

Operating Principles for Impact Management

Disclosure Statement

1 January to 31 December 2023

octopusinvestments

A brighter way

Octopus Investments hereby affirms its status as a signatory to the Operating Principles for Impact Management (the "Impact Principles") on 1 January 2024. The total Covered Assets in alignment with the Impact Principles is \$1.91bn as of 31 December 2023^{1,2}.

Octopus Healthcare Fund ("OHF") addresses the growing need for quality, modern standard, purpose built care beds within the UK. Increased home closures due to obsolescence and trading performance has increased the shortfall in care beds throughout the UK. As at 31 December 2023, OHF has a GAV of £1.49bn¹ (approx. \$1.90bn)³.

Octopus Sustainable Infrastructure Fund ("OSIF") strives to be a catalyst for positive, meaningful change by investing in emerging sustainable infrastructure that will be critical to achieving the UK's net-zero and levelling-up ambitions, promoting sustainability, resource security and driving regional economic growth. As at 31 December 2023, OSIF has a NAV of £6.30mn² (approx. \$8.01mn)⁴.

Octopus Affordable Housing Fund ("OAHF") aims to deliver high-quality, genuinely affordable homes working in partnership with Housing Associations and Local Authorities. OAHF provides long-term, patient capital to the sector, funding the delivery and long-term ownership of new homes. As at 31 December 2023, OAHF has a GAV of £4.24 million¹ (approx. \$5.40mn)³.

This Disclosure Statement affirms that OHF, OSIF and OAHF are operated in alignment with The Operating Principles for Impact Management and operate in line with its Impact Framework which supports the management and reporting throughout the investment cycle of all assets.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

¹OHF and OAHF GAV is calculated as Total Assets less distribution liability as disclosed in the unaudited Fund's Financial Statements as at 31 December 2023.

²OSIF NAV is calculated as Total Assets minus liabilities as disclosed in the unaudited Fund's Financial Statements as at 31 December 2023.

³OHF and OAHF GAV converted by applying a GBP to USD exchange rate of 1.27 as of 31 December 2023.

⁴OSIF NAV converted by applying a GBP to USD exchange rate of 1.27 as of 31 December 2023.

Principle 1: Strategy

“Define strategic impact objective(s), consistent with the investment strategy: The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.”

Octopus is on a mission to invest in the ideas, industries, and people that will change the world. The Group includes Octopus Investments (including Octopus Real Estate and Octopus Ventures); Aurora; Octopus Wealth; Octopus Money; Octopus Legacy; and Seccl.

All three Funds OHF, OSIF and OAHF have implemented an Impact Framework (the “Framework”) to provide guidance and structure to their impact investment strategies and approaches. The Framework is based on the Impact Reporting and Investment Standards (“IRIS+”) which is the generally accepted system for measuring, managing, and optimizing impact. It also embraces the ‘Five Dimensions of Impact’ as defined by the Impact Management Project. The five dimensions of Impact (‘What’, ‘Who’, ‘How much’, ‘Contribution’ and ‘Risk’) provide a structure for identifying and quantifying the Impact of each of the Funds.

The Frameworks incorporate IRIS+ metrics to quantify and monitor performance. Each of the Fund’s frameworks are referenced in the appendices.

- OHF’s strategy directly addresses an increasing societal care requirement and contributes positively to the shortfall in market standard care beds in the United Kingdom. Through the funding of modern, purpose-built care homes in the United Kingdom, OHF contributes to the reduction of the shortfall in modern standard, fit for purpose care beds. Alignment to SDGs are found in the **Responsible Investment (RI) Policy**.
- OSIF’s strategy is to invest in platforms that build, own, operate and manage infrastructure which will be critical to tackling climate change, promoting

sustainability, resource security and supporting regional economic growth in the UK. OSIF will target UK companies and projects using proven technologies, which can be assessed and verified by reputable technical due diligence providers and have a clear path to commercial viability. OSIF focus on four key target sectors where we can make the biggest impact: future mobility, digital infrastructure, energy transition, and the circular economy.

