



Growth Investments Entrepreneurship & Investment

Equality Impact
and
Fairer Scotland Duty
Assessment

EQUALITY & FAIRER SCOTLAND DUTY (EqFIA) IMPACT ASSESSMENT FORM

Name of Business Unit	Growth Investments, Scottish Enterprise
Name/designation of person(s) responsible for managing/ conducting this process	Alan Bain
Date Complete	March 2023

Name of Policy / Function / Service / Strategy / Action Plan / Programme / Project etc.	Growth Investments, Scottish Enterprise
Is it (*delete as applicable)	New
Is the policy contracted out? (*delete as applicable)	No
If yes, who delivers this policy for the organisation?	N/A
Is responsibility for delivery shared with others? (*delete as applicable)	Yes
If yes, who are your partners?	<p>Partnerships are utilised in some, but not all areas of Growth Investment activity. The relevant aspects are as follows:</p> <ul style="list-style-type: none"> SE has entered into formal, legal arrangements with a number of investment organisations to support delivery of the Scottish Co investment Fund (SCF). SCF 'accredited partners' source and lead on early-stage investment propositions for some of our investment activity. While SE can decline these opportunities, this is unlikely where eligibility criteria is met, budget is available and there are no unusual circumstances/risks identified. Diversity data will be collected in respect of the Companies we invest in. Partner diversity data collection will be discussed at the next formal Partner review. SE also has legal arrangements with private investors to deliver specialised external funds on our behalf, either through a limited partnership arrangement or debt funding. <p>This impact assessment only applies to delivery of investment activity carried out by the Growth Investments team.</p>

EQUALITY			
Could there be possible impacts or effects in respect of the following protected groups?			
Age	Yes	Disability	Yes
Gender Re-Assignment	No	Marriage & Civil Partnership	No
Pregnancy & Maternity	No	Race	Yes
Religion or Belief	Yes	Sex	Yes

Sexual Orientation	No	Human Rights	Yes
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FAIRER SCOTLAND DUTY	
Could there be possible impacts or effects in respect of disadvantaged areas/places and/or groups?	
Groups, including the protected groups considered within the Equality section above (for example, young people, disabled people)	Yes
Areas/Places (for example, rural areas, communities experiencing disadvantage)	Yes

EO Champion review by	<i>Gillian Ashwood</i> Gillian Ashwood	Date	26/04/2023
SRO name and email approval on file	Kerry Sharp <i>Kerry Sharp</i>	Date	23/05/2023

1. Identify ALL the Aims of the Policy/Project (consider these questions to prompt answers)

1. What is the purpose of the policy/project? (consider explicit and implicit aims)
2. Who does the policy/project affect? Is it located in an area of socio-economic disadvantage?
3. Who does the policy/project benefit directly? (e.g. employees/service users; equality groups, other stakeholders)
4. What results/outcomes are intended?

1a. Policy Purpose

Scottish Enterprise's Growth Investment intervention operates on a Scotland wide basis, supporting companies and the investment market to ensure early-stage businesses with high growth and export potential have adequate access to growth capital.

Growth Investments provide support to ensure that the funding environment is supportive, co-investing with private sector investors on commercial terms, increasing the visibility of Scottish investment opportunities with international Venture Capital Funds and corporate investors; and by providing assistance and signposting to companies seeking to secure funding. Growth Investments also provide debt funding, on commercial terms where there is evidence of a funding gap, for viable businesses seeking to grow and/or safeguard jobs.

1b. Aims

The policy aim is to stimulate Scotland's early-stage risk capital market, alongside support to help companies prepare to raise finance.

Historically, specialised specific support was also provided to accelerate renewable energy projects and to encourage wider community participation in these. These aims are achieved in various ways by deploying one or more of the following products:

- **SE Managed - Equity Co-Investment Funds**

SE directly provides equity funding (on commercial terms) alongside experienced private investors to address the finance gap experienced by start-up, early-stage and expanding businesses seeking to develop products and/or markets in deal sizes of typically up to £10 million on a *pari passu* basis. The **Scottish Co-investment Fund** (SCF) will co-invest alongside accredited co-investment 'partners', providing a maximum of £2 million cumulative investment per company. The **Scottish Venture Fund** (SVF) can provide up to £2 million per annum alongside a range of experienced co-investors.

