HM Treasury

Financial Reporting Advisory Board
Sustainability Reporting

Issue:	This paper seeks the Board's agreement to renew the FRAB Sustainability Subcommittee, including its proposed remit, membership and operating arrangements, and provides an update on sustainability reporting developments since the June 2026 meeting.
Impact on guidance:	No immediate change. The Subcommittee would support future development of sustainability reporting requirements and guidance, subject to FRAB oversight and the responsibilities of HM Treasury and other relevant authorities.
IAS/IFRS adaptation?	No IAS/IFRS adaptation is proposed.
Impact on WGA?	No direct impact.
IPSAS compliant?	No assessment required for this paper.
Interpretation for the public sector context?	The proposals are designed for public-sector annual reports and accounts and retain FRAB's existing advisory role.
Impact on budgetary and Estimates regimes?	No direct impact.
Alignment with National Accounts	No direct impact.
Recommendation:	The Board is asked to decide on the membership, and agree the representation choices and the Terms of Reference.
Timing:	For decision at the meeting on 19 November 2026. The governance proposals were discussed with a small group of previous Subcommittee members on 3 November, without pre-empting the Board's decisions.

1. This paper asks FRAB to agree the proposed Terms of Reference (ToR) for the FRAB Sustainability Subcommittee (FRAB-SSC), in Appendix 1, and advise on the outstanding membership arrangements. Appendix 2 shows how previous Board discussions have informed the draft and highlights the areas where further decisions are required. The paper also updates the Board on TCFD implementation and wider sustainability reporting developments since FRAB in June 2026.

2. Ahead of the Board meeting, HM Treasury (HMT) used an earlier draft of the paper to garner initial views from a small number of previous Subcommittee members. Appendix 3 summarises this 3 November discussion, including suggested drafting actions; it does not constitute Board agreement. The draft reflects the discussion, with outstanding choices identified for Board decision.

Decisions

The Board is asked to:

a) agree the draft ToR in Appendix 1;
b) decide whether the Subcommittee Chair must be an independent FRAB member or may be any FRAB member;
c) agree the proposed core and additional membership arrangements, including the approach to appointments, representation and periodic review;
d) endorse the proposed remit and initial focus on improving the quality and consistency of TCFD-aligned reporting; and
e) note the wider sustainability reporting developments in this paper.

Sustainability reporting developments

NAO recommendation implementation tracker

3. HMT submitted the first six-monthly implementation tracker for the NAO's *Implementation of climate-related reporting in central government annual reports* (published November 2025), with:

    a. Align and simplify sustainability reporting requirements where appropriate: HMT accepted the recommendation. Work is in progress.

    b. Plan for ongoing monitoring and support for TCFD reporting: HMT partially accepted the recommendation. HMT will continue to coordinate proportionate support across central government, but will not centrally monitor or enforce departmental disclosures. The NAO accepted HMT's evidence that this recommendation had been implemented in September 2026.

    c. Improve communication, access to guidance and training, and FRAB capability: HMT accepted the recommendation. Work is in progress. This recommendation was considered while drafting the Subcommittee ToR (see later in paper).

4. The next tracker update is expected in January 2027, and will reflect the Board's decisions on the Subcommittee, as well as other developments.

NAO TCFD Insights report

5. The NAO published a TCFD Insights report on 2 November 2026, drawing on its review of 2025–26 climate disclosures. HMT worked with the NAO during clearance, principally to ensure the report distinguishes between mandatory requirements, comply-or-explain provisions and good practice. Discussions also covered differences between reporting frameworks and the role of Accounting Officer judgement on principal risks, materiality and scope.

6. HMT has agreed to work with the NAO's Sustainability Reporting and Assurance team to address any misconceptions and clarify future guidance, where appropriate. Further work may be needed on transition risks guidance, and the longer-term boundary between reporting review and sustainability assurance. This will be considered alongside RESET's (see FRAB 160 (09)) objective to improve the timeliness of publishing annual reports and accounts (ARA) and reduce burdens on preparers. Subject to the Board's agreement to the ToR, the Subcommittee could support this work.

UK private-sector reporting

7. On 30 September, the FCA finalised rules[1] for listed issuers replacing existing TCFD-aligned requirements with UK Sustainability Reporting Standards (SRS) -aligned disclosures on a comply-or-explain basis. The rules apply to accounting periods beginning on or after 1 January

[1] www.fca.org.uk/publications/policy-statements/ps26-19-aligning-listed-issuers-sustainability-disclosures-international-standards

2027, with transitional relief for Scope 3 emissions and wider sustainability disclosures under UK SRS S1.