- OAHF’s strategy is to fund the delivery of new, quality, genuinely affordable homes and be a responsible long-term landlord of these homes. OAHF aims to deliver positive social impact by focusing on four investment themes: Accelerating the delivery of new, genuinely affordable, quality homes; reducing fuel poverty; delivering Affordable Housing for older people; and Supporting levelling-up across the UK.

Principle 2: Management of Impact

“Manage strategic impact on a portfolio basis: The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.”

Each Fund has their own impact objectives with every investment /asset contributing to the achievement of the impact objective.

- The OHF portfolio aims for impact across all investments, providing purpose-built care beds in areas which have previously been identified as having a high shortfall in fit for purpose care bed provision. Each asset undergoes rigorous assessment by internal Clinical Assurance Team and Property Management Team. Oversight varies based on the home’s specialty; for instance, a nursing home with a ‘requires improvement’ rating receives two clinical visits and a quality check from senior operational staff annually. Property management may involve third-party surveyors. This monitoring ensures tenants maintain high care standards, aligning with the impact objective and proper use of the care beds. All investments adhere to the OHF’s strategy, focusing on delivering modern care beds in areas with identified shortages, guided by market insights from sources like Carterwood Analytics and external reports.

- OSIF aims for impact across all investments. There are three stages of the investment process - Green Light Committee (GLC), Approval in Principle (AIP) and Final Investment Decision (FID). Impact and sustainability criteria are considered at each stage of the investment process. At GLC, Investment Team members will assess whether the companies' activities align with the EU Green taxonomy and subsequently choose the corresponding IRIS+ KPI metric for analysing and assessing progress if the investment goes ahead. At the later stages, AIP and FID, the investment is assessed by the Octopus Impact and Sustainability team, and any areas where further due diligence may be required are highlighted. All the investments adhere to the Fund's strategy of investing in companies that address the UK's new zero and levelling up challenges.
- The OAHF strives for impactful investments by subjecting each transaction to a thorough underwriting and due diligence process. This involves a detailed assessment of the location, demand, physical attributes, and overall suitability. All properties will be valued by an external valuer. Standing investments undergo a Building Survey. Additionally, properties earmarked for 'extra care' receive a visit from the Octopus Clinical Assurance Director.

Octopus Investments operates a discretionary bonus policy which is linked to objectives at a team and individual level. Individuals who directly influence all three of the Fund's impact have targets linked to ensuring that investments continue to meet the impact objective and strategy, and that the portfolio is operated in such a way to ensure that impact is continually delivered.

- From an OHF perspective this includes all levels of the business from the Investment to the Clinical Assurance Teams. The Clinical Assurance team are incentivised through this objective process to ensure that they have sufficient oversight over the homes to drive improvement to ensure that quality of care is maintained. Equally, OHF's investment team are incentivised to continually deliver modern, purpose-built care homes throughout the UK to drive the impact of OHF.
- OSIFs investment team are incentivised to invest in companies with an objective to contribute to achieving Net Zero. The financial objectives are aligned with the impact objectives.

- From an OAHF perspective this includes all levels of the business. OAHF's investment team are incentivised to continually deliver new, quality, genuinely affordable homes throughout the UK to drive the impact of OAHF.

Principle 3: Contribution to Impact

"Establish the Manager's contribution to the achievement of impact: The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence."

All investments across OHF, OSIF and OAHF contribute to providing capital which creates positive outcomes.

- OHF funds high-quality Care Homes and Specialist Healthcare real estate that contributes to increasing access to quality care for the elderly (and others with long-term conditions). Funding new, best-in-class care homes provide the essential infrastructure required to support elderly residents across the UK today and in the future. More information on core KPIs tracked, see the latest **Responsible Investment and Impact Report**.
- OSIF is providing capital to private companies to fund rollout of emerging infrastructure development in the UK and Ireland (for example, installing EV charging stations across Ireland).
- OAHF provides long-term, patient capital to the housing sector, funding the delivery and long-term ownership of new homes. Accelerating the delivery of genuinely affordable, quality homes that are run through its own Registered Provider, so it can be a responsible landlord.

