



Business Plan



The
Scottish
National
Investment
Bank

Financial Year
2024/25

Our Ambition

“Transforming Scotland through our insight, investment and impact.”

At the Bank we are ambitious for the positive impact our investments and market insights can deliver.



Contents

Executive Summary	3
Our portfolio in numbers	4
Introduction from the Chief Executive Officer	5
Progress against FY23/24 Business Plan.....	7
Risk Management	14
Strategic Priorities FY24/25	15
Demonstrating and enabling impact	18
Delivering investment.....	21
Building insights, partnerships and our reputation	23
Enabling private sector investment.....	25
Targeting financial self-sustainability	27
Realising the potential of our people	30
Chair’s concluding reflections.....	32



Executive Summary

The Scottish National Investment Bank is Scotland's development bank. To support economic growth across Scotland, we invest in businesses and projects that support delivery of our missions and provide a commercial, risk-adjusted financial return. We invest for the long term and can make equity investments, provide debt or, where necessary, invest in third party funds.

Our missions drive everything we do and are designed to reflect key challenges facing Scotland. They are:

- ◆ **Net Zero:** Address the climate crisis through growing a fair and sustainable economy.
- ◆ **Place:** Transform communities, making them places where everyone thrives.
- ◆ **Innovation:** Scale up innovation and technology, for a more competitive and productive economy.

The Bank's strategy remains consistent with what was set out in our Business Plan last year, and we are delivering strongly against it. From launch to the end of March 2024 we have committed £640 million of investment in support of our missions, £225 million of which was in the last financial year alone. The £640 million we have committed has also enabled more than £1 billion to be invested alongside the Bank, accelerating both economic growth and progress towards delivering our missions.

Our key strategic themes for the year ahead are consistent with those articulated in our Business Plan last year and are:



For each of these areas, we have progressed well against these outcomes. Within this plan we have again summarised what the Bank is aiming to achieve by 2030, including specific quantification for how we are progressing against our missions, and the key outcomes we are seeking to deliver for the year ahead.

As an impact investor our investments provide both financial and non-financial returns. Over this year we have reviewed how we can most efficiently and effectively support the delivery of our missions. Full details of this work, along with our performance to date, are set out in our separate Impact Report, published on our [website](#).

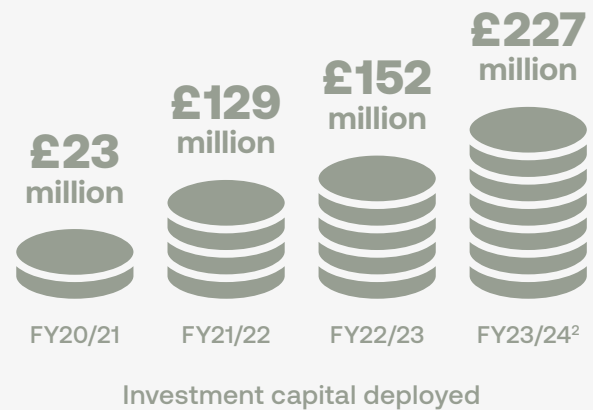
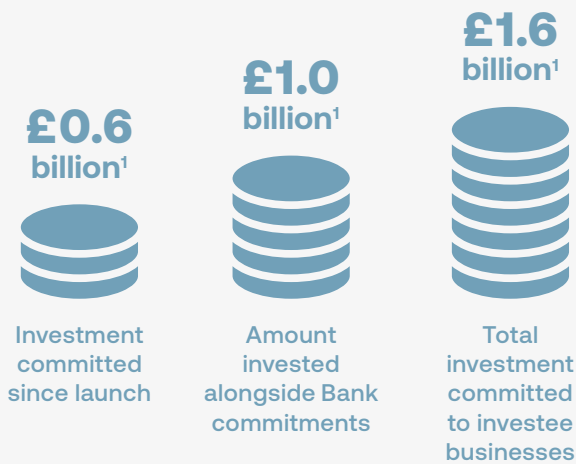
The amount of investment we have committed and deployed has increased year-on-year since launch, with associated increases in income. While the rate of this growth will slow in the year ahead due to reduced availability of capital, our growth will still continue to move us closer to full financial self-sustainability. For the Financial Year 2023-2024 (FY23/24) it is anticipated that our income will exceed our operational expenses (on an accounting basis) for the first time.

The strength of our delivery and the clarity of the future impact we can make is based on our talented and motivated team.



Our portfolio in numbers

Financial highlights



649
homes



Affordable homes built since Bank launch, available for mid-market rent.¹



1,850
jobs

Jobs supported by our investee businesses.³

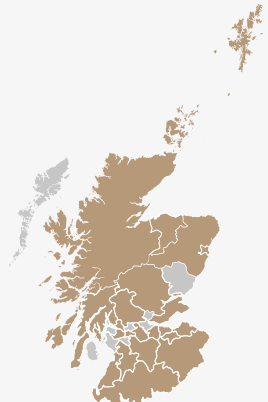


1,341
flights

57,847 tCO₂e has been avoided, reduced or removed across our portfolio.⁴ This is the equivalent of 1,341 full capacity, return flights from Glasgow to London.⁵

24
out of 32

Scottish Local Authority
Areas have benefitted
from our investment.



1. Correct at 31.3.24. 2. These results are not yet audited and will be formally published in our Annual Report and Accounts later in the year. 3. This includes 1,310 jobs directly supported in our investees and a further 540 indirectly. 4. Correct at 31.12.23. 5. Flights are estimated based on a British Airways Airbus A319-100 with 144 passengers travelling from Glasgow International to London Heathrow (556 km) and calculated using the relevant UK Government GHG Conversion Factors for Company Reporting. (Domestic to/from UK Average passenger) 0.27258 kgCO₂e/passenger km: 556 x 0.27258 = 0.151 tCO₂e x 144 = 21.744 tCO₂e for capacity flight.



Introduction from the Chief Executive Officer

The Bank is now well on the way to establishing its place in the Scottish investment ecosystem. We have a growing portfolio, an increasing network of relationships and a stronger reputation. In addition, the internal structures and processes in place are comparable with those I have seen in my career in private sector investment management. I believe this has been critical to building a strong portfolio of impact investments and to developing a reputation as a trusted part of the Scottish investment landscape. While the Bank's momentum was strong prior to my appointment, I have been pleased with how we have grown further over the past year, including:

- ◆ The commitment of £225 million to mission-aligned impact investments.
- ◆ The Bank already demonstrates leading practice in measuring and reporting its Impact Management. This was highlighted by the recent independent verification exercise performed by BlueMark, a leading provider of impact verification services.
- ◆ Building relationships with institutional investors and hearing from them about the value of our insights, experience and unique position in the market to help identify opportunities that could enable them to go beyond 'ESG' investing.
- ◆ The partnerships we have built in areas such as supporting female-led businesses with Pathways Forward, and growing the impact investing ecosystem in collaboration with Strathclyde Business School.

Since our launch in November 2020, the Bank has committed £640 million of our investment funds, of which £225 million was committed in last financial year. Crucially, this £640 million has enabled a further £1 billion to be committed by other investors. These are strong foundations from which to grow, and our momentum continues to build. The amount of investment we have committed and deployed, and the associated income, has significantly grown year-on-year. In addition, our pipeline of potential opportunities is strong, demonstrating our expanding ambitions. Beyond our own growth, I am genuinely

inspired by the growth of our portfolio businesses, which we have continued to support through 'follow-on' investment rounds, as they look to scale.