8. The FCA's approach may provide a useful comparator if government considers moving beyond current TCFD-aligned disclosure. Any public-sector adoption would be a decision for government and would require separate FRAB consideration reflecting public-sector objectives, accountability and Parliament's needs.

9. The Department for Business, Innovation, Science and Trade's (DBIST's) Modernising Corporate Reporting consultation[2], published on 7 September, seeks a simpler, more proportionate and decision-useful corporate reporting framework. It considers the purpose and users of corporate reporting, thresholds and exemptions, financial and non-financial reporting, governance, remuneration and digital reporting.

10. Sustainability-related points include the proposed rationalisation of narrative reporting, continued focus on financially material information, application of new threshold and reporting criteria, and the interaction with UK SRS and the Department for Energy Security and Net Zero (DESNZ) transition-plan policy.

IFRS's International Sustainability Standards Board

11. The ISSB has an open consultation on proposed nature-related disclosures[3], drawing on the Taskforce on Nature-related Financial Disclosures (TNFD) to help companies provide more detailed, comparable information about material nature-related risks and opportunities and their links to other sustainability matters and financial statements. The proposals take the form of a non-mandatory Practice Statement, and the ISSB is also seeking views on whether to finalise them in this or another form.

IPSASB sustainability reporting

12. At its September meeting, the International Public Sector Accounting Standards Board (IPSASB) continued developing a second sustainability reporting standard covering public policies with climate-related outcomes. This follows its decision to separate those proposals from IPSASB SRS 1, Climate-related Disclosures, issued in January 2026.

Government guidance publications

13. DESNZ published its Public sector emissions measurement and reporting guidance (applies to England) on 21 October 2026. The guidance takes a purpose-led and proportionate approach. It notes that Scope 3 information may be useful where emissions are material and influenceable, while recognising data quality, comparability and reporting burden. It also recognises that entity-level reporting forms part of a broader public-sector measurement and reporting landscape.

14. The 2026–27 Sustainability Reporting Guidance, updated TCFD Application Guidance and Appendix A were published in July 2026. The update was deliberately limited, focusing on minor corrections and addressing any issues with our guidance in the absence of published GGC targets. The GGCs for 2025–30 remain unpublished at the circulation date of this paper. Sponsored by HMT, GAD has published two crib sheets on internal data collection and creating tailored climate scenarios to support preparers with TCFD implementation.

UK public sector developments

15. In July, CIPFA published Sustainability reporting in the public sector: a leap forward, reviewing developments in public-sector sustainability reporting and emerging international frameworks. It recommends embedding sustainability reporting within governance, financial planning and accountability, supported by stronger data and assurance arrangements. The report reinforces the broader direction towards closer integration of sustainability and

[2] www.gov.uk/government/consultations/modernising-corporate-reporting
[3] www.ifrs.org/news-and-events/news/2026/10/issb-consults-on-proposals-nature-related-disclosures/

financial reporting and draws on developments including IPSASB, ISSB and HMT's sustainability reporting framework. Refer to FRAB 160 (03) for CIPFA's sustainability reporting developments, including a proposed timetable for adopting TCFD-aligned disclosures.

