Risk Management Update 2026

56th Board Meeting

GF/B56/05
28-30 October 2026, Geneva, Switzerland

Board Information

Purpose: To provide the Board with an update on the status of the organization's risk profile and risk management priorities through the first half of 2026 and building upon the Annual Risk Management Report presented to the Board in July 2026.

I. Introduction

This report builds upon the Annual Risk Management Report presented to the Board in July 2026 and provides an update on the Risk Profile and Outlook for the organization, taking into account the effectiveness of past and ongoing mitigation efforts, residual risk levels, material shifts in the operating environment, and emerging risks that may affect the organization's ability to deliver on its mission. The assessment reflects professional judgment, informed by a combination of qualitative and quantitative inputs, including:

- results and observations from risk monitoring activities conducted by the Risk Office;
- outcomes from the risk management program evolution focused on implementation of new risk appetites (Annex 1);
- the status of residual risks and associated mitigation actions reflected in the Organizational Risk Register and business owner reporting (Annex 2); and
- findings and insights from the Office of the Inspector General.

Input Received

At their 31st meetings, the Audit and Finance Committee (AFC), Strategy Committee (SC), and Ethics and Governance Committee (EGC) broadly supported the continued evolution of the risk management approach. Across their discussions, Committees emphasized the importance of clear prioritization and explicit trade-offs, a holistic consideration of interconnected risks, attention to country-level realities and implementation impacts, and careful management of organizational capacity through leadership transition and Grant Cycle 8 (GC8). Committees also encouraged continued development of risk indicators and consideration of how major initiatives and decisions affect the overall enterprise risk profile. In particular, the AFC requested that the relationship between the proposed Malaria Impact Accelerator and the broader enterprise risk profile be made more explicit for the Board. In response, additional details have been reflected in this update.

II. Risk Profile and Outlook

The Global Fund enters the final quarter of 2026 with an elevated enterprise risk profile. While the risk ratings remain unchanged since the last report, a defining feature of the current profile is that several of the previously identified pressures have intensified. They now appear as drivers increasing the likelihood that critical risks will materialize, and no single risk owner can mitigate the risk and reduce the pressure alone. These issues therefore need attention, direction and, in some cases, explicit decisions on the risks and trade-offs the organization is prepared to accept.

This builds directly on the Board's July discussion, which emphasized prioritization, deliberate trade-offs, and greater discipline in sequencing what should be deprioritized,

deferred or stopped. The focus now is on applying that steer consistently to the choices ahead and ensuring disciplined execution.

The most pressing risks to the organization in the period ahead arise from several significant demands and changes converging at the same time. Foremost is sustaining impact against HIV, TB and malaria through accelerated GC8 grant-making and sharper investment choices. At the same time, the organization will need to manage 1) the successful completion of the Executive Director selection process, followed by the transition and onboarding of the new Executive Director and continued transition of new Board Leadership; 2) the Board's consideration and potential development of a transformative new financing mechanism; and 3) continued transformation of several key functions in the Global Fund Secretariat while maintaining operational continuity.

To mitigate these risks described in more detail below, the Board's focus should remain at the enterprise level: protecting mission delivery, maintaining organizational continuity, and ensuring that ambition and the pace of change remain aligned with the organization's capacity to execute.

Sustaining Impact Against HIV, TB and Malaria

Program Risk remains the Global Fund's most significant enterprise exposure. The effects of Global Fund resource reductions are now becoming more visible across the portfolio. The result is pressure on health workforce, service delivery, data and digital systems, and implementation capacity. At the same time, the partner landscape remains in transition as countries and partners adjust to reduced financing and evolving implementation arrangements, with roles, responsibilities and ways of working still being defined in several settings. These cross-cutting dependencies increase the risk of program disruption. Fiscal constraints further limit countries' ability to absorb resulting gaps.

As country financing and implementation gaps become clearer, maintaining momentum through to grant approval will require continued focus on investment quality and sharper prioritization across interventions and geographies, protecting essential services and populations most at risk, and making explicit trade-offs where previous coverage or ambition cannot be sustained. The transformation of GAC for GC8 complements this approach by evolving to a more strategic role, providing early steer on strategic alignment of investment choices and material trade-offs and focusing collective senior leadership attention where it can add greatest value. The shift is intended to support both the pace during a time of compressed timelines and quality of GC8 grant-making while maintaining strategic oversight.

