

**AUDIT AND ETHICS COMMITTEE  
DECISIONS AND RECOMMENDATIONS TO THE BOARD**

**PURPOSE:**

This report serves to inform the Board about decisions taken by the Audit and Ethics Committee ('AEC') in accordance with its Charter, and presents AEC recommendations to the Board.

## **PART 1: INTRODUCTION**

1.1. The Audit and Ethics Committee ('AEC') has met twice since being constituted fully by Board decision on 16 April 2012.<sup>1</sup> Full details of the discussions may be consulted in the Committee Member Meeting Reports issued following each meeting, and an overview of discussions and the principal workstreams of the AEC is provided in Part 5 of this report.

1.2. The AEC has taken two decisions, in relation to the updated Policy on Ethics and Conflicts of Interest [document GF/AEC02/05; attached as Annexes 1 and 2 to this paper] and the Procedure for Retention and Dissemination of Confidential Information [document GF/AEC02/07 Revision 1; attached as Annex 5 to this paper]. The Committee presents two Decision Points to the Board for approval: a proposed Updated Policy on Ethics and Conflicts of Interest; and a proposal for amendments to the Charters of the Audit and Ethics Committee and the Finance and Operational Performance Committee ('FOPC'), developed in collaboration with the leadership of the FOPC.

## **PART 2: UPDATED POLICY ON ETHICS AND CONFLICTS OF INTEREST**

### **Decision**

2.1. In order to appropriately reflect the governance reform decisions in the policies under the oversight of the AEC, the AEC requested, at its first meeting, that the Secretariat present a revised Declaration of Interest Form and any necessary amendments to the Policy on Ethics and Conflict of Interest for Global Fund Institutions (the "Ethics Policy").

2.2. At the 2<sup>nd</sup> AEC Meeting on 9-10 August 2012, revisions to the Ethics Policy and the Declaration of Interest Form were presented to and agreed by the AEC. These revisions may be regarded as non-substantive, and include updating the name of the AEC from "Ethics Committee" to "Audit and Ethics Committee" and updating references to descriptions contained in the governance documents. The updated draft of the Ethics Policy is attached as Annex 1 and the updated draft of the Declaration of Interest Form is attached as Annex 2, with changes marked within each document.

2.3. Under Article 2.2 of the AEC Charter which indicates that the AEC shall advise and make recommendations to the Board regarding modifications to the Board-approved ethical guidelines and standards, including the Ethics Policy, the AEC agreed to present the proposed revisions to the Board for approval and hereby proposes the following decision:

### ***GF/B27/DP/[ ]: Revision to the Policy on Ethics and Conflict of Interest for Global Fund Institutions***

***The Board approves the revised Policy on Ethics and Conflict of Interest for Global Fund Institutions attached as Annex 1 of GF/B27/07 and the revised Declaration of Interest Form attached as Annex 2 of GF/B27/07 as updated to reflect the new Board Committee structure established with the Board's adoption of the Governance Reform at its Twenty-Fifth Meeting.***

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<sup>1</sup> Decision Point B25/EDP/18 "Appointment of Independent Members of the Audit and Ethics Committee"

**PART 3: PROPOSED AMENDMENTS TO THE CHARTERS OF THE AUDIT AND ETHICS COMMITTEE AND THE FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE**  
**Decision**

3.1. On 20 August 2012, the Chairs and Vice-Chairs of the AEC and FOPC (the ‘AEC and FOPC Leadership’) discussed the allocation of financial performance and financial accounting and reporting responsibilities in the Committees’ respective Charters. The discussion focused on oversight of the Global Fund’s financial accounting and reporting policies, adherence to such policies in the preparation and presentation of the financial statements, and the Secretariat’s response to findings and recommendations from the external audit.

3.2. It is proposed that certain advisory and oversight functions currently within the Charter of the FOPC be transferred to the Charter of the AEC in order to ensure that the AEC holds full responsibility for: 1) overseeing the financial accounting and reporting policies applied to prepare and present the Global Fund’s financial statements; 2) recommending the audited annual financial statements to the Board for approval; and 3) overseeing the Secretariat’s response to external audit findings and recommendations, including referral of matters to another Committee with the mandate to address such matter.

3.3. It is a principle of good governance to include in the Charter of a Board Committee, all authorities and responsibilities necessary for it to be fully accountable and properly fulfil its oversight role and to ensure that the Committee has the technical competence to carry out its duties. The proposed changes properly align responsibilities and authorities to follow this principle.

3.4. These revisions, which are indicated in the attached documents [Annexes 3 and 4], entail the following:

- i. The AEC has oversight over all stages of the production and presentation of Global Fund financial reports, including the recommendation of the audited financial statements to the Board and oversight of adherence to applicable financial reporting and accounting policies;
- ii. The AEC has oversight over the follow-up to the findings and recommendations of the external auditors, including the responsibility of referring matters to other Board Committees that have the mandate and authority to address such matters; and
- iii. The AEC has the authority to recommend to the Board the adoption or modification of financial accounting and reporting policies.

3.5. The AEC and the FOPC have jointly agreed to the proposed revisions and hereby present the following decision point to the Board:

***GF/B27/DPXX: Amendments to the Charters of Audit and Ethics Committee and the Finance and Operational Performance Committee***

***1. The Board decides to amend the Charters of the Audit and Ethics Committee (the “AEC”) and the Finance and Operational Performance Committee (the “FOPC”) to reallocate the advisory and oversight responsibilities related to the external audit of the Global Fund’s annual financial statements between the AEC and FOPC, as set forth in Annexes 3 and 4 to GF/B27/07.***

***2. The AEC and FOPC Charters, as amended and set forth in Annexes 3 and 4 of GF/B27/07, shall be effective as of the date of this decision.***

**Procedure for Retention and Dissemination of Confidential Information**

4.1. At the 2<sup>nd</sup> AEC Meeting, considering the nature of the discussions of the Committee, the Committee reviewed a procedure to manage confidential information, including the records of sensitive discussions and executive sessions, of which the unauthorized disclosure may lead to legal liabilities, breach of confidentiality, or impediment to Office of the Inspector General ('OIG') investigations.

