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RESPONSES TO THE 2023 SURVEY OF CLIMATE-RELATED AND SUSTAINABILITY-RELATED POLICIES AND PRACTICES

This document contains the analysis of the responses provided by Members of the OECD Working Party on Export Credits and Credit Guarantees (ECG) as at December 2023 to the annual Survey of climate-related and sustainability-related policies and practices.

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Table of contents

Figures

Responses to the 2023 Survey of climate-related and sustainability-related policies and practices

1. Introduction

1. At the 153rd Meeting of the OECD Working Party on Export Credits and Credit Guarantees (ECG), held on Tuesday 2 and Wednesday 3 March 2021, ECG Members agreed to undertake a survey of climate-related and sustainability-related measures in order to inform discussions relating to possible future amendments to the Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the "Common Approaches").

2. Following the completion of the 2021 survey, ECG Members agreed that it should be conducted on an annual basis in order to monitor the evolution of Members' policies and practices on environment and sustainability over time[1].

3. This document provides an analysis of the responses received to the 2023 survey in comparison with those received in 2022 and 2021. The answers are not perfectly comparable because of the different ECAs/countries responding to the 2023 survey. Compared to 2022:

- Belgium only submitted one set of answers (FINEXPO did not submit answers; therefore, for comparison's sake the two sets of answers for 2022 have been merged into one);
- The Czech Republic (hereafter "Czechia") only submitted one set of answers (CEB did not submit answers); and
- Luxembourg submitted responses to the 2023 survey but had not responded to the 2022 survey.

4. In addition, the answers are not entirely comparable because the 2021 survey questions were slightly different (new questions relating to human rights and more detailed questions on carbon thresholds were introduced in 2022). Finally, the "under consideration" answer option provided in the 2021 survey was replaced by "within one year" in the 2022 survey.

2. Mandates and policy statements

5. In 2023, almost half of the ECAs/countries that submitted answers to the survey reported having mandates or statements that reference climate change, human rights or sustainability.

6. According to the responses received, more than 70% of ECAs/countries have been given a mandate to consider climate change issues in their work and slightly less than 70% have developed a climate change specific statement (with another 20% that are considering doing so within one year) - see Figure 1. This represents an increase compared to 2021 and 2022 especially with regards to the policy statements.

[1] Please see under "Climate and sustainability policies and practices" on the OECD website for the analyses of previous annual Surveys.

7. Compared to 2022, two more ECAs/countries[2] (Norway and Slovenia) reported having a mandate to consider climate change in 2023. Greece on the other hand indicated that it no longer had a mandate relating to climate change following the reform of its ECA in 2023. Therefore, only EGAP/Czechia, Estonia, Greece, Latvia, New Zealand, Poland, Portugal, Slovak Republic and Türkiye do not have mandates to consider climate change in 2023.

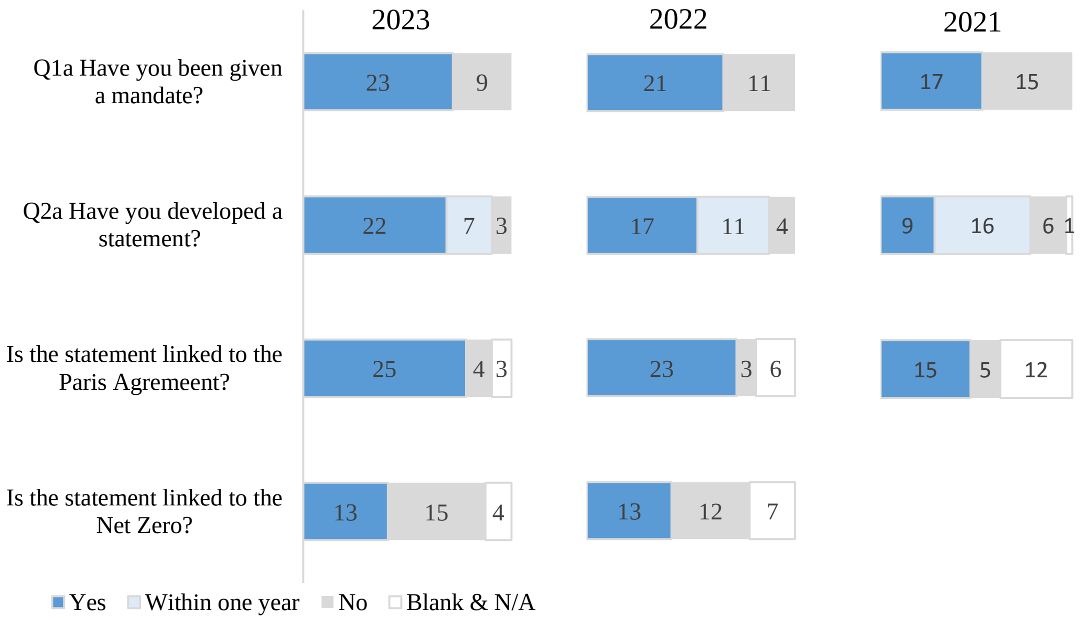
8. With regards to policy statements, five additional ECAs/countries indicated having developed statements on climate compared to 2022: four[3] (Germany, New Zealand, Norway and Switzerland) had indicated in the 2022 survey that they would be developing such statements within one year. Austria, Greece, Latvia, Netherlands, Portugal, and Slovak Republic continued to report that they intended to implement such statements within one year. Therefore, among the survey responders only EGAP/Czechia, Estonia (which had reported considering developing a statement in 2022) and the United States have not implemented such statements and are not considering doing so within one year based on the 2023 survey responses. The United States qualified its response, noting that US EXIM was working within its existing toolkit to implement the policy direction, within the legal framework in which US EXIM operates.

9. Most of the statements appear to include a reference to aligning support with the Paris Agreement: only New Zealand and Türkiye do not include such references in their statements and only Portugal and Slovak Republic do not intend to reference the Paris Agreement in the statements that are expected to be established within one year. References to net-zero or incorporation of net-zero aligned targets into strategic planning and policies is less common: only 13 ECAs/countries have done so – the same number as in 2022. Although another 46% of responders have reported their intention to reference net-zero in their statements within one year, a high number of responders had also reported such intent in the 2022 survey and among those, none have effectively referenced net-zero in 2023.

[2] Luxembourg also indicated having a mandate in the 2023 survey after not having submitted answers to the survey in 2022.

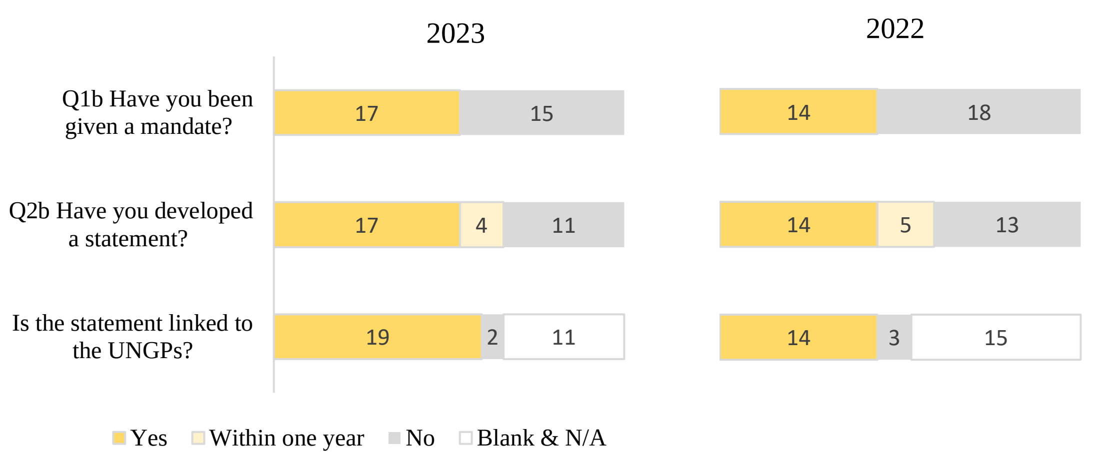
[3] Luxembourg responded that it had developed a statement relating to climate change in 2023 after not having submitted answers to the survey in 2022.

Figure 1. Climate change



10. Compared to 2022, three more ECAs/countries (Austria, Belgium and Spain) have implemented mandates or statements relating to human rights. In addition, compared to 2022, Greece indicated that it no longer had a mandate relating to human rights following the reform of its ECA but is committed in implementing such a mandate within the next year and has already engaged in all the necessary preparatory actions and Luxembourg reported that it had a mandate relating to human rights after not having providing responses in 2022. Nonetheless there are still fewer ECAs/countries with mandates and statements relating to human rights than there are relating to climate change: a little over half (17 out of 32) of the ECAs/countries that responded to the survey in 2023 reported having been given a mandate relating to human rights – see Figure 2. The same number of ECAs/countries (17 out of 32) reported having developed a statement linked to human rights. Most of these ECAs/countries are the same with a few exceptions. Among the ECAs/countries with mandates: Austria and NEXI/Japan are considering developing a statement within one year, while Hungary and Spain have been given a mandate but do not expect to develop a statement. Among the ECAs/countries with statements: Greece, JBIC/Japan, New Zealand and Slovenia have not been given human right mandates. In addition, all the ECAs/countries with human right statements include references to aligning to the United Nations Guiding Principles (UNGPs) on business and human rights.

