Annual Report and Financial Statements 2023

Image: Joan Medza is weighed at the malaria vaccination ward in Kilifi County Hospital, Kenya.

Photographer: Alex Kamweru/KEMRI

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Report from Chair

2022/23 was the first year of the decade in which Wellcome plans to spend £16 billion on our mission of supporting science to solve the urgent health challenges facing everyone. The drive to make and deliver on this plan is in no small part due to Jeremy Farrar's tenure as Director of Wellcome from October 2013 to February 2023.

Jeremy led Wellcome to become a more confident and ambitious organisation. He oversaw the development of our new strategy, which will guide our work for at least the next 10 years. During 2023, under the leadership of Paul Schreier, our interim Chief Executive Officer (CEO), previously our Chief Operating Officer, Wellcome has made considerable progress. Leadership transition can result in a period of stasis in an organisation. Thanks to Paul's exemplary leadership, this has not happened at Wellcome. Instead, we have improved our ability to implement and deliver our strategy and achieve impact as a result.

On behalf of all of Wellcome, I formally record our sincere thanks to Jeremy and Paul for their enormous contributions. I am delighted that in January 2024 we welcome John-Arne Røttingen, our new CEO. He brings a wealth of experience leading different types of organisations working across research, public health, advocacy and government. John-Arne is known to many in the Wellcome community, having worked with us before, notably as CEO of CEPI, the Coalition for Epidemic Preparedness Innovations, which Wellcome and others founded in 2017. He brings the right mix of scientific, leadership, policy and advocacy skills to drive Wellcome forward. His cross-sector perspective is vital to Wellcome's work. We want science to have the greatest possible positive impact on health for everyone. That means funding researchers and sustaining environments in which they are able to pursue great ideas, generate new knowledge, and potentially make breakthroughs in understanding life, health and wellbeing.

We call the pursuit of curiosity-driven ambitious hypotheses Discovery Research, and it was my pleasure this year to meet with many Wellcome-funded scientists who are at the forefront of this kind of research in their field. Several came and presented at Wellcome Board meetings, and I have also had the opportunity to meet researchers in their home institutions, such as the Wellcome Sanger Institute, where we provide the majority of funding, and the Francis Crick Institute, which we fund in partnership with others.

We also support research and innovation to achieve specific goals that contribute to solving health challenges. We can't do that for every health challenge, which is why we've chosen to focus this side of our work through strategic programmes in Infectious Diseases, Mental Health, and Climate and Health.

In addition, we fund Wellcome Leap, which uses a very different model of research funding to generate innovative solutions in seemingly impossibly short deadlines. We are also proud of our funding contribution to research programmes in Africa and Asia and our support of strategic platforms for research like UK Biobank.

Blind Field Shuttle, Carmen Papalia, 2012. From Wellcome Collection's *In Plain Sight* exhibition.

We understand that science doesn't speak for itself. Through communications and campaigning, we can raise the profile of science and ensure leaders, policy makers and communities have access to it and are able to put the science into action.

For example, Wellcome colleagues and I attended COP28 in December 2023 to advocate for the centrality of health and research in climate change decisions and actions, having worked with the COP28 presidency to include a Health Day for the first time. This is one example of the way in which we can use Wellcome's voice, and the authority that stems from the scientific research we support, to not only raise awareness of health challenges but also influence others to act to address them effectively.

In all of our work at Wellcome we are aiming to sharpen our focus on equity, diversity and inclusion because this work is central to our mission. To strengthen our approach, in 2023 we appointed Jimmy Volmink to our Executive Leadership Team as our first ever Chief Equity, Diversity and Inclusion Officer. Jimmy, whose career began as a doctor in South Africa before moving into public health and research, will lead our work to become a more inclusive funder and employer.

To achieve our mission, we work with a broad range of people, including communities affected by health challenges and the wider public, because everyone's experience of health matters. Wellcome Collection is our free museum and library, a long-standing part of Wellcome's identity which helps connect us in creative ways to individual, social and cultural experiences of health past, present and future.

A highlight of this year's programme was *In Plain Sight*, an exhibition developed in consultation with blind and partially sighted people. It demonstrates how access, diversity and inclusion is not just about reaching people who may have been excluded in the past, but working with people and learning from their experience and expertise to improve our offer for everyone.

Environmental, social and governance

In November 2023, we welcomed two new members of Wellcome's Board of Governors: Stephen Lovegrove, most recently the UK's National Security Adviser, and Diana Noble from the Bank of England board. From January 2024, Stephen will chair the audit and risk committee and Diana will chair the remuneration committee.

My thanks go to Amelia Fawcett, who stepped down from the Board at the end of September 2023 having completed a four-year term in which she chaired two committees and contributed her substantial experience in improving risk management, internal controls, accountability and culture.

The Board and I continue to focus on making Wellcome's governance the best it can be and ensuring the whole organisation aims for, measures and achieves the greatest possible impact.

We have now implemented all recommendations from an independent governance and Board effectiveness review in 2022, and are supporting the development of a group-wide strategy for environmental, social and governance (ESG) issues. This year's Annual Report includes a new ESG section, which sets out what we do already to measure and manage the full impacts of our mission and the way we operate in the world. When our ESG strategy is in place, we will begin to report our progress in more detail.

The ESG strategy will integrate current work to achieve our ambitions to become a net zero organisation by 2030 for scope 1 and 2 emissions generated by our direct charitable activities and operations, and net zero by 2050 at the latest for emissions relating to our investment portfolio.

Sustainability is a key factor in the expansion of the Wellcome Genome Campus at Hinxton in Cambridgeshire, UK. This is an important large investment we are making in a commercial science park, alongside existing world-class research facilities including the Wellcome Sanger Institute. The development will include community spaces, shops and a school, as well as 1,000 new homes, and our investment will generate a return to help fund our mission as well as creating benefits for life sciences.

Our investment portfolio returned +0.9% in GBP in the year to 30 September 2023, or -8.1% after inflation (Figure 1 page 36). Combined with £1.3 billion of charitable cash expenditure, this led to a decrease in total funds (the value of our investment portfolio less all liabilities) to £33,458 million.

Inflation is coming down but remains at uncomfortable levels. Meanwhile, the higher interest rates needed to combat inflation have negatively affected consumers and many businesses, which has caused economic growth to stall. The recovery in equity markets during our financial year has been welcome but may be difficult to sustain if interest rates remain at current levels for long.

Despite these pressures, Wellcome's plan to spend £16 billion over a decade remains firm given the financial headroom created by the long-term growth of the portfolio. Although higher inflation will mean that our money cannot fund as much work as it otherwise would have done, it is a solid platform from which to pursue scientific impact and improvements in health for everyone.

In conclusion, I record my and the Board's thanks to all who have made the outcomes detailed in this Annual Report possible. Our staff are hugely committed to our mission and pursue their work with care and determination. The global science and health community continues to show us the way to a healthier, more sustainable and happier future. Huge thanks for your work and passion.

Wellcome in numbers

£1,702mn

Charitable expenditure, including research grants (2022: £1,366mn)

0.9%

Annual return from Wellcome's investment portfolio (2022: 1.7%)

£33,458mn

Total funds at 30 September 2023 (2022: £34,601mn)

Julia Gillard
Chair of Wellcome

Report from Chief Executive

It has been a privilege and an enormous pleasure to be Wellcome's interim Chief Executive Officer (CEO) during the past year. My thanks to our Chair, Julia Gillard, and everyone at Wellcome who has supported me and put so much effort into delivering our mission and strategy this year.

As Julia says in her report, the mission and strategy are in place now, and will remain a constant through my handover with John-Arne Røttingen, Wellcome's new CEO, and for many years to come. I worked closely with John-Arne during the Covid-19 pandemic, where I saw the quality of his thinking and his collaborative style in his work on financing pandemic measures as part of the Access to COVID-19 Tools (ACT) Accelerator, and in his chairing of its Facilitation Council. I have no doubt at all that he will be a very good CEO for Wellcome, and that Wellcome will continue to go from strength to strength with his leadership.

If there has been a theme for me this year, it has been putting the strategy into action, and that is reflected in the content of this Annual Report. The abating of the pandemic's effects on our operations and less internal focus on reorganisation has meant more work communicating our strategy to stakeholders and translating it into reality.

Highlights have to include the announcement that we would be supporting the development and clinical trials of a potential new vaccine against tuberculosis. This is through a partnership with the Bill and Melinda Gates Foundation, and if successful it will deliver the first new tuberculosis vaccine for 100 years. Given the limitations of the existing vaccine and a lack of progress in developing better treatments, this would make a huge difference to the lives of people around the world.

A similar story has been unfolding in relation to malaria, another infectious disease that kills hundreds of thousands of people every year and affects millions more. The World Health Organization this year approved use of R21, the second malaria vaccine to be endorsed in two years. Wellcome funded studies of both vaccines, and research continues to show benefits of both. But we have also funded basic and translational research into infectious diseases – including malaria and tuberculosis – since we were founded in 1936, and these new vaccines can be seen as the culmination of decades of such research around the world.

We know it can take a long time for research to have impact on health, and that can discourage funders who need to show impact sooner from funding basic, curiosity-driven research. Wellcome can afford to take the long view, which is why we still put so much of our charitable spend into Discovery Research. It may seem counter-intuitive, but we believe that some of the greatest discoveries will come by freeing researchers from the pressure of making discoveries and letting them ask big, important questions about life, health and wellbeing, and use creative approaches to answering those questions. An example that we looked at a lot when developing our new strategy was mitochondrial donation treatment, which would not have happened

without scientists just wanting to find out how mitochondria – the 'batteries' in our cells – worked.

Of course, it takes more than research for discoveries to help people. A central part of Wellcome's mission to transform health through science is supporting science to have impact. An example from our Mental Health programme is advising the European Commission on its first mental health strategy, and it's great to see the emphasis on science in the outputs, including a call for a mental health mission in the next European Union research funding programme.

Wellcome employees in our London office.

Beliefs, values and mission

As I reflect on four years at Wellcome, first as Chief Operating Officer then interim CEO, it has been a more turbulent period than I might have anticipated when I joined. The organisation has changed significantly and done that during a time when the pandemic not only required us to focus efforts on supporting research to address Covid-19, but also on supporting our people through sickness and lockdowns.

Wellcome now moves into a new era with the appointment of John-Arne, and with Wellcome Collection nearing the end of a process to implement a new strategy to define its contribution to Wellcome's mission in future. Personally, I have very much enjoyed working with Melanie Keen, director of Wellcome Collection, and learning so much about how the spirit of cultural enquiry into life, health and wellbeing can contribute to the ways we support science to have positive impacts in people's lives and health.

This year we have also introduced organisational beliefs and values. Our mission had set out what we decided to do through our new strategy, and we have now augmented that with beliefs to explain why we do that, and values to guide how we do it. The process of developing beliefs and values involved people across Wellcome and will contribute to the continuing evolution of Wellcome's working culture. Our goal has been to create an environment where people can be themselves, know what to expect of each other, and be at their best to achieve a truly inspiring mission, supporting science to solve the urgent health challenges facing everyone.

PJR Schreier

Paul Schreier
Interim CEO of Wellcome
(25 February 2023 to 29 January 2024)

Trustee's Report

Swetha Suresh conducts research into antimicrobial resistance at a Bugworks facility in Bangalore, India.

Photographer:
Abhishek N. Chinnappa/Wellcome Trust

What we do

Our mission
Wellcome supports science to solve the urgent health challenges facing everyone.

Our values
Transformative
We always strive to make a significant difference.

Thoughtful
We consider the consequences of our actions and our impact on others.

Inclusive
We respect all people and perspectives.

Brave
We stand by our beliefs and push boundaries.

Our beliefs
- We believe in the power of science to create knowledge that builds a healthier future for everyone.
- We believe science has its greatest benefits through collaborative action across society.
- We believe diversity of people and expertise leads to richer understanding and more impactful discoveries.
- We believe everyone's experience of health matters, and everyone should be able to benefit from science.
- We believe we should take on risks and tough challenges – especially when others aren't.

Wellcome supports research across all disciplines into life, health and wellbeing. We bring together people with different forms of expertise and experiences of health to generate new insights and inspire progress towards a healthier future for everyone.

We seek to maximise science's benefits for people's health by funding excellent research from discovery to impact. And we work with others across society, around the world, to develop, test and implement sustainable, evidence-based solutions that work for the people who need them.

To achieve our mission, we work with a broad range of partners, including the people and communities most affected by health challenges, in our strategic programmes and other activities. We want everyone to be able to connect with, contribute to and benefit from science's contributions to a healthier future.

Strategic programmes:
- **Discovery Research –** transform understanding of life, health and wellbeing through research across a range of perspectives and contexts.
- **Infectious Disease –** reduce the risks and impacts of infectious disease.
- **Mental Health –** drive a step-change in early interventions for anxiety, depression and psychosis.
- **Climate and Health –** put health research at the heart of climate action.

Other activities:
- **Wellcome Leap –** deliver breakthroughs in human health over 5 to 10 years.
- **Cross-mission –** support the mission as a whole, including Wellcome Collection.

Year at a glance

£1,702mn

Wellcome's charitable expenditure, supporting science to solve the urgent health challenges facing everyone.

2022: £1,366mn

£126mn

Wellcome's contribution to clinical trials of a potential new tuberculosis vaccine.

See page 20.

3 Dec 2023

Date of the first ever Health Day at the COP28 Climate Conference.

See page 28.

0.9%

Annual return from Wellcome's investment portfolio, which funds everything we do.

2022: 1.7%

3,000

Datasets in the world that could help advance understanding of anxiety, depression and psychosis.

See page 24.

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New Wellcome Discovery Research Platforms, which will work to remove barriers to progress in research.

See page 15.

384,000

Number of visitors to Wellcome Collection this year. 82% felt their visit made them think more deeply about science or health.

See page 34.

Image:
In Plain Sight exhibition, Wellcome Collection.

Photographer: Steven Pocock/Wellcome

Review of Charitable Activities

Wellcome's charitable spend in 2022/23:

Discovery Research

£955mn

2022: £825mn

Transform understanding of life, health and wellbeing through research across a range of perspectives and contexts.

Infectious Disease

£239mn

2022: £295mn

Reduce the risks and impacts of infectious diseases.

Mental Health

£108mn

2022: £41mn

Drive a step-change in early interventions for anxiety, depression and psychosis.

Climate and Health

£127mn

2022: £51mn

Put health research at the heart of climate action.

Wellcome Leap

£111mn

2022: £62mn

Deliver breakthroughs in human health over 5 to 10 years.

Cross-mission activity

£163mn

2022: £93mn

Support the mission as a whole, including Wellcome Collection.

Overview

On 2 October 2023, a vaccine called R21 was approved by the World Health Organization for the prevention of malaria in children, making it the second malaria vaccine in two years to be endorsed. Research into the first vaccine – RTS,S – continues to show its benefits in different geographical and clinical contexts. Both are expected to be introduced in 2024 in a number of countries in Africa, where over 90 percent of cases and deaths from malaria are currently recorded.

Wellcome has supported studies and trials in the development of these vaccines over many years, and we are already funding a potential successor to R21 that may lead to an even more effective vaccine in the future (see page 21). We hope to see similar progress in tackling tuberculosis within the next decade: in partnership with the Bill and Melinda Gates Foundation, Wellcome is supporting large-scale trials of the first new vaccine against tuberculosis in 100 years. If successful, this would be a vital tool in blocking transmission of the infection, countering the rise of drug-resistant tuberculosis and benefiting communities around the world where tuberculosis is a major cause of death and disease (see page 20).

These examples show how research to understand life, health and wellbeing, across a range of disciplines from basic parasitology and immunology to clinical trials, leads to discoveries and breakthroughs that bring substantial benefits to people's health and lives.

Research that has no apparent link to a specific health challenge can also have impact on health. For example, Wellcome-funded research into the workings of mitochondria – often called the 'batteries' of our cells – sparked a new idea for preventing the inheritance of devastating mitochondrial diseases. After years of research and development, the idea has become a technique that has now been used (see page 14). Wellcome's funding for the team behind this success will end in 2024. Lessons we have learned from supporting their work in different ways over the years informed the approach of our new strategy, which is founded in our commitment to Discovery Research as the richest source of long-term medical progress.

For an intervention to benefit people, it takes translation, community engagement, policy and advocacy, campaigning, communication and more to create the will to fund and deploy it to everyone who needs and wants it. Otherwise scientific triumphs would remain just that. Wellcome can't do this for every health challenge, which is why we've chosen three – Infectious Disease, Mental Health, and Climate and Health – where we are putting these activities together with the research to make a real difference.

Unlike Discovery Research, which focuses on research to generate knowledge, the research we support in our three health challenge programmes can span everything from improving fundamental understanding through to testing and evaluating interventions. This year, we've run a number of funding calls that give researchers opportunities to take on the research we need to achieve our goals, from understanding connections between sleep and mental health, to the biology of how extreme heat affects our bodies.

We've also continued to identify actions beyond research that are essential to the science we – and others – support having a positive impact on people's health. That includes advising the European Commission and European Parliament on a new strategy for mental health (see page 24), and attending COP27 in 2022 and COP28 in 2023 to advocate for health and health research to be at the heart of climate change actions (see page 28).

We continue to increase our engagement with researchers, both to communicate our strategy to key stakeholders and to listen to feedback so that we can continue to evolve and hone our approach. We ran eight Discovery Research events in the UK and held three webinars for researchers based in Africa, Asia and Latin America. Wellcome colleagues visited major programmes we fund in Kenya and Malawi, attended climate events in Thailand and Rwanda, ran infectious disease workshops in Ethiopia, India and Brazil, and worked with neuroscientists and clinicians in 11 countries to shape a Mental Health funding call.

Our open-mode Discovery Research funding schemes are attracting excellent applications from researchers around the world who want to use cutting-edge methods to answer big questions about life, health and wellbeing. We continue to fund five programmes in Africa and Asia, and announced a new cohort of eight Discovery Research platforms in the UK – these are collaborations that aim to remove barriers to progress in specific research fields, and show how Wellcome can directly help improve the ecosystem for research, as well as funding specific people and projects.

Collaboration is the lifeblood of research, and we were pleased to learn in September 2023 that the UK would be participating in Horizon Europe, the world's largest multilateral research funding scheme. Wellcome and many others – including the Stick to Science campaign, which we supported – worked hard over many years to ensure decision makers on both sides appreciated the positive impacts of the UK becoming fully associated to the scheme, as other non-EU countries have done, rather than going it alone. This is the best possible outcome for research after Brexit, maintaining the strength of international research collaboration.

Our charitable subsidiary Wellcome Leap is another example of the power of collaboration in science. Since 2020, it has developed a global network to find solutions to humanity's urgent health needs, through basic research inspired by specific needs. Its nine active programs include SAVE (Surgery: Assess / Validate / Expand), which is using innovations in surgical technology and training to increase global capacity for laparoscopic surgery and reduce post-operative deaths by one million a year (see page 32).

Outlook

Wellcome now has clearly articulated our beliefs, values and mission as an organisation (see page 9). Our new chief executive has joined the team as we continue delivering an ambitious strategy supporting science to solve the urgent health challenges facing everyone.

The coming year will be significant for Wellcome Collection, our free museum and library, which has been developing a new strategy while continuing to deliver a programme of engaging and inspiring exhibitions and events. The result will be clearer connections between Wellcome's mission and Wellcome Collection's work within that, in line with its vision of a world in which everyone's experience of health matters.

The world continues to face uncertainties with conflicts, economic pressures and environmental change presenting increasing challenges to people's lives and health, as well as to research. One of Wellcome's beliefs is in the power of science to generate knowledge that builds a healthier future. Science – as a fundamental and collaborative human endeavour – gives us hope. It keeps us moving forward as a species, expands our minds, shifts our understanding, and unlocks potential ways to change the world for the better.

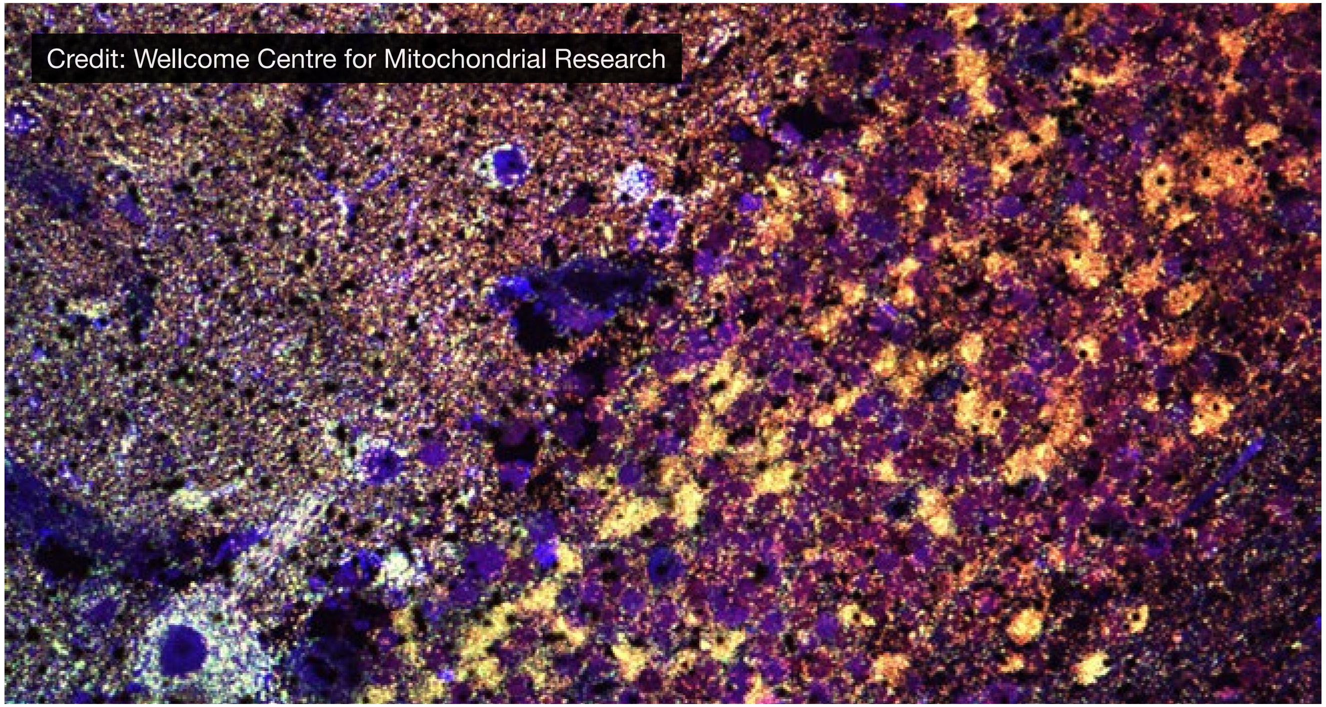
Discovery Research

In 2023, news broke that the first babies had been born using mitochondrial donation treatment – a scientific advance which gives families affected by mitochondrial diseases a chance of having children without these life-limiting conditions.

Mitochondrial donation, also known as mitochondrial replacement therapy, was pioneered by a research team in the UK. Wellcome was closely involved in its progress as a long-term funder of the basic and translational research, and through campaigning and advocacy to support a change in UK law that – when passed in 2015 – allowed the therapy to be used clinically.

The story began years earlier, however, with Wellcome-funded researchers asking fundamental questions about mitochondria – often called the 'batteries' of our cells – and what happens when they don't work properly. From this research, the potential was recognised of using in vitro fertilisation (IVF) to avoid the inheritance of faulty mitochondria, which causes a range of serious disorders that often lead to disability and death. The Wellcome Centre for Mitochondrial Research was set up at Newcastle University to continue the research and develop a treatment.

This year, it was confirmed that between one and five babies have been born using the technique – the exact number has not been given to protect the families' privacy – and the Newcastle team will be publishing data on its safety, efficacy and potential.



Credit: Wellcome Centre for Mitochondrial Research

Mitochondrial proteins (red, green and purple) are being studied for their role in energy generation in mitochondrial disease.

Wellcome's current funding for the centre will end in 2024. Because our focus in Discovery Research is on enabling researchers to ask open questions and generate new knowledge, we have decided not to renew our funding. We support our grantholders to reach a point where other partners can step in to realise the potential of their work, but we only support advances all the way to health impact ourselves in the three areas we've chosen – Infectious Disease, Mental Health, and Climate and Health.

Supporting transformative research

This year we announced funding for eight new Discovery Research Platforms in line with our ambition to support transformative research. Each platform will bring together researchers and collaborators to address a range of practical, technological and methodological barriers holding up progress in fields from cell biology to neuroimaging.

For example, the Discovery Research Platform for Medical Humanities is being led by Professor Angela Woods and Dr Ben Alderson-Day at the University of Durham. It will empower humanities and social science researchers, experts by experience, and professionals in the health, creative and voluntary sectors to co-develop experimental approaches to tackling health challenges, including mental health and health inequalities.

Discovery Research Platforms are a form of directed funding, through which we can make targeted interventions to develop transformative research environments and overcome barriers holding back progress in specific fields. This approach complements our three open-mode Discovery Research funding schemes, which provide researchers at different career stages with time and resources to address challenging and potentially risky research questions that they want to pursue.

- Early-Career Awards for those who are ready to develop and establish their own research identity and begin the journey towards independence.
- Career Development Awards for researchers who are ready to take responsibility for the creative and bold projects that will establish them and their research groups on the international stage.
- Discovery Awards for researchers and teams already established in their fields.

See pages 16-17 for examples of open-mode awards we made this year.

Removing barriers to inclusion

We are fortunate to work with a strong and diverse network of international researchers, including our Africa and Asia programmes led from Kenya, Malawi, South Africa (see 'Discovery and solutions in South Africa'), Thailand and Vietnam. To make a significant impact, however, we need to support more research being led in places where people are most affected by the relevant health issues.

In July and August 2023, we ran three webinars for researchers based in Africa, Asia and Latin America to explain and receive feedback on how Wellcome supports research. Funding high-quality Discovery Research in these regions enables us to build a portfolio addressing research questions in the countries where they are most relevant, as well as research focusing on diseases of global, regional or local importance. In addition, research in these countries is essential to better identify future research questions, set agendas and ensure greater impact.

Similarly, between March and May 2023, the Discovery Research team visited eight locations in the UK. The aim was to re-connect with research communities that know Wellcome and to forge links with new ones. At these visits, as in the webinars, we shared Wellcome's vision and priorities in Discovery Research, and highlighted opportunities to apply for funding.

Discovery and solutions in South Africa

In August 2023, Wellcome announced a further seven years of core funding for the Africa Health Research Institute (AHRI) in South Africa. Led by executive director Willem Hanekom, AHRI is an independent transdisciplinary scientific research institute with around 750 employees across two sites in KwaZulu-Natal province. Its work spans basic science to clinical to population to social sciences, focusing on tuberculosis and HIV, which are highly prevalent in the population, and increasingly on adolescent mental health and emerging and neglected infectious diseases. Our funding will enable AHRI to expand its research and training, all in support of the optimal health and wellbeing of under-resourced populations.

For example, AHRI pioneered a health and demographic surveillance system that has followed more than 100,000 people for over 20 years. Wellcome funding helped develop a new protocol for this surveillance approach, which has become the standard for three more sites in South Africa, contributing to a deeper understanding of the nation's health and clinical outcomes.

Mechanisms of anhedonia

Clementine Edwards

Clementine Edwards, a clinical psychologist based at King's College London, has received an Early-Career Award to undertake a transdiagnostic programme of work to examine the mechanisms underlying a reduced experience of pleasure (anhedonia). The project will use methods including structural equation modelling, mobile health monitoring and virtual reality to bring understanding to this condition for which there are no current effective interventions recommended in the UK. This work has potential to generate a step-change in understanding, and highlights how opportunities through our Discovery Research awards can support the careers of researchers whose interests overlap with our other strategic programmes – in this case, Mental Health.

Dementia in Parkinson's disease

Rimona Weil is a neurologist and neuroscientist at University College London working on understanding how dementia happens in Parkinson's disease. Her research, supported by a Career Development Award, makes use of advanced neuroimaging to understand what changes take place in the brains of people living with the condition. As a clinician-scientist, her ultimate aim is to be able to slow the progression of Parkinson's dementia by targeting the right treatments to individual patients. Combining several types of imaging and biological samples from people with Parkinson's disease could identify which particular combination of proteins is building up in the brain for each person, which will help target treatments in the future.

Sugar and health

Rizwana Lala

Rizwana Lala is a practising dentist based at the University of Sheffield. She has an Early-Career Award to support research that integrates clinical dental public health and medical sociology to analyse commercial involvement in sugar-related public health approaches and the impact on social inequalities. This will be carried out through an intersectional approach and co-created with people from marginalised groups.

"Wellcome funding allows me quite a lot of flexibility and that's what's really attractive about this award."

Rimona Weil

Analysing breast cancer risks

Weang Kee Ho, based at the Malaysia Campus of the University of Nottingham, is a mathematical researcher embedded within the breast cancer field. Bringing expertise to risk stratification in non-European populations is an important step in health equity, and their position in Malaysia allows them to focus on a diverse Asian population. Dr Ho, who received a Career Development Award this year, has established collaborations and links with Cancer Research Malaysia, which provides the discovery project with potential future pathways towards translation of their research.

Engineering better models of human tissue

With a Career Development Award, Chris Spicer is building an interdisciplinary team of synthetic chemists, cell biologists and material scientists to develop tissue models that better mimic conditions in the human body. Most current tissue models are unable to recreate the biology of living tissue, largely because the materials used to grow tissue in a lab can't provide all the right biological signals. Chris's team at the University of York uses specially engineered biomaterials, such as hydrogels, which can replicate some biological properties as well as providing a scaffold on which cells can grow, expand and communicate.

Chris Spicer

Biochemistry of plants

Anne Osbourn is a plant biologist at the John Innes Centre. Her Discovery Award will support research to understand how plants produce a huge range of bioactive chemical compounds. The research is based upon a computational platform and transient plant expression technology that uniquely combine to decode, characterise and then manipulate the biosynthetic capabilities of plants. The systematic and structured data delivered by this project will also serve as the foundation for advances in machine learning approaches to predict chemical bioactivity.

Anne Osbourn

Understanding brain injury

Anthony Figaji is a paediatric neurosurgeon and neuroscientist at University of Cape Town working to understand, prevent and treat secondary brain injury processes in children. His research, supported by a Discovery Award, makes use of novel methodologies to investigate disease mechanisms and treatment in children with tuberculous meningitis. Current understanding of these disease mechanisms and resulting treatment outcomes is poor. Leveraging opportunities from standard clinical procedures, this research will develop a deep understanding of the biology of the brain. If successful, a further outcome would be the identification of clinical diagnostic and prognostic markers.

"To me, discovery research is about having the freedom to go after big ideas where you don't always know what the outcome will be."

Chris Spicer

Wellcome Sanger Institute

The Wellcome Genome Campus including the Wellcome Sanger Institute operates as Genome Research Limited, which is a charitable subsidiary of Wellcome. The campus is a world-leading centre for genomic science, working with partners around the world on scientific, business, cultural and educational activities emanating from genomics and biodata.

The Human Cell Atlas is an initiative to map every cell type in the human body. As one part of this ambitious project, researchers at the Wellcome Sanger Institute, the European Bioinformatics Institute and the Gurdon Institute at the University of Cambridge have examined which genes are activated in different stages of lung development, one cell at a time. They combined this with spatial technologies, which pinpoint the exact location of cells, to create the Developmental Lung Cell Atlas. Published in December 2022, the atlas shows how the respiratory system comes into being and can be used as a guidebook to healthy lung development and a baseline to investigate how lung diseases originate.

Image: Portable DNA sequencers are enabling reliable genomic analysis of infectious disease pathogens to inform rapid, local responses.

Photographer: Chris Ratcliffe/Wellcome

Infectious Disease

Wellcome's Infectious Disease strategic programme aims to reduce the risk and impact of infectious diseases within the communities most affected. This year, we have continued to work towards three specific goals to close key knowledge gaps, generate new evidence to understand the burden of infectious disease, and improve access to equitable and affordable solutions.

Closing knowledge gaps

In June 2023, we hosted a workshop in partnership with the Bill and Melinda Gates Foundation (BMGF) in Rwanda. The workshop brought together over 100 modellers, policymakers, implementers, national disease control program staff, funders and other stakeholders to discuss how we can best address key infectious disease modelling research questions while strengthening the public health modelling ecosystem in Africa.

The outputs of this workshop helped shape a joint funding call between Wellcome and BMGF, which launched in September 2023. It will support projects led by researchers based in Africa to use modelling approaches in health and infectious disease research. The aim is to fill knowledge gaps and build understanding of the impact of environmental change on vector-borne diseases.

Tuberculosis samples are processed at an Africa Health Research Institute facility in Durban, South Africa.

Understanding the burden

We launched a funding call this year to generate evidence for decision-making on the use of the oral cholera vaccine, with a focus on real-world impact and preparing for future preventative vaccination campaigns. This will allow successful research teams to support and engage with policymakers who are responsible for preventing and controlling cholera.

The International Pathogen Surveillance Network (IPSN) was launched by the World Health Organization (WHO) Hub for Pandemic and Epidemic Intelligence in May 2023. IPSN brings together a global network to improve public health decision-making, working with a vision of ensuring every country has equitable access to sustained capacity for genomic sequencing and analytics. Wellcome supported the WHO to launch IPSN, as well as the design and development of IPSN's Small Grants Fund, pooling international funding for projects led by low- and middle-income countries that pilot or develop innovative genomic surveillance approaches. This is an opportunity to leverage the pathogen genomic sequencing capabilities built up during the Covid-19 pandemic towards local priority pathogens and integrate genomic surveillance into national programs in a sustainable manner.

In June 2023, we hosted workshops in Ethiopia, India and Brazil to learn more about researchers' priorities to understand the threat of escalating infectious diseases in their local communities. Participants attending the workshops were selected from a global survey earlier in the year to ensure diverse representation and engagement from multidisciplinary public health stakeholders. The themes were priority escalating diseases, areas of research, and barriers and enablers to conducting research in each region. Findings will be published in 2024 and will build a shared understanding of researchers' priorities and the environments they engage in.

Equitable and affordable solutions

We fund a number of specific projects and initiatives to generate affordable products and accelerate their implementation, including CARB-X (see 'Addressing drug-resistant infections'), Hilleman Laboratories in Singapore, and the Coalition for Epidemic Preparedness Innovations (CEPI).

In June 2023, we announced new funding to advance clinical trials of a tuberculosis vaccine candidate – M72/AS01E (M72) – in partnership with the Bill and Melinda Gates Foundation. Wellcome will provide funding to the Gates Medical Research Institute over the next 10 years to support the development of the M72 vaccine and partially fund phase 3 clinical trials in communities affected by tuberculosis. If it proves effective, M72 could become the first new vaccine to help prevent tuberculosis in over a century.

This year, we also began developing a vision for a reformed ecosystem of infectious disease research and development (R&D), through which new products such as vaccines and medicines are developed, tested and brought to market. First, we published our perspective on how the current ecosystem fails to meet people's needs, setting out potential routes for policy reform and discussion. We engaged with stakeholders across the infectious disease landscape to gather feedback on the paper, with the aim of co-creating an equitable and sustainable vision for the future (see page 82). In 2024, we will publish a more detailed position paper informed by the responses we received.

Preventing seasonal malaria

In some areas, malaria is transmitted by mosquitoes all year round. But in the Sahel region, which stretches across Africa south of the Sahara desert, transmission is seasonal with peaks of disease and death linked to the rainy season. A 2023 study in Burkina Faso and Mali, funded by Wellcome under the Joint Global Health Trials initiative with the UK's Medical Research Council, Foreign, Commonwealth and Development Office, and Department of Health and Social Care, has shown continued benefits over five years of combining the RTS,S malaria vaccine with antimalarial drugs in settings of highly seasonal malaria transmission. The vaccine–drug combination reduced the numbers of clinical malaria episodes, severe cases and children's deaths by nearly two-thirds compared with either seasonal malaria chemoprevention or vaccination alone.

Addressing drug-resistant infections

Antimicrobial resistance is a leading cause of death in the world, responsible for an estimated 1.27 million deaths in 2019, according to the Wellcome-funded Global Research on Antimicrobial Resistance report. Since 2016, Wellcome has supported CARB-X (Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator), a global non-profit partnership dedicated to supporting early-stage antibacterial research and development to address the rising threat of drug-resistant bacteria. Since its inception, CARB-X has supported the advancement of 92 innovative projects across 12 countries, which have already delivered two new diagnostics to healthcare. In October 2022, CARB-X launched a new funding call with three themes: oral therapeutics for multidrug-resistant infections, vaccines for neonatal sepsis, and products to diagnose, treat or prevent gonorrhoea.

Protecting children from malaria

Professor Adrian Hill at the University of Oxford in the UK is funded by Wellcome to develop a multi-stage malaria vaccine. As part of this work, Wellcome supported controlled human infection studies of the R21 malaria vaccine candidate, which has now gone on to demonstrate high levels of efficacy and safety in clinical trials in children. In 2023, the World Health Organization, along with regulators in Ghana, Nigeria and Burkina Faso, approved the use of R21, which means the vaccine now has real potential for preventing thousands of deaths from malaria. Wellcome's funding is also supporting the development of a multivalent vaccine that builds on R21 and, if successful, has the potential to provide an even more effective malaria vaccine in the future.

Adrian Hill

Image: Vector-borne disease research in the insectary at the Wellcome Sanger Institute.

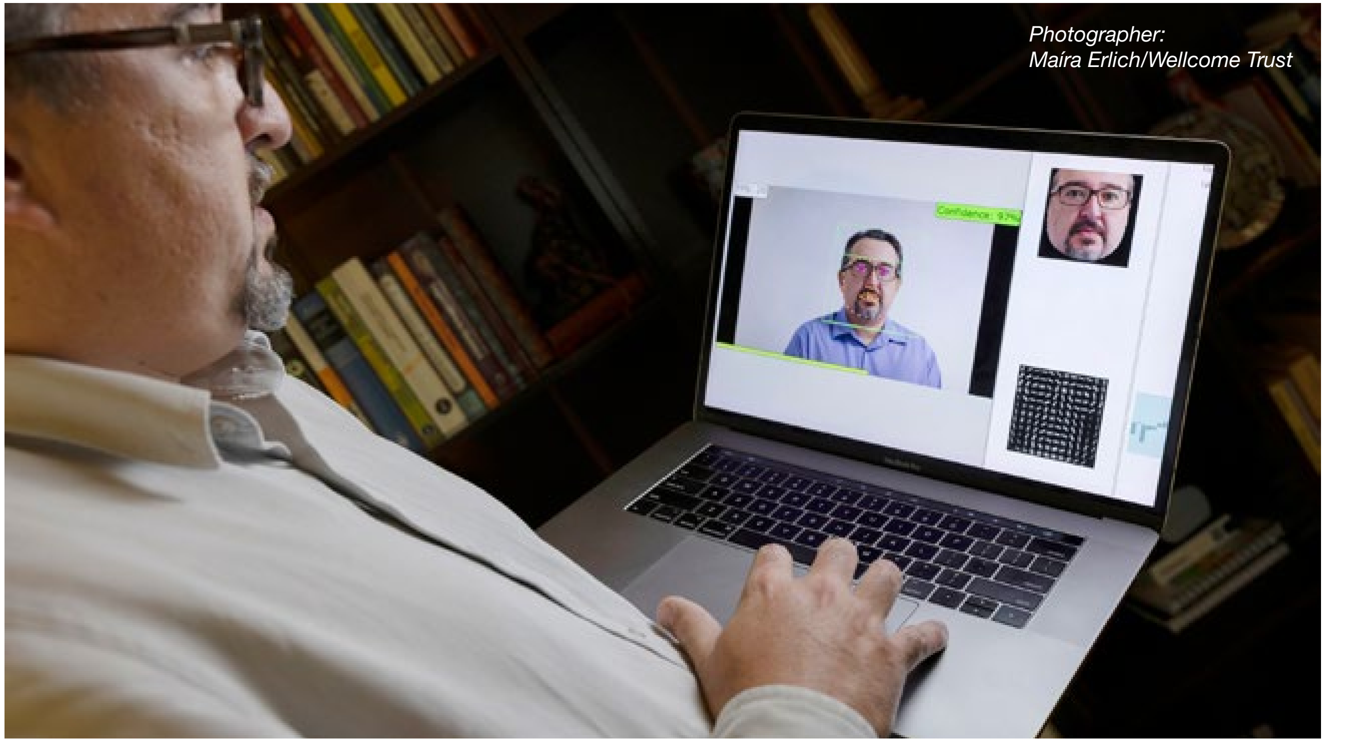
Photographer: Chris Ratcliffe/Wellcome

Mental Health

Wellcome's Mental Health strategic programme is driving a step-change in early intervention in anxiety, depression and psychosis.

We are committed to catalysing a vibrant mental health science community with a pipeline of science from discovery to translation. Crucially, this must involve working with partners who will ensure uptake. We have set ourselves the ambitious target of there being at least one new pharmacological, one new non-pharmacological, and one new digital intervention in use by 2032 as a result of Wellcome's funding, convening and influencing.

This year, we funded research into a range of new interventions – including biological, psychological and social treatments – and new ways to target treatments more effectively. We also funded a wide range of foundational research into how anxiety, depression and psychosis arise and the mechanisms underpinning their resolution. Other strands of our work include creating new tools, building a mental health science community, influencing others, and embedding lived experience expertise.



Dr Alexandre Loch, psychiatrist and neuroscientist, shows images of facial recognition technology to spot early signs of psychosis in São Paulo, Brazil.

Testing new treatments

New funding for new treatments this year included:

- a trial platform to allow multi-arm adaptive trials to be run for pharmacological interventions for early psychosis
- a multi-site randomised control trial involving cash transfers as part of psychosocial intervention for youth anxiety and depression in South Africa, Nepal and Brazil
- research into the use of digital applications to help people with psychosis manage paranoia
- a study to explore whether categorisation of sleep profiles can help target early intervention for psychosis

Many of these projects are in line with our strategy to fund high-risk projects where there is potential for high impact. Given their ambition, range, number and timelines, the likelihood of achieving our 2032 target is high.

Transforming fundamental understanding

To examine key hypotheses about how anxiety, depression and psychosis develop, we funded longitudinal projects in the UK and low- and middle-income countries to understand the impacts of microbiome and life events in early life and young adulthood.

To build the basis for future secondary analysis of data, we commissioned a review that created a list of 3,000 datasets in the world that might advance understanding of anxiety, depression and psychosis.

We funded work to produce an overview of the historical development of ideas about the causes of anxiety, depression and psychosis. When completed, it will be publicly available as an interactive timeline.

We funded projects focused on the relationship between sleep and circadian rhythms and mental health, including considering the role of sleep restriction therapy as an early intervention for depression (see 'Sleep therapy').

Given that the mechanisms by which current treatments work are generally not known, we funded projects to test hypotheses. These included examining whether antipsychotics work by addressing immune dysregulation (see 'Immunity and psychosis'), exploring the role of surprise in resolving social anxiety, and examining light regulation as a potential mechanism by which lithium helps those with bipolar disorder.

Creating new tools

This year saw the completion of the Mental Health Data Prize designed to help create tools to enhance analysis of existing data. Winning projects included a tool to harmonise metrics across studies and an analysis of the impact of stop-and-search policies on young Black people's mental health. We funded the UK's Medicines and Healthcare products Regulatory Agency to help create clearer guidelines to digital mental health projects.

Building on this work we are launching a Wellcome Data Prize in Africa. This will involve supporting teams of data scientists working with mental health researchers across Africa to use longitudinal data to transform understanding and intervention for mental health problems.

Building a mental health science community

We undertook a wide range of field-building activities, including convening neuroscientists with clinicians, funders and people we fund. We continued to engage and learn from the wider mental health community through a suggestions box on our website, attending conferences and visiting researchers from countries including Germany, Kenya, South Africa and the UK.

We funded work to advance our common metrics agenda, and funded a major new international collaboration to produce regularly updated reviews on key topics over the next few years, in order to help create shared understanding and focus in mental health globally. We supported the largest ever gathering of civil society stakeholders on mental health, convened by United for Global Mental Health. We also supported global convening and the development of materials on the relationship between climate change and mental health – an important and growing area of overlap.

Influencing others to ensure uptake

We advised on the European Commission's first Mental Health strategy and the subsequent European Parliament response, and are pleased that the role of science has been highlighted. The European Parliament report includes a specific call for a mental health Mission in the next European Union research funding programme (the successor to Horizon Europe), which would pave the way for higher levels of funding and coordination across Europe.

Embedding lived experience

We are proud that all funded projects explicitly draw on the expertise of those with lived experience of the relevant conditions. With The Lancet Psychiatry, we funded a commission to explore the evidence, impact, and ethical and practical issues for involving lived experience experts in mental health science, and produced pragmatic recommendations for key stakeholders.

