



6 April 2023

Dear Convener,

When I attended the Economy and Fair Committee on 15 March to discuss a Just Transition for Grangemouth I referenced the upcoming publication of our Impact Report. That report has now been published and so I wished to write to provide you with a copy. I have included a short summary of the Report below, and I look forward to engaging with the Committee on that, and the other aspects of this update, in due course.

The Bank has also now published its Business Plan 2023/24. Given those publications, and the recent close of the last financial year, I also wished to take the opportunity to provide an update on the Bank's activities and a look ahead to our future priorities.

Finally, we recently hosted a Scale Up Summit with The Times Scotland and published an accompanying report 'Scaling Up Scotland' in collaboration with the ScaleUp Institute. I have included a copy of that report for your information.

Investment Activities and Financial Year 2022/23

Since our launch in November 2020 the Scottish National Investment Bank has concluded 25 investments, representing £403.2 million of committed investment. Our investments span a wide range of innovative businesses, projects, and external funds; all of which align with and support delivery of our missions. More than £660 million of investment from third parties has been committed to date alongside the Bank's own capital.

In Financial Year 2022/23 we committed £220.7 million of investment. This included investment in 11 new opportunities as well as support for our existing portfolio of companies.

Recent Publications

The Bank has now published its Business Plan 2023-24. The Business Plan sets out our strategic ambitions and priorities for the medium term, and the outcomes we are planning to deliver in the next Financial Year.

This Business Plan represents a further evolution of our activities by articulating our ambition to transform Scotland through not only our investments and our impact, but also through our insight as a development bank working between the public and private sectors.

Our strategic themes for the coming year build on the progress made since our launch. They are:

1. Demonstrating and enabling impact;
2. Delivering investment;

3. Building insights, partnerships and our brand;
4. Enabling private sector investment;
5. Realising the potential of our people; and
6. Targeting financial self-sustainability.

We have also now published our Impact Report 2023. The Impact Report supersedes the Mission Report published in 2022, and will form the basis for our mission reporting going forward. It goes beyond the expectations of the mission report to also include a review of investment impact performance data. This is intended to support understanding of how the Bank is performing against its mission objectives.

The Impact Report sets out clearly why and how we invest, and provides an overview of our 2022 impact performance. It identifies the steps we will take in 2023 and in subsequent years to maximise our impact as an investor, and to support both the delivery of our missions and to evidence our progress towards meeting them.

In particular, it sets out how we will implement the Operating Principles for Impact Management, and how we assess investment opportunities to create a bespoke Impact Thesis and individualised Theory of Change models.

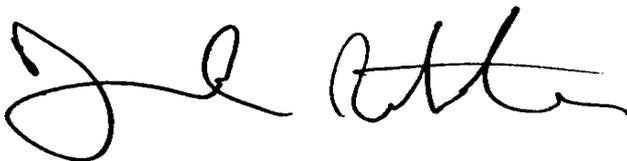
Conclusion

I trust this update has been helpful. As I set out previously, my colleagues and I look forward to working with the Committee going forward.

We are ambitious to build again on our progress in the coming year and beyond. The Bank's expertise in delivering commercial, mission-focussed and strategic investment can be critical to unlocking opportunities in Scotland to decarbonise our economy and realise the supply chain opportunities of ScotWind, to scale up our innovative and growing businesses, and to address the challenges of place-based inequality.

We will continue to develop our insights as an investment institution operating between the public and private sectors, and we will also build our reputation as an impact investor. It is our intention that by showcasing our social and environmental impact as an investor of commercial capital, and by continuing to work collaboratively with other investors, we will support the growth of impact investing in Scotland and attract more finance into businesses and projects that will ultimately benefit Scotland's people, places and environment.

Best regards,

A handwritten signature in black ink, appearing to read 'David Ritchie', written in a cursive style.

David Ritchie
Head of Partnerships and Engagement
Scottish National Investment Bank

