

ABOUT THE BANK

In the Programme for Government 2017-18 <https://www.gov.scot/publications/nation-ambition-governments-programme-scotland-2017-18/>, the First Minister announced plans to establish a Scottish National Investment Bank. The Bank has the potential to transform Scotland's economy, providing patient and growth capital for businesses and finance important infrastructure projects to catalyse private sector investment.

The Scottish National Investment Bank Act 2020 <https://www.legislation.gov.uk/asp/2020/3/enacted> establishes the Bank and it was targeted that the Bank be launched before the end of 2020.

The Bank will be a cornerstone institution in Scotland's financial landscape providing finance to support inclusive, ethical and sustainable growth across Scotland. The Scottish Government has committed to providing £2 billion over 10 years to capitalise the Bank; this will make a material difference to the supply of capital to the Scottish economy.

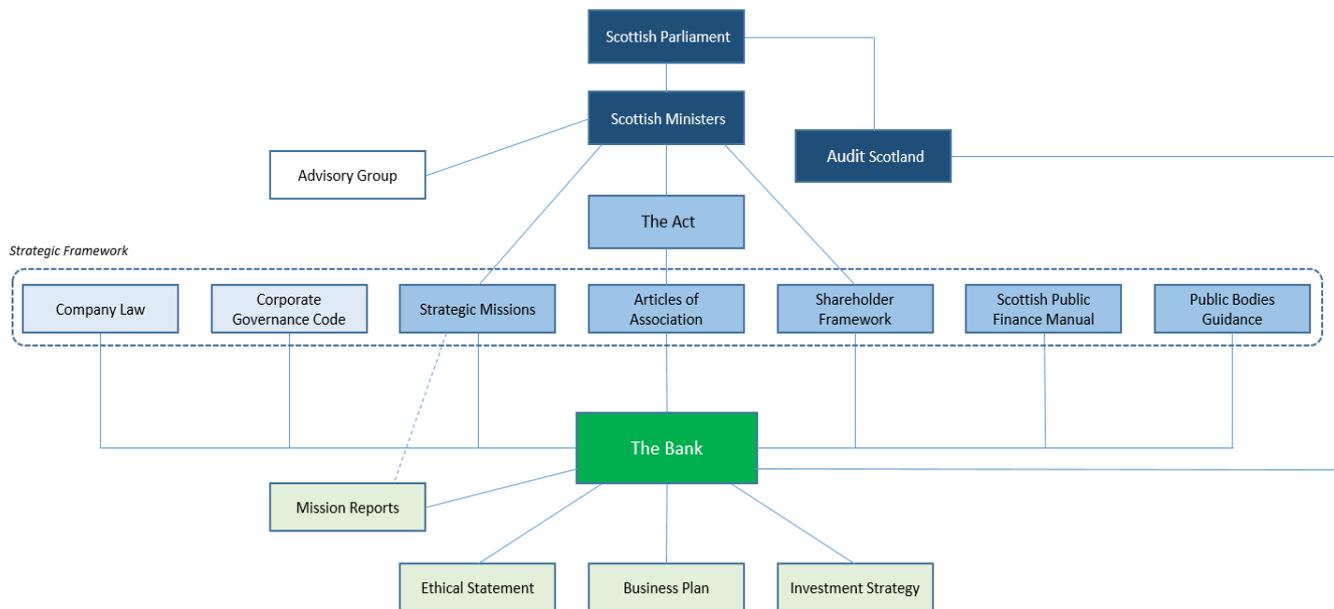
The Bank will take a mission-oriented approach to investment which will help create and shape future markets, spark innovation and tackle socio-economic challenges. Missions, and therefore the strategic direction of the Bank, will be set by the Scottish Ministers and formally given to the Bank. The Bank's Articles of Association reflect these missions: www.thebank.scot

The Bank's purpose will be aligned to the National Performance Framework <https://nationalperformance.gov.scot/>. Tackling climate change is a priority for the Scottish Government and the First Minister announced in the Programme for Government 2019-2020 <https://www.gov.scot/publications/protecting-scotlands-future-governments-programme-scotland-2019-20/> that the primary mission of the Bank will be to support Scotland's transition to net zero emissions by 2045. The Bank's Board will be responsible for setting out how it intends to respond to the missions.

