



UK Export  
Finance

# Climate Change Strategy 2021- 2024

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September 2021



# Minister & CEO forewords



**Anne-Marie Trevelyan MP**  
Secretary of State for  
International Trade

"The UK will host this year's COP26 summit in Glasgow and we are determined to lead by example. Trade and Climate are closely interlinked, which is why we are proud that our award-winning export credit agency, UK Export Finance (UKEF) is launching its Climate Change Strategy to stimulate green exports. As the global economy recovers from the COVID pandemic, by supporting the UK's clean exporters, UKEF is at the heart of our plans to help build back cleaner and greener."



**Louis Taylor**  
Chief Executive Officer

"Addressing climate change through decarbonisation will take a tremendous coordinated international effort over the long-term, requiring lasting partnerships between the public and private sectors. Our role in supporting companies to win clean growth contracts and transition away from fossil fuels will be critical in the race to net zero. This new Climate Change Strategy lays out our ambitious plans to support UK exporters and suppliers through the global transition to net zero and lead the way to a more sustainable future."



# Executive Summary



This year, the UK will host the UN Climate Change Conference (COP26) summit in Glasgow from 1-12 November. The launch of our Climate Change Strategy, covering the period 2021-2024, demonstrates our role in the UK's international climate change leadership.



In 2019 the UK became the first major economy to pass into law a domestic requirement for net zero greenhouse gas emissions by 2050. Now, we are also committing to net zero greenhouse gas emissions by 2050 across UKEF's portfolio and operations.



We will support UK exporters and suppliers as the UK and global economies transition to deliver on the Paris Agreement. This strategy sets out how we intend to deliver our commitment through our five strategic pillars and our five enablers.

# Climate Change Strategy

## Net Zero by 2050<sup>1</sup>

We will support UK exporters and suppliers through the global transition to net zero, embedding consideration of climate change into our business.

### Strategic Pillars

**By increasing our support** to clean growth and climate adaptation.

**By reducing our portfolio** greenhouse gas emissions.

**By understanding and mitigating** our climate-related financial risks.

**Through transparency** and disclosure.

**By providing international leadership** on climate change amongst export credit agencies and relevant financial institutions.

### Description

We will increase our support for the clean growth, climate adaptation and resilience sectors, supporting global mitigation and adaptation efforts.

We will build our understanding of the greenhouse gas emissions impact of our support and set interim targets to ensure we are on track to reach net zero greenhouse gas emissions by 2050.

We will assess the potential for climate-related financial risks within the existing portfolio and from new deals, and will take actions to mitigate these risks.

We will report against our climate-related commitments, enabling our stakeholders to monitor our progress.

We will encourage our peers to follow our lead in setting stretching climate ambitions, raising the bar for export finance internationally.

### Enablers

**Governance** - We will continue to review and enhance our governance by embedding climate change-related responsibilities across the department including at senior management and Board level.

**Decision-making** - We will continue to take account of climate change in our decision-making relating to the support we provide to exporters.

**Change Management** - We will engage our staff in the implementation of this strategy so that they are ready to implement the changes it will bring to our organisation and are empowered to adapt accordingly.

**Learning & development of our people** - We will ensure our staff have the appropriate knowledge, training and awareness to deliver this strategy across our organisation.

**Stakeholder engagement** - We will engage with our external stakeholders; including business, non-governmental organisations and civil society, to help shape and support delivery of our strategy.

1. Through implementing the pillars of our Climate Change Strategy, we will reduce our operational and portfolio greenhouse gas emissions to zero on a *net* basis. See glossary for further detail.

# Context



## **The time to act is now:**

2010-2019 was the hottest decade on record, driving dangerous weather patterns and affecting societies and ecosystems around the world. To keep the goal of limiting global mean temperature rise to 1.5 degrees within reach, global greenhouse gas emissions must be halved by 2030.

## **Domestic action, global leadership:**

Climate change is a global challenge, requiring global solutions - profound, comprehensive and urgent international cooperation is required to deliver a net zero global economy. Over 40 governments have now made time-bound net zero commitments, in legislation or policy documents, following the UK's lead.

