

MARCH 2019

## IFFIM BOARD CHARTER

### 1. INTRODUCTION

This Charter references IFFIm’s memorandum and articles of association (**Statutes**) and the treasury manager agreement<sup>1</sup>, the finance framework agreement<sup>2</sup> (including the procedures memorandum<sup>3</sup>), the monitoring policy (and its related framework)<sup>4</sup> and the administrative support agreement<sup>5</sup> (**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 as a development financing tool to accelerate the availability of predictable long-term funds for health and immunisation programmes through Gavi, the Vaccine Alliance (**Gavi Alliance**).<sup>6</sup>

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**<sup>7</sup> for **Charitable Purposes**<sup>8</sup> 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 on the security of covenants or other agreements whereby governments promise funds to Gavi Organisations for Charitable Purposes and, in connection with such borrowing,

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<sup>1</sup> 5 October 2016

<sup>2</sup> 8 February 2013

<sup>3</sup> 4 June 2018

<sup>4</sup> 4 June 2018

<sup>5</sup> 4 June 2018

<sup>6</sup> Taken from IFFIm’s annual financial statements 2017, page 9

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

<sup>8</sup> 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 that conflicts with or may conflict with IFFIm's interests (although a 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 for the benefit of the members as a whole 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 the 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 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 Trusec Limited, 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**

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).

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).

### **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**

In the absence of IFFIm specific Board-approved policies (see Annex D), as IFFIm has no employees, the Board follows the guidance provided by the code of conduct framework adopted by the Gavi Alliance.

## **ANNEXES**

**Annex A:** Matters reserved to the Board

**Annex B:** Expectations of Directors

**Annex C:** Audit Committee Charter

**Annex D:** Board Policies

**D.1** Board Diversity Statement

**D.2** Gifts and Hospitality Policy

**D.3** Monitoring Policy

**D.4** Procurement Policy

**D.5** Travel Policy

## **ANNEX A: MATTERS RESERVED TO THE BOARD**

Without limitation to the requirements of the Acts and the Statutes, the Board is responsible for the following:

### **A. Governance and strategy**

- Ensuring a system of corporate governance which is compliant with the Acts, the Statutes and good practice;
- approving IFFIm's strategy including its financial strategy;
- monitoring IFFIm's:
  - performance and implementation of strategy including donor relations updates;
  - financial performance;
  - compliance with key policies, laws and regulations.

### **B. Financials, accounting policies and auditors**

- Approving and monitoring the annual budget, including the budget proposals for outsourced services (including those of the World Bank and Gavi Alliance);
- reviewing and approving IFFIm's annual and interim financial statements;
- appointing and removing external auditors and approving their annual audit fees and non-audit services;
- appointing and removing tax services providers;
- approving any significant changes to accounting policies, judgements or practices recommended by the Audit Committee.

### **C. Reporting**

- Receiving reports from the Chief Executive Officer of Gavi Alliance;
- receiving reports from the Treasury Manager, namely, the quarterly update, the risk management report, etc.;
- receiving the Gavi Alliance Audit and Investigations report;
- reporting to members and stakeholders on IFFIm's performance;
- reviewing and approving all circulars, prospectuses and other documents sent to stakeholders unless delegated to a Prospectus Committee appointed by the Board.

### **D. Risk and internal control**

- Reviewing IFFIm's systems of risk management and internal control;
- reviewing IFFIm's significant financial and operational risk exposures and the actions to mitigate and control them as notified by the Audit Committee;
- considering IFFIm's compliance and other risks not reviewed by the Audit Committee and considering IFFIm's principal risks as a whole.

### **E. Key Transaction Documents**

- Approving (where agreed) Notices of Gavi Alliance Programme approval and Requests for Funding and Confirmations;
- evaluating the efficiency and impact of application of funds and any misuse of such funds as reported by Gavi Alliance;

- reviewing the discharge of IFFIm's obligations under the Key Transaction Documents;
- approving material changes to the Key Transaction Documents and to IFFIm's policies and strategies as required.

