### DOCUMENT ADMINISTRATION

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1. **Introduction**

1.1. The purpose of the Investment Policy (“Policy”) is to assist the Investment Committee (“Committee”), the Gavi Alliance Secretariat Investments Team (“Investments Team”) and Investment Managers (the “Managers”) in effectively managing the Gavi Alliance’s investments.

1.2. This Policy governs the management of the Gavi Alliance’s investment assets and should be read in conjunction with the Asset Allocation Statement. The assets include the short-term portfolio and the long-term portfolio (together referred to as the “Portfolio”). The Committee shall review and set this Policy in accordance with the Investment Committee charter and amend it as appropriate from time to time.\(^1\)

2. **Investment objectives**

2.1. The overall investment objective of the Portfolio is to provide a level of support as determined by the Gavi Alliance mission and its spending requirements.

2.2. The composition of the short-term portfolio will be predicated on a rolling 12-month cash forecast and current spending needs. The short-term investment objectives are the following:

- Preserve the value and safety of the principal;
- Maintain liquidity to meet anticipated operating requirements;
- Provide for prudent diversification of investments to minimize credit and market risk exposure;
- Generate income.

2.3. The composition of the long-term portfolio will be predicated on Gavi Alliance’s long-term financial forecasts and spending needs. Under the Committee’s oversight, the Investments Team shall ensure prudent diversification among asset classes and individual investments. The long-term investment objective should be achieved within acceptable risk levels, which shall include avoiding large short-term declines in market value.

2.4. The long-term investment objectives are the following:

- Provide a prudent degree of growth in assets to support the organizational mission utilizing a conservative total return approach;
- Generate a positive real (after inflation) return;
- Generate income and capital appreciation;
- Provide for prudent diversification of investments to minimize correlation among investments strategies;
- Maintain liquidity to meet both anticipated and unanticipated operating requirements;
- Total portfolio volatility will be evaluated regularly as part of the asset allocation and annual portfolio risk reviews.

2.5. Gavi Alliance assets will be managed to ensure compliance at all times with applicable statutes and regulations.

2.6. The reporting currency of the Gavi Alliance is the US dollar.

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\(^1\) The words and expressions used in this Policy, unless the context requires otherwise, have the meaning attributed to them in the By-laws, the Investment Committee Charter or Policy.
3. **Investment management structure**

3.1. The Managers will manage the Portfolio’s assets according to the investment guidelines reviewed and approved by the Investments Team under the oversight of the Committee. Each Manager has discretion to manage the assets in their particular portfolio to best achieve the investment objectives and requirements, within the approved guidelines. Gavi’s preference is to use pooled vehicles when possible in order to manage administrative and operational complexity and costs.

3.2. All Managers will be reviewed against benchmarks and peers for relative performance and opportunities on a regular basis. The Investments Team shall inform the Committee of all hiring and termination decisions prior to any binding agreement.

4. **Short-term portfolio composition**

4.1. The core of the short-term portfolio will be liquid, fixed income instruments and strategies such as bank deposits, money market funds, low duration fixed income and short duration fixed income. The short-term portfolio receives contributions from donors that are typically spent within one year.

4.2. The following guidelines pertain to bank deposits:
   - Deposits shall be placed with banks with a minimum long-term rating of A/A2 or better as measured by at least two major credit rating agencies;
   - The maximum maturity of deposits is 3 months;
   - The maximum deposit placed with any single bank shall be 10% of the short-term portfolio or $200 million, whichever is higher. The basis for the maximum deposit excludes amounts in the UNICEF procurement account.

4.3. The following guidelines pertain to money market funds:
   - Funds shall have the highest rating of AAA/Aaa or the equivalent by at least two major credit rating agencies;
   - The general investment guidelines shall have limits for concentration, maturity and quality;
   - Funds shall offer daily liquidity terms.

4.4. The following guidelines pertain to low duration and short duration fixed income mandates:
   - Funds shall have a minimum credit rating of A, as measured by the composite profile of the underlying securities;
   - The general investment guidelines shall have limits for concentration, maturity and quality. Funds shall have monthly liquidity terms or better.

