

Responsible Investment Framework



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Purpose of the Responsible Investor Framework

Our Responsible Investment Framework (the Framework) sets out the principles for integrating non-financial considerations (Environmental, Social and Governance) into Scottish Enterprise's commercial investment activities. We are committed to growing the Scottish economy for the benefit of all, helping create more high-quality jobs and a brighter future for every region. The Framework supports this commitment and our objectives of creating economic and societal value within our investee businesses, whilst effectively managing and mitigating risk.

Scottish Enterprise has developed this Framework together with the accompanying guidelines and processes to provide transparency and clarity around the non-financial indicators that are most important to us and to ensure that the businesses we invest in, and the investment partners we transact with, align with our principles of responsible investing, contributing effectively to Scottish Enterprise's strategic ambitions.

The Framework applies to Scottish Enterprise's commercial investment activity, specifically the provision of debt and equity investment. It outlines the overall approach and objectives of our responsible investment process, with specific guidance on our responsible investment commitments and their implementation throughout the investment cycle.

It is composed of and refers to policy, strategy and the Scottish Enterprise Responsible Investment Toolkit. Together these inform and track the performance of Scottish Enterprise's investments using a consistent and comparable set of metrics, enabling us to report on our portfolio and drive progress.

The Framework has been developed in consultation with key stakeholders and benchmarked against comparable organisations. It is designed to be proportionate and relevant to the stage and nature of businesses typical to our investment portfolio and will evolve over time to ensure it always reflects best practice.

Our responsible investment approach

Scottish Enterprise is Scotland's national and international economic development agency, supporting businesses to innovate and scale to transform the Scottish economy. We support thousands of businesses the length and breadth of the country, helping catalyse changes in our economy that will have a long-term positive impact on Scotland's business competitiveness around the world. In doing so, we are creating significantly more, high quality jobs, helping people fulfil their potential.

We focus on high-growth opportunities where businesses in Scotland are best placed to compete internationally, as well as strengthening our underlying performance in important areas critical to driving our nation's future competitiveness. Our strategic ambition is to drive up levels of innovation, business investment and internationalisation, building a fair, green and growing economy.

Our missions

Our mission focus is on enabling the most transformative economic opportunities where we can make the biggest difference. We will concentrate our expertise on three priority areas. These areas are our 'missions':

- Creating an internationally competitive energy transition industry in Scotland;
- Scaling the impact of Scotland's innovation strengths into high-growth industries of the future; and
- Driving capital investment to deliver a step-change in Scotland's productivity.

Our commercial investment activity is critical to delivering this ambition. If Scottish Enterprise is to support businesses to innovate and scale to transform the Scottish economy a healthy, fully functioning and vibrant risk capital market is essential which:

- Ensures businesses can access capital at all stages of growth and through economic cycles;
- Creates a visible market with a reputation for creating high growth/high impact businesses across sector strengths;
- Boasts a strong pool of local investors providing capital at the earliest stages, ensuring the best innovations get funded, and with follow on capability ensuring capital is available to achieve value inflection points to attract new investors;
- Demonstrates a critical mass of investable opportunities to attract international investors providing meaningful capital, global connections and access to new and growing markets; and
- Provides exit opportunities for investors to provide returns to encourage re-investment in the asset class.

Scottish Enterprise intervenes where markets are not adequately served by private sector investors, where there is evidence of constrained supply due to risks which decrease investors' appetite to invest. Our investment activity is broad and includes the provision of both debt and equity. Activities in the equity market are focused on market building at the earliest, riskiest stages where significant risk sharing is required and where evidence supports targeted interventions making a substantive difference, building an effective risk capital market.

Scottish Enterprise acts as a catalyst, co-investing to leverage private capital through sharing risks to encourage investment and increase capacity of private investors by making more funding available. This increases investment into a market that would otherwise be less attractive, enabling more and larger investments. Co-investment alongside all investor types builds capacity across a wide investor base as different investors respond to discrete gaps in the pipeline, providing diversity and choice for businesses. This widens the funnel of innovative high growth businesses reaching commercial milestones and attracting later stage investors to unlock scale-up potential.

