

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.*

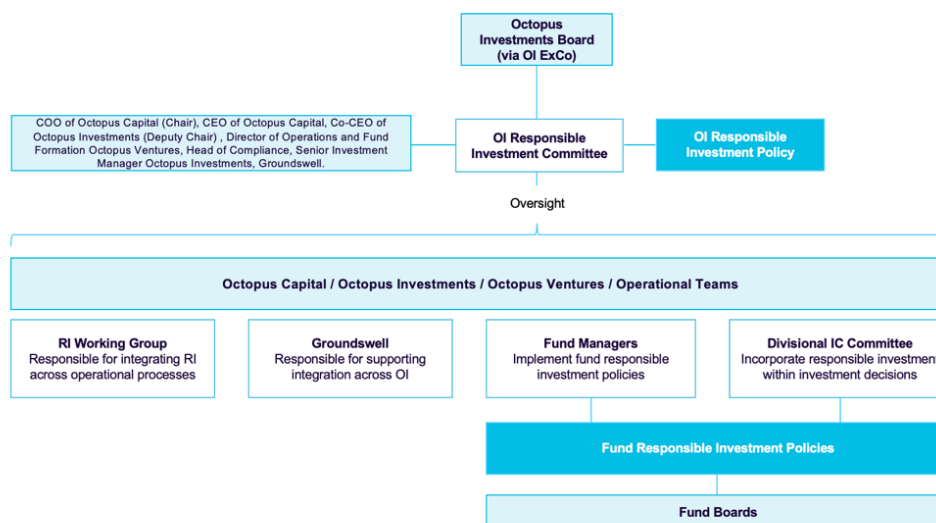
The Board delegates oversight of climate-related targets, risks and opportunities to the Responsible Investment (RI) Committee. The Committee includes senior leaders across Octopus' businesses and ensures climate risks are integrated into fund-level Responsible Investment policies. Progress against our climate-related Net Zero targets is monitored through annual measurement of Scope 1, 2 and 3 GHG emissions. The RI Committee meets quarterly and reports annually to the Board on the above.

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

RI risks and opportunities (including climate-related risks and opportunities) are identified by fund management teams using our proprietary RI Tool and are considered by the relevant Investment Committee as part of the investment process. Once an investment is made, fund management teams are responsible for ensuring that appropriate actions are taken to mitigate or manage identified risks. Day-to-day management, monitoring and assessment are undertaken by the fund management teams, supported by the RI Working Group, which is responsible for integrating responsible investment across operational processes. The RI Committee reviews material RI risks, opportunities and mitigation actions on a quarterly basis, ensuring senior management is informed of emerging climate-related issues, with any concerns regarding exposure or concentration raised directly with the relevant fund management teams.

## Structure

### Responsible investment at Octopus Investments



## 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. Climate-related risks are identified through our proprietary RI Tool, which is aligned with the SASB Materiality Map and Climate Overlay. Risks are assessed for financial materiality under both a 1.5°C transition pathway and a 4°C warming scenario to determine whether they could have a material impact on investment performance or business operations.

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.

Based on the SASB climate overlay (which maps risks against the International Sustainability Standards Board and TCFD recommendations) our 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 (short)       | 2035 (medium)      | 2050 (long)         | 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<br>4° low | 1.5° med<br>4° low | 1.5° med<br>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<br>4° low | 1.5° med<br>4° low | 1.5° med<br>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<br>4° low | 1.5° med<br>4° low | 1.5° med<br>4° low  | Incentivise borrowers to take steps to improve energy efficiency                                                                                   |
| Physical risks (acute) | 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<br>4° low | 1.5° low<br>4° med | 1.5° low<br>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 (chronic) | Extreme variability in weather patterns, rising temperatures, and rising sea levels | Increased capital costs and operating costs could impact investment performance | 1.5° low<br>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° low<br>4° low | 1.5° med<br>4° low | 1.5° med<br>4° 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° low<br>4° low | 1.5° med<br>4° low | 1.5° med<br>4° 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° low<br>4° low | 1.5° low<br>4° med | 1.5° low<br>4° 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° low<br>4° low | 1.5° low<br>4° med | 1.5° low<br>4° high | Keep at the forefront of climate tech and support new and emerging markets                                                 |

**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 part of our decision to enter new markets and how we deploy capital across our existing investment mandates. Each of our investment mandates consider climate-related issues within their own strategies as it feeds into our tools, shaping due diligence and investment decisions. As part of our transition to a lower-carbon economy, we have committed to science-based emissions reduction targets (detailed fully below) and continue to work with our investments to measure, manage and reduce emissions:

- **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. Overall, these activities support revenue growth through green-premium developments and Zero Bills-related opportunities, while longer-term physical risk could affect asset valuations and insurance/maintenance costs on exposed sites.
- **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. This structure

supports stable, largely de-risked revenue streams; residual exposure sits in the uncontracted portion of income, where power price volatility could affect revenue predictability.

- **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 the physical risk of changing weather patterns, including drought-related water stress affecting data centres over the medium to long term. This reflects the broader physical risk category identified within our climate assessment and is closely monitored as part of ongoing portfolio oversight. This creates a revenue opportunity from resource-efficiency demand, set against a longer-term cost/asset risk where water stress could raise operating costs or impair data centre asset value.
- **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. Companies assessed as poorly positioned on transition or physical risk are treated as carrying higher valuation/earnings risk, informing entry, hold, and exit decisions across the portfolio.

***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. The qualitative scores reflect management's judgement of the financial impact of the risk balanced against the maturity of the risk mitigations in place.

