

Work Plan for GIP WG2 –

Environmental & Climate Information Disclosure

Background and Significance

The Belt and Road Initiative (BRI) aims to substantially enhance the level of infrastructure and economic development across BRI countries. To ensure that environmental friendliness, climate resilience, and social inclusiveness are built into new investment projects in the Belt & Road, as a task from China and the UK governments, China Green Finance Committee and the City of London have jointly launched the Green Investment Principles (GIP) for the Belt and Road.

To advance principles 3 and 4 of the GIP – disclosure and stakeholder engagement, Working Group 2 (WG2) co-chaired by CACIB and the Industrial Bank of China, and supported by EY and other GIP members will focus on “a consistent approach to managing environmental & climate Information disclosure” and engagement with stakeholders. WG2 will take stock of best practices on information disclosure and provide guidance and support for signatories to disclose environmental and climate related information.

Objectives

The objectives of WG2's work is:

- Promote a consistent environmental/climate information disclosure for GIP signatories which is aligned with TCFD and/or other internationally recognized standards, and which identifies with the environmental priorities of the GIP region.
- To develop and refine guidance material for the implementation of GIP 3 and 4.
 - Provide guidance for GIP signatories to disclose environmental and climate related information including the scope and depth of disclosure and encourage gradual progression in both.
 - Provide guidance for GIP signatories regarding engagement with stakeholders and supporting gradually more open procedures and processes.

Principles

WG2 will comply with the following principles:

1. **Comparable indicators:** The information disclosed by each institution should be based on consistent frameworks, including the reference of green taxonomy (which should be aligned with international and/or national market standards) and methodologies, so that the results can be comparable and aggregated.
2. **Adapt to local conditions:** We recognize and consider the differences amongst GIP signatories, and aim to provide a disclosure framework which allows flexibility for GIP signatories to determine the scope and depth of disclosure, considering the differential regulatory requirements of their home countries and their actual situation and capacity.
3. **Gradual disclosure:** We aim to encourage progression in environmental and climate disclosure amongst GIP signatories, via the inclusion of a step-by-step disclosure framework.
4. **Reduce duplication:** To the extent possible, institutions should be able to draw on existing disclosures to fulfil GIP requirements.

Approach

WG2 aims to engage each GIP signatory in our activities. We will circulate a progressive disclosure process and reporting framework(s) which recognises that disclosure is a journey and supports appropriately ambitious and robust targets across the signatory base. To this end, WG2 proposes two activities:

1. The drafting and development of a phased disclosure process.
2. The collation and curation of guidance, support material, and capacity-building exercises in reporting framework(s) to assist GIP signatories progress through disclosure phases.

WG2 will gradually refine the framework considering the feedback received. We will carry out our activities in the following ways:

- Inter-group discussion, and refer to both international and local/regional standards;
- Questionnaires survey;
- Test run for the draft version of the framework.

Detailed Work Plan

WG2 will develop an environmental & climate information disclosure framework for GIP signatories and do our best to practice the recommendations of the TCFD. This task will have the following strands:

Strand I – Current Landscape Analysis: The WG will undertake a disclosure stocktake, reviewing the results of the baseline assessment and interviewing each signatory institution to understand their current disclosure processes and priorities. This stocktake should also uncover how signatory institutions use their disclosures to engage stakeholders at project and portfolio level.

Strand II – Framework Development: The WG will develop a disclosure and engagement framework to support signatories at all levels. The framework will support multiple phases of implementation, including:

Phase 1: Initiation

Start the disclosure of environmental/ climate related strategy and governance (including policy system and environmental risk management process and measures):

Environment-related qualitative information and indicators

- Institution's environment-related strategies and objectives, governance structure, policy system, impact of environmental risks and opportunities, risk management and process, and next year's objectives and action plans
- Green finance examples

Phase 2: Risk Management and Target Setting

Phase two will require identification of useful metrics, the formal integration of risk management and sectoral work. Disclosures should be extended to disclose the direct and indirect environmental impacts generated by one's operations and start disclosure related to quantitative indicators:

Quantitative indicators cover the environmental impact of financial institution's own business activities

- Direct greenhouse gas emissions (Scope 1) and natural resource consumption directly attributable by operating activities such as fuel consumed by own transportation

vehicles; fuel consumed by own heating/cooling equipment; water consumed in business and office activities;

- Indirect greenhouse gas emissions (Scope 2) and indirect environmental impacts such as the electricity consumed by business and office activities; paper used for business and office activities; fuel consumed by purchased heating/cooling services; energy consumed by employees' business travel.

*The work for Phase 3 and 4 should be based on methodologies agreed and adopted by the GIP signatories

Phase 3 – Scenario Analysis

Phase 3 will require a structured approach to scenario analysis, drawing on international best practice and guidance. In particular, this should reference the baseline scenarios currently being developed by Network for Greening the Financial System.

