

Electronic Report to the Board

Terms of Reference for the Board Leadership Nomination Committee and Corresponding Amendments to the Core Governance Documents

GF/B39/ER07

25 July 2018

Board Electronic Decision

PURPOSE: This paper sets forth the terms of reference of the Board Leadership Nomination Committee and the corresponding revisions to implement the revised Board Leadership selection process in the Operating Procedures of the Board and Committees of the Global Fund and the Charter of the Ethics and Governance Committee.

The paper proposes one electronic decision point as follows:

- GF/B39/EDPo8: Terms of Reference for the Board Leadership Nomination Committee and Corresponding Amendments to Core Governance Documents

Decision

GF/B39/EDPo8: Terms of Reference of the Board Leadership Nomination Committee and Corresponding Amendments to the Core Governance Documents

- 1. The Board recalls its decision GF/B39/DP12 on the strengthening of the Board Leadership selection process.***
- 2. Based on the recommendation of the Ethics and Governance Committee, the Board approves the Terms of Reference of the Board Leadership Nomination Committee and the corresponding amendments to the Operating Procedures of the Board and Committees of the Global Fund and the Charter of the Ethics and Governance Committee as provided for in Annexes 4, 5, and 6 of GF/B39/ER07.***

Budgetary implications of this decision are outlined in GF/B39/ER07.

A summary of relevant past decisions as well as documents and reference materials providing context to the proposed decision point may be found in Annexes 2 and 3.

Executive Summary

Context

Following the Board's decision in May 2018 to approve, in principle, a revised Board Chair and Vice-Chair selection process (GF/B39/DP12), it is now necessary to formally adopt and implement the new process. In order to implement the changes, terms of reference for the Board Leadership Nomination Committee ("BLNC") should be approved by the Board and the provisions of the Operating Procedures of the Board and Committees of the Global Fund ("BCOP") relating to the Board Chair and Vice-Chair selection process should be revised. In addition, the Charter of the Ethics and Governance Committee ("EGC Charter") should be amended to reflect the role of the EGC in the revised process.

Questions this paper addresses

- A. *Why the need to adopt BLNC terms of reference and amend core governance documents?*
- B. *What changes are needed?*
- C. *What are the next steps?*

Conclusions

- A. Having approved, in principle, the revised Board Leadership selection process at the 39th Board Meeting, it is now timely for the Board to adopt the procedural framework to implement the revised process. This includes terms of reference for the BLNC ("BLNC TORs"), as well as corresponding amendments to the BCOP and the EGC Charter.
- B. In addition to adopting the BLNC TORs, Part F of the BCOP relating to Board Chair and Vice-Chair selection should be amended to reflect the revised process. Likewise, the EGC Charter should be amended to more accurately reflect the general oversight role of the Committee in the revised selection process.
- C. Board approval is required to adopt the BLNC TORs and the amendments to the BCOP and EGC Charter. These need to be implemented so that the call for nominations for BLNC membership may be issued in time before the official launch of the next Board Leadership selection process in November 2018.

Input Sought

The Board is invited to approve, as recommended by the Ethics and Governance Committee (GF/EGC07/EDP01), the Electronic Decision Point on page 2: GF/B39/EDP08, Terms of Reference for the Board Leadership Nomination Committee and Corresponding Amendments to the Core Governance Documents.

Input Received

After several rounds of consultations, the Board approved, in principle, at the last Board Meeting in May 2018, the proposal to strengthen the Board Leadership selection process (GF/B39/05 - Revision 1). The EGC reviewed and approved the BLNC terms of reference and corresponding revisions to the core governance documents by electronic decision point on 19 July 2018 (GF/EGC07/EDP01).

