For professional advisers and paraplanners only.
Not to be relied upon by retail investors.

Understanding responsible investment preferences and our tax-efficient investments

octopus investments

A brighter way

Find it fast

Introduction from Octopus

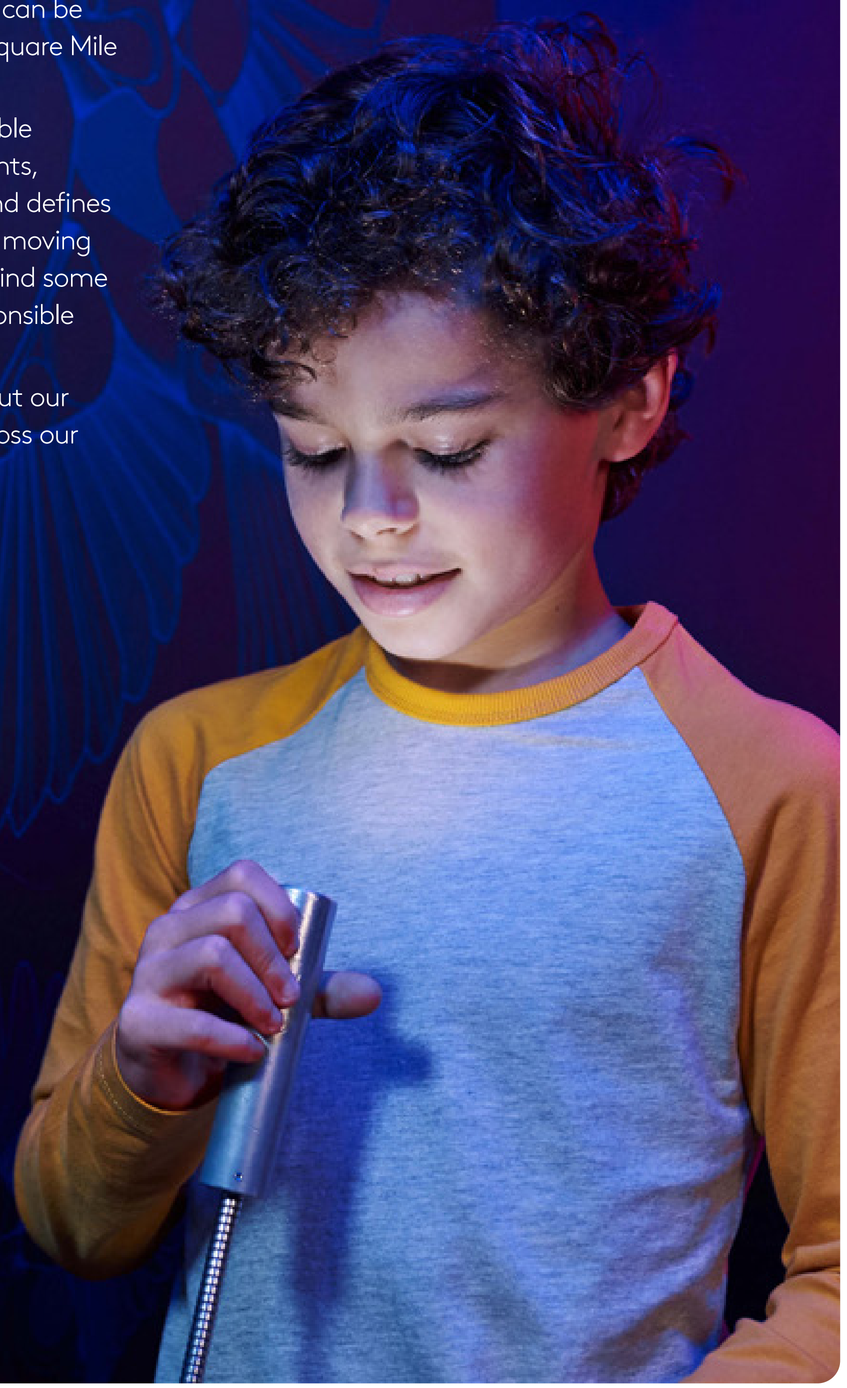
ESG, sustainability, stewardship, exclusionary screening, green bonds – as the world of responsible investment has grown, so too has the array of terms used. Understandably, it can be difficult for investors to understand what's right for them.

The landscape is no easier for financial advisers. Understanding your clients' preferences can be challenging, so we've teamed up with Square Mile to produce this guide.

In it, Square Mile explores what responsible investment means for you and your clients, outlines the shift in investor appetite, and defines ESG and responsible investment, before moving onto the regulatory agenda. You'll also find some suggestions as to how to integrate responsible investment into your business.

At the end of this guide, you'll learn about our approach to responsible investment across our tax-efficient investments.

Over to Square Mile...



About Square Mile

Square Mile Investment Consulting and Research is an award-winning independent investment research business that is committed to helping investors build a better future. Recognised as one of the strongest and most experienced in the UK retail investment markets, Square Mile's research team is dedicated to providing in-depth, high-quality fund research across asset classes and sectors. Driven by this research, Square Mile works with independent financial advisers, asset managers and other financial service providers to empower them with the knowledge, tools and support to deliver the best outcomes for their clients.

Square Mile is passionate about the change that responsible capitalism brings to the investment market and to the future wellbeing of the planet and society. By acquiring Ethical Money in July 2020, Square Mile combined two highly complementary approaches to responsible investment research, offering independent analysis on how investments can be used as a force for positive change for both society and the environment. Through its research and partnerships with initiatives such as the UK Sustainable Investment and Finance Association (UK SIF), Square Mile seeks to help advisers and investors navigate responsible investment.