Phase 4 – Quantitative and Qualitative Indicators

Explore the qualitative and quantitative indicators on project / asset (loans, bonds, equities, where applicable) level. Some examples:

Qualitative

- To disclose the basis used to define green and/or brown assets

Quantitative indicators (Financial Institutions)

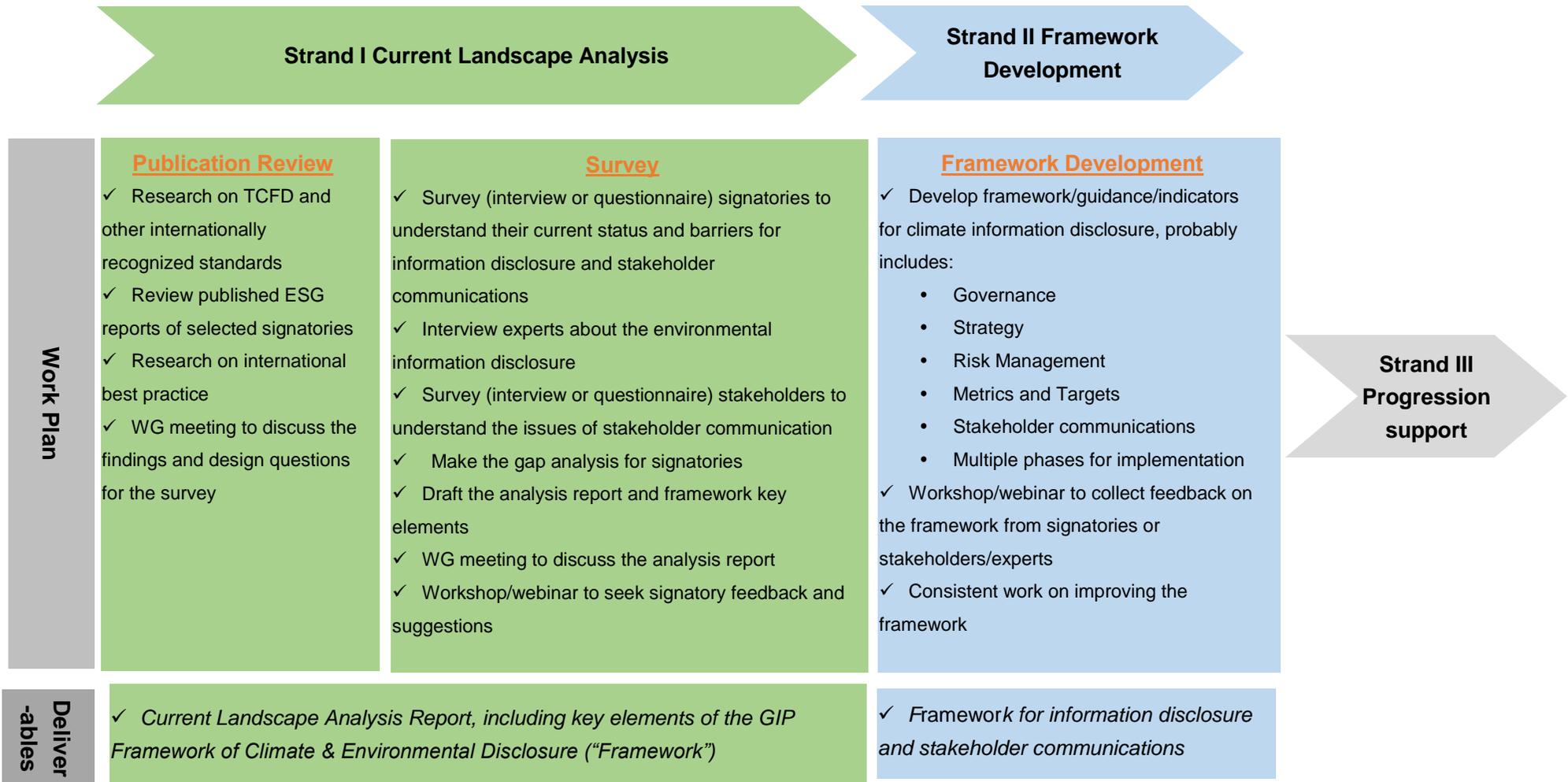
- Green loan balance and proportion in terms of total loan portfolio
- Brown asset related disclosure
- CO2 emissions reduction / avoided from the outstanding green loan balance

Quantitative indicators (Corporates)

- CO2 emissions reduction / avoided from total green projects / green related investments
- Brown asset related disclosure

Strand III – Progression Support: The WG will develop a structured approach to assisting signatories to advance phases.

Annex 1: Work Procedures for GIP Work Group II



Annex 2: Work schedule and Timeline for GIP Work Group II (For year 2020)

	Tasks (Deliverables)	Month (for year 2020)											
		1	2	3	4	5	6	7	8	9	10	11	12
Strand I Current Landscape Analysis													
Publication Review													
1	Research on TCFD and other internationally recognized standards	■	■										
2	Review published ESG reports of signatories	■	■										
3	Research on international best practice	■	■										
4	WG meeting to discuss the research findings and design the questions for survey			■									
Survey													
5	Survey (interview or questionnaire) signatories				■	■							
6	Interview experts				■	■							
7	Survey (interview or questionnaire) stakeholders				■	■							
8	Make the gap analysis for signatories					■	■						
9	Draft the analysis report and framework key elements					■	■	■					
10	WG meeting to discuss the analysis report						■	■					
11	Workshop/webinar to seek signatory feedback and suggestions.						■	■					
Deliverable: Current Landscape Analysis Report (including Draft framework)								★					
GIP Conference 2020									■				
Strand II Framework Development													
12	Develop framework /guidance/indicators for information disclosure								■	■	■		

13	Collect feedback on the framework													
14	Improve the framework													
<i>Deliverable: Framework for information disclosure and stakeholder communications</i>														★