

Fund Structure and Management

Management Structures and Reporting

In order to deliver the objectives of the Genomia Fund, the members of the Consortium act through a company limited by guarantee, Genomia Management Limited (GML), of which they are all members. Where necessary, Moredun Research Institute (MRI) acts as a lead partner, though most day to day obligations are delegated to GML.

In order to allow GML to cover all of the costs of managing the Genomia Fund, the monies received through grants supporting the initiative are held on GML's balance sheet as deferred income, with expenses being met through releases of that deferred income to the P&L account. Investments are made by releases from the deferred income account and recorded on GML's balance sheet (consistent with agreed writing down policies). All interest generated through holding cash on deposit provides further monies to contribute towards GML's costs of managing the Genomia Fund. The unexpended amounts of the grants forming the deferred income are repayable, and all investments are transferable, back to MRI (in its capacity as lead partner) in the event that the agreement with GML is terminated, for whatever reason.

GML's arrangements with its members allow it to make whatever arrangements it deems appropriate for attending to the obligations associated with managing the Fund. Under this provision, all day to day activities and support are the responsibility of the managing director who acts as the fund manager. Accounting and financial control services for GML are contracted from MRI. MRI also provides GML's registered office and company secretarial services.

The Investment Advisory Group provides assistance and advice to the fund manager in assessing proposals brought to the Fund. Its membership comprises two members of the Board of Directors and representatives nominated by each of the TTOs of the consortium member institutes. The Fund Manager attends all meetings and makes the necessary arrangements for its deliberations. It is not necessary for the Group to physically meet - meetings can be held by electronic methods. It is also permitted for the Group to appoint a sub-committee of its members to act on its behalf to consider proposals at the lower end of the financial spectrum. However, given the ease of electronic communications, it is unlikely that all members would not have the chance to comment on any proposal. However, it is always open to an applicant for support to ask that hi/her proposal is





not referred to another of the member Institutes where there might be valid confidentiality or conflict of interests issues.

The Board of Directors fulfils all of the normal statutory obligations of a board of a limited liability company. In addition, it ultimately makes decisions, by consensus, on investments to be made, or declined. Under the Articles of Association of GML, two directors may be members of staff of member institutes and four must be external. All are subject to retirement by rotation, but may be re-appointed. The Board appoints its own Chairman, who should be one of the external directors. Current Board membership is as follows:

Mr Chris Warkup (Chairman) –	Director of Genesis Faraday Partnership
Dr Julia Edgar –	Director of Programmes, ITI Life Sciences
Prof John Oldham –	Head of Research & Development, Scottish Agricultural College
Dr Alan Rowe –	Business Development Executive, Research & Innovation, University of Aberdeen
Dr Jonathan Snape –	Commercial Director, Mylnefield Research Services Ltd
Dr Keith Winton –	Managing Director
Mr Colin Burnett –	Group Finance Director, Moredun Research Group – Company Secretary of Genomia Management Ltd

Reporting lines automatically fall out of this structure. The Investment Advisory Group reports into the Board of GML, which, in turn, reports to the Board of MRI. At individual level, the Fund Manager reports to the Chairman of GML Board, and he in turn reports to the Director of MRI, on issues relevant to the Fund and its operations.

At all levels, records of interests are held and any conflicts which an individual Board member may have in relation to a particular proposal submitted to Genomia Fund are recorded in Board minutes and while such a person can contribute to discussion, he/she is then not allowed to participate in any vote.





Other Administrative Matters

Monitoring of Investments: Arrangements will be made for management and monitoring of investments on a case by case basis, having due regard to the nature of the investment being made.

In general this will mean:

- for investments made into a start-up or spin-out company (whether directly, or as a result of a loan conversion), the Genomia Fund will have the right to appoint a representative to sit on, or be an observer at, the board of the company to protect the Genomia Fund investment and also to enhance the value of the investment being made by making available other skills or expertise;
- for investments made into R & D projects within a member research institute, a suitably qualified TTO at the institute is charged with overseeing project progress and with collating and submitting the written reports required under the terms of the investment

The Genomia Fund manager will be responsible for ensuring compliance with reporting obligations and will provide summary updates at each meeting of the Genomia Board. He will also be responsible for preparing the reports required by the Fund's own funding bodies.

Potential Conflicts of Interest: The Company Secretary of Genomia Management Ltd maintains a record of all interests of directors of the Company and of the Genomia Fund Manager. Any additions to, or deletions from, the records of individuals concerned will form the first item on the Agenda for all meetings of the Board. These records are taken into account when any deliberations are to be made on any proposal received by the Fund. In particular, where there is a potential interest (whether directly through personal involvement, or indirectly such as would obtain where a proposal has been received from elsewhere within his/her employing institute), such an individual could not be a member of a sub-committee of the Board charged with reviewing a proposal, or be asked to conduct any due diligence on it. While such an individual could contribute to discussion at the Board, he/she would not be entitled to take part in any vote on, or be party to making decision on investing in, such a proposal.





Administration of Funds: All financial transactions in relation to the Genomia Fund are conducted through a separate bank account in the name of Genomia Management Ltd. All payments from such account are made over the signatures of two directors, or of the company secretary and

one director, of GML. All financial records are maintained through the offices of the Group Financial Director of the Moredun Research Institute. He is responsible for preparing and presenting the Fund's management accounts at the quarterly meetings of the Fund's Board. He also makes arrangements for the annual audit of the accounts. In addition, he is authorised to invest cash not immediately required for expenses or short term funding requirements, for the benefit of the Fund, as he sees fit, consistent with the requirements of Genomia Fund's funding bodies and with the policies of MRI.

Documents & Records: As previously noted, all investments are made in the name of GML. The originals of all signed investment documents are retained by the Company Secretary at the registered office of GML. The Fund Manager retains all working files, including photocopies of all investment documents, to allow for every day monitoring and management of proposals and investments. Such files are open to inspection by any members of the Board, or other authorised officers of MRI at all reasonable times.

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