- **SE Managed - Debt Funding**

The **Scottish Loan Scheme** can provide commercial loan funding of £250,000 to £2 million, where there is a funding gap to growth-focused Scottish companies that have a viable business plan and a clear ability to repay the debt.

- **SE Managed - Strategic Investments**

Scottish Enterprise may make individual, one-off investments and provide debt funding to companies out-with these funds where there is the potential for significant economic impact in Scotland.

- **SE Managed - Renewable Energy Market Creation**

The **Energy Investment Fund** ('EIF') is a Scottish Government Fund delivered by SE. It is closed to new business, but SE still manages a portfolio of investments. It provided commercial investment for renewable and low carbon energy solutions, where there was a demonstrable funding gap and provided flexible investment and debt funding for energy projects in Scotland that could facilitate, catalyse and accelerate Scotland's transition to a low carbon economy. EIF also focused on increasing community ownership of energy projects in Scotland (including community stakes in commercial developments); and accelerating the development of commercial low carbon energy projects in Scotland.

- **Externally Managed – Funds and Investment Vehicles**

There are a number of external funds / investment vehicles managed and delivered by private sector fund managers where SE participates as a funder (i.e., a limited partner or provider of debt finance for on-lending). SE participation in these funds and vehicles is predicated on these funds addressing a market gap consistent with SE's economic development objectives, and where this instrument is an effective mechanism to deliver these. These are in addition to and do not replicate existing Growth Investments activity and include specialist life sciences, management buy-out and debt financing.

We have invested alongside Investing in Women and Mint Ventures, both advocates of investing in women led businesses. We are considering how we can improve our activity in this area.

3. Beneficiaries of Growth Investment support

All of the funding opportunities/products noted are governed by eligibility criteria¹ and operate on a pan-Scotland basis (some of the external funds are broader than Scotland). The criteria in place is designed to address market failures regarding access to risk finance for Scottish companies. Beneficiaries are ultimately:

- i) Companies who qualify for investment/funding through adherence to the eligibility criteria.
- ii) Start Ups, Early-stage and established Scottish companies with growth and export potential.
- iii) Existing portfolio companies supported through Portfolio Management – managing SE's investment interests.
- iv) SCF Partners and other co-investors who participate in company funding alongside SE.
- v) Scottish business advisory community (e.g., Solicitors, Accountants, Surveyors, Corporate Advisers).
- vi) Universities – commercialising intellectual property through spin outs.
- vii) Supply chains of supported companies (as a positive impact of investment).
- viii) Employees of supported companies, securing and increasing Scottish job opportunities.

¹ Refer to Appendix 1 for detailed eligibility criteria

The Scottish Economy will benefit from increased investment, innovation, increasing jobs and international sales.

Charities, not-for-profit groups and associations would not fit the fund objectives and eligibility criteria.

4. Intended Results / Outcomes

Public sector intervention in this space provides access to capital which is otherwise not available to recipient companies and is intended to achieve accelerated or additional business growth, sustainability or wealth distribution to communities which would otherwise not occur. All investments, including follow on, are made on a commercial basis whilst in pursuit of SE's economic development objectives. Returns generated through investment activity and exits support delivery of SE Business Plan activities and repayment of Scottish Government Financial Transactions (loans).

Growth Investment activities contribute to the SE measurement framework as follows:

- Planned jobs paying at least the real living wage and green jobs
- Planned Innovation investment businesses/project (R&D) (£)
- Planned Capital Investment (£)
- Growth funding raised by supported businesses
- Planned international export sales (£)
- Estimated CO2 savings (tonnes)
- Businesses committed to Fair Work First

2. Consider the Evidence (data and information) - (consider these questions to prompt answers)

1. What information or data would it be useful to have? What data (quantitative and qualitative) is available? (in-house/external) How reliable/valid/up-to-date is it?
2. What does the data/information tell you about
 - Different needs?
 - Different experiences?
 - Different access to services, information or opportunities?
 - Different impacts/different outcomes?
 - Socio-economic disadvantage by group or place?
3. Are there any gaps that you should fill now/later by further evidence gathering/commissioning or by secondary analysis of existing data?
4. Are there any experts or stakeholders you should involve/consult now? Have you involved/consulted any experts already? What were their views?

We know from various pieces of evidence that there are certain groups, including some of those noted above, who are underrepresented when it comes to securing investment and finance.

