The Scottish National Investment Bank

2025 Impact Report

About this report

We produce an annual Impact Report to show you how our portfolio is performing against our impact objectives. It’s an opportunity for us to show you the positive difference we are making for Scotland’s people, environment and economy.

Our 2025 report covers our third full year of measuring impact. The data included here summarises the capital committed and our investment impact, up to 31 December 2024[1].

On request, we can produce this document in alternative formats, including large type, Braille, and other languages.
If you require this report in an alternative format, please contact enquiries@thebank.scot

About us

The Scottish National Investment Bank is a state-owned investment and national development bank. As an impact investor, we support innovative businesses and projects through debt, equity and fund investment. We aim to generate positive, measurable social, economic and environmental impact alongside a commercial return.

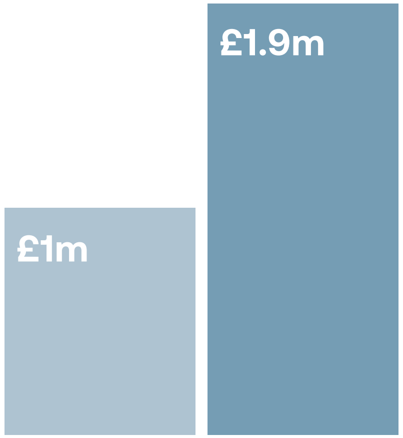
Our focus is on patient capital to help solve long-term challenges. This means that for many of our investments the impact we expect to see will grow over time as the businesses and projects we invest in scale and our portfolio expands.

At a glance

The bigger picture

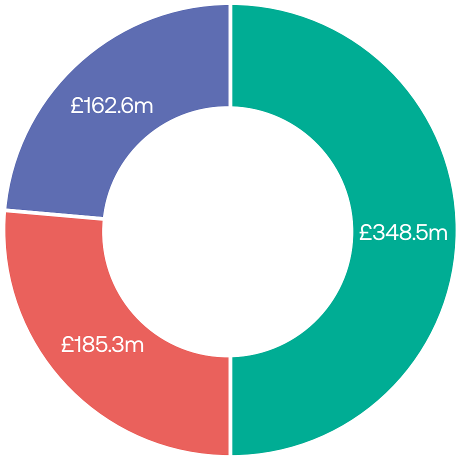
£2.0bn

Committed to the Scottish economy as a result of our engagement with the market.



For every **£1 million** that we have committed, our investees have received – on average – an additional **£1.9 million** from other investors.

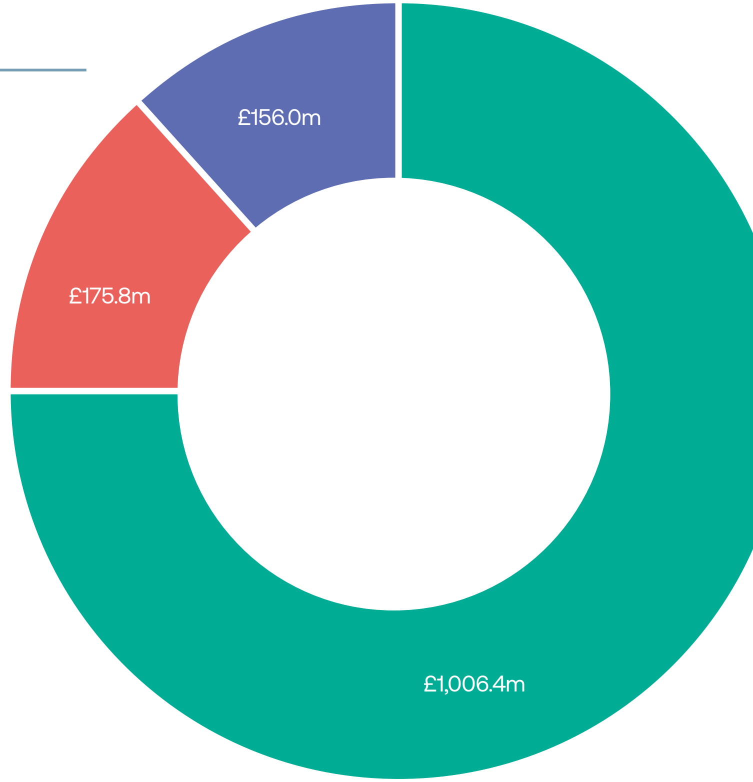
Net Zero mission
Place mission
Innovation mission



£696.5m

Committed Bank investment.

Total investment (£ million) by primary mission from launch to 31st December 2024



£1.3bn

Third party capital supported by Bank investment since launch.

Total third party investment (£ million) from launch to 31st December 2024.

How the impact numbers stack up

Improving lives and living standards

207,042 people

Since launch, our investments have positively impacted 207, 042 people through regeneration, high quality housing and connectivity.

▲2023: 116,944

That's an increase of 90,098 people since 2023.

Supporting the delivery of affordable housing

742 new homes

Since launch, our investment has supported the building of 742 Scottish homes, available for mid-market rent.

▲2023: 585

That's an increase of 157 homes since 2023.

Helping to create and safeguard employment opportunities

3,091 jobs supported

In 2024, our investment portfolio directly supported 2,362 jobs, with a further 729 jobs supported by indirect and induced impacts from the Bank's investments.

▲2023: 1,850

That's an increase of 1,241 jobs since 2023.

Reducing harmful emissions

135,531 tCO_2e

Since launch, our investment portfolio has avoided, reduced or removed the equivalent of:

3,127 full capacity, return flights from Glasgow to London.

Removing 72,084 cars from UK roads for a full year.

▲2023: 57,847 tCO_2e

That's an increase of 77,684 tCO_2e avoided, reduced or removed since 2023.

Creating a positive supply chain spend

£277m

Supply chain spend in Scotland reported by portfolio companies since launch.

▲2023: £108.3m

That's an increase of £168.6 million in Scottish supply chain spend since 2023.

Powering innovative research and development

£94m

Spend on Research & Development activity reported by innovation-focussed businesses since launch.

▲2023: £41.7m

That's an increase of £52.3 million R&D spend since 2023.

Investing across Scotland

How many businesses benefited from our support in 2024?

39 investments

In 2024, we had investment in 39 portfolio companies across Scotland[2].

8 new businesses

Added to our portfolio in 2024.

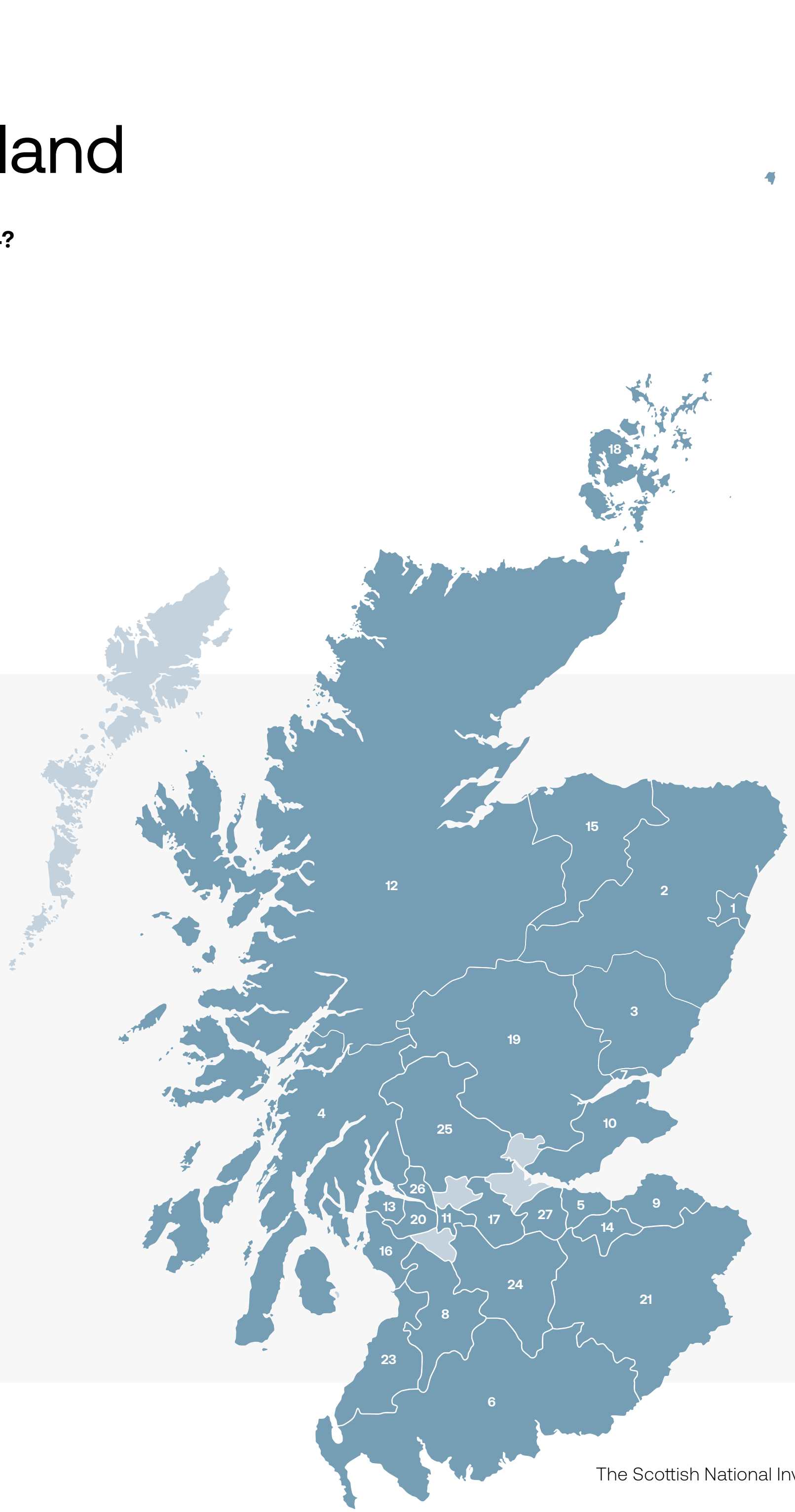
11 existing businesses

Supported with follow-on investment in 2024

27 local authorities

In 2024, our investment portfolio created a positive impact in 27 out of 32 Scottish Local Authorities, and in all 8 Regional Economic Partnership areas.

1. Aberdeen City
2. Aberdeenshire
3. Angus
4. Argyll and Bute
5. City of Edinburgh
6. Dumfries and Galloway
7. Dundee City
8. East Ayrshire
9. East Lothian
10. Fife
11. Glasgow City
12. Highland
13. Inverclyde
14. Midlothian
15. Moray
16. North Ayrshire
17. North Lanarkshire
18. Orkney Islands
19. Perth and Kinross
20. Renfrewshire
21. Scottish Borders
22. Shetland Islands
23. South Ayrshire
24. South Lanarkshire
25. Stirling
26. West Dunbartonshire
27. West Lothian



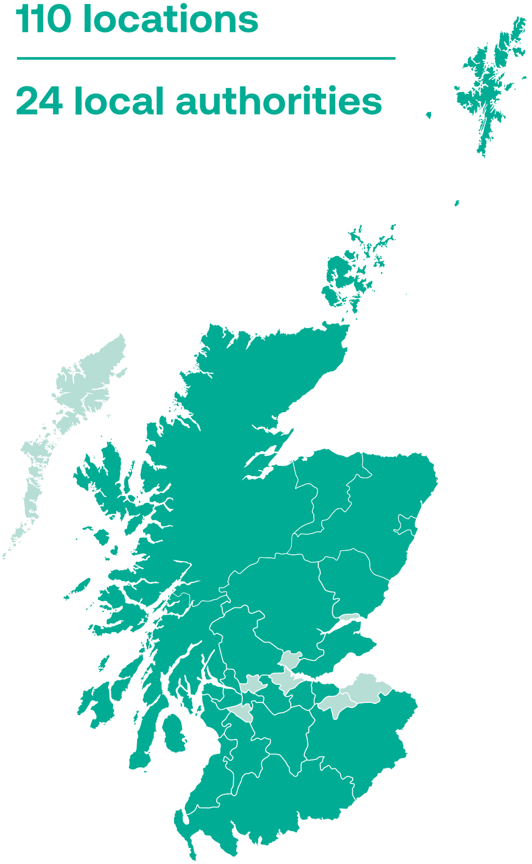
Mission impact across Scotland

Net Zero

16 businesses

110 locations

24 local authorities

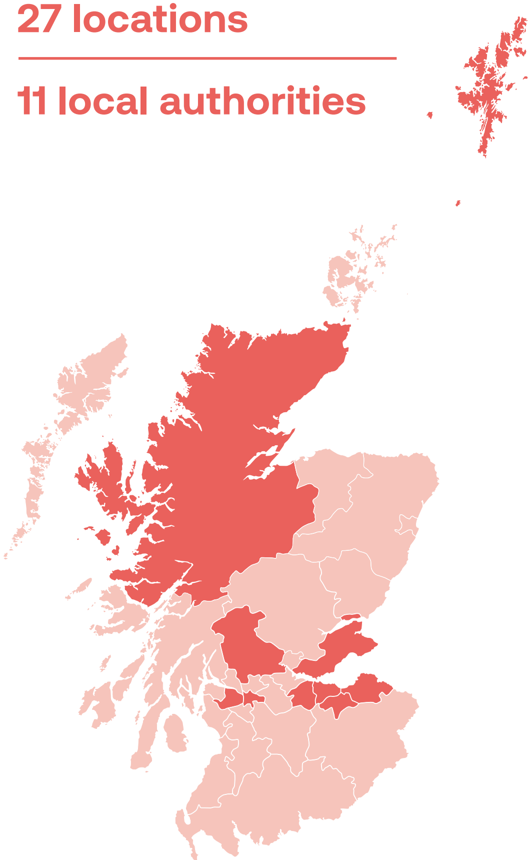


Place

7 businesses

27 locations

11 local authorities

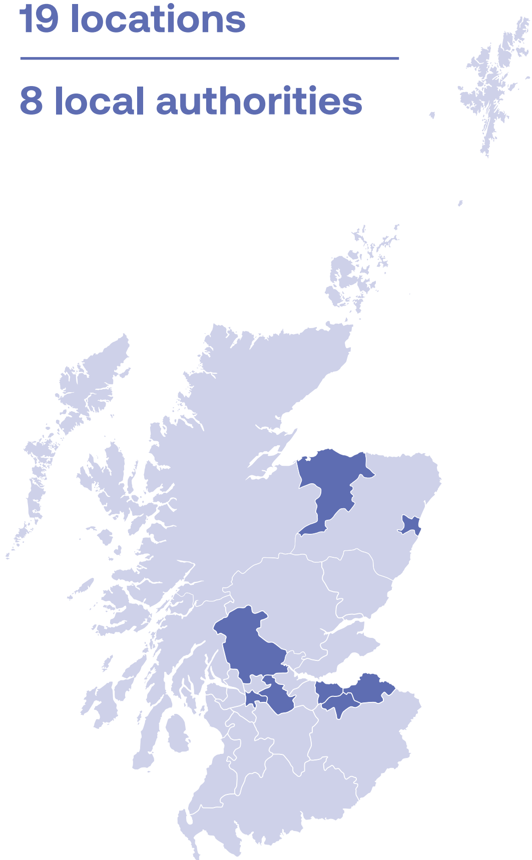


Innovation

16 businesses

19 locations

8 local authorities



2025 Impact Report

"Our missions to address global challenges have never been more relevant."

