

# Sustainability and Impact Report 2023: **Private Equity LTE Fund I**

Q2 | 2024



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# Introduction and overview



# Foreword

This year marks the twentieth anniversary of Generation's founding in 2004. We celebrated the occasion with our bi-annual Global Client Conference, in which we reaffirmed the need for investors to treat impact as an objective and as a source of returns. We are the generation that has both the resources and indeed obligation to transition to a sustainable world.

Twenty years as a firm also marks the sixth anniversary of the Private Equity strategy, launched in 2018. We launched with a vision of using mission and duration-aligned capital to back large, established private companies, with the scale and market position to tackle the most urgent sustainability challenges of our time. Six years on, we have refined our strategy, developing the term 'Sustainability Platforms' to reflect the unique nature of the target investments we make. As FNZ was our original investment in 2018, we were pleased to host FNZ CEO Adrian Durham on stage in conversation with PE co-Head John Bernstein at our Global Client Conference this year. In our view Adrian perfectly articulated the nature of the Sustainability Platform businesses we seek to back, speaking directly to his motivation for founding FNZ – to democratise wealth creation – and to the shared vision we have for leveraging FNZ's position in the value chain to help savers invest more sustainably.

Finally, this year marks the publication of our second annual Private Equity Impact Report. This Report covers the two Sustainability Platform investments that Generation's Private Equity ("PE") strategy has made out of our first fund, the LTE Fund I.

In 2023, the Private Equity team continued to do what we do best:

- Doubled down on our position in Octopus Energy Group Limited ("Octopus"), one of two high-performing Sustainability Platform companies, participating in a recent primary and secondary funding round, both of which completed in the first half of 2024
- Deepened our hands-on, highly active partnerships with our portfolio, expanding our number of touchpoints within each firm. Our priorities for Octopus continued to be impact measurement and growth, and we continued to work on the FNZ Impact product strategy and organisational sustainability with FNZ
- Continued to invest in the team, now at 11 investment professionals. In tandem, we deepened our connections and partnership with our Growth Equity and Global Equity teams, reinforcing the 'one firm' model of Generation.

We are pleased to share outcomes of our work with our first two Sustainability Platform companies in this Report – including impact and financial results, measures of operational sustainability, and historical and future priorities for engagement.

## The Private Equity Team

# Private Equity overview

## Years of operating

# 6 years

Since inception

## Investment team

# 11 employees

31 March 2024

## Total AuM/AuS\*

# USD 11.9 billion

31 March 2024

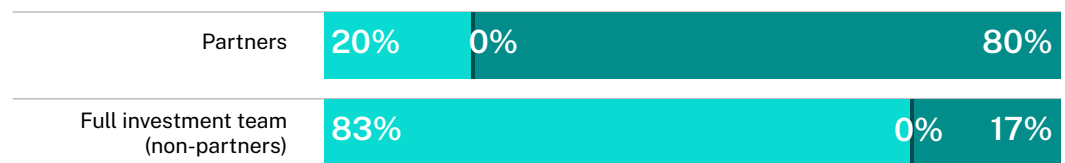
## Address

**LONDON**

20 Air Street  
London W1B 5AN  
United Kingdom

## Team diversity

### GENDER



■ % Female ■ % Non-binary ■ % Male

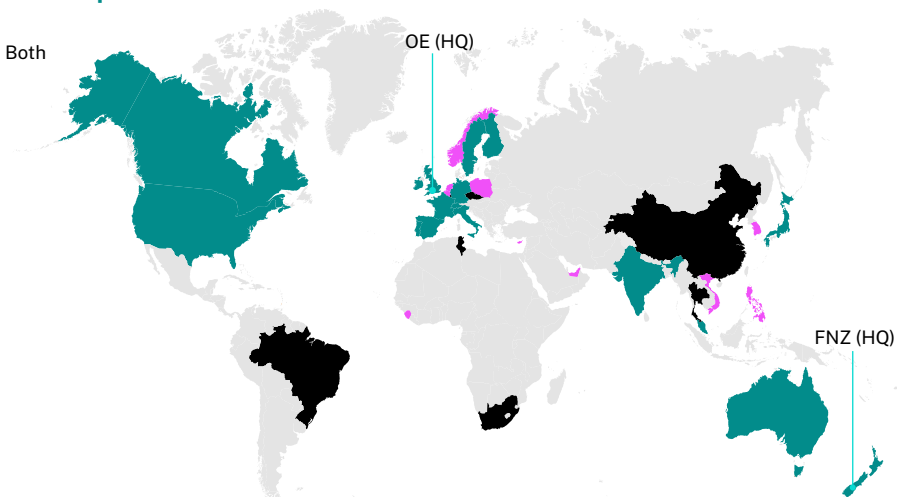
### ETHNICITY



■ % UREG ■ % White

## Geographic reach of our companies

■ FNZ ■ Octopus ■ Both



\*As at 31 March 2024, assets under management ("AUM") were USD 10.8 billion and assets under supervision ("AUS") were USD 1.1 billion (last valued as at 31 December 2023).