Gender/Sex - it is estimated that around 21% of Scotland's 339,000 small to medium sized enterprises are majority-led by women and a further 22% are equally led by women and men. Men are still almost twice as likely to start businesses as women. While not every business started will require equity or debt finance, these statistics none the less suggest that there will be fewer female led business seeking funding to begin with prior to any consideration by investors².

The Alison Rose review of female entrepreneurship in the UK³ sought to understand the barriers and unlock up to £250 billion of new value which could be added to the UK economy if women started and scaled new businesses at the same rate as UK men. The review concluded that women do not lack ability or ambition. Yet only 1 in 3 UK entrepreneurs is female: a gender gap equivalent to ~1.1 million missing businesses. Further female-led businesses tend to be on average only 44% of the size of male-led businesses, in terms of their contribution to the economy. The review found at almost every stage; women are less likely to pursue entrepreneurship. Perceived bias within the UK venture finance community was also a concern, noting that only 13% of senior people on UK investment teams are woman, and almost half (48%) of investment teams have no women at all. The cumulative effect of women's different decisions along the entrepreneurial journey is that men in the UK are five times more likely than women to build a business of £1 million+ turnover: 2.4% of working age men achieve this compared to 0.5% of all UK women.

The New Approach for Women in Entrepreneurship report (Feb 2023) ⁴provided 31 recommendations for improvement. Currently only 2% of institutional investment goes to women-led companies in Scotland, where relative to men, women are often more logistically constrained, making participation in entrepreneurship difficult. SE is reviewing the content with a view to addressing some of the recommendations to both address the inclusiveness of women and the economic opportunities for Scotland.

Equality in leadership positions - there is compelling data on the low number of females in directorship roles in companies in Scotland, varying from 17% in the life sciences sector to 33% in the creative industries. In most growth sectors, at least 50% of companies have a female director. The exceptions to this are life sciences (where only 40% of firms have a female director), construction, engineering and ICT and digital technologies. Universities and food and drink companies are most likely to have a female director, with 63% and 62% respectively having at least one female director.

SE does not routinely capture gender information and therefore we do not know how many of the Growth Investment portfolio can be considered female led, nor how this compares to the risk capital or business start-up rate generally. It is proposed that systems are put in place to capture this information and we are currently liaising with the SE's Data Protection and Information Governance Officer to ensure GDPR obligations are met.

² <https://www.bgateway.com/resources/women-in-business>

³ <https://www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship>

⁴ <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2023/02/pathways-new-approach-women-entrepreneurship/documents/pathways-new-approach-women-entrepreneurship/pathways-new-approach-women-entrepreneurship/govscot%3Adocument/pathways-new-approach-women-entrepreneurship.pdf>

Religion or belief – we recognise there are different religious groups who require specific legal and regulatory frameworks. We will continue to research the requirements to consider potential adaptations to our investment policy to consider co investment opportunities in future.

We recognise under Shariah law (the fundamental law of the Islamic religion) the following type of financial transaction is prohibited: The giving and receiving of interest (riba), extremely risky investments, gambling, prostitution, and alcohol consumption.

In addition, financial transactions also need to be structured against the backdrop of the belief that trade is to be conducted in a faithful and beneficial manner and the principle of risk-sharing – with such principles to form the basis of Islamic business.

The UK has the strongest Shariah compliant finance sector outside the Muslim world. The combination of commercial finance providers with Scotland’s enabling legal and regulatory framework provides a significant potential for investors seeking Shariah compliant commercial property structures.

The funds provided by Growth Investments are open and fair to all industry sectors and therefore we can structure an investment that is compliant with both the Commercial Market Operator (CMO) principle and Shariah law.

Age – access to finance for young people can be constrained by a lack of credit history and/or real or perceived experience, with particular difficulties experienced when accessing the property market. This, in turn, can constrain the level of capital they can use as security which would otherwise make particular types of funding available to them.

The number of workers earning less than the living wage has generally fallen across all age groups in recent years. Young workers (aged 18-24) are most likely to earn less than the living wage⁵

People aged 25-34 are most likely to be entrepreneurs in Scotland: those aged 45-54 are least likely.⁶

Disability – While there is evidence that people living with a disability may be more likely to be self-employed, this could stem from exclusion from the labour market and/or barriers to education. The removal of barriers to access finance therefore, through access to appropriate information and guidance therefore presents an opportunity to deliver positive impacts for those entrepreneurs living with a disability.

