











People & Remuneration Committee - Terms of reference – March 2024

<p> Purpose: The purpose of the People & Remuneration Committee is to assist the Board in meeting its responsibilities regarding the remuneration policy and practices of Wellcome, including:</p> <ol style="list-style-type: none"> (1) aligning executive remuneration with Wellcome’s beliefs and values and the delivery of its long-term strategy; (2) ensuring that Wellcome’s people and remuneration policies and practices support Wellcome’s strategy and promote Wellcome’s long-term success; reward fairly and responsibly having regard to statutory and regulatory requirements; (3) reviewing and making recommendations to the Board in relation to the remuneration policies and framework for all staff and recommending to the Board changes to Wellcome’s salary review policy and any major changes to the benefits policy; (4) overseeing through a formal procedure the performance, remuneration, and succession planning of the Executive Leadership Team and Investments Executive in line with relevant policy; (5) recommending to the Board the remuneration of the Chief Executive Officer and Chief Legal Officer / Company Secretary; (6) any other remuneration/people-related issue, as discussed and agreed on an annual basis with the Chair, Committee Chair and Director of People, or as delegated by the Board of Governors 	
<p>Scope of the Committee: in delivering its purposes and responsibilities, the following roles are in scope as follows (in addition to the Committee’s broader organisation-wide responsibilities):</p> <ul style="list-style-type: none"> • Executive Leadership Team (ELT). • Investments Executive <p>Notes for context:</p> <ul style="list-style-type: none"> - the Board has reserved for itself the authority to approve salary and benefits policy, and material changes to them (Matters Reserved to the Board paragraph 18) - the Board has reserved for itself the authority to appoint the Chief Executive Officer (supported by the Nominations and Governance Committee, including for succession planning for this role) and the Company Secretary (Matters Reserved to the Board no. 15). - In practice, the CEO will discuss the appointment of all ELT members with the Chair of the Board before finalising their appointment and arrange meetings with them where requested, and the Chair will discuss the appointment of all Governors with the CEO before finalising their appointment, and arrange meetings with them where requested. - Governor, including Chair and Deputy Chair, and external Committee members/advisors (currently ARC and IC) remuneration has been delegated by the Board to the Non-Executive Remuneration Committee. Subsidiary remuneration is not covered by this Committee. 	
<p> Meeting frequency and duration: meets at least twice per year, or at such other times as the Committee may require. Any decisions between meetings will be noted at the next meeting.</p>	<p> Secretary (minutes/notes and actions): Governance Manager</p> <ul style="list-style-type: none"> • Meeting pack to be circulated 7 days ahead of meeting • Minutes to be shared with the Chair 7 days following meeting (and circulated to the main board) • Draft actions to be circulated to action owners 2 days following meeting
<p> Chair: Governor, appointed by the Board on recommendation of the NGC, for a three-year term, with ability to extend for a maximum of two future terms; ‘independent’ (as that term is understood in corporate governance terms), and with at least 12 months of Remuneration Committee experience prior to appointment (but not necessarily immediately prior to appointment)</p>	<p> Quorum: two members.</p>
<p> Members: A minimum of three governors including the Committee Chair plus the following:</p> <ul style="list-style-type: none"> • Board Chair • Deputy Chair • Chair of Investment Committee <p>Members are appointed by the Board, on recommendation of the NGC, for three-year terms, with ability to extend for future terms</p>	<p> Standing attendees (non-voting):</p> <ul style="list-style-type: none"> • Chief Executive Officer • Director of People • Chief Legal Officer/Company Secretary (all above excepting for discussion/decision of their own remuneration or terms and conditions) <p>Ad hoc attendees:</p> <ul style="list-style-type: none"> • Other ELT / staff by invitation • External advisors by invitation
<p> Reports: The Committee will receive the following papers:</p> <ul style="list-style-type: none"> - verbal business update from Director of People on their responsibilities since last full Board of Governors meeting – at each meeting - regular updates on relevant recruitment and succession planning matters for ELT and Investments Executive - as required (see responsibilities) 	<p> Delegation of authority, escalation, and reporting line: The Board delegates the responsibilities included in these terms of reference to the Committee, and the Committee reports to the Board via the Committee Chair. The Board retains certain remuneration matters as listed in its matters reserved to the Board (see footnotes)</p> <p>Any material governance or reputational risk issues should be escalated to the Audit and Risk Committee (which has responsibility for overall oversight of legal and compliance risk across Wellcome as a whole).</p>