# Investment strategy and approach

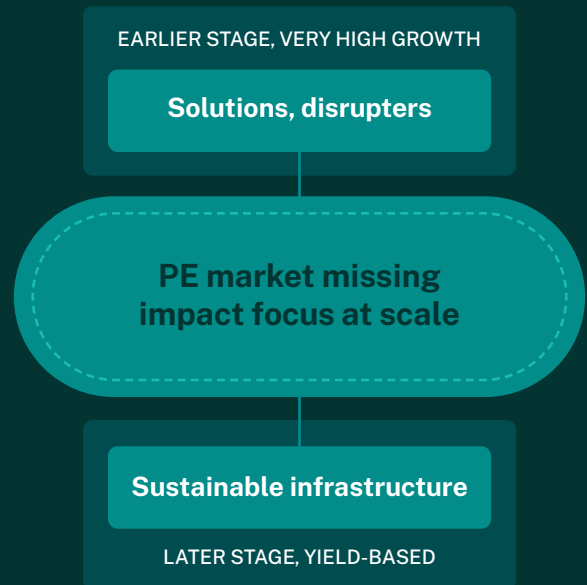
## Why we exist

The Private Equity strategy (“PE”) aims to deliver attractive, long-term risk-adjusted returns and positive impact on sustainability goals.<sup>1</sup>

The transition to a net-zero, just and healthy society requires tremendous innovation. But while there is a flood of capital into disruptive solutions (healthtech, fintech and low-carbon technologies) and a strong market in yield-based investing (deploying capital into renewables and other infrastructure), we believe traditional private equity has not pivoted to address the massive opportunity of the sustainability transition.

This is surprising, given that a rapid sustainability transition also means there are many industries operating unsustainably today. Energy, healthcare, construction, financial services, education and supply chain management are just some of industries that will need to be transformed. Generation’s Private Equity strategy exists to drive these transformations.

## Traditional PE landscape



## What we do

**We invest in Sustainability Platforms: scaled business we believe are driving the sustainability transformation of existing industries.**

Within the large universe of scaled businesses, the Private Equity strategy focuses on B2B businesses, and takes a business model-driven approach. We look for businesses that meet both our high standards for Business Quality (“BQ”), and that we think have an outsized potential to drive measurable social or environmental impact (System Positivity, or “SP”). These businesses are mission-critical systems: Enterprise Resource Planning (ERP) systems, data platforms or core operational workflow software. Not only are these businesses highly sticky and deeply embedded in customer workflows—offering a potentially attractive financial profile—they are in a position to act as a highly effective leverage point to drive the sustainability shifts needed in their end-markets. We call these businesses Sustainability Platforms: scaled businesses that, due to their position in the value chain, we think can act as the highest ‘leverage point’ to drive the sustainability transformation of existing industries.

We think the two portfolio companies in LTE Fund I, FNZ and Octopus Energy Group, are exemplary Sustainability Platforms. Octopus, through its Kraken technology platform, has created a next-gen ERP for the energy industry, which acts as a leverage point to shift consumer energy demand to times when the grid is greenest, driving household decarbonisation. FNZ, as the operating stack for the savings and wealth management industry, has launched a suite of capabilities, FNZ Sustainability Solutions, that is enabling retail investors to shift their investments into more sustainable companies.

There are more of these businesses: for each industry that needs to undergo a sustainability transition (e.g., construction, building operations, healthcare), we believe there is an investable category of Sustainability Platforms (e.g., construction management technology, facilities management platforms, hospital information systems) that can act as the leverage point to drive change. These businesses offer significant opportunity for measurable, positive impact on critical social and environmental goals, and they offer significant opportunity for potentially attractive long-term returns.