Sleep therapy

Simon Kyle and colleagues are looking to see whether sleep restriction therapy – which restricts, regulates then extends time in bed – may help address youth depression at an early stage. This draws on research that shows sleep and circadian rhythm disruptions may affect neural mechanisms underpinning emotion regulation. The project – based at Oxford University and supported by Vocal, an organisation dedicated to inclusive public involvement in health research – will involve trials with hundreds of young people. If found to work, sleep restriction therapy could provide a low-cost, scalable intervention that could help millions of people around the world to avoid developing longer-term problems.

Simon Kyle

Immunity and psychosis

Katharina Schmack at the Francis Crick Institute is exploring whether antipsychotics work by improving regulation of immune function. Her innovative work includes research on immunological functions in people with and without psychosis, and looks at the impact of medications in rodents to better understand the underlying mechanisms. If immune dysregulation is the key issue in psychosis, this may open up a wider range of medications and approaches.

Katharina Schmack

Image: Michael Bukwich demonstrates a virtual reality rodent arena at the Sainsburys Wellcome Centre in London, UK.

Photographer: Jason Alden/Wellcome

Climate and Health

A mounting body of research indicates that climate change has a global impact on human health, and that the impact of a heating planet on our health is only set to worsen. To influence positive change that will prevent further warming and protect vulnerable populations from climate impacts, policymakers need clear and accessible evidence on the health risks and potential solutions associated with climate change.

The aim of our Climate and Health strategic programme is to put health research at the heart of climate action. To do this, we support the generation of evidence on the causal mechanisms and pathways through which climate change impacts health, and the discovery and evaluation of mitigation and adaptation solutions that protect the health of those most affected. As well as funding specific research projects, this includes enabling the development of a global community of researchers, policymakers and practitioners working alongside affected communities at the interface of health and climate to drive change.

According to the US National Oceanic and Atmospheric Administration, 2023 was the warmest year on record. While this extreme heat was in part associated with a naturally occurring El Niño event, the underlying warming of our planet may push global temperatures above the critical threshold of 1.5 degrees Celsius. Wellcome worked with governments, policymakers and stakeholders to raise awareness about the health risks associated with this year's El Niño event as it exacerbated the impacts of global heating and gave us a window on a future warmer world.

We have focused a considerable amount of our funding on the a clearly identified research gap: effects of extreme heat on the health of women and children, and on understanding whether existing approaches to coping with extreme heat are effective in protecting health.

Photographer: Qimono/Pixabay

The climate risks of global China: measuring rising heat and flood risk along the belt-and-road initiative.

For example, we funded Dr Adrienne Gordon from the University of Sydney, with international partners, to conduct a study in Bangladesh and India on chronic heat exposure throughout pregnancy, and create a model to forecast health risks associated with heat. This research aims to fill critical gaps in our understanding of which stage of pregnancy is most vulnerable to extreme heat, how the body's capacity for thermoregulation changes throughout pregnancy, and what underlying mechanisms are responsible for increased risks of adverse health outcomes following extreme heat exposure.

In Tanzania, Dr Faraja Chiwanga from LEAD Foundation is leading an initiative to evaluate how trees can be used to alter microclimates and protect millions of outdoor agricultural workers from the long-term health risks of heat exposure. This research follows land restoration work in central Tanzania that has championed local farmers to regenerate nine million native trees in three years.

Making the health effects of climate change visible

Funding the generation and synthesis of scientific evidence on the impacts of climate change on health is foundational to our climate and health strategy. Having this evidence makes it clearer what is at stake for people and populations, and what the full benefits of taking action on climate and health will be.

This year, we launched Climate Impacts Awards, a new funding scheme that aims to reveal the impact of climate change across a wide range of health outcomes, focusing on the populations and communities most at risk. 11 proposals have been selected in the first round, reflecting the ambition of the call to deliver short-term, high-impact projects, combining evidence generation with communications or public engagement, focused on a specific opportunity.

One funded project conducting research at the cutting edge of climate science will develop new integrated assessment models to assess the impacts of health of crossing polar tipping points. Another will work with cohorts of pregnant people in deprived communities in London and Wales to quantify the impact, factors and biological mechanisms of elevated or prolonged heat exposure during pregnancy – with the goal of driving better maternal and neonatal outcomes in a changing climate.

Funding mitigation and adaptation policy solutions

Greenhouse gas mitigation is critical to protect health and to avoid catastrophic climate breakdown. We are funding collaborations between researchers and policy actors who have a clear opportunity to influence climate mitigation policies with substantial health benefits. This year, we funded 10 research projects to generate evidence on the potential benefits to health of existing or planned climate change mitigation actions by G7 countries. These ambitious projects are using research methods such as modelling, testing, living lab and systems mapping, and cover policies in areas including air quality, food systems, energy, transport and housing, across the UK, the USA, France, Germany and Japan.

We are also funding research into adaptation techniques for living with extreme heat, which can then inform policy solutions. From cool roofs in India to tree-planting in Tanzania, this funding is supporting teams to find practical solutions that are acceptable and affordable in the locations and communities most impacted by rising global temperatures. Led by researchers based in the countries where solutions are needed, each of the projects will develop methods for testing and evaluating heat adaptation interventions across a variety of outcomes including health, equity and gender impacts. By funding teams to generate evidence and communicate impactful narratives, we hope to tip the balance towards a more liveable, healthy and just future for us all.

Advocating for a health perspective in climate change

Through our engagement, we are centring health as a reason for urgent climate action on a global stage of world leaders, researchers and change-makers. This year, we led efforts to bring together the emerging climate and health community by raising the field's profile at key global and regional moments, including the Africa Health Agenda International Conference, the Prince Mahidol Award Conference in Bangkok, the World Economic Forum, the 76th World Health Assembly, and New York Climate Week.

In September 2023, we contributed to the first ever Africa Climate Summit, convened by President William Ruto of Kenya. We supported a joined-up African climate position and promoted health and climate issues with our partners, the African Medical and Research Foundation and the World Health Organization.

Following a strong presence at COP27 in Egypt last year, we worked as part of a steering committee convened by COP28 host, the United Arab Emirates, to shape the focus of a high-profile Health Day on 3 December 2023. This advocacy day showcased the need for increasing investment in climate action to protect health.


Credit: OUCRU

An event about dengue fever in Ho Chi Minh City, organised by the Wellcome-funded Oxford University Clinical Research Unit in Vietnam.

Predicting dengue in a changing climate

Dengue is already a threat to people's health in many countries, and this threat is being exacerbated by climate change. Digital tools can help protect people by predicting where potential dengue outbreaks might happen. One such example is E-DENGUE, which is being developed by public health researcher Dr Dung Phung at the University of Queensland in Australia.

Wellcome is funding is the first ever randomised controlled trial to evaluate the effectiveness of this type of climate-driven early warning system for an infectious disease. This research will allow local health practitioners to accurately predict where an outbreak might occur as early as two months ahead of time – giving them valuable time to mobilise resources and control the outbreak before it has even started.

Mental health impacts of climate change

Connecting Climate Minds is a one-year global project aiming to bring together the climate change and mental health fields to develop an interdisciplinary research and action agenda. The field of research connecting climate change and mental health is growing rapidly – but there are critical gaps, particularly when it comes to understanding the needs of those who are already affected by the mental health impacts of climate change.

This project will hold dialogues in seven regions, bringing together stakeholders across different relevant research disciplines, policy, healthcare, climate action and lived experience to identify the research needs and priorities for their region and foster much-needed communities of practice.

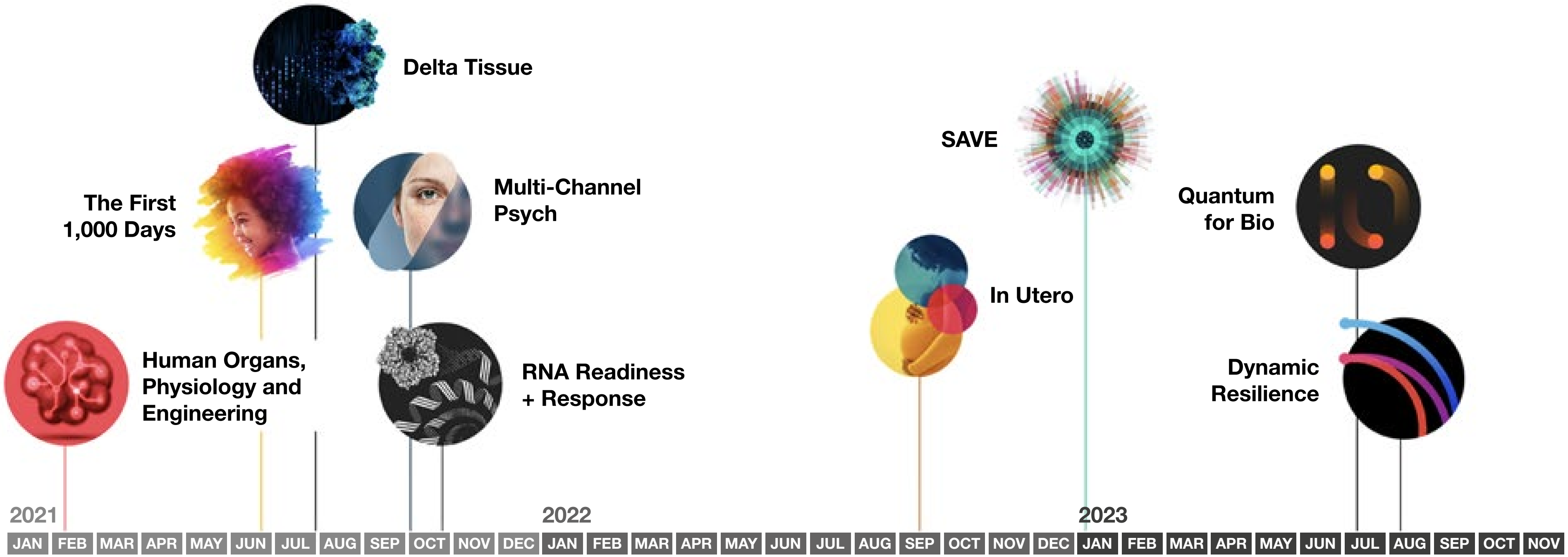
Image: Eliminating Fossil Fuels in Germany. Emissions rise from the cooling towers at the Jaenschwalde lignite-fired power plant in Germany.

Photographer: Krisztián Bócsi/Wellcome Photography Prize 2021

Wellcome Leap

Wellcome Leap, which is a charitable subsidiary of Wellcome, builds and executes bold, unconventional programs, funded at scale, that aim to increase the number and speed of breakthroughs in human health. Using a proven model and operating at the intersection of the life sciences and the physical sciences plus engineering, Wellcome Leap programs assemble best-in-class, multidisciplinary, global teams from universities, companies and non-profits all working together to solve problems that they cannot solve alone.

Founded by Wellcome in 2020 as a US non-profit subsidiary, Wellcome Leap has committed over half a billion US dollars to research efforts in 28 countries. Wellcome Leap launched nine programs in its first 32 months, and leveraged US$60 million in joint program funding from CEPI (Coalition for Epidemic Preparedness Innovations) and Temasek Trust.



Launch dates for the first nine programs (image: Wellcome Leap). For full details, go to wellcomeleap.org.

A different way of working

Wellcome Leap was built to harness a global network effect to find solutions to humanity's urgent health needs. Meeting these needs requires that we see beyond borders, disciplines and barriers to begin actively changing the way science is done, as well as the way it's funded – systematically stacking the odds in favour of breakthroughs.

- **A commitment to use-inspired basic research.** Program formulation typically requires two to three months of deep technical analysis. In the spirit of Pasteur's Quadrant style research, the goal is to intersect that which is possible (albeit not yet proven) with what matters.
- **A commitment to unprecedented speed and agility.** Wellcome Leap drives aggressive timelines – from proposal submission to funding decision is 30 days. Contracts are signed, institutions are funded, and the program kick-off meeting is held 30 to 45 days later. This means Wellcome Leap is able to go from proposal receipt to funds available to start research in nine weeks. This inspires a sense of urgency and momentum that sets the tone and tempo for the entire program.
- **A commitment to research culture and equity.** Each year Wellcome Leap conducts a fully anonymous 'pulse' survey of all performers on programs. The results suggest an environment consistent with the psychological safety known to promote innovation; one that embraces collaboration, risk, and respectful exchange in service to a shared goal. As well, selection funnels are checked as a way of examining whether there may be implicit bias in selections.
- **Program Directors are the heart of Wellcome Leap programs.** They are technically astute and inspired leaders who work collaboratively with the diverse network of program performers over the three year duration of a program.

Achievements

Wellcome Leap's first wave of programs has so far generated 17 patents, 74 publications, and three multimodal, multi-national, multiuser data sharing platforms; catalysed 10 new companies, 10 commercial partnerships, and two licensing agreements; and secured $99 million in follow-on funding.

Gaming surgery training

In less than a year, Wellcome Leap's SAVE (Surgery: Assess / Validate / Expand) program identified and demonstrated a handful of novel approaches to improve surgical outcomes, a fundamental part of effective healthcare delivery. The program aims to close a significant shortage in surgical care by doubling the number of providers trained to deliver laparoscopic surgery each year. This would amount to an additional 100,000 providers within a decade, increasing provision of lifesaving, minimally invasive abdominal operations by 30 million a year. The program aims to do so while simultaneously reducing global postoperative deaths by one million.

Laparoscopic surgery is a minimally invasive surgical technique that has been shown to reduce postoperative infections, length of stay, postoperative pain and even long-term complications such as internal scarring. This method lends itself to advanced simulation, quantitative assessment, and validation that could dramatically expand the number of surgeons available.

SAVE is spearheading a gaming approach to allow an objective, quantified assessment of skill level and execution by leveraging best-in-class gaming techniques that reward performance. This approach has never before been widely applied as a means of enabling objective assessment or surgical certification. It would also enable the potential to train and assess non-MD practitioners to supplement the surgical workforce. Trainees engage in general and rare scenarios with different skills requirements, instruments and activities – all while engaging in dexterity exercises related to a specific operation.

SAVE is also advancing gasless laparoscopy, a technique that does not require general anaesthetic and enables continuous laparoscopic capabilities when the main consumable bottleneck – carbon dioxide – is vulnerable to supply issues. As of September 2023, this innovation has been implemented in 10 hospitals in Kenya and treated nearly 100 patients, with over 100 surgeons, anaesthetists, nurses and biomedical engineers trained on initiating gasless laparoscopy. In 2022, Kenya did not have this capability in any hospitals; by the end of 2024, it will be deployed in over 20. This expansion sets the stage for scaling this innovative technique to other countries with similar resource constraints.

Cross-mission activity

Wellcome undertakes many activities that contribute either to more than one of our strategic programmes (Discovery Research, Infectious Disease, Mental Health, and Climate and Health) or, like Wellcome Collection, to our mission as a whole.

Because supporting science is a long-term commitment, we also continue support for a limited number of activities from previous strategies, such as our work to make safe, effective and accessible treatments for snakebites.

Data for science and health

Wellcome is funding the inclusion of climate data in the world's largest health informatics platform, which will help countries understand and prepare for the impacts of climate change on human health. The platform – originally developed in South Africa as District Health Information Software and now called DHIS2 – is used in more than 100 countries, bringing together a variety of data that is used by ministries of health, local authorities and healthcare workers in the field to enable better planning, information sharing and decision-making.

Wellcome's funding will support countries using DHIS2 to strengthen the climate resilience of their health systems by integrating climate and meteorological data with health data. The DHIS2 team will develop tools to analyse and model this data in a form proven to be easily accessible to decision makers.

For example, Malawi has implemented a DHIS2 system for climate-resilient food security using local crop and weather data, and pilot projects in Laos and Mozambique have combined climate data with health data to generate early warnings for infectious diseases that are sensitive to climate change.

Our funding will also strengthen the governance and sustainability of DHIS2's technical infrastructure. With the number of countries using the technology increasing and the size of DHIS2 implementations growing, the core platform will be enhanced to make it more secure, user-friendly and scalable.

Better treatments for snakebite

In 2019, Wellcome launched a seven year programme to transform research and delivery of snakebite treatments, to help make them safe, effective and accessible to all. Around 2 million people are bitten by venomous snakes each year, yet treatments have hardly progressed in decades and effective antivenom is in short supply. When our overall strategy changed in 2020, we decided to continue the snakebites programme, and it has made significant progress towards its goals of bringing production of snakebite treatments into the 21st century, developing the next generation of treatments, and building and sustaining snakebite treatments as a global health priority.

This year, we funded research investigating the potential of monoclonal antibodies and nanobodies to neutralise venoms of different snake species. We're also supporting the re-introduction of a previously successful antivenom that was removed from the market as financially nonviable, and funding Ophirex, a US public benefit company, to evaluate the therapeutic benefit of an oral small molecule treatment.

Activities in the coming year will include establishing the first ever clinical trial platform to evaluate antivenoms for use in sub-Saharan Africa, and supporting a snakebite research alliance to address the unique challenges of snakebite in specific African countries.

Wellcome Collection

Wellcome Collection is our free museum and library in London, UK. What started as a collection of thousands of historical items related to health collected by Wellcome's founder, has evolved into a collection of artworks, objects and texts that each tell us something about the human experience and understanding of health.

The collection is not static and new acquisitions are carefully considered. An example of what it means to acquire, conserve and digitise new items is the work and scrapbooks of artist Audrey Amiss. The process was documented in a behind-the-scenes series called Finding Audrey Amiss on Wellcome Collection's website.

In 2023, we opened five major exhibitions:

- **In Plain Sight** – exploring the different ways we see and are seen, and the tools that shape how we view the world.
- **The Healing Pavilion by British-Kenyan visual artist Grace Ndiritu** – radically reimagining what textiles and architecture can do in a museum burdened by colonial history.
- **Objects in Stereo by British photographer Jim Naughten** – presenting a new perspective into the practice of keeping a collection and asking what it means to keep and care for museum objects.
- **Milk** – exploring health, politics and power connected to the everyday substance in Western diets.
- **Genetic Automata** – asking what role science has in shaping how we think about race.

Our visitor numbers are continuing to recover following the impact of the Covid-19 pandemic on London's cultural sector. Our *Milk* exhibition recorded our highest footfall since the extended closure in 2020: we welcomed over 93,000 visits to the exhibition, with an average of 639 visits a day.

Over the year, we received 384,000 visitors to our building (2022: 260,000), and 82 percent (2022: 78 percent) felt their visit made them think more deeply about health or science. Online, 4.3 million people (2022: 3.6 million) engaged with our digital content, including 218,000 views of our digitised content (2022: 221,000).

We re-opened the Wellcome Collection shop this year. It is now managed in-house and offers a selection of gifts and books inspired by our collections and exhibitions. Books on the shelves include those published by Wellcome Collection in partnership with Profile Books. We added eight new titles to the range this year, including *Hybrid Humans: Dispatches from the Frontiers of Man and Machine* by Harry Parker, and *How to be a Renaissance Woman: An Untold History of Beauty and Female Creativity* by Professor Jill Burke (both of which featured as BBC Radio 4's Book of the Week), and *Divided: Racism, Medicine and Why We Need to Decolonise Healthcare* by Annabel Sowemimo, which was shortlisted for the 2023 Orwell Prize for Political Writing.

We want our audiences to be able to experience and engage with Wellcome Collection in a meaningful way. This means access, diversity and inclusion is at the heart of our new strategy, building on solid foundations. For example, *In Plain Sight* was developed in consultation with blind and partially sighted people. From different gallery guide formats (including braille, large print and illustrated guides) to a high-contrast raised floor line that led visitors around the gallery and located the 28 stops for the digital guide, the expertise and input we received directly shaped how people would experience the objects and artworks on display. It was the first time we introduced 'Lights Up' events, where we increase light levels in the exhibition, and we have since added relaxed openings, when the building is less busy, has more even lighting and sensory equipment is provided.

Wellcome Collection's vision is a world in which everyone's experience of health matters. This vision was introduced last year to support the development of a new 10-year strategy. Work continued this year to develop the new strategy, which will be implemented in 2024, bringing social, cultural, historical, personal and creative perspectives to Wellcome's work overall, informing the research we fund, interventions we support and deeper understandings of health across society. It recognises our collections as an unparalleled resource for exploring the place of science and health in global histories and potential futures.

Image: *Milk* exhibition at the Wellcome Collection.
Photographer: Steven Pocock/Wellcome

Milk

With over 100 objects, including items used in farming and feeding, public health posters and commissioned artworks, our exhibition considered how milk came to be seen as central to perceptions of nutrition and good health in the UK.

Review of Investment Activities

Figure 1
Total portfolio net returns (blended GBP/USD)
Period to 30 September 2023

	One year return in GBP (%)		
	Nominal	UK CPI	Real
One year return to Sep 2023	0.9	9.0	(8.1)
One year return to Sep 2022	1.7	7.6	(5.9)

	Annualised return in GBP (%)		
	Nominal	UK CPI	Real
Three years	11.4	6.0	5.4
Five years	10.6	4.2	6.4
Ten years	12.3	2.8	9.5
Twenty years	11.0	2.7	8.3
Since Oct 1985	13.5	2.9	10.6

	Cumulative return in GBP (%)		
	Nominal	UK CPI	Real
Three years	38	19	19
Five years	66	23	43
Ten years	220	32	188
Twenty years	709	72	637
Since Oct 1985	12,139	201	11,938

	Annualised return in USD (%)		
	Nominal	US CPI	Real
One year	10.3	5.1	5.2
Three years	9.2	5.4	3.8
Five years	9.2	3.9	5.3
Ten years	9.2	2.7	6.5
Since Oct 2009	9.7	2.5	7.2

	Annualised return in blended currency (%)		
	Nominal	UK/US CPI	Real
One year	5.6	7.0	(1.4)
Three years	10.4	5.7	4.7
Five years	10.0	4.0	6.0
Ten years	10.9	2.7	8.2
Since Oct 2009	10.9	2.7	8.2

Portfolio net returns, a key performance indicator (see page 127) measured in GBP only until 30 September 2009. Decision to measure in blended GBP/USD used from 1 October 2009 recognising the global nature of our portfolio (see Figures 11 & 12) and the need to maintain global purchasing power. However, Wellcome's functional currency remains sterling.

The value of the endowment is measured at fair value. Net returns include impact of all external management fees and expenses. Performance fees are included for hedge funds, private equity and property but for public equity they are only included from 2018.

Summary

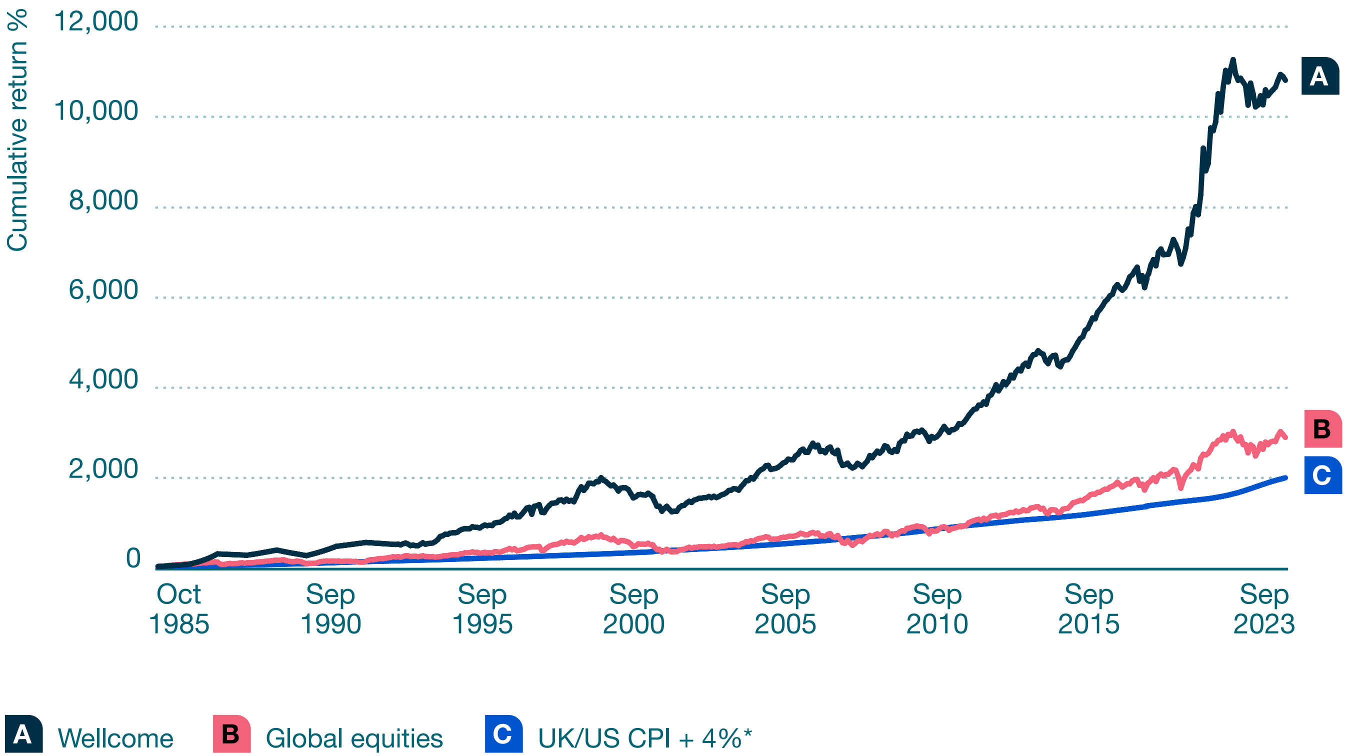
The role of the investment portfolio is to protect Wellcome's ability to fund our charitable mission. We have continued to achieve this against a more difficult backdrop, as the bull market in global bonds decisively ended in 2023. We have little exposure to bonds, but bond markets affect virtually all financial markets. Interest rates rose across the yield curve to more normal levels, after 15 years of quantitative easing. The era of zero interest rate policies and negative interest rate policies is behind us. The change in the rates environment has pushed up the cost of borrowing for indebted households, companies and governments, with repercussions across all sectors of the economy. Bond prices fell sharply but global equities rallied despite the difficult backdrop. Sterling recovered from its lows around the end of our last financial year.

Although our public equity portfolio had a decent year, most of our assets are not invested in public markets so did not benefit from the market recovery. The total portfolio returned +0.9% in sterling (Figure 1) (2022: +1.7%), as we ended the year with a portfolio value of £36.8 billion (Figure 6) (2022: £37.8 billion). After taking account of £1.3 billion in charitable cash expenditure over the year, this is equivalent to a gain of £0.3 billion gross of liabilities. Sterling returns were significantly impeded by currency strength: in USD terms the portfolio was up +10.3% (2022: -15.8%).

Long-term returns have been extremely healthy and have led to exceptional growth in the endowment over the past four decades (Figure 2). Over the past 10 years, the portfolio has delivered a real return after inflation of +188% in sterling (+9.5% a year in real terms or +12.3% a year in nominal terms). However, we are clearly now in a quite different world, with structurally higher interest rates and a highly uncertain economic backdrop. Markets will take time to adjust to the new reality and we therefore expect to see higher volatility and persistently lower returns from most assets for the near future. We have probably yet to see the full impact of higher interest rates in terms of debt defaults and broader economic impact.

Our primary focus is on maintaining our cash flows to fund the mission. However, as long-term investors, we are also actively looking for opportunities to deploy capital into strong assets at attractive prices to maximise future returns. Periods of volatility often provide opportunities to make great investments.

Figure 2
Total portfolio cumulative net returns since 1 October 1985 (%)



GBP used to 30 September 2009. Blended GBP/USD used from 1 October 2009.

*Note that the target return was UK/US CPI +6% until 30 September 2012. It was reduced to UK/US CPI +4.5% from 1 October 2012 until 31 December 2017, and then changed to UK/US CPI +4% from 1 January 2018.

Overview

While bonds were in a deep bear market, listed equities were remarkably resilient during our financial year. Corporate earnings were down (except in Europe), discount rates were up, the macroeconomic and political backdrop was highly uncertain, yet global equities produced a return of +11.0% in GBP. Market breadth was narrow, especially in the US, where a few large stocks dominated performance. However, with a few notable exceptions – especially Chinese equities – public equity indices everywhere had a strong year.

Interest rates rose throughout the year in developed economies. In the UK, base rates rose from 2.25% to 5.25% during our financial year, with the equivalent benchmark rate in the US rising from 3.25% to 5.50%, and in the Eurozone from 0.75% to 4.00%. The cycle of rate rises over the past two years has been one of the largest and fastest in history. Longer dated interest rates have also risen, putting upward pressure on mortgage rates for households and borrowing costs for the corporate sector. However, interest rates are still not that high by historical standards.

Inflation has remained stubbornly high, especially in the UK, where headline consumer price inflation (CPI) ended our financial year at 6.7%. This is well below the peak of 11.1% seen in October 2022 but is still at an uncomfortable level. US CPI has come down further, to 3.7% in September 2023, although this was above the levels seen over the summer, prompting market fears that further interest rate rises might be necessary. Eurozone CPI was at 4.3% in September, although in key economies like France and Italy it was higher.

Broad economic signals are pointing to potential recessions in many European countries (including the UK) and to slower economic activity in the US, which suggests that the policies implemented by central banks to combat inflation may be starting to work. Unemployment is starting to rise from exceptionally low levels, measures of business confidence are muted or downright negative, and consumer confidence and spending have been negatively impacted by higher mortgage rates and energy prices. It is hardly surprising that in this difficult environment, corporate earnings have been under pressure.

We produced a small gain in our portfolio in sterling, but double-digit positive returns in USD. This was, in large part, a reversal of the position in 2022. The composition of the portfolio has changed little over this period, with more than 80% of our portfolio exposed to currencies other than sterling throughout the year. However, the end of our last financial year coincided with the low point in the value of sterling, following the highly negative market response to the growth-oriented mini budget presented on 23 September 2022. As a measure of confidence in UK financial stability returned, sterling appreciated by +9% against the dollar (2022: -17%), and by +1% against the euro (2022: -2%) over our financial year.

Although the currency effects on performance are less pronounced over longer periods of time, the long-term decline in sterling since the Global Financial Crisis has been a tailwind to GBP denominated performance. Over the 10 years to September 2023, annualised performance has been nearly +12.3% in GBP but +9.2% in USD. It has generally been the right decision during this period not to hedge foreign currency exposure, although at times this has added to portfolio volatility.

Our £14.6 billion public equity portfolio delivered a respectable return of +9.7% (2022: -12.7%). We have this year combined our public equity and equity long short hedge funds into a £16.6 billion composite. The rationale is that equity long short funds invest largely in public equities and are habitually net long. They therefore need to justify their place in the portfolio by delivering satisfactory net returns compared to our conventional equity investments (direct and through managers). This year, our £2.0 billion investment in equity long short funds did not achieve that objective, as the managers collectively delivered a negative return of -2.0% (2022: -13.3%). Overall, the new combined composite was up +8.2% during the year.

Our absolute return hedge funds have been combined with other types of absolute return funds to create an absolute return composite, which aims to produce consistent returns with low correlation to equities and relatively low volatility. This composite, which is almost entirely dollar denominated, delivered +0.5% over the year in sterling. Within that, the absolute return hedge funds were up +1.2% (2022: +33.7%) as the opportunity set, especially in commodities, was less profitable than last year.

Our £12.8 billion private equity (PE) portfolio has been marked down by -10.4% this year (2022: +7.7%). PE always lags public market cycles, so it is unsurprising to see valuations under pressure in this part of the portfolio after double digit annualised returns over the past decade. Within PE, venture capital funds (VC) saw the sharpest declines in value, while valuation mark downs in buyout funds and directly held PE were more muted. This is again unsurprising given the exceptionally strong long-term VC returns and the exuberance towards these funds in the immediate post-Covid period. Both capital calls and distributions have been low from PE funds this year, resulting in limited activity and negative cash flows.

Figure 3
Volatility (standard deviation) of returns (%)

GBP used to 30 September 2009.

Blended GBP/USD used from 1 October 2009.

The valuation of our £3.1 billion property portfolio is down slightly, reflecting rapidly rising interest rates, producing a return of -2.6% (2022: +11.0%). The headwind of higher capitalisation rates was partially offset in our residential portfolio by higher rents, exceptionally low voids, and the completion of our renovation programme. The important development project to expand the Wellcome Genome Campus in Cambridgeshire, UK, creating a world-leading commercial science park based on genomics and bioinformatics, is picking up speed. The Premier Marinas business continues to be robust, but a strained planning environment and weak housing market has slowed down Urban&Civic's development pipeline.

In our overlay book (which comprises our derivatives and liabilities which arise from our issued bonds), we again saw declines in the market value of the bonds we have issued, which was positive for our portfolio value, although this will be reversed in time as these bonds approach maturity. We neither issued any new bonds nor repaid any existing bonds. Our substantial cash holdings are producing useful income, which has partially offset slow distributions from PE and protected our liquidity position. We continued to hold elevated cash levels of £3.3 billion at the end of September, which ensures we can meet the liquidity needs of the mission and have the flexibility to consider any opportunities thrown up by volatile economic and financial conditions. During the year, we closed nearly 30% of our outstanding currency hedges, which had been implemented during the period of extreme sterling weakness last year, realising a useful cash gain in the process.

Outlook

The economic outlook remains highly uncertain. Inflation has fallen from peak levels but remains uncomfortably high – whether it will reach the 2% level targeted by most central banks or bounce along at a higher level is an open question. Higher inflation benefits debtors, the biggest of which are governments, so the incentive to bring it down rapidly may not be as strong as the public pronouncements from various governments suggest. Rising prices are rarely good news for creditors and savers, or for investors such as Wellcome, because valuation multiples tend to fall during inflationary episodes and real returns are typically weak. Holding real assets (equity and property) can mitigate but not eliminate this risk.

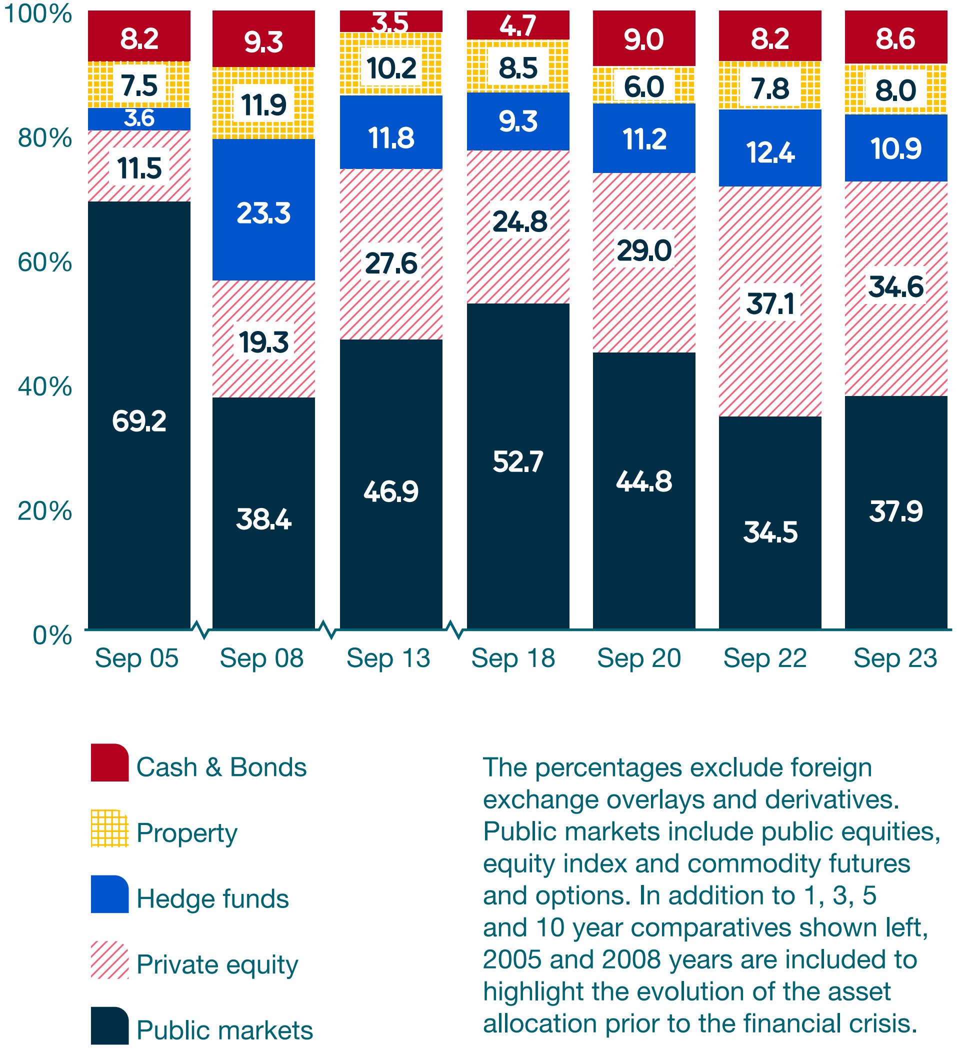
Interest rates are now back at historically more normal levels after 15 years of extraordinary monetary policy. This is probably a good thing over the long term in terms of efficient allocation of capital, but in the shorter term it is highly likely that the scale and the speed of interest rate rises will have caused economic damage. The confidence crisis in UK bond markets in September 2022 and inolvencies at US regional banks in March 2023 may be a foretaste of more problems to come.

The geopolitical backdrop continues to cloud the investment picture. Higher energy prices are likely here to stay following the invasion of Ukraine and conflicts in the Middle East. However, over the longer term a bigger economic concern may come from the inflationary impact of de-globalisation. The emergence of China as a global economic player over the past 30 or so years was a disinflationary force. Trade and investment frictions have now emerged, at a time when demographic pressure in both China and developed economies is reducing available labour supply, which is likely to be persistently inflationary. This is an environment where corporate earnings are likely to struggle to show strong real growth, although there will be winners as well as losers. We would also expect to see deterioration in credit quality and increased defaults.

Against this backdrop, asset valuations are not extreme but are certainly not yet compelling. Public equity valuations have come down from their peaks and are now looking reasonable in some markets and sectors. US valuations remain elevated, despite interest rates having risen sharply. Private equity valuations probably have further to adjust, although the recent rally in public markets makes immediate comparisons less challenging. Property valuations will remain under pressure while interest rates continue to rise, and thereafter will be driven by rental income and final demand.

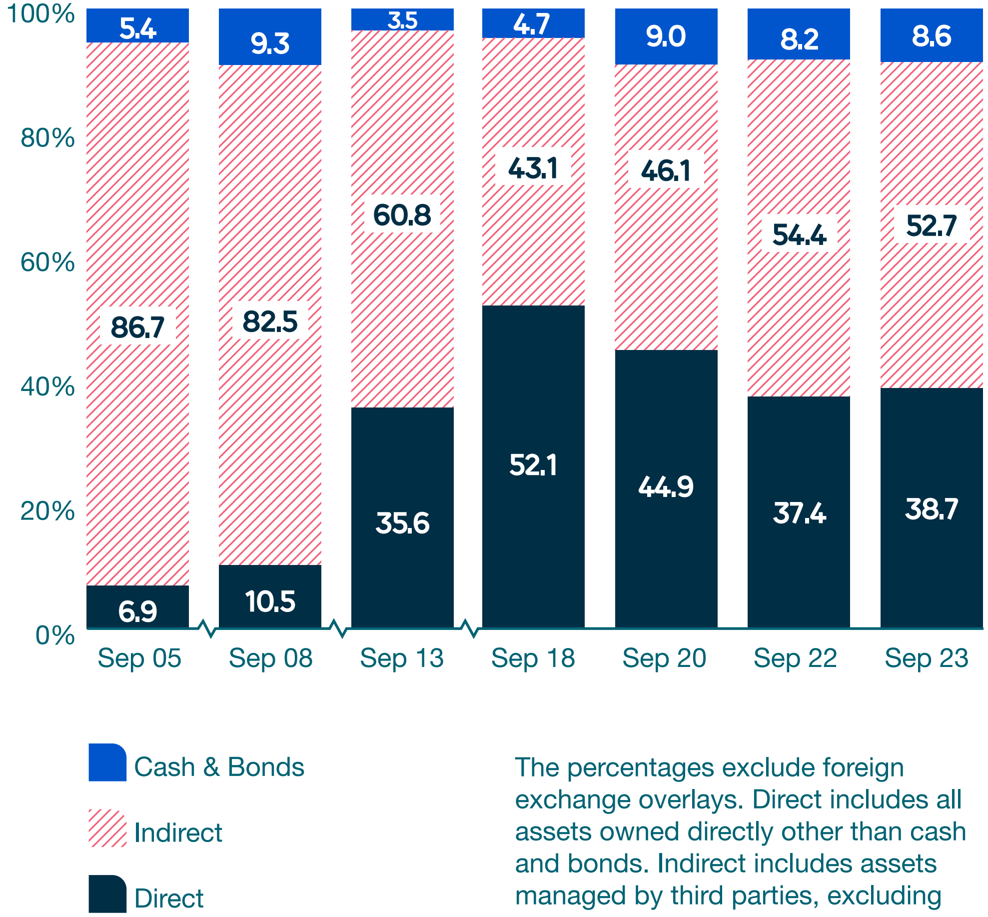
Weak earnings and the absence of valuation multiple expansion is a combination that points to sluggish investment returns. It seems odd to expect the monetary excesses that have been built up over a decade and a half to dissipate in less than two years, given that global equities only peaked at the end of 2021. Equally, markets have been incredibly resilient in the face of wars, inflation, quantitative tightening, rising interest rates, and bank runs in the US. It is therefore not obvious what would provoke a severe market correction, especially when sentiment is already subdued and cash levels high among investors. In this environment, we are focused on preserving our cash flows, pruning low conviction holdings, and investing with the very best partners and in assets with sustainable comparative advantage.

Figure 4
Evolution of asset allocation (%)



The percentages exclude foreign exchange overlays and derivatives. Public markets include public equities, equity index and commodity futures and options. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 5
Evolution of asset allocation, directly and indirectly managed (%)



The percentages exclude foreign exchange overlays. Direct includes all assets owned directly other than cash and bonds. Indirect includes assets managed by third parties, excluding cash and bonds. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 6
Investment asset allocation as at 30 September 2023

	2023 £mn	2022 £mn	2023 %	2022 %	One year return to Sep 2023 %	One year return to Sep 2022 %
Cash & Bonds	**3,328**	**3,274**	**8.6**	**8.2**	**1.5**	**5.6**
Public equity & Equity long/short hedge funds	**16,622**		**43.1**		**8.2**	
Public equity	14,618	13,694	37.9	34.5	9.7	(12.7)
Directly managed public equity	9,734	9,651	25.2	24.3	9.3	
Global compounders basket	9,171	9,119	23.8	23.0	9.6	(6.3)
Other	563	532	1.4	1.3		
Indirectly managed public equity	4,884	4,043	12.7	10.2	10.5	
Equity long/short hedge funds	2,004	2,348	5.2	5.9	(2.0)	(13.3)
Absolute return	**2,758**		**7.2**		**0.5**	
Absolute return hedge funds	2,222	2,568	5.8	6.5	1.2	33.7
Other absolute return funds	536		1.4		0.2	
Private equity	**12,805**	**14,751**	**33.2**	**37.1**	**(10.4)**	**7.7**
Buyout funds	4,022	3,875	10.4	9.8	(2.0)	18.6
Venture funds	6,660	8,030	17.3	20.2	(16.6)	4.6
Direct private	254	309	0.7	0.8	2.7	42.7
Private co-investments	1,869	1,804	4.8	4.5	(1.5)	(5.8)
Property & Infrastructure	**3,074**	**3,103**	**8.0**	**7.8**	**(2.6)**	**11.0**
Net overlay assets*	(25)	(2)	(0.1)	-		
Total investment portfolio value gross of bond liabilities	**38,562**	**39,745**	**100.0**	**100.0**	**0.7**	**(1.7)**
Bond liabilities	**(1,791)**	**(1,939)**	**(4.6)**	**(4.9)**	**(4.2)**	
Total investment portfolio value	**36,771**	**37,806**	**95.4**	**95.1**	**0.9**	**1.7**

Performance figures provided where available. Asset class performance figures are not additive.

*Since September 2017, the equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total investment portfolio value' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

From 1 October 2022, the following changes have been made reflecting changes to the portfolio strategy. Figures for 2022 are shown where the strategy existed as at 30 September 2022, and are not directly comparable to figures for 2023.

- Directional hedge funds have been moved to Other absolute return funds.
- The Multi asset partnerships composite has been dissolved and the underlying assets moved to other composites (Indirectly managed public equity, Other absolute return funds and Property & Infrastructure).
- Public equity and Equity long/short hedge funds have been combined to form Public equity & Equity long/short hedge funds.
- Absolute return hedge funds and Other absolute return funds have been combined to form Absolute Return.

Figure 7
Public equity & Equity long/short net returns (%). Period to 30 September 2023

	Annualised return in GBP (%)				
	1 year	3 years	5 years	10 years	Since Sept 2008
Directly managed public equity	9.3	4.1	5.8	10.0	11.7
Global compounders basket	9.6	4.9			
Indirectly managed public equity	10.5	2.9	4.9	8.4	9.6
Public equity	9.7	3.7	5.5	9.5	10.2
Equity long/short hedge funds	(2.0)	(1.4)	5.1	8.8	9.2
Public equity & Equity long/short hedge funds	**8.2**				
MSCI AC World	11.0	9.5	8.4	11.2	10.9

In addition to 1, 3, 5 and 10 year comparatives shown above, returns since Sep 2008 are included to highlight the performance since a large portion of the public equity exposure has been directly managed (see Figure 5 for Evolution of asset allocation, directly and indirectly managed).

