

Sale of Shares in Start-Up Ventures Procedure

Enabling Policy Statement; Executive Owner; Approval Route:	Our Research and Innovation - PVC, Research and Innovation - Executive Board
Is the Procedure for internal use only (Non-disclosable) ?	Disclosable
Associated Policy Statements:	Our Data - Chief Operating Officer Our Partners and Reputation - Vice-President Global Our Operations – Chief Operating Officer
Authorised Owner:	Managing Director of Innovate Surrey Limited (ISL)
Authorised Co-ordinator:	Director of Research, Innovation and Impact Gill Fairbairn
Effective date:	July 2025
Due date for full review:	July 2028
Sub documentation:	

Approval History

Version	Reason for review	Approval Route	Date
1.0	Moved onto new procedure template & revisions to incorporate role of ISL Managing Director as Authorised Owner	URIC ISL Board EB	May 2025 June 2025 July 2025

1. Purpose

The University has a portfolio of shareholdings in a range of start-up companies the purpose of which is to make a financial return. Typically (but not always), these shareholdings are in spin-outs: a form of start-up that is created in partnership with the University with the aim of commercialising intellectual property that originates from within the University. The University permits access, or even ownership, of its intellectual property in return for a share of ownership in the start-up because in most cases the newly formed company is not able financially to purchase, or license for a royalty fee, the University's intellectual property at market rates. In this scenario the University becomes a shareholder in the company with the aim of realising a financial return that compensates the University appropriately for the historical investment into the research that created the original intellectual property. Typically, the underlying research is funded from a Research Council grant and is therefore funded ultimately by UK taxpayers. The UK Government encourages universities to create spin-outs, and take partial ownership in these companies, so that any financial gain is returned to the University to help fund further research or other University activities (and in this way increase the University's financial sustainability).

The University of Surrey has a responsibility to manage its portfolio of start-up shareholdings in a manner that both supports the activities of the companies themselves, and appropriately compensates the University financially for permitting access to intellectual property created from funding originating from UK taxpayers. The timing of the sales of shares to meet these objectives, while not harming the prospects of the spin-out companies, is important and a clearly established Sales of Shares Procedure is fundamental to meeting these requirements. This procedure describes the University's procedure with regards to the sale of shares in start-up companies in which the University has a shareholding. The procedure comes into effect on in April 2025 and supersedes all previous Sale of Shares Policies.

2. Scope and Exceptions to the Procedure

- 2.1. This procedure applies to all companies in which the University of Surrey, or one of its wholly owned subsidiaries such as the University of Surrey Seed Fund Ltd, owns one or more shares, the ownership of which is as a direct result of the University following its publicly stated research and innovation strategy ("University Start-up Companies").
- 2.2. This procedure does not apply to wholly owned University subsidiary companies, or other forms of shareholding which have not originated through research and innovation activities (for example, companies formed in partnership solely with other Higher Education Institutions).

3. Definitions and Terminology

- 3.1. **Start-up:** a newly formed company, typically operating for less than five years.
- 3.2. **Spin-out:** a form of start-up in which the University has a shareholding, and which has access to intellectual property originating from within the University.
- 3.3. **Intellectual property (IP):** a category of property that includes intangible creations of the human intellect. The most well-known types of intellectual property are copyrights, patents, trademarks, know-how, and trade secrets.
- 3.4. **Quoted shares:** shares owned by the University in a company listed on a public stock market.
- 3.5. **Unquoted shares:** shares owned by the University in a company not listed on a public stock market.

4. Principles, Protocols and Procedures

4.1. In all matters relating to the sale of shares in University start-up companies, our thinking and position will be guided by the following principles:

- Principle 1: Positive Impact
The University is committed to ensuring our collective decision-making on IP should create positive impact and be for public benefit (the first principle of our Intellectual Property Code). This procedure inherits this principle because, in the majority of cases, our ownership of shares in companies arises due to decisions taken to enable access to University-owned Intellectual Property.
- Principle 2: University IP Code and Scheme of Delegation
The University's 'IP Code' will govern the internal allocation of the proceeds received from the sale of University-owned shares obtained in exchange for access to University IP. Further, the University's 'scheme of delegation' will govern the internal approvals required to engage in the sale of University owned shares.
- Principle 3: ISL Board Responsibilities
The primary responsibility for monitoring, managing and making recommendations for the sale of shares will be allocated to the ISL Board.
- Principle 4: University Responsibilities
The University, in its capacity as a shareholder, will follow UK legislation and behave in a responsible way as befitting its charitable position in society. In addition, in its capacity as a shareholder, the University, will be beholden to the terms and conditions of the Company Shareholders' Agreement signed prior to becoming a shareholder in a given company. The University has a responsibility to itself and to the UK taxpayer, in the absence of alternative value propositions in meeting Principle 1, to seek a return on the investment the taxpayer has made (via central government and its research councils) into supporting the research which created the underlying intellectual property which was the basis on which the shareholding arose.

