

POLICY ON ETHICS AND CONFLICT OF INTEREST

1. General Principles

1.1 The Global Fund to Fight AIDS, TB and Malaria (the Fund) was created to attract, manage and disburse additional resources through an innovative public-private partnership to make a sustainable and significant contribution to the reduction of infections, illness and death caused by HIV/AIDS, Tuberculosis and Malaria in countries in need. To achieve these goals, the Fund recognizes the need to bring to the table many interested stakeholders including recipient and donor states, for-profit and not-for-profit enterprises, and the international intergovernmental community.

1.2 Because of the diversity of legitimate interests and perspectives represented by these stakeholders, it is particularly important that the Fund operate in a balanced, ethical, collaborative, transparent, and open manner. All constituencies have interests, and these may lead to potential, actual and perceived conflicts of interest. This policy – provided for in Article 14 of the Fund By-Laws – provides guidance in identifying and addressing conflicts of interest. It is based on clear definitions of potential areas of concern, a duty to disclose, and outlines procedures (including the establishment of a Conflicts Committee and a designated ethics official) for managing these conflicts as they arise.

1.3 The purpose of this policy is to ensure fairness in the Board’s decision-making, to protect the reputation and integrity of the Fund and its interests, and to ensure broad public trust and confidence in the Global Fund’s decision-making and grant-making activities.

1.4 The Global Fund recognizes that the representative nature of its governing Board and its subsidiary units results in inherent conflicts when Board or its other governing units must consider matters that have a direct result on the interest of governments, corporations, or organizations who hold governance positions in the Fund. The Global Fund recognizes that these institutional conflicts of interest must be managed with the highest degree of integrity to safeguard against any perception that participation by a government, corporation or organization in any position at the Fund confers an undue advantage for such entities in Fund decisions.

2. Definitions

2.1

(a) *Covered individual* means a Board Member, Alternate, member of any Committee, task force, Technical Review Panel, or any other subsidiary body of the Fund, and employees of the Secretariat (including the Executive Director).

(b) *Associated Person* includes a Covered Individual’s (i) spouse, minor child, or domestic partner.

(c) *Associated Institution* includes (i) any organization, corporation or government in which a Covered Individual is serving as an officer, director, trustee, general partner or employee, and that receives or may receive funding from the Fund or with which the Fund has an agreement, contract, or relationship; or (ii) any person, organization, corporation, government or similar institution with whom

he or she is negotiating or has an arrangement concerning prospective employment.

- (d) *Personally and substantially.* To participate *personally* means to participate directly, including, for example, consideration of a matter at a Board meeting, or direct and active supervision of a subordinate in a matter. To participate *substantially* means that the Covered Individual's involvement is of significance to the matter.
- (e) *Gifts* shall mean any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. These include services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

3. Conflicts of Interest

3.1 A conflict of interest arises when a Covered Individual participates personally and substantially in an official capacity in any particular matter in which, to his or her knowledge, he or she or an Associated Person or Associated Institution has a financial interest, if the particular matter will have a direct and predictable effect on that interest¹. This includes, without limitation, situations:

- Where a Covered Individual's financial interests, or the interests of an Associated Person or Institution could affect the conduct of his or her duties and responsibilities with respect to the Fund or result in a reasonable perception that such a conflict exists;
- Where a Covered Individual's actions compromise or undermine the trust that the public places in the Fund;
- Where a Covered Individual's actions could reasonably impair or appear to impair the Covered Individual's ability to act in the Fund's interest; and
- Where the exercise of the rights or responsibilities of the Covered Individual could create the perception that the Covered Individual is using his or her position at the Fund to advocate for or otherwise support approval of a proposal or any other transaction that could result in a direct financial benefit for an Associated Institution.

3.2 Conflicts of interest can arise in all aspects of the Fund's work (e.g., decisions about grant recipients, local fund agents, investments, purchases or sales of goods or services). Conflicts can also be broken down into two general categories: direct and indirect.

Direct conflicts arise when a Covered Individual, or Associated Person or Institution, has a direct interest in the action in question. Examples of such interests include:

¹ With respect to those Board members and other Covered Individuals who serve on the Fund as representatives of national governments or entities, nothing in this document will be construed as to prohibit such person's participation in matters under consideration that will directly or indirectly affect the financial interests of such national government or entity, except that no Board member or other Covered Individual shall participate in the consideration of a specific funding request that has been submitted by that government or entity, or any decision through which the government or entity may receive a direct financial benefit (e.g., a grant or a contract), unless such participation has been authorized by the Board.

