

Thirty-Second Board Meeting

Ethics and Integrity Initiative –

Revision 1

The Global Fund Thirty-Second Board Meeting**GF/B32/18****Revision 1****Board Decision****THE ETHICS AND INTEGRITY INITIATIVE****Purpose:**

1. This paper recommends to the Board for adoption of a set of policy principles arising from the Ethics and Integrity Initiative.
2. These proposals, developed under the oversight of the Ethics Steering Committee and Audit and Ethics Committee, are intended to strengthen the ethical foundations of the Global Fund, from grant operations to the Board activities. These proposals are: (i) the Ethics and Integrity Framework; (ii) (ii) the Creation of a Dedicated Ethics Function; and (iii) principles for a Code of Ethical Conduct for Governance Officials.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.

EXECUTIVE SUMMARY

1. The strength of the Global Fund is contained in its values, of which ethics and integrity are integral. A strong ethics and integrity program engenders stakeholder trust in the Global Fund, and moreover safeguards resources dedicated to health through the creation of an integrated compliance and anti-corruption program, supported by communication, monitoring and oversight.
2. The Board Chair and Vice-Chair have committed to the development of a comprehensive ethics and integrity framework, fully embedded into all aspects of Global Fund operations, as a core pillar of their term. Accordingly, at the November 2013 Board Meeting, the Board endorsed a suite of recommendations presented by the Audit and Ethics Committee (AEC) and the Ethics Official, their goal being to develop such a system.
3. In order to develop specific and practical proposals based on the Board's endorsements, the Board Leadership launched the Ethics and Integrity Initiative, consisting of two stages: a First Stage of designing core pillars of a holistic ethics and integrity framework, namely establishment of policy principles; and a Second Stage involving the embedding of ethics into Global Fund operations, namely establishment of organizational structures and systems. To oversee this initiative, the Board Leadership established an Ethics Steering Committee. Moreover, an independent expert consultant was engaged to take forward major aspects of this work, in consultation with stakeholders such as the Board, and under the oversight of the Ethics Steering Committee.
4. The policy recommendations arising from the First Stage of the Ethics were developed with reference to risk assessments of the organization's ethics environment, which identified significant gaps and risks in this area. These recommendations, submitted for Board approval, consist of (i) an Ethics and Integrity Framework; (ii) the Creation of a Dedicated Ethics Function; and (iii) principles for a Code of Ethical Conduct for Governance Officials (see Annexes A, B, and C).

INTRODUCTION and BACKGROUND

5. As a result of the diversity of interests and perspectives represented by the Global Fund's stakeholders, it is of particular importance for the organization to operate in a balanced, ethical, collaborative, transparent and open manner. As such, the organization must set, communicate and enforce common ethical norms, behavioral integrity and standards across stakeholders.
6. As a reflection of these points, the Board Chair and Vice-Chair have committed to the development of the "full and comprehensive integration of ethical principles in the functioning of the Global Fund including the Board."¹ The Board Leadership considers that "a strong ethical foundation is essential to good governance and will strengthen trust and confidence in both the internal and external relations of the Global Fund."²
7. This foundation will enhance stakeholder confidence in the integrity of Global Fund processes and decision-making. Moreover, it is expected to lead to a robust platform on which to build an integrated anti-corruption program, supported by communication, monitoring and oversight, to ensure that risks to resources dedicated to health are minimized.

¹ Communication by Board Chair and Vice-Chair to Board Members, 1 August 2013.

² *Id.*

8. Accordingly, at the November 2013 Board Meeting, the Board endorsed a suite of recommendations presented by the AEC and the Ethics Official, their goal being to develop:
 - a. an overarching policy which integrates and articulates the Global Fund's core values, ethics and integrity, applicable on a global level and which presents the organization's diverse ethics and integrity related policies as interrelated parts of a unified and coherent ethics program;
 - b. shared awareness of ethics and integrity obligations across the Global Fund, including among governance officials, senior management and other stakeholders; and
 - c. tools for embedding ethics and integrity into Global Fund operations.
9. The Board Leadership took forward these Board endorsements in 2014 through establishment of an Ethics and Integrity Initiative, overseen by a Steering Committee chaired by the AEC Vice-Chair and composed of AEC members, senior Secretariat staff and the Inspector General. An independent expert on organizational ethics was also selected to produce the deliverables envisioned through the Ethics and Integrity Initiative, through consultation with key stakeholders. The materials were subsequently reviewed by the AEC, and endorsed for presentation to the Board.
10. The Ethics and Integrity Initiative consists of two major stages. The First Stage is concerned with establishment of principles to establish foundational elements of a strong ethics and integrity framework, involving policy proposals. Following consideration and proposed Board approval of these recommendations, the initiative will move to a Second Stage of establishing compliance and anti-corruption systems, including processes and controls to ensure ethical behavior across Global Fund stakeholders. A detailed description of the Second Stage's key outputs and deliverables is described in paragraph (21), below.
11. This paper presents AEC recommendations arising from the First Stage of the Ethics and Integrity Initiative, for proposed approval by the Board. These proposals, contained in Annexes A, B and C, are:
 - a. the Ethics and Integrity Framework (the "Framework");
 - b. The Creation of a Dedicated Ethics Function; and
 - c. Principles for a Code of Ethical Conduct for Governance Officials.