A shift in sentiment

There is growing concern for the future of the planet and for society's ability to function in the interests of everyone. Environmental and social issues can't be ignored, and the time to act is now.

Activists, protest movements, scientists and the young people set to inherit this world have been calling for change for a while, but we have seen this voice gain momentum in recent years. Governments and regulators are following suit, focusing on environmental targets and frameworks to combat these widespread issues.

These calls for a more responsible form of capitalism are echoed across the asset management industry, where we are experiencing one of the greatest shifts in investor behaviour in a generation. Until recently, the primary focus for most investors was to ensure that the return on their investments met their financial goals. Today, however, a desire for those investments to be a force for positive change is of equal importance to many.

It is now clear that these two goals are not mutually exclusive - quite the contrary. Responsible investment has earned its position as a compelling proposition for investors, and this shift shows no signs of slowing down.

Defining ESG and responsible investment

At a glance

- There is a lack of consistent terminology across the industry, with the FCA seemingly having adopted 'ESG', the Investment Association using 'responsible' and the EU opting for 'sustainable'.
- Although they are used interchangeably, Square Mile has outlined an important distinction between ESG and responsible investment to accelerate the adoption of a common set of terms across the industry.
- ESG integration is an input into the investment process to help fund managers mitigate risk and can be applied to any fund, regardless of investment approach.
- Responsible investment is an umbrella term used to describe fund managers who are actively seeking to create a better output for society and the environment.
- We have identified four broad approaches to responsible investment: ethical exclusions, responsible practices, sustainable solutions and impact investing.

The industry's rush to embrace ESG and responsible investment has resulted in inconsistencies in both the language and terminology used and the approaches applied. This, coupled with the subjective nature of the topic and what it constitutes in terms of investment, has led to confusion among advisers and investors.

Therefore, it is important to clarify how you, and your business, think about and define ESG and responsible investments. Although the two terms have been used interchangeably, there is an important distinction to be made.

ESG integration should be seen as an input into an investment process; a lens through which fund managers can mitigate risk, and one of many 'hygiene' factors that can be integrated and applied to any fund.

While ESG analysis can help fund managers identify potential opportunities that influence a company's share price and viability moving forwards, it does not, in itself, produce any specific output. However, those that integrate ESG factors could naturally expect to compound better returns over the long term, and therefore produce better outcomes for investors.

Examples of ESG factors

Environmental	Social	Governance
Carbon emissions	Diversity & workplace policies	Board diversity
Energy efficiency	Labour standards	Executive compensation
Water scarcity	Supply chain management	Political contributions
Waste management	Community impact	Bribery & corruption

Responsible investment, on the other hand, is where managers are actively and intentionally seeking to create a better output for society and the environment.

It can be viewed as an umbrella term to describe funds or strategies using investment as a force for positive change, from which stems a spectrum of differing approaches. These range from those that exclude certain sectors or companies, to those that explicitly aim to deliver a positive and measurable impact to the people and the planet.

Types of responsible investment

Drawing on the work of the Financial Conduct Authority, the Investment Association, and our engagement with the wider market and industry, we have identified four broad categories that sit across the spectrum of responsible investment approaches.

The responsible investment spectrum

	Ethical exclusion	Responsible practices	Sustainable solutions	Impact investing
Definition	Fund managers adopting this approach focus on avoiding sectors, industries and company practices that cause harm to society and the environment.	Fund managers adopting this approach consider the operational practices of the companies in which they invest. As well as supporting best practice, they encourage improvements to investee companies' environmental and social performance.	Fund managers adopting this approach seek to invest in companies that are providing solutions to social and environmental challenges, and believe in the long-term financial benefits of doing so.	Fund managers adopting this approach aim to deliver on positive social and environmental objectives, alongside their financial objectives, and can evidence this impact.
Example	Excluding companies that make tobacco products, manufacture weapons, or produce or distribute fossil fuels.	An investment in a company that requires suppliers to treat their employees well and seeks to reduce the environmental impact of its operations.	An investment in a company that makes a product that improves energy efficiency by 30%.	Investing in companies addressing healthcare needs, which can report on their impact in terms of patients cared for.

This spectrum demonstrates the transition from funds that are exclusions-based on the left, to the opportunity to drive real change, as you progress further to the right.

These categories can be used with your clients to understand which, if any, of these approaches resonates with them.

Practical pointers

- Agree how your business defines ESG and responsible investment, and how this relates to your broader propositions.
- Ensure your material and collateral is updated to reflect how you position your business and propositions in line with these definitions.
- Determine what third-party data sources you use to stay informed and up to date.

The changing investment landscape

The investment industry has witnessed a seismic shift towards responsible investment in recent years, and this shows no signs of slowing down. While there is a growing recognition in the asset management industry that environmental, social and governance factors will likely have a material impact on the share price and viability of companies - and therefore the success of their funds - the real driver of this shift is investors.

> **80% of investors think we all have a responsibility to make the world a better place.**
>
> Scottish Widows

More and more investors are asking questions about where their money has been invested and why. Indeed, a survey conducted by Scottish Widows in 2021 indicated that over 80% of those surveyed claimed we all have a responsibility to make the world a better place. With initiatives such as Make My Money Matter encouraging people to investigate where their pensions are invested, it's no surprise that flows into responsible investment funds are burgeoning.