The governance structure of the Bank will be unique with respect to the Scottish Economy. The Bank will be set up as both a public limited company and as a public body. The Bank will be accountable to the Scottish Ministers as the sole shareholder, but will have operational and administrative independence over investment decisions.

The Scottish National Investment Bank Act 2020 recognises that the Bank is both a financial services institution and a public body. It gives the Scottish Ministers the power to set the bank's strategic direction and to hold it to account for its performance in delivering against this direction, but safeguards the Bank's autonomy to decide how it invests to meet these objectives, its missions.

The Bank is not currently authorised or regulated by the Prudential Regulatory Authority or the Financial Conduct Authority.



Governance

As a public limited company, the Bank has a Board of Directors made up of two Executive Directors (the Chief Executive Officer and the Chief Finance Officer) and 9 Non-Executive Directors, one of whom acts as Chair of the Board.

The Board will direct the Bank’s operations through an Executive Committee of senior managers, who will manage the Bank’s day-to-day business operations. The Board is accountable to the Scottish Ministers, as the Bank’s sole Shareholder.

The Board has created formal committees in respect of establishing strong corporate governance, namely:

Remuneration Committee

Terms of Reference will be published once available

Risk Committee

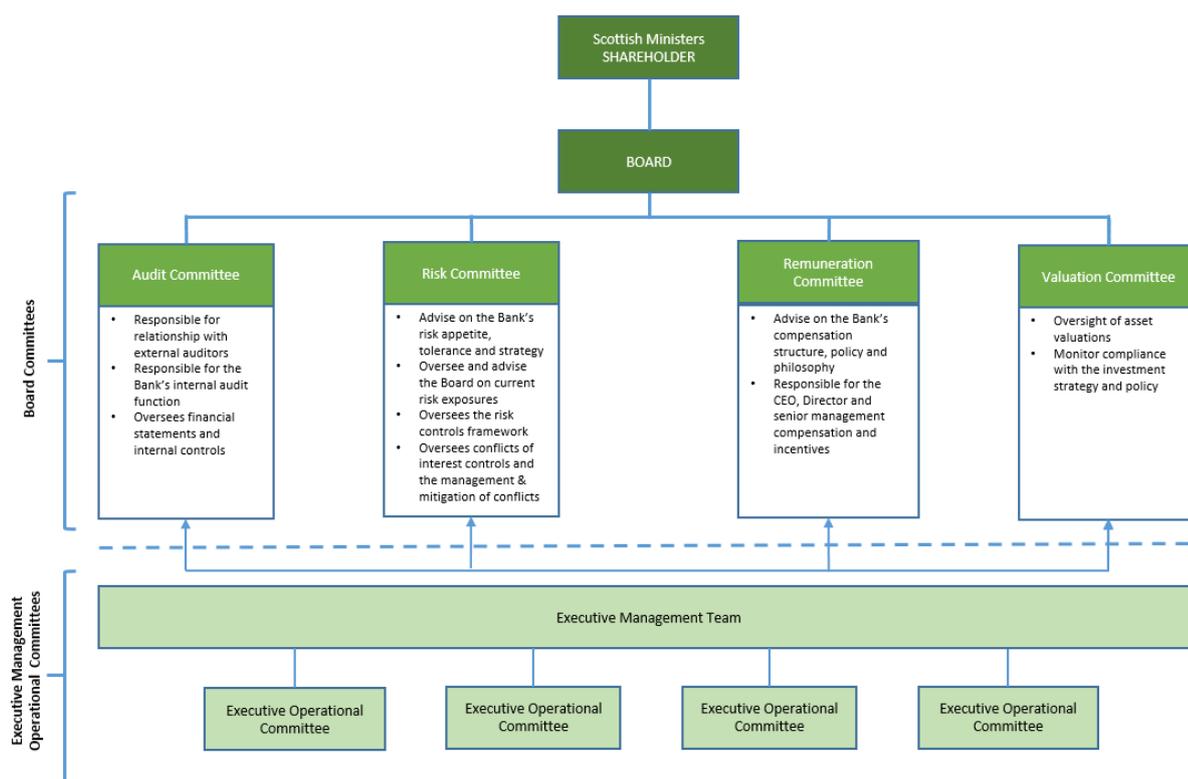
Terms of Reference will be published once available

Audit Committee

Terms of Reference will be published once available

Valuation Committee

Terms of Reference will be published once available



As a public body, appointments to the Board are made by the Scottish Ministers and, accordingly, while the Bank will have a formal Nominations Committee, proposed Board appointments will be referred to the Shareholder for approval and formal appointment.