(a) individuals taking actions that would affect their personal financial holdings or position in or relationship with an Associated Institution;

(b) Board members advocating for approval of a particular grant in which his or her government, entity, or organization will serve as principal recipient, implementing agency, local fund agent, or play some other direct project implementation role or realize some other direct financial benefit;

(c) a Board member using his or her position on the Board to advocate for or otherwise seek approval of any service contract between the Fund and an Associated Institution; or

(d) a TRP member who is an employee of a government, corporation, or organization participating in a way in assessing a funding proposal in which an Associated Institution has any substantial interest.;

Indirect interests arise when a Covered Individual or Associated Person or Institution stands to receive a diffuse benefit from the action in question. An example of such an interest would include consideration of a proposal by a Board member where the country in question would realize general population health benefits, or in which non-governmental organizations or entities incorporated in its jurisdiction would receive diffuse benefits as a result of the grant, but in which the government or its entities would not directly participate in its implementation. Conflicts arising from indirect interests are not covered by this policy.

3.3 Covered Individuals shall not use their positions or information obtained therefrom to provide an advantage for themselves or Associated Persons or Institutions, including cases involving grants for funding and other approvals and appointments.

3.4 This policy is not intended to provide an exhaustive list of all instances of actual or potential conflicts of interest, but rather to articulate the ethical principles the Fund will follow in addressing such conflicts as they arise. Each situation will depend upon the facts of the case, but decisions will be governed by the guidelines set out in this policy, which applies to all activities sponsored or supported by the Fund, public and private, for-profit and not-for-profit alike.

4. Transparency and disclosure

4.1 All Covered Individuals have a duty to disclose the existence conflicts of interest, including those that derive from Associated Persons or Institutions, and the nature of such conflicts, whenever he or she becomes aware that the Fund is considering an activity or transaction that may create a conflict.

4.2 All Covered Individuals serving on any Fund body and all professional² staff members of the Fund Secretariat must complete and submit the attached "Declaration of Interest" [See Exhibit 3A].³

² Professional employees are those who have significant decision-making authority, as opposed to support staff positions. The Executive Director will determine whether a particular individual is covered in circumstances where there is uncertainty.

4.3 Disclosure statements shall be updated annually and shall be available for inspection by a designated ethics official at the Secretariat and, only as appropriate, by members of the Fund Board. Except for the purposes outlined above, these statements shall be maintained confidential.

5. Procedure when a Conflict of Interest Arises

5.1 Conflicts of Interest, both conflicts arising from the individual interests of a Covered Individual or Associated Person, and those arising from the institutional interests of an Associated Institution, such as the Individual's sponsoring government, corporation, or organization shall be disclosed to the Fund Conflicts Committee. The Conflicts Committee shall be a subcommittee of three members of the Board and shall be managed by a designated ethics official (a member of the Fund Secretariat designated by the Executive Director). This committee shall keep a record of Conflicts of Interest and report annually to the Board. The designated ethics official shall be responsible for ensuring that relevant conflicts of interest, are disclosed at or prior to any Board (or other relevant) meeting of the Fund.

5.2 It is the responsibility of each Covered Individual to immediately disclose in writing to the Conflicts Committee the existence of any Conflict of Interest, whether the Conflict arises from the Covered Individual's personal interest, an Associated Person, or of an Associated Institution, such as the Individual's sponsoring government, corporation, or organization. Material changes in these interests must also be disclosed as they arise and become known. Individuals are encouraged to consult with the designated ethics official or members of the Conflicts Committee for guidance if questions arise in the application of this policy.

5.3 It is the duty of the Conflicts Committee, with the assistance of the designated ethics official, to review these disclosures and to decide whether a Conflict of Interest exists and, if so, whether such Covered Individual may participate in any discussion of the issue that has given rise to the conflict. The Conflicts Committee may also, at its discretion, bring any conflicts issue to the entire Board (excluding the individual or individuals with potential conflicts) for discussion and determination.