In 2018, the employment rate for those classed as disabled under the Equality Act 2010 was 45.6% which is significantly lower than the employment rate for nondisabled people (81.1%). In 2018, the employment rate gap was 35.5%. The gap between the employment rate for disabled and non-disabled people has decreased by 0.4% over the year. The employment rate for disabled people increased slightly from 45.3% in 2017 to 45.6% in 2018, while the employment rate for non-disabled people decreased slightly from 81.2 to 81.1% over the same period. The gap between in the employment rate for disabled and non-disabled people was lower for women (31.1% points) than men (40%). Approximately one fifth of Scotland’s population have a disability and has been steadily increasing in recent years.

⁵ Annual Survey of Hours & Earnings, Office for National Statistics ([Scottish Government analysis](#))

⁶ <https://media.natwestbusinesshub.com/uFXZR1iETPvscPQEx6dh>

Working-age women have higher rates of disability than working-age men.

People aged 50-64 are most likely to have a disability, although rates have been increasing for all age groups in recent years
People with a disability have lower employment rates across all local authorities.
People with a disability are much more likely to be economically inactive in all local authorities

Annual Population Survey, Office for National Statistics ([Scottish Government analysis](#))

Race/Ethnicity – The publication ‘Taking steps to combat barriers to ethnic minority enterprise in Scotland’⁷, recognises the longstanding concerns that Ethnic Minority Entrepreneurs (EMEs) experience relative disadvantage in a number of areas. The report noted a general lack of financial management skills and lack of clarity on both the availability of support and of its suitability to business owners and entrepreneurs from minority ethnic communities, which in turn may contribute to an identified over reliance on informal sources of finance. Access to such support may also be constrained by cultural and/or language barriers.

The employment rate for the minority ethnic population in Scotland aged 16-64 was 64.2% which is lower than the white population with an employment rate of 74% giving a gap in employment rates between minority ethnic and white aged 16 to 64 years of 10%. Over time, the white population has consistently had an employment rate which exceeds the minority ethnic population.

Scotland’s cities (Glasgow, Aberdeen, Dundee, Edinburgh) have the highest shares of working-age people from ethnic minority backgrounds.


Workers from an ethnic minority background are often paid less than white workers. Self-employment is considerably more common for ethnic minorities than for the white population in Scotland⁸, where a considerable proportion establish their own business.

Gender reassignment, pregnancy and maternity, marriage and civil partnership

There is limited information available with regards to these groups and limited evidence, other than those outlined regarding gender/sex above. We are not aware of any relevant existing evidence at this time on these groups in relation to the policy. The Equality and Human Rights Commission has found evidence of pregnant women and new mothers being viewed more negatively in the finance sector than in other sectors⁹.

Human rights – all direct SE investment is governed by the SE Human Rights policy which requires certain checks to be performed on recipients over a certain size, receiving funding in excess of £100,000. Indirect investment, via externally managed funds, are separately governed by limited partnership or other legal agreements which set out appropriate eligibility criteria (including human rights).

⁷https://pure.strath.ac.uk/ws/portalfiles/portal/81463837/Mwaura_et al_2018_Taking_steps_to_combat_barriers_to_ethnic_minority.pdf

⁸ SE Evidence Pack-  [evidence pack](#)

⁹ Equality and Human Rights Commission; *Pregnancy and Maternity-Related Discrimination and Disadvantage: Experiences of Employers* (2015); 3.1.

Socio-economic - Socio economic inequality interacts strongly with identity. Many “minority” groups in Scotland experience far higher levels of relative poverty than others. Whilst some of these may be concentrated in our most deprived areas– for example disabled people and lone parents – many others are dispersed across our towns and cities.

The most recent [Long-term Monitoring of Health Inequalities](#) report¹⁰ (January 2021) finds that Healthy Life Expectancy is lower for those living in the most deprived areas than for those living in the least deprived areas. In 2017-2019 males in the most deprived areas were, on average, expected to live 26.0 fewer years in good health than those in the least deprived areas (47.0 years vs 73.0 years). Females in the most deprived areas were, on average, expected to live 22.1 fewer years in good health than those in the least deprived areas (49.5 years vs 71.6 years). This equates to people in the most deprived areas living 2/3rds of lives in good health compared to 4/5ths of the those in the least deprived areas.

