

## DOCUMENT ADMINISTRATION

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2.0	Reviewed by: Audit and Finance Committee	[8 October] 2024
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## 1. Purpose

- 1.1. Gavi, the Vaccine Alliance (henceforth referred to as 'Gavi'), recognises that its ambitious mission, its focus on lower-income countries, its operating principles and its business model come with inherent risks. The Alliance's mandate requires working in settings and with an urgency that could expose decision makers and implementers to dilemma of managing programmes within acceptable levels of risk exposure. Therefore, there is the necessity for the Alliance to identify the risks and opportunities that could arise in the pursuit of its objectives.
- 1.2. Gavi recognises that objectives can only be achieved by taking calculated and carefully managed risks. Some high-impact opportunities may require taking greater risks.
- 1.3. Gavi aims to make risk management integral to its culture, strategic planning, decision making and resource allocation. A coordinated and structured approach allows the Alliance to proactively manage risk.
- 1.4. This policy is intended to guide the Alliance's strategic and operational risk management activities to achieve optimal outcomes, by:
  - 1.4.1. creating a consistent risk language and a shared understanding of risk concepts.
  - 1.4.2. promoting a culture of risk awareness, which encourages careful assessment of risks and benefits involved with Gavi operations and decision-making.
  - 1.4.3. providing high level guidance on risk management.

## 2. Scope

- 2.1. Gavi Risk Policy forms the overarching framework for Gavi's risk management approach, which is embedded across the Alliance in various structures and processes for risk monitoring, reporting and mitigation.
- 2.2. This Risk Policy applies to the following stakeholders:
  - Gavi's Alliance Board;
  - Audit and Finance Committee (AFC);
  - Senior Leadership Team (SLT);
  - Ethics, Risk and Compliance Office (ERCO); and
  - Gavi Secretariat Staff.

## 3. Definitions

- 3.1. A **Risk** in the context of this policy is an event that may or may not occur and that could have a detrimental impact upon the achievement of the Alliance's mission and objectives if it were to occur. A risk can be inherent or residual.
  - 3.1.1. **Inherent risk (or gross risk)** refers to the level of risk that exists in an activity, process, or organization without considering any internal controls or risk mitigation efforts.

- 3.1.2. **Residual risk (or net risk)** is the risk remaining after relevant controls or reasonable mitigation efforts have been applied. It takes into account the effectiveness of existing mitigation strategies to prevent risks from occurring (thereby reducing the likelihood), as well as to detect and be prepared to react once/if they materialise (thereby reducing the potential impact).
- 3.2. **Strategic risks** refer to top risks directly related to Gavi Alliance's mission, strategic goals and objectives. They include events or changes that could threaten the Gavi Alliance's ability to operate under its mission (today and in the future) and fulfil its strategic objectives.
- 3.3. **Operational risks** encompass risks related to main programmatic activities, business operations and engagement with partners which occur annually or in relation to funding cycles for countries. They include events or changes that could threaten the achievement of essential operational elements such as department goals, programmatic activities or specific projects.
- 3.4. **Risk management** refers to the broad process of identifying, assessing, prioritizing, mitigating, treating, monitoring and reporting on the risk.
- 3.5. **Risk mitigation** refers to decisions, actions and/or strategies to reduce the likelihood and/or impact of a risk.
- 3.6. **Risk treatment** refers to the application of resources to avoid, accept, mitigate or transfer the risk in order to minimise the likelihood and/or the impact of adverse events and to maximise the realisation of benefits.
- 3.7. **Risk appetite** is the amount of risk, on a broad level, that an organisation is willing to accept in pursuit of objectives. It reflects the risk philosophy of the organisation and is at the heart of its business model. It guides strategy development and related investments in risk mitigation processes. A defined risk appetite statement helps to align people and processes in pursuing organizational goals within acceptable ranges of risk.

#### 4. Principles

- 4.1. The Alliance Board, the Senior Leadership Team (SLT), the Management in Department Areas, the Ethics Risk and Compliance Office (ERCO) and other personnel must ensure effective and proactive risk management, by following these principles:
- 4.1.1. **Risk is integrally linked to ambition:** Gavi recognises that objectives can only be achieved by taking calculated and carefully managed risks. Some high-impact opportunities may require taking greater risks. Sometimes the greatest risk is inaction.
- 4.2. **Risk is everyone's responsibility:** risk management is an integral part of Gavi's operations. Everyone working towards the Gavi mission is expected to proactively identify, assess, manage and report risks.
- 4.2.1. **The Alliance encourages a culture of learning:** the Alliance aims to nurture a culture that encourages staff and stakeholders to be risk-aware in delivering on Gavi's mission, while also recognising and accepting that success will not always be achieved. It facilitates and ensures that processes are in place to learn from both positive and negative results.

4.2.2. **Risk Management is transparent and inclusive**, allowing decision makers at all levels of the organization to participate and stakeholders to be represented.

- 4.3. **Risk based decision-making should be carefully balanced**. In making decisions about risks, the benefits of those decisions for the Alliance ultimate goals shall outweigh the costs.

## 5. Roles and Responsibilities

### Gavi's Secretariat roles and responsibilities

- 5.1. As part of its extended mandate described in the board-approved Ethics, Risk and Compliance Charter, the **ERCO** is responsible for managing Gavi's risk processes, including coordination and facilitation of strategic and operational risk management processes across the Alliance. ERCO facilitates the preparation of both strategic and operational risk registers and evaluates these risks in relation to the Alliance strategic goals and objectives. It is also the role of ERCO to promote a risk aware culture, integrate risks management into overall management frameworks, ensure risks are systematically assessed and appropriate management actions are in place to address and reduce these risks. ERCO coordinates regular reporting on both strategic and operational risks.