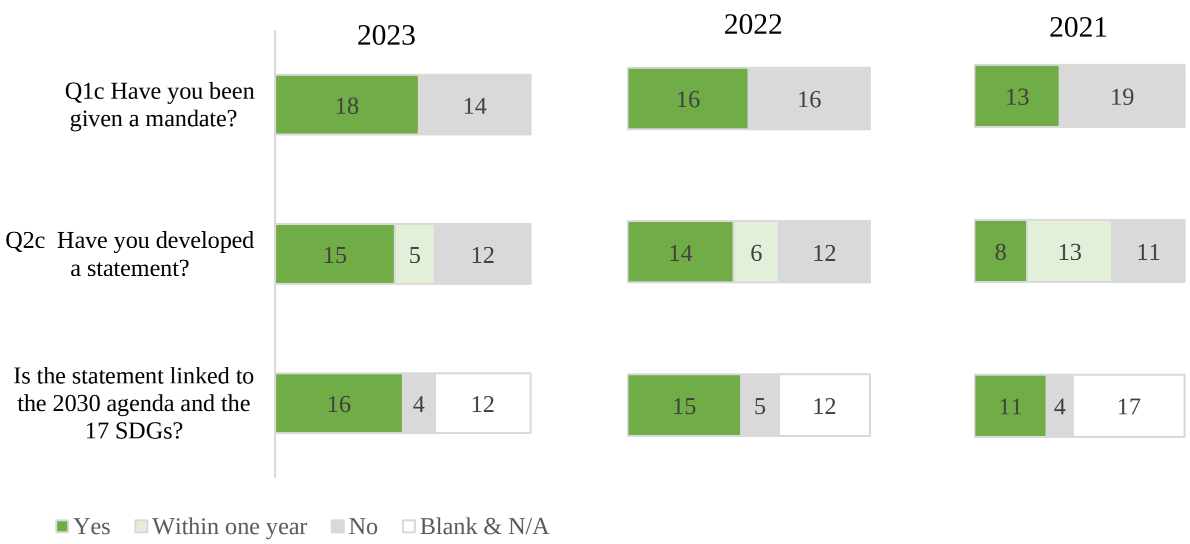
Figure 2. Human rights



Note: these questions were introduced in the 2022 survey.

11. Sustainability is referenced in mandates and statements by over 40% of ECAs/countries, approximately the same as for human rights - see Figure 3. The number of ECAs/countries with a mandate relating to sustainability has slightly increased compared to 2022: two more ECAs/countries (Italy and JBIC/Japan) reported having been given mandates in the 2023 survey. The number of ECAs/countries having developed a statement has remained almost stable after having increased significantly in 2022. Among the ECAs/countries that developed a statement relating to sustainability only Finland, Switzerland and Türkiye did not include a reference to aligning support to the 2030 Agenda for Sustainable Development and/or the 17 Sustainable Development Goals (SDGs). Apart from Portugal, all the ECAs/countries that intend to develop a statement within one year are considering linking it to the 2030 agenda and the 17 SDGs.

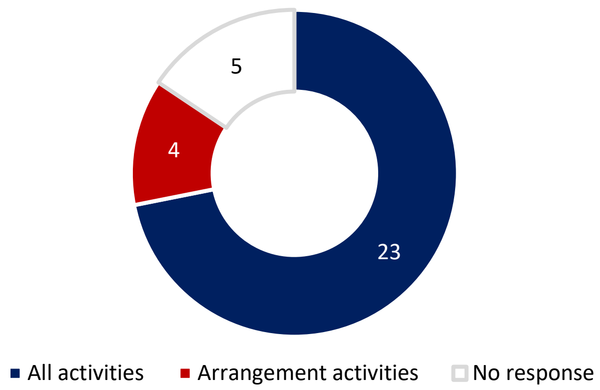
Figure 3. Sustainability



12. Most ECAs/countries (slightly over 70%) indicated that their policy statements and mandates apply to all their business (*i.e.*, not only Arrangement activities) – see Figure 4. This has been the case since 2021. Only Austria, Greece, Poland and Türkiye reported that

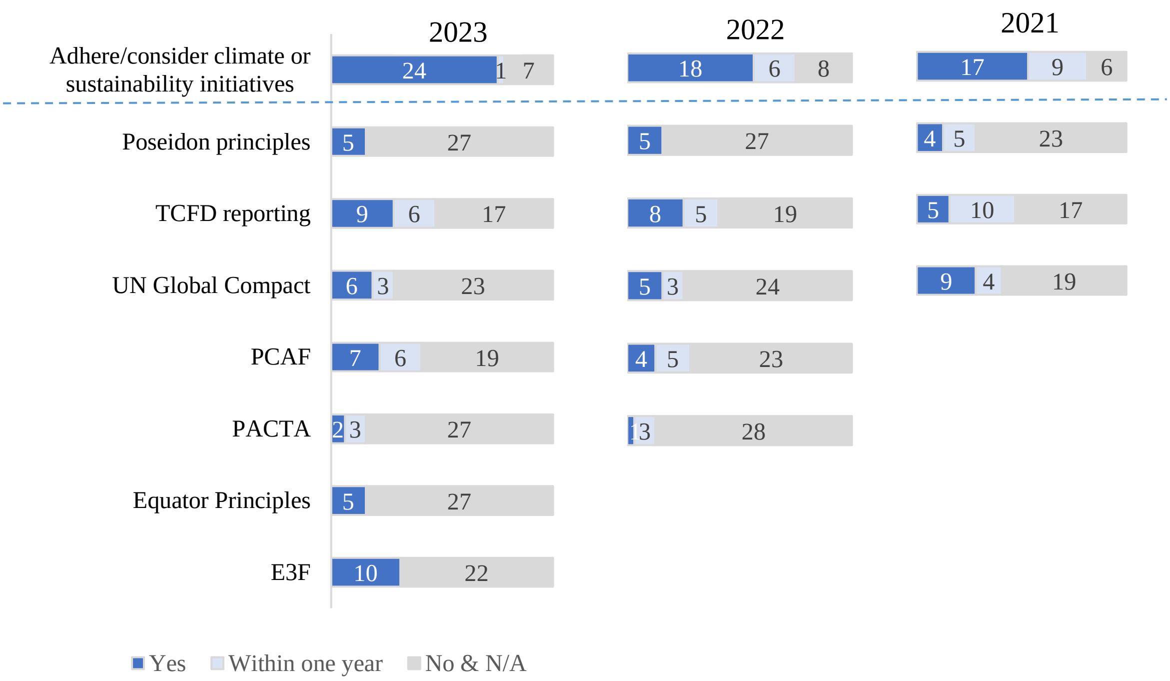
their statements and mandates applied or would be applicable exclusively to Arrangement business.

Figure 4. Policy statements apply to:



13. Approximately 75% of ECAs/countries that responded to the 2023 survey have already adhered to climate or sustainability related initiatives, which represents a significant increase (almost 20%) compared to 2022 and 2021 – see Figure 5. ECAs/countries are, however, spread out in terms of the initiatives to which they have adhered. Indeed, the most popular initiatives (Export Finance for the Future and TCFD Reporting) only account for approximately 30% of ECAs/countries.

Figure 5. Climate-or sustainability-related principles



14. In addition to the seven initiatives mentioned in Figure 5, Canada indicated having adhered to Science Based Targets Initiative (SBTi), Latvia reported adhering to Nasdaq ESG Reporting Guide and UNEP FI, and several countries also reported being signatories to the COP26 Statement on international public support for the clean energy transition.

3. Transactions and portfolio approaches

15. Members were invited to indicate how they consider climate and sustainability issues during their assessment of transactions and the impacts on their overall portfolio. The number of ECAs/countries that reported having established policies or methodologies relating to the climate impact of the transactions they support has substantially increased compared to 2021 and 2022; however, fewer ECAs/countries reported having such policies or methodologies relating to the sustainability impact of transactions.

3.1. Climate-related

16. The number of ECAs/countries with a methodology for labelling new transactions according to their potential impact on climate change has continued to increase in 2023 after having almost doubled in 2022 – see Figure 6. Compared to 2022, two additional ECAs/countries (Finland and Italy) reported having established a methodology for labelling new transactions:

- Finland's ECA (FINNVERA) has developed a methodology for climate friendly projects with external consultants. This methodology covers five different sectors and is based on acknowledged frameworks such as: the Climate Change Sector Understanding (CCSU), the European Union (EU) Taxonomy, the Climate Bond Initiative (CBI), the Green Bond Principle (GBP), the Poseidon Principles, SBTi and the Green House Gases (GHG) protocol.
- Italy's ECA (SACE) has developed a system to classify export credit transactions with a positive impact on climate in line with the methodology in use for the domestic Green Guarantees. More specifically, this methodology has two categories: transactions in line with the EU Taxonomy; and transactions contributing to reduce the negative impact on climate and facilitate climate transition (*e.g.*, energy efficiency projects).

