

**EXPORT CREDITS GUARANTEE
DEPARTMENT**

**SUSTAINABLE DEVELOPMENT
ACTION PLAN**



2009 – 2011

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NOTE: ECGD cannot accept responsibility for the accuracy of information contained on any websites referenced here other than ECGD's own: www.ecgd.gov.uk.

1. MINISTERIAL FOREWORD

ECGD's purpose, as set out in its Act, is to support exports. It is important that ECGD, like other Government Departments, takes care that all aspects of its work – its operations, its procurement processes, its people and the projects it supports – promote greater sustainability. This document, ECGD's second Sustainable Development Action Plan, shows how it will continue to do this.

Sustainability is not an ephemeral, distant concept. It's about every single one of us thinking more about how we manage our buildings, plan our travel and spend our money. For Government, it also means thinking about how we develop and implement our policies.

Since 2002, the Government has set common sustainability targets in key operational areas such as reducing water consumption and carbon emissions, against which each central Government Department is required to track its progress. The results are reported in Sustainable Development Commission's annual Sustainable Development in Government report. I am delighted that in the 2009 report, which showed progress against those targets for 2007-08, ECGD was shown to have continued to improve its performance against previous years, being one of only five departments to be awarded five stars out of five for its performance.

As a result of the hard work reflected in those five stars, ECGD rose last year from ninth to fifth out of the twenty-one Government Departments. ECGD also performed well against its Sustainable Procurement Action Plan targets, where it was awarded four stars out of five.

ECGD can still make improvements in increasing its energy efficiency and its waste reduction, and it can take forward the Government's commitment to greater sustainability through international negotiations and in discussions with exporters, project sponsors and other export credit agencies. I look forward to continuing progress in these respects.

To reflect the ongoing development of ECGD's sustainable development activity, this plan will be published online only and updated as needed.

Ian Pearson
Economic and Business Minister

2. INTRODUCTION

This document is the Sustainable Development Action Plan (SDAP) for implementation by the Export Credits Guarantee Department (ECGD) in financial years 2009-11. It has been endorsed by the Economic and Business Minister, as the Minister responsible for ECGD, following approval by ECGD's Executive Committee, Management Board and advice from the Export Guarantees Advisory Council.

Ultimate responsibility for the implementation of the SDAP rests with ECGD's Chief Executive. The actions detailed within this Plan have been assigned to those divisions where specific responsibility resides, but all staff are expected to contribute towards ECGD's sustainable development objectives.

ECGD will report on its performance in relation to sustainable development annually, in the Sustainable Development Report included in its Annual Review and Resource Accounts.¹

2.1. CONTEXT OF THE 2009-11 SDAP

2.1.1. Experience under ECGD's 2007 SDAP

The implementation of ECGD's first SDAP has resulted in notable developments. These include progress: in relation to Sustainable Development in Government (SDiG) targets; in highlighting that ECGD's key role in support of sustainable development relates to the standards that it and other export credit agencies (ECAs) apply to the business they support; and in greater detailed reporting in respect of sustainable development.

2.1.2. Environmental Audit Committee Review of ECGD

In 2008, the House of Commons Environmental Audit Committee² (EAC) carried out an inquiry on ECGD and Sustainable Development.³ The National Audit Office (NAO) undertook research and produced a report to inform the Committee's inquiry.

¹ Available at: <http://www.ecgd.gov.uk/index/publications.htm>

² See: <http://www.parliament.uk/eacom/>

³ Available at: <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/929/929.pdf>

The NAO's report provided a commentary on ECGD and its business activities. The NAO noted that:

“Since 2000, ECGD has done much to incorporate policies and processes which seek to ensure that sustainability considerations are taken into account in deciding whether or not to approve applications for support. These meet or exceed all the requirements and expectations set out in international rules on the operation of export credit agencies.” (Evidence 81)

The EAC's final report made a number of observations and recommendations in relation to ECGD's activities. Notably, the EAC stated:

“The ECGD has made progress on supporting sustainable development that deserves to be recognised. The objectives introduced by the 1999 Mission and Status Review placed considerable demands on a small, specialised department, with a difficult role to play in balancing business and financial needs with wider government concerns. The mechanisms put in place following the review are a sound basis for further action on sustainable development.” (Paragraph 5)

The Government's response⁴ to the EAC report reiterated ECGD's remit, highlighted where ECGD is able to influence sustainable development and addressed the particular recommendations made by the EAC.

2.2. AIMS AND OBJECTIVES OF THIS ACTION PLAN

This Action Plan details the commitments that ECGD aims to deliver during the financial years 2009-11. The key sustainable development outcomes that ECGD expects to achieve during this period are:

⁴ Available at: <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmenvaud/283/9780215528971.pdf>

- to continue to support sustainable development through the influence ECGD can exert on exporters and buyers by means of the standards applied to the business which ECGD supports;
- to maintain and, where necessary, seek to strengthen on a multilateral basis, international standards in relation to:
 - environmental screening and assessment;
 - deterring Bribery and Corruption; and
 - supporting Sustainable Lending practices;
- to improve reporting on the environmental impacts of the business ECGD supports, e.g. on the Greenhouse Gas (GHG) emissions for high and medium impact projects;
- to continue to reduce the environmental impact of ECGD's domestic operations, striving to achieve the targets set by the SDiG framework; and
- to continue to make progress on staff development through implementation of ECGD's Learning and Development Strategy.

2.3. STRUCTURE OF THIS ACTION PLAN

Section 3 provides a brief background on sustainable development and outlines the legal regulatory environment in which ECGD operates.

Section 4 details ECGD's Action Plan. It is sub-divided into four sections, which correspond to the four main areas in which ECGD can influence sustainable development:

- **Section 4.1** ECGD's business activities and its efforts relating to the international policy on environmental and social impacts, bribery and corruption, and sustainable lending practices;
- **Section 4.2** ECGD's domestic operations, in particular ECGD's activities relating to the SDiG targets;
- **Section 4.3** ECGD's performance in relation to staff learning and development; and

- **Section 4.4** ECGD's contribution to its local community.