Report

I. Why the need to adopt BLNC terms of reference and amend core governance documents?

1. After the completion of the Board Leadership selection process in May 2017, a lessons learned assessment undertaken by the EGC identified certain areas of the process that could be enhanced. These included transparency, broadening the candidate pool, and ensuring complementarity of the final candidates. Strengthening existing Board governance processes was also highlighted in the 2017 Office of the Inspector General Advisory Review on Governance¹ and was identified as a priority by the EGC in the Governance Action Plan.² Likewise, feedback from the most recent committee performance self-assessments undertaken in the spring also indicated a need to revise the current BL selection process.
2. At the last Board Meeting in May 2018, the Board adopted in principle a proposal for a revised Board Leadership selection process, based on the recommendation of the EGC, following many months of consultations. The proposal submitted to the Board included draft BLNC TORs, nevertheless the finalization of these was left for after the Board Meeting. At the time, it was also noted that certain amendments to core governance documents would need to be undertaken to accommodate the revised selection process.
3. Although ad-hoc nomination committees have been used numerous times in the past by the Board for the selection of Board direct reports, this will be the first time that a nomination committee with broad Board membership representation is foreseen for the selection of the next Board Chair and Vice-Chair.³
4. It is expected that the Board Leadership selection process will be officially launched in November 2018. Before this occurs, the BLNC needs to be established and its membership approved, following a call for nominations, by the Board. Similarly, the BCOP and the EGC Charter should be amended to reflect the revised process and ensure its smooth launch.

II. What changes are needed?

BLNC TORs

5. The BLNC TORs set forth in Annex 4 below are largely the same as the draft version included in Annex 7 of GF/B39/05 – Revision 1 with the exception of a few minor changes, namely clarifying that the BLNC Chair and Vice-Chair will also be recommended for appointment by the EGC, more detail relating to the first BLNC meeting as well as highlighting the key principles of complementarity and rotation as well as human rights to be considered by the BLNC. The changes made to the BLNC TORs since their approval in principle by the Board are reflected in the redline version in Annex 4 to this report.

¹ GF-OIG17-009, April 2017.

² GF/B39/13, Governance Action Plan.

³ The budgetary implications of the revised process will largely relate to the costs associated with the BLNC and the services of the executive search firm.

6. The BLNC TORs define in greater detail the purpose and function of the BLNC and its two sub-committees, its membership and ways of working. The BLNC TORs also outline the roles of the EGC, the Ethics Officer and the search firm in the selection process. The BLNC will identify one final candidate for the position of Board Chair and one final candidate for the position of Board Vice-Chair for recommendation to and approval by the Board.

BCOP REVISIONS

7. The current relevant provisions of the BCOP do not provide for a nomination committee. Therefore it is necessary to completely revise the wording in Section F of the BCOP. In particular, the revised process calls for considerable changes to Articles 30 and 31 of Section F of the BCOP. The proposed new wording of the articles refers to the BLNC, the EGC, Ethics Officer and the search firm. The proposed wording also contains clear guidance on the process of nominating candidates to the positions of Board Chair and Vice-Chair.
8. In addition, the revised proposed wording explicitly provides for due diligence to be undertaken on the candidates, noting that more details are provided for in the BLNC TORs. The proposed changes to the BCOP are included as Annex 5 to this report. If approved Section F as contained in Annex 5 would replace the existing section of the BCOP in its entirety. The existing provisions of Article 33 BCOP on Chair and Vice-Chair transition remain unchanged.

EGC CHARTER REVISIONS

9. The proposed changes to the EGC Charter only involve a single provision that relates to the oversight role of the EGC of the selection process. The wording of the current provision in Art. 2.2. of EGC Charter remains the same – it is merely moved to the section on the oversight function. The aim is to more clearly delineate the general oversight function of the EGC in the new process. The proposed changes to the EGC Charter can be seen in redline version in Annex 6 to this report.

III. What are the next steps?

10. Further to its approval by the EGC on 19 July 2018, the recommendation is being presented to the Board for adoption by electronic decision. Approval of the BLNC TORs and corresponding core governance document revisions will then enable the call for nominations for membership in the BLNC to be issued at the beginning of September. The EGC will review the nominations for BLNC membership and, no later than at its next meeting in October, recommend the members of the BLNC, including the Chair and Vice-Chair, to the Board for approval.
11. The expected timeline of the selection process is as follows:

