

# GFANZ – TERMS OF REFERENCE

*Updated as of May 2022*

This document sets out the Terms of Reference for the Glasgow Financial Alliance for Net Zero (GFANZ) and the leadership and coordination structures that sit within it.

## **1. Background on GFANZ**

### *Rationale*

Achieving the objective of the Paris Agreement to limit global temperature increases to 1.5°C from pre-industrial levels requires a whole economy transition – every company, bank, insurer and investor can and should adjust their business models, develop credible plans for the transition and implement them.<sup>1</sup>

Mainstream private finance has the power to help all companies realign their business models for net zero. It can fund the initiatives and innovations of the private sector and turn billions committed to climate investment through public channels into trillions of total climate investment. This includes mobilizing capital flows in line with sectoral transition pathways and supporting the needs of emerging markets and developing economies to transition.

Unlocking systemic change will require ambitious commitments across the entire financial system. Previously, there was no forum for this, nor, more fundamentally, were there ‘UN Race to Zero’ entry vehicles for some of the most important sectors of finance (e.g., banking, insurance underwriters, and financial market infrastructure providers). This undermined our collective goal of ensuring coherency and consistency in best practice approaches to net zero commitments across the financial sector.

To overcome this challenge at the speed and scale required, the COP26 Private Finance Hub - in partnership with the UNFCCC Climate Action Champions, the Race to Zero campaign and the COP26 Presidency - launched a coalition that brings together existing and new net zero finance initiatives into one sector-wide strategic forum: the Glasgow Financial Alliance for Net Zero (GFANZ).

### *Goals*

GFANZ will broaden, deepen and raise climate ambition and accelerate climate action in the financial sector, allowing firms to demonstrate their commitments to supporting companies and countries to achieve the goals of the Paris Agreement. GFANZ will catalyze strategic and technical collaboration on steps firms should take to align with a net zero future. Anchored in the Race to Zero, the entry criteria will help to ensure credibility and consistency in best practice approaches to net zero commitments.

Specifically, GFANZ will:

1. BROADEN the Race to Zero participation of financial actors by supporting the development of ambitious net zero initiatives to join Race to Zero for major parts of the financial sector where they do not currently exist to ensure that financial institutions have a vehicle through which to set credible net-zero commitments and collaborate (where appropriate) to implement those commitments.

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<sup>1</sup>As is widely accepted and has been supported publicly by a range of actors.

2. RAISE AMBITION by promoting robust targets and transition plans.
3. FACILITATE BEST PRACTICE APPROACHES across the sector to support the economy-wide transition needed to achieve net zero. GFANZ will bring together existing sector-specific net-zero alliances and Race to Zero partners into a holistic and coherent framework. It will leverage rather than replicate existing coalitions and workstreams.
4. SUPPORT technical collaboration on substantive and cross-cutting issues that will help mobilize investment, lending and underwriting towards net zero (e.g., relating to the mobilization of capital flows in line with sectoral transition pathways and to support the needs of emerging markets and developing economies to transition). It will also elevate and highlight best practices and insights emerging from sector-specific alliances.
5. SHOWCASE the collective efforts and achievements of the sector and of individual firms taking the most ambitious climate actions. GFANZ will show that the financial system is spearheading the transition to a sustainable, zero carbon future and supports progressive policy to unlock further action, completing the virtuous cycle of investment for net zero.

#### *Legacy*

GFANZ, launched on Earth Day 2021 under the COP26 Presidency, is intended to be an organization that will support the financial sector's efforts to fund the transition to a net zero global economy. Supported by the UNFCCC's Race to Zero architecture, GFANZ will continue to be a strategic forum for the financial sector to progress and accelerate the transition to a net zero economy, which is necessary for the financial sector to achieve its own net zero goals.