> "UK investors put almost £1 billion per month into responsible investment funds."
>
> The Investment Association

In March 2021, the Investment Association released findings that UK investors put, on average, almost £1 billion per month into responsible investment funds in 2020, with flows into these funds up 66% from March that year. This growing demand has been welcomed with open arms by the asset management industry, with a recent report from Morningstar highlighting that 505 new responsible investment funds and 253 rebranded or repurposed traditional funds launched in 2020 alone. Furthermore, as investors continue to embrace the opportunities created by the transition to a low carbon economy, climate change themed funds were outlined as one of the most popular in 2020.

If rapidly increasing fund flows and fund launches weren't indicative enough, research conducted by Square Mile in early 2021 further supports this trend.

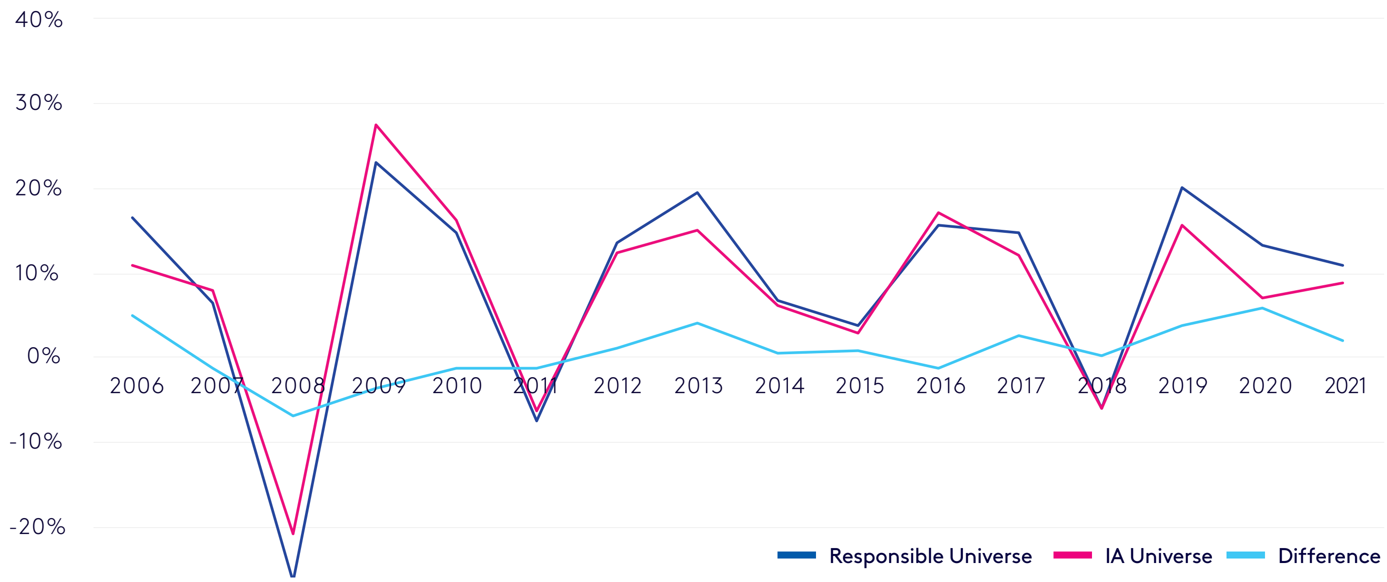
In the survey, 42% of advisers surveyed felt that more than half of their new clients will seek to invest in funds that apply ESG, responsible or sustainable strategies within the next three years.

Advisers won't be short of solutions in the market when it comes to meeting these requirements; however the challenge remains in navigating this complex terrain, while ensuring the best outcomes for clients. We explore this further in this document.

The performance myth

There has been a common misconception that responsible investment approaches can limit investment opportunities or potentially compromise performance returns. Actually, research has shown that there is no longer a trade-off between investing responsibly and the potential for growth. Instead, given the level of coordinated government and corporate support in developing these areas, this style of investing can offer a growing and diverse universe of securities, which is positive for long-term capital growth and the performance of these funds.

Investment Association Universe of Funds: Traditional vs Responsible



Source: FE Analytics as at 1 November 2021. Past performance is not an indicator of future returns.

How you can embrace responsible investment within your business

At a glance

- The consideration of responsible investment preferences goes beyond ESG, which should be viewed as part of the due diligence process for any fund.
- Although there is no agreed regulatory framework, this is an opportunity to review your propositions and internal process for incorporating responsible investment in order to prepare for future requirements.
- While understanding and interpreting clients' responsible investment preferences remains the focus of regulation, this should not take precedence over a client's objectives or attitude to risk.
- Fully integrating responsible investment is an evolutionary process and will be dependent on your business approach, for example: opt in or opt out.

Despite there being no regulatory and legislative framework in the UK, it may be useful to start preparing your business to capture and understand your clients' preferences when it comes to responsible investment. This will no doubt be an evolutionary process, and there are a number of practical steps you can take that may set you and your business up well for when UK regulation does come into play.

The inclusion of responsible investment considerations within your client proposition goes beyond ESG integration. As advisers move into this space, we are seeing them adopt various approaches, which are outlined in this section. The most common approach has been the introduction of a responsible investment solution option within their investment proposition. However, there are a number of advisers adopting an 'opt out' approach to responsible investment, whereby they will offer their responsible solution as standard, meaning that all investments they recommend will sit somewhere on the responsible investment spectrum.

This decision is dependent on you and your business and the demand you are receiving from your clients.

Centralised Investment Propositions and the suitability process

Integrating responsible investment should be seen as a choice for an adviser's business, as well as a client choice. While some firms may choose to only offer a responsible investment solution, others may take a more transitionary approach whereby this will sit alongside their traditional propositions.

