South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

Report for:	ACTION
Contains Confidential or Exempt Information	NO

For Consideration By	Corporate Joint Committee
Report Title	Responsible Investment Policy
Report of	Colan Mehaffey
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Date to be Considered	27 January 2025
Implementation Date	Immediate
Affected Council Areas	All
Keywords / Index	Responsible Investment Policy, ESG

Reason for this Report

1. To seek comment and approval of an enhanced Responsible Investment Policy and a new Environmental, Social, and Governance (ESG) Scorecard for the South East Wales Corporate Joint Committee (SEWCJC), known for the purposes of this report as Cardiff Capital Region (CCR).

Background – Responsible Investment Policy

2. CCR's transition to a Corporate Joint Committee and establishment as a standalone Public Body triggered a series of updates to current policy, processes, and frameworks, in line with enhanced statutory requirements.

3. To align with the recent updates to CCR's Investment Framework, the publication of CCR's Strategic Equality Plan and Biodiversity Compliance Plan, the Policy and Impact function have led the refreshment of CCR's Responsible Investment Policy.

4. CCR has always had a Responsible Investment Policy, and previous versions have robustly provided a negative screen to ensure the Wider Investment Fund was deployed appropriately.

5. This most recent version is updated and progressive, evolving CCR's view of responsible investing to align with new industry standards and best practice, including the UN Guiding Principles on Business and Human Rights (2011) and the UN Principles for Responsible Investment (2006).

6. By evolving CCR's Responsible Investment Policy to a positive screening approach, CCR may proactively target investees, projects, or activity that strongly aligns to CCR's statutory requirements.

7. The policy details 14 principles of responsible investment and considers CCR's wider remit, ensuring a clear and consistent read-through of CCR's strategic ambitions, as highlighted within CCR's Regional Economic and Industrial Plan (2023-2028).

8. The 14 principles of responsible investment are as follows:
   a. Human Rights and Modern Slavery
   b. Green Growth
   c. Fair Work
   d. Diversity, Equity, and Inclusion
   e. Animal Welfare
   f. Tobacco and E-Cigarettes
   g. Gambling
   h. Pornography
   i. Fossil Fuels
   j. Infrastructure
   k. Resilience and Resources
   l. Governance
   m. Financial Crime Prevention and Know Your Customer
   n. Excluded Companies

9. This policy remains proportionate to CCR's funding and activity, seeking to support strong investment propositions and fulfil CCR's regional growth ambitions.

10. Whilst operating within these parameters, CCR and its appointed Subsidiary Fund Managers will remain accountable to the CJC, taking recommendations from the Investment Board.

11. The Responsible Investment Policy will be subject to annual review by the CJC, through the Investment Board. Where deemed appropriate, the Policy will be revised annually to ensure compliance with international standards, national legislation, and best practice. This will allow for alignment with CCR's investment strategy, evolving responsibilities, and any new funding opportunities.

12. This refreshed Responsible Investment Policy applies to all future CCR investments and funds, including its subsidiary funds. All investments to date are aligned to the previous iteration of this Responsible Investment Policy.

Background – ESG Scorecard

13. To support the implementation of CCR's Responsible Investment Policy and wider statutory requirements, the Policy and Impact function have developed a series of tools, including an ESG Scorecard.

14. The proposed ESG Scorecard allows CCR Officers and Members to consistently evaluate investment propositions for their ESG credentials and

monitor progress against these metrics over the lifetime of an investment or the duration of funding.

15. The scorecard contains 15 indicators, aligned to CCR's key values, strategic direction, statutory policies, and investment framework. These include areas such as renewable energy, the Real Living Wage, and supply chain practices, amongst others.

16. Initially assessed as part of the business case development process, and reassessed annually thereafter, the ESG scorecard allows CCR to evaluate the ESG impact of investees.

