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Green Investment Group

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Green Investment Group



Introducing Green Investment Group

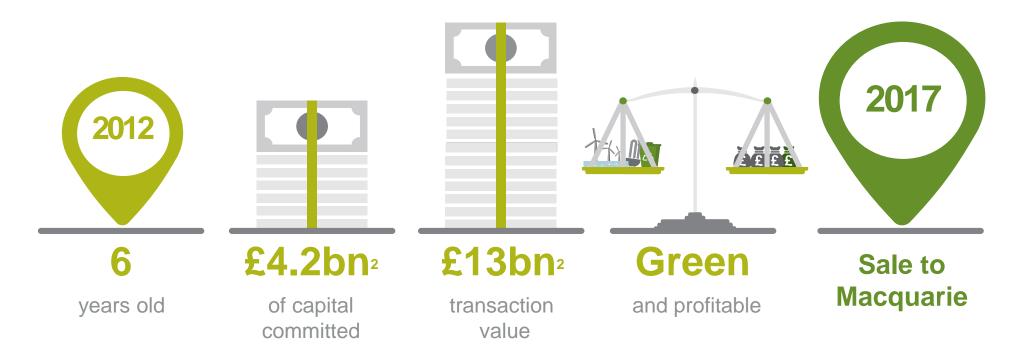
# The UK Green Investment Bank was a world first



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The Green Investment Bank1 has now become the Green Investment Group.

Under Macquarie ownership it continues to expand internationally as a centre of global expertise in green investment



<sup>1</sup> UK Green Investment Bank Limited was and is not registered by the Prudential Regulation Authority or the Financial Conduct Authority and was not a deposit taking institution. 2 For period 2012 to March 2018.





02

Setting up the Green Investment Bank





## Created from unique conditions

The Green Investment Bank was established to meet some particular statutory / legislative requirements – in an environment constrained by peculiar market conditions

**Reduction in Greenhouse Gas Emissions** 

Increase in proportion of renewable energy

Reduction in biodegradeable waste to landfill







Notes: 1) vs 1990 levels; 2) from 3% in 2010; 3) vs 1995 levels.





## Created from unique conditions

The Green Investment Bank was established to meet some particular public policy goals – in an environment constrained by peculiar market conditions

**Exacting Public Policy Goals** 

Fundamental change in support framework



Cross-party consensus + Coalition Government

Constraints on confidence & liquidity from banking crisis



### Green Investment Group

## With defining features

Five elements established the DNA of the Green Investment Bank











### Independence from Government

- Operational independence and flexibility
- Independent board and chair

### Mission driven

 To be green and profitable

## Focussed on three target sectors

- Offshore wind
- Waste & bioenergy
- Energy efficiency

## Working across the capital structure

- Equity
- Mezzanine
- Debt

## Additional to existing private capital

 Aiming to 'crowd-in' investment





## With defining features

The mission also helped shape the expertise of the people who were employed and the roles they played





#### Investment

- Project Finance
- Private equity
- Advisory
- Public sector



#### Technical

- Offshore
- Waste



#### Green

- Environmental consulting
- Thought leadership



### **Policy**

- Gov't skin in the game
- Feedback loop



### **Communications**

Visibility

# MACQUARIE



## Resolving tension

Aspects of the Bank's mandate appeared irreconcilable: managing these tensions forged the Bank's market position and investment strategy



## Resolving tension Profitable vs additional



Green Investment Group

\* \* \*

### **Profitable**

"must invest on terms acceptable to other investors"



## EU competition conditions restricting "State Aid"

#### **Additional**

"must not crowd out other investors"



