

Octopus Renewables Responsible Investment Policy

This Responsible Investment (RI) policy, which is regularly reviewed, outlines Octopus Renewables ("us" or "we") approach to Responsible Investment.

Introduction

Octopus Renewables has a core mission to accelerate the transition to a future powered by renewable energy. We want to change the world for the better and strive to do business the "right" way. For us this means:

- 1) Living by our core values
 - Investing into assets that significantly contribute to our core mission of accelerating the transition to a more sustainable future
 - Engaging with our third-party service providers, investors, policy makers and others in line with our beliefs
 - Building a culture where people 'do the right thing, even when no one is watching'
- 2) Mitigating environmental, social and governance (ESG) risks
 - Implementing a robust ESG framework to consider a wide range of stakeholders and ESG risk factors into our investment processes, asset management and reporting
 - Protecting and enhancing the value of our clients' investments as part of our fiduciary duty
- 3) Managing Impact
 - Bringing to life the impact that Octopus Renewables and the funds that we manage, have on the world through effective reporting
 - Developing 'impact funds' that target a specific impact objective
 - Managing our 'impact funds' with credibility as signatories of the International Finance Corporation's Operating Principles for Impact Management

This RI policy sets out the approach taken by Octopus Renewables to advance its core mission the "right way" identifying ORL's ESG risk management framework and Reporting and Governance approaches.

ESG Risk Management Framework

Octopus Renewables defines ESG as a vital risk management approach to identify and mitigate a range of potential issues to protect and enhance the long-term value of our investments.

To manage ESG risk factors we apply one, or more, of four key principles:

Avoid: Informed decision not to become involved with a risk. E.g. decline investments with significant ESG risks identified during due diligence;

Transfer: Shift the risk to someone else, e.g. insuring, or contractual guarantees;

Mitigate: Appropriate policies, processes, procedures to reduce either the likelihood of an occurrence or its consequence or both; and

Accept: Informed decision to accept risk or the residual risk having considered the above potential impacts.

Our ESG risk management framework is supported by ESG processes that have been integrated into investment and asset management processes.

ESG risks are considered in all stages of investing in renewable energy assets. The OR investments team is required to complete an ESG matrix as part of the investment committee paper submitted to the OR Investment Committee. The ESG matrix is a tool used to drive interaction and warrant additional investigation into ESG risks where necessary. This ensures ESG risks are identified and mitigated as soon as possible. The matrix has a total possible score of 15, with a score of 9 required to indicated compliance with ESG Policy. Materiality of risks included in our ESG matrix is determined using guidance from the Sustainability Accounting Standards Board (SASB) framework, that identifies financially material ESG risks by asset class. Once an investment has successfully reached the Post-completion stage, our Asset Management onboarding process picks up any residual ESG risks.

Continued ESG risk management during asset management is achieved through an annual ESG review of material third party service providers alongside HSE and quality reviews. This ensures that strategies to mitigate any new ESG risks are put in place in a timely manner and reviewed appropriately.

The key risks considered during these processes are outlined in the table below. The table separates the key ESG risks into one of our three stakeholder groups, each of which have a general risk objective:

Performance: Mitigate the risk of losses through robust governance structures, rigorous due diligence, risk analysis and asset optimisation activities to deliver investment return resilience.

Planet: Consider environmental factors to mitigate risks associated with the construction and operation of assets, enhancing environmental potential where possible.

People: Evaluate social considerations to mitigate risks and promote a 'Just Transition' to clean energy.

Whilst these risks have been identified as potentially material to the assets that Octopus Renewables manages, we believe there is no 'one size fits all' approach to ESG. Different funds and investors have different appetites for ESG matters and different investment products have exposure to different opportunities and risks associated with ESG. To accommodate this, each Octopus managed Fund has a bespoke ESG policy. The Octopus Renewables ESG team is continuously monitoring best practices in the industry as well as researching potential future changes in these ESG risk factors. Findings are shared internally and incorporated in policy and asset management plans, as appropriate.