The Bank has demonstrated a clear track record of delivery, not just in the commitment and deployment of capital, but also becoming a leading proponent of impact investing. We also provide new insights to the market, which we publish on our website, and are a convener of the business and finance community. Combined with our investments, these have the potential to enable broad, sector-wide change and deliver transformational outcomes. As part of this, as we move forward into the new financial year, the Bank will further complement its investment activities by looking to help develop new markets and sectors for investment. These will focus on target areas within our missions where we can see significant potential for both positive impact and commercial returns that is not currently being realised. Our role in this may be to reduce complexity within the system, drive joined-up thinking, identify policy or regulatory constraints, or define and resolve other barriers to investment.

As I look forward to the year ahead and reflect on the Bank's role to support economic growth across Scotland, I am very aware of the challenges to the economic climate. We have already witnessed reductions in risk appetite within the investment sector. Given this, it is even more critical for the Bank to invest in businesses and projects, and to enable private sector investment through prudent risk-taking. I am acutely aware of the pressures on the public finances and the challenge this presents for the financial year ahead. The amount of funds available to deploy is lower than in the current year – the first time this has been the case. In our Business Plan last year, we anticipated an investment budget for FY24/25 of £250 million. In the Scottish Government budget announcements made in December, the budget available for us to invest was £181 million. This does represent almost 100% of the new 'Financial Transaction' funding available (a specific designation of funds for public sector commercial investment) and I am very grateful to the Government for this clear demonstration of confidence in us.



Introduction from the Chief Executive Officer continued

This reduction in funding in no way dims the ambition of the Bank; our missions are too important. Throughout this plan our ambition and strategy for the medium-longer term remain the same. However, we will clearly need to be more focused for the year ahead, and this plan sets out our specific targets and priorities for FY24/25. This will ensure our capital is deployed to maximum effect, while acknowledging that our impact for the year ahead will be lower than it might have been due to these capital constraints.

Over the longer-term, significant investment from private sector capital is needed if we are to meet our missions. The Bank cannot deliver its missions alone. So, in the years ahead we seek to manage private sector capital alongside the public funds entrusted to us. Having worked in private sector investment management for many years I know that access to this capital will require both differentiation and demonstrable expertise. The Bank's role as an impact investor at the heart of the Scottish financial ecosystem provides this point of differentiation. Our growing experience and networks in areas of critical economic opportunity, such as the offshore wind supply-chain, demonstrate our unique expertise.

Several market-leading institutional investors have made commitments to invest more of their funds directly in smaller British businesses, in part to support economic growth and in part to gain greater exposure to scaling businesses. This coincides with the Bank reaching a critical point of maturity, helping to enable these investors to access the growth potential of private direct investment in scaling small and medium-sized enterprises. We are already exploring a range of ways in which we might be able to support this mobilisation of capital. This may include options such as advising on the investments of third parties in structures like segregated mandates or funds. I see this as a crucial area of priority for the Bank in the year ahead and beyond.

In summary, I believe the Bank is well on the way to establishing itself and earning the trust of the Scottish funding ecosystem. This trust will continue to be built on a clear strategy that we are executing against, and which is beginning to produce positive, demonstrable, results – both financial and non-financial. This is all built on a team who are ambitious for the positive change the Bank can make, and a team I am very proud to lead.

Al Denholm
Chief Executive Officer



Accountability

The Bank's Board is accountable for the delivery of this Business Plan. This accountability is delegated to the CEO and the Executive team for operational delivery.

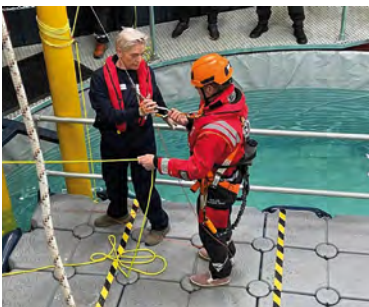


Progress against FY23/24 Business Plan – Investment range

In FY23/24 we continued to invest across our three missions and through different types of financing. Examples of this are:



Net Zero mission



Aurora Energy Services

Up to £20 million to bolster and expand its network of regional training hubs and workshops to support the green energy supply chain including wind turbine and blade inspection and repair.



Place mission



Thriving Investments

An additional £20 million to support the development of energy efficient homes available for mid-market rent.



Innovation mission



Cumulus Oncology

£6 million for cancer therapeutics development specialist to create spin-out companies involved in groundbreaking new treatments.

Equity



Cyacomb

£2.6 million for digital forensic business using cutting edge technology to detect and block harmful content online.

Debt



Lost Shore

An additional £12.8 million to transform disused quarry into a multi-purpose country park and leisure facility.

Funds



Par Equity

£20 million for venture capital firm to launch new venture fund, boosting innovative technology companies with high growth potential.



Progress against FY23/24 Business Plan continued

In our Business Plan for 2023/2024 we set out the outcomes we were seeking to achieve for the year. The following tables summarise our performance against those outcomes.

Strategic Priority 1: Demonstrating and enabling impact	
Outcomes 23/24	Progress 23/24
<ul style="list-style-type: none">◆ Set ambitious long-term targets, with headline impact KPIs, that are aligned and focused on our missions and our active origination strategy.◆ Implement our plans to support the recommendations from the Taskforce on Climate Related Financial Disclosures (TCFD).◆ Demonstrate best practice in the application of impact through investment, as determined by an external audit – improving on our audit result from last year.◆ Demonstrate progress towards our Equality Outcomes, as published in our Equality Strategy.	<ul style="list-style-type: none">◆ We have defined quantitative impact ambitions to support the delivery of our missions in the period to 2030. These set out the number of people we want to reach, the jobs we want to support, and the emissions we want to reduce, replace or avoid through our investment activity. Detailed information is published in our Impact Report.◆ We have published our first Carbon Management Plan and TCFD Reports, delivering on our commitment to be progressive and lead by example in the field of carbon reporting. We've supported our portfolio to define and develop their own carbon management and net zero strategies.◆ To demonstrate our commitment to impact investing we sought independent, external verification of our alignment to the Operating Principles for Impact Management (OPIM). BlueMark, a leading provider of impact verification services, independently reviewed our alignment with the OPIM, identifying 'Advanced' or 'High' alignment across seven of the eight principles. In comparison to our direct peers (other Development Finance Institutions), we outperformed the peer group median across four pillars while achieving parity on three others. Further details can be found in our PIM Disclosure Statement and Verification Report.◆ We have continued to embed Equality and Fair Work principles into our processes. Our Impact Report updates on action we have taken. We are committed to doing further work in this year's Business Plan priorities.



Progress against FY23/24 Business Plan continued

Strategic Priority 2: Delivering investment

Outcomes 23/24

- ◆ We will commit over £211 million of capital in mission aligned investments in the year.
- ◆ We will have added value to the businesses in which we have invested, as established by a survey of our investee businesses.

Progress 23/24

- ◆ We have committed £225 million of mission aligned investment in FY23/24. Up to date information on our investment portfolio is available on our [website](#).
- ◆ We have invested across multiple sectors in support of our missions. We have made new investments and provided follow on finance to existing investees to support them in achieving scale:
 - £124 million in support of new investments.
 - £101 million follow on investment.
- ◆ Our Portfolio Management and Impact Reporting teams have worked closely with investees to provide support beyond financing, including:
 - Helping to develop investee net zero strategies and carbon management plans which are then reported and monitored under the Bank's TCFD commitments.
 - Building Board capability within our investee businesses for their next phase of growth, drawing on our insight and network.
- ◆ We have continued to act as a conduit on policy issues between our portfolio and the Scottish Government for example working with Lothian & Highland Broadband on enabling the roll out of full fibre broadband in rural areas.
- ◆ We carried out a survey of our investee businesses, providing clear evidence for the support we provide, for example in areas such as helping to quantify environmental or social impact.



