The Scottish National Investment Bank

Impact Report 2025 Annex

Impact assessment methodology and reporting data

Mission objective reporting data

By using key performance indicators to report against our missions, we can demonstrate the non-financial impact of our investment activity. We can also track performance against expectations, and monitor change over time.

As our portfolio grows and matures, these insights are invaluable in supporting our existing investees to achieve their goals. They also help to inform our future investment decisions, to ensure we achieve our mission objectives and factor impact into our deals.

Net Zero

Mission Objective 1: To catalyse investment in businesses and projects connected to Scotland to move towards a net zero economy.

- Percentage of our investment portfolio where the primary mission identified is Net Zero:

  37.5% of new investments in 2024.
  27.3% of follow-on investment in 2024
  41.0% of total investments since launch.

- **46.2%** of our total investment portfolio contributes* to the shift to a net zero economy.
- Amount committed by the Bank supporting businesses and projects contributing to the shift to a net zero economy:

  £119.0 million in 2024.
  £396.8 million since launch.

- Third party capital associated with Bank investment supporting businesses and projects contributing to the shift to a net zero economy:

  £506.2 million in 2024.
  £1.0 billion since launch.

- **711** just transition jobs supported directly through Bank investment as self-reported by portfolio companies.
- **2,097** jobs supported by Net Zero investment during 2024[1].

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

Mission objective reporting data

Net Zero

Mission Objective 2: To increase Scottish based expertise in technology, services and industries that support decarbonisation, mitigation, and climate change amelioration activity.

- **41.0%** of our investment portfolio contributes to accelerating decarbonisation.
- **5.1%** of our investment portfolio contributes to mitigating climate change through capturing GHGs (natural / technological processes) from the atmosphere.
- **46.2%** of our investment portfolio contributes to ameliorating the effects of climate change.
- By the end of 2024, **1,472** Electric Vehicle (EV) charging points had been installed in total spanning **20** Scottish Local Authority Areas and **3** London boroughs. **779** EV charging points were installed in 2024.

Mission Objective 3: To grow the circular economy within Scotland by 2045.

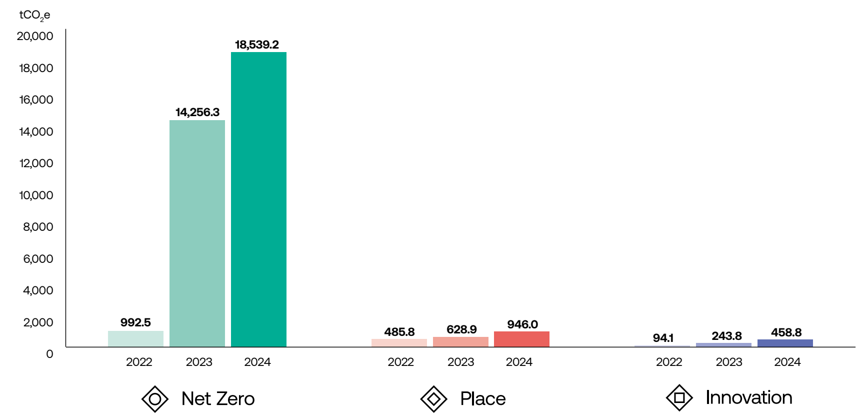
- In 2024 **5.1%** of our investment portfolio contributed to the circular economy*.

*In 2022 the Bank made a £9 million investment to fund the development of Circularity Scotland Limited (CSL), which was the operator of Scotland’s Deposit Return Scheme. CSL are now in administration. CSL have not been included in this calculation.

Mission Objective 4: To support Scotland’s transition to net zero.

- In 2024 our portfolio reported a total of **19,944tCO_2e** of Scope 1 and Scope 2 emissions. Of this, **535.7 tCO_2e** of scope 2 emissions were reported by investees as being avoided through purchase of green energy from a green tariff.

tCO_2e of Scope 1 and Scope 2 emissions by mission



Mission objective reporting data

Place

Mission Objective 1: To enhance the natural and built environment of Scotland through utilisation of undervalued space and the regeneration and improvement of built and natural environments.