<ul style="list-style-type: none"> - ELT and Investments Executive performance and pay process, benchmarking, supporting evidence and outcomes – annual as per pay cycle - Presentation from external remuneration consultants, to include report on ELT salary external organisation/sector benchmarking, trends in remuneration report – annual - update on pay policy/award processes and budget – annual - pay gaps reports – annual - any proposed changes to salary review policy or major changes to benefits policy¹ – as required - reports on senior hires and leavers – each meeting - Committee report for inclusion in AR&FS – annual - Any other People topics, as agreed with Chair, Committee Chair and Director of People. 	<p>Term of office: Appointments to the Committee are made by the Board on recommendation of the NGC, for three-year terms, with ability to extend for future terms.</p>	
 Responsibilities (inc UK Corp Gov Code refs)	Details	Reporting
Remuneration and people policies and practices (Purposes 1, 2, 3)	<p>Review and recommend Wellcome’s remuneration and people policies to the Board for approval, including Wellcome’s salary review policy and any major changes to the benefits policy to the Board (Board Matters reserved no. 18)</p> <p>Ensure that Wellcome’s remuneration and people policies and practices are designed to reward Wellcome staff fairly and responsibly having regard to statutory and regulatory requirements, and align with Wellcome’s beliefs and values and the delivery of the long-term strategy.</p> <p>Oversee remuneration arrangements for ELT and Investments Executive and assist the Board in reviewing and making recommendations in relation to the remuneration policies and frameworks for all staff.</p>	Pay policy annual review (new) Pay policy/award processes and budget (existing)
Recommending to the Board ² the remuneration of the Chief Executive Officer and Chief Legal Officer / Company Secretary (Purpose 5)	<p>Within the terms of the agreed remuneration policy recommend to the Board, in consultation with the Chair and/or CEO as appropriate, the total individual remuneration for the Chief Executive Officer and Chief Legal Officer/Company Secretary roles, including:</p> <ul style="list-style-type: none"> • salary; • bonus and long-term incentive remuneration schemes or arrangements; • pension arrangements, including the level of contributions by Wellcome; and • other bonuses and benefits in cash or in kind. 	Annual ELT roles external salary benchmarking report (existing)
Overseeing through a formal procedure the performance, remuneration and succession planning ³ of the Executive Leadership Team and Investments Executive in line with relevant policy (Purposes 1, 2, 3, 4);	<p>For ELT, including CEO and Chief Legal Officer / Company Secretary, and Investments Executive (and the Investments Team):</p> <ul style="list-style-type: none"> • monitor and assess performance and pay award recommendations, ensuring outcomes are based on performance against targets and key performance indicators, and are aligned with Wellcome’s beliefs and values and the delivery of its long-term strategy, and in particular to ensure that poor performance is not rewarded • consider eligibility for annual bonuses based on individual performance • monitor and assess performance for any long-term incentive awards • consider whether any factors should be taken into account which would make an alternative outcome more appropriate 	Annual ELT performance report and presentation of manager feedback (existing) Annual ELT roles external salary benchmarking report (existing)
Pensions (Purpose 1, 2)	Review material changes to the pension arrangements for ELT, including CEO and Chief Legal Officer / Company Secretary, and Investments Executive.	
Contracts and severance (Purpose 1, 2)	<p>For ELT, including Chief Legal Officer / Company Secretary, and Investments Executive:</p> <ul style="list-style-type: none"> • approve contract terms, including material amendments – the duration shall not normally exceed one year’s notice period. Make recommendation to the Board regarding the appointment, extension of the term, or removal of the Company Secretary⁴. 	

¹ Board reserved matter no. 18

² Board reserved matter no. 15

³ Board reserved matter no. 13

⁴ Board reserved matter no. 15

	<ul style="list-style-type: none"> consider the scope of termination payments and compensation commitments and ensure that poor performance is not rewarded ensure that contractual terms on termination, and any payments made, are fair to the individual and Wellcome and in accordance with legal and regulatory requirements 	
Remuneration consultants	<p>To help it to fulfil its obligations and enable benchmarking to others, the Committee may appoint remuneration consultants and commission or purchase any reports, surveys or information which it deems necessary, at the expense of Wellcome (but within any budgetary restraints imposed by the Board).</p> <ul style="list-style-type: none"> the Committee should avoid designing pay structures based solely on benchmarking to the market or the advice of remuneration consultants, thus retaining discretion to override formulaic outcomes; and be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee, including assessment of independence (noting any connection/potential conflict it has with Wellcome or its governors) 	Remuneration consultants' reports as required
Benchmarking and trends	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	Annual presentation from external remuneration consultants, to include report on: ELT salary external organisation/sector benchmarking report (existing)
 Terms of reference review: to be reviewed on an annual basis in partnership with Committee responsibilities.		 Effectiveness reviews: To be reviewed in line with Board effectiveness reviews.

Version control

Version	Date adopted	Approval forum	Summary of changes made	Owner
2.2	25 March 2024	BoG	<p>Name and scope change to People & Remuneration Committee</p> <p>Corresponding changes to scope to include reference to People matters</p>	Governance team
2.1	RemCom 7 December 2023	RemCom	<p>RemCom ToR amendments to:</p> <ul style="list-style-type: none"> Clarify the role of the Committee in executive appointments and setting remuneration Clarify the division of responsibilities between RemCom and NGC in relation to succession planning for non-executives and executives (inc Investments) and the CEO in line with best practice. Alignment with UK CGC Clearer list of reports and links to Board's matters reserved 	Governance team
1.0	11 Nov 2019	BoG	Historic version (adopted by the Board of Governors at its 11 November 2019 meeting)	Governance team