Against this backdrop, the proposed Malaria Impact Accelerator offers an opportunity to mobilize substantial additional private financing and accelerate malaria impact. Not proceeding also carries risks, including a continued diminishing of the Global Fund's ability to bend the malaria disease curve and potential deployment through parallel mechanisms that could increase fragmentation, country burden and misalignment with national priorities.

The proposed approach is broadly consistent with the Board-approved Tolerant Program Risk Appetite and Aggressive malaria risk position, while introducing exposures across other enterprise risk areas. The safeguards outlined in the proposal provide a reasonable basis for accepting these exposures, subject to their effective implementation, continued oversight and escalation of material changes in the residual risk profile.

Protecting Delivery through Leadership Transition and Organizational Change

The Board made the risk-informed decision to proceed with transitioning both Board Leadership and the Executive Director within months of each other. The selection risks associated with Board Leadership have been appropriately managed through the nomination and selection process, while those relating to the Executive Director must continue to be proactively managed through the ongoing process. Effective transition and onboarding arrangements for both will be critical to maintaining organizational continuity, minimizing disruption and sustaining delivery of the Global Fund's mission.

These leadership changes coincide with an unusually concentrated period of organizational change and delivery demands. Four levels that normally keep the organization stable are changing in the same period: Board Leadership; the Executive Director; key members of the Management Executive Committee are retiring, including the Head, Grant Management Division, and Head, Strategy Investment and Impact Division; and several Departments and Divisions are being restructured. The demands of delivering GC7, accelerating GC8 grant-making, and continuing to implement organizational program and team changes require attention from many of the same senior leaders, technical capabilities and institutional knowledge. Normally, stable management absorbs a change in governance, or stable governance absorbs a change in management. That balance is not available this time and risk of loss of institutional knowledge and negative impact to staff remains high. How much change happens at once, and in what order, remains within the control of the Board and Management. The immediate priority is therefore to protect continuity and create sufficient organizational space for an effective transition.

Sequencing OPEX and Organizational Transformation

The 2027 OPEX decision before the Board is necessary and consequential to the organization's ability to execute GC7 delivery and GC8 grant-making while mitigating against the risks articulated above. The proposed 2027 OPEX budget provides management the headroom to continue critical work towards achieving our mission and thoughtfully continuing to optimize how we deliver that work through automation, AI and other transformation levers. The Board's approval of the proposed 2027 OPEX provides a crucial risk mitigation opportunity.

Overall Enterprise Risk Profile

Beyond these three areas, the broader enterprise risk profile remains elevated but broadly stable. Health Product Access and Financial & Fiduciary risks remain comparatively stable overall, although underlying exposures continue to evolve as geopolitical pressures, partner

capacity, supply-chain dependencies, changing implementation environments and NGFP increase demands on existing controls and assurance. Ethics, Legal & Governance risks also remain under pressure from complex operating environments and the demands associated with leadership and organizational change. The principal development since the previous reporting cycle is not the emergence of a single new enterprise risk, but the growing interaction between existing pressures. Financing constraints, program delivery, sustainability, partner capacity and organizational change are increasingly interconnected, making prioritization and sequencing more important to the overall risk position.

As the Secretariat continues to operationalize the revised Risk Taxonomy, Risk Appetite Framework and evolved Organizational Risk Register, the key consideration is increasingly not whether all elevated risks can or should be reduced, but whether the risks being taken are deliberate, understood and consistent with agreed risk positions and Board-approved risk appetites.

III. Risk Management Opportunities for the Board

The risk position and outlook presented in this report highlight a period of elevated and interconnected risks, requiring deliberate choices on prioritization, resource allocation, risk acceptance, and risk mitigation.