The Board, Chief Executive and Executive Committee are responsible for the effective financial management of public funds and are required to account for the use of public money. The Scottish Public Finance Manual ('SPFM') <https://www.gov.scot/publications/scottish-public-finance-manual/> covers all matters relating to public finance and reporting in Scottish public bodies.

In addition to the Act and the Articles of Association, the Bank has agreed a Financial Memorandum (which is consistent with the SPFM) and a Shareholder Relationship Framework Agreement, which together set-out the relationship between the Bank and the Scottish Ministers, as the Bank's sole Shareholder.

Financial Memorandum – www.thebank.scot

Shareholder Relationship Framework Document – www.thebank.scot

The Chief Executive of the Bank is the **Accountable Officer** and is therefore personally responsible to the Scottish Parliament.

The Board of Directors

The **Chair of the Board** is **Willie Watt**, Non-Executive Director

Willie retired in December 2019 from Martin Currie, a \$17.2bn AUM investment management firm, after 19 years as the company's Chief Executive and latterly as Chairman of the Board. He was responsible for the overall strategy of the business and its effective execution and chairing Martin Currie's Executive Committee and Board. Previously, Willie spent 16 years with the 3i Group, latterly as Managing Director responsible for the company's Scottish and Irish businesses and ran investment teams focusing on Venture Capital, Oil & Gas and mid-market buyouts.

In November 2019 Willie was appointed as the inaugural Chairman-Designate of the Scottish National Investment Bank. Since 2016 he has been a member of the Advisory Board of Scottish Equity Partners, and Board and Audit Committee member of the National Galleries of Scotland. Willie has an MA (Hons) in Geography from the University of Aberdeen. Willie then went on to undertake a 3-year Carnegie research scholarship in Geography and Archaeology. He has completed the Advanced Management Programme at INSEAD.

Willie also acts as Chair of the Bank's Valuation Committee.

The **Chief Executive Officer** is **Eilidh Mactaggart**

Eilidh Mactaggart was appointed as Chief Executive-Designate of the Scottish National Investment Bank in April 2020. She has over 20 years of global experience in banking and investment management. Eilidh has previously held senior roles with MetLife Investment Management, Commonwealth Bank of Australia, and ABN AMRO. Eilidh has extensive experience leading investments in renewable energy, utilities, social housing, education, transport and social infrastructure.

The **Chief Finance Officer** will be appointed shortly.

The Non-Executive Directors on the Bank's Board are:

The **Senior Independent Director** is **Candida Morley**, Non-Executive Director

Candida currently has a senior role in UK Government Investments as Director and Head of Governance. She has had a wide range of previous non-executive appointments, in both the private sector and government. Candida has extensive experience in investment in private companies, having worked for LDC, HgCapital and 3i. Previously Candida was Head of Strategic Development at a FTSE 250 company, following an early career in corporate finance. Candida has degrees from the University of Oxford and the University of Stirling.

The **Chair of the Audit Committee** is **Peter Knott**, Non-Executive Director

Peter is highly experienced in green investment as he was Chief Risk Officer and then Chief Financial Officer of the UK Green Investment Bank. He is currently a Managing Director in the Edinburgh office of the Green Investment Group, part of Macquarie Group. He has considerable financial services experience built through positions with Standard Chartered Bank, JP Morgan Chase, and

Robert Fleming. He is a Chartered Accountant, educated at the University of Reading. He is an Advisory Board member at the Centre for Climate Finance & Investment.

