



Enterprise and Regulatory Reform Act 2013

2013 CHAPTER 24

PART 1

UK GREEN INVESTMENT BANK

1 The green purposes

- (1) The green purposes are—
 - (a) the reduction of greenhouse gas emissions;
 - (b) the advancement of efficiency in the use of natural resources;
 - (c) the protection or enhancement of the natural environment;
 - (d) the protection or enhancement of biodiversity;
 - (e) the promotion of environmental sustainability.
- (2) In this Part, “greenhouse gas” has the meaning given by section 92(1) of the Climate Change Act 2008.

2 Designation of the UK Green Investment Bank

- (1) If the following three conditions are met, the Secretary of State may by order designate the UK Green Investment Bank for the purposes of sections 3 to 6.
- (2) The first condition is that the Secretary of State is satisfied that the Bank’s objects in its articles of association are such that, acting consistently with them, it would engage only in activities that involve, or are incidental or conducive to, making, facilitating or encouraging investments that it considers likely to contribute to the achievement of one or more of the green purposes (whether in the United Kingdom or elsewhere).
- (3) The second condition is that the Secretary of State is satisfied that the Bank’s objects in its articles of association are such that, acting consistently with them, its activities in making, facilitating or encouraging investments in each relevant period would (taken

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as a whole) be such as the Bank considers likely to contribute to a reduction of global greenhouse gas emissions.

- (4) In subsection (3), “relevant period” means each financial year of the Bank taken together with all of its preceding financial years.
- (5) The third condition is that the Secretary of State has laid before Parliament a copy of an undertaking (the “operational independence undertaking”) provided by the Secretary of State to the Bank for the purpose of facilitating the Bank’s ability to act as its directors consider appropriate in the light of the objects in its articles of association.
- (6) An order may not be made under this section unless at the date on which it is made the UK Green Investment Bank is wholly owned by the Crown.
- (7) An order under this section may not be amended or revoked.
- (8) An order under this section—
 - (a) is to be made by statutory instrument, and
 - (b) is not to be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.
- (9) References in this Part to the UK Green Investment Bank are to the public company limited by shares incorporated on 15 May 2012 with the company number SC424067 and with the name UK Green Investment Bank plc.

3 Alteration of the objects of the UK Green Investment Bank

- (1) Where an order has been made under section 2, the UK Green Investment Bank may not make any alteration to the objects in its articles of association unless—
 - (a) the alteration is made to give effect to an order of a court or other authority having power to alter the Bank’s articles of association, or
 - (b) the making of the alteration has been approved by the Secretary of State by order under this section.
- (2) The Secretary of State may not make an order under this section approving the making of an alteration unless the following two conditions are met.
- (3) The first condition is that the Secretary of State is satisfied that, if the alteration were made, the Bank’s objects in its articles of association would remain such that, acting consistently with them, it would engage only in activities that involve, or are incidental or conducive to, making, facilitating or encouraging investments that it considers likely to contribute to the achievement of one or more of the green purposes (whether in the United Kingdom or elsewhere).
- (4) The second condition is that the Secretary of State is satisfied that, if the alteration were made, the Bank’s objects in its articles of association would remain such that, acting consistently with them, its activities in making, facilitating or encouraging investments in each relevant period (within the meaning given by section 2(4)) would (taken as a whole) be such as the Bank considers likely to contribute to a reduction of global greenhouse gas emissions.
- (5) An order under this section—
 - (a) is to be made by statutory instrument, and
 - (b) is not to be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.

4 Financial assistance

- (1) Where an order has been made under section 2, the Secretary of State may, with the consent of the Treasury, give the UK Green Investment Bank financial assistance at any time when the Crown's shareholding in it is more than half of its issued share capital.
- (2) The financial assistance may be given in any form that the Secretary of State, with the consent of the Treasury, considers appropriate.
- (3) It may in particular be given by way of—
 - (a) grants,
 - (b) loans,
 - (c) guarantees,
 - (d) the purchase of share capital of the Bank, or
 - (e) the transfer of assets or rights to the Bank.
- (4) The financial assistance may be provided subject to such terms and conditions as the Secretary of State, with the consent of the Treasury, considers appropriate (including, in the case of a grant or a loan, conditions requiring repayment or, in the case of a guarantee, conditions requiring reimbursement of any sums paid under it).
- (5) The Treasury may arrange for money to be paid out of the National Loans Fund in order to enable loans to be made to the Bank under this section.
- (6) Nothing in this section affects the exercise of any power of the Treasury or the Secretary of State to give financial assistance to the Bank otherwise than under this section at a time when the Crown's shareholding in the Bank is not more than half of its issued share capital.

5 Accounts, reports and payments to directors

- (1) Where an order has been made under section 2, the UK Green Investment Bank is to be treated as being a quoted company within the meaning of section 385(2) of the Companies Act 2006 for the purposes of the application to it of—
 - (a) Chapters 4 and 4A of Part 10 of that Act, and
 - (b) Parts 15 and 16 of that Act (in respect of a financial year).
- (2) Where an order has been made under section 2, each report prepared by the directors of the Bank for a financial year under section 415 of the Companies Act 2006 must include—
 - (a) an explanation of the steps that the Bank took in that year to ensure that its activities in making, facilitating or encouraging investments in that year and in any previous financial years would (taken as a whole) be likely to contribute to a reduction of global greenhouse gas emissions, and
 - (b) a statement of the directors' views on the likely effect of those activities in those years on global greenhouse gas emissions.

6 Documents to be laid before Parliament

- (1) Subsection (2) applies if—

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- (a) after an order has been made under section 2, copies of the UK Green Investment Bank's annual accounts and reports are, in accordance with section 437 of the Companies Act 2006, laid before it in general meeting, and
 - (b) as at the date of the meeting, the Crown holds shares in the Bank.
- (2) The Secretary of State must, as soon as practicable after the meeting, lay a copy of the annual accounts and reports before Parliament.
- (3) Subsection (4) applies if—
 - (a) after an order has been made under section 2, the Secretary of State—
 - (i) makes a material alteration to the terms of the operational independence undertaking referred to in subsection (5) of section 2, or
 - (ii) revokes that undertaking, and
 - (b) as at the date of the alteration or revocation, the Crown's shareholding in the UK Green Investment Bank is more than half of its issued share capital.
- (4) The Secretary of State must, as soon as practicable after the date referred to in subsection (3)(b)—
 - (a) in the case of an alteration, lay a copy of the revised undertaking before Parliament;
 - (b) in the case of revocation of the undertaking, lay before Parliament a statement reporting the revocation.