- **198.25** hectares of urban land regenerated or improved as a result of our investment.
- **12,628.6** hectares of rural land regenerated or improved as a result of Bank investment. **11,093.7** hectares of which is in Scotland (**87.5%**).

Mission Objective 2: To improve by 2040 the physical and digital connectivity across Scotland to increase access to services, training and employment opportunities, and greenspace.

- **32,894** homes and businesses have access to improved connectivity as a result of our investment (Physical and/or Digital). Investment to date has focused on the provision of ultrafast fibre broadband in rural areas.

  14,341 homes and businesses were reached in 2024.
  13,142 homes and businesses were reached in 2023.
  5,411 homes and businesses were reached in 2022.

Mission Objective 3: To increase the supply of high-quality affordable homes and support the transition to net zero for existing homes with corresponding sustainable infrastructure by 2040.

- Our investment supported the building of **157** homes in 2024.
- Since our launch, our investment has supported the building of **742** homes available for mid-market rent.
- **99.7%** of homes delivered through our investment achieved an energy efficiency rating of EPC B or higher.

Mission Objective 4: To invest in businesses and projects that promote high quality place-based employment and training opportunities.

- **52.9%** of our portfolio businesses offer training opportunities to all employees.
- **20.5%** of portfolio businesses have operations in the 20% most deprived areas of Scotland (Scottish Index of Multiple Deprivation: https://simd.scot)

Mission Objective 5: To invest in businesses and projects that provide community benefit and support local supply chains

- **85.3%** of our direct investees are SMEs.
- **31.4%** of total supply chain spend by reporting portfolio businesses was expended in Scotland in 2024. This equated to **£168.6 million**.[2]
  £277.0 million supply chain spend has been expended in Scotland since launch.
- **37.9%** of our portfolio businesses or projects receiving direct investment have reported that they have provided community benefit through their operational practices within the reporting period

Mission objective reporting data

Innovation

Mission Objective 1: To grow the Scottish innovation ecosystem, by supporting innovative businesses to have a catalytic effect in their sector through the diffusion of ideas and learning.

- Percentage of our investment portfolio where the primary mission identified is innovation:

  50.0% of new investments in 2024.
  36.4% of follow-on investment in 2024.
  41.0% of total investments since launch.
- **56.4%** of our total investment portfolio contributes to developing the Scottish innovation ecosystem.
- Amount committed by Bank (£) supporting businesses and projects contributing* to developing the Scottish innovation ecosystem:

  £67.0 million in 2024.
  £235.5 million since launch.
- Third party capital associated with Bank investment supporting businesses and projects contributing to developing the Scottish innovation ecosystem:

  £142.8 million in 2024.
  £272.0 million since launch.
- **88.2%** of innovation-focussed businesses who reported Research & Development (R&D) spending, expended more than 20% of budget on R&D.
- **88.2%** of reporting innovation-focussed businesses within our portfolio actively supported the broader innovation community during 2024.
- **64.7%** of reporting innovation-focussed businesses actively supported mentoring or education programmes linked to secondary or tertiary education during 2024.

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

Mission Objective 2: To increase investment in the scaling of transformational and emerging technologies, discoveries, and business processes.

- **21** of our portfolio businesses and projects are involved in developing disruptive and/or transformational technologies and discoveries.
- **97.1%** (**£228.8 million**) of our total innovation investment is directed at businesses involved in developing disruptive and/or transformational technologies and discoveries.

Mission Objective 3: To develop products and services that improve Scotland's human wellbeing and environmental resilience.

- **10** of our portfolio businesses and projects are involved in developing technology that mitigates and protects against future risks to human welfare, wellbeing, and environmental resilience.
- **29.9%** (**£70.5 million**) of our total innovation investment is directed at businesses involved in developing technology that mitigates and protects against future risks to human welfare, wellbeing, and environmental resilience.