CURRENT ETHICS-RELATED GAPS AND DEFICIENCIES

12. The need for improvements in the Global Fund's ethics environment has been stressed through the 2012-2014 term of the AEC. Amongst other things, this AEC conclusion was supported by the 2013 Assessment of the Secretariat Control Environment, conducted by the Chief Risk Officer and presented at the Fourth AEC Meeting. That Control Assessment found that (i) the organization's ethics-related documentation is limited; (ii) there is only basic awareness of ethics within the organization; and (iii) staff are not fully aware of the value of ethics and integrity.

13. In addition, the Ethics and Integrity Initiative has been informed by the following risk statement provided by the Risk Management Department:

“Lack of commitment and adherence to integrity and ethical values of an organisation increases the risk of inappropriate behaviour of staff and key stakeholders leading to possible poor decision-making (e.g. unethical purchasing), poor culture and staff well-being, fraud (misuse of funds and misrepresentation in reporting) and reputational damage.”

14. To complement these risk analyses, wide consultations were undertaken regarding the adequacy of the organization’s ethics and integrity systems. This exercise included the findings that (i) the current ethics-related policies are not linked as part of a coherent whole; (ii) there is a significant need for a Code of Ethical Conduct at the Board/Committee level, and a need to develop/refine similar Codes for individuals and organizations involved at all levels of Global Fund-financed activities; and (iii) systems are not in place to embed ethics and integrity into operations, including compliance monitoring and consequence management.
15. An integrated ethics framework is therefore viewed as the platform to build an anti-corruption program and clear/simple business processes and controls, supported by communication, monitoring and oversight and, importantly, consistency in consequence management.

FIRST STAGE OUTPUTS: RECOMMENDED POLICY PRINCIPLES

16. In order to address the gaps and deficiencies described above, a suite of policy proposals have been developed. These materials were developed under the direct oversight of the Global Fund Legal Counsel and Ethics Official, and reflect the input and guidance of the Ethics Steering Committee. Moreover, an Ethics Working Group, including the Head of the Human Resources Department and the Chief Risk Officer, provided input on the Framework and ethics function analysis and recommendation. Finally, these materials were developed following a consultative exercise undertaken with (i) Board constituency representatives; (ii) the Secretariat Management Executive Committee; and (ii) Staff Council representatives.
17. To establish foundational principles and policy coherence, a Framework has been developed. The Framework is a global policy, applicable to all those involved in Global Fund-financed activities. This extends from individuals and organizations involved in Global Fund governance to the level of grant implementation. The Framework fills a major gap by articulating the organization’s core ethical values, which were identified through consultation with Board constituencies, senior management and the Staff Council. The Framework also links together the organization’s ethics-related policies as part of a coherent whole and, importantly, contains a strong compliance element. Namely, it describes clear roles and responsibilities at each level of the organization for embedding ethics into operations. While the Global Fund has established Codes of Conduct for staff, grant recipients and suppliers, it has not established a similar code for Board/Committee members. As such, there is not presently a policy describing the standards of behavior expected of governance officials, or one describing procedures for addressing ethical misconduct. This gap is particularly noticeable owing to the fact that governance officials have a heightened responsibility to exhibit ethical behavior, given the example they set for the organization. The principles of a Code of Ethical Conduct for Governance Officials (the “Code”) is therefore proposed, applicable to Board and Committee Members, Board Alternates and Board delegation members. Based on each of the Global Fund’s core ethical values, as proposed in the Framework, the Code identifies specific expectations and obligations for governance officials. These

expectations/obligations range from those relating to disclosing potential conflicts of interest to working in the best interests of the Global Fund. In addition, the Code describes the responsibilities and procedures of the AEC and proposed Ethics Officer in maintaining compliance and addressing violations of the Code.

18. The success of the Ethics and Integrity Framework, and its accompanying Code of Ethical Conduct, relies upon their full and effective implementation. At present, the Global Fund's ethics function is carried out by its Legal Counsel. Considering that the Framework represents a new vision of organizational ethics and integrity, and also considering the additional resources this implies, a dedicated ethics function is proposed.
 - a. Within the materials, certain items were specifically designated for Board discussion at its November 2014 retreat. The materials presented to the Board for approval reflect the outcome of these discussions.

NEXT STEPS: THE SECOND STAGE OF THE INITIATIVE

19. Following Board consideration and proposed approval of the policy recommendations contained within this paper, the Ethics and Integrity Initiative will move to its Second Stage. Within the Second Stage, the key outputs will be (i) mechanisms to strengthen the integration of ethics and integrity within Global Fund operations; (ii) compliance and anti-corruption systems for ensuring adherence by stakeholders to ethical behaviour; (iii) detailed guidance for governance officials, staff and other stakeholders on their obligations pursuant to their respective Codes of Ethical Conduct; and (iv) ethics and integrity training programs and communications strategies for Global Fund governance officials, staff and external stakeholders. To achieve these outputs, the expected deliverables for the Second Stage are:
 - a. Enhanced organizational features to strengthen the integration of ethics and integrity within Global Fund operations, including development of the Terms of Reference, reporting line and resourcing of the ethics function;
 - b. Revision to existing ethics-related policies and procedures, based on reforms proposed in the Initial Stage;
 - c. Modified business processes and controls for prioritized risk management and clear roles and accountabilities to deliver and embed ethics into Global Fund operations;
 - d. Tools for embedding ethics into operations specific to the Global Fund's operating model, including communications strategies for Global Fund staff and governance officials;
 - e. Ethics training programs and communications strategies for Global Fund staff and governance officials; and
 - f. Compliance systems for establishing consequence management for violations of ethical policies, and systems and metrics to allow a full audit of the Ethics and Integrity Framework.