Principle 4: Assess Impact

"Assess the expected impact of each investment, based on a systematic approach: For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact."

In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

As referenced previously, all three of the Fund's Impact Frameworks utilise the 'Five Dimensions of Impact' as defined by the Impact Management Project. Employing the five dimensions assists in identifying the 'What', 'Who', 'How Much', 'Contribution', 'Risk' of the Impact of the Funds, see relevant appendices.

- OHF commissions external market reports ahead of acquisition to identify the shortfall in care beds and other demographics as part of the due diligence process ahead of acquisition. The impact of each investment, including market impact on bed provision, community impact and the contribution of the proposed acquisition to the market is reported to and assessed by the Octopus Real Estate Investment Committee ("OREIC"). This is reported by the individual presenting the acquisition to the OREIC through disclosure of the external market report findings which measures the targeted areas demographics. Impact KPIs, are reported to OHF's Investors on a quarterly and annual basis. The KPIs are benchmarked against market data collated by Carterwood. OHF has monitored its contribution of modern, purpose-built care beds to the UK care market since 2021. OHF benefits from the in-house Clinical Assurance team consisting of medical professionals who maintain close contact with the homes and tenant groups. The Clinical Assurance team provide a subjective view on the performance of the home and the operator, determining the quality of care being delivered.

- In order to monitor impact, the OHF uses the following definitions: "Quality care beds" are defined as:
 - Quality Care: those homes that are not rated "Inadequate" by the CQC.
 - Real Estate: beds which meet the following criteria: (a) a bedroom with an en-suite wet room in a care home built (or converted) to modern standards and (b) operated by a care provider delivering quality care.
 - Please note: an asset is included in the Impact KPIs at the point in time that it reaches Practical Completion¹, or at the point of acquisition for standing investments. Assets entering the OHF through a merger event are included in the Impact KPIs at the point the merger is completed.
- The OSIF Impact Framework outlines the specific IRIS+ metrics to measure the positive impacts of each investment over the period. Given the breadth of sectors and sub-sectors OSIF invests in, the KPI(s) to measure the performance of each investment will be selected on a case by case basis. As an example, four key performance indicators (KPIs) have been identified, each directly aligned with the investment themes. Impact KPIs, are reported to Fund Investors on a quarterly and annual basis.
 1. Future mobility
 - Amount of energy transmitted by the organization during the reporting period (in MWh).
 2. Energy transition
 - Energy storage - Amount of energy stored by the organization during the reporting period (in MWh).
 - Energy transmission – Amount of energy transmitted by the organization during the reporting period (in MWh).
 3. Digital Infrastructure
 - Amount of energy savings (in MWh) due to the organization's services that were sold during the reporting period.

¹The point at which the construction of the asset is completed.

4. Circular economies

- Battery recycling – Amount of greenhouse gas (GHG) emissions avoided by the organization during the reporting period. Number of Metric Tons of CO2 Equivalent.
- Plastic recycling – Measure amount of waste to landfill reduced as a result of the organisation's services (kg).
- OAHF Impact Framework (which has been reviewed by The Good Economy) defines the social impact associated with the investments by reference to IRIS+ metrics and embeds impact management within the Fund's investment management process. The Good Economy will annually assess OAHF activities against its Impact Framework and provide a report on the delivery of social impact. The four KPIs which align with the investment themes are;

1. Accelerating delivery

- Number (and %) of new, genuinely affordable, quality homes funded from Housing Association and Local Authority development pipelines.

2. Reducing fuel poverty

- £ (and %) household energy cost savings delivered, and number (and %) of zero electricity bill homes funded.

3. Delivering age-appropriate housing

- Number (and %) of new affordable, quality older persons homes funded.