### Pioneering in offshore wind

- Earlier in development cycle
- Higher in capital structure



### Flexible in waste & bioenergy

- Investing across capital structure
- Responsive to project needs



### **Innovative in EE**

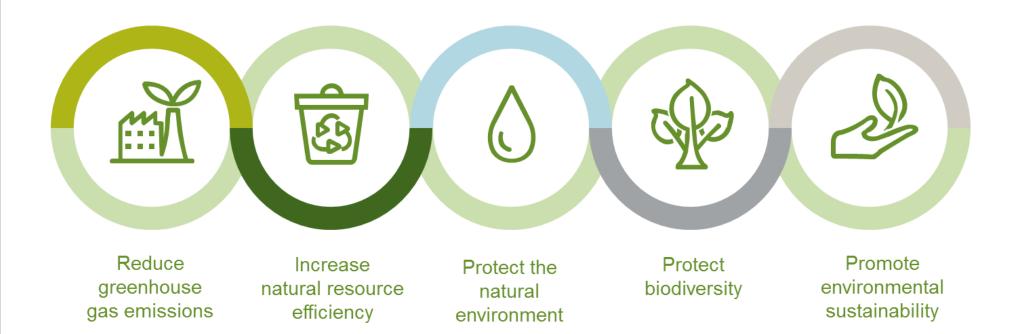
- Offering value-added products
- Investing in educating the market

## Resolving tension Green and profitable





We started from the requirement that everything we did was 'green': meeting at least one of five green purposes. These were established in an act of parliament<sup>1</sup>



## A track record of pioneering investment...

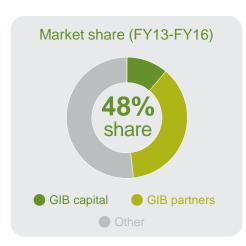


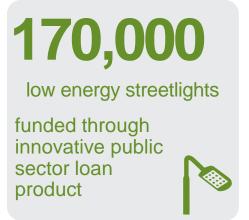
Green Investment Group

Committing c. £3.4bn1..... and mobilising c. £12bn1....









<sup>1</sup> Figures taken from period when GIB was in public ownership: 2012 - August 2017 2 At the date of the fund closing on 13 January 2017

# MACQUARIE



### ...with a demonstrable Green Impact

Our methods are tried and tested on green infrastructure worth over £12bn

We committed

£3.4bn

of capital to over

100 projects

Our tried and tested green impact approach is integrated into every investment for both

debt and equity

Our investment portfolio, when built, will make significant contributions over their lifetime to **greening** 

the economy







03

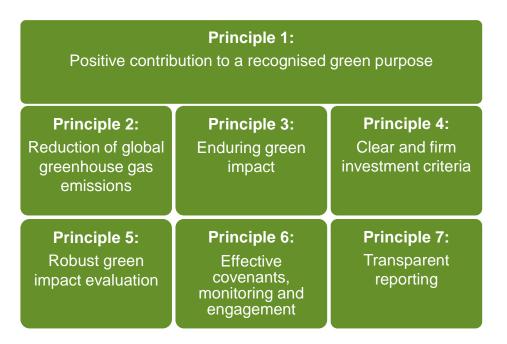
Defining green at the Green Investment Bank





## The Green Purposes were our starting point

These were codified through our Green Investment Principles, Green Investment Policy and Green Investment Handbook, creating the framework to mainstream green investment





Principles implemented

Practical processes we use dayto-day are set out in the **Green Investment Handbook** 



# MACQUARIE

### Green Investment Group

## We take green reporting seriously...

We are committed to our double-bottom line of being both Green and Profitable. We report our 'Green Impact Statements' annually and it is subject to independent assurance<sup>1</sup>



<sup>1</sup> http://www.greeninvestmentgroup.com/corporate-governance/governance-documents/annual-reports/

# ...and we are aligned with the emerging global standard





We are leading a group of international finance institutions, who have created a harmonised approach for GHG accounting published at the Paris COP<sup>1</sup>































### The approach is consistent and comparable across geographies and technologies:

- GIG is at the forefront of supporting the development of the Harmonised Approach
- GHG calculation methodology is now standardised and is globally consistent
- Investors will be able to compare project-level GHG impact on a like-for-like basis
- Individual projects can be aggregated for portfolio-level reporting
- Also aligns with Green Bond Principles impact reporting recommendations



## MACQUARIE



### We founded the Green Bank Network

Whilst the UK Green Investment Bank was the world's first, others have replicated our success.

