

Global Fund Private Sector Delegation

Governance Guidelines for the Private Sector Constituency to the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria

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1. PURPOSE OF THE GUIDELINES

These Governance Guidelines are developed to promote the transparent and representative governance of the Private Sector Constituency to the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria. These guidelines aim to ensure effective Private Sector engagement with the Global Fund, balanced representation of the Private Sector on the Global Fund Board and the advancement of the Private Sector strategy with the Global Fund, its stakeholders and Global Fund programs at country level.

2. GUIDING PRINCIPLES ON GOVERNANCE

The following guiding principles serve as a foundation for the governance of the Private Sector Constituency:

- Transparency and clarity
- Cost- and time-effectiveness
- Balanced representation of all key private sector constituents that are willing and able to contribute, globally and in implementing countries
- Flexibility to suit different levels of interest and resources to ensure issue-based participation
- Resource commitment commensurate with task at hand

3. PRIVATE SECTOR CONSTITUENCY

3.1 Private Sector Mission

The Private Sector Constituency's mission is to help the Global Fund by channeling private sector involvement in the Fund's governance, programs and activities. Within the Global Fund's governance structure, private sector refers to businesses, corporations, and commercial or social enterprises. There are separate Global Fund Board Constituencies for private charitable foundations and for non-governmental/not-for-profit civil society organizations.

Specific objectives of the Private Sector Constituency include but are not limited to:

- Bringing comprehensive Private Sector expertise to bear on Global Fund operations and its organization
- Advancing strategic policies affecting the Private Sector
- Facilitating Private Sector involvement through partnerships in program implementation and other operational activities, globally and in implementing countries
- Facilitating broad-based resource mobilization for the Global Fund

3.2 Private Sector Constituency Composition

The Private Sector Constituency is comprised of companies and business organizations worldwide that are interested in the Global Fund's mission and opportunities to become engaged with the Fund. These companies and organizations are primarily, although not exclusively reached through the established organizational networks. Constituency members do

not have to: sign a conflict of interest declaration statement, financially support the Focal Point or be actively engaged in Global Fund private sector processes or activities.

The Private Sector Constituency, referred to broadly as the PSD, will be represented to the Global Fund and at the Board level by the Board Member, Alternate and Focal Point, and is guided by two tiers of member companies.

3.2.1 PSD Advisory Group

- Members of the PSD Advisory Group provide primary guidance and support to PSD Leadership in developing constituency positions on all relevant strategic and policy issues.
- Companies wishing to join the Advisory Group are required to either:
 - Provide financial support to the constituency through \$20,000 in annual membership dues, payable to the Focal Point organization; or
 - Provide financial support directly to the Global Fund as a donor at the level of US\$ 1 million/annually, in which case additional membership dues to the constituency are desirable, but not required.

3.2.2 PSD Affiliate Members

- Affiliate members provide input during PSD deliberations on strategic and policy issues in a non-voting capacity.
- Affiliate member companies are required to provide financial support to the constituency through \$5,000 in annual membership dues, payable to the Focal Point organization.

Additional information on benefits and responsibilities within each membership tier is provided in Sections 3.4-3.6 below.

To the extent possible, the PSD endeavors to engage a diverse group of companies in its membership, including companies from a range of industries, geographies and sizes. In particular, the PSD is committed to engaging with private sector companies based in regions with high disease burdens and/or in countries eligible for Global Fund grants, including through registered industry associations worldwide, to ensure representation of their unique perspectives at the Board level.

3.3 Constituency Leadership

3.3.1 Selection of the Board Member and Alternate Board Member

The Board Member and Alternate Board Member are elected by the members of the Advisory Group for a two-year term, which is renewable for a total of four consecutive years per position. The term begins at the close of the first Board Meeting in a given year, and finishes at the close of the first Board meeting two years later. Elections should take place at least two months before the first Board meeting, and are organized by the Focal Point.

In the event that a mid-term vacancy arises where a Board Member cannot complete their two-year term, the Alternate Board Member would be appointed as Board Member for the remainder of the term, and a new Alternate would be identified through a special election process. In the event that a Board member position cannot be filled at the end of the second consecutive term (four years) and the Alternate is also not available, an exception may be granted to extend an

incumbent Board member's term for an additional year while the PSD identifies a suitable replacement. Former Board Members or Alternate Board Members who have reached the maximum consecutive two-term limit per position would be eligible to stand for election again after a period of two years has elapsed since they last served in a Board position.