4. Supporting levelling-up

- £ of local co-investment from Housing Associations, Local Authorities, LGPSs and other mission-led organisations.
- The impact of each investment, including market impact on housing provision, community impact and the contribution of the proposed acquisition to the market is reported to and assessed by the OREIC. This is reported by the individual presenting the acquisition to the OREIC through disclosure of the external market report findings which measures the targeted areas demographics. Impact KPIs, are reported to Fund Investors on a quarterly and annual basis.
- In order to monitor impact, the OAHF uses the following definitions: "Affordable Housing"

means housing for rent or sale made available to those whose needs are not served by the open market. Typically, this involves a discounted or subsidised rent or sale price, and/or a mechanism restricting occupation or ownership to certain groups, e.g. 'key workers'. The term is often used interchangeably with "Social Housing".

Principle 5: ESG

"Assess, address, monitor, and manage potential negative impacts of each investment: For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events."

Each of the Fund's identify sustainability issues that could affect the performance of an investment. Each Fund recognises the need for a structured approach to the financial materiality of sustainability issues to ensure we make informed investment decisions.

Across all our investment strategies and products, each Fund considers environmental, social and governance risks within the investment process. Using guidance from the Sustainability Accounting Standards Board (SASB) for the specific related sector, each Fund have identified sustainability issues (including climate risks) as well as considering their materiality and how they can be mitigated.

- In addition to the social impact objectives and strategy, OHF has assessed that there are potentially material environmental factors relevant to the portfolio of care homes, and set out targets for 2025, 2030 and 2040. The targets have been set around seven areas which include: Net Zero (operational emissions, solar PV, green tariffs, electrification, embodied carbon); Climate Resilience (physical climate risk, transitional risk); Biodiversity (biodiversity net gain, biodiversity); Social Value; Fund Performance (GRESB, green leases, data coverage); Asset Accreditation (EPC, BREEAM In Use, BREEAM

New Construction); Governance (regulatory, training and engagement). OHF's strategy is aligned with the targets designed to ensure that ESG risks are identified and mitigated in an appropriate time frame. For more information see OHF's **Responsible Investment Policy**.

- OHF has identified, and published net zero carbon targets as follows: From 2030, all newly developed assets will be net zero, with residual emissions offset via high quality carbon sequestration projects. OHF is also committed to ensuring that all assets in the portfolio are at a net zero position by 2040.
- OHF has completed an ESG risk assessment of assets in the portfolio to identify the future physical and transitional risks presented by climate change. This review has included the asset efficiency, ground risk, water stress, flood and heat risk exposure. The review allows the investment team to identify any assets of concern and they are in the process of drafting asset management strategies to mitigate the risk to exposed assets. For assets that become operational within the year, they are assessed and certified within 12 months.
- All of OHF's investments are subject to approval by the Investment Committee. Each investment is required to demonstrate a positive impact and consideration of material ESG risks and factors. The assessment is prepared by our independent ESG adviser Envision and is guided by a bespoke development and investment framework which scores the investment against an ESG matrix. The Investment Committee take a view on whether the asset will fit the Impact and ESG strategy of the Fund prior to proceeding with the investment.
- OSIF considers sustainability issues that could affect performance. OSIF have developed a Responsible Investment Tool survey which assesses the activities of the investee company and infrastructure against the SASB and Taskforce on Climate-Related Disclosures (TCFD). This is undertaken pre-investment.
- Post investment, to drive forward improvement in performance, OSIF will determine environmental, social and governance objectives for investee companies which are relevant to the SCC and sustainable infrastructure investments. Given OSIF's Net Zero strategy, all investments' core business enables the transition to Net Zero (for example,

Weev provides the charging infrastructure for EVs – without charging infrastructure, EV uptake would be negligible, and more ICE vehicles would be on the road emitting CO2 and other harmful pollutants). In terms of OSIF's investments day-to-day operations, environmental goals are focused scope 1, 2 and 3 emissions, can be reduced where possible. Once established, progress against these objectives will be published in the annual Responsible Investment and Impact Report.