#### There are now 13 national and sub-national green bank and green bank like entities

- UK GIB hosted the first meeting of green banks at its Edinburgh headquarters in 2013
- During the 21st United Nations Conference on Climate Change in Paris (COP21) six green banks announced they are establishing a Green Bank Network<sup>1</sup> to help increase and accelerate investment in renewable energy and energy efficiency world wide
- The founding partners were the UK Green Investment Bank (now Green Investment Group), the Connecticut Green Bank, New York Green Bank, the Green Finance Organisation (Japan), Malaysian Green Technology Corporation and Clean Energy Finance Corporation (Australia)

















1 For more information please see: https://greenbanknetwork.org/

# MACQUARIE



### Our handbook is a market reference

The Green Investment Handbook<sup>1</sup> is recognised globally and is now one of the most visited and downloaded parts of our website. We ensure the same rigorous & standardised approach is applied for our partners and the broader market

### Practical guide to integrating green into investment process... Greet Investment Group Green Investment Handbook This handbook should help bring greater consistency and standardisation to green investing for both new and existing players investing in green infrastructure globally Rt Hon Greg Clark Secretary of State for Business. Energy and Industrial Strategy 203 Department for Business, Energy & Industrial Strategy

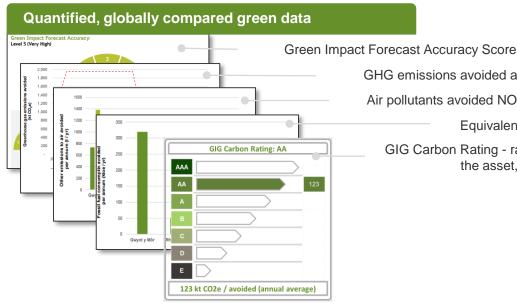


### Green Investment Group

### We developed the Green Impact Report<sup>1</sup>

Designed for public disclosure, created by investors for investors





GHG emissions avoided at asset, portfolio, fund or bond level

Air pollutants avoided NO<sub>x</sub>, SO<sub>x</sub>, particulate matter

Equivalent fossil fuel use avoided

GIG Carbon Rating - rated performance of the asset, fund or green bond

#### **Tried-and-tested**



GIG's methodology used on

>£13hn

of green infrastructure since 2012<sup>2</sup>

- Actual and forecast green performance
- Aligned with harmonised global standard issued at COP21, Paris
- Shows contribution to UN Sustainable Development Goals



<sup>1</sup> For report examples see http://www.greeninvestmentgroup.com/green-impact/green-impact-reports/

<sup>2 £13</sup>bn is Green Investment Group's investments from inception in 2012 to March 2018





APPENDIX Endorsements

## Green Impact Report: Consistent, comparable, robust



Green Investment Group





Investment into green projects, particularly climate infrastructure, is a priority for IFC.

This pioneering green bond in Morocco demonstrates the potential for climate investment in the region and GIB's Green Impact Report provides a robust assessment of the expected climate benefits arising from the projects refinanced by the bond. This helps IFC to be certain that this investment meets our criteria for climate finance.

#### **Evelyn Hartwick**

Former Senior Financial Officer, Treasury IFC, now at AIIB

30 June 2017



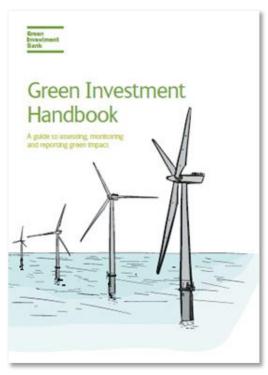


# Top-level UK Government recognition of GIB leading the market



Green Investment Group







The UK Green Investment Bank is significant in having led the market and developed new tools to standardise this across the investment community. It is excellent to see the launch of the GIB Handbook.

