

# Charter of the Central Banks and Supervisors Network for Greening the Financial System

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## 1. General provisions

### Article 1: Objectives of the Central Banks and Supervisors Network for Greening the Financial System

The Central Banks and Supervisors Network for Greening the Financial System (NGFS) is a group of Central Banks and prudential supervisory authorities willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. Its purpose is to define, promote and contribute to the development of best practices to be implemented within and outside of the Membership of the NGFS and to conduct or commission analytical work on green finance.

## 2. Members and Observers

### Article 2: Membership

- a. Any central bank or prudential supervisory authority committed to actively contributing to the objectives and work of the NGFS is eligible to be a NGFS Member. The NGFS Membership aims to achieve a diverse representation of institutions in terms of geographic areas as well as between developed and emerging countries.
- b. An institution applying for membership should have demonstrated a proven commitment to at least one of the following five areas:
  - i. the design and integration in the regulation framework and/or supervisory practices of climate and environmental risk analysis tools;
  - ii. the adoption of policy measures aiming at mobilizing capital for green and low-carbon investments in the broader context of environmentally sustainable development;
  - iii. the production of analysis and/or research on topic (i) or (ii);
  - iv. a track-record of active involvement in regional or international fora on green finance and willingness to openly share best practices with the other NGFS Members; and/or
  - v. otherwise demonstrated a willingness to contribute to the objectives of the NGFS and the implementation of its recommendations.

### Article 3: Application procedure

Eligible institutions under article 2 and 5 apply for joining the NGFS in compliance with the following procedure:

- i. The submission of an official request to the NGFS Chair (copying the NGFS Secretariat) from the Governor or Head of Supervision for Membership applications and from a board-level official for application as an Observer. This request shall describe the motivation for joining the NGFS as well as some examples of proven commitments as set out in article 2 of this Charter and the areas of interest in which the institution specifically wants to contribute.
- ii. The Secretariat thereafter submits the application request to the approval by consensus of the NGFS Members' jurisdictions<sup>1</sup>.
- iii. Once approved, the new Member or Observer will be asked to appoint its representatives to the Plenary and the relevant NGFS Workstreams.

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<sup>1</sup> Jurisdictions refer to countries or integrated regional blocs.

## Article 4: Commitments of NGFS Members

NGFS Members commit to:

- i. Actively contributing to the work of the NGFS and dedicating the appropriate resources in their organization to support their participation;
- ii. Appointing relevant expert(s) to participate in at least one NGFS Workstream;
- iii. Raising awareness to the work of the NGFS in their jurisdiction, their geographic area and within the international or regional standard setting, regulatory, supervisory and central bank bodies they are involved in;
- iv. Participating when appropriate in the outreach exercises conducted by the NGFS vis à vis external Stakeholders.

## Article 5: Observers

- a. The following institutions and organizations are eligible to become NGFS Observers:
  - i. international or regional public financial institutions;
  - ii. international or regional standard setting, regulatory, supervisory and central bank bodies; and
  - iii. multilateral development banks.
- b. Observers contribute to the work, attend the relevant meetings but are not consulted on items for decision.
- c. Observers apply to the NGFS in compliance with the procedure set out in article 3, are subject to the conditions for membership described in article 2, sub b, and the commitment described in article 4, sub i, ii and iv, of this Charter.

# 3. Organisation

## Article 6: Structure

The organisational structure of the NGFS consists of the following:

- i. The NGFS Plenary;
- ii. The NGFS Steering Committee;
- iii. The Workstreams;
- iv. The Chair; and
- v. The Secretariat.

## Article 7: The NGFS Plenary

- a. The NGFS Plenary is composed of representatives of all NGFS Members and Observers.
- b. Decisions by the NGFS Plenary are taken by consensus of the NGFS Members' jurisdictions. Only NGFS Members are consulted on items for decision.
- c. The NGFS Plenary formally:
  - i. Appoints the NGFS Chair upon proposal of the Steering Committee;
  - ii. Approves the strategy and annual work programme of the NGFS upon proposal of the Steering Committee;
  - iii. Approves the admission of new NGFS Members and Observers;
  - iv. Approves the amendments made to this Charter upon proposal of the Steering Committee;
  - v. Decides on any other matter pertaining to the functioning of the NGFS upon proposals of the Chair or the Steering Committee.

