



## Summary Report of Small Group Discussions on the Terms of Reference for a TIFD Technical Working Group

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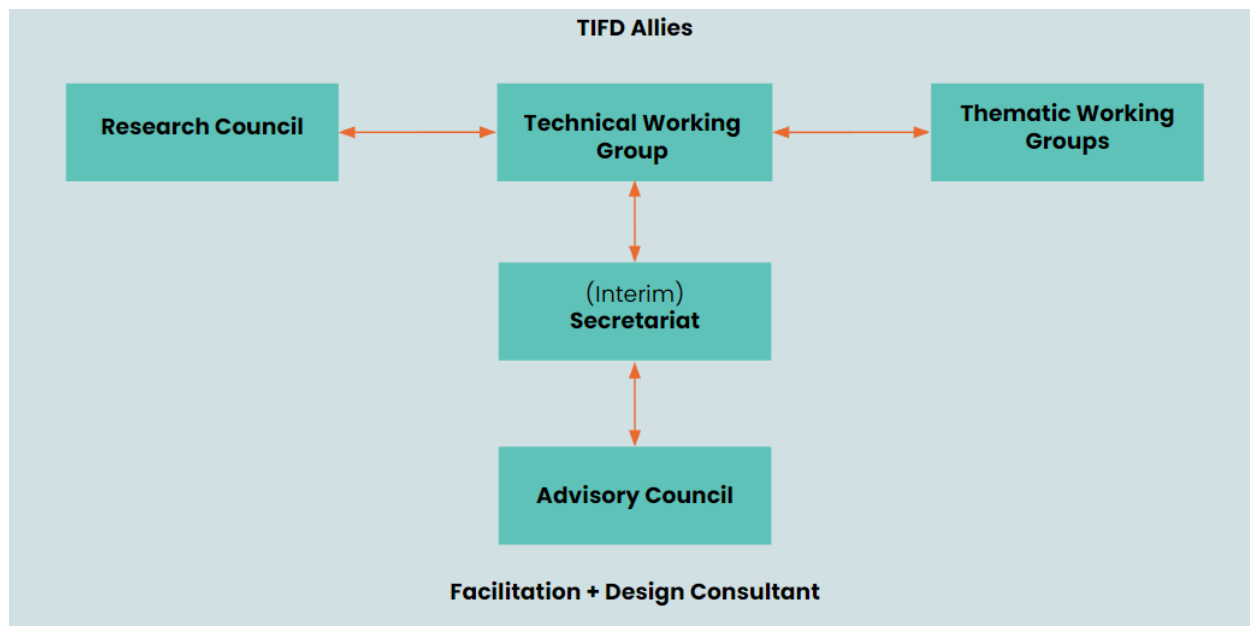
In September, the TIFD Interim Secretariat (IS) hosted three separate 90-minute convenings to discuss the Terms of Reference (ToR) for a TIFD Technical Working Group (Technical WG). The IS presented a slide deck and solicited feedback on the following proposed elements: a purpose statement, qualification criteria and selection process of Technical WG members, composition of the Technical WG, proposed time commitment and responsibilities of members, governance of the Technical WG, and a timeline for the creation of the Technical WG. The slide deck for the meeting can be accessed [here](#).

The discussions across the three convenings are summarized below by theme. These viewpoints will require further discussion before a final determination is made. The participants are listed at the end of this document.

### **Purpose**

There was general agreement that a key role of the Technical WG is developing a Conceptual Framework that lays out definitions, protocols, and methods for the development of the TIFD framework, and defines and sequences the launch of Thematic Working Groups (Thematic WGs), where the mapping and synthesizing of existing frameworks and indicators will take place. Much of the discussion centered around the relationship between the Technical WG and other proposed TIFD bodies, i.e., the Thematic WGs, the Research Council, the Advisory Council, and the Secretariat, illustrated in the Figure below. The IS also heard feedback about where Governance of TIFD should sit and whether the Technical WG should have some level of responsibility for it.

