

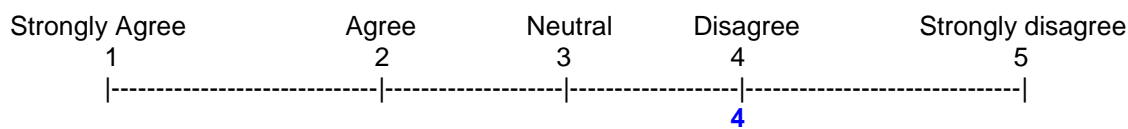
Consulta Pública – GRI

Intended changes to GRI's governance in order to achieve its role as a standard setter in sustainability reporting, and its suitability for official reference in public policy.

Questões e respostas

Question 6

Does the proposed governance structure equip GRI to be recognized as a public reporting standard setter?



The questionnaire did not raise the issue of context.

On the one hand, the global context demands a new role for GRI, with more agility, strength and credibility, acting closer to the capital markets. On the other hand, there is a needed role, critical, deeper, more engaging and with a multistakeholder approach, that only GRI is equipped to play.

With the adoption of the new governance structure, GRI runs the risk of losing its identity and credibility, for there would be an increased concentration of power.

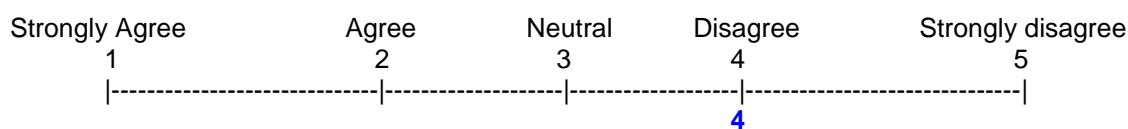
The goal of becoming an official standard will also depend on the context of each region, demanding specific approaches and strategies – a point not addressed by the proposed governance structure.

GRI should try to avoid a common mistake many NGOs incur whenever there is an important scenario change: instead of prioritizing its own survival it should keep focused on fulfilling its mission in the new scenario.

The main focus should be on the re-discussion of its mission – governance would follow.

Question 7

Does the proposed governance structure meet the criteria you/your organization/government would expect a public reporting standard setter to apply?



There dual governance system is welcome.

However, the new governance structure seems to transfer key responsibilities from the Board of Directors to governance bodies that seem not to have legal responsibility (nor accountability), either to GRI itself or to its multistakeholder community.

The proposed governance system increases the level of independence of the standard setting process, but the ultimate power to make decisions should not be exercised by the same body that develops the guidelines (standards).

The interesting move to set a more independent governance structure for the development of the sustainability reporting standards might have missed the right balance between independence and responsibility.

Question 8

Are any significant components missing in the design of the standard governance arrangements, and if so what are they? (Optional, respond only if applicable):

The decision to issue a standard (or a version of a standard) is not only technical, involving other factors like the timing, political factors, etc. The adopters of the standard (reporters, regulators and other stakeholders) should have the chance to participate in a specific governance body (a kind of general meeting) with the adequate power to influence: make propositions, discuss, ratify or veto (depending on the quorum). This essential body is missing in the proposed governance system.

One key adopter seem to be IOSCO (International Organization of Securities Commissions), for it is importance in setting / adopting standards for listed companies all over the world.

Question 9

Does the Due Process Protocol, which is part of the standard governance arrangements, require any necessary amendments that you would consider essential? Please indicate the specific line number(s) within the Due Process Protocol that your comment(s) relate(s) to (Optional, respond only if applicable):

Question 10

Does the Terms of Reference of the Sustainability Reporting Standards Board (SRSB), which is part of the standard governance arrangements, require any necessary amendments that you would consider essential? Please indicate the specific line number(s) within the Terms of Reference of the Sustainability Reporting Standards Board that your comment(s) relate(s) to (Optional, respond only if applicable):

Item 15 – balance among constituencies

It can be a source of future problems, for it raises disproportionately the number of members of the Labor Constituency, especially when compared with Civil Society and Mediating Institutions. If the eminent people serving as chair and vice-chair are drawn from labor, for instance, the lack of balance would be very problematic.

In a manner consistent with the Criteria for SRSB 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;*
- 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; and*
- e. 2 members drawn from the Mediating Institutions constituency*
- f. 1 eminent person to serve as Chair of the SRSB*
- g. 1 eminent person to serve as Vice-Chair of the SRSB*

Item 25 – honorarium

It can also be a source of future problems, for people who join this kind of position in NGOs do it mostly for their alignment with the cause. Receiving "honorarium fees" may generate a distortion that could lead to a change in the dynamics among members.

"Item 25: ... Members of the SRSB may accept any honorarium offered by the GRI in recognition of 138 their work from time to time."

Question 11

Does the Terms of Reference of the Due Process Oversight Committee, which is part of the standard governance arrangements, require any necessary amendments that you would consider essential? Please indicate the specific line number(s) within the Terms of Reference of the Due Process Oversight Committee that your comment(s) relate(s) to (Optional, respond only if applicable):

Question 12

Does the Terms of Reference of the Independent Appointments Committee (IAC), which is part of the standard governance arrangements, require any necessary amendments that you would consider essential? Please indicate the specific line number(s) within the Terms of Reference of the Independent Appointments Committee (IAC) that your comment(s) relate(s) to (Optional, respond only if applicable):

The Terms of Reference should state clearly that the Committee would be diverse in terms of geographical origin of its members and professional backgrounds / constituency.

There is a risk that the number of member of this body is not enough to allow a proper level of diversity (geographical, professional background, etc.) a global multistakeholder organization such as GRI demands.