

This document contains the guidance and scoring used by the Assessors when reviewing your application. Assessors will review your answers for each scored question and mark each of them between 1 and 25 (1 being the lowest and 25 being the highest). Any questions that are not scored will not be reviewed by the Assessor.

### **Question 1. Your financial standing (not scored)**

Describe:

- the financial position of relevant entities involved in your investment activities, including providing financial statements for the past three years
- the assets under management of relevant entities involved in your investment activities for the past three years, including at the time of submission of your application
- where three years of historic financial statements or assets under management are not available, provide the most recent available information (including management accounts where appropriate)
- the regulatory status or authorisations of relevant entities involved in your investment activities
- any investment by public sector entities in your assets under management, for example, investment by the British Business Bank through its Enterprise Capital Funds or Regional programmes or by British Business Investments through its Regional Angels Programme
- the financial instruments you plan to use in this programme

### **Question 2. Your approach to equality, diversity and inclusion (not scored)**

Describe how you encourage diversity within your management team and portfolio companies, for example in terms of age, disability, gender, socio-economic background or ethnicity, and among companies seeking investment from you to ensure that you have an investment strategy and approach that is inclusive and does not limit access to capital for innovators from under-represented groups. Examples or evidence of the impact along with any statements or policies can be included as appendices.

### **Question 3. Your credibility as an investor**

Describe your investment strategy specifying sectors, regions and any investment constraints, including your preference of investments and investment focus and how you generate returns.

Explain how you source investment opportunities.

Describe your investment strategy, including:

- your typical investment size
- your target returns
- your approach to syndication with other investors
- how you grow the businesses in your portfolio and increase their value or impact on society
- your approach and track record in achieving successful exits for organisations you have invested in
- your failure rates and write-off levels within your portfolio

Explain how you add value to your portfolio investments beyond financial support and the expertise you can bring to actively build value in businesses with high growth potential.

Give examples of how you and your portfolio investments have historically delivered:

- export growth and international expansion
- high value job creation
- turnover growth
- supply chain enhancement, for example where the supply chain of portfolio investments has had a positive impact on the UK economy
- indicators relating to social, environmental or economic impact

### **Question 3. Assessor guidance and scoring**

Scores 20-25

The investor demonstrates a high degree of credibility, with a clear investment strategy that is very well suited to SMEs. The investor has clear investment criteria and objectives. It is clear in how it generates returns and is able to demonstrate a proven track record of successful investments and is able to evidence the support it has provided to portfolio companies historically. They have access to people who can strengthen the management team or board of their portfolio companies. Alternatively, it is a new investor who, although without specific track record, has provided a compelling argument for moving into this area and has demonstrated examples of significant growth from its portfolio in other activities and how it has added significant value to businesses. The investor also has demonstrated that they have a strategy in place to encourage diversity.

Scores 15-19

The investor has demonstrated credibility, with a clear investment strategy that is well suited to SMEs and has been clear on its investment criteria and objectives, specifically to technology disruptive businesses. The investor has provided some information on their value add to portfolio businesses. They are also able to strengthen the management team or board of portfolio companies. Alternatively, it is a new investor who, although without specific track record, has provided good reasons for moving into this area and has demonstrated examples

of growth from its portfolio in other activities and how it has added value to businesses. They may have demonstrated credibility but have no real diversity strategy in place.

Scores 11-14

The investor has demonstrated some credibility, with a reasonable investment strategy that is suited to SMEs but has not demonstrated clear objectives. The investor has failed to demonstrate how its investment strategy creates value add to businesses. Alternatively, it is a new investor who has not demonstrated a track record or reasons for moving into this area or provided examples of growth from its portfolio in other activities and how it has added value to businesses. Diversity is not well addressed.

Scores 6-10

The investor has demonstrated only limited credibility or has not presented an investment strategy that is suited to SMEs. The investor has failed to demonstrate how its investment strategy creates 'value add' to businesses. Alternatively, it is a new investor without evidence of a track record or reasons for moving into this area. Very little or no information around diversity strategy.

Scores 1-5

The investor has not been able to demonstrate credibility, with a poorly defined investment strategy, limited evidence of track record and little or no evidence of added value to businesses.

#### **Question 4. Your capacity for investment**

Describe the size, investment period, percentage deployed to date and follow-on expectations of your capital available for investment.

Tell us the amount of capital you expect to make available for aligned investment in new businesses to your portfolio and in follow-on investment in existing portfolio investments through the investor partnerships programme.

#### **Question 4. Assessor guidance and scoring**

Scores 20-25

The investor has demonstrated a clear capacity to invest within the future economy sectors, with sufficient capacity to fund investments through the programme. Where syndicating in past investments, the investor clearly had sufficient capital and credibility with other investors to be able to lead and encourage other investors to increase the size of the investment. The investor can demonstrate a track record of supporting their portfolio companies to go on and raise further funding as required.