At the 56th Board meeting, the Board has opportunities to materially mitigate risks that could significantly disrupt operations and our ability to deliver on our mission by maintaining strategic focus and avoiding additional organizational demands where decisions are not time-critical or do not materially affect programmatic outcomes. This requires discipline from the Board recognizing that not every important issue needs to progress at the same time. During this period, significant new activities, governance demands or decisions could be tested against three questions: Does it materially protect or advance mission delivery or organizational continuity?; What is the consequence of deferring it? and, If it proceeds, what will stop, simplify or move?

Taking these opportunities does not diminish the importance of initiatives that may be deferred. It recognizes that prioritization requires distinguishing what is important from what is important now. This may include sequencing elements of broader initiatives, such as Global Fund–Gavi collaboration or ELO-related shifts, approving a steady 2027 OPEX budget that enables pausing wider organizational transformative changes until new leadership is on board and grant making is completed, and making space for new financing mechanisms. Making decisions and providing steer that enables the Secretariat to prioritize GC8 grantmaking, GC7 delivery and take appropriate measures to ready the organization for leadership changes and continued transformation contributes to the likelihood that the risks facing the organization are appropriately mitigated.

Annexes

The following items can be found in Annex:

- Annex 1: Risk Appetite Implementation and Risk Program Evolution Update
- Annex 2: Organizational Risk Register and Summary- Q2 2026
- Annex 3: Relevant past Board decisions
- Annex 4: Links to Relevant Past Documents & Reference Materials

Annex 1 - Risk Appetite Implementation and Risk Program Evolution Update

The Board's approval of the revised Risk Appetite Framework and the first three Risk Appetite Statements is beginning to influence how organizational and business owners evaluate trade-offs and make explicit the risks being taken in pursuit of programmatic, sustainability and organizational objectives. There is an important shift toward more deliberate and transparent risk-taking.

Implementation is at an early stage and will mature through practical application. Work is continuing to translate approved risk appetites into meaningful key risk indicators (KRIs) and thresholds, systematically monitor exposure, identify early warning signals, and enable timely escalation as risk approaches or exceeds agreed boundaries.

Completing the enterprise Risk Appetite architecture is important to support consistent application across the organization. Substantive work has been completed across the three remaining enterprise risks ('Strategic', Secretariat Operations', 'Ethics, Legal and Governance'), including defining the underlying risks, assessing the implications of different appetite stances and positions, and considering what these would mean in practice for the organization and its operations.

Following further engagement with Business Owners and the MEC and recognizing the significant competing priorities currently being managed across the Secretariat, presentation to the Board of these three remaining appetites was paused until 2027. This will enable Management and the Committees to consider the proposed appetites with a fuller understanding of the choices, operational implications and risk trade-offs involved.
Importantly, this does not pause the broader Risk program evolution work we began last year, including the continued operationalization of the Risk Appetite Framework and the appetites already approved by the Board for Program, Health Product Access, and Financial & Fiduciary Risks. This includes the continued evolution of the ORR, reflected in Annex 2, that is focused at the enterprise risk level with clearer insight into how enterprise risk exposure is changing relative to Risk Appetite, where significant risk trade-offs are being taken, and where emerging trends require attention or escalation.

Additionally, the Risk Office has successfully transitioned to second-line risk management activities while Business Owners continue to strengthen first-line ownership of organizational risks and mitigation actions. As a result, risk management is increasingly embedded into operational and strategic decision-making processes, with greater emphasis on proactive identification of emerging risks, explicit risk trade-offs and management accountability for risk outcomes. For the remaining enterprise risks, Risk will continue to support Management in understanding the relevant exposures and risk trade-offs as decisions are made, while the formal appetite positions remain under consideration.

Annex 2 - Organizational Risk Register and Summary as of Q2 2026

Level 1 Enterprise Risk STRATEGIC	Risk Appetite UNDER DEVELOPMENT

RISK DEFINITION

The risk that the Global Fund is unable to achieve its mission, strategic objectives and intended health impact due to changes and uncertainties in the global health, financing and geopolitical environment, or because its strategic direction and choices, business model, strategy delivery and resource mobilization are insufficiently responsive to those changes. It encompasses risks related to weaknesses in strategic design, business model and resource mobilization. If unmanaged, it may result in missed strategic goals, inefficient use of resources, weakened program delivery, competitive disadvantages, reputational damage, and reduced long-term impact against HIV, TB, malaria, and broader health system strengthening.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
Resource Mobilization	TBD	Very High	Moderate	High	↑
Strategic Design & Delivery	TBD	TBD	TBD	TBD	TBD

RISK OUTLOOK

Strategic Risk remains elevated, with the outlook increasingly shaped by a more constrained and uncertain financing environment. Resource Mobilization risk remains High and Increasing, driven by fiscal constraints, declining ODA, political volatility and changing donor priorities, alongside organizational and leadership transitions.