Action points in relation to these sections, and the teams responsible, are summarised in the Appendix in **Section 5**.

3. ECGD AND SUSTAINABLE DEVELOPMENT

3.1. WHAT IS SUSTAINABLE DEVELOPMENT?

In the UK Sustainable Development Strategy (UKSDS), the UK Government has stated that:

“The goal of sustainable development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations.”⁵

This strategy is built on the five guiding principles, referred to collectively as “Sustainable Development” for the purposes of this SDAP, which form the basis for UK domestic and international policies. These are outlined in Figure 1 below.

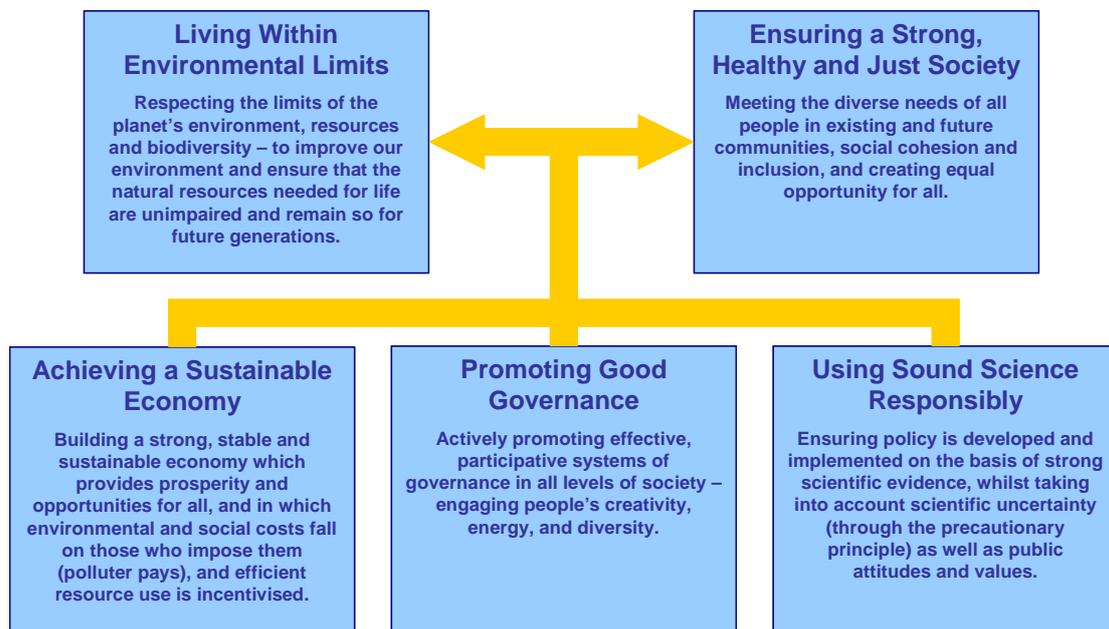


Figure 1: © The UK Sustainable Development Strategy (UKSDS) ‘Securing the Future’, 2005

The Government is seeking to achieve the goals of living within environmental limits and ensuring a just society by means of a sustainable economy, good governance

⁵ The UK Sustainable Development Strategy (UKSDS) ‘Securing the Future’, 2005. Available at: <http://www.defra.gov.uk/sustainable/government/publications/uk-strategy/index.htm>

and sound science. Although underpinned by these five principles, some actions will place more emphasis on certain principles than on others, reflecting ECGD's role, remit, and ability to contribute to sustainable development objectives through the business it supports and the way it undertakes its operations.

Sustainable Consumption and Production, Climate Change and Energy, Natural Resource Protection and Environmental Enhancement, and Sustainable Communities are identified as the areas for immediate action in the UK by the UKSDS. Derived from them are several priority areas for international action, of which the most relevant to ECGD are:

- to pursue environmental sustainability;
- working to ensure that debt financing is sustainable;
- tackling corruption and improving transparency;
- promoting public access to information;
- using sustainability impact assessments; and
- strengthening international environmental governance.

3.2. THE ROLE OF ECGD

3.2.1. ECGD's Act, Mission Statement and Business Principles

ECGD is a ministerial government department that reports to the Secretary of State for Business, Enterprise and Regulatory Reform. ECGD operates in accordance with the Export and Investment Guarantees Act 1991⁶, under which ECGD may exercise its powers only with the consent of HM Treasury.

ECGD's Mission Statement⁷ states that in carrying out its statutory purpose, ECGD's activities should be to the benefit of the UK economy. In addition, ECGD operates in accordance with its Statement of Business Principles⁸ in regards to the support it provides for the export of capital and semi-capital goods and services, so that its activities takes account of other government objectives, including those on sustainable development, human rights, good governance and trade.

⁶ Available at: http://www.opsi.gov.uk/acts/acts1991/Ukpga_19910067_en_1.htm

⁷ Available at: <http://www.ecgd.gov.uk/missionstatusreview.pdf>

⁸ Available at: <http://www.ecgd.gov.uk/ecgdbusprinciples.pdf>

With regard to sustainable development, the Government has established a number of high-level objectives. It is the responsibility of individual government departments to translate these high-level objectives into specific policies, including the aim of securing multilateral support for those policies where appropriate. ECGD will advise other government departments where the development of, or changes in, policies might relate to the delivery of export credit support to UK-based exporters.

ECGD's Statement of Business Principles sets out the associated objectives:

- *ECGD will, when considering support, look not only at the payment risks but also at the underlying quality of the project, including its environmental, social and human rights impacts;*
- *ECGD's approach in determining whether to support a project will be one of constructive engagement with a view to achieving improvements in the project's impacts; and*
- *ECGD will press for reform on sustainable development and human rights issues in relation to export credits.*

ECGD implements these aspects of its Business Principles through the procedures set out in its Case Impact Analysis Process⁹ (CIAP) and its membership of various international forums that influences policy in these areas.