4.2. The members of the AEC approved the Procedure for the Retention and Dissemination of Confidential Information, as contained in document GF/AEC02/07 Revision 1, and attached as Annex 5, via electronic affirmative vote on 31 August 2012.

***GF/AEC02/EDP01: AEC Procedure for Retention and Dissemination of Confidential Information***

***The AEC approves the AEC Procedure for Retention and Dissemination of Confidential Information attached as Annex 1 of GF/AEC02/07 (Revision 1).***

**Other matters**

4.3. The AEC considered proposed revisions to the Policy for the Disclosure of OIG Reports, developed jointly by the OIG and the Secretariat, and presented at the 2<sup>nd</sup> AEC Meeting. The revisions included a proposal to delegate the authority to authorize a redacted report to the AEC, and clarification of the ability to restrict reports where disclosure could impede the due process rights of a staff member. Following extensive discussion and guidance by the committee, the Secretariat and the OIG will work to further refine the Policy for consideration by the AEC at the 3<sup>rd</sup> AEC Meeting in October 2012. The AEC expects to present a revised Policy for the Disclosure of OIG Reports to the Board at the Twenty-Eighth Board Meeting in November 2012.

5.1. The 1<sup>st</sup> AEC Meeting was held in Geneva on 8 June 2012 and focused on agreeing on ways of working and a timetable for the Committee's activities and priorities for the remainder of the 2012 calendar year. A two-day induction program was completed prior to the first meeting, familiarizing new members with the Global Fund, and introducing all members to the new governance system adopted by the Board at its Twenty-Fifth Meeting in November 2011.

5.2. All independent members of the AEC signed a declaration of independence (as set out in Appendix 1 to the AEC Charter). Members also signed the Global Fund Declaration of Interest form at the first meeting, and the declaration of any new conflicts or potential conflicts of interest is a standing agenda item at all AEC meetings. Declarations are retained by Legal Counsel.

5.3. The 2<sup>nd</sup> AEC Meeting took place in Geneva on 9-10 August 2012. Discussions focused on key areas of the committee's mandate, including the operations of the OIG, the 2011 external audit of the Global Fund conducted by Ernst & Young SA, and a number of items in the field of ethics.

5.4. The principal workstreams of the AEC presently include the following:

- i. Oversight responsibility for the OIG, including independent assurance and investigations, the disclosure of OIG reports, follow-up to audit and investigation findings, and oversight of OIG management matters;
- ii. Financial accounting and external auditing;
- iii. Ethics, including routine consideration of ethics declaration matters and referrals, Global Fund policy in the field of ethics, the launch of an Ethics and Compliance program, and the operationalization of a Sanctions Panel and Procedure;
- iv. Risk management, as it impacts these key workstreams.

5.5. The AEC expects to meet once again in 2012 and is likely to meet four times in 2013, with one meeting allocated exclusively to the review of the consolidated financial statements in preparation for submission to the Board. The major themes of ethics, risk and OIG operations will be addressed at every meeting. Other subjects will be reviewed at specific times of the year, such as the OIG annual audit plans and resource needs.

5.6. The AEC notes that review and consideration of outstanding action points from the Finance and Audit Committee - which was dissolved following governance reforms in 2011 - has taken place.

## Policy on Ethics and Conflict of Interest for Global Fund Institutions\*

### 1. General Principles

- 1.1 The Global Fund to Fight AIDS, Tuberculosis 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 involve 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 interests and perspectives represented by these stakeholders, it is particularly important that the Fund operate in a balanced, ethical, collaborative, transparent, and open manner. This policy ~~—provided for in Article 7.4 of the Fund Bylaws—~~ provides guidance in identifying and addressing actual or potential 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 an Audit and Ethics Committee and the appointment of an Ethics Official) for managing these conflicts as they arise.
- 1.3 The purpose of this policy is to ensure fairness and a high standard of ethical conduct in the Fund'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 Fund's decision-making and grant-making activities. Where provisions of this policy conflict with law or regulation applicable to a Covered Individual such provisions shall not apply. When possible, however, this policy shall be interpreted to be consistent with applicable law or regulation.
- 1.4 The Fund recognizes that the representative nature of its governing Board and its subsidiary units results in inherent conflicts when the Board or its other governing units must consider matters that have a direct result on the interest of governments, corporations, or organizations that hold governance positions in the Fund. The 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

- (a) *Covered individual* means a member of the Board of the Fund (“Board Member”), an alternate, a member of any committee, task force, the Technical Review Panel, or any other subsidiary body of the Fund, and professional employees of the Secretariat.<sup>[1]</sup>
- (b) *Associated Person* means a Covered Individual's (i) spouse, minor child, or domestic partner.

\* Approved 10-11 October 2002, as amended at the Eighteenth Board Meeting ([GF/B18/8](#)) of the Global Fund to Fight AIDS Tuberculosis and Malaria and by Board Electronic Decision Point GF/B[XX]/EDP[YY].

