

Octopus Investments Limited
Taskforce on Climate-Related Financial Disclosures (TCFD) Report
For the year ended April 2026

Statement of Compliance

Octopus Investments Limited is required to make climate-related financial disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, pursuant to the Financial Conduct Authority's (FCA) rules for asset managers under PS21/24.

The Board confirms that it supports the TCFD's aims and objectives and that disclosures are made in line with the four key pillars and eleven recommendations. We also apply Sustainability Accounting Standards Board ("SASB") guidance to assess whether sustainability issues could impact performance. Octopus is committed to investing responsibly across three themes: building a sustainable planet, revitalising healthcare, and empowering people.

Governance

a) Describe the board's oversight of climate related risks and opportunities.

The Board delegates oversight of climate-related risks and opportunities to the Responsible Investment (RI) Committee. The RI Committee meets quarterly and reports annually to the Board. It includes senior leaders across Octopus' businesses and ensures climate risks are integrated into fund-level Responsible Investment policies.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

RI risks are assessed by the Investment Committee as part of the investment process and where risks have been identified and considered, the investment teams are responsible for ensuring that adequate steps are taken to reduce exposure or mitigate them. Day-to-day management, monitoring, and assessment is then undertaken by the fund management teams, supported by the RI Working Group which is responsible for integrating responsible investment across operational processes.

Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Octopus is most exposed to climate risks and opportunities through its investments in renewable infrastructure and real estate. Physical risks include extreme weather events affecting assets and supply chains, while transition risks include new regulations, carbon pricing, and the cost of adopting low-carbon technologies. Opportunities arise from growth in renewable energy, energy-efficient buildings, and low-emission products and services.

These risks and opportunities directly influence Octopus' business planning, investment deployment, and market entry decisions. For example, Octopus Zero Bills supports developers in delivering homes with guaranteed zero energy bills for five years, while renewable energy assets benefit from long-term government-backed contracts that provide predictable revenues.

Scenario analysis highlights that Octopus is better positioned in a 1.5°C pathway, with greater demand for renewable and sustainable investments. In a 4°C scenario, physical risks and slower transition would reduce demand and increase costs. The Board believes the business strategy is resilient under both scenarios, but more aligned with the low-carbon transition.

Risks:

TCFD category	Climate related trend	Potential financial impact	2027	2035	2050	Strategic response and resilience
Policy and legal	Regulatory changes to incentives to construct and operate renewable infrastructure	Exposure to more volatile power prices	1.5° low 4° low	1.5° med 4° low	1.5° med 4° low	Develop predictable long-term revenue streams to provide resilience against energy costs
Policy and legal	Increased pricing of GHG emissions	Enhanced operating costs could impact investment performance	1.5° low 4° low	1.5° med 4° low	1.5° med 4° low	Decarbonise portfolio in line with SBTi-validated targets
Technology	Costs of transitioning to lower emissions technology	Capital investment in technology developments could impact investment performance	1.5° low 4° low	1.5° med 4° low	1.5° med 4° low	Incentivise borrowers to take steps to improve energy efficiency
Physical risks	Increased severity of extreme weather events such as storms and floods	Increased capital costs through damage to facilities; increased insurance premiums on assets in high-risk locations could impact investment performance	1.5° low 4° low	1.5° low 4° med	1.5° low 4° high	Carry out site analysis to reduce exposure to acute risks and work with portfolio companies to understand impact on manufacturing and supply chain
Physical risks	Extreme variability in weather patterns, rising temperatures, and rising sea levels	Increased capital costs and operating costs could impact investment performance	1.5° low 4° low	1.5° low 4° med	1.5° low 4° high	Carry out site analysis to reduce exposure to acute risks and work with portfolio companies to understand impact of chronic changes on operating costs

Opportunities:

