

EXPORT GUARANTEES ADVISORY COUNCIL

MINUTES OF MEETING HELD ON 12 June 2023

Present: Ms Vanessa Havard-Williams (Chair)
Dr Ben Caldecott, EGAC
Mr Harold Freeman, EGAC
Dr Roseline Wanjiru
Ms Sarah Steele, EGAC
Mr Stephen Prior, EGAC
Mr Tim Reid, UKEF CEO
Ms Esi Eshun, UKEF Director
Ms Julia Beck, UKEF Director
Ms Jayne Whymark, UKEF Director
[REDACTED]
[REDACTED]

Presenters: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Observers: Ms Charlotte Morgan, UKEF Board member, Chair
of the UKEF Audit Committee
Mr Tim Frost, UKEF Board member, Chair of the
Risk Committee
[REDACTED]

Apologies: Mr John Morrison, EGAC

Secretary: [REDACTED]

1. Minutes of previous meeting and matters arising

1.1. Members reviewed and approved the minutes and actions from the February 2023 meeting.

1.2. [REDACTED]

2. **Climate Change and Sustainability update**

2.1. [REDACTED] presented the final draft TCFD report following feedback from the EGAC and Audit Committee discussions in April and prior to its publication within the Annual Report and Accounts.

2.2. Members discussed the criteria for the re-baselining of emissions. Members noted there would be increased scrutiny and commended and were supportive of officials' efforts to be open and transparent about the numbers and basis for them.

2.3. [REDACTED] gave an update on the first Transition Export Development Guarantee (TEDG). The Council and officials discussed the product and agreed on its intent to incentivise and support transition. Members discussed the effect of transition key performance indicators (KPIs) not being met and the penalties.

2.4. Members noted the challenges of communicating publicly around commercially sensitive information and emphasised the importance of proactive communications.
[REDACTED]

2.5. Council members anticipated there would be more appetite for transition-related products in future so there was a need to refine the product so it could continue to incentivise and support transition. They advised identifying lessons from transition-type policies and products to inform future developments.
[REDACTED]

3. **Impact Framework**

3.1. [REDACTED] returned to the Council to review progress on developing the Impact Framework that was being designed to help better understand, measure, and consider the impact of UKEF activities.

3.2. Members commended the progress made since the last meeting.

3.3. They discussed prioritisation, international impacts, specifics of sustainability considerations, and the use of Sustainable Development Goals (SDGs), and its importance for staff motivation, morale and policy impact.

3.4. Members encouraged involving UKEF staff in developing the framework, potentially through work on the theories of change. They recommended involving other government departments too.

- 3.5. They considered there was more work to do on identifying and specifying performance metrics, including timelines, levers and activities.
- 3.6. The Council advised officials to be alert to the risk of green washing, and to consider that impacts in the UK or abroad may be negative. They recommended legal review and verification of all statistics to ensure their robustness.
- 3.7. Members noted that this was a rapidly evolving area so officials would need to regularly refresh the theories of change, performance metrics and indicators.
- 3.8. [REDACTED]
- 3.9. The CEO noted that impact was routinely being discussed among staff in relation to departmental work even though the framework had not yet been launched.

4. **International Relations update**

- 4.1. [REDACTED] presented the strategy for international engagement for UKEF, along with [REDACTED].
- 4.2. Council members discussed and noted the many competing priorities and advised the need to triage and offered methods for prioritising. They discussed objectives for international engagement, prioritising organisations to engage with and trade-offs in doing so, and how to measure influence in international engagement.
- 4.3. Members asked what good looked like; they recommended identifying a high ambition series of outcomes, along with barriers to delivery and pre-emptive mitigation.
- 4.4. Members commended and encouraged the division's close work with other UKEF teams that also engage internationally. They suggested ways to use resources in the best way to get the best terms and conditions for UKEF customers in ways that align with UK government policy.

5. **Environmental and Social Division – project case study**

- 5.1. The Chair welcomed [REDACTED].
- 5.2. [REDACTED] talked to the Council about a Togo/ Benin border road project that UKEF was supporting through a 120 million Euro buyer credit/ direct lending.
- 5.3. Members discussed the ESHR process, how E&S issues that had arisen had been dealt with, financial arrangements, the involvement of local community leaders and politicians, the use of enhanced due diligence, and plans for grievance mechanisms and how they were working.

- 5.4. Members asked what would have happened if UKEF were not involved; [REDACTED] believed the situation would look very different, pointing to UKEF's ability to raise ethical and environmental standards on projects and influence others.
- 5.5. The Council noted the hands-on involvement in the project and asked how typical this type of project and level of engagement was. Members noted the value of site monitoring visits.

6. **Report on Information Commissioner's Office investigation**

- 6.1. [REDACTED] detailed an investigation by the Information Commissioner's Office (ICO) into a UKEF response to a Freedom of Information (FOI) request.
- 6.2. Members discussed UKEF's FOI process, the process of independent reviews, the exemptions applied and contingency planning.
- 6.3. Members noted that UKEF is one of the most transparent departments in government in its FOI responses, noting that commercial sensitivity and security considerations sometimes constrain the responses.

7. **Sustainable lending**

- 7.1. [REDACTED] followed up on a paper circulated in April 2023 on sustainable lending practices.
- 7.2. Members clarified that this topic referred to financial sustainability and affordability with the intent of improving practice across the board. They discussed how it mapped against future opportunity markets and its interaction with non-financial sustainability.
- 7.3. [REDACTED].
- 7.4. Members heard about policy changes for climate-resilient debt clauses. Members considered the changes to be reasonable and improvements.
- 7.5. Members considered the time horizons needed for progress and future adaptation risk.
- 7.6. The Council agreed to revisit the topic in the next meeting.
[REDACTED]

8. **Update from the Compliance Division**

REDACTED

EGAC 2023

- 8.1. [REDACTED] gave an overview of the Financial Crime Due Diligence function, responsibilities and processes. [REDACTED] detailed the purpose and operational activity. [REDACTED] talked about engagement with other ECAs on anti-bribery and corruption approaches.
- 8.2. The Council recognised the risks in transactions and discussed the due diligent and enhanced due diligence processes. They discussed agents and third parties. They discussed the wording of policies and cautioned the need to be pragmatic. They advised liaison between divisions on risk pre and post-closure.
- 8.3. Members looked forward to seeing plans for metrics, data and reporting of financial crime work.
- 8.4. Members discussed training for staff and asked how policies apply to UKEF's non-executive directors. The Compliance team agreed to provide training on risks and ethical/ propriety issues that members should consider.
- 8.5. The Council discussed stakeholder mapping and engagement with civil society and other ECAs.
- 8.6. Members noted the international engagement aspect of the Compliance division, observing the need for the team to align with the International Relations division on ECA engagement.
- 8.7. The Chair of the Audit Committee welcomed input from EGAC on such issues.
[REDACTED]

9. **AOB**

- 9.1. Members discussed possible future agenda items.

[REDACTED]

EGAC Secretariat