FRAB Sustainability Subcommittee

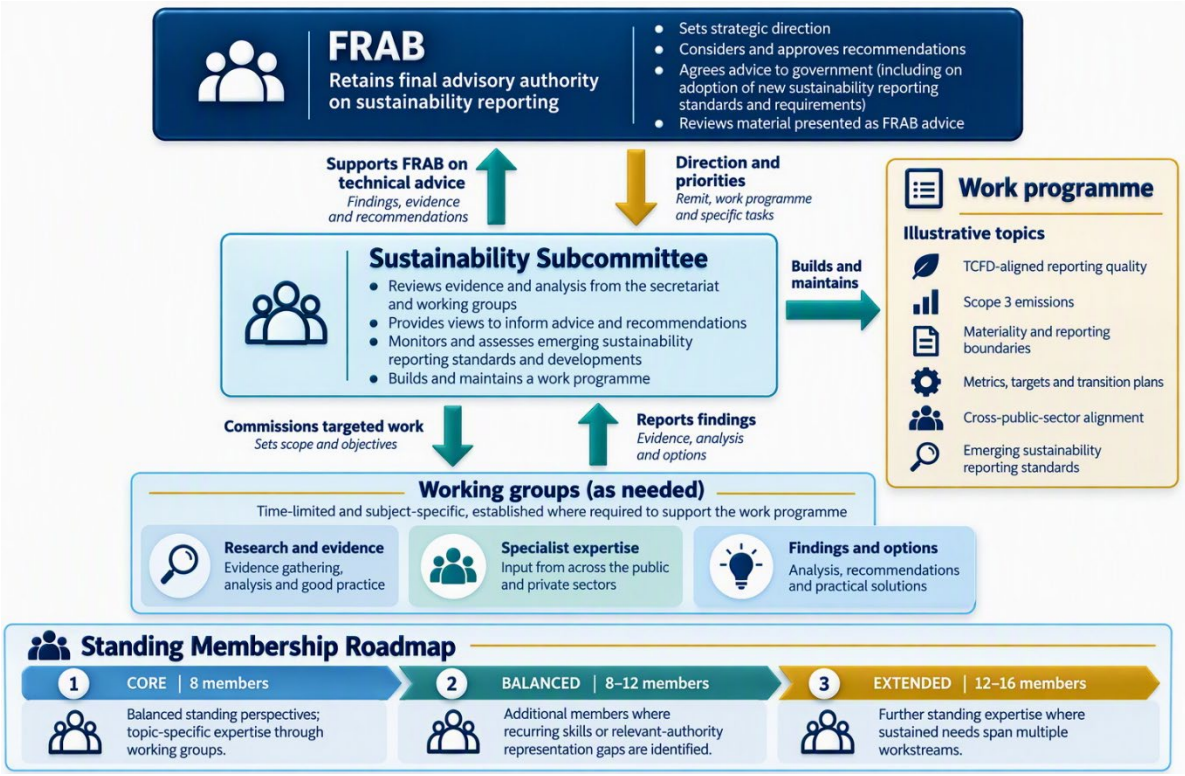
Proposed purpose and governance

16. FRAB established the first Sustainability Subcommittee in November 2021 (FRAB 145 (16)). It supported the development of TCFD-aligned Application Guidance for the UK public sector, culminating in publication of the final phase in November 2024. The Subcommittee has not met regularly since then, although members have continued to provide views on specific sustainability reporting issues. Following the Board's consideration of future governance arrangements in FRAB 158 (06), HMT agreed to return with a formal proposal to re-establish the Subcommittee with a broader membership structure and a revised ToR. This paper fulfils that commitment.

17. FRAB previously supported a hybrid model based on the Board's existing representative groups, supplemented by additional expertise where required. The draft ToR in Appendix 1 gives effect to this approach. The Subcommittee would provide FRAB technical advice on sustainability reporting in public-sector annual reports and accounts, while FRAB would retain final responsibility for its advice.

18. HMT would provide the secretariat and FRAB would appoint the Chair (included in core - see below) from its membership. The Subcommittee would meet periodically and seek to reach agreement by consensus, reporting any material differences to FRAB. Figure 1 summarises the Subcommittee's proposed governance and reporting arrangements.

Figure 1. FRAB-SSC Governance and Reporting Flowchart



Membership and representation

19. HMT has considered a range of membership models as set out in Appendix 2. HMT proposes between eight and eleven core members: a FRAB-member Chair and representatives of FRAB's established groupings, with additional members (bringing total membership to a maximum of sixteen) where additional representation or expertise is needed.

20. The Chair and core members would ensure that the Subcommittee's work remains grounded in ARA principles and aligned with FRAB's remit. Core members would be existing FRAB members or individuals with sustainability reporting expertise, approved by the relevant FRAB representative group and able to represent its interests. The core allocation comprises of an independent member (who may or may not be Chair – see below), two preparer representatives, one user representative, one auditor representative and at least three representatives of relevant authorities. Each relevant authority will be approached individually, while each FRAB representative group will be approached collectively for nominations and to agree representatives.

21. Additional membership would address continuing needs for further representation or expertise identified through the work plan. Topic-specific needs would ordinarily be addressed through ad hoc invited experts or time-limited working groups.