TCFD category	Climate related trend	Potential financial impact	2027	2035	2050	Strategic response and resilience
Resource efficiency	Move to more efficient buildings	Increased value of fixed assets (highly rated energy-efficient buildings) could increase investment returns	1.5° low4° low	1.5° med4° ° low	1.5° med4° ° low	Continue to deploy into green homes and support the transition to a lower carbon future through sustainable infrastructure
Products and services	Development or expansion of low emissions goods and services	Increased revenue through demand for lower emissions goods and services	1.5° low4° low	1.5° med4° ° low	1.5° med4° ° low	Continue to invest in tech-enabled start-ups with lower emissions goods and services
Products and services	Shift in consumer preferences	Better competitive position to reflect shifting consumer preferences could increase investment returns	1.5° low4° low	1.5° low4° med	1.5° low4° high	Continue to raise and deploy into investments that address climate change
Markets	Access to new markets	Increased revenues through access to new and emerging markets	1.5° low4° low	1.5° low4° med	1.5° low4° high	Keep at the forefront of climate tech and support

						new and emerging markets
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b) Describe the impact of climate related risks and opportunities on the organisation's business, strategy and financial planning.

Climate related risks and opportunities influence our business planning process and form a key part of our decision to enter new markets and how we deploy capital across our existing investment mandates:

- **Real Estate** – Our lending business provides short-term loans which means that they are less exposed to physical risks. We work with developers to mitigate many of the transition risks associated with a 1.5-degree pathway. For example, [Octopus Zero Bills](#) is an initiative that we have designed to help developers transition to a lower carbon economy. Our development business focuses on UK assets built to achieve best-in-class energy efficiency ratings, providing opportunities in the market transition, though these funds are exposed to longer-term physical risks, such as damage from floods or storms.
- **Renewable Infrastructure** – Over the longer term, regulatory changes could lead to changes in government incentives for constructing and operating renewable energy assets, and these investments could be exposed to volatile power prices. To mitigate this risk, Octopus enters short- and long-term contracts which fix the income for all, or a portion of the energy generated by a site. Long-term government backed agreements are also in place, such as the Renewable Obligation Certification ("ROC") scheme, which continues to deliver predictable, long-term revenue streams.
- **Venture Capital** – Our ventures team are backing tech-enabled businesses – many of which may improve energy efficiency (resource efficiency-driven products and services) and are less exposed to physical risks, over the short-term, when compared with industry incumbents. The team have identified that we have some exposure to extreme weather risks (droughts) in the mid/ long-term due to our exposure to data centres, this is being closely followed and mitigated.
- **Quoted Companies** – Our quoted companies' team assess the key risks a portfolio company faces, including transitional and physical risks associated with climate change, as well as whether these companies have taken appropriate steps to mitigate these potential risks. During the life of the investment, the team regularly reviews the performance of the company against several metrics to decide whether those companies are delivering on plans or targets.

c) Describe the resilience of the organisation's strategy taking into consideration different future climate scenarios, including a 2°C or lower scenario.

Octopus does not currently quantifiably assess climate-related metrics through scenario analysis, the lack of data availability across our assets has been a significant challenge. As such, we have embarked upon qualitative rather than quantitative disclosures, as we consider that methodological challenges and data gaps would result in an incomplete and inaccurate picture.

1.5°C scenario: the world will experience a significant shift away from traditional fossil fuels towards renewable energy sources due to strong decarbonisation plans. Delivery on these ambitions requires a significant increase in the pace of capital deployment into renewable energy and sustainable infrastructure. These changes could lead to growth in our funds supporting a lower carbon economy.

4°C scenario: the transition to a lower-carbon economy has been slower and the incentives to construct and operate renewables while decarbonising industries such as real estate have not worked. This could reduce demand for our investments, and therefore negatively impact investment returns. The increased physical risk of more extreme weather could also negatively impact real assets within our investment portfolios, creating additional costs and increasing downtime where assets are unable to generate revenues.

The Board believes the business strategy is resilient and flexible to either scenario, enabling Octopus to continue to provide returns whilst contributing to the transition to a lower-carbon economy.

Risk Management:

a) Describe the organisation's process for identifying and assessing climate related risks.

Climate-related risks are identified and assessed within the investment process, through the internal proprietary tools described below.

- **The Responsible Investment (RI) Tool** is completed by the investment managers from all teams and assesses an investment's exposure to climate related risks and opportunities as part of the due diligence process. The RI Tool has been built using the SASB materiality map which outlines key sustainability issues across different sectors. The Tool also incorporates the SASB climate overlay which highlights which sustainability issues are climate risks. The Impact and Sustainability team has assessed whether these risks are financially material in a 1.5-degree climate pathway or a 4-degree climate pathway.
- **The Engagement Tool** is completed by the portfolio company (Ventures). This survey captures relevant information and data which helps the team to understand to what extent they consider their wider stakeholders. Where companies require additional support, Octopus provides access to licensed tools that allow them to be supported.

b) Describe the organisation's process for managing climate-related risks.