17. With respect to the ECAs/countries that had already established a methodology in 2022, several reported using the EU Taxonomy for their labelling (France, Germany, Hungary, Italy, Norway, Slovenia, Spain and Sweden). Additionally:

- Australia's ECA (EFA) reported using a fossil fuel / energy efficiency classification system for labelling transactions. This is an internal system which identifies transactions that are associated with fossil fuel-related projects and renewable energy /clean technology projects.
- Since 2020, the United Kingdom's ECA (UKEF) labels current and new business as 'clean growth' if aligned with the International Capital Market Association (ICMA) Green Bond Principles
- The United States's ECA (US EXIM) reported labelling transactions as "renewable energy transactions" in a manner consistent with the renewable energy project class of the CCSU, and labelling transactions as "environmentally beneficial" based on the language in the US EXIM's statute. The United States specified that EXIM reports its climate finance activity along with the wider United States Government under the United Nations Framework Convention on Climate Change (UNFCCC) parameters.

18. The number of ECAs/countries that have established a specific methodology for tracking GHG emissions has almost doubled compared to 2022; however, it remains higher for fossil fuel projects than for all other projects (respectively 14 out of 32 and 12 out

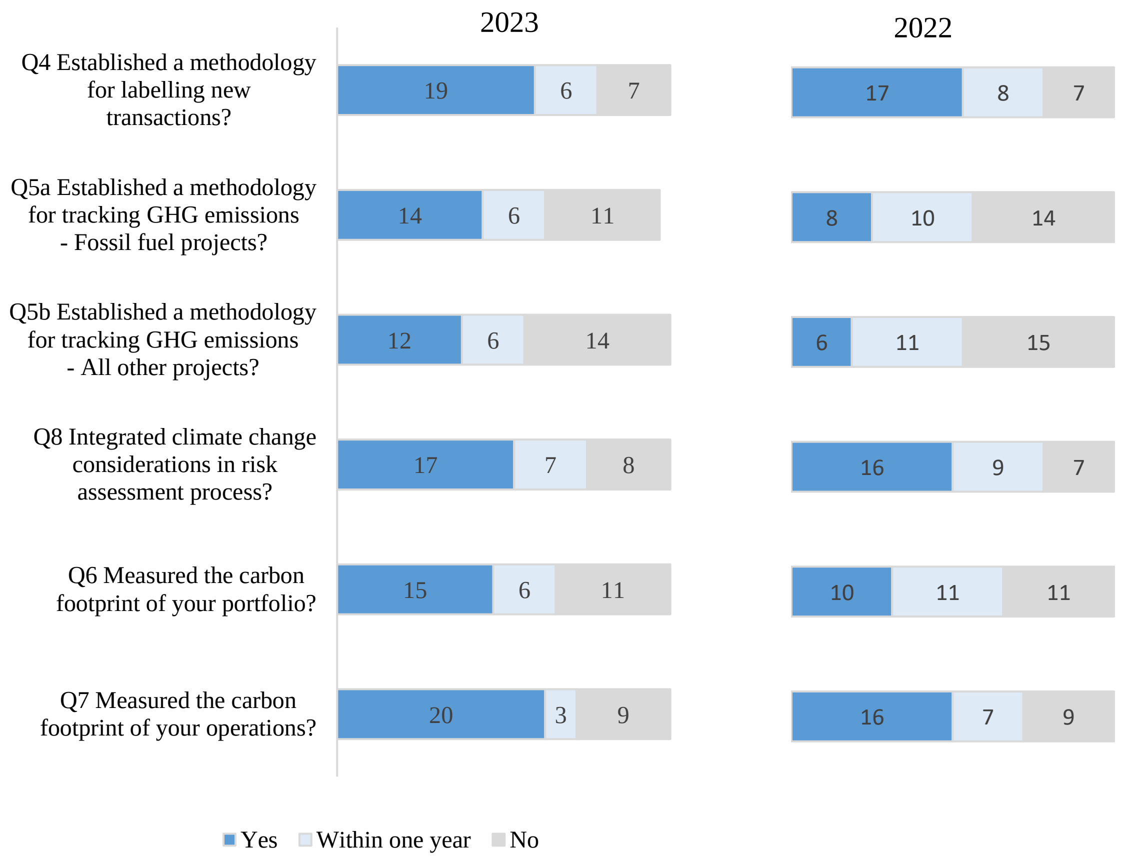
of 32). Compared to 2022, six ECAs/countries (Germany, Italy, KEXIM/Korea, Slovenia, Spain, and Switzerland) reported that they have established a methodology for tracking GHG emissions of fossil fuel projects. More specifically:

- Germany's ECA (EULER HERMES) established a PCAF-aligned methodology for calculating its Portfolio Carbon Footprint.
- Italy's ECA (SACE) collects information on GHG emissions for all projects within the framework of the environmental and social evaluation in line with the Common Approaches.
- KEXIM/Korea joined PCAF in April of 2023 to measure carbon emissions generated by the bank loan provisions and financial investments on a scientific and systematic basis. KEXIM is currently in the process of establishing and testing its GHG calculation model for its portfolio assets including fossil fuel projects.
- Slovenia's ECA (SID BANK) requires its exporters to provide data on GHG emissions (Scope 1, 2 and 3) as part of the environment social and governance (ESG) assessment. Data gathered is also used for comparisons over time and between exporters.
- Spain's ECA (CESCE) has developed a methodology to calculate the carbon footprint of its portfolio, including fossil fuel projects. Spain uses the PCAF methodology to measure the carbon footprint of CESCE.
- Switzerland's ECA (SERV) follows IFC Performance Standards (PS)3, Art. 8 according to which projects that generate over 25,000 tonnes of CO_2 equivalent per year must submit an annual inventory of their GHG emissions.

19. Compared to 2022, six additional ECAs/countries (Finland, Germany, Italy, KEXIM/Korea, Slovenia and Spain) reported having established a methodology for tracking GHG emissions for all projects - almost the same ECAs/countries as for fossil fuel projects.

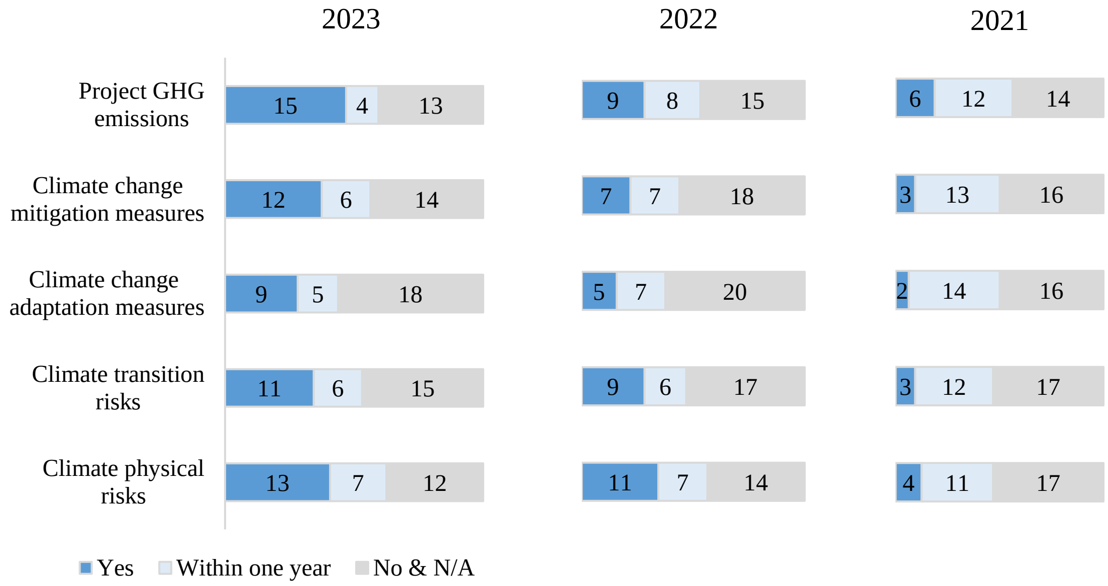
20. The number of ECAs/countries that measure the carbon footprint of either their portfolio or their operations has increased significantly compared to 2022 (approximately 15%). More ECAs/countries report that they measure the carbon footprint of their operations than their portfolio (respectively 20 and 15 out of 32); however, another six ECAs/countries intend to measure the carbon footprint of their portfolio within one year. Compared to 2022, five additional ECAs/countries (Germany, JBIC/Japan, KEXIM/Korea, Latvia and Slovenia) indicated having established a methodology to measure the carbon footprint of their portfolio while four ECAs/countries (Australia, Italy, JBIC/Japan and KSURE/Korea) have done so for their operations.

