



# Responsible Investment Policy

## Introduction

SEP is a growth equity investment firm specialising in investments in software and tech-enabled companies in the UK and other European countries.

We believe that a responsible, long-term approach to investment leads to more sustainable businesses and superior long-term performance. The most successful companies are driven by a mission that extends beyond the purely commercial and encompasses a broad definition of stakeholder value. Innovative technology can be a powerful enabler of sustainability and will be key in tackling the world's environmental and social challenges.

At SEP, being a responsible investor means working to future proof the businesses we invest in by incorporating environmental, social, and corporate governance considerations into all stages of our investment process.

We believe there is a direct correlation between business responsibility and business growth, progressive employment policies and staff motivation, and ethical practices and customer acquisition and retention. We encourage the companies we partner with to achieve best practice in all aspects of their operations. This includes being a responsible business and employer.

Investing at the growth equity inflection point, our capital and expertise can have an outsized impact, setting a strong foundation and acting as a catalyst for sustainable growth. We look to build robust, resilient, and sustainable companies, maximising the risk-adjusted returns for our investors and the benefits to society more broadly.

This policy explains our approach to investing responsibly and how we assess and manage risk throughout the investment lifecycle.

## Our approach

Since 2020, SEP has been a signatory to the UN Principles for Responsible Investment (UNPRI) and we have embedded the six principles into our investment approach. We support the objectives of the Paris Agreement and are committed to deepening our engagement on Net Zero and broader climate issues and playing our part in the decarbonisation of the global economy.

In developing this Policy, we have drawn upon several sources including the UN Sustainable Development Goals, the BVCA Responsible Investment Toolkit, the Guidelines for Disclosure and Transparency published by the Walker Guidelines Monitoring Group, OECD Principles of Corporate Governance, and the Invest Europe Handbook of Professional Standards. We have also taken independent advice on how we embed responsible investment in our approach.

## SEP's Sustainable Growth framework

Our approach to responsible investment is guided by our sustainable growth framework. This framework was developed and implemented during 2020 with the aim of addressing the most material aspects of sustainability for high growth technology companies. We have continued to refine and enhance our approach across the SEP portfolio and are committed to evolving the framework further to adapt to emerging ESG themes and regulatory change.

Working alongside management teams, we aim to identify areas for potential improvement, share best practice and offer practical advice.

Our sustainable growth framework has three core pillars:

- Governance
- Culture
- Society

## Governance

Our portfolio includes companies at different stages of development, operating in various locations around the world. A fundamental part of our value proposition is helping companies put in place the right governance structures to enable them to scale successfully. These include:

**Effective board:** An experienced and diverse board with independent representation and effective reporting structures

**Risk management:** Effective controls to manage and mitigate risks

**Legal & compliance:** Compliance with all relevant laws and regulations including anti-bribery, anti-money laundering, anti-competitive behaviour, and supply chain issues

**Data security & privacy:** GDPR and cybersecurity measures to protect sensitive information



## Culture

Encouraging the companies we invest in to promote a rewarding and inclusive culture is key. We believe that progressive employment practices lead to a motivated and engaged workforce. It is therefore important that the companies we invest in strive to develop certain attributes:

**Growth:** Creation of a safe, healthy, and diverse place to work, allowing employees to grow and develop

**Talent:** Attraction and retention of high-quality talent by being a great place to work

**Alignment:** Employee engagement in company mission, values, and culture. Staff motivation and incentivisation through broad share ownership and reward schemes

**Innovation:** Product-led differentiation solving high impact or complex customer issues

## Society

We encourage the companies we invest in to be purpose-led and to have a positive external impact. This includes acting with integrity and committing to fostering positive relationships with key stakeholders and the communities in which they operate. We consider this societal impact by looking at:

**Responsible business practises:** Conducting business in an ethical and responsible manner

**Climate impact awareness:** Limiting potential environmental impact in line with the goals of the Paris Agreement through careful management of energy and supply chain

**Active community engagement:** Contributing to society and having a positive impact on our communities, including industry initiatives, charities, mentoring and apprenticeships

**Open communication:** Transparent communication and engagement with all stakeholders

We consider these pillars throughout the investment lifecycle of our portfolio companies. This includes investment appraisal, during due diligence, ongoing portfolio management and at exit.