Mission Objective 4: To invest in businesses and projects that enhance productivity through product or process innovation.

- **238** patents have been reported as being supported by our investment since our launch. 122 patents were reported as being issued across all businesses supporting the innovation mission in 2024.
- **64.7%** of reporting portfolio innovation focussed businesses contributed to developing new products, services or processes in 2024.

Impact methodology and data calculation

A full summary of our Impact Management Framework can be downloaded from our website:
Impact Management Framework 2024 | Scottish National Investment Bank

Investment information included in our Impact Report

We report impact performance on a calendar year basis. This report contains data relating to investments held in our portfolio up-to and including 31 December 2024. Impact data is typically collected on a biannual year basis for direct investments and annually for indirect investments. Investments held for less than six months of the reporting period may be exempt from reporting and therefore excluded from reporting calculations.

Our approach to impact

Our Shareholder, Scottish Government Ministers, set us three investment missions to address the grand challenges facing Scotland:

- The climate emergency
- Place-based inequality
- Demographic change and productivity deficit.

The Bank's Missions

Net Zero

Address the climate crisis, through growing a fair and sustainable economy.

Place

Transform communities, making them places where everyone thrives.

Innovation

Scale up innovation and technology, for a more competitive and productive economy.

Impact methodology and data calculation

How our missions guide our investment approach

Our missions provide direction and focus for our investment activity. They are outcome orientated, and set out the impact that our investments are designed to enable over the longer term.

Considerations

We recognise that evidence of impact will take time, and may only become evident after the period of investment. Given this lag time between investment and expected impact, we use Theory of Change (TOC) models to demonstrate how our investments are contributing to positive change.

How our Theory of Change models works

ToC models describe how specific inputs and activities can lead to change, which is measured in terms of outputs and outcomes. They draw on a contribution approach, recognising that we cannot deliver the mission impact alone but can enable positive change and shape the conditions for achieving impact through our investment activities, conditions, and engagement.

At each stage, key performance indicators can be applied which help evidence the change that has occurred over time as a result of Bank investment.

We create ToC models for each mission and each investment, and use this data to assess the performance of our investments at an individual and portfolio level.

Theory of Change model

The model is comprised of four key pillars:

Activity	Outputs	Outcomes	Mission Impact
Bank activity to support impact delivery	Immediate change as a result of investment	Short to medium-term change that follows from outputs and contributes to impact	Longer-term change identified in the missions

At an investment level, these models are co-created with our investees and include mutually agreed Key Performance Indicators. This allows us to monitor and assess impact performance against expectations over time.

To ensure accountability, and reflect industry best practice, we track our impact progress against both a broad set of mission objectives and a narrower set of quantitative impact targets (our Ambitions).

- **Mission Objectives** – these outline our strategic impact objectives and associated KPIs. They shape our investment activity, and enable us to demonstrate and track the impact of our investments.
- **Impact Ambitions** – these drive focus and intent in our investment decisions, and ensure that we are able to meet the mission objectives by 2040 and 2045.

Impact methodology and data calculation

2030 Impact Ambitions

Mission	Ambition	Investment	Impact
Net Zero	"Address the climate crisis, through growing a fair and sustainable economy"	By 2030, the Bank will have invested £800 million - £1 billion in high potential Net Zero businesses and projects.	By 2030, the Bank's investments will have helped to avoid, reduce or remove 185,000 – 225,000 tCO_2e from the Earth's atmosphere.
Place	"Transform communities, making them places where everyone thrives"	By 2030, the Bank will have invested £400 million - £500 million in improving Scotland's places and communities.	By 2030, the Bank's investments will have positively impacted the lives of 350,000 – 430,000 people through regeneration, high-quality housing, and connectivity (both digital and physical).
Innovation	"Scale up innovation and technology, for a more competitive and productive economy"	By 2030, the Bank will have invested £400 million - £500 million in innovative, productive businesses.	By 2030, the Bank's investments in innovative industries will have contributed towards the creation and safeguarding of 6,300 – 7,700 jobs.

