

## Administration and Reporting of University Shareholdings Policy

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<b>TRIM document</b>	2017/0000329
<b>Description</b>	The policy outlines requirements for the administration and reporting of University shareholdings.

### Related documents

[Treasury Policy](#)

[\[Introduction\]](#) [\[Definitions\]](#) [\[Administration\]](#) [\[Annual Review Timetable\]](#)

## 1. INTRODUCTION

The University currently has shareholdings in a number of unlisted and listed companies. As a consequence of its shareholdings the University may have Board representation or observer status for these companies. This document sets out the process and procedures for the University to administer, review and report these shareholdings.

The University takes shareholdings in companies for a number of reasons:

- in exchange for intellectual property rights;
- for strategic business alliances; and
- as part of research collaborations and joint ventures.

In order to readily identify the purpose of shareholdings held by the University shareholdings in any company be categorised as either strategic or discretionary.

The ownership of shares places obligations on the University to administer its relationship with the companies to ensure its interests are represented and protected, to periodically review performance against expectations, decide whether to retain involvement in the companies, and to accurately report its shareholdings in the financial statements.

## 2. DEFINITIONS

- 2.1 Strategic shareholdings are those held to facilitate general University operations and further individual or collaborative research activity.
- 2.2 Discretionary shareholdings are those held with the intention of generating some commercial benefit to the University over time.

### **3. ADMINISTRATION**

#### **3.1 Acquisition of equity holding in a company**

Prior to any acquisition of equity in a company being considered for approval a suitable risk assessment will be undertaken and the results submitted as part of the proposal.

Where the University is to acquire twenty (20) percent or greater of the issued shares in a company, approval must be obtained from University Council on the recommendation of the Finance, Resources and Risk Committee.

The exception to the above is where the University enters into a licensing agreement where part of the consideration may be by way of shares. In such cases, the licensing agreement will require the approval of the Senior Deputy Vice Chancellor.

Where the University is to acquire less than twenty (20) percent of the issued shares in a company, approval must be obtained from the Vice Chancellor.

University Council has delegated authority to the Vice Chancellor to determine whether the University will become a member of a company limited by guarantee.

The Chief Financial Officer will be responsible for the financial administration of the University's shareholdings.

#### **3.2 Monitoring Reporting and Performance**

Shareholders' Agreements should contain provision for a company to provide financial statements on at least a yearly basis and, where available, share valuation information to the University on the same basis or as required.

The management of the University's shareholdings will occur in different ways depending upon how or why the shares are issued. For instance, the University may have a representative on the Board or receive observer status on the Board. In other circumstances the University may have contact with the management of the company via key senior staff. The name and role of this staff member ("Liaison Officer") will be included in the request for approval in clause 3.1 above.

As well as the Liaison Officer, there will be an Element, which has the overall responsibility for the relationship with the company. The Liaison Officer has the responsibility for keeping the Head of Element informed, in a timely manner, of material changes within the company that may have positive or adverse effects on the University.

In the case of a Liaison Officer being a Board representative or observer, upon receiving the papers for a Board meeting, the Liaison Officer should review these papers and discuss any matters of concern with the Head of Element.

Similarly, where information is provided for a shareholders' meeting, the Liaison Officer should review these papers and discuss any matters of concern with the Head of Element. Where there are matters of significant concern, the Head of Element should discuss these with the Vice President (Corporate Services).

The Chief Financial Officer has overall responsibility for the annual reporting of the University's shareholdings to the Finance, Resources and Risk Committee (including a review of the performance of the company and a report on its activities).

#### **3.3 Sale of Shares**

The Vice Chancellor, on the recommendation of the Director, Griffith Enterprise and the Chief Financial Officer, is the approval authority for any sale of shareholdings in a company and will report these to Finance, Resources and Risk Committee and University Council.

In the case of discretionary shareholdings the Director, Griffith Enterprise will monitor each company. Should the shares in a company become saleable by way of a trade sale, share market listing or other mechanism, the Director will provide advice to the Vice Chancellor on how to proceed.

#### **4. ANNUAL REVIEW TIMETABLE**

In order to ensure organisations that the University holds shareholdings in are accurately recorded, achieving the objectives/purpose for which they were acquired and performing satisfactorily, the activities of each organisation will be reviewed at least annually and a brief statement/report prepared for submission to Finance, Resources and Risk Committee for information. The report should also incorporate any impairment provision (and the research for such provision) in relation to the University's shareholding, any obligations for further investment by the University, and comment on any applicable dividend income. The review process must include an assessment of the risk to the University from its part ownership of the entity and where appropriate every attempt should be made to obtain an auditor's report (including audit certification and management letter) from a qualified external auditor.

The timetable for review and reporting is as follows:

- September/October - relevant Liaison Officer to request information/obtain annual report from organisation, review activities, confirm accuracy of shareholdings and prepare statement/report for Finance, Resources and Risk Committee
- November - reports/statements to be considered by the Finance, Resources and Risk Committee
- December/January - Office of Finance to incorporate shareholdings information reported to Finance, Resources and Risk Committee in the University annual financial statements for audit by the Queensland Audit Office.