Stakeholder Group	Risk	Principle and Mitigation Objective
Performance	<p>Political and Regulatory Risks: These relate to exposure to changes in tax legislation and/or government subsidies/PPA contracts which could have a material impact on long term forecastable returns. Also includes risks associated with a project or asset achieving any permit, license, or authorisation through undue process, for example bribery and/or corruption.</p>	<p>We will carry out all appropriate due diligence to ensure that political and regulatory risks are considered, especially for new markets, throughout the investment process.</p> <p>We comply with all applicable laws and respect international good practice and ensure appropriate due diligence on our counterparties is undertaken to confirm that they apply to all applicable laws.</p> <ul style="list-style-type: none"> • We will uphold high standards of business integrity and honesty. • We will act in good faith, albeit enforcing contracts robustly where necessary to protect shareholders, employees, the community, or the environment. • We will not directly or indirectly offer, pay, solicit, or accept bribes in any form and have put in place an anti-bribery policy and annual staff training.
Performance	<p>Conflict of interest risk: These could occur at an individual, asset or portfolio level in the acquisition and ongoing management of the renewable investments and is mitigated to protect interest of investors to the maximum extent reasonably possible.</p>	<p>We will adhere to our robust conflicts management process that is documented in the Octopus Conflicts Policy.</p>
Performance	<p>Climate Change Resilience: Renewables is exposed to the physical impact of climate change through its infrastructure, and to the transition risks associated with government intervention in the renewable energy sector and the corporate transition to a lower carbon economy.</p>	<p>Octopus Renewables considers exposure to climate change risk and will seek to assess the materiality of the exposure using guidance from the Taskforce of Climate Related Disclosures (TCFD).</p>

Planet	<p>Biodiversity Cost (Environmental Damage Risk): The impact on biodiversity spans the construction and operation of renewable infrastructure and efforts to reduce this impact should be considered within the investment process with impacts mitigated or netted off where appropriate. Negative biodiversity impact is also a risk as it can affect community relations.</p>	<p>Renewable energy sites present a key opportunity to create a web of biodiversity hubs throughout the world. We recognise that although renewable energy plants aim to reduce greenhouse gas emissions and air pollution, they often depend on ecosystem services and can adversely impact biodiversity and ecosystems. Therefore, we consider the impact of any operations on the environment, mitigating potential adverse effects and enhancing biodiversity value where possible:</p> <ul style="list-style-type: none"> • We will assess the impact of operating on the environment, contracting our outsourcers to comply with all planning and development conditions. • We will consider opportunities for additional environmental protection/enhancement and where possible include initiatives to build these into the ongoing site management strategies. We will focus on sites where there is robust local support for such issues, particularly from the landowner(s).
Planet	<p>Carbon Emissions (Environment damage risk): The construction phase of renewable infrastructure development is highly carbon intensive and it is essential that the manager discloses information surrounding emissions and mitigation policies</p>	<p>Mitigating climate change is an integral part of our core mission and our core business. Renewable Energy has emerged as key to the transition away from a carbon-intensive economy. We acknowledge the importance of the sustainable use of natural resources and the protection of the environment.</p> <ul style="list-style-type: none"> • We will review contracted outsourcers environmental policies and ways of working. • We will consider opportunities for carbon reduction initiatives and, where possible, build these into ongoing site management strategies.
Planet	<p>Pollution (Environmental Damage Risk): The risk that the portfolio generates, or is exposed to pollution through the materials and processes involved in the supply chain of renewable infrastructure, mitigation and management will be driven throughs supplier selection</p>	<p>We recognise the potential adverse effects of our activities and will seek to mitigate and reduce supply chain pollution through supplier selection and engagement.</p> <ul style="list-style-type: none"> • Implement social and environmental policies and procedures which enable identification, management and monitoring of any risks/opportunities provides a framework for action. • We will review contracted outsourcers environmental policies and ways of working. • Where appropriate, we will seek to collaboratively develop goals, plans and trajectories for achieving them with associated KPIs, and report against them annually.
People	<p>Health and Safety of Workforce: Working on renewable infrastructure is inherently hazardous. This means that the portfolio is exposed to reputational</p>	<p>Provide safe and healthy working conditions for employees and contractors:</p> <ul style="list-style-type: none"> • We have an established H&S management system and take action when needed to mitigate safety risks. • We collate, manage and track to close out all safety, environmental and significant quality issues as part of the KPI Management process.