Figure 8
Top 10 direct public equity holdings. As at 30 September 2023

Rank 2023	Rank 2022		Total Value £mn	Total Value US$mn	Return on Cost GBP (inception dates differ)
1	4	Amazon	486	593	1.3x
2	2	Nestle	483	590	2.3x
3	1	Microsoft	479	584	9.7x
4	6	Visa	453	552	1.3x
5	3	Alphabet	431	526	10.1x
6	21	HDFC Bank	420	512	1.5x
7	5	Apple	393	480	19.7x
8	11	Novartis	345	421	2.3x
9	15	Linde	342	417	1.5x
10	23	Adobe	334	408	1.4x
			4,166	**5,083**	

Top 10 direct public equity holdings represent 28.5% of total public equities.

Internally calculated RoCs to September 2023, which do not include performance while held as private companies, where applicable.

Public equity

During our financial year, global equity markets (MSCI ACWI) delivered a total return of +11.0% in GBP or +21.4% in US dollars. This strong performance reflected positive moves from most global markets (all numbers below in sterling). In the US, the S&P 500 benchmark was up +11.2% and the tech-heavy NASDAQ rose +15.3%. In Europe, the Eurostoxx 50 returned +28.5% and the FTSE 100 +14.7%. Broad global developed market and emerging market indices were both up over 10%. China was the big laggard globally – onshore Chinese stocks (CSI 300 index) were down -11.7% and those traded offshore (MSCI China) fell -3.6%. This reflected a sluggish domestic economy, geopolitical concerns, and uncertainty over attitudes to foreign investment.

Although it was a strong year at the headline level, markets were quite narrow. In the US, excitement over the potential for artificial intelligence (AI) produced a dramatic rally in a small group of large stocks. The capitalisation weighted S&P 500 rose +11.2%, but the equally weighted S&P 500 rose just +3.9% and the Russell 2000 Index of small and medium sized US companies fell -0.4%.

Market returns were less narrow in Europe, but banks (benefiting at last from positive interest rates) and a few very large companies still dominated markets.

Equity market volatility subsided during the year, as did that in foreign exchange markets. However, bond market volatility has been at elevated levels all year. Portfolio volatility has been unusually high for the last three years (Figure 3), which reflects unusually large swings in private equity (PE) valuations in both directions over this period.

The return on our public equity portfolio was +9.7% (2022: -12.7%), which was a pleasing result in absolute terms, especially given our relatively cautious positioning, but was -1.3% behind global equites. Our priority is delivering absolute returns over the long term – since we started owning stocks directly (rather than outsourcing the whole portfolio) in September 2008, the absolute return on our public equity portfolio has been +10.2% a year (Figure 7).

The £9.2 billion internally managed Global Compounders Basket (GCB) performed in line with our total equity portfolio, producing a +9.6% total return (2022: -6.3%). Performance was held back by stocks exposed to China and by exposure to healthcare and consumer staples companies, which have not participated in the narrow stock market rally. However, there was sufficient exposure to the stocks leading the market to deliver a strong absolute return. The GCB is a concentrated large cap global portfolio, designed to deliver long-term growth by benefiting from a range of secular tailwinds. These include cloud computing and e-commerce, which were boosted by market excitement about technology driving economic productivity.

The performance of the internally managed equity portfolio and markdowns in outsourced PE vehicles led to a tick up in the proportion of the portfolio managed internally (Figure 5), through organic change rather than a deliberate plan. We do not like paying high fees, but in some asset classes it is worth doing so to work with the best partners and achieve superior net returns, which is our real focus. Our largest direct holdings are shown in Figure 8. A full list of the companies we own directly is available to view on our website. We maintain a regular dialogue with the companies in which we invest directly about their business and on topics related to their licence to operate. Details of our approach to responsible investing and stewardship are also available on our website.

There were contrasting fortunes for our two main direct public holdings outside the GCB. Syncona, a UK listed life sciences company founded by Wellcome, had a tough year in share price terms, ending the year at a deep discount to its underlying net asset value. DoorDash, the US based restaurant food delivery service, saw a strong recovery in its share price and was one of our best performing direct public holdings over the year. The business continues to grow robustly – quarterly revenues have increased by +120% since the company listed in Q4 2020. DoorDash has been an extremely successful investment and was originally a co-investment alongside a VC partner. Other private co-investments are now starting to go public as the portfolio matures.

Our £4.9 billion portfolio of outsourced equity managers had a mixed year but overall delivered a return of +10.5%. At the bottom end, we saw performance of -2.3% from the transition manager overseeing the orderly liquidation of PE distributions, as market interest in smaller technology companies was weak. Performance at our specialist Asian equity manager was also disappointing at -0.1%, driven by a large exposure to Chinese equities. At the other end of the scale, our pan-European specialist manager delivered a return of +23.2%, comfortably ahead of their benchmark. The major addition to the indirect portfolio this year was a Middle East and North African specialist manager, which was previously included in the multi-asset partnerships (MAPs) composite. They returned a very creditable +12.3% over the year.

We have this year moved our £2.0 billion portfolio of equity long short (ELS) hedge funds into a composite with our broad public equity exposure. The rationale was that ELS funds are habitually net long the equity market and therefore performance is correlated to the performance of equity markets. This change in reporting aligns to our internal asset class range risk controls. We invest in ELS managers that we believe can identify winners on the long side and losers on the short side. In normal markets, the idea is that this delivers excess return through the cycle compared to conventional long only investments. Given high fees and worse liquidity than long only investments, failing to deliver this excess return brings into question the rationale for investing in this asset class.

While individual ELS managers have done, and continue to do, a good job for us, the composite has been a disappointment. It has underperformed our long only portfolio over the long term and produced a negative return in recent years (Figure 7). ELS funds are all dollar denominated so currency has been a headwind this year, but the sterling performance of -2.0%, was far below the long only portfolio, which held back performance of the broad combined composite to +8.2%. The range of performance by individual funds was extremely wide, between -3.8% and +43.6% in USD terms.

Figure 9a
Illiquid asset net returns (GBP) (%)
Period to 30 September 2023

	Annualised return in £ (%)			
	1 year	3 years	5 years	10 years
Absolute return hedge funds	1.2	13.6	11.5	9.5
Other absolute return funds	0.2			
Absolute return	**0.5**			
Buyout funds	(2.0)	14.9	10.5	13.1
Venture funds	(16.6)	16.1	20.6	23.2
Direct Private	2.7	90.3	35.2	
Private co-investments	(1.5)	37.9	28.5	
Private equity	**(10.4)**	**18.6**	**16.8**	
Non-Residential property	(3.8)	9.7	10.6	9.5
Residential property	(0.8)	4.9	2.1	4.2
Property & Infrastructure	**(2.6)**	**7.9**	**6.9**	**7.1**
MSCI AC World	11.0	9.5	8.4	11.2

Figure 9b
Illiquid asset net returns (USD) (%)
Period to 30 September 2023

	Annualised return in US$ (%)			
	1 year	3 years	5 years	10 years
Absolute return hedge funds	10.6	11.4	10.1	6.4
Other absolute return funds	9.6			
Absolute return	**9.9**			
Buyout funds	7.2	12.7	8.7	9.8
Venture funds	(8.9)	13.9	19.0	19.7
Direct Private	12.3	86.7	33.4	
Private co-investments	7.7	35.2	26.8	
Private equity	**(2.0)**	**16.3**	**15.2**	
Non-Residential property	5.2	7.7	9.2	6.5
Residential property	8.5	2.9	0.8	1.3
Property & Infrastructure	**6.5**	**5.8**	**5.5**	**4.1**
MSCI AC World	21.4	7.4	7.0	8.1

Absolute return

Our new £2.8 billion absolute return (AR) composite includes absolute return hedge funds and other AR funds that were previously housed in the MAPs composite. All of them share an ability to invest in a range of different asset classes and are the only place in our broad portfolio where there is meaningful credit exposure (long and short). The objective of all the funds in this portfolio is to deliver a relatively stable positive return, without major drawdowns, from as wide an opportunity set as possible, thereby accessing sources of return that we cannot reach directly. All the funds in this composite are US dollar or dollar-linked structures and are often hedged back to dollars by their managers where they have non-US exposure.

Over the year, the new composite returned +0.5% in sterling (Figure 9a), reflecting a near double digit underlying dollar return. The range of performance between funds was, as we would have expected, much tighter than between ELS hedge funds. The best performing fund delivered +20.6% in dollars and the worst +2.1%. Over the last 10 years, our AR hedge funds, which make up around 80% of the composite, have delivered a return of +9.5% with very low correlation to equity markets. More muted returns from some managers likely reflect the volume of capital that has flown into this space, enhancing competition for talent and inflating associated costs. However, we believe there are barriers to entry around the most successful managers, where we have been concentrating our exposure.

The new funds that have joined the AR composite invest primarily in credit instruments in emerging markets and collectively delivered a high single-digit dollar returns during the year.

Private equity

PE funds have been an important driver of the long-term growth of our portfolio. However, over the past year, returns have been negative as elevated private market valuations adjust to a different environment (Figures 9a and 9b). In past cycles, buyout and VC valuations have tended to adjust to movements in public markets (in both directions) with a considerable lag, so it is not surprising to see the same thing happening this time around. However, this cycle could be more pronounced, as the extended era of zero interest rate policies attracted in large flows of new capital to PE that pushed valuations to extremely high levels, especially for growth assets. During the peak of this period in 2020-21, PE was leading public markets rather than the other way around.

Mature funds often hold positions in portfolio companies that have gone public through listing, which are marked to market and have already adjusted. We only ever know the real outcome of PE investments when they are realised. Until then, private positions are typically valued based on a combination of underlying cash flows, recent fund raising rounds and comparisons with similar publicly listed businesses. Private market activity has slowed down dramatically so there are fewer reference points from recent funding rounds, which currently makes accurate valuation even harder.

As long-term investors, our main concern is not the current valuation of companies in our PE portfolio but the health of the underlying businesses. There will inevitably be casualties, especially in VC portfolios that naturally invest in less mature and riskier business models. However, we have a world-class stable of VC and buyout managers who are well placed to deliver long-term value for our portfolio despite short-term volatility in valuations. We believe as the market normalises and entry valuations adjust downwards, new money being invested into private companies today is likely to deliver highly attractive long-term returns. Figure 10 shows that our PE portfolio has delivered a return of 1.8x net of all fees, including very recent funds that are still very early in their lives. VC fund investments have delivered 2.1x and buyout funds 1.5x.

Our total exposure to PE now stands at £12.8 billion (Figure 6). The largest portion of this is in VC funds (£6.7 billion), with £4.0 billion in buyout funds and the remainder directly held as co-investments or direct PE. The total PE portfolio returned -10.4% over the year (2022: +7.7%) (Figures 9a and 9b). Over longer time periods, performance has been extremely strong – over five years our PE portfolio has delivered about 2x the annualised return from public markets and over 10 years PE (especially VC) has been the strongest performing part of our portfolio. A period of digestion and consolidation now seems likely but the long-term advantages of building and managing companies away from the shorter-term focus of public markets remain intact.

Most of our VC managers have been quite aggressive in marking down valuations. The portfolio was down -8.9% in USD this year following a -13.4% move last year. Substantially all the funds in the portfolio are USD denominated (including those investing outside the US). Currency movements produced a small positive move in GBP last year, but this effect was reversed this year with a -16.6% return (2022: +4.6%). Managers are focusing resources on the best companies in their portfolios. Historically the best businesses have often emerged when capital is scarce and fewer competing companies are being funded.

The buyout portfolio has continued to be resilient. The geographic and currency mix of our buyout portfolio is more diversified than VC although it is also predominantly USD. USD returns over the year were +7.2% (2022: -1.8%), resulting in a GBP return of -2.0% (2022: +18.6%).

Figure 10
Private equity fund net returns (multiples). Inception to 30 September 2023

	Drawn (£mn)	Realised (£mn)	Net Asset Value (£mn)	Total Value to Drawn
Buyouts	10,139	11,231	4,022	1.5x
Venture	6,729	7,762	6,660	2.1x
All Private equity funds <=2017	12,396	18,513	5,281	1.9x
All Private equity funds >=2018	4,472	480	5,401	1.3x
All Private equity funds total	**16,868**	**18,993**	**10,682**	**1.8x**

Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2017 and earlier have generally finished their investment period.

The buyout industry has been a beneficiary of cheap, readily available debt for the last decade or more, which is now reversing. Most of our managers do not use high levels of leverage by the standards of the industry, but all are seeing debt costs rise and are therefore keenly focused on cash flow generation and on strengthening the balance sheets of their underlying companies.

Our £2.1 billion directly held PE portfolio is now mostly invested in co-investments alongside VC and buyout partners. The stresses in the PE industry have provided a welcome opportunity for us to grow this book. Managers have found it harder to raise new funds or to raise the same levels of debt as in the recent past. Co-investments enable them to continue to do deals and provide us with a way of accessing attractive long-term investments and reducing high fees.

By preserving liquidity and being able to make decisions quickly, we have made ourselves an attractive partner. The co-investment portfolio is less mature than the broader PE book but subject to the same short-term pricing pressures. It produced a return of -1.5% in GBP over the year (2022: -5.8%). The small direct private book returned +2.7% (2022: +42.7%).

The PE portfolio was cash flow negative over the year and is likely to remain so for at least the next financial year. The IPO market has been largely closed, although two of our co-investments did manage to go public at the end of the financial year. There have been some exits to strategic buyers as many large public companies are looking to add growth assets at attractive prices. Transactions between PE players have slowed down sharply.

Capital calls have slowed down as well as distributions as it will take time for founders of businesses and sellers of private companies to adjust to the new reality of lower valuations. Public-to-private activity (taking public companies private, usually after extended share price declines) has been a key area of focus for buyout funds.

The outcome of any PE investment cannot be known for certain until it is realised or at least trades on a liquid public market. Overall, most of the underlying businesses in our PE portfolio are performing to expectations, so there is no reason to expect major changes in returns on invested capital. However, in the current environment, returns may take longer to materialise, resulting in lower IRRs.

Property, Infrastructure and Asset-Backed Operating Companies

Rapidly rising interest rates and a slowing economy is not an ideal macro backdrop for any property portfolio. However, our £3.1 billion portfolio is unconventional in its composition and has been relatively resilient, with a -2.6% return over the financial year (2022: +11.0%).

Residential property exposure makes up an important part of our portfolio, and within that the super-prime South Kensington estate is the largest single component. The residential rental market in the UK has been tight, partly due to individual private landlords withdrawing supply in response to governmental policy changes. We have seen good rental growth and extremely low voids that have supported values, despite higher capitalisation rates. We have completed a five-year programme of renovation of buildings in London previously used as serviced apartments, which are now fully let on the private rental market. Residential returns for the year were -0.8% (2022: +11.4%).

The return on our non-residential property portfolio was -3.8% (2022: +10.7%). This is an eclectic portfolio with unusual assets. Premier Marinas continues to see underlying demand for leisure boating and resilient cash flows. We are investing in the business to upgrade existing assets and make new acquisitions. Urban&Civic (U&C) had a slower year in its core strategic land development business, as planning delays and weak end demand dampened appetite from housebuilders for shovel ready plots. U&C was active in managing its portfolio, selling agricultural land that did not have development prospects while making important new investments that should produce excellent long-term cash flows.

The expansion of the Wellcome Genome Campus at Hinxton in Cambridgeshire has been absorbing a considerable amount of resource, both in the Wellcome Investment Team and at U&C. Enabling work on the project is rapidly accelerating after the first phase was given approval, and construction proper will start next year. This will be an important large investment in a world-scale commercial science park, alongside the existing world-class non-profit research facilities of the Wellcome Sanger Institute and the European Bioinformatics Institute.

California-based private infrastructure company Generate, which is financing energy transition solutions and in which we hold a minority stake, is pursuing a more moderate pace of expansion after growing at breakneck speed recently. They continue to see strong underlying demand and results, and are adapting their model to a more difficult financing environment. Our remaining student housing exposure at Northumberland House continues to see strong underlying demand. We are currently assessing options for a refurbishment programme.

Portfolio Overlays, Currency, Regional and Sectoral Overview

Currency movements have been important over the past two years given volatility in sterling. Last year we were unusually active in hedging exposure into sterling given extreme currency weakness. This year the currency recovered strongly against the dollar from below $1.10 towards the end of September 2022 to above $1.30 in July 2023. By the end of September, it had weakened again to $1.22, but this remained 9% above the levels at the end of our last financial year. We reduced our currency hedges into this currency strength, realising useful cash profits in the process. At the end of September, our GBP exposure net of currency hedges stood at 19.8% (2022: 23.9%) (Figure 11). The rise in our USD exposure reflects the reversal of hedge positions rather than significant changes in the underlying asset mix.

More than half our overall portfolio is in USD denominated assets. This reflects large positions in public equities and PE in US-based businesses (Figure 12), which remain among the most innovative and profitable globally. However, plenty of the USD denominated businesses and funds in the portfolio have economic exposures well beyond the US. Exposure to Asia in our total equity book has fallen slightly, which reflects continuing poor performance from publicly listed Chinese equities relative to most other markets globally, rather than substantial active sales.

Exposure to the information technology sector in our broad equity portfolio has fallen from 30% in 2022 to 27% this year (Figure 13). This reflects the markdowns in our VC portfolio and active sales to manage the position sizes of some of our large public equity positions. Exposure to the consumer discretionary sector (which includes many e-commerce companies), has fallen for similar reasons. Exposure to most other sectors has grown in relative terms, especially the industrials sector, where exposure has grown from 5% in 2022 to 8% this year, partly due to new investments. Energy sector exposure fell from 3% to 2% as we continue to allow our legacy book of energy PE funds to run off. As we have said publicly before, we will not be replacing these positions as holding periods are not long enough to allow PE managers to take a long-term view of the need to decarbonise energy companies.

Our cash levels were consistently high through the year and stood at 8.6% of gross assets at year-end (2022: 8.2%). As interest rates have risen sharply, we now get a meaningful level of interest income on our cash holdings, albeit still well below the 4% real return we need to make over the long-term. During the year, we invested some of our cash into short-term (below 2-year) US and UK government bonds when yields were attractive relative to other forms of cash. The intention is to hold these to maturity. This extra income has been especially useful given the slow pace of distributions from PE positions. In a volatile market environment, holding cash gives us optionality to take advantage of sharp declines in the prices of assets we would like to own for the long-term. It also gives stakeholders comfort that Wellcome will be able to fulfil its charitable commitments without the need to liquidate good assets at bad prices. Liquidity management remains the single most important element of our internal risk control framework.

We did not use any equity futures or options during the year in our overlay book. Public equity exposure (including ELS funds) is towards the bottom end of our internal ranges, which we believe is appropriate given the economic backdrop and the substantial broad equity exposure we have through private equity positions.

The market value of our bond liabilities reduced again this year to £1.8 billion (2022: £1.9 billion) due to increases in prevailing market rates of interest. There is no cash impact, but this has the effect of increasing the investment portfolio value in the short-term. The bonds will eventually be repaid in full at face value, although given the long duration of most of them, the unwind may take a long time. We did not issue any new debt or repay any maturing bonds during the year.

Figure 11
Currency allocation (net of currency forwards) (%) As of 30 September 2023

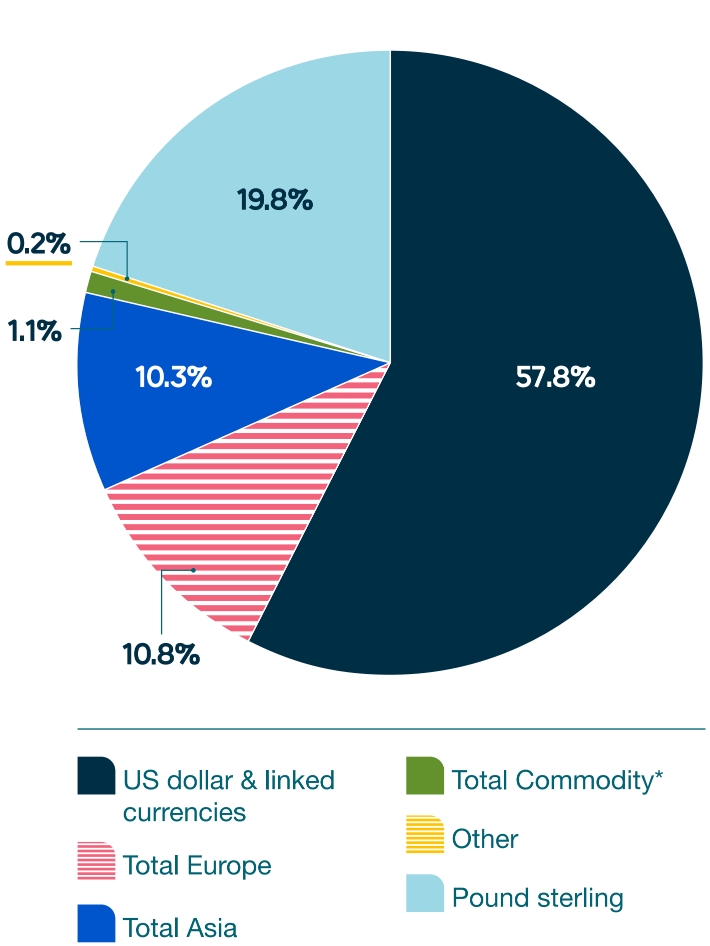


Figure 12
Public and private equity regional exposure (%) As of 30 September 2023

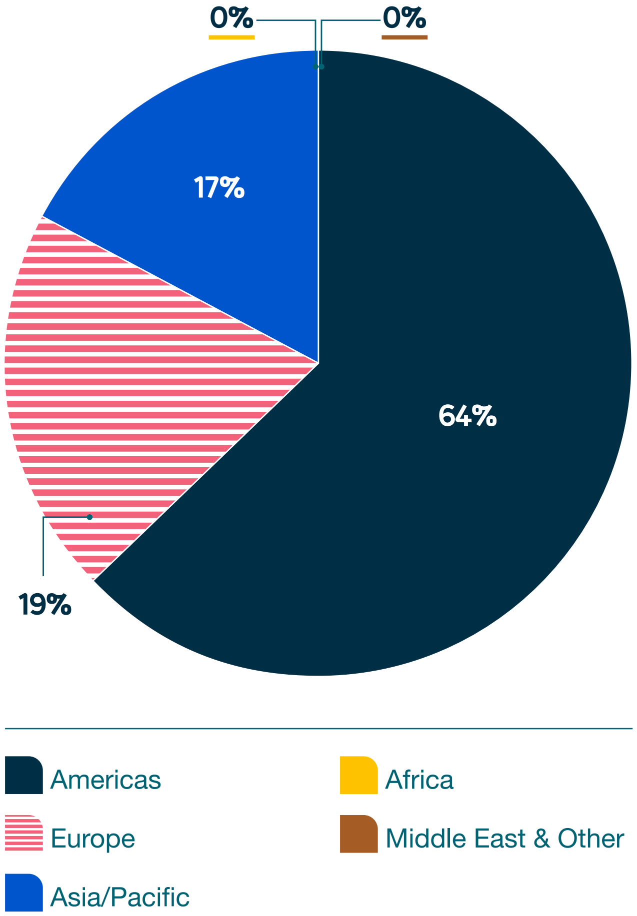
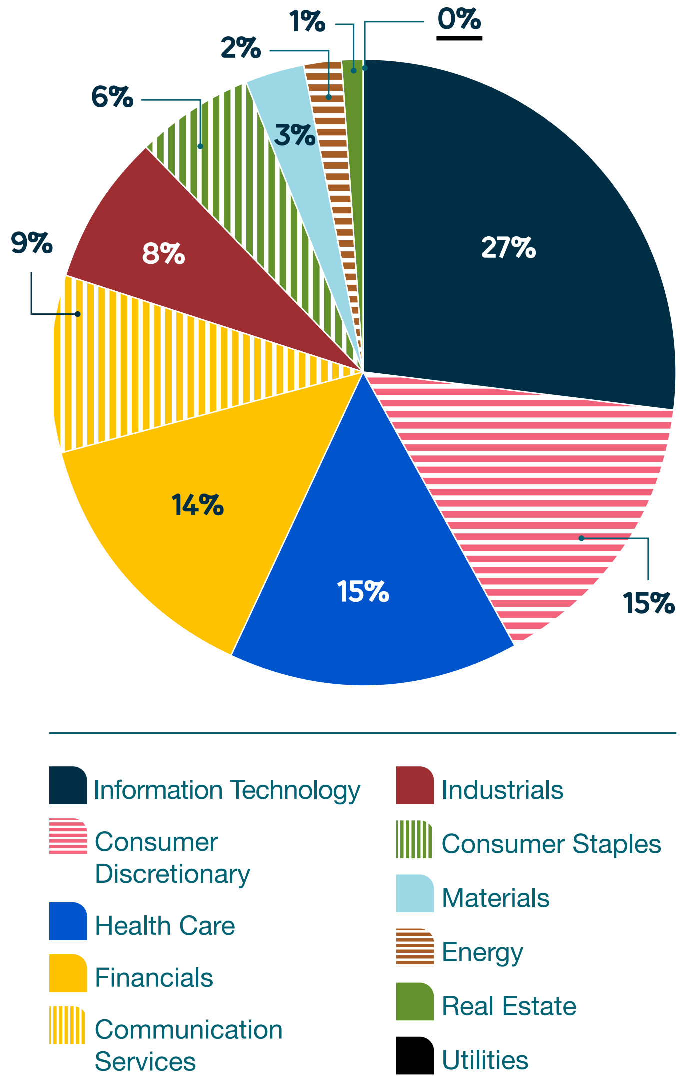


Figure 13
Public and private equity sectoral exposure (%) As of 30 September 2023



*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US dollar.

Progress report – Investments net zero strategy

We are now two years into our net zero strategy and are working through the difficult questions on how decarbonisation is achieved in practice for a multi-asset portfolio. Engagement and stewardship remain at the core of our efforts, as we believe that only through understanding and collaboration can we create resilience to the impacts of climate change across our assets to protect returns.

Recent developments within the political and regulatory landscape highlight the range of stances taken by governments, making it even more challenging for corporates and managers to plan for what a decarbonising economy looks like. Concerns over accusations of 'green washing' are creating added complexity. It is clearly important that companies can substantiate claims made with regards to their climate commitments. However, this field is constantly evolving, and we want to ensure that the unintended consequence of both public accusation and regulation is not that companies are deterred from trying, for fear of not having the perfect answer. Asset owners, managers and companies are also now navigating the greater degree of climate change scepticism seen in political discourse, despite the serious natural disruptions over the past year and the fact that the world has experienced its hottest three-month period ever[1].

On the more positive side, the impact of the Inflation Reduction Act (IRA) in the US is now evident, as shown by the swathe of new clean energy projects announced[2]. The recent announcement from Janet Yellen on establishing a set of 'net zero principles', combined with greater regulation on disclosure, should help tackle some of the barriers that a lack of globally accepted standards has created. China's 14th 5-year plan is already encouraging the adoption of clean energy in China, with the country progressing on its target of 33% of power from renewables by 2025. The EU's RePowerEU legislation has thus far lacked the same degree of impact as the IRA.

Global decarbonisation still faces multiple challenges that need to be overcome. Barriers to widespread adoption of electrification continue to overshadow progress with planning remaining challenging and grid constraints becoming more pressing, global coal demand is increasing rather than decreasing, and the regulatory picture remains uncertain. We, and the managers of our assets, therefore need to put increased emphasis on adaptation and resilience as well as transition.

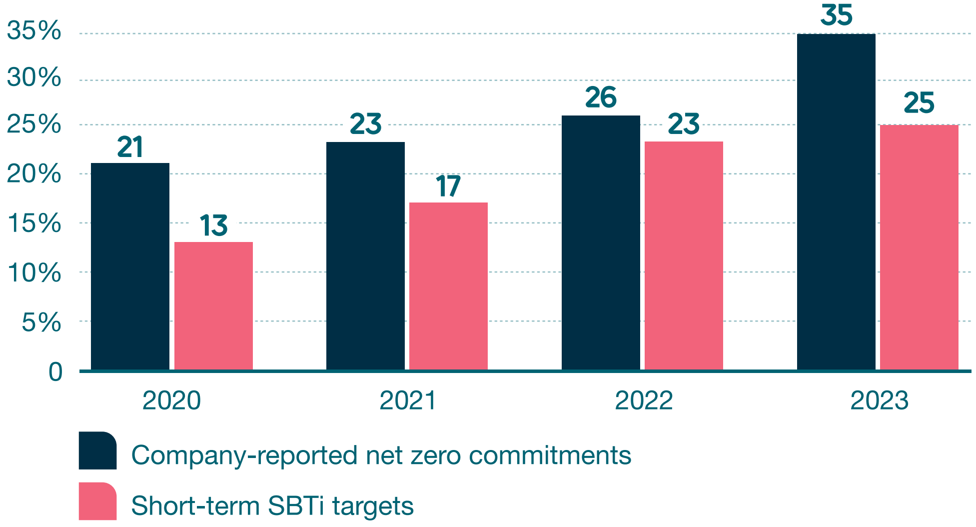
Against this mixed outlook, we have been encouraged by the progress within our portfolio. More managers are not only adopting but making progress on their net zero strategies, and considering how they can build climate resilience into their operating models. The enhanced level of interest in this area and understanding of our perspective since we first launched our net zero strategy is notable. We attribute this to greater industry focus and to having repeatedly and increasingly made our expectations clear.

Our approach

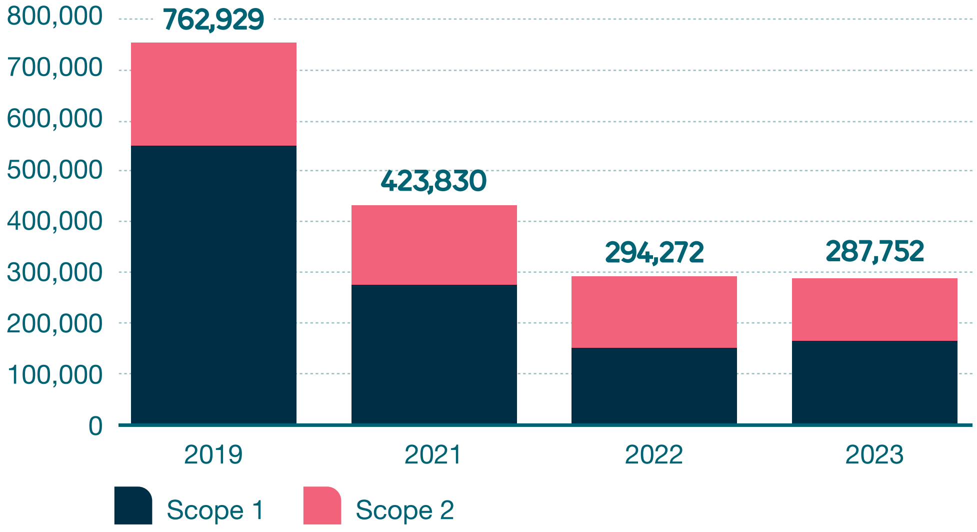
Encouragingly, we have seen an increase in the Gross Asset Value of our portfolio covered by targets for all our coverage metrics. This has been driven by a combination of a higher number of assets adopting targets in our long only portfolio, increased target coverage within our property portfolio, and the increase in value of our public equities, which form the bulk of our target-covered exposure.

From last year, the percentage of assets covered by a company/manager net zero target has increased from 26% to 35%[3,4]. The percentage covered by a near-term science-based target has also increased, from 23% to 25%. The net zero science-based target metric has increased from 13% to 15%. While we continue to consider Science Based Targets (SBTs), as set by the Science Based Targets Initiative (SBTi), as a goal to work towards, we acknowledge that their guidance is not yet suitable for all assets. We continue to engage with investor groups to help the further development of guidance.

% of gross assets with climate targets over time[3,4]



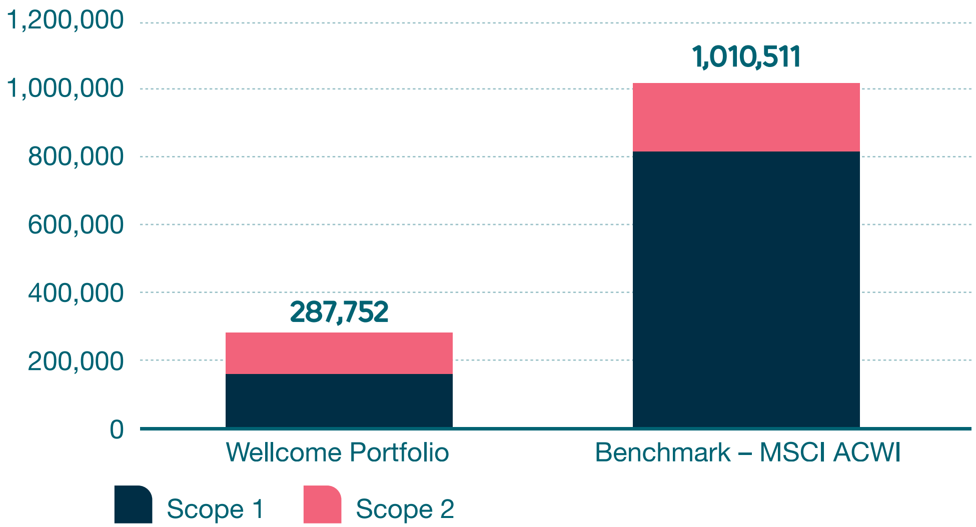
Public equities emissions – Scope 1 and 2 (tCO_2e)[5,6]



Organic emissions reduction is not straightforward as it is generally fighting a natural headwind from growth in revenues, as can be seen from our public equities carbon footprint flatlining. Portfolio composition changes are partly responsible but this is also a reminder that it is not straightforward for growing companies to counter this headwind and reduce absolute emissions. Lags in emissions data reporting also mean that the impacts of the reopening of the global economy post-pandemic will still be coming through in this year's footprint. We would also add a health warning on the quality of the data; while this is improving, we still do not have the level of conviction in it that we do with most other portfolio data sources due to incomplete data provision and evolving methodologies.

Despite these challenges, we are seeing some notable positive actions from our highest emitters and are encouraged by the fact that portfolio emissions are holding flat compared to company growth. As companies take action against their net zero commitments and invest in lower-emitting technology and energy efficiency programmes, we expect to see more companies reduce emissions.

Public equities carbon footprint vs benchmark (tCO_2e)[5,6]



The Institutional Investors Group on Climate Change (IIGCC) continues to be a useful sounding board. Most recently we have used the IIGCC to assess peer progress on target setting, particularly near-term targets, and have used their resources to improve our engagement with investment assets.

Progress across asset classes

Public equities

A key change in our directly held public assets from last year was the setting of science-based targets by Roche in November 2022. Most of our directly held equity positions are covered with a net zero target, and we are now seeing their efforts shift to action as they put in place transition initiatives including more renewable usage and reducing waste. Organic emissions reduction and 'insetting[7]' are increasingly considered best practice, and companies are engaging with their suppliers to lower their scope 3 emissions. Nestle, for example, is exploring working with coffee suppliers to put in place environmental restoration projects. Unilever is encouraging suppliers to commit to reducing their own emissions and providing them with tools and guidance to do so.

Linde, our most carbon intensive asset on a scope 1 and 2 basis, is making good progress on its commitment to double the purchase of low-carbon energy by 2028, contributing to their science-based absolute reduction targets. In 2022, Linde reduced their scope 1 and 2 emissions by 2.8% (market-based scope 2), and is on track to reach its target of 35% absolute emissions reduction by 2035. This seemingly small improvement highlights the difficulties in decarbonising a large global business. Linde is, however, well positioned to help customers reduce their own carbon footprints, which is something they have been focused on.

We have a few direct public holdings with no targets. To address these, we backed the CDP Science-Based Targets Engagement Initiative, which sent letters to more than 1,200 companies (including some within our portfolio) requesting that they disclose emissions to the CDP and set Science-Based Targets. Public equities are generally in a more advanced position on climate considerations, and we are keen that all our public equity investments meet what are increasingly widely held expectations.

Our long only managers have continued to improve their approaches to sustainability and climate change, with several refining their engagement strategies, participating in stewardship campaigns, measuring their portfolio footprints, and incorporating analysis of both transition and physical risk into decision making.

Managers have highlighted to us how long-term relationships with companies have allowed them to engage more effectively. Engagement on environmental issues made by our managers include encouraging increased disclosure, setting environmental targets, and providing advice on decarbonisation plans. Two good examples include engagement from a partner that contributed towards the establishment of an ambitious net zero target and commitment to invest in renewable energy by an Indian conglomerate, while engagement from another partner led to much greater disclosure on a company's hazardous waste and pollution management processes.

Private equity

We have had several positive follow-ups with partners after we circulated our "best practice" letters on setting net zero targets last year. More of our buyout partners have set decarbonisation targets, with several now looking at how they improve the climate resilience of their portfolio companies. Resources provided by managers include support for carbon footprinting, transition plans, and shared knowledge networks. Partners have been thoughtful on their approaches, targeting high-emitting sectors where they have control and encouraging policies that go beyond their investment holding period.

We have continued to contribute towards the ESG Data Convergence Initiative (EDCI). Partly due to our engagement, net zero metrics will be included in the next iteration of the EDCI benchmark, which will help focus attention on forward-looking targets as well as backwards-looking carbon emissions analysis. We currently have five buyout managers who are reporting portfolio company data, with just under 100 portfolio companies included.

Among our venture partners, our emphasis so far has been to advocate for the incorporation of strong governance early on in company formation, as we believe that this lays the foundation for effective environmental consideration later down the line. For later-stage companies, we are encouraging our managers to think about how they use their board positions to help companies incorporate sustainability into their operations, particularly in the run-up to going public.

Property

Our two directly held property businesses, Urban&Civic and Premier Marinas, have both set net zero ambitions. Urban&Civic aims to be net zero on a scope 1 & 2 basis by 2030, and on a scope 3 basis by 2040. Premier Marinas aims to be greenhouse gas emissions (GHG) free on a scope 1 and 2 basis by 2030. This year, we developed and finalised a specific net zero strategy for our direct property assets. These are predominantly the estate we own in South Kensington. We have measured a carbon emission baseline for these assets and have set a net zero target that aligns with our wider investments portfolio target, covering scope 1 and 2 emissions which are in, or will come into our control by 2050. The vast majority of emissions are scope 3, the direct emissions of our occupiers[8], so are generally beyond our control. However, within properties where we have some influence, we are looking at how we can improve energy efficiency, shift electricity mix, and influence occupier behaviours. When properties become vacant, we will assess what decarbonisation measures can be taken. The nature of our holdings means that we are often limited in action by local planning, heritage regulations and simply the lack of uniformity of buildings we have across the portfolio, which inhibits economies of scale in implementing mitigation options.

Hedge funds and Cash

We are still working through what 'net zero' means for hedge funds. We are encouraging hedge fund partners to focus their efforts on their operational carbon footprints and to think more about how they use their voting rights for long positions. One of our managers has already begun to incorporate Environmental, social and governance (ESG) due diligence into their investment decision making, explored the transition as an investment theme, conducted a carbon footprint exercise, and created a more formalised proxy voting system. We consider this to be a positive example of best practice and are encouraging others to follow suit.

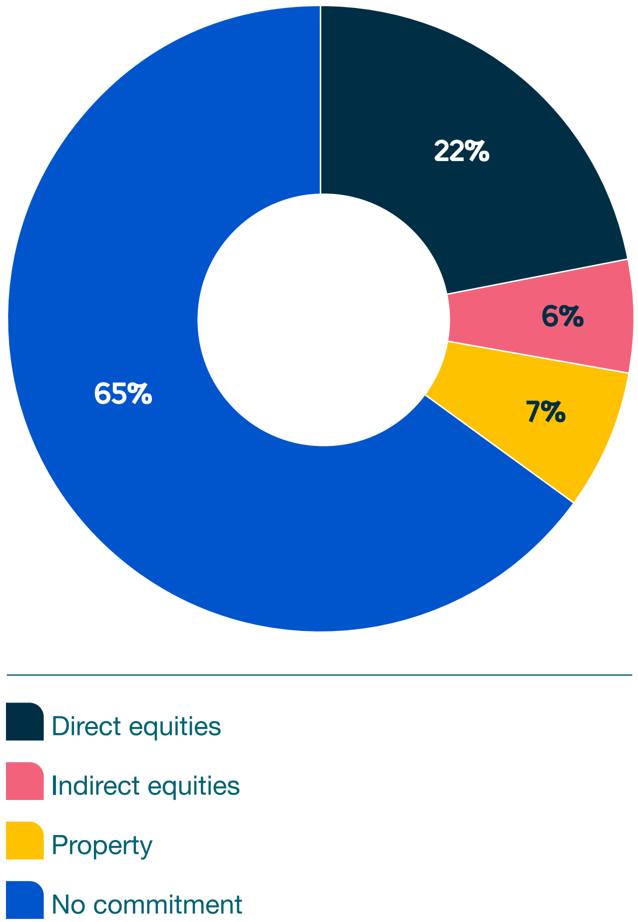
Climate solutions

The aim of the investment portfolio is to create sustainable long-term returns to fund Wellcome's mission. We recognise that the major thematic tailwind created by the energy transition may create a large investible opportunity, just as climate change creates risks that investors need to be aware of. We are increasingly seeing managers across the portfolio explore these opportunities, even without dedicated mandates in this area.

On the private side, our buyout partners are investing more in energy and industrial companies with transition tailwinds, such as H2 Green Steel, a green hydrogen and steel manufacturing company. In our venture capital portfolio, managers have invested in some of the 'technology enablers' that will help others decarbonise with investments such as Watershed, which develops software that helps build decarbonisation plans for companies. Generate, the California-based distributed green infrastructure company, in which we have a minority stake, continues to see a strong opportunity set, and is adapting to a more challenging fundraising environment. We have direct and indirect exposure to an early-stage nuclear fusion company. The technology is still unproven but could be game-changing if successful. On the public side, new indirect positions benefiting from transition tailwinds include Carrier, which makes heat pumps and boilers that should benefit from, and help, power the energy transition in Europe.

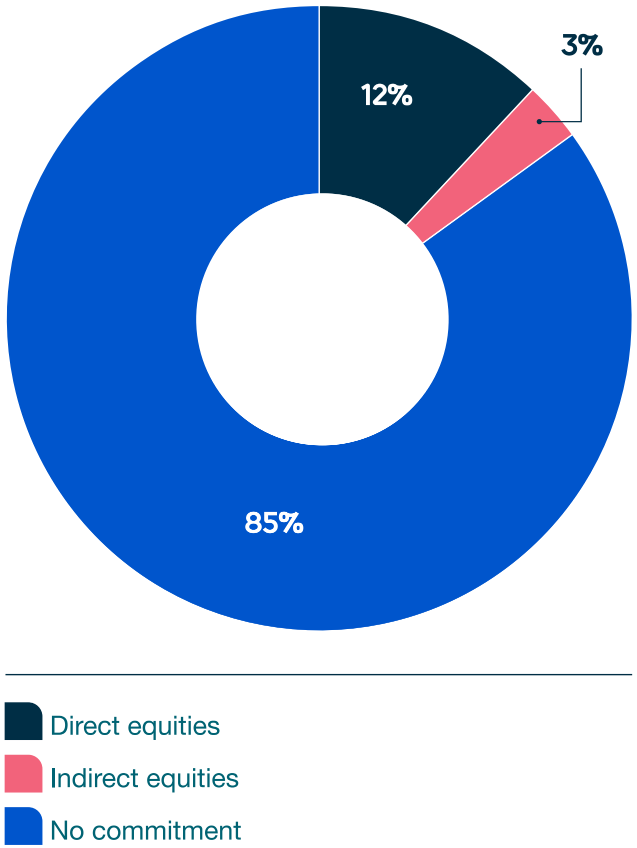
Company-reported net zero commitments[3,4]

% gross assets (by value)



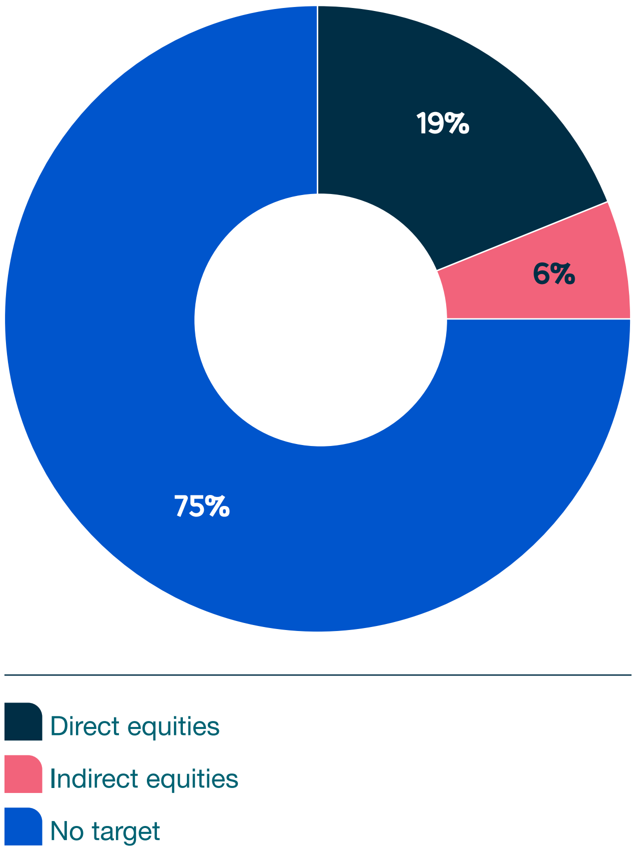
SBTi net zero commitments[3,4]

% gross assets (by value)



Short-term SBTi targets[3,4]

% gross assets (by value)



Net zero endnotes

1. https://www.telegraph.co.uk/global-health/climate-and-people/climate-change-global-warming-wildfires-drought-floods/
2. A total of 280 clean energy projects have been announced in the first year, representing $282bn of investment. https://www.gsam.com/content/gsam/us/en/institutions/market-insights/gsam-insights/perspectives/2023/us-inflation-reduction-act-is-driving-clean-energy-investment-one-year-in.html
3. Percentages reported are a % of Gross Asset Value. For science-based targets, we include those with targets set and verified by the SBTi and those that have made a commitment to the SBTi to set a science-based target.
4. Near-term science-based targets and science-based net zero commitments are taken directly from SBTi (https://sciencebasedtargets.org/companies-taking-action).
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6. 2019 and 2021 carbon footprint data calculated based on best available data on the year it was first published. 2022 and 2023 data calculated using best current available data. 2023 data includes 96% of coverage of the public equities portfolio.
7. 'Insetting' is when a company finances climate protection projects along its own value chain to reduce or sequester carbon.
8. Scope 1 and 2 emissions are estimated to be 463tCO_2e, of which we can control approximately 75%.