We are regularly cited as being in the top 10 most active investors in the UK, co-investing with a large number of private investors based in Scotland, the UK and globally, and hold an investment portfolio of over 300 businesses. By applying this Framework, we therefore have the potential to create a disproportionate impact on the risk capital market in Scotland and in how the businesses we work with are responsibly managed.

Our responsible investment drivers

Our approach to responsible investment has three drivers:

- 1. Financial performance & business resilience:** we firmly believe there is interconnectivity between effective management of non-financial topics and financial performance. Strong non-financial-related performance and credentials can give businesses a competitive edge by helping them stand out from their competitors and build resilience for future value creation.
- 2. Sustainability outcomes:** our Responsible Investment approach aims to minimise harmful impacts caused by our investee businesses and maximise positive impacts, to progress important social and environmental imperatives.
- 3. Access to finance for investee businesses:** investors are increasingly looking for robust Environmental, Social and Governance (ESG) management when allocating capital so ensuring our investee businesses are effectively managing non-financial topics will help them when accessing future finance.

As an active early-stage investor, Scottish Enterprise is well positioned to influence the establishment of responsible business practices early within a business's life cycle, so that they are ingrained in the culture as our portfolio businesses grow.

What responsible investing means to us

- Assessing non-financial information* combined with financial information to form a comprehensive view of business value;
- Assessing and managing non-financial and financial aspects throughout the investment cycle;
- Operating as a patient investor; and
- Providing accessible funding to support early-stage businesses that are contributing to our missions and making a positive impact on addressing societal issues.

*The **Financial Conduct Authority (FCA)** defines non-financial information as ‘factors that may influence a firm's investment strategy or decisions. These factors are based on the views of the firm's clients or relevant policyholders, including ethical concerns about environmental, social, and governance issues.’

How this Framework aligns to others

NSET and the UN Sustainable Development Goals

The Scottish Government has sets out a 10-year vision for building a wellbeing economy; [Scotland’s National Strategy for Economic Transformation \(NSET\)](#). At its heart is the ambition to create a fairer, greener, wealthier society that delivers prosperity for all of Scotland's people and places.

NSET guides Scotland’s National Performance Framework which in turn guides Scottish Enterprise’s performance measures and aligns with the UN Sustainable Development Goals (SDG’s).

The material non-financial topics identified by our materiality assessment (see Responsible Investing in the Investment Lifecycle), contribute, either directly or indirectly (through appropriate influence and business support), to many of the NSET measures of success and the UN SDG’s.