Figure 6. Climate-related approach



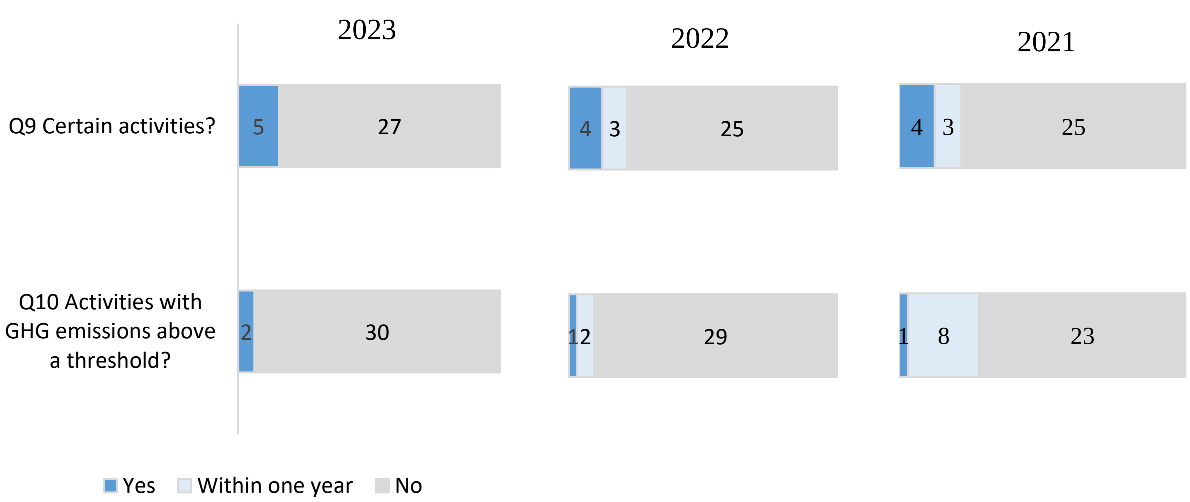
21. More and more ECAs/countries are taking into account project GHG emissions, climate change mitigation and adaptation measures, climate transition risks and climate physical risks in their risk assessment process – see Figure 7. Indeed, the number of ECAs/countries taking into account project GHG emissions has more than doubled since 2021 (from 6 to 15), while for the other elements it has more than tripled, with approximately 30% of ECAs taking at least one element into account in their risk assessments. It is mostly the same ECAs/countries that are taking different elements into account: indeed, Austria, Belgium, Canada, Latvia, Norway, Slovenia, the United Kingdom and the United States reported in 2023 using all the elements listed in the survey. Nonetheless, project GHG emissions stand out as the most commonly used element taken into account in the risk assessment process, while climate change adaptation measures are the least taken into account.

Figure 7. Elements taken into account for risk assessment process



22. Only a few ECAs/countries have developed methodologies that would automatically classify certain activities as Category A projects – see Figure 8. Only Canada, Hungary, Norway, Sweden and Türkiye have developed a policy for certain activities: Hungary has indicated that the activities concerned are broadly based on the list provided in Annex I of the Common Approaches and Canada and Norway have specified that all transactions are analysed for classification purposes. In addition, only Canada and Denmark have indicated that they automatically classify as Category A projects transactions with GHG emissions above a certain threshold – Canada specified using EP4 guidelines and threshold criteria.

Figure 8. Automatic classification as Category A projects for transactions involving…



3.2. Sustainability-related

23. Fewer ECAs/countries have portfolio or transaction approaches relating to sustainability than they do for climate change: less than a third of ECAs/countries have either established a methodology for labelling new transactions according to their contribution to achieving the 2030 Agenda for Sustainable Development, integrated sustainability criteria in their risk assessment process or established a methodology for measuring the sustainability of their portfolio – see Figure 9.

24. Compared to 2022, two ECAs/countries have reported having established a methodology for labelling new transactions according to their contribution to achieving the 2030 Agenda for Sustainable Development, although based on the explanations it would seem that these methodologies are still under consideration:

- Canada's ECA (EDC) is developing a Sustainable Finance Framework, to be launched by the end of 2023, to support the identification, verification, monitoring and reporting of assets that are considered sustainable finance, towards green, social, or transition objectives. The eligibility criteria include high-level alignment between categories of eligible activities and specific Sustainable Development Goals. The eligibility guide has been co-developed with Morningstar Sustainalytics to align with market standards. EDC's Sustainable Finance Framework also draws on the Sustainability-Linked Loan Principles as a criterion for alignment.
- Denmark's ECA (EIFO) is assessing how to ensure delivery on net-zero 2045 commitment which might include new methodology or labelling. It is working on a new ESG strategy, which might include broader development goals.

25. Compared to 2022, Canada is the only ECA/country that has reported having integrated sustainability criteria in its risk assessment process. In addition, compared to 2022, Denmark is the only ECA/country that reported having established a methodology for measuring the sustainability of its portfolio, although based on the details provided it appears that the methodology is still under development: "Denmark is committed to reaching net-zero by 2045 and is working on how this can be implemented in the organisation; it might be reflected in new strategy on ESG".

Figure 9. Sustainability approach

4. Targets

26. At most, one third of ECAs/countries have established climate or sustainability targets and among those some are still under development based on the detailed information provided.

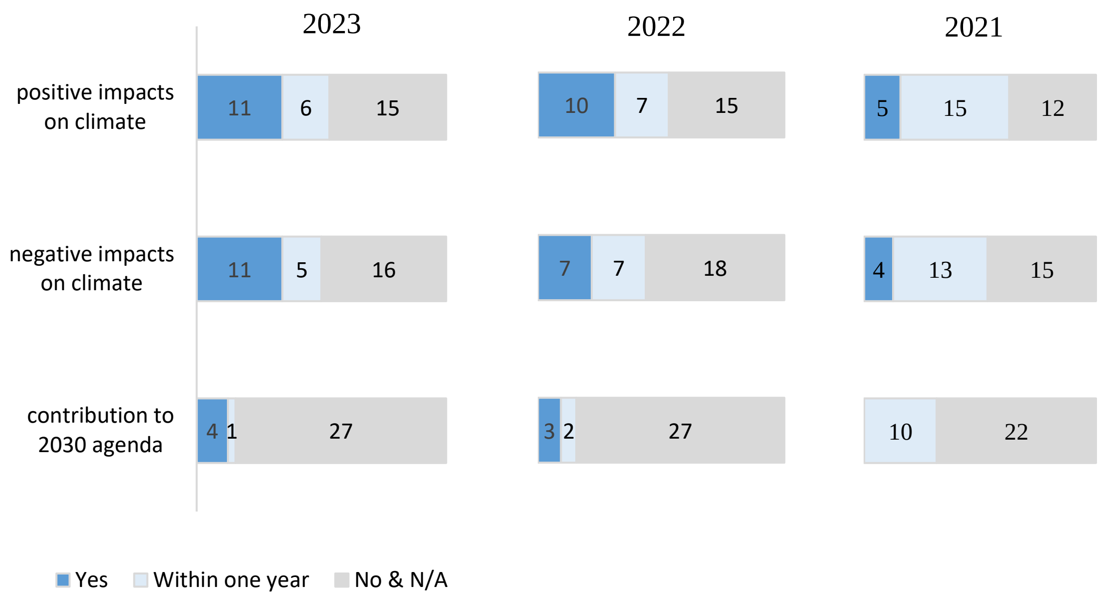
27. Also, approximately one third of ECAs/countries have established targets for new transactions based on their positive or negative impacts on climate – see Figure 10. Compared to 2022, only Spain has reported having established targets for new transactions based on their positive impact on climate and Germany reported having done so based on their negative impact:

- Spain's ECA (CESCE) has not yet set specific quantitative targets; however, it has reported that it wishes to increase the percentage of climate-friendly projects it supports. In order to do so, the climate strategy of CESCE includes both restrictions for climate-unfriendly projects and flexibilities for green ones. CESCE´s Climate Change Policy includes an additional commitment directly arising from the signing of the COP26 declaration which is to reduce the exposure of its portfolio to the Hydrocarbons Industry by 75% by 2035 compared to the 2020 levels.
- The German climate strategy encompasses sector guidelines for high emitting industries which will be used to classify transactions based on their alignment with a 1.5-degree reduction target and introduce exclusions for non-aligned transactions and incentives for climate-friendly projects. This policy entered into force on 1 November 2023.

28. Most ECAs/countries with targets on climate reported having established targets relating to both positive and negative impacts (Belgium, Canada, Denmark, Italy, JBIC/Japan, KSURE/Korea and Spain).