Progress against FY23/24 Business Plan continued

Strategic Priority 3: Building insights, partnerships and our reputation

Outcomes 23/24

- ◆ Deliver insights, thought leadership and stakeholder engagement that is valued by our ecosystem, as established through an independent survey.

Progress 23/24

- ◆ The fieldwork for the independent survey was carried out by an external, accredited, provider between December 2023 and March 2024, with key results being that 83% of respondents had a positive attitude towards the Bank (versus 68% last year), and the Bank being viewed as having expertise in investing with impact (68%) and as an effective collaborator within the ecosystem (64%).
- ◆ These results reflect the quality and quantity of insights we have developed and shared, both in private and in public. Examples of this insight are published on our [website](#).
- ◆ These insights also supported our engagement activity, including regular participation at key target conferences, with circa 30 speaking and panel appearances.
- ◆ Insights and experience were further amplified through media partnerships with The Scotsman, The Times, Press & Journal, Energy Voice and OGV Energy.
- ◆ In addition we hosted an impact investing focused conference for over 250 people, with key themes being how impact investing can transform communities, how innovative funding models can drive productivity, and a reflection on female participation in entrepreneurship one year after the publication of the Pathways report.
- ◆ We have continued to engage widely across our ecosystem, including both the public and private sectors, for example supporting The Hunter Foundation's Scale Up 2.0 programme, and contributing to key industry bodies such as the British Venture Capital Association and the UK Sustainable Investment & Finance Association.



Progress against FY23/24 Business Plan continued

Strategic Priority 4: Enabling private sector investment

Outcomes 23/24

- ◆ That we will define and deliver our Third Party Capital strategy in line with plan.
- ◆ That we will encourage and enable others to invest alongside us.

Progress 23/24

- ◆ In the last financial year, the £225 million we have committed has enabled over £400 million to be invested alongside us.
- ◆ The Bank's co-investors range from angel syndicates to high street banks to global asset managers, demonstrating the Bank's ability to leverage multiple types of capital. Details of co-investors are noted next to each investment on our [website](#). We also continue to work closely and collaboratively with the UK Infrastructure Bank and the British Business Bank.
- ◆ These relationships establish a basis to move solely from co-investing to the Bank managing and/or advising on the capital investments of others which will also require us to have the appropriate permissions from the regulator.
- ◆ Raising third party capital requires patience as the strategy is defined and tested through market engagement with potential investors. In the year, the Bank has undertaken engagement with multiple investors within the market, with feedback being used to refine our strategy.
- ◆ Aligned with the above, we have been actively engaged in the opportunities arising from the planned ScotWind offshore wind developments:
 - Our focus is primarily to enable investment in supply chain businesses and projects critical to delivery of the offshore wind pipeline.
 - We have been working closely with potential investees, developers, the Scottish Government and a variety of private institutions to maximise commercial investment opportunities.
 - We see a clear priority for investment opportunities in respect of critical and time dependent infrastructure that will be catalytic in terms of securing a wider domestic supply chain.



Progress against FY23/24 Business Plan continued

Strategic Priority 5: Targeting financial self-sustainability

Outcomes 23/24

- ◆ Ensure our income and costs are in line with our agreed budget and we are on track to be operationally, financially self-sufficient by FY25/26.
- ◆ Our portfolio of investments is forecast to have commercial financial performance that reflects investment risk.

Progress 23/24

- ◆ Over FY23/24 our income £19.3 million (versus £10.7 million FY22/23 and £1.9 million FY21/22) was greater than our operational costs £16.5 million, for the first time.*
- ◆ This represented higher income and lower costs than budgeted, so led to operational profit for FY23/24 (excluding investment losses), reflecting the commercial performance of our portfolio.
- ◆ Based on current financial performance and internal modelling, our portfolio is expected to have a positive rate of return.

*Please note that these results are not yet audited and will be formally published in our Annual Report and Accounts later in the year.



Progress against FY23/24 Business Plan continued

Strategic Priority 6: Realising the potential of our people

Outcomes 23/24

- ◆ We continue to have a strong culture and a motivated team across the Bank, as evidenced by our people surveys.

Progress 23/24

- ◆ We are proud of the Bank's culture and the ongoing positive engagement of our team, as demonstrated by 91% of staff stating that they are likely to recommend the Bank as a place to work, 100% responding that they are motivated by the Bank's missions, and 94% stating that they feel that the Bank provides an inclusive environment.
- ◆ We have defined our people proposition – our people 'promises' – centred around our purpose and missions, summarised later in this document.
- ◆ Our team have had the opportunity to develop their skills and have been supported in achieving their development goals through active personal development planning and access to external learning, with 76% stating that they agree that they have the opportunity to learn and grow at the Bank.
- ◆ We have provided line manager training to improve coaching for high performance, giving feedback, and on psychological safety.
- ◆ We have made our values more impactful and provided clarity on the behaviours that shape our culture.
- ◆ We have identified how we can improve our approach to recruitment to achieve better equality outcomes by working with the Employers Network for Equality & Inclusion.



Risk Management

As a development bank, we recognise our pipeline of potential and committed investments will carry a higher degree of risk than other investors. As such, our investments carry a level of inherent risk. We accept that not all of our investments will be profitable.

More generally, given our role as a patient investor, we achieve our overall purpose not by avoiding risks, but through identifying and managing an acceptable level of risk and making informed choices regarding the risks the Bank wants to take to deliver its corporate strategies.

Full details of our approach to risk are set out in our Risk Management Framework, published on our [website](#).

Core to our approach to managing risk is:

- ◆ **Risk Governance** – Our Board are ultimately accountable for effective risk management, with this accountability delegated to the Executive team for the day-to-day running of the Bank. In common with many Financial Services organisations, we operate a three lines of defence model which articulates how accountability for risk is delegated across the Bank.

- ◆ **Risk Culture** – Our Board and Executive team ‘set the tone’ for the Bank as an organisation that holds strong risk management as a clear priority. This is supported by regular reviews of our risk profile and the roll out of risk training.
- ◆ **Risk Management Framework** – We have established a framework of policies, procedures and structures to manage risk. This Risk Management Framework defines the Bank’s approach to risk management, from ensuring that the Bank’s risk strategy reflects the organisation’s overall corporate strategy, to defining the methodology for assessment and measurement of risk.
- ◆ **Risk Classification** – Through our approach to identifying risk, we have defined seven principal risks (our ‘Level 1’ risks) and a larger set of more specific risks (our ‘Level 2’ risks). These are set out in the table below. This is an excerpt from the Risk Management Framework and is current as at date of publication. The Risk Management Framework is kept under review during the year and for the latest version please refer to our [website](#).

