
Subject	Update from Ethics, Risk and Compliance Office
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Agenda item	11
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Category	For Decision
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Executive Summary

The purpose of this paper is to request to the Gavi Alliance Board that it approve: (i) the 9th Annual Risk & Assurance Report 2024 attached as Annex A and (ii) the updated Risk Policy attached as Annex B. Both the Annual Risk & Assurance Report 2024 and the updated Risk Policy have been reviewed and recommended for approval by the Audit & Finance Committee (AFC). The Annual Risk & Assurance Report 2024 has also been reviewed by the Programme & Policy Committee (PPC). The report discusses the most critical risks that could have an impact on the ability of the Alliance to deliver on its mission and achieve its strategic goals. As a key component of Gavi's Enterprise Risk Management (ERM) strategy, the updated Risk policy is intended to guide the Alliance's strategic and operational decision making on risk management to achieve optimal outcomes.

Action Requested of the Board

The Gavi Alliance Audit and Finance Committee **recommends** to the Gavi Alliance Board that it:

- a) **Approve** the Annual Risk & Assurance Report 2024 attached as Annex A to Doc 10; and
- b) **Approve** the updated Risk Policy attached as Annex B to Doc 10.

Next steps/timeline

Following the Board's approval:

- The Annual Risk & Assurance Report 2024 will be published on Gavi's intranet and website; and
- The updated Risk Policy will be effective as of 1 January 2025.

Report

1. Risk & Assurance report 2024

- 1.1 This is the 9th annual Risk & Assurance Report of the Gavi Alliance which discusses the most critical risks that could have an impact on the ability of the Alliance to deliver on its mission and achieve its strategic goals. The report provides an update on risk management across the Alliance, an analysis of macro-trends affecting Gavi's risk profile, an overview of key changes in the top risk landscape compared to 2023, and where relevant an analysis of current risk levels compared to Gavi's Board-approved risk appetite. Detailed information on each top risk and assessment of ongoing mitigations' status are also included in this report. The understanding of existing risks has been enhanced through consultations with risk coordinators, Senior Leadership Team and Alliance Partners. Moreover, the risk assessment methodology has been defined to align with Gavi's context, as described in the annex to the report.
- 1.2 With the Gavi Board retaining responsibility for risk oversight in the Alliance, the Audit and Finance Committee (AFC) has the delegated responsibility to oversee, review and monitor the effectiveness of risk management systems and processes, and make recommendations to the Gavi Alliance Board. As such, the AFC has reviewed the report as proposed in Annex A and recommended it for approval.
- 1.3 This year's Risk & Assurance report details 10 top risks, i.e. risks that could potentially have an impact on the ability of the Alliance to achieve its mission and deliver on its strategic goals. The report also highlights 10 other relevant risks to be monitored during 2025 and provides a spotlight on further risk related topics to pay attention to. It shows that Gavi's overall risk profile has slightly improved with four top risks decreasing and only two risks increasing, as illustrated in the report. Compared to last year, Gavi's risk landscape has evolved with the removal of four 2023 top risks and the entry of four new risks. The key drivers of the changes to Gavi's risk profile are linked to progress in mitigating actions, current socio-economic environment, development in global health and developments within Gavi. Significant progress is being done to mitigate this year's top risks, notably through the CEO's 180-day plan that ensures actionable risk mitigations through priority setting and strengthening of accountability.

2. Updated Risk Policy

- 2.1 As a key component of Gavi's Enterprise Risk Management (ERM) strategy, the Risk policy is intended to guide the Alliance's strategic and operational decision making on risk management to achieve optimal outcomes, by:
 - creating a consistent risk language and a shared understanding of risk concepts.

- promoting a culture of risk awareness, which encourages careful assessment of risks and benefits involved with Gavi operations and decision-making.
- providing high level guidance on risk management.

2.2 Updating the Risk Policy approved by the Board in 2014 is required in order to:

- Implement Gavi's ERM programme aligned with new Board-approved Ethics, Risk and Compliance (ERC) Charter for effective identification, assessment and mitigation of risks across the Alliance.
- Reflect updated strategic, organisational and business approaches of the Alliance.
- Address recommendations from 2023 internal audit on risk culture that flags the necessity to put in place a valid, actionable, and resourced plan to re-evaluate the ERM programme with a view to ensuring that appropriate policies, tools, techniques, practices, and culture are built and implemented across Gavi so that it reaches across all material aspects of the organisation.
- Address recommendations from 2019 internal audit on Enterprise Risk Management flagging the need to review the current risk management approach to prioritise underdeveloped areas including operational risk management, country/programmatic risk management and the role of partners.

2.3 Therefore, the Ethics, Risk and Compliance Office (ERCO) proposed the following changes to the Risk Policy which have been considered by the AFC:

- Complementing the policy's principles by adding transparency, inclusiveness and risk-based decision-making;
- Updating roles and responsibilities by considering ERCO's new mandate as stated in the ERC Charter and the Terms of Reference of the Senior Leadership Team, by specifying Secretariat-related and non-Secretariat related roles, and by differentiating those who are responsible and those who are accountable;
- Differentiating two categories of risks to be managed at different levels – Strategic Risks that are linked to the strategic objectives and goals of the Alliance and Operational Risks that are linked to operations and activities of Gavi's Secretariat and that include departmental, project and programmatic risks;
- Extending the policy's scope to relevant stakeholders such as the Senior Leadership Team;

- Reflecting that the policy can be reviewed and updated at the request of the CEO; and
- Describing the main steps of Gavi's risk management process.

Annexes

Annex A: Annual Risk & Assurance Report 2024

Annex B: Proposed Updated Risk Policy