University of Exeter Policy

Due Diligence Management

V1.3

Date	Author	Version	Amendment	Approval
1st November 2017	G Seymour	0.1	New (with acknowledgements to Reputation Management &Philanthropic Income Policy)	
6th February 2018	G Seymour	0.2	Revised following internal consultation	
14th March 2018	G Seymour	0.3	Further revisions following internal consultation	
5th April 2018	G Seymour	0.4	Revisions following VCEG review	
9th October 2018	G Seymour	1.0	Version for publication following Council approval	**9th October 2018**
May - September 2024	K Lindsell / C Cole	1.1	Revisions required following Due Diligence and Partnership Principles work. Multiple changes to each section of the policy. • Definitions • Scope • section on roles and responsibilities and operational details on carrying out checks. Details on assessment, approval routes, record keeping, policy monitoring arrangements, governance and oversight arrangements • appendices to standardise risk assessment approach and documentation collection	
		1.2	Update following first consultation with RS, EI and EEG stakeholders	
		1.3	updated after PDSLT	

Consultation and approvals

Michael Wykes, Director UCS	July 2024
Astrid Wissenburg, Chris Evans and Alicia O'Grady	September 2024 – April 2025
PDSLT	April 2025
Compliance Committee	May 2025
UEB (approval)	July 2025
ARC	September 2025

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1. Introduction and Scope

1.1 Introduction

1.1.1 The University collaborates with a wide range of partners both nationally and across the world. These partnerships are vital to delivering our Strategy 2030. They enhance our education, research, training, data, knowledge exchange and student experience, while bringing the benefits of our expertise to industry and society.

1.1.2 Due Diligence forms part of the wider risk management arrangements within the University. We recognise in the pursuit of our objectives and ambitions we may need to anticipate and actively manage and mitigate risks in order to meet our strategic aims. Subject to robust risk assessment, we will manage these risks effectively to ensure that our decisions fulfil our duties (as described in the University Risk Management policy) to:

- act responsibly in compliance with the law and charitable and royal charter status;
- encourage critical enquiry, debate and freedom of expression within the law;
- to meet the expectations of research funders and external organisations;
- uphold the University values; and
- maintain the excellent reputation of the University.

1.1.3 In doing any work with a third party, whether that be through a partnership arrangement, the delivery of combined education services, collaboration or contracting for research, we are committed to navigating these commercial and contractual arrangements in a consistent, transparent, proportionate and open manner, with appropriate due diligence informing ongoing decisions about whether to accept funding or pursue relationships.

1.1.4 Due Diligence in this context includes approval of proposed relationships and projects across research, global, education, commercial and philanthropic portfolios.

1.1.5 By implementing this Due Diligence Policy, we will ensure that our partnerships align with our core values and the goals of Strategy 2030, ensuring they reflect our commitment to use the power of our education and research to create a sustainable, healthy and socially just future.

1.1.6 The University requires all stakeholders involved in arranging any form of relationship to ensure effective Due Diligence Risk Assessment is undertaken and, following approval, any subsequent mitigation to manage risk is completed throughout the lifetime of any subsequent project.

1.2 Other relevant Policies

1.2.1 Those responsible for carrying out Due Diligence Risk Assessments and those who are responsible for approving proposed Arrangements following Due Diligence Risk Assessment, should each be familiar with the following University approved documents:

- University Conflict of Interest policy
- University Risk Management Policy
- University Partnership Principles https://www.exeter.ac.uk/about/partnershipprinciples/
- University Export control policy
- University National Security and Investment Act Policy and procedure (TBC).

1.3 Scope

This policy is relevant to all staff and students at the University, but is essential for academic and professional services staff who are responsible for making decisions on whether or not to enter into any partnerships / relationships /projects with external organisations or individuals (this could include obtaining funding, education collaborations, commercial collaboration, or any other contract).

1.4 Exemptions

1.4.1 In order to support colleagues with identifying level of risk at the triage stage, University Executive Board (UEB) has pre-approved low risk entities / geographies.

