



Report to the GAVI Alliance Board

11-12 June 2013

Subject:	Consent Agenda: Revision to the Investment Committee Charter
Report of:	Barry Greene, Managing Director, Finance and Operations
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Agenda item:	02c
Category:	For Decision
Strategic goal:	Alliance operations

Section A Overview

1 Purpose of the report

- 1.1 This report sets out proposed changes to the Investment Committee Charter that would enable the Investment Committee to set the Investment Policy under Board oversight.

2 Recommendations

- 2.1 The Investment Committee and the Governance Committee recommend that the Board:

Amend the Investment Committee Charter as follows:

- **Bullet 1 of Section 4** is deleted in its entirety and replaced with:
Review and set GAVI's Investment Policy, asset allocation, investment goals and objectives from time to time.
- **The following bullet is added to Section 4:**
Report regularly to the Board on the Committee's activities and actions, as appropriate.
- **Bullet 3 of Section 4** is deleted in its entirety.

- 2.2 The Investment Committee approved these recommendations during its 26 April 2013 meeting and the Governance Committee at its 7 May 2013 meeting.

3 Executive summary

- 3.1 At the Barcelona retreat, it was proposed that there should be more delegation of authority to the Board Committees but the importance of ensuring the right composition of the Committees in this context is critical, notably that at least a majority of a committee's members should be Board members. The impetus of this was to ensure the Board was focusing its limited time on the 'right' issues.
- 3.2 Investment Committee members have voiced the possibility of receiving a delegation from the Board to set the Investment Policy, rather than recommend it to the Board. In the past, changes to the Investment Policy have received limited discussion at the Board level after being fully discussed at the Committee level.
- 3.3 The proposed amendments would delegate authority to set Investment Policy to the Investment Committee, but also make clear the Committee's responsibility to regularly inform the Board on its activities. In this way, the Board would retain an oversight role through the regular reporting it receives through the committee chair reports. The minutes are also available on the website and included in the Board packs prior to Board meetings.

4 Risk implication and mitigation

- 4.1 There is no risk because the Committee is populated with Board members who are expert in this area. However, the Governance Committee may wish to monitor the composition of this Committee to ensure expert Board members continue to populate it, and the potential implications of adding committee delegates or non-experts in the future.

5 Financial implications: Business plan and budgets

- 5.1 As GAVI Alliance Board members, the Investment Committee members participate in regular discussions on the organisation's fund-raising strategy, long-term forecasting, business plan, and budgets. These discussions provide inputs into their collective decision-making around how the investment portfolio should be oriented to best support GAVI's operating needs and overall programme goals as they evolve over time.

Section B Content

1 Investment Committee Common Practice

- 1.1 In discussing and preparing the amendments to the Charter, the Secretariat Investments Team:
 - Reviewed sample charters provided by Governance;

- Reviewed industry articles (e.g., *The Journal of Portfolio Management*); and
 - Consulted the portfolio's custodian Lombard Odier & Cie, investment manager Vanguard, and consultant Angeles Investment Advisors.
- 1.2 It became clear from these sources that it is a mainstream practice for investment committees to have the authority to set Investment Policy and the portfolio's asset allocation.
- 1.3 It should be noted, however, that most companies and foundations that have investment committees only populate them with board members so that all members have fiduciary duties to the organisation. While GAVI's Investment Committee could potentially have voting committee delegates on it, currently all three members are Board members.

Section C Implications

1 Impact on countries

- 1.1 There is no direct impact on countries.

2 Impact on GAVI stakeholders

- 2.1 There is no direct impact on stakeholders.

3 Impact on Secretariat

- 3.1 There is no direct impact on the Secretariat.

4 Legal and governance implications

- 4.1 The authority to set the Investment Policy would reside with the Investment Committee. The Committee will continue to regularly report its activities to the Board, which as supreme governing body has oversight and can overturn decisions should it so desire. For the sake of transparency, a distinct item has been added to the Charter's Duties and Responsibilities section that explicitly calls for regular reporting of Committee activities.

5 Consultation

- 5.1 See section A, 2.2 and Section B, 1.

6 Gender implications

- 6.1 There are no gender implications.

Section D Annexes

Revised Investment Committee Charter attached.



