

KPMG: Independent Limited Assurance Report

Octopus Healthcare Fund Disclosure Statement for year ending 31 December 2021

2 March 2022

octopusinvestments

A brighter way



Independent Limited Assurance Report to Octopus Investments Limited

KPMG LLP (“KPMG” or “we”) were engaged by Octopus Investments Limited (“Octopus Investments”) to provide limited assurance as to whether Octopus Investments’ impact management systems, as described within Octopus Investments’ Operating Principles for Impact Management Disclosure Statement (the “Disclosure Statement”) for the year ended 31 December 2021, are aligned with Operating Principles for Impact Management (the “Impact Principles”).

Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that:

- Octopus Investments’ impact management systems, as described within the Descriptive Narrative, are not, in all material respects, aligned with the Impact Principles; and
- the Total AUM is not properly prepared, in all material respects, in accordance with the Basis of Preparation disclosed in footnotes 1 and 2 on page 2 of the Disclosure Statement.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report’s intended use.

Scope of our work

The scope of our work includes only:

- on pages 2 to 7 of the Disclosure Statement, the descriptive narrative of Octopus Investments’ impact management systems and processes, as designed and implemented for the assets under management, for the year ended 31 December 2021 (the “Descriptive Narrative”), and their alignment with the Impact Principles and
- on page 2 of the Disclosure Statement, the total of assets under management described as “aligned with the Impact Principles of £1.13bn (\$1.52bn) as at 31 December 2021 (the “Total AUM”).

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Disclosure Statement or displayed elsewhere on Octopus Investments’ website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria, developed by Management for the purpose of determining if the impact management systems, as described within the Descriptive Narrative are aligned with the Impact Principles are the following as set out in Appendix 1 of the Disclosure Statement (“the Reporting Criteria”).

The impact management systems, as described within the Descriptive Narrative are aligned with the Impact Principles if:

- i. The Descriptive Narrative includes a description of an impact management process matched to each of the Impact Principles;
- ii. The Descriptive Narrative presents fairly Octopus Investments’ impact management systems and processes by:
 - 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) not omitting or distorting 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) describing how each Impact Principle is incorporated into Octopus Investments’ impact management systems; and
- e) affirming that Octopus Investments is a signatory to the Impact Principles.

We used the same Reporting Criteria to form our own judgements. The Descriptive Narrative and Total AUM needs to be read together with the Reporting Criteria.

Inherent limitations

The Descriptive Narrative is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of Octopus Investments’ impact management system that each individual user may consider important.

The scope of our procedures does not include an assessment of the suitability of design of Octopus Investments’ impact management systems and processes to achieve alignment with the Impact Principles nor their operating effectiveness and therefore our procedures provide no assurance over the design and operating effectiveness of the impact management systems and processes nor of the resulting impacts achieved.

The scope of our work on the Total AUM was limited to assessing whether the funds included in that total were those identified by Management as ones to which the processes in the Descriptive Narrative had been applied, assessing whether the value of those funds had been properly extracted from the books and records of Octopus Investments and assessing the arithmetic accuracy of the calculation of the Total AUM from the data so extracted. The scope of our procedures does not include assessing, and therefore provides no assurance over whether the funds recorded in the books and records are appropriately valued.

The Reporting Criteria and the Basis of Preparation have been developed to assist Octopus Investments in preparing the annual Disclosure Statement required by the Impact Principles. As a result, the Descriptive Narrative and the Total AUM may not be suitable for another purpose.

Finally, the projection to the future of the impact management systems and processes and their alignment with the Impact Principles is subject to the risk that the impact management systems and processes may change.

Management’s responsibilities

In this report, references to Octopus Investment’s “Management” means the Directors of Octopus Investments and those employees



to whom the Directors of Octopus Investments have properly delegated day-to-day conduct over matters for which the Directors of Octopus Investments retain ultimate responsibility.