	risk if accidents were to occur and to the risk of increased insurance costs and operational downtime which add to the costs of operating the assets	<ul style="list-style-type: none"> We will encourage whistleblowing and maintain open communication channels between employees / contractors and management. We have put in place a whistleblowing policy.
People	Unfair Advantage: The risk that the commercial terms relevant to the development, construction or operation of assets take unfair advantage of counterparties, for example through mis-selling.	<p>Consider all the stakeholders when making investment decisions and during procurement processes.</p> <ul style="list-style-type: none"> Consider the distribution of the benefits from the investment to all relevant counterparties. We will seek to ensure that potential suppliers and tenderers are dealt with fairly and in a non-discriminatory manner. We will carry out appropriate measures to establish a level playing field when we are overseeing procurement of third-party service providers.
People	Community Relations: Projects are exposed to project development delay risk or licence to operate risk if they meet opposition from the community. Positive engagement with communities and efforts to address community impact can mitigate these risks.	<p>Consider the impact of any operations on local communities, mitigating potential adverse effects:</p> <ul style="list-style-type: none"> We will work with our outsourcers to engage with local communities to assess, monitor and address, where possible, social and community impacts. We will consider ways to share some of the benefit of the operation with local communities. We will encourage, where possible, local employment by our contractors. We will seek a 'just transition' for workers and communities as the world's economy responds to climate change.
People	Human Rights in Supply Chain: The renewables sector (like every other sector) is subject to human rights abuse that needs to be mitigated. This exposes the portfolio to reputational risk as well as risk of fines if supply chains do not meet labour standards.	<p>Promote fair treatment of all employees, irrespective of matters such as race, gender, nationality, disability, political or religious beliefs:</p> <ul style="list-style-type: none"> We will seek to avoid the risk of indirectly supporting modern slavery or human rights abuses and have put in place Octopus equal opportunities and modern slavery policies. We mandate that the Tier 1 Suppliers and Contractors implement effective strategies and that these include their supply chain. Where possible we require the identification and prior approval of the supply chain to the contract terms.

Reporting and Governance

Octopus Renewables is conscious of “impact washing” and therefore commits to transparency and accountability in how the impact of our renewable energy investments and associated initiatives are presented.

We measure progress against our core mission - to accelerate the transition to a future powered by renewable energy - through ESG KPIs. Typical ESG KPIs include amount of renewable energy generated, equivalent homes powered, equivalent tonnes of carbon dioxide avoided, equivalent number of cars displaced from the road, equivalent number of trees planted.

Impact delivered through Performance, Planet and People impact initiatives is measured through qualitative case studies and quantitative metrics alongside any contributions to the UN SDGs. These case studies use a framework adapted from the Impact Management Project’s “Five dimensions of Impact” helping to bring the positive impact created to life for investors.

We support the TCFD and EU Taxonomy and seek to align with these frameworks when reporting. We also work with the ICS and IRIS, alongside SASB to support our ESG and Impact management systems.

Octopus is a signatory of both the UN PRI and the Impact Principles (Operating Principles for Impact Management).

Climate Change

Tackling Climate Change is an integral part of our core mission and business. Through investments into renewable energy Octopus Renewables is helping to accelerate the transition to a sustainable future. We support the Paris Agreement and we’re integrating TCFD guidance to assist us with understanding our exposure and developing resilience to climate-related risks.

Related Practices

In addition to this policy, we have several policies and processes that support our commitment to ESG matters, including an equal opportunities policy, modern slavery policy, whistleblowing policy, conflicts policy and an Octopus-wide responsible investment policy.