## **The role of finance and business in decarbonising the economy:**

Making financial flows consistent with a net zero and resilient economy is a crucial goal of the 2015 Paris Agreement. It will require a transformation of the financial system. Businesses are essential in boosting innovation and transitioning away from high carbon sectors to clean growth alternatives, providing adaptation and resilience solutions, as well as in understanding their own climate-related risks and impacts.

## **UKEF's role:**

As an export credit agency, we are in a unique position to support both domestic and international climate aims; our support realises economic opportunities for the UK and can facilitate our international partners in their transitions to lower carbon economies. Our Climate Change Strategy outlines how we will make our support to UK exporters and suppliers consistent with this commitment.

# UKEF's journey so far

## Net Zero by 2050

We will support UK exporters and suppliers through the global transition to net zero, embedding consideration of climate change into our business.

Strategic Pillars

Key progress to date

**By increasing our support to clean growth and climate adaptation.**

We launched a £2 billion Clean Growth Direct Lending Facility in 2020 and a Transition Export Development Guarantee in 2021.

We have substantially increased our capabilities both in the UK and internationally to identify new opportunities for UK exports in the clean growth sectors. 50% of our current business development pipeline is derived from these sectors.

**By reducing our portfolio greenhouse gas emissions.**

We take account of climate change within our decision-making processes for all our products in a manner proportionate to the risks and impacts associated with the projects and our support.

The government no longer provides support for the fossil fuel energy sector overseas as of 31 March 2021, other than in exceptional circumstances.

**By understanding and mitigating our climate-related financial risks.**

We have been an Equator Principles<sup>2</sup> Financial Institution since 2016. From 1 July 2020 we committed to follow EP4 and have required, for all relevant transactions, a climate change risk assessment to be conducted by the project developer. We also take account of climate change in a proportionate way for transactions which fall outside EP4.

**Through transparency and disclosure.**

We made our first disclosure in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in our Annual Report and Accounts for 2020/ 2021. We were the first government department to make a TCFD disclosure.

**By providing international leadership on climate change amongst export credit agencies and relevant financial institutions.**

In October 2020 we completed our second term on the Equator Principles Steering Committee, performing a management support role.

We are working closely with like-minded export credit agencies (and their guardian authorities / Ministries of Finance) in respect of updating OECD Understandings on coal and climate change.

**2015**  
December



The Paris Agreement is signed

**2019**  
June



The UK became the first major economy to pass a net zero emissions law



The Environmental Audit Committee published its report on UKEF

July



The Green Finance Strategy is launched

**2020**  
January



The UK government stops providing any direct support for thermal coal mining or coal power plants overseas

November



The UK government launches its 10 point plan

December



The UK government announces that it will end support for the fossil fuel energy sector overseas

**2021**  
March



The UK government's support for the fossil fuel energy sector overseas officially ends

2. The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making. EP4 is the 4th edition of the framework.

# Formosa 2

## Offshore wind in Taiwan

Support for the construction of a 376-megawatt offshore wind farm in the Taiwan Strait, featuring 47 new turbines to increase Taiwan's use of renewable energy. This will contribute significantly to Taiwan's target of generating 20% of its power from renewable sources by 2025.

**Product:** Project Finance – £230 million

**UK exporter:** Various

**Goods to be exported:** Wind turbines, foundations and auxiliary facilities



Examples of our clean growth support to date



# Drinking water

## in Ghana

Aqua Africa will use solar powered technology to provide clean drinking water for 225,000 people across the country.

**Product:** Direct Lending Facility – £27 million

**UK exporter:** Aqua Africa

**Goods to be exported:** Solar-powered water pumps

# Key actions and roadmap 2021-2024

## Net Zero by 2050<sup>1</sup>

We will support UK exporters and suppliers through the global transition to net zero, embedding consideration of climate change into our business.

**By increasing our support** to clean growth and climate adaptation.

Review and further develop our green products to ensure that we can boost the export capacity of the UK's clean growth offering. Continue to expand and upskill our staffing dedicated to clean growth transactions, both in the UK and overseas.

