

Global Sustainability Standards Board

Terms of Reference

October 2015



1. The GRI Global Sustainability Standards Board (GSSB) has been established as an independent operating entity under the auspices of GRI and has sole responsibility for setting globally accepted standards for sustainability reporting, according to formally defined due process, exclusively in the public interest.
2. These *Terms of Reference* set out the authority and the nature and remit of the GSSB's responsibilities. Changes to these *Terms of Reference* may only be made with the approval by the GRI Board of Directors.
3. GRI Standards, and interpretations approved by the GSSB are 'authoritative pronouncements' and subject to due process as defined under the *GSSB Due Process Protocol*. Other documents, e.g. guidance and FAQs, published by the GSSB are not authoritative pronouncements and are not subject to the *GSSB Due Process Protocol*.
4. Authoritative pronouncements and all other material developed by the GSSB are the property of the Stichting Global Reporting Initiative (GRI).
5. The GSSB is authorized to make use of the GRI name and logo under a license approved by the GRI Board. Authoritative pronouncements and all other material developed by the GSSB may not be published under any name other than that of the GRI. In due course the GSSB may develop its own distinctive logo. In that case, all authoritative pronouncements and all other material developed by the GSSB may be published using the logo of the GSSB in association with that of the GRI.
6. In developing its authoritative pronouncements, to the extent that it is consistent with the public interest, the GSSB shall give due consideration to GRI's Vision and Mission as approved by the GRI Board.
7. Subject only to confirmation by the Due Process Oversight Committee (DPOC) that the *GSSB Due Process Protocol* has been applied in the public interest, the GSSB shall be the sole judge of whether or not an authoritative pronouncement is in the public interest.
8. Public Interest is defined here:

In general, as:

- Those overarching interests of humanity, held in common, that include but exceed the partial interests of individuals or groups.

In the context of sustainability reporting, as:

- making well-informed decisions – and therefore in having easy and timely access to relevant and reliable information on which such decisions might be based,
- promoting positive (and discouraging negative) impacts on social, ecological, environmental and economic systems,
- promoting transparency, fairness and integrity of processes that affect the public domain, and

- ensuring that no person or community is either overlooked or marginalized – especially if relatively weak in comparison to others.

In forming a view about specific GSSB authoritative pronouncements, the GSSB and DPOC shall have regard to:

- a. Authoritative intergovernmental instruments and their authoritative interpretations, and/or
 - b. Documented, widely held expectations of behavior relating to social, ecological, environmental and economic responsibilities.
9. Prior to approving a Standard the GSSB shall seek and consider the DPOC's view of how the Public Interest has been served in relation to any standard. The GSSB shall publish, on the GSSB's website, its conclusion that the activities of the GSSB with respect to the standard have been conducted in accordance with the GSSB Due Process Protocol.
 10. In developing technical aspects of its authoritative pronouncements, the GSSB shall be expected to liaise with other standard-setters (including national standard-setters, where relevant) and other official bodies with an interest in sustainability reporting. Matters of a strategic and/or political nature fall under the remit of the GRI Board. If in doubt about the remit of the GSSB's engagement, the Chair of the GSSB shall contact the GRI Chief Executive for clarification, who in turn shall inform or consult the GRI Board.
 11. The GSSB shall comprise 15 members. Following the inaugural slate of GSSB members, the members of the GSSB are to be appointed by the Independent Appointments Committee (IAC). All members shall meet appropriate guidelines for independence established by the IAC. The work of the GSSB shall not be invalidated by its failure at any time to have a full complement of members, although the IAC shall ensure that the GSSB has minimally 11 members at any given time.
 12. The main qualifications for membership of the GSSB shall be professional competence and practical experience. The IAC shall select members of the GSSB, consistent with the Criteria for GSSB Members set out in the Annex to the IAC's *Terms of Reference*, so that it will comprise a group of people representing the best available combination of technical expertise and diversity of experience in order to contribute to the development of high quality, global sustainability reporting standards. The members of the GSSB shall be required to commit themselves formally to acting in the public interest in all matters.
 13. No individual shall be both a member of any other GRI Governance Committee – including the GRI Board of Directors and Stakeholder Council (SC) – and a GSSB member at the same time.
 14. A minimum period of twelve months, following a person's most recent period of service on another GRI Governance Committee – including the GRI Board of Directors and SC – shall elapse before a person is eligible for appointment to the GSSB.
 15. In a manner consistent with the Criteria for GSSB members as set out in the Annex to the IAC's *Terms of Reference* and in order to implement a multi-stakeholder approach to standards-setting, there shall normally be:
 - a. 5 members drawn from the Business Enterprise constituency or reporters more generally, 3 of whom must be business reporters;
 - b. 2 members drawn from the Civil Society constituency;
 - c. 2 members drawn from the Investment Institution constituency;
 - d. 2 members drawn from the Labor constituency;