In addition to the UK framework described above, ECGD adheres to several international agreements that cover the provision of official export credit support. These agreements are detailed below.

3.2.2. Organisation for Economic Co-operation and Development

The Organisation for Economic Co-operation and Development (OECD)¹⁰ is the main body that covers officially supported export credits. In relation to sustainable development, the key OECD agreements relating to export credits are:

⁹ Available at: http://www.ecgd.gov.uk/ecgd_case_impact_analysis_process_-_may_2004-3-.pdf

¹⁰ See: <http://www.oecd.org>

- The OECD *Arrangement on Officially Supported Export Credits* (the **Arrangement**).¹¹ The Arrangement is an agreement between participating OECD governments, although its terms are incorporated into EU law. Its main purpose is to try to ensure that competition among exporters is based on quality and price rather than on the extent of support provided by each ECA. It thereby seeks to create a level playing field for ECAs and the exporters they support.
- The OECD *Recommendation on Common Approaches on Environment and Officially Supported Export Credits* (the **Common Approaches**).¹² Its main purpose is to establish procedures to be followed by ECAs for identifying and evaluating the environmental impact of projects and project-related capital goods and services. These impacts include the impact on resettlement, indigenous or vulnerable groups and cultural heritage;
- The *OECD Council Recommendation on Bribery and Officially Supported Export Credits*¹³, sets out the policies that OECD member ECAs should have in place in order to seek to avoid the provision of official support for export contracts that may be tainted by bribery; and
- The OECD *Principles and Guidelines to Promote Sustainable Lending Practices in the provision of Official Export Credits to Low-Income Countries*.¹⁴ These principles and guidelines support the aim of the International Monetary Fund and World Bank, following the substantial debt relief provided under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative¹⁵, that poorer countries should avoid a renewed build-up of unsustainable levels of external debt.

¹¹ Available at: [http://webdomino1.oecd.org/olis/2008doc.nsf/Linkto/tad-pg\(2008\)29-final](http://webdomino1.oecd.org/olis/2008doc.nsf/Linkto/tad-pg(2008)29-final)

¹² Available at: [http://webdomino1.oecd.org/olis/2007doc.nsf/Linkto/tad-ecg\(2007\)9](http://webdomino1.oecd.org/olis/2007doc.nsf/Linkto/tad-ecg(2007)9)

¹³ Available at: [http://webdomino1.oecd.org/olis/2006doc.nsf/Linkto/td-ecg\(2006\)24](http://webdomino1.oecd.org/olis/2006doc.nsf/Linkto/td-ecg(2006)24)

¹⁴ Available at: [http://webdomino1.oecd.org/olis/2008doc.nsf/Linkto/tad-ecg\(2008\)15](http://webdomino1.oecd.org/olis/2008doc.nsf/Linkto/tad-ecg(2008)15)

¹⁵ See: <http://www.imf.org/external/np/exr/facts/mdri.htm>

3.2.3. The Berne Union

The Berne Union is an international association of export credit and investment insurance bodies. It seeks to *“promote behaviours and practices that contribute to sustainable growth in global economic exchanges for the benefits of our customers, the transactions and projects we facilitate, the countries where these transactions and projects are located, and our various stakeholders.”*¹⁶

Berne Union members have adopted a set of Guiding Principles, which describe best practice in areas including anti-bribery and corruption, the environment and transparency.¹⁷

¹⁶ See: <http://www.berneunion.org.uk/>

¹⁷ Available at: <http://www.berneunion.org.uk/guiding-principles.html>

4. ACTION PLAN

4.1. ECGD'S BUSINESS ACTIVITIES

The key area where ECGD can influence sustainable development is through the business which it supports and the standards it applies to export transactions. For cases to qualify for support, they must meet ECGD's standards, which include the criteria set by international agreements as detailed below, and comply with ECGD's Business Principles.

ECGD engages in international policy making on, and monitoring of, the OECD standards that impact on sustainable development. ECGD will seek improvement, where necessary, on a multilateral basis, to create an international level playing field for exporters and investors. ECGD will do this by working alongside other ECAs within the EU and OECD and through the Berne Union.

ECGD will continue to collaborate with international practitioners in order to learn about the sustainable development practices and activities of other ECAs. Such understanding can then be used to inform and improve ECGD's practices where relevant, and to encourage others to improve their practices where appropriate. Each of the actions listed below is consistent with the priorities for international action identified in the UKSDS.

ECGD's progress towards its goals, achievable through multilateral negotiations with OECD, EU and Berne Union counterparts, is summarised under the key headings outlined below:

- Environmental standards – Sections 4.1.1 and 4.1.2;
- Addressing Bribery and Corruption – Section 4.1.3;
- Sustainable Lending practices – Section 4.1.4;
- Support for Renewables – Section 4.1.5;
- Addressing Climate Change – Section 4.1.6; and
- Supply Chain Sustainability – Section 4.1.7.

4.1.1. OECD Recommendation on Common Approaches

The Common Approaches provides a framework for identifying and evaluating the environmental impact of projects and project-related capital goods and services supported by official ECAs. The general objectives of the Common Approaches are stated to be to:

- *“Promote coherence between policies regarding officially supported export credits and policies for the protection of the environment, including relevant international agreements and conventions, thereby contributing towards sustainable development;*
- *Develop common procedures and processes relating to the environmental review of new projects and existing operations benefiting from officially supported export credits, with a view to achieving equivalence among the measures taken by the Members and to reducing the potential for trade distortion;*
- *Promote good environmental practice and consistent processes for new projects and existing operations benefiting from officially supported export credits, with a view to achieving a high level of environmental protection;*
- *Enhance efficiency of official support procedures by ensuring that the administrative burden for applicants and export credit agencies is commensurate with the environmental protection objectives of the Common Approaches; and*
- *Promote a level playing field for officially supported export credits and increase awareness and understanding, including among Non-Member Economies, of the benefits of applying the Common Approaches.”¹²*

OECD ECAs have completed a detailed survey on their environmental assessment policies and procedures. The responses have been collated by the OECD Secretariat and a summary is available on the OECD website.¹⁸ ECGD’s policies and practices for addressing the environmental and social impacts of the projects

which it is asked to support are compliant with the recommendations set out in the Common Approaches.