Financial Review

Overview
for the year ended 30 September 2023

	2023 £mn	2022 £mn	Change £mn
Investment activity			
Income	475	366	109
Expenditure	(171)	(151)	(19)
Investment gains/(losses)	(178)	(1,038)	859
	127	**(823)**	**949**
Charitable activity			
Income	67	136	(69)
Charitable expenditure before discounting and foreign exchange	(1,702)	(1,366)	(336)
Discounting of grant liability	146	131	15
Foreign exchange revaluation of grant liability	66	(103)	169
Expenditure on charitable activities	(1,490)	(1,338)	(152)
	(1,424)	**(1,202)**	**(221)**
Net income/(expenditure) before tax	**(1,297)**	**(2,024)**	**728**
Taxation	12	50	(38)
Gains on defined benefit pension schemes	142	315	(173)
Net movement in funds	**(1,143)**	**(1,659)**	**518**

Charitable activity

Income from grants, programme-related investment activity and Wellcome Collection was £67 million (2022: £136 million), including grant and contract income received by the Wellcome Sanger Institute.

Charitable expenditure of £1,702 million (2022: £1,366 million) is higher than the previous year, reflecting Wellcome's move to delivery of the strategy. This is the first year of 10 over which Wellcome plans to spend £16 billion on charitable activities.

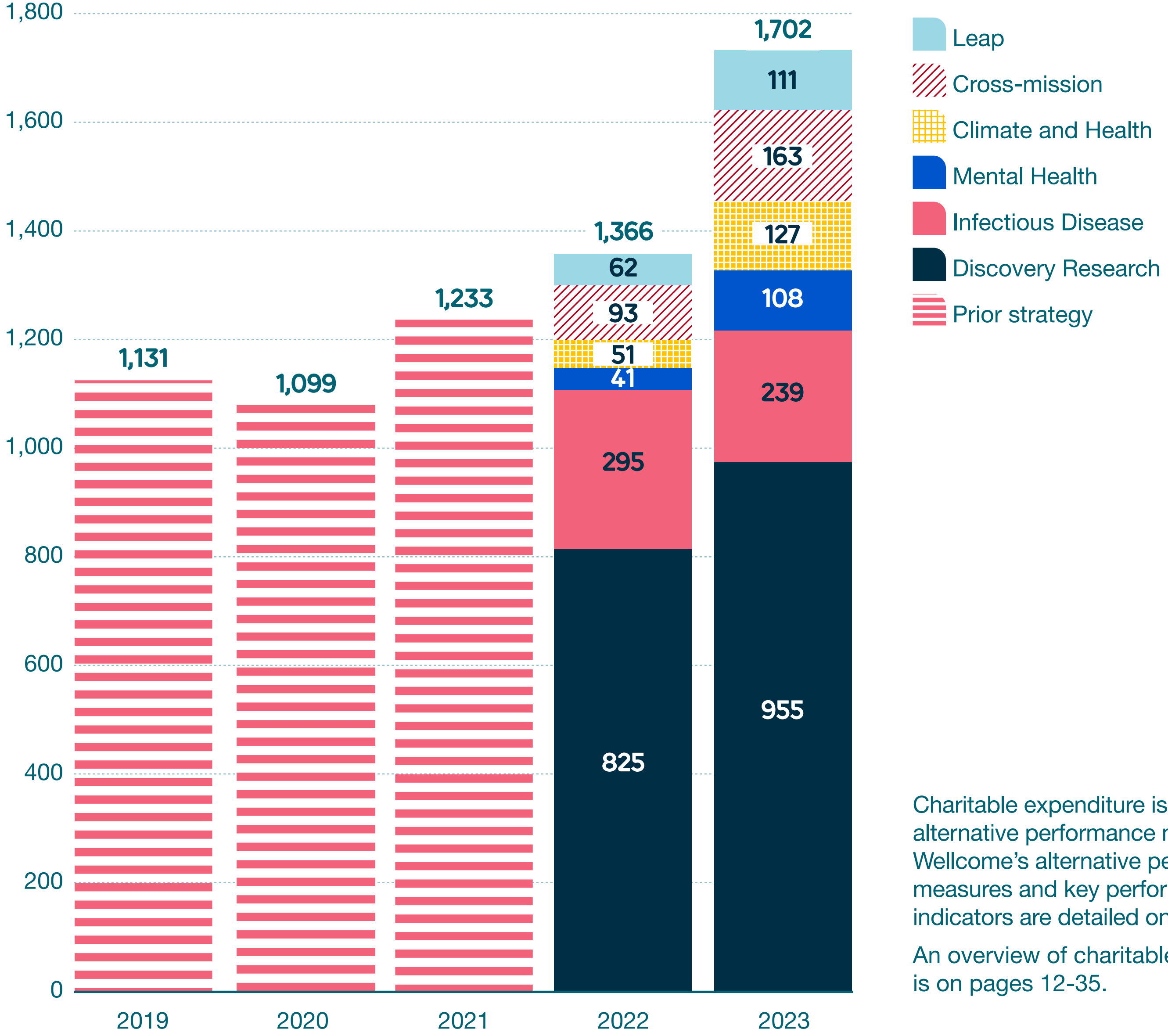
Investment activity

Our investment activity generated a net gain of £127 million (2022 net loss: £823 million).

Our portfolio returns this year are +0.9% in sterling (2022: 1.7%). Over the past 10 years, the portfolio has delivered a real return after inflation of +220% in sterling (2022: 251%). A full commentary is provided on pages 36-49.

Charitable expenditure is an alternative performance measure. Wellcome's alternative performance measures and key performance indicators are detailed on page 127.

Total charitable expenditure (£mn)



Charitable expenditure is an alternative performance measure. Wellcome's alternative performance measures and key performance indicators are detailed on page 127.

An overview of charitable activities is on pages 12-35.

Discovery Research

2022/23 was the first full year of the new Discovery Research funding schemes, which provide researchers at different career stages with the resources to address challenging research questions. Overall, we funded £405 million across the three schemes, an increase of £174 million compared to prior year (2022: £231 million).

During the year we funded multi-year strategic activities in the UK and other countries, with £73 million for follow-on funding for research at eight research platforms and £52 million for the upgrade of the Diamond Light source to maintain its status a world-class scientific facility. Outside the UK, we funded £164 million to continue the work of our international programmes.

Wellcome continues to support its world-leading genomics subsidiary, the Wellcome Sanger Institute, with £124 million in funded spend in the year, an increase of £32 million compared to prior year (2022: £92 million).

Infectious Disease

In 2022/23, we made contributions to creating equitable and affordable solutions. We funded £126 million for the development of a tuberculosis vaccine and £16 million to generate more affordable products to address infectious diseases. We provided £13 million to the ADVANCE ID network, a global collaboration on clinical trials. We also contributed £10 million to the foundation of the African Medicine Agency to improve medical access across the continent.

To better understand the burden of infectious disease on communities, we made £18 million in awards on barriers to uptake and contributed £14 million on decision making on the use of an oral cholera vaccine.

We continue to support the strategic initiative CARB-X to fight drug-resistant infection and contributed £20 million this year, a decrease of £9 million from prior year (2022: £29 million).

Mental Health

We awarded £48 million in a funding call for Back Translation to gain a better understanding of how the brain, body and environment interact in depression, anxiety and psychosis.

We also ran a funding call worth £34 million for research into sleep to enable better translation leading to new approaches for early detection and targeted intervention.

Climate and Health

We spent £48 million on activities to capture quantitative data on the effects of climate change on health, an increase of £15 million on the prior year (2022: £33 million)

A total of £32 million was spent on field-building activities to create a global climate and health community, which is an increase of £7 million on prior year (2022: £12 million)

Activities to test adaptation interventions were funded to the amount of £22 million.

Cross-mission

We undertake several activities that contribute to our mission as a whole. These include broad themes such as research environments, data, policy and advocacy, and translational work, as well as our Snakebite programme. These activities received a combined amount of £141 million, which is an increase of £68 million on prior year (2022: £73 million).

This year, we spent £22 million on Wellcome Collection, our free museum and library, an increase of £2 million from prior year (2022: £20 million).

Wellcome Leap

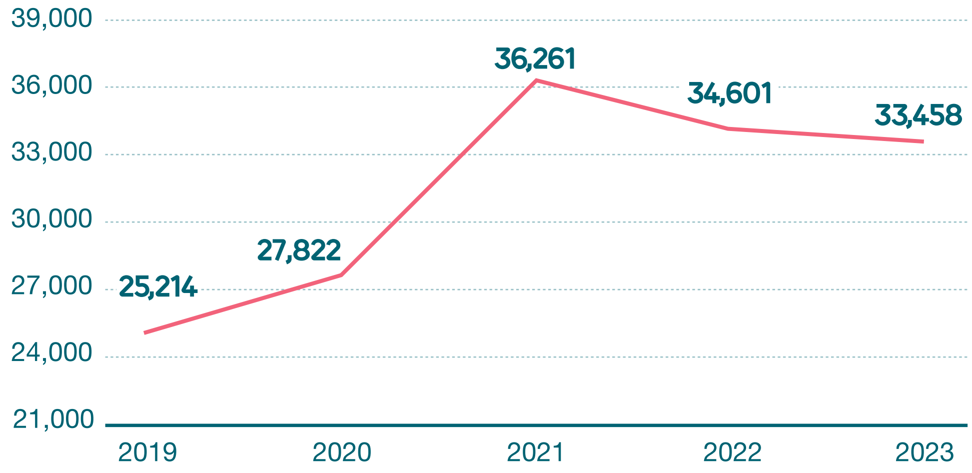
Wellcome Leap funds programs that aim to deliver breakthroughs in human health over 5-10 years, with spending of £111 million this year which is an increase of £46 million on prior year (2022: £62 million).

Total charitable expenditure includes allocated support costs of £119 million (2022: £91 million).

Total Funds at 30 September 2023

	2023 £mn	2022 £mn	Change £mn
Fixed assets	405	402	3
Investment assets	39,312	40,343	(1,030)
Net current liabilities	(1,374)	(1,398)	24
Long-term liabilities	(4,885)	(4,746)	(139)
Total funds	**33,458**	**34,601**	**(1,143)**

Total funds of the Charity (£mn) as at 30 September



Total funds

The total funds of the Wellcome Trust Group decreased by £1,143 million to £33,458 million (2022: £34,601 million) due to charitable cash expenditure of £1,312 million being funded from investment assets, offset by the performance of the investment portfolio, as detailed in the Review of Investment activities on pages 36-49. This is combined with the overall increase in charitable liabilities due to the charitable expenditure continuing to exceed the net operational cash flows.

Macroeconomic factors

Prevailing inflation rates continued to be high (UK one-year CPI: 9.0%), with Wellcome formulating a new inflation policy to mitigate the impact on grantholders.

Higher inflation rates have led to central banks raising interest rates. This has impacted the valuations of Wellcome's investment assets which is detailed in note 2.

Sterling has recovered during the year against the US dollar, affecting the investment valuations of overseas assets and reversing some of the increase in cost of Wellcome's overseas funding. However, sustained higher inflation would reduce the amount of charitable activities that can be funded from this level of spend and therefore Wellcome's impact over this period.

Going concern and viability

The Board has reviewed the going concern assessment and concluded that Wellcome and its subsidiaries have adequate resources to continue to operate and to meet any commitments as they fall due for at least 12 months from the date of approval of this report.

The Board has reviewed the viability assessment of Wellcome and its subsidiaries over the five years to September 2028, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity, to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the significant risks laid out in the Risk Management section (pages 85-90), as well as the significant accounting estimates and judgements in note 2.

Notwithstanding the five-year viability period which has been driven by the cash flow forecast period, the Board conducted its annual review of Wellcome's funding approach, approving a planning assumption of £16 billion of charitable activity spend over 10 years. The Board previously noted investment portfolio risk as a key risk impacting Wellcome's resources and reviewed the impact on the value of the investment portfolio of that planning assumption combined with a number of negative investment environment scenarios, including 45% decrease in investment portfolio values followed by four-year recovery (the largest historical US public market drop over the last 50 years) and negative real investment returns due to sustained higher inflation. The Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

However, sustained higher inflation would reduce the amount charitable activities that can be funded from this level of spend and therefore Wellcome's impact over this period.

In addition to the investment return scenario planning, the Board previously approved the principle of supporting the £16 billion of charitable activity by spending down capital, if required, to the minimum endowment level in all but extreme market conditions. The minimum endowment level was updated to £27 billion during the April 2023 Board meeting.

We have also considered reverse stress test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £6.1 billion, comprising third party liabilities, provisions, pension deficits and commitments, combined with non-contractual but expected grant commitments of £2.9 billion. The net investment portfolio exceeds these liabilities by £27.7 billion at the balance sheet date.

In addition, as noted in our Reserves policy, we define a minimum level for the net investment portfolio to sustain our planned charitable expenditure.

The net investment portfolio exceeds this threshold by £10.0 billion as at the balance sheet date.

Moody's and S&P's each confirmed that Wellcome maintained its triple-A rating in their annual assessments.

Financial planning

The financial planning process set out an overall planning assumption of £16 billion of charitable activity over 10 years.

A longer-term planning horizon enables Wellcome to support its longer-term activities and encourage flexibility for allocations towards time-bound activities. The process considered the minimum level for the net investment portfolio required to fund long-term ongoing charitable activities (see 'Reserves policy').

With the first year of the 10-year plan concluded, the budget for the second year was approved by the Board in September 2023, setting out an ambitious programme of work. The 10-year plan includes flexibility for Wellcome to allocate funding to meet the goals in our Discovery Research and Health Challenge programmes as opportunities arise.

The process of identifying opportunities and re-allocating funds within the 10-year plan will be an ongoing process. As part of this ongoing process, the medium-term outlook was reviewed during the year, and the plan was updated accordingly.

'Charitable activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

Reserves policy

The reserve balance, equivalent to Wellcome's consolidated net assets, at 30 September 2023 is £33,458 million (2022: £34,601 million). Our funding methodology defines a minimum level for the net investment portfolio of £27 billion (in real terms as at April 2023) required to support the £16 billion planning assumption. This level is subject to annual review by the Board of Governors and the planning methodology is discussed on page 59.

The reserves are almost all unrestricted but certain awards made by other funders to the Wellcome Sanger Institute are subject to specific conditions and are therefore restricted in their use. These amounted to £17.1 million at the end of 2023 (2022: £17.5 million).

Pensions

The Wellcome Trust Group provides employees with the opportunity to participate in a defined contribution scheme and for employees who joined prior to April 2016 defined benefit schemes which are closed to further accrual (refer to Remuneration Report, pages 91-96).

The Group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) were in surplus of £219.3 million as at 30 September 2023 (2022: £81 million surplus). The plans' surplus has increased this year due to the increase in discount rates linked to increased corporate bond yields and reductions in inflation assumptions leading to overall actuarial gains in the year.

More detail on the pension schemes is given in note 11(e) on page 155.

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's Constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee (page 100), who recommend it for the approval of the Board of Governors.

We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products or vaping products.

We take stewardship of our assets very seriously and consider many factors before we invest.

As well as a sound and sustainable business model, we must be confident that the companies and funds we invest in take their environmental, social and governance responsibilities seriously.

Environmental, social and governance

At Wellcome, our mission is supporting science to solve the urgent health challenges facing everyone. Delivering this mission will produce benefits to society through research and health innovations. How we operate is also part of our impact in the world, and we have a responsibility to lead by example in our approach to environmental, social and governance considerations, whether that's reducing carbon emissions or becoming more inclusive.

Our work will deliver substantial benefits over time, and it is important that we conduct our work sustainably. The Board of Governors has ultimate responsibility for ensuring that Wellcome's contributions meet the needs of the present without compromising the ability of future generations to meet their needs. This understanding of sustainability applies as much to social and governance issues as it does to environmental ones.

As such, we are now developing an environmental, social and governance (ESG) strategy for The Wellcome Trust Group as a whole – this comprises the Wellcome Trust plus our charitable and investments subsidiaries. This strategy will be informed by a materiality assessment and supported by a Group ESG committee.

Here we highlight work that is already in train to live up to our opportunities and responsibilities through our mission, our operations, and how we work with others.

Environmental

The world is facing a climate emergency, and it is a health crisis as much as an environmental one. Wellcome has an important contribution to make through the delivery of our mission, and a responsibility to understand and address our impacts.

As a global organisation with climate and health as a core part of our mission, we need to lead by example in tackling our own environmental impacts. We have committed to becoming a net zero organisation across our charitable activities and operations, our £37 billion investment portfolio, and our subsidiaries. We are at the start of a journey to embed sustainability in everything we do, and we have begun to take the necessary transformative decisions to meet our goals.

We aim to reach net zero by 2030 for scope 1 and 2 emissions generated by Wellcome's direct charitable activity and operations, and net zero by 2050 at the latest for the emissions relating to our investment portfolio.

We do not underestimate the scale of action that will be required to meet these ambitions and are considering fundamental questions such as how we use our current buildings. The Board of Governors has decided that a net-zero refit of our two main buildings is the preferred option for meeting our goals in a sustainable way without compromising our ability to achieve our mission, while relocation remains a possible alternative approach.

We are also determined to reach net zero for our scope 3 emissions, which include those generated by the research we support. We are working with our stakeholders to begin developing an approach to measuring these emissions. This is a complex but necessary first step towards understanding the scale of the challenge and what we can do to reduce them over what timeframe.

We have recruited a role in our senior leadership team with responsibility for embedding sustainability in Wellcome's practices, and set up an operational programme to become a more sustainable organisation. This multi-year programme is currently focusing on decarbonising our operations and understanding emissions across our supply chains, including from research we fund. We will then develop metrics and targets, an implementation strategy and governance structures to ensure it drives change across the organisation. This work is overseen by a sustainability subcommittee of the Executive Leadership Team (ELT), chaired by the Director of Corporate Affairs.

The environmental ambitions, activities and impacts of our subsidiaries – including Genome Research Limited and Wellcome Leap on the charitable side, and Urban&Civic and Premier Marinas on the investment side – will be included when we report our progress at a Group level.

Environmental impact

Through our mission

Our strategic Climate and Health programme aims to put health research at the heart of climate change action. This is both to motivate actions to mitigate and adapt to climate change, and to provide evidence of how different choices will affect people's health so that the most beneficial choices can be implemented.

- We fund research to understand the health impacts of climate change and of actions taken in response to climate change, which can inform decision makers at local, national, regional and global levels.
- We advocate for urgent climate change actions based on evidence of the health impacts already being felt around the world, and those that will get worse the higher the earth's temperature is allowed to rise.

Our Review of Charitable Activities has more examples of our work in Climate and Health this year (page 27).

Through our operations

Scope 1 and 2 emissions

- We measure our direct emissions (scope 1) and emissions from the energy we consume (scope 2) to inform our actions, and report them as part of our ambition to reach net zero by 2030.
- We are developing a strategy and implementation plan for reaching net zero.
- As an interim measure, we are mitigating scope 1 and 2 emissions by planting trees in the UK through the Woodland Trust.
- To help reduce energy consumption, we are upgrading our building management systems and engaging employees to use less lighting and air conditioning.
- We are working to recycle or reuse more of the waste we generate, working from the root causes of waste generation and disposal.

Scope 3 emissions

- We are developing an approach in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework, with a view to improving our reporting in 2024 and setting a baseline for our scope 3 emissions. Reporting against our climate-related risks and opportunities will enable stakeholders to track our progress and hold us to account.
- As a first step, we mitigate the carbon emissions from our travel – and our grantholders' travel – by planting trees through the Woodland Trust.
- We commissioned a report into advancing environmentally sustainable health research, and will be publishing a comprehensive sustainability policy for Wellcome grantholders and their institutions.
- We support initiatives across the investment sector, encouraging our partners to join and taking actions to reach the target for our investment portfolio to be net zero by 2050 at the latest (see pages 50-54 for a detailed update on progress in our Investments net zero strategy). We are a member of the Institutional Investors Group for Climate Change, and we have been on the steering committee of the ESG Data Convergence Project in the private equity sector.

Social

The research Wellcome supports is a public good, contributing to the fundamental human endeavour to understand the world around us, and helping to build a healthier future. Science is done by people and health affects everyone, so people are at the heart of all our work.

We invest in creating open, engaged, ethical and efficient environments for researchers to thrive in their work. Wellcome Collection, our free museum and library, brings social, cultural, historical, personal and artistic perspectives into our work. We are committed to becoming a more inclusive employer, funder, and museum and library so that we can support science to solve the urgent health challenges facing everyone.

Success in Wellcome's mission relies on the efforts of many people and organisations, from those we employ directly to those we fund to do research, and including the communities most affected by the health challenges we are looking to solve. These relationships create obligations that we recognise not only as fundamental to achieving our goals, but also part of the social benefits that stem from our work.

To achieve our mission, our staff must feel valued. Having developed a core set of beliefs and values for Wellcome this year (see page 9), we have begun to apply them in our working culture. We have recruited a role in our senior leadership team with responsibility for developing Wellcome's culture, which will include establishing a new set of expected behaviours for employees and leaders.

In July 2023, we announced the appointment of our first Chief Equity, Diversity and Inclusion Officer, a new role on the ELT. An Equity, Diversity and Inclusion subcommittee of the ELT is chaired by our Chief Executive Officer. We also benefit from an advisory group of 19 external associates.

In autumn 2022, we developed a 10-point action plan to accelerate progress in our anti-racism work throughout 2022/23. By 30 September 2023, six actions had been completed on schedule. Four were delayed – notably the introduction of positive action in our funding processes, and dedicated funding streams – but are on track to be completed early in 2024.

In 2024, we will also begin a three-year action plan to progress towards becoming anti-ableist. This work will cover employee policy, senior leader learning, all-staff learning, and research funding.

The social impacts and activities of our charitable and investment subsidiaries will be considered as part of the work of the Group ESG committee.

Social impact

Through our mission

We support research across all disciplines into life, health and wellbeing to generate knowledge and insights, make breakthroughs and inspire progress towards a healthier future for everyone. We maximise science's benefits for people's health by funding excellent research from discovery to impact, working with others across society, around the world, to develop, test and implement sustainable, evidence-based interventions that work for the people who need them.

Our Review of Charitable Activities (pages 12-35) has more examples of work this year to achieve our mission.

Wellcome's work impacts society directly and indirectly, so we work with a broad range of people – including those with lived experience of health challenges and those from marginalised groups – so that everyone can connect with, contribute to and benefit from science's potential. Two goals in our equity, diversity and inclusion strategy are that the people we fund will be more representative of the global population, and the research we fund will be inclusive in design and practice.

Wellcome Collection is another way in which we engage the wider public. We seek out opportunities for people to contribute different forms of knowledge and understanding towards a healthier future, give voice to a radical imagination of what health is and what it could be, and make meaningful connections between different perspectives of health past, present and future. In 2024, Wellcome Collection will be implementing a new structure to deliver this strategy, and we will be supporting staff through the changes.

Sustainable funder

The way that Wellcome works and the decisions we make have impacts beyond the people who directly help us achieve our mission. This includes our suppliers and contractors, and especially the wider research community. In the past, we have unintentionally contributed to some negative aspects of research culture; now we strive to have a positive impact on the people we fund and the wider community. When assessing applications for Wellcome funding, our criteria include contribution to a positive research culture.

Support for researchers we fund includes:

- Availability of grant extensions for various reasons, including illness.
- Disability-related support.
- Specific support for people re-entering a research career with our funding.
- Requirement for institutions we fund to have formal procedures in place to prevent bullying and harassment, research misconduct, fraud, tax evasion, bribery or other corrupt practices.
- Expectation of organisations we fund to pay everyone working on a Wellcome grant at least the real living wage.
- Planned introduction of positive action and other diversity and inclusion initiatives in our funding.

Through our operations

Wellcome employs around 1,050 people in the UK and Germany. We are a disability confident employer, a Stonewall Diversity Champion, and in the Top 75 of the Social Mobility Employer Index.

The third goal in our equity, diversity and inclusion strategy is that by 2031, the people we employ will be representative of the places where we work. In February 2023, we launched a range of new and updated policies, procedures and guidance to help achieve this goal. They included new policies on equal opportunities and workplace adjustments, and updates to our resolution framework and ways of working guidance.

Support for our employees includes:

- Staff networks to promote equity, diversity and inclusion – each is sponsored by two ELT members and at least one Governor.
- A staff forum for employees to contribute to organisational decision-making, which will relaunch in 2024.
- Anti-racism and anti-ableism programmes, including a training programme on racial fluency for the ELT and others, raising leaders' confidence in having conversations and listening to colleagues' experiences around race.
- Measures to mitigate rising costs of living, including interim pay rises in 2022 and a minimum increase set for annual pay awards in January 2023. We also introduced a financial resilience programme at the end of 2022, which 18% of staff attended.
- A health, safety and environmental committee that reports directly to our Operations Committee and ensures employees are consulted, informed and can raise concerns on matters of health and safety.
- Physical and mental wellbeing support, including GP access, private medical insurance, and counselling to support staff in specific circumstances.
- Volunteering opportunities and volunteering leave.
- Living wage and other benefits for contractors who work with us.

During the year, one incident (in May 23) was reportable under health and safety regulation (RIDDOR). A desktop investigation was carried out by Camden Council Environmental Health Office (Health and Safety), and no further action was required.

As a UK organisation with more than 250 employees, Wellcome is required to report our gender pay gap data. We choose to also publish our ethnicity pay gap data. Pay gap trends are indicators of progress towards being an inclusive workplace, while year-on-year changes tend to reflect recruitment and promotion of relatively small numbers of people.

Our gender pay gap is mostly due to different distributions of men and women at different levels of seniority: while senior roles are broadly evenly split, we employ relatively fewer men in junior roles. The rise from last year is disappointing, but mostly the result of a small number of mid-level promotions. Our ethnicity pay gap is smaller but interpretation has to be tentative because we have not received ethnicity data from about 15 percent of our employees. We continue to take a sustainable, long-term approach, including a range of actions to make Wellcome a more diverse and inclusive employer.

Wellcome's Gender Pay Gap 2019–2023

Year	Gender pay gap
2023	16.2%
2022	15.4%
2021	13.2%
2020	15.9%
2019	17.3%

Data: gender pay gap in median pay for women at Wellcome as a percentage of median pay for men at Wellcome

Wellcome's Ethnicity Pay Gap 2019–2023

Year	Ethnicity pay gap
2023	3.3%
2022	5.6%
2021	4.6%
2020	-1.4%
2019	0.4%

Data: ethnicity pay gap in median pay for people from racially minoritised groups at Wellcome as a percentage of median pay for white people at Wellcome.

Governance

How an organisation operates in the world is not only determined by its structures, rules and procedures. At Wellcome, governance is at least as much about understanding what's integral to us as an organisation, and how we want to act as a result. This is the foundation for developing a culture in which our people are equipped to make the right decisions at the right time to deliver our mission in line with our beliefs and values.

Key governance issues for Wellcome, relating directly to our mission and through the ways we work, include safeguarding, data protection, modern slavery, and preventing bribery and fraud. Ensuring positive long-term impact rests on having clear accountability across all levels of Wellcome, diversity of perspectives and insights, starting with the Board of Governors, and strong organisational ethics and risk management.

To help maintain our standards across all areas of our work, we have developed our business ethics team, keep our code of conduct up to date, including a policy to prevent bullying and harassment, provide a safeguarding framework for employees and people outside Wellcome with whom we work, and deliver mandatory training for staff on anti-corruption and personal data compliance.

We regularly work with expert external partner organisations to help shape our policies, practices and communications – these include Unseen UK on modern slavery and human trafficking, Protect for our Speak Up tools, and the Funder Safeguarding Collaborative on safeguarding.

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. Our Board of Governors and ELT use this principle to test decisions, particularly to ensure we make the most of our independence and that our strategic and operational plans are aligned to meet our mission.

This year, the Board has been actively engaged in shaping the development of our ESG strategy, discussing options at three meetings and attending ESG training sessions with the ELT. In this work, the Board has benefited from the support of its committees, for instance from the Audit and Risk Committee's input into ESG disclosures and from the Nominations and Governance Committee on the oversight of stakeholder engagement activities. As our ESG strategy matures, it is likely that our governance structure will also evolve so that important issues continue to get the right level of attention and expert input.

The Structure and Governance section (pages 68-77) provides more detail on our governance framework.

Sustainable investor

Our work is funded from a portfolio of investments in a wide range of financial assets around the world. We do not deliver our mission through these investments but aim to maximise returns over the long term to spend on our charitable activities. However, the prospects for strong returns increasingly align with environmental and social sustainability.

Each company, fund and asset we invest in must demonstrate a sound and sustainable business model. We expect our investment partners to maintain strong relationships with customers, suppliers, employees, governments, regulators, providers of capital and society as a whole. This includes a positive corporate culture, ensuring compliance with laws and regulations, the health and safety of employees, considering impact on communities and the environment, and having an appropriate governance structure. We refer to this as 'social licence to operate'.

As well as being a reflection on its values, a positive approach to these considerations is indicative of whether a company represents a strong investment prospect for us. If a company does not maintain its social licence to operate, we believe there are questions over its long-term sustainability and therefore its long-term return potential.

We consider licence to operate at each stage of our investment process, from initial due diligence to ongoing monitoring and continuous engagement. We may seek outside support to provide information, but we form our own opinions and do not outsource decision-making to consultants or advisers.

Carbon and energy performance (for the Wellcome's charitable activities)

Greenhouse gas emissions (tCO_2e)

	Baseline year 2018/19	2021/22	**2022/23**	% change from baseline
Scope 1				
Gas	1,279	1,350	1,379	8
Refrigerants	52	213	34	(35)
Scope 2				
Electricity – Location based	2,246	1,620	1,818	(19)
Electricity – Market based	2,246	-	-	(100)
Total – Scope 1 and 2 (Location-based)	**3,577**	**3,183**	**3,320**	(10)
Total – Scope 1 and 2 (Market-based)	**3,577**	**1,563**	**1,413**	(61)
Scope 3 – currently measured				
Water	28	9	10	(64)
Waste	4	4	4	-
Business travel (air and rail)	5,684	1,261	5,613	(1)
Business travel (mileage)	6	2	3	(56)
Total – Scope 3	**5,722**	**1,276**	**5,629**	(2)
Total – Scope 1 and 2 (market-based) and 3	**9,298**	**2,839**	**7,042**	(24)

	Baseline year 2018/19	2021/22	**2022/23**	% change from baseline
Intensity ratio – Carbon emissions/Charitable expenditure				
Annual charitable expenditure (£mn)	1,183	1,366	1,702	44
Intensity ratio: tCO_2e/£mn	8	2	4	(47)

Energy use (kWh)

	Baseline year 2018/19	2021/22	**2022/23**	% change from baseline
Gas	6,957,565	7,397,565	7,537,112	(8)
Electricity	8,785,869	8,375,074	8,777,547	-
Total energy use	**15,743,433**	**15,772,638**	**16,314,659**	**4**
Intensity ratio – Energy use/floorspace				
Total net floor area (m^2)	45,965	45,965	45,965	-
Intensity ratio: kWh/m^2	**343**	**343**	**355**	**4**

Although reported emissions have decreased, our energy use has remained largely unchanged compared to baseline. We will consider further ways to improve energy efficiency in our buildings as part of achieving our net zero ambitions.

Scope 1 and 2

The increase in gas can be largely attributed to the fact that our baseline year 2018/19 had a milder-than-average winter. Emissions associated with our electricity use have dropped to zero since 2021/22 on a market-based reporting basis due to our use of green tariffs. On a location-based reporting basis, our electricity emissions have reduced due to decarbonisation of the UK grid. Refrigerant emissions, mostly linked to occasional leaks from air-conditioning units, are reducing as we improve maintenance regimes and switch to refrigerant gases with lower greenhouse gas potential.

Scope 3

Although our water use has not greatly changed, official UK carbon conversion factors for water supply and treatment have been updated, which significantly lower reported emissions associated with water use.

Except for business mileage, our business travel has returned to pre-pandemic levels. To address this, we are in the process of reviewing our travel policy to further encourage reduction in travel and a shift from air to rail travel.

Methodology

Emissions are calculated using UK Government conversion factors for company reporting of greenhouse gas emissions and the Greenhouse Gas Protocol's Corporate Standard on an operational control approach basis.

We have used 2018/19 as our baseline year, as this was the last full year unaffected by the unusual circumstances of the pandemic.

Further details of the methodology used can be found in our Basis of Reporting wellcome.org.

Scope, material assumptions and exclusions

The scope of reporting is the Wellcome Trust Limited, in its capacity as Trustee of the Wellcome Trust, with the exclusion of all subsidiaries. In practice this relates to Wellcome's charitable activities at our Euston Road buildings.

Our baseline year data for business travel (air and rail) is the calendar year 2018 due to limitations on data availability. Business travel (air and rail) includes travel by employees and externals who travel on behalf of Wellcome to meet and connect in pursuit of our mission. Hotel stays, taxis and travel not booked through our central team is not currently included.

Waste data is only calculated from 2022/23, which is used as a proxy for previous years.

We report emissions we currently measure and are working to measure other material emissions, in particular:

- **Investments:** information can be found in the Investments section of this report, pages 36-49.
- **Funded research:** we started work on how a methodology could be developed to estimate the emissions associated with the research we fund, which we recognise makes for a material part of our scope 3 emissions.
- **Goods and services:** we are working to estimate emissions associated with the goods and services we procure.

Scope 2 – Electricity

In line with the Greenhouse Gas Protocol Scope 2 guidance, we adopted a dual reporting approach for purchased electricity:

- **Location-based:** reflects the average emissions of the UK electricity grid from which the consumption occurs.
- **Market-based:** reflects emissions from the electricity that we specifically purchased. In 2020 we started purchasing our electricity from 100% renewable sources, thus the drop in emissions to 0 tCO_2e.

Energy efficiency measures

This year we have implemented further upgrades to our lighting controls and Building Management Systems for our Euston Road buildings to improve their energy performance in operations.

Structure and Governance

The Wellcome Trust (Wellcome) is an independent global charitable foundation created in 1936 by the will of Sir Henry Wellcome. Wellcome is a registered charity governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended. Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

The Trustee and Board of Governors

The sole Trustee of Wellcome is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association. The Trustee's directors (known as Governors) and the Company Secretary of the Trustee are listed in the Reference and Administrative Details section on pages 186-187.

The Board of Governors is responsible for the Wellcome Trust Group, which comprises Wellcome and its subsidiary undertakings (refer to note 21 for significant subsidiary undertakings).

Subsidiaries support Wellcome either through delivering against charitable objectives or as investment entities. These subsidiaries include Genome Research Limited, which encompasses the activities of the Wellcome Sanger Institute, and Wellcome Leap Inc, a US-based non-profit organisation founded by Wellcome in 2020 to accelerate breakthroughs for global health. Wellcome is entitled to appoint directors to the boards of both organisations. As at 30 September 2023, Wellcome had three appointees on the board of Genome Research Limited and two on the board of Wellcome Leap Inc.

Our approach to good governance – UK Corporate Governance Code and Charity Governance Code

We have established an approach to good governance that looks to best practice for a charity of our nature, size and scale considering the Charity Governance Code and relevant aspects of the UK Corporate Governance Code and the UK Stewardship Code.

Wellcome has a very broad mission, no founder or living donors and, unlike corporate bodies, no shareholders. In the absence of these accountability mechanisms, we have determined that Wellcome is accountable to society for delivering our mission, while using our independence for public benefit.

The Board of Governors and the Executive Leadership Team (ELT) benchmark decisions against this principle, particularly to ensure we use our independence for public benefit, and that our strategic and operational plans are aligned to meet our mission.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, and in setting grant-making policies and procedures.

Our governance framework

Our governance framework is based on an open and transparent culture of decision-making. It focuses on the most important issues for our organisation while being strategic and responsive to our stakeholders.

The Board

Led by our Chair, the Board is collectively responsible for Wellcome achieving its mission and strategy.

The Board of Governors oversees our strategy for improving health through research, creating value to our beneficiaries and other stakeholders, providing effective challenge to the Chief Executive Officer (CEO) and management on the implementation of our strategy and day-to-day running of the organisation, and ensuring there is an effective risk management and internal control system. Certain strategic and operational decisions are reserved to the Board as set out on page 68.

The Deputy Chair supports the Chair and also provides an alternative contact point. Individual Governors act as champions for Speak Up, safeguarding and stakeholder engagement.

The Chair arranges informal meetings and events to help build constructive relationships between the Board and ELT. The Chair meets with individual Governors and the CEO outside formal Board meetings to allow for open two-way discussion about the effectiveness of the Board, its committees and its members.

Page 70: Key activities of the Board

Page 83: Our section 172(1) statement

Audit and Risk Committee	Remuneration Committee	Nominations and Governance Committee	Investment Committee
Chair: Amelia Fawcett; Chris Jones; Stephen Lovegrove from 1 Jan 2024	**Chair: Amelia Fawcett; Cilla Snowball; Diana Noble from 1 Jan 2024**	**Chair: Julia Gillard**	**Chair: Richard Gillingwater**
Financial reporting, system of internal controls, risk management, internal audit, external audit, oversight of Speak Up (committee report page 101).	Remuneration policies and practices, external advisors on Committees, ELT remuneration (report page 97).	Stakeholder engagement, succession planning, senior appointments and reappointments, recommendations for governance improvements (report page 99).	Investment performance, investment risk, investment management and providing advice and assurance to the Board (report page 100).

Board committees

The Board is supported by a number of committees to which it delegates certain matters. Board committee chairs report to the next Board meeting after a committee meeting. The committee terms of reference are on wellcome.org**.**

The CEO and the ELT

The Board delegates day-to-day management of Wellcome to the CEO. The CEO delegates certain matters to their Executive Leadership Team (ELT) and maintains challenge and oversight through ELT meetings, and chairs the Equity, Diversity and Inclusion committee.

The ELT comprises 11 senior leaders from Strategy, Research Programmes, Corporate Affairs and enabling functions such as Operations and People. A new Chief Equity, Diversity and Inclusion Officer, Jimmy Volmink, joined ELT in October 2023, reporting to the CEO.

Each ELT member has designated responsibilities and the Delegated Authority Policy sets out the individual's levels for financial decision making. Two Employee Directors attend and participate in ELT meetings. The Managing Partner and Chief Investment Officer (CIO) is not part of ELT, but reports to the CEO.

Management meetings

Management meetings help members of ELT carry out CEO delegated responsibilities. These include the Operations Committee chaired by the Chief Operating Officer; Funding Policy Committee chaired by the Director of Research Funding; Planning and Strategy Committee and Large-Scale Funding Advisory Group, both chaired by the Chief Research Programmes Officer; Valuation Group chaired by the Emeritus Partner, Investments (who provides investment advice and mentoring to staff, chairs the boards of directors of our subsidiaries Urban&Civic and Premier, and reports into the Managing Partner and CIO but is not an ELT member or part of the Investment Executive); and the Investment Decision Meeting chaired by the Managing Partner and CIO (who is part of the Investment Executive but not an ELT member). These management meetings are advisory to those with delegated authority.

Key activities of the Board of Governors in 2022/23

The Board met eight times during the year, including a two day strategy meeting and site visit to the Wellcome Sanger Institute and the Wellcome Genome Campus. Key priorities included development of our beliefs and values, our approach to sustainability, and risk management and financial controls.

Strategy and finance	CEO recruitment (several Board meetings during the year), including briefing with an external search firm. New CEO appointed by the Board.	Strategy and Research Programmes portfolios reviewed (Feb 23), with highlights presented in Jun 23. 10-year visions of success, proposed strategic success indicators and medium-term direction for Wellcome's four strategic programmes reviewed.	Corporate planning update in view of the inflationary environment, and decision to increase minimum endowment level.
Risk management and internal controls	Cybersecurity update and guidance on recent developments in generative artificial intelligence and implications for Wellcome.	Review of risk appetite statement.	Review of the corporate risk register and of the new Risk and Control Self-Assessment framework.
Investment and performance	Approval of business plan and funding for Wellcome Genome Campus expansion.	Joint Board/Investment Committee meeting.	Review and update to Investment Policy.
Strategic funding and partnerships	Approval of TB vaccine partnership with the Bill and Melinda Gates Foundation.	Approval of core award renewals to international programmes.	Review of Wellcome Leap's progress against annual plan.
Stakeholder engagement and culture	Beliefs and values. Review of Employee Voice project.	Review of our anti-ableism action plan.	Presentation and discussion on evolution of relationship between Wellcome and the UK research community.
Governance and ESG	Approval of new delegation of authority framework to deliver the strategy, and update to Matters Reserved to the Board.	Approval of net zero target for scope 1 and 2 emissions of charitable activities and discussion of relocation or refurbishment options to achieve this target.	Board succession planning with decisions to re-appoint three Governors and recruit two new Governors, and decisions on appointments.

Board composition and succession

The Nominations and Governance Committee (NGC) has continued to lead on Board and committee succession planning, as well as on the new CEO recruitment, which was completed during the year.

Governor Amelia Fawcett announced she would be stepping down on 30 September 23, the end of her first four year term. Amelia brought substantial business and investment experience to the Board and also chaired two key Board committees. The Board and Wellcome thanked her for her significant contributions to the organisation during her period of office.

As a result of her announcement, the Board, supported by the NGC, reviewed the remaining Governors' skills and experience. It considered the skills needed to deliver the new strategy, our net zero plans and the ambitious Wellcome Genome Campus expansion project. It highlighted the need for strengthened property and investment expertise on the Board. Accordingly, the Board began a recruitment campaign for two new Governors.

Search firm Perrett Laver was hired to support the process, ensuring a wide reach and access to a diverse pool of candidates.

Board changes after year-end

After two rounds of interviews and several informal discussions, the NGC recommended the appointments of Diana Noble and Stephen Lovegrove, who were appointed on 6 November 23.

Board members, in particular the Chair, are also involved in the selection of key executive roles, for instance the appointment of Jimmy Volmink – who joined in October 23 – in the new role of Chief Equity, Diversity and Inclusion Officer.

The Board appoints external committee members to its Audit and Risk Committee and Investment Committee to provide independent expertise on financial, risk, and investment matters. External members are not Governors but count towards the quorum for decision-making in the committees. Two new external members were appointed to the Audit and Risk Committee during the year. A summary of committee membership changes are included in each committee's report.

Board diversity

The Board is committed to having a diverse membership. Equity, diversity and inclusion considerations form an integral part of the Board's succession planning process. A skills and diversity audit of the Board was used to inform succession planning in 2023.

Board diversity at 30 September 2023

Gender identity	% of Board members
Woman	**56**
Man	**44**
Non-binary or gender diverse	**-**
Prefer not to disclose	**-**

Race/Ethnicity identity	% of Board members
Asian or Pacific Islander	**11**
Black	**22**
Hispanic or Latine	**-**
Indigenous (including North American Indian Navajo, South American Indian Quechua, Aboriginal or Torres Strait Islander)	**-**
Middle Eastern or North African	**-**
White	**56**
Self-describe	**-**
Prefer not to disclose	**11**

Age	% of Board members
To 40	**-**
40-49	**-**
50-59	**11**
60+	**89**
Prefer not to disclose	**-**

Board effectiveness reviews

In line with best practice, the Board uses an external independent provider to review its effectiveness approximately every three years. The most recent review was completed in 2022 by Independent Audit (an independent external consultancy), following an internal review in 2021.