At a firm level, material climate risks are consolidated by the Impact and Sustainability team and reviewed by the RI Committee, steps are taken to mitigate exposure where further measures are deemed necessary. At a fund-level, as with all sustainability issues, climate-related risks identified during the due diligence process are discussed by the relevant Investment Committee (IC). Where risks are considered material to investment performance, these issues are incorporated within the risk register and assessed on an ongoing basis.

c) Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management.

The data from these tools form a material part of the company's risk management process – from the IC process itself, and the risk register associated with new investments, through to the company's central risk management process. This ensures that climate risks are identified, assessed, and managed as soon as possible in the investment process. Should any material risks be identified, Octopus would implement an appropriate strategy to address them, including diversification of assets and geography, appropriate levels of insurance, and seeking different opportunities in sustainability.

Metrics & Targets:

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Greenhouse Gas (GHG) emissions have been identified as a climate-related risk that can have a material impact on the financial performance of all funds, products, and the wider business. As a result, Octopus has taken steps to measure and report on Scope 1, 2 and 3 business travel and purchased goods and services (PG&S) emissions, as well as those associated with investment portfolios using guidance from the GHG Protocol.

b) Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks.

Emissions (Location Based)	FY25 (tCO ₂ e)	FY24 (tCO ₂ e)	% change
Scope 1	94.5	82.6	14.4%
Scope 2	75.0	112.1	-33.1%
Scope 3	2,556.0	3,363.3	-24.0%
Total	2,725.5	3,558.0	-23.4%

Aggregated Metrics	FY25	FY24	% change
Total emissions data (tCO ₂ e)	2,725.5	3,558.0	-23.4%
Total Energy Consumption (MWh)	717.2	929.0	-22.8%
Emission intensity (tCO ₂ e/MWh)	2.9	3.8	-23.7%
Weighted Average Carbon Intensity - per million of revenue (tCO ₂ e/revenue)	12.8	16.7	-23.4%

Employee Intensity Metric	FY25	FY24	% change
Full Time Equivalent	670	700	-4.3%
Emission intensity (tCO ₂ e/FTE)	4.1	5.1	-19.6%

Quality of data provided

Octopus appointed Minimum, who are carbon accounting experts, to independently calculate its Greenhouse Gas (“GHG”) emissions in accordance with the UK Government’s ‘Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance’. The GHG emissions have been assessed following the ISO-14064:2018 standard and have used the DESNZ emission conversion factors applicable to the reporting year.

The emissions were categorised into location-based Scope 1, 2 and 3 emissions, with the below definitions:

- *Scope 1: All direct GHG emissions from sources under their control (e.g. burning fuel)*
- *Scope 2: Indirect GHG emissions from where the energy is purchased and produced (e.g. when generating electricity used in the buildings)*
- *Scope 3: All indirect emissions not covered by Scope 2 that occur up and down the value chain (e.g. from business travel, employee commuting, use of sold products, distribution)*

Minimum used a survey-based approach to collect data, allowing subsidiary companies to submit total values for different activities or detailed consumption figures. Wherever possible, primary data was collected, be it kWhs of electricity consumed, m³ of natural gas burnt and kilometres travelled by different modes for Scope 3 emissions.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Octopus’ near-term science-based targets have been validated by the Science Based Targets initiative (SBTi). Our headline commitments are:

- Reduce Scope 1 and 2 emissions by 90% by 2030
- Reach Net Zero by 2040 or sooner, covering Scope 1, 2 and 3 emissions across our operations, owned and leased assets, and financed emissions

Our Net Zero goal is aligned with the Paris Agreement goal to limit warming to 1.5°C above pre-industrial levels. We believe that the best route to achieving our Net Zero plan is alongside our investee companies and are working to bring our portfolio companies across all asset classes on this journey, including through the carbon measurement support provided by the Minimum platform.

Further information on our Net Zero strategy and progress can be found at: octopusgroup.com/reaching-net-zero