Al Denholm, CEO

Chief Executive Officer's introduction

Our missions, agreed in 2020 with our Shareholder, Scottish Government Ministers, have never been more relevant. While the missions – net zero, place and innovation – directly relate to global mega trends of climate change, inequality and technological change that are not unique to Scotland, how they manifest here is what drives us in our role as a mission-led impact investor and Scotland's national development bank. For example, the Scottish taskforce on green and sustainable finance coined the phrase that 'Scotland is the natural home of green and sustainable finance' due to its strengths in financial and professional services, our expertise in old and new energies, our natural assets, our global brand in key sectors, our universities and education sector, our third sector, and more.

Our report on offshore wind highlighted the transformational opportunity to re-industrialise and regenerate parts of Scotland, helping to deliver a just transition to net zero, for our society and economy. We have not seen a similar economic opportunity since the emergence of oil and gas exploration in the North Sea in the 1970s. Scotland 'over-indexes' on a global scale when it comes to floating wind, representing 10% of the global pipeline. The Bank – along with other agencies like National Wealth Fund and GB Energy - has a key role in taking on some investment risk to help encourage development and transition and to increase the investibility for others.

Alongside our missions we focus on addressing the challenge of 'scale-ups'. Scotland is a great place to start up a business – perhaps not surprising with the combination of our heritage in financial and professional services, Universities and innovation - but as a country we fare less well at scaling up businesses once they reach a certain size.

These are all challenges we are happy to rise to, and this year's impact report demonstrates our continued progress in delivering against our missions and continually enhancing our practice as we learn and grow. For every one of the challenges outlined, Scotland has major assets and opportunities for us to connect with across our key industry sectors and communities.

Since our launch in 2020, c£2.0 billion has been committed to the Scottish economy through our investments and engagement with the market. That's £696.5 million of investment committed by the Bank, with over £1.3 billion of additional capital committed alongside us. As we build a portfolio

Chief Executive Officer's introduction

of investments, a clear picture is emerging of how we are supporting positive impact in line with our missions and these positive trends are highlighted in the impact numbers shared in this report, such as jobs supported, lives reached and spend in the Scottish economy. External verification of our impact management practices last year showed we are performing well against benchmarks, and during 2024, we obtained authorisation from the Financial Conduct Authority ('FCA') for Scottish Investments Limited, the Bank's wholly owned subsidiary; another welcome milestone in our evolution.

As our knowledge of the Scottish investment landscape has matured, we have evolved our Investment Strategy[3] and market creation activity to focus on priority sectors and clusters that we believe have significant investment opportunity, strong co-investment potential, and can contribute strongly to our missions and target rate of return. This focus can be seen in the investments we made during 2024 which demonstrate a strong commitment to supporting Scotland's ambition to be internationally recognised as a leader in sustainable technology, services and industry. In the report, as well as sharing data, we 'tell the story' of how our investments are collectively seeking to address our missions. For example, we look at how we are investing to support the ScotWind supply chain, to capitalise on this tremendous opportunity for Scotland's future energy security and economic growth. We share our learning around housing, and how we are seeking to work with partners to tackle some of the market challenges. And we look at advanced manufacturing, showcasing one of our recent investees, iGii.

Direct mission-led investment is only part of the story. Investing to reduce inequalities is critical to realise Scotland's economic potential and improve social, health and wellbeing outcomes. That is why we work with our investees to promote Fair Work, real living wages and inclusion into every deal we make. We know that more work is required to drive positive change in this area and that systemic challenges are not quickly solved, but our engagement with equalities stakeholders endorses our investment and portfolio management approach. We hope to see positive changes over the lifespan of our investments.

Our 2024 results consider the impact our investments are making at a mission and portfolio level. I am grateful to the talented team at the Bank, our partners, and our investees, who are working with us to deliver on our ambitious aims. Delivery of impact is a long-term objective, and we are pleased to be able to share the results delivered by our portfolio to date and how they are contributing to our missions.

Al Denholm
Chief Executive Officer

Mission Impact

Delivering impact through mission-led investment.

Our missions

Our missions were set in 2020 by our Shareholder – Scottish Government Ministers – to address the three grand challenges facing Scotland:

- **The climate emergency**
- **Placed-based inequality**
- **Demographic change and productivity deficit**

The Bank's Missions

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

Theory of Change Model

Bank activity	Mission*	Mission objectives Mission objectives set out the strategic impact we want to deliver through our investment activity.	Mission impact Mission impact is the longer-term change at a national level that our investment contributes towards.
◆ Provides capital and leverages strategic investors. ◆ Agrees impact reporting and investment covenants. ◆ Offers pro-active support to portfolio companies. ◆ Develops insights to influence markets and policy makers.	Net Zero	◆ Catalyse investment in businesses and projects connected to Scotland, in the move towards a net zero economy. ◆ Increase Scottish-based expertise in technology, services and industries that support decarbonisation, mitigation, and climate change improvement activity. ◆ Grow the circular economy within Scotland. ◆ Support Scotland's overall transition to net zero.	◆ **Just Transition to net zero by 2045.** ◆ **Scotland's economy contributes to and is aligned to Global GHG emission reduction targets and goals by 2045.** ◆ **Scotland is internationally recognised as a leader in sustainable technology, services and industry.** ◆ **Scotland has increased base of high-skilled individuals within engineering and data technology roles supporting sustainable economic growth.**
	Place	◆ Improve by 2040 the physical and digital connectivity across Scotland to increase access to services, training and employment opportunities, and greenspace. ◆ Increase the supply of high-quality affordable homes and support the transition to net zero for existing homes with corresponding sustainable infrastructure by 2040. ◆ Enhance the natural and built environment of Scotland through utilisation of undervalued space and the regeneration and improvement of built and natural environments. ◆ Invest in businesses and projects that promote high quality place-based employment and training opportunities. ◆ Invest in businesses and projects that provide community benefit and support local supply chains.	◆ **Scotland's communities are inclusive, empowered, resilient and safe.** ◆ **Improved quality of life and mental wellbeing for Scotland's population.** ◆ **The physical and built environment in Scotland is valued, protected, enhanced and enjoyed.** ◆ **Scotland's economy is more productive.**
	Innovation	◆ Grow the Scottish innovation ecosystem, by supporting innovative businesses to have a catalytic effect in their sector through the diffusion of ideas and learning. ◆ Increase investment in the scaling of transformational and emerging technologies, discoveries and business processes. ◆ Develop products and services that improve Scotland's human wellbeing and environmental resilience. ◆ Invest in businesses and projects that enhance productivity through product or process innovation.	◆ **Scotland's economy is recognised globally as sustainable, productive, competitive, and entrepreneurial.** ◆ **Scotland is internationally recognised as a leader in innovation and technology.** ◆ **Scotland has a healthier and more resilient population.**

*The model for each mission provides a non-exhaustive illustration of the types of change that could reasonably be expected to occur over time as a result of Bank investment.

Mission impact: Net Zero

Net Zero

Investment Impact:

- A just transition is achieved by 2045.
- Scotland's economy contributes to and is aligned to global GHG emission reduction targets and goals by 2045.
- Scotland is internationally recognised as a leader in sustainable technology services and industry.

Aligning our investment approach with our impact goals

Over the next 20 years, the transition to deliver the net zero commitment will alter almost every aspect of our lives – from the way we heat our homes, to how we travel and even what we eat.

Since our launch, the diverse range of net zero investments we have made exemplifies the change which needs to take place. Our portfolio includes electric car infrastructure, innovative carbon efficient technology, forestry, plus on and offshore wind and marine energy to support the transition.

During 2024, we made three new net zero investments to boost our impact goals. Each has real value in supporting our missions. Together, they demonstrate the breadth of transformation that's required to achieve our nation's net zero goal, and also how the impact can be measurable in terms of regeneration, job creation and the production of sustainable fuels.

We invested in three very different areas:

Infrastructure

Ardersier Port: once operational, it will be the largest dedicated offshore wind deployment port facility in Scotland, capable of hosting and supporting gigawatt scale projects. 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.

Offshore Supply Chain

XLCC: the construction of a world class High Voltage Direct Current (HVDC) cable manufacturing facility in Hunterston will address the global shortage of HVDC subsea cables needed for the global energy transition. This will create 900 highly skilled jobs that will significantly boost the global supply of cables.

Alternative fuels

ZeroAvia: a developer and manufacturer of zero-emission engines for commercial aviation. This is the Bank's first investment in hydrogen-based technology and the sustainable aviation sector.

Investee spotlight

ZEROAVIA

Named on 2025 Global Cleantech 100 list

Mission impact: Net Zero

Managing the move to net zero

As Scotland moves toward a net zero economy, it is crucial to manage the impact on the workforce and communities fairly.

The energy sector as a whole is estimated to be worth around £33 billion to the Scottish economy[4]. It provides 66,000 jobs – that's 20.8% of all energy jobs in Great Britain[5].

What could this mean for Scotland?

By effectively harnessing this transition, Scotland can leverage the high skill and decades of experience in the oil and gas sector to propel new and emerging net zero and renewables industries forward.

In the North East of Scotland, the changing employment landscape is already evident, with oil and gas roles declining, and an increase in 'green jobs'[6]. These new roles could help build on existing skillsets from oil and gas, industrial research, manufacturing, and civil engineering[7]. And according to industry body OEUK, there is up to 90% compatibility between existing oil and gas skills and those needed for offshore wind, CCS and hydrogen projects[8].

The impact of our investments on employment opportunities

Our investments in net zero go further than enabling Scotland's transition. They contribute to a shift in employment opportunities with a greater focus on a net zero economy – supporting high quality, high skilled jobs, and ensuring a just transition for communities.

2,097 jobs supported through our net zero investments:

- 1,557 directly.
- 540 jobs maintained or created through local supply chains.

Our investments, such as that in *Aurora Energy Services*, actively support the move of individuals from high-carbon industries to green jobs by prioritising skills and strengths-based criteria for recruitment (rather than requiring direct experience in renewables). They also offer training opportunities, and support workers in gaining formal skills-based qualifications.

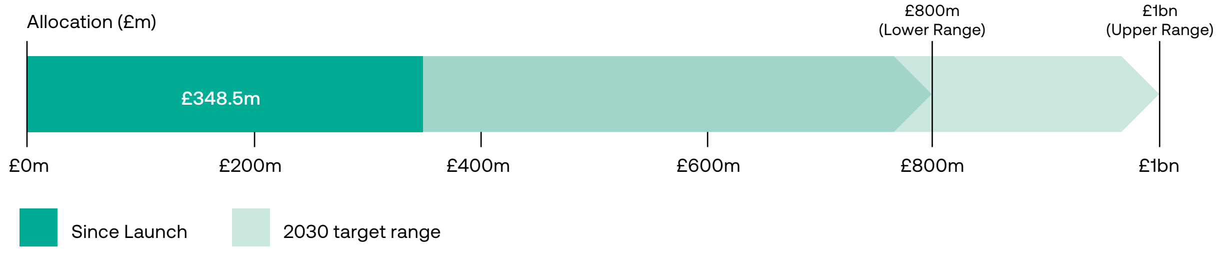
Impact Report
2025

2024 mission scorecard: Net Zero

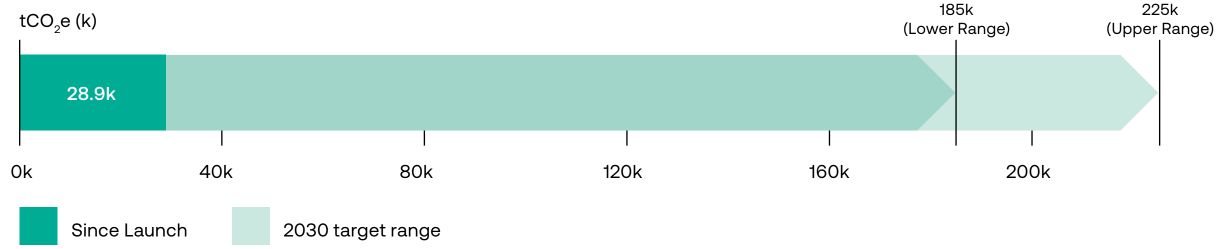
Our ambitions for 2030

Actual performance to date, and 2030 target range

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_2e from the Earth's atmosphere.



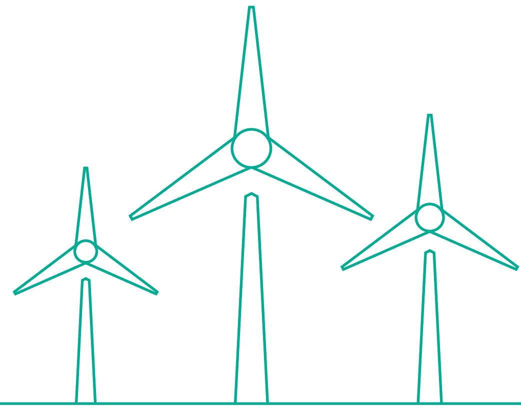
The Bank provides patient (long-term) capital. For most of our investments, the impact is not linear and is expected to increase over time as the businesses and projects we invest in scale and our portfolio expands.

Actual performance to date is calculated based on the proportional share attributable to the Bank's investment. For equity investments, this is calculated as the Bank's percentage shareholding in the investee company. For fund investments, this is calculated based on our investment in relation to the total fund size. For project finance and debt investments, this is calculated based on the Bank's outstanding debt with investee as a proportion of the total investee equity plus debt.

2024 mission scorecard: Net Zero

£1.4bn

Total Bank and third party capital contribution to our net zero mission since launch



A closer look at the numbers

Amount committed by the Bank, to support businesses and projects contributing* to the shift in a net zero economy:

£119.0m
in 2024

£396.8m
since launch

Third party capital, associated with Bank investment to support businesses and projects contributing* to the shift to a net zero economy:

£506.2m
in 2024

£1.0bn
since launch

46.2%

18 of 39 businesses and projects in our investment portfolio contribute* to our net zero mission.

42.1%

8 of 19 businesses and projects receiving investment in 2024 (new investment and follow-on) contributed* to our net zero mission.

*Businesses and projects may contribute to more than one mission. Totals include investment committed to all businesses and projects that deliver net zero objectives, including those that are primarily aligned to other missions.