**By reducing** our portfolio greenhouse gas emissions.

Better understand our portfolio greenhouse gas emissions and further develop over time our approach to measuring these. Determine interim decarbonisation targets which reflect the impact of the government's policy on aligning UK international support for the clean energy transition and are consistent with a pathway to net zero by 2050.

**By understanding and mitigating** our climate-related financial risks.

Appropriately and proportionately take account of climate change risk in our credit risk assessments to ensure we are responsibly managing public money and fulfilling our mission to operate at no net cost to the taxpayer over time.

**Through transparency and disclosure.**

Report our TCFD disclosures within our Annual Report and Accounts for each reporting year, covering our Governance, Strategy, Risk Management, Metrics and Targets.

**By providing international leadership** on climate change amongst export credit agencies and relevant financial institutions.

Embed the UK and UKEF as a key influencer in multilateral negotiations amongst export credit agencies, and encourage our peers to join us in making financial flows consistent with the Paris Agreement.

We will

We will

**Governance** - Continue to mainstream climate change into our business planning process and in our ongoing organisational planning.

**Decision-making** - Further develop our approach to taking account of climate change considerations when making decisions on providing support.

**Change Management** - Embed climate change into our business as usual activities throughout the organisation.

**Learning & development of our people** - Encourage our colleagues to further develop their knowledge and understanding of climate change issues through ongoing training and internal communications.

**Stakeholder engagement** - Actively engage with our customers to increase our support in the clean growth sectors and support them as they transition. We will engage with our stakeholders to raise awareness of our Climate Change Strategy.

## 2021

- Publish our first TCFD report within our Annual Reports and Accounts 2020/21
- Develop and implement our strategy for supporting clean growth
- Provide international leadership in the run up to COP26

## 2022

- Provide our first quantitative disclosure in our second TCFD report for 2021/22
- Develop our climate scenario analysis in view of embedding these into our business as usual processes by the end of this strategic period
- Provide detail on portfolio greenhouse gas emissions and interim decarbonisation targets


## 2023

- Update our approach to considering climate-related financial risks as part of our credit risk process over the course of this strategic period, keeping up to date with industry best practice
- Publish our third TCFD report for 2022/23, with greater quantitative disclosure

## 2024

- Develop and launch our second Climate Change Strategy
- More detailed disclosure of our scope 1, 2 and 3 greenhouse gas emissions
- Publish our fourth TCFD report for 2023/24



A low-angle, upward-looking photograph of modern buildings. The buildings feature a mix of materials, including concrete, glass, and a prominent green wall covered in lush vegetation. The sky is bright blue with scattered white clouds. The overall composition is dynamic and emphasizes the integration of nature with urban architecture.

# Further detail on our Climate Change Strategy

# Content

## Our Story

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## Our Strategic Pillars For Achieving Net Zero

- Increasing our support to clean growth and climate adaptation
  - Reducing our portfolio greenhouse gas emissions
  - Understanding and mitigating our climate-related financial risks
  - Transparency and disclosure
  - International climate leadership
- 

## Our Enablers - How We Will Implement Our Strategic Pillars

- Governance
  - Decision-Making
  - Change Management
  - Learning and Development of our People
  - Stakeholder Engagement
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## Our Stakeholders

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## Glossary



# About UK Export Finance

We were the world's first export credit agency, established in 1919.

We are a government department, strategically and operationally aligned with the Department for International Trade, and operating within the consent of HM Treasury. We work with over 100 private lenders and credit insurers.

We exist to complement, but do not compete with private sector financing, and we operate at no net cost to the taxpayer over time.

We support current and potential UK exporters through our product range, which we are constantly innovating. Our products include:

- Export insurance policies
- Buyer finance
- Working capital products

We are winners of TXF Perfect 10 Deals of the Year (2019) and GTR Best Deals awards (2021)

We ranked second by TXF amongst all export credit agencies for sustainable deals supported – £2.4 billion in 2020.