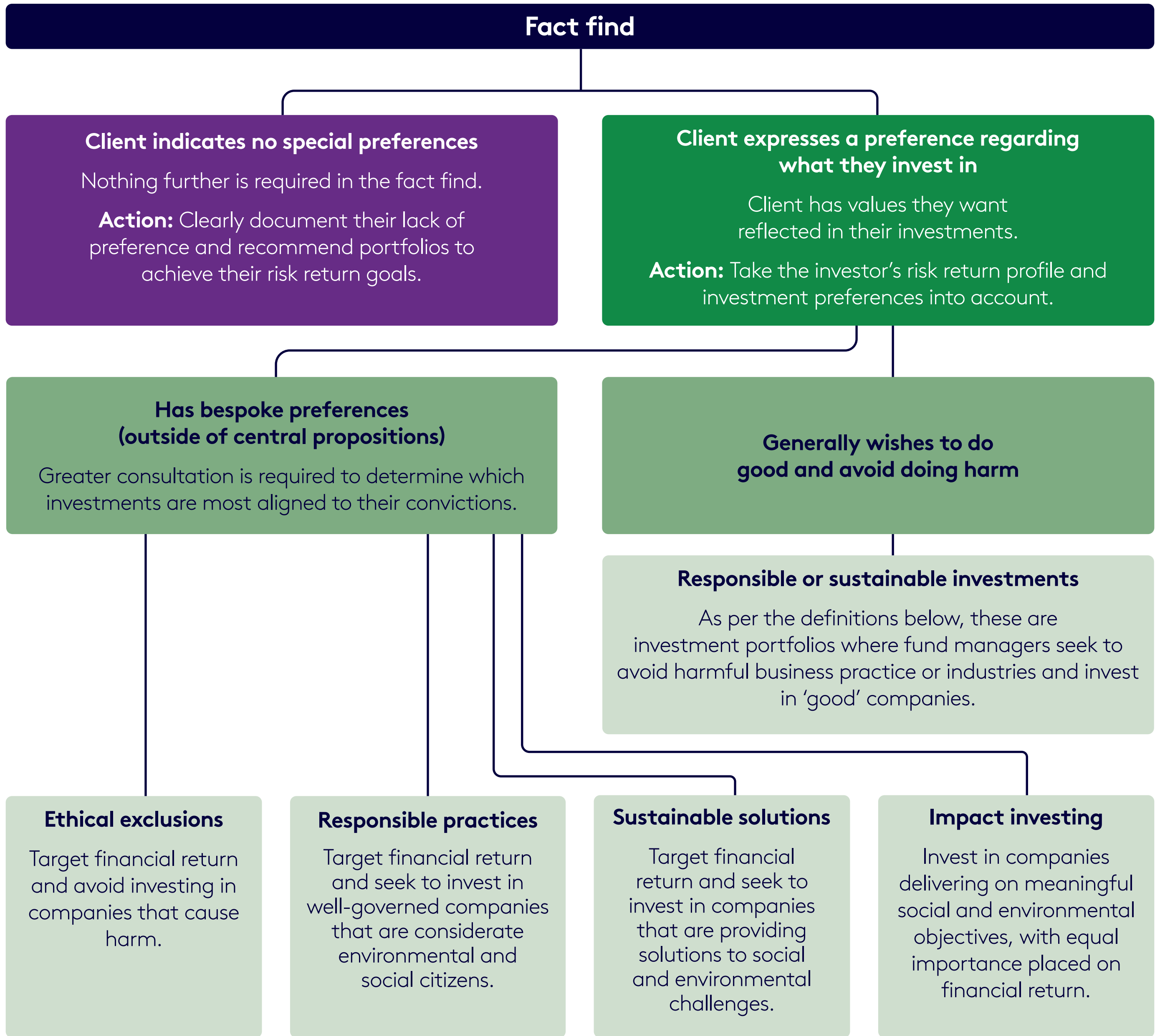
Current regulations require advisers to assess their clients' attitude to risk and capacity for loss, alongside several other factors through the information highlighted in the fact find process. Whilst this existing requirement will not change, it is expected this will broaden to incorporate a client's responsible investment preferences as part of the initial and ongoing suitability process.

Although understanding and interpreting a client's responsible investment preferences is important, these should not take precedence over a client's objectives and attitude to risk. Therefore, it's important to be aware of potential mis-selling, which was highlighted in a recent guide produced by TISA. For example, if a client is classified as requiring a lower risk investment for a pot of money, they should not be recommended a high-risk investment solution to satisfy any responsible investment preference they may have. It's also important to recognise that clients may require differing risk level investments for their different pots of monies.

The introduction of a few preliminary questions can facilitate a conversation with your client on their responsible investment preferences.

It needn't be complicated, and this initial process will help to segment clients into those who have no preference, those who wish to generally invest for good and those who have specific values they wish to see reflected in their investments.

While navigating this new landscape can be challenging, the adoption and integration into an adviser's proposition can offer an excellent opportunity to start the discussion with your clients. It also allows you to prepare for new UK regulation, evidencing that you have recognised the societal shift that investments should deliver a return, but not to the detriment of the environment or society.



Practical pointers

- Modify your Centralised Investment Proposition (CIP) to meet the new opportunity.
- Determine your business approach. For example, will your clients have to opt in or opt out of responsible investment solutions and offerings.
- Revise your suitability and fact find process to incorporate responsible investment and fit your CIP.
- With the funds you choose, look for evidence of how they are meeting their responsible investment objectives.
- Educate your staff to ensure they understand the terminology and approaches.
- Review your collateral and material, from your website to your literature, to ensure this reflects how you think about responsible investment.