2024 mission scorecard: Net Zero

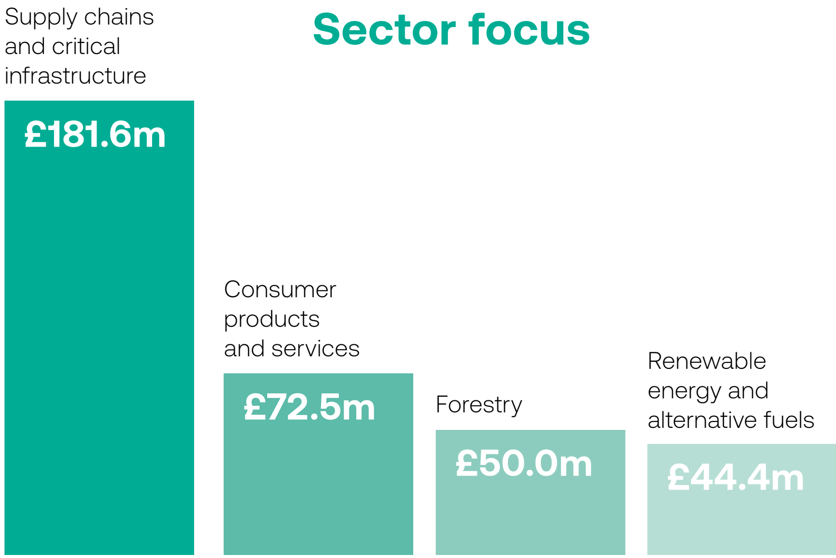
2,097

jobs in net zero employment supported in 2024

Net zero investment continues to provide the largest number of jobs within the portfolio. This reflects the relatively larger scale of investment, compared with our other missions.

In 2024, we continued to see a growth in transition jobs.

Sector focus



2,097

Total number of jobs supported by portfolio businesses and projects that contribute* to the shift to a net zero economy during 2024[9].

▲ 2023: 1,255

107

Average number of jobs supported per net zero investment, where net zero was identified as primary mission.

▲ 2023: 91

711

Transition jobs supported directly through Bank investment as self-reported by portfolio companies.

▲ 2023: 305

*Businesses and projects may contribute to more than one mission.

£114.8m

supply chain spend in Scotland

In 2024, 27.1% of total supply chain spend by reporting net zero portfolio businesses was expended in Scotland.

Although the % spend in Scotland reduced from 32.5% in 2023 to 27.1% in 2024, the supply chain spend by our net zero focused portfolio companies remains significantly higher by £ spent (total and within Scotland) than that spent by 'Place' or 'Innovation' aligned companies.

Both figures reflect the increased focus on infrastructure and manufacturing within the net zero investment portfolio, and the larger number of businesses that are aligned to this mission.

2024 mission scorecard: Net Zero

Reducing harmful emissions

77,684 tCO_2e

In 2024, our portfolio avoided, reduced or removed 77,684tCO_2e.

This is equivalent to removing:

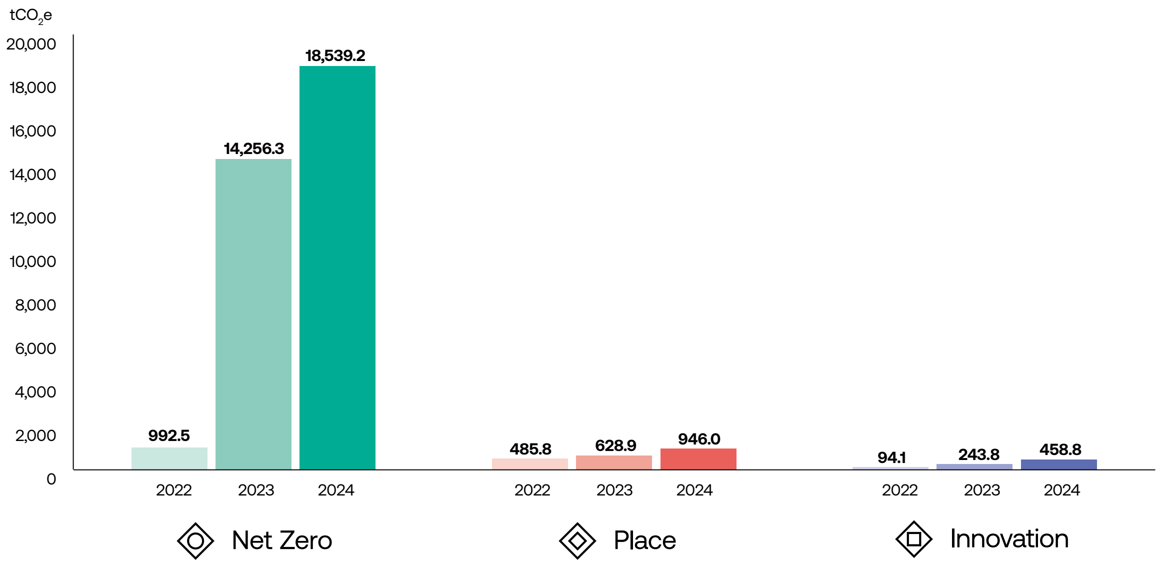
1,786

full capacity, return flights from Glasgow to London[10].

41,317

cars from UK roads for a full year[11].

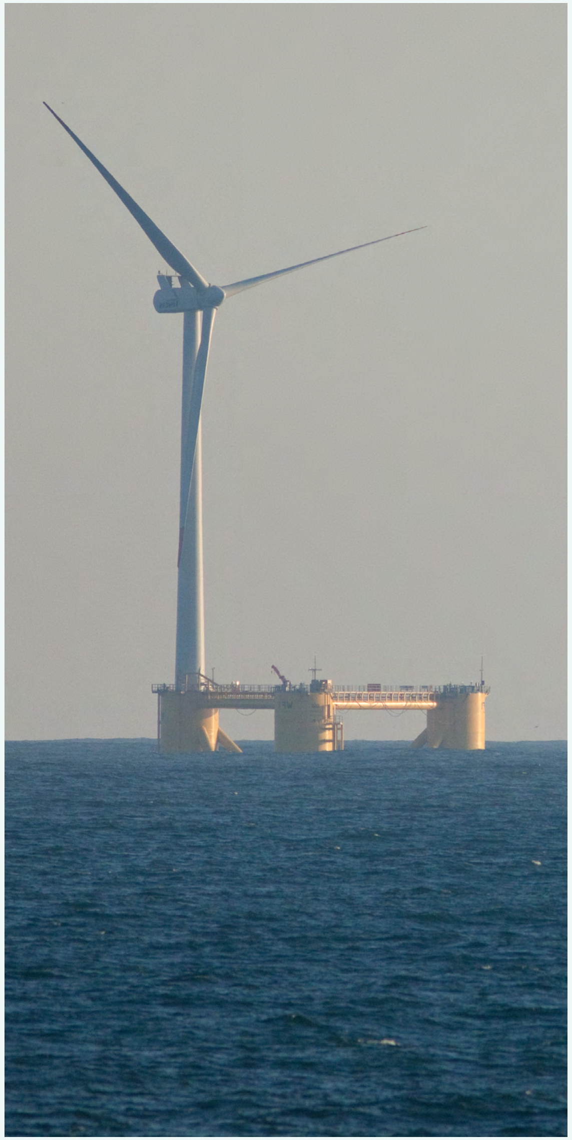
tCO_2e of Scope 1 and Scope 2 emissions by mission



Our investment focus is on building a portfolio of high growth companies. Many of these businesses are likely to increase their carbon footprint as they grow.

We choose our net zero investments to support a transition in Scotland’s wider economy. Our focus is on large scale infrastructure, or companies seeking to pivot away from oil and gas. This means it’s likely that the aggregate emissions of our own investment portfolio will continue to increase, and we may not see any net carbon benefit in the short-term.

Case study: The offshore wind opportunity



Scotland's offshore wind potential, and the investment needed to harness it, represent a transformational opportunity to help us towards a net zero society and economy[12].

- Scotland already accounts for around 7% of Europe's offshore wind capacity, and 3% of global capacity[13].
- Scotland 'over-indexes' on a global scale when it comes to floating wind, representing 10% of the global pipeline.
- Electricity generated in 2022 by all renewable wind sources in Scotland accounted for 35% of the UK's total wind generation – enough to power 10 million homes[13].
- Through ScotWind, INTOG leasing rounds and other projects, Scotland has the opportunity to deliver a potential pipeline of over 40GW of offshore wind, with 60% said to be floating wind.
- It is estimated that there is up to £1.5 billion of Scottish supply chain opportunity per project.

How do we make the most of this potential, and create maximum impact?

Early investment is critical. The urgent task is to invest in domestic infrastructure, chiefly ports, and in building the supply chain needed to develop and service the sector.

If infrastructure issues can be resolved, there will be a huge economic opportunity to establish a globally competitive supply chain in Scotland.

This means investing in the manufacture of wind turbines, anchors, cables and other critical infrastructure at scale.

Source: Crown Estate Scotland

Case study: The offshore wind opportunity

How the Bank is helping to maximise the economic impact of offshore wind

There's a challenge in delivering this at the pace and scale required. A gap exists between the funding needed to start building the floating offshore wind supply chain, and the degree of certainty needed to attract funding. This leaves investors to take 'market risk'. Here's where the Bank can play a critical role to catalyse transition and help Scotland capitalise on this transformational economic opportunity.

More than £4 billion is required to develop the critical infrastructure. We believe that a public sector approach to investment, which is strategic and commercially focused, has the greatest potential to attract significant levels of private sector capital.

We are already working hard to draw in other investors to support the development of the domestic supply chain and essential infrastructure needed to maximise the economic impact of offshore wind. This includes working with National Wealth Fund and GB Energy.

Our investment profile

To enable Scotland's offshore wind projects to progress:

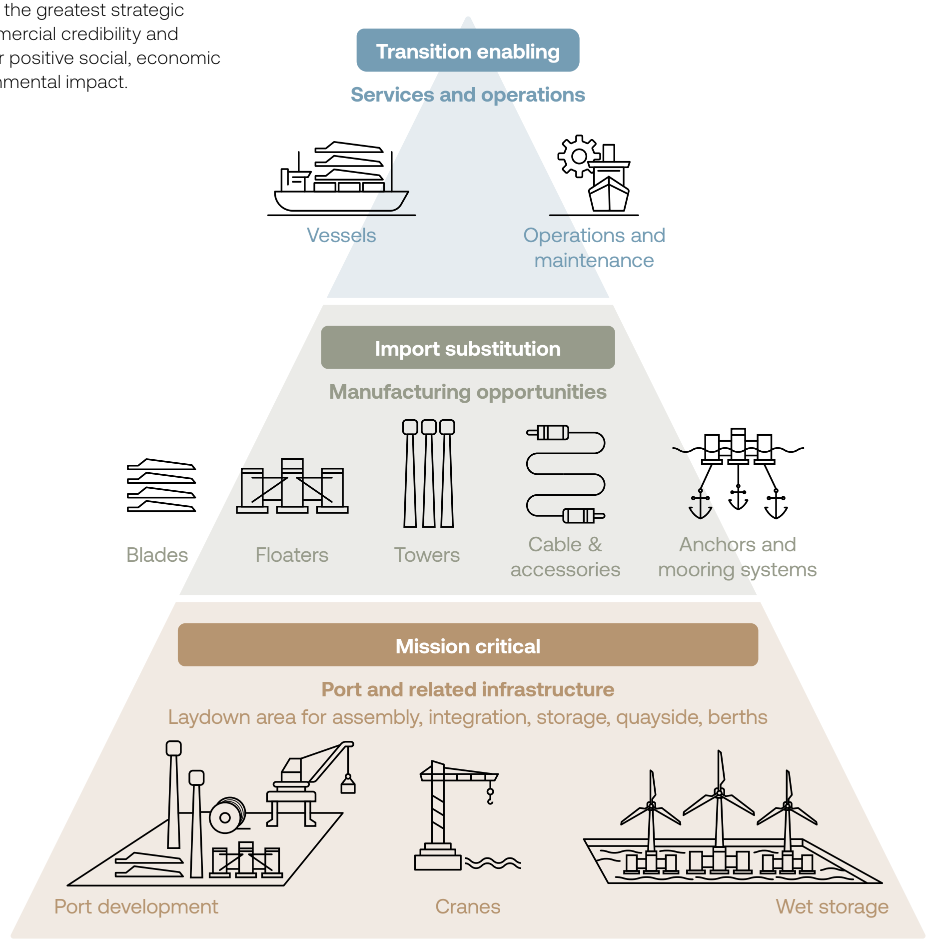
- **We have committed just under £200 million across seven offshore wind opportunities. See The Bank and Offshore Wind.**

This includes investment into *Aberdeen South Harbour*, and *Ardersier* – two ports that are key to facilitating the growth in offshore wind.

We categorise investments into those that are mission critical, and others that present an opportunity for import substitution, are of benefit to the Scottish ecosystem, or that hasten the transition. These categorisations create a prioritisation pyramid[14].

The prioritisation pyramid

By structuring our priorities in this way we're able to focus on investments which offer the greatest strategic value, commercial credibility and potential for positive social, economic and environmental impact.



Looking ahead to 2030

By 2030, we will have committed £800 million - £1 billion to support our net zero mission. This will result in at least 185,000 tonnes of CO_2e being avoided, reduced or removed from the Earth's atmosphere.

Investing in the renewable energy sector, and specifically offshore wind, will remain our key net zero priority. We will help businesses and communities to capitalise on the benefits of building a strong domestic supply chain, as well as harnessing opportunities to export products and services.

Other sectors with high impact potential will also form part of our investment strategy. These include domestic heat, transportation, and industrial energy, where decarbonisation will be essential if we are to reach net zero.

Mission impact: Place

Place

Investment Impact:

- Place-based regeneration – our natural and built environment in Scotland is valued, protected, enhanced and enjoyed.
- Reduction in inequality – our communities are inclusive, empowered, resilient and safe.
- Improved outcomes for people and communities.

Investing with a clear direction of travel, to achieve the greatest impact

We want to help transform our communities to ensure everyone thrives. That means investing to address the long-standing social and economic challenges that lead to inequality and poorer life outcomes.

The scale of the challenge

Around 1.1 million people in Scotland – or 21% of the population – live in relative poverty, and this number is now increasing[15].

While employment can help alleviate poverty, we also know that six-in-10 people live in a household where at least one person is working[16].

Quality and fair employment, along with access to affordable housing and services are important to address in-work poverty.

Which areas are most affected by poverty?

Poverty is not equally spread across the country. Nor does it divide neatly along urban/rural lines. While urban areas see high concentrations of deprivation[17], those living in rural locations are more likely to be faced with higher costs for fuel, goods, and access to services[18].