Our statutory purpose is to support UK exports and overseas investments. We do this by providing export credit and trade finance support for exports that might otherwise not happen, thereby supporting UK exports and incentivising overseas buyers to source from the UK.

We take account of relevant factors beyond the purely financial. This includes government policies, international agreements which apply to the operations of export credit agencies, industry practice and standards relating to, for example, environmental, social and human rights impacts, climate change, debt sustainability, and bribery and corruption.

We take account of climate change within our decision-making processes for all our products. This consideration is proportionate to the risks and impacts associated with the projects and our support.

**We are winners of TXF  
Perfect 10 Deals of the  
Year (2019) and GTR  
Best Deals awards (2021)**



# Our Strategic Pillars and Enablers



# Strategic Pillar 1

## Increasing our support to clean growth and climate adaptation



**We will increase our support for the clean growth, climate adaptation and resilience sectors, supporting global mitigation and adaptation efforts.**

We are uniquely placed to support UK exporters to take advantage of opportunities in global markets in low carbon and clean growth technologies and services. We have a track record of innovation, making changes to our offering to adapt to the needs of exporters and priorities of government. We have harnessed this approach to support clean growth exports.

Historically, our support has not prioritised any individual sector. However, in 2020 we put in place a £2bn direct lending facility dedicated to financing clean growth projects, helping to bring more opportunities to the UK supply chain. We expanded our international network and hired UK specialists to help small and medium-sized enterprises access the finance and insurance they need to capitalise on the global energy transition.

Our flexible General Export Facility and Export Development Guarantees, both launched in 2020, will enable UK clean growth businesses to access the financing they require to develop and enhance their export capacity. We have also launched our Transition Export Development Guarantee this year to support UK exporting companies with their energy business transition.

Our strategy of 'Focused Alignment' with the Sustainable Development Goals will contribute to our support for the climate adaptation and resilience sectors. As a government department delivering support to UK exporters and their overseas buyers, we have an important role to play in supporting progress towards the Sustainable Development Goals. Our Business Plan reflects this commitment by providing support, alongside Official Development Assistance and commercial financing as relevant, in markets and sectors where there are demonstrable developmental and prosperity benefits with secondary benefits to the UK supply chain. By boosting business at home and helping other countries to achieve their net zero ambitions, our work will support the G7 partnership to build back better for the world.

It is important to acknowledge that the UK clean growth supply chain is not yet as mature as the UK's use of clean growth infrastructure. As the UK clean growth supply chain strengthens, our support will grow. Our approach will be aligned to the government's wider strategy, including as set out in two papers: 1. [Build Back Better: our plan for growth](#), and 2. [The Ten Point Plan for a Green Industrial Revolution](#).

### During this strategic period, we will:

- Use our £2bn Clean Growth Direct Lending Facility and allow generous repayment terms for clean growth projects;
- Further develop our products, including under our 'conducive to export' mandate, to ensure that they can boost the export capacity of the UK clean growth sector;
- Provide tailored export finance advice to UK small and medium-sized enterprises in the clean growth sector, with dedicated Export Finance Managers across the UK;
- Expand our international network of country heads, who will actively seek out clean growth projects overseas which could benefit from our support through procuring from the UK;
- Hire more staff dedicated to underwriting clean growth transactions to accelerate time to market;
- Deploy a marketing campaign targeted at clean growth exporters in the UK and buyers overseas;
- Pursue a 'Focused Alignment' strategy with the Sustainable Development Goals, taking a proactive approach to identifying projects and supply chains with Sustainable Development Goal-related impacts where we could provide support.