5. **Long-term portfolio composition**

5.1. The core of the long-term portfolio will consist of four major market exposures categorized as: Fixed Income, Equity, Multi-Exposure and Tactical. The long-term portfolio has a total return focus, and the composition of the long-term portfolio will shift depending on the relative attractiveness of market exposures. As a result, the long-term portfolio has ranges for each of the major market exposures shown in
the Asset Allocation Statement. The Committee shall review the ranges on a regular basis.

5.2. **Fixed Income:** This market exposure will aim to serve as a source of current income, reduce the variability of the total market value of the long-term portfolio, and serve as a hedge against deflation. Fixed income includes domestic (i.e., US) and international investments. Fixed income strategies may be income focused or total return focus (income plus capital appreciation). Managers of fixed income strategies may invest across a spectrum of sectors, credit quality, duration, etc. The strategies may invest in, but are not limited to the following types of securities and instruments:

- Securities issued or guaranteed by the US government, its agencies, and instrumentalities
- Securities issued or guaranteed by US local, city and state governments and their agencies and instrumentalities
- Securities issued by non-US governments and entities, including both developed and emerging markets
- Public and private corporate debt
- Distressed debt
- Bank Loans
- Securitized debt such as mortgage backed or asset backed securities
- Collateralized debt obligations
- Non-investment grade debt
- Convertibles
- Interest rate futures and swaps

5.3. **Equity:** This market exposure will be used to provide growth to the long-term portfolio and diversify returns. Equity includes both domestic (i.e., US) and international securities (including emerging markets) and instruments, and the full range of market capitalizations. Equity strategies may invest in but are not limited to the following types of securities and instruments:

- Common (including American Depository Receipts)
- Preferred
- Private
- Warrants

5.4. **Multi-Exposure:** The Multi-exposure segment is a strategic allocation, primarily focused on diversification and volatility mitigation through the use of liquid, flexible global strategies. Managers in this space may utilize any or all asset class exposures listed within this document including but not limited to, equity, fixed income, currency and derivative exposures. The goal of this allocation is to deliver positive long-term absolute returns at reasonable levels of risk, as compared to focused asset class specific mandates. This is accomplished by investing in asset classes that the Manager(s) perceive to be undervalued as well as having the ability to hedge out risks they view as unattractive, resulting in a broadly diversified and flexible underlying strategy exposure.

5.5. **Tactical:** This market exposure will be added opportunistically and used to provide diversification and the potential for improved risk adjusted return within the long-term portfolio. The tactical allocation is meant to take advantage of shorter term dislocations in the market, that are either not part of the strategic allocation, or are underrepresented within the portfolio. Generally, exposures in this allocation will
have a life of 24-48 months, or until the opportunity fully evolves. Importantly, it is understood that opportunities may not always be present, therefore, this allocation may remain at zero for some period of time. Tactical strategies include domestic (i.e., US) and international securities and instruments. Tactical strategies may invest in but are not limited to the following types of securities and instruments, both public and private:

- Natural resources / commodities
- Real estate
- Infrastructure
- Royalties
- Distressed assets

5.6. Lastly, Investments may be either long-biased, long-short, trading oriented or a blend of all strategies.

6. Review of objectives and performance

6.1. All objectives and policies are in effect until modified and approved by the Committee. These objectives and policies will be reviewed annually, or such other time as the Committee deems appropriate. Deviations from the Policy shall be brought to the attention of the next regularly scheduled Committee meeting, or earlier, if deemed significant.

6.2. On a monthly basis, the Investments Team shall review performance of the short-term and long-term portfolios. The Investments Team shall inform the Committee of the results relative to the objectives and appropriate benchmark indices on a regular basis.

6.3. The Investments Team shall maintain regular communication with the Managers in order to ascertain key business information such as but not limited to:

- Stability in retaining and attracting qualified investment professionals;
- Effectively managing asset growth;
- Gaining and retaining clients;
- Adhering to relevant regulations for the investment management industry;
- Adhering to the investment style and objectives sought by Gavi Alliance;
- Effectively maintaining, monitoring and refining operational and investment risk policies;
- Effectively maintaining, monitoring and refining business continuity and disaster recovery practices.

6.4. In addition, the Investments Team will perform regular, in-person due diligence of Managers at their office(s).

7. Supplemental Investment Policies

7.1. The Committee shall approve any additional subordinate policies as it deems prudent and appropriate, including but not limited to:

- Asset Allocation Statement
- Socially Responsible Investment (SRI) Policy