As an impact investor, we review a wide range of opportunities and risks within our investment decision-making process. This includes consideration of traditional ESG risk management as well as the positive outcomes to the investee and wider ecosystem that we want our investment to enable.

Over time, our investment portfolio will deliver impact in four distinct ways:

1. Delivery of our missions:

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

In delivering our three defined investment missions, we integrate key principles to amplify our portfolio-level, positive impact in the Scottish ecosystem:

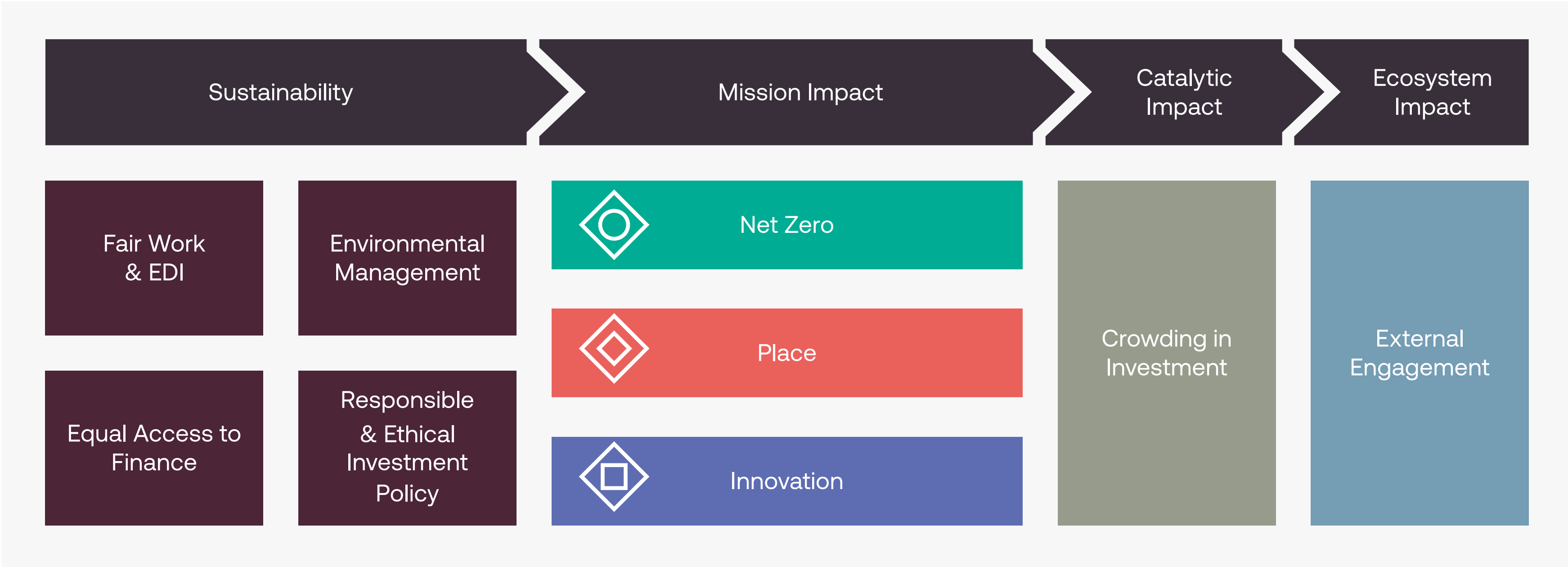
2. The promotion of a diverse and inclusive workforce through high-quality employment aligned to the 'Fair Work First Principles'.

3. Increasing business understanding around carbon emissions and climate risk.

4. Creating equality of investment opportunity for people who are marginalised, minoritised, or under-represented.

Impact methodology and data calculation

Impact Model



Impact methodology and data calculation

Impact management framework

The Bank is an official Signatory to the Operating Principles for Impact Management (OPIM), a global community of impact investors who publicly demonstrate their commitment to implementing a common standard for managing investments for impact.