The OECD's Export Credit Group (ECG) is supported by an informal body, the Environmental Practitioners. This consists of ECA environmental experts that meet to provide recommendations in response to requests for technical advice from the members of the ECG. Although it is not a formal OECD body, the ECG Environmental Practitioners group acts as an important forum for addressing technical issues. ECGD is an active member of the group and seeks to encourage a rigorous approach by ECAs in the application of the due diligence on the environmental impacts of projects that are supported, to ensure they meet international standards as established by the Common Approaches.

A review of the Common Approaches is due to be carried out in 2010. ECGD will be developing its strategy for these negotiations in accordance with the goals set out for ECGD by Government.

Action no. 1

To obtain multilateral agreement for improvements to the Common Approaches. ECGD will work to develop the UK position for the purposes of the review of the OECD Common Approaches in 2010.

The UK's objectives will include:

- (i) that the Common Approaches should require OECD ECAs to provide more environmental information during the due diligence phase in order to allow greater participation by interested parties before decisions are made; and***
- (ii) a tightening of the use of the 'escape' clause, whereby ECAs can support projects which do not meet international standards.***

Owner: Business Group (Business Principles Unit)

¹⁸ Available at: http://www.oecd.org/document/38/0,3343,en_2649_34181_41888998_1_1_1_1,00.html

4.1.2. Acceptability of Transaction Impacts

ECGD applies its Case Impact Analysis Process (CIAP) to identify and assess the potential environmental, social and human rights impacts for all civil non-aerospace business on which it receives requests for its support, including defence projects that do not require an export licence or equivalent approval.

Where appropriate, both the impacts of the goods and services being exported, and the project of which they form part, are assessed.

For civil aircraft exports, ECGD applies the standards recommended by the International Civil Aviation Organisation to determine the acceptability of the emissions from individual types of aircraft and aero-engines.¹⁹ The latest UK Government position on air transport including emissions is stated in “The Future of Air Transport Progress Report” published by the Secretary of State for Transport in December 2006.²⁰

For defence exports, ECGD relies on the export licensing system operated by the Export Control Organisation, which determines whether support would be consistent with UK Government policies.²¹

Action no. 2

ECGD will continue to apply the stated standards on all transactions in which it is involved.

Owner: Business Group (Business Principles Unit)

¹⁹ Available at: www.icao.int/icao/en/env/aee.htm

²⁰ Available at: <http://www.dft.gov.uk/about/strategy/whitepapers/air/>

²¹ Available at: <http://www.berr.gov.uk/whatwedo/europeandtrade/strategic-export-control/legislation/index.html>

4.1.3. OECD Council Recommendation on Bribery and Officially Supported Export Credits

The OECD Recommendation on Bribery stipulates the minimum standards OECD member ECAs should apply to deter bribery and corruption. In 2007, the OECD carried out a survey of members to assess progress against implementation of the Recommendation.

The detailed responses to the survey have been made publicly available on the OECD website.²² An analysis by the OECD Secretariat showed that ECGD's anti-bribery policies and practices are fully compliant with all the specific recommendations set out in the 2006 OECD Recommendation and, in certain instances, exceed them.

The OECD has not set a date for review of the Recommendation.

Action no. 3

ECGD will continue to comply with the OECD Recommendation on Bribery and Officially Supported Export Credits.

ECGD will also seek to identify possible improvements to the procedures set out in the Recommendation through monitoring their implementation and to pursue on a multilateral basis any changes as may be supported.

Owner: Business Group (Business Principles Unit)

4.1.4. Sustainable Lending to Poorer Emerging Markets

It is UK Government policy to encourage both responsible lending to, and responsible borrowing and debt management by, low-income countries. ECGD's Business Principles state that debt sustainability is an important factor in ECGD's consideration of support for exports and investments to low income countries.

²² Available at: http://www.oecd.org/document/13/0,3343,en_2649_34177_38608717_1_1_1_1,00.html

ECGD's policy is not to provide support for exports or investments to International Development Association only (IDA-only)²³ countries or countries with concessionality requirements under their IMF programmes, unless ECGD's normal requirements and its Sustainable Lending Assessment Criteria are met.²⁴

ECGD's assessment takes into account the borrowing country's existing external debt position and, where relevant, both the impact of the proposed new borrowing on its indebtedness and/or the impact of the project on the country's economic and social development. Even if projects have development potential for the borrowing country, they may not be supported where the resulting level of the borrowing country's indebtedness is considered to be unsustainable.

HM Treasury approval is required before ECGD support can be provided for any transaction relating to IDA-only countries and countries with concessionality requirements under their IMF programmes. The Department for International Development (DfID) provides ECGD with expert advice to assist ECGD in its making judgements under its Sustainable Lending Assessment Criteria. DfID also provides HM Treasury with its comments and its recommendations on ECGD's conclusions under its sustainable lending assessment.

In addition to its sustainable lending assessment, ECGD will apply its normal credit risk criteria, environmental, social and human rights impact requirements, and anti-bribery and corruption requirements to all Sustainable Lending cases.

Action no. 4

ECGD will continue to conform to OECD standards in respect of Sustainable Lending, and to monitor the effectiveness of the OECD Principles and Guidelines.

