

Article 5 SFDR Remuneration Policy

Introduction

This policy has been prepared to meet the requirements of Article 5 of the Sustainable Finance Disclosure Regulation (SFDR). It outlines how Octopus Investments Limited and Octopus AIF Management Limited ensure that their remuneration practices are consistent with the integration of sustainability risks, particularly for funds exposed to EU markets, including:

- Octopus Healthcare Fund
- Octopus Affordable Housing Fund

Sustainability risks are defined per SFDR as any environmental, social, or governance event or condition which, if it occurs, could materially negatively impact the value of an investment.

Integration of Sustainability Risks

Our approach to integrating sustainability risks is embedded throughout our investment decision-making process, as detailed in our Article 3 SFDR disclosure. We utilise two key frameworks:

- **SASB Materiality Map:** Identifies financially material ESG issues that could impact our investments.
- **TCFD Guidance:** Assesses climate-related risks and opportunities across short- and long-term horizons, including 1.5°C and 4°C pathways.

Through the Responsible Investment tool investment managers are expected to incorporate these frameworks into their financial analysis and decision-making. Oversight is provided by the Responsible Investment Committee, which reports annually to the Octopus Investments Executive Committee. The Responsible Investment dashboard provides oversight over fund and firm level data.

Remuneration Policy Alignment

To ensure alignment with SFDR Article 5, our remuneration policy reflects the following principles:

1. Performance Assessment Framework

- Annual performance reviews are conducted within a multi-year framework to promote long-term value creation.
- Each fund has their own performance metrics related to the sustainability risks as reported in their Article 6 disclosures, as well as the firm-wide commitment to the above frameworks. These sustainability performance metrics along with investment decisions and financial returns are considered when determining remuneration.

2. Risk Management Consistency

- Remuneration must not incentivise excessive risk-taking beyond the firm's tolerance levels.
- Sustainability risk awareness is embedded in role expectations and performance objectives.

3. Accountability and Oversight

- The Responsible Investment Committee oversees the integration of sustainability risks and ensures remuneration practices support this. Octopus appoints an external sustainability agency, Groundswell, to provide advice and guidance around the implementation of responsible investment across the investments business.

4. Transparency and Review

- The remuneration policy is reviewed annually to ensure continued alignment with SFDR requirements and evolving sustainability standards.