

## **WELLCOME TRUST POLICY ON CONFLICTS OF INTEREST AND RELATED STANDARDS OF CONDUCT**

This policy sets out certain standards of conduct required by the Trust. These standards aim to ensure that the Trust, and each individual acting on behalf of the Trust, acts in accordance with high standards and practices.

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## A. INTRODUCTION AND BACKGROUND

### 1. CORE PRINCIPLES AND OBJECTIVES OF THE POLICY

#### Core principles

- 1.1 Decisions made on behalf of the Wellcome Trust by individuals covered by the policy should be made free from any external influences or positions that they hold, either personal or fiduciary, and should avoid potential reputational risk for the Trust. The Trust recognises, however, that it is precisely their position and expertise external to the Trust that enables certain individuals to make valuable contributions to its work.
- 1.2 Governors, employees and others who work on behalf of a charity should not be enabled to make a personal profit as a result of that work, for example, by using information confidential to the Trust, or relationships established by the Trust, for personal gain.
- 1.3 It is important that individuals recognise when a conflict is arising and take appropriate action, including disclosing their conflict and consulting with colleagues.
- 1.4 Individuals should avoid breaches of confidentiality, and in particular breaches of the law arising from the use of price-sensitive inside information.
- 1.5 The Trust does not seek to implement this policy in a bureaucratic way, nor to require individuals to act in breach of the law or to behave inappropriately.
- 1.6 The Trust recognises that, as relationships evolve, new conflicts may arise.
- 1.7 **Individuals covered by this policy are required to comply with the spirit of the policy as well as its content and accordingly to act in accordance with high standards and practices at all times. Transparency and consultation will be key to this spirit.**

#### Objectives

- 1.8 This policy aims to set out rules and guidance that will:
  - (a) assist individuals covered by this policy in understanding and meeting the core principles set out above.
  - (b) help the Trust to ensure that the core principles are complied with, without over-prescriptive or burdensome requirements.
  - (c) comply with best practice, in a way that reflects the nature of the Trust and the scope and complexity of its own operations.
  - (d) enable the Trust to demonstrate the importance that it attaches to the core principles set out above.
- 1.9 **Breaches of this policy will be treated seriously by the Trust and disciplinary action will be taken in appropriate cases.**
- 1.10 The Trust expects its subsidiaries to adopt a similar policy as considered appropriate.

## 2. INDIVIDUALS COVERED BY THE POLICY

### Relevant individuals

- 2.1 This policy applies to:
- (a) Governors.
  - (b) all members of Charitable Committees (defined in paragraph 2.4 below), the Investment Committee and the Audit Committee.
  - (c) Executive Board members (and PAs/Executive Assistants).
  - (d) Heads of Department.
  - (e) Secretaries/Managers to the Funding, Interview and Investigator Awards Committees.
  - (f) all employees in the Investment Division and the Technology Transfer Division.
  - (g) all employees in the Legal Department, the Finance Department, Risk Management and Performance and Internal Audit, or any other part of the Trust, who have knowledge of the Trust's investment activities.
  - (h) all employees with a significant procurement role.
  - (i) all individuals who are directors of any company within the Wellcome Trust group.
  - (j) all other employees of the Trust, in salary bands 8, 9 or unbanded, who are not covered by any category above.
- 2.2 In this policy, "employees" include **all consultants or contractors** who fulfil a staff position.
- 2.3 **It is the responsibility of each individual covered by this policy to observe its terms.** Individuals who are covered by this policy will normally be notified of this, but if any individual is in doubt as to its application to her or him, she or he should discuss this with her or his line manager or the Secretary/Manager of the relevant Committee (as applicable), or with any of the Compliance Officers.
- 2.4 In this policy "Charitable Committees" include any body involved in the award of grants or other charitable funding on behalf of the Trust, including the Funding Committees, the Interview Committees, the Investigator Awards Expert Review Groups and Selection Panels and the Strategic Awards Committee.
- Initial and annual re-certification***
- 2.5 Each individual subject to this policy will be required to confirm that he or she **has read and understands it and will comply with it, upon first becoming subject to it (normally, when the individual joins the Trust or becomes a member of a Trust committee) and at least annually afterwards.** As part of the annual re-certification each individual will be required to confirm that he or she has complied with its provisions and has made all required disclosures.

## B. GENERAL REQUIREMENTS

### 3. ACTION WHERE A CONFLICT ARISES OR MAY ARISE

#### *When a conflict may arise*

- 3.1 The Trust relies on each individual to consider whether they may have, or be perceived to have, any actual or potential conflict with any proposal that is being considered by the Trust (whether relating to the Trust's investment, charitable or operational activities).

Examples of situations where a conflict may arise include:

- (a) the individual has a direct interest or relationship (whether financial, scientific, personal, or otherwise) in the counterparty to the proposal;
- (b) the individual has an indirect interest or relationship in the counterparty to the proposal; for example, the counterparty may have a relationship to a third party that the individual has an interest or relationship in;
- (c) the individual, or one of the other interests of that individual, has an interest or relationship with a competitor of the counterparty to the proposal; or
- (d) there are any other circumstances that would reasonably be expected to give rise to, or be viewed as, a conflict of interest.

These are only intended as examples and not as a complete or exhaustive list.

**Conflict situations may include situations beyond those that an individual is required to declare under paragraph 4 of this policy.**

- 3.2 In considering whether a conflict arises, an individual should treat the interests of anyone with whom the person subject to this policy has a significant personal relationship as if they were the individual's own interests. This will include any partner, anyone living in the same home and anyone whose financial affairs the individual has responsibility for.
- 3.3 Individuals should also treat any investments that they manage or control on behalf of family members or others as if they were their own interests.
- 3.4 The Trust's general aim is to avoid all conflicts. However, where a conflict theoretically arises but is not material, then it may be disregarded. An example of this would be when the Trust enters into a contract on arm's length terms with a large international contracting organisation such as IBM. Individuals subject to this policy may own shares or have other interests in IBM, but in most cases (unless their interest relates to the part of IBM that is entering into the contract with the Trust), it is unlikely there will be any material benefit to them. In determining materiality, the Trust will generally take into account factors such as the amounts involved compared to the income or net assets of the individual concerned and likely perception of third parties.