4.2. Procedures and Protocols

4.2.1. Sale of Quoted Shares – The ISL Board will be responsible for:

- Monitoring the share price, company financial information and the general health of the relevant companies;
- Making recommendations to the University on the sale or part sale of the University shareholding and, in seeking approval for any sale, use the scheme of delegation to obtain the required University approvals;
- Seeking the required approvals to discharge any shareholder duties that may arise via the scheme of delegation;
- Regularly (at a minimum annually) and proactively examining the benefits to the University of disposals of quoted shares; and
- Contributing financial information on relevant companies to the University's annual 'Commercial Income Report' submitted to Finance Committee.

4.2.2. Sale of Unquoted Shares: The ISL Board will be responsible for:

- Maintaining a permanent record of the Shareholder Agreement (between the

University and the company) and a copy of any other relevant legal documents (such as the Investor Agreement, or the company's Articles of Association);

- Proactively seeking to ensure that the relevant companies meet their obligations to the University (in our capacity as a shareholder) which includes providing the University with the annual financial accounts of the company and also other data that is requested to facilitate reports to funders and central government on the status of companies in which the University is a shareholder;
- Ensuring that the company board is aware of this procedure and any subsequent changes to this procedure;
- Monitoring the status of all unquoted shareholding portfolio companies, including reviewing financial information, shareholder reports, and other relevant information;
- Proactively assess the benefits of share disposals at company funding/investment events and subsequently make recommendations to the University on the sale or part sale of the University shareholding and, in seeking approval for any sale, use the scheme of delegation to obtain the required University approvals;
- Seeking the required approvals to discharge any shareholder duties that may arise via the scheme of delegation; and
- Contributing financial information on relevant companies to the University's annual 'Commercial Income Report' submitted to Finance Committee.

5. Governance Requirements

5.1. Responsibility for this Procedure

- 5.1.1. Overall responsibility for the creation and maintenance of this procedure lies with the Pro-Vice-Chancellor, Research and Innovation (PVCRI), operationally delegated to the Managing Director of ISL

5.2. Implementation: Communication Plan

- 5.2.1. This procedure is published on the University's externally facing policy webpages, and linked to from the University's Innovation webpages, specifically the pages which describe the University's Intellectual Property Code.
- 5.2.2. The MD of ISL will write to every company secretary within the University's portfolio of unquoted shareholding's informing them of the creation of this procedure and of any major modifications to this procedure as and when they occur.

5.3. Review and Update

- 5.3.1. This procedure will be reviewed triennially, at the same time as the University's Intellectual Property Code is reviewed, or if other external events materially impact this procedure (such as changes to relevant legislation).
- 5.3.2. All changes including clarifications will be submitted via the University Research and Innovation Committee (URIC) and the University Council's Finance Committee (FinCom). Associated processes (as documented in the Section above) are expected to evolve over time and will be subject to review as required.

5.4. Sustainability

This procedure has no impact on sustainability.

5.5. Stakeholder Engagement and Equality Impact Assessment

5.5.1. An Equality Impact Assessment was completed on **28/04/2025** and is held by the Authorised Co-ordinator.

5.5.2. Stakeholder Consultation was completed, as follows:

Stakeholder	Nature of Engagement	Request EB Approval (Y/N)	Date	Name of Contact
Governance	Emailed 16 th April		12 May 2025	Kelley Padley, Governance Officer secretariat@surrey
H&S	Emailed 16 th April	N	7 May 2025	M Purcell, Director of Health and Safety Safety@surrey
Sustainability	Emailed 16 th April			M Wyles sustainability@surrey
Academic Freedom/ Freedom of Speech	Emailed 16 th April		8 May 2025	a.bradbeer@surrey
Our Data Executive Owner	Emailed 16 th April			w.davies@surrey
Our Partners and reputation Executive Owner	Emailed 16 th April			p.degg@surrey
Our Operations	Emailed 16 th April			w.davies@surrey.ac.uk
Finance	Emailed 7 th July 2025			matthew.knight2@surrey.ac.uk
Academic Freedom/ Freedom of Speech	Emailed 22 nd July		8 September 2025	j.andresen@surrey.ac.uk