

**SUBJECT:** **CONSENT AGENDA: CHANGES TO COMMITTEE CHARTERS**

**Agenda item:** 02c

**Category:** For Decision

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## **Section A: Overview**

### **1. Executive summary**

- 1.1 Using the opportunity of the Board and Committee Self-evaluation that was initiated earlier in the year, with the findings to be presented to the Governance Committee on 5 December and then to the Board on 7 December 2016, both the Audit and Finance Committee (AFC) and the Investment Committee undertook comprehensive reviews of their respective Committee Charters.
- 1.2 As more fully described below, these two Committees reviewed and evaluated their respective Charters against (i) the current work being undertaken by these Committees and (ii) internationally accepted standards and best practices.
- 1.3 The revised and updated Committee Charters of the AFC and Investment Committee follow substantially the existing terms of these two Charters but with a number of amendments and revisions to the structure and with greater and more specific elaboration on responsibilities and authorities for purposes of clarity and precision.

### **2. Recommendations**

- 2.1 The Gavi Alliance Governance Committee recommends to the Gavi Alliance Board that it:
  - (a) **approve** the revised and updated Committee Charter for the Audit and Finance Committee attached as Annex A to Doc 02c; and
  - (b) **approve** the revised and updated Committee Charter for the Investment Committee attached as Annex B to Doc 02c.

## **Section B: Content**

### **3. Background**

- 3.1 The existing Charters for the AFC and the Investment Committee were first adopted and approved by the Board on 29 October 2008 and have been subject to modest revisions on 4 December 2012 and again on 11 June 2013.
- 3.2 In terms of industry and professional practices over the past number of years and given the significant developments and sophistication of matters now falling under the purview of these two Committees in the intervening period, it was considered appropriate in light of the Board and Committee Self-evaluation to undertake a comprehensive review of the Charters governing these two Committees to give clarity and precision to their authority and responsibilities.

### **4. AFC Charter**

- 4.1 The review of the AFC Charter was undertaken in relation to the current work programme of the AFC to ensure that this was fully reflected in the Charter with some degree of clarity and precision, both in respect of its authority and its responsibilities.
- 4.2 This was built off the terms contained in the existing Board-approved Charter to cover the following primary areas of work: (i) budget for the Secretariat and partners; (ii) programme funding requests; (iii) long-term financial forecasts; (iv) risk policy and risk appetite statement; (v) annual risk and assurance report; (vi) internal and programme audits; (vii) Audit and Investigations' terms of reference; (viii) external auditor; and (ix) annual financial statements and report.
- 4.3 This was evaluated against currently prevailing internationally-accepted best practices for audit committees, to the extent applicable. As already mentioned, significant and material developments have taken place in the functions and responsibilities of audit committees globally over the past number of years. This has not been restricted to private sector companies but is relevant to all forms of organisations that have audited obligations.
- 4.4 Given the extent of the revisions to bring the Charter of the AFC into line with best practices, it was necessary to comprehensively restructure and format the Charter accordingly. This also meant the necessity to review and refresh the skills and competencies appropriate for the AFC.
- 4.5 Important points to note are:
- (a) The updated and revised version of this Charter requires that the Chair of the AFC shall be an unaffiliated Board member with in-depth accounting and audit knowledge and experience but shall not be the Board Chair.

- (b) No cap is placed on the size of the AFC but it still retains the provision that it should comprise a majority of Board members and Alternate Board members.
  - (c) The AFC remains advisory in nature with no executive powers and has no decision-making authority other than for the powers already delegated to it by the Board under its existing Charter.
  - (d) At the discretion of the Chair, the AFC may hold closed sessions with the Managing Director: Audit and Investigations and the external auditors together or separately without secretariat management present.
- 4.6 It was also important to develop in some detail the necessary competencies and criteria for the selection of candidates nominated for appointment to the AFC. It is also proposed that before any nominations for the AFC are processed through the Governance Committee, it should first be canvassed with the AFC Chair against the criteria set out with recommendations to the Governance Committee. Detailed information on the competencies and criteria developed have been shared with the Governance Committee and can be shared with Board members on request.
- 4.7 No changes to the existing Statutes or By-Laws are contemplated with the update and revision of the AFC Charter.