22. The Subcommittee reports to FRAB, which retains final advisory authority. Core members are drawn from FRAB's representative groups (or their nominees). The Nominations Committee will make recommendations on additional members, subject to Subcommittee approval.

Chair

23. We propose that the Subcommittee be chaired by a FRAB member to maintain a clear link to the Board. The outstanding question is whether the ToR should require the Chair to be an independent FRAB member or leave the role open to all FRAB members. An independent FRAB member as Chair would strengthen independent challenge and confidence that no representative group leads the discussion. However, the limited number of independent members narrows the appointment pool and may constrain capacity and access to sustainability expertise. Opening the role to all FRAB members would provide greater flexibility to draw on relevant expertise and availability, but could introduce actual or perceived conflicts where the Chair represents a preparer, auditor or relevant authority. Both options would retain the link to FRAB; a non-independent Chair would require particular care in managing conflicts and ensuring balanced consideration of all perspectives.

24. We recommend that the ToR allow any FRAB member to serve as Chair, preserving flexibility in future appointments. Independence should be considered alongside relevant expertise and capacity, rather than made a condition of eligibility.

Summary

25. To provide flexibility on external expertise, while retaining FRAB oversight, the proposed arrangements are that:
    - Chair: a FRAB member appointed by the Board; whether the role should be open to any FRAB member, as recommended, or restricted to an independent member remains for the Board to decide.
    - other core members: each FRAB representative group (and relevant authority) would nominate and agree its own representatives.
    - additional members: where the work plan demonstrates a continuing need for further representation or expertise, the Subcommittee may agree additional membership places within the overall limit of sixteen. The secretariat will propose additional members through the agreed appointments process, before approaching the Nominations Committee for recommendation, that is confirmed by the Subcommittee.
    - invited experts: specialists and other stakeholders could contribute to meetings or working groups without becoming members.

The Board is asked to:

- ***approve a core membership, including the Chair,*** *comprising of an independent member, two preparer representatives, one user representative, one auditor representative and between three and six relevant authority representatives (depending on uptake/interest), with each group selecting its representatives from among FRAB members or other suitably qualified individuals;*
- ***decide whether the Subcommittee Chair must be an independent FRAB member or may be any FRAB member;***
- ***agree that additional members (taking the total to no more than 16) may be appointed where the work plan demonstrates a continuing need*** *for further representation or expertise, and agree the proposed appointments process, including requesting a recommendation from the Nominations Committee, before the proposed appointment is submitted to the Subcommittee for approval; and*
- ***agree that the Subcommittee may establish time-limited working groups and invite subject-matter experts*** *where specific time or topical limited expertise are required.*

Remit and initial work plan

26. The Subcommittee would focus on sustainability reporting in public-sector annual reports and accounts. It would advise on existing disclosures and monitor emerging standards where these could influence future public-sector sustainability standard setting. Responsibility for advising government on new standards would remain with FRAB, with relevant authorities responsible for decisions on policy, guidance and implementation.

27. In line with FRAB 158, HMT proposes that the Subcommittee initially focuses on improving TCFD-aligned reporting. The Subcommittee would also monitor relevant UK SRS and IPSASB developments.