BlueMark, a leading provider of impact verification services, independently reviewed our alignment with the OPIM in 2023 identifying 'Advanced' or 'High' alignment across seven of the eight principles. In comparison to our direct peers (other DFIs), we outperformed the peer group median across four pillars while achieving parity on three others[3].

The table opposite summarises findings from BlueMark's verification[4] of the Bank's alignment to the Impact Principles, using the following four ratings:

- Advanced (Limited need for enhancement)
- High (A few opportunities for enhancement)
- Moderate (Several opportunities for enhancement)
- Low (Substantial enhancement required)

Principle	Alignment
1. Define strategic impact objective(s), consistent with the investment strategy	Advanced
2. Manage strategic impact on a portfolio basis	Advanced
3. Establish the Manager's contribution to the achievement of impact	High
4. Assess the expected impact of each investment, based on a systematic approach	Advanced
5. Assess, address, monitor, and manage potential negative impacts of each investment	High
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	Advanced
7. Conduct exits considering the effect on sustained impact*	Moderate
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	Advanced

*As a young institution with a focus on the provision of patient capital, the Bank has not yet undertaken any exits.

Impact methodology and data calculation

Portfolio emission reporting

Emissions associated with our investee companies have been calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard, and the UK Government GHG Conversion Factors for Company Reporting. The reporting of Scope 1 and 2 emissions represent the totality of each business' emissions across the relevant sources in relation to each Scope.

Emissions related to our specific investment for this reporting period will be captured within our subsequent TCFD reporting. Our proportional share of emissions will be calculated using Category 15 – Investments of the GHG Protocols Technical Guidance for Calculating Scope 3 Emissions.

As the Bank's portfolio and reporting matures, selected Scope 3 emissions will be identified and may be included in our reporting in the future, specific to the type of investment we are making.

Fair Work

Investments made prior to the Bank's Fair Work Direction[5] (October 2021) may not be subject to our Fair Work reporting requirements and may therefore be excluded from any analysis on the adoption of the Fair Work Principles within our portfolio.

Employment data methodology

We changed the way we calculated employment data in 2024. The Bank's new methodology is set out below. The data presented in our 2024 and 2025 Impact Reports should therefore not be directly compared with the figures reported in the 2023 Impact Report.

Analysis methodology:

Five investments from the 39 within the Bank's portfolio were excluded from the analysis:

- Circularity Scotland Limited – Company in administration
- Strathcarron Homes – Build project not started
- Leap Automation – Investment too recent
- DITT Construction Ltd – Investment too recent
- XLCC – Investment too recent

We calculated the indirect and induced impact of job creation based on knowledge of the direct employment from the Bank's activities, and associated information – such as supply chain spend and operational location. Where necessary, data was supplemented with FAME[6] (Companies House Data[7]) employment data.

Input-Output tables for Scotland, produced by the Scottish Government[8], were used to provide type I and type II employment multipliers. These quantify the impact of a change in output or demand on employment in a specific sector throughout the economy. 2019 multipliers were used, representing the last available pre-Covid 19 pandemic year available.

A standard counterfactual scenario was established whereby it was assumed that had the Bank not invested into a specific company then there would be no alternative investment made. As it is not possible to determine what employment the Bank's investment specifically contributes to, all employment numbers should be interpreted as having been supported by the Bank's investment as opposed to it being wholly and exclusively attributable to our investment.

The analysis methodology was guided by the Green Book[9] with estimated impacts adjusted for deadweight, displacement and leakage.

Direct impacts:

The benefits accrued from individuals who are directly under the investment companies' employment in both full-time and part-time positions.

Indirect impacts:

Increasing demand for goods supplied by parties in the investment companies' supply chain result in firms within the supply chain employing more labour.

Induced impacts:

The direct and indirect impacts of the Bank's investments generate economic impacts that extend to the economy at large, beyond the investment companies and the parties in their supply chains.