In acknowledgement of the complexities of learning how to function successfully, along with the time it takes to build working relationships within the Global Fund and the Board structures, it is encouraged that the Board Alternate position rotate every 2 years. This is in order to build a pool of viable successors for the Board Member, and to avoid having both the Board Member and Alternate Board Member reach maximum term limits at the same time. Candidates who have served as Alternate Board Members and/or qualified Advisory Group members are eligible for the Board Member position.

A call for interested applicants for Board Member and Alternate Board Member will be distributed through the Focal Point to PSD member companies and other private sector organizations via e-mail and website advertisements. Nominees from outside of the current PSD membership will be eligible for consideration as Board Member and/or Alternate, provided that they agree to formally join the PSD membership, including paying relevant fees as per the membership structure, upon election.

Candidates to serve as Board Member and Alternate Board Member should be senior business leaders, active or retired. The qualities that candidates for these positions should possess include:

- A passion for and knowledge of the issues of global public health including HIV/AIDS, tuberculosis and malaria
- A respected reputation for effective business management, whether at the local, regional or global level
- The capacity to commit adequate time to attend Global Fund Board and constituency meetings (at minimum, 12-13 days/year, including twice-annual constituency pre-Board meetings, twice-annual Global Fund Board Meetings, annual constituency retreat and ad-hoc meetings as a representative of the PSD)
- Time or access to adequate staff support to liaise with the Focal Point on an on-going basis for the analysis, networking and consultation required to be an effective private sector representative (at minimum, 3-5 hours/week)
- A commitment and willingness to represent diverse views and interests across businesses and including multiple industries and geographies during Global Fund engagements
- The ability to work in an inclusive manner with other members of the constituency, and in partnership with the public sector, civil society, affected communities and international organizations
- The ability to work as an advocate to represent the Global Fund mission at a senior level

3.3.2 Selection of the Focal Point

The Focal Point is managed by an Organization and elected by the members of the Advisory Group for a three year term, which is renewable. The term shall begin at the close of the first Board Meeting in a given year, and end at the close of the first Board meeting two years later. A review should be launched of the Focal Point at least six months before the term is set to expire.

Should the Advisory group want to send out Focal Point Request for Proposals (RFP) following the performance review, the Board Member will initiate a transparent recruitment process and a request for proposals at least five months prior to the end of each term to those entities and following the process agreed on by majority vote of the Advisory Group. Selections should take place at least two months before the first Board meeting.

The Focal Point is key to ensuring effective information flows both back and forth between the Board Member and Alternate Board Member, the constituency and the Global Fund Secretariat. The Focal Point is also critical in ensuring the broader dispersion of information within the constituency, as well as to the processes of resource mobilization, policy development and outreach to new members and other constituencies. The capacity to take on these extensive responsibilities require qualified staff, developed relationships with groups working in partnership for all Global Fund areas of focus, knowledge and experience to support the Global Fund goals, and a reliable communication infrastructure. These are core criteria for the selection of the Focal Point. The Focal Point represents the Private Sector Constituency broadly.

The terms of reference for the Focal Point are as follows:

- Ensure that all communications from the Global Fund Board and Secretariat are distributed to PSD members
- Work closely with the elected Board representatives, the Advisory Group and the broader constituency to expand the private sector role in partnerships and support the Global Fund Board
- Ensure effective communications within the Private Sector Constituency and orchestrate the active participation of the private sector at Global Fund Board meetings
- Work closely with the Private Sector Constituency leadership to advance policy and other Board-level work in an efficient manner, while liaising with other Board delegations (including key affected populations, NGOs and governments) and with the Global Fund, Stop TB and RBM Secretariats and others
- Support the active engagement of the private sector on Board Committees
- Develop the private sector network and engagement globally
- Identify key issues for discussion and positioning. The Focal Point will in close cooperation with the Board Member and the Alternate organize the decision points in relative order of potential importance to the private sector for review and comment
- Provide a quarterly budget update including FTE time involved, travel costs, Administration expenses, etc. to the Board Member and Alternate with semi-annual updates for the Advisory Group. Annual budget estimations will be presented at the November/December PSD meeting that will lay out the expenses for the year ahead
- Manage and monitor the implementation of the PSD conflict of interest policy and annual compliance statements

3.4 Advisory Group Purpose and Composition

Given the breadth of the Private Sector Constituency, a small reference group called the PSD Advisory Group (the “Advisory Group”) will be established. The Advisory Group is a group of companies who provide support to the constituency and/or the Global Fund. Ideally, these members should provide diverse representation across the private sector. Advisory Group

members are required to have demonstrated interest and knowledge of the Global Fund, HIV/AIDS, TB, malaria, and/or other relevant public health issues.