PROPOSED TIMELINE OF THE BL SELECTION PROCESS

| Indicative Date | Action | Responsibility |
|------------------------|------------------------------|-----------------------|
| July 12 | BLNC TORs sent as EDP to EGC | EGC |

| | | |
|-------------------------|--|--|
| Week of July 23rd | Following approval by EGC, BLNC TORs sent as recommendation to Board for approval by EDP | Board |
| Mid-August | Statement of Work for executive search firm finalized | OBA in consultation with EGC Leadership/Ethics Officer |
| End of August | Request for proposals issued for executive search firm | OBA |
| First week of September | Call for nominations for BLNC membership issued (close end of Sept) | Board Leadership |
| September | Executive search firm selected | OBA with EGC Leadership and Ethics Officer |
| Oct 1-2 nd | BLNC membership nominations discussed and reviewed at EGC meeting | EGC |
| Oct 15th | EGC recommendation for BLNC membership sent as EDP to Board for approval | Board |
| Nov. 13-14 | Launch of BL selection process and call for nominations for Board Chair and Vice-Chair under updated BL TORs | Board Leadership |

What would be the impact of delaying or rejecting the decision to adopt the new process?

12. Timely adoption of the proposed recommendation is of key importance. Should the adoption be delayed or deferred then there will not be sufficient time to issue the call for nominations and establish the BLNC in time for the launch of the next selection process in November 2018.

