

Strategy Statement

The Green Purposes Company (GPC) is a not-for-profit company limited by guarantee which holds a special share to safeguard the green mission of the Green Investment Bank (GIB). This mission is to make only investments which contribute to the GIB's Green Objective, as defined with reference to five Green Purposes set out in the legislation that created the GIB and in the GIB's articles of association. The GPC took up its role once the GIB was transferred from UK government ownership to the private sector in August 2017. The GIB is now a part of Macquarie Asset Management, and trades as the Green Investment Group (GIG), a wholly owned subsidiary of the GIB.

Through the special share which it holds, GPC is the final arbiter in any proposed changes to the five Green Purposes, and also monitors compliance with them, publishing an annual letter on this in GIG's statutory report and annual progress report. GPC sees its role as adding value to GIG's operations and providing support for the GIG business model to succeed, grow and act as an exemplar for green investment. However, the GPC does not provide formal assurance of GIG's activities or their green impact.

GPC commits to the **strategic** aims and to act in accordance with the **operating principles and values** set out below. GPC will keep under review and as appropriate update these aims. This update was made in April 2023.

Strategic Aims

To ensure GIG adheres to its Green Purposes and to support GIG's continued efforts to be a leader in green investment. This will be pursued in particular by:

- **Monitoring the application of GIG's Green Purposes**
Fulfilling the Green Purposes requires an appropriate corporate culture and strategy, underpinned by documented policies and procedures. Accordingly, GPC will carefully scrutinise all relevant stages of the delivery system. Further, we will encourage GIG to invest across all five Green Purposes, and seek ways in which we can be satisfied as to their follow-through on them. To this end we will periodically examine the steps GIG has taken to account publicly for how its investments meet the Green Purposes, drawing in external expertise as necessary to assess. We will avoid being overly intrusive, demanding or costly, or duplicating other established procedures.

- Maintaining open, regular contact and working constructively with GIG**
 We will take a positive and proactive approach, working with GIG in a spirit of cooperation while maintaining our independence. We will meet with GIG senior executives on a regular basis 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. From time to time we will undertake site visits, engaging with the developer and others in the supply chain, to inform our assessment and understanding of GIG's performance against the Green Purposes.
- Seeking to add value to GIG's green activities**
 To fulfil our formal function of being the arbiter of any proposed changes to the five Green Purposes through our special shareholding, we will need to understand and scrutinise how the Green Purposes are embedded in GIG's day-to-day activities. We consider that this, in itself, should add value to GIG but we remain open to exploring ways in which this scrutiny can help GIG realise further value.
- Encouraging innovation to benefit GIG's green objectives**
 We are keen to see the GIG business model succeed and grow, thus acting as an exemplar to others. We encourage new thinking, innovation and action to address market failures and barriers, whether related specifically to the five Green Purposes or to the span of GIG investments and their assessment and reporting. We will seek to strengthen the efficacy of the Green Purposes and their operation as the wider green investment context evolves.
- Furthering the debate on green finance, including through engagement with other green finance actors**
 Through research reports, engagement with the green finance community and by other means we will highlight the role of green finance in addressing the climate and environmental crises. We will encourage market actors, including GIG, to address market failures and barriers impeding the flow of green finance.

Operating Principles and Values

In pursuing these strategic aims, we will adhere to the following operating principles and values:

- The Principles of Good Regulation**
 Our actions will follow the UK Government's five principles of good regulation by being transparent, accountable, proportionate, consistent and targeted.
- Operate to the highest standards of probity and trust**
 We will strive for a relationship with GIG based on trust, established and maintained through our integrity and open dialogue.
- Maintain robust independence**
 We will operate with demonstrable independence from GIG in the views we take, the exercise of our powers, and as regards management and administration.
- Maintain appropriate confidentiality**
 Subject to public accountability for our core function, we will maintain confidentiality on any GIG business activity that requires it. We will maintain appropriate internal business procedures for this purpose.

- **Be open and accountable to the public**
We will act in accordance with best practice as if we were a public body. We will put as much as possible of our operational reporting in the public domain and ensure the public can raise legitimate concerns with us.
- **Reserve the right to comment publicly on issues within the core remit of GPC**
In delivering its accountability to the public, GPC will provide information on its core function through the annual letter, website and other means. We will, wherever possible, forewarn GIG and provide an opportunity for discussion of any public statements or other comment beyond these. We expect reciprocity from GIG if it intends to make statements either relevant to GPC's purview or about GPC's activities. We will be open with GIG about our future intentions and plans.
- **Report annually on activities and expenditure**
We will produce an annual financial report, and an annual letter, and will place them on the GPC website.
- **Maximise the value of available resources**
The wide range of skills of the Trustees of GPC will be deployed to ensure effectiveness and to deliver value for money. We will manage our budget so as to perform our functions as efficiently as we can, including maintaining reserves for unplanned activities.
- **Operate sustainably**
In undertaking our role, and any associated activities, we will seek to minimise waste, energy consumption and CO2 emissions. Through our activities we will also seek to promote wider social, environmental and economic benefits.
- **Ensure full compliance with regulatory requirements**
As a registered company, we will comply fully with relevant company law and will aspire to best practice.
- **Ensure continuity of suitable governance**
We will maintain an up to date continuity plan for our core business functions including membership of GPC's board. GPC's governance will be tailored to secure public trust in how we discharge our functions.
- **With GIG, jointly review the working relationship**
We will periodically hold a frank dialogue with GIG executives, seeking and giving feedback on perceptions of the relationship and its effectiveness in delivering benefits for the GIG and delivery of GPC's functions.

Expectations of GIG

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

We rely on GIG to play their part in a regular, open, honest and trusting dialogue with us, utilising the agreed information-sharing mechanism.

We expect they will also:

- make senior staff available when necessary;
- respond to legitimate requests in timely fashion;

- disclose relevant material promptly and proactively;
- keep confidence when necessary;
- provide feedback on the relationship between GPC and GIG;
- respect the public accountability of GPC in its core function.