

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 3: 29th September 2021

Meeting Notes

Participants:

| Attendee | Organisation | Attendee | Organisation |
|-------------------|--------------|-------------------|-----------------------------------------|
| Rhian-Mari Thomas | GFI | Kate Levick | E3G |
| Ingrid Holmes | GFI | Lily Dai | FTSE Russell/LSEG |
| Ryan Jude | GFI | Mike Thompson | CCC |
| Jonathan Heybrock | GFI | Nadia Humphreys | Bloomberg |
| Anna Bond | EA | Nick Molho | Aldersgate Group |
| Ben Caldecott | CGFI | Nick Robins | Grantham Institute/LSE |
| Elizabeth Gillam | IRSG | Paul Fisher | CISL |
| Faith Ward | IIGCC | Prashant Vaze | CBI (Climate Bonds Initiative) |
| James Alexander | UKSIF | Rain Newton-Smith | CBI (Confederation of British Industry) |
| Karen Ellis | WWF | Theodor Cojoianu | Queen's University |

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

1. Welcome and General Update

GFI ran through the previously-agreed workplan, discussing workstream progress made against the workplan over the last couple of months, thanking the group for their contributions and teeing up the next stage of work.

2. Update on ongoing HMG Taxonomy work

BEIS provided an update on the progress of the Corporate Disclosure Working Group and the Energy Working Group, covering key discussions points from their respective meetings to date.

3. Update on completed work

WS1a: Use Cases. Confirmation that this early GTAG orientation piece has been finalised. The discussion focused on some of the identified use cases, as well as prioritisation of use cases.

WS1b: Onshoring the EU taxonomy. Confirmation that this workstream has similarly been finalised and advice provided. The advice is around the process by which the UK should adopt and revise the EU's TSCs. It was noted by the Chair that HMG are already undertaking an initial review process to identify where equivalent UK legislation or regulation must be substituted for EU reference points.

4. Fully realised taxonomy

WS4a. An overview was provided on the initial work to date for this new WS, focussed on discussing with market participants on key taxonomy areas of discussion. Opinions on these points will be developed into a market survey.

5. Presentation and discussion on ongoing work

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WS2a: What we can learn from international taxonomies. Analysis was presented to the GTAG, including an overview of the 30+ taxonomies that have been announced. The aim of this analysis is to understand the strengths and weaknesses of different taxonomies, to see what lessons the UK can learn, and what must be adapted to help the UK taxonomy meet the UK's ambitious net-zero emissions targets.

WS2b: The case for divergence. The pros and cons of the UK diverging from the EU taxonomy, as well as the trade-offs between these two courses of action, was presented to GTAG. A key point was the recognition that the actual costs and benefits of divergence depend on the direction, scale and nature of divergence.

6. Discussion: next set of issues to prioritise

The GTAG discussed the key areas that should be factored into the workplan for the coming year. These included, but were not limited to:

- **Transition.** Assessing how the taxonomy can best assist companies in developing transition plans.
- **International taxonomies, interoperability and equivalence.** Assessing the case for international interoperability and how to deal with the process of alignment for multinationals, and what divergence may mean for companies having to report across multiple jurisdictions.
- **Application of taxonomy.** To identify which FMPs should be required to report against the taxonomy and why. The crucial role of primary market capital was highlighted and a discussion on further exploration held.
- **Streamlining DNSH and Minimum Safeguards.** To ensure that the taxonomy is usable and practical in the UK, GTAG should look into if DNSH and Minimum Safeguards are currently fit-for-purpose in the UK context.