1.4.2 General exemptions set out in this policy do not remove the need to undertake wider risk management, for instance the need to complete the assessment as part of the Trusted Research Assessment, where working with the US government, or receiving funding from the EU.

1.4.3 In the event that it is unclear if an exemption applies, contact the Legal team which will assist in the assessment.

1.4.4 Exemptions for Due Diligence Risk Assessment are as follows:

- UK/US/European Union /Australia /New Zealand /Canada higher Education Institutions.
- UK/US/European Union /Australia /New Zealand /Canada Government and Government departments /agencies/ Non-Departmental Public Bodies

(NDPB)

- UK/US/European Union /Australia /New Zealand /Canada and government funded bodies e.g. public sector organisations, agencies like the Environment Agency.

- University of Exeter subsidiaries, affiliates and spin out companies* (*when they are seeking to work with UoE, not when we are undertaking due diligence on prospective investors, providing restricted persons clause is still present in the Shareholder's Agreement).

- Certain well-established large UK based charitable research funders could be considered to be pre-approved if they have a sufficient history of funding research or making charitable donations, such as Wellcome Trust, the Leverhulme Trust, Cancer Research UK.

- Note that in arrangements involving multiple partners, any third-party entities involved in an agreement with an exempt partner should still be subject to due diligence.

1.5 Definitions

1.5.1 **Due Diligence Risk Assessment** is an assessment process which must be completed in order to ensure risks are identified, evaluated and, where necessary, mitigated prior to formalising a relationship with a third party. Due diligence should always be carried out prior to any agreements with a third party, whether this be an individual, charity, commercial entity or government body. See 3.2 for further detail on when a due diligence assessment is required.

1.5.2 **Arrangement** (except where out of scope) is any formal relationship with an individual or organisational donor or sponsors, subject to a formal agreement.

1.5.3 **Entity/ Third Party / Partner / Donor** - any individual, company or other party not directly operating as University of Exeter or its subsidiary wishing to work with the University of Exeter in a commercial or philanthropic arrangement or donate funds to the University of Exeter.

2. Roles and Responsibilities

2.1 Council

2.1.1 In the event a Due Diligence Risk Assessment is rated "Red" and is recommended by UEB for approval, the Chair of Council will be consulted on whether full Council endorsement is required.

2.1.2 Annual Assurance reports will be submitted to Council and Audit and Risk Committee in accordance with the requests and requirements of the Chair.

2.2 University Executive Board (UEB)

2.2.1 UEB has overall responsibility for approving the Due Diligence Policy, Exemption Criteria, assessment criteria and approvals process.

2.2.2 UEB is responsible for considering Due Diligence Risk Assessment Approvals in accordance with the Approvals Pathway (see Appendix 1).

2.2.3 UEB is responsible for ensuring Council is sent any "Red" Arrangements, for endorsement and keeping records of decisions.

2.2.4 UEB will ensure that any UEB considerations, risk assessments and decisions are documented. The Secretary to UEB is responsible for recording this information.

2.2.5 UEB is responsible for ensuring it receives an annual assurance relating report on due diligence arrangements.

2.3 Principal Investigators

2.3.1 Responsible for ensuring that no relationship is entered into, nor any promise of partnership it made formally or informally, unless a Due Diligence Assessment has been carried out and the relevant approvals have been sought, in accordance with this policy.

2.3.2 Will ensure that they provide sufficient and accurate information to enable the Due Diligence risk assessment to be supported by the relevant Professional Service(s).

2.3.3 is responsible for adhering to the outcome of a Due Diligence assessment with regards any project they are leading on. 2.3.4 Where risk mitigations are implemented to manage risk associated with an approved yellow, amber or red Due Diligence Risk Assessment, ensure that arrangements are in place to monitor the effectiveness of the mitigations in controlling the risk.