An action plan was put in place to address the recommendations, and progress has been reported to the Board at regular intervals. Some actions relating to the role of CEO were paused until the new CEO was appointed.

The Nominations and Governance Committee has completed work on auditing the skills and experience of the Board, and fed this analysis into an updated succession plan which informed the selection criteria and recruitment of additional Governors to address gaps.

Work has continued to strengthen governance, focusing on risk management, internal audit improvements, and the development of performance and reporting dashboards. Additionally, the Board's committees have reviewed their terms of reference and analysed their responsibilities, confirming these have been met on behalf of the Board.

An internal board effectiveness review is planned for 2024, following the appointment of new Governors and the CEO.

Board objectives and appraisals

The Board agrees annual objectives that are aligned with the Wellcome strategy and management's objectives. The Board also agrees annual objectives for the Chair.

In 2022/23 the Board's objectives were to:

- oversee the appointment of the new CEO and facilitate onboarding
- support ELT during this transition and encourage further development of its leadership capabilities
- play an active oversight and contributing role in Wellcome's anti-racism work and EDI work generally
- monitor and hold management to account for delivery of our strategy and advancement of our metric-based reporting, including impact measures
- facilitate further development of Wellcome's working culture

These objectives were used as a measure of performance for the Chair's and Governors' annual appraisals.

As part of the appraisal exercise, the following formal Governor meetings took place during the period:

- the Chair held one-to-one individual review sessions with each Governor
- the Deputy Chair held a one-to-one individual review session with the Chair
- the Deputy Chair led a meeting of Governors without the Chair to debrief the Chair performance appraisal

Discussion at the meetings also covered time commitment for the role and each Governor's external commitments, to ensure that each Governor continues to be able to commit sufficient time to the proper functioning of the Board and its committees.

Board training and development

On an ongoing basis and further to the annual appraisal process, Wellcome makes arrangements for Governors to develop and refresh their skills and knowledge in areas that are mutually identified as being likely to be required or of benefit to them in carrying out their duties effectively.

New sessions this year included mandatory online training on risk management and safeguarding, and a teach-in on market abuse regulations. Given the focus on the development of Wellcome's Environmental, Social and Governance (ESG) strategy this year, the Board also attended a number of training sessions on ESG. Finally, the Board had several externally and internally facilitated sessions on generative artificial intelligence to start considering the threats and opportunities the technology brings to Wellcome.

Each new Governor is offered an induction programme tailored to their role, including any committee membership or chairing duties and their existing knowledge and experience. This ordinarily includes meetings with the Chair, members of the ELT, members of executive teams, and relevant external stakeholders (for example, external auditors); information on the strategy, including the charitable portfolio's objectives and spending plans, investment policy and strategy, details of Board and Committee policies and procedures, relevant codes of conduct, and charity trustees and directors' responsibilities.

Matters Reserved to the Board and delegation of authority framework

We have a coherent and transparent delegated authority framework, designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge.

Our investment activities require quick decision-making and, given the size of our portfolio, the amounts involved are large. Investment executives therefore have authority to commit Wellcome in respect of higher amounts than senior executives in other areas. Key investment decisions are discussed and challenged at meetings of the portfolio management team, chaired by the Chief Investment Officer or a senior member of his team. The Board and Investment Committee regularly review the delegated authorities granted to the Investment Executive and how they are exercised, as well as portfolio-level consolidated performance and risk metrics.

Our plan to spend £16 billion on science in the 10 years to 2032 has required streamlining of our charitable spending decision-making processes so we can aim to make a bigger impact on health outcomes earlier, and ensure the Board is engaged at an appropriate level.

During the year, the delegated authority framework applicable to mission-led spending was updated with increased authority limits delegated to the CEO. This was approved by the Board subject to additional portfolio-level reporting to the Board to enable effective monitoring and oversight, and to measure the progress and success of our strategy.

Initiatives with the potential for material adverse reputational impact or sitting outside our strategy are an exception to this framework and still require Board approval.

As part of this work, the "Matters Reserved to the Board" document was reviewed and updated to align with best practice and reflect the increased delegated authorities for mission-led spending.

Across all of our activities, decisions from those with delegated authority are always made subject to them receiving input and constructive challenge from a range of contributors at advisory committees, as described in the governance framework.

Oversight of culture and purpose

Wellcome's culture provides the foundation to deliver our strategy. The Board ensures that our culture enables us to build the organisational capability required to deliver on our commitments to society at large, our people, suppliers and partners.

One of the Board's key roles is to determine our shared purpose and to set and uphold our values, standards and ethics which combine to create our culture. As such, the Board was extensively involved in the development of Wellcome's new beliefs and values (see page 9). It reviewed project progress at two Board meetings and shaped the outcome.

The Board receives regular reports in order to monitor developments in the organisation's culture and provides supportive challenge to management.

Reports include:

- progress on key EDI projects, such as our anti-racism and anti-ableism work
- progress on the employee voice project, involving how the organisation engages with staff
- review of a People dashboard showing key metrics reflecting staff morale, turnover and so on

The Board gains further insight into the organisation's culture through:

- Governors acting as staff network buddies
- interactions with staff at events throughout the year, including Meet the Governors sessions
- holding Board meetings in subsidiaries' offices, with opportunities to engage with staff and partners on site
- Board champions on safeguarding, Speak Up and other areas

Board and Board Committee attendance (Governors)

Name	Role	**Board** Attendance/ No. of Meetings: 8	**Audit and Risk Committee** Attendance/ No. of Meetings: 5	**Nominations and Governance Committee** Attendance/ No. of Meetings: 4	**Remuneration Committee** Attendance/ No. of Meetings: 5	**Investment Committee** Attendance/ No. of Meetings: 5
Julia Gillard	Chair, Board of Governors	8/8	-	4/4	5/5	4/5
Fiona Powrie	Deputy Chair	8/8	-	4/4	4/5	-
Ijeoma Uchegbu	Governor	8/8	4/5	-	-	-
Amelia Fawcett[1]	Governor	8/8	5/5	-	5/5	-
Cilla Snowball	Governor	7/8	-	4/4	-	-
Richard Gillingwater	Governor	8/8	-	-	4/5	5/5
Elhadj As Sy	Governor	8/8	-	4/4	-	-
Gabriel Leung	Governor	7/8	-	-	-	2/5
Arup Chakraborty	Governor	8/8	5/5	-	-	-

Notes:
1. Term extended until 30 September 2023.

Board Committee attendance (other members)

Name	Role	Audit and Risk Committee Attendance/ No. of Meetings: 5	Investment Committee Attendance/ No. of Meetings: 5
Chris Jones	Audit & Risk Committee Member	5/5	-
Caroline Wehrle[2]	Audit & Risk Committee Member	4/4	-
Tracey Blackwell	Investment Committee Member	-	4/5
Stefan Dunatov	Investment Committee Member	-	5/5
Martin Halusa	Investment Committee Member	-	5/5
Cressida Hogg	Investment Committee Member	-	5/5
Girish Reddy	Investment Committee Member	-	4/5
Jeremy Farrar[3]	Investment Committee Member	-	2/2
Lisha Patel	Investment Committee Member	-	5/5
Fabian Thehos	Investment Committee Member	-	4/5
Nick Moakes	Investment Committee Member	-	5/5
Karen Chadwick[4]	Investment Committee Member	-	3/3
Paul Schreier	Investment Committee Member	-	3/3

Notes:
2. Joined 1 December 2022. 3. Until 24 February 2023. 4. Joined 25 February 2023

Funding disclosures

Grants

The following Governors had appointments with or supervised individuals within organisations which were in receipt of Wellcome grant funding during the year:

- **Fiona Powrie –** Professor at University of Oxford; member of the board of directors of Wellcome Leap, Inc, a subsidiary of the Wellcome Group
- **Cilla Snowball –** member of the board of directors of Genome Research Limited, a subsidiary of the Wellcome Group
- **Ijeoma Uchegbu –** Professor of Pharmaceutical Nanoscience at University College London

Paul Schreier, our interim CEO, is a member of the board of directors of Wellcome Leap, Inc, Genome Research Limited, and the Francis Crick Institute, which receive Wellcome grants.

The following Governors did not hold Wellcome grants or supervise individuals with Wellcome grants, but had an interest in an organisation that was in receipt of Wellcome funding during the year:

- **Arup Chakraborty –** Professor at Massachusetts Institute of Technology; member of the advisory board of the Department of Chemical and Biomolecular Engineering, University of Delaware
- **Amelia Fawcett –** Chair, Royal Botanic Gardens Kew
- **Julia Gillard –** Chair of the Global Institute for Women's Leadership at King's College London
- **Gabriel Leung –** Deputy Chair of the International Selection Panel for Biomedical Research Centres, UK National Institute for Health Research; member of the US National Academy of Medicine
- **Cilla Snowball –** council member of the University of Birmingham
- **Elhadj As Sy –** member of the World Health Organization's Independent Oversight Committee, Health Emergencies

These appointments do not create a related party transaction as they do not exercise significant influence over those organisations. Measures are taken to ensure that Governors with Wellcome grants do not participate in Wellcome matters relating to the organisation that they have a Wellcome grant with, to ensure there are no conflicts of interest in Wellcome decisions.

Other funding types

The following Governors had appointments with organisations that received Wellcome funding other than grants during the year:

- **Julia Gillard** – Patron at the John Curtin Prime Ministerial Library, Curtin University
- **Fiona Powrie –** Immunology Scientific Advisory Board member, GSK

These are not considered to be related party transactions as the roles are advisory and do not influence the organisation's decision-making. Our conflicts of interest policy ensures that Governors do not participate in decisions where there is a potential conflict of interest between Wellcome and a Governor's external appointment.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the charity and financial information included on Wellcome's website: wellcome.org.

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee Report on pages 101-104, and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Statement of disclosure of information to auditor

Each Governor in office at the date of approving this report confirms that: So far as the Governor is aware, there is no relevant audit information of which Wellcome's auditor are unaware; and each Governor has taken all the steps that ought to have been taken as a Governor in order to make themselves aware of any relevant audit information and to establish that the Wellcome's auditor are aware of that information.

Grant-making procedures and policies

Grants are a core mechanism to deliver our strategy, and our grant-making procedures and policies support our status as a public benefit entity.

Most grants are funded through established schemes aligned with our strategy, which have specific open criteria. The majority of our response-mode awards are made through higher education organisations in the UK, Ireland and lower- and middle-income countries. We also award some grants to achieve strategic objectives where country and organisation eligibility may be broader.

The Board of Governors has delegated approval of grant awards under our strategy of up to £50 million to the CEO (previously Director), but has retained approval of awards above £50 million or that, for example, have the potential for material adverse impact on Wellcome's reputation.

All grant applications undergo due diligence. Proportionate due diligence is carried out on awards and recipient organisations commensurate with the level of risk and amount to be awarded, covering legal, operational and financial risks. We ensure that the resources requested are appropriate for the proposed activities, and awards are made following the advice of expert external peer reviewers. Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our strategy and to compare our data with that of other funders.

Our grant terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying, harassment, abuse and other harms, research misconduct, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements. We operate a conflicts of interest policy covering applicants, expert external reviewers and staff, including Governors. A new environmental sustainability policy will be launched in 2024.

Sanctions may be taken against grantholders or organisations if they are in breach of our terms and conditions. These range from a letter clarifying our expectations to withholding payments, terminating active grants or barring funding applications to Wellcome for a specified time.

Between October 2022 and September 2023, we imposed sanctions against five individuals where allegations were upheld, four of which related to bullying, harassment, abuse or harm, and one to research misconduct. The sanctions included barring respondents from applying to Wellcome for a period of time and completion of mandatory training. We also temporarily sanctioned two organisations due to non-compliance in providing information. During the sanction period, the organisations were not able to apply for Wellcome funding.

Details of how to apply for grants are available on wellcome.org.

Organisational ethics and compliance

To achieve Wellcome's mission, our staff must continue to uphold the highest standards of conduct and integrity, work together, enhance public trust and earn the respect of our external partners.

This year, we have continued to focus on developing our risk and integrity culture, with a clear focus on our risk and controls environment. We implemented a programme to improve our risk and controls systems, and to support understanding of how risk management supports delivery of our mission.

We have developed risk and controls self-assessments across the organisation, as well as a Controls and Risk System to bring them together. RCSAs have been completed by 7/11 departments and the remainder are on track to be completed in mid-2024. To ensure consistency, these are being facilitated by PwC.

We have developed risk-focused digital learning for staff, including a module for risk and controls owners. Our objective has been to drive a positive risk culture in which risk management is not seen as a constraint but rather the basis for confidently making risk-aware decisions.

Our work in ethics, governance and compliance was cited by the Committee for Standards in Public Life as an example of best practice, and Lord Evans joined an all-staff session at Wellcome to discuss the importance of ethical standards. This year, we have developed our bullying and harassment policy in relation to grants to include other types of harm, ensuring that we appropriately manage our safeguarding responsibilities. Our latest modern slavery statement is available at wellcome.org.

We continue to develop partnerships with expert organisations to help shape our policy environment, practices and communications, including Unseen UK (modern slavery and human trafficking), Protect (Speak Up) and the Funder Safeguarding Collaborative (safeguarding). Members of our team were shortlisted for Unseen UK's Star Award and won Vault's Integrity Innovator award.

We have improved our compliance monitoring and testing processes, including the development of a prototype dashboard. We are developing organisation-wide compliance standards, with a view to implementing an effective system for managing good practice standards and requirements, and aim to pilot this in 2024.

Stakeholder engagement and s172(1) statement

Stakeholder engagement supports Wellcome's strategic ambitions and informs the decisions of our Board.

We aspire to use best practice for stakeholder engagement under the Companies Act 2006 s.172(1), the UK Corporate Governance Code, and the Charity Governance Code. Cilla Snowball is the designated Board lead for stakeholder engagement, and the Nominations and Governance Committee has responsibility for oversight and development of this activity.

Why we value stakeholder engagement

Wellcome is an independent foundation but we do not work in isolation. To achieve our mission, we need to act collaboratively. We want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world. Without engaging our stakeholders, our potential for impact in such a large ecosystem is limited.

Our success depends on our ability to build and maintain relationships with a range of people:

- As a funder, we rely on the work of those we support to deliver our mission.
- A deep understanding of the needs, context and values of our stakeholders ensures we are focusing our effort and resources on the needs and priorities of those most affected by health challenges.
- Collective problems require collective solutions. Developing reciprocal relationships empowers all parties to achieve their goals.
- To achieve our goals, we need to be challenged and be able to challenge others. This relies on fostering an environment where every stakeholder feels comfortable giving and receiving feedback and sharing ideas.

In recent years, we have significantly evolved our strategy and ways of working. We are now increasing our focus on external stakeholder relationships to help deliver our strategy.

Employees

Our employees' knowledge, skills, experiences, and understanding of our strategy are critical to delivering our mission. We aim to create a safe, motivating and inclusive working environment that enables employees to be themselves at work and understand how their work supports Wellcome's strategy. This includes development opportunities, wellbeing support, and space to share their experience of working at Wellcome.

Engaging with impact

- The Board engages with employees in a variety of ways, including through the Board buddy system, where a Governor is partnered with each staff network.
- Our staff forum, Wellcome Exchange, enables employee ideas and concerns to inform thinking, planning and decision-making by leadership.
  - This year, in response to staff feedback, Wellcome Exchange has strengthened its role at the heart of Wellcome's architecture for employee voice.
- We collect and listen to feedback from employees during recruitment, through personal development reviews and at exit interviews. Governors review this feedback, along with other key metrics in our People dashboards.
- The Board and Executive Leadership Team share information on key decisions through our intranet, staff meetings and events, providing space for employee engagement on operational and strategic decisions.
  - This year, employee perspectives directly informed the development of Wellcome's beliefs and values (see page 82).
- Leadership supports employees to understand their contribution to the strategy by setting shared organisational priorities, objectives and annual delivery plans.
- Representation on committees, such as employee directors on the Executive Leadership Team and employee members of the Equity, Diversity and Inclusion sub-committee, provides another mechanism for employee perspectives to inform decision-making.

Research communities

At the heart of our mission is supporting researchers to make breakthroughs, discoveries and innovations that lead to new knowledge and improve health while contributing to a positive, productive and inclusive research culture. We strive to engage with an ever-broader range of researchers, universities and other institutions to help shape and deliver our strategic goals.

To decide whether to apply for funding or work with us in other ways, researchers and institutions need us to explain our strategy and processes clearly. Over the next year, we will seek more opportunities to communicate our strategy and listen to the views of researchers to inform future decisions.

Engaging with impact

- We engage with researchers through multiple channels, sharing information to help them understand our strategy and processes so they can apply for funding, access resources such as Wellcome Collection, and engage in the wide range of activities and opportunities Wellcome offers.
    - In response to feedback about a lack of understanding of our Discovery Research schemes, we held events and webinars to build understanding of our strategy and funding offer and how it can be accessed by different communities. This involved eight events across the UK attended by 1,400 researchers, and webinars for researchers in Africa, Asia and Latin America, which were attended by 2,448 people in 118 countries.
    - We presented our Climate and Health strategy to research, policy and practitioner audiences at the Prince Mahidol Award Conference in Thailand in January, and at the Africa Health Agenda International Conference in Rwanda in March.
- We regularly meet and convene members of the research community to discuss ideas and develop impactful new initiatives together.
    - A Mental Health Award funding call this year, for research to understand how anxiety- and trauma-related problems develop, persist and resolve, was directly shaped through workshops, report commissions and interviews with neuroscientists and clinicians in 11 countries.
    - We hosted workshops in Ethiopia, India and Brazil to better understand researchers' priorities to address the threat of escalating IDs in their local communities (see page 20).
- Wellcome's funding decisions are routinely informed by expert reviewers and committees, and we regularly seek feedback from our committees to assess and evolve our funding approaches.
- We visit research organisations we fund to enrich our understanding of their environment, how they work, and how we can best support their ambitions as we form deeper, trusted relationships.
    - In July 2023, Wellcome's Chief Research Programmes Officer and Director of Infectious Disease visited the Malawi Liverpool Wellcome clinical research programme (MLW) and the KEMRI-Wellcome Trust Research Programme in Kenya (KWTRP). They met staff and community partners to learn about their research priorities: tuberculosis, HIV and cryptococcal meningitis in MLW, and Covid-19, yellow fever and critical care at KWTRP.

Partner organisations

Partnering with aligned organisations across the global research, health, cultural and public policy ecosystems allows us to combine our resources, capabilities and reach. Creating inclusive and effective partnerships requires a mutual understanding of each other's strategic goals, values, capabilities and resources, which takes time and commitment.

Engaging with impact

- We engage with strategic partners to develop joint plans on shared priorities, meeting regularly across levels of seniority to co-develop ideas that can achieve impact at scale and with speed.
    - We partnered with the World Health Organization and Amref Health Africa to support efforts to build global and regional climate and health research agendas, training and network building, and increasing health influence in the United Nations Framework Convention on Climate Change negotiations.
    - Through our longstanding partnership with the Bill and Melinda Gates Foundation, we are co-funding a phase 3 clinical trial of a vaccine candidate for tuberculosis (see page 20).
- We co-develop and deliver events and exhibitions with a range of partners, enabling visitors to explore and connect with different experiences of health.
    - Wellcome Collection, our Hub residents and external collaborators curated the Land Body Ecology (LBE) Festival in June 2023, a four day event involving workshops, talks, films, discussions and performances. Programming decisions and delivery were balanced between Wellcome Collection and the representatives of the indigenous communities who make up the LBE Hub. Visitors commented on how refreshing it was for the debate to be led by communities, with Wellcome Collection present and supportive without dominating the agenda.

Investment community

Investing in companies, managers and assets that maintain a strong licence-to-operate is central to our investment philosophy. Our engagements focus on influencing management teams to manage their material risks and opportunities to enhance the asset's licence-to-operate more effectively and therefore improve long-term return potential. We believe the best engagements are collaborative dialogues that we can learn from.

The companies, funds and managers of assets we invest in need to understand the requirements of their stakeholders, for example the communities impacted by property and development activities. As a long-term investor, we seek to provide a differentiated perspective from other market players, who often focus on shorter term issues.

Engaging with impact

Methods for engagement vary by asset class and by asset. Examples include our net zero activities (see pages 50-54) as well as:

- Meetings with senior management, board members, sustainability teams, Investor Relations, and other company representatives.
- Written communication including emails and formal letters.
- Voting – Wellcome has influence, to varying degrees, through positions as a shareholder and through representation on advisory committees and company boards.
- Collaboration with industry bodies and partners (such as other shareholders and industry groups), which may be through written communications, meetings or collaborative platforms.
- Joining engagement-focused campaigns or action groups.
- Public statements.

Governments and policy makers

We want to support governments and policy makers to use research evidence in decision-making, support investment in science, and improve how science is done and used to solve health challenges. Such evidence must be compelling and timely to inform decisions, and help to enhance national and scientific performance.

Engaging with impact

- We build trusted partnerships, relationships and networks to enrich our understanding of the needs, priorities and cultural contexts of key policy makers and governments.
  - Wellcome staff regularly attend conferences and meetings to hear directly from local policy makers and governments. This year, that included attending the African Health Agenda International Conference as an opportunity to engage with, listen to and learn from African partners.
- We shape, attend and advocate at key external events and meetings to encourage policy makers and governments to support and advocate for our shared goals.
  - Through participating in a steering committee convened by the COP28 hosts, the United Arab Emirates, we directly shaped the focus of a high-profile Health Day on 3 December 2023, showcasing the need for increasing investment in climate action to protect health.
- We convene expert stakeholders to understand the evidence base underpinning issues, solve problems together and develop ambitious policy ideas and solutions to address shared challenges.
  - See page 82 for more on our work to transform the infectious disease R&D ecosystem.

Suppliers

To deliver our strategy, we use goods and services from third-party suppliers such as advisors, consultants, research groups and advisory bodies, research ethics and oversight bodies, artists, and more. We work with suppliers to make sure they deliver good value and expertise to enable Wellcome's work, as well as prioritising environmental and social factors – our aim is to demonstrate fairness and value in how we work with others to deliver our mission. In turn, suppliers need to know what we are asking of them and how we can best work together.

Engaging with impact

- We have a supplier relationship management programme through which our procurement team support the management of key strategic contracts and ensure robust processes where they cannot directly support colleagues. Shared approaches and guidelines ensure suppliers know what to expect when working with us.
  - This year we reviewed and updated our procurement processes to better embed equity, diversity and inclusion and ensure we are being anti-racist in our approach.
  - We also worked with suppliers to help set an ambitious 2030 net zero target for our scope 1 and 2 carbon emissions (see page 51).

People with lived experience of health challenges

People and communities affected by health challenges have expert knowledge and understanding of challenges and potential solutions. To solve the urgent health challenges facing everyone, we need to include this expertise meaningfully in our thinking and decisions, in the research we fund, and in the ways we engage with others to drive change.

Wellcome and others we work with need to take the time to understand the varying needs and priorities of people with lived experience of health challenges. We want to create long-term reciprocal and sustainable routes to collaboration in research, anchored in local contexts. We must explain the impact we aim to have, so people and communities can relate our work to their experiences.

Engaging with impact

- We build our research agendas and projects together with communities to ensure our decision-making is informed by context. Some of the mechanisms we use are focus groups, advisory networks, and early engagement and deliberation.
  - The exhibition *In Plain Sight* (see page 34) was developed in consultation with blind and partially sighted people. An evaluation highlighted several additional measures Wellcome Collection could adopt to continue to build on the accessibility of our exhibitions.
- We engage with communities and people affected by health challenges to support them to lead data collection and analysis, engage in research, and embed research within communities so that the impact is sustained over time.
- Wellcome employs lived experience consultants in our Mental Health programme to embed lived experience expertise in the work we do, the work we fund, and the field of mental health science.
  - Wellcome's Mental Health Data Prize (see page 24) involved collaboration with Wellcome's consultants, the creation of a Youth Advisory Network comprising young people with experience of anxiety and depression in the UK and South Africa, and convening communities of practice to share and discuss learnings about lived experience involvement.
- We work with our programmes in Africa and Asia to ensure they have the resources and infrastructure they need to work with their local communities.

Public audiences

Everyone has an interest in the health issues that Wellcome works on. As a foundation accountable to society, we must be transparent in our aims and how we are delivering against them. Our public-facing activities, particularly at Wellcome Collection, must be accessible to as many people as possible to contribute to a world where everyone's experience of health matters.

Engaging with impact

- Through Wellcome Collection (see page 34), we provide opportunities for everyone to contribute towards a healthier future. Our free museum, library, events, collections and online offer are open to all to engage with and explore different experiences of health.
- We tell inspiring stories of researchers, scientists and communities changing the world through our digital channels, media coverage and podcast.
  - Our podcast – When Science Finds a Way – received 19,700 listens between its launch in July 2023 and 6 December 2023.

Case Study:
Co-creating our core brand with staff

This year, we identified a core set of beliefs and values (see page 9) to strengthen our culture and strategic choices.

First, the project team reviewed more than 40 existing internal and external documents to identify common themes and develop early drafts of what our beliefs and values might look like. For our beliefs, 59 colleagues were then involved in interviews and discussions, mostly people from our Executive Leadership Team and Senior Leadership Team who were core to our strategy development. We created a working group of eight senior leaders, representing different parts of the organisation, to decide how to develop the beliefs to represent the breadth of Wellcome's work.

For our values, 143 staff from every level of seniority were engaged through interviews, group sessions, events, surveys, away days and workshops. We provided different formats to review and feed into our beliefs and values, engaged with Wellcome's staff networks, and used our intranet and hybrid meetings to reach people not in the London office.

Feedback highlighted the need to move towards taking measured risks (incorporated in the Brave value), and the duty to take on challenges others aren't (incorporated in Belief 5). It also showed how much we were living the values already, and the steps we needed to take to make the beliefs and values a reality. Regular communication with all staff has continued to explain these new concepts and provide support to embed them into our daily work. This includes all-staff events, articles, and training and coaching.

The launch of our values enabled an equally collaborative approach to identify associated behaviours, with the purpose of galvanising us to deliver our mission. Over 1,150 pieces of feedback and advice from a range of Wellcome colleagues fed in to two new internal tools to support recruitment, learning and development, succession planning, and recognising contribution:

- **Employee profile:** Behaviours that enable everyone to succeed at Wellcome, including expectations for employees.
- **Leader profile:** Behaviours that enable leaders to exhibit and role model the culture we want at Wellcome to deliver our mission and strategy in line with our beliefs and values.

Case Study:
Transforming the infectious disease R&D ecosystem – a global conversation

Wellcome wants to help reduce the burden of infectious diseases in the world. To support this, we are developing a vision for a reformed infectious disease research and development (R&D) ecosystem that is more effective, sustainable and equitable. The current system is fundamentally not meeting the needs of those most affected by infectious diseases, and change is urgently needed to tackle imbalances of power and resourcing that cause inequities.

In May 2023 we published a discussion paper that outlined key issues for the R&D ecosystem and potential mechanisms for change. This paper served as the basis of a broad and inclusive listening exercise, focused on tangible and practical solutions and the policy and advocacy actions needed to achieve them. For our vision to accurately reflect all the challenges that stakeholders face, and to have legitimacy for those who have a role in delivering it, we worked with CoLab International, a partner with specific expertise in delivering inclusive online workshops.

The listening exercise included:

- Nine online workshops that reached over 350 people from 40 countries, including thematic sessions and 'deep dives' focusing on Africa and Asia.
- Written submissions from 31 organisations and individuals.
- Meetings with multilateral agencies such as the World Health Organization, governments, researchers, civil society organisations and the pharmaceutical sector.
- Engagement at events at the Mo Ibrahim Foundation Governance weekend, the World Health Assembly, and BIO Convention.

Our final vision for the infectious disease R&D ecosystem is due to be published in early 2024. This vision will guide Wellcome's policy influencing and advocacy work in this space over the next few years. While we cannot include every perspective shared with us, our vision will be stronger and have greater legitimacy as a result of the listening exercise, and therefore be more appropriate and persuasive.

Engaging with a broad range of stakeholders was essential but challenging. Designing workshops with inclusion and equity in mind requires time and effort, which was difficult within the tight timelines. We underestimated the challenge of reaching stakeholders in countries where English is not the main language, learning that Wellcome doesn't have a significant presence in these countries. In future, we would seek to work directly with local partners to co-host regional sessions, as there is no substitute for knowledge of the local context and connections to relevant stakeholders.

Our S172(1) statement

When making decisions, boards should be able to evidence how they have engaged with their key stakeholders and had regard for their views and the wider s172(1) factors. As a charity, Wellcome also needs to ensure we carry out our purpose for the public benefit.

Wellcome's Board of Governors confirms that it has acted in a manner consistent with our purpose and values to further the objects of Wellcome for public benefit and having due regard to the factors set out in s172(1), including:

- **Public benefit:** carrying out our charity's purpose for the public benefit.
- **Long-term impact:** the likely consequences of any decision in the long-term.
- **Employees:** the interests of our employees.
- **Fostering relationships:** the need for us to build and sustain business relationships with suppliers and others.
- **Community and environment impact:** the impact of our operations on the world around us.
- **Reputation:** maintaining a reputation for high standards of business conduct.

How Governors have had regard to the s172(1) factors in their principal decisions

Board decision	Governors' consideration of factors under s172(1)	
Setting our 2030 net zero target for scope 1 and 2 emissions	• Community and environmental impact • Long-term impact • Reputation • Fostering relationships	The Board approved a target of reaching net zero for carbon emissions from our UK charitable operations by 2030 (scope 1 and 2). The Board agreed that as a responsible organisation with a strategic Climate and Health programme, Wellcome has a duty to go further and work faster to meet our sustainability goals. Approval of the net zero target was informed by a careful consideration of the impact of our operations on communities and the environment, and engagement with local organisations and working with suppliers to understand what is possible in decarbonising our buildings. Our net zero objectives will rely on us working alongside key partners to meet those goals.
Renewals of Africa and Asia Programmes	• Public benefit • Long-term impact • Fostering relationships	The Board approved renewals to two of our Africa and Asia Programmes (AAPs; see page 15). Working with our AAPs is a core way in which we maximise impact towards our strategic goals, supporting locally led, context-specific research which informs national policy and global action. We deploy a two-way 'strategic engagement' approach with the AAPs, providing opportunities to optimise alignment with Wellcome while recognising the need for AAPs to respond to local and regional priorities. The partnership approach enables regular discussion and action towards a positive research culture across different contexts.

How Governors have had regard to the s172(1) factors in their principal decisions (continued)

Board decision	Governors' consideration of factors under s172(1)	
Approval of an expansion to the Wellcome Genome Campus in Hinxton, Cambridgeshire	• Public benefit • Long-term impact	The Board approved significant investment into an expansion of the Wellcome Genome Campus through our investment portfolio. The investment will see a tripling in the size of the campus to deliver new research spaces for the Wellcome Sanger Institute and new organisations, over 1,000 new homes, new community spaces, shops, and a school alongside improved transport infrastructure. The investment will generate a return to fund Wellcome's mission in the long term alongside creating significant benefits for life sciences.
	• Community and environmental impact • Fostering relationships	The campus expansion has ambitious environmental plans and aims to be net zero in operation, increasing publicly accessible green space and improving biodiversity. Development of the proposal involved extensive consultation with local communities and businesses which helped to shape the final expansion. This local engagement will continue through the delivery phases of the development. As part of the development Wellcome will also be supporting local employment and community facilities.
Approval of Wellcome's beliefs and values	• Public benefit • Reputation • Employees	The Board approved our new shared beliefs and values which are a fundamental addition to our collective understanding of what Wellcome does (our mission), why (our beliefs) and how (our values), which will help us achieve our mission more effectively. Together they create common expectations that guide philosophy, decisions, policies, strategies, behaviours and leadership style, enabling engagement, a healthy culture and consistent actions and experiences for employees and those we work with. Wellcome staff were engaged in the process to develop the beliefs and values through surveys, interviews and workshops which helped inform the final set of beliefs and values.

Risk management

Wellcome's risk management is maturing. We aim to have a comprehensive and integrated risk culture with a framework to anticipate, identify, prioritise, manage and monitor risks impacting our organisation and support decision-making so that we deliver our mission.

Risk governance

The Board of Governors is ultimately responsible for the oversight of Wellcome's risk management systems, which is exercised through the Audit and Risk Committee. Key roles and responsibilities are set out in the risk management policy.

Risk appetite

Risk appetite is the level of risk we are willing to take to achieve our mission and strategic objectives.

Wellcome's desired risk profile is explicitly considered in all key decisions, aligned to the strategic focus and the risk/reward balance desired by the Board.

Throughout the year the risk appetite has continued to be refined in more detail; however the overall risk appetite for the organisation remains unchanged.

We express our risk appetite in five levels of willingness to take risks: Very Low, Low, Medium, High, and Very High.

- We have a high level of risk appetite in respect of investment performance and risk, and a low appetite for investment operations, legal, counterparty and credit risk and liquidity risks.
- We have a medium-to-high risk appetite in respect of funding activities – we are willing to support ambitious science while promoting positive research culture in the organisations we fund.
- A medium risk appetite has been set for our reputation. We are willing to take considered risks promoting our activities where it supports the delivery of our mission. We are willing to express our views, backed by transparency of rationale and interaction with the communities we support.
- Wellcome has a very low risk appetite in respect to safeguarding the health and safety of our people; the public; breaches of legal, contractual and regulatory requirements; financial obligations; and information security. We have a low risk appetite in the provision of sustainable and robust operational support to the delivery of our mission.

Risk management and control

Wellcome operates a "three lines" approach to risk management and controls.

First line – internal controls

Management is responsible for risk management and execution of internal controls. Wellcome's internal controls system provides the Board with reasonable assurance that the organisation is operating within the desired risk appetite, and that the opportunity for a material misstatement or loss is minimised.

Department leads and risk owners regularly review controls and their effectiveness. ELT review internal operational and financial controls annually and confirm the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors.

The Board and ELT review regular financial reporting, monitoring actual activity against forecast, investment performance and risk reports. The Investment Committee reviews regular investment performance and risk reports.

The Board, ELT and the Audit and Risk Committee review reporting on the effectiveness of the controls environment.

Second Line – risk management framework

Wellcome aims to operate a comprehensive risk management framework that is applied consistently at all layers of the organisation and the components are:

- Risk appetite
- Corporate risks review
- Risk & Control self-assessments
- Risk Events (to be implemented in 2024)
- Wellcome's culture

In order to assess and prioritise risks, the impacts and likelihoods are scored using a standardised risk assessment matrix.

Risks are assessed at both the current level (taking into account the effectiveness of existing preventative and mitigating controls) as well as the target level (the level of risk assuming all planned actions are completed).

Key corporate risks (see pages 88-90) are consolidated in the Corporate Risk Register. The ELT, the Audit and Risk Committee and the Board of Governors periodically review corporate and emerging risks and challenge the risk trend as well as the adequacy and progress of the treatment plan of these risks.

Third line – internal audit

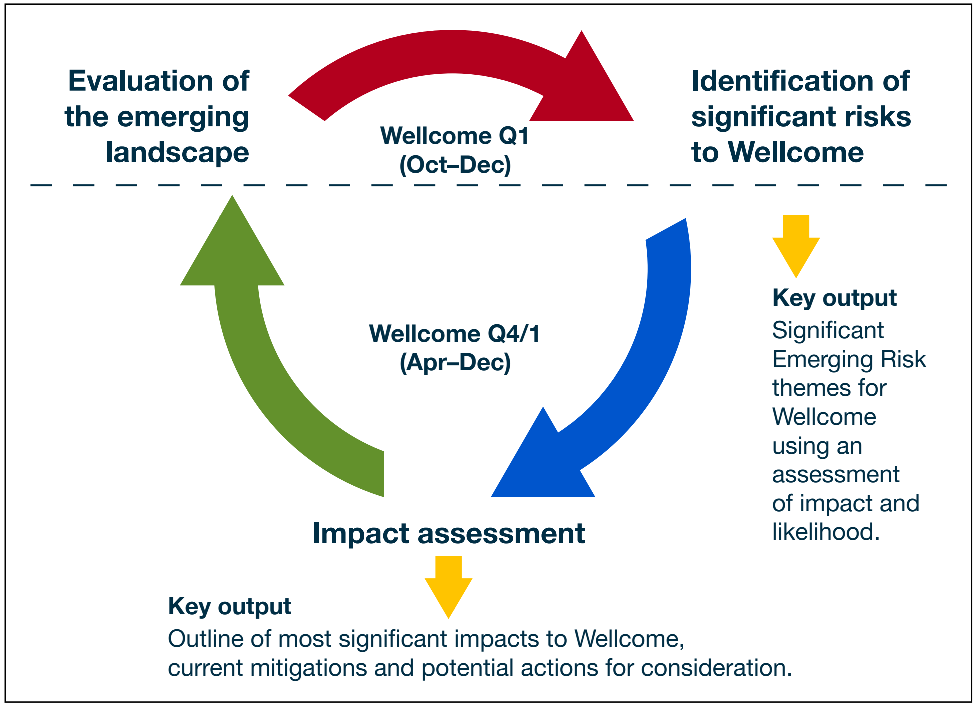
Welcome has an in-house Internal Audit function. Co-source internal audit partners provide specialist skills to supplement the in-house team.

Internal audits are performed according to a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee, who also monitor delivery of the plan. The External Quality Assessment of Wellcome's Internal Audit department awarded the team their highest rating and highlighted the team's market-leading dedication to excellence and the highest professional and regulatory standards.

An internal audit opinion is presented to the Audit and Risk Committee annually. In December 2023, the opinion concluded that there have been improvements in risk and control awareness within Wellcome, especially in the first line and overall, the control environment continued to mature.

Emerging and long-term risks

As part of the risk management framework we review emerging and long-term risks facing the organisation. The approach used aligns with Wellcome's current risk maturity level, looking at impact and likelihood:



The global emerging risk landscape was evaluated using external sources and potential significant risks identified. The process involves the ELT, Audit and Risk Committee and the Board of Governors with the goal of considering how they might impact the organisation, mission and endowment.

Our subsidiaries

Wellcome's subsidiaries take responsibility for risk management within their respective entities.

The board of each entity includes appropriate representation from Wellcome and is responsible for ensuring that the entity has an appropriate balance between risk and reward, and an appropriate risk management culture. Wellcome exercises its oversight by sending a representative to the Audit Committee or Audit and Risk Committee of each operating subsidiary, as well as having a report submitted to our Audit and Risk Committee.

Emerging risks

Emerging risk themes	Potential impact on Wellcome
Changes to the global geopolitical landscape	Wellcome may be unable to gain sufficient return on investments, experience a loss in the capital value of the endowment or have a reduced ability to liquidate or repatriate assets which may impact our strategic funding goals. The global research environment may be impacted by a changing global power dynamic and Wellcome may need to adapt to a changing legal landscape and experience operational challenges.
Economic instability	Wellcome's investment portfolio may not produce the required returns to fund the charitable mission and support internal operations in a stressed market environment.
Technological and scientific developments	Changes in business operational models and market dynamics may impact the ability to deliver the required returns from the investment portfolio. Further investigation into the evolving risks associated with artificial intelligence is warranted to better address the potential challenges and opportunities for Wellcome. Wellcome may observe fast-paced technological advancement in scientific research as well as Wellcome's operational landscape and need to adapt to changes in the legal landscape.
Pandemics	Wellcome may experience a loss in the capital value of the endowment or have a reduced short-term ability to fund strategic goals. Wellcome may also experience operational challenges and have to consider changes to strategic priorities.
Climate change and natural resources	Wellcome may need to amend the scope and scale of the charitable mission and experience operational challenges for both us and our partners.
Social changes	Changes to how society views science and charitable foundations may impact how Wellcome operates.
Changing regulatory landscape	Regulatory change may have wide-ranging implications to Wellcome's operational processes, governance arrangements, financial position and funded research.
Changing demographics	Wellcome may observe demographic changes to funded research communities or communities affected by health challenges that require us to adapt our approach for our strategy to be successful. Changing demographics may impact the structure of Wellcome's workforce.

Two corporate risks from 2022 were removed as all planned measures to mitigate these risks were implemented.

Organisational design

Wellcome has been through the implementation programme for the new organisational design: this is planned to take place in 2024 for Wellcome Collection.

Inflation

The risk to the investment portfolio is managed as part of ongoing management of the endowment. In addition, Wellcome's inflation policy has been reviewed and an employee support package was implemented.

Key risks

Risk decreasing | Risk stable | Risk increasing | New risk

Risk	2023 Description	2023 Mitigating Actions
Investments		
Investment portfolio (Risk stable)	The risk of failure to support Wellcome's desired level of charitable spend, which may occur through one or more of: a failure to deliver the required long-term returns; a fall in the real value of the endowment (due to inflation); inadequate cashflow and liquidity; credit and counterparty defaults; climate change.	**Mitigations in place:** • A high-quality, well-resourced investment team actively managing the endowment • The portfolio is invested in a diversified range of assets with limits around asset allocation ranges and position sizes: refer to investment asset allocation Figure 6 on page 42 • A regular review of forecast cashflows and the liquidity profile of all investments • Credit and counterparty exposures are monitored with limits in place: refer to note 23 • Credit risk and Liquidity risk: see pages 180-181 • Net zero targets are considered as part of the licence to operate framework: refer to investments net zero strategy on pages 50-54 • Risk appetite has been set and is reported against • Clear guidelines enshrined in Investment Policy, which is regularly reviewed by Investment Committee and approved by Board of Governors **Accountability:** • Chief Investment Officer **Oversight by:** • Investment Committee • An independent Investment Risk function
Investment operations (Risk stable)	The risk that investment activities may not be supported effectively due to insufficient resources, a lack of succession planning and sub-optimal systems and processes.	**Mitigations in place:** • An Investment Systems and Processes project (ISPP) has now moved into implementation and has been separated into two distinct workstreams: - **Project Dawn:** the implementation of a private market and data integration platform. - **Document management:** centralisation and governance of investment documentation • Current processes and procedures have been documented spanning front office, investment operations and risk and performance functions **Planned mitigations:** • Strategic resourcing of the Investment function **Accountability:** • Chief Investment Officer **Oversight by:** • Audit and Risk Committee • Investment Committee

Key risks (continued)

Risk decreasing · Risk stable · Risk increasing · New risk

Risk	2023 Description	2023 Mitigating Actions
Strategic		
Wellcome Collection	The risk that the operationalisation of Wellcome Collection's new strategy is not implemented in a way that enhances the alignment of Wellcome Collection's strategic aims to Wellcome's mission.	**Mitigations in place:** • A programme team is in place to develop and manage delivery of operational change • Regular reviews of business-as-usual activities • Embedded access, diversity and inclusion principles and inclusion assessment tool in programme governance processes and decision-making • Phased communication plan devised and revised as timeline develops • Wellbeing resources communicated and change management training in place **Planned mitigations:** • Delivery of all outlined operational changes **Accountability:** • Director of Wellcome Collection **Oversight by:** • Chief Executive Officer • Board of Governors
Environmental, Social and Governance (ESG)	There is a risk that Wellcome may not keep pace with changes to societal expectations and regulatory requirements.	**Mitigations in place:** • Wellcome has set a net zero goal of 2030 for scope 1 and 2 emissions generated by Wellcome's direct charitable operations and 2050 at the latest for the emissions relating to our investment portfolio • We have recruited a role in our senior leadership team with responsibility for embedding sustainability in Wellcome's practices, and set up an operational programme to become a more sustainable organisation **Planned mitigations:** • We are developing an ESG strategy for The Wellcome Trust Group as a whole – this comprises the Wellcome Trust plus our charitable and investments subsidiaries. This strategy will be informed by a materiality assessment **Accountability:** • Chief Operating Officer • Director of Corporate Affairs **Oversight by:** • Wellcome Trust Group ESG Committee • Board of Governors

Key risks (continued)

Risk decreasing Risk stable Risk increasing New risk

Risk	2023 Description	2023 Mitigating Actions
Operational		
Delivery of diversity and inclusion commitments	There is a risk that delayed development and delivery of this programme may result in reduced staff morale, reduced ability to recruit and retain staff, delays achieving strategic objectives and have a negative reputational impact.	**Mitigations in place:** • Chief Equity, Diversity and Inclusion Officer appointed, started October 2023. • Subcommittee of ELT for Equity, Diversity and Inclusion (EDI) • Clearly defined strategy and activities that address internal commitments: refer to the Equity, Diversity and Inclusion goals on pages 63-64 • EDI polices published • Positive action principles and processes to support our funding activities **Accountability:** • EDI subcommittee of ELT **Oversight by:** • Board of Governors
Cyber security	There is a risk that Wellcome is a potential target of malicious actors in a constantly evolving security threat landscape. The risk that security weaknesses in our technology systems may be exploited.	**Mitigations in place:** • Appropriate systems and processes are in place to manage external threats to Wellcome • A dedicated team of professionals monitoring the internal and external environment • Mandatory security awareness training in place for all staff, including regular simulated phishing testing • Continuous improvement of security tooling and processes is regularly assessed under audit **Planned mitigations:** • Implementation of Role-Based Access Control **Accountability:** • Chief Information Officer • Digital and Technology Audit and Governance Group **Oversight by:** • Audit and Risk Committee

Remuneration report

Wellcome remuneration policies and practices are designed to support and promote Wellcome's long-term success and delivery of our strategy, reward fairly and responsibly having regard to statutory and regulatory requirements, and align executive remuneration with Wellcome's values and the delivery of its long-term strategies.