### ***General procedure for managing conflicts***

- 3.5 If an individual has an actual or potential conflicting interest in any proposal that is being considered by the Trust (whether relating to the Trust's investment, charitable or operational activities, and whether or not regarded as material):
- (a) **the individual should disclose the conflict** to (in the case of Trust employees) the individual's line manager, and (in the case of Governors or external members of Committees) the Secretary/Manager of the Board or the relevant Committee; and
  - (b) they (or their line manager or the Secretary/Manager of the Board or the relevant Committee, as applicable) should notify the Compliance Officers, who will keep a record of the disclosure.

If there is any uncertainty about whether a conflict exists or may be perceived to exist, or whether it is material, full details should be disclosed as set out above, including notifying the Compliance Officers. The individual's line manager or the Secretary/Manager of the Board or the relevant Committee should decide whether this represents a conflict.

- 3.6 Where there is a conflict (unless, as set out above, it is not material), the individual must not take any part in decisions relating to that proposal. In particular:
- (a) the individual should not be involved in the process of reviewing or recommending such a proposal;
  - (b) they should not receive any papers relating to that proposal;
  - (c) they should not take part in any decisions taken in relation to such a proposal; and
  - (d) they should absent themselves from the relevant part of any meeting where the proposal is considered.
- 3.7 Any dispute about whether a conflict exists or is material may be referred to the Director for a decision or, in the case of disputes relating to a Governor in that capacity, to the Chairman (or the Deputy Chairman in the case of the Chairman). The Compliance Officers may also refer any conflict situation for a decision in this way.
- 3.8 The Compliance Officers and senior members of management are also available to advise where this is helpful.
- 3.9 Further specific requirements may apply to particular decision-making processes.

### ***Exceptions***

- 3.10 Where an interest or conflict has been disclosed by an individual subject to this policy, the Director or, in the case of conflicts relating to a Governor in that capacity, the Chairman (or the Deputy Chairman in the case of the Chairman) may agree to modify certain of the requirements of this policy in relation to that interest or conflict. For example, where an individual is actively involved in another business, it may be appropriate to not require any further disclosure of interests held by that business. Any modification shall be recorded in writing by the Compliance Officers and will be

noted on the Disclosure Register. A copy of the details of the modification will be kept by the Compliance Officer in the Legal Department safe.

- 3.11 However, any agreed modifications do not absolve the individual from the duty to manage any issues of conflicts of interest with respect to her or his role in that business. Where an actual conflict arises, the individual remains responsible for finding appropriate ways for managing or resolving the conflict. In extreme cases, paragraph 4.12 might be applied.

***Concerns about conflicts***

- 3.12 Any individual who is concerned that a conflict exists, but that it has not been dealt with in accordance with this policy, should raise this, either with one of the Compliance Officers or in accordance with the Trust's "Whistleblowing" policy.

#### 4. DISCLOSURE OF OUTSIDE INTERESTS

##### *Employees of the Trust*

- 4.1 Each employee of the Trust covered by the policy must make declarations as set out below. Declarations must be made on taking up a relevant appointment with the Trust or at such time as a disclosable interest arises.
- 4.2 **Notwithstanding any disclosures, the responsibility remains at all times with individuals to take steps to deal with any conflict of interest, or potential conflict of interest, as set out within this policy.**

##### *External appointments, including consultancies*

- 4.3 Each employee of the Trust covered by this policy must declare all external appointments (paid and unpaid directorships, employed positions, other business appointments such as being a partner, charitable trusteeships, positions with funded institutions such as universities, positions with funding bodies, receipt of funding from any funding body, government departments and agencies, and consultancy appointments). Examples of external appointments can be found at Annex A.
- 4.4 When an employee of the Trust covered by this policy is offered an external appointment, he or she should seek prior confirmation that the position may be accepted, in accordance with the procedure set out below:
- (a) external appointments offered to the Director -- the Chairman;
  - (b) external appointments offered to Executive Board members -- the Director;
  - (c) external appointments offered to direct reports to the Executive Board -- their Executive Board member and, if the proposed appointment is material, the Director;
  - (d) external appointments offered to all other employees -- their line manager and, if the proposed appointment is material, their Executive Board member.

An employee considering an external appointment may consult with the Compliance Officer, as required, and must declare any external appointment once approved, to the Compliance Officer, who will keep a record of the disclosure and the person approving the appointment.

##### *Shareholdings and other interests in any business*

- 4.5 Each employee of the Trust covered by this policy must declare any interest he or she has in the share capital or debt capital of any company (whether or not publicly listed) or in limited partnerships or in any other commercial entity, where that interest totals 1% or more of the issued share capital or can be deemed to be worth £10,000 or more. The calculations will take into account all options or convertible securities held as if the options were exercised and the securities converted into shares.

Indirectly held interests as a consequence of investment in a regulated retail collective investment fund (such as a unit trust or investment trust) need not be disclosed.

### ***Governors and external members of Committees***

4.6 The principles and good practice that apply to Governors and external members of Committees in managing real or perceived conflicts of interest are no less stringent than those applied by Trust employees. However, in recognition of their different position, Governors and external members of Committees are only required to declare:

- (a) their principal external interests. In determining which these are, the Trust considers it is likely to include those interests on which they spend a significant proportion of their time, or which are economically significant to them, or with which they are most publicly associated; and
- (b) any external interest, including any shareholding or other interest in any business, which they consider is, or may at any time in the future raise, a conflict with their activities on behalf of the Trust.

Declarations must be made on taking up an appointment with the Trust or at such time as a disclosable interest arises.

4.7 For the avoidance of doubt, no prior approval is required for any external interest, but paragraphs 4.8 and 4.12 below should be noted.