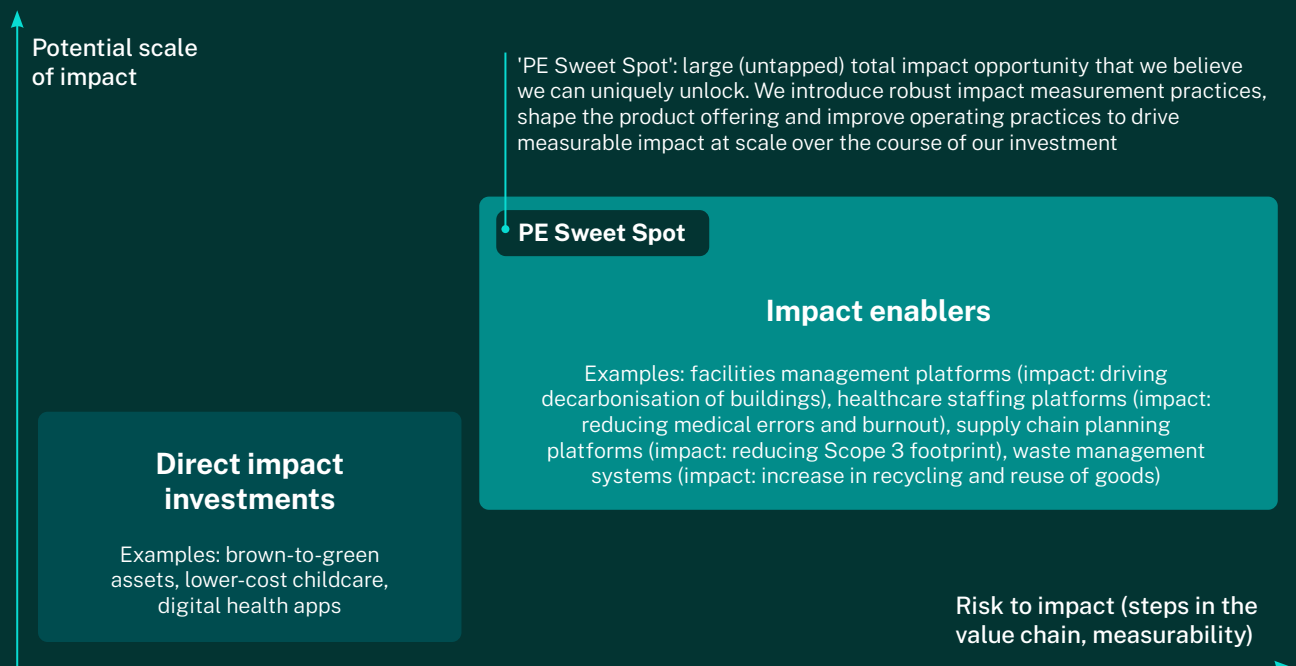
# How we believe ‘Sustainability Platforms’ drive outsized impact

From an impact perspective, Sustainability Platforms are not driving direct impact. Instead, they are what we call ‘impact enablers.’

‘Impact enablers’ are the ‘picks and shovels’ of the sustainability transition. Often facilitate enterprise technology and services businesses, they enable measurable impact on end-users and the environment by transforming entire industry operations and value chains. Compared to investing in businesses that are directly serving the end-user, which have a discrete and

more easily measurable, but smaller scope of impact, impact enablers offer the opportunity for much greater breadth of impact, and scalability. The total impact per dollar invested can be much greater as a result, compared to investments at smaller scale with a direct impact on the environment or end-user.

These businesses are also often of high business quality, due to their embedded position in the value chain, which makes them attractive financial investments.



The downside of investing in impact enablers is that their impact is less direct, and potentially less easily measurable. The PE team mitigates this risk with the intentionality behind its investing strategy. For each Sustainability Platform investment, we develop a Sustainability Platform thesis, as well as a theory of change capturing how we think each business's product

or service will contribute to changing the behaviour of industries, and how this will significantly contribute to driving sustainability goals. We also develop a series of KPIs to measure alongside this theory of change, to hold ourselves and our portfolio companies accountable. This is discussed further on the following page.

# Approach to impact and sustainability performance management

Each Sustainability Platform we back is expected to drive real-world impact through its products and services, while operating in a way that is sustainable for our environment and society. To achieve this impact, we implement a rigorous approach to portfolio impact and sustainability performance measurement and management.

Our approach to sustainability analysis looks at sustainability through two lenses: the impact of ‘what’ the company produces, and the sustainability and impact of ‘how’ the company operates.

For each company, this analysis starts by applying the PE Product Impact Framework, which covers the target sector and transition we want to see, our ‘Sustainability Platform Thesis’ (how we expect the investment to contribute to real-world change), and how we will measure this chain of effect (measuring output to

impacts through Product Impact KPIs). We then apply our Operational Sustainability Performance Framework to assess the impact of the company’s operations, and its overall organisational sustainability. These analyses are critical to informing our sourcing and diligence, as well as our performance monitoring and value creation strategy after we invest.

Throughout, our process of impact analysis and management is collaborative. We believe that building market-leading impactful businesses starts with involving management in defining the Sustainability Platform Thesis, Product Impact KPIs, impact governance structures and operational sustainability priorities. Success requires that a company ‘owns’ its metrics and embeds clear impact objectives into its own governance, strategies and reporting structures over time.



## Impact Analysis:

- Theory of change (Sustainability Platform Thesis) to explain each company’s contribution to real-world goals, documented in our Product Impact Framework
- Lifecycle Assessment (LCA) or beneficiary surveys to measure product impact
- Internal analysis to project Total Impact Opportunity (the impact equivalent of ‘TAM’)
- Impact Management Project (“IMP”) norms to examine contribution and risk

IMPACT  
MANAGEMENT  
PROJECT



## Operational Sustainability Analysis:

- Assessing sustainability governance maturity, environmental performance and social performance, using our Operational Sustainability Framework
- Applying widely-accepted metrics and disclosure standards, where possible
- Expectations aligned to sustainability thresholds, Generation values, emergent best practices and regulatory requirements





# Investment process

PE seeks to fully integrate sustainability into its investment process and stewardship. Each PE investment is supported by a Sustainability Platform thesis, our integrated view of how we believe a target investment can drive attractive returns and real-world impact.<sup>1</sup> The portfolio monitoring and management stage includes integrated measurement and reporting on investment performance, and highly active ownership in accordance with the PE model to drive value creation.