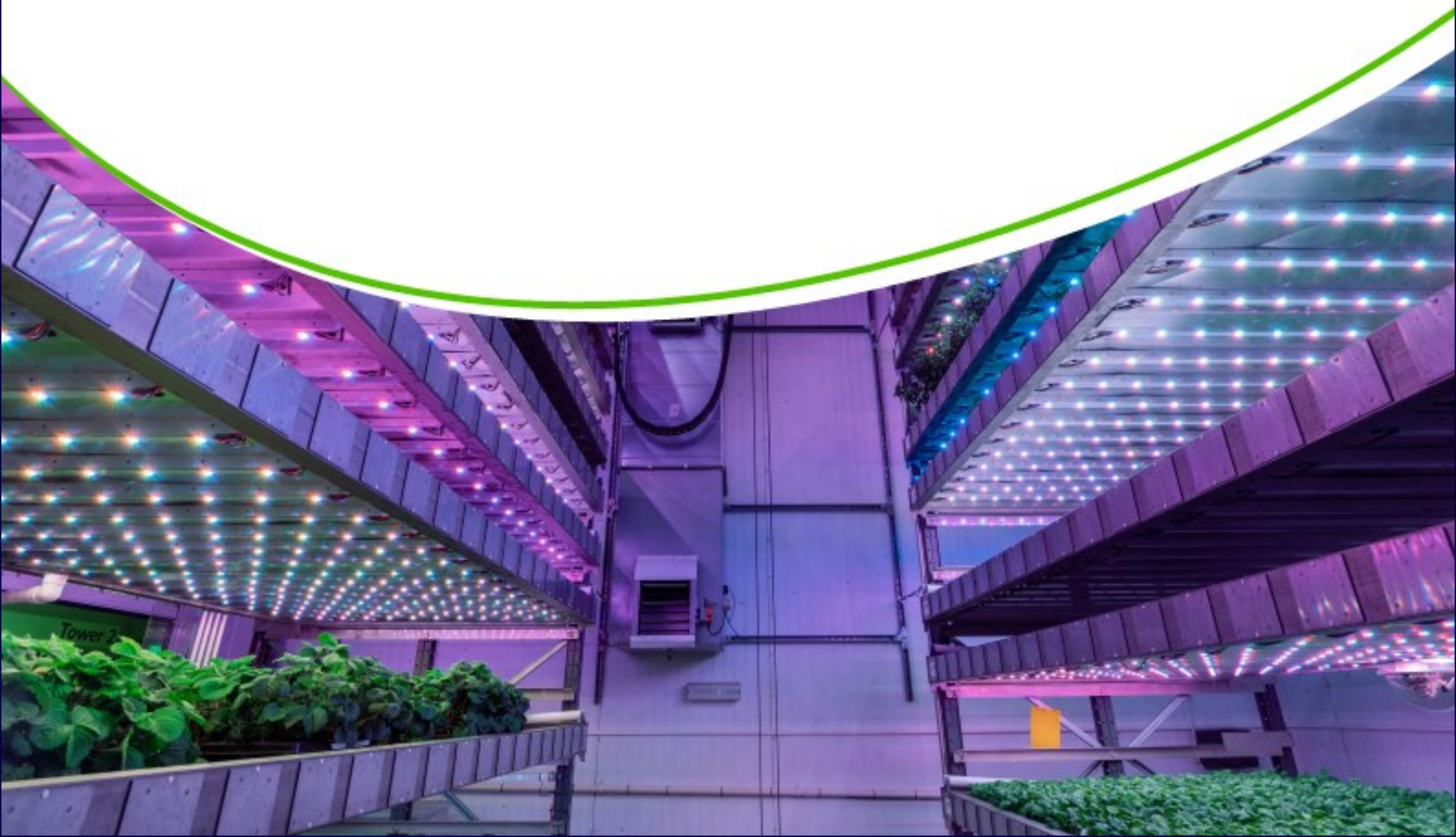


UN Principles for Responsible Investment

While we consider becoming a signatory to the UN Principles for Responsible Investment (UN PRI), we commit to implementing its principles, as set out below:

- Principle 1: We will incorporate non-financial (ESG) issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate non-financial issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on non-financial issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

You can find out more [here](#).



Responsible investing in the investment lifecycle

Materiality

Scottish Enterprise conducted our materiality assessment by adapting International Financial Reporting Standard (IFRS) Sustainability Standards to terminology used within our organisation and more commonly in the investment sector and sought input from external stakeholders. Through this, we have identified the six most material non-financial topics and their sub-topics, and we have integrated these into our investment process, through a mix of mandatory criteria and additional considerations.

The [Appendix](#) shows the material non-financial topics identified, each of the sub-topics and details how these are defined and applied during our investment process and in our reporting. It also outlines the support that SE can provide to portfolio businesses in these areas.

Information Gathering

Business data is captured through our Responsible Investment Toolkit which captures both financial and non-financial information used in both our decision making and portfolio management, covering the full investment lifecycle.

The Toolkit is completed by businesses when we first invest in them and annually thereafter. Non-provision of a completed Toolkit when required is likely to result in Scottish Enterprise not providing investment.

Information gathered will be used for three purposes:

- To ensure that our mandatory investment criteria are being met.
- To identify non-financial areas in which Scottish Enterprise can support businesses through either direct engagement with other specialist teams within Scottish Enterprise or through signposting to relevant external support.
- To provide portfolio level data that will (i) inform our own management decisions and processes; or (ii) enable us to identify areas where we may need to adapt our offering to improve portfolio performance.

Please note that information (including any personal data) provided by you within and/or as part of this application may be shared with selected partners, including Scottish Government and other public providers of economic development finances, in order to avoid duplication of funding. Please note that further information on how any personal information provided may be collected, used, shared and looked after is set out in our [privacy notice](#).