Resource mobilization performance remains resilient despite the more challenging external environment, with Seventh Replenishment pledge conversion on track and Eighth Replenishment conversion progressing well. Management is prioritizing pledge conversion, contributor engagement and implementation of the integrated “always-on” resource mobilization model while preserving critical fundraising, advocacy and communications capability.

Over the next six months, a key watchpoint is whether the increasingly constrained donor environment translates into weaker pledge conversion, reduced future funding prospects or erosion of contributor confidence. In addition, the other key risk consideration is to what extent the Global Fund can adapt its strategic choices, resource allocation and operating model while protecting contributor confidence and future funding prospects. This is particularly relevant as decisions are taken on OPEX trade-offs and the post-2028 strategic direction.

Level 1 Enterprise Risk PROGRAM	Risk Appetite TOLERANT

RISK DEFINITION

The risk that the Global Fund and the partnership fail to achieve the mission to end HIV, tuberculosis, and malaria because the programs it supports and the enabling systems are not designed, implemented, or performing at scale and quality to deliver sustainable and equitable health impact.
The key organizational components of the Program Risk span HIV, TB and malaria portfolios and the critical enabling components on which their success depends, including resilient and sustainable systems for health, community systems, human rights, gender equality and community engagement investments, program implementation and oversight, and adequate cofinancing and transition pathways.
If not adequately managed, Program Risk may lead to slowing, stalling, or reversal of progress towards ending the three diseases. At the institutional level, persistent or unmitigated underperformance could compromise delivery of the Strategy, weaken value for money, and undermine the Secretariat's credibility as a trusted partner at a time when acceleration is essential.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
HIV Program	Tolerant	Very High	Moderate	High	↑
TB Program	Tolerant	Very High	Moderate	High	↑
Malaria Program	Aggressive	Very High	Low	Very High	→
Resilient Systems for Health	Tolerant	Very High	Moderate	High	↑
CRG barriers to access to HTM services	Tolerant	Very High	Moderate	High	↑
Program implementation & oversight	Tolerant	High	Moderate	Moderate	↑
Co-Financing	Tolerant	Very High	Moderate	Very High	→
Transition	Aggressive	Very High	Low	Very High	→

RISK OUTLOOK

Program Risk remains the most elevated area of enterprise exposure, with Malaria, Co-Financing, and Transition at Very High. Constrained external financing, limited fiscal space, political and security disruptions, implementation-capacity constraints, and a challenging Human Rights environment are compounding existing disease and system challenges. The Secretariat's ability to fully mitigate these risks depends on factors beyond its direct control and influence.
Key measures to manage the current exposure include protecting the highest-impact interventions for the three diseases and aligning investments with epidemiology and available resources. Strengthened co-financing requirements and monitoring aim to identify realization gaps earlier and enable timely action, while clear transition timelines and earlier planning seek to strengthen continuity of essential services.
Over the next six months, the priority is managing increasing financing and implementation pressures while protecting program impact. Where needs exceed available resources, prioritization and risk trade-offs will need to be explicit, proportionate, and supported by clear accountability and rationale.