# System Positive approach

Our System Positive (“SP”) Framework illustrates the integrated way we consider sustainability and impact. The Framework plays a critical role prior to investment, allowing us to diligence and debate the fundamental

assumptions we have regarding a target investment’s potential to contribute to and benefit from-its sector’s sustainability transition, and how PE can play a role—in a clear and comprehensive way.

## System Positive Framework

	QUESTION
<b>Why?</b>	What is the target Sector and Sustainability Transition: the systemic shifts we believe are required to make the sector truly sustainable?
<b>What?</b>	What is our Sustainability Platform Thesis: how we expect the company to contribute to and benefit from this shift? What evidence do we have of the company’s contribution to date?
<b>How?</b>	Does the business and management team have a long-term orientation? Is management committed to advancing a shared vision with PE? To what degree is the company run in a sustainable manner today?
<b>Risks</b>	What are the risks to impact? What operational sustainability risks and opportunities exist today?
<b>KPIs</b>	How might we measure the company’s contribution to this goal?
<b>Value-add</b>	What should we focus on as investors to drive financial and impact outperformance over the long term?

In our view, impact is a contributor to financial performance—but the relationship can be direct or indirect and can change over time. Positive impact also has an intrinsic value for our firm and our portfolio companies’ stakeholders per se. As a result, we believe it is essential to analyse historic and future potential impact, along with risks to impact, in a systematic way—just as we would analyse historic and future potential financial performance, and risks.

Our SP Framework also includes Key Performance Indicators (“KPIs”), identified through our Product Impact Framework, to be tracked over time. These KPIs must include a single targetable metric that is aligned to the real-world impact we expect the company to have, be feasible to measure and be mostly within the company’s control. This is complemented by additional metrics (upstream and downstream), which help us

further validate impact (partly or beyond the company’s control), accelerate progress and mitigate risk to impact.

This page is included in our internal presentations and is debated and agreed by the team, alongside our overall assessment of companies’ Business Quality (BQ) and Management Quality (MQ), before anything advances to the Investment Committee.

Post-investment, the completed SP Framework acts as a reference point for helping us refine our approach to sustainability and impact diligence, and for monitoring progress against our investment case and plans for active ownership, in partnership with our companies.

# Highly active ownership model

PE is a highly active partner to the companies it invests in. Our approach to stewardship builds on Generation's legacy of active ownership.

## PE's ownership priorities

PE's highly active ownership model deploys the PE value creation toolkit, with a long-term perspective, and seeks to fully integrate sustainability into its companies' business models and operations over the course of our investment.

We undertake three levels of operational value creation, defined as ownership priorities, as shown below.

1 PE value creation toolkit	2 Longer-term strategic initiatives	3 Unlocking value through sustainability
<p><b>Including:</b></p> <ul style="list-style-type: none"> <li>Strengthening leadership team and finance function</li> <li>Improving governance, reporting and controls</li> <li>Optimising organisational design and talent strategy with the company</li> </ul>	<p><b>Including:</b></p> <ul style="list-style-type: none"> <li>Supporting engagement with existing and prospective major clients</li> <li>Identifying and supporting projects for longer-term value creation</li> <li>Helping to deliver acquisition opportunities</li> </ul>	<p><b>Including:</b></p> <ul style="list-style-type: none"> <li>Scaling or launching new products to drive returns and impact in lockstep</li> <li>Building company sustainability capabilities and team</li> <li>Integrating financial, impact and sustainability measurement and reporting</li> </ul>

Examples of these priorities in practice are included in the subsequent section, Portfolio Results.

## How we engage with our portfolio companies

The PE team has extensive experience in sustainable investing, finance, operations and impact measurement. The full extent of this experience is available to management teams to drive value over the life of the investment.

Once invested, a member of the PE team will typically take a Director role on the Board and/or join its committees. We leverage this role on the Board, combined with strong relationships and direct channels of communication with the senior executive team to provide governance and support for management as they develop the strategy and execute agreed projects. Where appropriate, we involve Generation resources and third-party specialists to work with management on projects on a more intensive basis.