Pre-investment non-financial analysis

Before providing investment, Scottish Enterprise will complete checks to ensure a business is suitable for receiving investment from us. These checks include:

Delivery of our Missions

We invest in businesses that contribute to at least one of our missions, as outlined below:

- Scaling innovation – Scaling the impact of Scotland’s innovation strengths into the high growth industries of the future
- Energy Transition – Creating an internationally competitive green energy industry in Scotland by 2030
- Capital investment to drive productivity - Driving capital investment to deliver a step change in Scotland’s productivity

Sector screening: restricted list

We screen all investments and businesses operating in the following sectors are likely to be ineligible for investment:

- 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
- defence sector or providing goods, services, or activities in well-served markets or markets with high displacement (such as local trading)

Businesses operating in these areas with disruptive business models, or technology businesses which innovate or create new markets or market engagement, may be considered.

We will not invest in a business 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
- Weapons and ammunition
- activities that are in contrast to Scottish Government policy.

In addition to the above, we carry out key party diligence, sanctions checks and human rights due diligence on each business.

Decision making

In addition to the above checks, when assessing an equity investment or debt proposal, Scottish Enterprise considers both financial and non-financial performance and prospects of a business, including the wider economic benefits of the proposed investment. Information listed as Mandatory Investee Business Criteria in the [Appendix](#), must be met in order to receive investment from us. Where a commitment has been made under the Mandatory Investee Business Criteria pre-investment but has not been complied with, no follow-on investment will be provided until such time as the criteria is met.

Information listed as 'Additional Considerations Asked of Investee Businesses' will not influence investment decisions but will help us to identify areas of development for investee businesses at the appropriate stage of their growth. Scottish Enterprise is able to either provide direct support or signpost businesses appropriately to help with any areas identified for development. This is done in line with our Post Investment: Portfolio Management.

Post investment: Portfolio management

Post investment, our approach to the management of investments will be driven by a number of factors, including the extent of involvement of any co-investor, the current risk profile, and key corporate events (follow-on investment, acquisitions and exits). We have Board Observer rights for all businesses in the portfolio and regularly liaise with stakeholders to influence the conduct of investee businesses with respect to our material non-financial topics. Where we identify skills gaps on the Board of Directors of any business in the portfolio, we will seek to appoint an appropriately experienced non-executive director to the Board.

The Responsible Investment Toolkit is provided by investee businesses at least annually and informs our management in three ways:

Progress monitoring

Monitor delivery against commitments to ensure the investee businesses are on track to meet their commitments.

Direct engagement

Direct engagement with the investee business to provide support on the non-financial commitments made and additional non-financial considerations, utilising the wider support available across Scottish Enterprise.

Signposting

Signposting investee businesses to support and resources provided by external sources to help with delivery against the non-financial requirements.

As stated, we believe there is a direct correlation between performance in non-financial areas and financial performance so through supporting businesses in this way, we can assist our portfolio businesses to grow, scale and deliver strong financial returns.

Realisation / Exit

Scottish Enterprise commits to having a positive influence on its portfolio businesses, promoting sustainable practices that will enable them to continue to prosper and operate in a responsible manner beyond the period of our investment. Even after Scottish Enterprise has exited a portfolio business, it still has a long journey of growth ahead of them.

Given the nature of our investment portfolio, successful exits are likely to be trade sales or a stock market listing (albeit this often doesn't provide an immediate exit opportunity but a route to liquidity is gained). There are many benefits that flow from exits. Trade sales or listings help to demonstrate that Scotland is a location from which successful businesses can be created, scaled and become attractive opportunities for investors to generate excellent returns. Exits build confidence in the investment community to invest in early-stage opportunities, and recycled proceeds often benefit new early-stage businesses. Exiting managements teams frequently start new businesses or invest / mentor the "next generation" and exits can also create a "hunger" from junior members of executive teams.

As part of any exit process, Scottish Enterprise will review who is acquiring the investee business and understand the wider economic impact of the exit, including ongoing operational presence in Scotland (including suppliers), growth plans, market growth and exports opportunities, impact on employees and the opportunity for the recycling of investor returns into the Scottish economy. An important element of Scottish Enterprise's wider account team support (outside of our investment function) is to maximise the opportunity of these growing businesses. New ownership brings new investors and new capital and provides an opportunity for Scottish Enterprise to build new relationships and help drive future growth from Scotland.