# Strategic Pillar 2

## Reducing our portfolio greenhouse gas emissions



**We will build our understanding of the greenhouse gas emissions impact of our support and set interim targets to ensure we are on track to reaching net zero greenhouse gas emissions by 2050.**

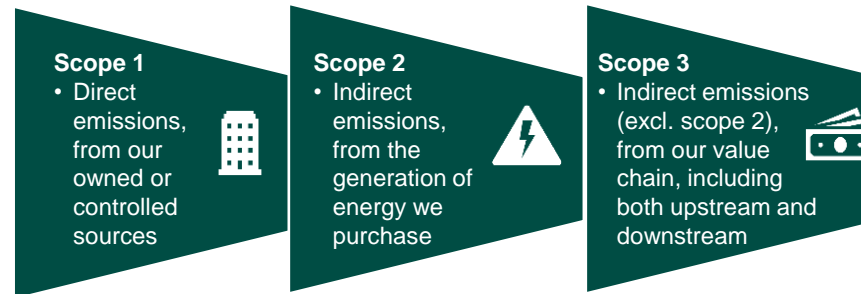
Understanding our greenhouse gas emissions impact is the first step to reducing it. We are committed to reducing our emissions to net zero across both our operations (our scope 1 and 2 emissions) and our portfolio (our scope 3 emissions) by 2050 – see Box 1 for a breakdown of the different emissions scopes.

To support this, we will build our understanding of our greenhouse gas emissions, with an aim to continue developing the sophistication of our approach over time, subject to data availability. The diagram on page 15 sets out our roadmap for this strategic period to better understand our full greenhouse gas emissions impact.

To guide us on our journey to net zero, we will set interim decarbonisation targets for our portfolio emissions. In setting any target we will need to consider the context in which we operate and our mandate to support UK exports, as well as the requirements of the developing markets where our support is primarily provided, their national climate change mitigation and adaptation priorities.

Wider government policy will support us on this journey. The government no longer provides support for the fossil fuel energy sector overseas as of 31 March 2021, other than in exceptional circumstances. Our implementation of this policy will take us a significant way towards reducing our portfolio emissions.

### Box 1: our scope 1, 2 & 3 greenhouse gas emissions



Our biggest greenhouse gas emissions impact is from our scope 3 emissions, which are the emissions produced from the support we provide through our lending, guarantees and insurance products. We collectively refer to these as our portfolio emissions.

We can reduce our scope 3 emissions by:

- Reducing our exposure to high greenhouse gas emitting sectors;
- Supporting more business in low/no carbon sectors or projects that remove carbon from the atmosphere;
- Ensuring that the greenhouse gas emissions from our support is minimised, for example through use of best available technology.

### During this strategic period, we will:

- Build our understanding of our portfolio greenhouse gas emissions;
- Set interim decarbonisation targets on our pathway to net zero;
- Implement the government's policy on aligning UK international support for the clean energy transition and collaborate with other government departments in delivering it;
- Continue to take climate change considerations into account in our decision-making processes and refine our approach;
- Seek to reduce emissions where appropriate in the projects we support. This will include requiring that the best available technology is used where appropriate and that lower carbon alternatives are considered.

# Understanding our portfolio greenhouse gas emissions: a roadmap



**2021/22**

**During the remainder of this  
Climate Change Strategy period**



- See glossary for definitions of scope 1, 2 and 3 greenhouse gas emissions.
- Dependencies: Our ability to measure our portfolio greenhouse gas emissions will be dependent on gaining access to our customers' scope 1, 2 and 3 greenhouse gas emissions. We will need to develop over time our approach to accessing and assessing this data.

# Strategic Pillar 3

## Understanding and mitigating our climate-related financial risks



We will assess the potential for climate-related financial risk within the existing portfolio and from new deals, and will take actions to mitigate these risks.

Risk management has been a core capability of UKEF for more than 100 years. We are now broadening and deepening our approach to risk management in order to understand and respond to the financial risk that climate change poses to the global economy, our portfolio and therefore to the UK taxpayer.

The two main ways that climate change poses financial risk are through physical risk and transition risk (see Box 2).

Our pathway to decarbonisation means that we will continue to support UK exports across a wide range of sectors. We will continue to improve our understanding of the climate-related risk to our portfolio and potential new support in our credit risk considerations and decision making.

In increasing our support to clean growth and climate adaptation, we will continue to operate at no net cost to the taxpayer over time.

### Box 2: climate-related financial risks

**Physical risk:** the impacts on insurance liabilities and the value of financial assets that arise from climate- and weather-related events, such as floods and storms that damage property or disrupt trade.