#### *Membership and entry criteria*

To ensure credibility and consistency, GFANZ membership is open to any firm meeting the published entry criteria (and who becomes a member) of the relevant sector-specific alliances, which in turn adhere to the minimum commitment requirements for participation in the UNFCCC's Race to Zero campaign (reviewed annually in consultation with sector-specific alliances). Financial institutions are therefore members of GFANZ through the relevant sector-specific net-zero alliance.<sup>2</sup> Entry criteria are set by the sector-specific alliances, on an objective and non-discriminatory basis, in coordination with the Race to Zero.

#### *Sector-specific alliances*

GFANZ is united with the sector-specific alliances and the organizations that run them in a shared goal to support and enable the financial sector to make the progress necessary by 2030 to achieve a net-zero world by 2050.

GFANZ seeks to strengthen collaboration mechanisms between finance sector-specific alliances in order to build on the work already undertaken by the alliances and their supporting organizations, support cross-fertilization and collaboration, and to help avoid duplication of work. In this way, GFANZ aims to:

- a. Be a strategic forum for facilitating collaboration across sector-specific alliances within the finance industry going forward; and

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<sup>2</sup> All of the sector-specific alliances will be listed and guidance on how to join them will be provided in a prominent location on [www.gfanzero.com](http://www.gfanzero.com)

- b. Support the economy-wide transition to net zero by convening practitioner-led workstreams focused on elevating cross-sector best practices and challenges around three strategic pillars: implementation, mobilization, and policy engagement.

GFANZ and the sector-specific alliances will collaborate closely to achieve this. GFANZ workstreams will seek to elevate and leverage, rather than duplicate, the work of sector-specific alliances. The workstreams will accelerate cross-fertilization and problem-solving in areas common across the financial sector. Annual priorities will be shared with the sector-specific alliances for consultation ahead of Principals' approval, and any draft outputs as appropriate.

GFANZ will seek to promote the sector-specific alliances in its communications and to mobilize the financial system to commit to net zero by encouraging membership of its constituent alliances.

Any GFANZ materials referencing sector-specific alliances and/or networks will be shared with relevant teams prior to publication (and *vice versa*, sector-specific alliance-related and network-related materials will be shared with the GFANZ Secretariat ahead of publication), where appropriate, provided that such materials shall not include any sensitive non-public information. Regular update calls between GFANZ and alliance secretariats and their communications teams will be held to facilitate mutual information sharing and transparency on upcoming priorities and communications (where appropriate). GFANZ will seek to ensure that the sector-specific alliances are consulted on all developments relating to GFANZ's structure, governance, operation, strategy, or work plans that would materially affect the sector-specific alliances.

Entry criteria and requirements remain the responsibility of the sector-specific alliances, according to their own decision-making and governance structures.

#### *Secretariat*

The GFANZ Secretariat function will be provided by representatives of the GFANZ Leadership Team (GFANZ Co-Chairs, Vice Chair, and a High-Level Climate Champion) in collaboration with representatives of the High-Level Climate Champions. Specific responsibilities of the Secretariat include overseeing the smooth functioning of GFANZ and its coordinating structures, including the delivery of agreed objectives in accordance with the strategic direction provided by the Principals Group. The Secretariat is empowered to make operational decisions as a matter of course, while strategic decisions remain the responsibility of the Principals Group and / or the GFANZ Leadership Team as appropriate. The GFANZ Secretariat will take responsibility for the administrative tasks associated with coordinating across sector-specific alliances.

## **2. Principals Group**

### *Role*

GFANZ will be led by a Principals Group comprising CEOs from financial institutions that have joined a sector-specific alliance anchored in the Race to Zero and who can provide connectivity to their sector-specific alliance. The Principals Group will also include the GFANZ Leadership Team. The Group will meet approximately once each quarter.

