The Wellcome Trust Limited - Audit and Risk Committee Terms of Reference

Purpose The Audit and Risk Committee is a Committee of The Wellcome Trust Limited Board of Governors. The role of the Committee is to assist the Board in fulfilling its oversight responsibilities, in supporting the delivery of Wellcome's mission, by reviewing and monitoring (and escalating to the Board, if needed) the following outline areas of responsibility: financial reporting; internal controls and risk management; the internal audit function; external audit. The Committee has the authority to advise, alert and assure the Board on these matters, as appropriate, in line with the Committee's agreed scope.

In summary: for risk management, these include:

- Risk appetite and future risk strategy
- Systems of risk management and internal controls, including reporting
- Compliance processes with relevant laws, regulations and ethical codes

For audit, these include:

- Monitoring the integrity of the financial statements of Wellcome, including review of the annual report and financial statements, prior to submission to the Board
- The systems of internal control.

Scope

The Committee is the Audit and Risk Committee for the Wellcome Trust Limited (as trustee of the Wellcome Trust) and is the audit committee for Wellcome Trust Finance plc.

The Committee also has an oversight and assurance role across the Wellcome Group. informed by the Group's risks and risk appetite.

The Committee are responsible for setting the Group areas of focus including (but not limited to) how risk management, escalation and assurance will be carried out. This will be detailed in a separate Subsidiary Governance Framework, which takes into account the key attributes [*note: currently being developed in parallel*]. Those responsible for governance in the subsidiaries (such as Board members/Directors/Audit and Risk Committee Chairs) will be invited to attend the Committee to facilitate further engagement and discussion of Group assurance and risks via the Framework.

Responsibilities

The Board, by its approval of these terms, has delegated to the Committee the following responsibilities:

Key area: FINANCIAL REPORTING
Responsibilities: The Committee is responsible for:
- reviewing the annual report and financial statements before submission to the Board (for approval as a matter reserved), ensuring that they are fair, balanced, and understandable. monitoring and reviewing the integrity of any other published financial statements, in line with its scope, ensuring they are fair, balanced and understandable; (including any significant financial returns filed with a regulator, any document containing financial statements on which third parties may rely and any formal announcements relating to Wellcome's financial performance, reviewing and reporting significant issues and judgements).
- reviewing and challenging (where necessary): a) Appropriateness of, and changes to, significant accounting policies (both year-on-year and across the group), noting that any changes are a Board reserved matter b) Appropriateness of major judgement and estimate areas (informed by external auditor's views) c) Clarity, consistency and context of disclosures in the financial statements d) Any significant adjustments resulting from the external audit e) The statements of going concern and/or longer-term viability f) Compliance with Wellcome's agreed approach to appropriate and applicable financial, governance and audit standards
Key area: RISK MANAGEMENT & INTERNAL CONTROLS
Responsibilities: on behalf of the Board (who retain overall responsibility for risk management) the Committee is responsible for:

- considering risks and controls and advising the Board on Wellcome's overall risk strategy, including risk tolerance, appetite, current and prospective/emerging risks, to achieve its long-term strategy;
- providing assurance that a sound system of internal control and risk management is maintained and understood by:

a) Review of the effectiveness of Wellcome's internal control and risk management processes (including Internal Audit) by receiving reports from Management, Group subsidiaries, Internal Audit, other Board Committees; which consider the effectiveness of risk and control actions, including, but not limited to, fraud, corruption and bribery.

b) Providing assurance to the Board that there is a well understood and effective risk management and internal control system in place;

c) Recommend to the Board approval of disclosures and statements (inc. those within Stock Exchange listings rules) in the annual report and financial statements related to internal controls and risk management

RISK MANAGEMENT

For risk management, the Committee is responsible for reviewing and monitoring the following:

a) Risk management policy, prior to Board approval (Board reserved matter)
b) Material financial and non-financial risks (including those with strategic impact (in partnership with other Board Committees, via ARC Chair where relevant))
c) Risk appetite and tolerances reporting (inc. review of Risk Appetite Statement prior to Board approval (Board reserved matter))
d) Level 1, Level 2 risks and emerging risks
e) Corporate Risk Register (prior to Board) (or equivalent)
f) Risk events, including findings of internal investigations inc. root cause and lessons learned and management response
g) Reporting/escalation to the Board as deemed appropriate, inc. development of any trigger/tolerances as required

INTERNAL CONTROLS

For internal controls, the Committee is responsible for monitoring and reviewing Wellcome's system of internal controls and risk management, covering all material controls (including the contribution of Wellcome's culture, beliefs and values).