Owner: Business Group & Chief Executive's Office

²³ "IDA-only" countries are those that can borrow from the World Bank only on highly concessional terms.

²⁴ Available at: http://www.ecgd.gov.uk/sustainable_lending_guidance_for_applicants.doc

4.1.5. Renewable Energies and Water Projects

The OECD Arrangement contains several Annexes that deal with specific sectors where special financial terms may be applied. One of these is the *Sector Understanding on Export Credits, Renewable Energies and Water Projects* (the **Renewable and Water Sector Understanding**). This Understanding, which came into effect on 1 July 2005 and was subsequently amended in December 2005, was scheduled to operate for a two-year trial period. It describes the special credit terms available for the following renewable energies and water sectors:

- wind energy;
- geothermal energy;
- tidal and tidal stream power;
- wave power;
- solar photovoltaic power;
- solar thermal energy;
- ocean thermal energy;
- bio-energy: all sustainable biomass, landfill gas, sewage treatment plant gas and biogas energy installations;
- projects related to the supply of water for human use and wastewater treatment facilities; and
- hydro power.

In April 2007, the trial period was extended by a further two years to provide a greater body of experience to inform a review by the OECD of the Renewable and Water Sector Understanding. The current trial period is due to expire in June 2009. This review is under way and ECGD is an active participant in policy meetings.

ECGD will continue to engage with EU counterparts to negotiate the EU position with respect to the Renewables and Water Sector Understanding with the aim of promoting a level playing field for UK exporters and to pursue wider UK Government objectives.

Action no. 5

ECGD will contribute to the development of the EU's position for OECD negotiations during 2009 on the Renewables and Water Sector Understanding, consistent with wider UK Government policy.

Owner: Business Group & Chief Executive's Office

During 2008 ECGD undertook a targeted campaign to raise the awareness of its services among those companies operating in sectors that can contribute towards sustainable development. It became apparent that many industrial ventures involved in the manufacture of eligible renewables e.g. wind power, are at an early stage in the development of their export activity and, therefore, have no immediate need for ECGD support. ECGD will continue to make its services known to this sector, working alongside other government departments, so that as the sector matures and its export potential grows, ECGD is ready to offer support for those projects which are secured by companies and which represent an acceptable risk and comply with its Business Principles.

Action no. 6

ECGD will continue to engage with potential customers in the UK renewables sector to raise awareness of the Department's facilities and ascertain whether ECGD's services can be of assistance to UK exporters of capital goods and related services in that sector.

Owner: Business Group

During 2009 ECGD will consider, in collaboration with other government departments, how its 'Renewables Initiative' announced in 2002 might be incorporated into a new government initiative to coincide with the *United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties 15*

and Kyoto Protocol Conference of the Parties/Meeting of the Parties 5 in December 2009 in Copenhagen.²⁵

4.1.6. Climate Change

ECGD has committed to increase its level of reporting on greenhouse gas (GHG) emissions. ECGD already gathers information on the GHG emissions from Category A (high potential impact) projects, which are made publicly available during the disclosure period, and on Category B (medium potential impact) projects through the Impact Questionnaire.

In June 2008, it was announced by Ministers that ECGD would undertake voluntary reporting of the GHG emissions of its more significant projects.

Starting with financial year 2008-09, ECGD will include in its Annual Sustainable Development Report published as part of its Annual Review and Accounts, in respect of each financial year, estimates of the GHG emissions from those projects for which ECGD has provided support in that financial year that fall into Category A (high potential impact), as determined in accordance with ECGD's CIAP:

- whose GHG emissions exceed the threshold used by the International Finance Corporation (IFC) (a member of the World Bank Group) as described in its Performance Standard 3²⁶ ("100,000 tons CO₂ equivalent per year for the aggregate emissions of direct sources and indirect sources associated with purchased electricity for own consumption"); and
- where the value of goods and services supported by ECGD exceeds the SDR10m threshold set out in the Common Approaches.²⁷

From 1 April 2009, ECGD will also include in its Sustainable Development Report, in respect of each financial year, estimates of the GHG emissions for those projects for which it has provided support that fall into Category B (medium potential impact) as determined in accordance with ECGD's CIAP:

²⁵ See: <http://unfccc.int/2860.php>

²⁶ Available at: <http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>

²⁷ See: http://coinmill.com/SDR_calculator.html to convert between Special Drawing Rights (SDR) and other currencies. (On 4 March 2009, SDR10m was equivalent to ~£10.5m).

- whose GHG emissions exceed the threshold used by the IFC as described in its Performance Standard 3 (detailed above); and
- where the value of goods and services supported by ECGD exceeds the SDR10m threshold set out in the Common Approaches.

ECGD will explore the feasibility of airlines being willing and able to report periodically the emissions of the aircraft that benefit from ECGD support so that there is evidence of the actual emissions over time. This would be consistent with the general principle proposed in 'The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard' by the World Business Council for Sustainable Development and the World Resources Institute in 2004²⁸, that greenhouse gas emissions should be reported by those that own, have control over, or derive an economic profit from the activities they undertake.

Action no. 7

ECGD will:

- (i) annually publish on its website estimates of the GHG emissions from high and medium impact projects from 1 April 2008 and 1 April 2009 respectively; and**
- (ii) explore the feasibility of airlines being willing and able to report periodically the emissions of the aircraft that benefit from ECGD support.**

Owner: Business Group (Business Principles Unit)

4.1.7. Supply Chain Management

During the Public Consultation on ECGD's foreign content rules conducted during 2006 and 2007²⁹, a submission was made by Non-Governmental Organisations (NGOs) which expressed concern that a relaxation in its foreign content rules could give rise to ECGD providing support for supplies that had involved adverse

²⁸ Available at: <http://www.ghgprotocol.org/standards/corporate-standard>

²⁹ Available at: <http://www.ecgd.gov.uk/index/public-information/public-consultation.htm>

environmental or social impacts in their production. This concern was raised against a background where it had not been ECGD's policy to make enquiries about the production standards of the foreign content it supported.

