

SECURE INNOVATION

AT A GLANCE: FOR INVESTORS

The following questions are intended to help you engage with emerging technology startups in whom you are considering investing, in accordance with the Secure Innovation Advice for Investors.

These should be used to inform your due diligence investigations and to encourage companies to take a security-minded approach that will better protect your investment. You may seek to incorporate some of these as conditions on which your investment depends to minimise risk of a security incident and maximise the chance of a return on your investment.

What to expect from your portfolio companies

As you conduct your pre-investment due diligence:

- ▶ Does the company have any overseas investors associated with a country which may be viewed as hostile to the UK or one which has different democratic and ethical values from our own?
- ▶ Could the involvement of other investors inhibit future fundraising or the sale of the company because of legal, ethical or compliance issues, particularly in relation to sanctions, the National Security and Investment Act or export control?

Now the startup is up and running, are you satisfied that:

- ▶ Security is owned and discussed at Board level?
- ▶ The company has identified its most valuable assets and conducted a risk assessment to determine what mitigations should be in place around those assets?
- ▶ Intellectual Property (IP) protections are in place?
- ▶ Access to information and assets is controlled and limited to just those trusted individuals who need it?
- ▶ Essential security measures have been built into the IT setup?
- ▶ The company has sought suppliers whose security arrangements meet company requirements?

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Protecting your investment

As the startup increases collaboration:

- ▶ Does the company have a strategy for protecting its data, IP and knowledge as it seeks further investment and access to new markets?

As the startup expands into new markets and through further investment:

- ▶ Has the company assessed the security implications of any proposed investments and considered mitigations for any risks identified?
- ▶ Is the company compliant with UK export legislation (and any other international export legislation which may apply, for example the US International Traffic in Arms Regulations)
- ▶ Has the company put in place proportionate and effective security procedures for any international travel?

As the startup takes on additional staff:

- ▶ Has the company put in place pre-employment screening processes for all recruits?
- ▶ Does the company provide security training for all staff, including at the point of induction?
- ▶ Has the company conducted a role-based risk assessment to identify and support employees who have access to sensitive data, IP and company knowledge, or information upon which the company relies?

In preparation for security incidents:

- ▶ Has the company established and tested an incident management plan?
- ▶ Can the company detect and investigate unexpected behaviour in IT and staff?