Research suggests that these higher costs, combined with lack of employment opportunities and affordable housing, is contributing to economic and population decline in rural areas[19]. Yet affordable housing is not just an issue for rural areas.

Across Scotland, it has been estimated that 10,600 new affordable dwellings are needed each year between 2021-2026, to meet the level of need[20].

To deal with these issues, investment in the following key areas is critical:

- Affordable homes.
- Businesses and projects that can act as anchor employers and provide quality employment and training opportunities.
- The digital infrastructure required to ensure the sustainability of our rural communities.

Investing to meet these challenges

Our portfolio shows that we are investing to meet these challenges.

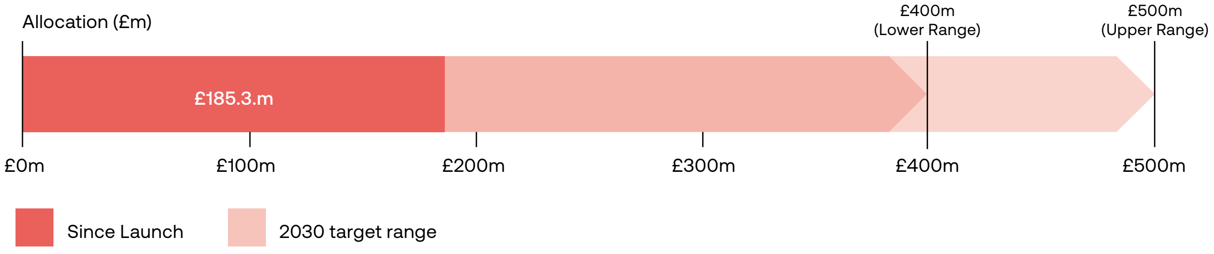
To achieve our goal of transforming communities, we invest in projects that promote equality, inclusion, and sustainability in our communities. In addition, we require that all investees adhere to Fair Work principles, and pay at least the real Living Wage.

2024 mission scorecard: Place

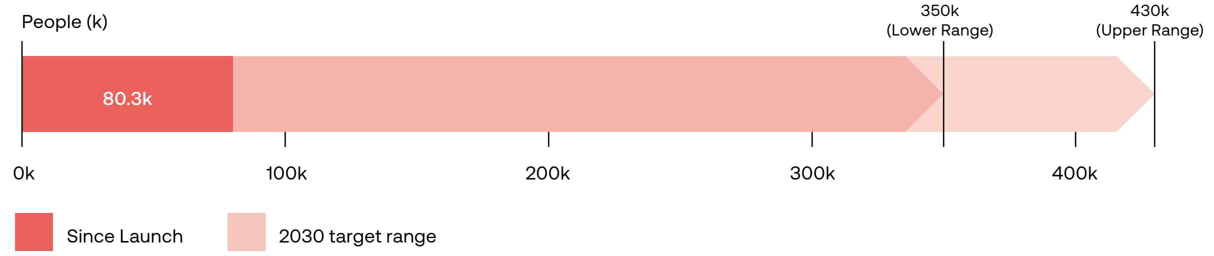
Our ambitions for 2030

Actual performance to date, and 2030 target range

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).



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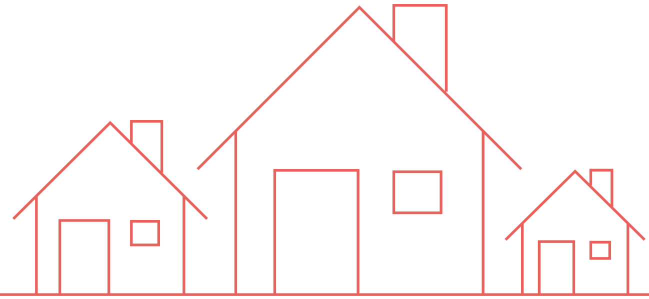
2024 mission scorecard: Place

£1.4bn

Total Bank and third party capital contribution to our place mission since launch



A closer look at the numbers

Amount committed by Bank, to support businesses and projects that contribute* to improving places:

£142.8m
in 2024

£481.6m
since launch

Third party capital associated with Bank investment to support businesses and projects contributing* to improved places:

£413.0m
in 2024

£942.5m
since launch

48.7%

19 of 39 businesses and projects in our investment portfolio contribute* to our place mission.

63.2%

12 of 19 businesses and projects receiving investment in 2024 (new investment and follow-on) contributed* to our place mission.

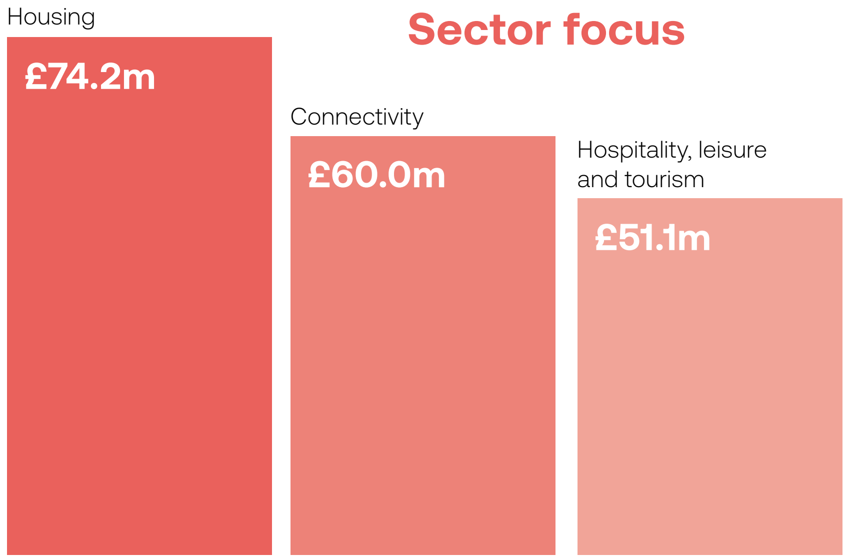
*Businesses and projects may contribute to more than one mission. Totals include investment committed to all businesses and projects that deliver place objectives, including those that are primarily aligned to other missions.

2024 mission scorecard: Place

1,774

jobs in place-based investment supported in 2024

Looking specifically at our place-based investment activity, we can see that the number of jobs it provides has continued to rise since 2023.



1,774

Total number of jobs supported by portfolio businesses and projects that contributed* to place-based investment during 2024[21].

▲ **2023: 1,078**

64

Average number of jobs supported per place-based investment, where place was identified as the primary mission.

▲ **2023: 43**

*Businesses and projects may contribute to more than one mission.

2024 mission scorecard: Place

Place investment in 2024

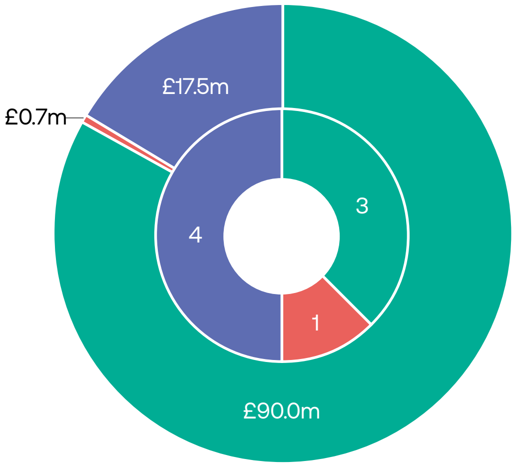
% of our investment portfolio, where the primary mission identified is place

12.5%
of new investments in 2024.

36.4%
of follow-on investment in 2024.

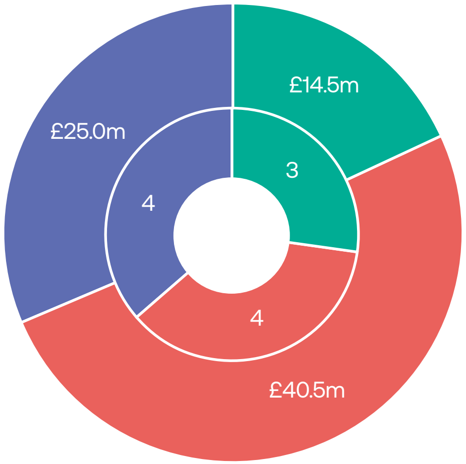
18.0%
of total investments since launch.

£0.7m
Place-based committed investment in new companies



Total investment (£ million) and no. of investees by primary mission.

£40.5m
Place-based committed investment in existing portfolio companies



Total investment (£ million) and no. of investees by primary mission.

Place investment, especially where it supports regeneration and housing, presents specific challenges. This is due to system complexity, regulatory constraints and other barriers to investment. Our market creation activity aims to address this, through developing new and enduring commercial models and partnership approaches. But it will take time.

To ensure that we remain on track to meet our 2030 Place impact Ambitions, and continue to extend our impact reach, the Bank prioritised follow-on investment during 2024 in investees such as Thriving Investments and Highland Broadband.

These companies operate at scale. Our follow-on investment will increase the number of properties available for mid-market rent, and increase access to high-speed broadband in rural and remote areas. Both of these are vital in supporting our communities to thrive.

Net Zero
Place
Innovation

2024 mission scorecard: Place

Supply chain spend

£168.6m

Total supply chain spend in Scotland in 2024.

31.4%

of total supply chain spend by reporting portfolio businesses was expended in Scotland in 2024[22].

£277m

Supply chain spend in Scotland since launch.

Where the primary mission identified was place, businesses and projects spend a significantly larger proportion of their supply chain locally in Scotland than our other investments. This has remained steady at 67% of all spend over 2023 and 2024.

Investing in place not only provides localised benefits through the investment outputs, such as housing and employment, but has a positive effect on supply chains across Scotland.

	2023			**2024**		
	Scottish supply chain spend	Total supply chain spend	% Scottish	**Scottish supply chain spend**	**Total supply chain spend**	**% Scottish**
Net Zero	£53.1m	£163.2m	32.5%	**£114.8m**	**£423.0m**	**27.1%**
Place	£32.7m	£48.6m	67.1%	**£45.6m**	**£67.3m**	**67.7%**
Innovation	£6.5m	£30.1m	£21.7%	**£8.2m**	**£45.8m**	**18.0%**
Total	£92.3m	£242.0m	38.1%	**£168.6m**	**£536.2m**	**31.4%**

Case study: Responding to Scotland's housing crisis

Scotland is facing a housing emergency.

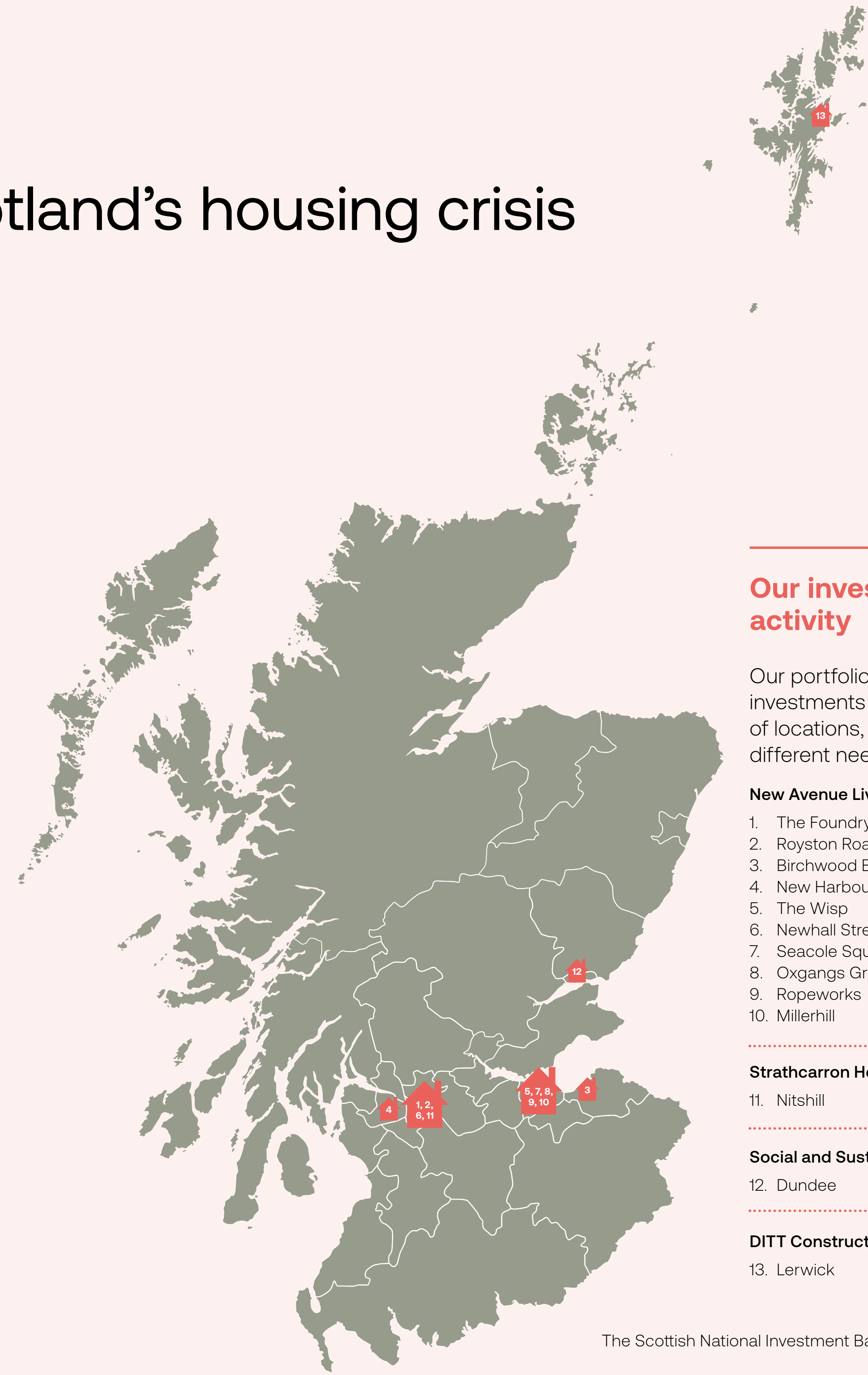
To address both the social impact of the crisis, and unlock and maximise Scotland's economic potential, it's vital to build more homes and refurbish existing housing stock, of the right type and in the right places.

The housing challenges faced across Scotland vary by location, with rural and remote areas often finding it difficult to attract investment due to access and scale of opportunity.

How do we support Scotland's communities to create the most impact?

As an organisation, we are committed to supporting all of Scotland's communities to thrive. That is why our Investment Strategy recognises the unique challenges of investing in smaller and more remote locations[23].

Our approach also allows flexibility for us to invest outside our financial parameters, where businesses and projects have strong mission alignment or specific locational benefits.



Our investment activity

Our portfolio has four housing investments over a number of locations, each meeting different needs.

