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Regulation: FCA Establishes ESG Advisory Committee

December 16, 2022

Regulation



By Duncan Grieve

Special Counsel | White Collar Defense and Investigations

This week, the UK's Financial Conduct Authority (FCA) **announced** the establishment of an ESG Advisory Committee to assist the FCA Board with executing its ESG-related responsibilities. The Advisory Committee is tasked with supporting the FCA Board in “executing oversight of ESG-related issues relevant to the FCA as a corporate entity and as a regulator.” Furthermore, the Advisory Committee will advise the FCA Board on relevant ESG topics and offer views on how the FCA should “develop its ESG strategy in keeping with the organization’s statutory objectives and regulatory principles.”

In August, the FCA **sought** applications for experts with “in depth knowledge of ESG issues in the financial sector” to serve on the Advisory Committee. Individuals currently employed by FCA-regulated firms are not eligible for appointment. All members are appointed in their personal capacity and must abide by the FCA’s conflict of interest policy. The Advisory Committee has six external “ESG experts drawn from civil society” to serve on the Advisory Committee, along with the FCA’s Chair, other FCA non-executive directors, and the FCA’s Director of ESG. The Advisory Committee is **expected** to meet approximately four times per year and ad hoc as required.

Taking the Temperature: The FCA continues to take positive steps to enhance its expertise and influence within the rapidly-developing ESG sector. As we [previously highlighted](#), last month the FCA announced its intention to establish a voluntary code for ESG data and ratings providers to bring about greater market transparency. Now with the Advisory Committee, the FCA can consult ESG experts as the agency develops regulations that align with emerging global standards and market expectations. It is expected that the newly-established ESG Advisory Committee will play an important role in the development of future regulation arising from live consultations consistent with the regulator’s stated objective to promote trust and transparency in the sustainable finance sector.