

Octopus Apollo VCT Plc

ESG Policy

Overview

This Environmental, Social and Governance (“ESG”) policy (“the Policy”) sets out the Octopus Apollo VCT Plc (“Apollo VCT”) approach to ESG matters, as undertaken by the manager Octopus Investments Limited (“Octopus” or the “Manager”) on behalf of the Directors of the Apollo VCT (“We” or “Us”).

Purpose

Funding from the Apollo VCT helps growth businesses scale to success, and as part of this, We believe in a responsible and considered approach to ESG matters. The purpose of this Policy is to inform the shareholders and other stakeholders on how ESG is being considered and dealt within Apollo VCT.

Approach

It is acknowledged that there is no “one size fits all” approach to ESG. As the nature of ESG issues affecting the Apollo VCT, its investors, and the wider business environment evolves, the Policy will be reviewed by the Manager and Directors on an annual basis.

Responsibilities

The Manager is responsible for the management of ESG issues, the implementation of this Policy and reporting to the Directors. The Manager is supported by the wider team at Octopus and will engage appropriate expertise when necessary or desirable.

Strategic Goals

The Apollo VCT supports the UN Sustainable Goals. Specifically, we aim to support:



Promote female representation in the boardroom



Commit to full and productive employment in the UK



Encourage cultures that foster innovation

Principles

1. Investment Process

The Manager and Directors believes a positive approach to ESG is a leading indicator of long-term value creation within the investee companies Apollo VCT targets. Therefore, the Manager will review potential investments considering both their positive steps towards a strong ESG culture and identifying the potential risks associated with an uninformed approach to ESG matters. To help identify a potential investee company's approach to ESG the Manager will undertake the following steps before each investment Apollo VCT makes:

- Ensure the Manager's investment team has a good understanding of ESG matters and the negative impact an investee company's poor approach could have on future performance
- Consideration is given to whether potential investee businesses have sustainable working practices, in particular whether it has taken due consideration to its impact on the environment
- Instructing external due diligence providers to highlight any ESG risks clearly within their reports
- Present material ESG risks to the Investment Committee
- Perform Know Your Client ("KYC") checks to ensure funding is not provided to companies or owners that may use it for illegitimate purposes and have a clear understanding on the source of historical funding
- Carry out management background checks on all key personnel within all potential investee companies with attention given to any past behaviours that could suggest a lack of prioritisation on ESG matters

2. Portfolio Management and Monitoring

Apollo VCT's patient approach to investing allows its portfolio companies to build long term sustainable businesses. Representatives of the Manager, in their capacity as board directors of portfolio companies, will work with those companies on the following principles:

- As a VCT, we are committed to employment in the UK and regularly reporting levels of job creation to our stakeholders
- We believe diversity (gender, race, nationality, disability, religious or political beliefs) improves decisions and are committed to promoting diversity in the boardroom. The Manager will report on board diversity within our portfolio companies
- Employees are core to our portfolio companies. The Manager will encourage all portfolio company boards to discuss employee wellbeing (e.g. health and safety, wellness, creating an open culture) at every board meeting
- The Manager will encourage portfolio companies to build a culture that fosters innovation throughout the organisation (e.g. open culture, training, rewarding experimentation)
- Where the Apollo VCT has invested in a company which uses significant natural resources the Manager will focus on how to reduce the impact on the environment and promote sustainable working practices

Conclusion

This Policy demonstrates that the Directors of the Apollo VCT consider good management of ESG matters to be critical to both the future performance of the Apollo VCT and the wellbeing of its wider stakeholders.

The Manager recommends its adoption by Apollo VCT.