



Policy name	Responsible Investment, Acquisitions and Disposals Policy
Subject	How and where we place the university's investment portfolio
Approving authority	Investment Committee
Accountable person	Chief Financial Officer
Responsible Team	Corporate Finance
First approved	12 th March 2013
Last updated	28 th April 2025

1 Introductory Purpose & Background

The University of Nottingham is an exempt charity¹ and follows an Responsible Investment, Acquisitions and Disposals Policy which provides income for its current purposes and enhances income and capital growth over the longer term, thereby enabling the University's Governing Body to meet its current and future objectives in respect of institutional investment.

2 Scope

The policy applies to all endowments and donations invested through our contracted investment partner. It applies to University of Nottingham UK.

3 Definitions

Spin out - University spin-outs are companies that transform technological inventions developed from university research that are likely to remain unexploited otherwise.

Related companies - a company that controls or is controlled by another company, often one that is in the same business group.

4 Policy

4.1 Key principles

- To maximise total return on investments (capital and income) whilst containing risk to an acceptable level and maintaining a suitable profile of investments with regard to the possible need to fund future developments at the University.
- To maintain the value of the general and endowment funds, after taking account of inflation (as a minimum) over the long term.
- To provide an income stream to the University and to the endowment funds.
- To benefit from joint ventures and spin-outs through reputation, impact and both research and commercial income.

¹ Exempt from regulation by the Charity Commission but regulated by OfS and meaning that corporation tax does not have to be paid on profits made from research with a social impact.

- To align with the University's environmental, social and governance policies and principles.
- To ensure activities are subject to robust and appropriate due diligence to protect the interests of the university and its stakeholders

4.2 Key roles, responsibilities and/or requirements

Investment Committee is responsible for approving the policy and receiving period updates on the performance of the university's investments:

Chief Financial Officer is responsible for the overall design and direction of the investment policy.

Director of Finance is responsible for managing the relationship with the investment partner and ensuring their compliance with policy.

Registrar provides oversight and advice to the committee on congruence with the university strategy.

Development and Sustainability Director provides advice and guidance on ensuring the investment policy is aligned to the University's environmental, social and governance policies and principles.

External member provides external oversight to the committee.

Corporate Finance Team:

Treasury Manager is required to provide accounting advice on investments, manages the routine accounting and relationship with the external Investment Fund Manager. Do an initial review of investment changes to ensure these are in line with paragraph 4.1 and carries out due diligence checks

4.3 Our Investment Approach, Spin-Outs and Related Companies

The University's Investment Policy is based on the premise that the University's choice of where to invest should reflect its ethical values. To this end the University, or its appointed external Investment Fund Manager, will not invest in those organisations where the primary part of their business clearly demonstrates the following characteristics:

- explicit environmental damage
- manufacture and sale of armaments to military regimes
- institutional violations of human rights, including modern slavery and the exploitation of the work force
- discrimination against the individual or group in any shape or form
- the manufacture and sale of tobacco products
- the extraction of thermal coal and tar sands or oil shale
- oil and gas producers
- Gambling

In relation to the spin-outs and related companies, the University owns any unfettered intellectual property (IP) arising from the research its academics undertake. The main

fundlers of this research are the Research Councils and a condition of grant is that the University seeks to identify, protect, develop and seek a commercial return from this IP.

The main routes for commercialisation are licensing to an unrelated third party or licensing into a joint venture or spin-out company. The University licenses the IP into the latter vehicles for equity.

Part of the role of the University in supporting such new ventures is to provide such financial investment as may be required, and as the University is able to provide, to help support their future success. Investments are made in exchange for additional equity in the company.

The University of Nottingham is committed to ensuring that it makes investment decisions on a responsible basis. Policy is that investments will always be in line with ethical, environmental and social responsibilities, and that investment returns will be maximised so long as our responsibilities are met.

In connection with the spin-out and related companies the University does not look to manage our investments as an institutional investor might, i.e. seeking a specific ROI within a fixed time period. When the opportunity to sell arises we take into account our knowledge of a given company, the sector and the technology in taking a decision to sell some or all of the University's shares.

Disposals of shares in Spin-out and Related Companies

The opportunity to dispose of our shares in spin-out and related companies arises in 4 main ways:

- (a) Entire shareholding is acquired via trade sale for cash or shares in acquirer
- (b) Consideration for acquisition is in the form of a mix of cash and shares in the acquirer
- (c) Partial exit opportunity through third party acquiring some shares in non-quoted vehicle
- (d) Shares can be traded openly or placed on the market once a company has floated and all lock-ins have expired

For (a) and (b) the decision is made by a majority decision of the shareholders and the University will need to fall in line with the majority decision although we can advise if we feel that the terms of a deal could be improved.

For (c), the opportunity offered should be considered taking into account the future prospects of the company, the cash requirements of the University and the reputational benefit to the University in retaining an equity stake. The University may decide to sell some or all of its shares.

For (d), as a general principle, the University should normally look to dispose of shares in such quoted companies within three to five years of the shares being derestricted, taking into account the factors detailed above.

Divestments in spin-out companies will be made based on advice provided by the Board of Nottingham Technology Ventures Ltd, unless the investment in the spin-out has been listed on a stock market, in which case the Investment Committee will advise. All divestments will be approved in line with limits set out in the Schedule of Delegated Financial Authorities.

4.4 The consequences of non-compliance.

In the event of non-compliance, the University reserves the right to terminate the services of the investment managers concerned.

4.5 How compliance with the policy will be measured.

Quarterly reviews of the Investment portfolio will be carried out with regards to scope and performance of the fund. Annual reviews of the long-term approach and appropriateness from the Investment manager is also carried out.

4.6 Provisions for monitoring and reporting related to the policy.

To monitor and report on the adherence to policy the University of Nottingham will

- Invite Investment managers to attend committee meetings annually to provide a report on performance.
- Publish the Responsible Investment, Acquisitions and Disposals Policy on the University website
- Publish the annual report from the Investment Fund Manager

5 Review

This policy will be reviewed every year as a minimum by the University's Investment Committee.

6 Related policies, procedures, standards and guidance

Terms of reference

Partnership Due Diligence Framework