

## Company Constituency Guidelines

February 2019

### EITI Association Membership

All EITI supporting companies in the extractive sector, and up to five institutional investors committed to support the objectives of the EITI, can appoint a personal representative to become a member of the EITI Association (Association) as outlined in the EITI Articles of Association (AoA).

Any company in the extractive sector or institutional investor that wishes to become a supporting company or supporting institutional investor of the EITI can nominate an individual as a member in the Association following the procedure that the International Secretariat shall publish on the EITI website. After receipt of a nomination package from a company or institutional investor, the International Secretariat shall check the package for completeness and, if complete, confirm the status of the nominated individual as member of the Association representing the supporting company or institutional investor. The International Secretariat shall simultaneously inform the company constituency of the new addition to the constituency and provide the constituency with contact details of such company or investor.

Regardless of the foregoing, the International Secretariat shall not automatically accept the request of any company or investor whose representative has been terminated as member of the Association in the foregoing twelve months pursuant to Article 5 of the AoA. Such a request from a company or investor shall be referred to the EITI Board (Board) for decision.

EITI supporting companies should encourage the implementation of the EITI in countries in which they operate. The following expectations on EITI supporting companies have been agreed by the EITI Board.

For institutional investors, if there are more members and candidates for membership of the Association than the AoA allow (i.e. five members), the sub-constituency of investors is asked to decide amongst themselves which of them shall be a member of the EITI. If no consensus can be reached an independent person should be invited to establish a process e.g. election or referring the selection to the full company constituency.

The institutional investors that become members of the Association shall keep the other institutional investors informed about the affairs of the EITI and consult them as and when appropriate about decision-making in the EITI. If the institutional investors cannot reach a decision that is satisfactory to all interested institutional investors, any such investor (member or candidate) may appeal the matter to the full company constituency, which may take a binding decision on the matter.

### The EITI Board

There are six seats on the EITI Board for the company constituency. The AoA maximise the number of seats for institutional investors to one seat. Historically, one seat has been allocated to the institutional investors and the remaining five seats have been split with three seats for the sub-constituency of oil and gas companies and two seats for the sub-constituency of mining and metals companies. Any change of this split shall be subject to a vote by the entire constituency and require a positive vote of at least 75

% of the members of the constituency. The vote shall be per e-mail, organised by the International Secretariat at the request of the constituency and members shall have ten business days to respond. Failure to respond shall be regarded as a vote against the proposal. Any collection of seven members may request a vote on a proposal to change the allocation. Once a proposal has been voted down, the members requesting a vote may not request another vote for a period of twelve months after the results of the first vote have been announced.

Each sub-constituency shall have the power to decide at its own discretion which members of that sub-constituency shall be an EITI Board member or an alternate – taking into account factors like gender, board experience, professional background etc. They may formalise the election procedure (as set forth below) or apply an informal procedure.

Members of the sub-constituencies that consider applying for a Board seat are encouraged to secure upfront confirmation from their respective organisations that sufficient resources will be made available for appropriate and active in-person Board meeting participation, and take into account that board membership requires a substantial investment of time and effort and is most effective if a board member can complete an entire term of the EITI Board (currently such term is 3 years).

The sub-constituency of oil and gas companies:

In case there are more candidates for Board seats than there are available Board seats for the sub-constituency and the candidates cannot agree amongst them which candidates will be nominated as full Board members or as alternate Board members, the sub-constituency shall appoint an individual, who is not a candidate him/herself, to facilitate an election for the available Board seats. The individual so appointed shall set forth the election procedures and organise the election (per e-mail) based on candidate statements circulated to all sub-constituency members to facilitate a fair and transparent election. The facilitator shall thereafter announce the results from the election to the entire sub-constituency and shall circulate the formal list with Board member nominees for the sub-constituency of oil and gas companies to the wider constituency and to the EITI International Secretariat.

The sub-constituency of mining and metals companies:

The International Council on Mining and Metals (ICMM) has agreed to facilitate the selection of the mining and metals sub-constituency's Board representatives. If there are more nominations than places to be filled, ICMM will convene a call between the nominees with the aim of reaching consensus on Board representation. If consensus on Board representation cannot be reached, ICMM will call an election. An election has not previously been required, but if it were to be, ICMM would convene a 'hustings' call of all participating companies and an election would then follow. ICMM will announce the results from the election to the entire sub-constituency and shall circulate the formal list with Board member nominees for the sub-constituency of mining and metals companies, to the wider constituency and to the EITI International Secretariat.

If any member of the sub-constituency of mining and metals companies opposes ICMM's facilitation of the selection process, the sub-constituency shall appoint an individual, who is not a candidate him/herself, nor an ICMM staff member, to facilitate the selection process otherwise as set out above.

The sub-constituency of institutional investors:

In case there are more candidates for the institutional investor Board seat than there are available for the sub-constituency and the candidates cannot agree amongst them which candidates will be nominated as the full Board member or as alternate Board member, the sub-constituency shall appoint an individual, who is not a candidate him/herself, to facilitate an election for the available Board seats. The individual so appointed shall set forth the election procedures and organise the election (per e-mail) based on candidate statements circulated to all sub-constituency members to ensure a fair and transparent election. The facilitator shall thereafter announce the results from the election to the entire sub-constituency and shall circulate the formal list with Board member nominees for the sub-constituency of institutional investors to the wider constituency and to the International Secretariat. Board candidates must be from an EITI supporting investor organisation.

If nominations for new Board members from any sub-constituency are required between Member's Meetings, the above procedures shall apply *mutatis mutandis* - taking into account the need for appropriate transparency and inclusiveness.

Any grievances in connection with the process of nominating Board members from the company constituency should, except in exceptional circumstances, be raised and where possible resolved within the constituency itself. Where a satisfactory resolution of the grievance cannot be identified by the constituency, the grievance should be referred to one of the other available EITI grievance mechanisms (including as enumerated on the EITI web site).

When deciding on nominations of Board members the constituency, while looking to secure sufficient continuity and long-term commitment to the Board, should appropriately take into account the aspiration for turn-over among Board members as set out by the Board in its recommendation.

Elected Board members and their alternates shall facilitate that all members of their sub-constituency have the opportunity to present their views and to have a say in the representation of the sub-constituency in the Board.

Should a Board member fail to be present at three or more consecutive Board meetings, the constituency shall initiate discussion with the International Secretariat with a view to decide on what steps should be taken in light of the AoA article 9.5.

#### **Constituency co-ordinator and sub-constituency contact point**

The company constituency shall agree on a constituency co-ordinator. The main task of the co-ordinator will typically be, as and when needed, to (a) facilitate dialogue between the Chair of the Board/the International Secretariat and the constituency as a whole, as well as (b) chair any constituency meetings. Equally, the constituency coordinator (if a Board member) will normally chair any meetings of the constituency's Board members.

Each sub-constituency shall, if deemed expedient by the sub-constituency itself, appoint a contact point.

The International Secretariat shall be kept duly informed about the choice of coordinator/contact point(s) and any changes in this respect.