Our remuneration principles:

- **Competitive and market-facing:** salaries are benchmarked using external market data appropriate to the sector in which people work. We use trusted providers to secure the pay data and advice required. Willis Towers Watson (WTW), QCG and UCEA provided salary benchmarking data. WTW also provided specific data and advice on the pay of our Executive Leadership Team (ELT), as did McLagan on the remuneration of our Investments Team. Furthermore, PwC advised us on the production of our gender and ethnicity pay gap data.
- **Performance-linked:** individual performance and behaviours are assessed for the award of bonuses during the annual pay review.
- **Transparent:** our pay policy (excluding Investment Team reward scheme) is openly communicated to staff. Our discretionary performance bonus scheme is open to all employees, except to the Investments Team which has a dedicated reward scheme and our early career programme.
- **Fair:** Benefits are generally the same for all colleagues irrespective of their seniority (except for annual leave) and can be accessed and managed through a portal that also provides a total reward statement. The Reward team run annual equal pay audits and report the findings to the ELT and the Remuneration Committee to ensure we do not discriminate or unintentionally create any equal pay issues. Gender and ethnicity pay gap data is also reviewed by ELT and the Remuneration Committee to inform decisions.

In the UK, we are a Real Living Wage Employer accredited by the Living Wage Foundation. Our Real Living Wage commitment means that everyone working at Wellcome receives at least the London Real Living Wage.

The Remuneration Committee

The Board of Governors appoints the Remuneration Committee, which is chaired by an independent Governor. The members are all Governors, all of whom are excluded from any discussion which affects their own pay (this is delegated by the Board to the Non-executive remuneration committee). The committee ensures that remuneration practices and policies support Wellcome's values, long-term sustainable success and facilitate the employment, motivation and retention of talented people.

The core responsibilities of the committee are to review and recommend to the Board key remuneration principles, the reward strategy and policies for remuneration of employees including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the ELT and other senior staff. It also reviews and recommends to the Board, the remuneration policies and framework for all staff including the Investment Team.

The Remuneration Committee Report (page 97) includes key decisions made by the Committee throughout the year.

Non-executive remuneration committee

A new non-executive remuneration committee made up of executives only was established by the Board to consider options to revisit the Governors' remuneration mechanism. This new committee ensures that Governors are not involved in decisions relating to their own pay.

Our remuneration governance framework

Board of Governors and the Remuneration Committee	The Board of Governors delegates certain matters to its Remuneration Committee.
Non-executive remuneration committee	Established by the Board of Governors to ensure that Governors are not involved in decisions relating to their own pay.
Remuneration policies	• **Governors' remuneration** – Wellcome Constitution and approval by the Charity Commission. • **External board committee members** – non-executive remuneration committee approves their remuneration. • **General pay policy** – applies to all staff except Investments Team. Approved by the Board under the Matters Reserved to the Board. • **Investment remuneration framework** – applies to the Investment Team. Approved by the Remuneration Committee.
Annual pay awards and bonus (and LTIP for Investment Team)	Remuneration Committee – reviews individual ELT and Investment Executive performance and remuneration. It also approves the pay award budget and the bonus percentage for each performance rating that applies to wider Wellcome staff, as well as the long-term incentive plans (LTIP) awards for the Investment Team.

Governors' remuneration
Year to 30 September

	2023 £	2022 £
Julia Gillard (Chair)	**142,108**	142,108
Fiona Powrie (Deputy Chair from 1 January 2022)	**106,581**	97,699
Michael Ferguson (Deputy Chair until 31 December 2021)	**-**	26,645
Arup Chakraborty	**71,054**	71,054
Amelia Fawcett	**71,054**	71,054
Richard Gillingwater	**71,054**	71,054
Gabriel Leung	**71,054**	71,054
Cilla Snowball	**71,054**	71,054
Elhadj As Sy	**71,054**	71,054
Ijeoma Uchegbu	**71,054**	62,370
Total remuneration	**746,067**	755,146

Expenses in respect of accommodation, travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £224,361 (2022: £99,026) of which £219,101 (2022: £92,852) was paid directly by Wellcome, including Chair accommodation expenses of £48,000 (2022: £48,000), and £5,260 (2022: £54,174) was paid by the Governors and directly reimbursed to them.

The increase in the expenses paid this year was driven by increased travel and in-person meetings as well as additional Governors' training. Wellcome also paid to HMRC a settlement of £182,606 in respect of overseas governors' historical PAYE/NIC liabilities. No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2023.

Governor remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors. Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chair are up to 2 and 1.5 times the level of a Governor respectively. A review of Governor remuneration and the adjustment mechanism is underway, which will continue to ensure that Governors do not make decisions on their own remuneration. The Governors have not had an increase in remuneration since the 2016/17 financial year.

The Audit and Risk Committee and Investment Committee have independent external committee members (non-Governors) who are allowed to claim £10,000 per annum and £20,000 per annum, respectively, which some members may choose not to claim. A review of external committee members' remuneration is underway.

Executive remuneration

The remuneration of ELT members is set up in accordance with the pay policy which was introduced in 2020 and covers the entire organisation, with the exception of the Investment Team which has its own reward scheme. The policy states that Wellcome is a market-facing organisation. As such, each role is matched to a relevant role in a robust salary survey. A market range is created for each role, using the market median as the midpoint. Willis Towers Watson has been appointed as our adviser and data provider for our executive team. Each ELT role is matched to a survey role and factors such as organisation size and reporting lines are used to identify a suitable pay benchmark. Pay progression is based on the same criteria as for the rest of the organisation, using a grid combining position in the market range and performance. ELT members are eligible to the same bonus scheme as other employees. It is linked to performance ratings. A fixed bonus percentage is awarded for each performance rating. ELT members' performance is reviewed by the Remuneration Committee and bonus levels awarded on that basis. No executives are involved in making decisions on their own remuneration outcomes. The Remuneration Committee reviewed and agreed our approach to notice periods, which is being implemented across the organisation in a consistent way.

An assessment of ELT's progress against its 2022/23 objectives was communicated to all staff highlighting achievements and shortcomings. There was good progress made in the design of our four strategic programmes and the activities needed to deliver them, but it did not provide the leadership that Wellcome needed on the anti-racism programme. In response to this it developed an action plan and noted the critical importance of continuing to develop a culture at Wellcome that is needed to successfully deliver our strategy.

The Board approved three main ELT-wide objectives for 2022/23 (this is in addition to individual objectives for each ELT member to be agreed with the CEO or line manager). This year's objectives set out the progress we must make on our strategy, EDI programme, and culture throughout the year. And at the heart of these objectives are the commitments and milestones set out in the delivery plans for all areas of our work, across the four Programmes (Climate and Health, Discovery Research, Infectious Disease and Mental Health), and for each ELT team, and the ELT anti-racism action plan.

Investments team

The Investments team remuneration is based on the Investment reward scheme (which is separate to the wider Wellcome Pay Policy).

Wellcome manages the investment portfolio that underpins our charitable activities. The internal Investment team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals.

Members of the Investments team are remunerated through their base salary, supported by variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, for senior roles, long-term incentive plans. A long-term incentive plan is in place to ensure that the remuneration of the Investments team remains competitive and to encourage a long-term view. Awards are made annually based on investment returns and individual performance over a period of three to five years.

The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5b.

McLagan provided an asset management sector overview to benchmark pay and reward proposals for the Investment team to provide assurance that the pay and reward package was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Key management personnel

The key management personnel of the Wellcome Trust Group and Wellcome have been defined as the Board of Governors, ELT, and the Investment Executive, who are responsible for decision-making in respect of the investment portfolio. The roles and responsibilities of the Board of Governors and the ELT are discussed in the Structure and Governance section.

The total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above.

The remuneration of members of the ELT is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed below.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11d.

Remuneration of key management personnel Year to 30 September

	2023 £	2022 £
Governors	**746,067**	755,146
Director of Wellcome Trust	**401,075**	538,041
Interim CEO of Wellcome Trust	**352,260**	-
Executive Leadership Team (excluding Director, Interim CEO and Investment Executive)	**2,842,106**	2,973,610
Investment Executive	**9,453,769**	10,746,916
Employer pension contributions (for relevant staff)	**219,460**	324,062
	14,014,737	15,337,775

Summary of executive and staff remuneration

<table>
<tr><th></th><th>Executive Leadership Team</th><th>Investment Executive</th><th>Investment staff</th><th>Wider staff</th></tr>
<tr><td rowspan="2">Salary</td><td colspan="4">Annual pay reviews and awards take into account Wellcome’s performance against its strategy as well as individual performance against objectives. Our pay policy is designed to enable Wellcome to recruit, motivate and retain the people we need to deliver our mission, by offering a fair reward package that is competitive with the markets from which we draw talent.</td></tr>
<tr><td>Salaries are reviewed annually, and increases are aligned with the wider staff increases.</td><td colspan="2">Salaries are reviewed annually, and increases are aligned with the wider asset management market.</td><td>Salaries are reviewed annually.</td></tr>
<tr><td>Benefits</td><td colspan="4">All staff are eligible for a wide range of voluntary benefits to support their wellbeing.</td></tr>
<tr><td>Financial wellbeing</td><td colspan="4">A financial wellbeing programme is being rolled out to help staff with the cost-of-living increase. Life Assurance policy of eight times an employee’s salary, season-ticket loan, and Perkbox discounts. Individual and team recognition awards.</td></tr>
<tr><td>Physical & mental wellbeing</td><td colspan="4">Holiday allowance of 25 days (30 days for ELT), private medical insurance including gender dysphoria cover, remote GP service, on-site gym, physio, and cycle to work scheme. There is also an employee assistance programme, and mental health support through our network of mental health first aiders, and with Plumm and Thrive support, including therapy options. Occupational health and individual stress assessments to identify and support individuals with work-related and other stress. Group income protection scheme designed to provide income for staff unable to work until staff can return to work.</td></tr>
<tr><td>Social & community wellbeing</td><td colspan="4">Wellies, our social club, organises many events annually. There is an on-site bar, a choir, and an annual staff quiz. There are numerous active staff networks and groups.</td></tr>
<tr><td>Pension</td><td colspan="4">A defined contribution pension scheme where employees contribute 3% and Wellcome contributes 15% (of which employees can choose to get up to 10% as cash). Following closure of the Defined Benefit Pension plan, all employees (except for those who are in receipt of a pension allowance) are members of the Defined Contribution Pension Plan.</td></tr>
<tr><td>Bonus</td><td>ELT members are eligible for the same bonus scheme as wider staff. It is linked to individual performance ratings.</td><td colspan="2">Bonus determined by the Investment Reward Scheme. It is linked to performance.</td><td>Eligible for performance-based bonus, except for early-career programme.</td></tr>
<tr><td>Long-term incentive plan</td><td>Not eligible</td><td>Eligible</td><td>Certain senior roles only</td><td>Not eligible</td></tr>
</table>

Remuneration Committee Report

I am pleased to present our report for the year ended 30 September 2023.

At the end of September, we said goodbye to Amelia Fawcett, both as Governor and Chair of the Remuneration Committee and thanked her for her strong steering and leadership of the Committee, which has helped Wellcome improve how we value and reward our people.

This report summarises the work of the Committee over the past year in fulfilling our responsibilities to provide effective oversight of the remuneration of our employees, including policies and procedures.

Effective Committee governance

The membership of the Remuneration Committee is set out in the Reference and Administrative Details section (pages 186-187).

We said farewell to our Director, Sir Jeremy Farrar, who left Wellcome in February 2023 and welcomed Paul Schreier as Interim Chief Executive Officer to the Committee. The CEO, alongside the Director of People and Company Secretary, are not members of the Committee, but attend each meeting, save for discussions on their own performance and pay, for which they are excused.

The Committee discussed and reviewed its own responsibilities and also carried out a comparison between the work of the Committee and the requirements of the UK Corporate Governance Code 2018 in considering executive remuneration. The Committee reflected that it addresses the main factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture, and that Wellcome's policies and practices are consistent with those outlined in the Code.

During the year the Committee's focus was on:

Pay, reward and succession

The Committee monitored the ongoing embedding of the reward structure and processes including the continued focus on performance management.

The Committee discussed and agreed the performance outcomes and remuneration of the Executive Leadership Team (including interim appointments) and the Investment Executive and other senior members of the Investment Team. This included reviewing external benchmarking data and performance information (both individual and collective), including calibration information.

A new framework for our Investments team's remuneration including long-term incentives has been developed throughout the year, for which we engaged external expert advisors to align the new policy with external good practice. I am thankful to Committee members for their additional detailed work in supporting the development of this important new framework.

As part of the overall pay and reward process, the Committee has been mindful of the ongoing pressures on staff related to the increased cost of living, and in addition to scrutinising pay and reward, we were pleased to note the introduction of a financial resilience programme to help support employees.

Succession plans for ELT and senior positions were also discussed during the year. The Nomination and Governance Committee led for the Board on Chief Executive succession plans.

The Committee also considered options regarding our approach to remuneration of the Wellcome Trust Limited's Directors (as trustee of the Wellcome Trust). The current mechanism is no longer fit-for-purpose and we are exploring with the Charity Commission alternatives which align better with Wellcome's pay policy and external trends. The Committee recommended that the Board set up a Non-Executive Remuneration Committee to take this forward, so that Directors do not play any part in deciding their own remuneration and this work is now underway.

Recognition

The Committee, recognising that our employees' contribution is vital to helping achieve Wellcome's strategy and mission, has also had early discussions regarding our future approach to valuing, motivating and rewarding staff.

Pension governance

To ensure we have a clear pension management roadmap, maintain high-quality member services, legal compliance, effective governance and joined-up planning about our pension, the Committee approved Wellcome appointing an independent trustee firm to oversee our existing defined benefit and contribution pension schemes.

Committee meetings during the year

The Committee formally met five times during the year. After each meeting, the Board of Governors received a report on the key issues discussed.

Diana Noble will be taking over as Chair of the Committee from 2024, and I wish her every success. I would like to thank members of the Executive and their teams for their support during my time as Chair.

P D Snowball.

Cilla Snowball
Interim Chair of the Remuneration Committee
31 December 2023

Nominations and Governance Committee Report

As the Chair of the Nomination and Governance Committee (NGC), I am pleased to present our report for the year ended 30 September 2023.

The current membership of the Committee is set out in the Reference and Administrative Details section (pages 186-187).

Board skills, succession and recruitment

As part of its role in supporting the Board, the Committee considered in detail the Board's composition, size, structure and the balance of skills, experience and diversity, and reviewed the succession plan in place.

Since Amelia Fawcett's term as Governor at Wellcome was reaching its natural conclusion in October, we recommended the reappointment of three Governors for a second term, alongside the recruitment of two additional Governors – focusing on enhancing expertise in the areas of commercial property and investments. The Committee also approved the recruitment of a replacement external member for the Audit and Risk Committee, to provide external expert advice in the areas of finance, audit and risk management.

The Committee also established Committee Chair role profiles for the NGC and Investment Committee setting out the purpose and responsibilities of those roles.

Chief Executive recruitment

The Committee continued the ongoing process of our global search for a new Chief Executive Officer. We are pleased to have made a successful recommendation to the Board for the appointment of John-Arne Røttingen, who will join Wellcome in January 2024.

Board effectiveness and governance review

Following the externally facilitated Board effectiveness review undertaken in 2022 the Committee reviewed the actions and progress made prior to the Board. Most actions are completed or underway, with some deferred until the appointment of the new CEO.

The Committee also streamlined our Governance arrangements with approval of the disbanding of the Emergency Committee following refreshed delegations and the reduction in risk from Covid.

Equity, diversity and inclusion (EDI)

The Committee was updated at every meeting on all of Wellcome's EDI work including progress on our organisational anti-racism action plan and the successful appointment of Wellcome's new Chief EDI Officer, Jimmy Volmink, with effect from October 2023.

Staff and stakeholder engagement

Cilla Snowball has continued in her role as the Committee's Stakeholder Champion and has been providing additional board oversight and challenge to the Executive to further embed our work on staff and stakeholder engagement. The Committee has maintained close links with staff and organisational culture through Cilla's board buddy role on Wellcome Exchange and was pleased to note the future expanded role of the Exchange, which will include training and organisational support, and that it will become the main channel of employee engagement from January 2024.

The Committee has responsibility for oversight and development of stakeholder engagement and reviewed progress at the September meeting.

Further information about how we engage with our key stakeholders, including employees, research communities, partner organisations, the investor community, governments and policy makers, suppliers, people with lived experience of health challenges and public audiences is included as part of the stakeholder engagement statement in this year's Annual Report and Financial Statements. It was compiled with input from relevant colleagues across Wellcome, including the Executive Leadership Team and Cilla Snowball (as sponsor).

Committee meetings during the year

The Committee formally met four times during the year. After each Committee meeting, the Board of Governors receives a report on the key issues discussed.

Julia Gillard
Chair of the Nominations Committee
16 January 2024

Investment Committee Report

As the Chair of the Investment Committee, I am pleased to present our report for the year ended 30 September 2023. The Investment Committee's role is to act as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the work the Committee has done over the past year in fulfilling our responsibilities.

There have been no changes to the external membership of the Committee over the past year. There is an impressive depth and breadth of experience among our five external members, Stefan Dunatov, Tracy Blackwell, Martin Halusa, Cressida Hogg and Girish Reddy, which continues to enrich our discussions and is of great value. Among the internal members, Jeremy Farrar retired from the Committee having also retired from his role as Director of Wellcome. We thank him for his contributions to the Committee and to Wellcome as a whole. His input in providing expert advice to help steer the portfolio through difficult times during the Covid pandemic was invaluable to the Committee and the Investment Team.

Activities during the year

The Investment Committee held regular meetings in December 2022 and in March, May, and September 2023. An additional Committee meeting was held in January 2023. At each regular meeting, the Committee reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the rapidly changing macro-economic and geopolitical environment. All meetings were held in person except the special January session, which took place virtually.

At the December 2022 meeting, the Committee made its annual consideration of the outlook for long-term returns and reviewed Wellcome's reporting currency in view of changes in the investment portfolio. It concluded that sterling reporting remained appropriate given that charitable spending remains predominantly GBP based. In September 2023 there was a review of the investment policy to reflect changes in delegated authorities and other governance arrangements. The risk framework was also reviewed and the distinction between first line risk management and second line risk oversight clarified in the policy. Equity beta was removed as a risk metric given the difficulty in calculating it reliably in a multi-asset portfolio.

In its oversight role, the Committee has over the year examined correlations and performance attribution; the framework used for operational due diligence; Internal Audit reviews of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing and succession planning of the investment team; operations, systems, and external partners; cash management and counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio.

Other topics of discussion during the year have included the Investment Executive's approach to ESG, which is based on an assessment of companies' and managers' "licence to operate"; a review of the net zero target for the portfolio and options for interim net zero targets in due course; a detailed review of the composition and performance of the property portfolio focusing on cash flows, illiquidity, and inflation protection characteristics; and a strategic discussion about portfolio construction. At the special meeting held in January 2023, the proposal to invest in the first phase expansion project of the Wellcome Genome Campus was reviewed in detail and recommended to the Board, where it was subsequently approved.

The Committee provided constructive challenge to the Investment Executive at each meeting, and members have also been generous with their time in providing additional input and advice between meetings. The Committee recognises that the investment environment continues to be exceptionally challenging and thanks the Investment team for their dedication and effort in navigating a difficult time. The Committee appreciates the level of transparency provided and the level of detail in formal and informal reporting, especially in highlighting areas where investment outcomes have not met expectations.

Richard Gillingwater
Chair of the Investment Committee
16 January 2024

Audit and Risk Committee Report

As the current Chair of the Audit and Risk Committee I am pleased to present our report for the year ended 30 September 2023.

At the end of September, we said farewell to Amelia Fawcett, who retired from the Board and her role as Chair of this Committee. I have taken on the role of Chair in the interim period to the end of December 2023. We thanked Amelia for her leadership of this Committee and the role she undertook championing a greater focus on controls and risk management around the organisation, which has greatly contributed to Wellcome's mission. We welcomed Jonathan Britton as our new external member on 1 October 2023, who adds his skills and experience to the Audit and Risk Committee.

Overview of the year

In 2022/23, the main activities of the Committee included oversight and monitoring of the following:

Internal audit

- The Internal Audit opinion on the control environment, which informs the actions included in the overall programme to mature the risk and control framework and embed Wellcome's new risk management framework.
- The results of the External Quality Assessment of Wellcome's Internal Audit department, which awarded the team their highest rating when measured against international professional standards: surpassed their peers in eight of the ten benchmarked areas assessed.
- Internal Audit's enhancements to its methodology and processes, including implementing a culture rating (including risk and control culture) on all audits undertaken at Wellcome and creating enhanced reporting tools.
- Internal audit risk assessment, audit plan, outcomes from completed audits and management progress on actions in response to findings.

Risk management

- The corporate risk register, working with the Head of Risk to refine reporting on the management of key organisational risks.
- The Reframing Risk Programme.

Investments

- The investment systems and process programme, aimed at improving the robustness of investment reporting systems and increasing the quality of investment data available for management.

Deep dives

The Committee undertook deep dives on the following areas:

- The approach to Environmental, Social and Governance at Wellcome and Wellcome's net zero targets.
- Long-term and emerging risks for Wellcome.
- Culture, with a focus on creating a strong risk management culture throughout Wellcome.
- Approach to assessing the control environment, indicators of effective risk management and controls at Wellcome and management approach to attesting to their effectiveness.
- Processes for holding grantholders and universities accountable for their commitments under grant conditions, particularly in the area of risk and controls.

Significant financial reporting issues, judgements or estimates

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2022/23, we focused on the following significant financial reporting matters:

Issue, judgement or estimate	Action taken by the Committee	Outcome
Unquoted investment valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that there were five investments where management performed internal assessments of co-investor valuations and one investment without a co-investor where management prepared the valuation that was not material in the context of this asset class.
Investment property valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting the use of several external valuers and management's review of the assumptions used by the external valuers.
Grant liabilities	Review of management's recommendation to discount the grant liabilities using the expected future rate of investment returns and the appropriateness of the rate used. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee noted the sensitivity analysis that had been done to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercers and reviewed by management.	The Committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile.
Non-charitable investment subsidiary undertakings held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings are held as part of the investment portfolio. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that these entities are valued using external valuers, management's review of the assumptions used by the external valuers and that while Wellcome has board representation in these entities, their operations were managed independently from Wellcome.

Risk management

Considerable progress continues to be made to mature the risk and control framework at Wellcome and to ensure that a strong risk management culture is embedded throughout the organisation. Although the Head of Risk left Wellcome during the year, the role has been subsequently filled on an interim basis.

The Committee oversaw the progress of the Reframing Risk programme of improvements to embed Wellcome's new risk management framework. Deliverables included the rollout of risk and controls self-assessments to the next tranche of Wellcome teams, work with the Culture team to embed risk management in the rollout of Wellcome's beliefs and values, and a series of communication and training to support the Reframing Risk programme.

The corporate risk register continues to provide the Committee with an effective view of current risks, actions and progress made to manage the largest risks facing the organisation. Significant progress continues to be made to address risks, especially those relating to operational effectiveness.

Our Speak Up culture continues to mature well, giving us the opportunity to hear about concerns of wrongdoing early on so that we can address and improve. During 2023 we have implemented a new Speak Up reporting tool (Vault Platform), and have evidence of a system that is working and a culture that supports speaking up. We continue to work closely with Protect around Speak Up to learn from and contribute to best-practice. Our work was specifically identified and included by the Committee on Standards in Public Life as examples of best practice in its Leading in Practice report this year.

Financial reporting

At the December meeting each year, the Committee reviews the Annual Report and Financial Statements (AR&FS) and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the appropriateness of the investment valuations recommended by the Valuation Group. The Valuation Group is responsible for reviewing investment valuations and reports its recommendations to the Committee. The Committee also considers the overall tone of the AR&FS and related announcements, considering reputational risk and the messaging of the activities reported.

The Committee recommended to the Board of Governors that the AR&FS is fair, balanced, and understandable. In justifying this statement, the Committee has considered the robust process in place:

- Clear guidance is given to all contributors in the form of timetables and detailed requirements.
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year.
- Wellcome's Finance team meet with the auditor throughout the year to discuss developments within the business and any impact on financial reporting.
- A thorough process of review, evaluation and verification of the Annual Report and Financial Statements is undertaken by senior management and staff with expertise across the organisation.

Having been advised by management that the subsidiary undertaking, Wellcome Trust Finance plc, had in previous years made interim Gift Aid donations which had not been in accordance with the requirements of the Companies Act 2006 because interim accounts had not been approved and filed at Companies House prior to each payment, we are overseeing the related disclosures and rectification.

External audit

Oversight

At the June meeting each year, the Committee discusses with the auditor the scope of their audit before the audit commences. The significant financial reporting risks, some of which are those listed in the table above, are considered by the Committee to be:

- the valuation of unquoted investments relating to certain direct investments, unconsolidated subsidiary investments (Urban&Civic and Premier Marinas), Wellcome Genome Campus and the other agricultural investment property assets.
- the rate of discount selected to discount the grant liabilities.
- management override of controls (a risk in any organisation).

In addition to the significant activities during the year, our interactions with the auditor included:

- consideration of their work and opinion relating to management judgements and estimation.
- discussion on the level of disclosure in the Annual Report to satisfy ourselves that it is appropriate.
- meetings in private session during Committee meetings, and at other times throughout the year, to discuss external and internal developments and issues.

Audit quality and independence

The Committee seeks to ensure the continued independence and objectivity of Wellcome's external auditor by reviewing the performance of the external auditor and the quality of the audit work, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September, and December meetings each year, the Committee reviews the auditor's report about independence of its staff, its policies for maintaining independence and compliance with relevant requirements. The auditor was appointed for the year ending 30 September 2016 and has been reappointed for each subsequent year. Following the completion of six years of continuous engagement in 2021, partner rotation was completed and the current external audit partner is undertaking their third year on the engagement this year.

Non-audit services

The Committee has approved a policy on any non-audit services provided by our external auditor, which takes into account the relevant regulations and directives.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence, as well as the overall ratio of non-audit to audit fees which was well within the 70% cap applicable to public interest entities (see note 10).

The Committee is satisfied that the auditor remains independent and that the level and nature of any non-audit services is appropriate.

Internal audit

Wellcome has an in-house Internal Audit function which comprises 11 professionals. They are led by the Head of Internal Audit, who reports directly to the Chair of the Audit and Risk Committee. The Committee directs and oversees the activities of the function. The team also provides Internal Audit support for Wellcome's subsidiaries and reports to their respective Boards and Audit and Risk Committees. Internal Audit is supported by external consultants (co-source partners), who provide specialist skills to supplement the in-house team.

Internal Audit performs an independent and objective assurance function that is designed to add value to the operations of Wellcome. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of risk management, control and governance processes.

Internal audits are performed according to a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the respective Audit and Risk Committees (Wellcome and its subsidiaries) prior to implementation. The plan is regularly reviewed and updated based on the organisation's decisions, business activities, industry trends, best practice and regulatory matters.

The Head of Internal Audit provides an update to the Audit and Risk Committee at each meeting, and more frequently as appropriate. Internal Audit also coordinates its operations with the activities of the external auditor for maximum effect.

During FY 2023, the Internal Audit function was subject to a thorough External Quality Assessment conducted by Grant Thornton. The results reflected the function's commitment to aspiring to the highest professional and regulatory standards. Achieving the highest rating of "generally conforms" affirms this, while identifying some areas for ongoing improvement and development.

Internal Audit also made a number of enhancements to its methodology and processes, including implementing a culture rating (including risk and control culture) on all audits undertaken at Wellcome, following the completion of the Organisational Culture Audit in FY 2022. Internal Audit also created and enhanced reporting tools, and outsourced its quality assurance reviews for audits, to reinforce the quality of deliverables and ensure adherence to best practices.

My term at Wellcome on the Audit and Risk Committee has now also concluded at the end of 2023, both as a member since 2016 and now Interim Chair. I wish my successor Stephen Lovegrove well in supporting Wellcome and its important mission.

Chris Jones
Interim Chair of the Audit and Risk Committee:
1 October 2023 – 31 December 2023

Member of the Audit and Risk Committee:
1 September 2016 – 31 December 2023

Stephen Lovegrove
Chair of the Audit and Risk Committee
1 January 2024 – present

Independent Auditor's Report to the Trustee of the Wellcome Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Wellcome Trust (the 'Trust' or 'Charity') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2023 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements which comprise:

- the Consolidated Statement of Financial Activities;
- the Consolidated Balance Sheet;
- the Statement of Financial Activities of the Trust;
- the Balance Sheet of the Trust
- the Consolidated Cash Flow Statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Trust for the year are disclosed in note 10 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare); • Valuation of Wellcome Genome Campus at Hinxton • Valuation of unquoted investments relating to directly held investments; and • The level of the discount rate applied to the grant liability. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £335 million (2022: £346 million) which was determined on the basis of 1% (2022: 1%) of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's consolidated net assets, as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's consolidated net assets were subject to a full scope audit for the year ended 30 September 2023. The Trust and the majority of the subsidiaries are based in the UK, with three overseas subsidiaries (two based in the United States and the third in Germany) which are not considered to be material to the Group.
Significant changes in our approach	We have considered Wellcome Genome Campus as a separate key audit matter this year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustee's assessment of the Group and the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of the Group and Trust's ability to continue as a going concern, including consideration for the level of financial risk and complexity of the Group and Trust's operations;
- assessing the liquidity position to support management's assessment of the Group and Trust's ability to continue as a going concern through our audit procedures performed on the balance sheet, including agreeing cash to confirmations from banks, agreeing the timing of bond repayments to the underlying terms of the bond to assess whether the Group and Trust will have sufficient liquidity to meet its obligations, assessing the liquidity of the investments held and inspecting post year end bank statements;
- evaluating management's future plans, including budgets and projections, liquidity analysis and funding approach and assess if they are in line with our expectation given our knowledge of the Group and Trust;
- evaluating management's stress test analysis on key assumptions in their projections;
- consideration of management's assessment of any significant subsequent events after the reporting period, prior to signing of the Annual Report, that might impact the Group and Trust's ability to continue as a going concern for at least twelve months from the date of signing the Annual Report; and
- evaluating the going concern and subsequent events disclosures in the financial statements for consistency with our understanding.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare))

Key audit matter description	The valuation of Premier Marinas and Urban and Civic (including Farmcare) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as marina assets or land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations: • the growth rate assumptions which drive the future cashflows for Premier Marinas; • the future sales price and cost forecasts within the discounted cash flow valuation for Urban and Civic; and • the rate per acre for Farmcare; There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of unquoted investments. The valuation of Premier Marinas and Urban and Civic (including Farmcare) amounts to £1,205 million (2022: £1,140m), which is 6.0% (2022: 6.2%) of the Group's unquoted investments, and 3.6% (2022: 3.%) of the Group's net assets. The Audit and Risk Committee Report on page 104 identifies the valuation of non-charitable investment subsidiary undertakings as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of unquoted investments relating to controlled unconsolidated investments, we performed the following procedures: **Controls Assessment** • We tested the relevant controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight. • We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year. • We also tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare))	
How the scope of our audit responded to the key matter (continued)	**Substantive testing** • We obtained and inspected 30 September 2023 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competency and capabilities of the external valuers. For all of the assets, we compared 2023 and 2022 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate; • We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. growth assumptions used to drive future cashflows in Premier Marinas, and comparable data in Urban and Civic and Farmcare). We considered the possible effect of the rising cost of living and the wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation; • For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy; • Specifically for Premier Marinas: we determined whether data used to derive future cashflows was appropriate given our understanding of the business which includes agreeing current performance, obtaining an understanding of future budgets and developments in the business; and any indicators in the market that were contradictory to managements forecasts, including the growth rate assumptions applied by management in the forecasts; • Specifically for Urban and Civic: we determined whether data used to derive future cashflows was appropriate given our understanding of the business, and for a sample of assets we obtained relevant third party data to support future sales prices and cost projections that drive the valuation; • Specifically for Farmcare: we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable market data to support the rate per acre and passing rent used in the valuation; • We performed testing over the accuracy of underlying inputs into the valuation models; • We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts; • With the assistance of our internal valuation specialists we assessed whether the judgements made in valuation methodologies are indicative of a potential bias; and • We performed market analysis for contradictory evidence to challenge management on the conclusions reached
Key observations	As a result of our procedures, we concluded that the valuations of Premier Marinas and Urban and Civic (including Farmcare) are reasonable.

5.2. Valuation of the Wellcome Genome Campus	
Key audit matter description	The valuation of the Wellcome Genome Campus (both the Existing Campus and the Expansion Land) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. During the year the Existing Campus was reclassified from PPE to investment property. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations: • the forecasted development value and development costs for the Expansion Land at Wellcome Genome Campus; • the market rent for comparable assets for the Existing Campus at Wellcome Genome Campus; and • the discount rate used to discount the forecast future cash flows on the assets for the Existing Campus at Wellcome Genome Campus. There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of the Wellcome Genome Campus. The valuation of the Group's investments in Wellcome Genome Campus amount to £251 million (2022: £250 million) which is 1.3% (2022: 1.2%) of the Group's unquoted investments, and 0.7% (2022: 0.7%) of the Group's net assets. The Audit and Risk Committee Report on page 104 identifies the valuation of the Wellcome Genome Campus as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of the Wellcome Genome Campus, we performed the following procedures: **Controls Assessment** • We tested the relevant controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight. • We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year. • We also tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.2. Valuation of the Wellcome Genome Campus	
How the scope of our audit responded to the key matter (continued)	**Substantive testing** • We obtained and inspected 30 September 2023 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competency and capabilities of the external valuers. • For the Expansion Land, we compared 2023 and 2022 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate; • We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. comparable data in Wellcome Genome Campus). We considered the possible effect of the rising cost of living and the wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation; • For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy; • Specifically for the Expansion Land, Wellcome Genome Campus: we have obtained relevant supporting data for the planning permission and assessed comparable market data to support the ultimate position of the projected cash flows; • We performed testing over the accuracy of underlying inputs into the valuation models; • We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts; • We engaged internal valuation specialists to assess whether the judgements made in valuation methodologies are indicative of a potential bias, and to assess the comparables market rents; • Tested the inputs into the valuation back to lease agreements • Specifically for the Existing Campus: we assessed the accounting treatment of the change in classification of the existing campus from PPE to investment property, including an assessment of the impact of the existence of peppercorn leases with Genome Research Limited and third parties, and their impact on the valuation; • Engaged our fair value specialists; and • We performed market analysis to identify contradictory evidence to challenge management on the conclusions reached.
Key observations	As a result of our procedures, we concluded that the valuation of Wellcome Genome Campus is reasonable.

5.3. Valuation of unquoted investments relating to direct investments

Key audit matter description	The valuation of unquoted direct investments requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area. For the population that has remained a significant risk, there is a number of investments that are held alongside a co-invest partner. As per management's investment valuation policy where there is a co-invest partner, the values are obtained from the partner and are challenged by management through obtaining an understanding of the methodology applied and assumptions adopted. Additional scrutiny is also applied by the preparation of a shadow valuation for those investments deemed to be material by management, whereby management form their own view of a reasonable range for valuing the underlying investment. Where there is no co-invest partner, the values are based on internal models, and an external valuer is engaged to opine on the value of material direct investments. As these underlying valuations are sensitive to these unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated, this includes appropriately reflecting the impact of the rising cost of living and the wider macroeconomic volatility on company performance and evaluating any discounts applied to businesses as a result. The valuation of the Group's investments in unquoted direct investments through equity investment amount to £839 million (2022: £993 million) which is 4.4% (2022: 4.7%) of the Group's unquoted investments, and 2.5% (2022: 2.7%) of the Group's net assets. The Audit and Risk Committee Report on page 104 identifies the valuation of unquoted investments in relation to direct investments through equity investment as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.

5.3. Valuation of unquoted investments relating to direct investments	
How the scope of our audit responded to the key matter	We assessed management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice. **Controls Assessment** • We tested relevant controls over the valuation of the direct investments. • We tested the controls over management's oversight of external valuers, and over the application of valuation methodologies by the Valuation Group; and • We tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements. **Substantive procedures** • We assessed the objectivity, competency and capabilities of the external valuers engaged by management; • We challenged management's assessment of the valuation assumptions and appropriateness of valuation methodologies used to determine the fair value by: - either assessing recent transactions in the market or using a market comparable approach to inform our challenge of management. This includes determining if any discounts applied to the valuation are appropriate; - obtaining, where available, management's shadow valuation and challenging the market comparables and completeness of the basket used and incorporation of other evidence available; - challenging the valuation methodology adopted by management in their shadow valuations, and that adopted by the external valuers where engaged, and seeking to triangulate the valuations within a reasonable range; - obtaining an understanding of current year performance and whether any events have occurred that may have an impact on the valuation. We have also assessed any ongoing effects of geopolitical factors and the wider macroeconomic volatility on company performance and long term outlook including changes in industry trends or markets, and assessed whether these have been appropriately reflected in the valuation as at 30 September 2023; - formed our own expected reasonable range using an appropriate valuation methodology; - assessing the fair value of investments which were sold in the year against the value at which they were held previously to determine management's historical ability to determine the fair value; and - assessing contradictory evidence to challenge the appropriateness of valuation adopted, such as any recent or upcoming funding rounds or performance of quoted comparable companies. • We performed a stand back assessment for the overall position of the direct investments to weigh up corroborative and contradictory evidence to challenge the appropriateness of management's assumptions; • We engaged our internal fair value specialists as part of our audit team to assess the valuation of any direct investments that have been valued by an external valuer. We challenged the valuation methodology adopted, and the valuation inputs therein for reasonability; and test the valuation models for mathematical accuracy; and • We assess whether the judgements made in valuation methodologies are indicative of a potential bias.
Key observations	As a result of our procedures, we concluded that the valuations of the direct investments are reasonable.

5.4. The level of the Discount rate applied to the grant liability	
Key audit matter description	• The discount rate used is identified as a significant estimate in note 2 of the Annual Report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. • The non-current grant liabilities of £2,841 million (2022: £2,428 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by management is based on management's expectation of the long-term rate of return of the Trust's portfolio of 7% (2022: 7.4%). • The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the Trust and determining this discount rate requires significant estimation concerning future expectations of investment performance, is subjective, and could have a material impact on the discounted portion of the grant liabilities presented in the financial statements. • The significant accounting estimate within the Audit and Risk Committee Report on pages 101-104.
How the scope of our audit responded to the key audit matter	**Controls Assessment** We tested the relevant controls over the determination of the discount rate applied to the grant liability by the Board of Governors' and Investment Committee, and assessment of management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. **Substantive procedures** • We obtained management's grant discounting methodology paper and assessed the methodology used and the assumptions therein for reasonableness by comparing to underlying data (e.g. 'stretch' assumptions were re-calculated using historic data and payment assumptions were agreed to historic payment data); • We obtained management's paper to the Investment Committee and challenged any year-on-year changes in methodology and the assertions made by management by: - testing the split of investments stated in the paper and the associated expected investment return of each category; - assessing the stated ranges of nominal rates of return with reference to third party forecasts; and - performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. • We engaged our internal fair value specialists as part of our audit team to provide research, analysis, and observations on historical market returns enable the audit team to determine a reasonable range for the discount rate. We specifically considered the possible effect of inflation, interest rates and the wider macroeconomic volatility on the inputs into the calculation, and whether the concluded discount rate fell between the reasonable range; • We also engaged our internal fair value specialists to perform a benchmarking exercise of the expected return against other large charitable trusts and endowment funds of similar size with a similar portfolio; and • We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the grant liability was materially accurate and to challenge the integrity of these spreadsheets.
Key observations	As a result of our audit procedures, we concluded that management's discount rate methodology is appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. We conclude that the discount rate is reasonable.

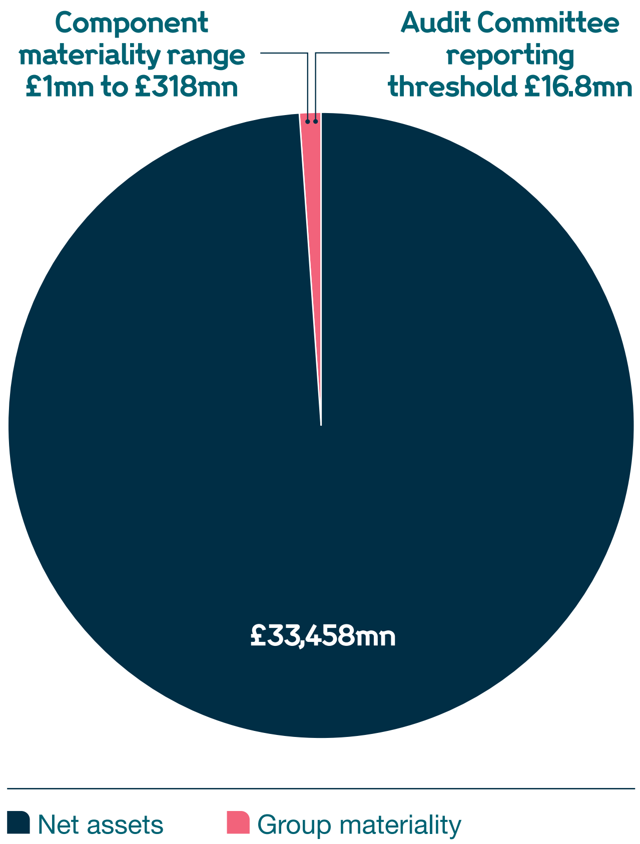
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£335 million (2022: £342 million)	£318 million (2022: £329 million)
Basis for determining materiality	1% (2022: 1%) of net assets	1% (2020: 1%) of net assets
Rationale for the benchmark applied	The Group is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns our methodology with industry practice for comparable asset–based organisations that are classified as Public Interest Entities.	The Trust is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns our methodology with industry practice for comparable asset–based organisations that are classified as Public Interest Entities.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Trust materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes, as well as our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior period.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £16.8 million (2022: £17.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

- Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.
- We determined that each legal entity forms its own component and our component audit scope was therefore determined by considering which entities:
- were financially significant, based on a benchmark of 1% of Group consolidated net assets (Scope A); or
- required a statutory audit (Scope B); or
- are not financially significant and do not have a statutory audit requirement (Scope C).

Any entity that required a UK statutory audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% (2022: 99%) of the Group's consolidated net assets. This approach is in line with the prior year. For Scope A audits, where materiality is not based on a statutory materiality, we have capped component materiality at 95% (2022: 95%) of the Group materiality. The lower band for component materiality is based on 40% (2022: 40%) of materiality. For those entities, including the UK, the US and Germany, that fall within Scope C, we perform an analytical review at a Group level. Wellcome Leap, which required a US statutory audit, has been audited by the component audit team in the US, and has been included in scope C due to its size after consolidation for the Group audit team's reporting. Wellcome Trust gGmbH, which also requires a statutory audit, will be audited by Deloitte Germany at a later date.

7.2. Our consideration of the control environment

The Group's Information Technology ('IT') landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We perform a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We engaged our IT specialists as part of our audit team to assess relevant controls and perform General IT Controls testing ("GITCs") for the current period over in-scope systems. Our testing covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls over key business processes, we adopted a controls reliance approach over the following business processes:

- Payroll business process
- Treasury business process
- Financial reporting business process
- Investment valuation business process covering:
    - Quoted investments and derivatives
    - Unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare))
    - Unquoted investments (private equity, hedge funds, direct co-investments and direct investments into the portfolio company)
    - Investment property (including Wellcome Genome Campus)
    - Investment cash
- Grant liability business process (including the discount rate)
- Charitable expenditure business process
- General Information Technology Controls over key information systems.

7.3. Our consideration of climate-related risks

We obtained an understanding of management's process for considering the impact of climate-related risks, climate related reporting, and controls relevant to the Group audit. We conducted walkthroughs with valuations, and financial reporting control process owners, and conducted meetings with key management personnel at the Trust who are responsible for climate-related risk and sustainability oversight and financial reporting for the Group.
We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any reasonably possible risks of material misstatement.

Page 61 of the Annual Report details how the Trust is developing its ESG strategy for the Wellcome Trust Group as a whole, whilst page 42 of the Annual Report details the progress report of the plan to reach net zero by 2050 for the investment portfolio. This included a view on the current portfolio emissions, carbon footprint and targets. This was also linked into board decision making and the S172 statement, as well as the key challenges faced around achieving more comprehensive disclosure and uniform reporting of emissions.