Helping you understand the regulatory requirements

At a glance

- The UK Government's 'Greening Finance' report, released in October 2021, outlines the disclosure requirements, green taxonomy and stewardship for companies and asset managers. Whilst the impact for advisers at this stage is minimal, it provides a clear indication of the direction of travel.
- There is no agreed regulatory framework. It is currently going through the standard process of proposals for consultation.
- A number of initiatives are underway to support the wider industry in understanding responsible investment.
- These include the FCA guidelines, UK Stewardship Code and British Standards Institute.

The UK Government has issued a roadmap outlining the way ahead for 'greening' the UK finance system. Whilst the regulatory framework has not been agreed, it does provide a clear direction of travel. This report, and work from the FCA and other industry bodies, further emphasises the commitment to ensuring the financial services sector plays a significant role in responsible investment.

While there remains a lack of clarity on standards for assessing ESG, we have seen a number of asset managers draw upon recognised professional bodies, such as the Sustainability Accounting Standard Board (SASB) and other such organisations, as a means of evidencing the validity of the processes employed. This provides a credible audit until such time when regulations are in place. There are a number of initiatives supporting the wider industry, alongside the Government's roadmap. These are outlined on the rest of this page.

Greening Finance: A Roadmap to Sustainable Investing

The Government's report, released in October 2021, outlines phase one of 'Informing investors and consumers', which aims to ensure the flow of sustainability information from businesses to financial market participants.

There are three main elements detailed in this document. Firstly, and central to this roadmap, is the new economy-wide Sustainability Disclosure Requirements (SDR), which require asset managers to disclose how they take sustainability into account. Secondly, the UK green taxonomy, which draws on the EU's taxonomy and aims to bring clarity and consistency for investors, and improve understanding of companies' environmental impact. And finally, the ongoing expectations and additional requirements for stewardship across asset managers.

Although the impact of the roadmap for advisers in the first phase is minimal, it does specify that the Government is exploring how sustainablity-related requirements can be introduced for financial advisers. We expect for the regulatory framework for advisers to be comparable to the EU's MiFID regulations, and to enhance disclosures surrounding Managed Portfolio solutions. A further update on this is expected in 2022.

FCA Guidelines

The FCA has shared its five principles to ensure investors are protected from greenwashing.

1. Consistency: in both message and approach, reflected across objectives, strategy, and holdings.
2. Clear and fair focus: where a product claims to target certain responsible investment goals, these should be outlined in a clear and measurable way.
3. Achieving objectives: the investment strategy should clearly set out how these objectives will be met.
4. Ongoing reporting: reporting against responsible investment objectives and clearly indicating whether these have been achieved.
5. Data quality: assurance of data quality, understanding the source and clearly articulating how it is used.

UK Stewardship Code

Stewardship is defined as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

Recognising that not one size fits all, the Financial Reporting Council has updated the UK Stewardship Code to place greater focus on ESG. Principle 7 gives a clear understanding of the integration of stewardship across an organisation and the differences in approaches, for example, to funds, asset classes and geographies.

Sustainable Finance Standardisation Programme

The British Standards Institute (BSI) has launched this programme to encourage uptake of sustainable finance practices, behaviour, thinking, products and services across the financial sector, as well as supporting organisations to align themselves with the UN Sustainable Development Goals.

This includes the introduction of a standardised set of terms for responsible investment. Although the Investment Association has a proposed set of definitions in place, the BSI work is underway and seeks to support the implementation of existing initiatives.

Sustainable Financial Disclosure Regulations (SFDR)

In Europe, the introduction of SFDR requires asset managers to identify where their funds and strategies fit within the responsible investment spectrum, as well as assessing and reporting on how they are fulfilling these objectives. The aim of this is to make the responsible investment funds more comparable and better understood by end investors.

Under SFDR, funds will need to be classified into three categories - Article 6, 8 and 9 - which are outlined below. It is worth noting that whilst this is an EU regulation, advisers will need to account for these if selecting EU domiciled funds or strategies.

Overview of SFDR product categories

All products and Article 6	Article 8 (and Article 6)	Article 9 (and Article 6)
Products with no ESG characteristics or managed under basic ESG integration. Products whose managers are considering the impact of their investment decisions on sustainability.	Traditional financial objective that includes reference to responsible investment Products that do not have environmental or social objective, but state they invest in something else that does.	Investment objective that states the product is seeking to achieve an environmental or social outcome, as well as a financial investment return.

"Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities."

Principle 7 of the UK Stewardship Code

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Tax-efficient investments at Octopus

Our approach to responsible investment

We believe those companies that want to make the world a better place will deliver the best financial returns for investors over the coming decades. Those that don't understand their impact on the world can expose their shareholders to material risks.

To protect and create value for our investors, we consider environmental, social and governance factors when making investment decisions. We are a specialist asset manager, focused in specific sectors where we have significant and often market-leading investment credentials. Since setting up Octopus in 2000, we've invested more than £6.8 billion into building a sustainable planet, empowering people and revitalising healthcare. We believe that business can be, and should be, used as a force for good. Fundamentally, we want the world to be a better place because of where and how we invest our clients' money.

As one of only a handful of investment companies in the world to be an accredited B Corporation, we are very proud of the impact that Octopus, and the investments we manage, have on the planet.

So you might be wondering, how do we approach responsible investment at Octopus?

Certified B Corporation

Certified B Corporation

We are an accredited B Corporation. These are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit with their impact on the world. Octopus undergoes a B Corp assessment every two years.

UN PRI signatory

We are a UN PRI signatory, supporting the incorporation of ESG factors in our decision-making. We are subject to an annual Principles of Responsible Investing (PRI) assessment.

