

## DOCUMENT ADMINISTRATION

| VERSION NUMBER | APPROVAL PROCESS   | DATE   |
|----------------|--|--|
| 1.0            | Prepared by: Treasury Team                                       |  |
|                | Reviewed by:<br>Director, Finance & Chief Accounting Officer     | 4 August 2021                                      |
|                | Reviewed by:<br>Treasury Risk Management Committee               | 30 September 2021                                  |
|                | Reviewed and recommended by:<br>Gavi Audit and Finance Committee | 19 October 2021                                    |
|                | Approved by:<br>Gavi Alliance Board                              | 2 December 2021<br>Effective from: 2 December 2021 |
| 2.0            | Reviewed and recommended by:<br>Gavi Audit and Finance Committee | 11 May 2023  |
|                | Approved by: Gavi Alliance Board                                 | 26-27 June 2023<br>Effective from: 28 June 2023    |
|                | Next review:   | As and when required                               |

## **1. Purpose**

- 1.1. The purpose of this Treasury Governance Policy (the “Policy”) is to strengthen the management of treasury-related activities at the Gavi Alliance (“Gavi”). The Policy provides key guiding principles and defines primary roles and responsibilities for the execution of these guidelines.

## **2. Scope**

- 2.1. This Policy shall apply to all business units within Gavi which are undertaking or are engaged in decisions impacting treasury-related activities in the areas of:
  - 2.1.1. Cash and liquidity management;
  - 2.1.2. Cash flow forecasting;
  - 2.1.3. Financial risk management;
  - 2.1.4. Financial guarantees;
  - 2.1.5. Bank relationship management;
  - 2.1.6. Treasury technology including bank connectivity.
- 2.2. The Treasury function spans across Gavi’s business activities. Therefore, the Policy is applicable to current and future Gavi programmes.

## **3. Policy Statements**

- 3.1. Treasury Team shall be ultimately responsible for recommending the treasury improvement plan and operationally executing activities belonging to its remit.
- 3.2. The main Treasury Team’s objectives are to:
  - 3.2.1. Manage security, liquidity and yield (SLY principles) in order to fulfil Gavi’s financial obligations in a timely and cost-effective manner;
  - 3.2.2. Identify financial risks and measure financial exposures to protect Gavi against negative financial impact by recommending and implementing suitable risk management strategies;
  - 3.2.3. Define and maintain an efficient banking landscape to accommodate Gavi’s business requirements, minimise operational complexity and maximise flexibility;  
  
Establish strict segregation of duties and controls to minimise operational risks within treasury activities involving financial transactions;  
  
Based on these primary objectives, detailed objectives are further formulated in individual treasury policies.
- 3.3. The treasury governance framework is structured in three layers:
  - 3.3.1. This Policy provides guiding principles and assigns responsibility to different organisational units to execute the treasury mandate;



#### 4. Primary Roles and Responsibilities

4.1. The primary roles and responsibilities of different organisational units are summarised in the table below.

| Role                                      | Responsibilities  |
|---|---|
| <b>Gavi Board</b>                         | <ul style="list-style-type: none"> <li>• Approve the Treasury Governance Policy</li> <li>• Authorise exceptions to the Treasury Governance Policy</li> </ul>  |
| <b>Audit and Finance Committee</b>        | <ul style="list-style-type: none"> <li>• Advise the Gavi Board on key risks</li> <li>• Oversee and advise on financial risk management policy execution</li> <li>• Oversee and advise on cash flow forecasts and liquidity needs</li> <li>• Review and recommend amendments to treasury policies</li> <li>• Review and recommend items requiring Gavi Board approval</li> <li>• Approve changes to the permitted hedging instruments and review and monitor key risks, their assessment, mitigation and related assurance mechanisms to ensure that risks are within the Board-approved risk appetite.</li> </ul> |
| <b>Investment Committee</b>               | <ul style="list-style-type: none"> <li>• Review and recommend investment objectives for Gavi Board approval.</li> </ul>   |
| <b>CFO</b>                                | <ul style="list-style-type: none"> <li>• Chair the Treasury Risk Management Committee</li> <li>• Review the Treasury long-term strategy and work plan</li> <li>• Approve new bank relationships</li> <li>• Report on the implementation of this Policy to the Audit and Finance Committee</li> <li>• Recommend amendments to this Policy to the Audit and Finance Committee</li> </ul>  |
| <b>Treasury Director</b>                  | <ul style="list-style-type: none"> <li>• Define the Treasury long-term strategy and work plan</li> <li>• Lead the Treasury Department and Treasury Team</li> <li>• Set Treasury objectives</li> <li>• Escalate potential risk to the CFO, TRMC and Executive Office</li> <li>• Ensure timeliness, accuracy and relevance of the Treasury Reporting</li> </ul>   |
| <b>Treasury Risk Management Committee</b> | <ul style="list-style-type: none"> <li>• Review and monitor short term investments and the investment strategy</li> <li>• Review risk mitigation approach proposed by Treasury Front Office</li> <li>• Review all financial counterparties and corresponding credit limits on a quarterly basis</li> </ul>  |
| <b>Treasury Team</b>                      | <ul style="list-style-type: none"> <li>• Operationalise Treasury long-term strategy and work plan</li> <li>• Prepare recommendations for treasury improvements</li> <li>• Represent Treasury as a business partner within Gavi</li> <li>• Execute hedging strategies within the pre-approved limits</li> <li>• Manage relationships with Gavi's banking partners</li> <li>• Approve new bank accounts with existing banking partners</li> <li>• Develop and update treasury policies, standard operating procedures, and operational documentation</li> </ul>   |

| Role                                   | Responsibilities   |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Recommend changes to treasury policies to the TRMC</li> <li>• Optimise day-to-day liquidity including bank account structures and debt management</li> <li>• Implement cash flow forecasting templates and processes to consolidate relevant data from stakeholders</li> <li>• Manage financial counterparty credit risk, perform credit rating reviews</li> <li>• Implement hedging strategies for FX risk management</li> <li>• Prepare treasury reports</li> <li>• Validate all foreign exchange deals and monitors compliance with approved counterparties, established limits and permitted hedging instruments</li> </ul> |
| <b>Finance team</b>                    | <ul style="list-style-type: none"> <li>• Manage bank reconciliation and post accounting entries</li> <li>• Perform mark-to-market valuations for outstanding derivative portfolio</li> <li>• Act as a back-up for Treasury Back Office</li> </ul>  |
| <b>Cash Flow Forecast Data Owners*</b> | <ul style="list-style-type: none"> <li>• Include Treasury Team as a business partner in any discussion impacting treasury scope and activities</li> <li>• Provide information for short- and long-term cash flow forecasting as required by the Treasury Team</li> </ul>   |

\*Treasury Team builds cash flow forecasts based on data sourced by multiple stakeholders, including but not limited to Grant Management, Resource Mobilisation, Financial Forecasting and the International Finance Facility for Immunisation (IFFIm).

## 5. Related Documents

| Document ID | Name                                 |
|-------------|--------------------------------------|
| TRE.POL2    | Cash and Liquidity Management Policy |
| TRE.POL3    | Cash Flow Forecasting Policy         |
| TRE.POL4    | Treasury Risk Management Policy      |

## 6. Effective date and review of policy

- 6.1. This Policy comes into effect as of 28 June 2023.
- 6.2. This Policy will be reviewed by the Audit and Finance Committee as and when required. Any amendments to this Policy are subject to Gavi Board approval.