**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. Under a 1.5°C scenario, increased demand for renewable energy, sustainable infrastructure and energy-efficient assets could support capital deployment and growth opportunities.

**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. Under a 4°C scenario, investment performance may be affected by higher operating costs, increased physical risks and lower demand for certain products; however, long-term contracted revenues within renewable infrastructure, diversification across investment strategies, and active risk management processes help mitigate these impacts.

Octopus' strategy is designed to remain resilient under both scenarios through diversification across asset classes, a focus on sectors expected to benefit from the transition to a lower-carbon economy, and ongoing management of physical and transition risks through our investment processes. Climate-related risks and opportunities are incorporated into business planning and capital allocation decisions to support the long-term resilience of the business. 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. Climate-related risks are considered alongside other financially material business risks and are assessed based on their potential financial impact and the maturity of the investment's risk mitigations. Risks assessed as material are escalated through the investment process and incorporated into ongoing portfolio monitoring and risk management activities.

- **The Responsible Investment (RI) Tool** is completed by investment managers across all teams and assesses an investment's exposure to climate-related risks and opportunities as part of due diligence. The RI Tool has been built using the SASB materiality map, which outlines key sustainability issues across different sectors. SASB identifies the sustainability issues that could impact the financial performance of companies operating within 77 different sectors. When making an investment, investment managers consider the financial impact these sustainability issues could have on the performance of that investment. The Tool also incorporates the SASB climate overlay, which flags which sustainability issues represent climate risks. The Impact and Sustainability team (Groundswell) assesses whether each sustainability risk is more likely to be financially material as a transition/regulatory risk under an ambitious 1.5°C decarbonisation pathway, or as a physical risk under a higher-warming 4°C pathway, based on each risk's underlying drivers and time horizon.
- **The Engagement Tool** is completed by the portfolio companies (Ventures). This survey captures relevant information and data which helps the team to understand to what extent they consider their wider stakeholders. This tool considers the five B Corp key stakeholder groups: community, customers, people, planet and governance. Information captured within this tool invariably covers matters relating to ESG, particularly on the environmental and social side. Within this, the "planet" category specifically captures climate-related data points allowing the team to monitor climate-specific developments. We send this annually to monitor and track the progress of our investments and to watch out for any red flags that would question our investment in that company. 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, all sustainability risk data from the RI Tool is consolidated into the RI Dashboard. This dashboard categorises risks by degree (transition or physical) and materiality (low, medium or high). The risks are reviewed by the Impact and Sustainability team (Groundswell) quarterly, they check for over exposure or concentration, and their findings presented to the RI Committee. If further measures are needed to mitigate exposure, steps to engage with fund management teams are taken. 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 (financially impactful and with immature mitigation) 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.***

The pricing and potential taxation of 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. No remuneration KPIs are linked to our GHG emission targets.

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

| Emissions (Location Based) | FY25 (tCO <sub>2</sub> e) | FY24 (tCO <sub>2</sub> 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%        |
| <b>Total</b>               | <b>2,725.5</b>            | <b>3,558.0</b>            | <b>-23.4%</b> |

| Aggregated Metrics                                                                      | FY25    | FY24    | % change |
|-----------------------------------------------------------------------------------------|---------|---------|----------|
| Total emissions data (tCO <sub>2</sub> e)                                               | 2,725.5 | 3,558.0 | -23.4%   |
| Total Energy Consumption (MWh)                                                          | 717.2   | 929.0   | -22.8%   |
| Emission intensity (tCO <sub>2</sub> e/MWh)                                             | 2.9     | 3.8     | -23.7%   |
| Weighted Average Carbon Intensity - per million of revenue (tCO <sub>2</sub> e/revenue) | 13.4    | 16.7    | -23.4%   |

| Employee Intensity Metric                   | FY25 | FY24 | % change |
|---------------------------------------------|------|------|----------|
| Full Time Equivalent                        | 670  | 700  | -4.3%    |
| Emission intensity (tCO <sub>2</sub> 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, m<sup>3</sup> 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 targets:**

- 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 detailed targets:**

| Category                                         | Scope       | Target                                                         | Baseline | Target year    | Methodology                                                           |
|--------------------------------------------------|-------------|----------------------------------------------------------------|----------|----------------|-----------------------------------------------------------------------|
| Operations                                       | 1 & 2       | Reduce emissions by 90%                                        | 2023     | 2030           | SBTi Near-Term                                                        |
| Operations                                       | 2           | Increase renewable electricity sourcing 87% > 100%             | 2023     | 2030           | Renewable sourcing                                                    |
| Owned & leased assets                            | 3 (Cat.13)  | Reduce in-use operational GHG emissions 66% per m <sup>2</sup> | 2024     | 2030           | Sectoral Decarbonisation Approach (SDA)                               |
| Commercial real estate loans                     | 3 (Cat. 15) | Reduce in-use GHG emissions 50% per m <sup>2</sup>             | 2023     | 2030           | SDA                                                                   |
| Alternative investment market (AIM) listed funds | 3 (Cat.15)  | Scope 1+2 portfolio 3.09°C > 2.44°C; Scope 1+2+3 > 2.54°C      | 2023     | 2030           | Temperature alignment                                                 |
| Private equity / Ventures                        | 3 (Cat.15)  | 45% of eligible portfolio with SBTi-validated targets          | 2023     | 2030           | Portfolio coverage                                                    |
| Net Zero                                         | All         | Net Zero across operations and financed emissions              | 2023     | 2040 or sooner | We have not yet set a commitment using SBTi guidance but we intend to |

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](https://octopusgroup.com/reaching-net-zero)