Advisory Group members will be required to sign a conflict of interest statement and be active financial supporters of the Focal Point. Companies with financial contributions to the Global Fund of \$1 million per year and higher should be provided with a complimentary membership to serve as a member of the Private Sector Advisory Group. In such cases, additional contributions of \$20,000 made to support the Focal Point are recommended, but not required for an Advisory Group seat.

The Advisory Group will have voting responsibilities to elect the Board Member, Alternate and Focal Point. The Advisory Group will mainly act as a consultative body on all private sector matters such as resource mobilization and other relevant policy issues for the Private Sector. It will also provide critical links into the global business community through each member's respective networks and constituencies. The Advisory Group will also provide input to guide the PSD vote on all Global Fund decision points.

3.5 Advisory Group Formation

Any company interested in becoming an active member of the Advisory group will provide a completed application to the Focal Point. The candidate will be vetted for qualification by the Focal Point, Board Member, and Alternate Board Member. The candidates will then be presented to the full Advisory Group, and, provided there are no objections from current membership, will be admitted to Advisory Group membership effective immediately.

Membership of the Advisory Group will be limited to companies and business organizations with a track record of interest in the affairs of the Global Fund.

3.6 Private Sector Affiliate Membership

In order to expand engagement opportunities within the Private Sector Constituency, an Affiliate membership level will be available for companies interested in more active engagement with Global Fund and private sector issues and activities than the broader constituency, but who may not be able to commit the necessary time or financial contributions required for Advisory Group membership.

Affiliate members will have opportunities to provide general input and recommendations on Global Fund policy issues, to participate in private sector pre-Board meetings, retreats and certain teleconferences and to nominate a private sector representative to a leadership position within the constituency. Affiliate members will not have voting privileges on leadership selection, policy or governance issues and will not be eligible to serve in leadership positions. Affiliate members may participate in PSD Task Forces or ad-hoc working groups at the invitation of the Board Member and Alternate Board Member based on relevant expertise and ability.

Affiliate members will pay an annual contribution to the Advisory Group of \$5,000. Companies interested in Affiliate membership will be subject to the same selection processes and conflict of interest policies as the Advisory Group.

3.7 Internal Task Forces

The Private Sector Delegation is meant to support a cohesive response to Global Fund policies rather than to be the instrument of corporate strategies. To maximize the effectiveness of consultations on recurring and important Board matters, internal task forces will be established to provide on-going advisory support and analysis to the Private Sector Constituency.

3.7.1 Task Force Purpose

The PSD will constitute internal task forces on priority issue areas and to support Committee engagements. The PSD Advisory Group will decide and agree on task force structure and priority issues for an upcoming year at Annual Retreats and/or as needed based on Global Fund developments. Memberships in Task Forces will be on an annual basis, with an opportunity to renew or change task force memberships occurring at the end of Q1 each year. **A list of PSD Task Forces for the 2016-17 term is included in Annex V.**

The purpose of task forces will be to support the PSD's engagement on agreed priority issues, both by providing input on behalf of the constituency into the deliberations and votes within the standing Committees and advisory bodies of the Global Fund Board, and by developing constituency positions and expertise on cross-cutting issues of interest to the private sector. Specific guidelines and scopes of work for each task force will be developed by the task forces, within the bounds of the topics and objectives as determined by the Advisory Group.

For the 2016-2017 term, the PSD will constitute the following internal task forces:

- 1. Strategy Committee Task Force (Board Committee-linked)**
- 2. Audit and Finance Committee Task Force (Board Committee-linked)**
- 3. Procurement and Supply Chain Management Task Force**
- 4. Risk Management Task Force**
- 5. Health Financing Task Force**
- 6. Grant Performance Task Force**

The Committee-linked task forces will support the PSD's engagement with the Strategy and Audit and Finance Committees of the Global Fund Board by providing input to Committee Representatives in deliberations and votes on behalf of the constituency.