The Principals Group will:

1. Set the strategic direction and priorities of GFANZ

2. Monitor progress (e.g., by cascading recruitment updates from sector-specific alliances, or receiving updates on any technical work)
3. Provide a forum for strategic coordination of campaigns, approval of workplans, elevation of common challenges and opportunities, and maximization of real economy impact
4. Guide technical work to progress implementation and make decisions where appropriate (e.g., to establish CEO-chaired workstreams to progress deliverables, endorse or publish materials or recommendations) – taking into account recommendations of the Steering Group and the Advisory Panel
5. Promote net-zero alliances, commitments and progress among peers, policy makers and clients/investees
6. Demonstrate leadership action (e.g., producing transition strategies and mobilizing finance) and help to support ongoing recruitment into GFANZ.

### *Member responsibilities*

Members of the Principals Group are expected to:

- provide strategic advice, insights, and support to the Principals Group
- to the extent possible, consider and communicate views of their sector-specific alliance and wider industry alongside their firm’s own views, particularly regarding any proposed GFANZ publications, statements, or recommendations
- share their firm’s expertise and experience and, where appropriate, draw on their firm’s resources as necessary to support the work of GFANZ, the Principals Group, the Steering Group, and any relevant workstreams
- take actions in support of the GFANZ objectives, including publicly demonstrating senior engagement and commitment to the net zero transition, ensuring their own firm’s progress, acting as a role model, raising education and awareness of the finance sector’s actions and commitments, and galvanizing their peer groups into raising ambition and supporting the Race to Zero and GFANZ

In view of the importance attached to the seniority and influence of individuals represented on the Principals Group, alternates may only attend meetings in exceptional circumstances with the prior agreement of a Principals Group Co-Chair.

### *CEO Workstreams*

To complement the sector-specific work of GFANZ member alliances and wider climate action partners, the Principals Group may establish workstreams on specific areas. These will typically be owned by one or more Principals Group members and will engage with an appropriate cross-section of stakeholders and experts to maximize robustness and raise awareness and engagement and may produce material in accordance with GFANZ governance procedures.

### *Governance*

GFANZ will specify the governance process by which any report is produced.

Formal Principals Group GFANZ recommendations or reports will be subject to the review and approval of the Principals Group, taking into account any recommendations from the Steering Group

and Advisory Panel. The Principals Group will primarily operate on the basis of consensus. The Principals Group quorum is two-thirds of members, including (in the judgment of the Principals Group Co-Chairs) sufficient sub-sectoral diversity.

The GFANZ Leadership Team may conduct external engagement and outreach on behalf of GFANZ to support its objectives, consulting with and updating the Principals Group as appropriate. Principals Group members should liaise with the GFANZ Secretariat regarding proposed communications or media relating to GFANZ.

Arrangements for amending these Terms of Reference are detailed in section 6 below.

### *Membership*

A public list of Principals Group members will be maintained on the GFANZ website.

From January 2022, UN Special Envoys Mark Carney and Mike Bloomberg will serve as Co-chairs of the Principals Group, with Nigel Topping in his capacity as UN High-Level Climate Champion for COP26 leading the collaboration with the Race to Zero. Mary Schapiro will be responsible for overseeing the global GFANZ Secretariat and will act as Vice Chair of the Principals Group. Principals Group members will be drawn from financial sector firms at the invitation of the Co-Chairs in consultation with the UN High-Level Climate Champion, for a one-year term, taking into account the following criteria:

1. All industry members of the Principals Group must represent a firm that belongs to a sector-specific net-zero alliance that has been conditionally or fully accepted into the Race to Zero.
2. Members, representing both their firm and their sector-specific alliance, will be invited as individuals and should have sufficient seniority to be able to speak for the institution they represent and commit resources as appropriate. They will typically be CEOs of their firms.
3. Members will have the potential to influence and galvanize peers and maximize real economy impact – for example, through a demonstrated public commitment and contribution to climate action and collaboration, high ambition firm policies, an influential market footprint, supportive engagement with companies in which they invest or lend to and / or progressive activity in underrepresented parts of the financial sector or geographies.
4. The GFANZ Principals and Steering Groups will drive progress and thought leadership by bringing together a diverse group of CEOs and institutions with a collective global footprint and high ambition. The initial group memberships were selected on that basis, prioritizing a group of firms that could represent their sector-specific alliances and drive action and ongoing mobilization of both new members and capital for the race to net zero. Members are also chosen with a view to maximizing diversity of all types, including specifically:
  - o Different types of financial institutions representing different sector-specific alliances (e.g., banks, insurers, asset managers, asset owners and the wider financial system)
  - o Organizations with a significant footprint across diverse geographical regions
  - o Organizations from advanced economies, emerging markets and climate-vulnerable regions
  - o Organizations of diverse size and portfolio activity, including managing significant amount of assets / balance sheets along with those managing less
  - o Promoting the overall diversity of the group, including gender and ethnicity

