

## **ANNUAL LETTER 2024 PUBLISHED BY THE TRUSTEES OF THE GREEN PURPOSES COMPANY LIMITED**

### **Introduction**

We are the Trustees of the Green Purposes Company (GPC), a not for profit company limited by guarantee. We were set up by the UK Government, with Parliament's backing, to safeguard the green mission of the then publicly owned UK Green Investment Bank (GIB) - subsequently trading as the Green Investment Group (GIG) - following its privatisation and sale to Macquarie Group (Macquarie) in 2017.

We perform our role by virtue of a special share in the GIB. This provides us with powers to veto any changes to the Green Objective and the 5 Green Purposes as defined and set out in the GIB's Articles. We have a legal agreement with Macquarie covering funding, exchange of information and related matters. We regularly meet the Macquarie leadership team, review relevant GIG investments and reports, publish an annual letter, and undertake site visits. We also produce thought leadership papers to help promote green investment more generally.

This is our seventh annual letter in which we independently comment on GIG's performance against its Green Objective and the 5 Green Purposes. Our letter addresses GIG branded investments, and those made through certain Macquarie Asset Management (MAM) funds which have a mandate to contribute to one or more of the 5 Green Purposes, globally, for the financial year 1 April 2023 to 31 March 2024. We have used GPC commissioned research, peer review analysis and other sources of information in drawing our conclusions.

Some 8 years since we were first established, the Trustees consider that GPC's role in safeguarding the green mission of GIB has achieved its objectives. The last few years have seen significant and fundamental changes in the financial services market, with enhanced regulation and practice around sustainable investment. This is coupled with Macquarie embedding the Green Objective and the 5 Green Purposes within certain GIG-related funds' mandates, GIG-related entities' articles, and other processes related to deployment and management of GIG-branded capital and assets. As a result, we believe that our role has come to a natural end. This letter therefore sets out our intention to close down the GPC and retire the special share over the course of the next several months.

This letter should not be relied upon to provide formal assurance of GIG's activities or associated green impact.

## **Our assessment of GIG's performance**

We confirm that no request to change the Green Purposes was received and, to our knowledge, investments were made were in accordance with them.

As in previous years we have examined GIG's activities according to key themes associated with green investing, namely: strategy, governance, risk, metrics, thought leadership and disclosure. GIG's green investment activities are, in our view, market leading and, on average, GIG continues to perform ahead of comparable peer organisations across the above themes. Likewise, it is pleasing to see that GIG has sought to address points raised in our 2023 annual letter resulting in a stronger performance on average across the key assessment areas this year. Continuous improvement is welcome and necessary, especially as the benchmark for good market practice continues to evolve. Accordingly, we encourage GIG to keep pioneering in this regard.

## **GPC activities**

In our role we also shine a light on risks and opportunities in the wider green investment market through thought leadership papers and other means. We have written previously about nature-based solutions as an emerging asset class, and the need for the renewable energy sector to adopt circular economy principles across its value chain. During the period covered by this letter we commissioned research into 'energy transition minerals' and the barriers and enablers to their sustainable extraction, use, and end of life planning, and how investors in particular can help drive up ESG performance across these critical value chains. These reports can be found on our [website](#).

## **Closing down the GPC**

We consider the role of the GPC, and special share arrangement, have been a success. Macquarie delivered on its £3bn investment commitment and other promises made at the time of the acquisition of GIB, has not applied to make any changes to the Green Objective and 5 Green Purposes, and has continued to scale green investment activity across different technologies and jurisdictions. As we have encouraged, Macquarie has demonstrated its commitment to invest in a wider range of green technologies and in frontier areas like the circular economy and nature-based solutions, and look set to continue to invest in green technologies at scale.

Significantly, since we were established, the policy, regulatory and standards landscape for green finance has matured and is supporting enhanced sustainable investment activity and market practice in the main jurisdictions in which Macquarie operates. These aspects of corporate governance are increasingly the subject of extensive compliance and assurance practices which now supersede much of the original purpose of the GPC.

We have also considered the fact that since GIB's privatisation there has been an evolution and restructuring in the management of associated funds, operational entities and the underlying asset portfolio within Macquarie. This has resulted in the GIB largely becoming a legacy entity undertaking little or no new investment activity, with transactions now performed by MAM Green Investments. While the effect of the special share has been written into the relevant MAM funds and certain operational entities, GPC's role and vires have become far less clear, and any future organisational changes and restructurings within Macquarie will add to this. Trustees are also mindful of a growing risk that the GPC could be incorrectly perceived as providing a form of assurance of MAM's green investments and performance.

We have discussed our intentions with the UK government and with Macquarie, and no objections have been raised.

It is against this background that during 2025 we intend to retire the special share and close down the GPC. Accordingly, this is our final annual letter.

We wish GIG every future success and thank them for their co-operation over the past 8 years.



**Trevor Hutchings**  
Chair, Green Purposes Company Ltd  
11 December 2024