29. Only four[4] ECAs/countries (Hungary, JBIC/Japan, NEXI/Japan and Slovenia) reported having established targets for new transactions based on their contribution to achieving the 2030 Agenda for Sustainable Development.

Figure 10. Targets for new transactions based on their…

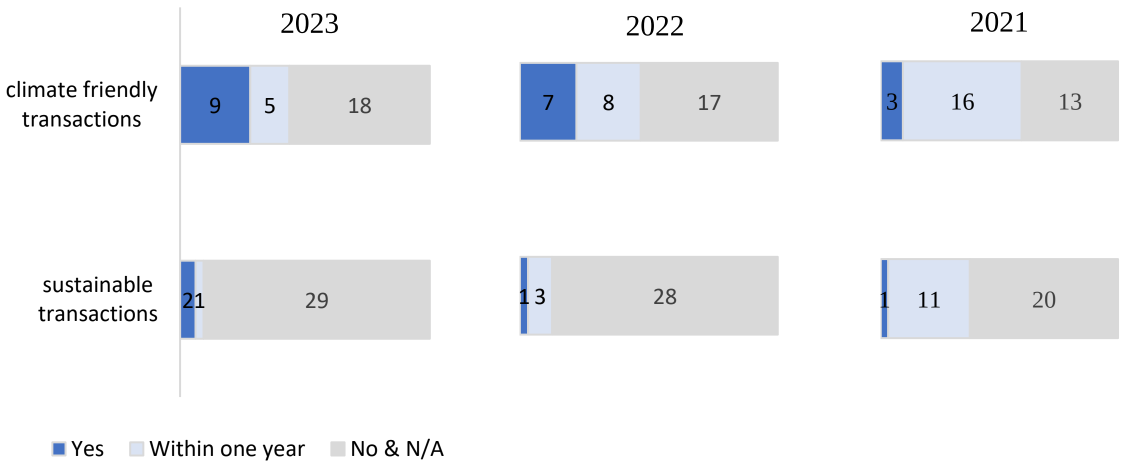


30. Few ECAs/countries have overall long-term portfolio targets – see Figure 11. Less than one third (Belgium, Canada, Denmark, Germany, Hungary, NEXI/Japan, KSURE/Korea, Spain and the United States) have established targets relating to climate friendly transactions. Compared to 2022, only Germany and Spain have established such targets in 2023, with Spain specifying that it had not yet set specific quantitative targets.

31. Only two ECAs/countries have established sustainability related targets as of 2023 (NEXI/Japan and Hungary) and only Latvia is considering developing such targets within one year.

[4] Compared to the report on the 2022 survey answers, the responses for Belgium have been changed to "No" in order to consolidate the responses of Credendo and Finexpo.

Figure 11. Targets for overall portfolio based on…



32. Based on the survey responses, the most popular targets among ECAs/countries are those relating to the reduction of the carbon intensity of operations – see Figure 12. The number of ECAs/countries to have established such targets has increased compared to 2022 (Italy, KSURE/Korea, Slovenia and Sweden reported having established such targets in 2023). Nonetheless, targets to reduce the carbon intensity of operations have only been established by approximately 37% of ECAs/countries; therefore, a substantially smaller share compared to those having established statements or mandates relating to climate change.

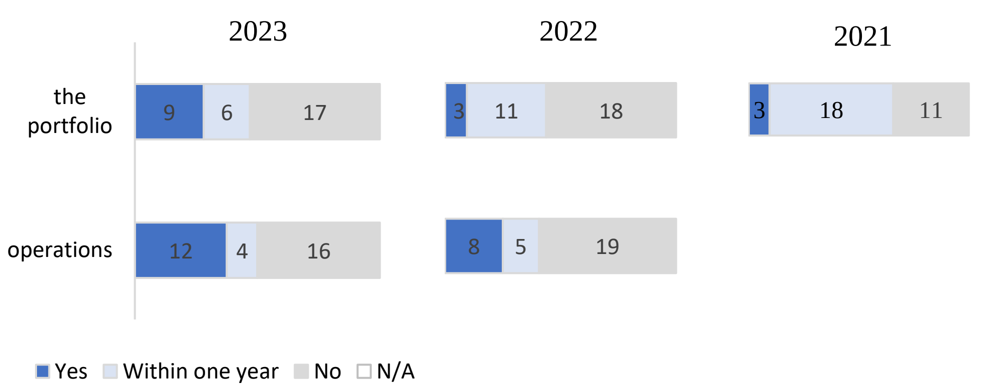
33. Although less than one third of ECAs/countries have established targets to reduce the carbon intensity of their portfolio, this still represents a significant increase compared to 2022 (Denmark, Germany, Italy, JBIC/Japan, Slovak Republic, and Spain reported in 2023 having established such targets. More specifically:

- Denmark's ECA (EIFO) is committed to reaching net-zero emissions by 2045.
- The German climate strategy encompasses sector guidelines for high emitting industries and will be used to classify transactions based on their alignment with a 1.5-degree target. This policy entered into force on 1 November 2023.
- Italy's ECA (SACE) has recently adopted a Climate Change Policy which, *inter alia*, introduces a phase out plan aimed at gradually ending support to the fossil fuel sector in order to reduce the exposure in this sector and, as a consequence, reduce the negative impact of supported transactions on climate change. Following approval of its Climate Change Policy and an exercise to measure the carbon footprint of its portfolio, SACE expects that there will be a gradual decrease in the carbon intensity of its portfolio.
- JBIC/Japan is committed, through its ESG policy, to pursuing ambitious and accelerated efforts to achieve net-zero emissions in its finance portfolio by 2050.
- Slovak Republic's ECA (EXIMBANKA) has ambitions to provide no official support for fossil fuel projects after 2030.
- Spain's ECA (CESCE) has established a goal to reduce its portfolio exposure to the Hydrocarbons Industry by 75% by 2035 (compared to 2020 levels); this commitment stems from the signing of the COP26 declaration.

34. In addition, among the ECAs/countries that had already committed to such targets:

- Canada's ECA (EDC) has established a reduction target for its operations aligned with science-based methodology which includes:
  - carbon intensive finance exposure;
  - 45% reduction in carbon-intensive financing exposure by 2023;
  - 37 % reduction emissions per passenger kilometer from airlines financing portfolio by 2030;
  - 15 % reduction of loan-weighted production volume in upstream oil and gas financing portfolio by 2030; and
  - 3% shift in composition of production from oil to gas financing portfolio by 2030.
- The United Kingdom's ECA (UKEF), in order to reach net-zero by 2050, has set the following targets for 2030:
  - relative to January 2022: reduce absolute emissions (tCO_2e) of its oil and gas sector exposure 75% by 2030 and reduce economic emissions intensity (tCO_2e/£AAR) of its power sector exposure 58% by 2030; and
  - relative to January 2023: reduce economic emissions intensity (tCO_2e/£AAR) of its aviation sector exposure 35% by 2035.

Figure 12. Targets to reduce the carbon intensity of…



35. All the ECAs/countries that reported having established targets indicated that these applied to all activities (rather than Arrangement business only).

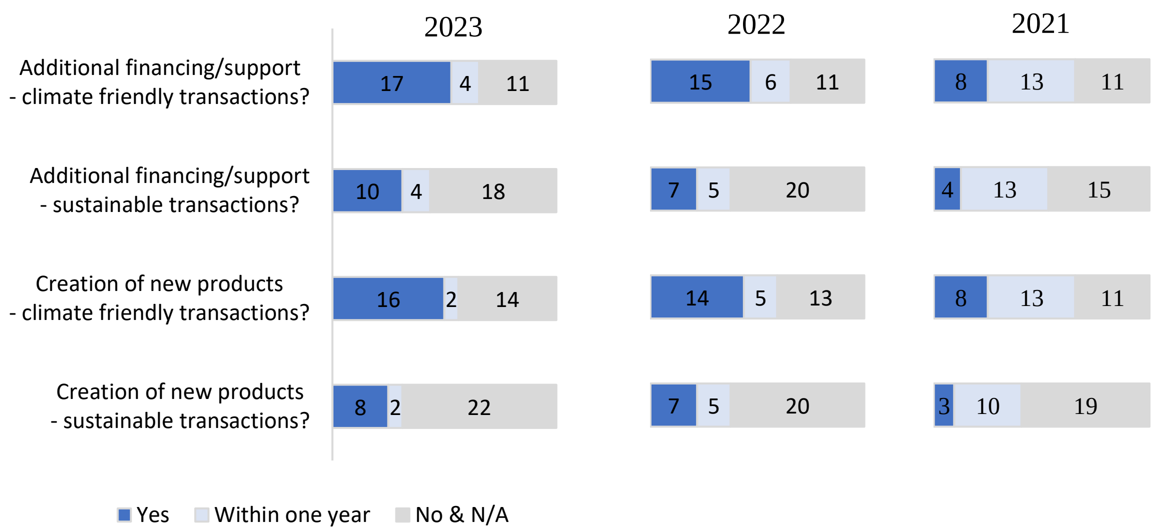
5. Incentives

36. More and more ECAs/countries have implemented climate or sustainability-related incentives (they have more than doubled compared to 2021) - see Figure 13. Climate-related incentives are more popular than sustainability-related incentives: half of the ECAs/countries that responded to the 2023 survey reported having developed climate-related incentives whereas less than a third reported having developed sustainability-related incentives. In terms of the types of incentives, ECAs/countries are relatively balanced between creating additional financing/support or developing new products.

