

# SSB NOMINATIONS

## SSB NOMINATIONS COMMITTEE TERMS OF REFERENCE AND WORKING PROCEDURES

### 1. BACKGROUND AND OBJECTIVE OF THE COMMITTEE

- 1.1 The Nominations Committee for the Standard Setting Boards (“the Committee”) is a committee established and appointed by the PIOB.
- 1.2 The mandate of the Committee is to facilitate the nomination and appointment process for membership of the International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA), collectively referred to in this document as SSBs.
- 1.3 The Committee reviews nominations for SSB vacancies using the respective skills matrix of the SSB, carries out the selection process, and makes recommendations to the PIOB for appointment of IAASB and IESBA members, including the SSBs’ Chairs and Vice Chairs.
- 1.4

### 2. MEMBERSHIP, SELECTION, AND TERMS OF SERVICE OF THE COMMITTEE

- 2.1 The Committee shall comprise nine members, including the Chair, made up of individuals from diverse geographical regions, with a mix of skills and experiences, and has a gender balance. It will include three audit practitioners.<sup>1</sup>
- 2.2 The PIOB will select and appoint the Chair in accordance with section 3.

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<sup>1</sup> The term “audit practitioner” has the same meaning as in the Monitoring Group Recommendations.

- 2.3 The PIOB will select other Committee members through an open and global invitation for applications. In making appointments, the PIOB will consider the individual's ability to act independently and in the public interest, the experience they would bring (including with selection processes), and their ability to make decisions in accordance with the selection criteria stated in paragraph 4.1. below. IFAC will support the PIOB in identifying candidates so that the Committee achieves the composition noted in section 2.1.
- 2.4 The principle set out in section 4.1 will apply, with any necessary modifications, as the primary criterion for each appointment to the Committee (taking account of the attributes of the individual appointee and the balance of the collective skills of the Committee). The principle of prohibiting a blocking minority of the audit practitioner members shall be maintained and upheld in each appointment, with a view to limiting any potential undue influence of those members.
- 2.5 Before making any appointments to the Committee, the PIOB will consult with IFAC and the Monitoring Group. For that purpose, the PIOB may invite the PIOB Chair and the Committee Chair to review the applications with IFAC and the Monitoring Group (with the support of PIOB staff) and develop a recommended shortlist for consideration by the PIOB. The PIOB will not necessarily be bound by a recommended shortlist.
- 2.6 Committee members will serve for a maximum term of six years comprising an initial term of up to three years, renewable once. Appointment and renewal terms will be established by the PIOB to facilitate an effective rotation of membership. To that end, a member's initial or second term may be shorter than three years.
- 2.7 Any Committee member who completes their second term, resigns or is no longer available to participate as a member for any reason, will be replaced in accordance with sections 2.1 to 2.5. For the avoidance of doubt, a member who is eligible for reappointment may be reappointed without a call for applications unless the PIOB determines otherwise.

### **3. CHAIR OF THE COMMITTEE**

- 3.1 The Chair of the Committee shall be independent from IFAC and the PIOB and appointed by the PIOB in consultation with the Monitoring Group.
- 3.2 The selection of the Chair of the Committee shall be based on experience, independence, acumen, integrity, and professional standing. The Chair is

expected to be a notable person who brings a history of transparency and fairness demonstrated through a proven track record of public interest roles and responsibilities.

- 3.3 The PIOB Chair will perform an annual evaluation of the Chair of the Committee in consultation with the PIOB.
- 3.4 The Chair of the Committee will carry out an annual evaluation of the Committee members.

#### **4. PRINCIPLES OF OPERATION**

- 4.1 In recommending appointments of IAASB and IESBA members, the Committee is guided by the principle that the primary criterion for the selection of nominees is the most suitable person for the available position, taking into consideration the need to balance the collective skills of the SSBs, and to secure a composition that is diverse and made up of multi-stakeholders. Diversity encompasses geographic, and varied skills and mindsets, and achieves a gender balance.
- 4.2 Selection of nominees for membership of the SSBs will be through an open and transparent global invitation for applications issued by the Committee.
- 4.3 Members of the SSBs are selected with reference to the respective SSB's skills matrix and the Terms of Reference that governs the composition, terms of service and other related matters in respect of each SSB.
- 4.4 The Committee will consult with the relevant SSB Chair for the nomination of the SSB members, other than the Chair, before making its recommendations to the PIOB.
- 4.5 The SSB Chairs, aided by the Vice Chairs, are responsible for providing strong leadership and strategic direction to the SSBs, while maintaining a focus on the public interest in developing high-quality standards. Given their critical importance, the appointment of the SSB Chairs and Vice Chairs will be made by the PIOB in consultation with the Monitoring Group.