Level 1 Enterprise Risk HEALTH PRODUCT ACCESS	Risk Appetite TOLERANT

RISK DEFINITION

The risk that the Global Fund's objective of providing timely and equitable access to affordable, quality-assured health products in appropriate quantities may not be met, and that innovations in health products may not be introduced successfully at scale within countries. The key organizational components of the Health Product Access risk are market shaping interventions, sourcing interventions, Pooled Procurement Mechanism, quality assurance, in-country health product procurement and in-country supply chain. If these risks are not properly addressed, their impact could significantly impair (a) health outcomes due to treatment interruptions, product shortages, procurement of substandard Health Products, reduced Health Products efficacy or wastage, and increased antimicrobial or insecticide resistance; (b) unfavorable pricing, weak contracting arrangements, poor service levels, financial losses and poor value for money; and (c) the reputation of the GF, along with other stakeholder and donor confidence.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
Market Shaping Interventions	Aggressive	High	Significant	Moderate	→
Sourcing Interventions	Cautious	High	Significant	Moderate	↑
Pooled Procurement Mechanism	Cautious	Very High	Significant	Moderate	↑
Quality Assurance	Cautious	Very High	Moderate	Moderate	→
In-Country Health Product Procurement	Tolerant	Very High	Moderate	Moderate	→
In-Country Supply Chain	Tolerant	Very High	Moderate	High	→

RISK OUTLOOK

Health Product Access Risk remains broadly stable, with most underlying risks Moderate while In-Country Supply Chain remains High. Established sourcing, procurement and quality controls continue to support continuity of supply, with no large-scale stock-outs causing major service disruption reported during the period. Among the main mitigations, progress has been made in strengthening demand and supply planning, expanding market shaping activities to support the introduction of new health products, enhancing incident detection and reporting capabilities, extending PPM Procurement Services Agent arrangements to safeguard supply continuity, advancing country supply chain assessments and digitalization initiatives, and establishing governance arrangements to support the continued growth of NGFP. Over the next six months, the overall HP Access risk is expected to remain stable, although the direction of travel for sourcing-related risks is increasing. Geopolitical uncertainty, changing donor financing dynamics, reduced procurement volumes across the global health sector, and the continued expansion of NGFP may increase pressure on supplier sustainability, product availability, procurement costs and implementation timelines. Management attention will focus on monitoring market developments and supplier stability, ensuring governance and reporting arrangements keep pace with NGFP growth, supporting the timely renewal and transition of PSA arrangements, securing continuity of manufacturer and supplier agreements for critical health products, and responding rapidly to emerging disruptions affecting the continuity of health product supply. Continued attention will be required should external volatility exceed current assumptions. Current exposure appears broadly consistent with the intent of the Tolerant appetite, while increasing sourcing pressures require close monitoring.

Level 1 Enterprise Risk FINANCIAL AND FIDUCIARY	Risk Appetite CAUTIOUS

RISK DEFINITION

Financial and Fiduciary Risk is the risk that donor resources are not safeguarded, managed, or used in line with intended purposes, resulting in financial loss, misuse, fraud, mismanagement, or non-compliance with fiduciary responsibilities. It encompasses failures in financial stewardship, internal controls, assurance mechanisms, and accountability processes across the Global Fund's operations and grant portfolio. The key organizational components of Financial and Fiduciary risk are asset and liability management, adequacy of corporate financial accountability and assurance, and the fiduciary performance of implementers responsible for managing grant funds. If not adequately managed, Financial and Fiduciary risk may result in poor fund allocation decisions, misdirected or inefficiently deployed resources, inaccurate financial accountability, and fraud and misappropriated assets. These failures can erode donor confidence, trigger governance escalations, disrupt grant delivery, and ultimately reduce the Global Fund's ability to save lives and achieve impact.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
Asset & Liability Management	Tolerant	High	Moderate	Moderate	→
Corporate Financial Accountability and Assurance	Cautious	Moderate	Moderate	Moderate	→
Grant-related Finance & Fiduciary	Tolerant	High	Moderate	Moderate	↑

RISK OUTLOOK

Financial & Fiduciary Risk remains Moderate overall and broadly Stable, supported by disciplined asset and liability management, strong financial controls and assurance, and strengthened fiduciary oversight. These continue to support sound financial stewardship and effective deployment of resources.

Financial and fiduciary pressures are evolving as reduced global health financing, funding uncertainty, accelerated GC8 grant-making, evolving donor requirements, NGFP implementation and organizational transformation increase complexity and demands on financial management, capacity and assurance. Within the overall profile, grant-related Finance & Fiduciary risk is Increasing, reflecting evolving fraud, procurement, implementation and fiduciary risks across the portfolio.