The **Chair of the Remuneration Committee** is **Tracey Ashworth-Davies**, Non-Executive Director

Tracey is currently Director of Workforce at NHS Education for Scotland. Tracey is a highly experienced financial services professional having held senior roles with Legal & General and Toronto Dominion Bank Group. Tracey understands the challenges of scaling business as she co-founded and went on to lead Bright Grey, an insurance company start-up. In 2019, Tracey led an independent whistleblowing investigation which reported to the Board of a major financial services organisation and the FCA. She is a Trustee at Edinburgh Children's Hospital Charity, and served as a member of The Court of Heriot Watt University for several years. Tracey was educated at the University of Leeds and is a Chartered Fellow of the CIPD.

The **Chair of the Risk Committee** is **Dr. Jacqueline Redmond**, Non-Executive Director

Jacqueline has extensive energy and technology industry experience. Jacqueline is currently Non-Executive Chair of CENSIS (the SME-focused Innovation Centre for Sensing, Imaging and Internet of Things technologies), and has recently been appointed as the Executive Director of PNDC, Strathclyde University's industrialisation centre focused on delivering whole energy solutions. Jacqueline's previous experiences include Chief Risk Officer at the Green Investment Bank, VP Technology Strategy with Shell and Director Corporate Strategy with Scottish Power. Tracey is a chartered engineer and holds degrees from the University of Strathclyde and Paisley College of Technology.

Carolyn Jameson – Non-Executive Director

Carolyn is an experienced leader of technology businesses and investor in innovation. Carolyn is currently Chief Legal Officer at Trustpilot, a consumer review platform. Previously Carolyn was Chief Legal Officer at Skyscanner, where she led the sale of the business to Ctrip for £1.46bn, and subsequently became Head of International M&A for Ctrip. Carolyn is on the Advisory Board of Scottish Equity Partners, acts as a non-executive director on early stage company boards, and has been a Board Member of Visit Scotland. Carolyn was educated at the University of Edinburgh.

Jason McGibbon – Non-Executive Director

Jason is a seasoned investment industry specialist, he has spent most of his career as a partner in UK private equity firm Bridgepoint, where he led its Consumer Investment team, living and working in the UK, Germany, Turkey and the Nordic region. Jason is also a Board member of Fable Data and the University of Strathclyde Alumni Fund and acts as a mentor for early stage start-ups and with the Saltire Foundation. Jason was educated at the University of Strathclyde and qualified as a Chartered Accountant with Ernst & Young in Scotland.

Nicholas Moon – Non-Executive Director

Nick brings near 20-years of public and private sector impact investment and leadership experience, formerly as Executive Director of Strategy for the Development Bank for Wales, and currently as a Partner at LeapFrog Investments, a leading international private equity impact investor. Nick is also an advisory board member for the World Bank IFC operating principles for global impact and a

trustee board member for the Social Enterprise Academy. Nick holds an MBA from Imperial College London, specialising in advanced strategy and private equity.

Sir Jonathan Taylor – Non-Executive Director

Jonathan brings extensive international development bank experience as he has just retired as Vice President and Management Committee Member of the European Investment Bank (EIB), where he led the EIB's Green agenda. Prior to this Jonathan was Director General of Financial Services and Stability HM Treasury, and he was Director General of the London Investment Banking Association. Jonathan was educated at the University of Oxford.

Employees and Board members are expected to comply with the Bank's Code of Conduct Policy, which will be published once available.

HOW WE DELIVER OUR FUNCTIONS AND SERVICES

The Bank will invest in businesses and projects that help support the delivery of its missions. The Bank's missions have been prepared by the Scottish Government and under consideration by Parliament. Once the Bank's missions are set by Parliament, the Bank will report annually to the Scottish Ministers on its progress towards these missions. The currently identified grand challenges and corresponding missions are:

- **Climate Emergency:** achieving a just transition to net zero carbon emissions by 2045; invest in rebalancing our economy towards leadership in sustainable technology, services and industry.
- **Place-Based Opportunity:** extending equality of opportunity through improving places by 2040; invest in the built environment and regeneration to reduce disadvantage and improve opportunities for people and communities.
- **Demographic Change:** harnessing innovation to enable our people to flourish by 2040; invest in innovation and industries of the future for a healthier, more productive and prosperous population.