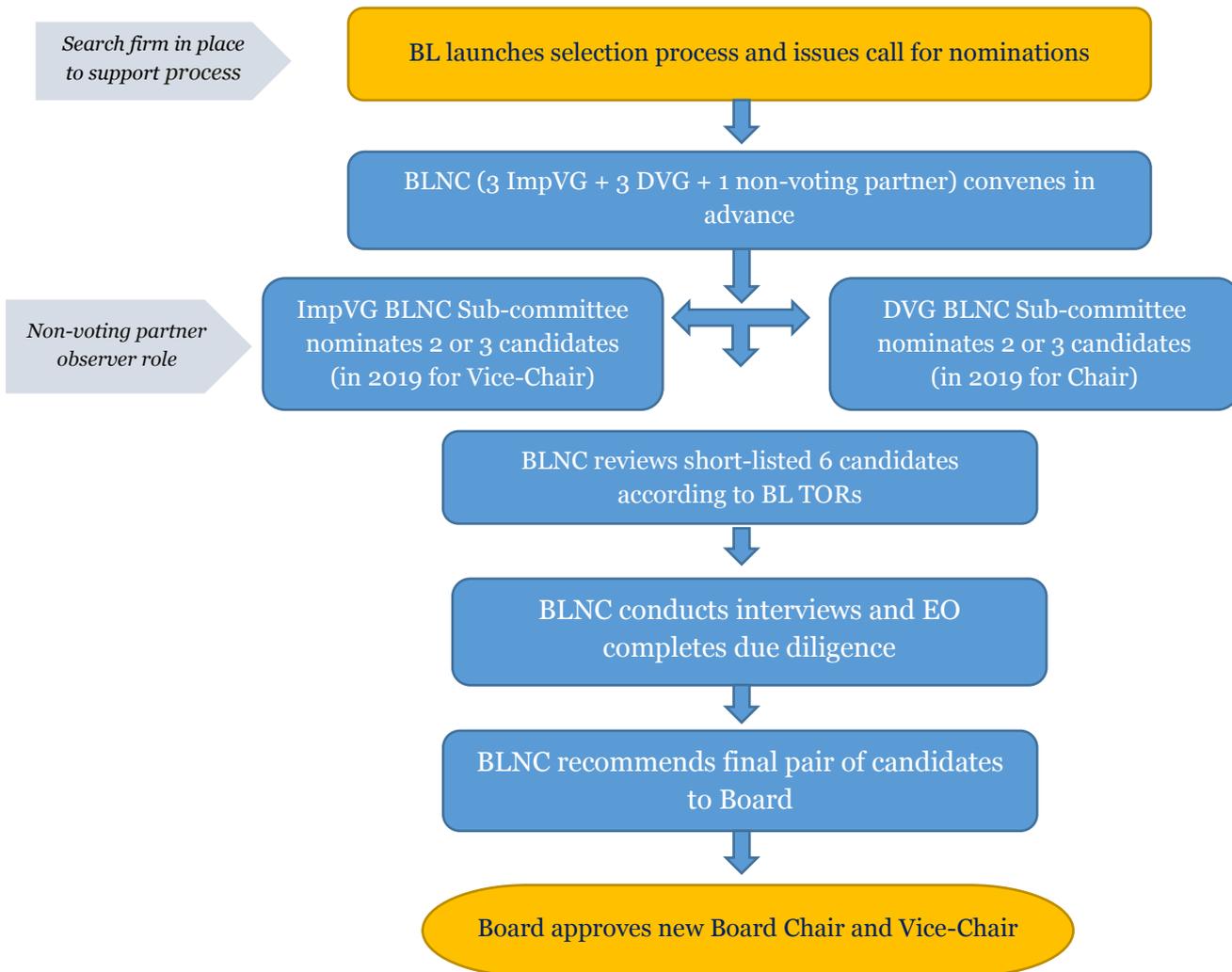
IV. Decision

13. The Board is invited to approve the Electronic Decision Point presented on page 2 of this report.

Annexes and background documents

- Annex 1: Overview of the Revised Board Leadership Selection Process
- Annex 2: Relevant Past Board Decisions
- Annex 3: Relevant Documents & Reference Materials
- Annex 4: Terms of Reference for the Board Leadership Nomination Committee
- Annex 5: Amended Provisions of the BCOP [*only excerpts of the relevant provisions are attached*]
- Annex 6: Amended Provisions of the EGC Charter [*only excerpts of the relevant provisions are attached*]

Annex 1 – Overview of the Revised Board Leadership Selection Process [as outlined in GF/B39/05 - Revision 1]



Annex 2 – Relevant Past Board Decisions

| Relevant Past Decision Points | Summary and Impact |
|--|--|
| <p>GF/B39/DP12, Strengthening the Board Leadership Selection Process (May 2018)</p> | <p>On 10 May 2018, the Board acknowledged the need to strengthen the current selection process for Board Leadership and approved in principle the revised process as detailed in Section II of GF/B39/05 – Revision 1.</p> |
| <p>GF/B37/DP03, Board Chair and Vice-Chair Terms of Reference, by decision of the Board at the Thirty-Seventh Board Meeting (May 2017)</p> | <p>On 3 May 2017, the Board adopted Terms of Reference for the Chair and Vice-Chair of the Board as set forth in Annex 1 of GF/B37/22 Revision 1, which entered into force at the conclusion of the Thirty-Seventh Board Meeting. These Terms of Reference supersede all previous versions adopted by the Board.</p> |
| <p>GF/BR2017/DP05 at the Board Retreat in February 2017, Amendment to the Board Leadership Terms of Reference (February 2017)</p> | <p>On 28 February 2017, the Board adopted revisions to the Terms of Reference to the Chair and Vice-Chair of the Global Fund Board.</p> |
| <p>GF/B34/EDP07 Enhanced Governance Structure (January 2016)</p> | <p>The Board adopted the Charter of the EGC, and revised Operating Procedures for the Board and Committees. Together, these provide for the EGC’s role in overseeing the Board leadership selection process, and for receiving and reviewing candidate nominations from the Donor and Implementer Voting Groups respectively, to advise the outgoing Board Chair and Vice-Chair on the nominated candidates (Operating Procedures subsequently amended in April 2016, GF/B34/EDP21, with no impact on the above provisions.)</p> |
| <p>By decision of the Board by electronic vote on 13 December 2012, GF/B28/EDP04, at the Thirty-Second Board Meeting by GF/B32/DP05, Approving the Governance Plan for Impact (November 2014)</p> | <p>On 20 November 2014, the Board approved the Governance Plan for Impact, which entirely superseded GF/B28/EDP04 on the Terms of Reference of the Chair and Vice-Chair of the Global Fund Board.</p> |
| <p>GF/B19/DP10, as amended at the Twenty-Second Board Meeting by GF/B22/DP06, Board Chair and Vice-Chair Nomination and Election Process (December 2010)</p> | <p>On 6 May 2009, the Board approved the terms of reference for the Chair and Vice-Chair of the Board, as laid out in Attachment 6 of GF/B19/4. On 15 December 2010, the Board approved the amendments to the Board Chair and Vice-Chair nomination and election process.</p> |

Annex 3 – Relevant Documents & Reference Materials

Past reports and reference materials:

- Board Consultation Package, *Proposal for Strengthening the Board Leadership Selection Process*, EGC (26 March 2018)
- GF/EGC06/07, *Strengthening the Board Leadership Selection Process: Summary and Discussion of Consultation Input* (March 2018)
- Board Consultation Package, *Strengthening the Board Leadership Selection Process*, EGC (2 February 2018)
- GF/B38/22, *Strengthening the Board Leadership Selection Process* (November 2017)
- GF/EGC05/08 *Revised Board Leadership Selection Process: Key Points for Discussion* (October 2017)
- J. Dubinsky, *Over-arching principles for proposing a new selection process for Board Leadership at the Global Fund* (August 2017)
- GF/EGC04/04, *Board Leadership Selection Lessons Learned – Initial Findings* (July 2017)
- GF/EGC03/ER02, *Revised Board Leadership Selection Process* (February 2017)
- Egon Zehnder and Office of Board Affairs, *Principles to Guide Changes to Board Leadership TORs and Selection Processes* (February 2017)

Annex 4 – Terms of Reference for the Board Leadership Nomination Committee

Terms of Reference for the Board Leadership Nomination Committee, approved by the Board on [date] pursuant to [GF/XX/DPXX]

Purpose and engagement

1. The purpose of the Board Leadership Nomination Committee (“BLNC”) is to assist the Board of the Global Fund (“the Board”) with the selection of the Chair and Vice-Chair of the Board. The BLNC reports directly to the Board and its mandate shall expire on the appointment by the Board of the new Chair and Vice-Chair.
2. While the BLNC reports to the Board, the Ethics and Governance Committee (“EGC”) shall be responsible for the oversight of the overall Board Leadership selection process and the due diligence ~~review~~ process. To this end the BLNC shall keep the EGC informed of the performance of its mandate, including with respect to any work plans, time-bound deliverables, and seek as appropriate the EGC guidance on any issues or controversies that arise in the context of the selection process.
3. The Ethics Officer shall advise the BLNC and the EGC on all due diligence and conflicts of interest issues in accordance with the Terms of Reference of the Ethics Officer.

BLNC membership

4. Membership of the BLNC shall comprise of seven persons, including a Chair and Vice-Chair. The BLNC members, including the BLNC Chair and Vice-Chair, shall be recommended by the EGC to the Board for approval, based on the nominations received from constituencies of the respective voting groups and the non-voting constituencies, and shall include:
 - a. **Three Board constituency members** nominated by constituencies from the implementer voting group, and forming the Implementer Voting Group BLNC Sub-committee;
 - b. **Three Board constituency members** nominated by constituencies from the donor voting group, and forming the Donor Voting Group BLNC Sub-committee; and,
 - c. **One Board constituency member** nominated by and representing the non-voting partner constituencies.
5. To the extent possible, the members of the BLNC will bring skills in the specific task of identifying and interviewing top executive talent, such as, for example, knowledge and experience with modern executive recruitment and selection techniques.
6. In addition to his/her membership role, the Chair of the BLNC shall provide coordination support and shall report to the Board on behalf of the BLNC.
7. In the event the Chair is unavailable to perform his/her duties, the Vice-Chair shall step in on his/her behalf. The Chair and Vice-Chair shall have voting capacity.
8. All seven BLNC members shall serve in the best interests of the Global Fund.

9. In the exceptional event that a member of the BLNC may no longer serve as a member, the EGC shall appoint a new member coming from the same group as the original member as outlined in para. 4 above.

BLNC First Meeting

10. The BLNC shall hold a first meeting to define a strategic work plan and formally receive from the executive search firm the full list of nominations for the positions of Board Chair and Vice-Chair. During the first meeting, the BLNC shall attribute the candidates, based on the identity of the voting constituency that nominated such candidates to one or the other of the BLNC sub-committees for review.

BLNC Sub-committees role

- ~~10~~11. The Implementer and Donor BLNC Sub-committees shall each convene separately to identify and put forth, under commonly agreed principles and timeline, ~~up to two or~~ three candidates for either Chair or Vice-Chair, as applicable. The BLNC member from the non-voting partners may, as requested, act as an observer when the two BLNC Sub-committees convene but shall otherwise participate in his/her capacity of non-voting member to the meetings of the full BLNC.
- ~~11~~12. In the event that a BLNC Sub-committee puts forth fewer than three candidates, the executive search firm supporting the Board Leadership selection process shall assist Board constituencies in identifying and putting forth additional qualified nominations for review by the BLNC.