Our procedures performed included reading the climate-related disclosures in the front half of the Annual Report to consider if they are fair, balanced and comprehensive. Separately, we have involved our internal climate change and sustainability specialists who have assisted in reviewing the disclosures and in preparing recommendations to the Board of Governors, to enhance climate-related risk disclosures going forward.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of Trustees

As explained more fully in the Trustee's responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustee's and key management personnel's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit and Risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuations, internal fair value valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas and Urban and Civic (including Farmcare), valuation of the Wellcome Genome Campus and valuation of unquoted investments relating to unquoted direct investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, the Charity Commission regulations, and listing rules for the Trust's listed bonds.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty including applicable health and safety regulation and the Modern Slavery Act 2015.

11.2. Audit response to risks identified

As a result of performing the above, we identified three key audit matters related to the potential risk of fraud:

- Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare);
- Valuation of Wellcome Genome Campus; and
- Valuation of unquoted investments relating to direct investments.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors and the Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, inspecting internal audit reports and reviewing correspondence with the Charity's Commission and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

- Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:
- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept by the Trust;
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in respect of these matters.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Trust at its Board of Governor's meeting on 14 December 2015 to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 30 September 2016 to 30 September 2023.

13.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the Charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jessica Hodges.

J Hodges

Deloitte LLP (Senior Statutory Auditor)
Statutory Auditor
London, United Kingdom
16 January 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

Financial Statements

Ultraviolet light illuminates a brain sample during microscopy work at the Sainsburys Wellcome Centre in London, UK.

Photographer: Jason Alden/Wellcome Trust

Consolidated Statement of Financial Activities

for the year ended 30 September 2023

	Note	Restricted funds £mn	Unrestricted funds £mn	**2023 £mn**	Restricted funds £mn	Unrestricted funds £mn	2022 £mn
Income from investments							
Dividends and interest	3	-	427.1	**427.1**	-	322.5	322.5
Rental income		-	48.2	**48.2**	-	43.4	43.4
		-	475.3	**475.3**	-	365.9	365.9
Charitable income							
Grants receivable	4(a)	30.9	-	**30.9**	28.9	-	28.9
Other charitable income	4(b)	0.9	34.7	**35.6**	4.2	103.3	107.5
Total income		31.8	510.0	**541.8**	33.1	469.2	502.3
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(94.1)	**(94.1)**	-	(74.8)	(74.8)
Interest payable on bond liabilities		-	(76.4)	**(76.4)**	-	(76.3)	(76.3)
Expenditure on charitable activities	6	(32.3)	(1,458.0)	**(1,490.3)**	(35.4)	(1,302.3)	(1,337.7)
Total expenditure		(32.3)	(1,628.6)	**(1,660.8)**	(35.4)	(1,453.4)	(1,488.8)
Net realised and unrealised losses on investments	15(f)	-	(178.2)	**(178.2)**	-	(1,037.7)	(1,037.7)
Net expenditure before taxation		(0.5)	(1,296.7)	**(1,297.2)**	(2.3)	(2,021.9)	(2,024.2)
Taxation	13	-	12.4	**12.4**	-	50.2	50.2
Net expenditure after taxation		(0.5)	(1,284.3)	**(1,284.8)**	(2.3)	(1,971.7)	(1,974.0)
Gains on defined benefit pension schemes	11(e)(iii)	-	141.6	**141.7**	-	314.7	314.7
Net movement in funds		(0.5)	(1,142.7)	**(1,143.1)**	(2.3)	(1,657.0)	(1,659.3)
Funds at start of year		17.5	34,583.9	**34,601.3**	19.8	36,240.8	36,260.6
Funds at end of year	20	17.0	33,441.2	**33,458.2**	17.5	34,583.8	34,601.3

There are no gains or losses apart from those recognised above. All income is derived from continuing activities.
All restricted funds arise in Genome Research Limited.

An analysis of the movement of funds in 2023 is shown in note 20.

Consolidated Balance Sheet

as at 30 September 2023

	Note	2023 £mn	2022 £mn
Tangible fixed assets	14(a)	**404.9**	402.1
Investment assets			
Quoted investments	15(a)	**14,715.4**	13,550.8
Unquoted investments	15(a)	**19,225.7**	21,102.5
Investment properties	15(a)	**1,614.6**	1,671.1
Derivative financial instruments	15(b)	**86.4**	-
Investment cash and certificates of deposit	15(c)	**2,917.6**	3,377.8
Other investment assets	15(c)	**711.5**	580.0
Programme related investments	15(d)	**41.1**	60.7
Total Fixed Assets		**39,717.2**	40,745.0
Current assets			
Stock		**5.1**	9.9
Debtors	16	**106.2**	67.8
Cash at bank and in hand		**79.7**	33.7
Total Current Assets		**191.0**	111.4
Creditors falling due within one year	17	**(1,565.3)**	(1,509.5)
Net current liabilities		**(1,374.3)**	(1,398.1)
Total assets less current liabilities		**38,342.9**	39,346.9
Creditors falling due after one year	17	**(4,994.8)**	(4,720.6)
Provision for liabilities and charges	18	**(109.2)**	(106.3)
Net assets excluding pension surplus		**33,238.9**	34,520.0
Defined benefit pension scheme's surplus	11(e)(iv)	**219.3**	81.3
Net assets including pension surplus		**33,458.2**	34,601.3
Funds of the charity			
Restricted Funds	20	**17.0**	17.5
Unrestricted Funds	20	**33,441.2**	34,583.8
Total Funds		**33,458.2**	34,601.3

The Financial Statements on pages 122-185 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 16 January 2024 and signed on its behalf by:

Ms Julia Gillard
Chair

Professor Fiona Powrie
Deputy Chair

Statement of Financial Activities of the Trust

for the year ended 30 September 2023

	Note	2023 £mn	2022 £mn
Income from investments			
Dividends and interest	3	**415.7**	310.5
Rental income		**43.8**	40.6
		459.5	351.1
Charitable income			
Other charitable income	4(b)	**297.2**	199.5
Total income		**756.7**	550.6
Expenditure on raising funds			
Management fees and other investment costs	5(a)	**(88.4)**	(74.3)
Interest payable to group undertakings		**(50.5)**	(28.0)
Interest payable on bond liabilities		**(50.7)**	(50.5)
Expenditure on charitable activities	6	**(1,297.9)**	(1,504.5)
Total expenditure		**(1,487.5)**	(1,657.3)
Net realised and unrealised losses on investments	15(f)	**(394.7)**	(1,190.4)
Net expenditure		**(1,125.5)**	(2,297.1)
Gains on defined benefit pension schemes	11(e)(iii)	**73.3**	164.8
Net movement in funds		**(1,052.2)**	(2,132.3)
Funds at start of year		**33,629.1**	35,761.4
Funds at end of year		**32,576.9**	33,629.1

There are no gains or losses apart from those recognised above.
All income is derived from continuing activities. All funds are unrestricted.

Balance Sheet of the Trust

as at 30 September 2023

	Note	**2023 £mn**	2022 £mn
Tangible fixed assets	14(b)	**199.0**	204.4
Investment assets			
Quoted investments	15(a)	**14,187.4**	12,920.2
Unquoted investments	15(a)	**17,682.0**	19,425.2
Investment properties	15(a)	**1,447.5**	1,489.1
Derivative financial instruments	15(b)	**86.4**	-
Investment cash and certificates of deposit	15(c)	**2,913.3**	3,376.1
Other investment assets	15(c)	**707.7**	575.9
Subsidiary and other undertakings		**2,542.7**	2,921.8
Programme related investments	15(e)	**41.1**	60.7
Total fixed assets		**39,807.1**	40,973.4
Current assets			
Debtors	16	**113.8**	211.3
Cash at bank and in hand		**19.7**	18.5
Total current assets		**133.5**	229.8
Creditors falling due within one year	17	**(2,906.4)**	(3,154.0)
Net current liabilities		**(2,772.9)**	(2,924.2)
Total assets less current liabilities		**37,034.2**	38,049.2
Creditors falling due after one year	17	**(4,514.8)**	(4,413.8)
Provision for liabilities and charges	18	**(79.6)**	(73.9)
Net assets excluding pension surplus		**32,439.8**	33,561.5
Defined benefit pension scheme's surplus	11(e)(iv)	**137.1**	67.6
Net assets including pension surplus		**32,576.9**	33,629.1
Funds of the charity			
Unrestricted funds		**32,576.9**	33,629.1
Total Funds		**32,576.9**	33,629.1

The Financial Statements on pages 122-185 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 16 January 2024 and signed on its behalf by:

Ms Julia Gillard
Chair

Professor Fiona Powrie
Deputy Chair

Consolidated Cash Flow Statement

for the year ended 30 September 2023

	Note	2023 £mn	2022 £mn
Net expense for the year (as per the Statement of financial activities)		**(1,143.1)**	(1,659.3)
Adjustments to exclude non-cash items and investment income and expenditure			
Increase in debtors	16	**(38.5)**	(16.5)
Decrease in stock		**4.8**	3.8
Increase in grant commitments	8	**189.9**	266.4
Decrease in creditors and provisions		**(151.5)**	(395.1)
Less unrealised losses/(gains) on sale of Programme Related Investments	15(d)	**18.7**	(32.9)
Increase in net write down for Programme Related Investments	15(d)	**9.0**	12.1
Decrease/(Increase) in other investment debtors	15(c)	**5.8**	(8.5)
Depreciation and Disposals of Fixed Assets		**27.9**	26.0
Investment income		**(475.3)**	(365.9)
Bond interest		**76.4**	76.3
Net realised and unrealised loss/(gains) on investments		**178.2**	1,037.7
Net cash flows from operating activities		**(1,297.7)**	(1,055.9)

	Note	2023 £mn	2022 £mn
Cash flows from investing activities:			
Investment income received	22(a)	**465.8**	354.5
Proceeds from sales of investment assets	22(c)	**4,190.8**	6,132.8
Purchase of investment assets	22(c)	**(3,979.8)**	(5,632.6)
Purchase of tangible fixed assets	14(a)	**(30.7)**	(15.5)
Net cash inflow/(outflow) due to derivative financial instruments	22(c)	**386.9**	(341.1)
Net cash flows from investing activities		**1,033.0**	498.1
Cash flows from financing activities:			
Cash outflow for servicing of finance	22(b)	**(75.6)**	(75.3)
Net cash flows from financing activities		**(75.6)**	(75.3)
Change in cash and cash equivalents during the year		**(340.3)**	(633.1)
Cash and cash equivalents at the beginning of the year		**3,411.5**	3,864.6
Change in cash and cash equivalents due to exchange rate movements and other gains or (losses)		**(73.9)**	180.0
Cash and cash equivalents at the end of the year		**2,997.3**	3,411.5

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs can be reconciled to financial measures reported in the Financial Statements.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively KPIs include financial measures of historical financial performance which cannot be reconciled to financial measures reported in the Financial Statements.

The key measures used by the Group are explained opposite:

APMs	Explanation
Investment portfolio value	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities held at fair value, with all balances valued at least annually. This provides Management with a net investment portfolio value to assess investment performance (refer to Investment Asset Allocation, Figure 6, Review of Investment Activities and note 15(g) for reconciliation to the financial statements).
Leverage	This is the amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets, and is used by Management to assess the amount of bond liabilities the Group issues (refer to note 15(g) for reconciliation to the financial statements).
Charitable expenditure	This is detailed in the Financial Review on page 47 and summarises the charitable spend, including allocated support costs, by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102. This is a measure used by Management to assess the cost of the Group's charitable activity (refer to note 6).

KPIs	Explanation
Net returns	This is a financial measure of investment portflio performance (see Figure 1). It is calculated using the 'Modified Dietz method': change in the period of the investment portfolio value less charitable cash expenditure for the period, divided by the opening investment portfolio value for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The time weighting of charitable cash expenditure means that this KPI can not be reconciled to financial measures reported in the Financial Statements. The target net return is UK/US CPI + 4%.
Blended currency returns	This is a measure of investment portfolio performance which averages the net returns (see below) calculated in GBP and USD. The target return is UK/US CPI + 4% (see Figure 1).

Glossary of terms

Term	Explanation
Absolute return hedge funds	A hedge fund that aims to generate a stable return regardless of market performance (with low volatility)
Active grants	Grants which have been activated and are still being used. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	A portion of the investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	The portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (corporate bonds and government gilts)
Charitable cash expenditure	Cash spent in year on charitable activities comprising Net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated Cash Flow Statement, page 126)
Directly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by the internal investment team

Term	Explanation
Equity long/short hedge funds	Investment hedge funds that involve buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Indirectly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Global compounders basket	A directly held portfolio within the investment portfolio invested in public companies with characteristics expected to benefit from long-term trends
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties
Nominal and real net returns	Nominal net returns are net returns (a key performance indicator) unadjusted for inflation. Real net returns are net returns adjusted for the affect of inflation
Other absolute return funds	A fund that aims to generate a stable return regardless of market performance (with low volatility)

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the Financial Statements are in millions, rounded to one decimal place.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the "Trust") and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the "Group") have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102"). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice 'Accounting and Reporting by Charities' ("FRS 102") published in 2019 (the "SORP") in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation below.

Wellcome Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the Trust operates. The consolidated Financial Statements are also presented in pounds sterling.

The Wellcome Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a Cash Flow Statement.

(b) Summary of significant policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

(i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;

(ii) non-charitable operating subsidiary undertakings formed to conduct non-primary purpose trading which are held at cost less impairment;

(iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment;

(iv) non-charitable investment subsidiary undertakings formed to hold investments and property on behalf of the Trust which are held at fair value represented by their net asset value.

Consolidation comprises combining the assets, liabilities, income and expenditure of those subsidiary undertakings with the Trust's balances on a line by line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated. These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence.

The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed in note 15(d).

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as a medium through which the Group carries out business, the associate or joint venture is measured at fair value with changes in fair value recognised in the Statement of Financial Activities in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on page 119. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. The Trustees have concluded that this departure from the SORP ensures the Financial Statements present a true and fair view. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of income can be measured reliably, it is probable that future economic benefits will flow to the Group, and the specific criteria relating to the each of Group's income channels have been met, as follows. All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance-related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group, together with the associated support costs including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit it to avoid making the future payments, settlement is probable, and the effect of the discounting is material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and the expected rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plans. These are detailed in the Remuneration Report on page 91.

Short-term benefits

Short-term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due.

The assets of the plan are held separately from the Group in independently administered funds.

The asset or liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to “Actuarial gains and losses on defined benefit pension schemes” in the Statement of Financial Activities.

The cost of the defined benefit plans comprises:

(a) the increase in pension benefit liability arising from employee service during the period up to closure of the schemes to future accrual;

(b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses.

Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the Statement of Financial Activities.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Table 1

	Years
Freehold buildings	50
Long leasehold land and buildings	Over the term of the lease
Other plant, equipment, fixtures and fittings	3 to 15
Computer equipment	3 to 5

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the reporting date. The basis of fair value for quoted investments is equivalent to the market value, using the bid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at Management's best estimate of fair value and comprise:

- Private equity and venture funds, which are valued externally by their fund managers.
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity and venture portfolio) and Management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models including using price of recent investment, discounted cash flows and public comparables.
- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 129-130, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

The Group's use of derivative financial instruments includes equity index-linked futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange.

The Group's warrants are held at the fair value determined by Management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by Management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

(v) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments.

(vi) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the reporting date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third party professional valuers; however, where properties are acquired close to the reporting date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which Management considers to be a reasonable estimate of open market value at the reporting date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme-related investments

Programme-related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are potential future inflows of economic benefits where the likelihood of receipt is considered more than remote but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rate ruling at the reporting date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007, or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries of the Group are subject to UK Corporation Tax. However, because their policy is to make a qualifying charitable donation ("Gift Aid") to the Wellcome Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to an insufficient level of cash or distributable reserves.

Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Subject to recognition criteria, Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of the timing difference. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries, despite the fact it is likely the subsidiaries will be able to make a Gift Aid donation equal to the amount of any taxable profit arising from the future realisation of the underlying assets.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the Financial Statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas is considered by the Audit and Risk Committee based on information prepared by Management, refer to Audit and Risk Committee Report (page 101).

Unquoted investments

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Direct investments which are reported within: • Direct Private and Private co-investments; and • Property in the Investment asset allocation (refer to Figure 6 on page 42)	 2,002 295	As noted in the Accounting Policies on pages 129-135, these investments are valued at management's best estimate of fair value. For these investments fair value is estimated using a range or combination of methodologies including price of recent investment, discounted cash flow analysis, price multiples from public comparables and private comparable transactions. Higher rates of interest and inflation in the current year have been reflected in the valuations through increased discount rates and reduced price multiples.	The fair value of these direct investments is estimated noting there is uncertainty on their future financial performance. These direct investments, particularly the early stage venture co-investments, have a range of possible fair value estimates. If the fair value of these investments increased or decreased by 10% this would increase or decrease unquoted investment balances by £230 million respectively.

Unquoted investments (continued)

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Investment Operating Subsidiaries, Joint Ventures and development land with planning consent (which are included within Property in the investments allocation; refer to Figure 6 on page 42).	1,393	As noted in the Basis of Consolidation on pages 129-130, certain subsidiaries, joint ventures and associates are excluded from consolidation where the interest is held as part of the investment portfolio and measured on a fair value basis. Fair value is based on external valuers employing Royal Institute of Chartered Surveyors (RICS) valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates, development value, land and house price growth and absorption rates estimated) and comparable land values. External valuers reflected the higher price rates of interest in the current year in higher discount rates and a higher inflation impacted construction costs rate.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. There is also estimation uncertainty associated with the effect of climate change on the fair value assumptions. A sensitivity analysis is provided for this below. The sensitivities presented are as provided by the external valuers to provide context to their valuations. Management review the sensitivities and considers them reasonable in the context of the historic movements in these estimates.

Estimate	Change in estimate	Impact on unquoted investments
Discount rates	Increase of 1.0%	Decrease by £48.4 million (0.3%)
	Decrease of 1.0%	Increase by £46.3 million (0.2%)
Land values	Increase/decrease of 10%	Increase/decrease by £9.6 million (0.1%)
Land and house price growth	Decrease of 1.0%	Decrease by £29.6 million (-0.2%)
Development absorption rate	Decrease of 100 units per annum below peak	Decrease by £101.3 million (0.5%)
Construction costs rate per square foot	Increase/decrease of 5%	Decrease/increase by £13.8 million (0.1%)
Residential sales and rent rate per square foot	Increase/decrease of 5%	Increase/decrease by £13.4 million (0.1%)

Grant liabilities

Accounting methodology	Value £mn	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: • calculating the appropriate discount rate • determining when the liability will be called down and paid	2,933	The discount rate used is expected future nominal rate of investment returns. This is considered by Management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: • The start delay of a grant – this is the delay between the date the grant was approved to the date the payments start to be made • The retention delay – this is the delay between the official grant end date and the date the final payment is made • The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no-cost extensions are granted to grantees, which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for these below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities (2023: 7.0%, 2022: 7.4%)	Increase of 3.0% p.a.	Decrease by £207.6 million (-5.8%)
	Decrease of 3.0% p.a.	Increase by £245.6 million (6.9%)
Start delay (2023: 6 months, 2021: 5 months)	Decrease -2 months	Increase by £2.1 million (0.1%)
	Increase +2 months	Decrease by £1.8 million (-0.1%)
Retention delay (2023: 9 months, 2022: 9 months)	Decrease -3 months	Increase by £32.1 million (0.9%)
	Increase +3 months	Decrease by £31.2 million (-0.9%)
Weighted stretch delay (2023: 28%, 2022: 24%)	Decrease -5%	Increase by £28.8 million (0.8%)
	Increase +5%	Decrease by £27.3 million (-0.8%)

Start delay – average over the last 5 years, calculated using the start delay for grants started over the last 5 years (2019-2023). There will always be a start delay and +/- 2 months is used for the analysis.

Retention delay – average over the last 5 years. Using this data the average came out as 9 months. The lowest average retention delay was 3 months and the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – average over the last 5 years (excluding outliers). If all grants are included in the calculation then it gives a range of +/- 5% which is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £mn	Estimations and assumptions
The actuaries provide a summary of the accounting assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	537	The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £52.6 million (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £33.4 million (6.3%)

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group is through fair value rather than a medium through which the Group carries out business (see Basis of consolidation, pages 129-130). This judgement relies on the Group's assessment of the purpose of the investment and ongoing management of these entities, and has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above. There have been no changes to this judgement in the year.

3. Dividends and interest

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Dividends from UK equities	**53.8**	63.6	**53.8**	63.6
Dividends and interest from subsidiaries	**-**	-	**10.1**	-
Dividends from overseas equities	**191.6**	201.2	**181.2**	189.8
Income from unquoted investments	**61.3**	36.7	**51.1**	36.3
Interest from quoted investments	**1.4**	0.1	**1.4**	0.1
Interest on cash and cash deposits	**117.7**	15.7	**116.8**	15.5
Securities lending income	**1.3**	5.2	**1.3**	5.2
	427.1	322.5	**415.7**	310.5

Interest from quoted investments relates to fixed income investments in UK and US government debt purchased during the year.

4. Other income

(a) Grants receivable

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
	30.9	28.9	**-**	-

Grants receivable comprises awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, including government grants of £1.1 million (2022: £2.9 million). There are no unfulfilled conditions attached to these grants.

(b) Other charitable income

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
	35.6	107.5	**297.2**	199.5

Included in other charitable income for the Group is £3.6 million (2022: £11.3 million) of proceeds arising from the sale during the year of programme-related investments, details of which are given in note 15 (d).

Included in other charitable income for the Trust are Gift Aid donations received from subsidiary undertakings, totalling £301.6 million in 2023 (2022: £152.6 million). During the year, Wellcome Trust Finance plc, a subsidiary undertaking, identified that the interim Gift Aid donations made to the Trust in prior years had not been made in accordance with the requirements of the Companies Act 2006, because interim accounts had not been approved and filed at Companies House prior to each payment. Wellcome Trust Finance plc proposes to undertake rectification to return all parties so far as possible to the position they would have been in had the interim Gift Aid donations been made in full compliance with the Companies Act. This does not include Gift Aid received from Premier Marinas and Urban&Civic as these entities are held as part of the investment portfolio and their Gift Aid is accounted for as investment income. Details of significant group undertakings are given in note 21.

5. Management fees and other investment costs

(a) Total investment costs

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
External investment management fees	**50.5**	37.1	**45.2**	37.0
Internal investment administration	**36.1**	31.0	**35.9**	30.8
Investment support cost allocation	**7.5**	6.7	**7.3**	6.5
	94.1	74.8	**88.4**	74.3

The amount accrued for Long-Term Incentive Plans included in the internal investments administration costs above was £16.2 million (2022: £9.4 million). Senior staff in the Investments team receive performance-based remuneration, as noted on page 141, which can give rise to variations in the amount charged to internal investment administration year on year.

External investment management fees includes performance.

The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

	Group and Trust	
	2023	2022
£60,000-£69,999	**1**	2
£70,000-£79,999	**3**	1
£80,000-£89,999	**3**	4
£90,000-£99,999	**1**	3
£100,000-£109,999	**3**	1
£110,000-£119,999	**2**	-
£120,000-£129,999	**-**	1
£130,000-£139,999	**-**	1
£140,000-£149,999	**-**	2
£150,000-£159,999	**-**	1
£160,000-£169,999	**4**	2
£170,000-£179,999	**1**	-
£180,000-£189,999	**1**	-
£210,000-£219,999	**-**	2
£230,000-£239,999	**-**	1
£240,000-£249,999	**-**	1
£250,000-£259,999	**-**	1
£260,000-£269,999	**3**	-
£330,000-£339,999	**-**	1
£340,000-£349,999	**-**	3
£370,000-£379,999	**2**	-
£480,000-£489,999	**1**	-
£530,000-£539,999	**-**	1
£550,000-£559,999	**1**	-
£560,000-£569,999	**1**	-
£570,000-£579,999	**1**	-

	Group and Trust	
	2023	2022
£590,000-£599,999	**1**	-
£610,000-£619,999	**1**	-
£660,000-£669,999	**-**	1
£760,000-£769,999	**1**	-
£1,050,000-£1,059,999	**1**	-
£1,360,000-£1,369,999	**-**	1
£1,560,000-£1,569,999	**-**	3
£1,710,000-£1,719,999	**1**	-
£1,740,000-£1,749,999	**1**	-
£1,970,000-£1,979,999	**-**	1
£2,190,000-£2,199,999	**1**	-
£2,340,000-£2,349,999	**1**	-
£2,630,000-£2,639,999	**1**	-
£3,350,000-£3,359,999	**1**	-
£3,690,000-£3,699,999	**-**	1
£4,470,000-£4,479,999	**1**	-
£4,510,000-£4,519,999	**-**	1
	39	36

The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) fell within the bands is shown in the table above.

Long-Term Incentive Plans reflect rolling 3- and 5-year performance periods. Long-term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the Remuneration Committee.

These amounts include awards for which payment is deferred and subject to future investment performance.

6. Charitable activities

Group (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	**Total 2023 £mn**
Discovery Research	719.4	178.6	56.6	**954.6**
Infectious Disease	208.0	21.5	9.1	**238.6**
Mental Health	95.9	6.6	5.5	**108.0**
Climate and Health	115.3	7.1	4.3	**126.7**
Cross-mission	75.5	48.0	39.7	**163.2**
Wellcome Leap	0.0	107.4	3.6	**111.0**
	1,214.1	**369.2**	**118.8**	**1,702.1**
Effect of discounting of grant liability	(146.0)	-	-	**(146.0)**
Foreign exchange revaluation of grant liability	(65.8)	-	-	**(65.8)**
Total	**1,002.3**	**369.2**	**118.8**	**1,490.3**

Grant funding and direct charitable activities totalled £1,583.3 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £45.3 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.3 million.

Group (2022)	Grant funding £mn	Direct £mn	Allocated support £mn	**Total 2022 £mn**
Discovery Research	599.9	181.1	44.0	**825.0**
Infectious Disease	274.6	12.4	7.7	**294.7**
Mental Health	32.9	5.2	2.6	**40.7**
Climate and Health	46.9	2.2	1.6	**50.7**
Cross-mission	13.0	48.8	31.1	**92.9**
Wellcome Leap	-	57.8	4.3	**62.1**
	967.3	**307.5**	**91.3**	**1,366.1**
Effect of discounting of grant liability	(131.0)	-	-	**(131.0)**
Foreign exchange revaluation of grant liability	102.6	-	-	**102.6**
Total	**938.9**	**307.5**	**91.3**	**1,337.7**

In the prior year, grant funding and direct charitable activities totalled £1,274.8 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £33.8 million, Infectious Disease £7.4 million, Mental Health £2.2 million, Cross-mission £9.8 million, Wellcome Leap £1.3 million.

Charitable activities (continued)

Trust (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2023 £mn
Discovery Research	844.0	8.8	30.1	**882.9**
Infectious Disease	208.0	21.5	9.0	**238.5**
Mental Health	95.9	6.6	5.4	**107.9**
Climate and Health	115.3	7.1	4.3	**126.7**
Cross-mission	75.5	45.6	39.7	**160.8**
Wellcome Leap	-	-	-	**-**
	1,338.7	**89.6**	**88.5**	**1,516.8**
Effect of discounting of grant liability	(117.0)	-	-	**(117.0)**
Foreign exchange revaluation of grant liability	(101.9)	-	-	**(101.9)**
Total	**1,119.8**	**89.6**	**88.5**	**1,297.9**

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7). Grant funding and direct charitable activities totalled £1,428.3 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £29.8 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.8 million.

Trust (2022)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2022 £mn
Discovery Research	698.5	14.0	20.4	**732.9**
Infectious Disease	274.6	12.4	7.7	**294.7**
Mental Health	32.9	5.2	2.6	**40.7**
Climate and Health	46.9	2.2	1.6	**50.7**
Cross-mission	22.4	48.1	31.1	**101.6**
Wellcome Leap	250.0	-	1.3	**251.3**
	1,325.3	**81.9**	**64.7**	**1,471.9**
Effect of discounting of grant liability	(154.2)	-	-	**(154.2)**
Foreign exchange revaluation of grant liability	186.8	-	-	**186.8**
Total	**1,357.9**	**81.9**	**64.7**	**1,504.5**

In the prior year, grant funding and direct charitable activities totalled £1,407.1 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £20.0 million, Infectious Disease £7.3 million, Mental Health £2.2 million, Cross-mission £9.8 million, Wellcome Leap £1.3 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science.

Grants no longer required relates to unspent amounts of grants awarded in previous years.

Please refer to the Financial Review on pages 55-60 for an explanation of the movement in grant expenditure.

Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives.

The grants included within ‘Grants to other organisations’ for 2023 totalled less than £10.0 million in value for each organisation. The institutions listed in the 2022 table are those institutions that received grants in excess of £10.0 million in 2022.

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2023 £mn**
University of Oxford	161.0	4.5	10.8	1.7	4.8	-	**182.8**
University College London	120.1	-	13.8	3.0	0.8	-	**137.7**
Gates Medical Research Institute, USA	-	126.0	-	-	-	-	**126.0**
University of Cambridge	86.1	-	4.5	-	-	-	**90.6**
Diamond Light Source Ltd	51.9	-	-	-	-	-	**51.9**
University of Edinburgh	37.7	-	7.0	2.0	-	-	**46.7**
King's College London	19.7	-	10.2	1.7	0.4	-	**32.0**
Imperial College London	19.1	2.1	-	6.7	0.2	-	**28.1**
Liverpool School of Tropical Medicine	7.9	0.3	-	-	18.4	-	**26.6**
University of Manchester	24.6	-	-	-	0.1	-	**24.7**
University of Cape Town, South Africa	16.9	-	2.6	2.0	-	-	**21.5**
Boston University, USA	-	19.8	-	1.7	-	-	**21.5**
University of Exeter	13.0	-	5.0	2.3	-	-	**20.3**
University of Bristol	17.8	-	-	-	-	-	**17.8**
Cardiff University	11.7	-	2.7	-	1.9	-	**16.3**
University of Sheffield	15.0	-	-	-	-	-	**15.0**
University of Oslo, Norway	-	-	-	4.5	10.0	-	**14.5**
University of Birmingham	11.9	-	-	2.0	-	-	**13.9**
The Francis Crick Institute	8.5	-	5.4	-	-	-	**13.9**
National University of Singapore, Singapore	-	12.9	-	-	-	-	**12.9**
London School of Hygiene & Tropical Medicine	3.0	3.7	-	5.6	0.1	-	**12.4**
University of Durham	10.6	-	-	-	-	-	**10.6**
Other organisations	115.5	59.1	34.1	82.3	40.1	-	**331.1**
Total grants (excluding grants no longer required)	**752.0**	**228.4**	**96.1**	**115.5**	**76.8**	**-**	**1,268.8**
Less: grants awarded in previous years no longer required	(32.6)	(20.4)	(0.2)	(0.2)	(1.3)	-	**(54.7)**
	719.4	**208.0**	**95.9**	**115.3**	**75.5**	**-**	**1,214.1**

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2023 £mn**
Grants awarded of which:							
United Kingdom	667.4	9.7	62.3	34.7	46.4	-	**820.5**
Directly funded international	52.0	198.3	33.6	80.6	29.1	-	**393.6**
Grants awarded by the Group	**719.4**	**208.0**	**95.9**	**115.3**	**75.5**	**-**	**1,214.1**

Trust (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2023 £mn**
Grants awarded by the Group	719.4	208.0	95.9	115.3	75.5	-	**1,214.1**
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	124.6	-	-	-	-	-	**124.6**
- Wellcome Trust gGmbH, Germany	-	-	-	-	-	-	**-**
- Wellcome Leap, USA	-	-	-	-	-	-	**-**
Grants awarded by the Trust	**844.0**	**208.0**	**95.9**	**115.3**	**75.5**	**-**	**1,338.7**

Grants awarded (continued)

Group (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2022 £mn**
University of Oxford	126.9	13.5	6.1	1.5	0.7	-	**148.7**
The Francis Crick Institute	139.5	3.1	-	-	-	-	**142.6**
Coalition for Epidemic Preparedness Innovations (CEPI), Norway	-	109.6	-	-	-	-	**109.6**
University College London	58.7	0.1	-	0.7	1.2	-	**60.7**
Science for Africa Foundation (SFA), Kenya	-	57.8	-	-	-	-	**57.8**
Imperial College London	19.4	15.0	-	0.5	0.3	-	**35.2**
University of Cambridge	33.3	-	1.2	-	0.6	-	**35.1**
Boston University, USA	-	34.2	-	-	-	-	**34.2**
King's College London	23.5	-	1.3	-	0.4	-	**25.2**
London School of Hygiene & Tropical Medicine	17.7	1.3	-	0.8	2.4	-	**22.2**
University of Edinburgh	22.0	-	0.1	-	-	-	**22.1**
Global Health Innovative Technology Fund, Japan	-	17.2	-	-	-	-	**17.2**
University of Liverpool	5.2	4.0	6.9	0.5	-	-	**16.6**
Diamond Light Source Ltd	14.7	-	-	-	-	-	**14.7**
University of Glasgow	9.3	5.0	-	-	0.2	-	**14.5**
The Foundation for Scientific and Technological Development in Health, Brazil	1.4	8.0	-	4.8	-	-	**14.2**
University of Manchester	14.1	-	-	-	-	-	**14.1**
University of Exeter	13.2	-	-	-	0.1	-	**13.3**
University of Dundee	11.4	-	-	-	-	-	**11.4**
University of Sheffield	10.2	-	-	-	-	-	**10.2**
University of York	7.0	3.0	0.1	-	0.1	-	**10.2**
International Bank for Reconstruction and Development, USA	-	10.0	-	-	-	-	**10.0**
Other organisations	91.4	58.8	17.4	38.1	7.8	-	**213.5**
Total grants (excluding grants no longer required)	**618.9**	**340.6**	**33.1**	**46.9**	**13.8**	**-**	**1,053.3**
Less: grants awarded in previous years no longer required	(19.0)	(66.0)	(0.2)	-	(0.8)	-	**(86.0)**
	599.9	**274.6**	**32.9**	**46.9**	**13.0**	**-**	**967.3**

Grants awarded (continued)

Group (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2022 £mn**
Grants awarded of which:							
United Kingdom	570.3	53.3	19.6	10.5	10.0	-	**663.7**
Directly funded international	29.6	221.3	13.3	36.4	3.0	-	**303.6**
Grants awarded by the Group	**599.9**	**274.6**	**32.9**	**46.9**	**13.0**	-	**967.3**

Trust (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2022 £mn**
Grants awarded by the Group	599.9	274.6	32.9	46.9	13.0	-	**967.3**
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	98.6	-	-	-	-	-	**98.6**
- Wellcome Trust gGmbH, Germany	-	-	-	-	9.4	-	**9.4**
- Wellcome Leap, USA	-	-	-	-	-	250.0	**250.0**
Grants awarded by the Trust	**698.5**	**274.6**	**32.9**	**46.9**	**22.4**	**250.0**	**1,325.3**

Further details of grants awarded by the Trust are published on the Trust's website: wellcome.org.

8. Grants awarded but not yet paid

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Liabilities at 1 October	**2,742.5**	2,476.1	**3,161.5**	2,653.8
Grants awarded during the year	**1,214.1**	967.3	**1,338.7**	1,325.3
Grants paid during the year	**(812.5)**	(672.5)	**(1,122.0)**	(850.2)
Discounting of grant liabilities	**(146.0)**	(131.0)	**(117.0)**	(154.2)
Foreign exchange revaluation of grant liabilities	**(65.8)**	102.6	**(101.9)**	186.8
Liabilities as at 30 September	**2,932.3**	2,742.5	**3,159.3**	3,161.5
Of which:				
- falling due within one year (note 17)	**741.3**	818.3	**877.2**	983.8
- falling due after one year (note 17)	**2,191.0**	1,924.2	**2,282.1**	2,177.7
Liabilities as at 30 September	**2,932.3**	2,742.5	**3,159.3**	3,161.5

The total value of the grant liabilities discount for the year ended 30 September 2023 is £650.0 million (2022: £504.0 million) applying an expected nominal rate of investment return of 7.0% (2022: 7.4%).

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.

Funding administration costs are those costs that can be directly attributed to an activity.

Operations comprise an allocation of costs of the following teams: Internal Communications, People, Finance, Legal, and Digital and Technology.

The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.

- Where costs have been allocated on the basis of headcount numbers, headcount numbers are the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the total grant expenditure of the charitable activities: or, where appropriate, based on a proportion of both grant and direct spend on the activity.

Group (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2023 £mn**	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	**13.1**	Expenditure/Directly attributed
Support of scientific research	-	26.1	-	-	-	-	-	**26.1**	Directly attributed
Operations	6.4	17.4	5.9	4.0	2.5	38.0	3.6	**77.8**	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	**3.3**	Expenditure
Governance costs	0.6	3.3	0.8	0.4	0.4	0.5	-	**6.0**	Expenditure/Directly attributed
	7.5	**56.6**	**9.1**	**5.5**	**4.3**	**39.7**	**3.6**	**126.3**	

Group (2022)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2022 £mn**	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	**12.2**	Expenditure/Directly attributed
Support of scientific research	-	23.1	-	-	-	-	-	**23.1**	Directly attributed
Operations	5.5	9.7	3.4	2.1	0.8	30.3	3.0	**54.8**	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	**3.1**	Expenditure
Governance costs	0.7	2.7	0.9	0.1	0.2	0.2	-	**4.8**	Expenditure/Directly attributed
	6.7	**44.0**	**7.7**	**2.6**	**1.6**	**31.1**	**4.3**	**98.0**	

Support costs (continued)

Trust (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2023 £mn**	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	**13.1**	Expenditure/Directly attributed
Operations	6.4	17.4	5.8	3.9	2.5	38.1	-	**74.1**	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	**3.3**	Expenditure
Governance costs	0.4	2.9	0.8	0.4	0.4	0.4	-	**5.3**	Expenditure/Directly attributed
	7.3	**30.1**	**9.0**	**5.4**	**4.3**	**39.7**	**-**	**95.8**	

Trust (2022)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	**Total 2022 £mn**	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	**12.2**	Expenditure/Directly attributed
Operations	5.5	9.7	3.5	2.0	0.8	30.3	-	**51.8**	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	**3.1**	Expenditure
Governance costs	0.5	2.2	0.8	0.2	0.2	0.2	-	**4.1**	Expenditure/Directly attributed
	6.5	**20.4**	**7.7**	**2.6**	**1.6**	**31.1**	**1.3**	**71.2**	

10. Governance costs

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Governors' fees and expenses	**1.3**	1.0	**1.2**	1.0
Auditor's remuneration				
- parent company and consolidation	**1.3**	0.7	**1.3**	0.7
- audits of subsidiary undertakings	**0.5**	0.6	**-**	-
Internal audit	**2.6**	2.2	**2.5**	2.1
Other costs	**0.3**	0.3	**0.3**	0.3
	6.0	4.8	**5.3**	4.1

Internal audit services are those provided by the in-house internal audit team, together with the cost of specialist services provided by KPMG, PwC and Protiviti.

The audit of subsidiary undertakings excludes fees due to the Trust's Auditor Deloitte LLP relating to Premier Marinas Limited of £0.2 million (2022: £0.2 million), excluding VAT and fees due to BDO LLP as Auditor of Urban&Civic and Farmcare Limited of £0.5 million (2022: £0.5 million) excluding VAT, these entities are held as part of the investment portfolio.

These Deloitte LLP fees are taken into account for the purposes of monitoring the cap on the level of non-audit services as required by legislation.

There were additional fees of £40,000 for non-audit services payable to the Group's Auditor Deloitte LLP (2022: £11,400).

11. Employee information

(a) Employee benefits

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Remuneration and salary benefits	**170.1**	138.8	**94.6**	75.4
Social security costs	**17.5**	17.1	**10.0**	11.0
Pension costs and other benefits	**22.5**	18.5	**14.8**	8.7
	210.1	174.4	**119.4**	95.1

Remuneration and salary benefits also includes termination payments (refer to note 11(b)) and amounts accrued for Long-Term Incentive Plans for Investment team members (refer to note 5). Pension costs and other benefits includes the current service cost of the pension fund which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Redundancy	**1.2**	0.1	**0.8**	(0.3)
Other compensation	**0.7**	-	**0.7**	-
	1.9	0.1	**1.5**	(0.3)

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2023	2022
Trust	**1,020**	879
Subsidiary undertakings	**1,294**	1,202
Total for the Group	**2,314**	2,081
Analysed by		
Investments	**45**	46
Direct activities	**1,516**	1,364
Support	**753**	671
Total for the Group	**2,314**	2,081
Analysed by		
Investments	**45**	46
Direct activities	**437**	370
Support	**538**	463
Total for the Trust	**1,020**	879

62 PhD students (2022: 60) at Genome Research Limited do not have a contract of employment with the Group, therefore are not included in the table above. The PhD students provide a significant contribution to the scientific research and have an agreement of support to carry out their own PhD thesis.

The increase in the average number of employees in the Trust is due to recruitment into the roles identified in the organisation design to support the Strategy (noting this was approved in prior years).

(d) Benefits of employees

The number of employees working on charitable activities of the Trust and its subsidiary undertakings (Genome Research Limited and Wellcome Trust gGmbH, refer to note 1(b) Basis of Consolidations, page 129) whose benefits fell within the following bands is shown in the table.

Benefits are defined as including salaries, bonuses, allowances (such as allowances for housing and moving for staff relocating internationally), salary paid in lieu of employer pension contributions, and termination payments, but excluding employer pension contributions and employer National Insurance Contributions.

Employees of Wellcome Leap receive benefits in USD which have been converted into £ equivalent for this table. The value of these benefits (included in the Group) is affected by fluctuating US$: £ exchange rates throughout the year and from year to year.

Wellcome's policy is to pay staff at market median. Allowances related to staff joining Wellcome who relocated internationally, have impacted the number of employees shown in the table.

The emoluments of the Director included in the table totalled £401,075 (2022: £538,041). The emoluments of the interim CEO included in the table totalled £352,260 (2022: £nil).

Information relating to the Investment team staff is shown separately in note 5(b).

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 91-96.

The tables in the Remuneration Report, together with the accompanying notes, form part of the audited Financial Statements.

	Group		Trust	
	2023	2022	**2023**	2022
£60,000-£69,999	**226**	160	**106**	101
£70,000-£79,999	**138**	86	**95**	60
£80,000-£89,999	**83**	51	**57**	36
£90,000-£99,999	**59**	34	**38**	23
£100,000-£109,999	**27**	20	**16**	15
£110,000-£119,999	**19**	19	**14**	11
£120,000-£129,999	**12**	11	**8**	8
£130,000-£139,999	**15**	9	**12**	7
£140,000-£149,999	**5**	8	**5**	5
£150,000-£159,999	**6**	8	**4**	2
£160,000-£169,999	**-**	4	**-**	-
£170,000-£179,999	**8**	4	**1**	3
£180,000-£189,999	**10**	2	**9**	2
£190,000-£199,999	**3**	1	**2**	1
£200,000-£209,999	**3**	2	**2**	2
£210,000-£219,999	**3**	4	**1**	4
£220,000-£229,999	**-**	5	**-**	3
£230,000-£239,999	**4**	1	**4**	-
£240,000-£249,999	**1**	-	**-**	-
£250,000-£259,999	**2**	2	**1**	2
£260,000-£269,999	**1**	-	**1**	-
£290,000-£299,999	**3**	-	**3**	-
£300,000-£309,999	**-**	-	**-**	-
£310,000-£319,999	**1**	1	**1**	1
£340,000-£349,999	**1**	-	**-**	-
£350,000-£359,999	**-**	-	**-**	-
£370,000-£379,999	**1**	-	**1**	-
£380,000-£389,999	**-**	1	**-**	-
£440,000-£449,999	**1**	-	**-**	-
£450,000-£459,999	**-**	1	**-**	1
£490,000-£499,999	**-**	1	**-**	1
£510,000-£519,999	**1**	-	**1**	-
£530,000-£539,999	**1**	1	**1**	1
£540,000-£549,999	**1**	1	**-**	-
£560,000-£569,999	**1**	1	**1**	-
£720,000-£729,999	**-**	1	**-**	1
	636	439	**384**	290

(e) Retirement benefits

(i) Defined contribution Group Personal Pension plan

The Group provides a defined contribution Group Personal Pension plan into which both employee and employer contributions are paid. The employer contributions amounted to £18.6 million (2022: £16.0 million) and are included within Pension costs and other benefits in note 11(a). No amounts were unpaid at the end of the year (2021: £nil).

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme

The Group sponsors two approved funded defined benefit schemes: the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan ('the Plans').

The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. The investment strategy of the Plan, adopted and regularly reviewed in consultation with the Group, is 100% in passive equities.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes.

The latest triennial actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2022: the valuation showed that the plan is fully funded. The latest triennial actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2021: the valuation showed that the plan is fully funded.

The amount of the surplus or deficit is subject to considerable variability because it depends on a valuation of assets and a range of accounting assumptions impacting the liabilities. During the year, £nil deficit funding contributions were paid to the Plans (2022: £nil).