3.7.2 Expectations of Task Force Members

- All Advisory Group companies are required to participate in at least one task force, and strongly preferred to participate in two or more.
- Membership in task forces will be on an annual basis, with an opportunity to renew or change task force memberships occurring at the end of Q1 each year, following the procedures laid out in section 3.7.3 below.
- Task forces will convene on an approximately quarterly basis by email and/or teleconference, usually around a Global Fund Committee meeting or decision.
- Each task force will have a "lead," and will be supported operationally by the Focal Point team.
 - For task forces linked to Board Committees, Working Groups or Advisory Groups where the PSD has a representative in membership, the lead will be the Committee/Working Group Member.

- For topic-linked task forces and for task forces linked to Board Committees, Advisory Groups or Working Groups where the PSD does not have a representative in membership, the lead will be selected by task force members among themselves. The Board Member and Alternate will select amongst candidates in the event that there is more than one nominee for the lead role, and will nominate a candidate in the event that there are no volunteers.
 - The term length for leads will be annual with a possibility of renewal. Renewal or changes in task force leads will happen just after the annual review of task force memberships (end Q1).
 - Task force leads are responsible for helping to drive the agenda and activities of their task forces as a thought leader.
- The exact timing of feedback requests and conference calls (e.g. before or after Committee meetings, in the lead up to an electronic vote) will be at the discretion of the task force lead. The respective leads will be responsible for making the Focal Point aware of their needs/preferences in these regards so that task force members can be convened appropriately.
 - Documents for feedback can arrive at any time based on the Global Fund's schedules. The Focal Point will seek to share documents at the earliest possibility to allow sufficient time for review, but this is not always feasible when they are disseminated late. Task force members will be expected to respond in writing in a reasonable time frame of 2-3 days, and to make themselves available to the best of their abilities for teleconferences, as needed.

3.7.3 Representation

If the primary company representative(s) to the PSD do not have sufficient time or relevant expertise to participate in task forces, they may delegate to a colleague at their companies to participate in a task force on their behalf, provided that delegate commits to the following expectations:

- The delegate will represent the PSD member and act in the best interests of the PSD as a group (in keeping with the Conflict of Interest policy).
- The delegate will commit the necessary time and attention to participate in task force feedback mechanisms.
- The delegate will commit to engaging with the primary Advisory Group representative regularly to keep them informed of major task force activities and deliberations.
- The delegate will make him/herself available to discuss task force business with the full PSD via teleconference, as is necessary and reasonable.

When determining the make-up of task forces, Advisory Group members' preferences and expertise will be taken into consideration, while also taking into account the desire for balanced size/membership across task forces, to ensure each is sufficiently resourced.

- The Board and Alternate will intervene to make any needed adjustments to strike the balance in the task force composition (as per above), if necessary.
- If companies do not voluntarily declare their task force preference(s), the Board Member and Alternate will assign companies to task forces based on need.

- Affiliate members, non-Advisory Group Global Fund donors, or other technical experts may also be invited to participate based on specific skills and qualifications as needed and at the discretion of the Board Member and Alternate.

4. PSD ATTENDANCE AT GLOBAL FUND BOARD MEETINGS

4.1 PSD and Global Fund Bi-Annual Meeting Schedule

The Global Fund Board typically convenes twice per year. The full schedule of Board and PSD meetings at these times typically covers four days, as follows:

- **Day One:** The PSD will hold a pre-Board meeting for constituency members to review Board matters, decision points and agenda items and to determine PSD positions. The PSD pre-Board meeting is open to all Advisory Group and Affiliate Members interested to attend, and to other interested companies, space allowing.
- **Day Two:** Before the start of the formal Board agenda, the Global Fund holds Board briefings on various topics, including some that may not be included on the main Board agenda. The ten Donor Bloc constituencies, of which the PSD is one, also typically hold a meeting on this day, and the PSD may also set up additional bi-lateral or joint meetings with other Board constituencies. All companies who attend the PSD pre-Board meeting are also welcome to attend meetings on day two.
- **Days Three and Four:** The formal Global Fund Board agenda takes place over two days during which the Board takes formal decisions on various topics. The PSD is represented by the Board Member and Alternate Board Member during these meetings, supported by the Focal Point and a formal delegation of seven additional Advisory Group members. All members of the formal Board delegation are required to attend days one and two, as well.

During Board Meetings held outside of Switzerland, optional site visits may also be organized by the Global Fund and host government prior to or after the Board meeting dates. Site visits typically have limited capacity and participation is on a first-come, first-serve basis as confirmed directly with the Global Fund-designated coordinator of these activities.