DECISION

22. The following Decision Point is recommended to the Board:

GF/B32/DPXX – Ethics and Integrity Initiative: First Stage Policy Proposals

The Board acknowledges the Audit and Ethics Committee’s recommendation of policy principles arising from the First Stage of the Ethics and Integrity Initiative, as set forth in GF/B32/18 – Revision 1 .

Accordingly, the Board approves:

- i. The Ethics and Integrity Framework contained in Annex A to GF/B32/18 – Revision 1; and***
- ii. The proposal for creation of a dedicated and independent ethics function led by an Ethics Officer, as described in Annex B to GF/B32/18 – Revision 1.***

The Board furthermore requests the Audit and Ethics Committee to develop the following for the Board’s approval at its Thirty-Third Meeting:

- iii. A Terms of Reference, reporting line and resourcing for the Global Fund ethics function, developed in consultation with the Finance and Operational Performance Committee; and***
- iv. A Code of Ethical Conduct for Governance Officials, developed in consultation with all Board constituencies, and based on the Global Fund’s core ethical values and the principles contained in Annex C to GF/B32/18 – Revision 1.***

<p>This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.</p>
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**The Ethics and Integrity Framework
of
The Global Fund to Fight AIDS, Tuberculosis and Malaria**

Purpose

1. The strength of the Global Fund is contained in its values, of which ethics and integrity are integral. A strong ethics and integrity program engenders stakeholder trust in the Global Fund, and moreover safeguards resources dedicated to health through the creation of an integrated compliance and anti-corruption program, supported by communication, monitoring and oversight. To reach and maintain high standards of ethical conduct, the Global Fund's core ethical values must be fully integrated into its culture and activities, including its grant programs, and complied with by all entrusted with Global Fund resources and/or responsibilities.
2. This Ethics and Integrity Framework sets out obligations that must be complied with by (i) Board and Committee Members, Board Alternates and Board delegation members (together, "Governance Officials"); (ii) Global Fund employees; and (iii) members of Global Fund advisory bodies (groups (i), (ii) and (iii) together, "Global Fund Officials"). However, these obligations apply also to all those involved in activities financed by the Global Fund, particularly in the implementation of grant programs.

Core Ethical Values of the Global Fund

3. The Global Fund is guided by the following core ethical values, which all individuals involved in Global Fund activities are expected to respect:
 - a. Integrity. Integrity applies to the Global Fund's decision-making processes and the activities it finances, from grant programs to decisions reached by the Global Fund's Board and Committees. Working with integrity involves demonstrating transparency, impartiality, fairness, consistency and truthfulness. In order to demonstrate integrity, all individuals entrusted with Global Fund resources must act without bias.
 - b. Duty of Care. The Duty of Care represents the obligation to (i) operate in the best interests of the Global Fund; (ii) act as proper and diligent stewards of Global Fund resources; and (iii) demonstrate the highest standards of professionalism in meeting responsibilities.
 - c. Accountability. All Global Fund Officials are accountable to the organization. The Global Fund as an organization is accountable to its stakeholders, most important to people living, affected or at higher risk of HIV/AIDS, tuberculosis and malaria. Accountability also applies to those involved in the implementation of grant programs, who must act as fiduciaries of Global Fund resources. Accountability entails responsibility for one's activities and decisions. It also includes the duty to immediately inform the Global Fund of possible ethical misconduct in Global Fund operations.
 - d. Dignity and Respect. The Global Fund upholds the dignity of beneficiaries of its funding and must use its best efforts to ensure such funding does not contribute to

discriminatory treatment or violation of human rights. Dignity and respect also applies to behavior within the Global Fund. In their interactions with each other, all Global Fund Officials have a responsibility to maintain an enabling environment guided by mutual respect, with an open flow of viewpoints and information.