5. Subject to the above, the Principals Group should be of an appropriate size to ensure manageable, meaningful discussions and respect logistical constraints.

Membership of the Principals Group is at the discretion of the Leadership Team who retain the right to review an individual's membership in exceptional circumstances.

The Principals Group membership will be reviewed on an annual basis, with a particular view to maximizing the group's impact whilst widening the group's diversity on these factors, which will be strengthened as GFANZ's membership is broadened through ongoing recruitment through the GFANZ sector-specific alliances.

In addition, the Leadership Team may at their discretion invite one or more additional *ex officio* members to broaden the perspectives or expertise represented on the Principals Group. They may also appoint or invite non-speaking observer-members, particularly to increase connectivity with sector-specific alliances and other partners.

### **3. Steering Group**

#### *Role*

The Steering Group will:

1. Ensure the smooth and effective functioning of the Principals Group, including engaging with the GFANZ Secretariat on key topics under consideration by the Principals Group and collaborating on actions
2. Ensure appropriate coordination and information flows with the finance sector-specific alliances – including managing communications from GFANZ to member firms with sufficient lead time. This also includes requests for alliance secretariats to engage their membership in GFANZ-sponsored campaigns and requests for reporting and metrics.
3. Review and comment upon GFANZ workplans in order to identify adjacencies with sector-specific workstreams and initiatives and avoid duplication. The GFANZ Secretariat will keep sector-specific alliance secretariats informed of the progress and output of GFANZ workstreams and ensure that sector-specific alliance and networks inputs are acknowledged and properly attributed.
4. Engage the wider financial system and liaise with the Advisory Panel, ensuring views and updates are conveyed to the Principals Group as appropriate.
5. At its discretion, make recommendations to the Principals Group as appropriate (particularly regarding proposed GFANZ publications, statements, or recommendations) but the Steering Group will not itself make strategic decisions which impact GFANZ.

#### *Membership*

The Steering Group meetings will be chaired by the head of the GFANZ Secretariat. Staff representatives of the Leadership Team may attend on an *ex officio* basis.

Steering Group members will include the following:

1. One staff representative from each CEO in the Principals Group, nominated by the relevant CEO

2. One staff representative from the industry chairing each GFANZ sector-specific alliance, nominated by the relevant alliance
3. One senior representative from the secretariat of each GFANZ sector-specific alliance, nominated by the relevant alliance, so that all networks supporting alliances are represented.

Where organizations are invited to nominate members, they should take account of the membership criteria applied to the Principals Group (see above) to the extent relevant, including the diversity principles.

Alternates may only attend Steering Group meetings in exceptional circumstances with the prior agreement of the Steering Group Chair.

Steering Group membership will be reviewed after one year (or sooner, in exceptional circumstances), consistent with the approach to Principals Group membership.

#### *External communications*

Steering Group members (including GFANZ sector-specific alliances) should seek approval from the GFANZ Secretariat regarding proposed external communications or media relating to GFANZ.

#### *Supporting groups*

Steering Group sub-groups and taskforces may be established to support collaboration on particular topics, CEO-led workstreams or deliverables (e.g., a topic-focused sub-group or communications sub-group). These will involve individuals from outside the Steering Group as appropriate to ensure participation and representation from a wide range of GFANZ members.