Team collaboration is the foundation of our value creation work. In our experience, the most successful

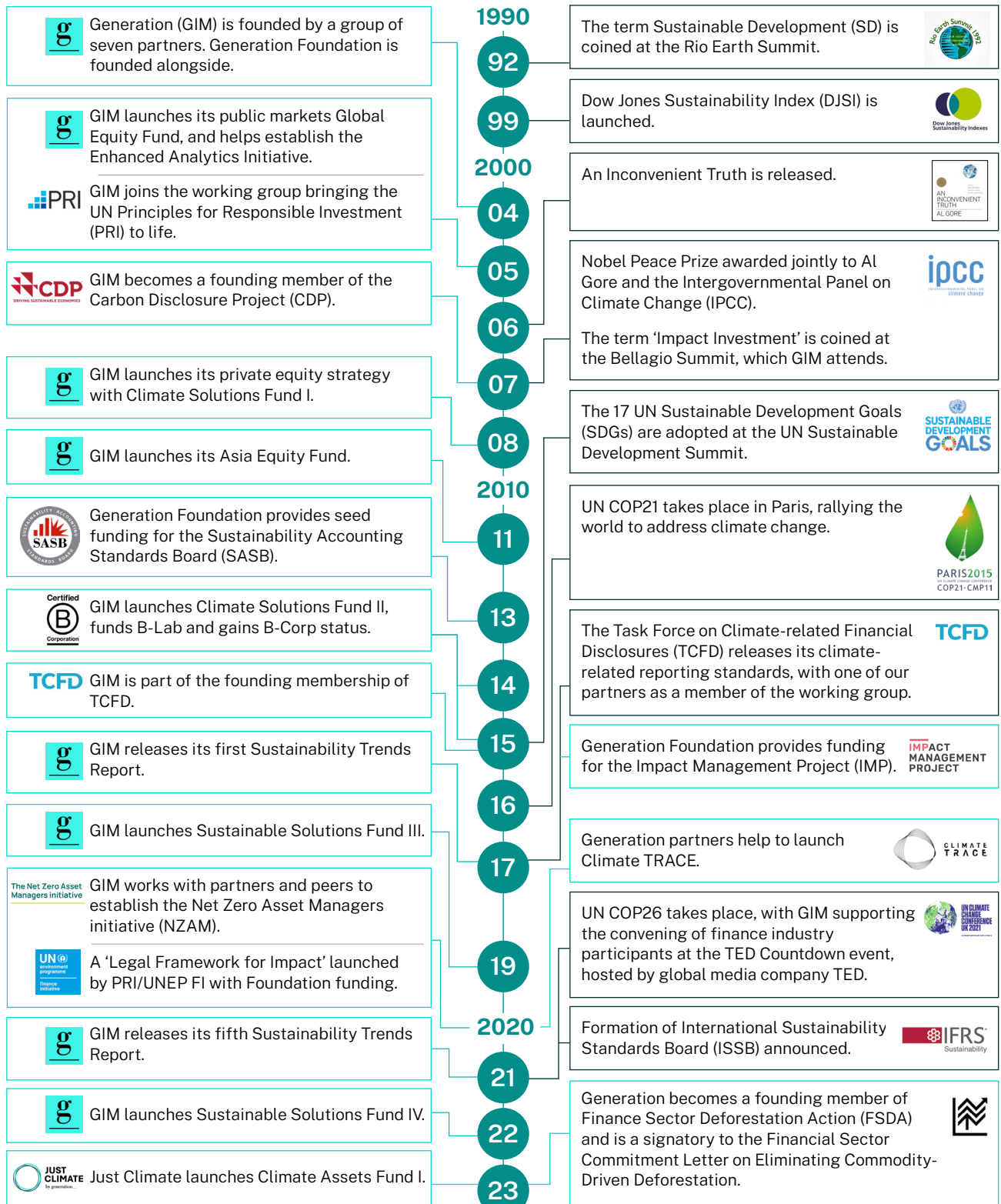
engagements with our companies – whether that be on long-term strategy or on building the company's sustainability capabilities and team – will be developed in partnership with senior management, have the support of other directors on the Board, leverage the full breadth of the PE team's insights and draw on the extensive experience and lessons learned from other Generation strategies. A good example of this is our engagement with FNZ to develop the FNZ Sustainability Solutions product and its impact capability.

During our sourcing discussions with prospective investee companies we often hear that our support for long-term value creation and sustainability integration is appealing and distinctive. We believe this contributes positively to our ability to find and back Sustainability Platforms – large, established businesses that we believe can accelerate the transition to a sustainable economy, by enabling system-level change in their industries – as described above.

# Our sustainability impact over the years

We are proud to be part of a community committed to creating a net-zero, prosperous, equitable, healthy and safe world. We have worked in collaboration with partners, peers and leaders over the last 20 years to achieve this vision.