The Bank intends to adopt a number of corporate cultural values, namely:

- **Transparency:** honest, authentic, accessible
- **Equality:** striving for inclusion and fairness of opportunity for Scotland, our people, and in our investments
- **Diversity:** in our people, in our thinking, in our investments
- **Sustainability:** is at the heart of everything we do
- **Ambition:** we are ambitious for Scotland, its people and its Bank
- **Learning:** we are continuously seeking to improve, evolve and innovate
- **Partnership:** we want to work collaboratively with the businesses, projects and communities we invest in, for the long term

Investment Strategy – a summary of the Bank’s investment strategy will be published once approved by our Board.

Business Plan – a summary will be published once approved by our Board.

Ethical Investment Standards – a summary will be published once approved by our Board.

European Commission State Aid Policy – a summary will be published once approved by our Board.

Gender Equality Strategy – a summary will be published once approved by our Board.

HOW WE TAKE DECISIONS

The Bank has a Board of Directors made up of two executive Directors (the Chief Executive Officer and the Chief Financial Officer) and nine Non-Executive Directors, one of whom acts as Chair of the Board.

The Board will direct the Bank’s operations through an Executive Committee of senior managers, who will manage the Bank’s day-to-day business operations.

The Board is accountable to the Scottish Ministers, as the Bank’s sole Shareholder.

It is intended that the Board will meet at least 4 times each year.

The frequency of Board committee meetings is as set out in their respective Terms of Reference documents.

The Executive Committee (comprising the senior management team) meets on a weekly basis.

The Bank will adopt a formal Business Plan, a summary of which will be published once approved by the Board.

The Bank has constructed a control and risk management framework (a summary of which will be published once available) and is implementing a suite of policies and procedures, including: a Whistleblowing Policy; a policy concerning the prevention of Modern Slavery and Human Trafficking; and, a policy which aims to manage any potential or actual Conflicts of Interest. Summary statements in relation to key policies will be issued once approved by our Board.

The Bank, as a plc, issues a formal Annual Report and Accounts each year which will be published on the Bank’s website as and when they become available.

WHAT WE SPEND AND HOW WE SPEND IT

As a new public body established by the Scottish Government, the Bank has been allocated an Operating Budget from which it can draw monies to build the organisation, including recruiting contract and permanent employees, acquiring physical assets (e.g. office premises, technology) and engaging services providers (e.g. legal advisers). Information of the expenditure from its Operating

Budget will be regularly reported on to the Scottish Government and in the Bank's annual and interim Reports and Accounts, which will also be published, as required under Companies legislation, and added to the Bank's website as and when they become available. The proposed operating budget for the Bank was presented to the Scottish Parliament:

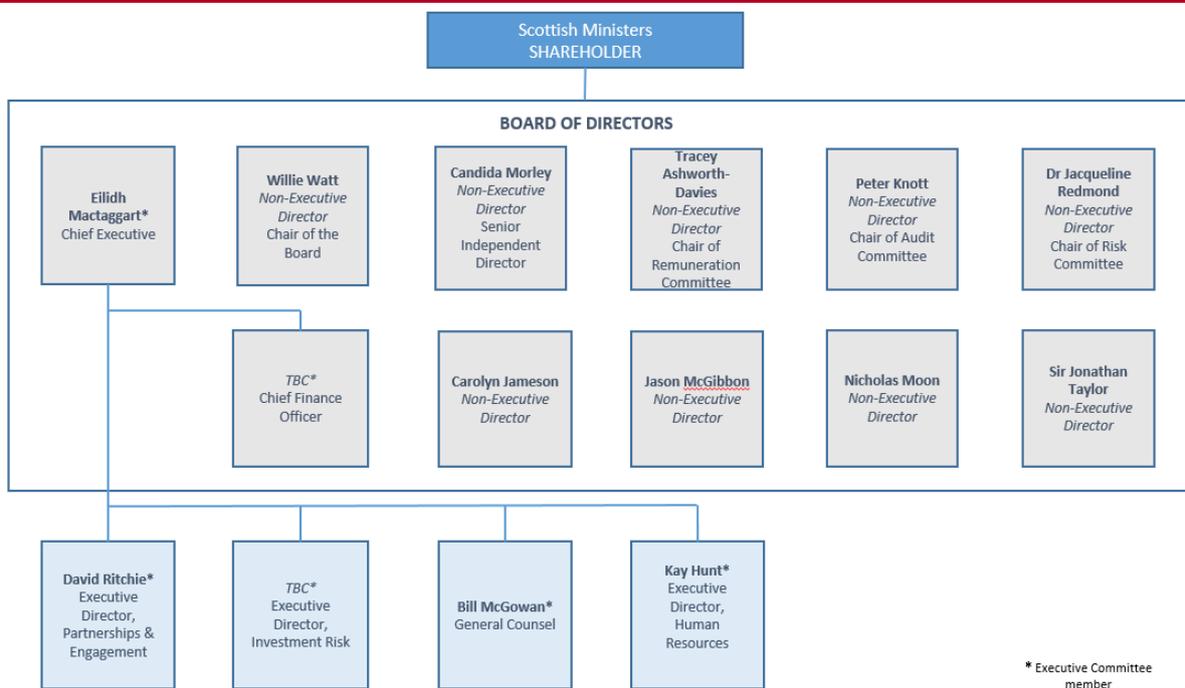
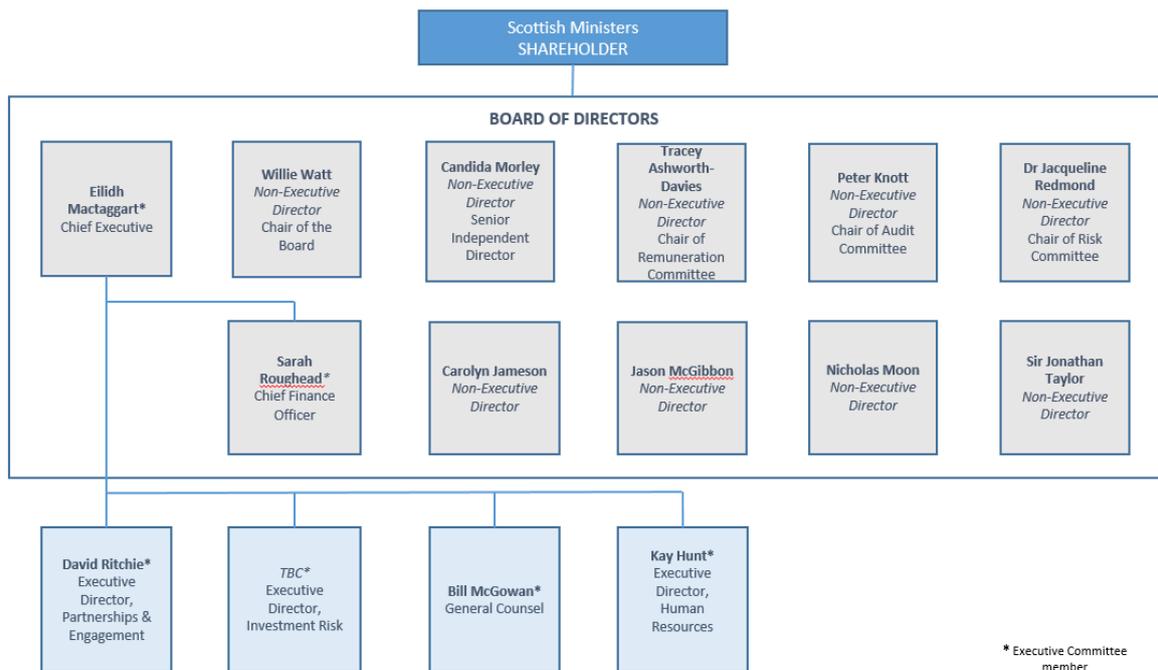
[Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities dot \(parliament.scot\)](https://www.parliament.scot/Deputy-First-Minister-and-Cabinet-Secretary-for-Infrastructure-Investment-and-Cities)

Other information about the financial arrangements within the Bank will be published as it becomes available, including information about the Bank's operating budget, expenses and allowances claimed by Board members and executive remuneration.