4.8 **As with employees of the Trust, the responsibility remains at all times with Governors and external members of Committees to take steps to deal with any conflict of interest, or potential conflict of interest, regardless of whether it is required to be disclosed or not.**

### ***Personal relationships***

4.9 As set out above, the requirement to make declarations of relevant interests extends to the interests of anyone with whom the person subject to this policy has a significant personal relationship. This will generally include any partner, anyone living in the same home and anyone whose financial affairs the person subject to this policy is responsible for.

4.10 As a general rule declarations are only required about those other persons insofar as the person subject to this policy normally has knowledge of those interests. Individuals need not make any special request for information.

4.11 Declarations should also be made about investments that individuals manage or control, whether this is on behalf of family members or others.

### ***Consequences of declared interests***

4.12 Potential conflicts of interest highlighted by declarations of interest, including external appointments, may normally be resolved by declaring and managing the conflict (see paragraph 3 above). In extreme cases, however, the only resolution to the conflict may be for the Board of Governors on the advice of the Director to require that the individual concerned gives up the particular interest or resigns their position (either as employee, Governor or member of the Committee in question).

### ***The Disclosure Register***

4.13 All disclosed interests will be noted on the Disclosure Register maintained by the Compliance Officer. Access to the Disclosure Register will be given:

- (a) interests disclosed by Governors and Executive Board members – to the Director, the Chairman and the Deputy Chairman;
- (b) interests disclosed by other Trust staff – to the Director and their respective Division head (and appropriate heads of Department or other managers, as determined by each Division head);
- (c) interests disclosed by Committee members – to the Secretary/Manager of the relevant Committee and, in the case of the Investment Committee, to the Chief Investment Officer; and
- (d) otherwise at the discretion of the Compliance Officer for the purposes of this policy.

In addition a general report will be provided at least annually to the Director and to the Board of Governors.

### ***Gifts and hospitality***

- 4.14 In addition to the above requirements, the Trust separately maintains a Gifts and Hospitality policy that applies to all Trust staff and that restricts and requires the disclosure of offers of gifts or hospitality. This can be found in the Staff Handbook on Trustnet. There is a separate Governors' Gifts and Hospitality Policy which can be found on the Trust's website.

### ***Anti-Fraud and Corruption***

- 4.15 In addition to the above requirements, the Trust separately maintains an Anti-Fraud and Corruption policy that applies to Trust staff, contractors and those performing services for or on behalf of the Trust to act at all times with integrity and to safeguard the Trust resources for which they are responsible. This can be found in the Staff Handbook on Trustnet.

### ***Directors of companies within the Wellcome Trust group***

- 4.16 The Disclosure Register is also used as the register of conflicts of interest for various companies within the Wellcome Trust group.
- 4.17 Any individual covered by this policy who is a director of a Wellcome Trust group company must, in addition to the matters referred to above, disclose any situations where the director may have a direct or indirect interest that conflicts or possibly may conflict with the interests of the company. It is not anticipated that this will result in any significant additional disclosures being made.
- 4.18 In addition, a formal note will be made on the Disclosure Register of all directorships within the Wellcome Trust group held by each such individual (and accordingly that these may be situations that give rise to a conflict).

## **C. ADDITIONAL REQUIREMENTS APPLICABLE TO CHARITABLE ACTIVITIES**

### **5. CODE OF CONDUCT FOR GOVERNORS AND COMMITTEE MEMBERS**

#### ***Advice on applications***

- 5.1 The Trust recognises that Governors and Committee members will often be asked to provide general support, mentoring and guidance to junior colleagues and others who may be seeking grant funding from the Trust or other funding bodies. The Trust does not have any objection to this support being provided, nor to Governors and Committee members sharing publicly available information about the Trust's policies or procedures, if requested.

Governors and Committee members should ensure, however, that they do not provide details of any non-public policies or procedures of the Trust.

- 5.2 If an individual is approached for specific advice (including technical advice) on an application to the Trust, the individual may provide such advice (subject to the restriction in paragraph 5.1 above) but must disclose this fact to the Secretary/Manager of any Committee of which he or she is a member and which is considering the application. The individual will be regarded as having a conflicting interest in that application, under paragraph 6.3 below.

#### ***Discussions outside Committee meetings***

- 5.3 Save in exceptional circumstances, a Committee member (including a Governor but excluding the Secretary/Manager should not, prior to a meeting of that Committee, discuss any application which is to be considered at that meeting with any other Committee member responsible for reviewing that application. If a Committee member does have any such discussion, this must be reported to the Chair and Secretary/Manager of the Committee at or before the start of the meeting. This does not apply to the Strategic Awards Committee or to any matter that may be considered by the Board of Governors.

#### ***Confidentiality of applications and decision making***

- 5.4 Committee discussions (including the reasons for decisions to fund or not to fund), the contents of papers and correspondence relating to applications for funds, funding policy and site visits, are all strictly confidential. Committee members and referees also have a right to expect that their comments will be treated in confidence by the Trust's staff and other members of the Committees. Accordingly, all Committee members and observers (including Governors):
- (a) must keep papers secure and not disseminate them to anyone.
  - (b) must not discuss applications with anyone else (including colleagues based at the member's host institution and referees) without prior permission from the Trust.
  - (c) must keep the membership of interview panels, Site Visit Committees and Themed Committees for Strategic Initiatives confidential, particularly from candidates. If appropriate, Trust staff will inform applicants of the composition of the relevant panel or Committee before the meeting.
  - (d) must keep the identity of applicants and referees confidential at all times.

- (e) must not discuss with applicants, either in connection with the applicants' own application or any other application, or anyone else any aspect of the deliberations or recommendations regarding an application. Feedback will be provided as appropriate by Trust staff, in accordance with Trust current practice. Committee members should refuse any requests for information or for an explanation of how a particular decision was reached – all such requests must be referred to the staff of the Trust.
- 5.5 Members of Committees who are approached by individuals or organisations for information on the status or outcome of their specific applications should always refer all such enquiries to the relevant staff members of the Trust.

