

## 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 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 Belt & Road.

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

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

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

1.3.2. Develop GIP appropriately in line with changes in good international practices 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 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 Belt & Road region.
  - 2.3.2. Affirming in writing they wish to adopt the GIP and will implement and uphold the Principles.
  - 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. 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.
- 2.4.2. Signatories shall actively engage with other signatories, supporters and observers, including attending the annual plenary meeting and joining working groups.

### **3. Observers**

- 3.1. Institutions that are interested in learning more about GIP operations and actively considering joining the GIP can apply for the observer status.
- 3.2. The observer status has a duration of 24 months and can be extended for another 24 months.
- 3.3. Institutions that are granted the observer status will have the opportunity to learn how the Principles are implemented and participate in GIP events, including its annual meetings, working group meetings, knowledge exchange and research activities, and regional chapter events, upon invitation. An observer can submit a formal application to become a GIP signatory institution or supporting institution. The process for admitting the observer as a signatory or supporting institution will as follow procedures described in Clause 6. .

### **4. Supporting Institutions**

- 4.1. 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.
- 4.2. Supporting institutions should sign a letter of support (available from the Secretariat) to publicly display their engagement with the Principles.

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

## 5. External Experts

5.1. External experts, including those from institutions that are not Signatory Institutions, Supporters, or Observers 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.

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

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

5.4. The presence of and opinions expressed by external experts at GIP events do not necessarily represent the institutions they are associated with.

## 6. Admission of Signatory Institutions, Supporters, Observers, External Experts

6.1. 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. Along with the letter of application, prospective signatories are expected to provide a written introduction of the institution, including governance structure, financial position and progress related to green finance, backed up by supplemental documents (e.g. annual reports and ESG reports).

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 members for approval by consensus;

5.1.4 Upon the approval of the SteerCo, the applicant needs to submit the Institutional Declaration, signed by a senior officer of the institution, to officially become a signatory.

6.2. 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 supporting letter.

6.3. The process of admitting new GIP Observer:

6.3.1. A prospective institution submits an application to GIP secretariat;

6.3.2. GIP Steering Committee Co-chairs approve the application;

6.3.3. The prospective institution will be informed about the approval of the Observer status.

6.4. The application for GIP observer status can be sent to GIP regional chapters, which will forward to the GIP Secretariat, or directly to the GIP Secretariat.

6.5. Working group co-chairs have the authority to appoint external experts as advisors.

## **7. Accountability and delisting from GIP Membership**

7.1. 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.

7.2. 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.

7.3. 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.

7.4. 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.

7.5. It is not a mandatory requirement for GIP Supporting Institutions and Observers to attend GIP events or respond to the annual report questionnaires.

7.6. If a GIP member, including signatory institutions, supporting institutions and observers, 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.

## **8. Management of GIP**

8.1. The oversight and development of the GIP will be managed through the Steering Committee.

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

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

## **9. Steering Committee**

9.1. 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.

- 9.2. 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 Alderman Sir William Russell, Chairman of UK's Green Finance Institute, and other founding 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.
- 9.3. The Steering Committee shall meet twice a year. The Co-chairs can also convene ad hoc Steering Committee meetings in special circumstances.
- 9.4. Chairpersons and main representatives from GIP regional chapters, co-chairs of working groups, chairs of subgroups and other experts may be invited at the discretion of the Steering Committee Co-Chairs to attend Steering Committee meetings to report on working progress and participate in discussions.

## 10. Advisory Group

- 10.1. 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.
- 10.2. Members of the Advisory Group are selected from influential experts, opinion leaders and/or former policy makers.
- 10.3. Members of the Advisory Group are nominated by Steering Committee members, and confirmed by Steering Committee Co-Chairs.
- 10.4. Members of the Advisory Group may be added or substituted according to business needs or at the direct request of the Co-Chairs.

## 11. Working Groups (WGs)

- 11.1. WGs shall be formed at the discretion of the Steering Committee to mobilize resources and organize activities to implement specific aspects of the GIP.
- 11.2. 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.
- 11.3. 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, a GIP Observer, or another institution recommended by the GIP secretariat (e.g. a Multilateral Development Bank).
- 11.4. The Co-Chairs are responsible for ensuring that:
- 11.4.1. The WG works efficiently towards its remit; to the extent reasonably possible, the WG shall operate on consensus;
- 11.4.2. Progress reports are presented at the Steering Committee meetings;

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

11.5. 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.

## 12. GIP Secretariat

12.1. The Steering Committee, the Working Groups and regional chapters will be supported by the GIP Secretariat.

12.2. The Secretariat will retain offices in Beijing and London. The Secretariat offices will work in close cooperation with each other and all GIP members.

12.3. 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.

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

12.4.1. Promote the Principles among relevant institutions, manage the admission process of new GIP members, assist in the adoption of the Principles by GIP members;

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

12.4.3. Provide signatories with feedback on their annual reporting;

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

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

12.4.6. Raise and manage funding to support the operations of the Secretariat and activities of its regional offices and the Working Groups;

12.4.7. Prepare a GIP Annual Report each year with contributions from GIP members;

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

12.5. The GIP Secretariat will work closely with the World Economic Forum and other members in supporting the operations of its regional chapters.

## 13. GIP Regional Chapters

13.1. The GIP regional chapters are regional platforms established with the goal of disseminating and promoting GIP in developing countries and emerging markets in specific regions (e.g., Central Asia, Africa, ASEAN). Regional Chapters will engage

with local stakeholders by hosting promotional and capacity building events and research activities, to amplify the reach and impact of the GIP in respective regions.

- 13.2. The establishment of each regional chapter (including the selection of chairperson and secretariat) shall be approved by the Steering Committee. The regional chapters will report work progress to the GIP Steering Committee during steering committee meetings. The GIP secretariat will assist regional chapters to develop work plans and mobilize resources to support their operations.
- 13.3. Each regional chapter will be chaired by a eminent person who have great reputations and substantial influence in finance and sustainability-related fields and in the respective region.
- 13.4. Each regional chapter will be hosted by a local organization as its secretariat. This host organization can be a financial institution, a regional industrial association, a NGO, a research institute or another appropriate organization with the capacity and the network of resources. The regional chapter secretariat can be hosted in one country but serve the broader region.
- 13.5. The GIP Secretariat will be responsible for the initiating the regional chapters, including identifying the chairperson and local host (secretariat), and work closely with each regional chapter on the MOU, workplan, and event planning. The GIP Secretariat will also work closely with each regional chapter to set up an advisory council, with members of relevant experts from both within and outside of the region.
- 13.6. Each regional chapter's advisory council will be formed under the leadership of the regional chapter chairperson and secretariat, with close consultation with the GIP Secretariat.

#### **14. Annual Meetings**

- 14.1. A GIP Annual Plenary Meeting will be held each calendar year.
- 14.2. GIP signatories, supporters, observers and Steering Committee members are invited to attend the Plenary Meeting.
- 14.3. The meeting agenda will be determined by the Steering Committee Co-Chairs in consultation with Steering Committee members and Working Group Co-Chairs.

#### **15. Entry into Force**

- 15.1. The first version of the GIP Governance Structure document took effect after approval of the Steering Committee on April 6th, 2020.
- 15.2. This revised Governance Structure document would take effect after the approval by the Steering Committee at its meeting in April 2022.
- 15.3. The GIP Secretariat is responsible for maintaining and providing guidance on the Governance Structure document.

15.4. The Governance Structure document may be revisited annually or biennially at the Steering Committee meetings.

GIP Steering Committee

April 7, 2022