

# Terms of Reference of the Independent Appointments Committee

1. The Independent Appointments Committee (IAC) has been established as an independent committee under the auspices of GRI and has primary responsibility for appointing qualified, competent, disinterested persons, of independent mind, to the GRI Global Sustainability Standards Board (GSSB) and the GRI Due Process Oversight Committee (DPOC).
2. These *Terms of Reference* set out the nature and remit of the IAC's responsibilities. Changes to these *Terms of Reference* may only be made with the approval of the GRI Board of Directors.
3. Members of the IAC shall be appointed by the GRI Nominating Committee and three external individuals<sup>1</sup>.
4. There shall be five members of the IAC. The members of the IAC shall elect from amongst their number one person to serve as Chair of the IAC. A Vice Chair will be elected from amongst IAC members at the first meeting of the year, to serve in the event the Chair cannot attend to matters at any point during the next year. The Vice Chair does not automatically become the next Chair upon retirement or incapacity of the existing Chair. The Vice Chair will take over the Chair for the rest of the year if the Chair resigns or is incapacitated.
5. Members of the IAC shall be senior individuals of integrity and high reputation with an interest in and knowledge of international issues related to sustainability reporting, including a sound understanding of standard-setting processes, and a willingness to serve the public interest in an independent and unbiased manner.
6. At least two members of the IAC shall have experience serving at a senior level on an international organization with a relevant interest in sustainability reporting.
7. Members of the IAC shall be appointed for a term of three years, renewable once for a further term of three years. The Chair of the IAC shall have the authority to remove a IAC member before the end of the term for poor participation, or for not complying with the conflict of interest policy (as to be defined).
8. The IAC shall meet in a timely manner to fill vacancies on either the GSSB or the DPOC, and in any event it shall meet at least once per year.
9. The IAC shall develop a plan that enables vacancies to be filled in a timely manner.

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<sup>1</sup>'external individuals' are understood as representatives drawn from the field of international normative (sustainability) standard setters. These organizations (still to be determined) would be eligible to nominate one senior employee each. This may include organizations such as IOSCO, ILO (specifically from their Labor constituency as advised by the Council of Global Unions) or UNEP.

10. An IAC meeting shall not be held unless there is a quorum present. "Quorum" is defined as a simple majority of the complete size of the IAC.
11. The operations of the IAC shall be funded solely by the GRI.
12. The IAC shall post on the GSSB website, on an annual basis, a report on its activities.
13. The IAC shall ensure that the identity of persons under consideration for appointment to either the GSSB or DPOC is not disclosed.
14. Special transitional provisions shall apply to the initial appointment of members of the GSSB and DPOC and will be developed by the GRI Board in consultation with and with the agreement of the IAC. Subsequently, appointments shall be made in accordance with ss.10 & 11 of these *Terms of Reference*.
15. In appointing 'ordinary members' (not the Chair or Vice-Chair) to the GSSB, the IAC shall:
  - a) apply the criteria listed in Annex 1 of these *Terms of Reference*.
  - b) have regard to the multi-stakeholder character of the GSSB and the specific elements of its composition as defined in the GSSB *Terms of Reference*.
  - c) use its best endeavors to ensure that the composition of the GSSB, as a whole, achieves geographical, gender and cultural diversity.
  - d) seek the number of nominations (specified below) from the following bodies:
    - GRI Board 5 nominations (1 nomination per constituency)
    - GRI Stakeholder Council 5 nominations (1 nomination per constituency)
    - GRI GSSB 5 nominations (1 nomination per constituency)

When making nominations to the IAC for labor representatives on the GSSB the GRI Board, Stakeholder Council and GSSB should do so on the basis of nominations received from the Council of Global Unions.

- e) either make appointments from amongst those nominated to it by the bodies specified in 15(d) or if, in the opinion of the IAC, an insufficient number of nominees meet the criteria for appointment specified in Annex 1 to these *Terms of Reference*, seek further nominees.
16. The IAC shall have the authority to dismiss members of the GSSB upon a recommendation for dismissal put forward by the GSSB Chair, in the case of a GSSB member, and in the case of recommending removal of the GSSB Chair, by the GSSB Vice-Chair.

When deciding on a dismissal, the IAC should apply highly objective and specific criteria for dismissal such as:

- Non-attendance at meetings i.e. either member is present or not.
- Any breaches to commitment statements signed annually by GSSB members.