Specific Responsibilities of Key Individuals and Organizations

4. In addition to Global Fund Officials, all individuals and organizations involved in Global Fund-financed activities are obligated to reflect the Global Fund’s core ethical values. Consequently, the Global Fund establishes specific codes for key individuals and organizations to guide them in achieving the highest standards of ethical conduct. These codes include:

Policy:	Applicable to:
The Code of Ethical Conduct for Governance Officials	Governance Officials
The Staff Code of Ethical Conduct	Global Fund employees
Code of Ethical Conduct for TRP Members	Technical Review Panel Members
The Code of Ethical Conduct for Recipients of Global Fund Resources	Global Fund grant recipients
The Code of Ethical Conduct for Suppliers	Providers of goods and services to the Global Fund and/or its grant programs
The Code of Ethical Conduct for Country Coordinating Mechanisms	Country Coordinating Mechanisms

Implementation of the Ethics and Integrity Framework

5. The Global Fund’s Board has ultimate ownership over the Ethics and Integrity Framework. This ownership arises from the greater responsibility of the Board and its Committees to embody the highest standards of ethical conduct, given their responsibilities to act as ambassadors for the Global Fund and set an example for the rest of the organization.
6. The Board has delegated to the Audit and Ethics Committee (AEC) the responsibility to oversee the Framework’s implementation. In this regard, the AEC has the following specific responsibilities:
 - a. Oversee the Secretariat’s activities in embedding the Global Fund’s core ethical values into its operations;

- b. Oversee compliance and anti-corruption systems for ensuring ethical behavior by key individuals and organizations involved in Global Fund activities, including Global Fund Officials, grant implementers and suppliers;
 - c. Oversee the effectiveness of the Global Fund's ethics and integrity-related policies and codes (such as those listed in paragraph (4), above);
 - d. Approve modifications to the Code of Ethical Conduct for (i) Governance Officials; (ii) Recipients of Global Fund Resources; (iii) Suppliers; and (iv) Country Coordinating Mechanisms (CCMs);
 - e. Address potential conflicts of interest in accordance with the process described in applicable policies; and
 - f. Address actual and perceived ethical misconduct by Governance Officials and members of advisory bodies to the extent described in the relevant Codes, and identify and apply appropriate remedial actions.
7. The Executive Director, with the support of Secretariat senior management, has the responsibility to implement the Ethics and Integrity Framework within the Global Fund's operations. In this regard, the Executive Director is responsible for ensuring that the Global Fund's operations and organizational practice reflect the highest level of ethical conduct, based on reference to applicable policies and procedures, including this Framework. In addition to Secretariat activities, the Executive Director is responsible for ensuring the Global Fund's best efforts to minimize unethical conduct in the use of grant funds (e.g. corruption and fraud). Finally, the responsibilities of the Executive Director and his/her designated Secretariat staff include undertaking remedial action when unethical conduct is observed (e.g. grant suspension or termination; or disciplinary action towards staff members).
8. The Inspector General has responsibility to provide independent and objective assurance over the design and effectiveness of controls or processes in place to ensure ethical behavior in the Global Fund's operations and the activities it finances. As part of this responsibility, the Inspector General may undertake periodic reviews or audits of the effectiveness of the Global Fund's Ethics and Integrity Framework, and issues recommendations on the basis of these reviews.
9. The Ethics Officer is appointed based on the recommendation of the AEC, and is responsible for providing assurance on the extent to which the Global Fund has fully and effectively implemented its ethics and integrity-related policies, codes and requirements.
10. The Ethics Officer's responsibilities are described within the specific Terms of Reference, which may be modified from time to time. Generally, the Ethics Officer's responsibilities include, but are not limited to, the following:

- a. Provide an annual assurance opinion to the Board, through the AEC, on (i) the quality of the Global Fund's ethics and integrity systems, including anti-corruption controls, based on an assessment of key risk areas; and (ii) the extent to which the Global Fund has complied with ethics and integrity-related policies, codes and requirements;
- b. Monitor the effectiveness of existing systems and procedures for integrating ethics and integrity into Global Fund operations, and propose modifications as appropriate to the AEC;
- c. Support the development and implementation of tools for embedding ethics and integrity into operations specific to the Global Fund's operating model, including communications strategies and trainings programs for Global Fund Governance Officials, staff and external stakeholders (e.g. grant implementers);
- d. Monitor the effectiveness of compliance systems for establishing consequence management for violations of ethical and integrity-related policies and codes, and propose modifications as appropriate to the AEC;
- e. Undertake preliminary investigations of perceived ethical misconduct and refer such cases to the OIG as appropriate;
- f. Provide regular advice and support to the Executive Director and staff on ethics and integrity-related issues, including identification and management of conflicts of interest and ethical misconduct involving Global Fund staff;
- g. Provide regular advice and support to the Board through the AEC on ethics and integrity-related issues both at and in-between meetings, including on identification and management of conflicts of interest and addressing ethical misconduct, including misconduct by Governance Officials; and
- h. Provide advice and support for external stakeholders on ethics and integrity-related issues, including addressing ethical misconduct.

Reporting Unethical Behavior

11. An important part of living the Global Fund's values is possessing the conscience to protect the organization and its grant programs when aware of improper conduct. Consequently, anyone aware of possible abuses or improper activities must immediately inform the Global Fund through the appropriate channel.
12. The Global Fund is committed to protecting those who identify and report, in good faith, violations of the organization's policies or other acts of fraud, corruption, or dishonesty from retaliation or reprisal, including through the procedures set forth in the Whistle-blowing Policies and Procedures approved by the Global Fund Board.
13. The Inspector General and Ethics Officer will develop a procedure to ensure the timely and appropriate referral of ethics matters to the Ethics Officer, and to ensure communication and appropriate collaboration in addressing ethics-related matters as they may arise.

