PROCEDURE ON DUE DILIGENCE RELATING TO INTERNATIONAL PARTNERSHIPS, COMMERCIAL PROJECTS & PHILANTHROPY

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1. Purpose & Scope

1.1 This procedure is intended to support the policy on due diligence relating to international partnerships, commercial projects and philanthropy by providing a framework within which that policy will operate.

1.2 The procedure relates to the consideration of all proposals for entering into non-academic partnerships or commercial relationships with organisations outside of the United Kingdom. This includes all opportunities that would involve a contract with a third-party to receive income in return for delivering international projects. This extends to all projects within the domain of the Deputy Vice-President (Global Business Development) and King's Professional & Executive Development (KPED), and international income-generating projects which gestate within faculties, schools and/or departments. It also includes all targets and leads for international commercial projects, including consultancy, curriculum sales, capacity-building and other new business developments.

1.3 This procedure also relates to philanthropic donations where the scope of the donation and delivery is strictly limited to King's College London and does not involve King's Health Partners.

1.4 Research projects involving partners which trigger risk indicators (such as their location or reputation) will also be escalated for due diligence.

1.5 All propositions of this type are within scope and there is no lower threshold limit for contract value.

1.6 The scope of this procedure does not extend to the evaluation of propositions to enter into joint or collaborative academic programmes. Such propositions should be considered under the procedures of the Programme Development and Approval Committee (PDAC).

2. Definitions

2.1 **The pipeline** is the name by which the supply of unapproved international projects awaiting university approval is known.

3. Procedure

3.1 Oversight and information management

3.1.1 The pipeline is overseen by the International Commercial Groups for Arts & Sciences and Health, respectively, in accordance with their terms of reference.

3.1.2 Pipeline capture will be supported respectively by the Directors of Strategy for Arts & Sciences and Health.

3.1.3 The pipeline is hosted on a secure SharePoint site with restricted access. It will contain information for each proposition including:

a. Name of organisation/potential partner

b. Approvals group
c. Status (target, lead, opportunity, live, dormant)
d. Likelihood of progression (%)
e. Potential contract value/revenue (£)
f. Potential margin (%)
g. Longevity (one-off, multi-year)
h. Approval status for ethics & reputation (incomplete, screened, approved)
i. Approvals authority for ethics & reputation (Enterprise Risk, Fundraising Ethics Review)
j. Academic sponsor
k. Business development lead

3.2 Early screening stage

3.2.1 The early screening stage will increase the visibility of this growing pipeline to key decision-makers at King's. It will also reduce the risk of King's developing a proposal only to be rejected later due to reputational or ethical considerations.

3.2.2 This is a two-step process is similar to Fundraising & Supporter Development's process for acceptance of gifts which first checks that a prospect is suitable to cultivate as a potential donor and then checks again towards the natural end of the cultivation process that it is still suitable to solicit and accept a gift. The early screening process and some of the issues to be considered at that stage are summarised in Appendix A.

3.2.3 All new ideas and opportunities that fall within the scope of this procedure must go through an early screening stage before any commitment is given or development is undertaken. An escalation route for proposals not approved at the early screening stage has been established to a sub-committee of the Enterprise Risk Management Committee. The role of this sub-committee is described in Section 3.3.

3.2.4 If there is any doubt as to whether a proposal falls into the scope of this procedure, the relevant Faculty Vice-Dean International colleagues should be consulted.

3.2.5 The process is intended to be both quick and simple to follow. It will require:

a. Reference to the Country Heatmap (Appendix B)
b. Review of a checklist set of questions (Appendix C)

If either the heatmap or the answers to the checklist indicate a risk related to ethics or reputation being present, a more detailed due diligence process will be undertaken.

3.2.6 The business development lead is responsible for ensuring this due diligence is done and that the escalation process is followed.