Mission Risk	Investment Risk	Financial Risk	Operational Risk	Environmental, Social & Governance (ESG) Risk	Culture Risk	Stakeholder Risk
Mission Alignment	Equity Investment Risk	Financial Management	Technology and Cyber Risk	Corporate Governance	People Risk	Shareholder Engagement
Mission Reporting	Debt Investment Risk	Financial Reporting	Business Continuity	Regulatory and Legal Compliance	Corporate Social Responsibility	Media, Marketing and Communications
	Portfolio Risk	Funding Risk	Outsourcing and Third-Party Risk	Financial Crime	Equality, Diversity, and Inclusion	
	Ethical Investment Risk	Tax Risk	Employment Practice and Workplace Safety	Climate Related Risk		
	Model Risk		Information and Data Governance			
	Subsidy Control		Execution Delivery and Process Management			

Key

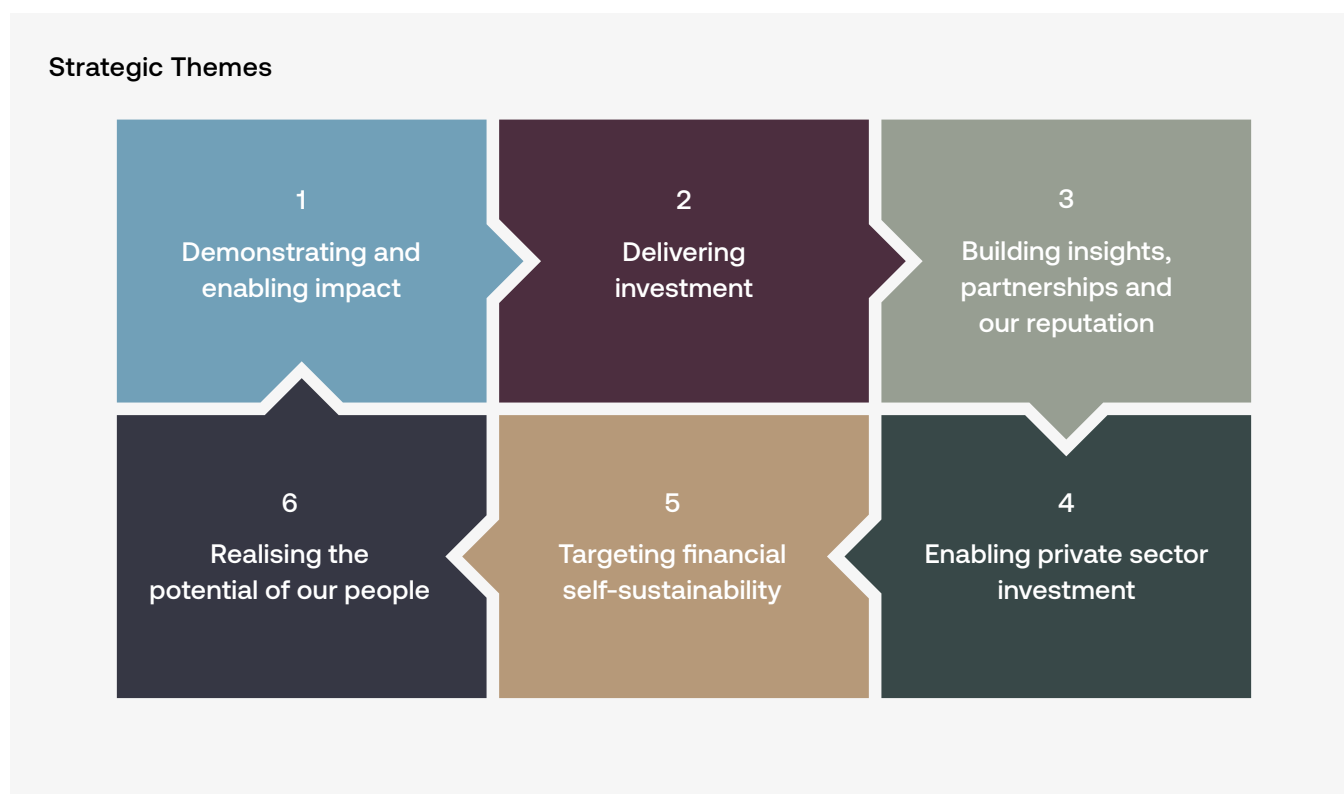
Level 1 Risk Type

Level 2 Risk Type



Strategic Priorities FY24/25

Our ambition for the Bank and strategy for delivery remain the same. Our six strategic themes are consistent with those published in our FY23/24 Business Plan:



In the following sections, each of these themes are positioned in the context of our overall ambition; what we intend to achieve by 2030; and how we intend to realise our objectives. As these are medium to long-term ambitions, they remain consistent with our plan from last year. We have, however, updated our deliverables for the year ahead, reflecting both our experience and our reduced budget settlement.

For each mission we have set two clear Ambitions for the Bank to achieve by 2030. These have been designed to drive focus and intent in our investment decisions and ensure that we are able to meet the mission objectives by 2040 and 2045. We will report progress against the Ambitions on an annual basis.




However, we recognise that this is an area where we continue to evolve. These targets are based on the data and insight received to date from our portfolio and represent a long-term expression of our Impact Ambitions. They are also subject to real-world volatilities, including companies' commercial performance, changes to the construction and profile of our portfolio, and external or market factors beyond our control.



Strategic Priorities FY24/25 continued

While the tables below set out a target range for each of our 2030 Ambitions, we will continue to strive to achieve the highest possible level of impact: aiming at the top end of each range and, where we can, exceeding it as we pursue greater social and environmental outcomes through our investments.

2030 Mission Ambitions

 Net Zero	“Address the climate crisis, through growing a fair and sustainable economy”	
	By 2030, the Bank will have invested £800 million – £1 billion in high potential Net Zero businesses and projects.	By 2030, the Bank’s investments will have helped to avoid, reduce or remove 185,000 – 225,000 tCO ₂ e from the Earth’s atmosphere. [†]
 Place	“Transform communities, making them places where everyone thrives”	
	By 2030, the Bank will have invested £400 million – £500 million in improving Scotland’s places and communities.	By 2030, the Bank’s investments will have positively impacted the lives of 350,000 – 430,000 people through regeneration, high-quality housing, and connectivity (both digital and physical).
 Innovation	“Scale up innovation and technology, for a more competitive and productive economy”	
	By 2030, the Bank will have invested £400 million – £500 million in innovative, productive businesses.	By 2030, the Bank’s investments in innovative industries will have contributed towards the creation and safeguarding of 6,300 – 7,700 jobs.

[†]tCO₂e is a standard measure of Greenhouse Gas emissions, where emissions of all gases are equated to the equivalent volume of Carbon Dioxide (CO₂).



Strategic Priorities FY24/25





Demonstrating and enabling impact

Our Ambition

“A portfolio of impactful and transformative mission-focused investments that will have enabled sustained change across Scotland.”

What we will achieve by 2030

We are an impact investor. This means that we invest to achieve specific, quantifiable, non-financial benefits, in addition to financial returns. The benefits of impact investing are becoming increasingly understood and we are actively supporting the growth of this approach across Scotland. By 2030 we will:

- ◆ Have made investments that are delivering our target impacts, specifically:
 - We will have invested £800 million - £1 billion to support our Net Zero mission, resulting in at least 185,000 tonnes of CO₂e being avoided, reduced or removed from the Earth's atmosphere.
 - We will have invested £400 - £500 million to support our Place mission, resulting in positive impacts on the lives of 350,000 - 430,000 people.
 - We will have invested £400 - £500 million to support our Innovation mission, contributing towards the creation or safeguarding of at least 6,300 - 7,700 jobs.
- ◆ Have supported the growth of impact investing in Scotland, creating a thriving ecosystem deploying capital for both commercial return and environmental and social benefits.
- ◆ Be widely recognised as a leading, best-in-class practitioner of impact measurement and reporting, known for our specific expertise in each of our mission themes and our proven delivery of positive investment impact in the Scottish economy and society.

- ◆ Have supported our portfolio of companies in their environmental, social and community impacts. This includes their carbon emissions reduction and reporting, and their strategies for their people (including Equality and Fair Work) with a catalytic effect into the wider supply chain.