After the Global Fund announces dates of upcoming Board Meetings, the Focal Point will issue a call of interest for attendance to the PSD pre-Board, inter-constituency, and Board Meetings with a clear deadline for initial RSVPs. The formal delegation to attend the Board Meetings will be selected from among interested Advisory Group members, as per Section 4.2, below.

4.2 Board Delegation Composition and Participation Requirements

The Global Fund Board limits participation from each Board constituency to a maximum of ten delegates for the formal Board meetings (days three and four, above), of which three are the Board Member, Alternate Board Member, and Focal Point. Members of the Private Sector Advisory Group fill the remaining seven delegate roles for the PSD on a rotational basis to support the Board Member and Alternate Board Member in representing the Private Sector Constituency. The delegation will represent the collective interests of the Private Sector Constituency and a broader commitment to the Global Fund and the fight against the three diseases.

A combination of the following principles will be observed to guide decision-making for delegation composition:

- Content experience and expertise: ensuring the membership has the appropriate experience and expertise in the priority and relevant Board meeting agenda areas, including through active participation in PSD task forces, Advisory Group meetings and conference calls.
- Fair and equitable participation: ensuring a degree of rotation to provide all interested Advisory Group members the opportunity to participate in Board Meetings, while maintaining enough consistency for relationships and key Board agenda issues.
- Balanced and diverse representation: ensuring there is diversity in perspectives from the private sector (by industry, geography, etc.) and balanced participation of all key constituencies.

By expressing interest in serving as a member of the formal Board delegation, Advisory Group members commit to the following requirements. Failure to do so will impact negatively on future participation:

- Review assigned Board background documents and decision points, and prepare to lead discussion of these items during the PSD pre-Board meeting
- Actively contribute to formulating the PSD's position statement(s) for Board decision points
- Attend the PSD pre-Board meeting, networking event(s), and inter-constituency meetings on days one and two
- Attend the entire board meeting (days three and four)

In the event that the regular company representative to the PSD is unable to attend PSD and Global Fund Board meetings, another representative within the Company may be nominated to attend in their place by notifying the PSD Focal Point, Board Member, and Alternate Board Member. It is expected that the new company representative will be fully briefed by their company's primary representative(s) ahead of constituency and board meetings.

In the event that more than seven Advisory Group members express interest to attend the Global Fund Board meetings as members of the official delegation, the Board Member, Alternate Board Member and Focal Point will consult to select the seven delegates and formulate a waiting list for other interested attendees, taking into consideration the principles outlined above – content experience and expertise, fair and equitable participation (including prior attendance and order of RSVP), and balance and diverse representation.

4.3 Allocation of Badges to Official Delegation Members

Each Board constituency is provided with a maximum of 10 access badges to the Board Meetings for their ten official delegates. These 10 access badges are divided between 5 badges for plenary (Board) room access and 5 badges for listening/viewing room access. The Board Member, Alternate Board Member and Focal Point each receive a plenary room badge according to normal Global Fund procedure.

- The remaining 2 plenary room badges and 5 viewing room badges will be distributed based on history of Board attendance and equitable participation.

- The Focal Point will coordinate badge swapping over the course of the two days to ensure that each delegate has access to the plenary room for at least one session of interest. Delegates will be asked to declare 2-3 areas of interest in advance of the Board Meeting based on a review of the agenda, background documents and decision points, which will be taken into consideration when arranging badge swapping.

5. CONSTITUENCY WORKING PROCESSES

5.1 Communication within the Constituency

The Focal Point is responsible for effective communication with the Private Sector Constituency. The Focal Point shall communicate regularly with the constituency by the following means, among others:

- Periodic newsletter distributed to the entire constituency
- Quarterly teleconferences for the Advisory Group and Affiliate Members
- On-going email communication to consolidate issues for review/positions/Board votes, etc. and periodic email updates
- Semi-annual face-to-face meetings
- Annual in-person constituency retreat
- Quarterly and ad-hoc teleconferences of PSD Internal Task Forces

The Focal Point shall communicate with the Advisory Group and Board Delegation prior to Board meeting through the following means:

- Emails to the Advisory Group in advance of Board and Committee meetings, outlining key issues
- Emails forwarding logistical information regarding Board meetings immediately after release by the Secretariat
- Teleconference consultations with the Advisory Group for the development of constituency positions prior the Board meeting (or as materials are made available by the Secretariat)
- Draft position papers distributed to the Advisory Group prior to the Board meeting with call for final comments by email (assuming materials had been made available in a timely fashion by the Secretariat)
- A face-to-face meeting one day before the Board meeting to finalize positions on decision points and other key issues

5.2 Development of Constituency Positions

Private sector positions on Global Fund-related issues, including Board and Committee decision points and discussion items, are developed through active consultations within the Advisory Group. The Focal Point will organize decision points and other discussion items in relative order of potential importance to the private sector for review and comment. Voting will be considered a last resort, when consultations, guided whenever required by a task force, fail to deliver a consensus. The Board Member has the option to represent diverse views to the Board rather than having to represent a majority decision as a final position.