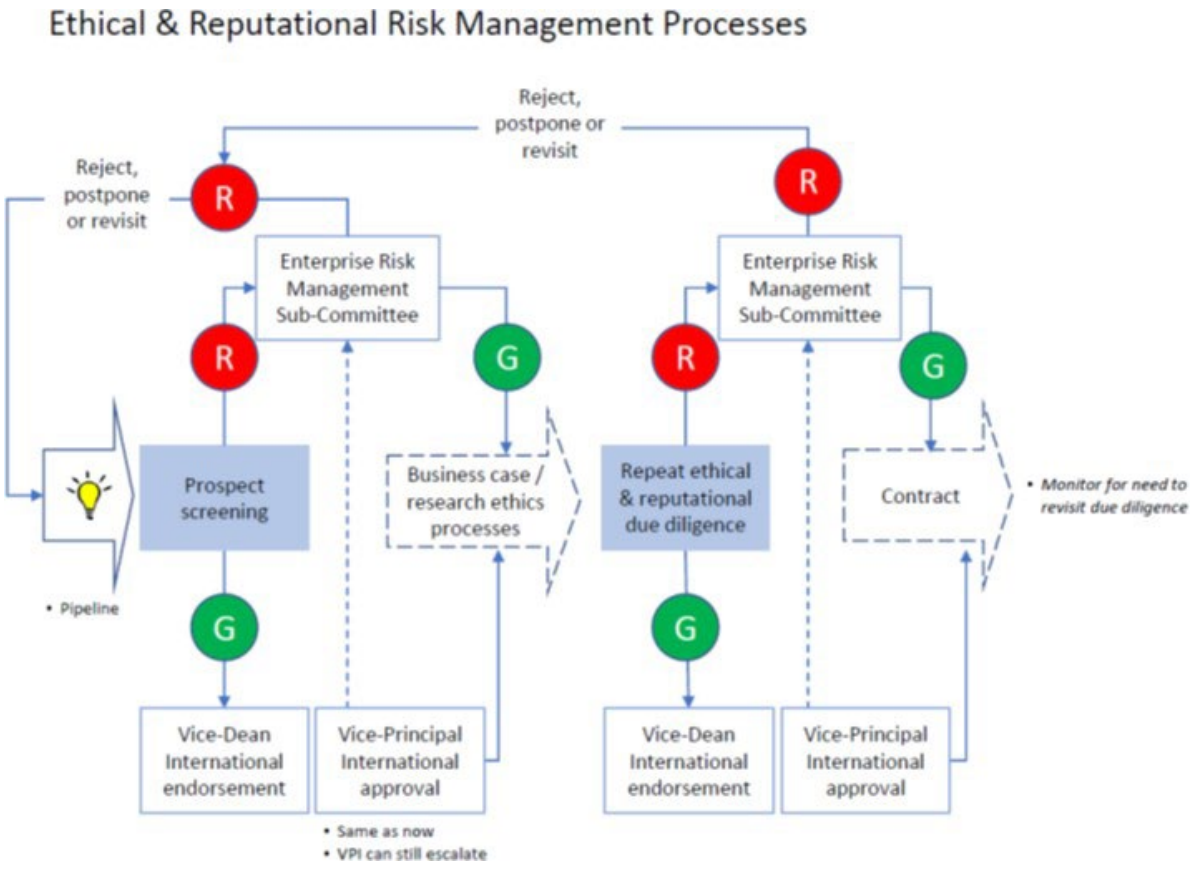
3.2.7 Forms will be hosted on the Intranet and support provided by Fundraising's prospects research team.

3.2.8 Once a proposal has been developed and the commercials and delivery capacity of King's and the partner(s) have been determined, the ethical and reputational risks related to a project should be reassessed to confirm approval to proceed to contract.

3.2.9 The escalation routes for decision-making are determined by the type of flag given to the proposal from the screening process:

- Red flag: Decision-making at all stages will automatically escalate to the Enterprise Risk Management sub-committee if:
    a. Using the Country Heatmap, the project is deemed to take place in a country or is on behalf of an organisation from a country that poses a potential risk to King's reputation, and/or
    b. Due diligence reveals something else of concern.
- Green flag: Projects deemed to be Green will be recommended for approval to the Vice-Principal (International), as Chair of the College International Committee, either by the relevant Vice-Dean International or by the relevant Provost if the proposal relates to more than one faculty. Such approvals will be reported to the Enterprise Risk Management sub-committee. If the Vice-Principal International has any concerns when reviewing the prospect or project, it can be escalated to Red and would then be considered by the sub-committee.

3.2.10 The escalation process is summarised below in diagrammatic form:



3.3 Enterprise Risk Management Sub-Committee

3.3.1 The sub-committee of the Enterprise Risk Management Committee (ERMC) exists to consider high-risk international prospects.

3.3.2 In addition to reviewing projects at the early screening stage, this group will make recommendations to the Principal about whether to approve them when they are at proposal or contract stage. If international relations between the UK and a client or

host country breakdown during the lifetime of a project, this group will also be accountable for revisiting projects and deciding a course of action.

3.3.3 Membership of the sub-committee is:

a) Provost (Arts & Science)
b) Provost (Health)
c) Vice-Principal International
d) Vice-Principal Service
e) Director of UK & International External Relations
f) KCLSU President

3.3.4 For each deliberation, one of the Provosts will act as Chair, but there may be occasions when the group agrees to invite a member of the College Council to act as Chair.

3.3.5 The group will meet formally at least once per term but will have the option to operate virtually when considering proposals and referrals from the screening stage.