Scores 15-19

The investor has demonstrated capacity to invest within the future economy sectors, with capacity to fund investments through the programme, although they may be reliant on syndication. Where syndicating in past investments, the investor clearly had sufficient capital and credibility with other investors to be able to lead and encourage other investors to complete the investment.

Scores 11-14

The investor has reasonable capacity and networks to fund investments through the programme and is likely to be reliant on syndication.

Scores 6-10

The investor has limited capacity and networks to fund investments through the programme as a lead investor.

Scores 1-5

The investor has not provided convincing evidence that they have adequate capacity or networks to fund investments through the programme.

#### **Question 5. Your capability as an investor partner**

Describe your approach to transacting investments and how you manage your portfolio including your decision making, due diligence approach and governance processes.

Tell us about your team members involved insourcing, transacting and managing investments in the future economy areas and those involved in making investment decisions, such as members of an investment committee. You can provide short CVs in an appendix.

Explain your involvement to date with businesses who have received funding from Innovate UK, or why you are interested in working with innovative and intellectual-property rich companies, if this is a new approach for you. Provide information about your involvement in previous Innovate UK investor partnership programmes if this is applicable.

Explain how you manage your portfolio, including:

- your approach to portfolio management, including the level of engagement with portfolio investments
- your approach to investor reporting
- your approach to appointing directors, non-executive or investor, and how suitable individuals are identified
- your approach to managing potential conflicts of interest
- your approach to structuring investments to plan for responsible exits
- how you deal with under-performing companies

#### **Question 5. Assessor guidance and scoring**

Scores 20-25

The investor is clearly able to demonstrate a highly professional approach to investment, including how they conduct their due diligence and already have traction with innovative companies. They have a dedicated team managing their portfolio who have access to people who can strengthen a company's management team or board as well as a rigorous approach to reporting.

Scores 15-19

The investor is able to demonstrate a professional approach but has less evidence of direct experience in working with innovative companies. They have also been able to strengthen a company's management team or board and have a process for reporting on a company's progress.

Scores 11-14

The investor has provided evidence of a professional approach to investment and portfolio management but has only provided limited evidence of prior engagement with innovative businesses.

Scores 6-10

The investor has provided little evidence of a professional approach to investment and portfolio management or has limited evidence of prior engagement with innovative businesses.

Scores 1-5

The investor has not provided adequate evidence of a professional approach to investment and portfolio management or has no evidence of prior engagement with innovative businesses.

### **Question 6. Your alignment to the investor partnerships programme**

Explain how your investment strategy and your current portfolio align with the strategic objectives of Innovate UK as outlined in the Innovate UK plan for action and how your investment strategy might change as a result of this programme. (<https://www.ukri.org/publications/innovate-uk-action-planfor-business-innovation-2021-to-2025/>)

In which areas of the future economy will you be looking to make investments in the next three years?

Outline the key factors that influence your investment strategy.

Describe:

- your interest in the future economy and why you believe it is an exciting area for investment
- your anticipated activity in this area, including the distribution of investments, average transaction size and timing of investments
- how you will use this programme to access new opportunities and why the programme will make a difference
- your experience of investing in businesses with an innovative offering

- your experience of investing in businesses that have demonstrated their ability to grow and scale and contribute to the UK economy and society
- your experience of investing in and supporting investee businesses through follow-on funding and sourcing or syndicating with new investors
- your experience of investing in organisations with mission-driven and entrepreneurial management teams or in supporting organisations to source executive and non-executive talent
- your experience of investing in organisations with a focus on delivering social, environmental or economic impact

### **Question 6. Assessor guidance and scoring**

#### Scores 20-25

The investor is able to demonstrate significant alignment to Innovate UK's objectives or how their strategy might change as a result of the programme. They have clearly indicated that the programme's funding will allow them to do things differently and consider innovative investments they might otherwise not have considered. The investor also has demonstrated that they have a strategy in place to source investment opportunities or a strong network base to source deals.

#### Scores 15-19

The investor is able to demonstrate reasonable alignment and a commitment to invest in innovative companies. The investor has provided limited information on why the programme allows them to consider new investments. The investor has not provided clear information to demonstrate access to deal flow.

#### Scores 11-14

The investor has not demonstrated that they are specifically interested in investing in future economy sectors or that it will make any real difference to their investment strategy. The investor has not backed up their responses with examples of investing in innovative companies or having access to deal flow.

#### Scores 6-10

The investor has provided some evidence to show that they have aligned capital but has not provided adequate evidence of their past track record or future deal flow in innovative businesses in the future economy areas.

#### Scores 1-5

The investor has not provided evidence to demonstrate that they are aligned to the investor partnership programme.