

NGFS

Charter of the Central Banks and Supervisors Network for Greening the Financial System (NGFS)

APRIL 2023



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1. General provisions

Article 1: Objectives of the Central Banks and Supervisors Network for Greening the Financial System (NGFS)

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 mobilise 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 an NGFS Member. The NGFS Membership consists of a diverse representation of institutions in terms of geographic areas as well as between developed, emerging and developing 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 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' jurisdictions¹.
- iii. Once approved, the new Member or Observer will be asked to appoint its representatives to the Plenary and the relevant NGFS Working Groups.

¹ 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 organisation 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 organisations 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 NGFS Working Groups (Workstreams, Task Forces and Expert Networks);
- 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 and the Vice-Chair (if any) upon selection of the Steering Committee;

- ii. Approves the strategy and 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. In addition, outreach sessions may also be organised on an *ad hoc* basis upon proposal of the Chair. Remote participation is made possible for each Plenary meeting.
- e. The Chair can extend ad-hoc invitations to representatives of other institutions to attend whole or part of the Plenary meetings.

Article 8: The NGFS Steering Committee

- a. 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 Working Groups 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.
- b. The Steering Committee holds at least three meetings per year. NGFS Steering Committee Members and Observers are represented by one senior-level official, possibly accompanied by one technical expert. Remote participation is made possible for each Steering Committee meeting.

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 appointed for a two-year term to reflect the diversity of the membership. 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. Additional Members and Observers are appointed by the Steering Committee upon proposal of the Chair. The NGFS Plenary is consulted prior to their appointment.
- c. 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 Working Groups 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 NGFS Working Groups: Workstreams, Task Forces and Expert Networks

- a. Working Groups 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. The following types of Working Groups could be created:
 - i. Workstreams are permanent Working Groups, established to undertake work relating to long term objectives and activities of the NGFS and its Members. Workstreams operate on the basis of a two-year mandate.
 - ii. Task Forces are temporary, project-oriented Working Groups to inform the work of the Workstreams and/or the decision-making process of the NGFS Steering Committee. Task Forces operate on the basis of a specific mandate. The mandate includes an indicative time limit after which the Task Force is expected to be dissolved.
 - iii. Expert Networks are communities of experts gathered to share knowledge, exchange information and organise regular thematic discussions, and/or inform the work of the NGFS. Expert Networks operate on the basis of terms of reference that set the scope of the work of the group while allowing for the group to initiate work.
- c. NGFS Members and Observers can propose to the Chair the establishment of a Working Group.
- d. NGFS Members and Observers are eligible to take part in the Working Groups.
- e. The Chair of a Working Group is selected among NGFS Members. Working Groups can be co-chaired by another Member or an Observer. In the selection process for the Working Group Chair, due regard is paid to the personal and institutional capacity to lead the work and to the diversity of institutions in terms of geographic areas as well as between developed and emerging countries.
- f. Working Group 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.
- g. The Working Group Chair is responsible for the composition of the Working Group, the execution of its mandate and regular reports to the Steering Committee on the work of the Working Group, timelines and upcoming publications.
- h. After consultation of the Steering Committee, the Chair of the Working Group may establish a sub-group for specific technical or analytical work that falls within the scope of the Working Group.
- i. The Chair of each Working Group or, with the Working Group Chair's approval, the chair of a sub-group can extend ad-hoc invitations to representatives of other institutions or experts to attend whole or part of the Working Group or sub-group 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. Should there be more than one candidate for Chair, a Nomination Committee is established by the Steering Committee with a mandate to review the applications received and put forward a proposed course of action to the Steering Committee. In selecting the Chair, consideration should also be given to the diversity of the NGFS.
- c. 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.
- d. The Chair is in charge of steering and organising the work of the NGFS. More specifically:
 - i. The Chair proposes to the Steering Committee the establishment of Working Groups, their mandates and timelines;

- ii. Upon approval of the Steering Committee, the Chair appoints the Chairs of the Working Groups;
 - 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.
- e. A Vice-Chair may be selected by the Steering Committee and appointed after approval of the Plenary to assist the Chair. The conditions and dispositions set out in article 11, sub a and b, apply for the selection of the Vice-Chair. The Chair may delegate any of his or her abovementioned duties to the Vice-Chair. The Vice-Chair, in the discharge of his or her functions, is subject to the same arrangements as described in article 11, sub c, of this Charter.

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 Working Groups 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: Participation in international public initiatives, relations with stakeholders and external communication

- a. The NGFS is committed to engaging actively and collaborating closely with other international or regional public organisations to drive forward shared objectives, and will seek to facilitate cooperation where deemed useful and appropriate. Upon decision of the Chair and taking into account the independence of the NGFS, the NGFS can take an active part in the work of such international or regional public organisations.
- b. In the pursuit of its objectives, the NGFS is committed to an interactive and close dialogue with relevant external parties, in particular, financial market participants and private sector initiatives; research institutions or initiatives; and other external parties that have a stake in the work of the NGFS (NGFS Stakeholders) to build knowledge, share expertise, contribute to publications, or organise events and outreach activities, taking into account the independence of the NGFS and ensuring that no potential conflicts of interest arise. The NGFS engages with its Stakeholders and elicit their feedback on its work. When relevant, the NGFS can hold public consultations.

- c. Beyond its Members and Observers, the NGFS communicates externally through the publication of reports, the organisation of public events and outreach meetings, the issuance of press releases and via social media and a dedicated website.

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 Working Groups are confidential. It is the duty of the Member or Observer representatives, or for that matter any participant, to protect the confidentiality of discussions and the views of individual Members or Observers.

Article 15: Funding

The Membership to the NGFS is free of charge. The NGFS does not have 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. External funding can also be provided to support projects commissioned for the benefit of the NGFS. Financial and in-kind contributions do not confer the contributor any right to define the priorities of the NGFS work programme or influence the outcome of the work or the proceedings.

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 least every 4 years.
- 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 April 27th 2023 and will replace the NGFS Charter that came into effect on July 2nd 2020.

Annex – Composition of the NGFS Steering Committee

As of April 27th 2023 the composition of the NGFS Steering Committee is as follows:

Permanent members

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;
- Germany:
 - the Bundesanstalt für Finanzdienstleistungsaufsicht;
 - the Deutsche Bundesbank;
- Mexico: the Banco de Mexico;
- Morocco: the Bank al Maghrib;
- Netherlands: De Nederlandsche Bank;
- Singapore: the Monetary Authority of Singapore;
- Sweden: the Finansinspektionen; and
- United Kingdom: the Bank of England;

Observer:

- The Bank for International Settlement.

In addition to the permanent members, five additional Members and two additional Observers can be appointed for a two-year term.