- (c) Associated Institution means (i) any organization, corporation or government in which a Covered Individual is serving as an officer, director, trustee, partner or employee, that receives or may receive funding from the Fund or with which the Fund has an agreement, contract, grant or relationship; or (ii) any person, organization, corporation, government or similar institution with whom a Covered Individual is negotiating or has an arrangement concerning prospective employment.
- (d) Personally and substantially. To participate personally means to participate directly or to attempt to influence the outcome of a decision-making process, 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) Gift means any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, honorarium, 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.
- (f) Audit and Ethics Committee means the standing Committee, composed of five independent members and three representatives of Board constituencies, six Board Members, established to provide oversight of (i) the internal and external audit and investigation functions of the Global Fund and (ii) the adherence by the Global Fund and programs financed by it to appropriate standards of ethical behavior. As part of this mandate, the Audit and Ethics Committee assists with the implementation of the Policy on Ethics and Conflict of Interest ~~and~~ to help prevent situations that might affect the reputation and integrity of the Fund.
- (g) Ethics Official means the Secretariat employee designated by the Executive Director of the Fund Secretariat to assist the Audit and Ethics Committee in its work.

### 3. Conflicts of Interest

- 3.1 A conflict of interest arises when a Covered Individual participates personally and substantially in any particular Global Fund 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 may have a direct and predictable effect on that interest.<sup>[2]</sup> In general, and without limitation, conflicts may be deemed to exist in the following 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; and

- Where the Covered Individual's actions create the perception that the Covered Individual is using his or her position at the Fund for personal benefit or for the direct financial benefit of an Associated Institution.

*Specific examples of such conflicts include:*

- *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;*
- *Board Members advocating for approval of a particular policy from which his or her government, entity, or organization will realize some direct financial benefit;*
- *Board Members using their position on the Board to advocate for or otherwise seek approval of any service contract between the Fund and an Associated Institution; or*
- *TRP members who are employees of a government, corporation, or organization participating in the assessment of a funding proposal in which an Associated Institution has any substantial interest.*

*Conflicts do not in principle arise when a Covered Individual or Associated Person or Institution stands to receive a diffuse benefit from the action in question. For example, a Board Member does not have a conflict of interest based on his or her consideration of a proposal if his or her country would realize general population health benefits, or in which non-governmental organizations or entities incorporated in his or her country 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.*

These lists are only illustrative, and are not intended to set out all instances where an actual or potential conflict of interest exists, but rather to articulate the principles the Fund will follow in addressing such conflicts as they arise. Each situation will be assessed based upon its particular facts and circumstances, 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 of any actual or potential conflict of interest, including those that derive from Associated Persons or Institutions, and the nature of such conflict, whenever he or she becomes aware that a conflict exists or that a conflict is reasonably likely to occur or that there is the appearance of a conflict.
- 4.2 All Covered Individuals must complete and submit the attached "Declaration of Interest" to the Ethics Official.<sup>[3]</sup>
- 4.3 Disclosure statements shall be updated annually and whenever there is a material change in the information they contain, and shall be maintained by the Ethics Official and made available for inspection by the [Audit and Ethics Committee](#), and, only as

deemed appropriate by the Audit and Ethics Committee, by the Board. Except as outlined above, these statements shall be maintained confidential.

- 4.4 An employee shall request authorization of the Executive Director before accepting an office or occupation outside his or her employment duties at the Global Fund or accepting an honor or decoration provided by an outside party if the proposed action may give rise to an actual or potential conflict of interest or the appearance thereof. Such requests shall be treated in accordance with the procedure set out in Section 5.4 of this Policy.

## **5. Procedure when a Conflict of Interest Arises**

- 5.1 All actual or potential conflicts of interest or the appearance thereof shall be immediately disclosed in writing to the Fund's Audit and Ethics Committee through the Ethics Official. Individuals are encouraged to consult with the Ethics Official or members of the Audit and Ethics Committee for guidance if questions arise in the application of this policy.

- 5.2 It is the duty of the Audit and Ethics Committee, with the assistance of the Ethics Official, to review these disclosures and to decide whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which such Covered Individual may participate in any discussion of the issue that has given rise to the conflict. The Audit and Ethics 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.

- 5.3 When it is determined that an actual or potential conflict of interest exists, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Audit and Ethics Committee. With respect to the Board, this means that the Covered Individual shall not vote or speak on the matter, and shall absent himself/herself without comment before any discussion or voting on the matter, unless a waiver has been granted by the Audit and Ethics Committee. The waiver may be designed to allow for any level of participation the Audit and Ethics Committee deems appropriate. For example, it may permit the Covered Individual to present information of a technical nature, but not recommendations. Or, it may permit the Covered Individual to attend the meeting in order to fulfill his or her administrative responsibilities, but not to participate in any discussion on issues that have given rise to the conflict of interest. The names of Covered Individuals with actual or potential conflicts of interest who participate in a particular meeting, and the issue on which there is a conflict, shall be recorded in the minutes for that meeting.

- 5.4 The Executive Director may, in consultation with the Audit and Ethics Committee, authorize a Global Fund employee to accept or hold an office or occupation outside of his or her employment duties at the Global Fund, or to accept an honor or decoration provided by an outside party. When requested, the Audit and Ethics Committee shall state whether such authorization would result in an actual or potential conflict of interest.

- 5.5 When the Board considers groups of proposals for approval, a Board Member's participation in the consideration shall generally not be considered to be a conflict of interest even though his or her country or entity that he or she represents may have a direct interest in a proposal in the group. When the Board considers specific proposals,

the Covered Individual or any other person shall alert the Board of any actual or potential conflict of interest and follow the procedures outlined in this policy.

- 5.6 Should a Covered Individual be found to have an actual or potential conflict of interest that has not been disclosed as required above, or the Audit and Ethics Committee has reasonable cause to believe that a Covered Individual has failed to disclose an actual or potential 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 Audit and Ethics Committee determines that the interested person has in fact failed to disclose an actual or potential conflict of interest, it shall notify the Board.