- OAHF considers material sustainability factors and risks that could affect the performance of the Fund. All assets will be benchmarked against appropriate industry-standard measures of quality which shall be reviewed from time to time and set out in Octopus Real Estate's 'Quality Book' against which all new acquisitions will be assessed. Homes acquired will have a minimum energy efficiency standard of EPC B, with a target of EPC A.
- OAHF has identified and published net zero carbon targets as follows: New homes will have to be fitted with low carbon heating systems from 2025, and all new homes acquired will be "Net Zero" (definition below) by 2030. All homes in the portfolio are expected to be "Net Zero" by 2040.

Principle 6: Monitor Progress

"Monitor the progress of each investment in achieving impact against expectations and respond appropriately: The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes."

OHF, OSIF and OAHF all use the IRIS metrics identified in the Framework.

- The OHF Impact indicators are reported to Investors in the quarterly investor reports, annual business plan, **annual Responsible Investment and Impact Report** and the Investors Committee, consisting of a representative from the four largest investors and one nominated fifth investor in line with the Impact Framework.
- The OHF assesses the continued impact contribution of investments throughout the asset's lifecycle.
- Assets are included in OHF's Impact KPIs and reporting at the point they reach practical completion where the development is funded or at the point of acquisition for all trading assets coming into OHF. Assets entering OHF through a merger event are included in the Impact KPIs at the point the merger is completed.
- To monitor whether the homes in the OHF portfolio continue to provide quality care, Octopus Real Estate has an internal Clinical Assurance team allowing continued operational oversight of the assets. The Clinical Assurance Team report into the Clinical Assurance Board on a bimonthly basis to highlight any aspects that have gone well in the reporting period and raise any concerns.
- OSIF's specific IRIS+ metrics are incorporated into quarterly investor reporting and used to measure performance against KPIs and will shape business plans and priorities through the life of the investment. In addition, KPIs are annual reported on in the annual RI and Impact report.
- OSIF's KPIs including IRIS+ metrics are currently collected via investee's on a live basis. These are currently verified via financial performance as IRIS+ metrics are directly related. For example, in Weev, the amount of energy sold (IRIS+ metric) directly impacts financial performance (revenue, cost, cashflow).
- For their investee companies, it is OSIF's intention to set up KPI monitoring with a third party software provider.
- In relation to OAHF, NewArch Homes Limited ("NewArch") a for-profit registered housing provider owned by OAHF, will use a range of Approved Partners to undertake housing management services including (but not limited to) leasing and tenancy management, maintenance and repairs.
- Approved Partners will be required to submit quarterly and annual KPI reports to OAHF on the performance of assets against a set of KPI criteria. This provides OAHF (and NewArch Homes) with the oversight and assurance that the OAHF's assets are being managed and maintained in accordance with the OAHF's required standards.
- OAHF Housing Management Agreements with Approved Partners sets out performance standards of the management of OAHF's homes along with KPI reporting information to provide OAHF's FPRP (NewArch) Board that performance is in line with expectations.
- A Stock Condition Survey will be undertaken on all OAHF properties every 5 years (or as necessary) to report on the condition of properties and to budget for long term cyclical maintenance programmes. This is reviewed by the Octopus Affordable Housing Team in conjunction with Approved Partners so that works can be planned efficiently and effectively.
- OAHF annual business plan will include an update on the stock condition of the portfolio and a summary of expected programmed works that have arisen as a result of Stock Condition Surveys.
- The OAHF Impact indicators are reported to Investors in the quarterly investor reports, annual business plan, annual Responsible Investment and Impact Report.

Principle 7: Exits

"Conduct exits considering the effect on sustained impact: When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact."

- OHF's strategy is to hold investments long term however there may be occasions where an asset is deemed to no longer fit the Funds strategy. An example of which includes the disposal of an asset where the tenant is believed to be operating the home at a level below the expected standard. Disposal of assets is a final consideration following engagement with the tenant by the Clinical Assurance and Property Management teams who look to work towards a mutually beneficial outcome prior to disposal.
- OHF completes an annual hold/sell analysis of all assets in the portfolio. The review identifies the current market conditions, physical climate risks, age of assets and the financial and operational performance of the home.
- OHF divestments are typically made to other investors or operators within the sector. In our view, this continues to provide an impact through the provision of care beds in the sector. The divestments completed in the reporting year were completed in line with this and will continue operation as care homes.

