

Governance Structure

Green Investment Principles for the Belt and Road

1. Purpose and Objectives

1.1. The purpose of Green Investment Principles for the Belt and Road (GIP) is to align the transformative force of the Belt and Road Initiative with the stated goals of the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development via promotion of green investment among institutions that invest and operate in the Belt & Road (B&R) region.

1.2. Specifically, GIP's objectives are to:

1.2.1. Promote the continued development and adoption of best practices in managing environmental, social and governance (ESG) risks stemming from major projects, including infrastructure building.

1.2.2. Mobilize and channel financial flows to green new investment projects.

1.2.3. Grow a connected global community of environmentally & socially responsible institutions involved in infrastructure building.

1.2.4. Help strengthen the capacity for green investments for members investing and operating along the B&R.

1.2.5. Facilitate capacity building for countries along the B&R on mobilizing green and sustainable investments and setting sustainability standards

1.3. To fulfil GIP's purpose, the signatories and supporters (members of the GIP) aim to:

1.3.1. Implement GIP in line with reasonable and consistent good international practice.

1.3.2. Develop GIP appropriately in line with changes in good international practice and the evolution of sustainability standards.

1.3.3. Promote the adoption of GIP by other institutions.

1.3.4. Maintain contact and share expertise with international financial institutions and other organizations with own ESG standards.

1.4. Over time, members agree to review and modify the GIP as appropriate.

2. Signatory Institutions

2.1. Any institution that meets the adoption requirements can apply to become a Signatory Institution.

2.2. While the adoption of GIP Principles is voluntary, once such adoption has been made, the adopting entity will comply with the Obligations of Signatory Institutions.

2.3. The adoption requirements for prospective signatories are:

2.3.1. Being lenders, investors, and project owners/developers operating along or having projects in the B&R region.

2.3.2. Affirming in writing they wish to adopt, will implement and uphold the GIP.

2.3.3. Affirming they will implement the GIP and comply with the Obligations of Signatory Institutions, in the form of an Institutional Declaration, signed off by a senior officer of the institution, such as an executive member of the board of directors or the company secretary.

2.4. **Obligations of Signatory Institutions**

2.4.1. On becoming a GIP Signatory Institution, the signatory shall, within six months, complete the baseline assessment tool, provided by the Secretariat, to evaluate its institutional processes and activities in accordance with the Principles.

2.4.2. Signatories shall comply with the mandatory GIP annual reporting process, including responses to GIP questionnaires which form the basis for drafting the GIP annual reports.

2.4.3. Signatories shall actively engage with other signatories and supporters, including attending the annual plenary meeting and working groups.

3. **Supporting Institutions**

3.1. Institutions that do not meet the GIP adoption requirements (e.g., third-party service providers) but have an interest in supporting the GIP may engage in the Principles as supporting institutions.

3.2. Supporting institutions should sign a letter of support (available from the Secretariat) to publicly display their engagement with the Principles.

3.3. While supporting the GIP is voluntary, the undertaking institution shall take appropriate steps to act in the spirit of the Principles.

4. **External Experts**

4.1. External stakeholders in green investments in the B&R region, including those that are not Signatory Institutions or Supporters but have extensive experience in green finance or related fields and stated interests in providing technical advice, can be invited to participate in GIP working groups.

4.2. External experts may be invited to attend working group meetings, provide expert views on specific topics and comment on other deliverables.

4.3. External experts' contributions and roles will be recognized in the working groups' deliverables and other relevant materials.

5. Admission of Signatory Institutions, Supporters, External Experts

5.1. The process of admitting a new Signatory Institution is as follows:

- 5.1.1 The prospective institution sends a letter of application to the Secretariat;
- 5.1.2 GIP Steering Committee Co-chairs agree to admit the new applicant;
- 5.1.3 The Secretariat sends a letter to Steering Committee for approval by consensus;
- 5.1.4 The prospective institution signs the GIP declaration and becomes a member.

5.2. The process of admitting new GIP supporting institutions:

- 5.2.1 A prospective institution submits an application to GIP secretariat;
- 5.2.2 GIP Steering Committee Co-chairs approve the application;
- 5.2.3 The prospective institution signs the GIP support letter.

5.3. Working group chairs have the authority to appoint external experts as advisors.

6. Accountability and delisting from GIP Membership

6.1. As set out in Clause 2.4, responses to GIP questionnaires and participation in some GIP events and activities (including plenary meetings, working group meetings, seminars/workshops/webinars, research projects, etc.) are minimum requirements expected of all GIP signatories.

6.2. Any signatory that fails to respond to any GIP questionnaires and attend any GIP event for a 12-month period will be notified and asked to provide a formal explanation for non-compliance to the GIP Secretariat.

6.3. If the signatory is unable to provide adequate explanation and commit to steps to redress non-compliance within two weeks of the notice, the GIP Secretariat will arrange a conference call or meeting with that signatory. Engagement will focus on understanding the reasons for non-compliance, and how compliance with the minimum reporting and engagement requirements can be achieved.

6.4. If the signatory does not engage, or engagement is unable to resolve non-compliance within a 6-month period after the notice, the Secretariat will escalate the matter to the Steering Committee to consider whether the signatory should be delisted from the GIP.