Responsible Investment Committee

Each investment team at Octopus reports to our Responsible Investment Committee each quarter on ESG integration, key ESG metrics and performance. The committee is made up of our founders, Chief Investment Officer and Impact and Sustainability Director.

Our approach to responsible investment across our tax-efficient investments

While each of our tax-efficient investments has its own investment policy, our approach to responsible investing extends across all of them.

1 ESG integration	2 Responsibility	3 Sustainability
We consider an investment against our internal responsible investment framework. This process ensures that all financially material environmental, social and governance risks have been considered and are being effectively managed.	We are an active investor, encouraging portfolio companies to adopt industry best practice and consider all stakeholders, including employees, local communities and the environment. We sometimes have direct responsibility for how portfolio companies operate on a day-to-day basis. Where we don't, we engage with management teams and take board positions to drive change from within.	We consider sustainability as part of our commercial assessment of an investment opportunity. We invest in sectors and companies that we think are important for the future. For example, those that are providing solutions, transforming sectors, improving lives or reducing emissions. We believe that this makes sound investment sense.

The remainder of this guide explains our approach to responsible investing for each of our tax-efficient investments. We hope this helps you understand if they could be suitable for a client who has expressed an investment preference.

Key risks to bear in mind

It's important to note that the investments discussed on the following pages are not suitable for everyone. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. The value of VCT, smaller and unquoted company shares could fall or rise more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.

Octopus Inheritance Tax Service

Fern Trading, a portfolio company in the Octopus Inheritance Tax Service, is fully owned by the investors in the Service and is run on a day-to-day basis by Octopus. Established in 2007, Fern is the parent of more than 300 subsidiary companies, between them employing more than 1,000 people and providing many more jobs through the contracts they place.

Fern's business targets sustainable growth for its shareholders, so it's no coincidence that it includes assets that are reducing emissions and improving healthcare options. We believe these sectors make sound investment sense.

ESG integration

ESG issues are considered within the investment process to mitigate risk and improve the risk return of investments. This approach utilises the Sustainability Accounting Standards Board (SASB) Materiality Map, which helps the investment team identify and mitigate material risk exposure.

As part of the due diligence process for all new acquisitions, we require an ESG questionnaire to be completed for consideration against our ESG criteria for the Service, as part of the Investment Committee decision. This framework is paramount in identifying potential ESG risk.

Prospective companies are scored by three key themes against the SASB Materiality Map. **Planet** evaluates environmental impact, such as energy management. **People** looks at social impacts such as employee health and safety. **Performance** covers leadership and governance. Each theme is given a score between 1 and 5. 1 is the lowest, indicating 'lasting damage' and 5 the highest, denoting 'contributes to solutions'.

Responsibility

We have direct responsibility for how each company in Fern's group operates on a day-to-day basis. We drive each company to adopt industry best practice, considering all stakeholders including employees, local communities and the environment.

When Fern acquires a new business, one or more Octopus employees are appointed as non-executive directors on the Board of the company, alongside the management team. This enables Octopus to bring extra rigour to the oversight and management of the business's practices.

Sustainability

Fern is the largest owner and operator of solar energy sites outside of the major energy suppliers in the UK, generating more than 2,300 gigawatt hours a year. The carbon dioxide avoided by generating renewable energy has the same effect on the atmosphere as planting 3.3 million trees or removing 249,000 cars from the road for a year.

Fern operates a healthcare division, which is paving the way for better retirement choices. It is looking to improve the options for people in later life by building and running three state-of-the-art retirement villages. These allow older people to live in surroundings that suit their needs, for the rest of their life. Fern's two operational villages are providing accommodation for over 300 residents, and there are a further two villages of a similar size under construction.

Fern's fibre broadband division is on a mission to provide much-needed internet access and connectivity. It is building and operating fibre networks in some of the most underserved towns and regions in the country. The fibre division is targeting network build across ten counties around London, the South and Southwest, and is targeting a total of 1 million connected properties by 2025. To date, Fern has deployed more than £150 million in developing its networks, providing ultra-fast fibre broadband to customers.

Octopus AIM Inheritance Tax Service and ISA

Since 2005, the Octopus AIM Inheritance Tax Service has supported 148 growing companies listed on the Alternative Investment Market (AIM). The current portfolio of 39 companies employs more than 67,000 people and supports many more jobs indirectly through regional contracts and suppliers. These companies have generated £9.4 billion in turnover, making a significant contribution to the UK economy.

ESG integration

ESG issues are considered within the investment process to mitigate risk and improve the risk return of investments. This approach utilises the Sustainability Accounting Standards Board (SASB) Materiality Map, which helps the investment team identify and mitigate material risk exposure.

We analyse the ability for a company's executive team to manage ESG risks. Where we have concerns, we'll engage with that team through dedicated ESG meetings or via regular reporting meetings.

Responsibility

We challenge portfolio companies on strategy, financial performance, data disclosures, capital structure and corporate governance. Existing governance structures may not be mature (given the small size of investee companies), so we assess whether weaknesses exist and whether management can address these weaknesses. We take part in consultations on remuneration and challenge Non-Executive Directors to align with company objectives, aiming to influence by giving feedback to corporate advisers, meeting with non-executive directors and voting against resolutions.

When it comes to voting, all our holdings are covered by Institutional Shareholder Services (ISS), a leading global advisory firm. We consider the independent research ISS provides and discuss controversial votes as a team. We take our fiduciary duty seriously and vote to create long-term shareholder value.