- Proceeds from all OHF exits are reinvested into assets that will deliver a greater positive impact.
- OSIF is a recently launched fund with one investment currently. The majority of OSIF portfolio companies will require regular drawdowns of growth capital to finance their asset-intensive expansion as part of their business plans. We anticipate that some OSIF portfolio companies who are performing above target may seek to accelerate their growth and look to shareholders to provide further funding. We will ensure that OSIF retains enough dry powder to be able to fund such requests, or that they are offered as co-investment opportunities. Where requests for follow-on capital are received, this will typically be led by the investment professional who made the original investment to take through the OSIF team's investment processes, which are similar to those for new investments.
- The expected holding period for an OSIF investee company will be 4–6 years and/ or when an investee company is able to attract traditional project finance (typically at lower costs of capital). At this point, investee companies are expected to be sold to core/ core+ infrastructure funds (including but not limited to funds managed by Octopus) and/or trade buyers looking to de-risk their operation into sustainable activities or internalise parts of their supply chain.
- OAHF's strategy is to hold investments long term however there may be occasions where an asset is deemed to no longer fit the Funds strategy. An example of which includes the disposal of an asset where it no longer fits the criteria in the Quality Book and the cost of bringing it back up to standard is too high.
- OAHF completes an annual analysis of all assets in the portfolio. The review identifies the current market conditions, physical climate risks, age of assets and the financial performance of the scheme.
- OAHF divestments are typically made to other investors or registered providers within the sector. This will then continue to provide an impact through the provision of affordable housing.
- Proceeds from all OAHF exits are reinvested into assets that will deliver a greater positive impact. Any assets that have received grant from Homes England (or similar) the grant will usually need to be reinvested into more affordable housing, otherwise it will be repayable.

Principle 8: Lessons Learned

“Review, document, and improve decisions and processes based on the achievement of impact and lessons learned: The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.”

- Throughout the year, OHF has overall been successful in contributing modern purpose-built care beds to help in overcoming the shortfall in the market.
- OHF's Manager has assessed its contribution quarterly to ensure that it has remained on track with its mission.
- The methodology used to assess OHF's impact contribution will be continually reviewed moving forward and adapted to reflect movements in the market.
- While the acquisition of developments will ensure that OHF will continue to contribute to the market in the future, a lack of trading assets being acquired has limited the immediate impact the Fund has had in the year.
- OHF will continue to seek opportunities to acquire developments to deliver the highest level of impact.
- Through the oversight and monitoring of the assets by the clinical assurance and property, OHF has been able to monitor whether the quality of care provided within the assets (as referenced in Principle 4) has been maintained at an acceptable level. This monitoring is designed to maintain the anticipated impact of the assets.
- OHF will continue to review assets through the Hold / Sell analysis to monitor whether those assets continue to contribute to OHF's Impact strategy.
- Both OSIF and OAHF have only recently started to deploy funds. Both funds will continue to review Impact performance and lessons learned as part of the annual review process.

Principle 9: Disclosure

“Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment: The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

This Disclosure statement affirms the alignment of Octopus Investment operations and management systems with the Impact Principles and will be updated annually moving forward.

The Disclosure Statement will be externally verified every 3 years.

In accordance with the Impact Principles’ requirement that signatories submit to an independent verification, Octopus Investments engaged KPMG¹ as the independent external verifier in 2021, and completed this process successfully on December 18, 2021.

Please find the Verifier Statement [here](#).

Appendix 1. Reporting Criteria

This Disclosure Statement presents fairly Octopus Investments’ impact management systems and processes, and how these are aligned with the Impact Principles through:

- (a) presenting how Octopus Investments’ impact management systems and processes are designed and implemented;
- (b) including relevant details of changes to Octopus Investments’ impact management systems and processes during the period covered by the Disclosure Statement;
- (c) does not omit or distort information relevant to the scope of the impact management systems and processes being described, while acknowledging that the Disclosure Statement has been prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of Octopus Investments’ impact management systems and processes that each individual user may consider important in its own particular circumstances;
- (d) describes how each Principle is incorporated into Octopus Investments’ systems; and
- (e) affirms that Octopus Investments is a signatory to the Impact Principles.

