

# Valuation Technical and Practitioner Committee

## Terms of Reference

### (1) Mandate:

- The Valuation Technical and Practitioner Committee (VTPC) is established by the International Foundation for Valuing Impacts.
- The mandate of the Valuation Technical and Practitioner Committee (VTPC) is to direct, validate, and approve the impact-weighted accounts research and methodology produced by the cooperation of International Foundation for Valuing Impacts (IFVI) and the Value Balancing Alliance (VBA) (The “**Mandate**”).
- Through this Mandate the VTPC will provide a forum where members substantially contribute to the goals of developing a methodology for impact valuation and driving uptake in global markets.

### (2) Composition:

#### *a) Overall*

- The VTPC will comprise 1 Chair, 1 Vice Chair and a minimum of 6 up to 16 additional members, but of an even number only.
- Members will be capable of, and willing to, provide input regarding impact measurement, valuation, accounting, or market uptake of impact valuation to contribute meaningfully to discussion.
- Members will be capable of, and willing to, provide the necessary time to meet the objectives of the VTPC.
- The additional members will be either individuals, or representatives from leading organizations in impact, sustainability, accounting, business, or finance whose expertise is highly relevant to the purpose of the VTPC and who themselves (as individuals) have substantial relevant expertise as defined by the criteria below.
- Members drawn from organizations with relevant expertise are providing advice in their individual capacity as a recognized expert
- Where additional expert members are drawn from organizations with relevant expertise there will be one designated individual with voting rights, if they are a voting member. This member may call upon another member of their organization with specialist expertise to join them in discussions on particular agenda items.
- VTPC members will be appointed for an initial term of two years, which is renewable. Membership will be reviewed every year by the VTPC Chair and Vice Chair.
- The VTPC may include members from private corporations. The number of members from corporations may not exceed 33% of total membership including Chair and Vice Chair or the

nearest whole number. This is meant to limit the potential of corporate interests influencing the goals of the VTPC and undermining perceived independence by standard setters.

- Members drawn from investors, financial institutions, and major accounting firms (Deloitte, Ernst & Young, PricewaterhouseCoopers, and Klynveld Peat Marwick Goerdeler) will not be included in the criteria above regarding representatives from private corporations.

***b) Nomination approach for Chair and Vice Chair***

- The inaugural Chair and Vice Chair will be appointed by the IFVI Board for a term of 2 years, which is renewable.
- In the case of replacement or renewal, the Chair and Vice Chair will be nominated by the Global Management Team (representing equal number of officers from each of IFVI and VBA) and voted upon by the VTPC Members. Members of the VTPC may submit nominations for review by the Global Management Team, including themselves, for the position of Chair and Vice Chair. VTPC members will appoint nominees by majority vote.

***c) Nomination approach for Additional Members***

- The Chair and Vice Chair will together appoint the inaugural Committee, giving consideration to the following criteria:
  1. The candidates nominated and recommended must have deep and recognized expertise on impact and sustainability matters and recognized knowledge of how these interact with business and finance
  2. The group of candidates recommended must collectively represent diversity of expertise across environmental, social and economic considerations and across investor and practitioner applications as relevant to a range of sectors and industries
  3. The group of candidates recommended must collectively provide diversity in expertise for the coverage of geographical interests and for different stages of economic development, including that of emerging markets
  4. The group of candidates recommended must, collectively and to the extent possible, demonstrate diversity with respect to gender, ethnicity, national origin and in other ways
  5. Representatives can be drawn from academic institutions, public entities, or the private sector provided that conflicts of interest are disclosed and managed. This is the responsibility of IFVI to manage and track.
- The inaugural number of members shall be 18 and the number of members shall not change in the first two years.
- The VTPC will include members from the Value Balancing Alliance (VBA), in accordance with the Partnership Agreement signed between VBA and IFVI in Q4 2022. In case this Partnership Agreement is nullified or amended, the TORs for the VTPC (this document) will be updated accordingly. From the receipt of the termination notice pursuant to Section 14 of the Partnership Agreement, the VTPC is not entitled to make decisions regarding the Mandate.

- Should both the Committee Chair and Vice Chair be IFVI appointees, Value Balancing Alliance would be entitled to nominate 50% of the additional members. Should one of these two seats be filled by a Value Balancing Alliance member, Value Balancing Alliance would be entitled to nominate 44% of the additional members, rounded down to the nearest whole person (i.e. 7 members, if there are 18 members in total).
- The Chair and Vice Chair will consider the nominees new or replacement members with attention to the above criteria and will forward them for vote by the committee per the below, if they fulfill such criteria.
- VTPC member renewals and replacements, will be approved by vote by the VTPC, subject to the same voting procedures. Approval of new members will require a 51% majority vote.