5.3 Constituency Engagement in Global Fund Committees

The Private Sector Constituency will regularly participate on Global Fund Committees and ad-hoc Working Groups. Representation on Global Fund Committees and Working Groups is established by agreement of the Board Member and Alternate Board Member, with input from the Focal Point. Committee representatives regularly report through the Focal Point back to the Advisory Group.

5.3.1 Selection of Private Sector Nominees to Global Fund Committees and Working Groups

The Focal Point will solicit candidacies for vacant Committee or Working Group positions, sending role description and responsibilities to all PSD members.

- **Step One:** If there are suitable candidates among PSD members:
 - If there is only one candidate, proceed to step 3;
 - If there is more than one candidate, proceed to step 4.
- **Step Two:** If there are no candidates from PSD representatives, then PSD members can propose candidates to be screened by the Board Member and Alternate. If at least one of the two (Board Member or Alternate) approves of candidate(s) then the candidate(s) is/are officially proposed to the PSD for consideration and plenary vote. If elected, the external PSD representative will not be a voting member of PSD but will report to it on a regular basis. If neither the Board Member nor Alternate approve of any candidate then new candidates are solicited from the PSD member companies. Process repeats until suitable candidate is found or delegation exhausts candidates, in which case PSD will renounce prerogative to submit a candidate for that committee.
- **Step Three:** If there is only one PSD member candidate for the position:
 - Focal Point collects the expressions of interest (EOI) and CV.
 - Board Member and Alternate review EOI and qualifications.
 - Board Member and Alternate screen for qualifications and relevance to the position.
 - Board Member and Alternate vote on candidate.
 - i. Scenario A: Board Member and Alternate agree the candidate is suitable.
 - Board and Alternate inform PSD and process moves forward with nomination.
 - ii. Scenario B: Board Member and Alternate agree candidate is not suitable
 - Candidate does not proceed, and process reverts to step 1.
 - iii. Scenario C: Board Member and Alternate do not agree whether the candidate is suitable or not.
 - One PSD member is randomly selected to break the tie.
 - If majority is for submitting the candidate, then Board Member and Alternate inform PSD and process moves forward with nomination.
 - If majority is for rejecting the candidate, then candidate does not proceed, and process reverts to step 1.
- **Step Four:** If there is more than one candidate for the position:

- Focal Point collects EOIs and CVs.
- Candidates are informed of who their competition is and offered a chance to withdraw.
- Board Member and Alternate will rank candidates based on qualification and relevance to the position.
- Board Member and Alternate will narrow down the choice to two candidates, if more than two candidates running.
 - iv. Scenario A: Board Member and Alternate agree that one candidate is better qualified.
 - Board and Alternate inform PSD and process moves forward with nomination of best candidate and rejection of less qualified candidate.
 - v. Scenario B: Board Member and Alternate agree that neither candidate is qualified or relevant.
 - Candidate does not proceed, and process reverts to step 1.
 - vi. Scenario C: Board Member and Alternate disagree as to which candidate is best qualified.
 - One PSD member is randomly selected to break the tie.
 - If majority decides in favor of one of the candidates, then Board and Alternate inform PSD and process moves forward with nomination.
 - If majority decides in favor of neither candidate, then neither candidate proceeds, and the process reverts to step 1.

6. CONFLICT OF INTEREST POLICY

6.1 Definition

A conflict of interest is a situation in which a person's professional and personal interests, including, to the best of their knowledge, the interests of the company he or she represents, are inconsistent with or at risk of being perceived as being inconsistent with the interests of the Global Fund Private Sector Constituency and/or the Global Fund. These interests – actual or perceived – could be seen as being incompatible with the constituency's mission, could act to undermine its credibility or could, if exploited, result in the distortion of the discussions and decisions by the Advisory Group.