## **4. Advisory Panel**

*See full Advisory Panel Terms of Reference in addendum*

### *Role*

To leverage the existing expertise and momentum across the climate action community, a technical Advisory Panel will be established to:

1. Help make links across the climate action landscape, ensuring cross-system collaboration, joining up efforts and minimizing duplication
2. Represent a diverse range of viewpoints
3. Drive ambition and help GFANZ reflect, amplify, and influence best practice in the most robust way

The Advisory Panel will do this by providing advice as input to the Steering Group and the Principals Group on the work of GFANZ. The input will be shared with relevant workstreams and governing bodies by the Secretariat. Given the focus of GFANZ, this will naturally be centered on the net zero agenda, although broader topics may be raised where these are directly relevant to the work of GFANZ.

### *Membership*

The Advisory Panel Chair will be appointed by the GFANZ Leadership Team. Staff of the UN High Level Climate Action Champions and the Leadership Team will attend meetings on an *ex officio* basis.

Members will be drawn from technical climate action groups, particularly those with relevant financial institution-facing work and expertise. They will be appointed for a one-year term, taking into account the diversity principles noted above.

## **5. Wider stakeholders**

Stakeholders not represented on the Principals Group, Steering Group or Advisory Panel will have opportunities to contribute directly and indirectly through engagement in the ongoing work of member sector-specific alliances and partners, GFANZ workstreams, roundtables, and other activities as appropriate.

## **6. Amendment**

These Terms of Reference may be amended by the Leadership Team, after inclusive consultation as appropriate.

Sector-specific alliances and their supporting networks will be consulted on any amendments that might affect their role or work.

## **7. Confidentiality, competition law and conflicts of interest**

### *Confidentiality*

Any non-public information disclosed, or opinions expressed during meetings will be treated as confidential unless and until the group has authorized their public release.

Members may be exposed to sensitive information and, potentially, to material nonpublic information in the course of their work. It is understood that members' staff may see some documents relating to meetings, but unnecessary involvement of third parties in handling this material is strongly discouraged. Members are reminded of their legal obligations in relation to material non-public information, including under relevant market abuse regulations.

In all cases where third parties are provided access to documents relating to meetings (e.g., assistants or advisors), individual members are responsible for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the discussions and documents in question.

### *Competition law*

GFANZ members, participants and the additional private and public sectors organizations with which GFANZ members may collaborate, are directed to, and should familiarize themselves with, the **Annex "GFANZ Antitrust Guiding Principles (Effective Date: February 14, 2022)"** (the "**Antitrust Guiding Principles**"), in particular Section 2 (*Disclaimer* - including regarding responsibility for obtaining independent legal advice, and escalation of concerns regarding competition law compliance).

Particular care will need to be exercised in order to make sure that members and participants familiarize themselves with the concept of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstance. If the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the legitimate purposes of the group,

procedures will need to be put in place to make sure that the information is suitably anonymized and aggregated and can be shared in compliance with all relevant laws. *See further Section 3.1 (Information exchange) of the Antitrust Guiding Principles.*

#### *Conflicts of interest*

Any actual or potential conflicts of interest by members or participants (or their representatives) should be noted by the relevant individual and passed back to the chair of the group. The chair will assess and consider possible actions, including the replacement of conflicted members as necessary.

## **Annex: GFANZ Antitrust Guiding Principles (Effective Date: February 14, 2022)**

### **1 Purpose**

These Antitrust Guiding Principles are intended to provide high-level guidance to assist the GFANZ Members, and the additional private and public sector organisations with which GFANZ Members may collaborate, to identify potential antitrust risks and implement practices which may assist in mitigating such risks in respect of their broader operations.

### **2 Disclaimer**

These Antitrust Guiding Principles are not a substitute for legal advice. GFANZ Members, and any additional private or public sector organisations who collaborate with GFANZ Members, are responsible for obtaining its own independent legal counsel regarding matters relating to the GFANZ. Counsel providing legal advice to any member of the GFANZ is counsel to the member that retained such counsel, not counsel to GFANZ.