New Avenue Living

1. The Foundry
2. Royston Road
3. Birchwood Brae
4. New Harbour Way
5. The Wisp
6. Newhall Street
7. Seacole Square
8. Oxgangs Green
9. Ropeworks
10. Millerhill

Strathcarron Homes

11. Nitshill

Social and Sustainable Capital

12. Dundee

DITT Construction Ltd

13. Lerwick

Case study: Responding to Scotland's housing crisis

New Avenue Living

Building affordable homes in high need locations

Our largest investment at £60 million is in the Mid-Market Rent (MMR) 'New Avenue Living' fund managed by Thriving Investments.

New Avenue Living, which has a mandate to build 1,500 high-quality, energy efficient homes close to major Scottish city centres, has already delivered 742 homes, with another 449 currently in development.

The homes are rented out at reduced rates on the open market. This helps to provide affordable homes in high need locations.

1 – 10

Strathcarron Homes

Helping first time buyers stay local

Other urban focused housing includes our investment in Strathcarron Homes. This will finance the construction of 25 quality, affordable family homes on a vacant brownfield site, enabling first-time buyers to stay in their community.

11

Social and Sustainable Capital

A lifeline for vulnerable people

Homes are more than houses. A high quality, safe and secure home has the ability to transform lives.

Our investment into Social and Sustainable Capital's second Social and Sustainable Housing Fund (SASH II) supports the purchase and refurbishment of properties for tenants who may have complex needs, and be at risk of homelessness.

These properties are expected to be refurbished to high energy efficiency standards, supporting the sector's transition to net zero, reducing risk of fuel poverty and ensuring quality housing stock is available long-term for vulnerable groups

12

DITT Construction Ltd

Supporting key workers and young professionals

We know that the supply of affordable housing and access to services in rural and island communities is core to ensuring remote communities can thrive long-term.

During 2024, we used our investment flexibility to make a £730,000 investment in DITT Construction Ltd to support the construction of six high-quality and energy efficient one-bedroom homes in Lerwick. The homes are designed for key workers and young professionals, who can often struggle to find affordable housing.

Once complete, the homes will be purchased by Shetland Island Council and rented out by the local authority. They will be the island's first mid-market rental (MMR) properties – a vital requirement identified by Shetland Island Council in its housing need and demand assessment.

13

"We are haemorrhaging talent and opportunity in Shetland due in part to the lack of affordable places for workers and young people to live. The loan facility from the Bank is enabling us to build what we hope are the first of many MMR developments.

We know all-too-well the housing challenges workers face, and we are committed to being part of the solution and bringing tangible benefits to our community."

Peter Tait
Managing Director
DITT Construction Ltd

Looking ahead to 2030

By 2030, we will have committed £400 - £500 million to support our place mission. This will have positive impacts on the lives of as many as 430,000 people.

While housing will remain a priority, we will continue to seek investment opportunities that help reduce regional inequalities and improve social and financial inclusion in a way that works for each Scottish local authority and region.

Key to transforming communities, and helping people thrive, will be embedding 'Place' in every investment, through our focus on delivering Fair Work, improving equalities, diversity and inclusion practices, encouraging education and training opportunities, and using local supply chains.


Strathcarron Homes

How we're helping to boost the impact of all available funding

Given the scale of both the challenges and the opportunities facing the housing sector, attracting private capital to housing projects is critical.

Our priority over the next five years is to develop sustainable commercial investment models with the appropriate risk profiles to:

- unlock the private investment needed in housing, and
- to maximise the impact of every pound of grant and public capital available.

We are exploring ways to create viable investment propositions by combining projects, delivering mixed tenure schemes, and achieving economies of scale in procurement and delivery. This includes looking into potential national and regional fund approaches, as well as placed-based joint ventures with landlords, developers and other commercial partners to deliver mixed tenure housing sites.

Mission impact: Innovation

Innovation

Investment Impact:

- Scotland is recognised as a leader in innovation and technology, including net zero.
- Scotland has domestic based expertise to solve future challenges.
- Scotland has a healthier and more resilient population.
- Scotland's economy is internationally recognised as sustainable, productive, competitive and entrepreneurial.

Harnessing the power of innovation to improve our economy, society and environment

Supporting innovation is key to improving Scotland's productivity. It will also help ensure our economy and workforce are ready to meet and adapt to future challenges.

We can see the impact of innovation across all sectors. And while there's a clear link to advances in technology, we can also feel its reach in the development of new products and processes that can benefit society as a whole, as well as our environment.

Solutions include novel treatments for shared health challenges, smart uses of data to improve knowledge, and enhancing efficiency. Innovation can help to address many of the challenges Scotland faces today, with an aging population, and low productivity - where our nation ranks 16th out of 38 countries[24].

These domestic challenges sit alongside global issues – such as climate change – where new technologies are needed if we are to meet ambitious targets.

The bigger picture

Developing new solutions requires investment. Scottish universities rank second only to Denmark when it comes to R&D spend[25]. Despite this, Scotland lags behind when it comes to converting this potential into commercial opportunity: Scottish businesses place 15th in terms of R&D spend[25].

Added to this is the challenge of recruiting staff with the right technical skills. This is an ongoing issue in many innovative industries[26]. The skills gap further risks the potential of Scotland's advantage in research. And yet, the opportunity for increasing innovative activity in Scotland is significant.

Not only do we have world-class universities to drive forward new ideas that can evolve into successful businesses, we also have an established ecosystem of innovation clusters. These form a strong foundation for the continued diffusion of knowledge which fosters – and accelerates – innovation across businesses, and between business and academia.

The link between innovation and growth

Innovative businesses tend to grow faster than their peers[27]. We also know that while scale-ups account for only 0.52% of the total SME population in Scotland, they deliver around a third of the total SME turnover and are more productive than similar companies[28].

Providing well-paid, quality work generates economic returns for Scotland. It also brings social benefits, through higher living standards for those employed in innovative sectors.

We're investing to help maximise the positive impact of innovation

The Bank's innovation portfolio is varied, and spans scalable technologies, life sciences, space, quantum and photonics.

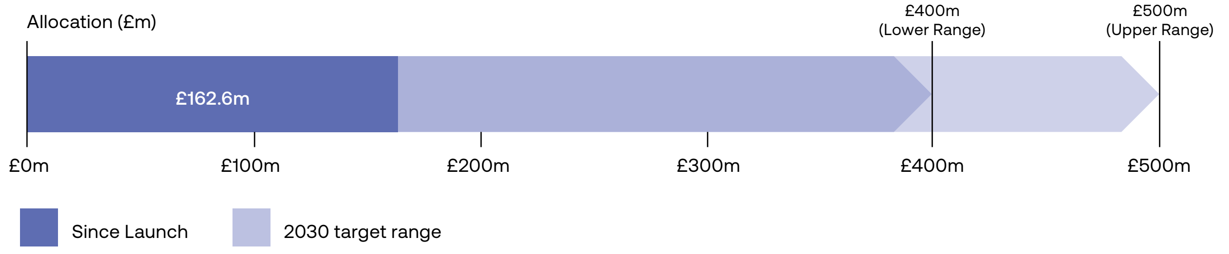
Uniting this diverse set of businesses is a focus on harnessing new thinking to address some of Scotland's – and the world's – most pressing and complex problems.

2024 mission scorecard: Innovation

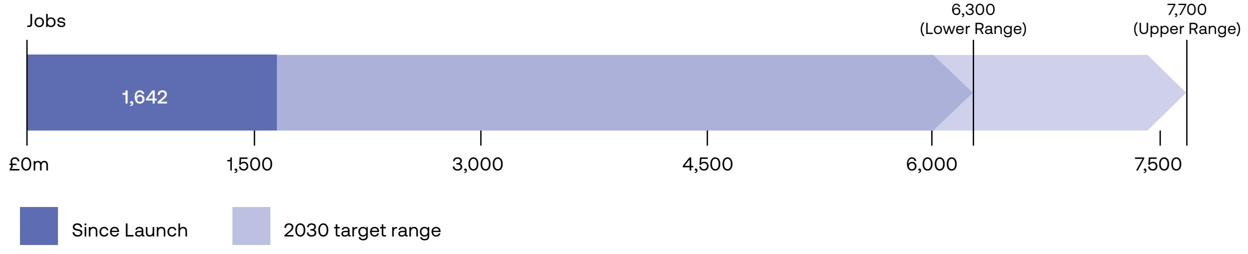
Our ambitions for 2030

Actual performance to date, and 2030 target range

By 2030, the Bank will have invested £400m - £500m in innovative, productive businesses.



By 2030, the Bank's investments in innovative industries will have contributed towards the creation or safeguarding of 6,300 – 7,700 jobs.

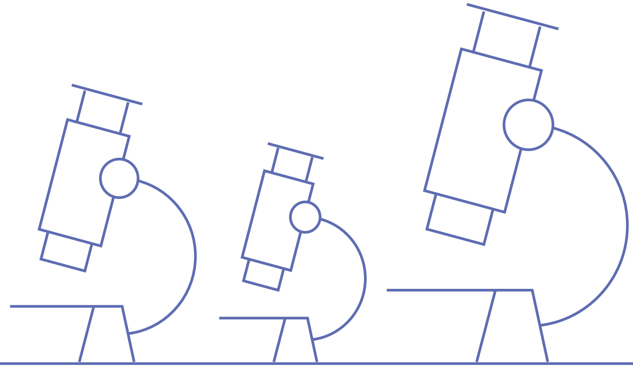


The Bank provides patient (long-term) capital. For most of our investments, the impact is not linear and is expected to increase over time as the businesses and projects we invest in scale and our portfolio expands.

2024 mission scorecard: Innovation

£507.5m

Total Bank and third party capital contribution to our innovation mission since launch



A closer look at the numbers

Amount committed by Bank, to support businesses and projects contributing* to developing the Scottish innovation ecosystem:

£67m
in 2024

£235.5m
since launch

Third party capital associated with Bank investment to support businesses and projects contributing* to developing the Scottish innovation ecosystem:

£142.8m
in 2024

£272.0m
since launch

56.4%

22 of 39 businesses and projects in our investment portfolio contribute* towards our innovation mission.

57.9%

11 of 19 businesses and projects receiving investment in 2024 (new investment and follow-on) contributed* to our innovation mission.

*Businesses and projects may contribute to more than one mission. Totals include investment committed to all businesses and projects that deliver innovation objectives, including those that are primarily aligned to other missions.

2024 mission scorecard: Innovation

The close ties between innovation and location, location, location:

81%

of businesses and projects where investment in innovation is the primary mission are located in Scotland's central belt.

53.8%

of those central belt investments are located in Edinburgh.

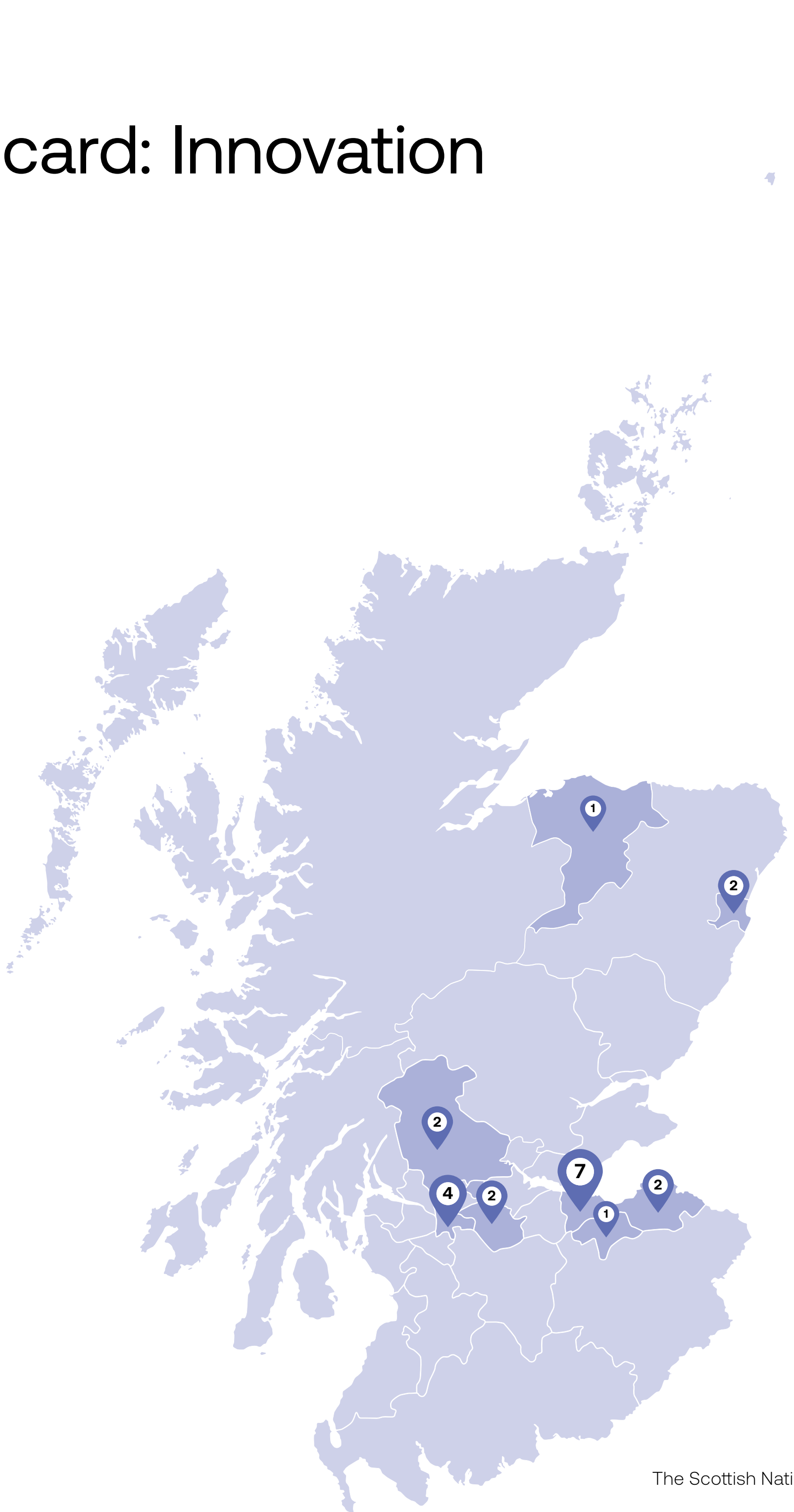
£127m

78.3% (£127.3 million) of all capital committed, where innovation was the primary mission, went to businesses and projects located in Scotland's central belt.

Our investment profile aligns with the regional density of scale-ups in Scotland; 61% of all Scottish scale-ups are located in the Glasgow and Regional Economic Partnership (REP) areas[29]. Through concentrating our investment activity, we support the development of economic and innovation clusters.

How does this affect economic impact?