17. Investees will receive a score from 1-4 for each indicator, with a higher score denoting a stronger performance. With this information, CCR can better identify areas for improvement and understand the support needed by businesses and projects across the region to enhance their ESG practices.

18. In line with the refreshed Responsible Investment Policy, this ESG scorecard applies to all future CCR investments and funds, including its subsidiary funds.

19. The Policy and Impact function are working closely with subsidiary fund managers to ensure the scorecard is implemented and utilised consistently across CCR's funds.

Reasons for Recommendations

20. CCR's refreshed Responsible Investment Policy and new ESG scorecard represents CCR's explicit commitment to responsible investment and outlines an unambiguous position on material ESG issues.

    a. Incorporating these considerations into CCR's investment analysis and decision-making process ensures all investment and funding deployed by CCR is aligned to the mission of pursuing sustainable, inclusive economic growth and fostering economic well-being for the region.

Financial Implications

21. There are no direct financial implications to the recommendations set out within this report. The Responsible Investing Policy and ESG Scorecard will facilitate a rounded view of investment and aid good decision making, balancing our ambition for financial return with our moral obligations as a public body.

Legal Implications

22. As per Article 4 of the Constitution, the Responsible Investing Policy forms part of the CJC's Policy Framework and its approval is a matter reserved to the Corporate Joint Committee.

Well-being of Future Generations

23. The Corporate Joint Committees (Amendment of the Well-being of Future Generations (Wales) Act 2015) Regulations 2021 bring CJCs within the scope of Parts 2 and 3 of the Well-being of Future Generations (Wales) Act 2015.

24. The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out sustainable development, meaning the process of improving the social, economic, environmental and cultural well-being of Wales by taking action aimed at achieving the well-being goals of:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

and by acting in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

25. In order to act in accordance with the sustainable development principle, when exercising its functions, the Committee must take account of the following things:

- the importance of balancing short term needs with the need to safeguard the ability to meet long term needs;
- the need to take an integrated approach to achieving the well-being goals;
- the importance of involving others with an interest in achieving the well-being goals and of ensuring those persons reflect the diversity of the population of the region;
- how acting in collaboration with others could assist to meet the region's well-being objectives;
- how deploying resources to prevent problems occurring or getting worse may contribute to meeting the region's well-being objectives.

26. In developing the Recommendations of this report, regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015 ('the Act').

Equality, Diversity, and Inclusion

27. The Equality Act 2010 (Public Authorities subject to the Public Sector Equality Duty) (Wales) Order 2021 amended Part 2 of Schedule 19 to the Equality Act 2010 to provide that Corporate Joint Committees are subject to the Public Sector Equality duty set out in Section 149 of the Equality Act 2010.

28. The Equality Act 2010 (Authorities subject to a duty regarding Socio-economic Inequalities) (No. 2) (Wales) Regulations 2021 amended section 1 of the Equality Act 2010 in order to add Corporate Joint Committees to the list of relevant authorities subject to the Socio Economic Duty.

29. The Committee must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act; (2) advance equality of opportunity

between persons who share a relevant protected characteristic and persons who do not; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not.

30. The characteristics protected under the Act are:
- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion or belief;
- sex; and
- sexual orientation.

31. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

32. The socio-economic duty requires public bodies to, when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage. Officers are of the view that the decisions recommended in this report will have a positive equalities impact.

33. CCR is outwardly committed to advancing the economic development of the Region, through its investments and projects across key portfolio areas and its additional regional planning powers. As part of the recently published Strategic Equality Plan, CCR committed to seeking out investments and interventions that look to support fair work with better wages and conditions. As part of that commitment, it is key that CCR itself, as a newly established Public Body, looks to improve their responsible investment policy, in line with international best practice and national legislation.

34. In line with our Strategic Equality Plan annual reporting requirements, and ESG reporting, CCR will assess the Responsible Investment Policy and ESG scorecard to ensure they are having the desired effect.