6.5. If a GIP member is involved in unlawful incidents that may negatively affect the reputation of the GIP, the Steering Committee retains the right to delist this organization from the GIP membership.

7. Management of GIP

7.1. The oversight and development of the GIP will be managed by the Steering Committee.

7.2. A Secretariat has been established to manage the daily operations of the GIP, and GIP membership.

7.3. All signatories and supporters are encouraged to participate in and contribute to the ongoing development and implementation of the GIP Principles.

8. Steering Committee

- 8.1. The Steering Committee has the authority to plan, lead, and commission work or activities related to the administration, management, and development of the Principles on behalf of the signatories.
- 8.2. The Steering Committee consists of two Co-Chairs, namely Dr. Ma Jun, Chairman of Green Finance Committee of China Society for Finance and Banking and Sir Roger Gifford, Chairman of UK's Green Finance Institute, and other drafting members of the GIP and host countries (China and the UK), currently including representatives from the People's Bank of China, the UK Embassy to China or the UK Treasury, Belt and Road Bankers Roundtable (BRBR), Principles for Responsible Investment (PRI), International Finance Corporation (IFC), World Economic Forum (WEF), and the Paulson Institute.
- 8.3. Co-chairs of each Working Group, chairs of subgroups and other experts may be invited at the discretion of the GIP Steering Committee Co-Chairs to attend Steering Committee meetings to report on a working group's progress or as special guests.
- 8.4. The Steering Committee shall meet twice a year. The Co-chairs can also convene ad hoc Steering Committee meetings in special circumstances.
- 8.5. Participants of the Steering Committee meetings may be changed according to need or availability.

9. Advisory Group

- 9.1. The Advisory Group's purpose is to provide policy and market insights and specific knowledge on key topics to support strategic business planning of the GIP.
- 9.2. Members of the Advisory Group are selected from influential experts, opinion leaders and/or former policy makers.
- 9.3. Members of the Advisory Group are nominated by Steering Committee members, and confirmed by Steering Committee Co-Chairs.
- 9.4. Members of the Advisory Group may be added or substituted according to business needs or at the direct request of the Co-Chairs.

10. Working Groups (WGs)

- 10.1. WGs shall be formed at the discretion of the Steering Committee to mobilize resources and organize activities to implement specific aspects of the GIP.
- 10.2. WGs are in principle valid for two years and may be extended for two more years subject to approval by the Steering Committee Co-Chairs.
- 10.3. Each WG will be chaired or co-chaired by signatory institutions with support from a WG Secretary. The WG Secretaries may be a GIP supporting institution, a Steering

Committee member, a GIP signatory, or another institution recommended by the GIP secretariat (e.g. a Multilateral Development Bank).

10.4. The Co-Chairs are responsible for ensuring that:

10.4.1. The WG works efficiently towards its remit; to the extent reasonably possible, the WG shall operate on consensus;

10.4.2. Progress reports are presented at the Steering Committee meetings;

10.4.3. Recommendations on material and contentious issues are communicated through the GIP Secretariat to the Steering Committee so that decisions can be taken.

10.5. The WG Secretaries shall assist WG Chairs in organizing conference calls, workshops, meetings, as well as with research and information dissemination activities. The WG Secretaries shall also assist with quality control of deliverables.

11. GIP Secretariat

11.1. The Steering Committee and Working Groups will be supported by the GIP Secretariat.

11.2. The Secretariat will retain offices in Beijing and London. The Secretariat offices will work in close cooperation with each other and all signatory institutions.

11.3. The Secretariat will conduct tasks in an inclusive and transparent manner and provide regular updates to the GIP members and Steering Committee on its activities.

11.4. The main responsibilities of GIP Secretariat offices are to:

11.4.1. Promote the Principles among relevant institutions, manage the admission process of new GIP members, assist in the adoption of the Principles by financial and non-financial institutions;

11.4.2. Support the WGs to develop and promote access to tools and instruments for better implementation of the Principles by Signatories;

11.4.3. Provide signatories with individual feedback on their annual reporting;

11.4.4. Organize GIP Annual meetings, Steering Committee meetings, and Advisory Group meetings, and support the meetings and conferences organized by WGs;

11.4.5. Manage ad-hoc projects such as the green project database and research on new topics not covered by the Working Groups;

11.4.6. Raise and manage funding to support the operations of the Secretariat and activities of the Working Groups;

11.4.7. Prepare a GIP Annual Report with contributions from the signatories;

11.4.8. Advise the Steering Committee on revisions to the Principles, in response to feedback, and the development of the Belt and Road Initiative.

12. Annual Meetings

- 12.1. A GIP Annual Meeting will be held each calendar year.
- 12.2. All GIP signatories, supporters and Steering Committee members are encouraged to attend the Plenary Meeting.
- 12.3. The meeting agenda will be determined by the Steering Committee Co-Chairs in consultation with Steering Committee members and Working Group Co-Chairs.

13. Entry into Force

- 13.1. This GIP Governance Structure shall take effect on the approval of the Steering Committee, following its first meeting on April 6th, 2020.
- 13.2. The GIP Secretariat is responsible for maintaining and providing guidance on the Governance Structure.
- 13.3. The Governance Structure may be revisited annually or biennially at the Steering Committee meetings, with a view to facilitating implementation and maintaining ambition.

GIP Steering Committee

April 6, 2020