Work plan

13. The BLNC shall define and undertake its work according to a strategic work plan agreed between its members. The principal task of the BLNC shall be to review nominations, interview short-listed candidates and to present the final pair of candidates for Board Chair and Vice-Chair to the Board for appointment.
14. Specifically, the BLNC shall:
 - a. Direct and oversee the work of the executive search firm to receive and compile a list of candidate nominations for the roles of Board Chair and Vice-Chair. The executive search firm will also assist the constituencies in carrying out an extensive outreach to identify highly skilled candidates so that the BLNC Sub-committees may then each confirm two or three candidates from their respective voting group;
 - b. Coordinate the enhanced due diligence and background checks undertaken by the executive search firm and support the Ethics Officer in undertaking conflicts of interest assessments;
 - c. Provide to the Board:
 - i. a final pair of candidates for Board Chair and Vice-Chair that represent the highest qualified candidates for the roles based on the Key Competencies provided for in Table 4 of Annex 1 of the BCOP and the Terms of Reference of the Board Chair and Vice-Chair as approved by the Board. The BLNC shall, also take ing into account the principles of complementarity and of rotation between the two voting groups, ~~and~~ each candidate's track record ~~ethical values, and their history~~ with respect ~~of to~~ Global Fund key strategic issues, including human rights, ~~and~~ gender diversity, and the key populations affected by the three diseases;

and

- ii. a report outlining the BLNC's review of the qualifications of the final pair of candidates, which should include the extent to which each candidate fulfills the selection criteria, and the candidates' explicit confirmation of their availability to perform the duties of the Board Chair and Vice-Chair as outlined in the Terms of Reference of the Board Chair and Vice-Chair.

Confidentiality

15. The members of the BLNC shall conduct themselves in a manner that fully respects the privacy and personal reputation of potential candidates as well as the need to promote open and frank discussions during BLNC internal confidential deliberations in accordance with the Global Fund's Code of Ethical Conduct for Governance Officials and other Global Fund documents relating to information and records management. Discussions within the BLNC shall be kept strictly confidential.
16. Each member of the BLNC will sign a confidentiality agreement, duly uphold its provisions and take responsibility for protecting the confidentiality of BLNC discussions, documents and information. The EGC, in conjunction with the BLNC, shall determine what information may be shared with the constituencies and the respective voting groups.

Decision-making and governance

17. The BLNC shall seek to make its decisions by consensus. Recognizing that the role of the BLNC is to propose the best possible candidates for the role of Board Chair and Vice-Chair, where consensus may not be obtained, the majority view of the BLNC will prevail.
18. Membership in the BLNC shall not count towards the two-committee limit provided for in Article 43.4 of the BCOP.

Annex 5 – Amended Provisions of the BCOP

Amendment to the Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria

The following revised Section F of Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria replaces the existing Section F in its entirety:

SECTION F OF THE OPERATING PROCEDURES OF THE BOARD AND COMMITTEES OF THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