Addressing Unethical Behavior

14. In order to achieve the proper implementation of this Ethics and Integrity Framework, the Board instructs the AEC and Executive Director to take strong and immediate action to address proven ethical misconduct, within their respective scope of authority.

Communication and Training

15. The success of this Ethics and Integrity Framework relies upon its translation into practice. A key element in this regard is communication and training. Therefore, all key individuals and organizations involved in Global Fund programs, including Governance Officials, staff, grant implementers, CCMs and suppliers, should receive information and training on ethical expectations, as embodied in their respective Codes of Ethical Conduct.
16. The Ethics Officer will collaborate with Global Fund senior management and the Coordinating Group to implement communication and training programs. As part of its oversight responsibility, the AEC shall, on behalf of the Board, review the effectiveness of such programs.

Global Fund Ethics and Integrity Initiative Proposal for Creation of a Dedicated Global Fund Ethics Function

Purpose

1. Under the leadership of the Board Chair and Vice-Chair, an Ethics and Integrity Framework (the “Framework”) will be proposed to the Board at its November 2014 Meeting. This Framework describes the core ethical values at the heart of the Global Fund’s mission, decision-making processes and grants activities. Through this Framework, stakeholder confidence will be enhanced in the integrity of Global Fund processes and decision-making. Moreover, it is expected to lead to a robust platform on which to build an integrated anti-corruption program, supported by communication, monitoring and oversight, to ensure that risks to resources dedicated to health are minimized.
2. Based on the program envisioned through the Framework, the Global Fund will implement a fundamental shift in how the organization approaches ethics. In addition to adopting a more comprehensive vision of ethics in the Global Fund’s context, the Global Fund will install a variety of systems and processes for embedding ethics into operations and compliance.
3. The Framework will apply to all organizations and individuals involved in activities funded by the Global Fund. This includes Board and Committee Members, staff, advisory body members, Local Fund Agents and those involved in implementing and supporting grant programs. The Framework will also be implemented through establishment of Codes of Ethical Conduct specific to key individuals and organizations. At its Thirty-Third Meeting, a Code of Ethical Conduct for Governance Officials will be proposed to the Board.
4. Within the Second Stage of the Ethics and Integrity Initiative, the key outputs will be (i) mechanisms to strengthen the integration of ethics and integrity within Global Fund operations; (ii) compliance and anti-corruption systems for ensuring adherence by stakeholders to ethical behaviour; and (iii) ethics and integrity training programs and communications strategies for Global Fund governance officials, staff and external stakeholders.

Rationale for a Dedicated Ethics Function

5. The need for the Framework, as well as systems to implement it, was demonstrated by the 2013 Assessment of the Secretariat Control Environment, conducted by the Chief Risk Officer and presented at the Fourth Audit and Ethics Committee (AEC) Meeting. That Control Assessment found significant deficiencies in the ethics compliance environment. Moreover, this initiative has been guided by the following risk statement provided by the Risk Management Department:

“Lack of commitment and adherence to integrity and ethical values of an organisation increases the risk of inappropriate behaviour of staff and key stakeholders leading to

possible poor decision-making (e.g. unethical purchasing), poor culture and staff well-being, fraud (misuse of funds and misrepresentation in reporting) and reputational damage.”

6. This analysis was also informed through consultation with Board constituencies, senior management, the Working Group on Governance, the AEC and the Staff Council. All those consulted supported the strengthening of systems to monitor Global Fund compliance to ethical standards of conduct, namely through the creation of an independent ethics function. The full description of those consulted in the development of this analysis is contained in [Annex 1](#) and [Annex 2](#).
7. In addition to these consultations, the practices in this area by peer international public organisations, including public financial institutions, were reviewed. All of the institutions reviewed have established a dedicated ethics office with functions including management of conflicts of interest; development of ethical standards; and implementation of ethics training and education programs. The findings of this survey are summarized in [Annex 3](#). While the analysis was at this stage limited to public institutions, many private sector companies and foundations/international non-governmental organizations have developed even more advanced ethics compliance and assurance systems. These practices will be reviewed within the Second Stage of this initiative, and will be used as reference in the future development of the Framework.

Proposal

8. The success of the Framework relies upon its full and effective implementation. At present, the Global Fund’s ethics function is carried out by its Legal Counsel. Considering that the Framework represents a completely new vision of ethics within the Global Fund, and also considering the additional responsibilities this implies, a dedicated Ethics function is proposed. This function would be led by an Ethics Officer. The resources proposed for such an ethics function, along with its reporting line and organizational positioning, will be considered in fuller detail within the Second Stage of the Ethics and Integrity Initiative, based on the outcome of Board consideration of this proposal.
9. To ensure the integrity of the activities and advice of the Ethics Officer, the position must be independent from operations. The Ethics Officer would therefore be appointed following a recommendation by the AEC, for a three-year term that may be renewed no more than once. The Ethics Officer should be at the level of a top senior executive management (equivalent to a Grade G Executive Officer).
10. The core mandate of such an ethics function will be to provide assurance on the extent to which the Global Fund has fully and effectively implemented its ethics and integrity-related policies, codes and requirements.
11. The Ethics Officer’s responsibilities would be described within specific Terms of Reference developed under the oversight of the AEC during the Second Stage of the Ethics and

