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INVESTIGATION

Covid-19, trust, and Wellcome: how charity's pharma investments overlap with its research efforts

The major funder of health research stands to gain financially from the pandemic, raising questions about transparency and accountability

Tim Schwab *independent journalist*

An increasingly clear feature of the covid-19 pandemic is that the public health response is being driven not only by governments and multilateral institutions, such as the World Health Organisation, but also by a welter of public-private partnerships involving drug companies and private foundations.

One leading voice to emerge is the Wellcome Trust, one of the world's top funders of health research, whose sprawling charitable activities in the pandemic include co-leading a WHO programme to support new covid-19 therapeutics. The Access to Covid-19 Tools (ACT) Accelerator project hopes to raise billions of dollars and deliver hundreds of millions of treatment courses in the year ahead, including dexamethasone and a number of monoclonal antibodies.¹

At the same time, *The BMJ* finds, Wellcome itself holds investments in companies producing these same treatments. Financial disclosures from late 2020 show that Wellcome has a £275m (€318m; \$389m) stake in Novartis, which manufactures dexamethasone and is investigating additional therapeutics. And Roche, in which Wellcome holds a £252m stake,² is helping to manufacture monoclonal antibodies with Regeneron. Both Roche and Novartis report having had conversations with WHO's ACT Accelerator about their therapeutic drugs.³

Wellcome's financial interests have been published on the trust's website and through financial regulatory filings but do not seem to have been disclosed as financial conflicts of interest in the context of Wellcome's work on covid-19, even as they show that the trust is positioned to potentially gain from the pandemic financially.

Revelations of the Wellcome Trust's financial conflicts of interest follow news reports that another charity, the Gates Foundation, is also positioned to potentially benefit financially from its leading role in the pandemic response. An investigation by the *Nation* revealed that Gates had more than \$250m (£179m; €206m) invested in companies working on covid-19 and cited civil society groups expressing alarm with the outsize influence the billionaire charity wields in the pandemic response, which they see as elevating the role of the drug industry.⁴

Yet charities such as Gates and Wellcome—and even drug companies—have generally been praised in the news media during the pandemic for their efforts to solve the public health crisis, with relatively little

attention paid to their financial interests and with few checks and balances put on their work.

“What the pandemic is doing is buffing the reputation of organisations like Gates and Wellcome and the drug companies, when I don't think they really deserve that buffing up,” says Joel Lexchin, professor emeritus of York University's school of health policy and management in Toronto. “I think they're acting the way they always have, which is, from the drug companies' point of view, looking after their own financial interests, and from the point of view of the foundations is pursuing their own privately developed objectives without being responsible to anybody but their own boards of directors.”

Conflict of interest?

Mohga Kamal-Yanni, a policy adviser to UNAIDS and other organisations who recently co-wrote a paper citing problems with the Gates Foundation's influence in the pandemic, says that Wellcome's investments raise critical questions around transparency and accountability.⁵

“In covid, these two words have such a huge meaning because we need to know that decisions are being made based on evidence and science,” she tells *The BMJ*. “Do we know which companies they are talking to? How they make the decisions about funding a particular company—or this product or that one?”

The Wellcome Trust disputes that its investments compromise—or conflict with—its independence. “We are not aware of any situation in our relations with . . . the ACT Accelerator in which a conflict has arisen as a result of our investment portfolio, or in which it would have been necessary for Wellcome representatives to recuse themselves,” a spokesperson said, declining to comment on its investments in Novartis or Roche. “We would never make decisions or advise others about the pandemic response for a reason other than public health.”

Wellcome's supporters describe the deep well of biomedical expertise the charity brings to the pandemic, prominently from its director, Jeremy Farrar, a famed infectious disease researcher who is credited with playing leading roles in previous outbreaks of Ebola and avian influenza.^{6,7}

Kenny Baillie, a research group leader in the department of genetics and genomics at the University of Edinburgh who has received research funding from Wellcome, says that the charity also

deserves credit as a “beacon of probity and good governance.”

He explains, “I certainly can speak to my personal experience interacting with the science side, and there’s been no attempt to influence me or any other researcher I know from doing the best science to benefit humanity.” Yet it is still not clear what governance structures are in place to guarantee that Wellcome’s vast endowment does not influence its agenda setting role through WHO or its other work in the pandemic.

Unitaid, which co-leads the WHO ACT Accelerator project, says that it has a “clear mutual understanding” with Wellcome “that relevant institutional interests will be transparently disclosed.” But, Unitaid told *The BMJ* last December, “We have not received any declaration of conflict of interest.”

Marc Rodwin, professor of law at Suffolk University in Boston, Massachusetts, says that institutions with financial conflicts of interest can still make valuable contributions to the pandemic response but should not be in a position of influence or decision making.

“I’d go back further than just saying they should recuse themselves from particular decisions. Why are they being chosen in the first place to be in these positions [of authority]?” he asks. “I like the concept of epidemiological risk factor here—it’s just introducing a level of risk that is unnecessary. When there’s a lot of money going around, you don’t want to have those kinds of financial conflicts that can sway those decisions.”

