octopus investments

A brighter way

FP Octopus UK Future Generations Fund

Updated Responsible Investment Policy

Approval Date: November 2025

Responsible Team: Octopus Quoted Companies Team

octopus investments
A brighter way

Introduction

The FP Octopus UK Future Generations Fund ("the Fund") aims to deliver capital growth by investing in UK companies that align with clearly defined sustainable investment themes. The Fund targets businesses actively contributing to solutions within sustainability challenges framed by the United Nations Sustainable Development Goals (UN SDGs), focusing on three core themes:

- Building a Sustainable Planet
- Empowering People
- Revitalising Healthcare

The Fund invests primarily in UK-listed companies or those with significant UK exposure that demonstrate alignment with these themes. The Octopus Quoted Companies Team ("us" or "we") acknowledges the increasing importance of Environmental, Social and Governance (ESG) factors in delivering sustainable returns for current and future generations. We also recognise the challenges inherent in ensuring rigorous ESG integration while managing a portfolio with a long-term horizon and exposure to varied sectors.

This Responsible Investment (RI) Policy ("the Policy") outlines how we integrate ESG considerations throughout our investment process, engagement activities, monitoring, and reporting. Our approach aims to maximise positive sustainability outcomes while managing ESG risks, ultimately enhancing long-term value creation for investors and society.

As a B Corp we consider the interests of our five core stakeholders (our employees, communities, customers, shareholders and the environment) in everything we do, and this feeds directly into how we manage our investments.

The Policy will be reviewed annually, or earlier in the event of relevant changes.

Responsible Investment process

We implement a structured ESG framework based on three pillars:

- Mission: What we aim to achieve via ESG integration.
- Materiality: Which ESG issues are most likely to impact performance or reputation.
- Responsibility: How we act on our mission and materiality.

Mission

Our mission is to invest in UK companies that provide innovative solutions addressing pressing sustainability challenges, thereby generating financial returns aligned with positive social and environmental impact.

To achieve this, we pursue the following ESG strategic goals:

- Ensure rigorous ESG integration within investment decision-making aligned with the Fund's sustainability themes and UN SDGs.
- Maintain a high standard of ESG transparency and disclosure, including through KPIs linked to sustainability outcomes.
- Actively engage with investee companies to encourage continuous improvement in ESG practices and disclosures.

- Measure and monitor both ESG risks and the positive impact of portfolio companies relative to the Fund's thematic focus.
- Deliver regular, transparent ESG reporting to investors, highlighting financial and sustainability performance.

We embody these principles with a pragmatic, data-driven approach that recognises both the opportunities and limitations of public market investing, particularly within the UK market context.

Materiality

Materiality guides us in focusing on the ESG factors most likely to impact a company's financial performance, reputation, and contribution to sustainable development.

Our materiality assessment includes:

- Sector and Theme Relevance: We align ESG factors with the Fund's sustainability themes (e.g. climate change for 'Building a Sustainable Planet'; social inclusion for 'Empowering People'; healthcare innovation for 'Revitalising Healthcare').
- Company Profile: We consider size, maturity, governance structures, and operational footprint to assess capacity for ESG management.
- Regulatory and Market Trends: We monitor evolving regulations (e.g. UK and EU sustainability reporting, TCFD requirements), market expectations, and societal shifts affecting ESG risks and opportunities.
- Impact Materiality: We evaluate both how ESG issues affect companies and how companies affect the environment and society (positive and negative externalities)
- Management Engagement: We engage with boards and management teams to understand ESG priorities, policies, and performance.
- Continuous Reassessment: Material ESG factors are regularly reviewed to capture emerging risks or opportunities, reflecting changing market and regulatory landscapes.