Welsh Language Implications

35. The Welsh Language Standards (No.1) Regulations 2015 (Amendment) Regulations 2021 bring Corporate Joint Committees within the scope of the standards specified by the No.1 Regulations.

36. In accordance with the Welsh Language Standards (No.1) Regulations 2015, consideration has been given to the impact the recommendations made in this report may have on opportunities for people to use and promote the Welsh Language, whether the proposals treat the Welsh Language more or less favourably than the English Language, and opportunities for increasing the positive effects, or decreasing the negative effects, of the proposals on the Welsh Language.

37. No negative impacts were identified which would prevent approval being sought to implement the recommendations of this report.

Risk Management

38. The operational risks associated with approving the Responsible Investment Policy are minimal.

39. It is advised there may be unintentional reputational risks associated with CCR if the Committee do not endorse and support the organisation in implementing the refreshed policy, as CCR outwardly asserts its commitment to place-based impact investing and the creation of fair jobs.

40. As a newly recognised public body, this presents a fitting time for CCR to reestablish their commitment to responsible investing.

Links to CCR Priorities

41. This report relates to the following outcome(s) set out in CCR's Regional Economic and Industrial Plan for 2023- 2028:
    - COMPETITIVE - Enable businesses within our priority sectors and public services to achieve higher levels of productivity through innovation-led growth.
    - CONNECTED - Invest in cutting-edge digital and physical infrastructure and grow the green economy through investing in and promoting companies, technologies and community initiatives that are embracing the de-carbonisation agenda.
    - RESILIENT - Maximise 'good growth' by ensuring prosperity is shared and spread across the Region and take direct steps to reduce the economic and social disparities between our places.

42. This report builds on CCR's Strategic Equality Objectives within its Strategic Equality Plan, ambitions to scope the possibility of becoming a Real Living Wage Region, and Biodiversity Compliance Plan. In addition, as a CJC, this aligns with CCR's statutory power relating to Economic Wellbeing.

RECOMMENDATIONS

43. It is recommended that the SEW CJC:

(1) Approve the Responsible Investment Policy
(2) Acknowledge the ESG Scorecard as a key implementation tool for the Responsible Investment Policy.