Government adviser

In addition to its work through WHO, Wellcome also influences the pandemic response through Farrar’s position on the Scientific Advisory Group for Emergencies advising the UK government on covid-19, as well as his board seat on the Coalition for Epidemic Preparedness Innovations, a leading public-private partnership in the pandemic that has pledged more than \$1bn to covid-19 vaccine development.⁸ He also features frequently as an expert in the news media, including *The BMJ*, where he has cited the potential of specific drugs against covid-19.^{9 10} These advisory and media activities seem to overlap with Wellcome’s £28bn endowment, which has at least £1.25bn invested in companies working on covid-19 vaccines, therapeutics, and diagnostics: Roche, Novartis, Abbott, Siemens, Johnson & Johnson, and—through its holdings in the investment company Berkshire Hathaway—Merck, AbbVie, Biogen, and Teva.¹¹

Farrar sits on Wellcome’s internal investment committee, which plays a broad advisory role regarding the trust’s endowment.¹² Wellcome would not comment on the desirability of Farrar’s dual roles—helping manage the trust’s money and its charitable mission—and it declined multiple requests to interview Farrar or the charity’s other representatives.

The full scope of Wellcome’s investments in companies working on covid-19 is unknown because the trust also refused to disclose to *The BMJ* the details of its investment portfolio, most of which is described only generally as being invested in “hedge funds,” “public equities,” “private equity,” or “property.”¹³ Wellcome publishes on its website a list of a few dozen of its largest individual corporate investments, and *The BMJ* uncovered additional information about Wellcome’s endowment through financial regulatory filings it made in the United States.

On the basis of this limited public reporting Wellcome seems to be expanding its covid related investments, reporting last summer nearly two million shares in Abbott Laboratories, a major supplier

of covid-19 diagnostic tests.¹⁴ Wellcome’s regulatory filings state that, from July to October 2020, the value of its 1.95 million shares in Abbott increased from \$178m to \$212m, a windfall for the non-profit charity.¹⁵

Wellcome reports gains of £3.3bn from all investments in 2020, three times more money than the trust gave away in charity.¹³

Investor influence

Wellcome’s role in financial markets has played out in other striking ways during the pandemic. The *Wall Street Journal* has reported that Wellcome held conference calls with private investment companies as far back as January 2020, with Farrar warning money managers about the gravity of covid-19.¹⁶ The calls prompted investors to reorganise their portfolios, either to minimise losses or to make financial gains, the newspaper reported.

The trust would not provide transcripts of Farrar’s conference calls with outside investors but stated that he offered investors the same covid warnings he offered in the news media and other venues.

Two investment companies on the calls with Farrar—Sequoia and Blackstone—have paid out dividends to Wellcome in recent years, the charity’s recent tax filings in the US show. Wellcome would not comment on whether it had money invested with these companies at the time it organised Farrar’s calls.¹⁷

The ethics of Wellcome’s investment activities have come under public scrutiny several times in recent years, including a public campaign organised by the *Guardian* newspaper in 2015 to pressure Wellcome and the Gates Foundation to divest from fossil fuels. Tens of thousands of people signed a campaign petition, which argued that Wellcome’s and Gates’s fossil fuel investments were at odds with their work supporting “human progress and equality.”¹⁸

In a response letter, Farrar discounted divestment as a strategy, saying that Wellcome was using its position as an investor to push fossil fuel companies towards better behaviour.¹⁹ One former Wellcome employee told *The BMJ* that the trust’s fossil fuel investments became a source of much contention among employees, who questioned the charity’s investment strategy.

In 2018 the journal *Science* reported that Wellcome had nearly \$1bn in offshore investments, including a Cayman Islands energy fund that had a stake in a company that sells highly pollutive shipping fuels. *Science* quoted economists sharply criticising offshore investments by Wellcome and other charities in tax havens such as the Cayman Islands, charging that they institutionalise and normalise tax avoidance behaviour, which exacerbates income inequality.²⁰

Public and private sector governance

Throughout the pandemic, allegations of financial conflicts of interest have circled many public and private actors in many jurisdictions. In the UK the government’s chief scientific adviser, Patrick Vallance, made headlines when he was shown to have financial ties to the drug company GlaxoSmithKline.²¹ Government sources have defended Vallance from allegations of wrongdoing.

In the US, four members of Congress were investigated for stock trading based on non-public information to which they had access through their political positions. All were cleared during the investigation, the *New York Times* reported.^{22 23}

Last year *The BMJ* reported on a failure by the UK’s Scientific Advisory Group for Emergencies to publicly disclose competing interests related to covid-19, after which they were released for public review.²⁴

Despite the outsize role that private charities play in the pandemic response, their financial interests have been little scrutinised, likely because foundations are not subject to the same oversight mechanisms as public institutions.

Linsey McGoey, a professor of sociology at the University of Essex, who has written extensively on accountability in philanthropy, views Wellcome's and Gates's pharma investments in the context of their support for the prevailing market mechanisms driving modern medicine—which has translated into wealthy nations getting priority access to covid-19 drugs.²⁵ Many stakeholders are challenging this economic model during the pandemic, McGoey notes, including pressure put on the World Trade Organization to relax intellectual property restrictions related to vaccines and therapeutics.²⁶

She says, “They seem to be wholly committed to a charitable model . . . [that] seems to really conflict with the health justice and vaccine justice approach that most global south activists and policy makers are calling for.

“These foundations sort of perpetuate the false ideological impression that they are . . . solving the problem even when they're not. And they might be compounding it by perpetuating this ideological impression of private sector saviourism.”

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