¹Registered address: KPMG LLP, 15 Canada Square, London, E14 5GL. For a summary of the operations and qualifications of the independent verifier, please refer to the Verifier Statement itself.

Appendix 2. OHF Impact Framework

Dimension of Impact	Application to OHF	Measurement (inc. IRIS+ metrics)
1. WHAT is the goal?	Increase access to quality care for the elderly (and others with long term conditions) through the provision of modern, purpose-built care homes.	<p>(PI1017) Number of healthcare units/facilities under the organization’s management as of the end of the reporting period.</p> <p>No. of quality care beds in OHF portfolio.</p> <p>Number of new quality care beds funded by OHF as % of all new care beds delivered in the UK in the period.</p>
2. WHO is affected?	<ul style="list-style-type: none"> Which stakeholders benefit from OHF’s activities? What is the demographic of these stakeholders? 	<ul style="list-style-type: none"> Target Stakeholders: Patients/Residents Target Stakeholder Demographic: Elderly/Older Adults
3. HOW MUCH change is happening?	<ul style="list-style-type: none"> How many care homes are owned by OHF? How many care beds are provided in these care homes? 	<ul style="list-style-type: none"> Total number of healthcare facilities managed Total number of residents supported
	<ul style="list-style-type: none"> How does the Fund ensure they are “quality care beds”? (This is also relevant to RISK below.) 	<ul style="list-style-type: none"> Quality assurance mechanisms: <ul style="list-style-type: none"> Peer review/supervision Communication and education strategies Audit and feedback Real estate quality assurance: (1) OHF minimum standards for design, construction and environmental performance (<i>‘Green Book’</i>); (2) annual inspections and energy usage data collection; (3) use of monitoring surveyors during build. Clinical quality assurance: (1) Care Quality Commission (CQC) reports and ratings; (2) Octopus’ full time, in-house Clinical Assurance Team assessment and education strategies; and (3) further oversight provided by Octopus’ Clinical Assurance Board.
4. What is the CONTRIBUTION?	How does OHF reduce the deficit of care beds in the UK, and help maintain the current stock?	<ul style="list-style-type: none"> New Care Beds: The number of newly developed quality care beds funded by OHF in each period as a proportion of (a) all newly developed quality care home beds across the UK in the same period, and (b) the UK shortfall of quality care beds at the start of the period. Total Care Beds: The total number of quality care beds in OHF’s portfolio as a proportion of the UK’s quality care bed stock at a given point in time.
5. What is the Impact RISK?	Key Risk: Do the “quality care beds” that OHF funds benefit those who need them?	<p>While OHF’s investment strategy primarily focuses on care homes which target the self-pay resident market, approx. 25-30% of residents in OHF care homes are funded by Local Authorities or the NHS. Furthermore, even as homes in the portfolio age, they will still provide high-quality, purpose-built care beds which meet market standards and are superior to most UK care homes.</p> <p>Therefore, it is key to (a) exit value for OHF, and (b) the UK’s total supply of quality care beds that the homes OHF initially funds continue to be operated for the long-term in a way that delivers meaningful social impact.</p>