Proportionality

Given the size and nature of many of the businesses we invest in, our intention is to keep the requirements and demands on early-stage businesses proportionate to their size and maturity, aligned to the UN PRIs.

All businesses are required to provide the information requested in the Responsible Investment Toolkit. However, we recognise that not all of the considerations within the Toolkit will be relevant to all businesses at the time of asking.

Where businesses answer "No" to certain questions, we will work with the business to identify appropriate inflection points where our non-financial topics become relevant.

Reporting on our Responsible Investment Framework

With respect to our equity investment and debt activities, Scottish Enterprise will report its non-financial performance, activities and progress at a portfolio level annually. This report provides transparency relating to our approach to responsible investing. It also provides a consolidated data set from our investee businesses which will inform management decisions around the provision of services and support for businesses.



Governance & responsibilities

Oversight

This Framework is owned by the Director of Entrepreneurship & Investment at Scottish Enterprise. It is reviewed and updated as required, but at least annually, to assess the continued suitability and effectiveness of the Framework and its implementation across our business.

Day-to-day delivery

All team members are responsible for ensuring that our Responsible Investment Framework is embedded throughout the relevant stages of the investment lifecycle. It is expected that a completed Responsible Investment Toolkit is collected at the point of our first investment and annually thereafter.

Training

To ensure the integration of this policy across the organisation, Scottish Enterprise provides regular staff training on our approach to Responsible Investing.

Co-Investors

While Scottish Enterprise can be a lead or sole investor, our usual model is to co-invest by match funding up to 50% of a funding round, subject to certain limits, usually through our core equity funds - the Scottish Venture Fund (SVF), and the Scottish Co-investment Fund (SCF). This allows us to leverage private capital through sharing risks to encourage investment and increase capacity of private investors by making more funding available. Scottish Enterprise has accredited co-investment partners with whom we will co-invest from the SCF, with the investment decision essentially delegated to the SCF partner, provided that the business and proposed transaction fulfils the SCF criteria detailed on [our website](#).

Scottish Enterprise expects all SCF accredited partners, when seeking co-investment from us, to comply with the spirit of the Responsible Investment Framework. As a minimum, we expect our SCF accredited partners to work with us to ensure that the businesses we invest in recognise the importance of our non-financial considerations, provide a completed Responsible Investment Toolkit as required and comply with all Mandatory Investee Business Criteria as set out in the [Appendix](#).

SCF partners are selected following an application process during which we will satisfy ourselves they are reputable and responsible investors.

We hold SCF partner reviews at least annually, during which we will monitor business compliance with responsible investing principles and share learning and best practice. In addition, we have informal, ongoing engagement (bilateral discussions and email communication) with SCF partners which provide opportunities for Scottish Enterprise to discuss the progress of our joint investments' non-financial performance. This will also provide insight into the SCF partners' ongoing approach to active management.

Through the SVF we co-invest with a wide variety of investors. We expect all lead investors whose funding we match to demonstrate that they have their own equivalent responsible investment policy in place or to comply with our mandatory criteria set out in the [Appendix](#) below.



Appendix

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
Access to finance	Patient Capital	We provide long-term investment, in the form of debt or equity, where sustainable growth is prioritised alongside financial return.	None	None	Not applicable	No. and total value of deals.
	Information and access to financial products / services	We work with innovative businesses with high growth potential to access the capital they require.	None	None	We provide Financial Readiness support to assist businesses to access the correct finance for their growth aspirations.	No. of businesses supported by our Financial Readiness service, regardless of whether Scottish Enterprise invests in them.
Job creation	Employment opportunities	We aim to drive job creation and safeguarding through our investments.	Businesses must confirm the number of planned new, green, high value or safeguarded jobs in Scotland, paying at least the real living wage at the time of any investment and annually thereafter.	None	We provide clear definitions to assist businesses to calculate our required measures.	No. of planned new, green, high value or safeguarded jobs in Scotland, paying at least the real living wage as a result of our investment.
	Impact on communities and Responsible supply chain management	We consider a business's supply chain for contribution to the Scottish economy and for measuring net economic impact.	None	Businesses must confirm the %age of their current supply chain based in Scotland. We consider whether the business commits to only working with businesses committed to fair work practices.	We provide guidance to businesses on building a sustainable supply chain and where appropriate growing a Scottish supply chain.	% of supply chain sourced from Scotland which is also used to inform independent evaluations of our investment activity.