2.3.5 Where UOE is not the lead institution but is part of a collaboration, will ensure that sufficient consideration has been given to the Partnership Principles at concept stage, and will ensure that they have sufficient assurance that the lead collaborator has carried out appropriate Due Diligence checks.

2.4 Divisional Directors within Professional Services

2.4.1 it is a requirement of this policy that Directorates engaged in Due Diligence activity have local procedures in place to operationally define how/when assessments should be carried out, following the principles of this policy. Where risk mitigations or controls are identified these should be followed by the relevant teams working on that project.

2.4.2 Directors in Professional Services (in particular the Divisional Director of Research, Executive Director of External Engagement and Global (EEG) and Divisional Director of Exeter Innovation where it is foreseeable that Due Diligence will be carried out), shall:

- Ensure, Due Diligence Risk Assessments are completed for any proposed arrangement.
- Ensure their directorate has a documented local process, which sets out how it will support Due Diligence checks and the steps needed to perform the process, including submitting the outcomes to the Central Due Diligence Register
- Ensure all staff who are supporting the Due Diligence checks have completed Due Diligence training.
- Ensure that all Due Diligence Risk Assessments are carried out in accordance with the University approved assessment criteria and documented in accordance with the Due Diligence Policy.
- Escalate Due Diligence Risk Assessments for approval, as required in accordance with the Due Diligence approvals pathway.

- Ensure there are processes in place to ensure Due Diligence Risk Assessments are updated in accordance with requirements.

2.5 Chairpersons responsible for Due Diligence approval committees:

2.5.1 This includes the Chair of RIEC, GEC, BEIC, or their nominated deputy.

2.5.2 Appointed chairpersons and their deputies who are responsible for the committees which will receive "Amber" Due Diligence reports will ensure there is sufficient competency in the meeting to discuss the Due Diligence Risk Assessment.

2.5.3 At the discretion of the Chair, determine whether Due Diligence Risk Assessment considerations need to be considered by the full committee or can be approved by Chair's Action. Any decisions made by Chairs' Actions must be recorded and reported to the relevant committee at the next available meeting.

2.5.4 Decisions can be as follows:

- **Further information / investigation** is requested
- Project/relationship development will **not be approved**
- Project/relationship development will be **approved**

2.5.5 If the case is considered to be high risk (Red) and if the Committee wish to proceed, will be **escalated to UEB for executive discussion and decision making and the PVC for the Faculty should be informed.**

2.5.6 All decisions will be logged in the minutes. In the event there is a Chair's Action, this should be recorded by email and appended to the Due Diligence Risk Assessment.

2.5.7 In the event of an "Amber" approval, the Chair will arrange for UEB to be given information on the "Amber" approval; reporting of due diligence decisions 'for information' to UEB as part of committee reporting arrangements.

2.5.8 In cases where the central committee do not feel they can approve any Arrangement without UEB approval, decisions will be referred to UEB.

2.5.9 In the event of a "Red" Due Diligence Risk Assessment, the Chair will be responsible for ensuring that the lead (person requesting the proposed Arrangement) alerts UEB that approval is required.

2.6 **Directorate of the Office of the Vice-President and Registrar will:**

2.6.1 Ensure that the Due Diligence Policy is in place and up to date and approved by UEB.

2.6.2 Ensure that the Due Diligence Risk Assessment tool, recording forms and Due Diligence Central Registry are functioning and effective.

2.6.3 Ensure that additional Due Diligence workshop training is available.

2.6.4 Ensure that Legal Services are giving advice and support to Faculties and Directorates on the due diligence processes, approvals and escalations.

2.6.5 Carry out policy monitoring activities to ensure that the requirements of the policy and

associated processes are being met and the policy monitoring is reported to the Compliance Committee.

2.6.6 Ensure an annual report is produced setting out how due diligence compliance is being achieved. This will be reported to the Compliance Committee and on to UEB on an annual basis.

2.7 Responsibilities of All Staff

2.7.1 All staff, both academic and professional services, are responsible for ensuring a Due Diligence Risk Assessment is carried out for their proposed arrangement should the project involve entering into any form of contractual relationship.