37. Reducing the national content policy and increasing the percentage of cover appear to be among the preferred financial incentives proposed by ECAs/countries. For example:

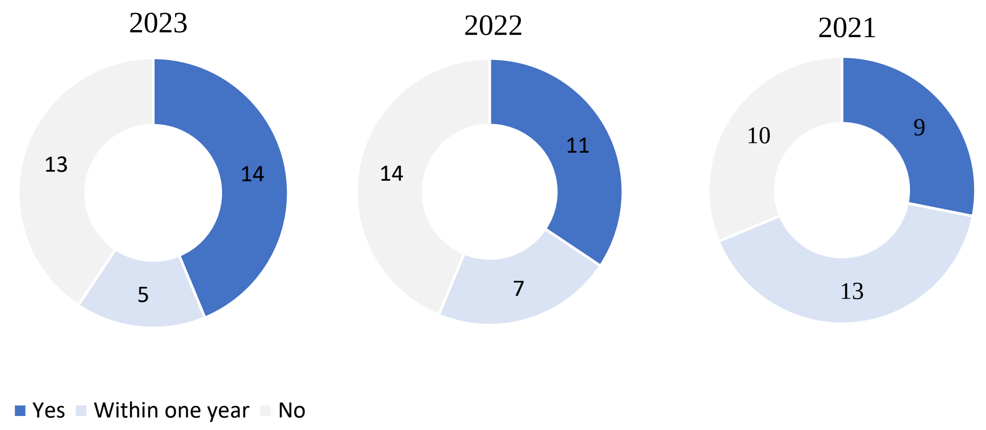
- The Belgian ECA (CREDENDO) has developed a Green Package and the projects selected as part of this initiative will benefit from the most favourable terms and conditions such as:
  - 98% cover of the total amount;
  - extension to domestic transactions if the product has export potential;
  - increased participation in financial guarantees; and
  - mobilisation of an additional budget of EUR 100 million to fund green transactions.
- The Dutch ECA (ATRADIUS DSB) has introduced, at the request of the government, a number of schemes to make export credit insurance more attractive for green transactions such as:
  - a broader Dutch content policy for green project finance;
  - relaxed acceptance underwriting criteria for small green transactions up to EUR 5 million;
  - the broadening of the definition of 'export' for green transactions; and
  - applying the lowest premia possible under the Arrangement.
- NEXI/Japan has increased the commercial risk coverage rate to 97.5% for projects supported under its insurance for green innovation programme.
- The United Kingdom's ECA (UKEF) offers longer repayment terms (10 years instead of 5) for its Export Development Guarantee product where the funds are used solely to support clean growth activities.
- In 2020, the Board of Directors of U.S. EXIM approved a content policy for EXIM's Program on China and Transformational Exports, which lowered the required national content to 51%, with certain additional requirements. Under EXIM's statute, renewable energy, energy efficiency, energy storage, and water treatment and sanitation exports are within the scope of this programme and are eligible for applying this content policy.

Figure 13. Introduction of incentives



38. Approximately 43% of ECAs/countries reported having implemented additional financial incentives, beyond the financial incentives set out in the CCSU[5] for climate-friendly and sustainable transactions – see Figure 14. Most measures reported are similar to the general additional financing measures detailed above and are most often linked to increased flexibility with regards to national content requirements and commercial coverage.

Figure 14. Implementation of additional financial incentives beyond the CCSU



6. Exclusion policies

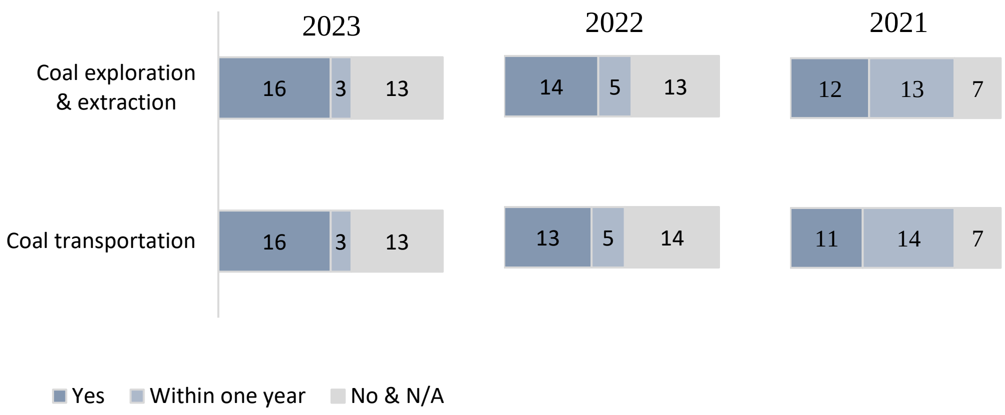
39. Exclusion policies have become more and more common among ECAs/countries. In 2021, when the first survey was submitted, most exclusion policies were exclusively dedicated to the coal sector and more particularly coal-fired power plants. The 2023 survey shows a significant increase in the number of ECAs/countries (especially European ECAs/countries) that have established exclusion policies for oil and gas projects as well as coal projects.

6.1. Coal

40. On 22 October 2021, the Participants to the Arrangement agreed to end support for unabated coal-fired power plants. This ban came into force on 1 November 2021. In addition to this ban, half of the ECAs/countries that responded to the 2023 survey have established exclusion policies relating to coal exploration and extraction and to coal transportation – see Figure 15. The ECAs/countries with exclusion policies relating to coal mining are the same as those with exclusion policies relating to coal transportation and are mostly European: Belgium, Canada, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, New Zealand, Norway, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Austria, Latvia and Portugal are considering setting such exclusion policies within one year.

[5] At the time of the 2023 survey, the modernisation of the Arrangement and more specifically the review of the CCSU had not yet entered into force.

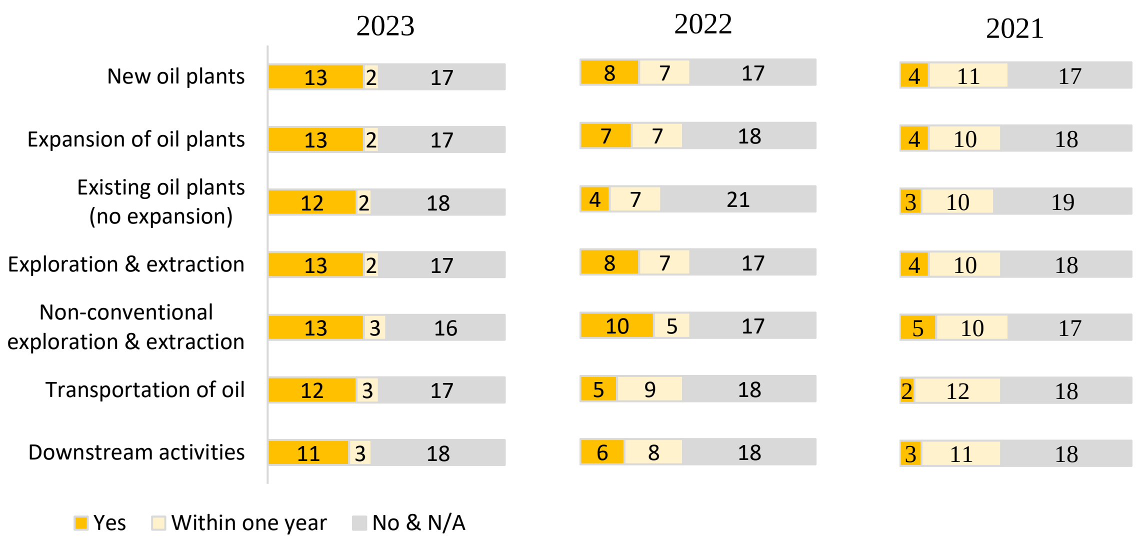
Figure 15. Exclusion policies relating to coal



6.2. Oil

41. Although fewer ECAs/countries have established exclusion policies relating to oil than to coal, their number has increased substantially compared to 2021 and 2022 (especially among European ECAs) – see Figure 16. Among the ECAs/countries with oil exclusion policies, most of them (Belgium, Canada, Denmark, France, Germany, Netherlands, New Zealand, Spain, Sweden, Switzerland) have exclusion policies for all oil-related projects (which includes oil plants, oil extraction, and oil transportation). Austria and Latvia are considering implementing such exclusion policies within one year.