Given antitrust regulation varies heavily depending on the jurisdiction, local legal advice should always be sought.

#### **2.1 Concerns regarding antitrust law compliance**

If a GFANZ Member or participant has concerns about any discussions from an antitrust law compliance perspective (for e.g., due to sharing competitively sensitive information) they should make their concerns known to the meeting as a whole, and the discussion giving rise to those concerns should cease. If they do not cease, the members or participants concerned should leave the relevant meeting, pending the receipt of legal advice from their advisers.

To the extent that any participant is unclear of any responsibilities stemming from the Antitrust Guiding Principles, they should consult the legal and/or compliance teams at their respective institution for further guidance.

### **3 Guiding Principles**

#### **3.1 Information exchange**

The GFANZ and the various sector-specific alliances are likely to be in receipt of large volumes of information given their coordination roles in respect of the coalition and various projects.

As a 'golden rule', GFANZ Members should continue to compete with each other independently outside the context of the GFANZ and care should be taken to ensure GFANZ discussions do not 'spill over' to sensitive information regarding markets in which the parties are competing

In order to avoid antitrust concerns, the competitive sensitivity of the relevant information to be shared will need to be analysed in the context of each particular project / activity. Particular care will need to be exercised in order to make sure that GFANZ Members and participants familiarise themselves with the concept of competitively sensitive information.

Where any sensitive information is to be shared, mitigation practices should always be followed:

**3.1.1** Information disclosed is limited to non-highly sensitive information that is strictly necessary for the purpose (e.g., when setting targets or funding commitments, GFANZ

Members must not exchange non-public details of their commercial strategy with their competitors (such as how their portfolios will align with those targets / commitments));

- 3.1.2 Information disclosed is used only for the purpose for which it was disclosed (e.g., the specific project or target reporting to which it relates) and is kept separate from all other business information;
- 3.1.3 Information and documents collected should be returned to owners or destroyed after cessation of the relevant project; and
- 3.1.4 Proper records of meetings should be kept, including agendas, attendance and detailed minutes.

Exchange of highly sensitive information (e.g., granular, forward looking pricing information and other competitively sensitive information) should generally be avoided entirely. Where exchange of highly sensitive information is strictly required (e.g., the exchange of information for measuring financing and investment targets or emission targets) this should be subject to independent legal advice (which will typically require appropriate confidentiality agreements are put in place, as well as potentially other measures).

### **3.2 Standardisation and setting “best practices”**

When setting best practices, GFANZ Members should ensure that participation in adopting the best practice / standard is unrestricted and that the procedure for adopting these is transparent, does not contain obligations to comply and, where relevant, that access to such best practices / standards are provided on fair, reasonable and non-discriminatory grounds. GFANZ Members must also ensure, when discussing best practices, that they do not disclose competitive sensitive information to their competitors.

### **3.3 Benchmarking**

When setting benchmarks, GFANZ members should ensure that these benchmarks and the discussions surrounding these do not lead to co-ordination or anti-competitive information exchange which go beyond what is strictly necessary for establishing the relevant benchmark (e.g., emission reduction targets). They must not exchange any non-public plans (e.g., as to how their commercial strategy will align with those benchmarks) with their competitors.

### **3.4 Membership / participation requirements and selection of initiatives for endorsement**

Antitrust laws do not in general impose an obligation on companies to accept others as partners in ventures. Accordingly, companies are generally free to select as partners whom they see fit for particular projects. However, there is a risk that the selection process for GFANZ Membership or private organisation collaborators, or in selecting initiatives for endorsement, could lead to allegations of excluding competitors / coordination.