2.7.2 If staff require additional support, the Legal Team can be consulted on legalservices@exeter.ac.uk.

3. Due Diligence Risk Assessment and Approval Process

3.1 Risk Assessment

3.1.1 All staff carrying out the assessment will use the Due Diligence Risk Assessment tool to consider the bandings in the Risk Matrix Framework and assess the due diligence risk when considering any proposed Arrangement. This will use a Red, Amber, Yellow, Green (RAYG) scale. By utilising the Due Diligence Risk Assessment tool consistently across the University, we ensure that a standard range of risk factors are considered and that consistent categorisation of risk is produced against the RAYG scale. While business needs will necessitate some local variations in methodology from directorate to directorate, all undertaking due diligence should utilise the RAYG scale to categorise risk and ensure common factors covered in the Risk Assessment tool are considered.

3.1.2 The Due Diligence Risk Assessment includes considering a range of legal, regulatory, operational, financial and reputational risks when assessing a potential arrangement. These risks are considered within the context of the proposed activity.

3.1.3 Due Diligence Risk Assessments are based on **best available information** at the time of undertaking the due diligence checks. The Due Diligence Risk Assessment may not identify all risks associated with a proposed Arrangement, but the process will endeavour to identify risk, so far as is reasonably practicable.

3.1.4 Basic checks can be relatively swift and straightforward. Where there is a more complex proposal, this will take longer and may be iterative, with PS expert input.

3.1.5 Once risks have been identified, it is the responsibility of those in the approval process to ensure that **sufficient risk mitigations** have been identified and implemented and any necessary monitoring is carried out.

3.2 When is a Due Diligence Assessment Required?

3.2.1 Due Diligence Risk Assessments will be undertaken **prior** to engaging with and cultivating relationships with individuals or organisation donors, sponsors, prior to submitting research applications or consultancy funding from a new funding organisation or individual.

3.2.2 All due diligence checks will follow assessment criteria and outcomes will be documented in accordance with the relevant local Divisional SOP.

3.2.4 In some cases it will be necessary to enter into a Non-Disclosure Agreement or confidentiality agreement either to obtain all the information we need to undertake Due Diligence or establish whether there is a worthwhile basis for a collaboration. With approval of the relevant Divisional Director, it is permissible to enter into an NDA or confidentiality agreement required to support the undertaking of due diligence or to establish a basis for partnership.

3.2.5 Some Arrangements are **pre-approved** on the basis that they are considered to be low risk. The pre-approved list of Arrangements is reviewed annually by UEB (see 1.4) and held within Divisions.

3.2.6 Where a bid has been submitted and then the University is subsequently awarded that grant or submission, the Due Diligence Risk Assessment should be re-considered to ensure the risk profile remains consistent before proceeding to enter into the relevant Arrangement.

3.3 When is the right time to carry out the first assessment?

3.3.1 Due Diligence Risk Assessment must be carried out as early as possible in the development of a new relationship and certainly in advance of any contractual agreement.

3.4 Who should perform the assessment?

3.4.1 It is the responsibility of the person seeking the proposed Arrangement to ensure Due Diligence Risk Assessment is completed, with the support of the relevant Professional Services team (e.g. Research Services, EI, Global Advancement, Global Exeter) and with expert advice from Legal Services.

3.4.2 The **type of partner** (and not e.g. the activity) is key for identifying who undertakes the Due Diligence and approval route that is subsequently followed. The following are examples of where partnership arrangements may sit:

- Partnerships with Research Funders or Research Project Partners would have due diligence led by Research Services staff which will be in consultation with other divisions if required
- Partnerships with Donors, including corporate philanthropy, would have due diligence led by Global Advancement
- Partnerships with an industry (broadly defined) or commercial funder would have due diligence led by Exeter Innovation
- Partners with Global Higher Education Institutions would have due diligence led by Global Exeter Teams
- Applicants for studentships would be supported by the Doctoral College.