It has long been recognised by SE that certain areas receive more funding, and we continue to work with colleagues across the wider SE network to identify proposals activities to address e.g., Place Team. This was (and remains) a central part of our ERDF reporting requirements.

The majority of the Growth Investment portfolio is located in areas of relative prosperity, compared to the general population. Using the Scottish Index of Multiple Deprivation, where decile 1 represents the most deprived 10% areas, and 10 the most prosperous 10%, over half of the relevant active portfolio are decile 6 and above. Approximately one quarter are in deciles 1-4).

This is not to be unexpected, with high growth start-ups attracted to city centre infrastructure and proximity to academic research.

In terms of wider employment inclusivity, high growth start-ups tend to attract a skilled and therefore high paid workforce. Growth Investments collects evidence in terms of Fair Work First practices, including paying the real living wage, workforce engagement and gender balance. Processes have been put in place in 2021/22 at an SE level to capture, analyse and report on this to provide an overview of the growth investment portfolio and transaction activity regarding ‘place’.

However,

1. This information will only be accurate at the point of a funding application
2. Outcome Measures are verified, and quality checked, however, it should be noted that Growth Investments obtain and clarify this information with the Company, not independently or directly through the various groups this assessment is covering.

If a new strategy were to be adopted to test continual adherence, and/or, test companies’ responses to independently verify compliance, other areas within SE/SED should be consulted in order that a consistent approach is adopted across all businesses. It would not be recommended for Growth Investments to operate in isolation, although the Growth Investments annual return (a document seeking to capture certain data from portfolio companies on an annual basis) could be used for this purpose.

¹⁰ [Long-term Monitoring of Health Inequalities \(www.gov.scot\)](http://www.gov.scot)

3. Assess the likely impact on different groups - (consider these questions to prompt answers)

1. Does your analysis of the evidence indicate any possible adverse impact on a particular group (age, disability, gender reassignment, marriage & civil partnership, pregnancy & maternity, race, religion or belief, sex and sexual orientation) or does it breach human rights legislation. Mandatory human rights due diligence is required for some projects. Please see [guidance](#).
2. If it is adverse,
 - Does this amount to unlawful discrimination? (See guidance)
3. In what areas does it have an impact? E.g. access to information, experience of services?
4. Even if there is no evidence of adverse impact, is there an opportunity to actively promote equality or foster good relations between different groups?
5. Is socio-economic disadvantage evident from any particular group or area?

The eligibility and limits identified do not unlawfully discriminate any particular groups directly however that there are systemic disadvantages which cause these groups to be underrepresented and that there are positive steps that can be taken to encourage and promote uptake among such underrepresented groups.

To do this Growth Investments must be seen as one business unit within SE's overall strategy, and equally, as a smaller part of the Scottish Government's overall strategies, to promote equality across all industries, and should best be considered alongside the array of policy work being undertaken and developed across government.

There are also gains to be had working alongside private sector investors who have positive policies in place reflecting SE's desire to increase access to finance for underrepresented groups.

The work of the Financial Readiness Team (and by extension Business Gateway) also plays a key part in ensuring underrepresented groups, young people, those with a disability and ethnic minorities are receiving appropriate advice and information in accessible formats.

Socio economically the primary issues around inequalities and unfairness where SE can make a difference are addressed through Scotland's Fair Work First policy. This assessment takes that as read for all relevant activity under this assessment, including our own employment policies as well as procurement and grant-giving activities.

Furthermore, the Scottish Loan Scheme imposes Fair Work First (FWF) covenants, while the SCF and SVF assess and, if necessary, assist companies in progressing towards FWF principles if these are not already embedded.

SE may wish to consider moving to full FWF conditionality sooner than planned and/or required. Such a decision is outside the scope of this assessment to impose.

4. Consider alternatives - (use these questions to prompt answers)

1. How can you change your proposal in a way that is proportionate, and will
 - Remove unlawful discrimination or comply with human rights?
 - Reduce any adverse impact?
 - Advance/promote equality?
 - Foster good relations between different groups?
 - Help us achieve our published equality outcomes (See guidance)?
 - Support the reduction in socio-economic disadvantage by groups or areas.
3. Can the aims be met in some other way? What can you do now/later?
4. If the project involves procuring a service or product is there any scope to encourage suppliers to have a greater focus on equality for example signing up to the Business Pledge? Are there any positive action activities you could consider which might address disadvantage experienced by protected groups/areas, like targeting women owned businesses, applying reserved contracts or Community Benefit Clauses? Are there any other project specific actions you could state to help with our equality duties e.g. monitoring of uptake of the service to identify under-representation or encouraging certain groups to participate in the project (see guidance)?
5. What are you recommending?