3.3.6 Documents for review and comment will be hosted on a secure SharePoint site and the sub-committee will be supported by a Microsoft Team site.

3.3.7 In virtual session, members will be able to post their comments here for consideration by the rest of the group.

3.3.8 Three members must register their decision for the group to be quorate and for decisions and recommendations to be considered valid.

3.3.9 The Director for International Strategy & Planning will act as Secretary to the sub-committee.

3.3.10 The scope of the sub-committee's inquiry will be limited to ethical and reputational risks, and not to the commercial risks or financial viability of a project. These aspects are already governed through other established processes. For large and complex projects, additional stages of commercial and financial due diligence will also be required.

3.4 Undertaking Due Diligence and Reporting Findings

3.4.1 In-depth background checks, where necessary, will be conducted by the Prospect Research team within Fundraising & Supporter Development.

3.4.2 This team will employ best practice and apply the same levels of escalation and due diligence to international commercial activities as for philanthropy.

3.4.3 A Service Level Agreement exists to support clear expectations of all involved in the process.

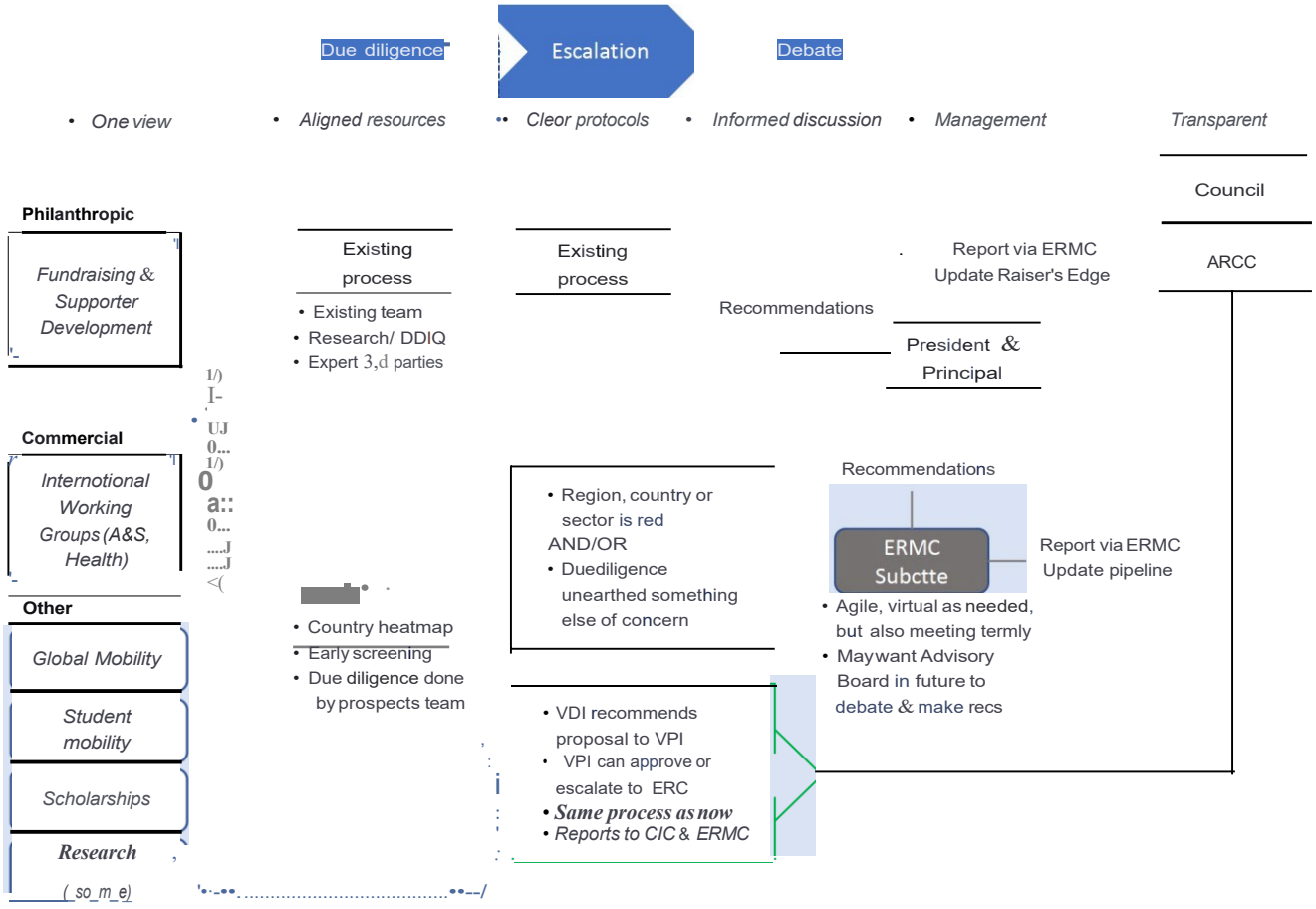
3.4.4 A list of projects considered will be reported to the Audit, Risk & Compliance Committee (ARCC), together with the decisions of the sub-committee, as part of the regular report of the Enterprise Risk Management Committee. This report to ARCC would include projects discussed and decisions-taken at both the Fundraising Ethical Review Group (FERG) and the new sub-committee of ERMC.

