

The Green Technical Advisory Group has been established to provide advice to government. Its views, and the content of this document, do not represent government policy.

Green Technical Advisory Group (GTAG)

Meeting 2: 27th July 2021

Meeting Notes

Participants:

Attendee	Organisation	Attendee	Organisation
Ingrid Holmes	GFI	Karen Ellis	WWF
Ryan Jude	GFI	Kate Levick	E3G
Jonathan Heybrock	GFI	Lily Dai	FTSE Russell/LSEG
Claudia Barron	GFI	James Alexander	UKSIF
Charlotte Love	GFI	Nick Robins	Grantham Institute/LSE
Alyssa Heath	PRI	Paul Fisher	CISL
Anna Bond	EA	Rain Newton-Smith	CBI (Confederation of British Industry)
Elizabeth Gillam	IRSG	Sarah Laitung	BEIS
Faith Ward	IIGCC	Theodor Cojoianu	Queen's University

Government and regulator observers from HMT, BoE, FCA, DEFRA, BEIS and DfT

1. Welcome and General Update

The Chair thanked members for attending the meeting and for their contributions to date.

2. Operational discussion

GTAG operational context: the Chair ran through an operational arrangement document which clarifies how the different HMG departments and expert groups fit together and interact with the GTAG.

- **HMT:** responsible for green finance legislation that will give the UK taxonomy a legal underpinning. They will also lead the future consultation and provide guidance to GTAG on their expectations.
- **BEIS:** responsible for the corporate disclosures regulation whilst coordinating the two government working groups.
 - o **Energy Working Group (EWG):** a sector specific working group set up by the green finance team at BEIS and chaired by the chief scientific advisor to BEIS. It comprises technical experts who will advise BEIS on energy TSCs.
 - o **Corporate Disclosure Working Group:** set up by the business frameworks team at BEIS who will also chair the group. The group's work will involve testing policy ideas and analytical assumptions and gathering feedback on proposals for sustainability disclosures.

The GFI will have observer status on both working groups to ensure that there is a link back into the GTAG's work. Outputs and advice from both groups will be non-binding. It was noted that HMG may

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set up further specialist working groups in future as needed and will notify GTAG if additional groups are deemed necessary.

GTAG wider stakeholder engagement: evolution of the governance structure was discussed to allow for the incorporation of broader expertise. This included guidance on approaches to such stakeholder engagement.

The background to this discussion was that several GTAG members are not only experts in their own right but also important representatives of wider stakeholder groups. Therefore, it was deemed that it would be useful to gain broader institutional perspectives and additional expertise to allow GTAG to provide better advice to government, particularly from the perspective of taxonomy users, including: IIGCC; UKSIF; IRSG; Confederation of British Industry (CBI), and; Aldersgate Group. Guidance applies not only to the aforementioned organisations but also to any member seeking to consult more widely.

Public minutes: the idea of publishing high level minutes was discussed and approved.

3. Workplan-related discussion

Draft workplan: GFI ran through the revised workplan from the first GTAG meeting, covering the following:

- **Workstream 1: Addressing UK-Specific Needs.** To provide strategic advice to government on next steps with UK taxonomy development, including advice on approaching overlaying UK-specific transition and adaptation pathways when assessing EU TSCs and ensuring coverage is UK-appropriate.
 - o **WS1a:** Taxonomy use cases
 - o **WS1b:** Approaches to considering EU TSCs onshoring
- **Workstream 2: Usability and Data.** To provide advice to HMG on how to optimise the usability of the taxonomy through design and application of related disclosures regimes; considering interoperability with other international regimes – including methodological equivalence; and reviewing approaches to DNSH. Assessing the risk of data gaps and need to develop mitigants will have primacy.
 - o **WS2a:** Lessons learned from taxonomy development efforts outside the UK
 - o **WS2b:** Pros and cons of UK diverging from the EU taxonomy
- **Workstream 3: Policy Links.** Exploring how the taxonomy can be best used to support the UK's transition to net zero as well as exploring how the taxonomy can be used to support the delivery of wider HMG policy.
- **Workstream 4: Fully Realised Taxonomy.** To set out how best to provide market certainty now and in the future. To determine the value case for, and potential scope and uses for, a fully realised taxonomy.
- **Workstream 5: International Diplomacy.** To explore avenues for influencing international taxonomy development in a “race to the top”. To analyse implications of an remedies for risks of international fragmentation.

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- **Future workstreams.** Future workstreams will be developed as the GTAG evolves and via the monitoring of EU taxonomy updates.

Update on WS1: Addressing UK-Specific Needs

Updates were provided on the progress of the sub-workstreams (WS1a and WS1b)

- **WS1a: Taxonomy use cases.** Group to explore stated and potential taxonomy use cases, with primary use cases needing to be agreed upon, as they will underpin early design decisions and GTAG advice.
- **WS1b: Approaches to considering EU TSC onshoring.** Group to provide early advice to government on approach to adopt and/or revise the EU TSCs. Broader principles for screening criteria are also being developed.
- **Other:** Possible addition of a workstream to look at the value case and implications of expanding coverage across the primary capital markets.

Update on WS2: Usability and Data

Updates were provided on the progress of the two sub-workstreams (WS2a and WS2b)

- **WS2a: Lessons learned from taxonomy development efforts outside the UK.** Group in the process of reviewing the international landscape of taxonomies to understand the strengths and weaknesses of the different schemes to see what the UK can learn, and what should be avoided. Results to be presented at the next GTAG meeting.
- **WS2b: Pros and cons of UK diverging from the EU taxonomy.** First meeting has occurred. So far, a survey has been conducted on the pros and cons of diverging.
- **Other:** Possible addition of workstreams around: how to deal with data gaps and to ensure the placing of a proportional burden on businesses; assessing interoperability with international taxonomies; and assessing the impacts of alternative approaches to DNSH.

Update on WS3: Policy Links

Plans for workstream 3 were discussed.

Update on WS4: Fully Realised Taxonomy

Plans for workstream 4 were discussed.

Update on WS5: International Diplomacy

Plans for workstream 5 were discussed.