Over the next six months, the key priorities are maintaining financial discipline through OPEX prioritization and organizational transformation, establishing robust financial and assurance arrangements for NGFP, and adapting grant-level assurance to changing fiduciary risks and available capacity. These measures will be important to manage increasing pressures while maintaining exposure consistent with the Cautious Risk Appetite and differentiated Risk Positions.

Level 1 Enterprise Risk SECRETARIAT OPERATIONS	Risk Appetite UNDER DEVELOPMENT

RISK DEFINITION

The risk that the Secretariat's organizational setup, capacity, and enabling services are not effective or resilient enough to sustainably deliver the Global Fund's strategic objectives, particularly under conditions of change, complexity, and operational pressure. It includes inadequate organizational setup, misaligned resourcing, accountability gaps, as well as failures, disruptions, and inefficiencies in key organizational functions such as human resources, digital technology, non-health products & services procurement[1], and other support processes. If not adequately managed, this risk may result in reduced operational efficiency and effectiveness, operational disruption, compromised data integrity and security breaches, inefficient resource allocation and higher administrative costs, non-compliance with policies and regulatory requirements, and an erosion of stakeholder and donor confidence and the Global Fund's reputation.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
People	TBD	High	Moderate	High	↑
Digital Technology & Cybersecurity	TBD	High	Significant	Moderate	→
Organizational Setup	Risk taxonomy to be confirmed.				
Facilities, Security & Travel	Risk taxonomy to be confirmed.				
Non-health products & service procurement	Risk taxonomy to be confirmed.				

RISK OUTLOOK[2]

While exposure remains elevated, the drivers are broadly unchanged since the last period. In People risk, the key driver is concurrent reorganizations that are placing sustained pressure on capacity, continuity and institutional knowledge. In Digital Technology and Cybersecurity, the main drivers are operational resilience risks, threats associated with increased use of Artificial Intelligence (AI) tools, sophisticated ransomware campaigns, and the rising volume of global cyberattacks.

Mitigating work underway on People risk includes workforce and organizational planning, redesign of the HR operating model, and review of HR policies and processes, undertaken alongside HR's support to wider organizational change. On the technology side, while the external threat environment remains high, existing controls, AI/ security awareness sessions, governance processes and monitoring capabilities, together with established security, business continuity and service management certifications, disaster recovery testing and cyber incident response readiness hold residual technology exposure steady at a moderate level and is monitored closely.

Looking ahead, pressure on people and organizational capacity is expected to increase, while technology exposure is expected to remain broadly stable, subject to the pace of AI-enabled threat development. Management is prioritizing workforce resilience, retention of critical capabilities and knowledge, continued evolution of our cyber security posture and continuity of business and technology services through the transformation.

[1] Previously referred to as "Indirect Procurement"
[2] The Risk Outlook in this update covers only People and Digital Technology & Cybersecurity, as the taxonomy remains to be confirmed.

Level 1 Enterprise Risk ETHICS, LEGAL AND GOVERNANCE	Risk Appetite UNDER DEVELOPMENT

RISK DEFINITION

Ethics, Legal and Governance Risk is the risk that the Global Fund's objective to uphold ethical standards, manage legal rights and obligations, and maintain effective governance may not be met, potentially undermining organizational integrity, strategic direction, operational effectiveness, and stakeholder trust. The key organizational components of Ethics, Legal and Governance Risk are ethical misconduct and compliance, legal rights and obligations, privileges and immunities, governance effectiveness, institutional decision-making, and oversight of strategic and operational trade-offs. If these risks are not properly managed, their impact on the Global Fund could (a) severely affect implementation of Strategy and program outcome; (b) subject its assets and people to seizure, detention, or external authority; (c) expose it to investigations, claims or disputes; (d) impose legal obligations, compliance costs and/or deviations from its policies and (e) impact its reputation, stakeholder confidence, and/or resource mobilization outcomes.