## **6. Gifts**

- 6.1 All Covered Individuals and Associated Persons are prohibited from accepting Gifts under circumstances where it could reasonably be construed that the Gift is motivated by the position of the Covered Individual and interests that could be substantially affected by the Fund. All Covered Individuals and Associated Persons are prohibited from giving gifts where it could be reasonably construed that the gift is intended to affect the policies or practices of the Fund or any of the programs it funds. The Audit and Ethics Committee may waive this provision as appropriate.

### **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 or provide gifts having an aggregate value of \$20 or less, provided that the aggregate value of individual gifts received from or provided to 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.<sup>[4]</sup>

## **7. Employment by the Global Fund Secretariat**

Any individual who has served as a Board member, Alternate, a member of a Board Committee, or as Chair or Vice Chair of the Technical Review Panel shall not be eligible for employment by the Global Fund Secretariat until one year following their last date of service in such a position. The [Audit and Ethics Committee](#) may waive this provision as appropriate. A request for such a waiver must be submitted by the concerned individual to the [Audit and Ethics Committee](#) before he or she applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the [Audit and Ethics Committee](#).

## **8. Uncompensated Involvement of an Associated Person**

An Associated Person of any employee of the Secretariat shall not be engaged to carry out work without compensation either on or outside the Global Fund premises.

## **9. Country Coordinating Mechanisms**

The transparent operation of Country Coordinating Mechanisms is necessary for the effective implementation of programs financed by the Global Fund, and for the integrity of proposal development and approval. Covered Individuals shall, as appropriate, individually and through Associated Institutions use their best efforts to ensure that Country Coordinating Mechanisms operate in a transparent manner and actively safeguard against conflicts of interest.

## **10. Dissemination and Review of Policy**

- 10.1 The Fund Secretariat shall distribute a copy of this policy to all Covered Individuals annually, along with a copy of the Declaration of Interest form.
- 10.2 Copies of this policy and the Declaration of Interest form shall be posted on the Fund website.

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<sup>[1]</sup> 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.

<sup>[2]</sup> 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 or policy), unless such participation has been authorized by the Board.

<sup>[3]</sup> 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.

<sup>[4]</sup> 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.

## Updated Policy on Ethics and Conflicts of Interest: DECLARATION OF INTEREST FORM

In compliance with the Global Fund's Ethics and Conflict of Interest Policy, all Covered Individuals<sup>1</sup> are required to complete this form in respect of themselves, their spouses<sup>2</sup> and any dependent children annually or in the event of a material change or at the request of the [Audit and Ethics Committee](#).

### What type of interest needs to be declared?

Covered Individuals must report any interest in (including association with) any entity with which they may be required, directly or indirectly, to have official dealings on behalf of the Global Fund or which has a financial interest in the work of Global Fund.

The following is provided for guidance and is a non-exhaustive list of types of interest:

1. a financial interest, e.g., shares or bonds, in a commercial entity with which a Covered Individual may be required, directly or indirectly, to have official dealings on behalf of the Global Fund, or which has a commercial interest in the work of the Global Fund (except share holdings through general mutual funds or similar arrangements where the Covered Individual has no control over the selection of shares<sup>3</sup>);
2. an employment, consultancy, directorship, or other position or association, whether or not paid, in any entity with which a Covered Individual may be required, directly or indirectly, to have official dealings on behalf of the Global Fund, or which has a commercial interest in the work of Global Fund, or an ongoing negotiation concerning prospective employment or other association with such entity;
3. a proprietary interest in a substance, technology or process (e.g., ownership of a patent), relevant to the Global Fund's work;
4. performance of any paid work or research commissioned by an entity with which a Covered Individual may be required, directly or indirectly, to have official dealings on behalf of the Global Fund, or which has a commercial interest in the work of the Global Fund; and
5. a family interest in which, for example, a spouse or dependent child is employed by an entity from which goods and/or services are purchased using Global Fund resources.

**How to complete this Declaration:** Please answer questions 1 and 2 of the form in the English language and sign and date the form before submitting it under confidential cover, to

the Ethics Official of the Global Fund, Ms Gülen Newton, Legal Counsel, at [ethics@theglobalfund.org](mailto:ethics@theglobalfund.org).

**Assessment and outcome:** Information disclosed on this Declaration Form by Covered Individuals shall be kept on behalf of the [Audit and Ethics Committee](#) of the Global [Fund](#) and

<sup>1</sup> A Covered Individual means a member of the Board of the Global Fund, an alternate, a member of any committee, task force, the Technical Review Panel, or any other subsidiary body of the Global Fund, and professional employees of the Secretariat.

<sup>2</sup> For the purposes of this Declaration, "spouse" includes a legally recognized domestic partner.

<sup>3</sup> This exception would not apply to funds or similar arrangements which focus on industries which have commercial interests in the work of the Global Fund.

may be made available to the Chair and Vice-Chair of the Global Fund and/or the Office of the Inspector General. The information may be made available to persons outside of Global Fund only when the objectivity of the work of the Global Fund has been questioned and when the Chair of the Audit and Ethics Committee considers disclosure to be in the best interests of the Global Fund, and then only after the Covered Individual concerned has had an opportunity to comment.

**Please respond to the following two requests for information:**

**Declaration:**

**1)** Have you, your spouse or dependent child(ren) any interest in (including association with) any entity with which you may be required, directly or indirectly, to have official dealings on behalf of the Global Fund, or which has a financial interest in the work of the Global Fund?

**Yes:**  **No:**  **If yes, please give details in the box below.** (If additional space is needed, please continue on a separate page and sign and date that page.)