3.4.5 A report will also be made to the Academic Board via the Principal's Report.

3.4.6 The chart below illustrates both the Fundraising and International Commercial processes for comparison.

Ethical & Reputational Risk Management Process Analysis

• New/ changed



Appendix A

King's College London Commercial Due Diligence Early Screening Process

All international partnerships must follow this process

Initial Screening

- ✓ Are there risks relating to human rights and social justice in the host country?
- ✓ Does the country have problems with corruption which could lead to a risk of money laundering?
- ✓ Is the host organisation linked to the country's political leadership?
- ✓ Are there any reputational issues in the press relating to the host partner?

Sources: KCL regional expertise, DDIQ searches, 3rd party expertise, Country heatmap

If NO to all, follow green track for approvals

Reject if evidence requires

Audit trail

Ethical & reputational due diligence research to be conducted by Prospect Research within Fundraising & Supporter Development

Full screening check if risks are highlighted

Other considerations to be addressed by Business Development / Project / Partnership Lead

Full Screening

- **ETHICAL:** Does the host country / partner / funder have a different set of values to King's regarding human rights, academic freedoms, social justice and inclusiveness?
- **REPUTATIONAL:** Is there a potential impact on King's profile and reputation if we proceed?
- **FINANCIAL:** Is there a risk that the funding associated with this project may have been obtained by any illegal, unethically or environmentally or socially unacceptable practices, or those that caused harm to human beings? Is there a risk that money is being laundering?
- **IP:** Is there a risk that this project may result in the unauthorised resale or distribution of King's IP, including misuse of our brand?
- **TIMING:** Can we mitigate any of these risks by postponing a decision to proceed for e.g. 6 months, if significant events on horizon (e.g. elections)?

- **SAFETY:** Is there a concern for any staff or students who may travel to / live in the country in question as part of project? Is there potential discrimination on the basis of protected characteristics? *(See links to FCO from Country Heatmap)*
- **QUALITY:** Is the capability & delivery capacity of the client or partner (if this is part of the agreement) in question? *(Consult with relevant KCL partnership expert (e.g. Global Engagement, Commercial)*
- **CONFLICT OF INTEREST:** Are there any interdependencies or conflicts of interest with other King's activities that could be put at risk by engaging with this partner? *(Consult with regional experts from within King's)*
- **PORTFOLIO EFFECT:** Does this project increase King's exposure to risk beyond an acceptable level as a result of adding this project to our existing portfolio? *(Consult with Strategy & Planning)*

Reject if evidence requires

Audit Trail

If NO to all, follow green track for approvals

Audit Trail

If YES to any, escalate to Enterprise Risk Subcommittee for discussion

Appendix B

Country Heatmap

A heatmap of countries will be used to help identify high-risk projects.

The heatmap will be based on both public advice from the Foreign & Commonwealth Office and King's risk appetite and will assign a Red or Green flag to each country.

It will not be used to make decisions about whether to proceed with a prospect or project, but only to help the university determine if a prospect or project needs to be escalated for debate and decision-making.

Projects will not be rejected simply for being connected with a high-risk country. Likewise, projects within a "green-flagged" country may also be escalated for debate if the screening process reveals risks related to the institution or individuals the university is proposing to deal with.

The heatmap updates dynamically from the source Foreign & Commonwealth Office data, and changes if the underlying data changes. The reflection of King's risk appetite (a "hard-wired" ranking of a country based on a qualitative assessment) will be done manually in consultation with Communications. The sub-committee approve changes to this once a term and ad hoc as and when situations arise. This process is overseen by the Director of International Strategy & Planning.

Each time the heatmap is updated, projects that have already been approved for development or are live are checked against new escalations. Changes in rating will be notified to the sub-committee.

Appendix C

Checklist questions

1. Are there travel restrictions for the country in which the partner is based?
2. Are there issues related to human rights and social justice?
3. Does the country feature in the lower half of the Corruptions Perception Index?
4. Are there other potential reputational risks of working with organisations based in this country that King's has identified?