3.5 How should an Assessment be carried out?

3.5.1 Due Diligence Risk Assessments need to be considered in the context of the type of proposed Arrangement. All core elements of the Due Diligence Assessment Matrix "Risk Matrix" must be considered. If a matter is not considered appropriate to check, this should be recorded.

3.5.2 The "Risk Matrix" will be used to ascertain the level of risk associated with the findings

of the Due Diligence Risk Assessment. Using the agreed criteria as a guide, the assessor will determine if there are any Red, Amber, Yellow or Green risks.

3.5.3 In the event there are a number of different outcomes (e.g. one red, two amber and 12 green) the highest score will be regarded as the outcome of that assessment and approval sought accordingly.

3.6 Action to take with a Green outcome

3.6.1 If the Due Diligence Risk Assessment indicates that the proposed Arrangement is rated 'Green' then the relevant Professional Services staff member can approve the assessment, without escalating further.

3.6.2 The decision, rationale, and associated paperwork, must be recorded in accordance with the local SOP and recorded on the central repository if required.

3.7 Action to take with a Yellow outcome

3.7.1 If the Due Diligence Risk Assessment indicates that a proposed Arrangement carries a moderate level of risk, with yellow risk factor identified, approval must be sought for the relevant Arrangement via the relevant **Professional Services Divisional Director (or senior Faculty nominee)** in accordance with the local SOP.

3.7.2 The decision, rationale, and associated paperwork, must be recorded in accordance with the local SOP and recorded on the central repository if required.

3.8 Action to take with an Amber (high) risk outcome

3.8.1 If the Due Diligence Risk Assessment indicates that a proposed Arrangement carries a higher level of risk with "Amber" risk factors identified, approval must be sought for proceeding with the proposed Arrangement via the relevant Directorate **Executive Committee with copy to the Faculty PVC (as relevant)**.

3.8.2 Relevant management committee(s) are as follows (or such replacement Board as relevant):

4.8.2.1 Global Partnerships will require approval from GEC

4.8.2.2 Donor relationships will require approval through GEC

4.8.2.3 Exeter Innovation relationships will require approval through BEIC

4.8.2.4 Research Services should seek approval through RIEC

4.8.2.5 Education relationships, not covered by the above approval routes, will be submitted via EDSEEC approval route.

3.8.3 All decisions will be logged in the minutes of the relevant Committee/ Board.

3.8.4 In the event there is a Chair's Action, this should be recorded by email and appended to the Due Diligence Assessment record.

3.8.5 "Amber" Due Diligence Risk Assessments and decision making must be recorded under the local SOP and a record must be submitted to the Due Diligence Central Registry.

3.8.6 In cases where either a) the Due Diligence Risk Assessment indicates a very high level of risk or b) where the relevant Faculty or Central Committee do not feel they can approve an "Amber" Due Diligence Risk Assessment, decisions will be referred to UEB and the "red" process 4.9 will be followed.

3.9 Action to take with a Red (very high risk) outcome

3.9.1 In the event of a "Red" Due Diligence Risk Assessment, the approving Committee Chair will be responsible for alerting UEB that approval is required and booking a time slot with UEB to receive the report. They will also alert the relevant faculty PVC.

3.9.2 UEB will receive full written information relating to the Due Diligence Risk Assessment including any matters of interest, reason for risk scoring and any other intelligence of relevance.

3.9.3 Any proposed Arrangement flagged as "Red" via a Due Diligence Risk Assessment cannot proceed until it has been considered by UEB.

3.9.4 Where "Red" proposed Arrangements are approved, they will also be raised with the Chair of Council to endorse.

3.9.5 Where escalation to full Council for endorsement is required, Council should consider the Due Diligence Risk Assessment at the next Council meeting (where possible). Where a decision is required more urgently, Council will be consulted by email.

3.9.6 Council will make one of the following decisions:

- Endorse,
- Endorse subject to conditions,
- Request further information or
- Reject.