How we will make this happen

- ◆ Maximise impact by deploying capital in businesses and projects which align with the Bank's missions, focused on our priority sectors.
- ◆ Work with our investees to create sustainable businesses by:
 - Providing investment that can attract capital from other investors.
 - Helping investees retain and grow a valued and inclusive workforce, and to develop strong and effective boards and leadership teams.
 - Supporting investees to understand their environmental and social risks and impacts, including developing Carbon Management and Equality, Diversity & Inclusion plans.
- ◆ Work with other investors to make access to business investment more inclusive.
- ◆ By showcasing our investments, our insights and our approach to impact investing, we will grow the community of impact investors across Scotland.



Demonstrating and enabling impact continued

Priorities for 2024 – 2025

- ◆ Continue to embed and evolve our impact management practices throughout our investment decision making processes.
- ◆ Build on our TCFD reporting and Carbon Management Plan and develop the scope of our environmental and social reporting.
- ◆ Establish shared communities of learning with our investee companies, and other partners, to grow our collective impact, insight and influence across the market.
- ◆ Deliver leading practice in impact investment building on how we work with our investee companies and by learning from others in the market.

Outcomes for 2024 - 2025

- ◆ Demonstrate measurable progress towards the Bank's missions as defined by our Impact Ambitions and Mission Objective KPIs.
- ◆ Progress towards achieving the Bank's published Equality Outcomes as set out in our Equality Strategy.
- ◆ Maintain and evolve best-in-class impact management practices throughout our investment processes to reflect feedback and insight from our recent independent Operating Principles for Impact Management verification.
- ◆ Continue to review our approach to reporting and identify areas where we can usefully expand the scope of data we can monitor and publish.
- ◆ Publish and promote insights relating to impact investing, and our missions.
- ◆ Development of the impact investing ecosystem in Scotland, in collaboration with partners in academia, entrepreneurs and fellow investors to grow the community and to support the community in solving shared challenges.
- ◆ Communities of learning amongst our investees established and being used to share best practice.



"We've been delighted to work with The Scottish National Investment Bank to convene an impact investing community in Scotland. We value the Bank's shared commitment to supporting a just transition and increasing the flow of capital to address regional inequalities and spur innovation. Building a community of investors who share this ambition will be key to addressing the long-term challenges facing Scotland and creating transformational change."

Kieron Boyle
Chief Executive
The Impact Investing Institute



Case Study: Ardersier Port



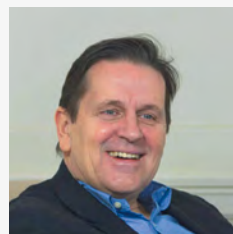
In the last Financial Year, we worked alongside the UK Infrastructure Bank (UKIB) to take the total amount invested in Ardersier Port's energy transition facility to £400 million. This will create nationally significant infrastructure that will be the largest dedicated offshore wind deployment port in Scotland.

We and UKIB each provided Haventus, the owners of Ardersier Port, with a £50 million credit facility. This £100 million builds on the £300 million committed by energy investment firm Quantum Capital Group.

Based in Scotland's Moray Firth, Ardersier Port is ideally located to support offshore wind developers and the manufacturers within their supply chains, as the c.35GW of ScotWind and INTOG (Innovation and Targeted Oil & Gas) project pipeline is built out.

Ardersier Port is within the Inverness and Cromarty Firth Green Freeport and will offer a 450-acre site with quayside access and suitable infrastructure for marshalling, integration, manufacturing, and assembly of offshore wind components.

Once operational, the facility will significantly increase Scotland and the UK's offshore wind port capacity, to support the transition to net zero. As one of the largest industrial regeneration projects in the Highlands in decades, it will re-establish the port as a major local employer, supporting and creating hundreds of jobs.



"We are delighted to have secured the support of these two banks as important partners in this nationally significant project. With their support, and that of Quantum, Ardersier Port is poised to become a critical offshore wind hub and an important job creator and enabler. It will play a crucial role in helping the country meet its net zero ambitions."

"With work now underway on site, we aim to have the facility open and operational in the second half of next year. This progress has been achieved in a very short period, due in large measure to the constructive engagement and collaboration we have had with the Highland Council, our consenting agencies and regulators and government departments."

Lewis Gillies
Chief Executive
Haventus

"Harnessing the power of Scotland's offshore winds is a key element of our energy transition. We expect the site at Ardersier to be of significant strategic importance in supporting this growing industry over the coming years. We are pleased to fund this development and to be doing so with UKIB. The project perfectly aligns to our Net Zero mission and illustrates the benefits of our two organisations working closely together."

Mark Munro
Chief Investment Officer
The Scottish National Investment Bank



Delivering investment

Our Ambition

“To unlock growth by investing in ambitious businesses and management teams, catalysing and creating new markets and making Scotland an attractive place to invest.”

What our portfolio of investments will achieve by 2030

As a mission-driven development bank, we have a distinctive role as an investor. We invest in businesses and projects that will demonstrate positive progress towards our missions, identifying opportunities that are not naturally being served by the private sector. As we make these investments, we will enable others to invest either alongside us or in subsequent funding rounds, helping to transform the Scottish economy. By 2030 our portfolio will demonstrate:

- ◆ A positive, risk-adjusted, financial return which can be reinvested in future businesses and projects.
- ◆ Proven emerging new business and financial models which enable future investment from the private sector.
- ◆ Alongside financial returns, significant economic, social and environmental impacts in support of our missions, which ensure wider benefits are achieved.



How we will make this happen

- ◆ Prioritise investments in mission-aligned sectors where our capital can facilitate transformational growth. Key to identifying these sectors is:
 - Alignment with our missions and the clear opportunity to quantify and deliver positive impact.
 - Where Scotland has, or potentially has, a competitive advantage.
 - Businesses which have the ability and potential to scale and compete internationally.
 - The opportunity to enable investment from other organisations, accelerating additional capital into sectors that support our missions.
- ◆ Continue to invest across all three of our missions and across all of Scotland. We will make debt and equity investments and, where necessary, invest in third party funds.
- ◆ Seek commercial returns for the investments we make. We will ensure these terms enable other investors and management teams to make a commercial return.
- ◆ All of our investments are structured to achieve commercial risk-adjusted returns. It is important that the risk profile and net returns across our portfolio are positive, to demonstrate our appropriate stewardship of public capital.
- ◆ Work with our current investees to help them scale, providing ‘follow-on’ investment alongside other co-investors where required, to support their next stage of growth.

Nicola Douglas, Executive Director – Innovation Investment with Phil Chambers, CEO at Orbex.



Delivering investment continued

Priorities for 2024-2025

- ◆ Due to the Scottish Government's budgetary constraints, the Bank will have less capital to deploy in FY24/25. Therefore we need to prioritise our investments. The businesses and projects being prioritised will be considered on the basis they:
 - Are forecast to have a positive, risk-adjusted, financial return.
 - Have strong potential to attract investment from the private sector alongside our capital.
 - Have strong potential to contribute to our missions and our impact Ambitions as set out on page 16.
- ◆ In addition to the above criteria, additional considerations for investment in the year ahead will be:
 - **Proven management teams** – executive and/or board-level experience and success in relevant sector.
 - **Revenue generating** – opportunities should be revenue generating at time of investment.
 - **Cash runways** – opportunities should be able to demonstrate a cash runway of a minimum of six months before engaging with the Bank and to have two years once an investment completes.
- **Technology Readiness Levels (TRLs)** –
For innovation-led investment opportunities they should be at TRL 8 or higher.
- **Attracting additional investment** –
For every £1 we invest, there should be at least an additional £1 from private sector investors.
- ◆ ScotWind remains a strategic priority aligned to all our missions. We will continue to develop our pipeline of opportunities and investment proposition. Subject to budget confirmation, investment commitment(s) will be made to support critical and time-dependent infrastructure (that will be catalytic in terms of securing the wider supply chain).
- ◆ Support businesses in our portfolio to achieve their growth ambitions including through additional 'follow-on' finance.

