

## **Annex III: Terms of reference for Board committees**

### **Terms of reference for the Budget Committee**

1. The mandate of the Budget Committee is to review and make recommendations to the Board on the preparation and implementation of the Administrative Budget of the Fund. To that effect, the Committee will also review the work programme of the Secretariat and proposed budget of the Fund, in accordance with paragraphs provisions 18 (j) and 23(e) of the Governing Instrument.

#### **I. Role and functions**

2. The role of the Budget Committee is to review and make recommendations to the Board on matters related to the administrative budget of the GCF.

3. In fulfilling this role, the Budget Committee will:

- (a) Review and make recommendations on the Fund's proposed administrative budget, including the budget implications of the presentation of the staffing structure and changes to the Human Resources (HR) policy guidelines;
- (b) Review and make recommendations on the execution of the expenditures of the administrative budget;
- (c) Review and make recommendations on financial reports and related documents submitted by the Trustee of the GCF;
- (d) Cooperate with other Board committees as applicable and subject to the relevant Board decisions; and
- (e) Consider any other matters related to the administrative budget of the GCF as referred to the Committee by the Board.

#### **II. Membership**

4. The Budget Committee will comprise:

- (a) Four developing country Board members or alternate Board members; and
- (b) Four developed country Board members or alternate Board members.

5. The Chief Finance Officer will serve on the Committee as an ex officio member.

#### **III. Duration**

6. The Budget Committee is a standing committee of the Board.

#### **IV. Guidelines for operations**

7. Provisions will be put in place to manage actual and potential conflict of interest, consistent with applicable Board decisions and policies.

## Terms of reference for the Ethics and Audit Committee

### I. Role and functions

1. The role of the Ethics and Audit Committee is to consider and provide guidance on issues of conflict of interest, confidentiality, ethics and integrity, including in financial management and procurement and on audit functions as they relate to the Board of the Fund.
2. The EAC role is without prejudice to the Executive Director responsibility to put in place and review structures that consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat.
3. In fulfilling this role, the Ethics and Audit Committee will:
  - (a) Oversee the implementation of and compliance with the relevant Board-approved integrity policies, including by providing recommendations on any breaches of those policies, as appropriate;
  - (b) Provide guidance on the review of the implementation of, and compliance with, the Fund's information disclosure policy;
  - (c) Provide guidance to the Fund's Independent Integrity Unit and Independent Redress Mechanism and their Heads, in line with Board decisions and policies;
  - (d) Review and endorse/recommend the workplans and budgets, as appropriate, of the Independent Integrity Unit and the Independent Redress Mechanism, prior to their consideration by the Board.
  - (e) Provide advice to the Board on policy and strategy matters relating to ethics and integrity matters and internal audit requirements for the Fund;
4. Review and make recommendations, as appropriate, to the Board on external and internal audit reports in accordance with the relevant audit framework, and in collaboration, as necessary, with the Risk and Finance Committee;
5. The Ethics and Audit Committee may consider any other matter referred to it by the Board.

### II. Membership

6. The Ethics and Audit Committee will comprise:
  - (a) Three developing country Board members or alternate members; and
  - (b) Three developed country Board members or alternate members.

### III. Duration

7. The Ethics and Audit Committee is a standing committee of the Board.

### IV. Guidelines for operation

8. Provisions will be put into place to manage actual and potential conflicts of interest, consistent with applicable Board decisions and policies.

## Terms of reference for the Operations and Portfolio Committee

### I. Role and functions

1. The role of the Operations and Portfolio Committee is to provide strategic recommendations to the Board on the Green Climate Fund's accreditation and investment frameworks across the full project and activity cycle and in accordance with the Fund's objectives, result areas, social and environmental safeguards, and risk management framework.
2. In fulfilling this role, the Operations and Portfolio Committee will:
  - (a) Oversee the development and revision by the Secretariat of the Fund's investment framework, consistent with applicable Board decisions, for consideration by the Board;
  - (b) Review and make recommendations to the Board on investment strategy and financial instruments, including with regard to supporting economically viable projects/programmes and alignment and compliance with the Fund's objectives, social and environmental safeguards and risk management framework;
  - (c) Oversee and review periodic assessments by the Secretariat of the Fund's portfolios to ensure consistency with the Fund's investment strategy;
  - (d) Review and recommend for Board consideration proposed amendments to the Fund's Board-adopted investment-related policies and documents and the use of various financial instruments;
  - (e) Consider results and impact data, and lessons learned from pertinent evaluations;
  - (f) Provide guidance on the development of policies and procedures for the Fund's guiding framework for the accreditation process;
  - (g) Provide policy guidance to the Accreditation Panel to facilitate the accreditation process without interfering with the technical assessments of the Panel.
  - (h) The Operations and Portfolio Committee will consider recommendations and advice provided to it by the Accreditation Panel.
3. The Operations and Portfolio Committee will consider endorsement of the three-year rolling workplans and annual work programme of the Independent Evaluation Unit prior to their consideration by the Board.
4. The Operations and Portfolio Committee may consider any other matter referred to it by the Board.