- d. The NGFS Plenary holds at least one meeting per year. NGFS Plenary Members are represented by one senior-level official, possibly accompanied by one technical expert. Observers are represented by one senior-level representative.
- e. The Chair of the NGFS chairs the Plenary meetings. The Chair can extend ad-hoc invitations to representatives of other institutions to attend whole or part of the Plenary meetings.
- f. A press release is issued after each meeting of the NGFS Plenary.

## Article 8: The NGFS Steering Committee

The NGFS Steering Committee is the executive body of the NGFS in charge of:

- i. Preparing the NGFS strategy and work programme;
- ii. Steering the operational work of the NGFS and fulfilling the work programme;
- iii. Approving the deliverables by consensus of the Steering Committee Members' jurisdictions;
- iv. Approving by consensus of the Steering Committee Members' jurisdictions the establishment of Workstreams and endorsing their mandates and timelines;
- v. Preparing the decision making by NGFS Plenary Members; and
- vi. Taking forward any other matter necessary to the fulfilment of the objectives of the NGFS.

## Article 9: Composition of the NGFS Steering Committee

- a. The NGFS Steering Committee is composed of the Members and Observers that are mentioned in the Annex to this Charter and additional Members and Observers that have been appointed by the Steering Committee upon proposal of the Chair for a two-year term. The NGFS Plenary is consulted prior to the appointment of additional Members and Observers. In order to fulfil its mission in an efficient and effective manner, the membership of the NGFS Steering Committee shall not exceed Members from 15 jurisdictions and 3 Observers.
- b. The Steering Committee holds at least two meetings per year. NGFS Steering Committee Members and Observers are represented by one senior-level official, possibly accompanied by one technical expert.
- c. The Chair of the NGFS chairs the Steering Committee meetings.
- d. Steering Committee Members are consulted on the agenda items for decision.
- e. On an ad-hoc basis, the Chair can extend invitations to attend whole or part of a NGFS Steering Committee meeting to:
  - i. Chairs or Co-Chairs of (sub-) Workstreams that are not Steering Committee Members;
  - ii. A senior-level representative of a Plenary Member or Observer, if their presence is of particular interest considering the agenda of the meeting and/or to reflect the diversity of institutions in terms of geographic areas as well as between developed and emerging countries; and
  - iii. Representatives of other institutions or experts if their presence is of particular interest considering the agenda of the meeting.

## Article 10: The Workstreams

- a. Workstreams are established by the NGFS Steering Committee upon proposal of the Chair to conduct specific technical or analytical work contributing to the objectives of the NGFS.
- b. NGFS Members and Observers can propose to the Chair the establishment of a Workstream.
- c. The Chair of a Workstream is selected among NGFS Members. Workstreams can be co-chaired by another Member or an Observer. In the selection process for the Workstream Chair, due regards is paid to reflecting the diversity of institutions in terms of geographic areas as well as between developed and emerging countries.

- d. Workstream Chairs are appointed by the Chair of the NGFS upon approval of the Steering Committee for a two-year term with an optional extension of up to two years.
- e. The Workstream Chair is responsible for the composition of the Workstream, the execution of the mandate of the Workstream and regular reports to the Steering Committee on the work of the Workstream, timelines and upcoming publications.
- f. After consultation of the Steering Committee, the Chair of the Workstream may establish a sub-workstream for specific technical or analytical work that falls within the mandate of the Workstream.
- g. NGFS Members and Observers are eligible to take part in the Workstreams. The Chair of each Workstream or, with the Workstream Chair's approval, the chair of a sub-workstream can extend ad-hoc invitations to representatives of other institutions or experts to attend whole or part of the Workstream or sub-workstream meetings.

### Article 11: The Chair

- a. The Chair of the NGFS is a board member-level official, selected among permanent and additional NGFS Steering Committee Member institutions. The Chair is selected by the Steering Committee and appointed after approval of the Plenary for a two-year term with an optional extension of up to two years.
- b. The Chair, in the discharge of his or her functions, does not represent his or her home institution. His or her home institution is therefore entitled to appoint an additional representative to the NGFS Plenary and Steering Committee.
- c. The Chair is in charge of steering and organizing the work of the NGFS. More specifically:
  - i. The Chair proposes to the Steering Committee the establishment of Workstreams, their mandates and timelines;
  - ii. Upon approval of the Steering Committee, the Chair appoints the Chairs of the Workstreams;
  - iii. The Chair convenes and chairs the meetings of the NGFS Plenary and Steering Committee;
  - iv. Without prejudice of the NGFS Members, Observers and the Secretariat to communicate upon their involvement in the work and the published deliverables of the NGFS, the Chair is the spokesperson of the NGFS and representative of the NGFS externally.