Management of Octopus Investments are responsible for:

- designing, implementing and maintaining impact management policies, systems and processes, including internal controls within those processes, that are suitable to achieve alignment with the Impact Principles;
- designing, implementing and maintaining internal controls over information relevant to the preparation of the Descriptive Narrative and Total AUM that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- preparing the Disclosure Statement including the Descriptive Narrative that presents fairly, in accordance with the Reporting Criteria, Octopus Investments' impact management systems and processes and how these are aligned with the Impact Principles;
- developing a Basis of Preparation for the Total AUM and measuring and reporting the Total AUM in accordance with that Basis of Preparation; and
- the contents and statements contained within the Disclosure Statement and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether:

- Octopus Investments' impact management systems, as described within the Descriptive Narrative, are, in all material respects, aligned with the Impact Principles, as described within the Disclosure Statement for the year ended 31 December 2021; and
- about whether the Total AUM, has been properly prepared, in all material respects, in accordance with the Basis of Preparation;

and to report to Octopus Investments in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements (UK) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE (UK) 3000'), issued by the Financial Reporting Council. That Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

Independence, professional standards and quality control

We comply with the International Ethics Standards Board for Accountants' 'International Code of Ethics for Professional Accountants (including International Independence Standards)' and we apply International Standard on Quality Control (UK) 1, 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and

professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the alignment of Octopus Investments' impact management systems, as described within the Descriptive Narrative, with the Impact Principles and the Total AUM as a basis for our limited assurance conclusion. The procedures selected depend on our judgement, on our understanding of the Descriptive Narrative and the Total AUM and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The procedures performed included, but were not restricted to:

- checking whether Octopus Investments' impact management systems, as described within the Disclosure Statement, includes a description of an impact management process matched to each of the Impact Principles;
- making enquiries of Octopus Investments' Management, including those with responsibility for the Descriptive Narrative and those responsible for the rest of the Disclosure Statement, to obtain an understanding of impact management systems and processes and the key processes, systems and controls in place over the preparation of the Descriptive Narrative and Total AUM;
- walkthrough tests to evaluate the design of the key structures, systems, policies, processes and controls for managing, recording and reporting the Descriptive Narrative, but not for the purposes of expressing a conclusion on the effectiveness of Octopus Investments' internal controls;
- assessing the application of the Basis of Preparation in compiling the Total AUM;
- performing limited testing on a selective basis over the Descriptive Narrative to check that information within the Descriptive Narrative had been appropriately collected, recorded, collated and reported;
- performing limited testing on a selective basis over the Total AUM to check its extraction from the books and records of Octopus Investments and the arithmetic accuracy of the total;
- considering the appropriateness of the disclosure and presentation of the Descriptive Narrative; and
- reading the Descriptive Narrative and the Disclosure Statement to ensure assumptions and judgements have been clearly disclosed.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

This report's intended use

Our report has been prepared for Octopus Investments solely in accordance with the terms of our engagement. It has been released to Octopus Investments on the basis that our report shall not be copied, referred to or disclosed, in whole (save for Octopus



Investments' own internal purposes) or in part, without our prior written consent.

As a signatory to the Impact Principles, Octopus Investments is required to "provide regular independent verification affirming the alignment of its impact management systems with the Impact Principles." Without affecting, adding to or extending our duties and responsibilities to Octopus Investments or giving rise to any duty or responsibility being accepted or assumed by or imposed on us to any party except Octopus Investments, we have consented to the disclosure of our report on Octopus Investments' website at <https://octopus-realestate.com/care-homes/> to facilitate Octopus Investments' meeting this requirement.

Our report was designed to meet the agreed requirements of Octopus Investments determined by Octopus Investments' needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Octopus Investments for any purpose or in any context. Any party other than Octopus Investments who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP

KPMG LLP

Chartered Accountants

London

2 March 2022

The maintenance and integrity of the Octopus Investments website is the responsibility of the Directors of Octopus Investments; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the Descriptive Narrative, the Total AUM, the Reporting Criteria or the Disclosure Statement when presented on Octopus Investments' website.



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