

Audit and Risk Committee Terms of Reference

1. Purpose, Membership and Appointment

- a) The Audit and Risk Committee (the “Committee”) will assist the Board in fulfilling its responsibilities. In performing its duties, the Committee will maintain effective working relationships with the Board of Governors, Wellcome’s Investment Committee, Wellcome’s Executive Leadership Team (ELT), Wellcome’s Internal Audit and the external auditors. Outside of the formal meeting programme, the Chair of the Committee will maintain a dialogue with key individuals involved in Wellcome’s governance, including the Chair of the Board of Governors, the Chair of the Investment Committee, Wellcome’s Director, Chief Operating Officer, Finance Director, General Counsel and Company Secretary, Head of Risk and Head of Internal Audit.
- b) The Committee shall comprise at least three members. All members of the Committee shall be independent of the day to day management of Wellcome and at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Chair of the Board shall not be a member of the Committee. The Committee membership and terms of office is set out in Appendix 2.
- c) The Chair and members of the Committee shall be appointed by the Board, normally on the recommendation of the Nominations and Governance Committee and, in the case of a member of the Committee but not the Chair, in consultation with the Committee Chair.
- d) The Board may, in consultation with the Chair and on the recommendation of the Nominations and Governance Committee, appoint observers to the Committee for limited periods as required. Observers may attend and participate in meetings and receive all information provided to Committee members.
- e) External members should normally serve for three years, subject to mutual review after one year. External members may serve for a second and third term, of up to three years by mutual agreement (to a maximum of nine years total).
- f) The Board shall approve the remuneration of the external members and observers from time to time. Governor members shall not be entitled to any extra remuneration for serving as Chair or members of the Committee.
- g) The General Counsel and Company Secretary or his or her nominee shall act as the Secretary of the Committee but will not be a member.

2. Frequency of Meetings

- a. The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- b. During the period between meetings of the Committee, the Board may request the Chair and the Secretary to convene further meetings in which to discuss particular issues that may require the Committee’s advice. The Board may also ask the Chair or any member or members of the Committee to conduct reviews of any other issues or activities within its terms of reference.

3. Agenda and Papers for meetings

Unless otherwise agreed, an agenda of items to be discussed confirming the venue, time and date, together with supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, to allow a week in which to review the papers.

4. Quorum

- a. The quorum for the proceedings of the Committee shall be any two members provided at least one is an external member, or such other quorum as may be fixed by the Board from time to time. Observers shall not be included in the quorum.
- b. If the Chair is not able to attend, the Chair will be a member elected by the Committee members present.

5. Participation in Committee Discussions

- a. Except as provided in paragraph d. below, the persons holding the following Wellcome positions may be invited to attend all or part of any meeting, but will not be members of the Committee:
 - i) Finance Director;
 - ii) The Director of Wellcome;
 - iii) Chair of the Board of Governors;
 - iv) Head of Risk;
 - v) Head of Financial Accounting; and
 - vi) General Counsel and Company Secretary; and
 - vii) Chief Operating Officer
 - viii) Chief Information Officer
- b. Except as provided in paragraph d. below, the persons holding the following positions may be invited to attend relevant parts of each meeting:
 - (i) a senior representative of the internal auditors or the Head of Internal Audit; and
 - (ii) the Audit Partner of the external auditor.
- c. Other persons may be invited to attend for specific items or for the whole meeting at the discretion of the Chair.
- d. At the discretion of the Chair, the Committee may meet in private session with no observers or with any particular persons.
- e. A senior representative of the internal auditors or the Head of Internal Audit and the Audit Partner from the external auditor will have free and confidential access to the Committee Chair. In addition, the Committee will separately meet with a senior representative of the internal auditors or the Head of Internal Audit and the Audit Partner from the external auditor, without management being present to discuss the audit(s) remit and any issues arising from the audit(s).

6. Minutes

- a. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording names of those present and in attendance.
- b. Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee.

- c. The Secretary shall arrange for the minutes of meetings of the Committee to be circulated to all members of the Board and the ELT.

7. Authority

The Committee is authorised by the Board to:

- a. investigate any activity within its terms of reference which shall apply, as appropriate, to Wellcome and each of its subsidiaries, associated companies and joint ventures;
- b. seek any information it requires from any employee of Wellcome or any employee of any of its subsidiaries and all such employees may be directed to co-operate with any request by the Committee;
- c. invite employees of any associated companies and joint ventures to provide any information it requires; and
- d. obtain outside legal or other independent professional advice and to secure the attendance of external advisers with relevant experience and expertise, in each case if it considers this necessary.

8. Duties

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for Wellcome (both for itself and acting as Trustee for the Wellcome Trust), major subsidiary undertakings and the group as a whole, as appropriate.

The Committee's role and responsibilities are set out in Appendix 1.

9. Reporting to the Board

The Committee shall report to the Board on how it has discharged its responsibilities, including:

- (i) the significant issues that it considered in relation to the financial statements and how these issues were addressed;
- (ii) its assessment of the external auditor and the effectiveness of the external audit process and its recommendations on the appointment or reappointment of the external auditor; and
- (iii) any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

10. Other matters

The Committee shall consider other topics, as defined by the Board.

11. Conflicts of Interest

Where a member of the Committee believes he or she has a potential conflict of interest, the Wellcome Trust Policy on Conflicts of Interest (relating to exclusion from a meeting) shall apply.

12. Training and Performance Evaluation

The Committee shall:

- a. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- b. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
- c. at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval. The Board should also receive a report on the Committee's effectiveness annually.

These Terms of Reference were adopted by the Board of Governors on 23 February 2022.

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