F. NOMINATION AND SELECTION PROCESS FOR BOARD CHAIR AND VICE-CHAIR

30. Nomination Process and Eligibility to Stand for Board Chair or Vice- Chair

- 30.1. At least six months prior to the expiry of the incumbent Board Chair and Vice-Chair’s terms, a Board Leadership Nomination Committee (“Nomination Committee”), comprised of Board constituency members, shall be established by the Board at the recommendation of the Standing Committee mandated with governance responsibilities. The membership and ways of working shall be outlined in greater detail in the terms of reference of the Nomination Committee.
- 30.2. The main task of the Nomination Committee shall be to recommend to the Board for approval a final pair of candidates for the positions of Board Chair and Vice-Chair. The mandate of the Nomination Committee shall expire upon the appointment of the new Board Chair and Vice-Chair.
- 30.3. Also, at least six months prior to the expiry of the incumbent Board Chair and Vice-Chair’s terms, the incumbent Board Chair and Vice-Chair shall announce the forthcoming selection process for Board Chair and Vice-Chair and issue a call for nominations which shall be open for at least two months.
- 30.4. Any individual who possesses the skills, competencies, time, and capacity to perform the responsibilities of the Board Chair and Vice-Chair in accordance with the Board and Committee Member Roles and Responsibilities, as set forth in Annex 1 to these Operating Procedures and the Terms of Reference for Board Chair and Vice-Chair, may be eligible to be nominated for the position of Board Chair or Vice-Chair.⁴
- 30.5. While individuals with a suitable profile for the Board Chair and Vice-Chair positions may be identified by any Board constituency or by an executive search firm contracted by the Secretariat, candidates may only be officially nominated by a Board voting constituency.
- 30.6. Candidates’ nominations must be submitted by the Board voting constituencies to the executive search firm. Following the deadline for the submission of the candidates’ nominations, the executive search firm shall forward all nominations to the Nomination Committee.

⁴ The minimum attributes for the Board Chair and Vice -Chair are set out in the document entitled “Terms of Reference for Board Chair and Vice-Chair”, as amended from time to time, and available at: <http://www.theglobalfund.org/en/governance/>

- 30.7. The Nomination Committee shall review the nominations in accordance with its terms of reference and shall recommend to the Board for approval one candidate for the position of Board Chair and one candidate for the position of Vice-Chair.
- 30.8. The Nomination Committee shall, in close cooperation with the Ethics Officer and the executive search firm, ensure that appropriate due diligence is conducted on short-listed candidates.
- 30.9. The Standing Committee mandated with governance responsibilities shall carry out oversight of the due diligence review of candidates and of the overall selection process. The Nomination Committee may in this respect seek guidance and clarification from the Standing Committee mandated with governance responsibilities.
- 30.10. Although the Board Chair and Vice-Chair do not represent any constituency, the positions alternate between the Donor Voting Group and Implementer Voting Group of the Board after each two-year term as provided for under the Bylaws.

31. Commencement of Terms and Vacancies

- 31.1. The terms of office for the incoming Board Chair and Vice-Chair shall commence on the date indicated in the appointment decision. In the case where an appointment is made to fill a vacancy, the term of office shall continue for the duration of the remaining term of the vacant position.
- 31.2. If the appointment is to be made at the Board Meeting, the outgoing Board Chair shall conduct the session, or, if the Chair is a candidate, the outgoing Vice-Chair. In the event both the Chair and the Vice-Chair are candidates, the Rapporteur shall conduct the session.
- 31.3. In the case of a vacancy for either position due to circumstances other than the end of either position's natural term, the Board shall fill the vacancy either at the Board meeting following the vacancy or by an electronic vote, under the decision-making and voting procedures outlined in these Operating Procedures.

32. Chair and Vice-Chair Transition

- 32.1. The outgoing Board Chair and Vice-Chair shall prepare the necessary presentations, documentation and other briefing materials to prepare the incoming Board Chair and Vice-Chair for their responsibilities.
- 32.2. The outgoing and incoming Board Chair and Vice-Chair shall arrange regular communications and meetings with the assistance of the Secretariat and the Coordinating Group to ensure a proper transfer of knowledge and information to the incoming Board Chair and Vice-Chair.

33. [Intentionally Omitted.]

Annex 6 – Amended Provisions of the EGC Charter

Amendment to the Charter of the Ethics and Governance Committee

The Charter of the Ethics and Governance Committee is amended to reflect the revisions to Sections 2.2 and 2.3 shown in track changes below:

CHARTER OF THE ETHICS AND GOVERNANCE COMMITTEE

28 April 2016⁵

A. Purpose

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

B. Functions

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

Decision-Making Powers

- 2.1 The Committee shall exercise the following decision-making powers:
 - a. Pursuant to the Ethics and Integrity Framework, approval of modifications to applicable codes.
 - b. Approval of preventive, mitigating, and remedial actions to be undertaken in response to ethics and integrity-related issues and/or misconduct concerning Governance Officials, members of advisory bodies of the Global Fund, and individuals who report directly to the Board, in accordance with the process described in the applicable policies.
 - c. Appointment of independent external members of the Sanctions Panel under the Sanctions Procedures Relating to the Code of Conduct for Suppliers, as well as any other applicable codes of conduct.
 - d. Assessment of the Ethics Officer’s performance, to be conducted jointly with the Executive Director and with input from the Board Leadership and the Inspector General.
 - e. Approval of the strategic priorities and the annual work plan for the ethics function.