☒ Generation milestones ☐ Sustainability milestones

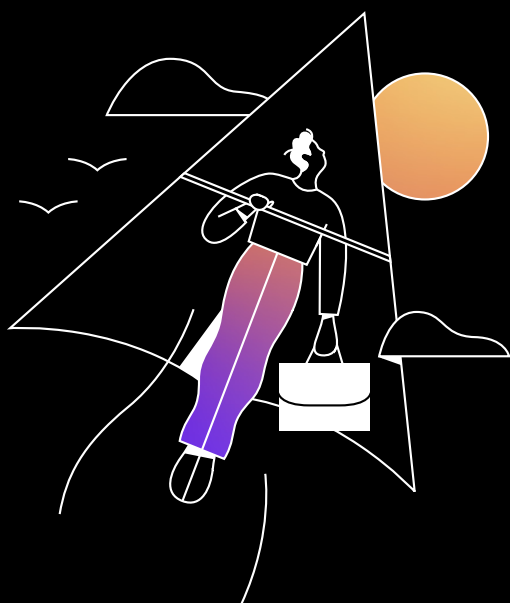




# Portfolio review







## Company overview: FNZ

### Investment detail

**GBP 1.15bn**

Amount<sup>2</sup>

**2018**

Year

### Sector

Savings and wealth  
management

### Sustainability transition

More sustainable  
capital allocation

### Target downstream effect(s)

Creating a net-zero  
economy, protecting  
nature, and improving  
inclusion and well-being

### Investment summary: FNZ

FNZ is a software and services platform for companies in the global savings and wealth management industry, headquartered in New Zealand with global operations.

FNZ is seeking to democratise wealth creation in a way that benefits people and planet – by driving a shift to more sustainable capital allocation, while reducing the cost to serve.

### System Positive thesis & solution

Global capital markets are essential to driving the shift to a more sustainable economy. Retail investors have a particularly critical role to play, with Personal Financial Assets (“PFA”) of USD 239 trillion held by global savers.<sup>3</sup> Yet while retail investors want to contribute to sustainable capital allocation, they are underserved. As at 2020, an estimated 66% of retail investors wanted to invest more sustainably,<sup>4</sup> but only 10% were invested in products that incorporate analysis of environmental, social or governance performance (“ESG”), creating a gap in the market.<sup>5</sup>

### Sustainability Platform thesis: why we invested in FNZ

FNZ is an end-to-end Platform-as-a-Service provider, providing the ‘plumbing’ behind the pensions and savings industry. Founded in 2004 with the mission to democratise wealth creation by lowering the operational costs of wealth management institutions through technology efficiencies, FNZ’s platform now touches all aspects of the wealth management value chain, from processing and asset administration through to the

design of the end-user account management interface and financial adviser tools.

With strong long-term and brand-name customer relationships, and visibility across the entire wealth management value chain, we believe FNZ is uniquely positioned to close the ‘retail sustainable investment gap.’

Target sector and transition	Sustainability Platform thesis: FNZ	Company impact KPI	Extended impact metrics (FNZ and PE use)
In the wealth and asset management industry, the shift to more sustainable capital allocation	By integrating impact data into FNZ’s core platform experiences, FNZ can drive the adoption of sustainable investing – ultimately changing real-world outcomes via awareness and behaviour change	%Assets Under Administration (AuA) powered by impact*  *Defined: contracted and live AuA with access to sustainability-related data, experiences, or features.	<b>End-users KPI:</b> Product funnel (% users engaged; % investing more sustainably/taking action)  <b>Upstream:</b> Commercial pipeline; delivery lead time  <b>Downstream:</b> YoY change in real-world outcomes of companies invested in, across impact AuA

We invested in FNZ in 2018, building off a strong, long-term relationship between the PE team and FNZ’s CEO, with the objective of helping FNZ make a step-change in its impact, by reconnecting value with values.

Our shared vision for FNZ is to leverage its visibility

across a global base of invested assets, market position and know-how to integrate sustainability into retail investment decision-making at huge scale – contributing to the transition to a more sustainable economy – all while continuing to drive down system costs.



## Company overview: octopusenergy



### Investment detail

**GBP 608m**

Amount<sup>6</sup>

**2021**

Year

### Sector

Consumer energy  
markets

### Sustainability transition

Shifting consumer  
energy usage to-  
ward renewables

### Target downstream effect(s)

Creating a net-zero econ-  
omy, driving household  
decarbonisation

### Investment summary: Octopus

Octopus Energy Group Limited (“Octopus”) is driving the renewable energy transition through its consumer solutions and grid management technology – with a vision to provide ‘decarbonisation-as-a-service.’ The company has operations spanning 27 countries,<sup>7</sup> with headquarters in the UK.

### The Target sector and transition

To reach our global goal of a net-zero economy on a 1.5°C pathway, entire economies will need to move toward renewable power. As just one example, we need to shift from 20% to 90% renewable energy sources from 2020 by 2050 in the UK alone.<sup>8</sup> Yet despite increasing investment in renewable energy

capacity, there are significant barriers to this shift. The intermittent nature of renewable power, combined with demand-led grid management and outdated customer service models, means that in times of peak demand, the energy used is still powered by fossil fuels. Moreover, a majority of households in the UK still use traditional gas for heating,<sup>9</sup> and while EV adoption is growing rapidly, it is still a minority of new car registrations.<sup>10</sup> As a result, truly decarbonising the household requires not only revolutionising grid management, but also electrifying the home and household transport. This means changing consumer behaviour, by delivering smart technology in a way that also delivers real household financial savings and builds customer trust.