**Transition risk:** the financial risks which could result from the process of adjustment towards a lower-carbon economy, including changes in policy and technology, which could prompt a reassessment of asset values and lead to stranded assets.

### During this strategic period, we will:

- Appropriately and proportionately take account of climate-related risk across our credit risk assessments for all our products to ensure we are responsibly managing public money. This is initially qualitative in nature, but we will aim to make this progressively more quantitative;
- Update our approach to the assessment of the financial implications of climate change over the course of this strategic period, keeping up to date with industry best practice;
- Continue to look at new data sources and research as they become available and more standardised, with the aim of introducing a more quantitative analysis of climate change risk over the course of this strategic period;
- Apply relevant and appropriate climate-related scenarios to stress-testing and scenario-analysis of financial exposures and incorporate these into portfolio risk management processes and reporting;
- Explore changes to our risk appetite to increase support for the clean growth sector.



# Strategic Pillar 4

## Transparency and disclosure



**We will report against our climate-related commitments, enabling our stakeholders to monitor our progress.**

We made our first climate-related disclosure (our TCFD report) as part of our 2020/21 Annual Report and Accounts in line with the commitment we made in the government's 2019 Green Finance Strategy.

Our first disclosure details the steps we have taken so far to align with the TCFD's recommendations across its four key pillars and our plans for taking into account climate-related risks and impacts in our financial decisions. It also outlines how we will enhance our subsequent disclosures to maximise transparency.

We will increase the amount and granularity of the information disclosed year-on-year, as our approach matures, as supporting data improves, and as our TCFD journey continues.

We have reported since 2008/9 on all projects we support where operational phase annual greenhouse gas emissions are estimated to exceed 25,000 tonnes of CO<sub>2</sub>e per year. This information will form the initial basis for our greenhouse gas portfolio emissions estimates.

We have committed to pursue a strategy of 'Focused Alignment' to the Sustainable Development Goals; we will also report on our progress against this commitment.

### Box 3: TCFD



We published our first TCFD report as part of our Annual Report and Accounts for 2020/21. Our reporting covers the four pillars of the TCFD recommendations:

1. Governance
2. Strategy
3. Risk Management
4. Metrics and Targets

### During this strategic period, we will:

- Report our TCFD disclosures with our Annual Report and Accounts for each reporting year, aiming to increase quantitative disclosures and enhance our approach over time;
- Update on the progress of our 'Focused Alignment' with the Sustainable Development Goals in our Annual Report and Accounts.

# Strategic Pillar 5

## International climate leadership



**We will encourage our peers to follow our lead in setting stretching climate ambitions, raising the bar for export finance internationally.**

We are an international climate leader. We played a crucial role in the run up to COP21 in leading negotiations, alongside the United States, to a multilateral agreement at the OECD for a Sector Understanding on Coal-Fired Power restricting export credit agency support to this sector.

This year we were a founding signatory of the Export Finance for Future initiative, a coalition of countries which endorsed a statement of principles to better integrate climate in export finance.

We will continue to lead the way in the run up to COP26 and in encouraging other export credit agencies to follow the UK's approach to the fossil fuel energy sector and in our implementation of TCFD.

### Box 4: selected international fora



### During this strategic period, we will:

- Embed the UK and UKEF as a key influencer in multilateral negotiations amongst export credit agencies and encourage our peers to join us in making finance flows consistent with the Paris Agreement;
- As an independent (post EU exit) Participant in the OECD Arrangement on Officially Supported Export Credits, we will take a leading role and seek to influence others in the review process for the OECD Coal-Fired Electricity Generation Sector Understanding and Climate Change Sector Understanding. We will seek to include further incentives for greener projects, and more restrictions for support for fossil fuel projects overseas;
- We will work on the review of the OECD Common Approaches for Environmental and Social Due Diligence to strengthen and update them to bring them in line with international best practice, and with the standards already adopted by us and other likeminded export credit agencies.