Appendix 3. OSIF Impact Framework

Dimension of Impact	Application to OSIF	Measurement (inc. IRIS+ metrics)
1. WHAT is the goal?	Develop, construct, and operate sustainable infrastructure which will replace carbon-intensive incumbents to mitigate the impacts of climate change while generating high-quality local jobs.	<p>IRIS+ metrics (selected examples):</p> <ul style="list-style-type: none"> • EV charging – Measure of energy transmitted by built and operated EV charging stations (kilowatt hours) • Energy storage – Measure of energy stored by storage sites (kilowatt hours) • Green data centres – Measure of energy saved from services sold (kilowatt hours) • Plastics recycling – Measure amount of waste to landfill reduced as a result of the organisation's services (kg) • Number of employees employed by investee company • Average salary of investee company employee
2. WHO is affected?	Which stakeholders benefit from OSIF's activities?	<p>Key Stakeholders:</p> <ul style="list-style-type: none"> • Users of infrastructure services • Suppliers of energy • Suppliers of raw materials • Employees
3. HOW MUCH change is happening?	Measure the changes delivered by OSIF's investments over a period.	<p>IRIS+ metrics (selected examples):</p> <ul style="list-style-type: none"> • EV charging – Measure of energy transmitted by built and operated EV charging stations (kilowatt hours) • Energy storage – Measure of energy stored by storage sites (kilowatt hours) • Green data centres – Measure of energy saved from services sold (kilowatt hours) • Plastics recycling – Measure amount of waste to landfill reduced as a result of the organisation's services (kg) • Number of employees employed by investee company • Average salary of investee company employee
4. What is the CONTRIBUTION?	How does OSIF contribute develop, build and operate the sustainable infrastructure that will address the UK's net zero and levelling up challenges?	<p>IRIS+ metrics (selected examples):</p> <ul style="list-style-type: none"> • Total £ amount of capital provided to grow infrastructure platforms. • Total £ amount invested in capital expenditures and/or the acquisition and construction of real assets (Property, plant and equipment) • Total £ amount of capital invested in operating expenses (including cost of goods or services sold, rent, inventory, payroll, insurance, R&D, sales and marketing, administration)
5. What is the Impact RISK?	What are the key risks to OSIF's goals and to delivering its contribution?	<p>Key risks:</p> <ul style="list-style-type: none"> • Infrastructure does not deliver the emissions reductions as expected • Infrastructure does not deliver the high-quality jobs as expected • Execution risk – infrastructure cannot be delivered due to planning or regulatory issues.

Appendix 4. OAHF Impact Framework

Dimensions of Impact	Application to OAHF	Measurement (inc. IRIS+ metrics)
1. WHAT is the goal?	How many new homes are being delivered?	(P12491) Number of Housing Units Constructed & (PD5833) Percent Affordable Housing – Number (and %) of new affordable, quality homes funded from HA and LA development pipelines
	How many homes we're owning help in reducing fuel poverty?	Number (and %) of zero electricity bill homes funded and owned by the fund, or otherwise delivered through Octopus solutions
	How many homes for older people are we providing?	(PD5752) Target Stakeholder Demographic – Number (and %) of new affordable, quality older persons homes funded and owned
	How much investment are we putting into supporting local areas and their needs?	£ of local co-investment from Housing Associations, Local Authorities, LGPS s and other mission-led organisations
2. WHO is affected?	Which stakeholders benefit from OAHF's activities?	(PD5752) Target Stakeholder Demographic: Individuals/families, including older persons, who are awaiting provision of social/affordable housing
3. HOW MUCH change is happening?	How much change has happened?	Amount and % of change within portfolio within reporting period
4. What is the CONTRIBUTION?	How does OAHF reduce the deficit of quality affordable housing in the UK?	(PD5833) New units built – Percentage of housing units projected to be constructed or preserved because of expenditures made by the organization during the reporting period that will be affordable housing
5. What is the Impact RISK?	How does the Fund ensure they are quality units?	Underwrite: <ul style="list-style-type: none"> • Quality Book • Target EPC A; Minimum EPC B Ongoing oversight and management: <ul style="list-style-type: none"> • Robust and thorough management agreements with Local Authorities/Housing Associations focussed on quality • Tenant satisfaction surveys conducted
	How does the Fund ensure they are affordable?	Clear, qualitative definition of affordable upfront and ongoing: <ul style="list-style-type: none"> • Social & Affordable Rent as defined by statute • Other Intermediate includes Shared Ownership, Rent to Buy, Key Worker Housing and Discounted Market Rent



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