Type of interest, e.g. patent, shares (including number and current market value); employment, association, payment (including details on any compound, work, etc.);	Name of entity	Indicate whether held by you, or your spouse, or your dependent child(ren)?

**2)** Is there anything else that could affect your objectivity or independence in the performance of your duties for Global Fund, or the perception by others of your objectivity and independence?

**Yes:**  **No:**  **If yes, please give details below or on a separate page and sign and date that page.**

I confirm that I have read, understood and comply with the Policy on Ethics and Conflicts of Interest for Global Fund Institutions<sup>4</sup>. I declare that the information which I disclose in this Declaration of Interest Form is correct and complete. I undertake to update the information in this Declaration of Interest Form in the event of any material change in these circumstances<sup>5</sup> and, in any event, at least annually.

<sup>4</sup> See [http://www.theglobalfund.org/documents/core/policies/Core\\_EthicsAndConflictOfInterest\\_Policy\\_en/](http://www.theglobalfund.org/documents/core/policies/Core_EthicsAndConflictOfInterest_Policy_en/)

<sup>5</sup> The concept of “material change” allows for some flexibility of interpretation, thus in the event of any doubt the staff member should consult the Ethics Official. However, as an example, any change in the companies in which stocks are held should be reported, but it is safe to assume that any change of less than 20% in the *number* of a stock of a company already held would not be a material change. An increase in the *value* of stock, without a change in the number, would not by itself be a material change.

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Signature

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Date

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Name (please print)

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Title (please print)

**PROPOSED AMENDMENTS TO THE CHARTER OF THE  
AUDIT AND ETHICS COMMITTEE**

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**THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS &  
MALARIA**

**CHARTER OF THE AUDIT AND ETHICS COMMITTEE**

~~16 April 2012~~ [ ] September 2012<sup>1</sup>

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<sup>1</sup> As adopted on 21 November 2011 (GF/B25/DP7), amended on 16 April 2012 (GF/B25/EDP18) and amended on [ ] September 2012 (GF/B27/DPXX).

## **A. Purpose**

1. The purpose of the Audit and Ethics Committee (the “AEC” or the “Committee”) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is to provide oversight of (i) the internal and external audit and investigation functions of the Global Fund; and (ii) the adherence by the Global Fund and its grant programs to appropriate standards of ethical behavior.

## **B. Functions**

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

### Decision-Making Functions

- 2.1 The AEC shall exercise the following decision-making functions:
  - a. Approval of the key performance indicators and methodology for assessing the performance the Office of the Inspector General (“OIG”), based upon the performance assessment framework approved by the Board.
  - b. Approval of the OIG’s annual audit and investigation work plan, guidelines, processes and procedures.
  - c. Selection and appointment of the external auditor of the Global Fund and its terms of engagement, including remuneration and terms of reference, for ultimate approval by the Board.
  - d. Approval of approaches for (i) the release of OIG reports in accordance with the Disclosure Policy for Release of OIG Reports and other applicable Board-approved policies; and (ii) communication to stakeholders in response to OIG reports.
  - e. Approval of policies setting forth minimum standards for external auditors of grant recipients and policies describing the appropriate parameters for the scope of work of such auditors.
  - f. Approval remedial actions to be undertaken in response to deficiencies identified in ethical standards employed by the Global Fund and any ethics-related complaints received by the AEC and/or OIG.
  - g. Approval of waivers to permit participation by members of the governing, advisory and administrative bodies of the Global Fund in matters for which an actual or potential conflict of interest exists, in accordance with the process described in the Policy on Ethics and Conflict of Interest for Global Fund Institutions (the “Ethics Policy”).
  - h. Approval of secondments of Global Fund employees, in accordance with the Ethics Policy.

- i. Appointment of members of the Sanctions Panel responsible for implementing the Sanctions Procedures Relating to the Code of Conduct for Suppliers, as well as any other applicable codes of conduct that may be approved from time to time.

#### Advisory Functions

- 2.2 The AEC shall advise and make recommendations to the Board on the following:
  - a. The appropriateness of the scope of the mandate and functions of the OIG.
  - b. The appropriate tolerance to be exercised by the Global Fund in the management of fiduciary and ethical risks, as reflected within the risk management strategy adopted by the Board.
  - c. Analyses undertaken by the AEC at the request of the Coordinating Group of key risk areas.
  - d. The adequacy and effectiveness of Global Fund strategies and policies relating to the communication of OIG findings, with due consideration to the Global Fund's objectives of openness and transparency.
  - e. The adoption of and/or modification to (i) Global Fund strategies on ethical matters, including those pertaining to human rights, programmatic sustainability and the integrity of funding throughout the grant-making life-cycle and (ii) Board-approved ethical guidelines and standards, including the Ethics Policy and Whistle-Blowing Policies and Procedures.
  - f. The approval by the Board of the annual audited financial statements of the Global Fund.
  - g. The adoption of and/or modification to financial accounting and reporting policies applicable to the preparation and presentation of the annual financial statements of the Global Fund.

#### Oversight Functions

- 2.3 The AEC shall have responsibility for oversight and review in the following areas:
  - a. Oversight of the OIG, including annual review of (i) the OIG's performance against key performance indicators adopted by the AEC; (ii) the audit and investigation guidelines, processes and procedures of the OIG; and (iii) the appropriate allocation of resources to the OIG based upon OIG functions and deliverables.
  - b. Compliance by the OIG to applicable policies and procedures.
  - c. The identification of emerging risks and oversight of key risk areas as requested by the Coordinating Group, taking into consideration the audit and investigation findings of the OIG.