Figure 16. Implementation of exclusion policies relating to oil



42. Among the ECAs that have developed or are considering developing oil exclusion policies, 15 indicated that they had or will have exceptions to these policies: most relate to projects that are aimed at reducing emissions or decommissioning existing facilities or to projects that ensure national energy or resource security. For example:

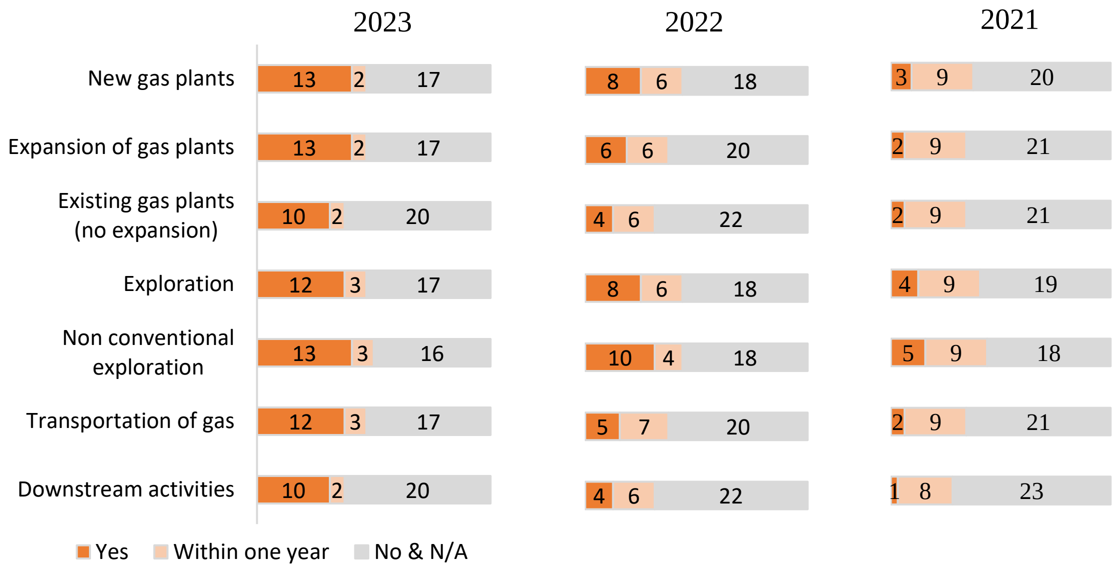
- Austria's ECA (OeKB) is considering exceptions relating to ensuring national energy or resource security, improving efficiency, health and safety, minimising social or environmental impacts, converting fossil to non-fossil energy infrastructure, dismantling facilities, emergency power supply and oil projects related to carbon dioxide capture or storage facilities.

- Belgian's ECA (CREDENDO) will still cover applications:
    - Relating to maintenance or other services intended to ensure the continued safe and healthy operation of such infrastructure;
    - for projects that will lead to better energy or emissions efficiency, as well as improvements in social or environmental spheres;
    - for projects relating to carbon capture, utilisation and storage or similar technologies; and
    - for services that are important to ensure that such installations can be shut down or decommissioned safely.
- France indicated that Bpifrance has exemption policies for petrochemical projects.
- Italy's ECA (SACE) reported having identified specific criteria to assess the potential eligibility of projects excluded from support:
    - General Eligibility Criteria, applicable to projects deemed strategic for the Italian energy security or projects that are in line with the national decarbonisation plan of the recipient country and with the 1.5°C target of the Paris Climate Agreement; and
    - Specific Eligibility Criteria, applicable only in well-defined areas of the value chain and relevant to the technical characteristics of the project or to the recipient country (*e.g.*, energy efficiency, compliance with the EU Taxonomy, access to energy below a certain percentage).

6.3. Gas

43. Similar to oil exclusion policies, gas exclusion policies have increased significantly since 2021, with almost 40% of ECAs/countries (mostly located in Europe) reporting the implementation of such policies in 2023 – see Figure 17. The same ECAs/countries that reported having established oil exclusion policies reported having implemented gas exclusion policies. Belgium, Canada, Denmark, France, Germany, Netherlands, New Zealand, Spain, Sweden, Switzerland and the United Kingdom reported having exclusion policies for all the gas-related projects proposed in the survey.

Figure 17. Implementation of exclusion policies relating to gas



44. The same ECAs/countries that reported having exceptions for their oil exclusion policies also reported having exceptions for their gas exclusion policies. The exceptions were the same as those provided for oil projects.

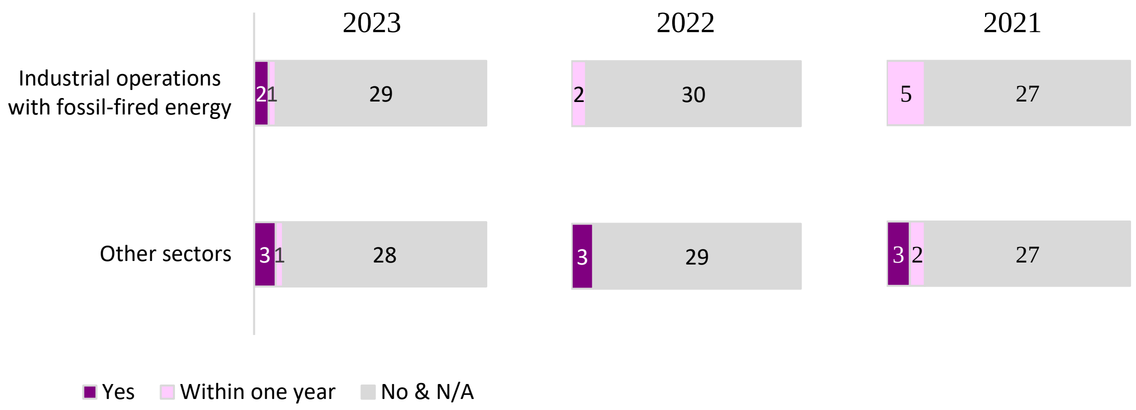
6.4. Other sectors

45. Very few ECAs/countries have implemented exclusion policies for other sectors (including industrial operations with fossil-fired energy supply to achieve high temperatures) – see Figure 18.

46. Only Denmark and Germany reported having established exclusion policies for industrial operations with fossil-fired energy (In 2022, Germany had indicated that they were considering doing so within one year), while only Latvia is considering doing so within one year.

47. Only Austria, Germany and the Netherlands reported having established exclusion policies for other sectors and Latvia was the only country that is considering doing so within one year. Germany specified that its climate strategy encompasses sector guidelines for high emitting industries which will be used to classify transactions based on their alignment with a 1.5-degree target and introduce exclusions for non-aligned projects (including industry and transport projects). The Netherlands has implemented exclusion policies for animal husbandry systems and practices that are not in line with the ‘Five freedoms for animals’ or with the notion that animals have an intrinsic value.

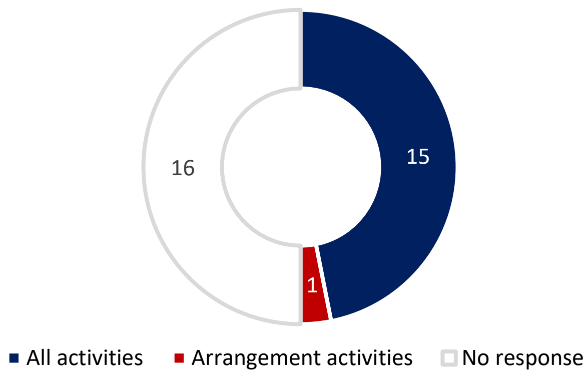
Figure 18. Other sectors for exclusion policies



6.5. Scope of exclusions

48. Only Finland reported that its exclusion policies relating to coal, oil, gas or other sectors applied only to Arrangement business;, other ECAs/countries reported that their exclusion policies applied to all their business activities – see Figure 19.

Figure 19. Policy exclusions apply to (2023 survey)



6.6. Other measures

49. Less than a third of ECAs/countries (Australia, Canada, Denmark, Norway, Sweden, Switzerland and the United Kingdom) reported having established other measures to limit support in carbon intensive sectors in 2023 – see Figure 20. Compared to 2022, only Australia reported having established such measures in 2023: Australia's ECA (EFA) is required to take into consideration the Paris Agreement and the Government's emissions reduction targets in the performance of its functions.

50. Approximately half of ECAs/countries that responded to the survey in 2023 reported having implemented policies or products to support the energy transition. Compared to 2022, two more ECAs/countries have implemented such policies or products – see Figure 20:

- KEXIM/Korea indicated having developed an energy transition programme; however, it didn't provide any further information on the programme; and

- Spain indicated that CESCE had developed two new products (Green Policy and Green Policy for Investments) that may provide incentives to climate-friendly transactions through: a discount on analysis fee, the reduction of national content requirement and the possibility of opening additional availability in countries where the established limit has already been reached.