## **5. Investment Committee Charter**

- 5.1 As with the AFC Charter, the review of the Investment Committee Charter was undertaken in relation to the current work programme of the Investment Committee to ensure that this was fully reflected in the Charter with some degree of clarity and precision, both in respect of its authority and its responsibilities.
- 5.2 This was built off the terms contained in the existing Board-approved Charter to cover the following primary areas of work: (i) investment management structure; (ii) Investment Policy which includes (a) investment objectives for the short-term portfolio and the long-term portfolio, (b) counterparty limitations and (c) credit quality limitations; (iii) asset allocation statement; and (iv) approval of supplemental investment policies and guidance as needed.
- 5.3 This was evaluated against currently prevailing best practices for Investment Committees of the nature deployed by Gavi.
- 5.4 Given the extent of the revisions to bring the Charter of the Investment Committee into line with best practices and following on from the template established for the AFC as guidance and for consistency, it was necessary to comprehensively restructure and format the Charter accordingly. This also meant the necessity to review and refresh the skills and competencies appropriate for the Investment Committee.

5.5 Important points to note are:

- (a) The updated and revised version of this Charter requires that the Chair of the Investment Committee shall be an unaffiliated Board member with in-depth knowledge, skills and experience of investments and capital markets but shall not be the Board Chair.
- (b) No cap is placed on the size of the Investment Committee but it still retains the provision that it should comprise a majority of Board members and Alternate Board members.
- (c) The Investment Committee remains advisory in nature with no executive powers and has no decision-making authority other than for the powers already delegated to it by the Board under its existing Charter.
- (d) At the discretion of the Chair, the Investment Committee may hold closed sessions with such parties as it deems appropriate, together or separately without secretariat management present.

5.6 It was also important to develop in some detail the necessary competencies and criteria for the selection of candidates nominated for appointment to the Investment Committee. It is also proposed that before any nominations for the Investment Committee are processed through the Governance Committee, it should first be canvassed with the Investment Committee Chair against the criteria set out with recommendations to the Governance Committee. As for the AFC, detailed information on the competencies and criteria developed have been shared with the Governance Committee and can be shared with Board Members on request.

5.7 No changes to the existing Statutes or By-Laws are contemplated with the update and revision of the Investment Committee Charter.

### **Section C: Risk implication and mitigation and Financial Implications**

#### **6. Risk implication and mitigation**

- 6.1 There have been significant developments in the professional standards and practices of audit committees and committees of the nature of the Investment Committee which have evolved since the global financial crisis at the end of the last decade.
- 6.2 The AFC and Investment Committee carry significant fiduciary and stewardship responsibilities. To ensure that the functions and activities falling under the terms of reference governing these two Committees remains consistent with best practices in corporate governance, the Charters governing the AFC and Investment Committee have been reviewed and revised.
- 6.3 The additional detail on the skills and competencies required to support the work of these two Committees will offer clarity and guidance for

nominations submitted by the Gavi Alliance for appointment to these two Committees, given the significant responsibilities accorded to the AFC and the Investment Committee in their oversight responsibilities, and accountability to the Board for the effective fulfilment of their respective mandates.

## **Section D: Implications**

### **7. Impact on countries and Gavi stakeholders**

- 7.1 The comprehensive review and revisions of the Charters for the AFC and Investment Committee, and improved clarity regarding the necessary skills and competencies that should desirably populate these two Committees, should provide assurance to the Board and the Gavi Alliance that appropriate attention is being given to the deployment of the funds it receives, effective deployment of its various assets and functions, and that appropriate oversight and monitoring is being conducted in accordance with best practices.
- 7.2 It also ensures that the operations and assets of the Gavi Alliance falling under the stewardship of the AFC and Investment Committee are being appropriately and professionally executed.

### **8. Legal and governance implications**

- 8.1 Governance implications are listed throughout this paper.

### **9. Consultation**

- 9.1 AFC: In addition to regular consultation with the members of the AFC and AFC Chair, an international expert in accounting and auditing was retained to provide the initial guidance and framing of the updated and revised AFC Charter which was also reviewed by Gavi's external auditors, KPMG.
- 9.2 Investment Committee: In addition to regular consultation with the members of the Investment Committee and its Chair, guidance was also sought from Gavi's investment consultant, NEPC. In addition, best practices were solicited from leading external investment managers and investment consultants.

## **Section E: Annexes**

Annex A: Revised and updated Charter of the AFC

Annex B: Revised and updated Charter of the Investment Committee



**July 2016**

## **AUDIT AND FINANCE COMMITTEE CHARTER**

### **1. PURPOSE**

The Audit and Finance Committee ("Committee" or "the AFC") is established by the Board ("Board") of the Gavi Alliance ("Gavi") to support the Board in fulfilling its oversight responsibilities in a timely manner in respect of the organization's financial management, risk and control framework, including internal and external audit, and adherence to appropriate standards of good practices and ethics.