ADDITIONAL INFORMATION

Organizational Risk Level 2	Risk Position	Inherent Risk	Ability to Mitigate	Residual Risk Level	Direction of Travel (next 6 months)
Ethical Misconduct	TBD	High	Moderate	High	↑
Legal	TBD	High	Moderate	Moderate	↑
Governance	TBD	High	Moderate	Moderate	↑

RISK OUTLOOK

Ethics, Legal and Governance Risk remains elevated, with Ethical Misconduct at High residual risk. Legal risk direction of travel has changed from Steady to Increasing (residual rating remains Moderate), and Governance remain Moderate with an Increasing direction of travel. Organizational transformation, constrained capacity, complex operating environments and leadership transitions are increasing exposure while placing greater demands on ethics, legal and governance functions.

The high Ethical Misconduct exposure is driven primarily by increased inherent risk in challenging implementing and organizational environments, while established ethics and integrity frameworks, strengthened investigations, confidential reporting through speak-up mechanisms, integrity due diligence and COI management and risk-based prevention measures continue to mitigate risks within the Global Fund's control.

Legal and Governance risks remain Moderate but are expected to increase. The legal direction of travel has shifted from Steady to Increasing, reflecting rising external and regulatory complexity (including privileges and immunities gaps), increased legal demand from concurrent organizational change, and constrained capacity that affects the timeliness of support. Forthcoming Executive Director and Board leadership transitions are increasing demands on legal and governance capacity. Established legal controls and governance arrangements continue to provide resilience, but effective prioritization, role clarity and continuity will be increasingly important through this period of change. Management is prioritizing legal capacity toward the highest-risk and most strategically significant matters.

Looking ahead, the key risk consideration is maintaining effective ethical, legal and governance safeguards through organizational change and resource prioritization, ensuring that efficiency and capacity choices do not weaken critical accountability, prevention or response capabilities or undermine institutional trust.

Annex 3 – Relevant Past Board Decisions

Relevant Past Decision Point	Summary and Impact
GF/B55/DP03: Evolution of Risk Appetite Framework (July 2026)[3]	1. The Board recalls its ultimate responsibility to the Global Fund's stakeholders for overseeing the implementation of effective risk management. 2. Based upon the recommendation of the Audit and Finance Committee, the Board approves the Risk Appetite Framework, as set forth in Annex 1 to GF/B55/02, and the Risk Appetite Statements, as set forth in Annexes 1.1, 1.2 and 1.3 to GF/B55/02. 3. This decision point and the amended Risk Appetite Framework and Risk Appetite Statements approved by it shall supersede all prior Board decisions on the Risk Appetite Framework and Risk Appetite Statements. Budgetary Implications: (included in the OPEX budget)
GF/B52/DP08: Amended Risk Appetite Statements (November 2024)[4]	Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statements, including the timeframes to achieve target risk levels, as set forth in the table in Annex 1 to GF/B52/03A, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date, or when earlier achieved. This decision point and the amended Risk Appetite Statements approved by it shall supplement decision points GF/B49/DP04 and GF/B50/DP03.
GF/B50/DP03: Amendments to the Risk Appetite Statements (November 2023)[2]	Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statement, including risk appetite and timeframes to achieve target risk, as set forth in the table in Annex 1 to GF/B50/03, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date, or when earlier achieved. This decision point and the amended Risk Appetite Statement approved by it shall supplement decision point GF/B49/DP04 (May 2023).
GF/B49/DP04: Amended Risk Appetite Statements (May 2023)[5]	Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statements, including risk appetite and timeframes to achieve target risk, as set forth in the table in Annex 1 to GF/B49/04, acknowledging that the target risk level for each

[3] https://www.theglobalfund.org/kb/board-decisions/b55/b55-dp03/
[4] https://www.theglobalfund.org/kb/board-decisions/b50/b50-dp03/
[5] https://www.theglobalfund.org/kb/board-decisions/b49/b49-dp04/

	risk shall become the revised risk appetite at the target due date, or when earlier achieved.
GF/B32/DP11: Approval of the Risk Management Policy (November 2014)[6]	Based on the recommendation of the Finance and Operational Performance Committee, the Board approves the Risk Management Policy, as set forth in Annex 3 to GF/B32/13.

[6] https://www.theglobalfund.org/kb/board-decisions/b32/b32-dp11/

Annex 4 – Relevant Past Documents & Reference Materials

Risk Management Report (July 2026)

Risk Management Report (February 2026)

Risk Management Report (May 2025)