

OCTOBER 2024

BOARD CHARTER AND CODE OF CONDUCT

1. INTRODUCTION

This Charter references IFFIm's memorandum and articles of association (**Statutes**) and the treasury management agreement¹, the finance framework agreement² (including the procedures memorandum³), the monitoring policy (and its related framework)⁴ and the administrative support agreement⁵ (**Key Transaction Documents**).

It is intended to guide directors in their decision making and sets out in summary form selected obligations and responsibilities, referencing underlying documents where applicable, with which it should be read in conjunction. In the event there is a conflict between this Charter and the Statutes or the Key Transaction Documents, the latter will prevail.

Unless otherwise specified, the term **articles** shall refer to the articles of association throughout.

2. IFFIM'S PURPOSE AND OBJECTS

IFFIm was created in 2006 to accelerate the availability of predictable long-term funds for health and immunisation programmes through Gavi, the Vaccine Alliance (**Gavi Alliance**).⁶

IFFIm's objects (**Objects**) set out in clause 3 of its memorandum of association are to promote the effective use of the resources of **Gavi Organisations**⁷ for **Charitable Purposes**⁸ for the benefit of the public by providing services and facilities which will assist Gavi Organisations to raise funds. Such provision of services and facilities may include, but will not be limited to, IFFIm borrowing money by any means for the Gavi Organisations for Charitable Purposes and, in connection with such borrowing,

¹ 5 October 2021

² 8 February 2013

³ 7 March 2024

⁴ 4 June 2018

⁵ 12 June 2018

⁶ Taken from IFFIm's annual financial statements 2022, page 6

⁷ Gavi Organisations means Voluntary Organisations and other charities supported by or associated with the Gavi Alliance and includes the Gavi Alliance.

⁸ Meaning the relief of sickness and the promotion, protection and preservation of good health among people in developing countries.

obtaining any other kind of financial accommodation or entering into any hedging arrangement.

3. PURPOSE OF THIS CHARTER

This Charter sets out the main principles relevant to IFFIm and its board of directors (**Board**) in order to develop, implement and maintain a culture and standard of good corporate governance.

The matters set out in this Charter are subject to the UK Companies Act 2006, Charities legislation and regulations (**Acts**) and IFFIm's Statutes.

The purpose of preparing and detailing the matters set out in this Charter is to:

- formalise procedures to help ensure that IFFIm and the Board act in a transparent and dutiful manner in their internal and external dealings;
- ensure that appropriate checks and balances are in place to monitor the operations of IFFIm; and
- provide transparent criteria against which stakeholders could assess the performance of IFFIm from a corporate governance perspective.

4. LEGAL CONSIDERATIONS

Directors are required to act in accordance with the general duties of directors in sections 171 to 177 of the Companies Act 2006, as amended or updated from time to time.

Under English Law, the key duties of directors include:

- only exercising powers within the authority given and acting in accordance with the Statutes;
- at all times acting not only in good faith and honesty, but also in IFFIm's best interests;
- exercising independent judgement in carrying out their duties;
- exercising reasonable care, skill and diligence in carrying out their duties commensurate with their knowledge and experience;
- avoiding a situation in which they have or can have a direct or indirect interest or duty of loyalty that conflicts with or may conflict or be seen to conflict with IFFIm's best interests (although a conflict, an apparent conflict or potential conflict may be authorised by the directors in accordance with the Statutes) including not accepting a benefit from a third party and declaring an interest, direct or indirect, in a proposed transaction or arrangement with IFFIm;
- ensuring that IFFIm does everything that is required of it by law and regulation; and

- acting in a way that they consider, in good faith, would promote the success of IFFIm in furthering its charitable objects and in doing so, have regard (amongst other matters) to:
 - *the likely consequences of any decision in the long-term;*
 - *the need to foster IFFIm's relationships with investors, stakeholders, donors and others;*
 - *the impact of IFFIm's operations on the environment; and*
 - *the desirability of IFFIm maintaining a reputation for high standards of business conduct.*

These duties are owed by each director personally. Directors should note that section 170 (2) of the Companies Act confirms expressly that the duty to avoid conflicts (as regards the exploitation of any property, information or opportunity of which s/he became aware at a time when s/he was a director) and the duty not to accept benefits from a third party (as regards things done or omitted by him or her before s/he ceased to be a director) continues to apply after a person ceases to be a director.

