

# Terms of Reference

## **FTSE Russell Sustainable Investment Advisory Committee**



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## **1.0 Constitution**

- 1.1 The FTSE Russell Sustainable Investment Advisory Committee (the Committee) has been established to provide guidance to FTSE Russell on the construction, maintenance and evolution of its sustainable investment indices, as well as any related frameworks, standards, systems and models.
- 1.2 The committee will consider topics and matters that relate to FTSE Russell's standard equity and fixed income sustainable investment indices. Agenda items relating to other asset classes, such as digital assets, will be tabled as appropriate.

## **2.0 Purpose**

- 2.1 The purpose of the Committee is to provide a forum to interact with market practitioners and relevant experts with a view to enhancing the underlying methodologies for the relevant FTSE Russell index families, for final approval by the FTSE Russell Index Governance Board.

## **3.0 Responsibilities**

- 3.1 The responsibilities of the Committee are to:
- Provide guidance on FTSE Russell's sustainable investment data, models and classification systems, including FTSE Russell's ESG scores and the Green Industries Classification System. The committee will also have in its purview the frameworks, definitions, data and metrics set out in the [Guide to Sustainable Investment Data](#). From time-to-time, this may involve discussions related to corporate conduct, operational practices and performance.
  - Advise FTSE Russell on the evolution of ESG and environmental market standards, as well as taxonomy and regulatory developments.
  - Assist FTSE Russell in ensuring its index methodologies remain fit for purpose and the inclusion criteria reflect the latest thinking in sustainable investment indexing.
- 3.2 The Committee will not be required to discuss material that might be deemed to be price sensitive. Such material includes the potential treatment of specific forthcoming corporate events (as distinct from rules intended to cover classes of corporate events).

## **4.0 Members**

- 4.1 Appointment to the Committee is by invitation and extended on a personal level to individual market practitioners and other stakeholder representatives. Members may include those from asset managers, asset owners, investment consultants, investment banks, specialist research firms, academics and non-governmental or supra-national organisations. It is expected that a majority of the members will be from the investment community.
- 4.2 Committee membership is predicated by an understanding of and experience in the use of FTSE Russell's indices, frameworks, systems and data; membership of the committee may be rescinded if the individual can no longer demonstrate this.
- 4.3 The members of the Committee are appointed by FTSE Russell. They will retain membership for a period of three years with the possibility of re-appointment for subsequent terms, as determined by FTSE Russell.
- 4.4 Committee members may discuss topics raised at the meetings of the Committee with colleagues in their own organisation to source such expertise as is relevant to the issues for which members' views are sought as committee members. In having such discussions, committee members should be aware of their confidentiality and conflicts of interest obligations, as well as the purpose and responsibility of the Committee and their role in it.

4.5 If a committee member cannot attend a meeting, the committee member will make every effort to nominate a deputy to attend in their stead. Committee members understand that admission of a proxy nominee to a committee meeting will only be permitted if the proxy in question has agreed to FTSE Russell's Terms of Proxied Attendance, available from the Committee Secretary.

4.6 FTSE Russell will not disclose names of committee members and the members of the Committee shall not disclose names of other members to a third party.

4.7 The prospective members of the Committee will be provided with a letter of invitation and the Terms of Reference for the Committee and will be required to sign a copy of the letter of invitation confirming their acceptance of its terms.

## **5.0 The Secretary**

5.1 A Secretary is appointed to support the work of the Committee. The Committee Secretary will be responsible for preparing agendas and papers for Committee meetings, maintaining a record of members' attendance, recording and taking the minutes. The Secretary is responsible for following up action points between meetings.

## **6.0 Meetings**

6.1 The Committee will be chaired by a senior member of the FTSE Russell Index Policy team.

6.2 The Committee will meet to conduct business in accordance with its responsibilities set out in paragraph 3.

6.3 The quorum for all meetings of the Committee is three members. The Chair and the Committee Secretary or a deputy must also be in attendance.

6.4 An extraordinary meeting of the Committee may be convened at the request of FTSE Russell, the Committee or the FTSE Russell Index Governance Board when deemed necessary.

6.5 Declarations of any known actual or potential conflict of interest with respect to any agenda item can be made at any time before or during the meeting, which will be followed by the appropriate recusal.

6.6 Third-party or any other kind of recording of committee meetings by members is not permitted.

6.7 The minutes of the meeting are to be approved by the members of the Committee.

*The Terms of Reference for this Committee shall be reviewed annually by the FTSE Russell Index Governance Board.*

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