Concentrating investment in specific geographic areas has the potential to create innovation clusters. These can have significant economic impact due to their unique ability to blend competition with cooperation. In turn this can promote continuous improvement, and lead to greater innovation, productivity and efficiency.



Innovation-based investment locations

Local Authority Areas	No. of Investments
Aberdeen City	2
East Lothian	2
City of Edinburgh	7
Glasgow City	4
Mid Lothian	1
Moray	1
North Lanarkshire	2
Stirling	2

2024 mission scorecard: Innovation

Our innovation investment strategy – focussing on scaling up

While 50% all new investees in 2024 were primary aligned to our innovation mission, this represented only 16.2% (£17.5 million) of the total amount committed in new companies during that same period.

This disparity can be explained by us typically investing a smaller quantum in innovation focussed businesses when compared to projects and businesses associated with other missions, which is due to:

- The sectors and types of businesses that our Investment Strategy focuses on.
- Our investment approach:
  - We typically invest at earlier investment stages using equity and equity-like instruments to support the scaling of businesses.
  - We seek a minority stake in a business or project.
  - We seek to crowd-in equity from other investors, and to date on average every pound we have committed in innovation has been matched by third party capital (an investment ratio of 1:1.5).

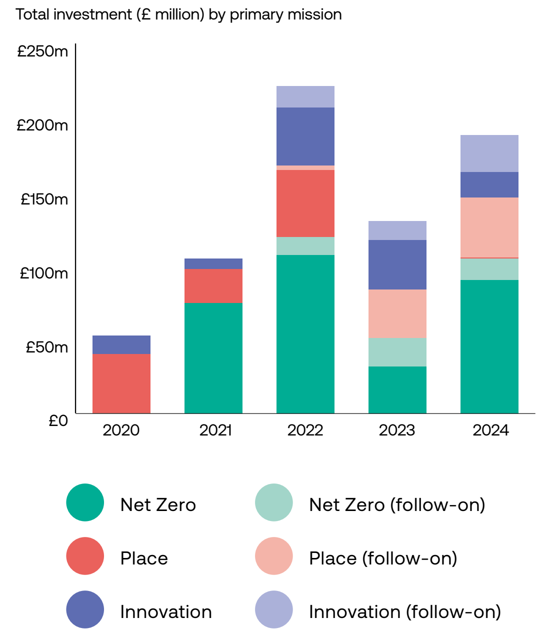
As a development bank, our role is to seek out underinvested risk which by its nature will be high risk.

While they are critical to addressing Scotland's productivity deficit, investing in new technology, products and processes carries additional risks and uncertainties around market adoption and penetration, competition and regulation.

Maximising impact. Minimising risk

Focusing on multiple businesses and projects within priority themes and sectors allows us to invest with purpose and impact while spreading the commercial risk.

Total committed investment



2024 mission scorecard: Innovation

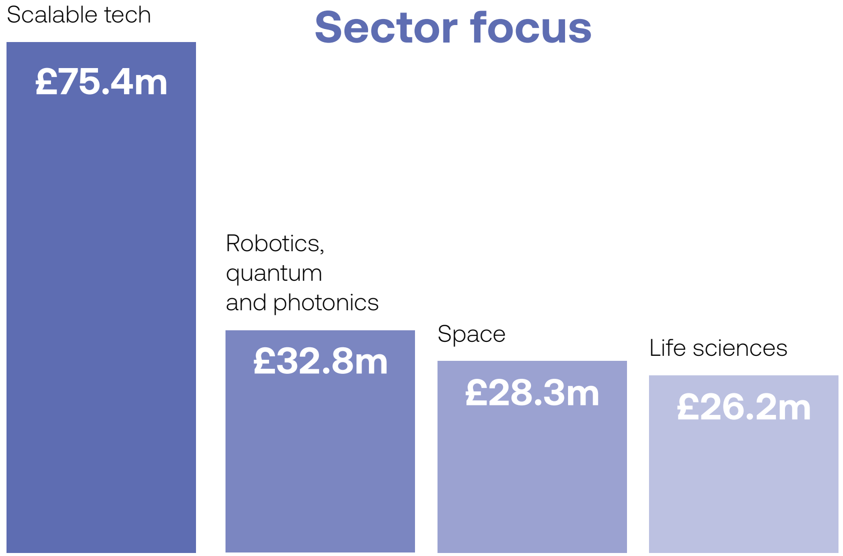
1,642

jobs in innovation-based investment supported in 2024

Employment associated with innovation-aligned investment increased during 2024. This was mainly due to investment in new businesses. The average number of jobs supported per investment has remained steady at 57.

Our results mirror the findings of the UKTN Scottish tech report that identified securing funding and hiring as the two biggest challenges Scottish tech leaders experienced in 2024[30].

Sector focus



46.4%

46.4% (£75.4m) of our innovation investment is in businesses and projects that are developing scalable technologies*.

1,642

Jobs supported[31] by innovation-based investment during 2024*.

▲ **2023: 915**

57

Average number of jobs supported per innovation investment, where innovation was identified as the primary mission*.

▶ **2023: 57**

*Businesses and projects may contribute to more than one mission.

Investee spotlight

EnteroBiotix®

Won the award for Innovation - Pharma Services and Drug Discovery at Scotland's Life Sciences Conferences and Awards for their impressive progress in clinical trials and setting a new standard in the biotech field.

2024 mission scorecard: Innovation

Women in innovation

Data on innovation-linked businesses indicates that women are typically under-represented at both senior management and employee level.

- Only 1 in 5 of Scotland's entrepreneurs are women, and
- Only 2% of institutional investment goes to women-led companies in Scotland[32].

When looking at the four stages of the entrepreneurial journey – intention to start a business, start-up, sustain, and scale – at almost every stage women are less likely to continue than men. Women are also far less likely to scale up over a £1 million in turnover than men.

Additionally, women make up fewer than 25% of entrepreneurs in high value sectors such as financial services, IT, transportation or manufacturing. They are substantially less likely than men to have qualifications and/or experience of STEM (science, technology, engineering and mathematics), which compounds the disparity. Business owners in the highest productivity sectors are more likely to have STEM backgrounds, compared with the wider entrepreneurial population[33].

Addressing the imbalance

We recognise that there is a historic gender imbalance in STEM fields. We also acknowledge that there are structural reasons driving gender disparities in entrepreneurship. We will continue to engage with our portfolio companies, and through broader industry initiatives we're committed to promoting increased diversity within the sector.

Our portfolio reflects the broader innovation gender profile

In 2024, across all businesses and projects contributing to our innovation mission*:

4.2% (£29.5m)
of portfolio investment was in female-led companies[34].
▼ **2023: 5.0%**

13.6%
of portfolio companies were female-led.
▼ **2023: 17.6%**

33%
of permanent employees, on average, were female.
▲ **2023: 30.5%**

53.4%
Businesses operating in the life sciences sector on average have greater female representation across the workforce, with an average of 53.4% of permanent female employees.
▲ **2023: 42.8%**

26.7%
of employees at management level (or above), on average, are female.
▼ **2023: 30.8%**

17.8%
of board members, on average, are female.
▲ **2023: 15.4%**

*Businesses and projects may contribute to more than one mission.

Case study: Scaling new technology: advanced manufacturing

The commercial opportunity in advanced manufacturing in Scotland is substantial. Advanced manufacturing currently[35]:

- supports over 169,000 jobs
- contributes £16.3 billion to the economy in Gross Value Add, and
- represents 50% of Scotland's international exports.

Similar to other areas of innovation, strong collaboration between Scottish academia and industry is a key driver in the growth of this sector.

Through its focus on low-carbon and sustainable practices, Scotland has real potential to position itself as a global leader in green manufacturing supply chains.

Achieving this potential will not only grow our productivity and export potential, but also support a Just Transition through the creation of high-quality engineering and manufacturing jobs. The impact of this will be felt most notably in regions and sectors that have historically been involved in supporting the fossil fuel industry.

Our role as an investor

To realise Scotland's potential, there is a real need for investment. We play a vital role in supporting industry collaboration, knowledge sharing and the development of STEM skills. This will ensure we have the talent pipeline to take advantage of the opportunities available.

Investment is also required in digital infrastructure to support the adoption of advanced digital technologies such as AI, IoT and robotics. These can drive efficiency and productivity, as well as contributing to the decarbonisation of manufacturing processes.

Additionally, investment to strengthen local supply chains will support economic growth and boost resilience within the sector. This is where our investment missions strongly align with these objectives. We seek out innovation investment opportunities that offer the potential to scale and support the broader innovation ecosystem.

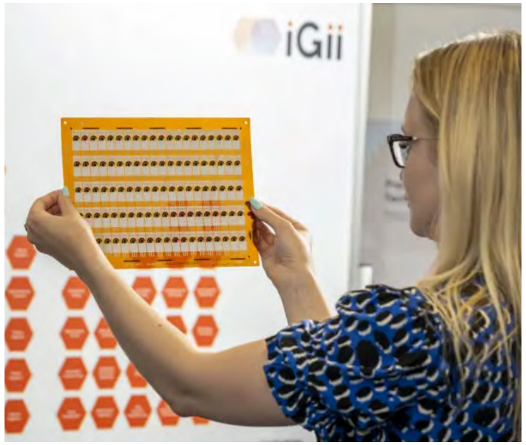
Our recent investment activity

Alongside innovations that are targeted at specific use cases, we look for novel technologies that can be scaled across multiple applications and industries.

One of our recent investees – **iGii** – is developing exactly this kind of solution:

iGii has created Gii, a 3D carbon nanomaterial that can be used across a range of sensing technologies, including point-of-care diagnostic sensors that deliver precise results for illnesses including cancers, and liver and heart failure.

It also has identified uses in environmental detection and monitoring, food safety, and veterinary diagnostics. Many more applications of the material are likely to be found through further research.



Looking ahead to 2030

By 2030, we will have committed £400 - £500 million to support our innovation mission, contributing towards the creation or safeguarding of as many as 7,700 jobs.

We acknowledge the role scale-ups can play in driving growth, and the existing funding gap in Scotland for companies seeking investment beyond early-stage[36]. That's why our focus over the next five years will remain on investing in scale-ups to unlock productivity and employment benefits.

While scale-ups can be found in every sector and region of Scotland, we will prioritise our investment activity. We'll focus on those sectors and innovation clusters that we believe offer the best opportunity to deliver commercial returns, while also achieving our broader mission objectives.

Specifically, we will seek investment opportunities in data and digital technologies, advanced manufacturing, and businesses that are focused on solving health challenges.

Portfolio Impact

Building a portfolio for a greener, more inclusive and more productive Scotland.

Portfolio overview

Our aim is to build a portfolio that contributes to a greener, more inclusive and more productive Scotland. We aim to invest in a way that demonstrates positive social and environmental impact can go hand-in-hand with financial returns.

Our investment approach

Delivering our core missions while achieving a commercial return will always be central to our investment strategy. To achieve our complementary mission outcomes and secure long-term transformational impact, the investments within our portfolio must also work together.

Our investment strategy supports our portfolio ambitions by focusing on priority themes and sectors that seek to address the root causes of Scotland's systemic challenges.

Over time, as our portfolio expands, this strategy will have a clustering effect – increasing employment, productivity and innovation. We believe this approach can create the biggest returns for Scotland and its people.

Developing a portfolio that works for all

As our portfolio has grown, we have used insights gained from earlier engagement to develop our impact stewardship. We work with our investees to promote positive management of their operations, and encourage them to share good practice through our conferencing and learning events.

We actively work with our investees to support the development and implementation of environmental and social management systems that will help them better understand the impact of their businesses.

Our investments also carry conditions to promote secure and inclusive employment. We require our portfolio companies to develop Equality, Diversity, and Inclusion (EDI) policies, and implement practices put forward by the Fair Work Convention.

By embedding a common set of impact commitments across our portfolio, we are able to ensure all our investments work towards a greener and more inclusive Scotland.

Our portfolio in numbers

£696.5m

Since launch, we have committed £696.5 million across 39 investments.

Net Zero	16 investments
Place	7 investments
Innovation	16 investments

£188.3m

In 2024 we committed £188.3 million in investment, including:

8 new investees

Follow-on investment into 11 existing investees

Committed investment in new companies

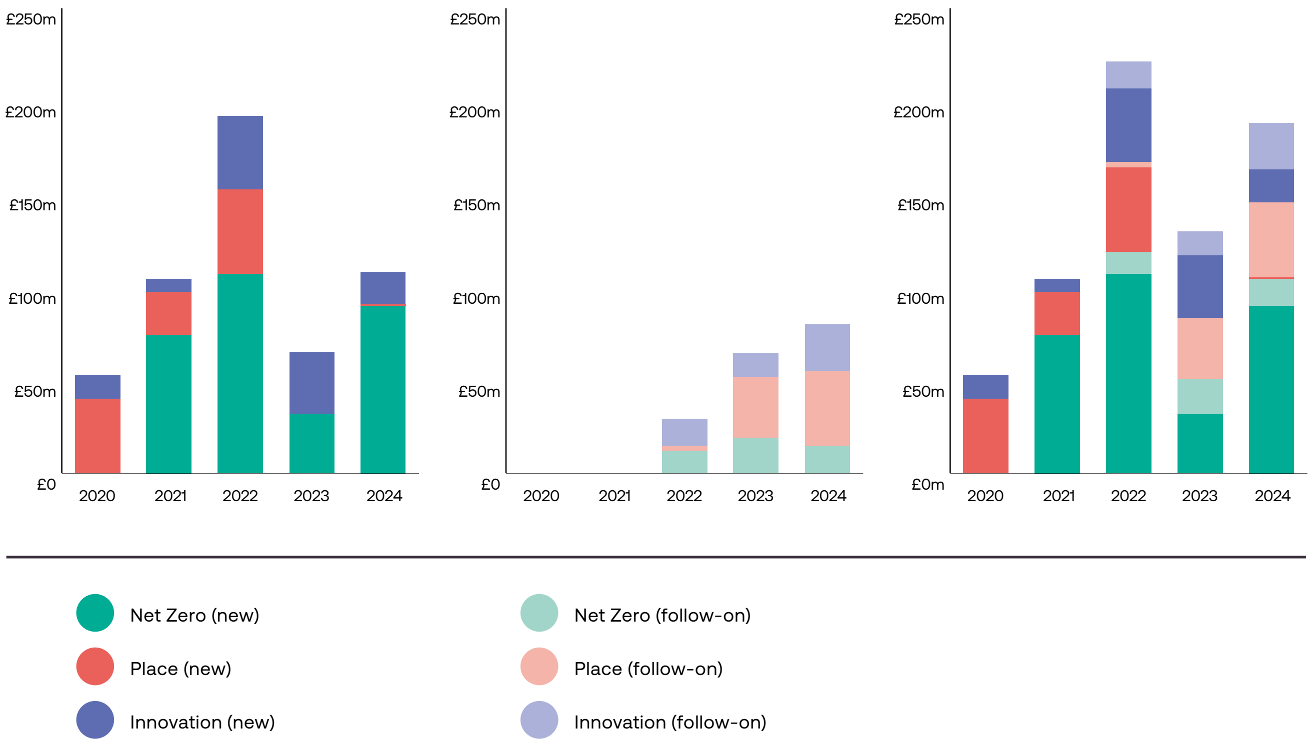
Total investment (£ million) by primary mission

Committed investment in existing portfolio companies

Total investment (£ million) by primary mission

Total committed investment

Total investment (£ million) by primary mission



Follow-on investment

2024 remained a challenging year for many businesses and projects seeking investment. Subdued economic growth, wage pressures and global uncertainties led to supply chain disruptions and increased costs.