Responsibility

We embed ESG across the investment lifecycle through the following actions:

- Pre-Investment Analysis:
  - Comprehensive assessment of alignment with sustainability themes and UN SDGs.
  - Fundamental financial and ESG due diligence, including exclusion of companies in conflicting sectors (e.g., fossil fuels, controversial weapons).
  - Selection of relevant, theme-specific KPIs using the IRIS+ framework to assess contribution to sustainability outcomes.
- Portfolio Monitoring:
  - Annual reviews of portfolio companies' ESG disclosures and sustainability KPIs, including revenue exposure to sustainability themes (target ≥80%).
  - Tracking thematic KPIs aligned to 'Building a Sustainable Planet', 'Empowering People', and 'Revitalising Healthcare', such as greenhouse gas reductions, client impact, healthcare innovation metrics.
  - Use of internal and external ESG data sources, supplemented by direct engagement where data gaps exist.

- Active Ownership and Engagement:
  - Proactive dialogue with companies to encourage improved ESG practices, transparency, and alignment with sustainability goals.
  - Exercise voting rights to support strong governance, responsible executive remuneration, diversity, and environmental stewardship.
  - Collaboration with external partners, industry groups, and sustainability experts to enhance engagement impact and ESG expertise.
- Risk Management:
  - Integration of ESG risks into the Fund's risk framework, including climate-related risks per TCFD recommendations.
  - Ongoing review of emerging ESG risks, controversies, and regulatory developments affecting portfolio companies.

Oversight

The Octopus Quoted Companies Team holds primary responsibility for implementing this Policy, supported by Octopus Group's wider ESG resources, including the Impact and Sustainability Team, Compliance, Risk, and Legal functions. We engage external ESG specialists and consultants as needed to deepen our expertise or address specific investment considerations.

The Octopus Responsible Investment Committee provides governance oversight to ensure that the Policy is consistently applied and updated in line with best practice and regulatory requirements.

Reporting & transparency

As a signatory to the UN Principles for Responsible Investment (PRI), Octopus commits to:

- Incorporating ESG factors into investment analysis and decision-making
- Active ownership through engagement and voting
- Transparent reporting on ESG activities and progress
- Collaborating to promote responsible investment practices industry-wide

The Fund provides investors with:

- Annual reports detailing ESG and financial performance
- Thematic reporting on alignment with sustainability themes and UN SDGs
- A detailed Task Force on Climate-related Financial Disclosures (TCFD) report to communicate climate risks and impacts

Reports and disclosures are made publicly available at: FP Octopus UK Future Generations Fund and Fundrock Investor Information.

octopus investments
A brighter way

Policies and practices

This ESG Policy operates in conjunction with Octopus Group's formal policies, reinforcing our commitment to responsible investment:

- Octopus Equal Opportunities Policy
- Octopus Modern Slavery Policy
- Octopus Whistleblowing Policy
- Octopus Conflicts of Interest Policy

In addition to formal policies, Octopus is a certified B Corp meaning we consider our impact on all stakeholders and that our wider business practices support our commitment to ESG matters:

- Employee performance is appraised biannually, with performance scores split into the WHAT and the HOW, such that behaviour is considered equally important with delivery.
- The Octopus Quoted Companies team is represented in the Octopus Responsible Investment Committee focusing on working collaboratively to promote ESG issues across the business.
- We proactively stay abreast of forthcoming changes to legislation, participating in Government consultations and working groups as appropriate.
- The Octopus compliance team oversee all risk, data protection, anti-bribery and corruption, market abuse and anti-money laundering activities, ensuring all members of the team are trained annually.
- Using a new baseline of 2023 data, and Science-Based Initiative (SBTi) guidance, Octopus has set near-term emissions targets:
    - Our near-term target for Scope 1 and 2 emissions is to reduce them by 90% by 2030.
    - We aim to reach Net Zero by 2040 or sooner, across our operations and financed emissions (Scope 3 Category 13 & 15).
    - We will purchase quality carbon credits that directly sequester emissions through nature-based solutions to offset the final 10% of our Scope 1 and 2 emissions by 2040.