The Global Fund

CHARTER OF THE ETHICS AND GOVERNANCE COMMITTEE

28 April 2016[1]

[1] Approved by the Board on 28 January 2016 (GF/B34/EDP07) and effective as of the conclusion of the 35th Board Meeting held on 26 – 27 April 2016.

The Global Fund

A. Purpose

1. The purpose of the Ethics and Governance Committee (the "Committee") of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") is to oversee (i) adherence by the Global Fund and its stakeholders to appropriate standards of ethical behavior, as described in related Global Fund policies, codes and requirements; and (ii) implementation of the procedures and operations related to the Global Fund's governance structure and its core governance functions.

B. Functions

2. The Board has delegated its authority to the Committee to exercise the following powers and perform the following functions.

Decision-Making Powers

2.1 The Committee shall exercise the following decision-making powers:

a. Pursuant to the Ethics and Integrity Framework, approval of modifications to applicable codes.

b. Approval of preventive, mitigating, and remedial actions to be undertaken in response to ethics and integrity-related issues and/or misconduct concerning Governance Officials, members of advisory bodies of the Global Fund, and individuals who report directly to the Board, in accordance with the process described in the applicable policies.

c. Appointment of independent external members of the Sanctions Panel under the Sanctions Procedures Relating to the Code of Conduct for Suppliers, as well as any other applicable codes of conduct.

d. Assessment of the Ethics Officer's performance, to be conducted jointly with the Executive Director and with input from the Board Leadership and the Inspector General.

e. Approval of the strategic priorities and the annual work plan for the ethics function.

Advisory Functions

2.2 The Committee shall advise and make recommendations to the Board on the following:

a. The adequacy and effective implementation of the Global Fund's ethical policies and operation of related systems, based on the reports and annual opinion of the Ethics Officer.

b. In accordance with the risk management strategy or related policies approved by the Board: (i) the assessment of risks related to compliance with the ethical values of the Global Fund and the Board's oversight of governance activities;

(ii) appropriate risk differentiation to be exercised by the Global Fund in the management of such risks; and (iii) analyses of other risk areas at the request of the Coordinating Group.

c. The establishment of new, or the modification of existing, Board-approved frameworks or policies on ethics and integrity matters, such as the Ethics and Integrity Framework and the Policy on Ethics and Conflicts of Interest for Global Fund Institutions.

d. Selection of the Ethics Officer, which will be conducted jointly with the Executive Director, for appointment on a no-objection basis by the Board.

e. Adoption of measures to facilitate engagement with Board constituencies, including guidelines on constituency processes such as the selection of representatives.

f. Assessment of the performance of the Global Fund's Board, Standing Committees and advisory bodies, as well as the leadership of the Board and its standing committees, in accordance with the performance assessment framework approved by the Board.

g. Selection of the Chair and Vice-Chair of the Board according to the Operating Procedures of the Board and Committees of the Global Fund.

h. Adoption of new, or modification to, core governance documents, including but not limited to the Bylaws, Operating Procedures of the Board and Committees of the Global Fund, and relevant committee charters or terms of reference approved by the Board.

i. Legal status matters warranting the attention or consideration of the Board, including issues related to privileges and immunities.

Oversight Functions

2.3 The Committee shall have responsibility for oversight and review in the following areas:

a. The strength and effectiveness of the Global Fund's ethics and integrity-related policies and codes.

b. Compliance, and the adequacy of the systems in place for confirming compliance, with applicable policies and codes for ensuring ethical behavior by the relevant Global Fund stakeholders, as described in the Ethics and Integrity Framework.

c. The strength and effectiveness of Secretariat systems for embedding ethical values into operations and preventing and addressing fraud or misuse of Global Fund resources, including the Sanctions Panel.

d. Coordination with the Secretariat with respect to matters of ethics and integrity that have both operational and governance implications.

e. Advising the Chair and Vice-Chair of the Board with respect to the nomination, appointment and succession processes for the Executive Director and the

Inspector General, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund.

f. Advising the Chair and Vice-Chair of the Board with respect to the Board's annual assessment of the Executive Director's performance and the Inspector General's performance, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund.

g. Supporting constituency engagement in governance processes including through (i) promoting transparent and rigorous processes for constituency selection of Board members, based in part upon membership guidelines adopted by the Global Fund and (ii) monitoring the use of constituency funding.

h. Advising the Chair and Vice-Chair of the Board on their presentation of candidates to serve as Chairs, Vice-Chairs and members of the Standing Committees for Board approval, including the initial review of potential candidates, as described in the Operating Procedures of the Board and Committees of the Global Fund.

i. The process by which the appointments to the Standing Committees are made by the Board, as described in the Operating Procedures of the Board and Committees of the Global Fund.

j. The framework for induction and continued learning initiatives provided to members of the Board and Standing Committees through in-person and other means.

k. The acquisition of privileges and immunities for the Global Fund, including the activities of the Privileges and Immunities Advisory Group.

l. Financial and resource implications of the activities of governance bodies, in coordination with the Audit and Finance Committee.

m. The appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.