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
	Impact on societal issues	We invest in businesses that contribute to our missions: Energy Transition, Capital Investment to Drive Productivity and Scaling Innovation and negatively screen businesses to avoid sectors which could have a negative impact on societal issues.	Any new investee business will align to at least one of our missions.	None	Not applicable	We report on our portfolio to demonstrate delivery of our missions from which we can identify the impact our businesses have on societal issues.
Net Zero	Climate change (mitigation)	<p>We have pledged to become a net zero organisation by 2035 and are supporting our investee businesses to be net zero by 2045.</p> <p>We ask businesses if there are significant CO2 savings (tonnes) as a direct result of our support.</p>	<p>Businesses must commit to the provision of a credible net zero action plan to achieve net zero by no later than 2045 within 12 months of receiving investment and update and publish the plan at least annually.</p> <p>Or, where a business meets proportionality criteria, they must sign our pro-forma Statement of Intent, committing the business to observing net zero principles as operations develop and to producing a net zero action plan at the appropriate point in their growth.</p>	None	<p>Scottish Enterprise's Sustainability Team can offer support to businesses to reduce their carbon emissions.</p> <p>We provide portfolio businesses with links to free, external, carbon measurement tools.</p>	<p>% of portfolio with a credible Net Zero plan or Statement of Intent.</p> <p>CO2 savings as a result of our investments.</p>

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
	Climate change (adaptation)	We encourage and can support businesses to take steps to adapt to climate change, alongside work to reduce emissions (climate mitigation).	None	Has the business assessed the risk that a changing climate poses to the business's strategy and operations?	<p>Scottish Enterprise's Sustainability Team can offer support to businesses to consider and adapt to climate change risks.</p> <p>We can also refer businesses to Adaptation Scotland for further support.</p>	% of portfolio that have assessed level of climate adaptation required
	Circular Economy	We encourage and can support businesses to integrate circular economy principles into their product development.	None	Has the business integrated circular economy principles into its business model?	<p>We provide clear definitions of circular economy principles to guide businesses on integrating these into their business model.</p> <p>Scottish Enterprise's Sustainability Team can offer support to businesses to consider and integrate circular economy principles into their business model.</p>	% of portfolio that have integrated circular economy principles.
Responsible labour practices	Labour practices	We ensure businesses apply the Fair Work First criteria which seek to address particular challenges in Scotland's labour market, to make a real difference to people and their communities, business and other organisations and the economy.	<p>Businesses must pay the Real Living Wage to all Scottish employees aged 16 and over including apprentices and those contracted to act or carry out works on your behalf.</p> <p>Business must only use zero hours contract appropriately or not use zero hours contracts.</p>	<p>Does the business oppose the use of fire and rehire policies?</p> <p>Does the business offer flexible and family friendly working practices for all workers from day one of employment</p> <p>Do you measure and track the Gender Pay Gap within your organisation?</p>	Scottish Enterprise's Workplace Innovation team can assist businesses to apply Fair Work practices across their organisation.	<p>% of businesses in portfolio that pay the Real Living Wage to all employees over the age of 16, including apprentices</p> <p>% of businesses in portfolio that commit to issuing no zero-hour contracts.</p> <p>% of businesses with a gender pay gap</p>