This assessment covers SE's activities within Growth Investments which are not covered by parallel assessments. There is a role for Growth Investments to promote and foster early-stage companies impacted by socio economic constraints and those experienced by underrepresented groups and to engage with private sector funders focussed on ESG aims.

The Financial Readiness service also helps to help inform and assist entrepreneurs seeking to access funding, which while not directly targeted at underrepresented groups, serves to correct information asymmetries which are particularly evident in a number of these groups.

At an investment level, work is ongoing within Growth Investments to baseline our portfolio to ensure that the Growth Investments operational plan identifies ways in which underrepresented groups can be represented to a greater extent.

However further stakeholder research may also be helpful to understand fully any market failure in the supply of Shariah compliant finance among early-stage growth companies.

SE has little formal connection to the barriers faced prior to investment, and thus little input in terms of those with lived experience. However, we are aware of positive steps being taken by the wider investment community to actively promote the consideration of propositions from these underrepresented groups.

SE needs to consider, at organisational level, ways to baselining our support to allow for the assessment of policy implementation.

As detailed in the latest SE Mainstreaming Report, SE are committed to shift the client base to reflect Scotland's population focusing on women, disabled, young and ethnic minority led companies.

SE have committed to ensuring that Inclusive Growth is an integral part of our activity, and our services. This was strengthened with a number of tracking measures which supported this as well as adopting responsible business practices. Guidance on the planned approach to gather data had to be fully compliant with the new GDPR regulations, implemented in 2018. The agreed approach piloted 50 companies and therefore informed the work under this, specifically focusing on outreach to underrepresented groups. Work which supports this activity includes:

- Workplace Innovation Service
- Ethnic Minority and Migrant Action Plan
- Fair Work First

Currently the Growth Investments team is actively considering Net Zero and Investing in Women activities with a view to incorporate into future initiatives and develop appropriate policies. Details of these can be included at the scheduled review of this assessment in 12 months.

This overarching assessment for Growth Investment purposes serves as an overall assessment of our products and funds without the need to address an assessment on an individual investment basis.

5. Involve/Consult relevant stakeholders if appropriate - (consider these questions to prompt answers)

1. What are the views of the people who are likely to be affected or who have an interest about
 - Whether you have identified the right issues?
 - Whether you have proposed suitable modifications?
 - Whether your proposals will meet their needs?
2. Should you involve people in the re-design of the policy?
3. How will you consult once changes have been made?
4. Whom do you need to get views from?
(internally/externally/different geographical locations)
5. What methods will you use? (consider “hard to reach” groups)
6. What formats will you use for communicating with different groups?

POTENTIAL Stakeholder Consultation Required for Growth Investments

On the potential for comfortable networks to crowd-out diversity in business collaboration and open innovation, SE must recognise where all-too-comfortable arrangements for business collaboration exist such that they potentially crowd-out diversity in collaboration, and work to bring diversity of people, business types and locations into conversations as appropriate.

As part of that, on the potential for business capability directories to propagate existing inequalities, and to take the opportunities to remove unintended barriers and bias, SE should ensure that there is

- Very wide awareness that the directory exists and that inclusion into it will represent good value; and/or
- A framework of transparent criteria for entry into the directory; and/or
- Non-discriminating mechanisms for extracting and displaying the results of search queries.

On the total absence of consultation with those with lived-experience as end-beneficiaries of SE’s activities, SE needs to consider, at organisational level, whether this approach is good enough for informing assessments such as this. This is a decision that cannot be taken for Growth Investments alone.

SE’s funds have been subject to several independent Evaluations and Reviews since inception; each involving consultation with a wide range of participants in the risk capital market. The body of evaluation evidence to date demonstrates the delivery of positive economic impact of SE’s funds having had a catalytic and positive influence on increasing both the supply of scarce capital to innovative growth companies and delivering sustainable economic impact.

Other SE teams have been contacted to establish their approach to their assessments and their approach to diversity.

We have also engaged with two equality champions, Legal, HR and SE My Communities to obtain guidance and advice.