Kellie Beirne
Chief Executive, South East Wales Corporate Joint Committee

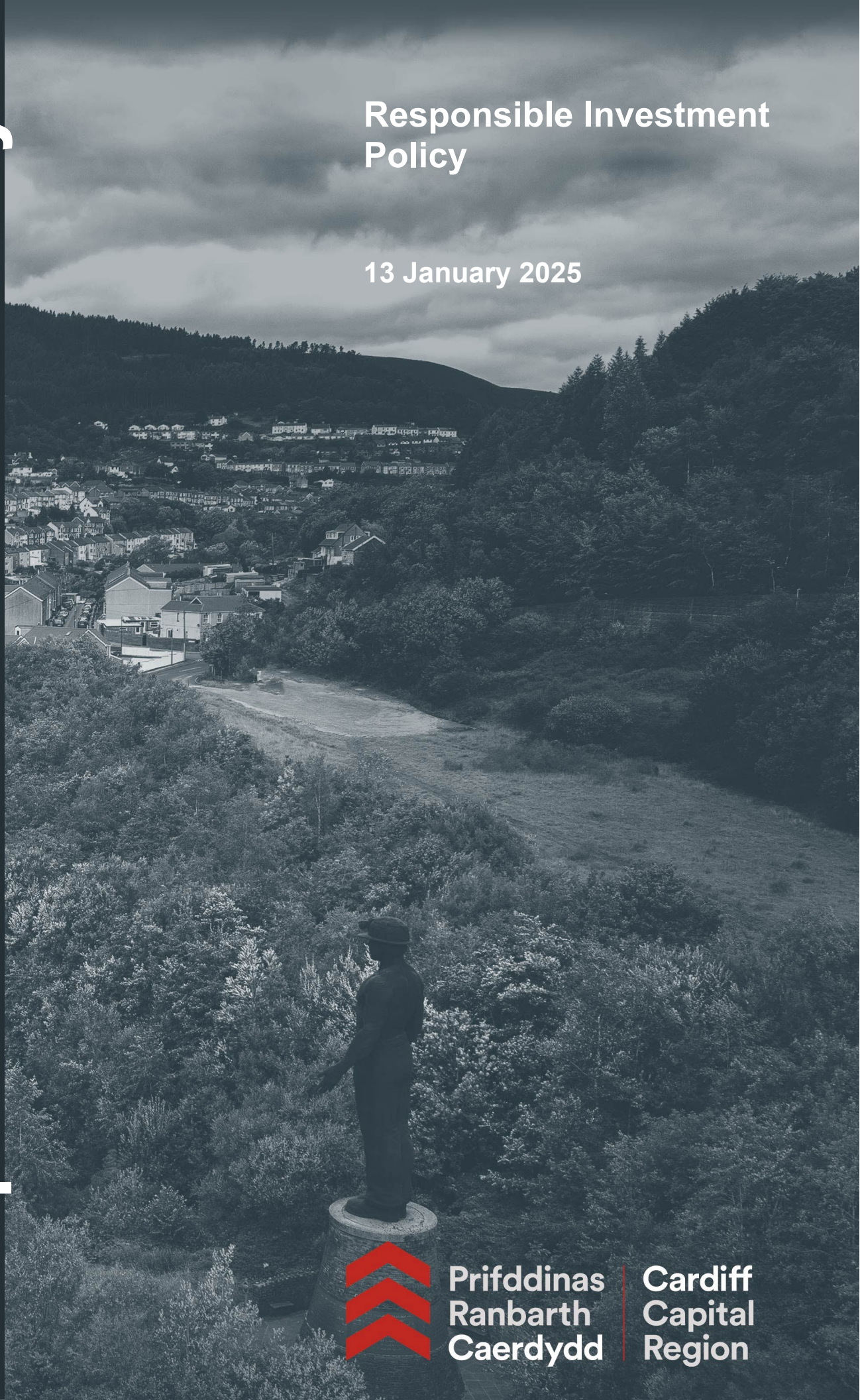
27th January 2025

Appendices
Appendix 1 CCR's Responsible Investment Policy
Appendix 2 CCR's ESG Scorecard

Responsible Investment Policy

Responsible Investment Policy

13 January 2025



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DOCUMENT CONTROL	
POLICY NAME	Responsible Investment Policy
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Date	Revised By
2 July 2024	Natalie Hughes, Policy & Impact Lead, Sophie Irving, Policy Analyst
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DOCUMENT APPROVAL	
This document has received approval from:	Date of Approval
Strategic Director of Policy, Impact & Partnerships	10 January 2025
CCR Investment Board	17 January 2025
SEW CJC	

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Cardiff Capital Region: Responsible Investment Policy

Purpose: Cardiff Capital Region's (CCR) Responsible Investment Policy represents our explicit commitment to responsible investment and outlines our position on material ESG issues. Incorporating these considerations into CCR's investment analysis and decision-making process ensures all investment and funding deployed by CCR is aligned to our mission of pursuing sustainable, inclusive economic growth and enabling economic well-being for citizens of the region. Critically, it will enable CCR to maximise the impact of its investments for those receiving our funding and the wider region.

This policy is informed by international standards, ensuring CCR is adopting a best-in class approach to responsible investment. These include, but are not limited to, the UN Guiding Principles on Business and Human Rights (2011) and the UN Principles for Responsible Investment. This policy enables CCR to align investment with global efforts to achieve the United Nations Sustainable Development Goals and Welsh Government efforts towards it's Well-being Goals (2015).

This Responsible Investment Policy builds on work to date and is aligned to CCR's Strategic Equality Objectives, Biodiversity Compliance Plan aims, and Regional Economic and Industrial Plan (REIP) ambitions.

