

Remuneration Committee Terms of Reference

1. Purpose:

- 1.1. The purpose of the Remuneration Committee is to assist the Board in meeting its responsibilities regarding the remuneration policy and practices of Wellcome. This includes:
- external advisors on committees of the Board of Wellcome;
 - the remuneration of the Executive Leadership Team in line with Board of Governors approved policy and;
 - any other remuneration related issue as delegated by the Board of Governors

2. Authority:

- 2.1 The Remuneration Committee (the “Committee”) is a committee of the Board of Wellcome (the “Board”) from which it derives its authority and to which it reports in accordance with Wellcome’s Articles of Association.
- 2.2 The Committee has the delegated authority of the Board in relation to the functions and responsibilities set out in these terms of reference.

3 Membership of the Committee:

- 3.1 The members of the Committee will be:

the Committee shall be comprised of not less than three members of the Board of Governors. If one of these members is the Chair or Deputy Chair of the Board, then an additional Governor will be invited to attend the meeting where appropriate to discuss additional remuneration of the Chair and/or the Deputy Chair;

the Committee *may* decide to appoint an external member to provide expertise otherwise unavailable to the committee

the Chair of the Board of Governors is an *ex officio* member of the committee.

- 3.2 The Chair and/or Deputy Chair shall not be involved in discussions or decisions as to their own (or their successors) remuneration.
- 3.3 The following individuals will attend and participate in the meetings of the Committee but will not have votes:
- (a) the Director of Wellcome (“Director”) and/or
 - (b) the HR Director; and
 - (c) the Company Secretary or his/her nominee who will act as the Committee’s Secretary and ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

- 3.4 The committee may invite other attendees (non-voting) to act in an advisory capacity, as deemed necessary.
- 3.5 The Director and HR Director shall not be involved in discussions or decisions as to their own [or their successors] remuneration or terms and conditions of service.
- 3.6 Members, including the Chair, may be removed from the Committee at any time by the Board on the recommendation of the Nominations [and Governance] Committee.

4 Term of Office:

- 4.1 A maximum of one term of four years and one term of three years, coterminous with each Governor's terms of office.
- 4.2 If an external member, a maximum of one term of four years and one term of three years.

5 General

- 5.1 In determining remuneration policy, packages and arrangements, the Committee shall give due regard to the relevant legal requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance.
- 5.2 The remuneration of Governors shall be a matter for the Board of Governors and the Committee shall not be involved in determining their remuneration unless requested by the Board, save for the decisions relating to the additional remuneration of the Chair and/or Deputy Chair.
- 5.3 The Committee shall review these Terms of Reference periodically every two years and consider whether to recommend any changes to the Board.

6 Meetings of the Committee

- 6.1 Meetings of the committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
- 6.2 The Committee shall meet at least twice per financial year and at such other times as the Board or members of the Committee shall require.
- 6.3 The quorum for a meeting will be any two Governor members of the committee.
- 6.4 The Chair shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and instruct the Secretary to minute them accordingly.
- 6.5 In accordance with Wellcome's Articles of Association, a meeting of the Committee may be held by way of electronic equipment provided that at all times the number of members participating in such a meeting is sufficient to constitute a quorum, and he or she can hear and be heard by each other member participating in the meeting.

- 6.6 In accordance with Wellcome's Articles of Association, a resolution in writing signed or approved by letter, facsimile transmission or electronic mail (or in such other manner as the Committee may approve) shall be as valid and effective as if it had been passed at a meeting of the Committee duly convened and held, provided it is approved by a sufficient number of members to constitute a quorum.
- 6.7 In accordance with Wellcome's Articles of Association, each Committee member shall have one vote. Votes can only be cast by members attending a Committee meeting (whether in person, by audio or video conference, or by electronic means). Except where they are considered to have a personal interest, the Chair shall have a casting vote.

7 Responsibilities:

- 7.1 The Committee shall assist the Board in ensuring that Wellcome's remuneration policies and practices are designed to:
- (a) support and promote Wellcome's long-term success;
 - (b) reward fairly and responsibly having regard to statutory and regulatory requirements; and
 - (c) align executive remuneration with Wellcome's values and the delivery of its long-term strategies.
- 7.2 The Committee oversees arrangements for the Executive Leadership and Investment teams and assists the Board by reviewing and making recommendations in relation to the remuneration policies and framework for all staff.
- 7.3 In exercising its powers and responsibilities, the Committee may take into account any recommendations of the Director in relation to the remuneration and rewards of the Executive Leadership and Investments teams (not including the Director) and the advice of external consultants, but the Committee will be free and required to make its own determinations.
- 7.4 The Committee shall in particular advise the Board appropriately and carry out the following duties for Wellcome:
- (a) consider and determine the terms of employment of the Executive Leadership and Investment teams including, without limitation: salaries, bonuses, benefits in kind, long-term incentives, the duration of contracts, notice periods and use of the Committee's discretion;
 - (b) sub-delegate authority to the Chair and the Director to act on behalf of the Committee regarding any matter which concerns compensation or severance payments in the event of the early termination of a contract, in particular to ensure that poor performance is not rewarded;

- (c) monitor the performance of the members of the Executive Leadership Team (excluding the Director), the Investment team and such other senior members of staff as may be requested by the Director from time to time, in particular to ensure that poor performance is not rewarded;
- (d) ensure that remuneration policies and practices (including any long-term incentive schemes or awards) support Wellcome's values, long-term sustainable success and facilitate the employment and motivation of individuals with the requisite experience and skill-set;
- (e) exercise any discretion or judgment on remuneration outcomes in accordance with any incentive schemes, taking account of Wellcome's and individual performance and any other relevant circumstances;
- (f) make recommendations to the Board concerning any additional remuneration to be paid to the Chair or the Deputy Chair either at the time of their appointment or any extension of that appointment;
- (g) determine the level of remuneration paid to external chairs and members of the Audit Committee and the Investment Committee and any other committees as may be identified by the Board from time to time;
- (h) consider the engagement and independence of external remuneration advisers;
- (i) receive and consider evidence on internal and external trends in remuneration and benefits, including, where necessary, commissioning any reports or surveys aimed at establishing Wellcome's market position or exploring particular aspects of its remuneration strategy;
- (j) review pension arrangements for the Executive Leadership and Investment teams and consider the alignment of pension contributions to those made available to staff generally;
- (k) consider and agree any changes in levels of authority delegated to this Committee for salary increases;
- (l) approve Wellcome's salary review policy and any material changes to the benefits policy. For the avoidance of doubt, the Committee would not normally be concerned with individual salaries or terms of employment unless they fall outside the scope of agreed policies or delegated authorities; and

8 Minutes / Reporting

8.1 The Committee shall:

- (a) receive draft minutes of the meeting within 5 working days after approval by the Chair. Minutes will be shared with the Board of Governors at the following board meeting.
- (b) report to the Board, through the Committee Chair on its proceedings and make recommendations on any area within its remit where action or improvement is needed.
- (c) oversee and approve a report for inclusion in Wellcome's Annual Report, which will include an Annual Statement and Report from the Committee Chair. The structure and content of the report will take into account relevant legal requirements and governance trends at time of publication.
- (d) if the Committee has appointed remuneration consultants, they should be identified in Wellcome's Annual Report, stating whether they have any other connection with Wellcome or individual Governors.

These Terms of Reference were adopted by the Board of Governors at its 11 November 2019 meeting.