

STANDARD TERMS OF REFERENCE AND PROCEDURES

FOR THE INVESTMENT COMMITTEE

APPROVED BY THE BOARD OF GOVERNORS ON 12 DECEMBER 2016

IT WAS RESOLVED that

- (a) the Standard Terms of Reference and Procedure for the Investment Committee set out below be approved.
- (b) any earlier resolutions relating to the terms of reference of the Investment Committee be superseded by this resolution.

1. Members of the Investment Committee

- 1.1 The Investment Committee shall comprise Wellcome's Chair and one or more additional Governors as may be appointed by the Board of Governors by written resolution from time to time together with Wellcome's Director, the Managing Partners within the Investment Division and one or more external and staff members.
- 1.2 The Board of Governors by written resolution shall appoint the Chair and the members of the Investment Committee and may from time to time by written resolution change the Chair and the membership of the Committee. The Nominations Committee may be asked to make recommendations for these positions. The Remuneration Committee determines the remuneration for the external members.
- 1.3 External members should have significant levels of financial and investment expertise commensurate with the size, complexity and diversity of Wellcome's portfolio. External members should normally be appointed for terms of three years with a maximum of two terms. The initial appointment should be subject to mutual review after one year.
- 1.4 At the discretion of the Chair, other persons may be invited to attend for specific items, whole meetings or each meeting. The Chair will appoint a Secretary to the Investment Committee, who will not be a member.

2. Investment Policy

Our Investment Policy sets out the respective roles of the Board of Governors, the Investment Committee and the Investment Executive. The role of the Investment Committee set out below is taken from the Investment Policy.

3. Role of the Investment Committee

The Investment Committee's role is to act as an advisory body on investment matters. It may veto any proposed investment that it is asked to consider, but it is not empowered to authorise, specific investment transactions.

In particular the role of the Investment Committee is:

- 3.1 To review in detail the performance, risk profile and management of the investment portfolio and to provide appropriate recommendations to the Board of Governors and to the Investment Executive.
- 3.2 To recommend asset class ranges for the investment portfolio to the Board of Governors, including changes in the ranges from time to time.
- 3.3 To veto specific investment transactions which are proposed from time to time by the Investment Executive.
- 3.4 To recommend to the Board of Governors investment initiatives that fall outside the agreed investment policy.
- 3.5 To make recommendations to the Board of Governors on those areas in which the Board retains responsibility for determining policy as well as providing expert advice on investment matters.
- 3.6 To provide expert advice on investment matters to the Investment Executive.
- 3.7 To supervise the implementation by the Investment Executive of appropriate arrangements for the safekeeping of all investment assets.

4. General Principles

- 4.1 A report of decisions taken by the Investment Committee shall be made to the Board of Governors at its next regular meeting but in any case not later than three months after the relevant Investment Committee meeting. In addition, copies of the minutes of each Investment Committee meeting shall be circulated to the Board of Governors prior to its next regular meeting.
- 4.2 The quorum for the proceedings of the Investment Committee shall consist of at least 50% of the Governor and staff members (provided that at least one Governor member and one staff member shall be present within that quorum). External members do not count towards the quorum requirements.
- 4.3 If the Chair is not able to attend, the Chair will be elected by the Investment Committee members present.
- 4.4 The Investment Committee will meet at least four times per financial year.

5. Sub-delegation

- 5.1 The Investment Committee may sub-delegate any of its powers and discretions to any subcommittee, any member or members of the Investment Committee or such subcommittee or any other person or persons as it may determine who are qualified by his or her expertise to provide advice to the Investment Committee. A resolution, prepared by the Secretary to implement any subcommittee, shall be approved by the Investment Committee. The Chair and membership of any subcommittee shall be proposed by the Chair and the Investment Executive and approved by the Investment Committee. The Board of Governors may revoke in whole or in part any such delegation or vary the terms of the delegation.

5.2 A report of decisions taken by a subcommittee shall be made to the Investment Committee, normally within two months of the meeting but, exceptionally, within three months.

6. Procedures

6.1 A meeting of the Investment Committee or any subcommittee may be held by way of a video or audio conference, telephone or similar equipment designed to allow each member to take part in the meeting (or by a combination of such media) provided that at all times the number of members participating in such a meeting is sufficient to constitute a quorum. A member shall be deemed to participate in a meeting if he or she can hear and be heard by each other member participating in the meeting. All members so participating shall be treated as being present at the meeting for the purpose of determining whether the quorum requirements are fulfilled.

6.2 A resolution in writing signed or approved by letter, facsimile transmission or electronic mail (or in such other manner as the Investment Committee may approve) by or on behalf of all the members entitled to vote on such resolution and to be counted in the quorum at a meeting of the Investment Committee for the purposes of such resolution shall be as valid and effective as if it had been passed at a meeting of the Investment Committee duly convened and held, provided it is approved by a sufficient number of members to constitute a quorum. Such a resolution may consist of several documents each signed or approved by or on behalf of one or more members of the Investment Committee.

7. Conflicts of Interest

7.1 Members of the Investment Committee (including external members) are subject to Wellcome's Conflict of Interest policies, and attention is particularly drawn to the sections relating to inside information. In the event of any difficulty arising out of the application or potential application of either of these policies, this should be discussed with the Chair of the Investment Committee as soon as possible.

7.2 Members of the Investment Committee will generally be given the opportunity to exclude themselves from any discussion of the Investment Committee relating to an investment or potential involving (i) information which is, or may be, inside information, and (ii) an actual or potential conflict of interest.