LEGAL COMPLIANCE, SPEAK UP, POLICIES ASSURANCE

Key area: LEGAL COMPLIANCE

Responsibilities: The Committee is responsible for oversight of Wellcome's legal and compliance risk (in partnership with other Board Committees and subsidiaries, via the Subsidiaries Governance Framework) and will:

- Review the scope and implementation of Wellcome's legal compliance, and receive a quarterly report on risk and compliance events, in the context of Wellcome's risk framework.
- Review the adequacy of Wellcome's "Speak Up Policy", to ensure these arrangements allow proportionate investigation of matters raised and appropriate follow-up action. Review and

consider any changes to Policy prior to the Board (Board reserved matter) The Board's Speak Up Champion should be the ARC Chair.
- Ensure that management has a route of early escalation (in the case of serious matters and matters requiring reporting under the Charity Commission's Serious Incident Reporting Framework), to the Committee, via the ARC Chair.

Key area: POLICIES ASSURANCE / REVIEW

Responsibilities: The Committee will:

- Review and, if necessary, approve specific policies, as outlined in Wellcome's Policy Framework and delegated to the Committee, with the exception of those matters reserved to the Board.

Key area: INVESTMENTS

Responsibilities: The Committee:

- is responsible for considering the risk related to investment operations and systems (noting that the Investment Committee has responsibility for monitoring and advising the Board on investment decisions and transaction risk);
- will have regard to the overall processes, systems and controls that support the operations of Wellcome's investments, and their compliance with all relevant laws, regulations and policies (including the relevant risk policy), to ensure that major risks are adequately mitigated;
- will receive and review relevant reports from the second or third lines of defence (risk, compliance and internal audit)
- may request reports from the Investment Committee (or other Board Committees) in relation to risk or control matters relating to investment operations and systems and legal compliance issues
- review and comment on any changes to the Investment Policy that impact operational matters, via the Investment Committee, to the Board (as a matter reserved).

- oversee the process of valuation (via the Valuation Group) ensuring that this is conducted appropriately, and review the recommendations of the Valuation Group as part of the Annual Report and Financial Statements approval process.

Key area: INTERNAL AUDIT

Responsibilities: The Committee is responsible for the effectiveness of Wellcome's internal audit function, ensuring that the appropriate mandate, authority, role and responsibilities are in place.

IA Strategy, Mandate, Performance	- Approve IA's strategy and performance objectives (at least annually ((IIA standard 8.3). - Review and approve the role, mandate and charter of IA, in line with Wellcome's needs (IIA standard 6.1) - Establish and monitor the independence and objectivity of IA with reference to CIIA Code and IIA standard 6.2. - Discuss and review the internal and external quality assessments including compliance with IA standards (eg IIA standards and CIIA Code) (((IIA standard 8.2 and 8.3)) - Monitor and review the effectiveness of IA's work, prior to Board reporting (a Board reserved matter)

	- Champion the IA function in fulfilling its purpose, both with management and other functions (risk, compliance, and the external audit) (IIA standards 6.3); - Consider and advise as to IA's resources to enable the function to perform its duties sufficiently, independent from management/other restrictions (IIA standard 7.1 and 8.2).
IA Plan	- Review, approve the annual IA plan, based on an annual IA assessment of Wellcome's requirements and risks (IIA standard 8.1) - Monitor delivery of the IA plan, including review of budget, any changes/delays and overall progress (IIA standard 8.1)
Head of IA	- Approve the appointment, removal, professional development and remuneration of the Head of IA (IIA standard 7.1 - Approve the Head of IA's role, responsibilities, and monitor performance (with management input) (IIA standard 7.2) - Receive annual assurance regarding IA's independence and objectivity (IIA standard 8.1)
IA Reports	- Review via regular reporting IA's findings and reports and monitor progress of any agreed management actions and recommendations (IIA standard 8.1), inc. summaries for IAs of subsidiary and funded entities - Ensure that IA include a summary of their role, function, recommendations and impact as part of the Annual Report and Accounts ((IIA standard 8.1).
Key area: EXTERNAL AUDIT	
Responsibilities: The Committee will:	
Appointment, re-appointment and resignation	- Consider and make recommendations to the Board, in relation to the appointment, reappointment and removal of the External Auditor. (Board reserved matter) - Ensure that at least once every ten years the External Audit contract is put out to tender, to compare the quality and effectiveness. The Committee shall oversee the selection process, and agree roles and responsibilities with management, with reference to FRC Audit Minimum Standards.
Terms of engagement	- Oversee and approve the terms of engagement of the external auditor, including the engagement letter and audit scope - Review, in partnership with management, the external auditor's fee (for both audit and non-audit services) to ensure that an effective and high-quality audit can be undertaken - Recommend to the Board the External Auditors remuneration (Board reserved matter)
Independence and expertise	Review and monitor at least annually the following aspects of the External Auditor's engagement: - Independence and objectivity - Qualifications, expertise and resources