The independence of individual GSSB members shall be maintained and a difference in opinion cannot form a reason for dismissal by the IAC.

17. The IAC may appoint the Chair and Vice-Chair of the GSSB from among those persons nominated by the GRI Board, GRI Stakeholder Council or GSSB or, if the IAC prefers, it may make either appointment from among any other pool of candidates, for those roles, that it might choose to identify.

18. In making appointments to the DPOC, the IAC shall:

- a) appoint persons who are senior individuals of integrity and high reputation with an interest in and knowledge of international issues related to sustainability reporting, including a sound understanding of standard-setting processes, and a willingness to serve the public interest in an independent and unbiased manner.
- b) appoint persons who will be credible in the eyes of GRI's stakeholders, especially regulators and governments who may make reference to or endorse the GRI's Sustainability Reporting Standards (SRSs).
- c) use its best endeavors to ensure that the composition of the DPOC, as a whole, achieves geographical, gender and cultural diversity.
- d) seek the number of nominations (specified below) from the following bodies:
  - GRI Board 2 nominations
  - GRI Stakeholder Council 2 nominations
  - GRI GSSB 2 nominations
- e) either make appointments from amongst those nominated to it by the bodies specified in 18(d) or if, in the opinion of the IAC, an insufficient number of nominees meet the criteria for appointment, seek further nominees.

# ANNEX 1 - Criteria for GSSB Members

The following would represent criteria for GSSB membership:

1. **Knowledge and experience related to sustainability reporting:** All members should have either extensive experience in sustainability reporting or a high level of knowledge in areas related to sustainability reporting.
2. **Ability to analyze:** GSSB members should demonstrate the ability to analyze issues and consider the implications of that analysis for the decision-making process.
3. **Communication skills:** Effective oral and written communication skills in the English language are necessary. These skills include the ability to communicate effectively in private meetings with GSSB members, in public meetings, and in written materials such as sustainability reporting standards, speeches, articles, memos and external correspondence. Communication skills also include the ability to listen to and consider the views of others.
4. **Judicious decision-making:** GSSB members should be capable of considering varied viewpoints, weighing the evidence presented in an impartial fashion, and reaching well-reasoned and supportable decisions in a timely fashion.
5. **Awareness of the sustainability reporting environment:** High quality sustainability reporting will be affected by the financial, business, environmental, social and economic environment. GSSB members should have an understanding of the global economic, environmental and social context in which the GSSB operates. This should include awareness of business, organizational and sustainability reporting issues that are relevant to, and affect the quality of, transparent sustainability reporting and disclosure in the various markets worldwide, including those using SRs.
6. **Ability to work in a collegial atmosphere:** Members should be able to show respect, tact and consideration for one another's views and those of third parties. Members should be able to work with one another in reaching consensus views based on the GSSB's objective of developing high quality and transparent sustainability reporting standards. Members should be able to put the objective of the GSSB above individual philosophies and interests.
7. **Integrity, objectivity and discipline:** The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow GSSB members and others. Members should demonstrate an ability to be objective in reaching decisions. Members also should demonstrate an ability to show rigorous discipline and carry a demanding workload.
8. **Commitment to GRI's mission and the public interest:** Members should be committed to achieving the objective of GRI of establishing global Sustainability Reporting Standards (SRs) that are of high quality, comparable in quality to other standards, and the product of a transparent process. A candidate for the GSSB should also be committed to serving the public interest through a private standard-setting process.
9. In appointing the GSSB members drawn from GRI stakeholder constituencies, the IAC shall apply the following definitions when categorizing candidates for appointment:

Constituency	Definition
<b>Business Enterprise</b>	<p>a) an enterprise (other than a Mediating or Investment Institution) that has been established in order to generate a profit for the benefit of its investors or owners or,</p> <p>b) an organization representing the collective interests of those falling into category 'a'.</p>
<b>Investment Institution</b>	<p>an enterprise that is primarily concerned with the direct or indirect, long-term investment of funds in business - including, but not limited to, asset owners, asset managers, development banks, exchanges, ratings agencies and market information brokers.</p>
<b>Labor</b>	<p>an organization established independently of employers and governments to represent the interests of workers.</p>
<b>Civil Society Organization</b>	<p>an organization established in order to promote or secure a public good relating to sustainability (environmental, social and governance) and that does not fall into any of the categories defined above.</p>
<b>Mediating Institution</b>	<p>an individual or organization that provides goods and/or services associated with the reporting process and derives benefit from doing so.</p>