Jobs supported:

Aggregate total of the direct, indirect and total employment impacts, including all employees in Scotland whose jobs are "supported" by the funding received from the Bank. The analysis only considers the number of jobs supported by the investments, including both full-time and part-time employment, and does not provide an estimate of full-time equivalent (FTE).

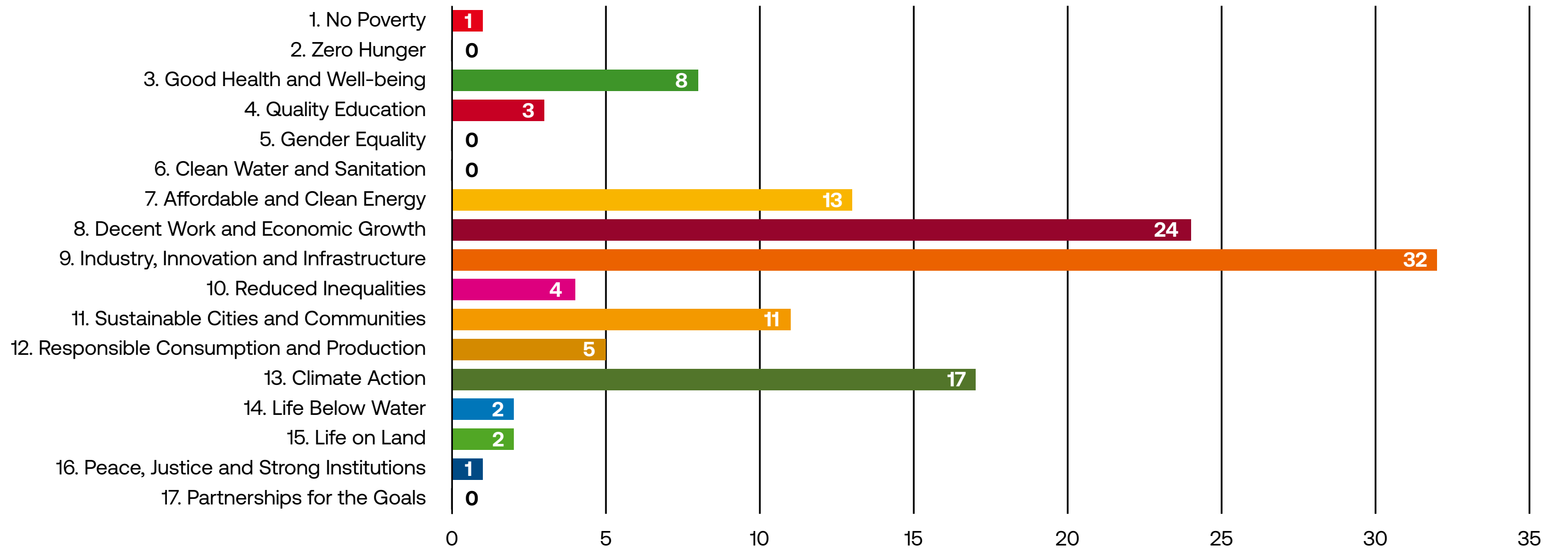
Additional jobs:

An estimate of additional jobs associated with the investment portfolio. It is the sum of the direct, indirect and total employment impacts, adjusted to only consider new jobs created in 2024.