6. Decide whether to adopt this policy/project - (consider these questions to prompt answers)

1. What were your findings from the consultation/involvement?

2. Taking into account all of the data, information, potential impact issues and consultation feedback, what will you recommend?
(Choose & state one option)

Reject the policy – there is evidence of actual/potential unlawful discrimination, breach of human rights or no support for socio economic disadvantage identified.

Accept the policy – The EIA demonstrates the policy is robust with no adverse impacts and all opportunities to promote equality/foster good relations and address disadvantage have been taken.

Modify the policy – Adjust the policy to remove barriers or better promote equality and fairness

Continue with the policy – Issues with the policy have been identified but you wish to continue with the policy. Clearly set out justification for doing this. Compelling reasons will be needed.

If the Assessment is on a high level policy/strategy state here if further assessments need to be carried out on projects emanating from the policy/strategy and inform project managers.

This assessment finds that, when taken in the round alongside all the measurements/criteria in place for activities and outcomes within Growth Investments, that there is unlikely to be an unwarranted discrimination.

Growth Investments recommends that the findings/ongoing assessment of this assessment cannot be progressed in isolation going forward, strategies and future approaches should be agreed in collaboration with other business units in SE. There also needs to be a resource consideration in alignment with accepting this policy.

Accept the policy: – The assessment demonstrates that the approaches Growth Investments takes towards the policy mitigates adverse impacts, promoting equality/foster good relations across opportunities
However, if there is the ability to modify current procedures, based on the data collected, we will actively engage to adopt specific policies and strategies to address diversity.

This is a high-level state assessment.

7. Make Monitoring (and review) Arrangements - (consider these questions to prompt answers)

1. How will you know what the actual effect of the policy/project is at policy level and how does it contribute to national progression with minimising socio-economic disadvantage?
2. In what ways will you monitor? e.g. continuously or irregularly, quantitative methods such as surveys, qualitative methods such as interviews
3. How often will monitoring information be analysed?
4. When will you review the policy/project taking into account any monitoring information?

This assessment should be considered alongside other SE assessments, and thus an agreed overall strategy should be created across-SE (appreciating there may be minor differences, team-to-team to reflect the different tasks each team undertakes)

- **Data/Evidence** – The All-SE strategy should recommend ongoing data field requirements to capture and report on (from which system), for ongoing monitoring of adherence to this policy. There should be no workarounds required to obtain this information
- **Frequency, style, future-testing and reporting** cannot be determined by Growth Investments alone, collaboration with other SE BU's is recommended to optimise the agency's approach
- **Resource** – capability and capacity assessment required across SE to undertake testing/reporting requirement duties. Also, considerations required for any wider resource implications arising from any potential strategic recommendations for this policy (NB not all of this data is readily accessible within Growth Investments)

The policy will be reviewed in 12 months and annually thereafter to update with specific activities undertaken in the previous 12 months

8. Equality Impact Assessment review

Please forward the completed document to your equality champion for review. This should then be approved by the SRO and returned to your champion for publication on the Scottish Enterprise external website.

9. Summary of Actions

List any actions agreed and indicate dates for review.

- Currently engaging with wider SE to identify and capture diversity information relating to the Growth Investment portfolio.
- Consider further market research with regards to the demand and any market failure related to Shariah compliant finance of early-stage high growth companies.
- Data collection may identify areas of potential improvement
- Ongoing Investing in Women discussions may suggest other areas of improvement to policy and strategy.

APPENDIX 1 - Eligibility Criteria

Scottish Co-investment Fund: -

To be considered for investment from the Scottish Co-investment Fund each company must:

- Be a commercially viable high growth potential business
- Have, or be in the process of developing, a significant operational presence in Scotland which is proportionate to the levels of investment being sought.
- Demonstrate the economic benefits to Scotland that could result from the investment
- Demonstrate which other funding sources have been explored
- Fall within the UK Companies Act 2006 definition of a Small to Medium Enterprise (SME)
- Have a net zero plan in place, be developing a net zero plan or be committed to developing a net zero plan.
- Be demonstrating or working towards the seven key principles of fair work (employee voice, security, respect, opportunity, fulfilment, flexible and family working, and the rejection of fire and rehire practices).
- Certain sectors may be restricted, particularly in well served markets unless there is a disruptive business model:
 - o Banking, insurance, sub-prime lending or other activity where there is **onward lending** or **credit risk** including hire purchase and dealing in land, derivatives or commodities,
 - o retail, events, restaurants, hotels, pubs and clubs,
 - o social and personal services,
 - o professional services,
 - o motor vehicles,
 - o real estate and property development.
 - o *Other activities may be restricted from time to time*
- We will not invest in a company involved in any activity that could have a negative impact on our organisation's reputation or ethical standards. Such activities include, but are not restricted to, the following:
 - o Activities with an adverse impact on human rights or the environment
 - o Gambling
 - o Tobacco
 - o Adult entertainment
 - o Defence, weapons and ammunition