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
	Freedom of association and collective bargaining	We ensure that businesses provide a safe environment where dialogue and challenge are central to the organisational culture, are dealt with constructively and where employee views are sought out, listened to and acted upon. This can include but is not limited to trade union or worker representative groups	Businesses must have appropriate channels for employees to have an effective voice by offering appropriate and proportionate communication channels to support employee feedback and engagement.	None	Scottish Enterprise's Workplace Innovation team can assist businesses to apply Fair Work practices across their organisation.	% of portfolio that provide an appropriate channel for effective voice, such as trade union recognition.
	Occupational health and safety	We encourage businesses to ensure that employees are adequately trained on health and safety and to have adequate policies in place	None	Does the business provide health and safety training for all employees?	We provide external links to Business Gateway resources to support businesses in respect of health and safety	None
	Employee engagement	We encourage businesses to create a culture where staff are fully engaged and supported to reach their potential	None	Does the business measure employee satisfaction at least twice a year?	Scottish Enterprise's Workplace Innovation team can assist businesses to develop their culture and engagement	% of businesses in the portfolio that measure employee satisfaction at least twice a year

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
	Training and education	We believe that staff at all levels of the organisation have opportunities to develop themselves and/or their skills and there is a shared responsibility and commitment between the employer and workers. Everyone should be able to engage in lifelong learning.	None	Does the business invest in workforce development?	Scottish Enterprise's Workplace Innovation team can assist businesses with talent management and development	% of businesses in the portfolio that invest in workforce development

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
<p>Diversity and inclusion</p>	<p>Diversity and inclusion</p>	<p>We expect employers to go beyond their legal obligations under the Equality Act 2010, enhancing the protections for workers and ensuring equal opportunities for all.</p> <p>We champion the responsibility we all share to increase diversity in our client base and co-investors and report on progress with equality in an accessible manner</p>	<p>None</p>	<p>What is the composition of the Business founders, broken down by Male/Female/ Prefer not to say.</p> <p>What is the composition of the Executive Committee, Senior Management, C-Suite broken down by Male/Female/ Prefer not to say.</p> <p>Is the business a disabled person led business?</p> <p>Is the business an Ethnic Minority Group led business?</p> <p>Is the business a young person led business?</p> <p>Does the Business address workplace inequalities, including pay and employment gaps for disabled people, racialised minorities, women and workers aged over 50?</p>	<p>We provide guidance and support for businesses to survey employees to gather and report on sensitive diversity data.</p> <p>We provide links to external information on gender pay gap calculations and reporting.</p> <p>Scottish Enterprise's Workplace Innovation team can assist businesses with wellbeing, diversity and inclusion.</p>	<p>Proportion of founders/ Executive Committee, Senior management, C Suite/ in the businesses we supported, which provided gender data, reported on an aggregated basis.</p> <p>% of portfolio businesses that are led by an ethnic minority group</p> <p>% of portfolio businesses that are led by a disabled person</p> <p>% of portfolio businesses that are led by a young person</p>

Non-financial topics	Sub-topics	Definition	Mandatory Investee Business Criteria	Additional Considerations asked of Investee Businesses	Support for Investee Businesses	Disclosure to report at Portfolio level
Governance and Business ethics	Governance structures	We invest in businesses that have strong governance structures to adequately manage business performance and risk management.	Businesses must have an established board that meets at least 6 times per annum or, where SE is investing for the first time, intend to establish a board that will meet at least 6 times per annum.	Does the business have a Code of Conduct in place (to include the business's grievance policy, whistleblowing policy, harassment, bullying, anti-discrimination policy, anti-bribery and corruption policy)?	Scottish Enterprise's Workplace Innovation team can assist businesses with leadership and management development We can appoint Non-Executive Directors to investee businesses' boards to support strong governance	% of portfolio businesses that have a Code of Conduct in place (to include the business's grievance policy, whistleblowing policy, anti-discrimination policy, anti-bribery and corruption policy)
	Key Party Diligence, Sanctions, human rights and modern slavery diligence	Before entering into a business relationship, we undertake: key party diligence; legal and discretionary sanctions checks; and where appropriate, due diligence on businesses specifically in relation to their human rights record.	Businesses must pass sanctions checks and appropriate human rights due diligence.	None	Not applicable	None
	Customer privacy and Data Security	We encourage businesses to adopt an appropriate data protection policy to ensure that the Business is compliant with data protection laws.	None	Has the Business adopted an appropriate data protection policy and kept such up to date to ensure that the Business is compliant with data protection laws.	We provide links to external resources to ensure that businesses understand their obligations in respect of customer privacy and data security.	None

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