

# The Green Purposes Company Ltd.

## Strategy Statement

### Introduction

The Green Purposes Company (GPC) holds a special share in the Green Investment Bank (now trading as the Green Investment Group (GIG)) and is the final arbiter in any proposed changes to the 5 green purposes stated in the GIG's articles of association. The GPC also monitors compliance with the green purposes, publishing an annual letter on this in GIG's statutory report and annual progress report.

In performing this function, the GPC has public accountability and an implied responsibility to be open in its core functions. The GPC will scrutinise the operation of the 5 purposes and, in doing so, will also seek to add value to the GIG operations. The GPC wishes the GIG business model to succeed, grow and act as an exemplar.

In its day-to-day activities, the GPC will follow its **strategic aims**, act in accordance with its **operating principles** and capacity, and also have specific **expectations of the GIG**.

The GPC will continue to monitor, review and update these stated intentions.

### Strategic Aims

- **Adopt the Principles of Good Regulation**

*We will adopt the UK Government's five principles of good regulation by being transparent, accountable, proportionate, consistent and targeted.*

- **Work constructively with the GIG**

*We will take a positive and proactive approach, working with GIG in a spirit of cooperation while maintaining our independence.*

- **Establish open, regular contact with the GIG**

*We will meet, on a regular basis, with GIG senior executives and by default at least four times per year. We will also meet with technical staff as appropriate and, through these contacts, understand the GIG business model as fully as possible.*

- **Maintain confidentiality**

*Subject to our public accountability for our core function, we will maintain confidentiality on any GIG business activity that requires it.*

- **Operate to the highest standards of probity and trust**

*We intend that our relationship with the GIG will be based on trust – established and maintained through our integrity and open dialogue.*

- **Encourage a culture of no-surprises**

*We will make public statements, wherever possible, with forewarning to the GIG. We will expect the same from the GIG if it intends to make statements either relevant to GPC's purview or about the GPC activities. We will discuss with the GIG our future intentions and plans.*

- **Welcome innovation to benefit the GIG's green objectives**

*We are keen to see the GIG business model succeed and grow - acting as an exemplar to others. We encourage new thinking, innovation and action to address market failures and barriers. This could relate specifically to the 5 green purposes, but also to the span of GIG investments and to the way those investments are assessed and reported. At all times we will seek to strengthen the efficacy of the green purposes and their operation.*

- **Seek to add value to the GIG's green activities**

*To fulfil our role of holding the special share and the formal function of being the arbiter of any proposed changes to the 5 green purposes, we will need to understand and scrutinise how these are embedded in the day-to-day activities of the GIG. We believe that this, in itself, will add value to GIG but we will be open to exploring ways in which this scrutiny and authentic assessment of the GIG can help further realise this value.*

- **Reserve the right to publicly comment on issues within the core remit of the GPC**

*We see that the GPC has a public profile and accountability and, therefore, has a duty to provide information on its core function which we shall do through our annual letter, website and other means. Any public comment beyond that role would normally be discussed in advance with the GIG.*

- **Establish a mechanism to monitor the application of the GIG's green purposes**

*We view the green purposes as necessarily requiring the corporate culture, strategy, policies and procedures to ensure adherence - underpinned by appropriate documentation such as the existing Green Handbook, or equivalent. It is therefore necessary for us to receive high-level assurance across all relevant stages of the delivery system. We will encourage GIG to invest across all five green purposes and seek ways in which we can be satisfied of the follow-through on them, but without being either overly intrusive, demanding and costly, or duplicating other established procedures.*

- **Establish a mechanism by which the external assurance of delivery of the green purposes can be monitored**

*We will need to reassure ourselves that publicly reported, independent and external assurance of the GIG's green investments is fair, true and reflective of their nature. We will adopt a method to establish its veracity, drawing in external expertise as necessary.*

- **Further the debate on green finance, engaging with other green finance actors**

*We will draw attention to green finance as an enabler to averting the climate and environmental crises through research reports, engagement with the green finance community and by other means. We will encourage market actors, including the GIG, to address market failures and barriers in the flow of green finance.*

## **Operating Principles**

- **Ensure continuity of suitable governance**

*We will create an appropriate continuity plan for our core business functions and, specifically, for membership of, and continued public trust in, the GPC board.*

- **Maintain robust independence**

*We will ensure there is robust and demonstrable independence of management and administration, as well as of view and action of the GPC from the GIG. We believe this will be very much in the interest of all parties. If necessary, we will not hesitate to use all powers available to us and we will make clear when and how such powers might be actioned.*

- **Maximise the value of available resources**

*As Trustees of the GPC, we have a wide range of skills and will deploy them to best advantage. We will, wherever possible, share the workload and responsibilities.*

- **Maintain appropriate confidentiality**

*In order to encourage open discussion with the GIG, we will ensure we keep appropriate material confidential and we will put in place internal business procedures to ensure this is maintained.*

- **Ensuring value for money**

*We will manage our budget, including maintaining reserves for unplanned activities, such as legal advice, in order to perform our functions as efficiently as we can.*

- **Be open and accountable to the public**

*We will act and operate in a way that would be expected of a public body. We will put as much as possible of our operational reporting in the public domain and establish a system by which the public can raise legitimate concerns with us.*

- **Ensure full compliance with all regulatory requirements**

*As a registered company, we will ensure we comply with all company law and will also seek to deliver best practice.*

- **Report annually on activities and expenditure**

*We will produce an annual financial report, and an annual letter, both of which will be placed on the GPC public-facing website.*

- **Operate sustainably**

*We will undertake our role, and any wider associated activities, while also seeking to minimise waste, energy consumption and CO<sub>2</sub> emissions. Through our activities we will also seek to promote wider social, environmental and economic benefits.*

- **Meet regularly with GIG senior executives**

*We will aim to maintain good and constructive relationships with all levels of the GIG, particularly with the senior executives. From time to time we will undertake site visits, engaging with the developer and others in the supply chain, as part of our role to report on GIG's performance against the green purposes.*

- **Jointly review, with the GIG, the working relationship**

*Annually we will hold an honest dialogue with the GIG executives, seeking and giving feedback on perceptions of the relationship. We will work to maintain a relationship that delivers benefits for the GIG and ensures full delivery of the GPC functions.*

## **Expectations of the GIG**

- **Reciprocation from the GIG to support the GPC strategic aims and operating principles**

*We expect that the GIG will offer regular, open, honest and trusting dialogue with the GPC.*

*We expect they will also:*

- *make senior staff available when necessary*
- *respond to legitimate requests in timely fashion*
- *disclose material promptly and proactively*

*Updated: 17 September 2020*

- *keep confidence when necessary*
- *provide feedback on the relationship between GPC and GIG*
- *respect the public accountability of GPC in its core function.*

**Green Purposes Company**

**17 September 2020**