

Operating Principles for Impact Management

Disclosure Statement

1 January to 31 December 2024



Octopus Investments hereby affirms its status as a signatory to the Operating Principles for Impact Management (the "Impact Principles") on 1 January 2025. The total Covered Assets in alignment with the Impact Principles is \$2.11bn as of 31 December 2024¹.

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 have increased the shortfall in care beds throughout the UK. As of 31 December 2024, OHF has a Gross Asset Value ("GAV") of £1.64bn² (approx. \$2.05bn)³.

Octopus Affordable Housing Fund ("OAHF") aims to deliver high-quality, genuinely affordable homes 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 of 31 December 2024, OAHF has a GAV of £52.35 million⁴ (approx. \$65.44mn)⁵.

This Disclosure Statement affirms that OHF and OAHF operate 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 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.

Management Statement

As the Directors of Octopus Investments Limited ("Octopus Investments" or the "Company"), we confirm that we are solely responsible for the preparation of the Octopus Investments' Operating Principles for Impact Management Disclosure Statement (the "Disclosure Statement") regarding the Company's description of the policies, processes and control activities in place as at 31 December 2024 for the Octopus Healthcare Fund ("OHF") and the Octopus Affordable Housing Fund ("OAHF") (together the "in-scope Funds").

The applicable assessment criteria for Company's description in making the Disclosure Statement is included in the Appendix 1 of the Disclosure Statement.

We confirm that the Company's description in the Disclosure Statement fairly presents the policies, procedures and control activities in the Company's impact management systems as at 31 December 2024.

The Directors of Octopus Investments are responsible for ensuring that the Company designs, implements, operates and monitors policies, procedures and control activities, and assesses those against the assessment criteria, to address the Operating Principles for Impact Management (the "Impact Principles"). The Directors of the Company are also responsible for preparing this Management Statement, including ensuring the completeness, accuracy and method of presentation of the Company's description, as set out in the Disclosure Statement.

Signed by:

 Jack Cracknell
 Octopus Investment Limited

Signing Date 11-03-25 | 14:06 GMT

Head of Impact and Sustainability for and on behalf of the Board of Directors of Octopus Investment Limited

¹OHF and OAHF GAV are calculated as Total Assets less distribution liability as disclosed in the unaudited Fund's Financial Statements as of 31 December 2024.

²OHF's GAV is calculated as Total Assets less distribution liability as disclosed in the unaudited Fund's Financial Statements as of 31 December 2024.

³OHF's GAV converted by applying a GBP to USD exchange rate of 1.25 as of 31 December 2024..

⁴OAHF's GAV is calculated as Total Assets less distribution liability as disclosed in the unaudited Fund's Financial Statements as of 31 December 2024.

⁵OAHF GAV converted by applying a GBP to USD exchange rate of 1.25 as of 31 December 2024.

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 Group’s mission is to invest in the people, ideas and industries that can change the world. The Group includes Octopus Investments Limited (including the following trading names Octopus Capital and Octopus Ventures), Aurora, Amicable, Octopus Money; Octopus Legacy; and Seccl.

Both Funds OHF and OAHF have implemented an Impact Framework (the “Framework”) to guide and structure their impact investment strategies and approaches. The Framework is based on the Impact Reporting and Investment Standards (“IRIS+”), which is an accepted system for measuring, managing, and optimizing impact. It also embraces the ‘Five Dimensions of Impact’ 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 is referenced in the appendixes.

- OHF’s strategy 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 is found in the **Responsible Investment (RI) Policy**.

- 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, and every investment /asset is contributing to achieve 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 an assessment by the internal Quality Assurance Team and Property Management Team. Oversight is largely based on risk, specialty, Care Quality Commission⁶ (“CQC”) outcome and information gathered from KPI collection and operator relationships. In person visits to the home happen at least annually for 100% of the homes in the portfolio. For example, homes deemed at higher risk, or those with a ‘requires improvement’ CQC rating will have more frequent quality assurance visits and increased contact points with the senior operational teams. 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.

⁶The CQC is the independent regulator of health and social care in England.

- 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 are 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. OAHF has its own Operations Director and team, who engage with Local Authorities on local housing needs to make sure that the affordable homes provided contribute to the Fund's objective of helping to increase the supply of genuinely affordable homes. The Fund's Quality Book includes an assessment of each opportunity to review a range of indicators from internal space standards to proximity to local amenities to ensure that the Fund's homes are quality, good places to live.

Octopus Investments operates a discretionary bonus policy that is linked to objectives at the team and individual levels. Individuals who directly influence both 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 as to ensure that impact is continually delivered.

- From an OHF perspective, this includes all levels of the business, from the Investment to the Quality Assurance Teams. The Quality Assurance team is incentivised through this objective process to ensure that they have sufficient oversight over the homes to drive improvement and 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.
- 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. Targets are typically focused on expanding the size of the Fund to maximise the number of affordable homes built, investing in the right type of quality opportunities that meet the Fund's objectives, and building an operational platform with suitable managers that promotes high quality customer service and experience for the residents of the Fund's properties.