Scope: The revised Responsible Investment Policy applies to all future CCR investments and funds, including its subsidiary funds. All investments to date are aligned to the previous iteration of this Responsible Investment Policy.

Governance Structure: Responsibility for the policy and its implementation will sit with:

- Programme Management Office – responsible for integration of ESG considerations into investment decisions and the Investment Framework.
- Investment Leads - responsible for day-to-day implementation and continuous monitoring across the investment lifecycle.
- Policy and Impact function – responsible for ensuring the Responsible Investment Policy is compliant with international standards, up to date with best practice, and aligned with CCR values and strategic direction.
- Investment Board – responsible for recommending prospective investments up to South East Wales Corporate Joint Committee (SEWCJC), ensuring the Responsible Investment Policy has been applied appropriately and that proposals meet the criteria.
- SEWCJC – following recommendation from Investment Board, hold responsibility for the final approval of all investments.

Implementation approach: Whilst operating within these parameters, CCR and its appointed Fund Managers for subsidiary funds will be accountable to the SEWCJC, through the Investment Board, in terms of adherence to the parameters set out below and the performance against metrics included as part of the approved Business Case. Please see Appendix 1 for stage gates.

Revision frequency: The Responsible Investment Policy is subject to annual review by the SEWCJC, through the Investment Board. Where deemed appropriate, the Policy will be revised annually to ensure compliance with international standards, national legislation, and best practice. This will allow for alignment with CCR's investment strategy, evolving responsibilities, and any new funding opportunities.

1. **Human rights and Modern Slavery**
   - CCR is committed to respecting human rights in all our activities, in line with the UN Guiding Principles on Business and Human Rights. As such, CCR will exclude investments to any business, organisation, or project that fails in its responsibility to respect human rights and all elements of international human rights and humanitarian law applicable to business.
   - CCR will conduct human rights screening before making any investment. Appropriate investigation and analysis will be carried out throughout CCR's consideration of a business or project and will include assessment of a relevant organisation's human rights record both in the region and worldwide. If deemed necessary following CCR's human rights screening, third-party human rights due diligence will be conducted.
   - CCR will exclude investment for the primary purpose of the manufacture of munitions or weapons.

2. **Green Growth**
   - CCR will exclude investments in businesses and projects whose activities would negatively impact the region's natural environment and biodiversity without proportionate mitigation via sustainable sourcing and/or environmental management guidelines, where appropriate.
   - CCR will review positively companies who have a net zero carbon strategy and encourage those that do not to work towards such a strategy. The strategy should commit to net zero by at least 2050, in line with CCR's regional ambitions towards net zero, and ideally would be validated by a third party.

- CCR will review positively investment opportunities within the green economy that strengthen the resilience of our natural environment, or investments that enable the enhancement of the green supply chain and the creation of green jobs and skills.
- CCR will encourage the businesses it invests in to take proactive steps towards improving their sustainability.
- CCR will encourage the businesses or projects that it invests in to become active members of the South East Wales Business Climate Coalition.

3. **Fair Work**
   - CCR will exclude investments in businesses or projects that do not already have fair work practices in place or are unwilling to commit to adopting these.
   - CCR will encourage the adoption of fair work practices in the businesses and projects it invests in; these may include those listed in Welsh Government's Guide to Fair Work.
   - CCR will exclude investment in businesses or projects that will not commit to paying all employees the Real Living Wage, as a minimum.
   - CCR will support all the businesses it directly invests in towards seeking accreditation as Living Wage Employers, recognised by the Living Wage Foundation.

4. **Diversity, Equity, and Inclusion**
   - CCR will exclude investment in businesses or projects that do not have in place, or are unwilling to put in place, policies and practices that are aligned with CCR's Equality Objectives.
   - CCR will encourage and support the businesses and projects it invests in to improve diversity and equality in their workforces and boards. This may include taking pro-active steps towards creating an inclusive, fair, and diverse workplace.
   - CCR will require investees and/or projects to complete an ESG scorecard and partake in regular reporting of specific DEI indicators and metrics to monitor progress against the above.