Sustainability

The Service invests in sectors we think are important for the future, such as telecoms, biotech, software and healthcare. Some companies in the portfolio include:

- **Gamma Communications** – whose products improve efficiency and productivity, and connect users with suppliers, colleagues and customers.
- **Clinigen Group** – ensuring patients around the world have access to critical medicines.
- **Learning Technology** – workplace digital learning putting the right people in the right roles.
- **Advanced Medical Solutions** – providing innovative, affordable wound-care solutions to improve patient care.

Octopus Titan VCT

Since 2007, Titan has supported the growth of more than 150 young companies. Octopus Ventures backs mission-led founders looking to tackle global problems and build a brighter future. The team has a track record of helping scale businesses to become global brands.

ESG integration

ESG issues are considered within the investment process to mitigate risk and improve the risk return of investments. This approach utilises the Sustainability Accounting Standards Board (SASB) Materiality Map, which helps the investment team identify and mitigate material risk exposure. Octopus Ventures will not invest in companies that fall under the standard, recognised ethical exclusion list (fossil fuels, gambling, arms).

We include any issues in our investment committee papers review, which means that if, for example, a company does not have appropriate employment policies in place, we will ensure this is completed as part of our pre-investment checks.

Responsibility

We practise responsible stewardship, typically taking an independent seat on the board of the companies that we back. We drive industry best practice and pay close attention to how the companies we support are behaving as they scale.

We send an Annual Data Questionnaire to all Titan portfolio companies to better understand how they are managing their impact on people and the planet. This helps portfolio companies to become more responsible (and ultimately more successful) businesses. We look to share best practice from the community and guidance to support progression on responsible business practices within our portfolio.

Sustainability

Titan invests in companies that will help shape our future across health, fintech, deep tech, business-to-business software and consumer sectors. Some of these companies include the next generation of healthcare solutions, which seek to tackle traditionally taboo areas within health that have been overlooked and help to transform people's lives. It also invests in financial technology that can bring independence to a much broader group of people, and in companies looking to combat climate change. Some of the investments we currently hold in the portfolio are:

- **Olio** – helping millions of people give away food and other household items to their neighbours for free.
- **Elvie** – improving women's health through smarter technology, science, design and engineering.
- **Minimum** – tech platform allowing businesses to understand their carbon impact and become carbon neutral.
- **Big Health** – improving physical wellness and mental health through counselling and technology.

Octopus Apollo VCT

Apollo is a specialist fund investing in business-to-business software companies. It helps these businesses to increase productivity and accelerate growth.

ESG integration

ESG issues are considered within the investment process to mitigate risk and improve the risk return of investments. This approach utilises the Sustainability Accounting Standards Board (SASB) Materiality Map, which helps the investment team identify and mitigate material risk exposure. We will not invest in companies that fall under the standard, recognised exclusion list (fossil fuels, gambling, or arms, for example).

We include any issues in our investment committee process and ensure we address these before we invest, or where appropriate include them in a 100-day plan.

Responsibility

We practise responsible stewardship, typically taking a seat on the board of the companies that we back, ensuring that we drive industry best practice and pay close attention to how the companies we support are behaving as they scale. For example, if a company does not have a Diversity, Equity and Inclusion (DEI) policy in place, we will ensure this is completed in the first 100 days following our investment.

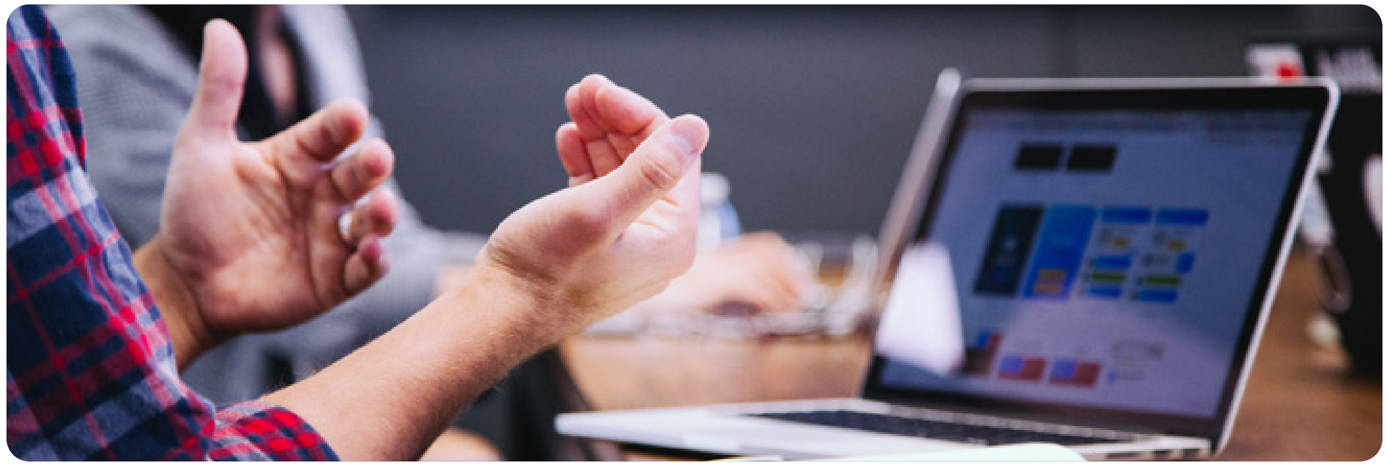
We send an Annual Data Questionnaire to all Apollo portfolio companies to better understand how they are managing their impact on people and the planet. This helps portfolio companies to become more responsible (and ultimately more successful) businesses. We look to share best practice from the community and guidance to support progression on responsible business practices within our portfolio.

