

# Octopus AIM VCT Plc

## ESG Policy

## Overview

This environmental, social and governance ("ESG") policy sets out the approach taken by the Octopus Quoted Companies team ("us" or "we") on behalf of the board to identify and manage ESG matters applicable to Octopus AIM VCT plc. The policy will be reviewed annually in February.

## Purpose

The purpose of this policy is to ensure consideration is given to ESG issues inherent in the investment decisions and investments associated with the Octopus AIM VCT plc. Our focus on smaller companies listed on the Alternative Investment Market (AIM) means that we are limited by; ESG disclosures of investment companies and our influence when dealing with minority holdings within publicly-listed entities. However, we believe that through an increased awareness of ESG issues, we are more likely to impact our investee businesses in the long term and also enhance the resilience and performance of our investment mandate.

## ESG Strategic Goals

Our current ESG strategic goals are to:

- Understand ESG issues across the portfolio
- Practice active ownership to help mitigate risks
- Measure social contribution of portfolio companies (e.g. job creation)
- Review ESG disclosure within portfolio companies

## ESG Principles

We will endeavour to meet our ESG strategic goals by incorporating the following principles within our role as investment manager for the Octopus AIM VCT plc.

We will:

- *Review investee companies' levels of ESG disclosure:* We will periodically review an investee company's corporate social responsibility statement to understand company policies on topics such business ethics and integrity, employee matters, and the environment. When meeting with management or non-executive directors, we will address, where appropriate, issues which we feel need further discussion.
- *Make our own research available to portfolio companies upon request:* Make our own research on ESG metrics (diversity, job creation, carbon emissions, etc) available to our portfolio companies and where appropriate help them mitigate ESG issues to increase long term value.
- *Leverage relationships to enhance ESG expertise and advice:* Our extensive network of brokers, managers and personal contacts are based on established business integrity principles and form an important part of the expertise and advice we can offer to portfolio companies.

- *Practice active ownership:* Our established corporate governance processes include actively voting, where appropriate, on all corporate governance matters including board composition, corporate transactions, and company remuneration.
- *Consider ESG issues throughout the investment cycle:* We will consider ESG issues during the investment process to ensure that they are, where appropriate, integrated within investment decisions and during ongoing portfolio monitoring.
- *Strive for a high standard of governance:* We will continue to robustly implement controls and risk management frameworks that help us to enhance our own governance as an investment team.

Octopus Group has signed up as a UN PRI signatory, which commits to the following principles for Responsible Investment:

- ESG in investment analysis & decisions;
- Be an active owner & ESG in policies and practices;
- Appropriate disclosure on ESG issues by investments;
- Promote acceptance & implementation in industry;
- Collaborate to enhance implementation effectiveness;
- Report on activities & progress towards implementation

## Responsibilities

The Octopus Quoted Companies team is responsible for the management of ESG issues and the implementation of this ESG Policy. We are supported by the wider Octopus team and will engage appropriate expertise when necessary or desirable.

## Related Policies

In addition to our ESG principles, Octopus have several policies and processes that support our commitment to ESG matters. These include:

1. Octopus equal opportunities policy
2. Octopus modern slavery policy
3. Octopus whistleblowing policy
4. Octopus conflicts policy

## Related Practices

In addition to formal policies, Octopus business practices support our commitment to ESG matters:

1. Employee performance is appraised biannually, and performance scores are split into the WHAT and the HOW, such that behaviour is considered equally important with delivery.
2. The Octopus Quoted Companies team is represented in the Octopus ESG Taskforce focussing on working collaboratively to promote ESG issues across the business.
3. We proactively stay abreast of forthcoming changes to legislation, participating in Government consultations and working groups as appropriate.
4. 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.