GAVI Alliance Investment Committee Charter

GAVI Alliance Investment Committee Charter

Approved on 29-30 October 2008

Revised on 4 December 2012

1. Purpose

The Investment Committee (“**Committee**”) is established by the Board (“**Board**”) of the GAVI Alliance (“**GAVI**”) to assist the Board in fulfilling its responsibilities in respect to the following:

- Management of GAVI’s investments in a manner consistent with GAVI’s operating needs and overall programme goals.
- Asset preservation and growth within GAVI’s investment portfolio.
- Prudent maximisation of risk-adjusted returns on investment consistent with objectives stated in the Investment Policy.

The Committee serves the Board and the Executive Committee in an advisory function in all matters covered by this Charter. In so doing, it shall be the responsibility of the Committee to maintain regular and open communication among Committee members and with the Board and the Executive Committee.

Words and expressions used in this Charter shall, unless the context requires otherwise, have the meaning attributed to them in the GAVI By-laws.

2. Composition

The Committee shall be a Standing Committee of the Board and Article 4 of the GAVI By-laws shall govern Committee member appointment, removal and resignation; all members shall be appointed on an annual basis, with renewable terms. Further, the Committee shall consist of at least three Board Members / Alternates.

Membership shall be skill-based. Board Members / Alternates and Committee Delegates will be eligible for membership on the Committee with a majority of members being Board Members / Alternates. Additional non-voting expert advisers may be appointed to the Committee as needed by the Committee Chair or by the Board. The criteria for Committee membership shall be consistent with the GAVI Alliance gender policy, specifically, that gender balance in all areas of GAVI work should be ensured, including throughout the Governance structures, to the extent possible.

Members of the Committee shall have at least one of the following qualifications:

- Financial/Accounting Knowledge: a working knowledge of finance and accounting practices.
- Investments/Capital Markets Expertise: a significant, recent, and relevant expertise in investments and capital markets

3. Operations

Relevant paragraphs of section 2.7.2., and all of sections 2.7.3., 2.7.4. of the GAVI Alliance By-laws shall govern Committee operations. In addition, the Committee will be governed by the following provisions.

Meetings. The Chair, in consultation with the other Committee members, shall determine the schedule and frequency of Committee meetings. A majority of the Committee shall constitute a quorum for the transaction of business. Personal advisers may also attend in accordance with section 2.7.2. of the By-laws.

Any Board Member / Alternate who is not a member of the Committee may attend Committee meetings as an observer. Other observers may attend meetings under exceptional circumstances and contingent upon Committee Chair approval.



GAVI Alliance Investment Committee Charter

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

Reporting. The Committee formally reports to the Board. The Committee shall keep minutes of its meetings and regularly report on its meetings and other activities to the Board or the Executive Committee on issues falling under the authority of either.

Voting. The Chair should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be reported to the Board or the Executive Committee on issues falling under the authority of either.

Access to Expertise, including consultants. The Committee in fulfilling its duties under the Investment Policy and this Charter, will draw on expertise from Alliance partners, the Secretariat, external consultants, individuals and institutions as appropriate.

Delegation of Authority. The Committee shall have the power to delegate on an exceptional basis its authority and duties to the Committee chair or individual Committee members as it deems appropriate. It may also delegate duties to staff of the Secretariat and partner organisations as it deems appropriate.

Amendment. This Charter may only be amended or varied by resolution of the Board passed in accordance with the provisions of the By-laws.

4. Duties and Responsibilities

In carrying out its responsibilities, the Committee shall:

- Review and ~~make recommendations to the Board on~~ set GAVI's Investment Policy, asset allocation, investment goals and objectives from time to time.
- Monitor GAVI's overall compliance with the Investment Policy, as well as the performance and diversification of its invested assets and its achievement of its investment goals and objectives.
- ~~Set and review the strategic asset allocation of GAVI's investment portfolio from time to time and report such activity to the Board.~~
- Select qualified investment managers and/or significant individual investments for GAVI's assets, and dismiss investment managers or terminate individual investments when prudent and appropriate.
- Select a custodian and monitor performance of custodial services as appropriate.
- Report regularly to the Board on the Committee's activities and actions, as appropriate.
- Review its own performance from time to time and report the results of such reviews to the Board or Governance Committee.
- Review and reassess the adequacy of this Charter from time to time and recommend any proposed changes to the Board or Governance Committee.
- Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board or Executive Committee may from time to time assign to it.