Green Investment Principles

December 2024

These Green Investment Principles set a benchmark for determining, assessing and managing the green impact of all relevant green investments (see below), as an integral part of our investment process.

Principle 1	Positive contribution to a recognised Green Purpose
Principle 2	Reduction of global greenhouse gas emissions
Principle 3	Enduring green impact
Principle 4	Clear and firm investment criteria
Principle 5	Robust green impact evaluation
Principle 6	Effective covenants, monitoring and engagement
Principle 7	Transparent reporting

The MAM Green Investments team, assisted by various support teams including MAM Sustainability, applies these Green Investment Principles to the relevant green investments it oversees. Please refer to the Green Investment Policy for a definition of the scope of "relevant green investments". In this document, the terms "our" and "we" refers to the MAM Green Investments team and its associated support teams.

Our mission and purpose

Our mission is to accelerate the transition to net zero.

We do this by mobilising institutional capital and connecting our clients to a range of green investment opportunities.

Our Green Investment Principles

To fulfil our mission will require a major collective effort, and our greatest contribution will come from the effect that we can have on the wider investment community.

We can act as a catalyst in the investment markets: to "crowd-in" other investors' money by demonstrating how commercial returns can be made from financing greener infrastructure and projects.

But we can also be a catalyst in another way, by demonstrating that these returns can be achieved at the same time as following these principles to secure the long-term green impact[1] of our relevant green investments.

Every relevant green investment we make has to satisfy these investment principles. And, by investing alongside us, other banks and investors are demonstrating support for the same principles.

We are committed to working in an open and transparent way, so that others – whether they are co-investors or not – can see the methods and approach that we apply. Our ambition is that, by publishing these investment principles, we will help to create momentum in a co-ordinated effort to build a greener global economy and, over time, to set a benchmark for the wider investor community.

Source and status

Our Green Investment Principles are inherited from our predecessor organisation, the UK Green Investment Bank (GIB), and draw from the aspirations underlying the role originally given to the GIB by the UK Government as the UK's designated "Green Investment Bank".

The Green Investment Principles are expressed in non-technical terms and do not represent a statutory code or create any rights in, or liability to, any person, public or private.

1 "Green impact" is defined as quantitative and qualitative contributions to the Green Purposes.

The Green Investment Principles

Principle 1: Positive contribution to a recognised Green Purpose

We will only undertake activities that we are satisfied will result in (or are reasonably likely to result in) a positive contribution to one or more of the Green Purposes.

The Green Purposes are:

1. The reduction of greenhouse gas emissions;
2. The advancement of efficiency in the use of natural resources;
3. The protection or enhancement of the natural environment;
4. The protection or enhancement of biodiversity;
5. The promotion of environmental sustainability.

Page 4 of this document details how activities can contribute to the Green Purposes. The Green Investment Policy provides further information on how we interpret these "Green Purposes" and how we assess the contribution that any relevant green investment may make towards those purposes.

Principle 2: Reduction of global greenhouse gas emissions

We are committed to ensuring that the effect of all relevant green, investments and activities overseen by the MAM Green Investments team, taken together, will (or is reasonably likely to) contribute to the reduction of greenhouse gas emissions globally.

When assessing any particular relevant green investment or activity, we will consider its impact on our ability to meet this wider objective. We will audit our progress every year, by assessing the aggregate effect of all our relevant green investments and activities in that financial year, taken together with the effect of all such activities in all our previous financial years.

This principle recognises that some projects will have a greater impact than others. Progress to a lower carbon economy will not be direct or linear, but is likely to involve a number of incremental steps that, taken together, will contribute to fulfilling the larger mission.

Principle 3: Enduring green impact

We aim for our green swap to deliver safe and attractive returns, and so we will manage risk based on principles of sound finance and responsible investment, in order to preserve and build our capital base as an institution which can have an enduring green impact.

We are committed to addressing the serious challenge of meeting the ever growing demands on the planet's natural resources while also building a strong and sustainable legacy for future generations.

But we will only be able to do this if we remain in operation as an enduring institution, built on the principles of sound finance and responsible investment. We will therefore aim to build up a track record of relevant green investments that not only have a significant green impact but can also offer safe and attractive investment returns. This will be the only way to encourage commercial investors to join us in providing the multi-billion sums of capital required to finance the necessary infrastructure and projects – and to promote the transition to a greener economy.

Principle 4: Clear and firm investment criteria

We will be clear and firm about the green standards we expect. We will identify the legal standards and other relevant green attributes that we will always consider when assessing whether any particular relevant green investment is likely to have a positive green impact.

Our evaluation criteria for assessing compliance with these standards are set out in detail in the Green Investment Policy. While it may be satisfactory if a particular project can meet the requirements and standards set by law, our preference is to invest in projects that can demonstrate higher overall standards of green impact performance, a greater likelihood of achieving those standards, and the best alignment with our other investment principles.

Principle 5: Robust green impact evaluation

Before investing or otherwise participating in a transaction, we will carefully consider the likely green impact of all prospective relevant green investments, based on a robust and transparent evaluation approach and process.