6.2 Principles

No Advisory Group or Affiliate member shall use their position or the knowledge gained in such a manner whereby a conflict of interest arises with the Global Fund, but is not disclosed.

When acting on behalf of the Private Sector Constituency, as individuals or as representatives of respective companies, Advisory Group and Affiliate members have a duty to place the wider interest of the Global Fund and the Private Sector Constituency foremost in any dealings, both internally and externally, and have a continuing responsibility to comply with this policy.

Any Advisory Group or Affiliate member who becomes aware of a potential conflict of interest with respect to any matter involving Global Fund activities shall make this known immediately in any discussion related to the matter.

Certain members of the Advisory Group, such as the Board Member, Alternate Board Member and members serving on Global Fund Board Committees or in other formal GFATM governance positions, will be asked to provide declarations of interest directly to the Global Fund Ethics Official as per the Global Fund's formal Policy on Ethics and Conflicts of Interest (see Annex III). If an issue arises in both channels, the Board-required process will supersede the PSD process.

6.3 Procedures

An Advisory Group or Affiliate member will be required to follow the procedures outlined below should an actual or potential conflict of interest arise:

- The member must declare the actual or potential conflict (s) of interest in writing to the Focal Point, copying the Board Member and Alternate.
- The Advisory Group or Affiliate member may choose to recuse themselves from participation in the activities related to the conflict, with or without explanation and without prejudice.
- If the Advisory Group or Affiliate member declares an actual or potential conflict and declines to disclose details, s/he will be required to recuse him or herself from discussions and decisions in question.
- If the Advisory Group or Affiliate member declares the details of an actual or potential conflict and wishes to continue participation in related activities, the Focal Point will organize a teleconference or meeting with the constituency's Board Member and Alternate to determine the existence or relevance of the conflict.
- If upon review, it is determined that a conflict of interest does not exist, no further action is required of the Advisory Group or Affiliate member.
- If an actual or potential conflict of interest is determined, the Advisory Group or Affiliate member will be required to disclose the existence of a conflict of interest to other group members and to recuse him or herself from discussions and decisions pertaining to the activity in question.
- If the Advisory Group or Affiliate member holds responsibilities within the constituency that are associated with the activity in question, his/her responsibilities related to the activity will be reassigned to another member by the Focal Point and/or Board member.
- Failure to disclose an actual or potential conflict of interest will result in disciplinary action up to or including suspension from the delegation or from the constituency depending on the nature of the conflict of interest. The sanction will be determined by the Board Member and Alternate Member through consultations with the Focal Point and Advisory Group members. In rare occasions where serious issues arise, PSD Leadership may deem it necessary to consult with the Global Fund Ethics Official and/or the Audit and Ethics Committee (AEC) to determine the appropriate course of action.
- In some cases, an issue may be wider than a company's participation with the PSD and may therefore be subject to procedures outlined in the Global Fund's Policy on Ethics and Conflicts of Interest (for example, instances of misconduct identified through Office of Inspector General investigations or reviews). In such cases, the procedures initiated through official Global Fund channels as outlined in the Global Fund policy on Ethics and

Conflicts of Interest will take precedence over internal PSD procedures, and the PSD will defer to the determinations and/or disciplinary actions imposed by the Global Fund Ethics Official, AEC, and/or Sanctions Panel.

Advisory group members are advised to consult with the Focal Point for ongoing guidance should questions or concerns arise.

6.4 Annual Statement

Advisory Group and Affiliate members will be required to fill out and send to the Focal Point the Advisory Group Conflict of Interest Assessment Form, including the option to consent to disclosure of any potential conflict of interest.

6.5 Oversight

The content and procedures of the Conflict of Interest Policy will be managed by the Focal Point and reviewed annually by the Board Member, Alternate and Focal Point to determine if any changes are necessary.

7. ANNUAL COMPLIANCE STATEMENT

By signing and dating below, the Private Sector Constituency member has read, understood, and agreed to comply with the “Governance Guidelines for the Private Sector Constituency to the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria” and its Annexes, as set forth in this document.

Signed: _____

Company: _____

Date: _____

8. ANNEXES

- I. Global Fund Guidelines on Constituency Process**
- II. PSD Conflict of Interest Assessment Form and Declaration**
- III. Policy on Ethics and Conflict of Interest for Global Fund Institutions**
- IV. Current Private Sector Advisory Group and Affiliate Members**
- V. Current PSD Task Forces and Membership**