5.1.1. The **Senior Leadership Team** owns Secretariat's risks and the mitigations. It is responsible for leading discussions with partners to translate risk appetite, as endorsed by the Board, into appropriate strategies and processes. In addition, it promotes a risk-aware culture, implements risk management processes, and communicates risks to the ERCO and Gavi Board in a timely fashion. SLT members defined as Risk Coordinator of strategic risks have the accountability to lead information collection, monitoring and reporting on these risks to ERCO.

- 5.2. **Staff members** have the responsibility to bring any perceived material risks to the attention of their managers and ERCO in line with clause 3.6.2 of the Delegation of Authority Policy.

### Non-Secretariat's roles and responsibilities

- 5.3. The **Gavi Board** provides leadership on risk management and is accountable for determining Gavi's risk philosophy including risk appetite; validating that the Secretariat has established effective risk management processes; being appraised of the most significant risks and whether Alliance partners are responding appropriately; and reviewing Gavi's portfolio of risks and ensuring that these risks are within Gavi's risk appetite.
- 5.4. With the Gavi Board retaining accountability for risk oversight in the Alliance, the **Audit and Finance Committee** has the delegated accountability to oversee, review and monitor the effectiveness of risk management systems and processes in identifying, assessing, and managing the Alliance-wide risks.
- 5.5. The Alliance model leverages the strengths of the **Alliance partners** through shared responsibility for risks. Each Gavi partner is responsible for managing risks involved with Gavi activities and alerting the Secretariat in a timely manner to risks that may affect the Gavi mission, including risks to the responsible use of Gavi resources in countries and to the effective implementation and sustainability of Gavi programmes.

- 5.6. **Implementing countries** are responsible for delivering programmatic results with the vaccines and funds provided, and for meeting co-financing requirements. They have primary responsibility for managing risks to the results being pursued with Gavi-funded programmes and for reporting risks encountered in the implementation of these programmes in a timely manner.

## 6. Risk Categories

- 6.1. Two risk categories can be distinguished in Gavi's risk landscape: strategic risks in relation to Gavi's objectives and operational risks related to Gavi's operations. The categories are not mutually exclusive.
- 6.2. **Strategic risks** – as described in part 3.2 of the present policy, concern the fundamental ability for the Gavi Alliance to deliver on its mission, strategic goals and objectives. Strategic risks are therefore directly related to Gavi's five-year strategic cycles and span the period of strategic implementation and evaluation in preparation for the next strategic cycle.
- 6.3. **Operational risks** – as described in part 3.3 of the present policy, concern essential operational elements cascading from Gavi's strategic goals. They include:
- 6.3.1. **Departmental risks** referring to risks for a department/ team relating to the achievement of their annual objectives, identified as part of the annual work planning cycle.
- 6.3.2. **Programmatic risks** related to in-country programmatic activities or plans and following the cycle of countries' grants.
- 6.3.3. **Project risks** referring to major decisions and transformation projects within the organisation which could have implications for multiple countries. Project risks cycle follows the project duration from initiation to finalization.
- 6.4. Gavi has developed standard operating procedures (SOP) for Strategic and Operational Risk management. Each SOP provides detailed instructions for effective risk management in the context of the Alliance. ERCO has the responsibility to oversee implementation of both SOPs and update them as and when needed or requested.
- 6.5. The Strategic and Operational Risk management processes are complementing each other. The Strategic Risks assessment is leveraging information and data from Operational Risks linked or tied up to strategic goals.

## 7. Risk Management

- 7.1. Gavi's risk management process (operational and strategic) includes the following steps:
- 7.1.1. **Risk Identification** is the process of documenting any risks that could keep Gavi's Alliance from reaching its strategic and/or operational objectives, through analyzing the context, the objectives, the scope and/or emerging trends.
- 7.1.2. **Risk Assessment** is principally about quantifying risk and requires consideration of the sources of identified risks, an assessment of their potential consequences in terms of achieving objectives, and judgment as to the likelihood that the consequences will occur. Once assessed, risks are prioritized based on

their level and impact, and documented in dedicated risk registers, linking each risk with its risk coordinators or owners and related mitigations.

7.1.3. **Risk Mitigation** is the process of determining and implementing actions and plans to reduce the impact of potential risks to fit the Board-approved risk appetite,

7.2. **Risk Monitoring** involves regularly reviewing risks and their potential impact on objectives and operations. In addition to on-going monitoring of risks, Gavi uses dedicated strategic and operational risk registers to identify and track risks and related mitigating plans. The outcome of the monitoring can be the reassessment of the risks and the review and/or strengthening of mitigating plans.

7.3. **Risk Reporting** is the process of communicating and escalating information on risks and related mitigating plans to ERCO, Senior Management, and Board. It allows a proactive risk management to identify and escalate issues either as they arise or before they materialize and helps Gavi's leadership make risk-informed decisions.

## **8. Gavi's Risk Appetite**

- 8.1. The Risk Appetite is defined by Gavi's Board as the amount of risk that the Alliance is willing to take and accept to achieve its objectives. It is systematically reviewed due to new strategic goals. Each identified strategic risk is assigned a specific and measurable risk appetite using a pre-defined methodology set up by ERCO.

## **9. Effective Date and Review of Policy**

- 9.1. This policy comes into effect as of 1 January 2025.
- 9.2. This policy will be complemented by standard operating procedures to ensure effective implementation.
- 9.3. This policy will be reviewed and updated when required per request by Gavi Chief Executive Officer and Chief Ethics, Risk and Compliance officer.
- 9.4. Any amendments to this policy will be reviewed by the Audit and Finance Committee and are subject to Gavi Alliance Board approval.