The Committee will review, monitor and, make recommendations to the Board and the Executive Committee on the areas within its scope of responsibilities and on any other matters which the Board may request.

Words and expressions used in this Charter shall, unless the context requires otherwise, have the meaning attributed to them in the Gavi By-laws.

### **2. MEMBERSHIP**

The membership, resources, responsibilities and authorities of the Committee to perform its role effectively is stipulated in this Charter, which may be amended by the Board as and when required or deemed necessary and is specifically governed by Gavi's By-laws, Article 4 which governs Committee member appointment, including relevant Alternates, and Article 2.4.4 which governs Committee member removal and resignation, including relevant Alternates.

#### **A. Composition**

The objective of composition of the AFC is to allow it to function efficiently and effectively in fulfilling its functions and responsibilities.

#### **B. Balanced, competent composition**

Essential features of the AFC as a whole are that it is independent from the Secretariat and that it is comprised of individuals suitably competent in the affairs and issues falling within the Charter so as to be able to provide the Board, the Executive Committee and the Secretariat independent advice on matters outlined in the Charter.

A majority of AFC members should be competent in aspects of financial management, risk management and control, and audit and collectively have a balance of skills, expertise, experience and knowledge of:

- Accounting and finance, including development finance;
- Risk management and systems of internal control;
- Assurance processes, including internal and external audit; and
- General principles of law, regulations, compliance matters and ethics (as appropriate).

All AFC members shall be able to act independently, to ask relevant questions and evaluate answers, act professionally and maintain the highest ethical standards and loyalty to the interests of Gavi.

The overall balance of skills on the Committee shall be periodically evaluated to respond to the needs of Gavi and its Board.

The criteria for AFC membership shall be consistent with Gavi's gender policy.

Each member of the AFC will be required to participate in a programme of induction, training and familiarisation with the work of the AFC to enable Committee members to keep abreast of current developments in the work of the AFC and leading practices.

The Chair of the AFC shall be an unaffiliated Board member with in-depth accounting and audit knowledge skills and experience but shall not be the Board Chair. The Chair shall:

- Plan and oversee the conduct of meetings;
- Report to the Board and/or the Executive Committee on relevant and material matters as appropriate; and
- Participate in and advise on the selection of AFC members in conjunction with the Board and the Governance Committee.

#### **C. Size of the AFC**

It is expected that the size of the Committee should reflect the size, the complexity of the organisation and its operations, and the extent of the Committee's functions and responsibilities. The AFC shall comprise not less than three persons. A majority of the AFC members shall comprise Board members and Alternate Board members. Committee delegates, as defined in the By-laws, shall be eligible for membership on the AFC.

Non-voting expert advisers may be appointed to the Committee or invited to participate in AFC meetings at the discretion of the AFC Chair on a permanent or ad hoc basis. The role of expert advisers is to support the Committee on highly technical or specialised issues that come before the Committee for its consideration and to provide guidance and/or advice that the Committee may consider in its deliberations.

#### **D. Appointment and term of office**

All AFC members shall be appointed by the Board on the recommendation of the Governance Committee, in consultation with the Chair of the AFC. AFC members shall be appointed for a term of two years with renewable terms of a further two years. All nominees to the AFC should be evaluated by the Governance Committee to ensure



each individual meets the membership requirements set out in 2.B above prior to appointment and ensure the individual's competencies fit with the required competencies of the AFC.

The Gavi Director, Governance or his/her designated appointee shall be the Secretary of the Committee. The Secretary shall:

- Provide the link between the AFC, the Board, Executive Committee and the Secretariat;
- Assist the AFC in developing good governance practices; and
- Ensure that the agenda, meeting papers and minutes and other materials to support the AFC are provided in a timely manner.

### **3. AUTHORITY**

The AFC is established by the Board under Article 19 of the Gavi Statutes and is a Standing Committee of the Board. It is empowered by the Board to undertake the responsibilities outlined in this Charter. The AFC will operate under Gavi's By-laws.