### Article 12: The Secretariat

- a. The main responsibilities of the Secretariat include the following:
  - i. To support the activities of the NGFS Plenary, Steering Committee, the Workstreams and the Chair;
  - ii. To monitor the execution of the work programme;
  - iii. To facilitate cooperation among Members and between the NGFS and other institutions;
  - iv. To ensure an efficient communication within the NGFS and outreach vis à vis external Stakeholders;
  - v. To maintain the NGFS records, to administer the NGFS dedicated website, online communication platform for Members and Observers and to deal with correspondence of the NGFS;
  - vi. To produce, when appropriate and/or at the request of the Chair, position papers for discussion/submission to the Plenary and/or Steering Committee.
- b. The Secretariat conducts its tasks in an inclusive and transparent manner and provides regular updates to the Members on the NGFS activities.
- c. Members of the Secretariat, in the discharge of their functions, do not represent their home institution.
- d. The Secretariat is provided by the Banque de France in close cooperation with all Members and the Chair.

## Article 13: External communication and relations with external Stakeholders

- a. Beyond its Members and Observers, the NGFS communicates externally through the publication of reports, the organization of public events, the issuance of press releases and via social media and a dedicated website.
- b. The NGFS can cooperate with international or regional public organizations or private sector actors that have a stake in the work of the NGFS (NGFS Stakeholders), research institutions or other external parties to organize events and outreach activities, build knowledge, share expertise or contribute to publications, taking into account the independence of the NGFS and the prevention of potential conflicts of interest.
- c. When appropriate, the NGFS consults its Stakeholders, including the private sector, NGOs, academia and non-Member institutions, on its work.

## 4. Final provisions

### Article 14: Confidentiality

- a. All non-public data and information shared by Members and Observers within the NGFS should be treated with due confidentiality and not be disclosed to third parties, except for cases in which its disclosure is compelled by law or necessitated under respective legal frameworks applicable to Members. In that case, the particular jurisdiction will inform the NGFS secretariat of such compulsory disclosure
- b. Discussions in the NGFS Plenary, Steering Committee and Workstreams are on a confidential basis. It is the duty of the Member or Observer representatives to protect the confidentiality of discussions and the views of individual Members or Observer.

### Article 15: Funding

The Membership to the NGFS is free of charge. The NGFS does not dispose a separate budget for its activities and is supported by voluntary contributions of the NGFS Members and Observers. NGFS Members may wish to pool financial resources to finance specific projects. In this case a dedicated arrangement is established.

### Article 16: Legal effect

This Charter is not intended to create any legal rights or obligations.

### Article 17: Review of the NGFS Charter

- a. The NGFS Charter is periodically reviewed to ensure the adequacy of the NGFS governance framework with its objectives when deemed necessary and at the latest by April 2023.
- b. Amendments to the Charter are proposed by the Chair, endorsed by the Steering Committee and ultimately approved by consensus among NGFS Plenary Members.
- c. Amendments to the Annex that sets out the composition of the Steering Committee are proposed by the Chair and approved by the Steering Committee.

### Article 18: Effective date

This NGFS Charter will come into effect on July 2<sup>nd</sup> 2020 and will replace the NGFS Charter that came into effect on April 24<sup>th</sup> 2018.

## Annex – Composition of the NGFS Steering Committee

As of July 2nd 2020 the composition of the NGFS Steering Committee is as follows:

### Permanent members

- China: the People’s Bank of China;
- European Union: The European Central Bank;
- France: the Banque de France and the Autorité de Contrôle Prudentiel et de Résolution (ACPR);
- Germany:
  - the Bundesanstalt für Finanzdienstleistungsaufsicht;
  - the Deutsche Bundesbank;
- Mexico: Banco de Mexico;
- Morocco: Bank al Maghrib;
- Netherlands: De Nederlandsche Bank;
- Singapore: the Monetary Authority of Singapore;
- Sweden: Finansinspektionen; and
- United Kingdom: the Bank of England.

The Bank for International Settlement is an Observer to the Steering Committee.

In addition to the permanent members, additional Members and Observers can be appointed.