5.4 When it is determined that a Conflict of Interest exists, the Covered Individual shall not participate in the matter. With respect to Board members, this means that the Covered Individual shall not vote or speak with regard to this matter in Board policy discussions. However, if the Covered Individual has objective information that may be useful to the discussion, the Covered Individual may alert the Board Chair/Vice Chair/ED and provide this information privately. As appropriate, the Board Chair/Vice Chair/ED may solicit information from conflicted individuals. In such an event, the Board Chair/Vice Chair/ED should then speak on behalf of the conflicted member and convey this information objectively to the rest of the Board. The Board Chair/Vice Chair/ED shall not have discretion to filter the information presented, other than to determine whether it is, in fact, objective and relevant to the discussion at hand.

³ Covered Individuals who are already subject to a code of ethics or standards of conduct regulation, and who, under such code or regulation, are required to complete and file a disclosure form that includes the information requested in the attached Declaration of Interest, may submit such form in lieu of the attached Declaration of Interest.

5.5 Application of this procedure to consideration of Fund grant proposals. When the Board considers proposals in blocks, a country's interest shall generally be considered indirect, even though it may have a direct interest in a particular proposal. But when the Board considers specific proposals, the Covered Individual or Board Chair/Vice Chair/ED shall alert the group to a direct conflict of interest and follow the procedures outlined in this policy.

5.6 Covered Individuals with a Conflict of Interest shall absent themselves without comment prior to any discussion or voting in respect of the application or other issue. However, if such persons must remain in meetings in order to fulfill their administrative responsibilities, they shall not participate in any discussion regarding the application or other issue that has given rise to the Conflict of Interest.

5.7 The names of Covered Individuals with Conflicts of Interest, and the issue on which there is a notified Conflict shall be recorded in the minutes for that meeting.

5.8 Should a Covered Individual be found to have a Conflict of Interest that has not been disclosed as required above, or the Conflicts Committee has reasonable cause to believe that a Covered Individual has failed to disclose a Conflict of Interest, it will inform the Covered Individual of the basis for such belief and provide him or her with the opportunity to explain the alleged failure to disclose. If, after hearing the response and making further investigations as may be warranted, the Conflicts Committee determines that the interested person has in fact failed to disclose a Conflict of Interest, it shall notify the Board.

6. Gifts

6.1 All Covered Individuals and Associated Persons are prohibited from accepting Gifts of products and/or services from persons or entities under circumstances where it could reasonably be construed that the gift is motivated by the position of the employee and interests that could be substantially affected by the Fund.

6.2 Exceptions.

- (a) A Covered Individual may accept unsolicited gifts on behalf of the Fund when refusal to do so would not be in the interest of the Fund. Gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled under procedures developed by the Secretariat.
- (b) A Covered Individual may accept unsolicited gifts having an aggregate value of \$20 or less, provided that the aggregate value of individual gifts received from any one person does not exceed \$50 in a calendar year.
- (c) Widely attended gatherings and other events.
 - (i) When a Covered Individual is asked to present information on behalf of the Fund at a conference or other event, an offer of free attendance at the event is not covered under this policy when provided by the sponsor of the event.
 - (ii) Widely attended gatherings. The Secretariat may approve the free attendance of individuals at widely-attended gatherings on a case-by-case basis, and may develop procedures for such attendance in

lieu of individual approvals. In determining whether such approval is appropriate, the Secretariat should consider widely-attended gatherings to be those at which it is expected that a large number of persons will attend and that persons with a diversity of views or interests will be present, such that the actual and apparent degree of influence over the Covered Individual is sufficiently diluted.⁴

7. Dissemination and Review of Policy

7.1 The Fund Secretariat shall distribute a copy of this policy to all Covered Individuals annually, along with a disclosure statement to be returned to the Conflicts Committee attesting that the Covered Individual has received and read the Conflicts of Interest Policy. The Conflicts Committee shall retain these statements confidentially.

7.2 Copies of the policy and the form for the disclosure statement shall be posted on the Fund Website.

⁴ For Covered Individuals who serve on the Fund as representatives of governments, corporations, or organizations, and where such individual is subject to a code of ethics or standards of conduct regulation as a result of such position, such individual may accept complimentary invitations to widely-attended gatherings otherwise prohibited by this policy where attendance is permitted under the code of ethics or standards of conduct to which the individual is subject.