The AFC will have oversight, review and advisory functions to, and for, the Gavi Board and the Executive Committee. It will make recommendations for Board and Executive Committee decision/approval primarily covering: (i) budget for the Secretariat and partners; (ii) programme funding requests; (iii) long-term financial forecasts; (iv) risk policy and risk appetite statement; (v) annual risk and assurance report; (vi) internal and programme audits; (vii) Audit and Investigations' terms of reference; (viii) external auditor; and (ix) annual financial statements and report.

The AFC has no executive powers and is not a decision-making body unless it has powers directly delegated to it by the Board. It shall regularly report on AFC activities to the Board and shall maintain open communications between AFC members, the Board and the Executive Committee.

The Committee shall have the power to delegate on an exceptional basis its authority and duties to the AFC Chair or individual Committee members as it deems appropriate.

The AFC shall have unrestricted access to information, Gavi personnel and relevant other Gavi parties, and external expertise as appropriate.

The mandate of the AFC is established in this Charter.

### **4. RESPONSIBILITIES**

It is the responsibility of the AFC to provide the Board and/or the Executive Committee with timely, independent, objective advice on the adequacy of the Secretariat's arrangements and shall:

#### **A. Oversee, review and monitor Gavi's financial management and corporate reporting:**

- Review annually the appropriateness of accounting policies and practices of Gavi and recommend approval by the Board of any material changes proposed



to Gavi's accounting interpretations. This review will also include any significant management judgments, estimates and unusual transactions contained therein.

- Review and recommend to the Board for approval the consolidated annual financial statements report (AFR) and any related information material to the AFR.
- Review interim financial information of Gavi, including review of any formal announcement of a financial nature from Gavi and other periodic filings.
- Review and recommend to the Board the annual or bi-annual budget for the Secretariat and Partners and budgets associated with PEF (Partners' Engagement Framework).
- Review and approve a budget amount for an activity that has not been completed within the year for which the budgeted had been approved to be carried forward to a subsequent year in which the activity will be undertaken.
- Review and recommend to the Board/Executive Committee the programme funding policy and that programme funding requests are within available and anticipated funding.
- Review Gavi's long-term financial forecasts and recommend to the Board that it appropriately reflects Gavi's expenditure needs and available resources.
- Review funding and liquidity needs of Gavi with the Secretariat and report to the Board accordingly and to guide the Secretariat, through the Board, on Gavi's funding and liquidity needs.
- Review and monitor the currency hedging policy, plan and its effectiveness.
- Review the competence and adequacy of the finance function, its leadership, personnel, resources and systems, including technology and operations.

**B. Oversee, review and monitor the enterprise risk management system:**

- Oversee, through review, the operation of an appropriate and effective system of internal control covering organisation, systems, processes, and other mechanisms employed by the Secretariat.
- Review and recommend to the Board for approval risk policies and the risk appetite statement.
- Review and monitor the effectiveness of risk management systems and processes (including the risk register) in identifying, assessing, and managing the Alliance-wide risks which are most significant, and in maintaining an appropriate risk culture.
- Review and monitor the development and maintenance of risk management capabilities and an appropriate risk culture.
- Review and monitor the risk register.

- Review and monitor key risks, their assessment, mitigation and related assurance mechanisms to ensure that Gavi's significant risks are within the Gavi Board-approved risk appetite.
- Review Gavi's arrangements for the management of business continuity, and the operation of information systems.
- Identify specific risks for further specialist discussion in other Committees, as applicable.
- Select key risks to be brought to the Board for review and discussion of whether the aggregate level of risk is acceptable or mitigated appropriately.
- Review the annual risk and assurance report for recommendation to the Board.

**C. Oversee, review and monitor the operation of the Audit and Investigations function comprising Internal Audit, Programme Audit, Investigation and Counter-Fraud activities:**

- Recommend to the Board the appointment and/or termination of the Managing Director: Audit and Investigations following review for appropriate skills, background and authority for leadership of the function.
- The Managing Director: Audit and Investigations shall have a direct reporting line to the Board, which is generally effectuated through routine reporting to the AFC. The Managing Director: Audit and Investigations shall have free and unrestricted access to the AFC Chair as well as the Board Chair and Board Vice Chair (if necessary on a confidential basis).
- Review and recommend for Board approval the Audit and Investigations terms of reference.
- Review and approve the Annual Audit and Investigations Plan.
- Review and monitor the effectiveness of the audit and investigations function, including its organisation, and the adequacy of resourcing (both financial budget and personnel) given the desired level and quality of audit coverage and investigatory capability expected by AFC. Review summary of all audit reports with particular attention to be given to any audit reports with significant findings, including the appropriateness of issue remediation and management's responsiveness.
- Request audits, investigations or other reviews as considered appropriate by AFC to assist it in the execution of its responsibilities.
- Review reports relating to the operation of the investigations and counter-fraud activities, and the appropriateness of management follow-up.
- Evaluate annually the performance of the Managing Director: Audit and Investigations and of the Audit and Investigations function.
- Review the periodic External Quality Assessment to be undertaken as set out in the Audit and Investigations terms of reference.

