

Terms of reference for the Governance Committee of the IC-VCM

Contents

1. Purpose of the Governance Committee
2. Composition of the Governance Committee
3. Summary of scope of work
4. Quorum
5. Meeting Frequency of the Governance Committee

This document sets out the terms of reference for the Governance Committee of the Integrity Council for the Voluntary Carbon Market (IC-VCM). The document shall be read in conjunction with the modalities and procedures of the IC-VCM, the Code of Conduct and any other policies determined by the Governing Board.

1. Purpose of the Governance Committee

1. The purpose of Governance Committee is to oversee the governance, finance, and risk processes on behalf of the Governing Board and to make decisions where delegated to the Committee by the Governing Board. The committee shall be responsible for:
 - a. Developing and maintaining the risk appetite statement, including the risk register, to ensure market impacts and risks are well understood and managed in line with IC-VCM's mission
 - b. Ensuring that IC-VCM establishes and maintains thorough disclosure, risk management processes and effective internal controls
 - c. Overseeing the governance framework and its effectiveness with regards to IC-VCM's operations and all nominations to the board and other key governance bodies
 - d. Ensuring compliance with all relevant legislation, disclosure, and governance requirements, as well as managing the relations with the external auditor
 - e. Ensuring that conflicts of interest that may arise in the work of the Integrity Council are appropriately managed, and prevent such conflicts from affecting decision-making or other activities
2. The Governing Board may, at any time, request the Governance Committee to perform further tasks.

2. Composition of the Governance Committee

1. The Governance Committee comprises independent Board Members, as defined by the Integrity Council's Modalities & Procedures. A Chair or Co-Chairs shall be

nominated from among the committee's members by the Chair or Co-Chairs of the Board.

2. Governance Committee members will be supported by and work in close collaboration with the Executive Secretariat leads and their supporting team.
3. Further details about the scope of work of the Governance Committee can be found in **Section 3**.

3. Summary of scope of work

3.1 Summary of scope of work for the Governance Committee

1. Developing and maintaining the risk appetite statement, including the risk register, to ensure market impacts and risks are well understood and managed in line with IC-VCM's mission.
 - a. Overseeing periodic horizon scanning activities to understand and manage the risk exposure for IC-VCM. Have a proactive role in ensuring evolving policy and working practices (political or economic) are well understood, to inform delivery and risk management activities. Where any adverse political or economic impacts are anticipated, consider best course of action to recommend to the Governing Board.
 - b. Assisting the Governing Board in its oversight of risk and ensuring the risk appetite statement accurately reflects this
2. Ensuring that IC-VCM establishes thorough disclosure, risk management processes and effective internal controls.
 - a. Providing strategic input into and periodic review of key policies, including corporate governance and the risk management framework to ensure they are fit for purpose
 - b. Review and oversee IC-VCMs organisational policies, particularly for authorities, conflicts of interest and internal controls. Oversee the system for any disclosure requirements and necessary auditing of such information.
3. Overseeing the governance framework and its effectiveness with regards to IC-VCM's operations and all nominations to the board and other key governance bodies.
 - a. Leading the process for appointments to the Governing Board and making recommendations to the Governing Board to assist them in fulfilling their corporate governance responsibilities regarding all matters related to the appointment and termination of key governance roles
4. Ensuring compliance with all relevant legislation, disclosure, and governance requirements, as well as managing relations with the external auditor.
 - a. Ensuring full compliance with all legislation and governance requirements, including IC-VCM upholding their governing principles

- b. Setting the policies and delegations and ensuring they are adhered to
 - c. Quarterly review of the management accounts and cash forecast
 - d. Overseeing the production of financial disclosures in line with audit requirements, making a sign off recommendation to the board and managing relations with the external auditor
5. Ensuring that conflicts of interest that may arise in the work of the Integrity Council are appropriately managed and prevent such conflicts from affecting decision-making or other activities.
- a. Ensure all covered persons declare their interests that may conflict with or be relevant to the work of the Integrity Council on an annual basis
 - b. Manage any conflicts of interest in line with the conflicts of interest policy

3.2 General responsibilities for all Governance Committee members

1. Each Governance Committee member should:
- a. Strive to attend all planned meetings and, should he or she not be able to attend a meeting, inform the Governance Committee Chair and the Executive Secretariat;
 - b. Prepare appropriately for meetings, by reading and reviewing all drafts or other documentation made available;
 - c. Provide written feedback or inputs within agreed timescales;
 - d. Adhere to these terms and procedures and any other policies determined by the Board

4. Quorum

At the meeting, no less than three Committee members must be present to constitute a quorum. If no Chair of the Committee is present, the Committee members shall select one of the attendees to act as Chair for that meeting.

5. Meeting frequency of the Governance Committee

The Governance Committee shall meet quarterly, or as otherwise specified by the Governing Board.