The Board is asked to endorse the proposed remit and initial focus

Terms of Reference

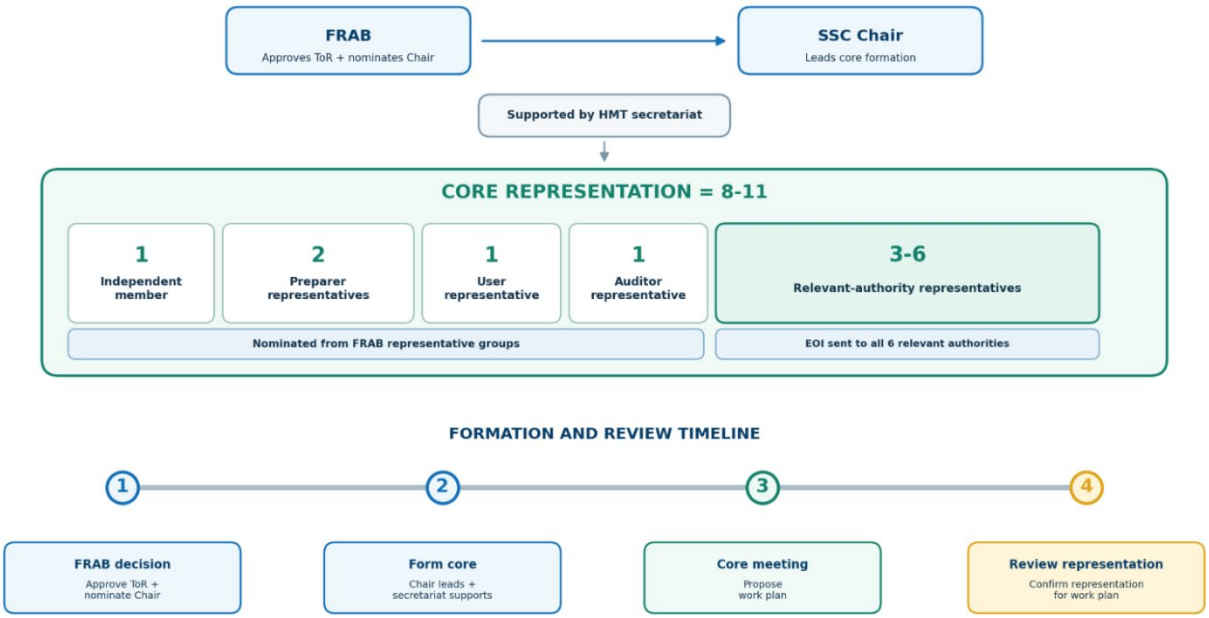
28. The draft ToR is Appendix 1. Appendix 2 explains how earlier Board discussions informed the draft, the basis for the proposed membership, governance and operating arrangements.

The Board is asked to agree the ToR, subject to any amendments arising from this discussion.

Next steps

29. Subject to the Board's decisions, HMT will finalise the ToR and establish the core membership and Chair through the agreed appointments process. The Subcommittee will then develop an initial work plan for FRAB's agreement. The work plan will inform whether any additional membership representation or expertise is required. Figure 2 sets out the initial core membership formation steps and review timeline.

Figure 2. FRAB's Sustainability Subcommittee core formation and review



Appendices

Appendix 1: Proposed ToR for the FRAB Sustainability Subcommittee.

Appendix 2: Drafting actions and basis for conclusions, including membership options and review points.

Appendix 3: Summary of the pre-meeting discussion and follow-up actions.

HM Treasury

Appendix 1 Proposed Terms of Reference

Terms of Reference

for the FRAB Sustainability Subcommittee

1. Objective

1.1. The FRAB Sustainability Subcommittee (the Subcommittee) provides technical advice and recommendations to FRAB on sustainability reporting in public-sector annual reports and accounts.

2. Remit

2.1. The Subcommittee will:

- consider evidence from the application of sustainability reporting requirements, and advise FRAB on technical opportunities to improve the consistency and usefulness of sustainability reporting in public-sector annual reports and accounts;
- monitor, assess and advise FRAB on emerging sustainability reporting standards and developments that may affect future public-sector reporting requirements, including their relevance, proportionality and applicability across the public sector; and
- consider other sustainability reporting matters affecting the relevance, consistency, usefulness or development of information in public-sector annual reports and accounts.

2.2. It will not undertake compliance monitoring, quality assurance, policy, implementation or operational reporting responsibilities.

3. Responsibilities

3.1. The Subcommittee will develop recommendations, inform the drafting of guidance and provide technical analysis for FRAB's consideration. FRAB retains authority to agree advice, including any advice to government on adopting new sustainability reporting standards and requirements.

3.2. The Subcommittee will submit its initial work plan and material revisions to FRAB for agreement and report progress against it.

3.3. Material intended to represent FRAB's position must be submitted to FRAB for review and approval. The Chair and secretariat may circulate administrative material and material used to gather evidence or views, provided it is clearly not presented as FRAB advice.

3.4. The Subcommittee will report to FRAB as appropriate, including to:

- report on meetings held and materials published since the previous FRAB meeting;
- seek FRAB's views, direction or decisions; and
- report on progress against its work plan.

3.5. HMT and the other relevant authorities retain responsibility for their respective policy decisions, reporting requirements, guidance and

implementation. The Subcommittee's technical advice does not displace those responsibilities or FRAB's final advisory authority.

4. Representatives

4.1. Membership will include representatives of FRAB's representative groups and external members with relevant expertise and experience.