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 and OAHF contribute to providing capital, creating positive outcomes. Refer to Principles 4 and 5 for more information on how Octopus Investments works with underlying operators or partners and provides technical assistance to enhance impact performance.

- OHF funds high-quality Care Homes and Specialist Healthcare real estate to increase access to quality care for the elderly (and others with long-term conditions). Funding new, high-quality care homes provide the essential infrastructure required to support elderly residents across the UK today and in the future. See the latest **Responsible Investment and Impact Report** for more information on core KPIs tracked.
- 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 run through its own Registered Provider, so it can be a responsible landlord. There are over 1 million households on council waiting lists for an affordable home across the UK and the Fund proactively works with councils to ensure that the majority of the homes within the fund have rents that would be affordable for these households, and that homes delivered provide homes for households on these waiting lists.

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, both of the Fund’s Impact Frameworks utilise the ‘Five Dimensions of Impact’ 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 appendixes.

- OHF commissions external market reports 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 Investment Committee (“IC”). This is reported by the individual presenting the acquisition to the IC 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 Carterwood⁷. OHF has monitored its contribution of modern, purpose-built care beds to the UK care market since 2021. OHF benefits from the in-house Quality Assurance team consisting of medical professionals who maintain close contact with the homes and tenant groups. The Quality Assurance team provide a subjective view on the performance of the home and the operator, determining the quality of care being delivered.

- To monitor impact, the OHF uses the following definitions: “Quality care beds” are defined as:
 1. Quality Care: those homes that are not rated “Inadequate” by the CQC.
 2. 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.
 3. Please note: an asset is included in the Impact KPIs at the point in time that it reaches Practical Completion⁸, or at the point of acquisition for standing investments improved to the Fund’s definition of quality. Assets entering the OHF through a merger event are included in the Impact KPIs at the point the merger is completed.
- OAHF Impact Framework (will be reviewed by The Good Economy⁹) defines the social impact associated with the investments by referencing to IRIS+ metrics and embeds impact management within the Fund’s investment management process. The Good Economy will 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.

⁷Carterwood is a leading provider of market analysis for the care home sector. Reports assess competing home quality, location, average fees, market risks, and overall positioning.

⁸The point at which the construction of the asset is completed.

⁹The Good Economy is an impact advisory firm that offers research, strategic advice, and services for impact measurement and management, the firm will review OAHFs impact strategy and as a critical friend.

- 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 IC. This is reported by the individual presenting the acquisition to the IC 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.
- 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”.
- Affordable Housing is a regulated sector in the UK with prescribed and regulated tenures of affordable housing throughout the UK. The majority of the Fund’s homes are within the Affordable and Social Rented tenure types which provide housing for households on local authority waiting lists who are perceived to be in the highest levels of housing need. OAHF will engage with Local Authorities throughout the acquisition process to ensure that the proposed homes will contribute to meeting housing need, including an assessment of the Local Authority’s “Strategic Housing Market Assessment” to ensure they will contribute to helping meet local affordable housing need.
- Both Funds have identified significant risks under the Risk dimension within the Five Dimensions of Impact (see Appendix). Additionally, each deal undergoes a risk assessment using the Responsible Investment Tool to evaluate its expected risks. To ensure consistency in risk evaluation across all deals within the Impact Framework, the Investment Team classifies each deal’s risks into one or more of the following types of impact risk: efficiency, evidence, execution, or external risks.

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 has identified sustainability issues (including climate risks) and considered their materiality and how they can be mitigated.

- In addition to the social impact objectives and strategy, OHF has assessed 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 appropriately. For more information see OHF’s Responsible Investment and Impact Report.
- 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 engaged with operators to work with them to address the challenges and achieve better environmental, social and governance outcomes together. OHF produces an ‘Operator ESG Guide’,

which highlights four areas: minimizing the impacts of climate change and promoting the sustainable use of natural resources; protecting the natural environment; providing a safe and healthy atmosphere that supports well-being; and maximizing socio-economic benefits while minimizing negative effects on local communities.

- OHF has completed an ESG risk assessment of assets in the portfolio to identify the future physical and transitional risks of 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 are drafting asset management strategies to mitigate the risk to exposed assets. For assets that become operational within the year, they are assessed by Envision¹⁰ and certified with the BRE within 12 months.
- All of OHFs investments are subject to approval by IC. Each investment is required to demonstrate a positive impact and consideration of material ESG risks and factors. OHF's independent ESG adviser Envision prepares the assessment and is guided by a bespoke development and investment framework which scores the investment against an ESG matrix. The IC assess whether the asset will fit the Impact and ESG strategy of the Fund before proceeding with the investment.
- 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' 'Quality Book' against which all new acquisitions will be assessed. Where possible, homes acquired will have a minimum energy efficiency standard of EPC B, with a target of EPC A. Homes with an EPC less than EPC B will have energy improvements made to meet the Fund's minimum efficiency rating within a reasonable timeframe.
- The Quality Book covers the following key areas:
 - Location, Transport & Community
 - External Environment & Ecology
 - Safety & Resilience
 - Home Comfort
 - Energy
 - Durability & Environmental Impact