Therefore, as matters of best practice:

- 3.4.1 GFANZ needs to ensure that any membership and selection process, both in terms of GFANZ membership and when selecting initiatives for endorsement, is objective and non-discriminatory.
- 3.4.2 Such criteria should be applied uniformly.
- 3.4.3 Where possible, such criteria should be transparent and well-documented; and
- 3.4.4 If criteria require subjective judgement / discretion, reasons should be given for declining membership / endorsement.

### **3.5 Co-ordination of competitors**

The GFANZ may require institutions who are ordinarily competitors to participate in joint arrangements, e.g., for financing or otherwise. Such arrangements are likely to be justified where they are directly related and necessary to the implementation of the transaction / project (e.g., where it is more efficient for the parties to bring complementary skill sets together), though this (incl. the benefit to the project / relevant country) should be clearly documented.

However, antitrust law does prevent companies from making written (or oral) agreements, or concerted practices<sup>3</sup> that distort competition or are intended to distort competition. It also prohibits any other form of agreement with a similar purpose or effect, whether it is binding or non-binding, formal or informal (such as a “gentlemen’s agreement”). So called “hardcore” examples of such agreements which are prohibited by antitrust law relate to things such as price-fixing, market sharing, or bid rigging. Care should always be taken to ensure anti-competitive agreements are avoided in all instances of the GFANZ coalition’s operation and independent legal advice should be sought where there are any queries.

### **3.6 Facilitation of anti-competitive behaviour**

The GFANZ may be viewed as facilitating anti-competitive behaviour, including playing a central role in potential “hub and spoke” information exchange, even if they do not directly participate in the relevant market.

To mitigate facilitation risks:

- 3.6.1** Project participants should carefully monitor the use of any data / resources provided to potential competitors to ensure it is being handled in line with the mitigation practices identified in respect of information exchange above, and monitor for potential impacts on the relevant markets more broadly.
- 3.6.2** The GFANZ should emphasise to any private organisation and third-party collaborators the importance of compliance with relevant antitrust rules.

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<sup>3</sup> A concerted practice exists if consensus between competitors, whereby practical cooperation is knowingly substituted for competition, is brought about by direct or indirect contact. The mere disclosure of commercially sensitive information to a competitor, for example, may be illegal, even if there is no evidence of an agreement to act on that information. Parallel behaviour (e.g., similar price increases in response to increased costs) arising from wholly unilateral decisions by each company, is not of itself unlawful. However, antitrust authorities may suspect that any parallel behaviour is agreed or the result of a concerted practice, unless you can prove that any contact between competitors is for a legitimate business purpose. Therefore, it is generally preferable to keep any contacts with competitors to the strict minimum necessary for your lawful business purposes.

## **ADDENDUM: GFANZ Advisory Panel Terms of Reference**

This addendum to the Terms of Reference for the Glasgow Financial Alliance for Net Zero (GFANZ) sets out supplemental arrangements relating to the Advisory Panel. These provisions supersede section 4 (Advisory Panel) of the wider Terms of Reference.

For the avoidance of doubt, the wider Terms of Reference continue to apply to the Advisory Panel unless expressly stated otherwise, including section 6 (Amendment) and section 7 (Confidentiality, competition law and conflicts of interest).

### *1. Role and responsibilities*

The role of the technical GFANZ Advisory Panel is to:

1. Provide strategic and technical advice, guidance and subject matter expertise as input to GFANZ and its workstreams
2. Help make links across the climate action landscape and with GFANZ workstreams, ensuring cross-system collaboration, joining up efforts and minimising duplication
3. Contribute and represent a diverse range of viewpoints across the technical climate action landscape
4. Drive ambition and help GFANZ reflect, amplify and influence best practice in the most robust way that leverages existing expertise and momentum
5. Where appropriate, facilitate constructive engagement between GFANZ workstreams and wider civil society as relevant, respecting at all times the confidentiality of non-public work and discussions of GFANZ

Given the focus of GFANZ, the Advisory Panel's input will naturally be centered on the net zero agenda and the role of the financial system within that and the Race to Zero, although broader topics (e.g., pertaining to climate resilience) may be raised where these are directly relevant to the work of GFANZ.