Integrity Initiative. The Ethics Officer's responsibilities would be expected to include, but not be limited to, the following:

- a. Provide an annual assurance opinion to the Board, through the AEC, on (i) the quality of the Global Fund's ethics and integrity systems, including anti-corruption controls, based on an assessment of key risk areas; and (ii) the extent to which the Global Fund has complied with ethics and integrity-related policies, codes and requirements;
- b. Monitor the effectiveness of existing systems and procedures for integrating ethics and integrity into Global Fund operations, and propose modifications as appropriate to the AEC;
- c. Support the development and implementation of tools for embedding ethics and integrity into operations specific to the Global Fund's operating model, including communications strategies and trainings programs for Global Fund governance officials, staff and external stakeholders (e.g., grant recipients);
- d. Monitor the effectiveness of compliance systems for establishing consequence management for violations of ethical and integrity-related policies and codes, and propose modifications as appropriate to the AEC;
- e. Undertake preliminary investigations of perceived ethical misconduct and refer such cases to the OIG as appropriate;
- f. Provide regular advice and support to the Executive Director and staff on ethics and integrity-related issues, including identification and management of conflicts of interest and ethical misconduct involving Global Fund staff;
- g. Provide regular advice and support to the Board through the AEC on ethics and integrity-related issues both at and in-between meetings, including on identification and management of conflicts of interest and addressing ethical misconduct, including misconduct by Governance Officials; and
- h. Provide advice and support for external stakeholders on ethics and integrity-related issues, including addressing ethical misconduct.

Annex 1: Board and Committee Members consulted on the Core Ethical values of The Global Fund, the Code of Ethics for Board and Committee members and the creation of an Ethics Function

Board or Committee Member Name	Represent
Anders Nordström	Point seven
Brian Hackett	USA
Ton Coenen	Developed countries NGO
Soltan Mammadov	Chair FOPC
Suriya Wongkongkathep	South East Asia
Reinhard Tittel-Gronefeld	Germany
Paul Schaper	Private Sector
Loretta Wong	Developing Countries NGO
David Stevenson	Canada/Switzerland
Takeshi Osuga	Japan
Sandra Roelofs	Eastern Europe /Central Asia
Philippe Meunier	France
Rico Gustav and Rachel Ong	Communities
Graham Joscelyne	Chair AEC
Donal Brown	UK and Australia
Jason Lawrence	Vice-Chair FOPC

Annex 2: Members of the Management Executive Committee Consulted Regarding Creation of an Ethics Function

MEC member's name	Title
Mark Dybul	Executive Director
Marijke Wijnroks	Chief of Staff
Daniel Camus	Chief Financial Officer
Mark Edington	Head - Grant Management Division
Osamu Kunii	Head - Strategy, Investment and Impact Division
Beth O'Donnell	Head - Human Resources Department
Cees Klumper	Chief Risk Officer
Seth Faison	Head – Communications Department

Annex 3: Summary of Findings from Survey of Peer Institutions

Organisation	Ethics Office	Date of creation	Competencies	Number of Staff	Reporting line
United Nations Secretariat	Yes	2006	<ul style="list-style-type: none"> Administering the Organization's financial disclosure programme Undertaking the responsibilities assigned to it under the Organization's policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations Providing confidential advice and guidance to staff on ethical issues Developing standards, training and education on ethics issues Such other functions as the Secretary-General considers appropriate for the Office 	5 professionals including the Director at D2 level 4 Support staff	UN Secretary-General
UNDP	Yes	2007	Same ones as UN	2 professionals including the Director at D1 level 3 consultants 1 support staff	Directly to the Administrator
UNICEF	Yes	2007	Same ones as UN	2 professionals including the Director at D1 level 2 consultants (professionals) 1 support staff	Functionally to the Executive Board Administratively to the Executive Director
UNESCO	Yes	2009	Same ones as UN plus the implementation of the UNESCO Anti-Harassment Policy	2 professionals including the Ethics Advisor at P5 level and 1 Ethics Officer	Functionally to the Director General with an Annual Report to the Executive Board without possibility of changes by

Organisation	Ethics Office	Date of creation	Competencies	Number of Staff	Reporting line
				at P3 level 1 support staff	the Director General
World Bank	Yes	1998	<ul style="list-style-type: none"> • Advice and guidance on managing conflict of interest risks as well as manages the World Bank Group's Declarations of Interest • Training, outreach and communication on business conduct to World Bank Group staff • Programs for designated staff members • Investigation of all allegations of staff misconduct excluding allegations of significant fraud and corruption 	Vice President/Chief Ethics Officer 17 professional staff 4 support staff and 4 consultants	Report to the Office of President, World Bank Group
IMF	Yes	January 2000	<ul style="list-style-type: none"> • The provision of advice to management and the Human Resources Department (HRD) regarding the promotion of ethical standards within the Fund • The provision of information, education and training for Fund employees • The provision of advice and guidance to managers, staff members, contractual employees, and vendor personnel on questions pertaining to the rules on conduct • The conduct of preliminary inquiries and investigations into alleged misconduct on the part of Fund employees 	Ethics Advisor, 3 Senior Ethics Associates, 1 Ethics Associate, 1 Ethics Assistant. On occasion, the IMF Ethics Office hires short-term consultants to facilitate training activities or develop promotional materials	Directly to the IMF Managing Director