Sustainability

Apollo VCT helps growth businesses scale to success. Apollo directly supports three of the UN Sustainable Development Goals: promoting female representation in the boardroom, committing to full and productive employment in the UK, and encouraging cultures that support innovation.

Some of the companies currently held in the portfolio are:

- **The Safeguarding Company** – combining safeguarding technology and best practice to help protect children, young people and adults through recording, managing and reporting issues.
- **Perfect Ward** – platform to support frontline health professionals to deliver faster and more accurate audits to improve hospital efficiency, create a cycle of continual learning and improve patient care.
- **Fuse** – learning platform connecting people to digital learning, infrastructure and resources.
- **Sova** – HR tech platform for candidate and talent management, making the recruitment process fairer and more inclusive.



Octopus Ventures EIS Service

Through the Octopus Ventures EIS Service, we back mission-led founders looking to tackle big global problems and build a brighter future. The team has a track record of helping scale businesses to become global brands.

ESG integration

ESG issues are considered within the investment process to mitigate risk and improve the risk return of investments. This approach utilises the Sustainability Accounting Standards Board (SASB) Materiality Map, which helps the investment team identify and mitigate material risk exposure. Octopus Ventures will not invest in companies that fall under the standard, recognised ethical exclusion list (fossil fuels, gambling, arms).

We include any issues in our investment committee process. This means, for example, that if a company does not have appropriate employment policies in place, we will ensure this is completed before we invest.

Responsibility

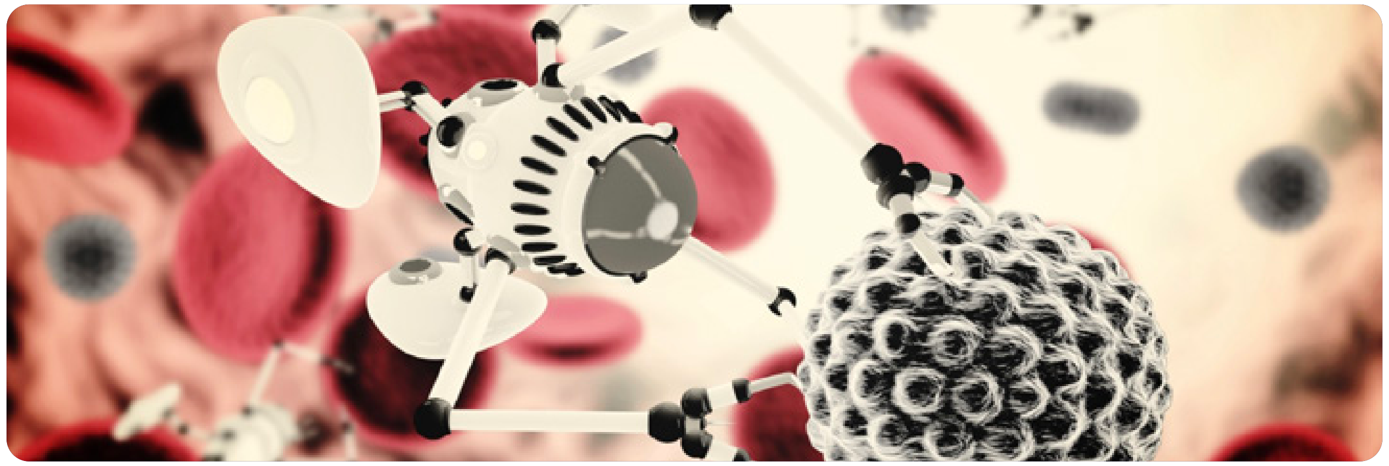
We practise responsible stewardship, typically taking a seat on the board of the companies that we back, ensuring that we drive industry best practice and pay close attention to how the companies we support are behaving as they scale.

We send an Annual Data Questionnaire to all our Octopus Ventures EIS Service portfolio companies to better understand how they are managing their impact on people and the planet. This helps portfolio companies to become more responsible (and ultimately more successful) businesses. We look to share best practice from the community and guidance to support progression on responsible business practices within our portfolio.

Sustainability

The Octopus Ventures EIS Service invests in companies that will help shape our future across health, fintech, deep tech, business-to-business software and consumer sectors. This includes the next generation of healthcare solutions, which seek to tackle traditionally taboo areas within health that have been overlooked and help transform people's lives. It also invests in financial technology that can bring independence to a much broader group of people, and companies looking to combat climate change. Some of the investments we currently hold in the portfolio are:

- **Collectiv Food** – next generation food supply business, transforming how food is accessed and distributed to cities in a fair, transparent and sustainable supply chain.
- **Nanosyrinx** – delivering the future of intracellular medicine through the development of a novel drug delivery platform.
- **Raylo** – developed a sustainable way for customers to access and refurbish electronic devices, contributing to a more circular economy.
- **iSIZE** – developing technology to reduce the environmental impact of video streaming caused by the data and energy consumption that it requires.



Got a question?

You can find out more about the investment approach of each of our products by reading the product's ESG policy. These are available at octopusinvestments.com/resources.

If you have a question, please get in touch with our customer team on 0800 316 2067.

Our tax-efficient investments put investor capital at risk. These investments are not suitable for everyone and any recommendation should be based on a holistic review of a client's financial situation, objectives and needs. More information can be found in the relevant product brochures. These can be found at octopusinvestments.com.

The opinions of Square Mile and Octopus may change and should not be seen as advice or recommendation.

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0800 316 2067
support@octopusinvestments.com
octopusinvestments.com

Octopus Investments
33 Holborn
London EC1N 2HT