



### Summary

Friends of the Earth Scotland welcomes the principle of a Scottish National Investment Bank, but have repeatedly encouraged MSPs to strengthen the Bill at stage two to enable the bank to reach its full potential.

With the correct amendments, the SNIB can play a key role in financing a just transition to a zero-carbon economy, while tackling inequality and setting a leading example of lending for public good, with world-leading ethical standards, governance, and transparency.

The Bill must be improved to:

- Have a robust legislative commitment to finance a just transition
- Ensure that all of the Bank's activities meet high ethical standards
- Allow strict parliamentary scrutiny of top level mission setting

To achieve this committee members should **vote for**, in the order they will be debated, amendments:

### The Bank's Objects

17, 57, 58, 18

### Investment performance: reporting and review

32, 68, 45, 46

### Minimum ethical standards for investments

33

### Provision of financial assistance by the Bank

34, 60, 61, 63, 36

### Directors and staff of the Bank

64, 8

### Committees and advisory group

20, 21, 67

### Strategic missions: setting and modification

22, 23, 24

### Equality strategy

12, 44

## Robust commitment to a just transition

Committee members should vote **for** amendments:

17, 22, 57, 58, 68.

However, if amendment 4 passes, members should additionally support amendments 4a and 26.

There has been strong rhetoric on the Bank's environmental credentials, which the proposed Bill fails to live up to. The 'ancillary object' of "investing in inclusive and sustainable economic growth" is unhelpfully ambiguous, and can be interpreted as referring to economic growth that continues forever, rather than relating to climate change. This was supported by the stage one report, which stated "*The Committee remains to be persuaded that the language of the Bill fully matches the ambitions for SNIB to be transformative.*"

To ensure that the Bank lives up to its full potential in tackling the climate emergency, members should vote for **amendments 17 and 22**, which would remove the confusing wording of "sustainable economic growth", and embed an emissions reduction mission at the heart of the Bank. This should be complemented by voting for **amendment 57**, which would mean that decarbonisation is delivered through a just transition, in the best interest of workers, communities, and the planet. Members should also support **amendments 58 and 68**, which give environmental and social concerns equal status with economic interests.

While not as strong as the above amendments, **amendments 3 and 4** are an improvement on the existing references to "sustainable economic growth". If these amendments pass, the overall objects could be improved by additionally **supporting amendments 4a and 26**.

## Stronger ethical standards across all activities

Committee members should vote **for** amendments:

20, 21, 32, and 33.

The Bank should have a framework to maximise environmental and social benefit across its lending activities. Since we first proposed a national investment bank in the 2016 joint paper '[Banking for a Common Good](#)', Friends of the Earth Scotland has argued for the need for an ethical framework and minimum ethical standards. This is critical to ensure that all of the Bank's activities further its public policy priorities, and nothing it funds undermines this.

Oversight of an ethical approach to Banking is provided for by **amendments 20 and 21**. This offers a comprehensive investment and ethics committee, underpinned by introducing an ethical investment policy. By combining investment and ethics, the committee creates a framework to ensure all investments are consistent with the Bank's missions. Members should also support **amendments 32 and 33** which would provide a framework to measure the Bank's ethical lending in practice, and set minimum standards that prohibit it from lending to things that undermine its missions.

## Increased accountability

Committee members should vote **for** amendments:

23 and 24. Or, if these fall, 42.

Committee members should vote **against** amendments:

41 and 43.

The proposed mission setting structure in the Bill, where the Government can set missions with little to no accountability, does not fit the broader public interest approach the bank is aiming to take. The setting of the Bank's missions must be subject to a parliamentary vote in order to avoid the Bank becoming a vehicle to deliver the agenda of minority Governments, to ensure proper scrutiny of the Bank's activities, and to give the long term stability that the Bank's patient lending approach needs. Without this, the Bank's activities risk being inconsistent and constantly being forced to shift with evolving political agendas.

While a number of amendments would require Ministers to lay a report in Parliament on new missions - we believe missions should require a vote from Parliament. Members should vote for **amendments 23 and 24**, which offer the strong parliamentary scrutiny of mission setting. If these amendments fall, **amendment 42** offers the next best level of scrutiny, but doesn't automatically require a resolution to set missions.

However, Friends of the Earth Scotland encourages members to vote **against amendments 41 and 43**. The Bank should be working in the public interest, strongly scrutinised by democratically

elected MSPs, rather than the appointed board.

## Other considerations

Committee members should vote **for** amendments:

8, 60, 61, 63, 12, 18, 44, 45, 46, 34, 36, 64, 67.

In addition to the above, Friends of the Earth Scotland believes members should vote for:

- **Amendment 8**, which would ensure the Bank is an exemplary employer and avoids the worst practises of the private banking sector.
- **Amendments 60, 61, 63** which would prevent the Bank financing organisations with poor employment practises. This will be crucial in ensuring the Bank supports a truly just transition, creating quality jobs in low carbon industries.
- **Amendments 12, 18, 44, 45 and 46** which ensure the Bank promotes equality, including gender equality, through its operations and lending.
- **Amendments 34**, which prevents the Bank investing in companies that evade tax, **and 36**, which guarantees the Bank can finance social enterprises and cooperatives.
- **Amendments 64 and 67** which give the Bank access to the trade union expertise to help direct activities to fulfil the Bank's missions - particularly in supporting workers through a just transition.

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