 4.8. Other questions related to the management of unexploded ordnance, how procurement consultants on the ground would be found, and recommended careful documentation particularly of gaps in knowledge and outstanding questions or requirements. Members recommended high level principles to give flexibility.

**[Redacted]**

## 5. **REPUTATIONAL RISK – PROPOSED PROCESS**

- 5.1. [Redacted] introduced this item which reviewed how UKEF considered reputational risk as a factor in decision-making across the department for transactions, procurement, policy and product development.
- 5.2. The Council discussed a variety of hypothetical scenarios and considered how they would be escalated according to the revised process. Members discussed available data solutions and the meeting discussed how such tools had been used to date.
- 5.3. The meeting noted the work undertaken to date and the team's proposed next steps.

## 6. **UKEF's PLANS FOR COP 27**

## REDACTED

### EGAC (2022) 3<sup>rd</sup> MEETING

- 6.1. [Redacted] updated the Council on the current plans for UKEF's activity at COP 27. The meeting noted UKEF's objectives for COP as part of HMG's wider programme and a summary of planning to date, including anticipated deliverables and involvement of EC and other colleagues.
- 6.2. Members noted UKEF's main objectives as policy to support level playing field objectives; commercial by raising the profile of ECA finance as an enabler for clean growth projects; and reputation and communications to demonstrate UKEF's climate leadership among ECAs and to establish ECAs as important players in international climate finance discussions.
- 6.3. The meeting discussed proposed events and agreed that UKEF should be part of discussions around the road to Green Economy, Clean Energy Transition Partnership and breaking the mould of export finance.
- 6.4. Members who were attending COP 27 volunteered to contribute at any UKEF-related events.
- 6.5. The Council advised that UKEF consider involvement in the wider finance discussions, providing the South African Just Energy Transition Partnership as an example. Members provided a contact who could assist with exposure into the private banking sector.

#### 7. **UKEF'S APPROACH TO MODERN SLAVERY**

- 7.1. [Redacted] returned to the Council for further discussion and guidance on UKEF's approach to mitigating modern slavery risks. Council members had been engaged on the issue for a long time.
- 7.2. Members welcomed considering core business as an ESHR (modern slavery) issue, expanding beyond UKEF's supply chain. Members gave advice on the content for the annual statement. They welcomed raising this issue at the OECD Common Approaches and described other countries' approaches to mandatory disclosure.
- 7.3. Members examined the use of the term 'modern slavery' and the substantive meaning under international law relating to forced labour, human trafficking and smuggling. Members discussed the merits of international standards and which normative standards ECAs should benchmark against.
- 7.4. The Council was pleased with the progress and the introduction of wording across UKEF's legal documentation, asking customers to declare they have not engaged in forced labour. Members continued to offer their support as and when needed.

**[Redacted]**

8. **CLIMATE AS A STRATEGIC RISK**

[Redacted]

9. **UKEF HOSTS OECD EVENT IN LONDON, DECEMBER**

- 9.1 Secretariat updated members on an upcoming OECD Anti-Corruption and Bribery Workshop that the Legal and Compliance Division were hosting in London in December. Members expressed an interest in attending.

10. **ANY OTHER BUSINESS**

[Redacted]

**EGAC Secretariat**

**Strategy, Policy and Climate Change Directorate**