4.2. The Subcommittee will have core members,

[**depending on Board decision** – either]
with a FRAB member as Chair, including:

- an independent member
[or]
- an independent member of FRAB appointed as Chair
[end]
- two representatives of FRAB's preparer membership;
- one representative of FRAB's user membership;
- one auditor representative; and
- three to six representatives of relevant authorities, drawn from HMT, the Scottish Government, the Welsh Government, the Northern Ireland Government, the Department of Health and Social Care (representing the NHS) and CIPFA/LASAAC (representing local government).

4.3. The Chair is selected from, and appointed, by the Board.

4.4. The core membership should provide an appropriate balance of preparer, user, auditor, relevant authority, independent and technical perspectives.

4.5. Once the core membership has been agreed and the Subcommittee has proposed an initial work plan, the secretariat will evaluate the need for additional members. This will assess whether core membership can deliver the work plan, supported by invited experts or time-limited working groups, or whether additional members are required, to maintain an appropriate balance of representation and expertise, drawn from:

- further representatives of FRAB groups;
- representatives of relevant government policy teams (e.g., the Chief Sustainability Officers Working Group, the Taskforce on Environmental Resilience and Efficiency); and
- technical sustainability reporting experts (e.g., from standard setters).

4.6. The secretariat will identify proposed additional member representatives, and approach the Nominations Committee for a recommendation, before submitting the proposed appointment to the Subcommittee for approval.

4.7. The secretariat will periodically review the representation and technical expertise of the additional membership with respect to the work plan.

4.8. Where appropriate, a FRAB member may nominate an individual with suitable sustainability reporting, technical or sector-specific knowledge to serve as the representative.

4.9. A member may send an alternate with comparable authority or relevant expertise, subject to the Chair's approval.

4.10. A member may withdraw by notifying the secretariat. Replacements will follow the appointment route applicable to the vacated place.

4.11. HMT will provide the secretariat, including meeting administration, papers and reporting to FRAB.

5. Working Groups and Subject Matter Expertise

5.1. The Subcommittee may establish time-limited working groups to support its work plan and consider matters within its remit.

5.2. For each working group, the Subcommittee will approve a short commission setting out its purpose, scope and exclusions, lead, membership, expected outputs, timetable, evidence requirements and reporting arrangements.

5.3. Each working group must include a Subcommittee member with relevant technical, sectoral or user expertise.

5.4. Working groups will report their findings, evidence, options and recommendations to the Subcommittee. The Subcommittee is responsible for agreeing conclusions and submitting advice or recommendations to FRAB. Working groups cannot advise FRAB independently, set requirements, or issue guidance. A working group will end when the Subcommittee accepts its final output or on the date specified in its commission, unless the Subcommittee agrees an extension.

6. Meetings and correspondence

6.1. The Subcommittee will meet periodically as required. The secretariat will provide members and other attendees with meeting details in a timely manner.

6.2. Meetings will be scheduled with regard to the Subcommittee's reporting responsibilities and FRAB's timetable.

6.3. Meetings may be held in person or virtually. The Subcommittee may also conduct business by telephone, conference or email.

6.4. The Subcommittee should seek to reach conclusions by consensus. Where material differences remain, they will be reported to FRAB.

6.5. Members and attendees must declare relevant conflicts of interest to the Chair and secretariat. The Chair, supported by the secretariat, will determine and record any action required.

6.6. Relevant Subcommittee papers, minutes and outputs may be included in FRAB papers, in accordance with normal publication arrangements.

6.7. A meeting is quorate when the Chair, or a FRAB member nominated to act on their behalf, is present, together with sufficient members to provide an appropriate balance of perspectives and relevant expertise for the substantive matters under consideration. The Chair will determine whether this requirement is met and defer any substantive item for which the necessary representation or expertise is absent.

7. Review and revisions

7.1. FRAB will periodically review the Subcommittee's remit, membership and effectiveness.

7.2. Any changes to these Terms of Reference shall be agreed by FRAB.

Appendix 2

FRAB Sustainability Subcommittee: source cross-check, membership options and review points

A1. This appendix demonstrates how the draft ToR has been informed by the Board's previous considerations in FRAB 158 (06) and FRAB 159 (06). It also explains the basis for HMT's proposals and identifies the issues on which the Board's decision is still needed.