The IS presented the following slide of the proposed TIFD Architecture:



For discussion purposes the IS put forth the following Proposed role for the Technical WG:

- Define the contents of a Conceptual Framework for TIFD.
- Develop a methodology and a protocol for identifying and mapping existing. inequality-related metrics and establishing metrics, targets, thresholds, and guidance for TIFD to be carried out by thematic working groups.
- Advise on interoperability how and where TIFD plugs into other frameworks (e.g., TCFD and the just transition; TNFD and human development).
- Determine an interactive process for revisions to the Conceptual Framework.
- Develop a timeline for thematic working groups, including revisions to TIFD based on an iterative process.
- Develop a template for TIFD’s governance structure.

Participant comments surrounding this topic broadly fall into three categories: 1) the Technical WG’s role; 2) the Technical WG’s relationship to other parts of the TIFD infrastructure; 3) the Technical WG’s role in TIFD governance. The comments are organized by category below.

Role:

- To define TIFD’s value proposition, the north star of where TIFD wants to get to, and a roadmap of how to get there.
- To define what the Conceptual Framework will be, and delineate its boundaries. The Conceptual Framework needs to:
  - Define systemic materiality and what type of materiality TIFD will cover.

- Determine whether scenario analysis should be part of it.
- All of the working groups should be seen as Technical WGs.
- Identifying interoperability between TIFD, TNFD, TCFD, and other frameworks, will be important and useful in the long-term.
- There are many frameworks to consider in addition to TCFD and TNFD.
- Interoperability is important, but TIFD should also incorporate lessons learned from the blind spots of existing models.
- The Research Council can review earlier standard setting efforts and provide examples of what worked and didn't work in terms of both process and governance.

#### Relationship with other parts of the TIFD infrastructure:

- Mechanisms should be put in place so that all of the parts of TIFD work together, “cross pollinate,” and exchange information.
- Research will be needed for the Technical WG to do its job. For example, the Research Council can take up the difficult issue of measuring inequality. Therefore, it will be good to have people to sit on both the Research Council and Technical WG to liaise between one another.
- In terms of the relationship between the Technical WG with the Thematic WGs, it will take several months and stakeholder consultation to develop a methodology, which may delay the anticipated start of the initial Thematic WG.
- An entity will need to be designated as responsible for aggregating and synthesizing the work of all working groups. This may be a different entity from this Technical WG.
- An entity will need to be designated to bring the synthesized work to policy makers and regulators. This entity could be the Advisory Council or some combination of the Advisory Council and the Secretariat.
- How will the role of the Technical WG be delineated from the IS/Secretariat?

#### Governance:

- Governance should sit outside of the Technical WG, possibly within the Advisory Council.
- The experience of TNFD: It started off being multistakeholder, but then moved to a structure where the Technical WG and Governance became separate such that the Technical WG had no input on governance. The result was a private sector-heavy governance approach.
- A review mechanism could be implemented to evaluate and improve the Technical WG after the first 12 months.

- Rather than a Terms of Reference (ToR) for the Technical WG, a “Committee Charter” which outlines the remit of the Technical WG could be considered.
- (Referring to the IS’s presentation): The definition of “inclusive governance” needs to be parsed.
- The governance structure does not need to be rigid. The IS should articulate and document the importance of inclusion to explain why a more flexible, less hierarchical approach is needed.
- TIFD should take the approach of putting one foot in front of the other and not develop too much too quickly upfront.
- There will be blocks of work to tackle, so some rigidity is needed.
- TIFD should not be a slave to a “perfect” process, policy/rules, at the expense of working across the community on content, and raising the visibility of inequality as a systems risk.
- A horizontal organizational structure could be considered. On the other hand, the distinction between the title of “chair” vs “steward” is important.

## Composition

The IS proposed a 10-12 seat Technical WG composed of at least 50% representation from underrepresented groups, at least 50% of members with experience developing ESG and/or impact frameworks, at least 2 members with experience developing inclusive governance structures, and a balanced distribution across investor, corporate, civil society, labor, academic, and field building communities. The issue of representation generated the most discussion at all three meetings, while participants addressed the topics of qualifications and composition together.

### Qualifications:

- Investors can bring standard setting experience and could likely be represented by this qualification. However, the IS should still widen the qualifications from those with experience in ESG standard-setting to those with experience in *using* ESG standards.
- Views will differ across industries, so it is also important to consider industry representation.
- The Technical WG needs people with experience in systems change.