3.9.7 UEB will record its decision formally in the UEB minutes.

3.9.8 "Red" Due Diligence Risk Assessments and decision making must be recorded locally AND a record must be submitted to the Due Diligence Central Registry.

3.10 Record Keeping Requirements

3.10.1 To ensure consistent record keeping across the University, records must be maintained to confirm that checks have been made for all due diligence undertaken, not just those which are successfully approved. Local SOPs for each Division (and Faculty, as relevant) will determine the approach to record keeping of "yellow" and "green" Risk Assessments.

3.10.2 All staff should ensure they comply with the local SOPs and for "Amber" and "Red" Risk Assessments report these in the Central Register. If required, all assessments can be logged in the central registry, but local detailed assessments should be maintained.

3.10.3 All Records will be maintained for 6 years.

3.10.4 Local and central documents must be readily available for audit purposes.

3.11 **Reviewing the risk assessment**

3.11.1 All new or renewed arrangements should be considered for Due Diligence Risk Assessment.

3.11.2 The default review period for due diligence with all Arrangements with ongoing activity should be **three years** (in line with UKRI best practice guidelines and a sector review).

3.11.3 Due Diligence Risk Assessments should be undertaken at more frequent intervals (than the default three-year period) when:

- there is a **material change** in the nature of the Arrangement, to new agreements or type of activity i.e. significant change in funding level;
- there is a **material change in the external environment** which alters the proposed Arrangement's due diligence risk rating;
- **new information** emerges which alters the perception of the proposed Arrangement and necessitates a review be undertaken;
- "Red" and "Amber" entities which are escalated for review as a **condition of proceeding with an Arrangement;** and/ or
- An Arrangement with a **"Red"** risk rating should have a Due Diligence Risk Assessment considered **annually.**

4. Training on Due Diligence

4.1 As standard, all University staff on grades F and above will be required to complete Corporate Conscience Training every 2 years which contains information on the requirements of the Due Diligence Policy and the Partnership Principles.

4.2 In addition, staff of any grade, supporting Due Diligence checks can attend bookable Due Diligence Workshops (see link below).

4.3 Due Diligence tools:

- DD information site - Due Diligence - Home
- DD Risk assessment tool - Due-Diligence-Assessment-Tool.xlsx
- DD approval route approval_routes_930v2.jpg (930×500)
- Training Training and Resources
- Central recording repository for DD (mandatory for Amber and Red outcomes) Due Diligence Centralised Reporting Tool

5. Governance

5.1 Annually, the Director of legal will submit a report to the Audit and Risk Committee which sets out the total number of "Red" and "Amber" Due Diligence Risk Assessment / Partnership Principles which have been assessed, the outcome of the assessment and any corresponding information required to gain assurance at the request of the Audit and Risk Committee.

5.2 Compliance Committee, on behalf of UEB, will receive an annual report on due diligence processes and policy monitoring outcomes. See 8.1 for details.

6. Policy Monitoring

6.1 Annually, the General Counsel and Director of Legal and Student Cases (or delegate) will carry out policy monitoring to establish that the Due Diligence policy and processes are being used effectively in practice, to manage risk.

6.2 The results will be reported to the Compliance Committee.

No.	Purpose	Assessment Criteria
1.	Assessment that Due diligence checks are being carried out in all areas of university business activity	A sample of areas will be selected from relevant Divisions. Samples will be tested to ascertain: • Those carrying out the checks have completed training • The checks have been proportionate to the risk • Searches have been carried out and recorded • Risk assessment score has been given and this is appropriate to the risks identified • Approval has been correctly granted • Record keeping is suitable and sufficient
2.	Policy Author has effectively carried out their role	• Due Diligence training available • The policy is up to date • Annual pre-approved list is in place • Corporate Conscience training is available • UEB has annual report on the DD approval process within the last 12 months • Annual Assurance reports to Council and Audit and Risk Committee in accordance with the requests and requirements of the chair