***Role of Governors***

- 5.6 Governors should not seek to influence, or be seen as having influence over, the decision-making process for charitable funding outside of formal meetings of the Board of Governors or of any Committee of which they are a member.
- 5.7 In particular, once a decision has been reached by a Committee, it will in almost all cases be inappropriate for a Governor to suggest that the decision should be overturned. If a Governor believes that such a decision raises serious issues, then he or she should raise the issues with the Director.

## 6. GRANT DECISIONS WHERE A CONFLICT MAY ARISE

### *Additional circumstances that are viewed as a conflict*

- 6.1 As set out in section 3 above, any actual or potential conflicting interest in any grant decision (that is, any decision relating to charitable funding) must be disclosed.
- 6.2 The Trust considers that an individual has a conflicting interest in a grant decision for the purposes of paragraph 3.1(a) if the individual is a member or employee of the same university, or other institution, as one of the grant applicants. A federated university, such as the University of London or the University of Wales, is not regarded as a single institution for these purposes.
- 6.3 The Trust considers that an individual may have a conflicting interest in a grant decision if that individual:
- (a) holds (or is seeking), from the Trust or another funding agency, a research grant on a similar topic to a proposal that is due to be considered at a particular Trust meeting, such that the individual could be considered to be a direct competitor of the applicant;
  - (b) is sponsoring a Fellow in the same round of awards;
  - (c) has acted as an external referee or on a committee or panel in respect of the proposal at a time when this was being considered by another funding body;
  - (d) has collaborated or published with the applicant in the past three years; or
  - (e) is aware of any other matter that would reasonably be expected to give rise to, or be viewed as, a conflict of interest (whether academic, scientific, financial, personal, or otherwise).
- 6.4 This is not intended to be a complete or exhaustive list and **each member of a Committee is responsible for considering and disclosing any other actual or potential conflicting interest**. This disclosure should be made to the Secretary/Manager of the Committee before the meeting or, if not practicable, as soon as the potential conflict becomes apparent at the meeting.

### *Consequences of an actual or potential conflict*

- 6.5 In general, when a member of a Committee has an actual or potential conflicting interest in a grant decision, then the requirements in section 3 above shall apply (in particular paragraphs 3.5 and 3.6).
- 6.6 Where a potential conflict is perceived not to be material (for example, this may apply in the situations listed in paragraph 6.3 above), the Secretary/Manager in consultation with the Chair will determine whether the individual should:
- (a) be permitted to take a full part in the meeting;
  - (b) be permitted to comment on the application and participate in discussions but not present the application to the Committee;
  - (c) be permitted to comment on the application and participate in discussions but not take part in the decision; or

- (d) absent himself or herself from the relevant part of the meeting.

A unanimous decision of the Chair and Secretary/Manager will be final. If a unanimous decision cannot be reached, the individual must absent himself or herself from the relevant part of the meeting.

6.7 The following guidance should be noted:

- (a) An individual who has acted as an external referee to a similar proposal submitted to another funding body may be invited to take a full part in the meeting.
- (b) An individual who has acted on a committee or panel in respect of a proposal at a time when this was being considered by another funding body should normally be excluded from the relevant part of the meeting.

6.8 Exceptionally, where the exclusion of a particular member under paragraph 6.2 would compromise the efficient working of a Committee, the automatic exclusion may be overridden provided that both the Chair and Secretary/Manager are satisfied that there is no significant conflict of interests for the Committee member. Where there are justifiable reasons for not excluding such a member, these reasons will be declared and minuted.

#### ***Trust employees***

- 6.9 Any potential conflict of interest involving the Secretary/Manager should be referred in the first instance for a decision by the Chair. If further guidance is required, the matter may be referred to the individual's Head of Department who may, if appropriate, consult the Academic Compliance Officer.
- 6.10 Employees of the Trust will not normally be eligible to apply for or hold grants from the Trust, whether on an individual basis or in collaboration with others. Exceptions to this rule may only be made with the written prior approval of the Director.

#### ***Chairman and Deputy Chairman***

- 6.11 The Chairman of the Trust will be ineligible to apply for Trust funding. The Deputy Chairman of the Trust will be eligible to hold and apply for Trust funding but only to the extent agreed by the Chairman and the Director.

#### ***Governors and the Director and Trust Funding***

- 6.12 To manage real, potential or perceived conflicts of interest, the Trust will apply the Policy for Receipt by Governors and the Director of Funding from the Trust set out in Annex E.

## D. ADDITIONAL REQUIREMENTS APPLICABLE TO INVESTMENT ACTIVITIES

### 7. INSIDE INFORMATION

#### *General principles and meaning of “Inside Information”*

- 7.1 The Financial Services and Markets Act (s. 118 FSMA) defines inside information as “information relating to particular securities or to a particular issuer or issuers of securities which has not been made public and which, if it were made public, would be likely to have a significant effect on the price or value of any securities”.

In effect, if a piece of information not yet in the public domain could be deemed material to the price of a share or a derivative of it, that information may be “inside information”. Until the material information has been made public, a party dealing in or enabling someone else to deal in a share (or a derivative of it) that could be affected by that information is committing a criminal offence.

- 7.2 Inside information held by the Trust may arise in two ways:

- (a) Information about the Trust’s own intentions. For example if the Trust intends to acquire a significant stake in a listed company’s shares, or intends to make a change to a mandate with a listed fund management company or to make a grant award, where that change or award would be significant in the context of that company’s overall business.
- (b) Information received by the Trust from a listed company. For example due diligence information provided in relation to a possible investment or grant award. Such information will typically also be provided on a confidential basis, and so any misuse of that information will put the Trust at risk of claims for breach of confidentiality.

- 7.3 The Trust’s requirements on inside information aim:

- (a) to protect the Trust against breaches of the law by the use of price-sensitive inside information.
- (b) to protect the reputation of the Trust and its employees as professional participants in investment markets.
- (c) to protect the Trust against claims for breach of confidentiality.