- Property Size & Layout
- Quality Assurance
- Construction Impact
- Customer Experience
- Affordability

- OAHF has established and published net zero carbon targets as part of its Asset Management strategy. By 2025, all new homes will be equipped with low carbon heating systems whenever feasible. Additionally, all new homes acquired will achieve net zero status by 2030. The goal is for all homes in the portfolio to reach net zero by 2040.
- OAHF conducts quarterly performance meetings with the Managing Partners where a number of Social metrics are looked at, eg. Number of complaints, % Decent Homes, H&S compliance, arrears, Tenant Perception measures.
- Through the SHIFT report, OAHF collected data on subjects like fly-tipping, cycle storage, and low-flow taps. Where information is missing, OAHF will work with management partners to collect data.

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 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 Investor Meeting, consisting of a

¹⁰ Envision are OHFs Sustainability Consultants.

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 standing investments improved to the Fund's definition of quality.
- Assets entering OHF through a merger event are included in the Impact KPIs when the merger is completed.
- To monitor whether the homes in the OHF portfolio continue to provide quality care, Octopus has an internal Quality Assurance team allowing continued operational oversight of the assets. The Quality Assurance Team reports to the Quality Assurance Committee on a bimonthly basis. This meeting discusses the portfolio's performance from a quality and operational perspective. The meeting highlights aspects that have gone well in the reporting period and discusses any concerns.
- 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 oversight and assurance that the OAHF's assets are being managed and maintained by the OAHF's required standards.
- OAHF Housing Management Agreements with Approved Partners set out performance standards of the management of OAHF's homes along with KPI reporting information to provide OAHF's For-Profit Registered Provider ("FPRP") (NewArch) Board that performance is in line with expectations.
- A Stock Condition Survey will be undertaken on all OAHF properties at least every 5 years (or as necessary) to report the properties' condition and 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's 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 investor reports, including the annual business plan, annual Responsible Investment and Impact Report, which will be produced after a full financial year of operation of the Fund (2025).

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 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 Quality Assurance and Property Management teams, which look to work towards a mutually beneficial outcome before disposal.
- OHF completes an annual hold/sell analysis of all assets in the portfolio. The review identifies the current market conditions, physical climate risks, stranding year, 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 impact 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.
- 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 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 of tenanted or occupied stock would only be made to entities regulated to operate affordable housing in the UK, such as registered providers within the sector. This ensures that customers are protected, and the affordable housing tenures are protected in perpetuity through the provision of affordable housing.
- The principle objective is to reinvest proceeds from OAHF exits into assets that will deliver a greater positive impact. For any assets that have received a grant from Homes England (or something similar), the grant will usually need to be reinvested into more affordable housing. Otherwise, it will be repayable.
- Within the period from 1 January 2024 to 31 December 2024 there were no OAHF asset exits.

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 contributed to the increase in modern purpose-built care beds to help overcome 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 contributing to the market in the future, the lack of standing assets available for acquisition limits the Fund’s immediate impact in the year.
- OHF will continue seeking opportunities to acquire developments to deliver the highest 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 reviewing assets through the Hold / Sell analysis to monitor whether those assets continue contributing to OHF’s Impact strategy.
- OAHF is still in an early deployment phase but has grown from 12 homes under management at the start of the year to 200+ homes by the end of the year with a further 200+ homes in contract to be delivered. This, however, is still relatively small, and the OAHF intends to 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.

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 BDO as the independent external verifier for 2024 disclosure statement and completed this process successfully on March 11, 2025. [Please find the Independent Assurance Report here.](#)

Appendix 1. Reporting Criteria

This Disclosure Statement presents fairly Octopus Investments Limited' 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.

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.	(PI1017) Number of healthcare units/facilities under the organization's management as of the end of the reporting period. No. of quality care beds in OHF portfolio. Number of new quality care beds funded by OHF as % of all new care beds delivered in the UK in the period.
2. WHO is affected?	Which stakeholders benefit from OHF's activities? What is the demographic of these stakeholders?	Target Stakeholders: Patients/Residents Target Stakeholder Demographic: Elderly/Older Adults
3. HOW MUCH change is happening?	How many care homes are owned by OHF? How many care beds are provided in these care homes?	Total number of healthcare facilities managed Total number of residents supported
	How does the Fund ensure they are "quality care beds"? (This is also relevant to RISK below.)	<p>Quality assurance mechanisms:</p> <ul style="list-style-type: none"> ● Peer review/supervision ● Communication and education strategies ● Audit and feedback <p><i>Octopus' quality assurance: (1) OHF minimum standards for design, construction and environmental performance ('Green Book'); (2) annual inspections and energy usage data collection; (3) use of monitoring surveyors during build.</i></p> <p><i>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.</i></p>
4. What is the CONTRIBUTION?	How does OHF reduce the deficit of care beds in the UK, and help maintain the current stock?	<p>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.</p> <p>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.</p>
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. 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, LGPSs 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 organisation 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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