5. **Animal Welfare**
   - CCR will exclude investment in any organisation that employs animal research but does not adhere to the 3R's: Replacement, Reduction, and Refinement. All research must be governed by the Animals (Scientific Procedures) Act 1986 Amended Regulations (2012).
   - CCR will exclude investment in any organisation that employs animal research but does not have an Animals in Research, or equivalent, policy.

6. **Tobacco and E-cigarettes**
   - CCR will exclude investments for the purposes of the production of tobacco or tobacco products, or to companies who sell such products under their own name. Tobacco products include, but are not limited to, finished products such as combustible cigarettes and cigars, and key materials necessary for their production such as cigarette paper.
   - CCR will exclude investments exclusively for the purpose of the production of e-cigarettes, or to companies who sell such products under their own name.

7. **Gambling**
   - CCR will exclude investment for the purposes of the development, production, or sale of gambling products, or for the provision of financial services exclusively for the purpose of gambling.
   - CCR will exclude investment in companies that derive >10% revenue from the management or ownership of gambling facilities.

8. **Pornography**
   - CCR will exclude investment in businesses or projects involved with unregulated/illegal sex trade, or in businesses or projects that produce or design pornographic or adult entertainment products or services.

9. **Fossil Fuels**
   - CCR will exclude investments in activities or organisations that promote the exploration or extraction of fossil fuels.
   - CCR may make investments in businesses or projects which operate in energy intensive or fossil fuels industries, where that investment supports a planned transition or diversification of an organisation's activities, or a significant reduction in its emissions consistent with Welsh Government's ambitions for net zero and CCR's Regional Economic and Industrial Plan commitment to net zero by 2050.

10. **Infrastructure**
    - CCR will invest in infrastructure projects that meet, and ideally exceed, UK Government and Welsh Government legislation.
    - CCR will review positively infrastructure projects that meet best practice standards.
    - CCR's subsidiary fund managers will be responsible for determining which regulatory standards are most appropriate to their fund. These standards must be aligned to CCR's wider ambitions and recognised as best practice; they would be expected to consider social value, environmental impact, and equalities considerations. CCR must approve the standards selected by subsidiary fund managers.
    - CCR's subsidiary fund managers will be responsible for ensuring all projects and investments comply with the pre-agreed standards.

11. **Resilience and Resources**
    - CCR will review positively companies that demonstrate how they actively work on enhancing resilience within the region. Practices that enhance resilience may include supporting local supply chains within the region, guaranteeing local employment, and mitigating, or adapting to, the local impact of the climate crisis.
    - CCR will review positively companies who adopt and apply circular thinking and contribute towards a circular economy. CCR will assist the businesses in which it invests to incorporate circular thinking into its strategy and practices.

12. **Governance**
    - CCR will consider the corporate governance standards of a business or project it invests in ahead of its investment as part of its due diligence and will continue to monitor an investment's governance standards throughout the duration of its investment.
    - CCR will review positively business or projects that already have good governance arrangements in place; these may include the principles and actions detailed in The Ten Principles of the UN Global Compact.
    - CCR will require the adoption of, or improvement in, good governance as part of its investment conditions. CCR will assist the businesses in which it invests work towards good corporate governance arrangements and practices, informed by the Ten Principles of the UN Global Compact.

13. **Financial Crime Prevention and 'Know Your Customer'**
    - In accordance with relevant financial crime prevention standards, CCR will undertake robust due diligence and 'know your customer' checks in respect of all proposed investments in order to understand the nature of the investment opportunity and identify the ultimate beneficial owners of the business or project being considered.
    - These checks aim to address risks around potential money laundering, bribery and corruption, and fraud. This due diligence includes considering corporate governance and conduct, as well as the environmental and social standards, of the investee organisation and its affiliates.