- d. Compliance by the Global Fund to applicable policies and guidelines of ethical conduct including, but not limited to, the Ethics Policy and the Whistle-blowing Policy and Procedures.
- e. Implementation of the codes of conduct arising from the Values and Integrity Framework.
- f. The adequacy of Global Fund systems and procedures to ensure adherence to adopted ethical standards, and the effectiveness of its compliance systems.
- g. The preparation and production of the Global Fund's annual financial statements, including, but not limited to, oversight of: (i) the activities of the Global Fund's external auditor; and (ii) the financial accounting and reporting policies used to prepare and present the annual financial statements.
- h. The findings and recommendations of the Global Fund's external auditor and the Secretariat's responsiveness to such findings and recommendations; provided, however, that the AEC will refer oversight of specific issues arising from the external audit to a different Board Committee, based on reference to the particular mandate and functions of the Board Committees.

### **C. Composition**

- 3. The AEC shall be comprised of the following members:
  - i. Five independent members, one of whom shall serve as Chair; and
  - ii. Three representatives of Board constituencies, one of whom shall serve as Vice-Chair.
- 4. Members of the AEC shall be nominated by the Coordinating Group and appointed by the Board. The Chair and Vice-Chair of the Committee shall be selected by the Board Chair and Board Vice-Chair.
- 5. In instances in which the Committee is unable to take a decision, the AEC Chair shall, in consultation with the AEC Vice-Chair, exercise an additional vote in order to resolve such impasse.
- 6. Members shall have qualifications and expertise in senior positions in the key areas of work of the Committee. Membership of the AEC should include a balance of representation with public and private sector experience.
- 7. The five independent members of the AEC shall serve in their personal capacity and shall not seek or accept instructions in regard to their performance on the Committee from any constituency of the Global Fund, including any government, organization or other authority, other than through action by the Board.
- 8. The five independent members of the AEC may receive an honorarium for their service as independent AEC members, as approved by the Board, in addition to travel expenses and per diems.

9. All independent members will be required to sign a declaration of independence.<sup>2</sup>

#### **D. Term of Office**

10. The term of office of each member of the AEC shall be two years until the appointment of his or her successor. The Chair and Vice-Chair of the Committee shall serve in those capacities for a term of two years until the appointment of their successors.
11. A member's appointment to the AEC may only be revoked by action of the Board on the recommendation of the Coordinating Group.

#### **E. Reporting and Communication**

12. The AEC and its constituent members report to and are held accountable by the Board.
13. The Committee leadership 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 business.
14. The AEC shall prepare a report of its 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.
15. The AEC may from time to time consult with and/or communicate advice and recommendations directly to other Committees of the Board, with notice to the Coordinating Group.
16. The Chair of the AEC shall meet regularly with the Inspector General (the "IG"), without members of the Secretariat being present, to discuss the remit of the IG and any issues arising from audits and investigations. In addition, the IG and Global Fund Legal Counsel, as the Global Fund Ethics Official, shall be given the right of direct access to the Chair and Vice-Chair of the AEC.

#### **F. Rules of Procedure; Member Roles and Responsibilities**

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

#### **G. Review of the Audit and Ethics Committee**

18. The AEC shall undertake and submit to the Coordinating Group an annual review of its own performance. The Coordinating Group shall periodically review the output of the

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<sup>2</sup> Appendix I provides the criteria for independence and the declaration of independence.

Committee, assess its effectiveness and make appropriate recommendations to the Board, in consultation with the Chair and Vice-Chair of the AEC, regarding its membership and functions.

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

| Issued: ~~16 April 2012~~ [ ] September 2012<sup>3</sup>

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<sup>3</sup> As adopted on 21 November 2011 (GF/B25/DP7), amended on 16 April 2012 (GF/B25/EDP18) and amended on [ ] September 2012 (GF/B27/DPXX).

## Appendix I

### Criteria for independent members of the Audit and Ethics Committee

1. Members of the governance, advisory and administrative bodies of the Global Fund (“Global Fund Officials”) may not serve as independent Committee members.<sup>4</sup>
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;
  - 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.

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<sup>4</sup> 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.

## **Declaration of Independence of independent members of the Audit and Ethics Committee**

I declare to the best of my knowledge that having read the criteria for independence appended to the Charter of the Audit and Ethics Committee, I am eligible to serve as an independent member of that Committee. I undertake to discharge my functions and responsibilities as a member of the 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.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**PROPOSED AMENDMENTS TO THE CHARTER OF THE  
FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE**

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**THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS &  
MALARIA**

**CHARTER OF THE FINANCE AND OPERATIONAL  
PERFORMANCE COMMITTEE**

21 November 2011 [ ] September 2012<sup>1</sup>

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<sup>1</sup> As adopted on 21 November 2011 (GF/B25/DP7) and amended on [ ] September 2012 (GF/B27/DPXX).

## **Purpose**

1. The purpose of the Finance and Operational Performance Committee (the ‘FOPC’ or the “Committee”) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is to (i) provide oversight of the financial management of Global Fund resources; and (ii) ensure optimal performance in the operations and corporate management of the Secretariat.

## **A. Functions**

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

### Decision-Making Functions

- 2.1 The FOPC shall exercise the following decision-making functions:
  - a. Adoption of key performance indicators and methodology for assessment of the financial management of Global Fund resources, based upon the performance assessment framework approved by the Board.
  - b. Adoption of key performance indicators and methodology for assessment of the performance in the operations and corporate management of the Secretariat, based upon the performance assessment framework approved by the Board.
  - c. Approval of asset and liability strategies to minimize exchange losses and preserve the capital value of the Trust Fund of the Global Fund, as well as any other account utilized by the Global Fund for the deposit of its resources.
  - d. Approval of and/or modifications to the Global Fund fiduciary control framework for grant management, to the extent consistent with applicable Board strategies and initiatives.
  - e. Modifications to Board-approved operational policies, to the extent consistent with applicable Board strategies and initiatives.
  - f. Approval of policy frameworks to guide development by the Secretariat of operational policies.
  - g. Approval of the risk-stratification matrix of the countries and territories in which the Global Fund makes grants, in accordance with the risk management strategy approved by the Board.