#### *Acceptance of inside information*

- 7.4 The Trust may be limited in its ability to carry out transactions if it holds inside information. Inside information should only be accepted from a third party with the approval of the Chief Investment Officer, the Deputy CIO or the Director of Technology Transfer or other senior member of staff with delegated authority from the Board of Governors.

#### *Who may have access to inside information*

- 7.5 Where an investment transaction or grant proposal (the Project) will result in the Trust holding inside information, only persons directly involved in the relevant Project may have access to information relating to the Project. **In virtually all cases this restricted information will include the identity of the listed company to which the information relates.**

- 7.6 The Project team should be kept to a practical minimum. Additional team members, or external parties (for example external advisers), should only be added where there is a specific justification for this (for example specific skills or expertise, or because additional resource is required) and with the specific approval of the person leading the relevant Project. Normally this will be (depending on which Division is responsible for the matter) the Chief Investment Officer, the Deputy CIO or the Director of Technology Transfer or other senior member of staff with delegated authority from the Board of Governors.
- 7.7 In practice it is likely that all employees in (as applicable) the Investment Division or the Technology Transfer Division will be treated as insiders and part of the Project team, due to the relatively small size of those teams, the approach to their respective activities and the physical working arrangements (i.e. open-plan offices).

Where this is the case it is not intended that any insider list would be maintained. All members of (as applicable) the Investment or the Technology Transfer team should be advised that the information is confidential and may be inside information.

- 7.8 For particularly sensitive transactions, a smaller sub-set of individuals is likely to be identified to be the Project team. In these cases an insider list will be maintained recording all members of Wellcome staff who have access to information relating to the relevant Project. This will be held by the Investments Compliance Officer.

Each person who is added to the insider list will be required to sign an acknowledgement that they understand that they have inside information, and that misuse of this information may be a criminal offence (see Annex B for the form of this acknowledgement).

- 7.9 If a person leaves the Project team, all other team members should be notified of this so that they are aware that no further inside information should be shared.

### ***Practical controls***

- 7.10 To ensure that information is kept confidential, the following procedures should be followed:
- (a) Consideration should be given to using a codename at all times when the Project team is discussing the transaction and in all documents. Where the transaction is particularly sensitive this requirement must be strictly followed. The codename should not be related to the target in any way.
  - (b) Phone calls and conversations in relation to the transaction should not take place in public areas. Any phone calls and conversation which must occur in open plan offices or in public places should occur away from anyone who is not a member of the Project team.
  - (c) Physical and secure separation of all confidential documentation relating to the Project must be maintained. Paper files relating to the Project should not be left on desks and should be stored securely in lockable drawers and filing cabinets when not in use by team members.
  - (d) Shared electronic folders containing files relating to the Project must have access restricted to members of the Project team, or the files must be password-protected.

- (e) Ensure that all computers and Blackberries holding information relating to the Project are password-locked if they are to be left unattended, and automatically lock if they are left unattended for more than a short time.
- (f) Extra care should be taken that documents are not left on printers, photocopiers or fax machines where non-team members may find them. Equally special care should be taken that documents are not inadvertently left in taxis or other public places.
- (g) Email distribution lists should be checked carefully before circulating information.

***Governors and external members of Committees***

- 7.11 In general it is anticipated that the principle of limiting the circulation of inside information means that it will not be shared with Governors or with external members of the relevant Committees.

There may, however, be circumstances where such information will be shared with these individuals (for example, when a proposed transaction has reached a stage where it is appropriate to seek the Board of Governors approval. In that case:

- (a) the Trust will generally warn individuals prior to sharing such information, so that each individual can decide whether he or she wishes to receive that information.
- (b) individual Governors or Committee members who have access to that information will be subject to the relevant rules on “personal dealings” set out below (see paragraph 8.6).

***Discussions with third parties, including Investment Managers***

- 7.12 For the avoidance of doubt, inside information must not be discussed with any third parties outside the Trust, except with the agreement of the Project leader. If information is to be disclosed to third parties (such as external advisers or possible consortium partners), they should be subject to confidentiality obligations before any information is provided to them.

- 7.13 The above restriction applies particularly to the Trust’s investment managers:

- (a) Any dealing by a manager on the Trust’s behalf, on the basis of inside information provided to the Trust by a third party, will almost certainly be market abuse and a criminal offence.
- (b) Where the inside information relates to a potential transaction by the Trust and the Trust’s interest in that transaction is publicly known, it is particularly important that there is no discussion of any non-public details of the Trust’s intentions. If a manager asks any questions, staff should decline to comment and make a note that they have done so.
- (c) Discussions can also have adverse consequences for such a transaction under the Takeover Code if a manager trades on the Trust’s behalf in securities of a potential target of a transaction by the Trust, and such trading appears to be at the request of the Trust. Accordingly records should be kept of all communications with investment managers to show that this has not occurred.

## 8. PERSONAL DEALING

### *General principle*

- 8.1 The Trust expects all individuals involved in the Trust's investment activities to carry out their personal investments, or any investments that they make on behalf of others, in a way that complies with all legal requirements and avoids actual or potential conflicts of interest with the interests of the Trust.

### *Pre-clearance requirement for employees subject to this section of the policy*

- 8.2 Employees subject to this section of the policy may only buy or sell any listed shares or corporate bonds, or derivatives of them, or acquire interests in funds, partnerships or private companies (other than interests in a regulated retail collective investment fund, such as a unit trust or investment trust) if they have first received pre-clearance from the Investments Compliance Officer or the Compliance Officer. Clearance should be requested by completing the clearance form (see Annex C) (requests can also be submitted by email). No clearance is needed for transactions in regulated retail collective investment funds.

The following employees are subject to this section of the policy:

- (a) Executive Board members (and PAs/Executive Assistants).
  - (b) all employees in the Investment Division and the Technology Transfer Division.
  - (c) all employees in Legal Department, Finance Department, Risk Management and Internal Audit, or any other part of the Trust, who have knowledge of the Trust's investment activities.
- 8.3 If approval is given, the transaction must be carried out within five days of the date of approval (a longer period may be agreed for transactions in private entities). If permission is refused, no reason will be given for this. Any response to a request for permission (either approval or refusal) must be kept wholly confidential.

