

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE SUBSIDIARY PROTOCOL

To supplement existing requirements set out in Imperial's Charter, Statutes,
Ordinances and Regulations

Introduction

1. Imperial College of Science, Technology and Medicine ("Imperial") has, over the course of several decades, incorporated separate legal entities which form part of Imperial's wider corporate group (each a "Subsidiary"). Currently, there are ten wholly-owned subsidiaries, of which two are in the process of being wound-up. Imperial also holds various ownership interests alongside third party entities in other companies. In those instances, where there are one or more third-party ownership interests in a Subsidiary, the Registrar and University Secretary may agree an alternate mechanism for relevant third parties to nominate one or more directors to the board of directors of the Subsidiary, whilst aligning such mechanism with this Protocol as closely as possible.
2. As is customary with Higher Education Institutions, separate legal entities are often established to carry out certain trading activities that may not directly facilitate the charitable objective of the parent charity itself. Imperial's subsidiaries include those performing services that range from real estate services, to consultancy, to start-up company commercialisation.
3. It is recognised that each Subsidiary is a distinct legal entity which is required to operate and carry out trading and other activities independently, at an arm's length, and in accordance with corporate law and all other laws, rules and regulations that are applicable to it. It is however anticipated that the strategy and operations of each Subsidiary will not deviate materially from the vision, mission and values of Imperial and its key strategic objectives.

Composition of Subsidiary boards of directors

4. It is good governance for the directors of each Subsidiary to be persons who do not hold senior executive roles within Imperial because: (i) individuals who do hold such roles are more likely to have a duty to Imperial which could potentially conflict with their duties as a director of the relevant Subsidiary; and (ii) individuals who do not hold such roles are less likely to be involved in significant decision-making on behalf of Imperial, including in relation to the relevant Subsidiary. In the event that a conflict between a Subsidiary and Imperial does arise, a sufficient number of unconflicted directors are required to be on the board of a Subsidiary in order to effect decisions.
5. Accordingly, subject to any upper or lower limit on the number of directors set out in its articles of association, a Subsidiary's board of directors shall comprise the following individuals, each of whom must: (a) be independent of the key executive decision-making body (the University Management Board), and (b) not hold delegated authority to effect decisions on behalf of Imperial which relate to the relevant Subsidiary¹:

5.1 in the case of active Subsidiaries:

¹ This requirement goes further than relevant law or guidance on the matter dictates. However, it is challenging to demonstrate true independence to the extent that any member of the University Management Board (UMB) is appointed to the board of a Subsidiary, therefore it has been decided that a clear degree of separation and independence from the UMB is required.

- (a) an individual nominated by the Provost;
 - (b) an individual nominated by the Registrar and University Secretary;
 - (c) an individual nominated by the Chief Operating Officer;
 - (d) the operational area lead who is most relevant to the Subsidiary's activities; and
 - (e) where available and appropriate, an external individual who is not an employee of Imperial²; and
- 5.2 in the case of dormant Subsidiaries:
- (a) an individual nominated by the Registrar and University Secretary; and
 - (b) an individual nominated by the Chief Operating Officer.
6. Each appointment of a Subsidiary director is subject to:
- 6.1 the nominated director consenting in writing to being appointed to the board of directors;
 - 6.2 [University Regulation 6.16.4](#) (relating to the appointment and removal of Subsidiary directors); and
 - 6.3 compliance by the director with all relevant laws and regulations, including fiduciary and duties that apply specifically to directors pursuant to the Companies Act 2006.
7. If a Subsidiary director's employment with Imperial ends, such person shall be requested to resign from each Subsidiary board to which the individual is appointed.

General operational, financial and other matters relating to Subsidiaries

8. Each Subsidiary board member will review on a regular basis the governing documentation of Imperial, including the current Imperial [Charter, Statues, Ordinances and Regulations](#) in order to ensure that the Subsidiary board is aware of, and ensures compliance of the Subsidiary with, all applicable obligations therein.
9. For the avoidance of doubt:
- a. [Ordinance 5.1 \(Finance\)](#) applies to the conduct of all financial business relating to Subsidiaries and each Subsidiary is subject to, and will comply with, the obligations relevant to it as set out within Imperial's third-party financing arrangements.
 - b. [Regulation 6.16 \(Subsidiary Companies\)](#) and [Regulation 7.2.3](#) (regarding the registered address of Subsidiaries) shall apply to each Subsidiary.
10. Each Subsidiary board of directors will be expected to meet as often as is necessary to transact their business, or as set out in the applicable articles of association.

² The Charity Commission guidance ([para 4.15](#)) recommends having at least one director who is **not** a trustee/employee of the parent charity.

11. Each Subsidiary shall, where applicable and in the context of any local law considerations, comply with and implement all key Imperial procedures and policies.

Please direct any queries relating to this topic to Imperial's Legal & Regulatory Affairs team.