### Sustainability Platform thesis: why we invested in Octopus

Octopus was founded in 2015 by an entrepreneurial team who saw the potential to accelerate the net-zero transition by redesigning the software and services used to manage supply and demand in the energy markets, from the ground up.

The resulting software platform, Kraken, is the engine behind Octopus's climate impact and growth. Kraken is purpose-built Enterprise Resource Planning (ERP) software for the energy markets, with a technical architecture that allows energy retailers and grid

operators to introduce smart and flexible pricing, gain visibility into energy usage across all elements of a connected home (i.e., EVs, batteries, solar panels, heat pumps), and automatically manage household energy demand, while also more effectively managing customer relationships with a single, customer-centric view. Compared to the generic ERP software it replaces, we believe Kraken is a win-win-win for energy operators, households and the environment: it enables faster decarbonisation, while reducing cost to serve customers by up to ~55%.<sup>11</sup>

Target sector and transition	Sustainability Platform thesis: OE	Company impact KPI	Extended impact metrics (Octopus and PE use)
In the energy industry, the consumer energy transition (decarbonisation of the end consumer)	By scaling Kraken and associated solutions, Octopus can drive uptake of consumer decarbonisation solutions –ultimately changing real-world outcomes via awareness and behaviour change	# Kraken-powered customer accounts (Kraken licensees)*  *Defined as: Contracted consumer accounts powered by Kraken, supplied by Octopus and others.	<b>End-users KPI:</b> Solution uptake (% accounts on smart tariffs; % accounts with 1, 2, 3 etc., products)  <b>Upstream:</b> Commercial pipeline; Octopus customer trust  <b>Downstream:</b> Change in consumer footprint (tCO <sub>2</sub> e) due to Kraken & other solutions

Today, Octopus operates across two main verticals: it has an energy transition business that runs retail energy and services businesses in 8 countries all powered by Kraken, that act as innovators in the industry; it has an asset management business that invests in renewable assets; and it licences Kraken for use by other utilities across the world.

With both an integrated consumer energy business and a B2B platform-as-a-service offering (Kraken), with high brand awareness, customer trust and technology deeply embedded in the consumer energy value chain, we believe Octopus is uniquely positioned to drive the decarbonisation of the consumer energy markets.

Firstly, Octopus is in a position to reduce households' carbon footprint through its retail energy and services businesses. The company's retail offering, powered by Kraken, combines household energy-saving schemes, flexible tariffs and smart home energy management (called 'Intelligent Octopus') to help households avoid using electricity powered by fossil fuels, along with home electrification services (EV leasing, household batteries, solar panels and heat pumps) to help households further decarbonise.<sup>12</sup>

Secondly, Octopus has the potential to enable the decarbonisation of households far beyond its retail

footprint, by licensing Kraken and inspiring other UK and international energy markets operators to follow its lead. In addition, the business's asset management arm, Octopus Energy Generation, is helping increase the portion of total electricity powered by renewables in the UK and internationally.

As of 2023, we believe Octopus has demonstrated the potential to materially expand its commercial growth and impact beyond energy markets. This past year Kraken capitalised on similarities between the water and energy markets, and acquired its first licences in the water sector. Water markets suffer from the same customer service and cost issues as energy markets, and offer important sustainability challenges to solve. Water use efficiency also affects net-zero plans: in the UK, for example, household water supply and use contributes approximately 5 – 6% of total UK greenhouse gas emissions.<sup>13</sup>