The responsibilities of Advisory Panel members are to:

1. Provide relevant subject matter expertise related to the net zero agenda, reflecting as appropriate any views and feedback based on civil society engagement and outreach outside the Advisory Panel
2. Advise on strategic priorities and approaches to the implementation of GFANZ workstreams, and act as a sounding board regarding potential publications related to the workstreams
3. Convened by the GFANZ secretariat, provide the required input to GFANZ workstreams (and, as appropriate, the Steering Group and /or Principals Group)

Organizations appointed to the Advisory Panel will be asked to nominate an individual as their named representative. Alternates may attend Advisory Panel meetings where necessary with prior notification to the GFANZ Secretariat. The GFANZ Secretariat reserves the right to request a specific representative from participating organizations to help ensure the Advisory Panel reflects a balance of expertise as well as diversity of perspectives and representation. Where an Advisory Panel member

participates as an adviser in a GFANZ workstream (see III below), they are encouraged to ensure the same named representative attends workstream discussions to ensure continuity.

## *II. Membership*

The Chair will be appointed by the GFANZ Leadership Team for a one-year term. The Chair of the Advisory Panel will be invited to GFANZ CEO Principals Group meetings, to ensure views of the Panel are reflected in discussions.

Members will be drawn from technical climate action groups, taking into account their relevant work and expertise (particularly financial-sector-facing), their potential contribution to the goals of the Advisory Panel as outlined in (I) above, and their ability to support the diversity of GFANZ in all its forms (e.g., geographic, sub-sectoral, gender and racial or ethnic). Subject to this, the Advisory Panel will be of an appropriate size to ensure manageable, meaningful discussions and respect logistical constraints.

Participation in and membership of the Advisory Panel is at the discretion of the GFANZ Leadership Team, in consultation with the Advisory Panel Chair as appropriate. They retain the right to suspend an organization or individual's participation in exceptional circumstances.

Staff of the Leadership Team will attend meetings on an *ex officio* basis.

A public list of Advisory Panel members will be maintained on the GFANZ website.

## *III. Interface with CEO workstreams*

To help translate the financial sector's net zero ambition into near-term actions, the Principals Group has established workstreams to drive forward deliverables that will support financial institutions with implementing their net zero commitments and promote the systemic change needed to achieve a net zero global economy. Each workstream is sponsored by one or more Principals Group members and led by their respective staff along with a group of practitioners representing GFANZ members.

To maximize robustness of the workstreams and support upward convergence with existing credible work, Advisory Panel members may be invited to provide input to the workstreams as technical and strategic advisers. This will be threefold:

1. the Advisory Panel will meet regularly to receive updates and advise on progress and plans for the workstreams
2. facilitated by the GFANZ Secretariat, one or more Advisory Panel members may be invited to provide ad hoc input or expertise on specific topics being considered by workstreams
3. in addition, facilitated by the GFANZ Secretariat, Advisory Panel members may be invited to participate in individual workstreams in an advisory capacity. Workstream staff leads will determine the overall composition of the GFANZ member firms and advisers in their respective workstreams, with support from the GFANZ Secretariat.

Workstream leads and members (and, as appropriate, the GFANZ Steering Group and Principals Group) will be expected to take due account of strategic and technical advice from workstream advisers and the wider Advisory Panel, as important inputs to maximize the ambition and credibility of the workstream targets and outputs, and of GFANZ.

Any formal recommendations, or publications in the name of the GFANZ Principals Group will be subject to the review and approval of the Principals Group and its Co-Chairs, taking into account any recommendations of the Steering Group and the Advisory Panel.

#### *IV. External communications*

Advisory Panel members are welcome to make their membership public but should liaise with the GFANZ Secretariat regarding proposed external communications or media relating to GFANZ and should respect the confidentiality of all discussions and drafts received (see also section 7 of the wider Terms of Reference).