**D. Oversee the external auditor and the external audit:**

- Review the expertise, experience of the external auditor and make recommendations to the Board on auditor appointment/reappointment, as appropriate and should be read with the Independent Auditor Selection and Evaluation Policy.
- Approve the terms of engagement, scope of work and fees for the external audit.
- Annually review the external auditor's independence, objectivity and competence and review and approve the use and fees of the external auditor for any non-audit services.
- Meet with the external auditor to obtain their opinion on the finance function and its processes in preparing the financial statements.
- Review with the external auditor the audit management letter and management's response.
- Review with external auditor the AFR and discuss the audit opinion, key audit matters arising, recommendations for improvement and the AFC's assessment of the external auditor's performance and audit quality.
- Recommend to the Board the approval of the AFR.

**E. Review and monitor effectiveness of integrity, ethics, and fraud and whistleblowing activities:**

- Review and monitor any matters arising in relation to the operation of the Whistleblowing Policy, the Ethics Policy and the Conflicts of Interests Policy.
- Make any recommendations to management regarding the enhancement and/or practical application of these policies throughout Gavi and its operations.

Ensure the effective investigation and resolution of issues arising in connection with these policies.

**F. Review and monitor effectiveness of compliance procedures**

- Review of tax matters, primarily the United States IRS 990.
- Review significant legal matters and discuss their financial impact on Gavi.
- Review and monitor compliance with any applicable laws, regulations and Gavi policies and ensure proper document retention practices.

**G. Other matters**

- Oversee that appropriate insurance coverage for Gavi's business and its personnel is in place including undertaking an annual of Gavi's insurance policies and reports from insurance advisers.

- Perform such other duties required by Gavi By-laws or otherwise as necessary or appropriate to further the Committee's purposes, or as the Board or Executive Committee may assign to the AFC.

## **5. MODE OF OPERATION**

### **A. Meeting attendance**

According to the Statutes and By-laws all Board members and their Alternates, who are not serving on the AFC, have the right to attend meetings of the AFC as observers but may not speak or participate in the proceedings except at the invitation of the AFC Chair.

The Chief Executive Officer, Managing Director: Finance and Operations, Senior Director: Finance and the Managing Director: Audit and Investigations shall make themselves available to attend all AFC meetings as appropriate. Other members of the Secretariat shall be required to attend meetings of the AFC as necessary or requested by the AFC Chair.

The external auditor shall be required to attend AFC meetings to discuss audit matters as may be requested by the AFC Chair.

AFC members shall prepare for and actively participate in Committee meetings.

### **B. Frequency of meetings**

The Committee shall meet at least four times annually or more frequently as the AFC Chair deems necessary. It is intended that two of these meetings shall be face-to-face meetings.

Meetings shall be coordinated to occur prior to Board meetings and shall be cognisant of co-ordination with the Programme and Policy Committee as appropriate at least once a year and the need for expeditious approval by the Board and/or Executive Committee of time sensitive matters.

### **C. Notice of meetings**

The Committee shall establish an annual calendar of activities so that meetings are known well in advance.

Notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee and other invitees in the week prior to the date of such meeting and sent by email.

The notice will include relevant supporting papers for the agenda items to be discussed.

### **D. Agenda**

The AFC Chair shall establish Committee meeting agendas with the Secretary of the Committee and in consultation with Committee members and relevant members of the Secretariat. The AFC agenda and annual calendar of activities shall include matters for current consideration and emerging issues within its area of responsibility.

#### **E. Quorum**

The quorum for the AFC shall be a majority of AFC members.

#### **F. Conflict(s) of interest and declarations of interests**

All AFC members shall adhere to Gavi's Conflict of Interest and Ethics Policies and shall annually complete an Annual Declaration Form in accordance with these policies. The Declaration shall be updated by AFC members when required.

At the commencement of each meeting, each AFC member shall declare any actual or perceived conflict of interest arising in the matters before the Committee and the relevant provisions in the Statutes, By-laws and the Conflict of Interest Policy shall regulate participation.