### *Additional pre-clearance and other requirements for employees in the Investment Division*

- 8.4 Employees in the Investment Division (including those that are "dotted line" within the Investment Division) must also have the form countersigned by the Chief Investment Officer, or Deputy Chief Investment Officer in the CIO's absence.
- 8.5 In addition all such employees must on request by the Investments Compliance Officer:
- (a) disclose details of all dealing accounts that they hold to the Investments Compliance Officer.
  - (b) provide the Investments Compliance Officer with copies of transaction confirmations and account statements from each of their brokers for requested periods.
  - (c) restrict the brokers that they used to carry out transactions to brokers that have been approved by the Trust.

At the date of adoption of this policy, the Trust has not exercised these requirements, but reserves the right to do so at its discretion at any time.

***Requirements applicable to Governors and external members of Committees***

- 8.6 Governors and external members of Committees are not subject to any pre-clearance requirement.

Where these individuals have been provided with access to any inside information by the Trust (see paragraph 7.11 above), they may not carry out transactions in relation to the securities or entities that are the subject of the inside information.

***Personal relationships***

- 8.7 Where a restriction on transactions applies above, the person subject to this policy must ensure that anyone with whom that person has a significant personal relationship complies with the same restriction. This will generally include any partner, anyone living in the same home and anyone whose financial affairs he or she is responsible for.
- 8.8 This also applies to any transactions carried out in relation to investments that a person subject to this policy manages or controls, whether this is on behalf of family members or others.

***Basis for clearance***

- 8.9 The decision to approve or refuse any request for pre-clearance is entirely at the discretion of the Trust. No reason need be provided by the Trust at any time for the decision. The following paragraphs only provide some examples of factors that the Trust may choose to consider in making such a decision.
- 8.10 The Trust will maintain a "Stop List" of securities or entities in which individuals may not invest. This will typically, but not exclusively, be because the Trust holds price-sensitive inside information about the securities or entities.

The Stop List is maintained and held as a confidential document by the Investments Compliance Officer with guidance from the Chief Investment Officer. Individuals will not be provided with details of the entities listed on it.

- 8.11 Decisions on whether to approve or refuse a request for pre-clearance may also consider whether the Trust has any holding in, or intends to carry out investment transactions in relation to, those securities or entities.
- 8.12 The provisions in relation to disputes in section 3 of this policy also apply to any disputes in relation to requests for clearance.

## 9. INVESTMENTS WHERE A CONFLICT MAY ARISE

### *General*

- 9.1 In general, the Trust will not enter into investment transactions where a conflict arises, or may be perceived to arise by an external observer, between the interests of the Trust and the interests of a person who is subject to this policy.
- 9.2 The following transactions are examples where a conflict may arise:
- (a) an investment into any entity that is substantially connected with an individual subject to this policy;
  - (b) the purchase or sale of any assets from or to an individual subject to this policy;
  - (c) an investment into an entity where an individual subject to this policy has previously invested, or will simultaneously invest, in that entity (co-investment); and
  - (d) any other transaction that may be perceived as benefiting an individual subject to this policy.

References above to an individual subject to this policy include any entity with a significant connection to such an individual.

### *Exceptions*

- 9.3 The Trust recognises and accepts that the rule set out above may restrict it from participating in certain investment opportunities.

Where the Investment Executive believe that a particular investment opportunity is sufficiently compelling that it would justify making an exception to the rule, this may be referred by the Compliance Officers or the Chief Investment Officer to the Director. The Director is authorised to decide the point or to refer it to the Board of Governors for determination.

The Director shall consider the opportunity and the steps taken or proposed to manage any actual or potential conflict. Where the individual with a conflicting interest is a Governor, a member of the Executive Board or a member of the Investment Executive who has delegated authority from the Board of Governors, particularly strong support will be needed to justify making an exception.

### *Further guidance*

- 9.4 The Trust has investments in a large number of publicly quoted companies. In general it does not regard a conflict as arising if an individual subject to this policy also owns shares in such a company.

A conflict may arise, however, if the Trust's investment or transactions are sufficiently large (compared to the size of the company) or the individual's interest is sufficiently material.

- 9.5 The Trust's general aim is to avoid all conflicts. However, where a conflict theoretically arises but is not material (for example, the interest of or effect on the individual is very small), then it may be disregarded. An example of this would be

when the Trust enters into a contract on proper arm's length terms with a large financial institution; individuals subject to this policy may own shares or have other interests in that institution, but it is unlikely there will be any material benefit to them.

- 9.6 As set out in section 3 above, any actual or potential conflicting interest in any investment proposal (whether or not regarded as material) must be disclosed to (in the case of Trust employees) the individual's line manager (in the case of employees in the Investment Division the disclosure should be to the Chief Investment Officer or the Deputy CIO), and (in the case of Governors or external members of Committees) the Secretary/Manager of the Board or the relevant Committee, as well as to the Compliance Officers.
- 9.7 Where the Trust is willing to proceed with an investment where a conflict may arise, the following requirements shall be followed:
- (a) The individual concerned shall not take any part in the Trust's consideration or approval of the proposed investment.
  - (b) The Chief Investment Officer or the Deputy CIO must be satisfied that the investment is being made on proper arm's length terms.
  - (c) The Chief Investment Officer or the Deputy CIO must be satisfied that the investment does not result in the individual subject to this policy benefiting in a material manner.

The other requirements in section 3 above shall also apply.

