Sustainable Finance Advisory Committee

Terms of Reference

Purpose

1. The Financial Conduct Authority Sustainable Finance Advisory Committee ('the Committee') is established by the Financial Conduct Authority (FCA) to provide guidance to the FCA Board ('the Board').

2. The Committee is responsible for:

    a. Supporting the Board to execute oversight of sustainable finance related issues relevant to the FCA as a corporate entity and as a regulator (including by providing advice on its oversight of sustainable finance-related issues).
    b. Providing guidance to the Board on relevant emerging sustainable finance topics or issues and views on how the FCA should develop its sustainable finance strategy, in keeping with the organisation's statutory objectives and regulatory principles.

3. The Committee will not make any decisions on behalf of the Board or the FCA.

Duties.

4. The Committee shall:

a. Advise and make recommendations to the Sustainable Finance Division on sustainable finance issues.
b. Proactively bring emerging sustainable finance related issues to the Board's attention, offering an external perspective on their potential significance to FCA policies and practices.
c. Deliberate on strategic and thematic issues within the sustainable finance domain, in conjunction with discussions on specific projects and interventions, and request that the Sustainable Finance Division escalate risks via the FCA's risk management framework when deemed appropriate.
d. Suggest areas where the FCA may be able to exert regulatory influence most effectively, ensuring focused and targeted discussions.
e. Promote dialogue on sustainable finance topics that align with the FCA's statutory objectives and remit, including matters related to its environmental regulatory principle.
f. Consider whether sustainable finance initiatives and decisions align with the FCA's remit and objectives and uphold the Committee's commitment to offering a robust challenge in this regard.
g. Assist the Board in adopting high-quality, best practice corporate governance when addressing sustainable finance issues across its responsibilities, including its work with the Audit Committee, Risk Committee, and People Committee.
h. Support the Sustainable Finance Director and Sustainable Finance Division in staying abreast of and well-informed on matters related to sustainable finance.
i. Where the Committee identifies an issue which it considers may be beneficial to raise with the Board, it will liaise with the Sustainable Finance Division who will determine whether, and how best, to escalate it to the Board.

Membership

5. The Director of the Sustainable Finance Division appoints Committee members, with guidance from the Chief Executive. The Director of the Sustainable Finance Division will also select a Chair of the Sustainable Finance Advisory Committee.

6. Membership will consist of at least one of the FCA's Non-Executive Directors, the FCA's Director of Sustainable Finance and at least four external sustainable finance experts.

7. Alternates are not permitted. In the absence of the Committee Chair at a meeting, the remaining members present shall elect one of the members present to chair the meeting.

8. External members must abide by the conflict-of-interest policy that applies to this Committee. Where conflicts arise, they must be declared and appropriately managed. If conflicts cannot be managed, the Committee member will be asked to step down.

9. External members are appointed to provide their individual perspective and will be appointed for a three-year term. However, this is subject to amendment by the Director of the Sustainable Finance Division. Members may serve a maximum of two three-year terms. Membership should provide expertise across a wide range of sustainable finance issues, which the FCA may choose to align with its strategic priorities.

10. External members will not be remunerated for their role on the Committee.

11. Only the Board and members of the Committee have the right to attend Committee meetings. However, other individuals, including members of the Executive Committee, may be invited by the Committee Chair to attend all or part of any meeting.

Secretariat

12. A representative from the Sustainable Finance Division, shall act as the Secretary of the Committee.

Quorum

13. The quorum necessary for the transaction of Committee business shall be four external committee members and two members from the FCA.

Frequency of Meetings

14. The Committee shall meet approximately 4 times a year at appropriate intervals. These meetings will be scheduled as far in advance as possible, to co-ordinate with meetings of the Board as required. Additionally, the Committee shall meet on an ad hoc basis, as required.

Notice and proceedings of meetings

15. Meetings of the Committee shall be convened by the Secretary, or their nominee, per the frequency set out above. Meetings may also be convened by the Secretary or their nominee at the request of a member of the Board if they consider it necessary.

16. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, the FCA Chair, any other FCA Board member attending the meeting and any other person required to attend no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and, as appropriate, to other attendees at the same time.

17. The notice, agendas and supporting papers shall normally be distributed in electronic form.

18. Meetings may be conducted in person or remotely.

Minutes of meetings

19. The Secretary, or their nominee, shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.

20. Minutes from the previous meeting shall be presented for approval during subsequent Committee meetings by the Committee Chair. Upon approval, the minutes will be sent to the Board secretariat for inclusion in the next Board meeting pack. Additionally, they will be distributed to Advisory Committee members and other individuals at the discretion of the Committee Chair, unless deemed inappropriate.

Authority

21. The Committee can request the attendance of any employee of the organisation at a meeting of the Committee as and when required.

Confidentiality

22. All information acquired during the members of the Committee's appointment to the Committee is confidential and should not be released, communicated, nor disclosed to third parties (other than necessary members of Members' staff, for example, personal assistants), either during a Member's appointment or following their termination (by whatever means), without the consent of the FCA. Committee members are expected to accept responsibility for ensuring that any members of their staff who have access to, or are involved in, the Committee's work are aware of and observe the confidentiality and sensitivity that is attached to that work, including the documents and communications in question. The Secretariat to the Committee will ensure that Committee members are made aware of any particularly confidential documentation which should not – under any circumstances – be passed to third parties.

23. If Committee members are approached by the press or other third party then they should contact the Secretariat before engaging in such enquiries. Committee members should not discuss publicly (including in speeches or articles) any issues that the Committee is considering without first checking with the Secretariat.

24. Committee members should make it clear when expressing opinions on topics relevant to the FCA or to the Committee that they do not represent the FCA.

25. Committee members should also bear in mind that additional requirements apply in the case of inside information. Broadly speaking, inside information is non-public, price sensitive information which is precise and relates to issuers or financial instruments. Under the UK Market Abuse Regulation, it is unlawful to disclose inside information except where the disclosure is made in the normal exercise of employment, a profession, or duties. This exception must be interpreted strictly. The disclosure of such information is justified only if it is strictly necessary to do so. Information which is considered by the FCA to be inside information will be marked accordingly.

Other matters

26. The Committee shall:

a. Have access to sufficient resources to carry out its duties, including access to a Secretariat for help and governance as required.

b. Receive suitable and timely training, including an induction program for new members and ongoing training for all members.

c. Be consulted, when needed, by the Board to provide advice on urgent, ad hoc issues that arise between its scheduled meetings.