# Enablers



## Governance

We will continue to review and enhance our governance by embedding climate change-related responsibilities across the department including at senior management and Board level.

Over the last 12 months our governance structure has been enhanced to provide greater scrutiny to our approach to climate-related risks and opportunities, providing improved independent monitoring, oversight, and challenge.

Our Accounting Officer has overall responsibility for, and our Board provide oversight of, climate change-related strategy and policy within the organisation. The Board has appointed a new nominated representative for climate change considerations, in addition to enabling appropriate Board and Audit Committee oversight of our actions regarding the implementation of the TCFD recommendations through a nominated non-executive Director.

The Export Guarantees Advisory Council (EGAC) has recruited two additional members with specific experience and expertise in climate change advice to financial institutions, further strengthening the Council's ability to provide advice on our work, including with regards to climate change.

We created a new Director-led Strategy, Policy and Climate Change (SPoCC) Directorate. The creation of the Directorate allows real focus on how we will manage our climate change approach and ensures senior oversight of our work in this area.

### During this strategic period, we will:

- Publish our climate-related governance structure, setting out more detail on how we manage climate-related risks and opportunities;
- Establish accountability for the implementation of the Climate Change Strategy at the Board level;
- Establish and further embed climate-related expertise and experience across all relevant divisions; in our business plan objective setting and in our ongoing organisational planning.

# Enablers

We take account of relevant factors beyond the purely financial in our decision making. As of 31 March 2021, these factors have included the government's policy to no longer provide new direct support for the fossil fuel energy sector overseas. Through this policy alone, we will take a significant stride towards fulfilling our net zero commitment. This is because our pre-existing financial support to these highest-emitting sectors will not be replaced once they mature, except in exceptional circumstances. In line with our mandate, we will continue to be open to providing support to all other sectors not captured by the policy, and we will look to support companies and sectors in their low-carbon transition wherever possible. This will include requiring that the best available technology is used, where appropriate, and that lower carbon alternatives are considered.

We have been developing the way in which we take account of climate change in our decision-making processes, across all our support. Implementing this strategy will enable us to improve appropriately and proportionately how we do this, taking account of both climate change-related risks and opportunities.

## During this strategic period, we will:

- Continue to develop our approach to taking account of climate change when making decisions, including in relation to credit risk and to the provision of our support;
- Continue to develop our evidence base; we will endeavour to ensure we can access the right data and information to inform decisions.

## Decision Making

We will continue to take account of climate change in our decision-making relating to the support we provide to exporters.

# Enablers



## Change Management

We will engage our staff in the implementation of this strategy, so that they are ready to implement the changes it will bring to our organisation and are empowered to adapt accordingly.

Delivering our Climate Change Strategy will require the whole department's buy-in and a "can-do" culture throughout.

Implementing the strategy will require delivering change and embedding new ways of working across the organisation.

We will take further steps to embed climate change in our governance, decision making and learning and development of people.

### **During this strategic period, we will:**

- Implement an internal communications strategy to increase colleagues' awareness of climate change issues and how we and the wider government is responding to them;
- Work with colleagues across the department to embed a culture of climate change awareness in our staff, so they take account of climate change in all that we do;
- Establish a Climate Change Forum, which will provide a space for our colleagues to hear from climate change experts, and learn about the climate-related work going on in all parts of the organisation;
- Build underwriting capability and capacity in the renewables and transition sector, including clean growth Export Finance Manager roles.

# Enablers

We are committed to providing climate change-related learning and development opportunities for our staff. In January 2021, colleagues were engaged to assess current capabilities and training needs on climate change. As of end of March 2021, a third of our colleagues have completed Imperial College London's Climate Change Financial Risks and Opportunities course, funded by the department.

To deliver our Climate Change Strategy, it is imperative that the right knowledge and skills are embedded throughout the organisation. Learning and development in this area can be through both formal and informal means.

## During this strategic period, we will:

- Develop a climate change learning and development plan, to ensure all colleagues have the knowledge and skills they need to integrate consideration of climate change in their roles;
- Continue to encourage our colleagues to further develop their knowledge and understanding of climate change issues through ongoing training suitable for different levels of seniority;
- Repeat annual staff engagement on climate change, to track colleagues' views on the topic and the related learning and development opportunities on offer to them.

