SBTi Validation Council

Terms of Reference

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DOCUMENT CONTROL

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1.0	Terms of Reference for member appointments to the Validation Council	SBTi Board of Trustees, on December 14th, 2023	March 6th, 2024

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INTRODUCTION

1. This document outlines the role, scope, composition, appointment process and working principles of the Science Based Targets initiative's (SBTi) Validation Council (VC). These terms also reflect the decision-making process of the Validation Council.

SCOPE AND RESPONSIBILITIES

2. The SBTi Validation Council is an independent deliberation and decision-making body, with delegated authority from the SBTi Board of Trustees to oversee the governance of the target validation work and approve the standard operating procedures for conformity assessments in compliance to SBTi standards and related instruments, including monitoring and resolving issues of impartiality, fairness, quality of client services and conformity assessments and compliance to data protection, rights to privacy and other regulatory matters.

3. The Validation Council reports through its Chair directly to the SBTi's Chief Executive Officer and SBTi's Board of Trustees's Chair.

4. The Council's work is supported by the SBTi Director of Operation, SBTi Head of Target Validation and on an issue basis by the SBTi Compliance Director.

Responsibilities of the Validation Council

5. The specific scope and responsibilities of the Validation Council are as follows:

   i. Approves the *Standard Operating Procedure for SBTi Target Validation*, its underlying rules and principles such as the scope of validation, the validation cycle, the compliance criteria, rationale for corrective actions for non-compliance, allegations, complaints and appeals processes.

   ii. The *Standard Operating Procedures for the SBTi Target Validation* must be submitted by the SBTi Chief Executive Officer and SBTi Director of Operations to the Board of Trustees for consideration and final adoption.

   iii. Ensures that decisions taken by SBTi Target Validation are consistent with *Standard Operating Procedure for SBTi Target Validation* work as adopted by the SBTi Board of Trustees

iv.   Monitors, provides risk mitigation strategies, and oversees key decisions on serious incidents in breach of SBTi's policies and code of conduct, including applicable laws and regulations.

v.   Monitors and oversees that commercial, financial or other pressures do not compromise the integrity of SBTi's Target Validation, through the allegation, complaint and appeals processes. Enables the public, private and civil society sector's trust and confidence in the conformity assessments made.

vi.   Respond to complaints and appeals about SBTi Validation decisions if the initial responses from the SBTi Target Validation are unsatisfactory.

vii.   Ensure that all members of the Validation Council follow the *Conflict of Interest and Conflict of Loyalty Policy* and the *Principles for the Code of Conduct of the Validation Council.*

Appointment and terms

6.   Members of the Validation Council are appointed by the SBTi's Board of Trustees for a term of three years, with a two-term limit for any member.

7.   The SBTi Board of Trustees's Nominations Committee makes recommendations to the Board of Trustees, and they appoint the Validation Council members.

8.   The Nomination Committee is supported by the SBTi's Chief Executive Officer, who in turn is supported by the SBTi Director of Operations, the SBTi Head of Target Validation and the SBTi Compliance Director, in identifying candidates with appropriate expertise in 3rd party standards-based certification and/or validation and verification schemes.

9.   The SBTi Chief Executive Officer will submit a list of potential candidates to the Nominations Committee for consideration, who is responsible to review and assess the role descriptions and competency requirements to ensure the candidates can be objectively assessed.

10.   An open call for candidates will be issued by the SBTi to solicit applications for the Validation Council. The call will be disseminated through various channels, such as the SBTi website, media channels, and relevant publications. The call will clearly outline the desired qualifications and criteria for candidates, the application process, and the deadline for submission.

11.   The formal process of inviting the successful candidate(s) to take up their appointment(s) is managed by the SBTi Target Validation and will include obtaining the necessary commitments and undertakings required by the Validation Council's Terms of Reference. With their appointment the members accept these present *Terms of Reference for the*

Validation Council and commit to follow the *Principles for Code of Conduct of the Validation Council* and abide by the *Conflict of Interest and Conflict of Loyalty Policy*.

Composition

12. The Validation Council shall consist of five members at the most, excluding the SBTi's Director of Operations, Compliance Director, and Head of Target Validation, who will act as ex-officio members representing the SBTi before the Validation Council.