Our evaluation process will be based on the following principles:

- **Consistency:** To apply consistent evaluation methods and procedures across all relevant green investments.
- **Proportionality:** To take a proportionate approach, focusing on those components of green impact that are material to the outcome.
- **Completeness:** To assess all relevant information, including the likely green impact of a relevant green investment over its lifetime.
- **Transparency:** To require clear information to be provided to us so that a robust evaluation can be made.
- **Accuracy:** To rely, so far as practicable, on accurate information which avoids bias and reduces uncertainty, but acknowledging that precise measurement is often not possible.
- **Prudence:** To use realistic assumptions and values and appropriate procedures, whilst being aware of the risks of optimism bias in the investment process.

Principle 6: Effective covenants, monitoring and engagement

We will seek to impose clearly documented requirements for securing the green impacts expected from each of our relevant green investments, and we will monitor those impacts on a continuing basis over the life of that relevant green investments.

The nature and extent of monitoring will depend on the characteristics of the relevant green investment (including its sector and size), as detailed in the relevant industry sector in the Green Investment Policy.

Monitoring will be based on regular reports from the borrower or investee in accordance with the requirements imposed within the relevant financing documentation. Our requirements will be primarily designed to enable us to engage with the borrower or investee and other relevant parties, so that we can confirm whether the relevant green investments is delivering its projected green impact. This will be supplemented by site visits, or by independent assurance or verification, together with third- party sources of information as appropriate.

Where a company has not complied with its covenants, we will work with that company to bring it back into compliance to the extent feasible.

If it fails to re-establish compliance within an agreed grace period, we reserve the right to exercise remedies, as we may consider appropriate.

Principle 7: Transparent reporting

We will report at least annually on the implementation of the Green Investment Principles.

This will include reporting on:

a. the contribution which we consider our portfolio of relevant green investments is likely to be making to a quantified reduction in greenhouse gas emissions;

b. other metrics as are appropriate to communicate the green impact of our relevant green investments; and

c. a qualitative description of green impacts arising from relevant green investments.

Reported data will be subject to independent assurance, where appropriate.

We intend to build our reporting arrangements in close consultation with stakeholders. We will also report results transparently, but taking into account client confidentiality considerations.

The Green Purposes

We have developed the following interpretation of ways in which activities can contribute to the Green Purposes, with reference to public sources including the UNFCCC definition of Greenhouse Gas, the Ellen MacArthur Foundation definition of Circular Economy and the UN Convention on Biological Diversity definition of biodiversity.

Reduction of greenhouse gas emissions	Reduction of greenhouse gas emissions means reducing emissions of atmospheric gases responsible for causing global warming and climate change[2] from human-caused sources to the atmosphere. The reduction of emissions is determined relative to a defined baseline, as detailed in our Green Impact Reporting Criteria.[3]
Advancement in the efficient use of natural resources	Natural resources are those renewable and finite naturally occurring assets that can be used for economic production or consumption. These include mineral and energy resources, soil resources, water resources and biological resources.[4] Efficient use of natural resources means optimising human utilisation of these resources in a sustainable way that safeguards the earth's naturally occurring assets by avoiding waste and reducing consumption of non-renewable resources. Advancement towards this goal means transitioning economic activity from linear consumption of non-renewable resources to a circular economy based on sustainable use of renewable resources.[5]
Protection or enhancement of the natural environment	Protection or enhancement of the natural environment means managing the effects of human activity on our physical environment – land, water and air – in a way that does not degrade the environment over time but maintains or improves environmental quality and functions. In order to ensure the future integrity of the natural environment and restore, maintain or enhance the value of ecosystem services that it provides, human activity must operate within the carrying capacity of Earth's natural systems – atmospheric, terrestrial, hydrological/marine.
Protection or enhancement of biodiversity	Protection or enhancement of biodiversity means retaining or restoring the variability among living organisms and the ecological complexes of which they are part, including diversity within species, between species and of ecosystems.[6] This requires protecting habitats or species that are under threat by applying the mitigation hierarchy to avoid, minimise, rehabilitate and offset,[7] if possible, any residual ecological harm, controlling the spread of invasive species, and seeking opportunities to improve ecosystem integrity and deliver biodiversity net gain.
Promotion of environmental sustainability	The first four Green Purposes describe the ways in which investments can make a direct contribution to maintaining or improving environmental sustainability. The promotion of environmental sustainability means actively and visibly supporting, encouraging or facilitating the transition to a greener global economy through the indirect effects of investments. Investments that promote environmental sustainability do so by: • enabling, or reducing constraints to, the further deployment of green technologies or activities; • applying innovative approaches to reduce or remove adverse social impacts from green technologies or activities, or facilitating the deployment of green technologies or activities by reducing their social or socio-economic constraints; • showing an innovative approach to deploying finance into the green economy; • providing a demonstration effect of green investment that can be replicated by other investors; • improving public and market confidence in green technologies or activities; • demonstrating the commercial viability of innovative green technologies or activities; • supporting green technologies or activities that are expected to remain part of a sustainable economy for the long term; • showing additionality by supporting the development and creation of new green assets; or • effectively communicating the environmental benefits of investment into green projects.

2 https://web.archive.org/web/20230227230128/ https://unfccc.int/process-and-meetings/the-convention/glossary-of-climate-change-acronyms-and-terms
3 https://www.greeninvestmentgroup.com/en/who-we-are/green-impact-governance.html
4 https://web.archive.org/web/20230128094503/ https://stats.oecd.org/glossary/detail.asp?ID=1740
5 https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview
6 https://www.cbd.int/convention/articles/?a=cbd-02
7 https://www.iucn.org/resources/issues-brief/biodiversity-offsets

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