#### **5. MEETING PROCEDURES AND TRANSPARENCY**

- 5.1 Committee meetings will take place as and when required, as determined by the Chair.

- 5.2 In the absence of the Chair, the Committee shall select a member to chair for the duration of the meeting or for any period in which the Chair is absent.
- 5.3 A quorum of at least five members, including at least one audit practitioner, will be required. Notwithstanding the foregoing, the principle of prohibiting a blocking minority of audit practitioner members shall be maintained and upheld throughout all proceedings of the Committee.
- 5.4 Each member of the Committee has one vote, including the Chair.
- 5.5 The affirmative vote of a simple majority of the members present at a meeting in person or by simultaneous telecommunications link is required for decisions to be carried, which includes deciding on the recommendations for appointments to the SSBs.
- 5.6 In the case of an even number of votes, the Chair has an additional casting vote.
- 5.7 For the selection of a new SSB Chair, the relevant existing SSB Chair and the SSB Managing Director may provide input at the request of the Committee. The existing SSB Chair and the SSB Managing Director shall not participate in the final decision-making and voting by the Committee.
- 5.8 For the selection of SSB members, the relevant SSB Chair shall be invited to meetings of the Committee, including candidate interviews, and shall have speaking rights, consistent with section 4.4. However, the SSB Chair shall not participate in the final decision-making and voting by the Committee. The SSB Managing Director may provide input at the request of the Committee.
- 5.9 The PIOB will identify and recruit an appropriately objective and skilled resource to act as secretary to the Committee.
- 5.10 The Monitoring Group will have the right to have an observer attend the meetings of the Committee. The Monitoring Group's observer will have speaking rights, but no voting rights. Other observers may be allowed, subject to approval of the Committee. Such observers will, however, not have speaking rights, unless granted by the Chair, and shall not participate in the final decision-making and voting by the Committee.
- 5.11 The Chair of the Committee will report, in writing, to quarterly meetings of the PIOB as a standing agenda item, on the Committee's activities.
- 5.12 All individual nominations to the SSBs recommended by the Committee shall be submitted to the PIOB for approval. The Committee will provide sufficient written explanation of the key considerations that led to the recommendations to facilitate the PIOB's decision regarding the approval of each candidate's appointment.

## **6. WORKING PROCEDURES**

- 6.1 The Committee is responsible for preparing and issuing any invitation for applications, reviewing applications, shortlisting candidates, interviewing and evaluating potential candidates, and ultimately recommending selected candidates for PIOB approval.
- 6.2 In instances where SSB members are eligible for re-appointment, the Committee will take past performance of the SSB member into consideration, including input from the SSB Chair and written performance evaluations.
- 6.3 The Committee will agree each year, in coordination with the SSB Chairs, on vacancies for SSB membership that need to be filled in the following year, with sufficient time for an effective global and transparent selection process (typically 16 months).
- 6.4 The Committee will prepare and issue an invitation for applications for membership for these vacancies at least 8 months ahead of the date of appointment.
- 6.5 The invitation for applications will be global and transparent. To support the transparency and reach of the invitations, the Committee will leverage the outreach capacity of its main stakeholders, including the Monitoring Group member bodies, PIOB, SSBs, IFAC, and the GPPC.
- 6.6 The Committee will review all applications received and shortlist the candidates with reference to the selection criteria outlined in paragraph 4.1.
- 6.7 Shortlisted candidates for SSB membership, other than the Chair and Vice Chair, will be interviewed by a sub-committee of the Committee, comprising at least three members with at least one audit practitioner member, as well as the relevant SSB Chair in order to decide on candidates to be recommended for appointment. The relevant SSB Chair shall not participate in the final decision-making and voting by the Committee on those recommendations.
- 6.8 The Committee will consider whether the recommended candidates have any conflicts of interest that could impact their role as SSBs members.
- 6.9 Each member of the Committee and any observers, as referred to above, shall sign an annual statement confirming that they will act in the public

interest in discharging their role on the Committee. This shall be submitted to the secretary to the Committee prior to the first meeting of the year.

- 6.10 The selection process for the SSBs' Chairs and Vice Chairs shall be undertaken on the same basis as outlined in this document, with the incremental requirement that the appointment of an SSB Chair and Vice Chair will be made by the PIOB in consultation with the Monitoring Group. For the appointment of the SSB Chair, for clarity, the requirements in Section 5.7 also apply. For the appointment of the SSB Vice Chair, from existing SSB members, the relevant SSB Chair shall be asked to make a recommendation to the Committee for their consideration, based on the SSB Chair's rationale and member's past written performance evaluations.
- 6.11 Amendments to these Terms of Reference are subject to approval by the PIOB, Monitoring Group and IFAC.