



Summary

As an early proponent of a return to public banking, Friends of the Earth Scotland welcomed the Scottish National Investment Bank and was encouraged by a number of improvements made to the Bill at stage two.

To safeguard the Bank's ethical approach across all its work, and truly differentiate itself from 'business as usual' in the finance sector, MSPs should support amendments at stage three which mandate a strong ethical framework for the Bank's investments.

Members should **vote for the Bill at stage three** and **support amendments:**

34 and 36 to make the Bank's minimum ethical standards for investments transparent

3 to lock in an environmental mission at the Bank's core.

9, 10, and 12 to protect workers' conditions through a just transition

The case for a Scottish National Investment Bank

Friends of the Earth Scotland has been a long term advocate of banking for the common good, initially proposing a Scottish National Investment Bank in the 2016 '[Banking for a Common Good](#)' joint paper, and welcomed the Scottish Government's proposals.

The world is in the midst of a climate emergency, and only last year Scotland set itself new, stronger, climate targets. Making the changes needed to tackle this emergency, and achieve our long-term targets, creates an opportunity to reshape our economy to work more fairly. Public investment is a key component to building an economy that works in the interests of people and planet.

Despite this, the UK Green Investment Bank has been privatised, a number of UK Government green finance initiatives have dried up, and the STUC report [a worrying failure to realise the promised number of](#)

[low-carbon and renewable jobs](#) in the Scottish economy.

With the changes made to the Bill at stage 2, the SNIB has significant potential to provide this much needed investment in a just transition to a low carbon economy. In turn, the Bank will have a positive impact on Scotland's emissions reductions and in making our economy work more fairly.

Creating a stronger ethical framework

MSPs should vote **for amendments 34 and 36**

The Scottish National Investment Bank's mission-led approach has the potential to set the Bank apart from the volatility and narrow interests of the private finance sector. However, to guarantee that all of the Bank's activities further its public policy objectives and no investments undermine them, the Bank needs strong

ethical standards to be applied to each of its investments.

As a public bank, it is imperative for trust and accountability that the ethical standards used to measure investments, as well as any investments where doubt was raised over ethical standards, should be publicly available. It is standard practise for public investors, such as the [European Investment Bank](#), [Norwegian Sovereign Wealth Fund](#), and [Highlands and Islands Enterprise](#) to regularly publish their investments in full.

Friends of the Earth Scotland strongly encourages MSPs to **support amendment 34** which would require a publicly available and scrutinised ethical standards framework. **Amendment 5** partially fulfils this ambition by requiring minimum ethical standards, but it does not provide a requirement for these to be made public or laid before Parliament.

MSPs should also **support amendment 36** which would provide further transparency of the Bank's enhanced due diligence process, where proposed investments have not fully and clearly satisfied the minimum ethical standards.

Once the Bill is passed it will be important for minimum ethical standards to be published and practiced. During the debate the Scottish Government should clarify that, given the climate objectives of the Bank, such standards will **completely rule out any investment in fossil fuels projects**, ensuring the Bank focuses on investing in climate solutions.

A strengthened mission

MSPs should vote **for amendment 3**

There has been strong rhetoric on the Bank's environmental credentials - which was finally matched in the Bill by amendments to the 'ancillary objects' at stage two. It is particularly positive that the articles of association will mandate the bank to invest to support the transition to meet our emissions reductions targets in line with Just Transition principles, one of the most important areas of investment for our planet.

However, there is more that must be done, and stage three presents the final opportunity to lock the climate emergency into the Bank's core work. Given the long-term nature of our climate targets, the Bank must have the commitment to a net zero mission tied into its founding legislation, retaining this mission over the lifetime of the transition to a net-zero economy. For that reason, MSPs should **support amendment 3**, which commits the Bank to prioritise the transition to a low carbon economy.

Investing in a Just Transition

MSPs should vote **for amendments 9, 10, and 12**

To protect workers livelihoods, create decent green jobs and deliver a fairer Scotland through the transition to a net-zero economy, the Bank must make investments in companies with the highest employment standards. For this reason, MSPs should **support amendments 9, 10, and 12** in the name of Neil Findlay to ensure that all companies receiving money operate the highest employment practises.

For more information contact:
Fergus Boden
FoES Parliamentary Officer
0131 243 2721 | fboden@foe.scot