Outcomes for 2024 - 2025

- ◆ Deploy £181 million of impact investment capital.
- ◆ We anticipate being allocated additional funds by the Scottish Government to support the ScotWind offshore programme, including the development of its supply chain. We plan to deploy at least 80% of this additional capital, subject to the confirmation and timing of the allocation.
- ◆ Continue to build an actively supported portfolio generating a positive, risk-adjusted, financial return.

Robin Tayal
(left), Investment
Director – Net Zero
Investment with
Richard Knox,
CEO at Verlume.





Building insights, partnerships and our reputation

Our Ambition

“To be a trusted and credible Impact Investor at the forefront of using insights collaboratively to transform markets.”

What we will achieve by 2030

We have more to offer Scotland than just our investment capital. We are investing into emerging sectors and technologies, within evolving commercial and policy landscapes. As we make our investments and work with stakeholders across the market, we develop insights and analysis that can support others in understanding these emerging sectors. Therefore, working collaboratively across the ecosystem, by 2030 we will:

- ◆ Use our insights, networks and convening power to enable the creation of new, investable, markets in key sectors that align with our missions.
- ◆ Be known for collaboration and sharing of leading insights. Our analyses will align to our missions and our prioritised sectors.
- ◆ Have built meaningful, mutually beneficial partnerships across our ecosystem, in both the public and private sectors.
- ◆ Internally, our insight development will shape how we focus and prioritise our investment activity.



How we will make this happen

- ◆ We will have identified sectors where we believe the investable opportunities that will be required to achieve our missions can be created. We will use our experience, insights, and networks to cultivate a greater range of opportunities. We will focus on opportunities that can scale and be sustainable into the future.
- ◆ Support both public sector and private sector organisations to work together to consider blended finance approaches to investment which may facilitate the creation of new markets. To do this we will be building on strong relationships we have already built and will need to develop further such relationships.
- ◆ Create evidence-based analysis and insights – increasing the understanding of stakeholders across the market.
- ◆ Through publishing details of the investments we make, our approach to impact investing and the insights these activities enable, we will continue to build our reputation across the public, private and third sectors.
- ◆ Share our insights and experience as an input into areas of policy generation and regulatory development aligned with our missions.
- ◆ Continue to build mutually beneficial partnerships with other organisations with whom we have a shared interest.

David Ritchie, Executive Director – Partnerships & Engagement and Helen Williams, Chief Policy and Strategy Officer UK Infrastructure Bank, the organisations having signed a shared Memorandum of Understanding.



Building insights, partnerships and our reputation continued

Priorities for 2024-2025

- ◆ Enhance our capabilities for creating new markets, that build on our growing insights, experience, and networks.
- ◆ Publish and seek feedback on insights we develop from our investment experience and market engagement.
- ◆ Support the targeting of our investment activity, building our reputation and relationships on both our growing experience and on our analysis and insights.
- ◆ Use our insights and experience to work with teams across the public sector to support the creation of a policy and regulatory landscape that enables the delivery of our missions.
- ◆ Use our investments and insights to continue to build positive relationships with the media to ensure that the role and activities of the Bank are accurately understood across the ecosystem.
- ◆ To continue to build relationships and partnerships across the ecosystem that enable the delivery of our missions and our Equality Strategy.

Outcomes for 2024 - 2025

In addition to creating the insight required to enable us to target and deliver our impact investments, delivery of the priorities above will result in:

- ◆ Developing market creation capabilities will enable clearly identifiable new investment opportunities, both for us and for the market more broadly.
- ◆ Insights will be valued by stakeholders in the markets in which we operate.
- ◆ Public sector engagement work will enable the evolution of policy to support the delivery of our missions.
- ◆ Private sector engagement work will build relationships across the business and investment sectors, including key industry groups, to support both market creation and pipeline development.
- ◆ The growing strength of our reputation, as evidenced by reporting in the media.

Case Study: The Hunter Foundation



Over the year, the Bank continued to work with The Hunter Foundation to support their 'Scale Up Scotland' programme. Developed after extensive analysis of the challenges facing businesses as they scale up, Scale Up Scotland 2.0 addresses the lack of strategic support available to high growth businesses and aims to grow the turnover of each business to over £100 million.



"Scaleups are the key to economic growth, moving the dial significantly, and they need all the support they can get. Through our joint efforts with the Bank on Scale Up Scotland 2.0 we are seeing real traction in both expediting growth and minimising mistakes in businesses as they scale dramatically, moreover the peer-to-peer network that is enabled through the programme gives them life-long support through that network."

Sir Tom Hunter



Enabling private sector investment

Our Ambition

“To accelerate private capital alongside investments that support our missions.”

What we will achieve by 2030

Our missions reflect enormous challenges facing the people of Scotland, but challenges that must be met and will require significant capital to do so. We cannot meet these challenges alone. As a development bank, our role is to help open markets and find ways that we can increase the flow of capital from all sources into businesses and projects that will support the delivery of our missions.

It is critical that we accelerate our ambitions to advise or manage the capital of other organisations. This is particularly driven by the current public finance challenges as set out in December’s budget announcement, and the reduced allocation of capital for us to invest. Within this context, by 2030 we will:

- ◆ Work with other investors to encourage their investment alongside us on an opportunity-by-opportunity basis.
- ◆ Advise on or manage the capital of others. This capital will be effectively deployed with demonstrable impact in support of our missions.



How we will make this happen

- ◆ Continue to work with other investors in Scotland, the rest of the UK and internationally as we make our investments.
- ◆ Continue to find private sector investors to participate in funding rounds. By taking on development bank risk, we can enable them to invest in opportunities that otherwise might be outside their risk appetites.
- ◆ Analysis undertaken for us estimates that there are already significant, and growing, amounts of capital aligned to impact investing in Scotland. Impact investing is a distinct discipline and the markets, sectors and clusters aligned to our missions require detailed insights and understanding. We believe we have an important service to offer the market – potentially advising on or managing the capital of others.
- ◆ To maximise our opportunities, we will seek relevant permissions from the Financial Conduct Authority (FCA).
- ◆ To support us in achieving the regulatory permissions we require, we will continue to build and maintain our risk aware culture, following our Risk Management Framework (published on our website), to ensure that key risks are understood and managed appropriately.

Paul Callaghan, Investment Director – Innovation Investment (far left) with Dr Clare Wareing, Founder and CEO of Cumulus Oncology and Andrew McNeill, Managing Partner at EOS Advisory.



Enabling private sector investment continued

Priorities for 2024 – 2025

- ◆ Continue to build on our co-investment model, extending our network beyond Scotland, by displaying a positive portfolio return, leading impact credentials and deep insights to the Scottish market to provide a compelling co-investor case.
- ◆ Develop approaches to advising or managing the capital of others and to start to formalise relationships with potential partners.
- ◆ Use our significant insights, networks and expertise in the local market as well as innovative financing structures to encourage significant private capital into ScotWind projects – both now and in the future.
- ◆ To ensure that structure of the Bank’s legal entities are as effective and efficient as they can be for delivering investment, we will review our corporate structure.

Outcomes for 2024 – 2025

- ◆ To facilitate investment of at least £181 million alongside the Bank’s capital.
- ◆ Develop deeper relationships with leading institutional investors, including co-investment, in line with the Bank’s broader third party capital strategy.