	- Independence from Wellcome - Seek assurance from the External Auditor on the above - Advise the Board on any employment of former employees of the external auditor. - Seek assurance that the above have taken into account the relevant UK law, the Ethical Standard for Auditors, and other professional and regulatory requirements including the FRC Audit Minimum Standards (where relevant)
Non-audit services	- Oversee/approve the engagement of the external auditor to supply non-audit services, considering relevant professional and ethical guidance, and any direct/material impact of these services on the audited financial statements, as outlined in the Procurement policy "Guidance on use of auditing firms for professional services" (inc. financial limits specified).
Audit cycle/plan	- Review and approve the annual external audit plan, and check alignment with the audit scope and wider engagement. - Review the overall findings of the audit. - Meet regularly with the external auditor, including where necessary without management present, to discuss any findings or issues, including key accounting and audit judgements identified
Representation letter	Review any representation letter(s) requested by the External Auditor before they are signed by the relevant Board
External Auditor's report	Prior to the Board, review the external auditor's report to the Board of Governors, management letter, and management's response to the auditor's findings and recommendations.
Effectiveness of External Auditor	Regularly review the effectiveness and independence of the External Auditor

General terms:

The following also apply:

Quorum: Any three members (including at least one external member, if appointed). If the Chair is not able to attend, the Chair will be a member elected by the Committee.

Membership/attendance: The Committee shall comprise at least three Governors, including the Chair. Members are appointed by the Board, on recommendation by the NGC. The following will usually be invited to attend (at the Chair's discretion), but are not members:

CFO; COO; Heads of Internal Audit; Risk; Financial Accounting; Chief Legal Officer & Company Secretary; Chief Information Officer; External Audit Partner; Committee Secretary; other invitees.

The Chair of Board of Governors (who is not a Committee member) and CEO will be invited to attend one meeting each year.

The Chair will maintain an effective working relationship with key Wellcome staff, including attendees, on behalf of the committee.

External independent members: the Wellcome Board (on recommendation of the Nominations and Governance Committee) can appoint external independent Committee members (who are not Governors), whose skills and experience are outlined in the role profile.

At least one member shall have recent and relevant financial experience with competence in accounting and/or auditing and/or risk, to provide effective oversight and challenge.

Subsidiary engagement: to support subsidiary oversight and engagement, representatives of subsidiary Audit and Risk Committees/or equivalent will be invited to attend meetings of the Committee to discuss assurance and engage on risk.

Meeting frequency: As required by the Committee, at least four times per year. Meetings to include private sessions (if necessary without management) with the Committee and internal and external auditors.

Appointments/expertise: Chair and members appointed by the Board on recommendation of the Nominations and Governance Committee. At least one member should have recent and relevant financial experience and the Committee shall have competence relevant to its responsibilities.

Agenda/papers/minutes: Meeting pack to be circulated 7 days ahead of meeting; draft actions to be circulated 2 days after meeting; minutes to be shared with the Chair 7 days after meeting, and the Committee/ExCo thereafter.

Authority: The Committee is authorised by the Board to:
a. investigate any activity within its terms of reference, as appropriate, for Wellcome (inc. subsidiaries, associated companies and joint ventures);
b. seek any information it requires from any employee of Wellcome (or subsidiaries) and all such

employees may be directed to co-operate with any request;
c. invite employees of any associated companies and joint ventures to provide any information required;
d. obtain outside legal or other independent professional advice as required.

Board reporting, effectiveness review and training/evaluation – the Committee reports to the Board via the Committee Chair, including via the 6-monthly Committee Chairs meeting, which shall include recommendations for Committee training. The Committee shall report to the Board on how it has discharged its responsibilities and evaluate its effectiveness as part of the Board's review cycle. These terms will be reviewed every 2 years.

Conflicts of interest – the Committee shall follow Wellcome's Policy on managing interests, including recusing members from meetings where conflicts of interest exist and reporting requirements.

Document version: 12.0, approved on 4 November 2025 by Board of Governors