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Conflicts of interest policy

June 2017

1. Introduction

This policy sets out your responsibilities for identifying and managing actual and potential conflicts of interest when acting on behalf of Wellcome.

You can also see see Wellcome Policies Hub or ask the Compliance Officers (see section 6.1) for further guidance.

A conflict of interest is any situation in which your personal interests, or loyalties that you owe to another person or body, may (or may appear to) unduly influence or affect a decision. Conflicting interests usually fall into the following categories:

- **Financial interests:** These may apply to you either directly or indirectly through a partner, spouse, close relative, or an entity or institution you are connected to (e.g. your partner being on the management team of a company Wellcome proposes to hire, being paid to provide a service to Wellcome, a grant being awarded to a current member of your own department or lab);
- **Non-financial interests:** These cover other kinds of potential gain (e.g. increase in reputation if a former student receives an award or a family member receives a grant);
- **Loyalties:** These arise from a personal connection or duty to another person or organisation (e.g. to a past employer, past student, family member, friend, close colleague or frequent collaborator).

2. Who this policy applies to

This policy applies to:

- all employees, whether on a permanent or fixed-term contract, and also to other individuals engaged on a temporary basis, whether full-time or part-time;
- all Governors; and
- all external members and co-opted individuals of Charitable Committees¹, the Investment Committee, the Audit Committee and any other committee formed by the Board of Governors.

Please note: section 4.4, on additional requirements for investment activities, only applies to employees who may have non-public knowledge of Wellcome's investment activities as set out in that section.

All Wellcome Group companies are expected to have their own Conflicts of Interest Policy.

3. Principles

It is important you ensure that all decisions you make on behalf of Wellcome are free from any undue external influence. You are expected to act with integrity and impartiality and to be open, fair and unbiased when making decisions on behalf of Wellcome, or when advising Wellcome, and to act in a way that serves the best interests of Wellcome.

It is inevitable that conflicts of interest will arise (indeed, having outside interests and expertise may make you better able to contribute to Wellcome's work) but it is important that they are clearly identified and carefully managed, as in some circumstances even the appearance of a conflict of interest can damage Wellcome's reputation.

Your responsibility is to identify and manage conflicts of interest by:

- **Disclosing** outside interests that could give rise to potential conflicts so that relevant people are aware of these in advance;
- **Determining** whether you have an actual or perceived conflict before being involved in any decision on behalf of Wellcome; and
- **Managing** any conflicts as they arise, in a manner that protects the integrity of Wellcome's decision making while allowing you to give the right level of input to enable the best decisions. Your Conflicts Manager (see section 4.2.3) will decide how to manage a conflict, but you also need to make your own personal judgement about it.

4. What to do

4.1 Disclosing interests

4.1.1 Wellcome employees

Within one month of your start date you are requested to declare all external appointments, material shareholdings and other business interests fitting the descriptions below to the Company Secretary. If you later acquire any such interests, you must tell the Company Secretary as soon as you reasonably can.

External appointments: This covers all appointments² (paid or unpaid) with an external body or entity which could potentially have an overlap of interests with Wellcome where you are:

- performing a formal function or discharging duties, such as being a charitable trustee or non-executive director (this does not include observer or advisory positions held solely as part of your Wellcome duties); or
- providing services – such as being a consultant, committee member or speaker – or receiving funding or other non-financial benefits (this does not include work performed outside of Wellcome working hours where the fees are less than £10,000 per annum, or observer or advisory positions held solely as part of your Wellcome duties).

Material shareholdings and other business interests:

This covers any holding of 10% or more in the share capital of any company (whether or not publicly listed) or in a limited partnership or other commercial entity.