FRS102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and investment returns expected by the Plans. This leads to a difference between the accounting and funding position under the triennial actuarial valuations.

In addition, certain current and prior Wellcome Trust senior employees are members of an Unfunded Unapproved Retirement Benefit scheme 'UURBs'. The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the benefits are as per those stated within the FRS102 disclosures.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	**2023 % per annum**	2022 % per annum	2021 % per annum
Inflation	**3.20**	3.55	3.35
Salary increases	**N/A**	N/A	3.85
Rate of discount	**5.55**	5.00	2.00
Allowance for pension in payment increase of RPI or 5% p.a. if less	**2.95**	3.20	3.20
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.20**	3.35	3.35
Allowance for commutation of pension for cash at retirement	**90% of Post A-Day**	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	**6.00**	6.00	6.00

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	**2023 % per annum**	2022 % per annum	2021 % per annum
Inflation RPI	**3.20**	3.50	3.30
Inflation CPI	**2.90**	3.15	2.95
Salary increases	**N/A**	N/A	N/A
Rate of discount	**5.55**	4.90	2.00
Allowance for pension in payment increase of RPI or 5% p.a. if less	**3.20**	3.20	3.15
Allowance for pension in payment increase of CPI or 3% p.a. if less	**2.90**	2.20	2.30
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**2.05**	3.50	3.30
Allowance for commutation of pension for cash at retirement	**90% of Post A-Day**	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	**6.0**	6.00	6.00

The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2023 were derived based on the expectation that RPI will increase in line with CPIH from 2030.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 18 and 21 years respectively.

The mortality assumptions adopted imply the following life expectancies in years:

	2023	2022
Male retiring at age 60 in 2023	**26.0**	26.8
Female retiring at age 60 in 2023	**28.4**	28.8
Male retiring at age 60 in 2043	**27.5**	28.3
Female retiring at age 60 in 2043	**29.9**	30.3

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2022 projections and a 1.25% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Current service cost	**-**	9.1	**-**	0.6	**-**	9.7
Expenses	**1.0**	0.7	**-**	-	**1.0**	0.7
Interest on pension schemes' liabilities	**(4.1)**	4.4	**0.8**	0.4	**(3.3)**	4.8
Gains on curtailments	**-**	(9.5)	**-**	-	**-**	(9.5)
Actuarial (gains)/losses	**(134.7)**	(306.4)	**(1.6)**	(8.3)	**(136.3)**	(314.7)
Total charge to the Statement of Financial Activities	**(137.8)**	(301.7)	**(0.8)**	(7.3)	**(138.6)**	(309.0)

Trust	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Current service cost	**-**	9.1	**-**	0.6	**-**	9.7
Expenses	**0.5**	0.4	**-**	-	**0.5**	0.4
Interest on pension schemes' liabilities	**(3.4)**	1.7	**0.8**	0.4	**(2.6)**	2.1
Gains on curtailments	**-**	(9.5)	**-**	-	**-**	(9.5)
Actuarial (gains)/losses	**(66.4)**	(156.5)	**(1.6)**	(8.3)	**(68.0)**	(164.8)
Total charge to the Statement of Financial Activities	**(69.3)**	(154.8)	**(0.8)**	(7.3)	**(70.1)**	(162.1)

(e) Retirement benefits (continued)

(iv) Present values of pension schemes' liabilities, fair value of assets and surplus/(deficit)

	Assets		Liabilities		Surplus/(Deficit)	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Wellcome Trust Pension Plan	**406.4**	361.5	**(269.3)**	(293.9)	**137.1**	67.6
Genome Research Limited Pension Plan	**334.8**	295.7	**(252.6)**	(282.0)	**82.2**	13.7
Total pension plans	**741.2**	657.2	**(521.9)**	(575.9)	**219.3**	81.3
Wellcome Trust unfunded, unapproved scheme liabilities	**-**	-	**(14.1)**	(15.7)	**(14.1)**	(15.7)
Wellcome Trust Post-retirement medical benefits	**-**	-	**(0.7)**	(0.6)	**(0.7)**	(0.6)
Total other retirement benefits	**-**	-	**(14.8)**	(16.3)	**(14.8)**	(16.3)
Total pension liabilities	**741.2**	657.2	**(536.7)**	(592.2)	**204.5**	65.0

(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Plans' liabilities at start of year	**575.9**	986.6	**293.9**	510.9
Current service cost	**-**	9.1	**-**	9.1
Expenses	**1.0**	0.7	**0.5**	0.4
Interest cost	**28.2**	19.6	**14.5**	10.1
Contributions by scheme participants	**-**	0.2	**-**	0.2
Actuarial (gains)/losses	**(71.6)**	(420.5)	**(31.4)**	(220.0)
Benefits paid and death-in-service insurance premiums	**(11.6)**	(10.3)	**(8.2)**	(7.3)
Gains on curtailments	**-**	(9.5)	**-**	(9.5)
Plans' liabilities at end of year	**521.9**	575.9	**269.3**	293.9

(e) Retirement benefits (continued)

2023 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2023) Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £52.6mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £33.8mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £9.1mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £3.2mn (0.6%)

Trust (2023) Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £27.8mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £17.9mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £4.8mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £1.7mn (0.6%)

2022 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2022) Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £62.2mn (10.5%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £36.7mn (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £10.7mn (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £4.1mn (0.7%)

Trust (2022) Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £32.5mn (10.5%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.2mn (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £5.6mn (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £2.2mn (0.7%)

(e) Retirement benefits (continued)

(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Fair value of plan assets at start of year	**657.2**	761.6	**361.5**	419.1
Expected return on plan assets	**32.3**	15.2	**17.9**	8.4
Actuarial (losses)/gains	**63.1**	(114.1)	**35.0**	(63.5)
Contributions by the Group employers	**0.2**	4.6	**0.2**	4.6
Contributions by scheme participants	**-**	0.2	**-**	0.2
Benefits paid and death-in-service insurance premiums	**(11.6)**	(10.3)	**(8.2)**	(7.3)
Fair value of plan assets at end of year	**741.2**	657.2	**406.4**	361.5

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2023 £mn	2022 £mn	2021 £mn	2020 £mn	2019 £mn
Fair value of plans' assets	**741.2**	657.2	761.6	614.4	569.6
Present value of plans' liabilities	**(521.9)**	(575.9)	(986.6)	(981.2)	(941.4)
Surplus/(deficit) in scheme	**219.3**	81.3	(225.0)	(366.8)	(371.8)
Experience adjustment on plans' assets	**63.1**	(114.1)	130.7	25.1	13.7
Experience adjustment on plans' liabilities	**(26.0)**	(66.1)	7.8	(1.8)	(0.9)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	**97.6**	486.6	13.5	2.6	(171.0)

Trust	2023 £mn	2022 £mn	2021 £mn	2020 £mn	2019 £mn
Fair value of plans' assets	**406.4**	361.5	419.1	339.7	316.7
Present value of plans' liabilities	**(269.3)**	(293.9)	(510.9)	(507.7)	(485.5)
Surplus/(deficit) in scheme	**137.1**	67.6	(91.8)	(168.0)	(168.8)
Experience adjustment on plans' assets	**35.0**	(63.5)	72.0	14.1	7.7
Experience adjustment on plans' liabilities	**(14.7)**	(17.3)	3.9	(3.3)	(0.2)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	**46.1**	237.3	8.8	(1.2)	(85.0)

(viii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning 1 October 2023 is £nil million (2022: £0.2 million), which includes £nil (2021: £nil) of deficit funding, noting the decision taken to cease future service accruals from 1 July 2022.

The best estimate of the contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning 1 October 2023 is £nil million (2022: £nil million), which includes £nil (2022: £nil) of deficit funding, noting the cessation of future service accruals from 1 October 2022.

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration Report on pages 91-96.

13. Taxation

Group	2023 £mn	2022 £mn
(a) Current Tax		
UK Corporation Tax on profits for the year	**-**	10.5
Adjustments in respect of prior periods	**(10.4)**	(0.2)
UK corporation tax on CFC deemed income	**0.7**	0.1
Total current tax	**(9.7)**	10.4
(b) Deferred Tax		
Origination and reversal of timing differences	**(3.5)**	(56.0)
Adjustments in respect of prior periods	**0.8**	(0.6)
Effect of change in UK tax rate		(4.0)
Total deferred tax	**(2.7)**	(60.6)
Taxation	**(12.4)**	(50.2)

Group	2023 £mn	2022 £mn
(c) Reconciliation of Tax Charge		
Profit/(loss) on ordinary activities before taxation on subsidiaries subject to taxation	**6.6**	(123.3)
Profit/(loss) before tax multiplied by average standard rate of corporation tax of 22.01%% (2022: 19.0%)	**1.5**	(23.4)
Effects of:		
Income not subject to tax	**(7.1)**	(20.1)
Temporary differences:		
Chargeable gains/(losses)	**7.9**	-
Movement in deferred tax not recognised	**0.2**	(3.0)
Gift aid donation paid	**(7.9)**	(5.6)
Adjustments to tax charge in respect of previous periods - deferred tax	**0.8**	0.5
Group income	**-**	(0.3)
Tax apportioned on CFC profits	**0.7**	0.1
Remeasurement of deferred tax for changes in tax rates	**1.9**	(14.0)
Expenses not deductible for tax purposes	**-**	15.8
Adjustments to tax charge in respect of previous periods	**(10.4)**	(0.2)
Taxation	**(12.4)**	(50.2)

The UK corporation tax rate increased from 19% to 25%, effective 1 April 2023. As a consequence, the effective rate for the year ended 30 September 2023 was 22%.

For the purposes of reporting under FRS102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise due to increases or decreases in the fair value of the investments held in these subsidiaries, which will not be taxable until these investments are sold. As the corporation tax rate is 25% deferred tax continues to be recognised at 25%.

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £22.8 million (2022: £24.5 million).

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	**Total £mn**
Cost as at 1 October 2022	480.4	1.5	297.8	9.8	**789.5**
Additions	2.7	-	7.8	20.2	30.7
Transfers	(3.1)	-	6.0	(7.0)	(4.1)
Disposals	-	-	(5.6)	-	(5.6)
Cost as at 30 September 2023	**480.0**	**1.5**	**306.0**	**23.0**	**810.5**
Accumulated depreciation as at 1 October 2022	156.4	1.5	229.5	-	**387.4**
Charge for the year	9.1	-	14.0	-	23.1
Transfers	-	-	-	-	-
Disposals	-	-	(4.9)	-	(4.9)
Accumulated depreciation as at 30 September 2023	**165.5**	**1.5**	**238.6**	**-**	**405.6**
Net Book Value as at 30 September 2023	**314.5**	**-**	**67.4**	**23.0**	**404.9**
Net Book Value as at 30 September 2022	324.0	-	68.3	9.8	**402.1**

(b) Trust

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	**Total £mn**
Cost as at 1 October 2022	232.7	1.5	134.6	2.7	**371.5**
Additions	-	-	0.9	6.8	7.7
Transfers	(4.1)	-	2.8	(2.8)	(4.1)
Disposals	-	-	(0.8)	-	(0.8)
Cost as at 30 September 2023	**228.6**	**1.5**	**137.5**	**6.7**	**374.3**
Accumulated depreciation as at 1 October 2022	78.8	1.5	86.8	-	**167.1**
Charge for the year	3.8	-	5.2	-	9.0
Transfers	-	-	-	-	-
Disposals	-	-	(0.8)	-	(0.8)
Accumulated depreciation as at 30 September 2023	**82.6**	**1.5**	**91.2**	**-**	**175.3**
Net Book Value as at 30 September 2023	**146.0**	**-**	**46.3**	**6.7**	**199.0**
Net Book Value as at 30 September 2022	153.9	-	47.8	2.7	**204.4**

Wellcome is evaluating possible approaches to reach its net-zero carbon emission ambitions, which may have an impact on the use of our assets that have a net book value calculated at £159.7 million. This is based upon the remaining net book value of the Trust's buildings and associated plant and fixtures.

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the UK Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's vision of a world in which everyone's experience of heath matters. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections.

Wellcome Collection is both an accredited museum and an accredited archive service, having been awarded full accreditation under schemes administered by Arts Council England and The National Archives.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to 'Conservation of Cultural Heritage', 'Conservation and care of archive and library collections', 'Conservation Process: Decision Making, Planning and Implementation' and 'Procurement of Conservation Services and Works'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' and British Standard EN 17820-2023 'Conservation of Cultural Heritage – Specifications for the management of moveable cultural heritage collection' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy.

We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; ongoing collection inventory; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with the Harwell Science and Innovation Campus, which provides support for the majority of disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, Unquoted investments and Investment properties

Group	Fair value 1 October 2022 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	**Fair value 30 September 2023 £mn**
Total quoted investments	13,550.8	1,797.2	(1,759.0)	1,126.4	**14,715.4**
Total unquoted investments	21,102.5	2,121.4	(2,401.1)	(1,597.1)	**19,225.7**
Total investment properties	1,671.1	47.3	(40.0)	(63.8)	**1,614.6**
Total	36,324.4	3,965.9	(4,200.1)	(534.5)	**35,555.7**

Trust	Fair value 1 October 2022 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	**Fair value 30 September 2023 £mn**
Total quoted investments	12,920.2	1,797.2	(1,759.1)	1,229.1	**14,187.4**
Total unquoted investments	19,425.2	2,044.2	(2,282.3)	(1,505.1)	**17,682.0**
Total investment properties	1,489.1	41.7	(23.3)	(60.0)	**1,447.5**
Total	33,834.5	3,883.1	(4,064.7)	(336.0)	**33,316.9**

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

At the reporting date, the fair value of securities on loan were £537.1 million (2022: £1,042.3 million) and the Group held £548.7 million (2022: £1,088.2 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £nil million (2022: £2.3million). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting basis has not been quantified. Due to the number of investments made, often over a number of years, the cost to our associates and joint ventures of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt of £75.0 million (2022: £16.8 million)
- received sales proceeds of £nil million (2022: £128.1 million)

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Strutt & Parker, Cushman & Wakefield and JLL. Investment properties include freehold land relating to the Wellcome Genome Campus where long leases have been agreed at non-market rents which reduces the fair value of this land.

(b) Derivative financial instruments

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Derivative financial instrument asset positions	**86.4**	-	**86.4**	-

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into pounds sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management, including a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Investment cash and certificates of deposit	**2,917.6**	3,377.8	**2,913.3**	3,376.1
Cash collateral held	**609.6**	133.6	**609.6**	133.6
Accrued income from investments	**17.3**	11.8	**14.9**	9.1
Income receivable	**52.3**	48.0	**52.5**	47.9
Proceeds receivable on sale of investments	**20.1**	8.2	**20.1**	8.2
Other investment debtors	**12.2**	18.0	**10.6**	16.7
Cash collateral posted with counterparties	**-**	360.4	**-**	360.4
Other investment assets	**711.5**	580.0	**707.7**	575.9

Other investment assets includes cash collateral held relating to the securities lending programme which is driven by the value of securities on loan and is £548.7 million at the reporting date (2022: £133.6 million) and cash collateral received from counterparties relating to derivative financial instrument liabilities. These amounts are due back to counterparties and there is a corresponding assets recognised (refer to note 17).

Cash collateral posted with counterparties in the prior year related to amounts due back from counterparties relating to derivative financial instrument liabilities.

(d) Programme-related investments

Group	Book value 1 October 2022 £mn	Purchases £mn	Disposals £mn	Net write-downs £mn	Unrealised Gains	**Book value 30 September 2023 £mn**
Loans – other	-	0.8	(1.3)	0.5	-	**-**
Loans	-	0.8	(1.3)	0.5	-	**-**
Equities – AMR Action Fund LP	-	5.1	-	(5.1)	-	**-**
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	4.9	-	(4.9)	-	**-**
Equities – other	60.7	-	(1.3)	0.4	(18.7)	**41.1**
Equities	60.7	10.0	(1.3)	(9.6)	(18.7)	**41.1**
Revenue share – other	-	(0.1)	-	0.1	-	**-**
Revenue share	-	(0.1)	-	0.1	-	**-**
Total	60.7	**10.7**	**(2.6)**	**(9.0)**	**(18.7)**	**41.1**

Programme-related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to programme-related investments are detailed in note 19.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories) based in India and Hilleman Singapore Pte Limited, a new company set up in early 2021 based in Singapore. Both companies were established to develop affordable vaccines to prevent diseases that commonly affect low- and middle-income countries. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

AMR Action Fund

The Trust has committed to a £50 million programme-related investment into the AMR Action Fund, an impact investment fund established to support late-stage antibiotic development. At each capital call funds will be provided in exchange for equity. The drawn down capital is included in the equities balance. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

Other

The Trust has provided funding to 101 (2022: 101) companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme-related investment portfolio is performed to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report (Figure 6 on page 42) £1,791.3 million (2022: £1,942.4 million) is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2023

	Level 1 £mn	Level 2 £mn	Level 3 £mn	**Total £mn**
Quoted investments	14,715.4	-	-	**14,715.4**
Unquoted investments	-	3,950.6	15,275.3	**19,225.9**
Derivative financial instruments asset positions	-	86.4	-	**86.4**
Programme-related investments	41.1	-	-	**41.1**
	14,756.5	4,037.0	15,275.3	**34,068.8**

Assets at fair value as at 30 September 2022

	Level 1 £mn	Level 2 £mn	Level 3 £mn	**Total £mn**
Quoted investments	13,550.8	-	-	**13,550.8**
Unquoted investments	-	5,691.2	15,411.7	**21,102.9**
Derivative financial instruments asset positions	-	-	-	**-**
Programme-related investments	60.7	-	-	**60.7**
	13,611.5	5,691.2	15,411.7	**34,714.4**

(e) Fair value of financial assets and liabilities (continued)

Liabilities at fair value as at 30 September 2023

	Level 1 £mn	Level 2 £mn	Level 3 £mn	**Total £mn**
Derivative financial instruments liabilities	-	49.8	-	**49.8**

Liabilities at fair value as at 30 September 2022

	Level 1 £mn	Level 2 £mn	Level 3 £mn	**Total £mn**
Derivative financial instruments liabilities	-	363.1	-	**363.1**

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2
- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3

For Level 3 investments:

- private equity and venture funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund
- unquoted direct investments and programme related investments are held at the valuation determined by Management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by Management. Further details of valuation assumptions used for key areas of estimation are provided in note 2

(f) Realised and unrealised gains/(losses) on investments

		Group		Trust	
	Note	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Quoted investments	15(a)	**1,126.4**	(2,354.9)	**1,229.1**	(2,296.2)
Unquoted investments	15(a)	**(1,597.1)**	1,414.0	**(1,505.1)**	1,305.4
Investment properties	15(a)	**(63.8)**	94.8	**(60.0)**	63.9
Derivative financial instruments					
Currency overlay		**426.3**	(369.2)	**426.3**	(369.2)
Other derivative financial instruments		**(0.1)**	0.5	**(0.5)**	0.5
Shares in subsidiary undertakings		**-**	-	**(454.2)**	(2.1)
Short-term investments		**16.4**	4.3	**16.4**	4.3
Foreign exchange losses on monetary assets		**(90.3)**	180.0	**(50.7)**	110.2
Foreign exchange losses on bond liabilities		**4.0**	(7.2)	**4.0**	(7.2)
		(178.2)	(1,037.7)	**(394.7)**	(1,190.4)

(g) Reconciliation to Trustee's Report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: public equity, private equity, hedge funds, property, and cash.

This note reconciles the net investment asset fair value at the reporting date as presented within the Trustee's Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	**2023 £mn**	2022 £mn
Quoted investments	15(a)	**14,715.4**	13,550.8
Unquoted investments	15(a)	**19,225.7**	21,102.5
Investment property	15(a)	**1,614.6**	1,671.1
Derivative financial instrument asset positions	15(b)	**86.4**	-
Investment cash and certificates of deposit	15(c)	**2,917.6**	3,377.8
Other investment assets	15(c)	**711.5**	580.0
Programme-related investments	15(d)	**41.1**	60.7
Investment assets as presented in the Financial Review		**39,312.3**	40,342.9
Derivative financial instrument liabilities	17	**(49.8)**	(363.1)
Amount payable on acquisition of investments	17	**(5.4)**	(8.6)
Cash collateral creditor	17	**(609.6)**	(133.6)
Deferred income from investments	17	**(8.8)**	(8.4)
Other investment liabilities	17	**(22.5)**	(22.7)
Total investment assets		**38,616.2**	39,806.5
Bond liabilities at amortised cost falling due within one year	17	**(28.3)**	(28.4)
Bond liabilities at amortised cost falling due between one and five years	17	**(345.2)**	(348.7)
Bond liabilities at amortised cost falling due after five years	17	**(2,430.9)**	(2,430.4)
Total interest bearing liabilities		**(2,804.4)**	(2,807.5)
Total investment assets		**38,616.2**	39,806.5
Total interest bearing liabilities		**(2,804.4)**	(2,807.5)
Adjusted for:			
Restatement of bond liabilities to fair value		**1,013.1**	865.0
Programme-related investments not in investment asset allocation	15(d)	**(41.1)**	(60.7)
Other net investments not in asset allocation		**(12.5)**	2.9
Total investment portfolio value per Figure 6		**36,771.3**	37,806.2

Other investments not in asset allocation relate to programme-related investments and unquoted investments held by Genome Research Limited.

	2023	2022
Leverage (Total interest bearing liabilities/Total investment assets)	**7.3%**	7.1%

16. Debtors

	Group		Trust	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn
Amounts owed by subsidiary undertakings	**-**	-	**101.6**	203.5
Other debtors	**23.5**	12.1	**3.8**	1.4
Prepayments and accrued income	**82.7**	55.7	**8.4**	6.4
	106.2	67.8	**113.8**	211.3

There are £60.6 million of prepayments that relate to Wellcome Leap's advance payments (2022: £44.1million) to its programmes which have increased from five in 2022 to nine in 2023.

Amounts owed by subsidiary undertakings are repayable on demand and charged interest at the overnight bank deposit rate.

17. Creditors

		Group		Trust	
	Note	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Falling due within one year					
Amounts owed to subsidiary undertakings		**-**	-	**1,271.1**	1,551.8
Grant liabilities	8	**741.3**	818.3	**877.2**	983.8
Bond liabilities		**28.3**	28.4	**23.6**	23.6
Amount payable on acquisition of investments		**5.4**	8.6	**5.4**	8.6
Cash collateral creditor		**609.6**	133.6	**609.6**	133.6
Deferred income from investments		**8.8**	8.4	**7.7**	7.5
Derivative financial instrument liabilities		**49.8**	363.1	**49.8**	363.1
Other investment liabilities		**22.5**	22.7	**19.9**	20.5
Trade creditors		**16.1**	17.2	**8.3**	11.0
Other creditors		**21.1**	38.7	**17.2**	36.1
Accruals and deferred income		**61.1**	59.4	**16.7**	14.4
Corporation tax		**1.3**	11.1	**-**	-
Total falling due within one year		**1,565.3**	1,509.5	**2,906.4**	3,154.0
Falling due between one and five years					
Grant liabilities	8	**1,701.1**	1,654.4	**1,792.2**	1,907.9
Other creditors		**0.4**	-	**-**	-
Lease premium creditor		**3.5**	1.6	**-**	-
Bond liabilities		**345.2**	348.7	**345.2**	348.7
		2,050.2	2,004.7	**2,137.4**	2,256.6
Falling due after five years					
Grant liabilities	8	**489.9**	269.8	**489.9**	269.8
Lease premium creditor		**23.8**	15.7	**-**	-
Bond liabilities		**2,430.9**	2,430.4	**1,887.5**	1,887.4
		2,944.6	2,715.9	**2,377.4**	2,157.2
Total falling due after one year		**4,994.8**	4,720.6	**4,514.8**	4,413.8

18. Provisions for liabilities and charges

Group	Deferred tax £mn	Employment related provisions £mn	Other provisions £mn	**Total £mn**
As at 1 October 2022	29.3	72.7	4.3	106.3
Charge for the year	(3.1)	57.9	(2.6)	52.2
Utilised in year	-	(49.3)	-	(49.3)
As at 30 September 2023	**26.2**	**81.3**	**1.7**	**109.2**

Trust	Employment related provisions £mn	Other provisions £mn	**Total £mn**
As at 1 October 2022	68.5	5.4	73.9
Charge for the year	57.6	(2.6)	55.0
Utilised in year	(49.3)	-	(49.3)
As at 30 September 2023	**76.8**	**2.8**	**79.6**

The employment-related provisions relate to long-term incentive plans for certain employees in the Investment team (refer to note 5(a)) and unfunded unapproved retirement benefit schemes (refer to note 11(e)(ii)).

Long-term incentive plans vest over five-year periods and then can be exercised at the employee's discretion for up to 25 years.

The charge for the year for deferred tax includes foreign exchange revaluations.

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £5.7 billion (2022: £6.2 billion). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £1.8 billion (30.7%) of the outstanding commitments in one year, £2.8 billion (49.1%) in between one and five years and £1.1 billion (20.2%) after five years.

(b) Pensions

The Trust has previously agreed with the Genome Research Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by the Trust, are that Genome Research Limited pays the necessary contribution as agreed with the Trustee and the Plan Actuary. Further details of the funding of the pension plans are provided in note 11(e)(ii).

(c) Programme-related investments

Programme-related convertible loans and equity funding have been made over a series of years, of which £79.1 million (2022: £49.4 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has committed to a £50.0 million programme-related investment into the AMR Action Fund, an impact investment fund established to support antibiotic development. Drawdowns of £7.7 million have been made to date and therefore the outstanding commitment amounted to £42.3 million (2022: £47.0 million), which is included in the £79.1 million noted above.

The Trust has committed to fund 14% of the operating capital of Diamond Light Source Limited. During the year the final share issue payments were made and the outstanding commitment amounted to £Nil (2022: £0.2 million).

During the year, the Trust incurred £4.8 million (2022: £3.0 million) in expenditure relating to an entity in India, MSD-Wellcome Trust Hilleman Laboratories. The outstanding commitment amounted to £8.5 million (2022: £13.3 million).

(d) Grant funding activities

In prior years, Wellcome has made Seeding Drug Discovery grants of £172.8 million, of which £172.7 million has been included in grant expenditure in current and prior financial years. The remaining £0.1 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

To date the Trust has incurred £83.5 million for expenditure relating to Wellcome Trust-DBT India Alliance. There is no outstanding commitment on the current award although subject to review and approval of appropriate applications Wellcome may contribute up to £2.1 million of additional funding to the initiative over the next six years.

During the year, Wellcome incurred £0.4 million in expenditure relating to a partnership between Wellcome, the UK Medical Research Council, the UK Foreign, Commonwealth and Development Office and the UK Department of Health to fund global health trials in low- and middle-income countries. Subject to review and approval of appropriate costed extensions, Wellcome may contribute up to a further £2.5 million over the next four years.

During the year, Wellcome has not incurred any expenditure relating to a joint initiative between Wellcome, the UK Foreign, Commonwealth and Development Office, the UK Economic and Social Research Council and the UK Medical Research Council to fund health systems research in low- and middle-income countries. Subject to review and approval of appropriate costed extensions Wellcome may contribute up to £2.0 million over the next three years.

Wellcome has not incurred any expenditure relating to a partnership with the British Heart Foundation, Cancer Research UK, Scottish Ministers acting through their Chief Scientist Office of the Scottish Government Health and Social Care Directorates, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Department of Health and Social Care acting through its National Institute for Health Research, Health and Social Care Research and Development Division, Welsh Government, Public Health Agency and The Health Foundation to fund research into population-level strategies that will prevent non-communicable diseases and reduce inequalities in health. Wellcome may contribute up to £0.9 million over the next three years.

In 2017, the Trust entered into a partnership with the US Government's Biomedical Advanced Research and Development Authority (BARDA), Germany's Federal Ministry of Education and Research (BMBF), the UK Government's Department of Health and Social Care (DHSC) through its Global Antimicrobial Resistance Innovation Fund (GAMRIF), the Bill and Melinda Gates Foundation and Boston University to create the Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) to support preclinical product development of new antibiotics.

£10.5 million was committed during the year and subject to review and approval of appropriate applications, the Trust will contribute up to £24.0 million over the next year.

(e) Capital Commitments

In the current year, Wellcome and Genome Research Limited had commitments contracted and not provided for of £89.6 million (2022: £5.7 million) and £16.2 million (2022: £28.1 million) respectively. These relate to the refurbishment of investment properties and the redevelopment of Premier Marinas, and Wellcome Genome Campus redevelopment.

20. Movement in Charity Funds

Group (2023)	Balance as at 1 October 2022 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2023 £mn
Restricted Funds	17.5	31.8	(32.3)	-	**17.0**
Unrestricted Funds	34,583.8	510.0	(1,474.4)	(178.2)	**33,441.2**
Total Charity Funds	34,601.3	541.8	(1,506.7)	(178.2)	**33,458.2**

Group (2022)	Balance as at 1 October 2021 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2022 £mn
Restricted Funds	19.8	33.1	(35.4)	-	**17.5**
Unrestricted Funds	36,240.8	469.2	(1,088.5)	(1,037.7)	**34,583.8**
Total Charity Funds	36,260.6	502.3	(1,123.9)	(1,037.7)	**34,601.3**

All restricted funds arise in Genome Research Limited.

21. Group undertakings

(a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited is the sole member
Wellcome Leap Inc	100%	N/A	United States of America	The Wellcome Trust Limited is the sole member
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
- non-charitable investment holding subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust where the net asset value is in excess of £300 million – refer to note 21(b)(ii); and
- a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).

Most subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

(a) Summary of activities of significant subsidiary undertakings (continued)

The table below details the subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Urban&Civic plc	100% (indirect through Gower Place Investments Limited)	SC149799	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

The Trust has taken advantage of an exemption from audit available under 480 of the Companies Act 2006 for the following subsidiary which is registered in England:

Wellcome Trust Investments 3 Unlimited

Wellcome Trust Residential 2 Limited

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertaking

	Genome Research Limited	
	2023 £mn	2022 £mn
Income	**189.0**	186.0
Expenditure	**(182.3)**	(182.5)
Actuarial gains on defined benefit pension scheme	**68.3**	149.9
Net movements in funds	**75.0**	153.4
Total assets	**265.2**	251.9
Liabilities	**(75.8)**	(69.1)
Defined benefit pension scheme deficit	**82.2**	13.7
Net liabilities	**271.6**	196.5

All restricted funds arise in Genome Research Limited.

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investments 2 Unlimited	
	2023 £mn	2022 £mn	**2023 £mn**	2022 £mn	**2023 £mn**	2022 £mn
Turnover	**-**	-	**-**	-	**10.5**	11.4
Expenditure	**1.8**	(10.0)	**15.3**	3.8	**5.4**	(78.7)
Gains/(losses) on investments	**(36.3)**	32.9	**(84.8)**	(11.9)	**(25.4)**	35.9
Total (loss)/profit	**(34.5)**	22.9	**(69.5)**	(8.1)	**(9.5)**	(31.4)
Investment assets	**1,054.5**	1,015.7	**216.5**	301.3	**667.6**	680.0
Current assets	**2.1**	183.0	**3.8**	97.7	**389.5**	377.8
Total assets	**1,056.6**	1,198.7	**220.3**	399.0	**1,057.1**	1,057.8
Liabilities	**(0.1)**	(0.3)	**(1.3)**	(14.4)	**(26.2)**	(15.0)
Net assets	**1,056.5**	1,198.4	**219.0**	384.6	**1,030.9**	1,042.8

The functional currency of Wellcome Trust Investments 2 Unlimited is the US dollar because the majority of the Company's transactions are denominated in US dollars.

(iii) Non-charitable investment financing subsidiary undertaking

	Wellcome Trust Finance plc	
	2023 £mn	2022 £mn
Turnover	**29.1**	29.0
Expenditure	**(31.0)**	(29.0)
Total (loss)/profit	**(1.9)**	-
Assets	**688.8**	686.6
Liabilities	**(553.2)**	(549.1)
Net assets	**135.6**	137.5

22. Consolidated cash flow

(a) Investment income received

	2023 £mn	2022 £mn
Dividends and interest	**427.1**	322.5
Rental income	**48.2**	43.4
Decrease in income receivable from investments	**(4.4)**	(10.6)
Decrease in accrued income from investments	**(5.5)**	(2.6)
Decrease in deferred income from investments	**0.4**	1.8
Investment income received	**465.8**	354.5

(b) Servicing of finance

	2023 £mn	2022 £mn
Interest payable	**(76.4)**	(76.3)
Foreign exchange gains/(losses) on revaluation of interest bearing liabilities	**4.0**	(7.2)
(Decrease)/Increase in interest bearing liabilities	**(3.2)**	8.2
Cash outflow for servicing of finance	**(75.6)**	(75.3)

(c) Reconciliation of investment sales and purchases

	2023 £mn	2022 £mn
Proceeds on sale of quoted investments	**1,759.0**	3,216.8
Proceeds on sale of unquoted investments	**2,401.1**	2,888.2
Proceeds on sale of investment property	**40.0**	22.7
(Increase)/Decrease in proceeds receivable on sale of investments	**(11.9)**	3.2
Proceeds on sale of Programme Related Investments	**2.6**	1.9
Proceeds from sales of investments	**4,190.8**	6,132.8
Purchases of quoted investments	**1,797.2**	1,830.5
Purchases of unquoted investments	**2,121.4**	3,762.4
Purchases of investment property	**47.3**	32.9
Increase/(Decrease) in amounts payable on acquisition of investments	**3.2**	(7.0)
Purchase of Programme Related Investments	**10.7**	13.8
Purchases of investments	**3,979.8**	5,632.6
Gain/(Loss)on derivative financial instruments	**426.2**	(368.6)
(Increase)/Decrease in derivative financial asset positions	**(86.4)**	30.8
(Decrease)/Increase in derivative financial liabilities	**(313.3)**	357.1
Decrease/(Increase) in cash collateral posted with counterparties	**360.4**	(360.4)
Net cash inflow/(outflow) due to derivative financial instruments	**386.9**	(341.1)

(d) Statement of net debt

	At 1 October 2022 £mn	Cash flow £mn	Change in Maturities £mn	Effective interest & Foreign Exchange £mn	**At 30 September 2023 £mn**
Cash in hand and at bank	33.7	46.0	-	-	**79.7**
Debt due after one year					
- bond liabilities	(2,779.1)	-		3.1	**(2,776.0)**
Debt due within one year					
- bond liabilities	(28.4)	75.6		(75.5)	**(28.3)**
Liquid resources:					
- investment cash and certificates of deposit	3,377.8	(460.2)	-	-	**2,917.6**
Net debt	604.0	(338.6)	-	(72.4)	**193.0**

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2023 £mn	2022 £mn
Derivative financial instruments assets positions	**86.4**	-
Investment cash balances and certificates of deposit	**2,917.6**	3,377.8
Cash collateral posted with counterparties	**-**	360.4
UK and US government securities	**421.6**	-
Cash collateral held	**609.6**	133.6
Accrued income from investments	**17.3**	11.8
Income receivable	**52.3**	48.0
Proceeds receivable on sale of investments	**20.1**	8.2
Other investment debtor balances	**12.2**	18.0
Programme-related investment loans	**-**	-
Other debtors	**23.5**	12.1
Term deposits and cash	**79.7**	33.7
	4,240.3	4,003.6

None of the Group's financial assets subject to credit risk (other than the programme-related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

- For fixed income securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk.
- Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts.
- Direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated Government securities and the controlled use of AAA rated money market funds.
- Sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and on-going reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed weekly by investments management, monthly by the Executive Leadership Team, and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

	2023				2022			
Group	Three months or less £mn	No more than one year £mn	More than one year £mn	**Total £mn**	Three months or less £mn	No more than one year £mn	More than one year £mn	**Total £mn**
Payments falling due within one year								
Bond liabilities	-	75.4	-	**75.4**	-	75.5	-	75.5
Derivative financial instruments liabilities	49.8	-	-	**49.8**	363.1	-	-	363.1
Collateral liability	609.5	-	-	**609.5**	133.6	-	-	133.6
Amount payable on acquisition of investments	5.4	-	-	**5.4**	8.6	-	-	8.6
Other investment liabilities	22.5	-	-	**22.5**	22.7	-	-	22.7
Trade creditors	16.1	-	-	**16.1**	17.2	-	-	17.2
Other creditors	21.1	-	-	**21.1**	38.7	-	-	38.7
Accruals and deferred income	61.1	-	-	**61.1**	59.4	-	-	59.4
Corporation Tax	-	1.3	-	**1.3**	-	11.1	-	11.1
Contractual payments	785.5	76.7	-	**862.2**	643.3	86.6	-	729.9
Grant liabilities	185.3	556.0	-	**741.3**	204.6	613.7	-	818.3
	970.8	632.7	-	**1,603.5**	847.9	700.3	-	1,548.2
Payments falling due between one and five years								
Bond liabilities	-	-	644.9	**644.9**	-	-	653.1	653.1
Other creditors	-	-	0.4	**0.4**	-	-	-	-
Contractual payments	-	-	645.3	**645.3**	-	-	653.1	653.1
Grant liabilities	-	-	2,046.4	**2,046.4**	-	-	1,993.5	1,993.5
	-	-	2,691.7	**2,691.7**	-	-	2,646.6	2,646.6
Payments falling due after five years								
Bond liabilities	-	-	5,332.2	**5,332.2**	-	-	5,403.8	5,403.8
Contractual payments	-	-	5,332.2	**5,332.2**	-	-	5,403.8	5,403.8
Grant liabilities	-	-	794.7	**794.7**	-	-	434.7	434.7
	-	-	6,126.9	**6,126.9**	-	-	5,838.5	5,838.5
Total	970.8	632.7	8,818.6	**10,422.1**	847.9	700.3	8,485.1	10,033.3

Grant liabilities are non-contractual.

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of sterling and US dollars and monitored sterling and US dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key: the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitors cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base and this is discussed in the Financial Review on page 55-60.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2023 £mn	2022 £mn
Quoted investments	**14,715.4**	13,550.8
Unquoted investments	**19,225.7**	21,102.5
Investments properties	**1,614.6**	1,671.1
Derivative financial instruments assets positions	**86.4**	-
Assets exposed to risk	**35,642.1**	36,324.4
Derivative financial instruments liability positions	**49.8**	363.1
Liabilities exposed to risk	**49.8**	363.1

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is sterling. However, the Group has investment assets denominated in currencies other than sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	**Value as at 30 September 2023 (currency, mn)**	**Value as at 30 September 2023 £mn**	Value as at 30 September 2022 (currency, mn)	Value as at 30 September 2022 £mn
Traded investments assets				
USD	**$26,997.8**	**22,119.4**	$25,131.6	22,513.3
Euro	**€3,424.6**	**2,970.6**	€3,131.6	2,748.2
CNY	**¥18,074.6**	**2,027.4**	¥20,894.6	2,639.6
Other		**4,086.1**		4,363.6
Other investment debtors balances				
USD	**$1,564.6**	**1,281.9**	$1,123.7	1,006.6
Euro	**€41.5**	**36.0**	€43.6	38.2
CNY	**-**	**-**	¥0.2	-
Other		**44.9**		42.2
Other investment creditors balances				
USD	**($3.1)**	**(2.5)**	($3.4)	(3.0)
Euro	**(€403.9)**	**(350.4)**	(€404.2)	(354.7)
CNY	**-**	**-**	-	-
Other		**(2.8)**		(2.7)
Forward currency contracts				
USD	**($3,168.6)**	**(2,594.1)**	($3,936.0)	(3,583.5)
Euro	**(€169.7)**	**(150.5)**	(€725.3)	(680.1)
CNY	**-**	**-**	-	-
Other		**(0.3)**		(0.1)
Total exposed to currency risk		**29,465.7**		28,727.6

	Impact on gain for the financial year 2023 £mn	Impact on gain for the financial year 2022 £mn
10% USD appreciation	**2,080.5**	1,993.3
10% Euro appreciation	**250.6**	175.2
10% CNY appreciation	**202.7**	264.0

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (for variable rate assets or liabilities).

Interest rate exposure

The Group has purchased fixed income (interest bearing investments) during the year. The value of these investments will fluctuate if interest rates change in future. In addition the Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

The Group also holds fixed income quoted investments, which include UK Gilts and US Treasuries on the Balance Sheet. These are fixed rate interest bearing assets, not impacted by changes in market interest rates.

	2023		2022	
	Weighted average interest rate	**Value as at 30 September £mn**	Weighted average interest rate	Value as at 30 September £mn
Interest-bearing assets:				
Maturing within one year				
Fixed rate	**0.90%**	**371.7**	n/a	-
Floating rate	**n/a**	**-**	n/a	-
Maturing between one and five years				
Fixed rate	**0.25%**	**49.9**	n/a	-
Floating rate	**n/a**	**-**	n/a	-
Total interest bearing assets		**421.6**		-
Interest-bearing financial liabilities:				
Maturing within one year				
Fixed rate – bond liabilities	**n/a**	**-**	n/a	-
Maturing between one and five years				
Fixed rate – bond liabilities	**1.13%**	**(347.9)**	1.13%	(351.4)
Maturing after five years				
Fixed rate – bond liabilities	**2.92%**	**(2,456.5)**	2.70%	(2,456.0)
Total interest-bearing liabilities		**(2,804.4)**		(2,807.4)

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table opposite is the book value.

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.
The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

Reference and Administrative Details

Board of Governors

Julia Gillard (Chair)

Elhadj As Sy

Arup Chakraborty

Amelia Fawcett (until 30 September 2023)

Richard Gillingwater

Gabriel Leung

Stephen Lovegrove (from 6 November 2023)

Fiona Powrie (Deputy Chair)

Diana Noble (from 6 November 2023)

Cilla Snowball

Ijeoma Uchegbu

Chief Legal Officer and Company Secretary

Chris Bird

Audit and Risk Committee

Stephen Lovegrove (Chair from 1 January 2024)

Chris Jones* (Interim Chair) (1 October to 31 December 2023)

Amelia Fawcett (Chair) (until 30 September 2023)

Jonathan Britton* (from 1 October 2023)

Arup Chakraborty

Fiona Powrie

Ijeoma Uchegbu

Caroline Wehrle** (from 1 December 2022)

Remuneration Committee

Diana Noble (Chair from 1 January 2024)

Cilla Snowball (Interim chair)
(1 October to 31 December 2023)

Amelia Fawcett (Chair) (until 30 September 2023)

Julia Gillard

Richard Gillingwater

Fiona Powrie

Nomination and Governance Committee

Julia Gillard (Chair)

Elhadj As Sy

Fiona Powrie

Cilla Snowball

Investment Committee

Richard Gillingwater (Chair)

Julia Gillard

Tracy Blackwell*

Stefan Dunatov*

Martin Halusa*

Cressida Hogg*

Gabriel Leung

Nick Moakes

Girish Reddy*

Paul Schreier

Lisha Patel

Fabian Thehos

Karen Chadwick (from 25 February 2023)

Jeremy Farrar (until 24 February 2023)

*Denotes external committee members

Executive Leadership Team*

Chief Executive Officer (previously Director)**:**
John-Arne Røttingen (from 30 January 2024)
Paul Schreier (interim CEO from 25 February 2023 to 29 January 2024)
Jeremy Farrar (Director) (to 24 February 2023)

Chief Operating Officer:
Karen Chadwick (interim, from 25 Feb 2023)
Paul Schreier (until 24 February 2023)

Chief Finance Officer (previously Finance Director)**:**
Richard Eales (interim, from 27 February 2023)
Karen Chadwick (to 25 February 2023)

Chief Research Programmes Officer (previously Director of Research Programmes)**:**
Cheryl Moore

Chief Strategy Officer (previously Director of Strategy)**:**
Ed Whiting (until 18 November 2022)
Beth Thompson (interim from 5 December 2022, permanent from 10 July 2023)

Chief Information Officer: James Thomas

Director of Corporate Affairs: Mark Henderson

Director of People: Kathy Poole

Director of Research Funding: Alyson Fox

Chief Equity, Diversity and Inclusion Officer:
Jimmy Volmink (from 3 October 2023)

Chief Legal Officer and Company Secretary (previously General Counsel and Company Secretary)**:**
Chris Bird

Employee Director: Sabien Khan*

Employee Director: Aki MacFarlane*

Investment Executive

Managing Partner and Chief Investment Officer, Investments Division: Nick Moakes

Managing Director: Lisha Patel

Managing Director: Fabian Thehos

Biographies of the Governors

The biographies of the current Board of Governors are shown on our website: Board of Governors | Wellcome

Independent Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Banker

HSBC Bank plc
31 Holborn Circus
Holborn
London EC1N 2HR
United Kingdom

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF
United Kingdom

Global Custodian Bank

JP Morgan Chase Bank NA
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

*Employee Directors are full members of the ELT for the purposes of providing input on executive decision-making (with the exception of annual pay calibration) but do not have management responsibility for ELT-level teams

Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, infectious disease, and climate and health.

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Its sole trustee is The Wellcome Trust Limited, a company registered in England and Wales, no. 2711000 (whose registered office is at 215 Euston Road, London NW1 2BE, UK). DO-7546/01-2024/RK