#### **G. Voting**

The Chair should aim for consensus on all decisions. If consensus cannot be reached and a vote is necessary, a simple majority shall determine the matter. Any defaulting positions should be recorded in the minutes and reported to the Board and/or the Executive Committee as appropriate.

#### **H. Minutes**

The Committee shall keep minutes of its meetings in accordance with Gavi's Statutes and By-laws.

#### **I. Executive sessions**

From time to time, at the discretion of the AFC Chair, the Committee may hold closed sessions with the Managing Director: Audit and Investigations and the external auditor, together or separately without management present.

### **6. ACCESS TO INFORMATION AND EXPERTISE**

The AFC shall be authorised by the Board to obtain independent professional advice as it considers necessary, at the expense of Gavi.

### **7. PERFORMANCE AND REVIEW**

The Committee will evaluate its performance at least once every two years in conjunction with the Board Evaluation having regard to the principles and requirements of its mandate as set out in this Charter and any additional activities undertaken during the year at the request of the Board and/or Executive Committee.

The AFC shall report to the Board the results of its review and development actions arising.

The Board shall review the AFC Charter on a regular basis, normally in conjunction with the biennial performance evaluation, to ensure its adequacy and that it remains relevant to its programme of work and in accordance with developments in best practice.

This Charter may only be amended or varied by a resolution of the Board, passed in accordance with Gavi By-laws.



**October 2016**

## **INVESTMENT COMMITTEE CHARTER**

### **1. PURPOSE**

The Investment Committee ("Committee" or "the IC") is established by the Board ("Board") of the Gavi Alliance ("Gavi") to support the Board in fulfilling its oversight responsibilities in a timely manner in respect of the management of Gavi's investments. This is done in a manner consistent with Gavi's operating needs and overall programme goals, asset preservation and growth within Gavi's investment portfolio, and prudent maximization of risk-adjusted returns on investment consistent with objectives stated in the Investment Policy.

The Committee is to provide assurance to the Board on the effectiveness of the investment portfolio of the Gavi Alliance.

The Committee will review, monitor and make recommendations to the Board and the Executive Committee on the areas within its scope of responsibilities and on any other matters which the Board may request.

Words and expressions used in this Charter shall, unless the context requires otherwise, have the meaning attributed to them in the Gavi By-laws.

### **2. MEMBERSHIP**

The membership, resources, responsibilities and authorities of the Committee to perform its role effectively is stipulated in this Charter, which may be amended by the Board as and when required or deemed necessary and is specifically governed by Gavi's By-laws, Article 4 which governs Committee member appointment, including relevant Alternates, and Article 2.4.4 which governs Committee member removal and resignation, including relevant Alternates.

#### **A. Composition**

The composition of the IC shall allow it to function efficiently and effectively in fulfilling its functions and responsibilities.

## **B. Balanced, competent composition**

Essential features of the IC as a whole are that it is independent from the Secretariat and that it is comprised of individuals suitably competent in the affairs and issues falling within the Charter so as to be able to provide the Board, the Executive Committee and the Secretariat independent advice on matters outlined in the Charter.

IC members should collectively have a balance of recent and relevant expertise, experience, skills and knowledge of the following:

- Capital markets development and transactions;
- Portfolio management, asset allocation, and manager selection;
- Risk management, compliance and data quality governance;
- Financial regulations, including trends and impacts on the investment management industry;
- Socially responsible investing (“SRI”);
- Knowledge of donors and governmental funding cycles; and
- Accounting and financial reporting.

All IC members shall be able to act independently, to ask relevant questions and evaluate answers, act professionally and maintain the highest ethical standards and loyalty to the interests of Gavi.

The overall balance of skills on the Committee shall be periodically evaluated to respond to the needs of Gavi and its Board.

The criteria for IC membership shall be consistent with Gavi’s gender policy.

Each member of the IC will be required to participate in a programme of induction, training and familiarization with the work of the IC to enable Committee members to keep abreast of current developments in the work of the IC and leading practices.

The Chair of the IC shall be an unaffiliated Board member with in-depth knowledge, skills and experience of investments and capital markets but shall not be the Board Chair. The Chair shall:

- Plan and oversee the conduct of meetings;
- Report to the Board and/or the Executive Committee on relevant and material matters as appropriate; and
- Participate in and advise on the selection of IC members in conjunction with the Board and the Governance Committee.