## **E. MANAGEMENT OF THE POLICY**

### **10. Management of the Policy**

#### ***Compliance Officers***

- 10.1 The Trust will appoint a Compliance Officer, an Academic Compliance Officer and an Investments Compliance Officer, to be responsible for maintaining the system of declarations and to deal with day to day queries.
- 10.2 The appointment of the Compliance Officer will be made by the Board of Governors on the recommendation of the Director. The Director and the Compliance Officer shall be jointly responsible for appointing the Academic Compliance Officer and the Investments Compliance Officer; any change in these appointments shall be reported to the Board of Governors at their next meeting.
- 10.3 Where questions arise beyond the authority of any of these three appointees, the questions should be referred to the Board of Governors.
- 10.4 The roles of the three appointees are set out in Annex D.
- 10.5 When any of the Compliance Officers is absent, the Compliance Officer may act in their place or may appoint another member of Trust to do so on an interim basis.

#### ***Communications under this policy***

- 10.6 Confirmations, notifications and approvals under this policy may be made in writing or by electronic mail.

#### ***Confidentiality***

- 10.7 All information disclosed to the Trust under this policy, including the data held on the Disclosure Register, will be treated in strict confidence. Declared information will be made available only as necessary for the purposes set out in this policy.
- 10.8 The Trust reserves the right to provide declared information to the Charity Commission, the Financial Services Authority, the Takeover Panel or other approved bodies if required to do so by law or regulation.

#### ***Data Protection***

- 10.9 The Trust will comply with the requirements of data protection legislation in administering this policy.

#### ***Dissemination of this policy***

- 10.10 This policy will be available to the public on request and on the Trust's website.

#### ***Review***

- 10.11 This policy will be reviewed by the Trust at least every two years.

## Annex A

### Examples of different types of external appointments

This Annex sets out examples of external appointments that are, and are not, covered by the requirements of the policy. These lists are indicative only and are not exhaustive. They apply to such positions either in the UK or abroad.

#### What constitutes an external appointment?

The following would constitute an external appointment that has to be disclosed:

- (a) Trusteeship of any charity.
- (b) Positions with funding bodies, local government, government departments and agencies (UK or overseas), and intergovernmental agencies.
- (c) Positions with funded institutions e.g. universities, colleges, libraries, research centres, including a University or college lectureship or other teaching appointment.
- (d) Direct receipt of funding from any funding body.
- (e) Directorship (paid or unpaid) of a company.
- (f) Provision of services through a consulting company or otherwise on a regular basis.
- (g) Trusteeship of a National Health Service Trust.
- (h) Political appointments.
- (i) Provision of services to a company giving rise to fees exceeding £10,000 in a calendar year, or equity worth in excess of £10,000.
- (j) Any other paid employment.

#### What does not constitute an external appointment?

The following would not constitute an external appointment that has to be disclosed:

- (j) Provision of professional services, on a non-recurring basis, not giving rise to fees exceeding £10,000 from a single source in a calendar year.
- (k) Receipt of fees or honoraria for a lecture, provided that it does not give rise to fees exceeding £10,000 from a single source in a calendar year.
- (l) Observer or advisory positions with external bodies (but not other appointments) held by Trust staff solely as part of their role within the Trust.

**Annex B**

**Standard form of acknowledgement of inside information**

**Project .....**  
**Inside Information Acknowledgement**

I acknowledge that I am to be provided with inside information relating to this matter and that inappropriate behaviour by me in relation to inside information (including disclosing it to another person otherwise than in the proper exercise of my employment) is market abuse, and may amount to the criminal offence of insider dealing.

I confirm that I am aware that the sanctions attaching to the misuse or improper circulation of inside information may include an unlimited fine, public censure and up to seven years' imprisonment, and that I could be made subject to an injunction or restitution order. I also acknowledge that misuse or improper circulation of inside information is a serious disciplinary matter.

I confirm that I understand the requirements of the Trust's policy on inside information and will comply with it.

Signature: .....

Name: .....

Position: .....

Date: .....

*Please print out, complete and sign this form and return to the Investments Compliance Officer*

**Annex C**

**Personal Dealing Form**

To: Investments Compliance Officer

From: .....

In accordance with the Trust's Standards of Conduct policy, I hereby request clearance to deal in the following securities on my own account.

I understand that approval may be given or withheld and that no reason will be given for the decision. The decision must in either case be kept strictly confidential.

I understand that if approval is given, I must deal within five days of the date of approval (unless otherwise set out below). Any further dealings must be approved by submitting a further request for clearance.

Security Name:

.....  
.....  
.....  
.....  
.....  
.....  
.....

Signed: .....

Date: .....

Your request for clearance to deal on your own account in the above securities has been **APPROVED / DENIED** (delete as applicable).

Signed: \_\_\_\_\_  
(Investments Compliance Officer)

Date: \_\_\_\_\_

*Note: requests for clearance by members of the Investment Division must also be approved by the Chief Investment Officer.*

Approved: \_\_\_\_\_  
(Chief Investment Officer)

Date: \_\_\_\_\_

**Annex D****Roles and responsibilities of  
the Compliance Officer, the Academic Compliance Officer and  
the Investments Compliance Officer**

The Trust appoints a Compliance Officer, an Academic Compliance Officer and an Investments Compliance Officer to be responsible for maintaining the system of declarations under the Policy, to deal with day to day queries and to manage the Stop List.

Their respective roles and responsibilities are set out below.

1. **COMPLIANCE OFFICER** (held by Head of Legal and Company Secretary)
  - 1.1 Supervise the Academic Compliance Officer in maintaining the Disclosure Register. In addition the Compliance Officer has principal responsibility for noting all disclosed interests relating to the Board of Governors.
  - 1.2 Offer advice, as appropriate, to any individual covered by the Policy who is in doubt as to its application to them.
  - 1.3 Have principal responsibility for reviewing any external appointment offered to a Governor that requires approval under the Policy. Supervise and support the Academic Compliance Officer in reviewing any external appointment offered to external members of Charitable Committees or staff members that requires approval under the Policy.

Decisions relating to approval shall be made as set out in the Policy.