The Government response to the Public Consultation stated that ECGD would undertake a separate review and, as appropriate, make proposals taking into account the practices of other ECAs and of International Financial Institutions (IFIs), and the possible impact on UK exporters of any policy change in this area.

ECGD has completed a programme of research to further its understanding of supply chain management issues. This included discussions with exporters, NGOs, ECAs, IFIs, other UK Government Departments, representatives of Trades Unions and others. This research established that:

- some of ECGD's customers, particularly large companies, employ supply chain management policies and practices, but usually where they have a degree of control over the supply chain; in the main, Small and Medium-sized Enterprises (SMEs) do not employ supply chain policies;
- some IFIs have sought to address supply chain management issues but primarily at a strategic country level;
- no other ECA operates supply chain management policies and practices; and
- a number of international agreements exist which address supply chain management issues, although these are expressed in general terms, do not contain specific definitions of production standards for capital goods business and are voluntary.

Ministers have decided that further work on supply chain management by ECGD should be pursued multilaterally. ECGD is now taking forward this subject internationally with a view to exploring the potential to develop a common understanding regarding supply chain policies and practices for capital goods business which could be followed by ECAs.

This subject was raised by ECGD at the Berne Union Annual General Meeting in 2008 and with the Environment Practitioners of the other OECD ECAs at their meeting in February 2009. Representatives of several ECAs expressed interest in

participating in an informal working group to discuss how this work could be progressed.

Action no. 8

ECGD will seek to engage with other ECAs with a view to exploring the potential to develop a common understanding regarding supply chain policies and practices for capital goods business.

Owner: *Business Group (Business Principles Unit)*

4.2. DOMESTIC OPERATIONS

ECGD employs about 215 members of staff and operates from its main headquarters in London. ECGD leases three and a half floors of a centrally managed sixteen-floor building at Harbour Exchange Square in London, and a file and archive repository facility in Lambourne Crescent, Cardiff. The domestic impact of ECGD's operations is generally confined to the use of resources such as water, electricity and office supplies, as required to carry out its functions. ECGD has a public duty to consider value for money when considering how to minimise its impacts. While ECGD seeks to set a good example where possible, the scope for ECGD to promote sustainable development in its domestic operations is limited.

4.2.1. Sustainable Development in Government

Since 1999, the Government has publicly reported its progress in meeting sustainable development objectives in the management of its own estate. In 2002, it started developing the Framework for Sustainable Development on the Government Estate (SOG E), establishing common targets for key operational areas such as energy. The responsibility for assessing Government performance annually against the framework rests with the Sustainable Development Commission's (SDC). Departments are required to report annually on whether they have met their targets; progress is assessed in the SDC's annual SDiG report.

The 2007-08 reporting period shows ECGD as being on course to meet seven of the nine applicable SDiG targets. It will be necessary for ECGD to maintain performance through to the various target dates in order for these achievements to be recognised.

ECGD has met, or is on course to meet, the following targets:

- reverse upward trend in carbon emissions by April 2007. ECGD achieved this target by the due date;
- reduce carbon emissions (from offices) by 12.5 per cent by 2010-11, relative to 1999-00 levels. ECGD is exceeding this target, reducing emissions by 32.4 per cent by 2007-08;

- reduce carbon emissions (from road vehicles used for administrative operations) by 15 per cent by 2010-11, relative to 2005-06 levels. ECGD is exceeding this target, reducing emissions by 72.5 per cent by 2007-08;
- increase recycling figures to 40 per cent of waste arisings by 2010. ECGD is exceeding this target, increasing recycling by 65.6 per cent by 2007-08;
- reduce water consumption by 25 per cent on the office and non-office estate by 2020, relative to 2004-05 levels. ECGD is exceeding this target, reducing water consumption by 70.8 per cent by 2007-08;
- source at least 10 per cent of electricity from renewables by 31 March 2008. ECGD has met this target, sourcing 12.8 per cent in 2007-08; and
- source at least 15 per cent of electricity from Combined Heat and Power by 2010. ECGD is meeting this target, sourcing 20.6 per cent in 2007-08. (The building owner reviews the purchasing of energy at ECGD's London premises on an annual basis. As a result, the energy supplier and type is subject to change as a result of decisions by the building owner).

The remaining two targets, which ECGD continues to address, are:

- increase energy efficiency per m² by 15 per cent by 2010, relative to 1999-00 levels. ECGD's energy efficiency has decreased by 25.2 per cent compared to baseline; and
- reduce waste arisings by 5 per cent by 2010, relative to 2004-05 levels. ECGD's waste arisings have increased by 35.4 per cent compared to baseline.

ECGD is unlikely to achieve either of these latter targets.

In common with all other government departments that have reduced their accommodation, ECGD has found that its energy efficiency has decreased as it has relinquished floor space. More efficient use of floor space results in increased energy use for the remaining floor space, as workstations and computers are more densely arranged.

In relation to waste reduction, ECGD's office in London is part of a multi-tenanted office complex and ECGD's waste is not measured separately from other tenants. ECGD reports waste as being its 'share' of the waste for the whole office complex, based on its share of the floor space. This fluctuates as floor space in the complex is let, and depends on the use each tenant makes of that space.

ECGD has reduced the amount of new paper that it purchases; all purchasing contracts for paper products now contain clauses requiring at least 50 per cent post-consumer waste for coated and uncoated printing papers and 70 per cent for copier paper, as per the OGC Recycled Printing Paper Framework.³⁰

Action no. 9

ECGD will continue to review and improve performance against those SOGE targets already met, and to work toward achieving improvements in energy efficiency and waste reduction.