## **C. Size of the IC**

It is expected that the size of the Committee should reflect the size, the complexity of the organisation and its operations, and the extent of the Committee’s functions and responsibilities. The IC shall comprise not less than three persons. A majority of the IC



members shall comprise Board members and Alternate Board members. Committee delegates, as defined in the By-laws, shall be eligible for membership on the IC.

Non-voting expert advisers may be appointed to the Committee or invited to participate in IC meetings at the discretion of the IC Chair on a permanent or ad hoc basis. The role of expert advisers is to support the Committee on highly technical or specialised issues that come before the Committee for its consideration and to provide guidance and/or advice that the Committee may consider in its deliberations.

#### **D. Appointment and term of office**

All IC members shall be appointed by the Board on the recommendation of the Governance Committee, in consultation with the Chair of the IC. IC members shall be appointed for a term of two years with renewable terms of a further two years. All nominees to the IC should be evaluated by the Governance Committee to ensure each individual's investment literacy and knowledge of Gavi's business prior to appointment and ensure the individual's competencies fit with the required competencies of the IC.

The Gavi Director, Governance or his/her designated appointee shall be the Secretary of the Committee. The Secretary shall:

- Provide the link between the IC, the Board, Executive Committee and the Secretariat;
- Assist the IC in developing good governance practices; and
- Ensure that the agenda, meeting papers and minutes and other materials to support the IC are provided in a timely manner.

### **3. AUTHORITY**

The IC is established by the Board under Article 19 of the Gavi Statutes and is a Standing Committee of the Board. It is empowered by the Board to undertake the responsibilities outlined in this Charter. The IC will operate under Gavi's By-laws.

The two documents that govern Gavi's investment are the Gavi Alliance Investment Policy and the Gavi Alliance SRI Guidance paper. The IC will have oversight, review and advisory functions to, and for, the Gavi Board and the Executive Committee. It will make recommendations for Board and Executive Committee decision/approval primarily covering: (i) investment management structure; (ii) Investment Policy which includes (a) investment objectives for the short-term portfolio and the long-term portfolio, (b) counterparty limitations and (c) credit quality limitations; (iii) asset allocation statement; and (iv) approval of supplemental investment policies and guidance as needed.

The IC is primarily advisory in nature but has certain decision-making authorities delegated to it by the Board. It shall regularly report on IC activities to the Board and shall maintain open communications between IC members, the Board and the Executive Committee as appropriate.

The Committee shall have the power to delegate on an exceptional basis its authority and duties to the IC Chair, individual Committee members or the Chief Investment Officer as it deems appropriate.

The IC shall have reasonable access to information, Gavi personnel and relevant other Gavi parties, and external expertise as appropriate.

The mandate of the IC is established in this Charter.

#### **4. RESPONSIBILITIES**

It is the responsibility of the IC to provide the Board and/or the Executive Committee with timely, independent, objective advice on the adequacy of the Secretariat's arrangements and shall:

**A. Monitor overall performance of the investment portfolio and update the Board regularly on the performance and any material deviations from return objectives:**

- Review market conditions and impact on the investment portfolios.
- Review portfolio objectives and performance.
- Review the portfolio's composition.

**B. Oversee, review and monitor Gavi's investment policy, asset allocation, investment goals and objectives:**

- Review and set Gavi's Investment Policy and report to the Board on any changes prior to implementation of the Policy.
- Review annually the appropriateness of Gavi's asset allocation.
- Monitor Gavi's overall compliance with the Investment Policy, as well as the performance and diversification of its invested assets and its achievement of its investment goals and objectives.
- Monitor concentration of the investment portfolio and any tactical deviation from policy target(s) and approve any recommended adjustments.
- Review and monitor individual investment manager performance.
- Review applicable laws and regulations that may impact the investment portfolios, and approve any recommended adjustments.

**C. Oversee, review and monitor Gavi's SRI guidance and implementation:**

- Review SRI approach and principles and approve any recommended adjustments.
- Monitor compliance and review the Secretariat's SRI semi-annual findings.
- Review and approve recommended changes to the portfolios stemming from SRI concerns.

**D. Oversee, review and monitor the investment portfolio risk and Gavi's risk tolerance:**

- Review and monitor key risks, their assessment and mitigation. Ensure that portfolio risk is consistent with Gavi Board's risk appetite.
- Review the annual risk rating of investment managers and determine necessary risk mitigation actions.
- Review effectiveness and adequacy of monthly performance reporting.
- Review consistency of investment portfolio liquidity terms with Gavi's expenditure needs.
- Review and monitor investment manager due diligence activities.
- Review and monitor the development and maintenance of risk management capabilities and measurements.