In determining whether you have any shareholdings or other business interests to declare:

- You need to include the interests of anyone with whom you have a significant personal relationship where you normally have knowledge of such interests (a “Connected Person”) as if they were your own interests. This could include a partner, children under 18, anyone living in the same home where you share information about interests, and anyone whose financial affairs you have responsibility for or control over. If you do not normally have knowledge of such a person’s interests then you do not need to ask and you do not need to treat them as a Connected Person.
- You need to include all share options or convertible securities held as if they had been exercised and converted into shares.
- You may exclude any interests you hold in a vehicle (such as a managed unit trust) which is managed by a third party and whose underlying investment decisions you have no discretion or control over.
- You may exclude any interests of an entity whose investment committee you sit on, unless you have a controlling or casting vote on it.

For further guidance on what interests you should declare, ask the Compliance Officers (see section 6.1) or see the other information in the Conflicts of Interest area on Policies Hub.

4.1.2 Governors and external members of the Audit Committee and Investment Committee

Within one month of your start date you must declare to Wellcome all external appointments, whether with your main employer or any other external appointment, that:

- involve a significant amount of your time;
- are economically significant to you;
- are activities with which you are most publicly associated; or
- you consider may conflict with your activities on behalf of Wellcome.

If you later take up any such appointments, you must tell Wellcome as soon as you reasonably can.

4.1.3 External members of Charitable Committees¹

You must disclose any potential conflicts of interest relating to funding applications under consideration before each associated committee meeting so that they can be assessed and managed appropriately.

4.1.4 The Disclosure Register

All disclosed interests for employees, Governors and members of the Audit Committee and Investment Committee will be noted on the Disclosure Register maintained by the General Counsel. Access to your disclosures will be restricted to those who need it for the purposes of this policy.

4.2 Determining whether an actual or perceived conflict exists

4.2.1 It is your responsibility to consider whether you have any actual or perceived conflict with any proposal Wellcome is considering (whether relating to Wellcome’s investment, charitable or operational activities) as soon as you become aware of the proposal. If possible, you should do this before any meeting about the proposal, but if not, you should do it as soon as the potential conflict becomes apparent during the meeting.

Even if you have already disclosed your relevant interests in line with section 4.1, you still need to consider your potential conflicts for each individual proposal.

For further guidance and examples of conflicts of interests, see the Conflicts of Interest area on Policies Hub.

4.2.2 In considering whether a conflict arises, you should treat the interests of any Connected Person as your own interests (see section 4.1.1).

4.2.3 If you think you have an actual or potential conflicting interest in any proposal Wellcome is considering (whether or not you think it is material), or if you are unsure if a conflict exists, you should discuss it with your Conflicts Manager, as specified below:

You	Your Conflicts Manager
A Wellcome employee not in the Investment division	Your manager
An Investment division employee	One of the Managing Partners within the Investment Division
A Governor or external committee member	The secretary of the relevant board or committee

4.2.4 Your Conflicts Manager will work with you to determine whether you have a conflict and will keep a record of the determination.

4.3 Managing the conflict

4.3.1 Where there is a conflict your Conflicts Manager will work with you to determine the materiality of the conflict. This will involve assessing all the relevant factors, including:

- your role in the decision-making process (e.g. if you are an observer with no right to vote it is less material than if you are a full committee member or chairperson);
- the nature of the conflicting interest (e.g. a conflict based on loyalty to a past employer is less material than a conflict that could lead to a direct financial gain);
- the closeness of the conflicting interest (e.g. if it relates to a grant co-applicant it is less material than to a principal applicant); and
- the value and nature of any benefit you could receive from the proposal being considered (e.g. a conflict involving a large financial gain or a current employer, will be more material than one involving a non-financial benefit or a past employer).

For further guidance and examples of what is considered material, see the Conflicts of Interest area on Policies Hub.

Any dispute about whether a conflict is material may be referred to the Director for a decision (or to the Chairman if the dispute relates to a Governor or to the Deputy Chairman if it relates to the Chairman).

4.3.2 If the conflict is material, your Conflicts Manager will decide whether Wellcome can proceed with the proposal in light of the conflict.