Owner: Human Resources Division

4.2.2. IT infrastructure

In 2007-08, ECGD carried out a desktop computer replacement exercise, whereby old systems were replaced with A*-rated energy efficient alternatives. Alongside this, a review of photocopying and printing needs was undertaken, which led to a large reduction in the number of standalone printers throughout ECGD. These were replaced by networked multipurpose-duplex photocopier/printers capable of scanning and emailing documents, which have significantly reduced not only the cost of document production but also increased the availability of electronic alternatives to printing. Additionally, through this new system, ECGD can now more effectively monitor its paper usage.

³⁰See: http://online.ogcbuyingsolutions.gov.uk/frameworks/contract_details.html?contract_id=491

4.2.3. Low-carbon energy

ECGD has built a strong relationship with the building management teams at both its sites and has been able to exert influence in a number of areas, such as the purchasing of energy supply. From 1 October 2007, the electricity supply for the London office, which is re-tendered annually, was sourced from low-carbon Combined Heat & Power (CHP) 'green tariff' contract. The electricity supply for ECGD's Lambourne Crescent file repository is from matched renewable energy.

ECGD has been informed that, due to its size and limited ability to influence building management at its sites, The Carbon Trust will provide ECGD telephone advice as and when required, but will not undertake an energy audit of ECGD.

Action no. 10

ECGD will continue the dialogue with the building management of its London office to work to encourage that the energy supply sourced meets sustainable targets.

Owner: Human Resources Division

4.2.4. Reducing or offsetting all CO₂ emissions

To deliver its commitment to reduce or offset all CO₂ emissions from transport-related carbon emissions generated by public sector departments and organisations, including central government departments, the UK Government has developed a Government Carbon Offsetting Fund (GCOF). The central feature of the GCOF is a flexible portfolio of Kyoto Protocol Clean Development Mechanism (CDM) projects, which deliver the required emission reductions. The portfolio offsets the total estimated emissions of participating departments (and agencies) for a period of three years (from April 2006 to April 2009).

For 2006-07, a total of 487,430 miles were flown on official business by ECGD staff, both short and long-haul. The GCOF is designed to take into account the full climate impact of air travel emissions (not just carbon dioxide) and, as such, a multiplier of

two is used to reflect the capture of these additional impacts. Based on a carbon offset price of £9.91 per tonne of CO₂, ECGD paid £1,878 to the GCOF.

For 2007-08, a total of 458,575 miles were flown on official business, on which ECGD paid £1,761 to the GCOF.

Although not mandatory, ECGD has offset its rail travel for the 2006-07 and 2007-08 periods. A total of 136,554 rail miles were travelled by ECGD staff, which produced 13.23 tonnes of CO₂, for which ECGD paid £131.11 to the GCOF.

The current contract for the GCOF expired in April 2009. The Department for Energy and Climate Change (DECC) is now exploring options for the procurement of the successor contract for phase II. The proposed changes for GCOF II have yet to be agreed, but include an amendment to the scope of the fund, to make it mandatory to include all road and rail travel and carbon emissions from the use of gas and electricity in buildings.

In 2008, ECGD relinquished its dedicated hybrid car from the government pool. Where possible, all staff use public transport to attend meetings and events around London. In cases where public transport is inappropriate or unavailable, ECGD uses the green car service operated by the Government Car and Dispatch Agency.³¹

Action no. 11

ECGD will continue its involvement with the Government Carbon Offsetting Fund for the 2009-11 period and work toward offsetting other forms of travel, even if not mandatory under the new GCOF II.

Owner: Human Resources Division

³¹ See: <http://www.dft.gov.uk/gcda/cars/greenCars.php>

4.3. DEVELOPING ECGD STAFF

ECGD is committed to the development of its staff and has held Investor in People (liP) status since 1999. Since its initial accreditation, ECGD has undergone four successful reviews (the last being in November 2005). To underline and renew this commitment, a coordinated programme of activity has begun in order to deliver the highly skilled, flexible and motivated workforce necessary to support the delivery of its strategic priorities, and to ensure ECGD's compliance with best practice and the wider Civil Service reform agenda. ECGD's liP status will be reviewed in 2009.

Central to ECGD's continued liP status is the full embedding of the Professional Skills for Government³² programme within ECGD. Every member of staff now has a set of functional and behavioural competences (skills, behaviours, attitudes and values) which are specific to their role and level within the organisation. These are used by jobholders and line managers to identify and pursue individual development needs throughout each year.

To support the continuous professional development of all staff, ECGD launched a new Learning and Development Strategy in 2008. This is aligned with the specified functional and behavioural competences. The centrepiece of the Strategy is a Leadership and Development Model, which sets out a blended learning approach to delivering the full range of skills and experiences needed by staff across the organisation. This includes regular training events, e-learning, coaching and mentoring, masterclasses, work-shadowing and secondments. Work is underway on the delivery of all the elements of the Model.

In addition, Human Resources Division works with ECGD's recently elected Union Learning Representative to support the Government's *Skills for Life* and *Lifelong Learning* initiatives, including providing appropriate funding and time-off for staff wishing to pursue wider avenues of personal and professional development.

³² See: <http://beta.civilservice.gov.uk/people/psg/index.aspx>

Action no. 12

ECGD will continue work on delivery of the key elements of its Learning and Development Strategy to promote the professional development of its staff.

Owner: Human Resources Division

ECGD is now working on the design of a new sustainable development intranet site to provide a readily available source of information on sustainable development in ECGD. Included on the site will be links to key documents and advice on what staff can do to reduce ECGD's carbon footprint. It is hoped that this site will be completed in summer 2009.

Action no. 13

ECGD will launch a Sustainable Development Intranet site in the summer of 2009 to better inform its staff and to improve sustainable development efforts within ECGD.

Owner: Chief Executive's Office

4.4. ECGD AND THE LOCAL COMMUNITY

4.4.1. Volunteering

ECGD is actively engaged with the Tower Hamlets Education Business Partnership³³ (THEBP) to encourage and enable students, predominantly from the local community, to benefit from work placements in ECGD. The role of THEBP is to “encourage the public and private sectors to work with schools in Tower Hamlets on a range of projects designed to raise achievement and provide pupils with opportunities to improve their work related skills.”