13. The SBTi Board of Trustees Nomination Council shall select members in a manner consistent with the 'Criteria for SBTi Validation Council members' as set out in the Annex A (below) and ensure that the Validation Council compasses the skills, knowledge, experience and perspectives needed to revise and make decisions on SBTi Target Validation, including procedures for carrying out conformity assessments in accordance to best practice as set out by the International Standard organization (ISO) and/or other related bodies.

14. The composition of the Validation Council is expected to cover the below fields of expertise. The SBTi shall use its best endeavors to achieve balance and diversity amongst Validation Council members across regions, genders, and perspectives, amongst others.

15. A majority of the members shall have a solid understanding of and/or strong track record in performing conformity assessments for a 3rd party, independent certification body.

16. One expert in greenhouse gas accounting and/or the Greenhouse Gas Protocol;

17. One expert in the International Organization for Standardization (ISO).

18. At least one member has had prior board experience in an independent 3rd party certification company or equivalent.

Commitment and individual responsibilities

19. Each member of the Validation Council will commit to and sign the *Conflict of Interest and Conflict of Loyalty Policy* and to follow the *Principles of the Code of Conduct*.

20. When joining the Validation Council, members make the following commitments:
    a. Adhere to these terms;
    b. Conduct themselves in line with the Validation Council *Principles of the Code of Conduct*;
    c. Know the SBTi mission, purpose and goals and the environment in which the organization operates;
    d. Always act in the interest of the SBTi and not in the interest of individual members;

e. Dedicate an appropriate amount of time to the Validation Council;
f. Attend Validation Council meetings (physical and/or virtual) and adequately prepare for meetings and discussions;
g. Allocate sufficient time to prepare to read written deliberations on SBTi Validation decisions;
h. Declare all conflicts of interest at nomination and before taking part in decision-making processes in line with the SBTi Validation Council *Conflict of Interest and Conflict of Loyalty Policy*.

WORKING PRINCIPLES

21. To enable the Validation Council to carry out its functions with efficiency, members are requested to align their actions accordingly, striving for effective decision-making not only through their conduct but also by adhering to the working principles below.

Language

22. The working language for SBTi is English both for written and oral communication. As appropriate, SBTi shall arrange translations into languages other than English.

Confidentiality

23. Validation Council members must abide by the SBTi's Target Validation confidentiality rules. In case of breaches, the Board determines necessary actions.

24. Validation Council members follow the *SBTi Data Protection and Privacy Policy* (forthcoming).

Observers

25. The SBTi members are eligible for permanent observer status. However, they cannot influence in any way the decisions made by the Validation Council. Requests from staff to participate in a Validation Council meeting should be communicated to the SBTi Head of Validation at least two weeks before a council meeting. The Head of Validation and SBTi Compliance Director must approve all observer requests and will make individual decisions

on participation, considering factors such as added value, the total number of observers, conflict of interests, and the confidentiality status of the items being discussed.

26. All observers may take notes of the discussions or decisions for their own work use unless explicitly requested confidentiality for a specific point. If confidentiality is required or for any other reason, observers may be asked to leave the meeting or to agree to maintain confidentiality.

WORKING PROCESS

Chair

27. The role of the Chair shall be to:
    a. Chair meetings of the Validation Council.
    b. Approve the meeting agenda proposed by the SBTi's Director of Operations and Head of Target Validation and ensure all members are informed, checking whether all proposed points of the agenda fall into the decision authority of the Validation Council or whether they need to be delegated to the Target Validation, client services work streams or the Board of Trustees.
    c. The Chair together with the SBTi's Director of Operations and Head of Validation may take decisions on procedural issues in preparation of the meetings.
    d. Represent the Validation Council in external contacts when requested to do so.
    e. Ensure that the Validation Council is working in accordance with its Terms of Reference
    f. Calls for and approves experts and any sub-council group of the Validation Council, if these are formed.

28. The role of the Vice Chair shall be to chair meetings of the Validation Council in the absence of the Chair, and to support with other tasks as requested by the Chair. The Vice Chair replaces the Chair in cases of absence, conflict of interest or other grounds found necessary by the Validation Council and / or the SBTi Board.