C. Composition

3. The Committee shall be comprised of the following members:

a. Three voting members nominated by constituencies of the implementer group, serving in their personal capacity;
b. Three voting members nominated by constituencies of the donor group, serving in their personal capacity;
c. One non-voting, neutral Chair;
d. One non-voting, neutral Vice-Chair; and
e. One non-voting independent member with ethics expertise.

4. Nomination and appointment of Committee Members shall be according to the Operating Procedures of the Board and Committees.

5. The Chair and Vice-Chair of the Committee will alternate each term between individuals nominated by donor and implementer constituencies.

6. Committee Members shall have (i) qualifications and expertise in senior positions in the key areas of work and mandate of the Committee; and (ii) the key competencies of committee members set forth in the Operating Procedures of the Board and Committees.

7. Independent member(s) of the Committee, as well as those serving in a personal capacity, shall not seek or accept instructions in regard to performance on the Committee from any constituency of the Global Fund Board, including any government, organization or other authority, other than through action by the Board.

8. Independent member(s) of the Committee may receive an honorarium for service in accordance with an honorarium framework as may be approved by the Board, in addition to travel expenses and per diem.

9. Independent member(s) of the Committee shall sign a declaration of independence.[2] Committee Members serving in their personal capacity shall sign a similar declaration.[3]

D. Term of Office

10. Committee Members shall serve coinciding two year terms, or until the appointment of their respective successors. The Chair and Vice-Chair of the Committee shall serve coinciding two-year terms, or until the appointment of their respective successors.

E. Reporting and Communication

11. The Committee will develop its activity in accordance with the committee work methods outlined in the Operating Procedure of the Board and Committees.

12. The Committee may adopt, and modify as needed, specific procedures for the manner in which the Committee and its members handle, retain and/or communicate information associated with matters that are of a sensitive and confidential nature.

13. The Chair and Vice-Chair of the Committee shall interact regularly with and report to the Coordinating Group on the results of the Committee's deliberations, as well as any issues relevant to its discussions.

14. The Chair and Vice-Chair of the Committee shall prepare a report of its work after each committee meeting and submit a report summarizing the Committee's work for each meeting of the Board. The Committee may also prepare ad-hoc reports as requested by the Board and/or Coordinating Group, which may relate to the inter-sessional activities of the Committee and its members.

[2] Appendix I provides the criteria for independence and the declaration of independence.
[3] Appendix I also provides an example of a declaration for members serving in their personal capacity.

F. Rules of Procedure; Member Roles and Responsibilities

15. The rules of procedure of the Committee, including but not limited to procedures for quorum and voting, and the roles and responsibilities of Committee Members and Committee Leadership shall be as set forth under the Operating Procedures and the Board and Committee Member Roles and Responsibilities, respectively.

G. Review of the Ethics and Governance Committee

16. The Committee and its members are held accountable by the Board. The Committee will undergo a performance assessment against its mandate based on the performance assessment framework approved by the Board.

17. This Charter may be amended from time to time by the Board.

Appendix I

Criteria for independent members of the Ethics and Governance Committee

1. Members of the governance, advisory and administrative bodies of the Global Fund ("Global Fund Officials") may not serve as independent Committee members.[4]

2. In addition, a candidate will not be considered independent if he or she:

    a. has been a Global Fund Official at any time within the last three years[5];

    b. has within the last three years served in an elected or appointed position within the Government of a country represented through a constituency on the Board;

    c. has been within the last three years an employee of a firm that has provided audit, assurance or other oversight services to the Global Fund;

    d. has participated or attended deliberations of the governance, advisory and administrative bodies of the Global Fund within the last three years as a delegate for a constituency of the Board;

    e. has been within the last three years an employee of a company or an organization that has directly or indirectly made payments to or received payments from the Global Fund in any of the last three calendar years in excess of the lesser of US$500,000 or 2 per cent of the consolidated expenditures or revenues of the company or organization; or

    f. holds any professional responsibilities that might infringe on her/his independence.

[4] Global Fund Officials include, but are not limited to, Board members and alternates, members of Board Committees, members of the Technical Review Panel and other advisory bodies, and employees, consultants and contractors of the Secretariat and the OIG.
[5] An individual who has served as an independent member of a Board Committee may be renewed for one additional term.

The Global Fund

Declaration [of Independence][6]
for the Ethics and Governance Committee

[I declare to the best of my knowledge that having read the criteria for independence appended to the Charter of the Ethics and Governance Committee (the "Committee"), I am eligible to serve as an independent member of that Committee.][7] I undertake to discharge my functions and responsibilities as a member of the Ethics and Governance Committee with the interests of the Global Fund alone in mind and I will not to seek or accept instructions in regard to the performance of these functions from any constituency of the Global Fund, including any government, constituent organization or other authority, other than through action by the Board.

[Should there be any change in my relationship with the Global Fund with respect to the criteria for independence, I will immediately inform the Chair of the Global Fund Board.][8]

Signed: _____

Date: _____

[6] To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.
[7] To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.
[8] To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.