BGF

“We’ve worked alongside the Bank on multiple investments, including recently in space tech company Orbex and EV charging specialist Trojan Energy. Investments such as these evidence that the Bank is delivering on its mission of crowding in private sector capital to help unlock business growth. We look forward to continuing our relationship with the Bank in the future, deploying even more capital to innovative and exciting SMEs at the forefront of their markets.”

Paddy Graham
Head of BGF in Scotland



Targeting financial self-sustainability

Our Ambition

“To be a perpetual Development Bank for Scotland that is self-funding from a mission-aligned portfolio of impact investments.”

What we will achieve by 2030

We aspire to become a permanent, growing, investment fund for Scotland. To achieve this, we need to ensure that the income we earn from our investment activities more than cover our costs, which will mean that we no longer require financial support from Scottish Ministers for our operational expenditure. Surplus income and returns from investment capital can then be re-invested, ultimately enabling us to grow the funds we invest beyond the £2 billion of capital committed by Scottish Ministers. The budget allocation for the year ahead, FY24/25, is clearly in the context of challenging public sector finances. However, future settlements can ensure that we avoid the risk that we are unable to deploy £2 billion commitment over 10 years. Without this commitment, we acknowledge challenges to the Bank achieving self-sustainability. Assuming the allocation of £2 billion to invest by 2030, we plan to:

- ◆ Retain and redeploy investment returns into our portfolio, enabling it to grow beyond the £2 billion allocated to us, thereby amplifying the impact we make over time.
- ◆ Have a portfolio and third party management structure that provides commercial returns that supports the continued growth of the Bank and more than cover associated operational costs.

Simon Comer, Investment Director
– Innovation Investment (right) with
Dr James McIlroy, CEO at EnteroBiotix

How we will make this happen

- ◆ As a development bank, many of the investments we make will be higher risk than those typical within the private market. The difference between our risk profile and that of typical private sector investors is a higher loss rate associated with development bank risk. This will mean that our portfolio has a greater level of volatility in investment gains and losses, but, over time, will generate clear positive returns.
- ◆ Over time, the proceeds from these positive returns, including recurring income, will be recycled into future investment activity, as well as covering our operational costs, ultimately creating a growing perpetual investment fund.
- ◆ As described in the previous section, we will invest our own funds directly and over time intend to be trusted to manage the funds of third parties. From this activity we will ensure that the income and returns we earn are commercial, more than cover our costs and enable the funds we invest to grow.





Targeting financial self-sustainability continued

Priorities for 2024 – 2025

In addition to the objectives for delivering direct investment and identifying an approach for managing third party capital, we will:

- ◆ Resolve budgetary challenges with a framework that supports the long-term strategic direction of the Bank, with flexibility across fiscal years to align with commercial investment profile and ultimately in being a perpetual fund.
- ◆ Invest in an appropriate mix of debt, equity and, where appropriate, fund opportunities to ensure a balanced income profile over time.
- ◆ Continue to build on our ‘value for money’ culture, considering and challenging ourselves around the cost, resource and quality requirements for our operational delivery.

Outcomes for 2024 – 2025

- ◆ Ensure our income and costs are in line with our agreed budget, and we are on track to be operationally financially self-sustaining by FY25/26 (excluding investment gains and losses).
- ◆ Our portfolio of investments is forecast to have a commercial financial performance that reflects investment risk appropriate for Scotland’s development bank.
- ◆ We have an agreed approach to annual budgeting with our Shareholder that enables flexibility across financial years.

Financial forecasts

We are a patient capital investor – investing for the long term. So, while we have a growing portfolio and a strong pipeline, our track record is still relatively short, therefore our income projections still have the potential to vary to the forecasts outlined in the table on page 29. These forecasts are also sensitive to the budget allocation that we receive for investment.

We are also very aware that the economic climate continues to be challenging. Our role in the market will be increasingly important if the risk appetite of private investors reduces. Therefore, our ability to support investments with higher risk profiles will be increasingly critical in working with other investors.

The higher risk profile, range, and number of investments that we make may increase the volatility of our portfolio in comparison to the private sector. To reflect this, we have prudently made provisions within our ‘Unrealised Gains and Losses’, and – also prudently – we have not assumed any realised gains.

We continue to monitor the performance of our investments on a regular basis and have a formal quarterly valuation process which provides analysis of the performance of individual portfolio companies. In addition, our Investment Risk team perform a regular assessment of the portfolio considering trading performance and key risks, recommending, where appropriate, a close monitoring status.

Target Rate of Return

The Bank has now agreed a Target Rate of Return (TRR) for our investments with our Shareholder. The TRR complements our mission impacts by setting out the rate of financial return we aim to deliver over time, across our investment portfolio. The TRR was set considering a broad range of factors, including our role as a development bank and a patient investor, the sectors in which we are likely to invest, and the anticipated mix of equity, debt and fund investments. The result of this is that we have initially agreed 3%–4% as an appropriate medium term TRR, to be formally tested at the end of FY25/26 as the Bank’s portfolio matures, at which point it is the intention that a longer-term TRR is set.



Targeting financial self-sustainability continued

Financial forecasts

£ million	FY22/23 Actuals	FY23/24 Draft Outturn	FY24/25	FY25/26	FY26/27	FY27/28
Gross Investment Budget	156	238	181	232	235	238
Reinvested capital returns	(1)	(4)	(7)	(10)	(13)	(16)
Net Investment Budget	155	234	174	222	222	222
Investment income	11	19	17	26	33	38
Operating expenditure						
Employee costs	(8)	(10)	(13)	(14)	(15)	(16)
Non-employee operational costs	(5)	(6)	(7)	(8)	(8)	(9)
Total operating costs	(13)	(16)	(20)	(23)	(24)	(25)
Net Profit (excl. capital movements)	(2)	3	(3)	3	9	14
Capital Budget	0	1	0	2	0	0
Unrealised Losses¹	(18)	(20)	(20)	(23)	(27)	(26)
Net Assets (£ million)²	291	504	678	892	1,107	1,352

Note: subject to confirmation of government budgeting guidance, if further budget becomes available, or for any other reason the Bank is allocated additional budget in year as agreed with the Board and Shareholder these metrics will be adjusted accordingly in line with original assumptions.

1. Our investments are anticipated to be held for a number of years and in the early years of investment we have prudently projected unrealised losses but are more cautious in projecting gains within the Business Plan. As the portfolio builds with a mix of more mature investments we anticipate that unrealised losses will begin to reverse. 2. Excluding capital managed in a third party capital structure.

We anticipate the ability to invest c£181 million of core capital next year and have assumed a return to a higher level of budget settlement in the later years of the Business Plan period. While our budgetary challenges are unresolved, our ambition is to recycle anticipated returns 'in year' throughout the Business Plan period which reduces the investment funding requirement from our shareholder. Resolving the budgetary challenge will increase the flexibility, timing, and projected amount of capital that we have to invest.

As our investment portfolio grows, we continue to show strong income generation which steadily reduces the requirement for the shareholder to support our operational costs. We continue to navigate through the impact of a high inflationary environment on our cost base and have aligned inflation assumptions with external forecasts in the Business Plan.

We are now approaching operational maturity from an employee headcount perspective, and while we continue to identify and refine future roles, key hires are in place and working to deliver our missions. In FY24/25 the main contributors to our increased employee costs are annualisation (the effect of a number of hires in FY23/24 being in role for a full year) and pay progression. Our anticipated operational funding requirement from our Shareholder is £3 million in FY24/25 down from a budgeted £5.8 million in FY23/24 and £11.8 million in FY22/23.

We anticipate achieving operational financial self-sustainability (excluding investment losses) within the Business Plan period.