- e. 2 members drawn from the Mediating Institutions constituency;
 - f. 1 eminent person to serve as Chair of the GSSB; and
 - g. 1 eminent person to serve as Vice-Chair of the GSSB
16. Each constituency shall be represented by at least one appointed member at any time. In situations where there is not at least one member from each constituency, the DPOC will be informed and the GSSB will seek guidance on how to proceed in light of the minimum requirement not being met as defined herein.
 17. The work of the GSSB shall not be invalidated by its inability at any time to have a full complement of members according to the above constituency allocation, although the IAC shall use its best endeavors to achieve the constituency allocation.
 18. The work of the GSSB shall not be invalidated by its inability to achieve an optimum level of diversity (including regional, gender and cultural diversity), although the IAC shall use its best endeavors to achieve such diversity.
 19. The IAC shall appoint one person as the Chair of the GSSB and one other person as Vice-Chair. The role of the Vice-Chair shall be to chair meetings of the GSSB in the absence of the Chair; to represent the Chair in external contacts when requested to do so; to check and confirm the GSSB is working in accordance with its Terms of Reference; and to assist in meeting preparations where requested. The appointment of the Chair shall be for a three-year term (renewable once for a further term of three years). The Vice-Chair shall be appointed for a three-year term. Although a Vice-Chair may be appointed by the IAC as Chair of the GSSB, the title of Vice-Chair should not imply that the member concerned is the Chair elect. The appointment of a Chair and Vice-Chairs may be made with regard to the need to achieve diversity (including geographical, gender and cultural diversity) on the GSSB.
 20. Members of the GSSB shall be appointed for a term of three years, renewable once for a further term of three years.
 21. Each of the initial members of the GSSB shall be eligible to serve for a minimum of two years. Thereafter, one third of the GSSB members will be subject to reappointment by rotation. The schedule for the first round of rotations will be determined by the GSSB and thereafter rotations will take place annually according to the date of appointment.
 22. Each member of the GSSB shall make an annual declaration of any interest(s) that a reasonable person might perceive as having a bearing on the member's capacity to act in the public interest and/or to apply *GRI Due Process Protocol* (as amended from time to time) in deciding on and revising authoritative pronouncements.
 23. The IAC has the authority to dismiss a member of the GSSB based on a recommendation for dismissal put forward by, in the case of an ordinary member of the GSSB, the Chair and in the case of the Chair, by the Vice-Chair. See the *Independent Appointments Committee Terms of Reference*, for dismissal criteria. If a member of the GSSB chooses to leave his/her position on the GSSB, then the member will submit a written resignation to the Chair. The Chair will notify the IAC of the resignation and the IAC will undertake to fill the casual vacancy.
 24. Members of the GSSB shall notify a change in constituency representation to the Chair, who will then notify the IAC of the change. The IAC is to decide on any actions as a result of the constituency change based on the recommendation of the GSSB Chair.
 25. The IAC shall develop rules and procedures to ensure that the GSSB is, and is seen to be, independent. Members of the GSSB are appointed in an individual capacity and shall not hold

any position that attracts economic incentives of a kind that might lead a reasonable person to question their independence of judgment when setting sustainability reporting standards.

26. A GSSB meeting shall not be held unless there is a quorum present. “Quorum” is defined as two-thirds of the GSSB membership, at the time of the meeting. If the Chair is not present, or it is known that the Chair will not be able to attend, and the GSSB members present comprise a quorum, then the meeting shall be held with the Vice-Chair presiding.
27. It shall be the GSSB’s goal to pass decisions by consensus. Following discussion of the issues under consideration, the Chair shall determine if there is significant consensus before calling for a decision to be made by means of a formal vote ‘on the voices’.
28. Each member of the GSSB shall have one vote. On both technical and other matters, proxy voting shall not be permitted nor shall members of the GSSB be entitled to appoint alternates to attend meetings. In the event of a tied vote, on a decision that is to be made by a simple majority of the members of the GSSB present at a meeting in person, the Chair shall have an additional casting vote.
29. The publication of an exposure draft, or the approval of an authoritative pronouncement, shall require approval by a minimum of 80% of the members of the GSSB at the time of approval. Other decisions of the GSSB, including the publication of a discussion paper, shall require a simple majority of the members present when a meeting of the GSSB is quorate.
30. The GSSB shall conduct a yearly self-evaluation to evaluate effectiveness of the GSSB. The results of this self-evaluation are to be provided to the DPOC and the IAC.
31. The operations of the GSSB shall be funded solely by the GRI. The GSSB may neither seek nor accept funding from any other individual or organization.
32. The Chair of the GSSB or his/her delegate and minimally one other GSSB member shall meet annually with the Chair of the GRI Board or his/her delegate, and the Chair of the GRI’s Finance and Remuneration Committee to review the Standards Division’s accounts and proposed budget and to decide on a rolling basis on the budgetary allocation for the standards work for the following three years. The Head of the Standards Division, Chief Executive and Chief Financial Officer may be in attendance as needed.
33. The GSSB’s Standards Division’s accounts will be supported by the GRI’s Finance Department (which operates under the oversight of the CFO and CE) and these accounts will be subject to the scrutiny of the GRI’s Audit and Finance Committee.
34. Expenses for travel and the reimbursement of reasonable expenses incurred on GSSB business shall be met by GRI. Any honorarium paid by GRI to members of the GSSB in recognition of their work on behalf of GSSB shall be reported to the GSSB and publicly disclosed.
35. The GSSB shall meet at such times and in such locations as it determines: meetings of the GSSB (but not of Project Working Groups) shall be open to the public, but certain discussions (normally about selection, appointment and other administrative issues) may be held in private at the discretion of the GSSB. A meeting of the GSSB may be in person or by teleconference (or its equivalent using meeting technology).
36. All members of the GSSB shall take note of and comply with the GSSB Public Communications Protocol as listed in Annex I of these *Terms of Reference*.
37. The GSSB shall:

- a. Appoint and dismiss the Head of the Standards Division in consultation with the Chief Executive of the GRI.
 - b. have complete responsibility for all GSSB technical matters including the preparation and issuing of authoritative pronouncements and exposure drafts, each of which shall include any dissenting opinions; and the approval and issuing of Interpretations, guidance and FAQs.
 - c. publish an exposure draft on all projects and normally publish a discussion document for public comment on major projects in accordance with the *GSSB Due Process Protocol*.
 - d. have full discretion in developing and pursuing its technical agenda, subject to carrying out a public consultation every three years, the first of which shall begin no later than 30 June 2016.
 - e. have full discretion over project assignments on technical matters: in organizing the conduct of its work, the GSSB may outsource detailed research or other work to other organizations (including national standard-setters).
 - f. establish procedures for reviewing comments (made within a reasonable period) on documents published for comment.
 - g. at its discretion, form multi-stakeholder Project Working Groups, *ad hoc* Technical Committees or other types of specialist advisory groups to give advice, research and draft exposure drafts on major projects.
 - h. seek and consider (but not be bound by) the views of the Board of the GRI (as advised by the GRI SC) on major projects, agenda decisions and work priorities. Thereby, the Board is required to include in its advice to the GSSB any dissenting opinion of the SC.
 - i. at its discretion, consult the SC for its advice on an 'as needed' basis.
 - j. require the Standards Division to publish a basis for conclusions with a standard.
 - k. consider holding public hearings to discuss proposed standards, although there is no requirement to hold public hearings for every project.
 - l. consider undertaking field tests (both in developed countries and in emerging markets) to ensure that proposed standards are practical and workable in all environments.
 - m. where deemed necessary, interpret the application of standards and any other statements issued by the GSSB and provide timely guidance on sustainability reporting issues not specifically addressed in standards.
 - n. publish on the GSSB website an annual report of its activities.
38. The authoritative text of a standard shall be that published by the GSSB in the English language. The GSSB may publish authorized translations or give authority to others to publish translations of the authoritative text of standards.

ANNEX I: PUBLIC COMMUNICATIONS PROTOCOL

The standard-setting activities of the GSSB have the ability to affect the standing of the GRI Board and SC (more generally) and *vice versa*. The purpose of this protocol is to ensure that public communications made in relation to the overall GRI brand and GRI's overall public positioning (which incorporates the GSSB and the GSSB brand) will be consistent and in line with agreed policy and strategy.

1. Public communications on issues related to its standard development role, including the Standard and the standard setting process, are the responsibility of the GSSB, including in relation to:
 - its work plan;
 - its current projects;
 - standard-setting policy; and
 - standard-setting process.
2. The Chair of the GSSB and the Head of the Standards Division are the only persons empowered to speak on behalf of the GSSB. Members of the GSSB may express their personal opinions and views only, and may not represent the GSSB's views unless expressly permitted to do so by the Chair or by the Head of the Standards Division on a specific occasion.
3. Public communications on matters concerning the wider GRI organization, organizational relations, organizational strategy, and organizational activities are the responsibility of the GRI Board and the Chief Executive.
4. GRI's management, under the responsibility of the Chief Executive, is charged with the development of a Communications Strategy for the GRI organization as a whole. The GSSB is to approve the Communications Strategy that relates to the Standard and the standard-setting process as explained under paragraph 1 above.
5. Where the public communications described in point 3 are identified by the Chief Executive, the Chair of the GRI Board, the Head of the Standards Division, or the Chair of the GSSB as having the potential significantly and directly to harm the public positioning of the GSSB Standards or standard-setting process, the Chief Executive or the Chair of the GRI Board shall consult with and shall obtain agreement of the Chair of the GSSB prior to such communications. An exception to this requirement may be made in circumstances of exceptional urgency and importance.
6. Where the public communications described in point 1 are identified by the Chief Executive, the Chair of the GRI Board, the Head of the Standards Division, or the Chair of the GSSB as having the potential significantly and directly to harm the public positioning of the wider GRI organization, the Chair of the GSSB shall consult with and shall obtain agreement of the Chief Executive or the Chair of the GRI Board prior to such communications. An exception to this requirement may be made in circumstances of exceptional urgency and importance.

⁵See *GSSB Due Process Protocol*, Introductory Paragraph for a definition of 'Authoritative Pronouncements'.