Advisory Functions

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

⁵ Approved by the Board on 28 January 2016 (GF/B34/EDP07) and effective as of the conclusion of the 35th Board Meeting held on 26 – 27 April 2016.

- a. The adequacy and effective implementation of the Global Fund's ethical policies and operation of related systems, based on the reports and annual opinion of the Ethics Officer.
- b. In accordance with the risk management strategy or related policies approved by the Board: (i) the assessment of risks related to compliance with the ethical values of the Global Fund and the Board's oversight of governance activities; (ii) appropriate risk differentiation to be exercised by the Global Fund in the management of such risks; and (iii) analyses of other risk areas at the request of the Coordinating Group.
- c. The establishment of new, or the modification of existing, Board-approved frameworks or policies on ethics and integrity matters, such as the Ethics and Integrity Framework and the Policy on Ethics and Conflicts of Interest for Global Fund Institutions.
- d. Selection of the Ethics Officer, which will be conducted jointly with the Executive Director, for appointment on a no-objection basis by the Board.
- e. Adoption of measures to facilitate engagement with Board constituencies, including guidelines on constituency processes such as the selection of representatives.
- f. Assessment of the performance of the Global Fund's Board, Standing Committees and advisory bodies, as well as the leadership of the Board and its standing committees, in accordance with the performance assessment framework approved by the Board.
- ~~g. Selection of the Chair and Vice Chair of the Board according to the Operating Procedures of the Board and Committees of the Global Fund.~~
- ~~h.g.~~ Adoption of new, or modification to, core governance documents, including but not limited to the Bylaws, Operating Procedures of the Board and Committees of the Global Fund, and relevant committee charters or terms of reference approved by the Board.
- ~~h.h.~~ Legal status matters warranting the attention or consideration of the Board, including issues related to privileges and immunities.

Oversight Functions

- 2.3 The Committee shall have responsibility for oversight and review in the following areas:
- a. The strength and effectiveness of the Global Fund's ethics and integrity-related policies and codes.
 - b. Compliance, and the adequacy of the systems in place for confirming compliance, with applicable policies and codes for ensuring ethical behavior by the relevant Global Fund stakeholders, as described in the Ethics and Integrity Framework.
 - c. The strength and effectiveness of Secretariat systems for embedding ethical values into operations and preventing and addressing fraud or misuse of Global Fund resources, including the Sanctions Panel.
 - d. Coordination with the Secretariat with respect to matters of ethics and integrity that have both operational and governance implications.
 - e. Advising the Chair and Vice-Chair of the Board with respect to the nomination, appointment and succession processes for the Executive Director and the Inspector General, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund.
 - f. Advising the Chair and Vice-Chair of the Board with respect to the Board's annual assessment of the Executive Director's performance and the Inspector General's

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

- g. Supporting constituency engagement in governance processes including through (i) promoting transparent and rigorous processes for constituency selection of Board members, based in part upon membership guidelines adopted by the Global Fund and (ii) monitoring the use of constituency funding.
- h. Advising the Chair and Vice-Chair of the Board on their presentation of candidates to serve as Chairs, Vice-Chairs and members of the Standing Committees for Board approval, including the initial review of potential candidates, as described in the Operating Procedures of the Board and Committees of the Global Fund.
- i. The process by which the appointments to the Standing Committees are made by the Board, as described in the Operating Procedures of the Board and Committees of the Global Fund.
- j. The framework for induction and continued learning initiatives provided to members of the Board and Standing Committees through in-person and other means.
- k. The acquisition of privileges and immunities for the Global Fund, including the activities of the Privileges and Immunities Advisory Group.
- l. Financial and resource implications of the activities of governance bodies, in coordination with the Audit and Finance Committee.
- m. The appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.

[n. Selection of the Chair and Vice-Chair of the Board according to the Operating Procedures of the Board and Committees of the Global Fund.](#)