14. **Excluded companies**
    - CCR will exclude investments in companies listed in RepRisk's Most Controversial Companies Report.
    - CCR will exclude companies delisted in accordance with the Communication on Progress to the UN Global Compact.

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Appendix 1

Business Case Stage	Requirement	Ownership
1. Expression of Interest (EOI)	Initial screening against the criteria set out above, using information provided by prospective investees.	• CCR Investment Lead to request initial information and include within (EOI) • Investee to provide information requested to support the development of the investment • CCR PMO to oversee presentation to Internal Review
2. Business Case Development	Initial due diligence, in line with the investment ask, to be carried out against most relevant areas. Human Rights Screening to be undertaken.	• CCR Investment Lead to request further information required • Investee to provide information requested to support the development of the investment • CCR PMO to oversee
3. Pre-approval of Final Business Case	Further due diligence, carried out by a legal professional/third party where necessary, to ensure full alignment with criteria and provide legal position for CCR. This may include 'Know Your Customer' checks and Human Rights Due Diligence if deemed necessary following CCR Human Rights Screening.	• CCR Investment Lead to request further information required and liaise with legal representatives • Investee to provide information requested to support the

		development of the investment • CCR PMO to oversee
4. Post-approval – Monitoring	Throughout the investment's lifetime, the investment will be subject to continuous monitoring to ensure continued alignment and adherence to this policy, in addition to the metrics (expected outputs, outcomes and impacts) and milestones detailed within the approved Business Case.	• CCR Investment Lead to ensure monitoring data is requested and supplied within quarterly timeframes • Investee to provide information requested • CCR PMO to oversee process and ratify submissions

