## DOCUMENT ADMINISTRATION

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<th>VERSION NUMBER</th>
<th>APPROVAL PROCESS</th>
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<td>1.0</td>
<td>Prepared by: Finance</td>
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<td>Reviewed by: Gavi Investment Committee</td>
<td>23 February 2009 Effective from: 23 February 2009</td>
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<td>Next review: Report to the Investment Committee by the Investments Team after getting results from the semi-annual monitoring studies</td>
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1. **Introduction**

1.1 The Sustainable Investment Policy ("Policy") articulates the approach to sustainability by the Gavi Alliance and is designed to be consistent with its role as a humanitarian organisation focused on saving children's lives and protecting people's health.

2. **Negative Screens**

2.1 Gavi Alliance seeks to manage and monitor its exposure to sectors that are inconsistent or controversial in relation to its mission. Accordingly, to the extent possible, holdings of the investment portfolio will be reviewed on a semi-annual basis for the following screens.

2.2 Investments shall not knowingly be made in any company generating more than 10% of revenues from the production of tobacco products (cigarettes, cigars, snuff) or in any company whose core brand/identity is tobacco or tobacco related.

2.3 Investments shall not knowingly be made in any company generating more than 10% of revenues from the production of weapons (instruments specifically designed and whose primary purpose is for attack or defense in combat) or in any company whose core brand/identity is weapons related.

2.4 Investments shall not knowingly be made in any company generating revenues from the production of anti-personnel landmines or cluster munitions or key landmine/cluster munitions-specific components.

2.5 Investments shall not knowingly be made in any company causing or contributing a direct impact on human rights jeopardising its ability to meet the "corporate responsibility to respect human rights"¹, as laid out in the UN Guiding Principles on Business and Human Rights (UNGP).

2.6 Investments shall not knowingly be made in any company implicated in material breaches² of international child labour standards, as defined by ILO Conventions 182 & 190.

3. **Negative Screens Monitoring**

3.1 The negative screens shall only be applied to individual public company equities and corporate bonds. Securities such as mortgage-backed securities, asset-backed securities, derivatives, sovereign bonds or securities traded on the foreign exchange market are excluded.

3.2 The Gavi Alliance Secretariat Investments Team ("Investments Team") is responsible for monitoring holdings to ensure compliance with the criteria identified in clauses 2.2 – 2.6 on a semi-annual basis and to report the results of its monitoring studies to the Investment Committee.

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¹ According to UNGP, the human rights are understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO's Declaration on Fundamental Principles and Rights at Work.

² Material breaches are defined as ongoing, systematic or, if isolated, of a highly serious, grave nature.
3.3 Each existing manager’s equity and corporate bond holdings as of June 30 and December 31 are to be screened by a third-party vendor. There is a 2% (of NAV) limit for ineligible holdings for each manager.

3.4 The Investments Team is responsible for informing fund managers when their holdings breach the 2% limit. Furthermore, the Investments Team should engage with the non-compliant fund manager, stating its concerns about each ineligible issuer and requesting the manager to provide explanation for holding these securities as well as any plans for divestment or engagement with ineligible companies.

3.5 If a manager breaches the 2% limit for two consecutive screening periods, an internal evaluation on the manager in question will be required and a recommendation will be shared with the Investment Committee.

4. Climate Change Risk

4.1 Climate change poses a significant risk to Gavi’s ability to fulfill its mission. Gavi’s investment framework for managing and monitoring climate change risk may include any combination of the following:

(a) Negative screens for carbon related product involvement companies;
(b) Carbon risk rating; and/or
(c) Investment in renewable or sustainable solutions including but not limited to: clean energy, waste reduction or natural resource efficiency.

4.2 The negative screens for carbon related product involvement shall only be applied to individual public company equities and corporate bonds. Securitized credit, derivatives, sovereign bonds or securities traded on the foreign exchange market are excluded.

(a) Investments shall not knowingly be made in companies that derive 10% or more of its revenue from thermal coal extraction.
(b) Investments shall not knowingly be made in companies that derive 10% or more of its revenue from oil and gas production.

The Gavi Alliance Investment Committee shall monitor the holdings that are related to carbon product involvement as defined in 4.2 (a) and (b). The Investment Committee shall review the screening results from a third-party vendor as of 30 June and 31 December. The Investment Committee may also set a limit (e.g. % of NAV) for ineligible holdings, and review it on an annual basis.

4.3 Gavi Alliance may employ a carbon risk rating methodology to determine the degree to which its investment portfolios' value is at risk from a transition to a low-carbon economy. It is acknowledged that many industry sectors may be exposed to direct or residual risk, and may require remediation of their business models in response.

4.4 Gavi Alliance may invest in strategies that are primarily focused on renewable or sustainable solutions. The type of investment will be guided by the Investment Policy Statement and its inherent limits on risk and liquidity.
5. **Notice to prospective managers**

5.1 The Investments Team is responsible for providing a copy of Gavi’s Policy to prospective managers. The Investments Team will engage with prospective managers and affirm the rationale of Policy. The Investments Team will ask prospective managers to provide a copy of holdings for review and should inform the Investment Committee if the manager is unable/unwilling to provide the holdings.

6. **Exemptions**

6.1 The following, which are to be documented by the Investments Team, are exempt from the above restrictions 2.2-2.6, and 4.2 (a) and (b):

   (a) Commingled funds held by commingled funds.

   (b) Passively managed index funds.

   (c) Investment vehicles with non-transparent holdings.

6.2 The Investments Team will on an annual basis discuss the Policy with managers overseeing vehicles meeting the standard set forth in 6.1(c).