In general, Wellcome will not enter into a transaction where there is a material conflict unless it can be structured to avoid the conflict (e.g. if the conflict relates to a particular service provider, use a different one) or the decision can be made by a board or committee that still has sufficient members without you being involved. However, where the relevant Executive Leadership Team member believes a particular transaction is sufficiently compelling to justify an exception, he/she may refer it to the Director, who can decide the point.

4.3.3 If the conflict is material but your Conflicts Manager or the Director has decided Wellcome should proceed, you will be entirely recused³ from the decision making process and/or other steps will be taken to ring-fence the conflict, such as restructuring the transaction. In most cases this will be sufficient, but in extreme cases you may be asked to give up the particular interest or to resign your Wellcome position.

4.3.4 If the conflict is not material, your Conflicts Manager, working with the Chair of any relevant board or committee where appropriate, will decide how to manage it. In particular, your involvement in the decision-making process will depend on the nature and extent of the conflict and will balance the value of your input against the perceived impact on the integrity of the process. You might remain fully involved, be fully recused, or have some intermediate involvement (e.g. present for discussions but not voting).

4.3.5 Where the decision about how to manage the conflict is taken by the chair and the secretary/manager of a board or committee it must be unanimous; failing agreement, you will be recused.

4.3.6 This decision will be recorded by your Conflicts Manager in the minute of the meeting or other suitable document.

4.3.7 If you were previously employed by a Wellcome-funded organisation you may review applications for funding from that organisation and attend associated committee meetings, but you may not participate in the decision-making process for those applications for a period of one year from the date of your employment with Wellcome.

4.4 Investment – additional requirements

4.4.1 Section 4.4 only applies to Informed Investment Employees – those who may have knowledge of Wellcome’s investment activities. This means:

- Executive Leadership Team members and their heads of office, personal assistants and executive assistants;
- all employees in the Investment and Innovations divisions;
- all employees in the Investments team of the Legal division;
- all employees in the Finance, Tax, Risk Management and Internal Audit teams; and
- any other employees with knowledge of Wellcome's investment activities.

As you may be exposed to confidential or market-sensitive information, the additional requirements below apply to you.

4.4.2 Inside information: This is information relating to particular listed securities or to a particular issuer of listed securities which is not public and, if made public, would likely have a significant effect on the price or value of any securities. As Wellcome's ability to carry out transactions may be limited if it holds inside information, you should only accept such information (if you have discretion) with the approval of one of the Managing Partners within the Investment Division or the Director of Innovations (or his deputy in his absence). Once you have received inside information, you must follow the Inside Information working practice of the relevant division.

4.4.3 Personal dealings: You are accountable for ensuring that your own personal investments are legally compliant and as far as possible avoid actual or potential conflicts with the interests of Wellcome. To ensure there is no perception of any conflict between your personal and professional activity, or use of inside or confidential information, you must get prior clearance from the Investment Compliance Officer (or their deputy or the General Counsel in his absence) and for Investment Division employees, one of the Managing Partners within the Investment Division or for Innovations Division employees, the Director of Innovations (or his deputy in his absence) before you buy, sell or give any active management instruction (eg an active decision to reinvest dividends) relating to any listed shares or corporate bonds or derivatives of them.

You should treat any proposed dealings by a Connected Person (see section 4.1.1) as if they were your own dealings.

You can exclude:

- any dealings you hold in a vehicle (such as a managed unit trust) which is managed by a third party and whose underlying specific investment decisions you have no discretion or control over;
- any dealings done under an automatic dividend reinvestment whose specific reinvestment decisions you have no control over (although the decision to put, amend or withdraw such an instruction would require prior clearance); and
- any dealings by an entity whose investment committee you sit on, unless you have a controlling or casting vote on it.

4.4.4 Other requirements: If requested by one of the Managing Partners within the Investment Division and the Investment Compliance Officer, you must disclose details of all your dealing accounts and provide copies of transaction confirmations and account statements from each of your brokers for a specified period.