### II. Membership

5. The Operations and Portfolio Committee will comprise:
  - (a) Four developing country Board members or alternate members; and
  - (b) Four developed country Board members or alternate members.
6. The Executive Director or their delegate may attend the meetings of the Operations and Portfolio Committee in an advisory capacity.

### III. Duration

7. The Operations and Portfolio Committee is a standing committee of the Board.

#### **IV. Guidelines for operation**

8. Provisions will be put into place to manage actual and potential conflicts of interest, consistent with applicable Board decisions and policies.

## Terms of reference of the Performance Oversight Committee

### I. Role and functions

1. The role of the Performance Oversight Committee of the Executive Director and Heads of Independent Units (“Committee”) is to assist the Board in discharging its responsibilities regarding the performance management of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit, the Head of the Independent Redress Mechanism and the Executive Director of the Secretariat of the Green Climate Fund (collectively referred to as “Board-appointed Officials”).
2. In fulfilling the role set out in paragraph 1 above, the Committee will perform functions consistent with decisions of the Board on performance evaluation for Board-appointed officials, including, but not limited to:
  - (a) Setting the objectives of Board-appointed Officials;
  - (b) Monitoring the performance of Board-appointed Officials;
  - (c) Evaluating the performance of the Board-appointed Officials;
  - (d) Making recommendations to the Board regarding the performance reviews of Board-appointed Officials;
  - (e) Making recommendations to the Board with respect to appointment renewal, and reviewing the Terms of Reference of Board-appointed Officials prior to their renewal of appointment being considered by the Board; and
  - (f) Considering any other matters related to the performance of Board-appointed Officials that the Board deems appropriate.

### II. Membership

3. The Committee will comprise:
  - (a) Current Co-Chairs of the Board;
  - (b) One Board member from developing country Parties; and
  - (c) One Board member from developed country Parties.
4. Members of the Committee will serve for a term of three years, aligned with the term of the Board membership with the exception of Co-Chairs who will serve on the Committee during their one-year Co-Chair term.

### III. Duration

5. The Committee is a standing committee of the Board.

### IV. Guidelines for operation

6. Provisions will be put in place to manage actual and potential conflict of interest, consistent with applicable Board decisions and policies.

## Terms of reference of the Risk and Finance Committee

### I. Role and functions

1. The mandate of the Risk and Finance Committee is to support the Board in exercising oversight over the Fund's financial management and prudent risk governance, by overseeing the Fund's financial frameworks, financial and non-financial risk management framework, and by monitoring alignment with that framework.
2. In fulfilling this role, the Risk and Finance Committee will:
  - (a) Oversee the implementation and management by the Secretariat of a financial risk management framework. This will enable the Fund, including its Private Sector Facility (PSF), to systematically identify risks, contextualize them and manage them appropriately;
  - (b) Oversee and review a register of strategic risks across the Fund;
  - (c) Monitor the management by the Secretariat of the Fund's overall risk profile, including the PSF, to confirm that the Fund is operating within Board-approved risk limits;
  - (d) Review and provide recommendations on periodic risk management reports and/or notification of material breaches of risk limits or procedures, as provided by the Secretariat;
  - (e) Review and provide recommendations on independent evaluations of the implementation of sound risk management practices by the Fund;
  - (f) Support the Executive Director in ensuring the continuous development of a risk- and compliance-aware culture in the Fund;
  - (g) Provide advice to the Board on strategic matters relating to financial reporting and related audit requirements for the Fund; Review and make recommendations to the Board on audits of the administrative budget, as necessary; Review and make recommendations to the Board on external financial audit reports;
  - (h) Provide guidance on any proposed amendments to the trustee arrangements prior to Board consideration; and
  - (i) Make recommendations related to the risks related to the Fund's use of financial instruments.
3. The Risk and Finance Committee will consider recommendations and advice provided to it by the Operations and Portfolio Committee.
4. The Risk and Finance Committee may consider any other matter referred to it by the Board.

### II. Membership

5. The Risk and Finance Committee will comprise:
  - (a) Four developing country Board members or alternate members; and
  - (b) Four developed country Board members or alternate members.
6. The Executive Director or their representative may attend the meetings of the Risk and Finance Committee in an advisory capacity.

### **III. Duration**

7. The Risk and Finance Committee is a standing committee of the Board.

### **IV. Guidelines for operation**

8. Provisions will be put into place to manage actual and potential conflicts of interest, consistent with applicable Board decisions and policies.