Organisation	Ethics Office	Date of creation	Competencies	Number of Staff	Reporting line
Inter-American Development Bank	Yes	2007	4 main functions: <ul style="list-style-type: none"> • Investigations of staff including fraud and corruption matters and procurement • Outreach and Communication which includes training (both online and face to face) • Consultations of Ethics Matters • Disclosure of Financial Interests 	8 professionals 3 consultants (professionals) 1 support staff	To the President of the IADB with dotted line to the Vice President of Finance and Administration and I report the Annual Report to the Board of Executive Directors
African Development Bank	Yes	2009	<ul style="list-style-type: none"> • Policy drafting and revision • Compliance officer • Develop training 	2 professionals 1 support staff 1 consultant	The President
Islamic Development Bank	Yes	2007	<ul style="list-style-type: none"> • To handle all matters related to the institutional integrity and ethics in the IsDB Group • The GIO's mission is to implement the integrity policy by acting as the point of contact for allegations of Corrupt and Fraudulent Practices and related Staff misconduct 	4 professionals 1 support staff	The President, IsDB Group

**Code of Ethical Conduct
for
Governance Officials**

Principles

1. Governance officials serve as ambassadors for the Global Fund, and set an example for the rest of the organization. Consequently, those involved in the governance of the Global Fund have a greater obligation to embody the organization's core ethical values. This obligation applies even more strongly to Board and Committee Leadership, who are responsible for ensuring their respective bodies sustain high standards of ethical behaviour.
2. This Code of Ethical Conduct for Global Fund Governance Officials (the "Code") is applicable to Board and Committee Members, Board Alternates and Board delegation members (together, "Governance Officials"). This Code describes the ethical obligations of Governance Officials, along with the process for administration and enforcement of this Code.

Core Ethical Values and Expected Conduct

3. The Global Fund Board has adopted four core ethical values, which are described in the Ethics & Integrity Framework.

a. Integrity

Integrity applies to the Global Fund's decision-making processes. Working with integrity involves demonstrating transparency, impartiality, fairness and truthfulness. A key element of integrity is demonstrating full transparency regarding perceived and potential conflicts of interest.

A conflict of interest is generally a situation where a Governance Official has a competing professional, financial, personal, social, political or constituency-based interest that could have a real or perceived effect on his/her ability to act with the best interests of the Global Fund in mind.

Conflicts of interest, particularly when they occur at the Board or Committee level, can create the perception that the Global Fund's decisions are biased or even corrupt.

Governance Officials are expected to demonstrate integrity. This could require:

- Submit on an annual basis a completed Declaration of Interest Form to the Ethics Officer, and inform the Ethics Officer of any events over the course of the year that could possibly create a real, perceived or potential conflict of interest;
- Disclose any financial interests held by a member of one's constituency that, to the best of one's knowledge, may be affected by governance deliberations or decision-making, and comply with the remedial action determined by the Ethics Officer, if any;
- Inform the Ethics Officer if involved in a situation that might be adverse to the Global Fund, such as involvement in a legal action against the interests of the Global Fund;
- Recuse oneself from governance deliberations or decision-making that could provide a direct financial benefit or loss to one's employer;
- Recuse oneself from governance deliberations or decision-making that directly affect one's own professional or financial interests, or those of a family member;

- Actively discourage giving or receiving of gifts or hospitality, except for those of nominal value, during the course of one's tenure with the Global Fund;
- Declare such nominal gifts and/or hospitality in writing to the Ethics Officer immediately after their receipt.

b. Duty of Care

The duty of care represents the obligation for Governance Officials to (i) operate in the best interests of the Global Fund; (ii) act as proper and diligent stewards of Global Fund resources; and (iii) demonstrate the highest standards of professionalism and integrity in meeting their responsibilities.

While Governance Officials' representation responsibilities to constituencies are to be respected, they are ultimately obligated to work with the best interests of the Global Fund in mind. Governance Officials must act with an understanding that the Global Fund's direction is shaped through compromise between varying constituency interests.

Governance Officials are expected to demonstrate the duty of care. This could require:

- Act in the best interests of the Global Fund when participating in decision-making;
- Respect compromise, and not interfere with compromise to fulfill individual constituency views over the Global Fund's interest;
- Only raise constituency interests through appropriate governance channels, and not exert undue pressure on Secretariat or Office of the Inspector General (OIG) staff to influence operational or administrative decisions; and
- Not act to create biases in Global Fund procurement and employment processes so as to benefit particular suppliers or individuals.

c. Accountability

Accountability entails responsibility for one's conduct and decisions. All Governance Officials are accountable to the organization. By contrast, the Global Fund as an organization is ultimately accountable to its stakeholders, most important being the health and lives of people living, affected or at higher risk of HIV/AIDS, tuberculosis and malaria.

