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4 March 2022

Dear GPC Trustees,

As you know, on 29 October it was announced that Green Investment Group would operate as part of MAM Real Assets from 1 April 2022. By operating as part of MAM, we will become part of the world's largest infrastructure asset manager. We will be able to connect our projects and specialist asset creation capabilities with MAM clients' demand for sustainable infrastructure investment opportunities, giving us access to even more capital to deliver the opportunities we create and ultimately supporting investment levels of many multiples of what we do now, in sole reliance on Macquarie's balance sheet.

At our last quarterly meeting we committed to write to you to explain what this change would mean to the arrangements we currently have in place regarding information sharing, and any implications for the rights attached to the special share that is held by the GPC.

Our overarching commitment

Let me start by setting out an overarching commitment: GIG is committed to continuing to operate in full accordance with our Green Objective and the special share arrangements. We will continue to engage positively and constructively with the GPC, and remain committed to transparency and information sharing, in the same way we have done for the past 4 years.

Changes from 1 April

To enable the change and realise the benefits set out above, some aspects of how GIG operates will change.

Since being acquired by Macquarie, GIG has primarily operated as part of the Macquarie Capital business group of Macquarie. This has meant that the capital available to GIG for investment has been limited to funds from Macquarie Group's own balance sheet or otherwise raised from co-investors and/or third-party financing. From 1 April GIG will operate as part of MAM Real Assets, Macquarie's global asset management business group. GIG will continue to create and acquire new assets and platforms which will predominantly be funded through GIG aligned funds, managed as part of the MAM Real Asset business group. As part of this strategy, GIG may also continue to invest Macquarie balance sheet alongside third party investors to demonstrate commitment and align interests, in line with established practice in MAM.

As you are aware, UK Green Investment Bank Limited (“UK GIB Ltd”), the entity in which the GPC holds the special share, has been predominantly used as a holding entity for the GIG business since being acquired by Macquarie. This was due to licensing issues associated with the commercial use of “bank” in the entity’s name. The green purposes included in GIB’s articles, and in respect of which the rights attached to the special share apply, have therefore been replicated in the articles of material GIG entities. These entities have in turn been obligated to conduct business and make investments in compliance with the green purposes, supported by green impact assessments provided by GIG’s “green team” and reporting provided to the GPC on those investments. As part of MAM Real Assets it is most likely that GIG’s activities arranging for the investment of capital into green projects and assets will be funded through entities managed by MAM, which currently have no relationship with UK GIB Ltd.

To preserve the rights of the GPC and its Trustees pursuant to the special share and as set out in the Articles of Association of UK GIB, we propose replicating the arrangements and information protocols that are already in place for GIG branded activities, but we will need to amend these arrangements to fit with the go-forward structure of Macquarie Asset Management. The new arrangements we put in place will require any investments made utilising the GIG brand to be in line with GIG’s Green Objective and Green Investment Policy.

We will also ensure the GPC’s rights and obligations under the information sharing protocol and Funding and Support Deed are replicated under the new MAM structure. Ultimately, this means any GIG branded assets, platforms or products will be required to continue to adhere to our Green Objective and the GPC will continue to receive information on GIG-branded investments.

Future arrangements

Accordingly, I can confirm the following key parts of our relationship will continue to apply:

- We will continue to publish an annual GIG Progress Report, which will report on the green impact of GIG’s principal investments and GIG aligned funds’ investments and a UK GIB Limited Annual Report
- We will continue third party assurance of Progress Report and Annual Report green impact statements, and we will allow continued GPC access to GIG staff and appointed assurers
- We will continue to provide (subject to confidentiality restrictions):
- Advance notification of corporate restructuring affecting GIG
- Advance notification of GIG press releases
- Information about each material transaction that the GIG brand is used for, either through a balance sheet investment or through a GIG-aligned fund i.e. the Green Dashboard
- Quarterly meetings with GIG leaders
- GIG will also continue to organise and support the annual Macquarie GIG Green Energy Conference

Best wishes

Mark Dooley
Global Head of Green Investment Group