**F. Funding transactions**

- Mandating the Treasury Manager to engage lead banks for transactions;
- approving final transaction details including cost, tenor, amount and other details deemed necessary by the Treasury Manager.

**G. Board composition and Committees**

- Creating, overseeing and appointing directors to the Audit Committee and other Committees where appropriate to assist in the Board's functions and powers and approving their charters and any changes to their charters;<sup>9</sup>
- keeping succession planning for the Board under review;
- appointing and removing directors;
- appointing and removing the Secretary.

**H. Other**

- Reviewing and approving any litigation/arbitration matters;
- reviewing the directors' & officers' insurance annually;
- reviewing the application of the Seal to documents in accordance with the Statutes;
- approving changes to the legal status of IFFIm and its name;
- approving this Charter and any changes to it.

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<sup>9</sup> Audit Committee Charter is attached as Annex C to this Charter.

## **ANNEX B: EXPECTATIONS OF DIRECTORS**

### **A. The Chair is expected to**

- Ensure that:
  - Board agendas are primarily focused on strategy, performance and monitoring;
  - sufficient time is dedicated at Board meetings for discussion of all major issues considered by Committees;
  - directors receive accurate, timely and high-quality supporting information in each case to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of IFFIm.
- Manage Board processes to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board's discussion.
- Facilitate and encourage active engagement and appropriate challenge by members of the Board, by drawing on directors' skill, diverse experience, knowledge and, where appropriate, independence.
- Build an effective and complementary Board, regularly considering succession planning and Board composition including diversity.
- Maintain effective communication with stakeholders and ensure that members of the Board develop and maintain an understanding of the views of key stakeholders, and report on the nature and extent of the communication with them.

### **B. All directors**

- Are expected to demonstrate ethical leadership and uphold the highest standards of integrity and probity in conducting themselves on behalf of IFFIm.
- Are expected to make sufficient time available to discharge their responsibilities. The expected time commitment may be agreed on an individual basis with each director, with the average time commitment for the directors as a whole being around 10 days per year. The Chair and chair of the Audit Committee may be expected to commit additional time in order to fulfil these extra responsibilities.
- Are expected to attend all Board meetings and Board dinners and all members of Committees are expected to attend all Committee meetings unless exceptional circumstances prevail.
- Should be well prepared for all Board and Committee meetings.
- Are expected to maintain their own independence.
- Are expected to take all reasonable actions to avoid potential conflicts of interest and promptly disclose any that may arise in accordance with this Charter and the articles of association.
- Are expected to ensure they have the knowledge and understanding of IFFIm's business to enable them to contribute effectively. On appointment, a director should devote a sufficient amount of time to participate in a comprehensive formal and tailored induction programme to acquire an understanding of the main areas of business activity, in particular those that involve significant risk.

- Are expected to review their development annually with the Chair and agree any development needs.
- Directors who are appointed to the Audit Committee should have the required financial competence.



**March 2018**

## AUDIT COMMITTEE CHARTER

### 1. PURPOSE

The Audit Committee (the “Committee”) is established by the Board of Directors (the “Board”) of the International Finance Facility for Immunisation Company (the “Company” or “IFFIm”) to assist the Board of Directors in fulfilling its responsibilities in respect to the corporate accounting and financial practices of IFFIm. In so doing, it shall be the responsibility of the Committee to maintain regular and open communication among Committee members and with the Board.

### 2. COMPOSITION

The Committee shall be a standing committee of the Board consisting of at least two members.

All Committee members shall be independent non-executive directors of the Company and shall be appointed by the Board for an initial period of up to three years with the option of serving further terms at the discretion of the Board.

The Chair of the Committee shall be appointed by the Board, upon the recommendation of the Board Chair.

Members of the Committee shall be qualified in at least one of the following areas:

- Financial/Accounting Knowledge: working knowledge of finance and accounting practices; and/or
- Financial Expert: significant, recent, and relevant expertise in finance and accounting at a level appropriate to the complexity of IFFIm’s operations, including an understanding of financial statements, internal controls, capital markets, procedures for financial reporting, and audit committee functions.