### Advisory Functions

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

- a. The multi-year budget and cash-flow projections of the Global Fund, based upon review by the FOPC of materials prepared by the Secretariat and the World Bank in its capacity as Trustee for the Global Fund.
- b. Modifications to the policy frameworks governing the receipt and management of contributions to the Global Fund, including those concerning the trustee relationship with the World Bank and the contribution modalities available to donors.
- c. Modifications to the Comprehensive Funding Policy and any other Board-approved policies governing the commitment of Global Fund assets for the approval of funding proposals.
- d. Modification to the resource mobilization strategy of the Global Fund.
- ~~e. The approval by the Board of the annual audited financial statements of the Global Fund.~~
- f.e. The approval by the Board of the annual operating budget of the Global Fund, including the component budgets for the Secretariat and the Office of the Inspector General (“OIG”), and approval by the Board of proposed operating expenditures that exceed the budget threshold approved by the Board.
- g.f. The adequacy, efficiency and effectiveness of the fiduciary control framework for grant management and the risk management strategy adopted by the Board, and proposed material modifications to the risk management strategy.
- h.g. Analyses undertaken by the FOPC at the request of the Coordinating Group of key risk areas.

### Oversight Functions

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

- a. Oversight of the financial management of Global Fund resources, including annual review of (i) financial forecasts; (ii) ~~annual audited financial statements;~~ (iii) status of donor pledges and contributions; (iv) the activities of the World Bank in its capacity as Trustee for the Global Fund; and (v) financial management performance against key performance indicators adopted by the FOPC.
- b. Oversight of the corporate management and operations of the Secretariat, including annual review of (i) the Secretariat’s risk assessment and management processes; (ii) the ~~Secretariat’s implementation response to by the Secretariat of recommendations and findings~~ by the external auditor, as referred by the Audit and Ethics Committee, and the OIG; and (iii) corporate management performance against key performance indicators adopted by the FOPC.
- c. The annual expenditures of the Global Fund, including the Secretariat and the OIG, against approved budgets and work plans.

- d. The resource mobilization strategies, policies and activities of the Global Fund, including review of (i) the status and effectiveness of replenishment activities; (ii) engagement of private sector donors and development of innovative financing initiatives; and (iii) management of in-kind donations by the Global Fund.
- e. The adequacy, efficiency and effectiveness of the fiduciary controls and financial risk management of the Global Fund, including review of (i) the implementation of measures to incorporate into business practices the audit and investigation findings of the OIG; (ii) the fiduciary obligations of grant recipients; (iii) key risk areas as requested by the Coordinating Group; and (iv) Global Fund policies for sanctioning fraud and misuse of grant funds, including termination and suspension of grants.
- f. The adequacy and effectiveness of fiscal management policies and processes, including investment and foreign exchange hedging strategies, and policies governing the commitment of Global Fund assets.
- g. The development of strategies for enhancing value for money by improving productivity and efficiency at all levels of the organization and operation of the Global Fund.
- h. The corporate administrative policies and activities of the Secretariat, including human resources and insurance policies, involving consultation as appropriate with the Global Fund Ombudsman, representatives of Secretariat staff and Global Fund Legal Counsel.

## **B. Composition**

- 3. The FOPC shall be comprised of the following members: <sup>2</sup>
  - i. Five representatives of the implementer bloc;
  - ii. Five representatives of the donor bloc;
  - iii. One non-voting, neutral Chair identified by the implementer bloc;
  - iv. One non-voting, neutral Vice-Chair identified by the donor bloc; and
  - v. Two representatives of the non-voting, ex-officio members of the Board, one of which shall be the World Bank, with each such individual acting in a non-voting, ex-officio capacity.
- 4. The Board Vice-Chair shall exercise a casting vote on the FOPC in instances in which the Committee is unable to take a decision.
- 5. Members of the FOPC shall be nominated by the Coordinating Group and appointed by the Board. The Chair and Vice-Chair of the Committee shall be selected by the Board Chair and Board Vice-Chair.

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<sup>2</sup> The constituencies contained within the implementer bloc and donor bloc are identified based upon the description of the Board within the Bylaws (Article 7). The implementer bloc consists of the group encompassing the seven developing country seats, the two non-governmental organization seats, and the representative of a non-governmental organization who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria. The donor bloc consists of the group encompassing the eight donor seats and the private foundation and private sector seats.

6. Members shall have qualifications and expertise in senior positions in the key areas of work of the Committee.

**C. Term of Office**

7. The term of office of each member of the FOPC shall be two years until the appointment of his or her successor. The Chair and Vice-Chair of the Committee shall serve in this capacity for a term of two years until the appointment of their successors.
8. A member's appointment to the Committee may only be revoked by action of the Board on the recommendation of the Coordinating Group.

**D. Reporting and Communication**

9. The FOPC and its constituent members report to and are held accountable by the Board.
10. The Committee leadership 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 business.
11. The FOPC shall prepare a report of its work for each meeting of the Board. The Committee may also prepare ad-hoc reports as requested by the Board of Directors and/or Coordinating Group, which may relate to the inter-sessional activities of the Committee and its members.
12. The FOPC may also from time to time consult with and/or communicate advice and recommendations directly to other Committees of the Board, with notice to the Coordinating Group.