ESG SCORECARD	Indicator	Score	Definition	Notes & Evidence
Environmental	**Greenhouse Gas Emissions**	4	1 – No calculation or understanding of the investee's Green House Gas emissions. 2 - Investee has a basic awareness of their Green House Gas emissions. 3 - Investee actively calculates and monitors their Scope 1 & 2 Green House Gas Emissions. 4 - Investee actively calculates and monitors their Scope 1, 2 & 3 Green House Gas emissions	
	Net Zero Plan	4	1 - Investee has no Net Zero Plan in place. 2 - Investee has a basic awareness of Net Zero approaches and working towards a plan. 3 - Investee has a Net Zero Plan in place. 4 - Investee has a Net Zero Plan in place with commitment to being net zero by Wales Collective Ambition of 2050.	
	Green Opportunities	4	1 – No contribution to the creation of green jobs, skills, or technology, or knowledge of bio-diversity enhancement. 2 – Basic awareness of green opportunities and how this relates to the investee's operations. 3 – Investee will demonstrate contribution to the green economy. 4 – Investee will deliver green jobs, skills, or technology as key benefits.	
	Renewable Energy	4	1 – Investee is solely reliant on energy from fossil fuel sources. 2 – Investee has a plan agreed to transition and/or diversify their sources to Renewable Energy. 3 – Investee utilises Renewable Energy sources. 4 – Investee utilises renewable energy and is engaged in the production of Renewable Energy.	
	Waste Management	4	1 – Investee has no reduce, reuse, recycle policies in place. 2 – Investee has basic recycling policies in place. 3 – Investee has processes in place that incorporate reusing, reducing, and recycling waste. 4 – Investee has circular economy practices in place.	
Social	**People Development**	4	1 – Investee has no People Development or Learning & Development plan or practices in place. 2 – Investee has a basic awareness of People Development approaches and is working towards a plan for implementation. 3 – Investee has a people Development plan in place, informed by best practice standards such as Investors in People. 4 – Investee has a People Development plan in place with employee onboarding, training and development, and effective performance management practices in place, alongside career progression opportunities.	
	Apprenticeships	4	1 – Investee does not employ or engage with apprentices. 2 – Investee actively employs apprentices. 3 – Investee actively employ apprentices whilst working towards setting up or engaging in an apprenticeship scheme. 4 – Investee has established apprenticeship scheme in place.	
	Community Engagement	4	1 – Investee does not engage with communities. 2 – Investee is involved in some community projects that have sustainable outcomes, relevant to its sector/objectives. 3 – Investee is involved in some community events and sponsors sustinable community activity. 4 – Investee is involved in community events, sponsors sustainable community activities, and engages with the community in decision-making processes.	
	Accessibility of the Workplace	4	1 – The workplace is not accessible for employees, customers, or visitors with physical, mental, or neurological impairments. 2 – The workplace makes reasonable adjustments for employees, customers, or visitor requirements to improve the accessibility of its workplace when required 3 – The Investee provides staff training and has a plan in place to obtain a relevant accreditation. 4 – The Investee actively encourages inclusive behaviour around disabilities in the workplace, provides awareness training for employees and Board members on being an accessible workplace, and have obtained relevant accreditation (eg the Disability Confident Employer Scheme; Levels 1, 2 or 3).	
	Real Living Wage	4	1 – Investee pays the National Living Wage. 2 – Investee pays some employees the Real Living Wage, but is not yet accredited. 3 – Investee pays all employees the Real Living Wage. 4 – Investee is a Real Living Wage accredited employer.	
Governance	**Governance Arrangements and Practices**	4	1 – Investee has some governance arrangements and practices in place, which reflect the stage of their life cycle (ie start-up, established) 2 – Investee has a plan to mature their governance arrangements and practices, and will look to align with the UN Global Compact Ten Principles 4 – Investee has adopted strong governance arrangements and practices, which are reviewed on a frequent basis, and are aligned with the UN Global Compact Ten Principles	
	Supply Chain Practices	4	1 - Investee has no supply chain policy in place and no awareness of its wider supply chain. 2 - Investee has a plan to develop a supply chain policy and an initial awareness of its supply chain. 3 - Investee has an ethical supply chain policy in place and prioritises in-region suppliers. 4 - Investee has an ethical supply chain policy in place and conducts due diligence into prospective suppliers and 20% of contracts are awarded to in-region suppliers.	
	Human Rights and Modern Slavery	4	1 – Investee has no human rights or modern slavery policies in place. 2 – Investee has a plan to develop their human rights and modern slavery policy, looking to meet best practice. 3 - Investee has a human rights and modern slavery policy in place. 4 – Investee has a comprehensive human rights and modern slavery policy in place, which is reviewed and updated frequently, in line with the Modern Slavery Act and UN Principles of Business and Human Rights.	
	Board Composition	4	1 – The Board demographic offers very little to no diversity 2 – Investee is in the process of putting together an EDI policy, looking specifically at broadening the diversity of their Board 3 – The Board is diverse, with varied outlooks and views which are reflected in decision-making. 4 – The Board is diverse, with varied outlooks and views which are reflected in decision-making. The membership of the Board is reviewed periodically.	
	Gender Pay Gap Reporting	4	1 – No gender pay gap analysis is undertaken. 2 – A gender pay gap analysis is undertaken frequently. 3 – An annual gender pay gap report is published, reporting the (1) mean average gender pay gap for hourly pay and (2) the median gender pay gap for hourly pay. 4 – A gender pay gap analysis is undertaken, reporting (1) mean average gender pay gap for hourly pay, (2) median gender pay gap for hourly pay, and (3) percentages of men and women in each hourly pay quartile. An appropriate action plan is published alongside the analysis.	

ESG Scorecard
Greenhouse Gas Emissions
Net Zero Plan
Green Opportunities
Renewable Energy
Waste Management
People Development
Apprenticeships
Community Engagement
Accessibility of the Workplace
Real Living Wage
Governance Arrangements and Practices
Supply Chain Practices
Human Rights and Modern Slavery
Board Composition
Gender Pay Gap Reporting
4
3
2
1
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