Under UK charity law, IFFIm's directors, as effectively trustees of the charity, owe various duties to IFFIm which are chiefly based on the duty to act at all times in good faith in the best interests of the charity, and which can be summarised as follows:

- *duty of compliance:* (i) to ensure that IFFIm complies with applicable law, regulatory requirements and the provisions of its Statutes, (ii) to act with integrity, (iii) to avoid personal conflicts of interest, and (iv) to avoid misuse of IFFIm's funds;
- *duty of prudence:* (i) to ensure that IFFIm will remain solvent, (ii) to use IFFIm's assets reasonably and in furtherance of its objects, (iii) to avoid exposing IFFIm's assets to undue risk, and (iv) to take special care when investing IFFIm's funds or borrowing; and
- *duty of care:* (i) to use such skill and care in their role as IFFIm's directors as is reasonable in the circumstances (taking into account any particular knowledge or skill of the particular director) and (ii) to consider obtaining external advice where there could be material risk to IFFIm.

Charity law requires that IFFIm's directors (i) identify the principal risks facing IFFIm and (ii) develop relevant and proportionate risk management strategies to mitigate such risks in a manner which ensures that IFFIm's directors discharge their charity law duties.

5. ROLE AND FUNCTION OF THE BOARD

The Board is primarily responsible for:

- determining IFFIm's strategic plans;

- overseeing the implementation of such plans;
- disbursing funds to Gavi Alliance and monitoring their application and the efficiency and impact of their application;
- monitoring functions outsourced to Gavi Alliance and the International Bank for Reconstruction and Development (**World Bank**); and
- ensuring that IFFIm's activities are aligned with IFFIm's Objects.

Matters reserved to the Board are outlined in Annex A to this Charter.

The principle of collective responsibility shall apply to all Board decisions such that all directors will support consensus decisions, unless to do so would be illegal, or a breach of their duties as a director.

In order to further the Objects, but not for any other purposes, IFFIm has the powers set out in clause 4 of IFFIm's memorandum of association. Restrictions on benefits for members and directors are set out in clause 5 of IFFIm's memorandum of association.

6. BOARD COMPOSITION AND REMUNERATION

The minimum number of directors is three and the directors may fix a maximum (article 49) but there is currently no maximum.

Directors are appointed for an initial three-year term, with eligibility for a second term that will normally be three years, but can exceptionally be up to five years as determined by the directors either at the time of reappointment for the second term or subsequently. Directors are not eligible for reappointment for two years after the end of their term (article 63).

A director will be disqualified if any of the events described in article 57 occur.

The directors may from time to time appoint an executive officer of IFFIm for such period and on such terms as they think fit in accordance with article 48, but there is currently no such officer.

The Statutes simply specify that the directors may elect a chairperson of their meetings and determine the period for which they hold office (**Chairperson**) and if there is no Chairperson, the provisions of article 71 apply. The Board of IFFIm ordinarily selects a **Chair** of the Board and their role and appointment is described further in Section 7 of this Charter.

A Secretary, assistant or deputy Secretary may be appointed or removed by the directors in accordance with article 77. The current Secretary is Company Registrations Online Ltd, which is supported by Gavi Alliance.

The Secretary, supported by Gavi Alliance, works in conjunction with the Chair to manage the smooth functioning of the Board by managing Board processes and ensuring Board meetings are properly held and called and appropriate records are maintained.

In particular, the Secretary is responsible for maintaining appropriate records, registers, minute books and a register of conflicts of interest (updated annually and when there are changes).

The Secretary, through a representative of Gavi Alliance, attends the meetings of the Board, but is not entitled to vote.

The directors do not receive any fees or remuneration but are entitled to claim all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of the Board or general meetings of IFFIm or in connection with the business of IFFIm.

7. CHAIR

The role of the Chair is to provide leadership of the Board and manage the business of the Board through setting its agenda and taking full account of the issues and the concerns of directors.

The Board will ideally select from their number a new Chair in advance of the retirement of the existing Chair.

Any new Chair so appointed will normally have at least two to three years' tenure on the Board remaining and may only be appointed for a period that does not exceed their term of appointment as a director.

Exceptionally, the Board may wish to recruit a new Chair externally.

Typically, the outgoing Chair will lead the process to agree who is to be nominated as new Chair with all currently serving directors, save for any directors who put themselves forward as a candidate.

When appointing a new Chair, if the candidate is an existing director, that director will recuse themselves from the meeting of the Board to consider and/or approve the appointment.

8. BOARD EXPECTATIONS

Annex B to this Charter sets out expectations of the directors of the Board including the Chair.

9. MEETINGS OF THE BOARD

A. Workplan

The Chair is expected to determine the workplan and frequency of Board meetings together with the Secretary. The Secretary maintains the workplan which is available upon request by a director.

The Board is expected to meet a minimum of four times a year.

B. Board papers

The Board meeting agenda and all available information concerning the business to be conducted at each Board meeting shall, to the extent practicable, be delivered to the directors sufficiently in advance of each meeting to permit meaningful review, ordinarily at least one week ahead of the date scheduled for the Board meeting.