**E. Appoint and terminate investment managers, consultants, custodians and any other relevant service providers:**

- Review and approve Secretariat recommendations for appointment and termination, identify any issues for further consideration.
- Review the frequency and depth of the manager due diligence process conducted by the Secretariat.
- Review the performance of Gavi's investment consultant and custodian annually.
- Review reasonableness of fees and approve service provider appointments.
- Monitor the onboarding and dismissal process.

**F. Oversee, review and monitor the operation of the Investments team:**

- The Chief Investment Officer shall have a direct reporting line to the Managing Director: Finance and Operations, and shall have unrestricted access to the Investment Committee Chair as necessary.
- Review and monitor the effectiveness of the Investments function, including its organisation, and the adequacy of resourcing (both financial budget and personnel) given the desired level of asset allocation and monitoring by IC.
- Provides input to the performance evaluation of the Chief Investment Officer and the efficacy of the Investments function.

**G. Other matters**

- Review of Gavi's Internal Audit reports of investment activities and Gavi's annual external auditors report in relation to the investment function.
- Report to the Board regularly on the activities of the Committee and when appropriate and prudent to do so on any of the matters as set out in this Charter.

- The Committee in fulfilling its duties under the Investment Policy and this Charter, will draw on expertise from Alliance partners, the Secretariat, external consultants, individuals and institutions as appropriate.
- Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board or Executive Committee may from time to time assign to it.

## **5. MODE OF OPERATION**

### **A. Meeting attendance**

All Board members and their Alternates, who are not serving on the IC, have the right to attend meetings of the IC as observers but may not speak or participate in the proceedings except at the invitation of the IC Chair.

The Chief Executive, Managing Director: Finance and Operations, Director: Governance and Chief Investment Officer shall make themselves available to attend all IC meetings as appropriate. Other members of the Secretariat shall be required to attend meetings of the IC as necessary or requested by the IC Chair.

IC members shall prepare for and actively participate in Committee meetings.

### **B. Frequency of meetings**

The Committee shall meet at least four times annually or more frequently as the IC Chair deems necessary.

Meetings shall be coordinated to occur prior to Board meetings.

### **C. Notice of meetings**

The Committee shall establish an annual calendar of activities so that meetings are known well in advance.

Notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee and other invitees in the week prior to the date of such meeting and sent by email.

The notice will include relevant supporting papers for the agenda items to be discussed.

### **D. Agenda**

The IC Chair shall establish Committee meeting agendas with the Secretary of the Committee and in consultation with Committee members and relevant members of the Secretariat. The IC agenda and annual calendar of activities shall include matters for current consideration and emerging issues within its area of responsibility.

### **E. Quorum**

The quorum for the IC shall be a majority of IC members.

#### **F. Conflict(s) of interest and declarations of interests**

All IC members shall adhere to Gavi's Conflict of Interest and Ethics Policies and shall annually complete an Annual Declaration Form in accordance with these policies. The Declaration shall be updated by IC members when required.

At the commencement of each meeting, each IC member shall declare any actual or perceived conflict of interest arising in the matters before the Committee and the relevant provisions in the Statutes, By-laws and the Conflict of Interest Policy shall regulate participation.

#### **G. Voting**

The Chair should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be reported to the Board and/or the Executive Committee as appropriate.

#### **H. Minutes**

The Committee shall keep minutes of its meetings in accordance with Gavi's Statutes and By-laws.

#### **I. Executive sessions**

From time to time, at the discretion of the IC Chair, the Committee may hold closed sessions with such parties as it deems appropriate, together or separately without management present.

### **6. ACCESS TO INFORMATION AND EXPERTISE**

The IC is authorised by the Board to obtain independent professional advice as it considers necessary, at the expense of Gavi.

### **7. PERFORMANCE AND REVIEW**

The Committee will evaluate its performance at least once every two years in conjunction with the Board Evaluation having regard to the principles and requirements of its mandate as set out in this Charter and any additional activities undertaken during the year at the request of the Board and/or Executive Committee.

The IC shall report to the Board the results of its review and development actions arising.

The Board shall review the IC Charter every two years to ensure its adequacy and that it remains relevant to its programme of work and in accordance with developments in best practice.

This Charter may only be amended or varied by a resolution of the Board, passed in accordance with Gavi By-laws.