A2. At FRAB 158, the Board agreed a hybrid model but left detailed design as HMT proposals subject to consultation and Board approval. At FRAB 159, the Board was invited to note the early plans based on the earlier direction and lessons from the previous Subcommittee. The Board raised no views on the paper in June, and no members provided separate feedback.

A3. The rest of this appendix sets out the basis for the draft ToR.

1. Objective

"The subcommittee would operate under FRAB's authority, with FRAB retaining final advisory responsibility." FRAB 159 (06), paragraph 14

Drafting action: The ToR establishes the Subcommittee as a technical adviser to FRAB on sustainability reporting in public-sector annual reports and accounts. FRAB retains final advisory authority. The ToR therefore establishes the Subcommittee within FRAB's existing governance and advisory framework rather than as a separate decision-making body.

2. Remit

"Define the FRAB-SSC remit narrowly enough to preserve FRAB's statutory advisory role and avoid duplication with policy/operational reporting channels or guidance, but broadly enough to cover the sustainability reporting topics that affect public-sector annual reports and accounts and the credibility of published disclosures." FRAB 159 (06), paragraph 16

Drafting action: The ToR covers the quality, consistency and credibility of sustainability disclosures in annual reports and accounts, and the assessment of emerging standards only where they could affect future public-sector requirements. It avoids duplicating policy, implementation and operational reporting responsibilities, while allowing the Subcommittee to review how the guidance is working and use that evidence in its technical advice. Consistent with FRAB 159, the proposed initial work plan prioritises embedding current climate reporting rather than developing future standards.

3. Responsibilities

"The Subcommittee should not set requirements; its outputs should be recommendations, draft guidance, and views on technical analysis for FRAB review and approval." FRAB 159 (06), paragraph 21

Drafting action: The ToR reserves final advisory authority and standards-adoption advice to FRAB; HMT and other relevant authorities retain their own requirements, guidance and implementation responsibilities. Distinguishing exploratory analysis from substantive material for external publication preserves useful technical work without weakening the approval route.

4. Representatives

"a mixed (hybrid) subcommittee, using broadly the same representative groupings as FRAB (preparers, users, auditors, relevant authorities, independents), supplemented by additional expertise as needed." FRAB 159 (06), paragraph 14

"A broader composition is needed for broader sustainability standards, to ensure the necessary depth of technical input, with access to additional capacity and expertise, while maintaining FRAB's authority for the framework overall." FRAB 158 (06), paragraph 19

Drafting action: The ToR gives effect to that direction through a recommended core membership of eight to eleven, including an independent member, two preparers, one user, one auditor and representatives from at least three relevant authorities. A FRAB member would take on the role as Chair. The proposed allocation provides standing representation from relevant authorities while retaining flexibility to involve others through additional membership where required. FRAB 158 established the hybrid model and broad representative groups but did not settle the detailed allocation.

Various configurations and sized groups were considered (below). These provide proportionate options for adding continuing representation or expertise where the work plan demonstrates a need.

Indicative membership configurations

The decision concerns the scale of a single FRAB-led hybrid model, rather than the FRAB-only or separate-body alternatives considered in FRAB 158.

Configuration		Size	Case for use	Cost or safeguard
Core membership (minimum)		8-11 individuals	Provides the standing representative base for the Subcommittee, with invited experts and working groups supplying topic-specific input.	Most agile option; however, may not adequately address the identified gap in external subject-matter expertise from previous Sustainability Subcommittee.
Varies according to work plan needs	**Balanced representative membership** illustrative	Up to 12 total	Adds up to four members where the work plan requires broader continuing representation or expertise.	Broader standing capability with a manageable increase in coordination. Review the need for each additional seat.
	Expanded membership (with expanded work plan)	Up to 16 total	Add additional members where continuing representation or expertise is demonstrably required across the work plan.	Greatest standing capacity, but higher coordination and secretariat burden. Use only where the need cannot be met proportionately through invited experts or working groups.

Each configuration retains the governance agreed at FRAB 158: a FRAB-member Chair, HMT secretariat, representation from the Board's established groups and access to invited specialists as subject matter experts.

Recommendation. Establish a core membership of eight to eleven, with additional members (up to sixteen) where the work plan demonstrates a continuing need for further representation or expertise. The Subcommittee will invite specialists and establish time-limited working groups for topic-specific input. Plan to review attendance, the work plan, repeated specialist requests, working-group outputs and secretariat burden after an initial period. Add or remove standing members only where that evidence demonstrates a continuing need; any material change to the ToR or representative allocation should return to FRAB for agreement. The Nominations Committee would be asked to make a recommendation on proposed additional appointments, with appointments then subject to Subcommittee approval.