Delivery of impact is intrinsically linked to commercial performance, and a significant proportion of all capital committed during 2024 (42.5%) was committed to existing portfolio companies. This recognised both the opportunity to extend the investment impact, and the challenges faced by businesses in securing investment when market conditions slowed expected growth.

Orbex

Supporting Scotland's dynamic space sector

Follow-on investment made in 2024 included an additional £10.5 million as part of a £16.7 million Series C funding round into Orbex.

This will help Orbex develop, and ensure launch readiness for its new Prime Rocket, which is designed to transport small satellites into Low Earth Orbit. Our additional investment will be critical in supporting the development of new technology, and the retention of high-value jobs within an innovative business in Scotland's growing space sector.

Employment across the portfolio[37]

3,091

In 2024, the Bank's investment directly supported around 2,362 jobs. The indirect and induced impacts from the Bank's investment supported a further 729 jobs across the Scottish economy.

79 jobs

The average number of jobs supported per investment. ▲ **2023: 69**

342 jobs

Additional jobs associated with the Bank's investment in 2024. ▲ **2023: 248**

Employment across our missions*

The largest number of jobs is associated with our net zero portfolio, reflecting the relatively larger scale of investment compared with our other missions.

During 2024 however, our innovation mission provided the highest average number of jobs supported per £ invested – reflecting the higher levels of productivity within innovative sectors.

	Net Zero	Place	Innovation	Total
Number of investments	16	7	16	39
Direct impacts	1,254	372	736	2,362
Indirect impacts	214	35	78	327
Induced impacts	258	44	100	402
Total	**1,726**	**451**	**914**	**3,091**
Average jobs supported per investment	107	64	57	79
Total difference to 2023 Jobs supported since 2023	▲ +720	▲ +237	▲ +284	▲ +1,241
Average difference to 2023 Average jobs supported per investment since 2023	▲ +16	▲ +21	◀ No change	▲ +10

*Employment numbers are shown by primary mission objective.

Employment across the portfolio

Employment opportunities that are as much about quality as quantity

Headline employment numbers only tell part of the story. As well as growing employment opportunities, our mission objectives also focus on creating and safeguarding high-quality jobs that support our wider ambitions to raise productivity and reduce inequalities.

It's why we are committed to promoting Fair Work practices, and are pleased to report that in 2024 100% of portfolio businesses receiving direct investment are aligned with Fair Work First principles.

Why it's vital to invest in people

Investing in people is critical if we are to realise Scotland's social and economic ambitions. Many of our portfolio companies have apprenticeship schemes to actively nurture and develop new talent, and provide training and professional development for their workforce.

139

Apprenticeships or internships supported within our portfolio[38].

▲ **2023: 111**

52.9%

Businesses who responded indicated that they offer a formal training or continuing professional development program for employees.

What does quality employment mean for the next generation?

Innovation is not restricted to the products or services a business offers. It extends into how a company looks after its workforce and fosters future talent, supported by high-quality employment and well-paid jobs.

Investment in people not only boosts the growth of individual companies, it contributes to the increased availability of skilled workers within the wider economy.

Forrit

An innovative mindset at work

Forrit, one of the Bank's investees, is a role model for nurturing skills and talent within the tech sector.

Apprentices – many of whom are from disadvantaged backgrounds – are a core part of Forrit's staff with 22% of their workforce either undertaking or having completed an apprenticeship programme. The company is also a signatory of the Young Person's Guarantee and the Digital Technology Education Charter, and has previously won the Scottish Apprenticeship Awards.

"Forrit has been critical in developing my skills and allowing me to reach new levels I didn't believe I had. Throughout the apprenticeship and working within the teams at Forrit I have achieved an understanding development that I previously struggled to grasp fully during a fulltime degree. Forrit has been paramount in the progression of my career and me as an individual."

Thomas McGill,
Web Developer at Forrit (pictured above)

Portfolio support

As the Bank matures and its portfolio grows, we need to actively manage our existing investments in a way that balances risk with opportunities to maximise impact and gain commercial returns.

To do this, we continue to develop ways of supporting our investees as they scale.

This can be in the form of one-to-one discussion on specific aspects of impact and sustainability management, or support on topics such as emissions measurement and carbon management. We have developed a suite of detailed guidance documents that are aimed at helping investees to develop their own impact management approaches.

This engagement is valued, and is making a difference

Our recent Stakeholder Survey shows that 62% of responding investees said the Bank's mission focus significantly influenced their approach to impact. That's up from 40% in the previous year.

During 2024, to enhance our portfolio offering, we introduced a programme of 'learning communities'.

These are sessions that deep dive into areas of impact that investees tell us they want help with, or where we've identified gaps in knowledge or capability. At every session we can provide practical information on how to implement good practice.

In 2024, they included topics such as:

- Managing a workforce to promote equality, diversity, and inclusion
- Managing operations for climate change and net zero, and
- How to raise finance in future investment rounds.

Our learning communities provide an opportunity for investees to hear from sector experts, and learn from each other.

Looking to the future

As our impact expertise and ambitions grow, so does the need for robust data that allows us to track and measure our portfolio's impact performance.

This year we have introduced an online reporting platform which allows investees to directly share their data with the Bank. The development of this system gives smarter, more extensive analysis and visualisation of impact data, as well as an improved experience for portfolio companies.

Sustainable investment

We want to use our investments to benefit Scotland by supporting communities to thrive, enabling a more resilient environment and a more productive economy.

Our approach to responsible investment

We believe that sustainability and ethical investment is the foundation onto which mission impact is built. Applying these practices support our investees to achieve the outcomes we value. This could be by protecting workers and the environment, or creating new economic opportunities for local communities.

Applying these standards can also produce material financial benefits and opportunities for businesses.

These include:

- improved access to markets and capital
- increased productivity
- better relations with employees
- increased customer trust and brand value
- cost efficiencies
- better stakeholder relations

Over the last 12 months, we have continued to evolve our approach to responsible investment, including refreshing and enhancing our Responsible and Ethical Investment Policy (REIP).

As a core reference document for every investment the Bank makes, our REIP reflects current challenges and opportunities for the Bank and its investees.

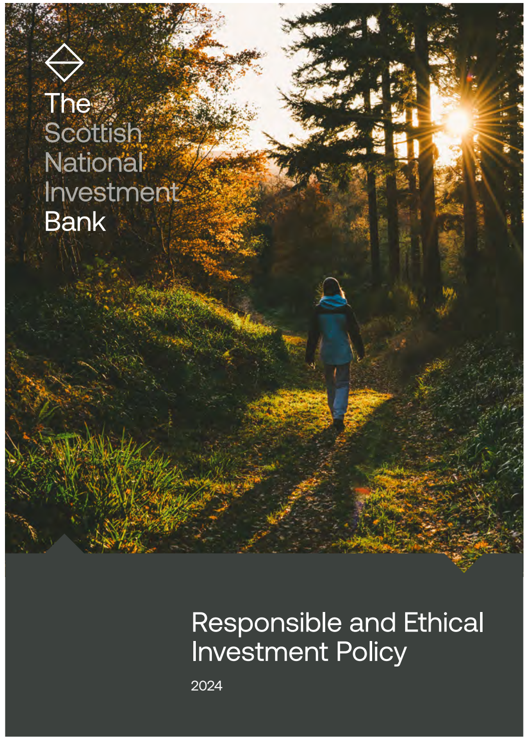
Key takes from our REIP

The REIP sets out our ethical and responsible standards, our requirements of investees, and the 'red lines' for sectors and activities that we will not invest in.

It also provides information for companies looking to understand the 'good practice' themes we consider when making an investment. Good examples of this are enabling positive impacts through the supply chain, ensuring good corporate governance, or promoting high-quality employment. We also explain how the Policy is implemented through our investment process.

In revising the Policy this year, we took into account changes in the external environment, such as developments in generative AI, political instability and global conflict, plus corporate and consumer trends such as vaping.

We also updated the REIP's 'Excluded Activities', with particular regard to technology, and how the Bank might apply thresholds of acceptable involvement in certain sectors. This allows us to give a more sophisticated view of industries that merit nuanced thinking when it comes to investment, while maintaining high ethical and responsible standards.



Responsible investor indicators[39]

As a responsible investor, we are committed to investing in businesses, projects and funds that both support the delivery of our missions and share our wider economic, environmental and social values.

Economic

100%
of portfolio businesses receiving direct investment are aligned with Fair Work First principles.

100%
of portfolio businesses pay direct permanent employees at least the real Living Wage.

100%
of portfolio businesses don't inappropriately utilise zero-hour contracts[40].

Environmental

▲61.8%
of portfolio businesses and funds have a Carbon Management Plan and/or Net Zero Strategy or equivalent.

▼35.3%
of portfolio businesses and funds utilise an Environmental and Social Management System/Framework.

Social

▼85.3%
of portfolio businesses and funds undertake gender pay gap analysis.

▼5.2%
of portfolio businesses and funds have an equal gender balance on the Board[41]. (10.5% of portfolio businesses and Funds have an equal gender balance and/or higher proportion of women on the Board.)

▲88.2%
of portfolio businesses and funds have an Equality, Diversity and Inclusion Policy.

Governance

▼91.2%
of portfolio businesses and funds hold formalised corporate governance policies.

▲61.8%
of portfolio funds hold an ESG policy.

▼47.3%
of portfolio businesses and funds have at least 50% of Board Members that are Non-Executive Directors.

Equalities and Fair Work

The Bank seeks to enable a positive social impact through all areas of its activity. We are committed to ensuring we support all protected characteristics as well as pursuing our Place mission to enable all communities in Scotland to thrive. The Scottish National Bank Act 2020, which established the Bank, set out specific expectations for us in relation to gender equality and Fair Work. These are both areas where a body of evidence already exists highlighting the structural challenges and opportunities that exist. There is also intersection between equalities and fair work – research shows that some groups are disproportionately impacted by low-paid, insecure work.

This report focuses primarily on the impact of our investment activity, and we believe this is the area of our activity where we have the potential to make the biggest difference. Although we have seen some positive progress, since launch this has not been as sustained or significant as we would have liked, especially when it comes to improving equal access to investment.

In 2024, we have sought to improve our data collection, investment process and market engagement and we hope that over the course of the next Equalities Strategy and plan, we will see this translate into measurable positive impact.

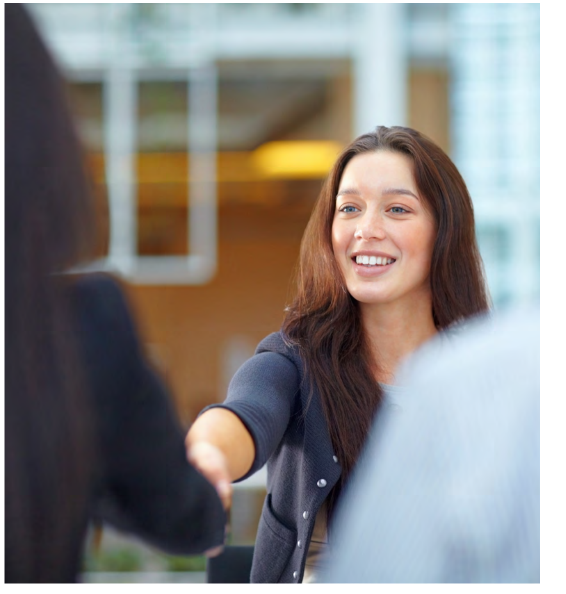
During 2024

Changes and actions last year included:

- Changes to investment panel composition, ensuring female representation at all committee stages.
- Enhancing our EDI data collection at all stages of the investment process, from new business enquiry through to portfolio monitoring, so we can better track and identify where we need to take targeted action.
- Portfolio learning communities to share best practice and external insight to improve diversity and inclusion at all levels of investee companies.
- Market engagement and collaboration, for example through the Pathways Forward initiative.

As well as meeting the pledges we previously made as a signatory to Pathways Forward, our actions last year have also enabled us to become a signatory to the Investing in Women Code and further extend our commitment to continued action.

The Bank will publish its refreshed Equality Strategy[42] and plan in 2025, with further detail on actions to be taken across investments, employees and culture, and supply chain, to support improved equality, diversity and inclusion in Scotland.



Promoting inclusivity

Diversity and Inclusion can bring many advantages to businesses, from widening the talent pool to increased staff engagement and productivity. For the Bank, delivering our place mission also means we have a particular drive to tackle poverty and inequality, and evidence shows the intersection between protected characteristics and those most likely to experience poverty. Alongside this, there is a correlation between who has access to finance and wider systemic inequalities.

Within our portfolio we collect information to monitor diversity, and we support our companies and projects to implement more ambitious and effective approaches. We will continue to promote diversity, including gender-balanced boards and measures to improve access to finance for female-led businesses. Data collected from our portfolio presents a mixed picture of progress in the past year, and this has informed our future plans and priorities.

Insight shared in the Rose Review of Female Entrepreneurship showed that female entrepreneurs are under-represented in the sectors we operate in, and in the scale-up space. In 2025 we will be delivering work to better understand how the Bank can catalyse positive change in these areas, both through our investments and through how we engage with the market. The majority of companies in our portfolio are SMEs, with less than 250 employees, and numbers can be volatile in the short-term from year-to-year. We wish to deliver sustained, long-term change and are tracking impact over time.

28.6%

£199.5 million of portfolio investment is in female-led companies[43].

▲ 2023: 12.8%.

This figure is significantly greater than the Scottish average where in 2022, female-led businesses only made up 12% of companies receiving investment in Scotland[44].

15.3%

of portfolio companies are female-led.

▲ 2023: 12.9%

In 2024, 18.0% of all companies active in Scotland were female-led[45]. This suggests that while the Bank is making improvements to address this imbalance, we need to progress our investment strategy to increase female access to finance.

17.0%

of board members across our portfolio, on average, are female (average % across all boards within portfolio).

▲ 2022: 13%, ▲ 2023: 16.2%

10.5%

of portfolio businesses and Funds have an equal gender balance or higher proportion of women on the Board.

29.2%

of jobs directly supported by the Bank's investments in 2024 were held by females.