4.5 Exceptions

Where it is in the best interests of Wellcome, the Director may agree to modify certain requirements of this policy for a particular situation. For example, if you are actively involved in another business it may be appropriate to record a standing conflict and agree a standard approach rather than requiring it to be declared and considered for each decision. Any modification will be notified to the General Counsel, who will record it in the Disclosure Register.

4.6 Guidance

You can get general guidance in the Conflicts of Interest area on Policies Hub and from the Compliance Officers (see section 6.1).

5. Other relevant policies

See also:

- **Gifts and Hospitality Policy** – which sets out your responsibilities when receiving or giving gifts and hospitality;
- **Fraud and Corruption Policy** – which sets out your responsibilities when you think you may be faced with any form of fraud or corruption; and
- **Governors Code of Conduct** – which, among other things, sets out when and how Governors may receive funding from the Trust and the standards of conduct expected when acting as observers or members of committees.

6. Monitoring

6.1 The General Counsel supported by the Grants Funding Compliance Officer, who focuses on members and co-optees of Charitable Committees, and the Investments Compliance Officer, who focuses on Investment Informed Employees (see section 4.4), are responsible for monitoring adherence with this policy. These are collectively referred to as the Compliance Officers in this policy.

6.2 To ensure that disclosures are kept up-to-date, Wellcome employees, Governors and external members of the Audit Committee and Investment Committee will be asked to review and update their disclosures annually as required by section 4.1.

6.3 The Compliance Officers will review a random small sample of decisions each year to monitor adherence with this policy. If there are any breaches of this policy found by this review, or raised by anyone else, they will discuss these with the relevant individual in the first instance and if it warrants escalation then with the relevant Conflicts Manager.

6.4 Reports on this policy, including information about any breaches or exceptions granted, will be provided at least annually to the Audit Committee and the Executive Leadership Team.

6.5 Internal Audit will review how particular boards, committees, teams, departments or divisions are complying with this policy as part of their standard audits in accordance with the annual Internal Audit Plan, as agreed by the Executive Leadership Team.

6.6 If you are in doubt about how to comply with this policy or about any matter relating to conflicts of interest, please contact any of the Compliance Officers.

6.7 If you are concerned that a conflict exists which has not been dealt with in accordance with this policy, you should raise this with your Conflicts Manager or one of the Compliance Officers, or in accordance with Wellcome's Whistleblowing Policy.

7. Policy owner and review period

The General Counsel is responsible for this policy. It will be reviewed as required and at least every two years.

8. Version history

Document	Date	Comments
Version 1.	1/12/2014	This policy replaces Wellcome's Policy on Conflicts of Interest and Related Standards of Conduct dated December 2011.
Version 1.1	27/10/2015	Section 4.4.3 amended to clarify personal dealing requests for colleagues not in the Investment or Innovations Divisions only require approval from Investment Compliance Officer.
Version 1.2	1/8/2016	Rebrand update.
Version 1.3	9/12/2016	Amended to reflect changes in title of Executive Board and General Counsel
Version 2	27/6/2017	This Policy replaces Wellcome's Conflicts of Interest Policy dated 1 December 2014.

1 "Charitable Committees" include any committee, group or other body involved in the award of grants or other charitable funding on behalf of Wellcome.

2 Taking advantage of the right external opportunities is encouraged but to manage the time commitment, any impact on your Wellcome duties and potential conflicts of interest, all external appointments offered to you while you are a Wellcome employee must be discussed in advance with your manager.

3 Recused means fully excluded from the decision making process including receiving any papers or other information

4 The General Counsel is performing the role of Chief Compliance Officer in this respect, the Grants Funding Compliance Officer is a role held by the Policies and Governance Officer in the Grants Management team and the Investments Compliance Officer is a role held by the Legal Counsel - Investments

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