



DOCUMENT ADMINISTRATION

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1. Introduction

- 1.1 The Sustainable Investment Policy (“Policy”) articulates the approach to sustainability by the Gavi Alliance and is designed to be consistent with its role as a humanitarian organisation focused on saving children’s lives and protecting people’s health.

2. Negative Screens

- 2.1 Gavi Alliance seeks to manage and monitor its exposure to sectors that are inconsistent or controversial in relation to its mission. Accordingly, to the extent possible, holdings of the investment portfolio will be reviewed on a semi-annual basis against the following screens.
- 2.2 Investments shall not knowingly be made in any company generating more than 10% of revenues from the production of tobacco products (cigarettes, cigars, snuff) or in any company whose core brand/identity is tobacco or tobacco related.
- 2.3 Investments shall not knowingly be made in any company generating more than 10% of revenues from the production of weapons (instruments specifically designed and whose primary purpose is for attack or defense in combat) or in any company whose core brand/identity is weapons related.
- 2.4 Investments shall not knowingly be made in any company generating revenues from the production of anti-personnel landmines or cluster munitions or key landmine/cluster munitions-specific components.
- 2.5 Investments shall not knowingly be made in any company causing or contributing a direct impact on human rights jeopardizing its ability to meet the “corporate responsibility to respect human rights¹”, as laid out in the UN Guiding Principles on Business and Human Rights (UNGPR).
- 2.6 Investments shall not knowingly be made in any company implicated in material breaches² of international child labour standards, as defined by ILO Conventions 182 & 190.
- 2.7 Investments shall not knowingly be made in any company generating more than 10% of revenues from thermal coal extraction.
- 2.8 Investments shall not knowingly be made in any company generating more than 10% of revenues from oil and gas production. Oil and gas production is defined as:
- (a) exploration, drilling, production, refining and supply of oil and gas products
 - (b) operations of pipelines and other forms of transport for carrying oil, gas or other forms of fossil fuels
 - (c) storage of oil, gas and other forms of fossil fuels
 - (d) integrated oil and gas companies providing a combination of services in (a) to (c)

3. Negative Screens Monitoring

- 3.1 The negative screens shall only be applied to individual public company equities and corporate bonds. Securities such as mortgage-backed securities, asset-backed securities, derivatives, sovereign bonds or securities traded on the foreign exchange market are excluded.
- 3.2 The Gavi Alliance Secretariat Investments Team (“Investments Team”) is responsible for monitoring holdings to ensure compliance with the criteria identified in clauses 2.2 – 2.8 on a semi-annual basis and to report the results of its monitoring studies to the Investment Committee.
- 3.3 Each existing manager’s equity and corporate bond holdings as of 30 June and 31 December are to be screened by a third-party vendor.

¹ According to UNGP, the human rights are understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO’s Declaration on Fundamental Principles and Rights at Work.

² Material breaches are defined as ongoing, systematic or, if isolated, of a highly serious, grave nature.

- (a) There is a 2% (of NAV) limit for ineligible holdings for each manager in the screens identified in 2.2 - 2.6.
 - (b) There is a 5% (of NAV) limit for ineligible holdings for each manager in the screens identified in 2.7 - 2.8.
- 3.4 Certain ineligible holdings may violate more than one negative screen. In these instances, priority will be given to screens 2.2 – 2.6 and the holding will be assigned to one negative screen so as to avoid double counting.
- 3.5 The Investments Team is responsible for informing fund managers when their holdings breach the limits identified in 3.3. Furthermore, the Investments Team should engage with the non-compliant fund manager, stating its concerns about each ineligible issuer and requesting the manager to provide explanation for holding these securities as well as any plans for divestment or engagement with ineligible companies.
- 3.6 If a manager breaches any limit for two consecutive screening periods, an internal evaluation on the manager in question will be required and a recommendation will be shared with the Gavi Alliance Investment Committee (“Investment Committee”).
- 3.7 The Investments Team shall monitor the holdings with activities related to 2.2 – 2.8 and review the semi-annual screening results from a third-party vendor, and report findings to the Investment Committee. The Investment Committee may also set limits (e.g., % of NAV) for ineligible holdings, and review it on an annual basis.

4. Climate Change Risk

- 4.1 Climate change poses a significant risk to Gavi’s ability to fulfill its mission. Gavi’s investment framework for managing and monitoring climate change risk may include any combination of the following:
 - (a) Negative screens for carbon related product involvement companies (see sections 2.7 and 2.8);
 - (b) Carbon risk rating; and/or
 - (c) Investment in renewable or sustainable solutions including but not limited to: clean energy, waste reduction or natural resource efficiency.
- 4.2 Gavi Alliance may employ a carbon risk rating methodology to determine the degree to which its investment portfolios’ value is at risk from a transition to a low-carbon economy. It is acknowledged that many industry sectors may be exposed to direct or residual risk, and may require remediation of their business models in response.
- 4.3 Gavi Alliance may invest in strategies that are primarily focused on renewable or sustainable solutions. The type of investment will be guided by the Investment Policy Statement and its inherent limits on risk and liquidity.

5. Notice to prospective managers

- 5.1 The Investments Team is responsible for providing a copy of Gavi’s Policy to prospective managers. The Investments Team will engage with prospective managers and affirm the rationale of the Policy. The Investments Team will ask prospective managers to provide a copy of holdings for review and should inform the Investment Committee if the manager is unable/unwilling to provide the holdings.

6. Exemptions

- 6.1 The following, which are to be documented by the Investments Team, are exempt from the above restrictions 2.2 - 2.8:
 - (a) Commingled funds held by commingled funds.
 - (b) Passively managed index funds.
 - (c) Investment vehicles with non-transparent holdings.
- 6.2 The Investments Team will on an annual basis discuss the Policy with managers overseeing vehicles meeting the standard set forth in 6.1(c).