HOW WE MANAGE OUR HUMAN, PHYSICAL AND INFORMATION RESOURCES

In seeking to establish itself, the Bank has used a combination of seconded civil service staff from the Scottish Government and interim skilled professionals to fulfil a number of roles during the start-up phase. The Bank has recruited its executive team and is in the process of recruiting its wider team, replacing interim and civil service resource.

The Bank's recruitment activity is based upon an organisational plan and resource budget agreed with the Scottish Government. This organisational plan sets out the different functional teams required by the Bank and the management structure under which those teams will operate, led by a Chief Executive Officer. This structure includes a dedicated Human Resources function.



As a new organisation, the Bank has limited physical resources, although this will change as the Bank grows. The Bank occupies temporary leased office space in the centre of Edinburgh but currently has no other offices. It is expected that the Bank will have offices in both Glasgow and Edinburgh over the longer term.

During the COVID-19 Pandemic, in accordance with Scottish Government guidance, the Bank has required its employees to work from home. It is intended that employees will return to office working in due course but only in-line with continuing guidance.

Throughout its establishment phase, the Bank has utilised Scottish Government systems and IT infrastructure. This has provided the Bank with robust systems security and technology infrastructure. However, as the Bank develops its business operations, it will begin moving towards its own systems infrastructure and information governance (given the commercial and market sensitivity of much of the information it will manage). Accordingly, the Bank will establish and manage some independent systems and IT infrastructure where reliance on/sharing with Scottish Government would not be appropriate from a legal, regulatory and reputational perspective.

The Bank is developing a comprehensive suite of internal governance and control policies and procedures and summaries of key policies will be published once available.

HOW WE PROCURE GOODS AND SERVICES FROM EXTERNAL PROVIDERS

The Bank is a new organisation and, therefore, has established and continues to develop and implement policies and procedures under which the Bank will operate. The Bank will adopt a formal procurement policy which will govern how it will select external providers of goods and services to the Bank. The procurement policy complies with procurement law. The Bank has appointed a dedicated Head of Procurement within its Finance function. The aim of this procurement policy will be to ensure that goods and services obtained by the Bank are objectively and thoroughly assessed, in particular in terms of quality and price, before being purchased or contracted for. This will ensure that such procurement meets our value for money standard.

Examples of goods and services already subjected to procurement scrutiny by the Bank are:

- IT infrastructure and technology equipment supplies
- Professional services (e.g. legal services, audit services, interim staff recruitment)

The public money which the Bank invests in projects and businesses in pursuit of its missions on behalf of the Scottish Ministers is drawn from the Scottish Government separately from the Bank's Operating Budget. Investments are subject to a formal, robust and comprehensive investment process agreed with the Scottish Government. As such, investments by the Bank are assessed under this investment process, rather than under the Bank's procurement process.

HOW WE ARE PERFORMING

As a new venture, the Bank has not yet commenced its full range of planned investment activities. Accordingly, the Bank is not yet able to report on how it is performing. However, the Bank has strict reporting arrangements to the Scottish Government, as its sole shareholder, and under the Scottish National Investment Bank Act 2020 and the Bank's Articles of Association. Consequently, the Bank will provide regular and comprehensive reporting both on the Bank's operations and its progress against its missions and the performance of the investments it makes in the form of a Balanced Scorecard. The Bank will also provide regular and transparent public reporting on its operations and investments (subject to some commercial, legal and regulatory confidentiality constraints).

As a public limited company, the Bank will also issue annual and interim Reports and Accounts which will be published in accordance with Companies legislation and will be added to the Bank's website as and when they are available.

The Mission Report the Bank is required to prepare will be published on the Bank's website annually.

The Investment Performance Report the Bank is required to prepare will be published on the Bank's website annually.

Under the Bank's Act (S.21), an independent review of the Bank's performance must be undertaken at least once every five years. This report will be published on the Bank's website on completion.

OUR COMMERCIAL PUBLICATIONS

Currently the Bank does not produce any commercial publications.