# Responsible investment through the investment lifecycle

## *Pre-investment*

We screen all potential new investments against our exclusion list which outlines the businesses, sectors, and products we will not invest in.

As part of our due diligence prior to making an investment, we assess businesses against our sustainable growth framework, identifying key opportunities and any potential concerns. The results of this due diligence are included in our investment material and discussed with the Investment Committee and Investment Advisory Board. We will highlight any material concerns and engage with management to assess whether these concerns can be addressed post-investment.

If any actual or potential conflict of interest arises in relation to a new investment, we seek to manage that conflict fairly, taking into account our regulatory obligations under the AIFM Rules and the FCA's Handbook of Rules and Guidance, the respective interests of the parties involved and, where appropriate the views of the relevant fund Supervisory Committee.

## *Exclusion list*

SEP will not invest in any business whose principal business activities consist of:

- The production of, or trade in, tobacco, distilled alcoholic beverages or related products
- The production of, or trade in, weapons or ammunition of any kind
- Casinos, gambling, or related products
- The research, development or technical applications relating to electronic data programmes or solutions that are specifically intended to:
  - support any of the aforementioned activities
  - support internet gambling or online casinos
  - support pornography
  - enable the illegal entry into electronic data networks or the illegal downloading of electronic data
- The generation of nuclear power
- The undertaking of human cloning or genetic modification of organisms in breach of applicable legislation

## *Investment and value creation*

We work closely with management teams in the companies we invest in to ensure they are addressing the opportunities and risks to support value creation.

Following initial investment, we use the information gathered during due diligence to assess the company's practise across the pillars. We then use this information to support the business in developing and implementing a value creation plan. Throughout the course of our investment, we record and monitor portfolio company performance against our sustainable growth framework and regularly assess performance against agreed objectives.

We are committed to sharing best practice across the portfolio and engage closely with management teams, providing advice and support.

## *Realisation*

We aim to have a positive influence on our portfolio companies, promoting sustainable practices that will enable them to continue to prosper and operate in a responsible manner beyond the period of our engagement. Given the stage of our investment, our companies still have a long journey of growth ahead of them. As such, we look to exit responsibly, ensuring the acquirers of our companies are aligned with their long-term growth aspirations.

## What being responsible means for us

As well as taking a responsible approach to investment, we also look to apply our sustainable growth framework to our own operations, ensuring we are a responsible business and employer in our own right.

We conduct business ethically and responsibly and, as such, all employees are required to read, understand, and adhere to the SEP compliance manual as well as our strict policies prohibiting bribery and corruption.

We aim to foster a rewarding, diverse and inclusive workplace and provide all employees with competitive remuneration and training and development opportunities. We have an equal opportunities policy and a firm culture which recognises and rewards individual achievement and merit regardless of age, race, disability, or gender. We are signatories to the Women in Finance Charter and publicise our commitment and progress against targets annually.

We look to have a positive impact on society and have a strong commitment to supporting charitable organisations, both at a local and national level. Staff are encouraged to be engaged citizens and to participate in charitable events and fundraising activities and are allowed time off work to do so. We aim to minimise our environmental impact and promote openness and honesty, engaging with stakeholders in all relevant aspects of its business.

## Reporting

Recognising the importance of demonstrating how we and our portfolio companies are acting in a responsible and sustainable manner, we include updates on ESG performance in board reports and in quarterly and annual reporting to fund investors. We also commit to report any material ESG incidents in a timely manner.

A signatory to the United Nations Principles for Responsible Investment (“UNPRI”), we have committed to complete an annual Transparency Report.

## Implementation

We are fully committed to our Responsible Investment Policy as a firm. This includes providing regular staff training and convening of regular responsible investment group meetings.

In addition, we are committed to regularly reviewing our approach to assess the continued suitability and effectiveness of the Policy and its implementation across our business.

SEP has had a Responsible Investment Policy in place since 2012, which is reviewed at least once a year.

**Responsible investment group:** Matthew Marshall – ESG & Sustainability Lead  
Tony Robison - Partner  
Jan Rutherford - Partner  
Andrew Buchan – General Counsel

**Policy Supervision:** Calum Paterson – Managing Partner

**Date of last review:** December 2023

**Date of next review:** February 2024