Scottish Venture Fund: -

To be eligible for investment from the Scottish Venture Fund each company must: -

- Be a commercially viable high growth potential business
- Have, or be in the process of developing a significant operational presence in Scotland which is proportionate to the levels of investment being sought
- Demonstrate the economic benefits to Scotland that could result from the investment
- Demonstrate which other funding sources have been explored
- Fall within the UK Companies Act 2006 definition of a Small to Medium Enterprise (SME)
- Have a net zero plan in place, be developing a net zero plan or be committed to developing a net zero plan.
- Be demonstrating or working towards the seven key principles of fair work (employee voice, security, respect, opportunity, fulfilment, flexible and family working, and the rejection of fire and rehire practices).
- Certain sectors may be restricted, particularly in well served markets unless there is a disruptive business model:
 - o Banking, insurance, sub-prime lending or other activity where there is **onward lending** or **credit risk** including hire purchase and dealing in land, derivatives or commodities,

- retail, events, restaurants, hotels, pubs and clubs,
- social and personal services,
- professional services,
- motor vehicles,
- real estate and property development.
- *Other activities may be restricted from time to time*
- We will not invest in a company involved in any activity that could have a negative impact on our organisation's reputation or ethical standards. Such activities include, but are not restricted to, the following:
 - Activities with an adverse impact on human rights or the environment
 - Gambling
 - Tobacco
 - Adult entertainment
 - Defence, weapons and ammunition

Strategic/Direct Investments:

Projects must have a demonstrable funding gap, be located in Scotland and have the potential to provide both short- and long-term economic benefits to Scotland.

To be eligible for investment the company must: -

- Be a commercially viable high growth potential business
- Have, or be in the process of developing a significant operational presence in Scotland which is proportionate to the levels of investment being sought
- Demonstrate the economic benefits to Scotland that could result from the investment
- Demonstrate which other funding sources have been explored
- Have a net zero plan in place, be developing a net zero plan or be committed to developing a net zero plan.
- Be demonstrating or working towards the seven key principles of fair work (employee voice, security, respect, opportunity, fulfilment, flexible and family working, and the rejection of fire and rehire practices).
- Certain sectors may be restricted, particularly in well served markets unless there is a disruptive business model:
 - Banking, insurance, sub-prime lending or other activity where there is **onward lending** or **credit risk** including hire purchase and dealing in land, derivatives or commodities,
 - retail, events, restaurants, hotels, pubs and clubs,
 - social and personal services,
 - professional services,
 - motor vehicles,
 - real estate and property development.
 - *Other activities may be restricted from time to time*
- We will not invest in a company involved in any activity that could have a negative impact on our organisation's reputation or ethical standards. Such activities include, but are not restricted to, the following:
 - Activities with an adverse impact on human rights or the environment
 - Gambling
 - Tobacco
 - Adult entertainment
 - Defence, weapons, and ammunition

Scottish Loan Scheme: -

Businesses must

- Be based in Scotland or seeking to establish an operational base within Scotland (to note; loan funds will be conditional on a Scottish presence being established prior to drawdown)

- Have a viable business plan, including financial forecast which demonstrate repayment of loan amounts.
- Evidence that private sector funding has been sought and has been unsuccessful.
- Provide 2 years' worth of financial trading history reflecting a minimum turnover of £250k with profitability (or projecting profitability within the next 12 months)
- The loan amount must demonstrate an economic impact for Scotland commensurate with the level of funding being sought
- Support Fair Work practices, including paying employees as a minimum the Real Living Wage, with no inappropriate use of zero hours contracts or exploitative working patterns.
- Have a Net Zero plan or be working towards establishing a Net Zero Plan within 12 months of loan funding being granted.

Restricted sectors include Banking and Insurance and Sub-prime lending, Gambling, Adult Entertainment, activities with adverse impact on Human Rights, Tobacco and Locally Traded Services.