Former UK Prime Minister

David Cameron in a letter
to Lord Smith of Kelvin KT,
Chairman of the UK Green
Investment Bank

November 2015

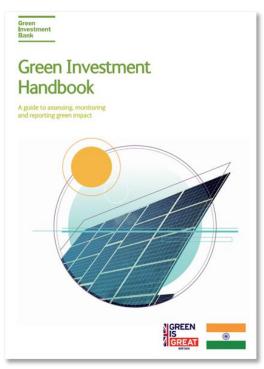


# Top-level UK Government recognition of GIB leading the market



Green Investment Group







This handbook contains the wealth of experience that the UK Green Investment Bank has built up over time, in assessing, monitoring and reporting the green impact of their investments.

This handbook should help bring greater consistency and standardisation to green investing for both new and existing players investing in green infrastructure globally.

#### Rt Hon Greg Clark

Secretary of State for Business, Energy and Industrial Strategy

November 2015

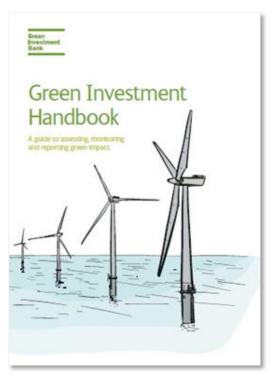


# Top-level UK Government recognition of GIB leading the market



Green Investment Group







This tried and tested 'how to' guide, can be replicated by green infrastructure investors and institutions across the world.

#### **Hon Nick Hurd MP**

Former Minister of State for Climate Change and Industry





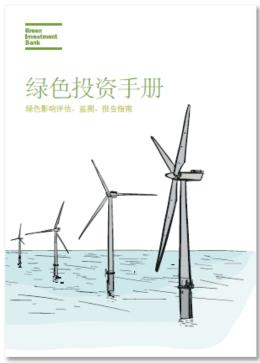
# International recognition of GIB leading the market



Green Investment Group









I welcome the launch of the Chinese version of the GIB's green investment handbook. This was one of commitments made at the UK-China Economics and Financial Dialogue and I am pleased to see that we have now delivered this commitment.

#### Ma Jun

Then Chief Economist at the People's Bank of China's Research Bureau and Director, Green Finance Committee of China Society of Finance

November 2015



# Adopted and promoted by development bank as best practice in climate finance



Green Investment Group







Working with GIB represents an enormous opportunity for both of our institutions to continue working for our countries' sustainable development; an opportunity to learn from best practices in green finance, mainly on renewable energy and energy efficiency projects.

We now have the Spanish version of the Green Investment Handbook, which hopes to increase green investments not only in Mexico, but also in Latin America and the Caribbean

Jacques Rogozinski General Director, NAFIN

#### October 2015

Launch of the Spanish version of the Handbook for NAFIN, the Mexican National Development Bank

# Advocated and promoted by leading think tank / NGO as tangible leadership



Green Investment Group







The publication of this handbook fills an urgent gap in showing how a simple but testing approach can be adopted now, to give confidence that the term 'green' means something of value. This is a tangible and practical example of GIB showing leadership

#### **Peter Young**

Then Chairman of the Aldersgate Group:

#### March 2015

The Aldersgate Group is an alliance of leaders from business, politics and civil society that drives action for a sustainable economy. Members include some of the largest businesses in the UK with a collective global turnover of over £300bn and politicians of all parties.



## Setting the standard



Green Investment Group

### C L I F F O R D C H A N C E



#### Market-led projects that look to develop or harmonise standards and practice:

The Green Investment Handbook was published by the Green Investment Bank (GIB) in 2015. It sets out the tools GIB uses to assess, monitor and report on green investments. The stated aim of publishing the handbook is to "start a discussion across the investment community about how green impact assessment can be further improved and standardised"