At least one member of the Committee shall be a financial expert.

### 3. OPERATIONS

Meetings. The Chair of the Committee, in consultation with the other Committee members, shall determine the schedule and frequency of the Committee meetings. Meetings shall be held at least two times per year and, where appropriate, shall coincide with key dates in the Company's financial reporting cycle.

A quorum shall be two members present throughout the meeting.

Any Board member may attend the Committee meetings as an observer but may only participate in the deliberations at the invitation of the Committee Chair. Any other persons who are non-Board members may attend Committee meetings only at the invitation of the Committee Chair and with the consent of Committee members.

The external auditor shall, from time to time, be invited to attend Committee meetings as appropriate.

Agenda. The Chair of the Committee shall develop and set the Committee's agenda in consultation with the Gavi Alliance and the Treasury Manager. The agenda and all available information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be delivered to the Committee members sufficiently in advance of each meeting to permit meaningful review.

Reports to the Board. Minutes shall be taken of all Committee meetings. The Committee shall regularly report on its meetings and other activities to the Board.

Access to Consultants. The Committee may engage consultants and other professionals, at its discretion, to assist the Committee in fulfilling its duties under this Charter and which shall be at the cost of IFFIm.

Delegation of Authority. The Committee shall have the power to delegate on an exceptional basis its authority and duties to individual Committee members as it deems appropriate.

### 4. DUTIES AND RESPONSIBILITIES

In carrying out its responsibilities, the Committee shall:

- Review and recommend the approval of the terms of the external auditor's engagement, and scope of the annual audit, and recommend to the Board pre-approval of any audit-related and non-audit services to be provided by the external auditor.
- Review with the external auditor the Company's annual financial statements and interim financial statements (if any) and the external auditor's management letter.
- Review any significant disagreement among Gavi, the Treasury Manager, and the external auditor in connection with the preparation of the annual financial statements and interim financial statements (if any).

- Conduct a separate post-audit review with Gavi, the Treasury Manager, and the external auditor to discuss the audit and any restrictions on the scope of work or access to required information. (The Chair may represent the Committee for this purpose but must report findings to the Committee).
- Review and recommend for approval IFFIm's annual budget, including the budget proposals for any outsourced services.
- Review the Company's significant financial and operational risk exposures and the steps taken to monitor and control such exposures. The Committee shall also report significant exposures to the Board.
- Review and discuss with Gavi, the Treasury Manager, and the external auditor the adequacy of the Company's financial reporting processes and internal controls.
- Review critical financial reporting and accounting policies, practices and judgements used by the Company.
- Recommend approval of any significant changes required to the Company's financial reporting and accounting policies, practices and judgements.
- Review with Gavi, the Treasury Manager, and the external auditor any material financial or non-financial arrangements that do not appear on the financial statements of the Company.
- Review any legal matter that could have a significant impact on the Company's financial statements.
- Review the Company's tax filings with the independent tax advisors.
- Review the Company's procedures for handling allegations from whistleblowers.
- Review from time to time the Committee's own performance and report the results of such reviews to the Board.
- Review from time to time and reassess the adequacy of this Charter and recommend any proposed changes to the Board.
- Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board may from time to time assign to it.

## **5. GAVI ALLIANCE**

- Given that IFFIm shares a common mission with the Gavi Alliance ("Gavi") and for so long as the IFFIm annual financial statements are consolidated with those of Gavi, the Committee shall cooperate with Gavi's Audit and Finance Committee ("AFC") in providing such information as Gavi's AFC may request from time to time in the course of discharging its obligations to the Gavi Board of Directors in respect of reviewing and recommending for

approval by the Gavi Board the consolidated annual financial statements of Gavi.

- Reciprocally, the Committee shall review any statements to be published in the Gavi consolidated annual financial statements that relate to IFFIm.