Any director may request items be added to the agenda for upcoming meetings. Such requests should be made in writing to the Chair at least ten working days before the Board meeting.

All business to be discussed at a Board meeting is expected to be included in the agenda. Additional items can only be tabled and discussed at a Board meeting at the discretion of the Chair.

C. Proceedings

The provisions of articles 65 to 76 apply to the proceedings of the Board and in particular:

- Questions arising at any meeting shall preferably be decided by consensus, but article 65 allows questions to be decided by a majority of votes.
- In the case of an equality of votes, the Chairperson has the power to exercise a second or casting vote (article 65) but typically the Chair would choose not to exercise such power.
- A director may, and the Secretary on the requisition of a director shall, at any time summon a meeting of the directors (article 65).
- The quorum necessary for the transaction of the business of the directors shall be two or such greater number as the directors shall from time to time determine (article 66).

D. Conflicts and director benefits

A director must declare the nature and extent of any interest, direct or indirect, which they have in a proposed transaction or arrangement with IFFIm or in any transaction or arrangement entered into by IFFIm which has not been previously declared (article 68).

A director must absent themselves from any discussions of the directors in which it is possible that a conflict will arise between their duty to act solely in the interests of IFFIm and any personal interest (article 68). Such interests shall be recorded in a register of interests maintained by the Director of Governance at the Gavi Alliance (pursuant to the administrative support agreement).

Unconflicted directors may authorise conflicts pursuant to article 69 unless there is no quorum because a conflicted director is prevented from being counted in the quorum (article 69.2). A record of the discussion of the unconflicted directors and their decision to authorise a conflict shall be made in the minutes of the relevant meeting.

A director may only receive a benefit from IFFIm, including remuneration for employment, if the receipt of such benefit is authorised by or in accordance with Clause 5 of the memorandum of association.

E. No quorum

Article 70 specifies the powers of directors in the event there is no quorum.

F. Delegation

The directors are permitted to delegate, under article 72, their directors' powers to committees consisting of such directors and on such terms as the directors they think fit. This article allows non-directors to be appointed for up to half of the membership of the committee and requires the proceedings to be governed as for meetings of the Board, unless otherwise specified.

The directors may delegate, for remuneration or otherwise, on terms they agree, to any person other than a director:

- the power to carry out any decision taken by the directors; and
- powers relating to the investment of the assets of the IFFIm.

The Board shall have the power to delegate on an exceptional basis its authority and duties to individual directors, as it deems appropriate. If the Board uses this power, it will usually, but not necessarily, delegate to any two directors.

G. Advice

The Board may engage, through the Chair, consultants and other professionals, at its discretion, to assist the Board in fulfilling its duties under this Charter. Any such engagement shall be at the cost of IFFIm.

H. Electronic and other decision making

Decisions may be taken by written resolution or exchange of documents or electronic messages (article 76). Any decisions taken in this manner shall be unanimous.

Participation electronically/telephonically is equivalent to attendance at a physical meeting.

10. PERFORMANCE EVALUATIONS

The Board may undertake regular evaluations of the performance of the Board, Audit Committee and individual directors (including Chair) as appropriate.

It is expected that the Board will engage an independent expert to facilitate the process at least every third year.

It is expected that the Board and Audit Committee will consider the outcome of the performance review in a dedicated meeting and may develop a series of actions and goals to guide improvement.

It is expected that the Chair will provide each director with confidential feedback on his or her performance. The directors will nominate one of them, usually the chair of the Audit Committee, to deliver feedback to the Chair on his or her performance.

It is expected that the Chair and the chair of the Audit Committee will ensure appropriate action plans are put in place and implemented as a result of the relevant performance reviews.

11. INSURANCE

Gavi Alliance has in place appropriate directors' and officers' (D&O) insurance cover for the Board.

12. CODE OF CONDUCT

- 12.1** IFFIm Board and each individual Director ascribes to the principles set out in the Charity Governance Code for large charities issued by the UK Charity Governance Code Steering Group.⁹
- 12.2** IFFIm Board and each individual Director ascribes to the principles set out in the accompanying Charity Ethical Principles issued by the UK National Council for Voluntary Organisations.¹⁰
- 12.3** In the absence of IFFIm specific Board-approved policies (see Annex D), as IFFIm has no employees, the IFFIm Board and each individual Director follows the guidance provided by the code of conduct framework adopted by the Gavi Alliance.

⁹ Charity Governance Code Steering Group, Charity Governance Code for large charities, available at <<https://www.charitygovernancecode.org/en/pdf>> accessed 30 August 2024.

¹⁰ National Council for Voluntary Organisations, Charity Ethical Principles, available at <<https://www.ncvo.org.uk/policy-and-research/ethics/ethical-principles>> accessed 30 August 2024.