## Learning and Development of our people

We will ensure our staff have the appropriate knowledge, training and awareness to deliver this strategy across the organisation.



# Enablers

## Stakeholder engagement

We will engage with our stakeholders to help shape and support delivery of our strategy.

This strategy will have implications for a range of external stakeholders, most importantly our customers (both current and prospective), non-governmental organisations (NGOs) and civil society.

Engagement with stakeholders can help us to build and continuously develop both our and their understanding of climate change-related risks and opportunities, for our mutual benefit.

### Our customers:

We will engage with all our customers through our International Export Finance Executive network and our domestic Export Finance Manager network.

These networks will support our customers in their transition to low carbon business opportunities, working particularly in the clean growth sectors.

Whilst we can no longer support exporters and suppliers involved predominantly in the oil and gas sector or projects in these sectors, we can support and will seek to engage with UK businesses actively transitioning away from these sectors to the clean growth sectors (for example, through the Transition Export Development Guarantee).

We will also continue to engage with UK exporters and project developers in other high emitting sectors (such as aviation and automotive), working alongside other government departments, to support reducing their greenhouse gas emissions.

### NGOs and civil society:

We will engage with NGOs and civil society to raise awareness of our Climate Change Strategy.

We will develop our NGO and civil society engagement strategy and hold regular meetings with these stakeholders to provide updates relating to our climate change commitments.

We will use these engagements to seek feedback and exchange information. We regularly meet with NGOs and are looking to how we can do this in a more proactive way.

The Export Guarantees Advisory Council<sup>3</sup> also meets with stakeholders in both the business and third sector.

3. <https://www.gov.uk/government/organisations/export-guarantees-advisory-council/about>

# Our Stakeholders

## Net Zero by 2050

We will support UK exporters and suppliers through the global transition to net zero, embedding consideration of climate change into our business.

**By increasing** our support to clean growth and climate adaptation.

We will work closely with other government departments to ensure our strategies align, and that our capabilities are fully understood.

We will also work closely with business partners and relevant associations to directly engage with companies in the clean growth supply chain so that we can provide support where it is most needed.

**By reducing** our portfolio greenhouse gas emissions.

We will work with our stakeholders, including potential clients, banking partners and other governments, to build awareness of our Climate Change Strategy, so that potential partners understand both the opportunities we will focus on and the limits of our support.

**By understanding** and mitigating our climate-related financial risks.

We operate under the consent of HM Treasury, which sets financial objectives that we must meet. To do so, we have rigorous credit risk management and pricing policies. By developing our approach to the assessment and management of climate-related financial risk over the course of this strategic period, we will better ensure that we remain within our Treasury consent, retain the confidence of our ministers and operate at no net cost to the taxpayer.

**Through transparency** and disclosure.

Transparent reporting against our climate change strategy and TCFD commitments will support an improved understanding of how we assess and respond to climate-related risks and opportunities.

Stakeholders will be able to monitor and assess our progress towards our climate-related commitments.

**By providing international leadership** on climate change amongst export credit agencies and relevant financial institutions.

We will build coalitions with our peers to level the playing field, aiming to raise the bar on climate change for export finance internationally.

By building on our relationships with other OECD, G7 and Berne Union members over the course of this strategic period, we can influence overseas stakeholders and build consensus for strengthening the principles that apply to export credits and climate change.





# Glossary

**Net Zero:** when anthropogenic (i.e. human-caused) emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.

**Portfolio emissions:** the collective emissions produced from the support we provide through our lending, guarantees and insurance products.

**Scope 1 greenhouse gas emissions:** direct emissions from a company's owned or controlled sources.

**Scope 2 greenhouse gas emissions:** indirect emissions from the generation of purchased energy.

**Scope 3 greenhouse gas emissions:** all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.



UK Export  
Finance

**End**

Climate Change Strategy, 2021 - 2024  
September 2021