- 1.4 Offer guidance to individuals covered by the Policy who are uncertain as to whether a particular appointment would give rise to a direct and obvious conflict under the Policy.
- 1.5 Report any breaches of the Policy by Governors and staff members to the Board of Governors.
- 1.6 Advise any individual, who is concerned about another individual's potential or actual conflicts of interest, how to raise a concern.
- 1.7 Supervise the Investments Compliance Officer in maintaining the Stop List, and approve personal dealing transactions in the Investments Compliance Officer's absence.
- 1.8 Develop, initiate, maintain and revise the Policy to ensure that it is consistently implemented.
- 1.9 Undertake an appraisal by the Director to ensure that he is performing his duties in line with the roles and responsibilities of the Compliance Officer.
- 1.10 Carry out an appraisal of the Academic Compliance Officer and the Investments Compliance Officer to ensure that the duties are in line with the role and responsibilities set out below.

2. **ACADEMIC COMPLIANCE OFFICER** (held by Policies and Governance Officer in Grants Management)
  - 2.1 Maintain, in conjunction with the Compliance Officer, the Disclosure Register and note all disclosed interests relating to members of staff and members of the Trust's Committees.
  - 2.2 Offer advice, as appropriate, to any individual covered by the Policy who is in doubt as to its application to them.
  - 2.3 Forward to each individual covered by the Policy an annual disclosure form to declare all of his or her disclosable interests, including all external appointments and relevant business holdings. A cover letter will be issued to all members of staff with additional guidance on the submission of the annual declaration. The letter will contain a statement from the Director reinforcing the importance of completing the annual declaration form.
  - 2.4 Escalate to the Compliance Officer, and report to the individual's Executive Board member, the names of any staff members who have not returned their annual declaration form by the agreed deadline. Where the form is not completed within one month of submission, the Compliance Officer will report the individual to the next meeting of the Executive Board.
  - 2.5 Having been notified by the Legal Assistant (via Human Resources Department) of new starters and roles, including all temporary staff and contractors of which Human Resources Department is aware, covered by the Policy, send a disclosure form to the individual taking up an appointment (or changing their role or position) with the Trust or at such time as a disclosable interest arises.
  - 2.6 Provide reports of declared interests to relevant Committee secretaries/managers to enable them to ensure that the Policy is adhered to.
  - 2.7 Have principal responsibility for reviewing any external appointment offered to external members of Charitable Committees or staff members, that requires approval under the Policy. Provide support to the Compliance Officer in reviewing any external appointment offered to a Governor, that requires approval under the Policy.  
  
Approval decisions shall be made as set out in the Policy.
  - 2.8 Offer guidance, if appropriate, to a Head of Department of a staff member acting as Secretary/Manager of a Trust Committee who has a potential conflict of interest.
  - 2.9 Offer guidance to individuals uncertain as to whether a particular appointment would give rise to a direct and obvious conflict under the Policy.
  - 2.10 Advise an individual, who is concerned about another individual's potential or actual conflicts of interest, how to raise a concern.
  - 2.11 Undertake an appraisal by the Compliance Officer to ensure that she is performing her duties in line with the roles and responsibilities of the Academic Compliance Officer.
3. **INVESTMENTS COMPLIANCE OFFICER** (held by Senior Solicitor – Investments)
  - 3.1 Maintain the Stop List and approve or decline all requests for approval of personal dealing transactions.

- 3.2 Offer advice, as appropriate, to any individual covered by the Policy who is in doubt as to its application to them.
- 3.3 Provide support to the Compliance Officer and the Academic Compliance Officer in reviewing any external appointment offered to a Governor, external members of Charitable Committees or staff members, that requires approval under the Policy.
- 3.4 Advise on any declared interests that may create a conflict in relation to the Trust's investment activities.
- 3.5 Offer guidance to individuals uncertain as to whether a particular appointment would give rise to a direct and obvious conflict under the Policy.
- 3.6 Advise an individual, who is concerned about another individual's potential or actual conflicts of interest, how to raise a concern.
- 3.7 Review from time to time whether employees in the Investment Division should be required to only trade through brokers approved by the Trust, or to provide evidence of their personal trading activities.
- 3.8 Undertake an appraisal by the Compliance Officer to ensure that he is performing his duties in line with the roles and responsibilities of the Investments Compliance Officer.

## Annex E

### Policy for Receipt by Governors and the Director of Funding from the Trust

To manage real, potential or perceived conflicts of interest, the Trust will apply the following policy for funding of the research activities of Governors:

1. Governors may continue to hold any Trust funding they hold at the time of appointment.
2. Governors may apply for new Trust funding, or for renewals of Trust funding held at time of appointment, only where the grant application will be assessed separately by an autonomous body (i.e. with a minority of Governors and staff as members) and an independent recommendation made to fund or not.
3. In applying this principle, the following rules will normally be applied:
  - a. Strategic Awards
    - i. Governors may not normally apply for Strategic Awards where the decision will be made by the Strategic Awards Committee.
    - ii. Governors may apply for themed Strategic Awards, but only where the decisions on funding will be made by a specially constituted committee with a minority of Governor and staff members.
    - iii. Governors should not normally be directors of major programmes funded by the Trust, including Wellcome Trust Centres and Major Overseas Programmes. The Director of the Wellcome Trust Sanger Institute is not eligible to be a Governor.
  - b. Senior Investigator Awards  
Governors may apply for personal Trust funding such as Senior Investigator Awards, because the funding decisions will be made by committees composed entirely of external scientists (the Expert Review Groups and the Selection Panel).
4. When a Governor is an observer on a decision-making committee, he or she should leave the room when a Governor is an applicant or co-applicant on a grant being considered by the committee. Expert Review Groups are decision-making committees for this purpose.
5. This policy will be applied prospectively to any new appointments of Governors; any Governors, as of December 2010, would be “grandfathered”.
6. The Director will be ineligible to apply for Trust funding. (Under paragraph 6.11 of the Trust’s Conflicts of Interest Policy, the Chairman is ineligible to apply for Trust funding and the Deputy Chairman is eligible to hold and apply for Trust funding but only to the extent agreed by the Chairman and the Director.)
7. The Chairman, the Deputy Chairman and the Director will be responsible for administering the policy.