Governance Officials are expected to demonstrate accountability. This could require:

- Inform the Ethics Officer if one is/was personally subject to an investigation by the OIG or other authority;
- Inform the Ethics Officer if one's professionally-affiliated organization is/was subject to an investigation by the OIG or other authority;
- Immediately inform the Global Fund when aware of actual or perceived misconduct in Global Fund operations, including misconduct by Governance Officials and Principal Recipients, through the OIG Whistleblowing Line;

- Not release to any parties (including one’s constituencies) materials marked confidential, or the content of deliberations identified by Board or Committee Leadership as confidential; and
- Not abuse the privileges and immunities afforded to Global Fund officials, in countries that provide such protections to the Global Fund.

d. Dignity and Respect

The Global Fund upholds the dignity of beneficiaries of its funding and uses its best efforts to ensure such funding does not contribute to discriminatory treatment or violation of human rights. In discharge of their duties, Governance Officials must therefore always consider the dignity of those affected by the diseases. In addition, dignity and respect applies to behaviour between colleagues. In interactions with fellow Governance Officials and Global Fund staff, Governance Officials have a responsibility to maintain an enabling environment guided by mutual respect.

Governance Officials are expected to demonstrate dignity and respect. This could require:

- Take reasonable care to ensure that programs financed by the Global Fund protect from harm those living, affected or at higher risk of HIV/AIDS, tuberculosis and malaria;
- Not allow discrimination or stereotypes to influence decision-making;
- Not discriminate against fellow Governance Officials or Global Fund staff on the basis of their backgrounds; and
- Treat fellow Governance Officials and Global Fund staff with courtesy and respect, without harassment, or physical or verbal abuse, and not exert undue influence on their activities.

Administration and Enforcement

4. Authority and Responsibilities

The Board delegates to the AEC the authority to oversee implementation and enforcement of this Code, with the support of the Ethics Officer. The AEC’s authority includes the adoption of implementation guidance and procedures, as recommended by the Ethics Officer. Such authority includes modification to procedures for declaring potential conflicts of interest, which may include modification to the Declaration of Interest Form.

5. Process for Addressing Conflicts of Interest

Should a Governance Official require guidance regarding ethics matters, including conflict of interest issues, he/she should raise the matter with the Ethics Officer. For conflict of interest issues determined by the Ethics Officer to be of a significant nature, including those relating to Board/Committee Leadership, the matter will be referred to the AEC for review on the appropriate mitigation measure. Decisions of each of the Ethics Officer and/or the AEC must be adhered to by the concerned Governance Official.

Should the conflict issue relate to a member of the AEC, including AEC Leadership, the concerned individual will recuse him/herself from the AEC's deliberations and decision on the matter.

Experiencing a real or perceived conflict of interest does not by itself constitute ethical misconduct, provided it is disclosed preemptively. However, if following a due process inquiry, the AEC determines that a Governance Official is found to have an actual, perceived or potential conflict of interest that has not been disclosed, it may determine that the Governance Official has committed ethical misconduct.

6. Process for Addressing Ethical Misconduct

For instances involving alleged ethical misconduct by Governance Officials, including Board/Committee Leadership, the matter will be reviewed and addressed by the AEC, with the support of the Ethics Officer.

Such cases will be considered by the Ethics Officer through a confidential preliminary investigation, referring them as appropriate to the OIG. The AEC will oversee the conduct of these confidential investigations, and determine a remedial response if needed. All such investigations must reflect due process, including an opportunity for the concerned Governance Official to respond to the allegations or findings. Should the misconduct concern a member of the AEC, including AEC Leadership, the concerned individual will recuse him/herself from the AEC's deliberations and decision on the matter.

The assessment of potential ethical misconduct will be conducted on a strictly confidential basis. At each Board meeting, the AEC Chair and Vice-Chair will report to the Board in closed executive session regarding cases addressed by the AEC of conclusively proven ethical misconduct involving Governance Officials.

7. Process for Reporting Possible Ethical Misconduct

Individuals who suspect, or may be aware of, violations of this Code of Ethical Conduct have a responsibility to immediately bring them to the attention of the Global Fund, through the OIG Whistleblowing Line. The Global Fund shall not tolerate retaliation against anyone who in good faith raises a concern or reports misconduct. However, knowingly reporting false information is contrary to this Code, and individuals who do so may be sanctioned accordingly.

8. Potential Consequences of Ethical Misconduct

If a Governance Official, including a member of Board or its Committees, takes any action that is not consistent with the principles or the standards of behavior reflected by this Code, the Global Fund has the responsibility to act to address the matter. Remedial actions will be determined on a case-by-case basis, but may include the following:

- **Formal Reprimand.** A reprimand in the form of an official letter to the concerned Governance Official and his/her constituency.
- **Conditional Removal.** Removal from Global Fund governance operations, at both the Board and Committee level, until certain conditions are satisfied, which may include addressing the concerned ethical issue.
- **Indefinite Removal.** Permanent removal from Global Fund governance operations, at the Board and Committee level.

The remedial action imposed by the Global Fund in response to ethical misconduct by Governance Officials is established by the AEC, in consultation with the Ethics Officer. In no case may the AEC allow its deliberations to be influenced by external factors, such as political considerations or undue influence by individuals or groups.