UN Sustainable Development Goals

Every investment we make supports the delivery of the UN's Sustainable Development Goals (UN SDGs).
Our mission focus specifically contributes to delivering these six goals:

UN SDGs supported through investment:



Scotland's National Performance Framework (NPF)

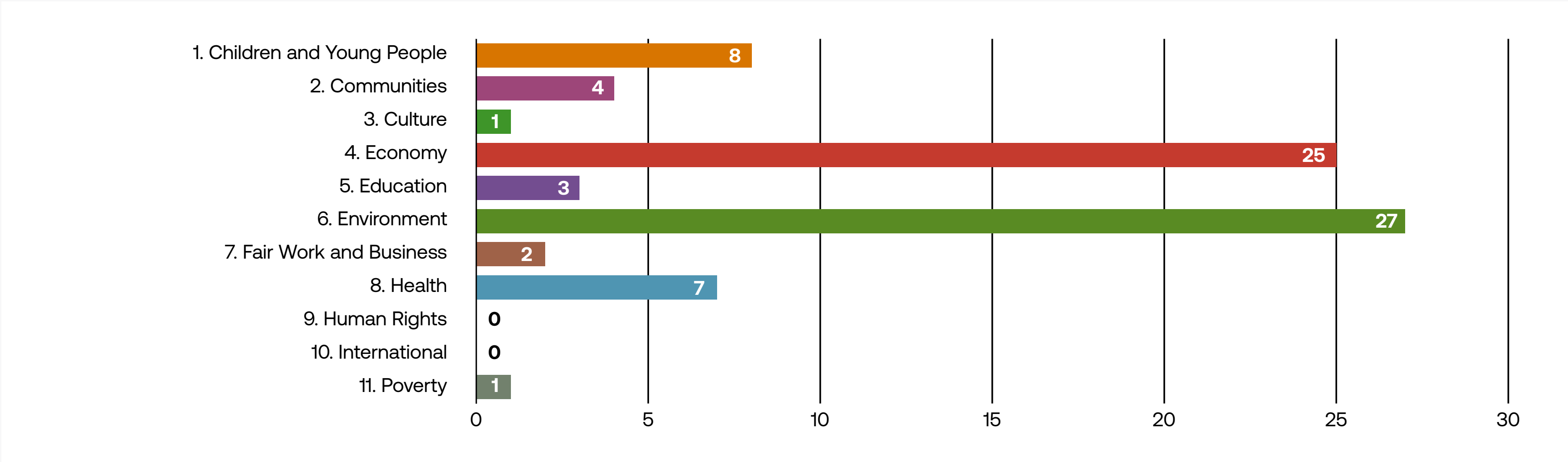
The National Performance Framework (NPF) aims to bring together everyone in Scotland to work towards achieving a common set of outcomes, which focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

Outcome	National Outcome
1	**Children and Young People** We grow up loved, safe and respected so that we realise our full potential
2	**Communities** We live in communities that are inclusive, empowered, resilient and safe
3	**Culture** We are creative and our vibrant and diverse cultures are expressed and enjoyed widely
4	**Economy** We have a globally competitive, entrepreneurial, inclusive and sustainable economy
5	**Education** We are well educated, skilled and able to contribute to society
6	**Environment** We value, enjoy, protect and enhance our environment
7	**Fair Work & Business** We have thriving and innovative businesses, with quality jobs and fair work for everyone
8	**Health** We are healthy and active
9	**Human Rights** We respect, protect and fulfil human rights and live free from discrimination
10	**International** We are open, connected and make a positive contribution internationally
11	**Poverty** We tackle poverty by sharing opportunities, wealth and power more equally

Scotland's National Performance Framework (NPF)

Our investment strategy actively supports the delivery of the NPF through mission-led impact investment in sectors that support positive social, economic and environmental change within and beyond Scotland.

NPF National Outcomes supported through investment:



References

1. 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.
2. Supply chain spend includes CapEx and may have significant variance across years.
3. Making the mark 2023 - BlueMark
4. https://www.thebank.scot/bluemark-verifier-statement
5. Scottish National Investment Bank: Fair Work direction - letter from the Cabinet Secretary for Finance and the Economy - gov.scot
6. FAME provides access to 10 years of financial data, including balance sheets, profit and loss accounts and ratios, and number of employees, for companies in the UK and Republic of Ireland.
7. Nature of business: Standard Industrial Classification (SIC) codes
8. Supply, Use and Input-Output Tables: 1998-2021 - gov.scot
9. The Green Book