### Representation:

- At least 50% underrepresented groups is good, as it grounds the work in real world experience.
- What constitutes “under-represented groups” needs to be unpacked, particularly since the definition changes across contexts and geographies.

- It is not possible to have every under-represented group participate at one time. Term limits could be set to ensure a rotation while also allowing for continuity. Another way around this is to have no Technical WG defined up-front (see the last bullet point under “Size” below for further detail).
- An investor representative can also be from an underrepresented group.
- Investors, companies, civil society, policy makers, auditors, assurance providers, and legal advisors should all be considered eligible.
- Formal regulators should be represented.
- Corporates should be represented.
- Could the member be an individual or would they need to be representative of an organization?
- The criteria for the composition for the Technical WG creates many constraints. The IS needs to figure out the priority variables. It also isn't clear if the math adds up in terms of percentages, unless there is overlap in qualifications.

#### Legitimacy:

- Legitimacy in the eyes of marginalized groups is a critical variable. Achieving sufficient representation does not necessarily mean that it will be perceived as legitimate, nor that it adequately reflects the perspective of all marginalized communities. Might there be other ways to account for legitimacy?
- To create legitimacy, Technical WG members can go back to their constituencies to ensure participants are genuinely represented and not based on a single representative filtering the information down.
- TIFD should be intentional about where opportunities to engage with TIFD are posted to ensure underrepresented groups are reached: An open door is not an invitation.
- If the TIFD Allies are broad church and are regularly/periodically involved in the core thinking, then it might be acceptable for a small, focused group to take responsibility for crafting the technical ideas into documents that can be shared globally.
- Perhaps the Technical WG is responsible for the publication of key documents that come out of the internal working of the broader TIFD processes, including Allies meetings.
- To widen participation and consultation by underrepresented groups, the Technical WG could be split into two, with different scopes.
- Funding is needed to do sufficient outreach. The Regional Hub concept could help with this.
- The design consultants should consider the evolving environment as part of robust stakeholder mapping and outreach.

#### Size:

- There shouldn't be too many members in each working group. But this makes it tricky to get fair representation right.
- The Technical WG is crucial and may be too small to have the wide representation that TIFD seeks.
- The Technical Group could also just be bigger - it means being less restrained and would make a strong case for donors to support TIFD's development.
- Maybe the Technical WG doesn't need 10-12 seats right away, but rather the membership of the Technical WG could evolve over time via self-selection based on who is most involved in wider consultations. That said, TIFD also needs to ensure that those who have less resources to engage aren't then put at a disadvantage.

The issues raised in the Composition discussion led to additional discussions about potential solutions:

- Sub-committee structures may be considered.
- The Technical WG could have some kind of consultation process built in with experts from underrepresented groups.

#### Selection Process:

- TIFD needs a set of principles for the selection process.
- Either the IS/Secretariat or the Advisory Council should manage the selection process.
- Make a preliminary decision, then run the names by the Allies and see if there's any challenge.
- The IS should feel more confident about making decisions in order to move forward without always needing the consent of Allies.

#### Commitment:

For discussion purposes, the IS proposed the following time commitment of Technical WG members:

- Attend 90-minute monthly meeting
- 4-5 hours of work monthly, including the meeting

- As with other working groups, the Technical WG will need one or more leads. Participants noted that addressing the interoperability of frameworks will require an additional time commitment, so a weekly meeting for all Technical WG members may be desired.
- Senior people can be selected to serve as members or leads, though that individual's staff may do much of the day-to-day engagement with the Technical WG.

## Timeline

The IS proposed that the Technical WG would be selected and have their first meeting in mid-November. Several commented that this timeline is ambitious but reasonable, as long as there is no conflict with COP27.

Some participants also commented that it would be good to allow sufficient time for continuous onboarding of stakeholders, including both private sector and civil society representatives, particularly from the Global South. The IS took this recommendation into account and decided to adjust the schedule by postponing the launch of the Technical WG until early 2023.

\* \* \*

The TIFD IS is grateful for the time and input of the following individuals who participated in these discussions.

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Moya Connelly	Etho Capital
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Melanie Rieback	Non-profit Ventures
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Charlotte O'Leary	Pensions for Purpose
Karolina Iaydjieva	Rally Assets
Steven Hyland Jr.	Responsible Alpha
Jon Lukomnik	Sinclair Capital
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