Meetings

29. The Validation Council convenes as required, and at least once every six months. Meetings can be conducted either in person or virtually. A schedule of meetings will be programmed at the beginning of each calendar year. The SBTi may request additional meetings.

30. The SBTi Target Validation is responsible for ensuring proper preparation of meetings by providing all necessary information to Validation Council members in a timely manner. All members are expected to thoroughly review the provided information and prepare their contributions for the Validation Council. Additionally, all members are required to participate in follow-up actions as agreed upon and mentioned in the meeting minutes.

31. In cases where urgent approval is needed before the next scheduled Validation Council meeting, email consultation may take place for relevant documents. These papers should be commented on, and decisions made through email correspondence.

32. Overall, Validation Council members may expect to commit five to six days per year to SBTi Validation Council activities.

33. Costs incurred to participate in the SBTi Validation Council meetings, such as travel if face-to-face meetings are held, will be reimbursed.

34. Members of the Validation Council will be provided a honorarium.

Agenda and invitation

35. To facilitate effective planning and ensure that all members are well-informed and adequately prepared for the meetings, the following guidelines apply when setting agendas:
    a. The aim is to make the draft agenda available to members at least four weeks before the meeting. This allows for sufficient time for review and preparation, while taking into consideration the urgency of validation-related decisions.
    b. The final agenda for meetings is determined by the SBTi's Director of Operations and Head of Target Validation and is proposed to the Validation Council at least seven days prior to the meeting.
    c. The SBTi Head of Target Validation will send out the final agenda, along with all associated papers, to the Validation Council members at least seven days before the

Decision-making principles

36. The following principles aim to ensure the Validation Council's decision-making process is fair, impartial, and objective and serves the collective interests of the SBTi:

    a. Decisions are made based on the objective evidence and papers or documents submitted by the SBTi Target Validation, as well as other relevant facts and publicly available information. The discussions that take place during meetings also contribute to the decision-making process.

    b. The Validation Council carefully considers all available evidence and takes into account the perspectives of all members. Each member's input is valued and weighed during the decision-making process.

    c. When making decisions, all members have a responsibility to consider the best interests of the SBTi Target Validation work as a whole. This overarching concern for the SBTi takes precedence over the interests of any single stakeholder group or the members' own affiliations.

Decision-making guidelines

37. The *Standard Operating Procedure for SBTi Target Validation* will represent the primary basis to inform the operation of the Validation Council.

38. A Validation Council meeting shall not be held unless there is a quorum present. 'Quorum' is defined as two-thirds of the Validation Council membership, to be present at the time of the meeting. The Validation Council endeavors to reach decisions through consensus. In cases where consensus cannot be reached, majority decision-making procedures shall be utilized, with any dissenting views noted. Decisions will be determined by a 75% majority, where abstentions are not considered as votes.

39. Each member of the SBTi Validation Council shall have one vote. Proxy voting shall not be permitted, nor shall members of the Validation Council be entitled to appoint alternates to attend meetings. In the event of a tied vote the Chair shall have an additional casting vote. In case of a tie and of absence of the Chair, the vote of the Vice Chair will decide. In case of a tie the Chair (or in their absence, the Vice Chair) cannot abstain.

40. When a decision that the Validation Council must take constitutes a conflict of interest for one of its members, the member will be excluded from voting on this decision and will not be counted towards quorum. Conflicts of interest need to be announced by the relevant member to the Chair in line with the *Conflict of Interest and Conflict of Loyalty Policy*.

41. Secret voting by ballot is only conducted upon the request of a member. Otherwise, voting is conducted by a show of hands.

42. The SBTi's Director of Operation and Head of Target Validation will be appointed as ex-officio non-voting members on the Validation Council to ensure that decisions are viable for implementation by the SBTi and to represent Validation Council decisions to the SBTi Chief Executive Officer and the Executive Leadership Team.

43. The implementation of Validation Council decisions is primarily the responsibility of SBTi Target Validation, unless otherwise specified.

Meeting Minutes

44. The SBTi's Head of Target Validation or their designee is responsible for taking minutes during meetings and filing the recorded minutes. Meeting minutes should be distributed to the Validation Council as early as possible, but no later than seven days after the meeting.