### **(3) Processes:**

#### **a) General**

- The IFVI Officers and VBA Executive Committee, by mutual agreement, can review and modify the TORs of the VTPC as needed, upon the recommendation of the Global Management Team. The modifications will be reviewed and approved by the IFVI Board.
- Meetings will be held either in person or virtually, utilizing the IFVI's resources to host the meeting. The Chair and Vice Chair may agree to hold meetings in other locations.
- The VTPC will meet quarterly, with the possibility of additional meetings as required or if requested by at least 5 members. The agenda and any supporting papers or materials will be provided 15 working days in advance of the meetings to ensure VTPC members are prepared and capable of active participation in discussions and decision-making.
- Meeting dates and agendas will be publicly announced and aggregated minutes from meetings will be available publicly on the IFVI website. Individual speakers will not be identified. This is commonly referred to as "Chatham House Rule."<sup>1</sup> Minutes will reflect the final vote of each VTPC Member.
- After the first year, per the above process for modifying the ToRs and in consultation with the Chair and Vice Chair, the decision to have the meetings be closed will be re-evaluated to determine if the meetings should be fully open to the public.
- The aggregated public minutes will be published after approval by the VTPC members in order to provide an accurate depiction of discussions and decisions made. Notes will include rationale for conclusions reached during meetings. Areas of disagreement or objection will be recorded as part of a "Basis for Conclusions" Document.
- The Chair and Vice Chair may propose the participation of additional guests and / or representatives of a non-member organization to attend and participate in specific VTPC meetings without voting rights.
- The Chair and the Vice Chair and each member of the VTPC will be entitled to one vote ("voting members").

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<sup>1</sup> [https://en.wikipedia.org/wiki/Chatham\\_House\\_Rule](https://en.wikipedia.org/wiki/Chatham_House_Rule)

- Meetings must be conducted with a quorum of voting members in attendance. Quorum is defined as 50% of voting members, which have to be present. The Chair and Vice Chair must be present at all meetings. If these requirements are not met, the VTPC meeting will be rescheduled within 30 days.
- The Chair and Vice Chair are responsible for achieving consensus among VTPC members in order to provide clear direction to the Mandate. In case consensus cannot be reached, decisions will be made by vote. Decisions require a simple majority, or 51% of voting members in order to pass, though the Chair and Vice Chair shall endeavor to achieve a 2/3 majority.
- Any member of the VTPC, with the exception of the Chair and Vice Chair, is entitled to send a representative to the meetings and to vest the right to participate and to vote in such representative by proxy. Such proxy needs to be signed by the respective member and must be handed over to the Chair at the beginning of the meeting at the latest.

***b) The Process for VTPC Members to advise the Mandate***

- The Chair and Vice Chair of the VTPC will have a direct link to the IFVI Chief Research Officer (CRO) to facilitate feedback and incorporation of the VTPC's advice and decisions to the research and publications of the Mandate.
- The CRO will present a research agenda to the VTPC for approval annually. The VTPC will provide advice and input to the research agenda, which will be reviewed at every meeting for progress and discussion.
- The CRO and VBA Director of Methodology will attend all VTPC meetings as non-voting members. The CRO will propose an agenda for each meeting to be approved by the Chair and Vice Chair. The CRO will be responsible for presenting progress of the approved research agenda, research and methodology updates and areas for discussion, issues of debate in the impact valuation ecosystem, and any areas of disagreement within the team with relevance to research goals. The CRO will be responsible for answering key questions from the Committee and following-up with members on items on which more research or confirmation is needed.
- VTPC members are allowed, on a confidential basis, to share the materials under-consultation as soon as they are received (a minimum of 15 working days) with the stakeholders' they represent, and whose consultation is important to how they will vote or to the kinds of questions they will raise in the meetings. For purposes of clarification, this is not a pre-check or pre-vote with these stakeholders.
- The VTPC will work with the CRO to incorporate feedback and learnings from market uptake and piloting of the Mandate and methodologies into its recommendations, including learnings from VBA piloting activities.
- The VTPC will work with the CRO to conduct public consultations for all major publications.
- The VTPC and IFVI research team are responsible for incorporating input from stakeholder engagement and public consultations and proposing revisions to research and methodologies as appropriate. The CRO will be responsible for providing public meetings/webinars discussing how various pieces of feedback were incorporated by the VTPC and why.