**E. Rules of Procedure; Member Roles and Responsibilities**

13. The rules of procedure of the FOPC, including procedures for quorum and voting, and the roles and responsibilities of Committee members shall be as set forth under the Operating Procedures and Board and Committee Member Roles and Responsibilities, respectively.

**F. Review of the Finance and Operational Performance Committee**

14. The FOPC shall undertake and submit to the Coordinating Group an annual review of its own performance. The Coordinating Group appointed by the Board shall periodically review the output of the Committee, assess its effectiveness and make appropriate recommendations to the Board, in consultation with the Chair and Vice-Chair of the FOPC, regarding its membership and functions.

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

| Issued: ~~21 November 2011~~ [ ] September 2012<sup>3</sup>

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| <sup>3</sup> As adopted on 21 November 2011 (GF/B25/DP7) and amended on [ ] September 2012 (GF/B27/DPXX).

**Audit and Ethics Committee  
Procedure for Retention and Dissemination of Confidential Information <sup>1</sup>**

**1. Purpose**

- 1.1. The responsibilities of the Audit and Ethics Committee (“AEC”), as stipulated within its Charter, include oversight of matters that are of a sensitive and confidential nature (“Confidential Information”).
- 1.2. Specific procedures are required for the handling Confidential Information in view of the risks associated with inappropriate disclosure. These risks include (i) exposing the Global Fund to risk of legal liability (e.g., defamation claims); (ii) damaging the integrity of ongoing OIG investigations and audits; and (iii) breaching the confidentiality that generally attaches to ethics and conflicts referrals brought to the AEC.
- 1.3. This procedure establishes systems for the retention and communication of Confidential Information.

**2. Scope of Confidential Information**

- 2.1. Confidential Information includes, but is not limited to:
  - Preliminary findings of the Office of the Inspector General (“OIG”) from ongoing investigations and audits, and other non-public work product of the OIG;
  - Allegations of misconduct by directors and officers of the Global Fund, and the conduct of disciplinary proceedings;
  - Personal information of Global Fund officials (e.g., Board/Committee members, officers, advisory group members), brought to the AEC as a result of ethics referrals or conflicts matters; and
  - AEC deliberations concerning any of the above-listed information, as well as AEC deliberations conducted in Executive Session.
- 2.2. Documentation provided to AEC members pertaining to confidential matters will be marked as such by the AEC Leadership (i.e., the AEC Chair and Vice-Chair), with the instruction that such documentation may not be circulated beyond the AEC.
- 2.3. At the outset of AEC discussions that should be treated as confidential, the AEC Leadership will note the nature of those deliberations as such. In the event of uncertainty regarding the confidentiality of certain discussions or documents, the AEC Leadership will provide clarification to the Committee.

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<sup>1</sup> This Procedure implements the following Board-approved policies related to confidential Global Fund records and processes: the Policy on Ethics and Conflict of Interest for Global Fund Institutions (the “Conflicts Policy”) (the confidential disposition of conflict of interest matters); the Documents Policy (the confidential treatment of internal Global Fund work product); and the Policy for Disclosure of Reports Issued by the Inspector General (the confidentiality of ongoing OIG investigations).

### **3. Recordkeeping of Confidential Information**

- 3.1. The outcome and content of AEC deliberations regarding confidential matters will be recorded by the AEC Secretary within a detailed and confidential report of the meeting in question (the “Confidential Meeting Report”). The Confidential Meeting Report and relevant supporting documentation will be held by Global Fund Legal Counsel and only released to non-AEC members upon the instruction of the AEC Leadership. Immediately following any such instruction, the AEC Leadership will inform the AEC of the release of confidential information, the rationale for release, and the measures undertaken to ensure confidentiality.
- 3.2. Following finalization of the Confidential Meeting Report, Global Fund Legal Counsel will propose to AEC Leadership redactions in order to safeguard Confidential Information. Upon approval by AEC Leadership of redactions as appropriate, the report will be incorporated within the official meeting report for presentation to the Board (the “Official Meeting Report”).
- 3.3. The Ethics Official will maintain a registry of ethics and conflict of interest matters considered by the AEC, containing the facts of each case (including, where applicable, the Declaration of Interest Form) and the decision undertaken by the AEC, including its rationale. For the purpose of ensuring consistency in AEC decision-making, the Ethics Official will advise the AEC of applicable precedents during its consideration of ethics and conflicts referrals.

### **4. Communication of Individual Ethics-Related Decisions**

- 4.1. Global Fund Legal Counsel will communicate AEC decisions on ethics matters referred to the AEC pursuant to its Charter, including conflict of interest referrals evaluated by the AEC under the Conflicts Policy, to the person that is the subject of the AEC decision. Such communication will be made within five working days of the AEC decision, and will be provided in a confidential memorandum with copy to the AEC Chair and Vice-Chair.

### **5. Reporting to the Board on Confidential Matters**

- 5.1. In order to demonstrate accountability to the Board, the AEC has an obligation to report fully on its functions. The AEC will fulfill this responsibility while protecting Confidential Information through:
  - Redacting Confidential Information from the Official Meeting Report only to the extent necessary and appropriate; and
  - Describing ethics and conflict of interest matters in general terms relating to trends, issues or concerns, rather than the details of specific cases.
- 5.2. The AEC may determine in its discretion that the Board and/or Board/Committee Leadership should be apprised of a confidential matter such as the illustrative examples of Confidential Information set forth Section 2 above. In these cases, the AEC Leadership will raise this issue on a confidential basis with the Coordinating Group,

which will determine the appropriate method for handling such issue. For confidential matters of a highly sensitive nature, the AEC Leadership may alternatively raise the issue on a confidential basis with the Board Chair and/or Vice-Chair.