Realising the potential of our people

Our Ambition

“Delivering through a passionate, collaborative and skilled team who are motivated and ambitious for the impact we can make.”

What we will achieve by 2030

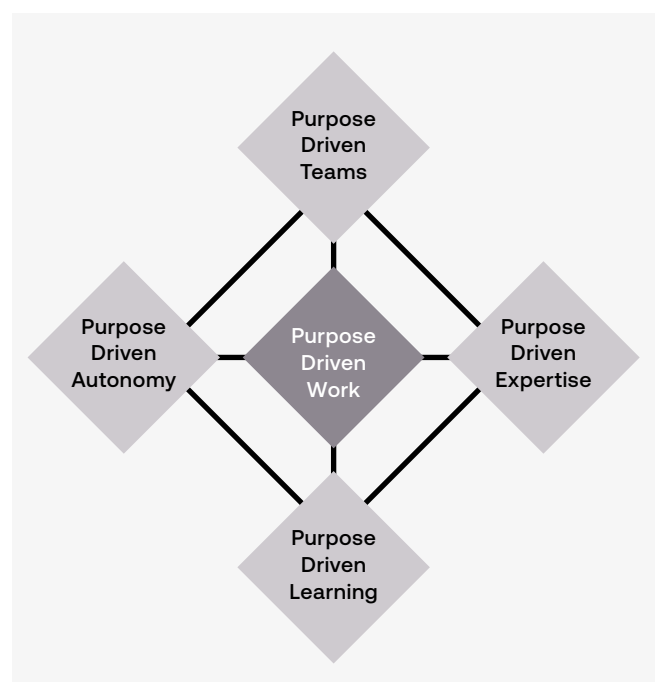
- ◆ Have a diverse, skilled team, working across the ecosystem and with an established reputation for delivering against our ambitions.
- ◆ Be known for our expertise as an impact investor, having created industry experts respected for growing and refining impact investing across Scotland.
- ◆ Our purpose-driven culture will continue to be founded on our missions, creating a workplace that our people are consistently proud of, and others aspire to.

How we will make this happen

Our people are already proud that they are helping to transform Scotland through delivery of our missions. This has been clearly demonstrated through very positive responses to our internal people surveys. That is why we have placed this purpose at the heart of our strategic people proposition, that we are calling our ‘People Promises’. These promises will be the focus for how we realise the potential of our people over the coming years.

- ◆ We will continue to position our missions at the heart of our culture, shaping how we attract, recruit and develop our people as well as how they are recognised for their contribution.
- ◆ We will ensure that all of our team directly support our missions, creating opportunities for individuals to gain a breadth of experience and do new, exciting work.
- ◆ Our people understand that continuous learning and improvement is important to us. We support individuals to work towards their career aspirations and their personal growth as well as performance in role.

- ◆ We continue to build a culture based on feedback from the team, learning from our successes and mistakes, and continuously improving.
- ◆ We will continue to support our managers and leaders to create a positive, inclusive environment and build the capability and potential of their teams, with common leadership standards that inspire our people.
- ◆ Diversity is fundamental to us. We will ensure we retain focus on creating an inclusive environment that values diversity of thought and experience.
- ◆ Our people are supported to work in a flexible way that achieves the right outcomes. We will develop and evolve a work environment that focuses on these outcomes.





Realising the potential of our people continued

Priorities for 2024 – 2025

- ◆ Continue to support personal and professional development through formal and informal learning opportunities. Our focus for the year ahead will be to build on what we have, providing more clarity on career pathways to help the team plan their development needs.
- ◆ Improve how we attract and develop under-represented groups reflecting on recommendations from our Equality partners and our commitments under the Women in Finance Charter.
- ◆ In the last Financial Year, we developed a long-term programme of activity to reduce our gender pay gap, and we will make progress against this plan in the year ahead.
- ◆ Build on our flexible working culture to attract and retain industry talent. To aid this, we will provide clearer guidance for managers and teams to support flexible working.

Outcomes for 2024 – 2025

- ◆ Continued positive culture and motivated team evidenced through feedback from our people surveys and team voice channels.
- ◆ Career path framework and learning proposition is in place, evidenced by continued progression of our people, and supported by people survey responses.
- ◆ Progression has been made towards our gender diversity ambitions and we have taken actions towards improving our gender pay gap.
- ◆ People manager learning programme has been delivered and people managers feel better equipped to lead their teams.

“Our people are already proud that they are helping to transform Scotland through delivery of our missions.”



Kay Smith
Executive Director – People and Culture
Scottish National Investment Bank



Chair's concluding reflections

This is an ambitious Business Plan reflecting an organisation which has an increasing track record of delivery.

In order to progress towards delivery of our missions we need to be focused on where and how we deploy our capital, and how we then support those businesses in which we have invested. Our portfolio demonstrates the breadth of creativity of entrepreneurship across Scotland, from Cyacomb stopping harmful content online to Cumulus Oncology helping to create potentially life saving cancer treatments.

This Business Plan builds on the strongest year the Bank has had so far, considering not just the investment capital we have committed and deployed, but also our growing expertise in impact management processes and our reputation within the ecosystem. It also reflects the first year in which our income was greater than our operational costs, so we were profitable before considering the capital movements of our investments. None of these achievements would have been possible without our dedicated, motivated and professional team. The strong responses to our staff survey – for example 91% of staff stating that they are likely to recommend the Bank as a place to work – gives me and the Board confidence for the year ahead.

I am very aware that the ambitions contained within this plan will be delivered against an environment with economic headwinds, and in which there are increasing challenges for those businesses seeking to raise capital, so the role of the Bank is even more crucial.

This plan also reflects our investment budget settlement from the Scottish Government, which was lower than we forecast last year, but represents a significant commitment on the part of the government given the constraints to public investment that they have. We now have a new Ministerial team at the head of the Scottish Government, and I welcome the First Minister to his post. We have appreciated the positive and supportive way he and his team have worked with the Bank in previous roles, and we look forward to constructive engagement as we seek to navigate the Bank's funding challenges.

In considering our priorities for the year ahead, the Board was happy to agree with the recommendation from the Executive team to stay consistent with the strategic themes set out last year. My observations on these key areas of focus are:

- ◆ **Demonstrating and enabling impact** – in particular continuing to exemplify impact processes and showing how we are making quantifiable progress towards our missions.
- ◆ Being more focused and selective on how we **Deliver investment**. We will prioritise investments that we have confidence will provide positive returns, have strong potential to crowd in external capital and provide significant impact.
- ◆ Continuing to **Build insights, partnerships and our reputation**. In particular, we will develop our market creation capabilities, build out our delivery of insights and continue to engage across the public and private sectors.
- ◆ **Enabling private sector investment** continues to grow in its criticality, and moving beyond co-investing to making progress on managing the capital of others is key.
- ◆ Building on our strong year last year and continuing to **Target financial self-sustainability**, at an operational level, we should achieve on an ongoing basis no later than FY25/26.
- ◆ Finally, we must continue to **Realise the potential of our people**. We will keep developing the Bank on the basis of our values and by growing how we support our team with their personal and professional development.

While many challenges remain across the Scottish economy and for the delivery of our missions, I am pleased to reflect that we remain determined, optimistic and energised to deliver against the ambitions set out in this plan.



Willie Watt
Chairman



The Scottish National Investment Bank

Scottish National
Investment Bank plc
Waverley Gate,
2-4 Waterloo Place,
Edinburgh,
United Kingdom
EH1 3EG

www.thebank.scot
enquiries@thebank.scot

Scottish National Investment Bank plc is wholly owned by Scottish Ministers
Registered in Scotland with Company number SC677431

SNIB074.0524