5. Working groups and subject matter expertise

"Some topics may justify dedicated working groups. A near-term priority is improving the quality of TCFD-aligned disclosures; so a dedicated group on climate and emissions reporting will be explored." FRAB 159 (06), paragraph 28

Drafting action: The ToR permits time-limited groups with a defined task, membership, outputs and reporting route. Their analysis returns to the Subcommittee, which agrees recommendations to FRAB. This provides topic-specific depth without treating every temporary need as a permanent seat.

6. Meetings and correspondence

"Chair - FRAB member to ensure alignment with the Board's remit; HMT to continue providing the secretariat role." FRAB 159 (06), paragraph 22

Drafting action: The ToR provides for a FRAB-member Chair, HMT secretariat, meetings as required, alternates, consensus and reporting of material differences. Neither FRAB paper fixed a quorum; the draft introduces an agenda-based test of representation and expertise.

7. Review and revisions

"Before drafting the ToR, HMT will consult stakeholders, including members of the previous FRAB-SSC, so the proposals below may change." FRAB 159 (06), paragraph 13

Drafting action: The ToR provides for periodic consideration of the Subcommittee's remit, membership and effectiveness. A periodic review of the ToR and work plan would test whether the core membership and additional balanced representation remain appropriate.

Appendix 3

Pre-meeting with previous Sustainability Subcommittee members ahead of the November FRAB meeting — 3 November 2026

Attendees: Chair: Sarah Geisman; Members: Michael Sunderland, Ian Carruthers, James Osborne and Ian Webber. Secretariat: Max Greenwood, Alexandru Rada

Draft summary sent to attendees for their review.

Outcomes and follow-up tasks

Remit: HMT to clarify the distinction between technical advice to FRAB and relevant authorities' responsibilities for policy, guidance and implementation. The Subcommittee should not monitor compliance or enforce disclosure quality.

Membership and appointments: HMT to make the nomination and confirmation arrangements clearer, including the ability to nominate a suitably qualified representative with sustainability reporting expertise as a continuing member, rather than solely as an occasional alternate. Reflect the intention not to exclude relevant authorities wishing to participate, expanding the relevant authority places from three, up to a maximum of six.

Balance and attendance: HMT to strengthen the principles governing additional appointments and meeting attendance, covering both constituency balance and relevant expertise. Include periodic membership review points and distinguish continuing membership needs from topic-specific working groups.

Nominations Committee: HMT asked to consult the FRAB Secretariat on appointments, and consider whether there is a role for the Nominations Committee in appointments before presenting it to the Board.

Chair: HMT to clarify and consider further whether the Chair must be an independent FRAB member or any suitable FRAB member. This remained unresolved.

Other feedback: Attendees were invited to provide any further comments on the external reporting updates by email. None were received.

High-level discussion summary

Remit and public-sector coverage. Participants emphasised that the Subcommittee should operate within FRAB's existing advisory remit, with a clear focus on sustainability information in annual reports and accounts. The work should explain the responsibilities and differing reporting frameworks and timetables across relevant authorities, including health and local government. There was interest in using implementation experience, good practice and audit findings to inform technical advice, while distinguishing this from compliance monitoring or enforcement.

Membership, expertise and proportionality. The proposed core members, expandable to sixteen, was discussed as a flexible starting point rather than an agreed final allocation. Participants highlighted the need to combine sustainability expertise with practical accounts-preparer, user, auditor, independent and relevant-authority perspectives. Organisational representatives need not automatically be the existing FRAB member, but nomination arrangements should be explicit. Specialist input should not dilute consideration of materiality, reporting burden or the needs of annual report users.

Governance and the link to FRAB. Clearer, proportionate appointment principles and regular reviews were favoured over unnecessarily rigid procedures. For an advisory body, appropriate representation and expertise for the agenda were considered more important than a purely numerical quorum. A FRAB-member Chair was supported as an essential link to the Board, but views differed on whether independence should be mandatory, given the available pool and additional time commitment. FRAB would retain final advisory authority. The external reporting updates were not discussed in detail because of time constraints.