ECGD supports and encourages staff to volunteer and undertake charitable activities. Volunteer activities undertaken by ECGD staff include the roles of school governor, magistrate and mentor for young people in care. ECGD provides paid special leave to enable staff to spend time away from the office to pursue their volunteering role. ECGD staff are invited each year to consider ways in which they can volunteer and ECGD’s support for staff who volunteer is reinforced by the marking of National Volunteers week each June.

Action no. 14

ECGD will continue to contribute to the local community through providing work experience opportunities for local students; by supporting and promoting staff volunteering; and by making appropriate paid special leave available for this purpose.

Owner: Human Resources Division

4.4.2. Disability Double Tick

As a long-term holder of the Disability Double Tick Symbol³⁴, ECGD is fully committed to employing people with a disability. To maintain its status as a Double

³³ See: <http://www.thebp.org/index.htm>

³⁴ See: http://www.jobcentreplus.gov.uk/JCP/Employers/advisoryservices/diversity/Dev_015793.xml.html

Tick employer, ECGD has to meet the five key commitments set by Jobcentre Plus. It is assessed on them on an annual basis. The five commitments are:

- to interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities;
- to ensure there is a mechanism in place to discuss, at any time but at least once a year, with disabled employees, what both parties can do to make sure disabled employees can develop and use their abilities;
- to make every effort when employees become disabled to make sure they stay in employment;
- to take action to ensure that all employees develop the appropriate level of disability awareness needed to make sure these commitments work; and
- to review these commitments each year and assess what has been achieved, plan ways to improve on them, and let employees and Jobcentre Plus know about progress and future plans.

4.4.3. Give As you Earn

ECGD has participated in the Give as you Earn³⁵ (GAYE) scheme for over five years, and currently has more than 20 per cent of staff donating to charity via their payroll. ECGD's involvement in GAYE has led to it being awarded the 'Payroll Giving Gold Award' to mark the high level of contributions made by staff. The GAYE scheme offers the most cost effective way for employees to donate to charity.

4.4.4. Flexible Working

ECGD is committed to helping staff to balance their work and home life by offering a choice of flexible working arrangements. Flexible working arrangements help staff with a range of priorities, including parental and other caring responsibilities, life-long learning, charity work, leisure activities and other interests. ECGD currently offers staff a variety of flexible working arrangements, which include:

- part-time working;
- job sharing;
- term-time working;

³⁵ See: <http://www.cafonline.org/Default.aspx?page=7035>

- compressed hours; and
- flexi-time.

ECGD's Flexible Working policy is currently being reviewed to ensure it remains aligned with best practice; this includes reviewing ECGD's offering in respect of Home Working opportunities. Proposals will be put to ECGD's Executive Committee during the 2009-10 financial year.

Action no. 15

ECGD will review its Flexible Working provision in 2009-10.

Owner: Human Resources Division

5. APPENDIX

5.1. SUMMARY OF SDAP ACTIONS

Progress in respect of all ongoing actions will be reported in ECGD's Annual Review and Resource Accounts.

BUSINESS GROUP

Action no. 1

To obtain multilateral agreement for improvements to the Common Approaches. ECGD will work to develop the UK position for the purposes of the review of the OECD Common Approaches in 2010.

The UK's objectives will include:

- (i) that the Common Approaches should require OECD ECAs to provide more environmental information during the due diligence phase in order to allow greater participation by interested parties before decisions are made; and*
- (ii) a tightening of the use of the 'escape' clause, whereby ECAs can support projects which do not meet international standards.*

Action no. 2

ECGD will continue to apply the stated standards on all transactions in which it is involved.

Action no. 3

ECGD will continue to comply with the OECD Recommendation on Bribery and Officially Supported Export Credits.

ECGD will also seek to identify possible improvements to the procedures set out in the Recommendation through monitoring their implementation and to pursue on a multilateral basis any changes as may be supported.

Action no. 6

ECGD will continue to engage with potential customers in the UK renewables sector to raise awareness of the Department's facilities and ascertain whether ECGD's services can be of assistance to UK exporters of capital goods and related services in that sector.

Action no. 7

ECGD will:

- (i) annually publish on its website estimates of the GHG emissions from high and medium impact projects from 1 April 2008 and 1 April 2009 respectively; and*
- (ii) explore the feasibility of airlines being willing and able to report periodically the emissions of the aircraft that benefit from ECGD support.*

Action no. 8

ECGD will seek to engage with other ECAs with a view to exploring the potential to develop a common understanding regarding supply chain policies and practices for capital goods business.

BUSINESS GROUP AND CHIEF EXECUTIVE'S OFFICE

Action no. 4

ECGD will continue to conform to OECD standards in respect of Sustainable Lending, and to monitor the effectiveness of the OECD Principles and Guidelines.

Action no. 5

ECGD will contribute to the development of the EU's position for OECD negotiations during 2009 on the Renewables and Water Sector Understanding, consistent with wider UK Government policy.

CHIEF EXECUTIVE'S OFFICE

Action no. 13

ECGD will launch a Sustainable Development Intranet site in the summer of 2009 to better inform its staff and to improve sustainable development efforts within ECGD.

HUMAN RESOURCES DIVISION

Action no. 9

ECGD will continue to review and improve performance against those SOGE targets already met, and to work toward achieving improvements in energy efficiency and waste reduction.

Action no. 10

ECGD will continue the dialogue with the building management of its London office to work to encourage that the energy supply sourced meets sustainable targets.

Action no. 11

ECGD will continue its involvement with the Government Carbon Offsetting Fund for the 2009-11 period and work toward offsetting other forms of travel, even if not mandatory under the new GCOF II.

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