51. In addition, among the ECAs/countries that had already implemented such policies and programs in 2022, several provided more information on the policies and programs implemented. For example:

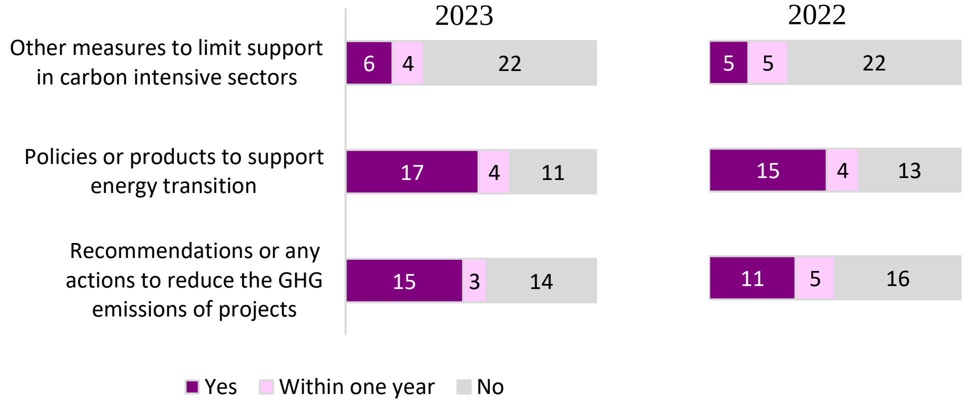
- Canada's ECA (EDC) reported that it had launched a pilot guarantee product with four Canadian financial institutions with the intent of supporting the capital needs of exporters with their energy transition investments. EDC also reported that its Sustainable Finance Framework will include criteria for what is considered as transition-related sustainable finance business.
- France reported that Bpifrance had developed a "bonus climatique[6]" programme which provides increased commercial cover for companies and projects contributing to national and international climate objectives and that are in line with the EU Taxonomy.
- Germany reported that Euler Hermes had developed a Renewable Energy Initiative, which enables renewable energy projects to benefit from reduced national content provisions (30% instead of 51%) and removes the down payment requirements for local costs.

52. Slightly fewer than half of the ECAs/countries that responded to the 2023 survey reported having made recommendations or taken action to help avoid, minimise or reduce the GHG emissions of projects. Compared to 2022, four additional ECAs/countries (Finland, Spain, Switzerland and the United States) reported having done so in 2023. More specifically:

- Finland's ECA (FINNVERA) considers how to avoid, minimise or reduce GHG emissions of projects during the due diligence process.
- Spain's ECA (CESCE) recommends always using the best available technologies to reduce greenhouse gas emissions.
- Switzerland's ECA (SERV) is working on applying the IFC PS 1 and 3 where applicable.
- The United States' ECA (US EXIM) manages GHG emissions of projects through abatement efforts. In particular, it is enhancing its efforts to identify and support methane abatement activities given methane's potency as a greenhouse gas.

[6] Further information available: https://www.bpifrance.fr/download/media-file/69846.

Figure 20. Further exclusion measures



7. Reporting and transparency

53. ECAs/countries still appear reticent to put in place measures for disclosing climate-related and/or sustainability-related information as a little over one third of ECAs/countries have put any in place some form of disclosure policies and their number has increased only marginally compared to 2022 – see Figure 21.

54. In terms of reporting and disclosure measures, those relating to the Task Force on Climate-Related Financial Disclosures (TCFD) appear to be the most applied by ECAs/countries – with 11 out of 32 ECAs/countries having done so in 2023. Compared to 2022, four additional ECAs/countries (Denmark, JBIC/Japan, KEXIM/Korea and Belgium) reported having implemented reporting measures in line with TCFD recommendations.

55. With regard to disclosure measures, four ECAs/countries (Canada, Denmark, the Netherlands and the United Kingdom) have indicated that they have policies in place to disclose GHG emissions as well as additional climate-related or sustainability-related information on both individual transactions and their overall portfolio. In terms of disclosure of GHG emissions:

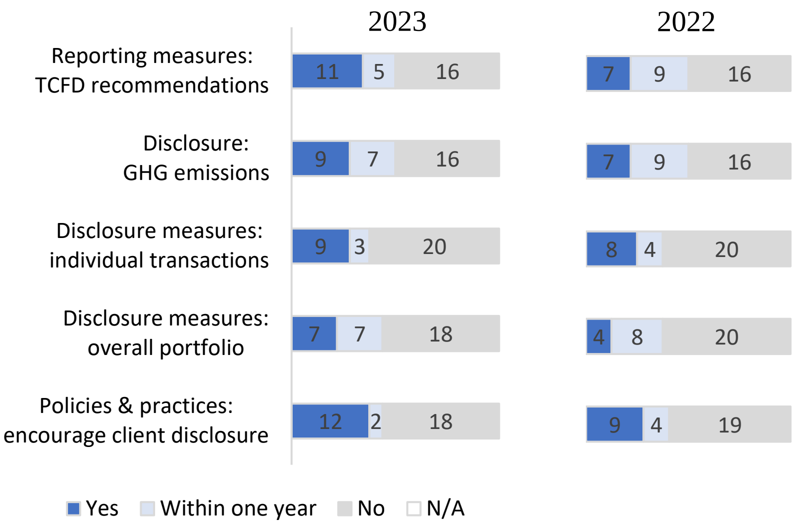
- Canada's ECA (EDC) has been reporting GHG emissions associated with the projects it supports since 2022.
- Denmark's ECA (EIFO) discloses GHG emissions as part of its annual report.
- Finland's ECA (FINNVERA) discloses GHG emissions according to the Poseidon Principles and provides information concerning the GHG emissions of its whole portfolio in its annual reporting.
- KEXIM/Korea discloses Scope 1 and Scope 2 emissions on its website and published its first TCFD report in 2023. In order to further abide by the TCFD recommendations, KEXIM plans to disclose its Scope 3 emissions in the coming years.
- The Netherlands' ECA (ATRADIUS DSB) has developed a methodology on GHG emission accounting.
- The United Kingdom's ECA (UKEF) reports emissions for Category A projects with emissions greater than 25,000 tCO_2e as well as portfolio financed emissions as part of its annual report.

- The United States' ECA (US EXIM) publicly reports the estimated annual CO_2 production (tons/yr.) of Category A and Category B Projects and the GHG intensity for fossil fuel power project (grams CO_2 equivalent per kilowatt-hour) on its website.

56. Almost 40% of ECAs/countries indicated having established policies or practices to encourage clients to disclose climate or sustainability-related information. Compared to 2022, four additional ECAs/countries (Finland, KEXIM/Korea, Latvia and Norway) reported having done so; however, Spain indicated that it no longer had such policies or practices. For example:

- Denmark's ECA (EIFO) asks projects to disclose GHG-emissions if their annual emissions are above 25 000-ton CO_2 according to EP4.
- The United Kingdom's ECA (UKEF) routinely requests emissions reporting. For its Export Development Guarantee product, it requests:
  - a description of any specific goals and targets, or objectives related to climate change;
  - information on how the UK government's net-zero target affects the company's operations;
  - information on any additional UK or international regulations related to carbon or climate change that impact the company (*e.g.*, a carbon pricing system);
  - information on whether the company is a part of, or participates in, any sector/industry initiatives or trade associations in relation to climate change;
  - information on whether the company allocated any financial budget to reduce GHG emissions resulting from its activities;
  - information on whether the company classifies any existing goods and/or services as low-carbon products or if they enable a third party to avoid GHG emissions;
  - information on investment in research and development (R&D) of low-carbon products or services related to their sector activities; and
  - TCFD disclosures if available.

Figure 21. Reporting and transparency measures



8. Conclusion and next steps

57. The responses to the 2023 survey show that more and more ECAs/countries are taking into consideration climate change in their policies and practices, while slightly fewer ECAs/countries are doing so for human rights and other sustainability issues. Indeed, 70% or more of ECAs/countries have already developed mandates and statements relating to climate change and have adhered to climate related initiatives, while approximately half have done so for human rights and other sustainability issues. In addition, a large share (between 40% and 60%) of ECAs/countries have established policies or methodologies relating to the climate impact of the transactions they support (although these do not include the automatic classification of certain sectors or activities as Category A projects). Few ECAs/countries, however (less than one third), have implemented climate- or sustainability-related targets.

58. The responses also show that ECAs/countries continue to favour implementing incentive policies especially with regard to climate; however, a growing number of ECAs/countries have put in place exclusion policies, mostly linked to coal projects but increasingly to oil and gas projects (notably among European ECAs).

59. Finally, it would appear that ECAs/countries are still reticent to put in place measures for disclosing climate-related and/or sustainability-related information as only a about one third of ECAs/countries have put in place some form of disclosure policies and this number has increased only marginally compared to 2022.

60. Members agreed that this survey should be conducted on an annual basis. The next survey will be circulated to Members in the third quarter of 2024.