▼ 2023: 31.2%

Promoting inclusivity

Breaking down the numbers by board members and employees

Of the 22 investees measuring and reporting the ethnicity of their board members in 2024:

31.8%

7 businesses reported at least one board member having an ethnic minority background.

▲**2023: 28.5%**

Of the 24 investees measuring and reporting the ethnicity of their employees in 2024:

41.7%

10 businesses reported having at least 12.9%* of employees representing an ethnic minority background.

*The 2022 census indicated that 12.9% of the Scottish population had an ethnic minority background. This % cannot be directly compared with 2023, which used the 2011 census as a benchmark.

12.8%

of jobs directly supported by the Bank's investments in 2024 within those measuring and reporting the ethnicity of their employees were held by individuals with an ethnic minority background.

▼**2023: 15.6%**

Gender pay gap reporting

82.3% of companies which committed to undertake an annual gender pay gap analysis have reported for 2024:

20.7%

The mean gender pay gap for all employees – averaged across all companies reporting a positive figure – was 20.7%. One portfolio company reported a negative mean gender pay gap (i.e. women earning more than men on average).

▼**2023: 18.2%** with one company reporting a negative mean gender pay gap.

21.9%

The median gender pay gap for all employees – averaged across all companies reporting a positive figure – was 21.9%. Four portfolio companies reported a negative median gender pay gap.

▼**2023: 17.3%** with two companies reporting a negative median gender pay gap.

Promoting inclusivity

We are committed to continuing to monitor data across our investment activity, and continuously increasing the scope, to inform our equalities strategy and actions.

This was one of the Pathways Pledges we made last year, as one of the founding signatories of this initiative to support greater access to finance for women entrepreneurs. Building on our first year of pledges, we have now made the following pledges for our second year.

Our Pathways Pledges

- As an investor at the scale-up/growth stage, we are reliant on a strong pipeline of female powered businesses growing from start-up to this stage, so that we can increase the levels of investment we offer to these businesses. Our first pledge is therefore to support the broader ecosystem that enables this pipeline by working with and supporting early-stage female founders. We will deliver a programme of targeted events, ourselves or in partnership with others.
- Publish insight into key opportunity areas for scaling female entrepreneurship (as they relate to our missions and the scale up landscape in Scotland).
- Develop SNIB WIN (Women Investors Network) to externalise and bring in other female investors in Scotland to develop, grow and raise prominence of a female finance allocators network.
- Review our procurement strategy and work with suppliers and the supply chain network (whenever relevant and proportionate) to improve gender diversity within procurements and promote the inclusion of community benefits which support female participation.

Portfolio carbon management

In 2023 we published our first Carbon Management Plan[46] that established three high level commitments to be delivered over the lifetime on the plan:

- By FY28/29, we'll reduce our operational carbon emissions by 5%.
- In FY23/24, we will increase transparency by reporting against the Taskforce on Climate-Related Financial Disclosures Framework. This will show how we're taking action to build a more resilient financial system through climate-related disclosures.
- We will ensure that all new investments deliver a carbon management plan or net zero strategy. If current investees don't have a carbon management plan or net zero strategy, we'll work with them to put one in place.

Tracking the emissions profile of our investments

Setting a carbon measurement requirement for our investees allows us to track and report the emissions profile of our portfolio, and support our investees to establish appropriate carbon management processes for their businesses. This will enable them to set interim targets on their own journey to net zero.

Practical help and support for investees

We know that emissions measurement and management are new for many companies. That's why we provide hands-on support such as an easy-to-use emissions calculator, and help with developing and embedding carbon management plans into core management practices.

By 31 December 2024, 61.8% of reporting portfolio businesses and Funds had a Carbon Management Plan and/or Net Zero Strategy or equivalent in place, with the vast majority of the remainder of the portfolio working towards developing a plan[47].

Climate risk assessments

All our investments are subject to a climate risk assessment as part of our financial due diligence. This screening follows processes established by Task Force on Climate-related Financial Disclosures (TCFD).

Aggregated data on climate risk across our portfolio forms part of our voluntary annual TCFD report. This transparency and disclosure is strongly aligned with our missions and ambitions. We benefit directly from the insight this data offers, and we are uniquely placed to use our connections to learn from data and insights across both private and public sectors.

In FY25/26, we intend to introduce a new climate resilience checklist, to support the identification and management of climate risk.

Our portfolio

Primary mission Net Zero

Investee	Sector overview	Investment committed	Missions supported	UN SDG	NPF
FOR EV	Consumer Products & Services	£22.0 million			
IndiNature	Consumer Products & Services	£8.5 million			
Gresham House Forestry Fund	Forestry	£50 million			
Nova Innovation	Renewable Energy & Alt-fuels	£6.4 million			
Iona Wind Partnership	Renewable Energy & Alt-fuels	£13.0 million			
Port of Aberdeen	Supply Chains & Critical Infrastructure	£35.0 million			
Orbital Marine Power	Renewable Energy & Alt-fuels	£5.0 million			
Trojan Energy	Consumer Products & Services	£28.0 million			
North Star Renewables	Supply Chains & Critical Infrastructure	£50 million			
Utopi	Consumer Products & Services	£5.0 million			
Verlume	Supply Chains & Critical Infrastructure	£6.6 million			
Aurora Energy Services	Supply Chains & Critical Infrastructure	£20 million			
Ardersier Port	Supply Chains & Critical Infrastructure	£50 million			
ZeroAvia	Renewable Energy & Alt-fuels	£20 million			
XLCC	Supply Chains & Critical Infrastructure	£20 million			

Portfolio data presented to December 2024. Further investments were made by the Bank between January-March 2025. As of 31/03/2025 the Bank had committed £784.8 million and crowded in an additional £1.4 billion.

Our portfolio

Primary mission Place

Investee	Sector overview	Investment committed	Missions supported	UN SDG	NPF
Thriving Investments	Housing	£60.0 million		3, 10, 11	
Strathcarron Homes	Housing	£3.3 million		3, 10, 11	
Highland Broadband	Connectivity	£60.0 million		4, 8, 9, 10	
Highland Coast Hotels	Hospitality & Leisure	£8.4 million		4, 8, 11, 13	
Lost Shore	Hospitality & Leisure	£42.8 million		3, 8, 9, 15	
Social and Sustainable Capital	Housing	£10.1 million		1, 3, 10, 11	
DITT Construction	Housing	£0.7 million		3, 11	

Portfolio data presented to December 2024. Further investments were made by the Bank between January-March 2025. As of 31/03/2025 the Bank had committed £784.8 million and crowded in an additional £1.4 billion.

Impact Report
2025

Our portfolio

Primary mission Innovation

Investee	Sector Overview	Investment committed	Missions supported	UN SDG	NPF
M Squared	Robotics, Quantum and Photonics	£29.3 million			
Krucial	Scalable Tech	£4.3 million			
Sunamp	Scalable Tech	£20.0 million			
Travelnest	Scalable Tech	£9.5 million			
Elasmogen	Life Sciences	£3.5 million			
Pure Lifi	Scalable Tech	£10.0 million			
Orbex	Space	£28.3 million			
PneumoWave	Life Science	£6.7 million			
Forrit	Scalable Tech	£5.0 million			
Cyacomb	Scalable Tech	£2.6 million			
Par Equity	Scalable Tech	£20.0 million			
Cumulus Oncology	Life Sciences	£6.0 million			
EnteroBiotix	Life Sciences	£6.0 million			
Calcivis	Life Sciences	£4.0 million			
iGii	Scalable Tech	£4.0 million			
Leap Automation Ltd	Robotics, Quantum and Photonics	£3.5 million			

Portfolio data presented to December 2024. Further investments were made by the Bank between January-March 2025. As of 31/03/2025 the Bank had committed £784.8 million and crowded in an additional £1.4 billion.

Conclusions from our Chief Investment Officer

Throughout 2024 we have continued to invest in businesses and projects to deliver tangible, measurable impacts against the Bank's missions. In total across Bank investments and those who have co-invested alongside us, c£2.0 billion has been put to work for Scotland's people, environment, and economy.

As you'll have read, our investments are delivering real benefits, including improving lives, reducing greenhouse gas emissions, and creating good-quality jobs. Achieving positive impacts through commercial investment is at the heart of the Bank's ethos. It is why we are committed to being a leading impact investor, aiming to demonstrate that financial returns can be realised whilst also benefitting the places we live. We know that there is so much more to be done in pursuing this ambition.

Our role as a development bank requires us to take on risk, and risk is inherent in managing transitions. It is important that we are discerning in how and where we choose to do this for the greatest potential impact, while operating in a challenging investment environment. We will continue to strengthen our knowledge in these areas – where to invest, where not to invest, and where further effort is needed to create the market conditions for future investment – to maximise the cumulative effects the Bank can have. I'm especially excited by our market creation work looking at two key opportunities for Scotland, supporting offshore wind development and improving housing supply.

The report also highlights how we are driving forward the missions within our portfolio, reinforcing the importance of not only being impact-led in how we make investments but also in how we actively support and manage investees after that initial investment. Throughout the year we have redoubled our efforts to help companies build their impact capabilities, including creating learning communities, and we expect to go further in 2025. This includes pushing for greater equality, diversity, and inclusion within our portfolio, and enabling better access to finance so that everyone has a fair and equal opportunity to scale their business.

The Bank has a privileged role in sharing its insights and experiences to help grow impact investment in Scotland. We'll continue to leverage this position to deepen understanding of what impact-driven investment can achieve. We'll also continue to work in partnership at different levels of the system where that helps us to widen our impact and meet shared priorities – for example, through our impact investor readiness programme with University of Strathclyde Business School, and our collaboration with National Wealth Fund.

We remain hugely ambitious for what the Bank and wider impact community can achieve, and I hope that this report has helped to showcase the positive change that can come through addressing some of the greatest challenges – and opportunities – of our time.

Mark Munro
Chief Investment Officer

References

1. Investment impact is measured and reported on a calendar year basis. Companies are typically only required to provide impact data after the first 6 months of investment and hence may be excluded from some reporting metrics until data is available. Further investments were made by the Bank in the final quarter of the 2024-25 Financial Year, which are not captured in this report. As of 31/3/2025, the Bank had committed £784.8 million and crowded in an additional £1.4 billion.
2. Figure includes Circularity Scotland Limited (CSL). CSL is now in administration.
3. Investment Strategy 2024-2025
4. 2022 GVA figures. Source: Energy+-+Sector+Briefing_16Dec24.docx
5. Energy+-+Sector+Briefing_16Dec24.docx
6. Green jobs can be categorised as:
   • new and emerging jobs that relate directly to the transition to net zero
   • jobs affected by the transition to net zero that will need enhanced skills or competencies
   • existing jobs that will be needed in greater numbers as the result of the transition to net zero
7. Skills Development Scotland Climate Emergency Skills Action Plan 2020-2025
8. Offshore Energies UK (OEUK) Economy and people report 2024: Integrated insights into the economic contributions and workforce dynamics of the offshore energy sector
9. Jobs supported total includes direct, indirect and induced jobs associated with any investment that contributes to the delivery of the Bank's Net Zero mission.
10. 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) 0.27257 $kgCO_2e$/passenger km: 556 x 0.27257 = 0.151 tCO_2e x 144 = 21.744 tCO_2e for capacity flight.
11. Annual car emissions are estimated based on average UK car (unknown fuel miles) travelling an average 7,000 miles per year (Department for Transport - vehicle mileage and occupancy) and calculated using the relevant UK Government GHG Conversion Factors for Company Reporting: 0.2686 $kgCO_2e$/mile: 7,000 * 0.2686/1000 = 1.88 tCO_2e average emissions per car per year in the UK.
12. The market in Scotland | Offshore Wind Scotland | Offshore Wind Scotland
13. Update on Scotland's renewables and wind power potential - gov.scot
14. The Bank and Offshore Wind | Scottish National Investment Bank
15. Poverty and Income Inequality in Scotland 2020-23
16. Poverty in Scotland 2024 | Joseph Rowntree Foundation
17. SIMD (Scottish Index of Multiple Deprivation)
18. CPG-on-Poverty-Rural-Report-May-24-_DE_design.pdf
19. A-Perfect-Storm-Fuel-Poverty-in-Rural-Scotland.pdf
20. Affordable_Housing_Need_in_Scotland_Post-21_final_report.pdf
21. Jobs supported total includes direct, indirect and induced jobs associated with any investment that contributes to the delivery of the Bank's Place mission

References

22. Supply chain spend includes CapEx and may have significant variance across years.
23. The Scottish Government Urban Rural Classification defines 'Remote' areas as those that are more than a 30 minute drive time, or areas that have a drive time between 30–60 minutes from a Settlement with a population of 10,000 or more. Additionally, 'Very Remote' is defined as areas that are more than a 60 minute drive time from a Settlement with a population of 10,000 or more. (Scottish Government Urban Rural Classification 2020 (www.gov.scot))
24. National Indicators - Economy | National Performance Framework
25. Data and methodology - Gross expenditure on research and development Scotland 2022 - gov.scot
26. digital-economy-skills-action-plan.pdf
27. Innovative growers: A view from the top | McKinsey
28. Scaling Up Scotland looks at our strengths, weaknesses and potential to grow I Scottish National Investment Bank
29. https://www.thebank.scot/scaling-up-scotland
30. Scotland tech report - UKTN download
31. Jobs supported total includes direct, indirect and induced jobs associated with any investment that contributes to the delivery of the Bank's Innovation mission
32. Pathways: A new approach for women in entrepreneurship - gov.scot
33. The Alison Rose Review of Female Entrepreneurship - GOV.UK
34. In our reporting "Female-led" includes companies that have either a female founder or CEO.
35. Advanced Manufacturing Innovation District Scotland | Invest Glasgow
36. Scaling Up Scotland looks at our strengths, weaknesses and potential to grow I Scottish National Investment Bank
37. Information on how the 2024 employment impact data was calculated is provided in the Annex.
38. Apprenticeships/internships supported include through direct employment, or where otherwise the investee has provided direct sponsorship support.
39. Five companies were not required to report for 2024. See Annex page 11.
40. The Bank recognises that appropriate use of zero hours contracts may offer mutual benefit to the employee and employer when it is mutually requested.
41. To account for Boards which may be small or contain an odd number of individuals, we include Boards where there may be a 60/40 split in favour of either gender. This is in line with Women on Boards diversity targets which advocates for a 40:40:20 target for board gender diversity; 40% male, 40% female and 20% fluctuation either way.
42. Download our current Equality Strategy I Scottish National Investment Bank
43. In our reporting "Female-led" includes companies that have either a female founder or CEO.
44. Pathways: A New Approach for Women in Entrepreneurship
45. TGI-2025-Report.pdf (thegenderindex.co.uk)
46. Pathway to Net Zero: Our Carbon Management Plan | Scottish National Investment Bank
47. A small number of investees (5.6%) receiving investment pre-April 2023 are not required to develop a plan.