45. Minutes are approved by the Validation Council before finalization. Draft minutes are sent by the SBTi Head of Validation to all Validation Council members, requesting their comments within five days. The Validation Council Chair supports the SBTi to appropriately incorporate comments from Validation Council members. A second round of comments is conducted only if necessary.

46. Once approved, the minutes may be circulated to interested parties. They are routinely shared with the SBTi Board and the wider SBTi organization.

47. Minutes may be distributed to the SBTi Board before approval if required. Extracts from the minutes may be shared with the SBTi before approval on special request or when there is a specific need.

ANNEX I - CRITERIA FOR SELECTING SBTI VALIDATION COUNCIL MEMBERS

The criteria for SBTi Validation Council membership are:

1. **Demonstrated technical competence and knowledge of conformity assessments:** Majority of members of the Validation Council, should have demonstrated a high level of knowledge and technical competence in conformity assessments or 3rd party certification, and/or been a member of independent certification or verification body. A broad base of skills, experience and perspectives is needed, therefore Validation Council members may also have professional backgrounds that reflect a diverse range of expertise and roles that are relevant to the mission of the SBTi. The credibility of the Validation Council and its individual members and the effectiveness and efficiency of the organization will be enhanced by members who have such knowledge and skills from recent experience.

2. **Ability to analyze:** Members of the Validation Council should have demonstrated 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 are necessary. These skills include the ability to communicate effectively in private meetings with members of the Validation Council, in public meetings, and in written materials, speeches, articles, memos and external correspondence. Communication skills also include the ability to listen to and consider the views of others. While a working knowledge of English is necessary, there should be no discrimination in selection against those for whom English is not their first language.

4. **Judicious decision-making:** Members of the Validation Council should be capable of considering varied viewpoints, weighing the evidence presented in an impartial manner, and reaching well-reasoned and supportable decisions in a timely fashion.

5. **Awareness of the climate environment:** Members of the Validation Council should have an understanding of the global economic environment in which SBTi operates. This global awareness should include awareness of sustainability, climate mitigation, business and financial reporting issues that are relevant to the mission of the SBTi in the various capital markets worldwide.

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 must be able to work with one another in making deliberations based on the objective of the SBTi to develop high-quality and transparent validations. Members must be able to put the objective of the SBTi 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 members of the Validation Council and others. Members should demonstrate an ability to be objective in reaching decisions. Members should also demonstrate an ability to show rigorous discipline.

8. **Commitment to the SBTi's mission:** Members should be committed to achieving the objective of the SBTi of establishing validation decisions that are of high quality, comparable and transparent.

ANNEX II – COMMUNICATION GUIDELINES

1. Validation Council members shall use the following wording when communicating their membership:

   a. *Member of the Science Based Targets initiative (SBTi) Validation Council* OR
   b. *Member of the Science Based Targets initiative (SBTi) Validation Council for a two-year term from 2023. The Validation Council is appointed by the SBTi Board with delegated authorities as a permanent, independent decision-making body to ensure the robustness and credibility of SBTi validations.*

2. In circumstances in which a full description of the Validation Council is required, Validation Council members shall use the following wording:

   The SBTi Validation Council is an independent decision-making council responsible for overseeing target validation decision-making. It exists to ensure decisions regarding validation are made separately and independently from the SBTi's standard-setting.

   The Validation Council is appointed to balance interest, representation, geography and expertise on greenhouse gas accounting and SBTi conformity assessment

3. Membership of the Validation Council does not constitute being an SBTi employee. Members must avoid describing themselves as such or using terms which could be interpreted as implying that they are an SBTi employee.

4. With exception of the Validation Council Chair and Vice Chair, Council members are not expected to comment publicly on the work of the Validation Council or act as a spokesperson on behalf of the Validation Council as a whole or other Validation Council members. Any communications on behalf of the Validation Council as a whole will be issued by the Chair (or Vice Chair acting on the Chair's behalf) in collaboration with the SBTi's Director of Operations and the Head of Target Validation and the SBTi Communications Department (communications@sciencebasedtargets.org).

5. Any media/journalist enquiries about the work of the Validation Council should be forwarded to and managed via the SBTi Communications Department that will liaise with the SBTi Head of

Target Validation and the Validation Council Chair (or Vice Chair acting on the Chair's behalf) to provide a response.