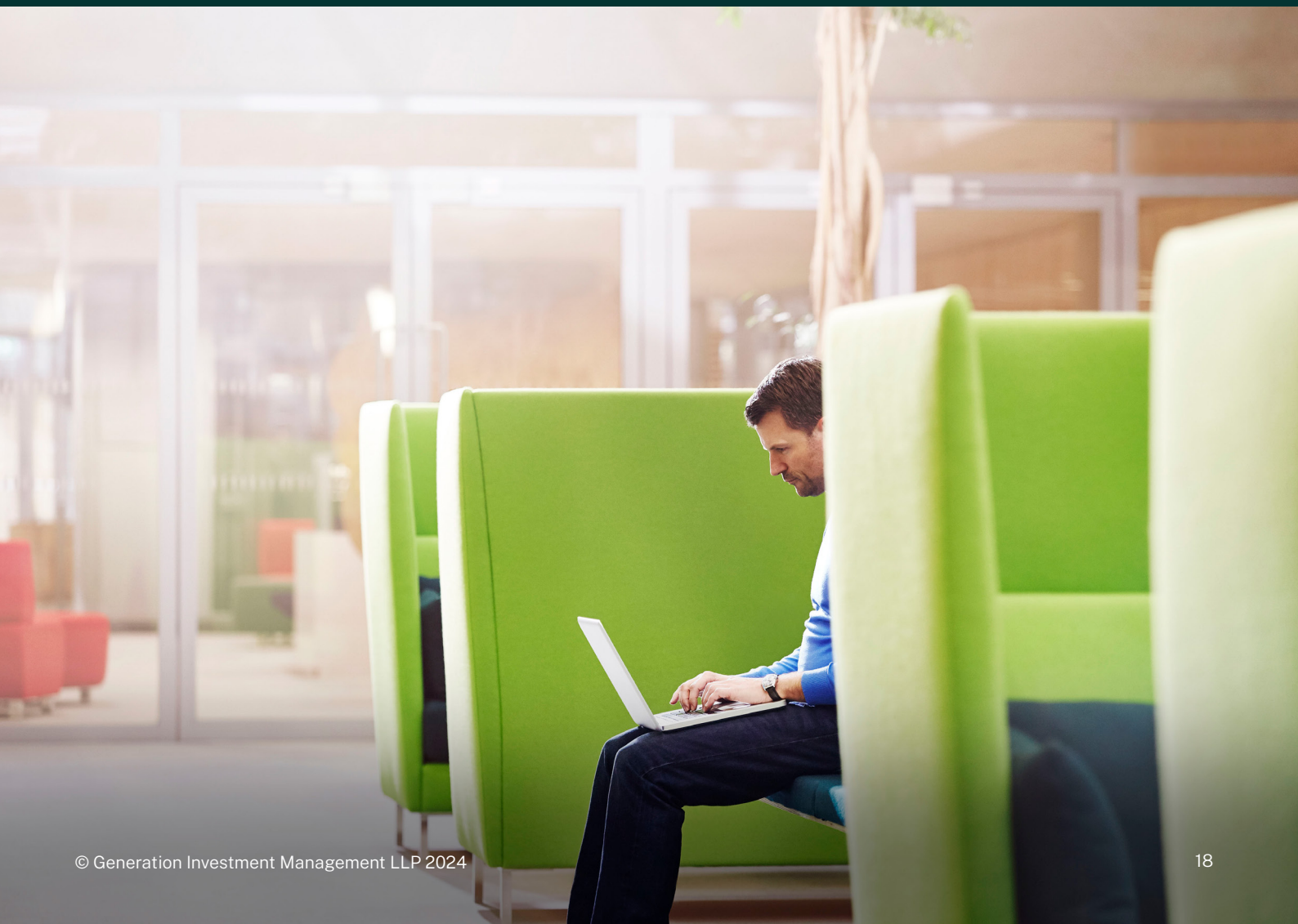
We invested in Octopus in 2021, to help the business scale in the UK and internationally, thanks to a strong relationship between Octopus and Generation built over time by members of the Growth Equity team.

#### OCTOPUS ENERGY'S SOFTWARE



**KRAKEN**

# Appendix



# PE Product Impact and Operational Sustainability Framework in detail

PE's performance monitoring framework combines (i) traditional financial and operational performance metrics; and (ii) a comprehensive product impact and sustainability outcomes framework.

## Product Impact Framework: how we measure product impact

Impact key performance indicators ("Impact KPIs") are selected to monitor the company's contribution to a sector-specific transition and are specific to each portfolio company. To identify the Impact KPIs we want

to track, we apply PE's Product Impact Framework. This starts with identifying the sector and transition we want to see.

Target sector and transition	Sustainability Platform thesis	Company impact KPI	Extended impact metrics
The sector the investment is in, and our view of the sustainability transition we want to see based on systemic insight	Our thesis, developed in partnership with the company, as to how the company can leverage its product/service and market position to drive that transition	A single, targetable metric capturing the impact on beneficiaries or the environment of that core, impactful product/service produced, that is within the company's control	Additional metrics (upstream and downstream) that help us to further validate impact (partly or beyond the company's control), accelerate KPI progress and mitigate risk

## Operational Sustainability Framework: How we measure organisational sustainability

In addition to the Product Impact Framework, we apply our Operational Sustainability Framework to monitor and assess our companies' environmental and social outcomes and governance practices.

to capture the maturity of the company's sustainability and impact governance, the positive impacts of the company's operations on sustainability goals and risks of significant harm to sustainability outcomes, as well as potential sustainability-related risks to the investment. Indicative topics covered are listed below.

The Operational Sustainability Framework is designed

Company environmental performance	Company social performance	Company governance maturity
<ul style="list-style-type: none"> <li>Climate</li> <li>Water</li> <li>Land &amp; biodiversity</li> <li>Pollution &amp; waste</li> </ul>	<ul style="list-style-type: none"> <li>Job creation &amp; retention</li> <li>Equity, diversity &amp; inclusion ("EDI")</li> <li>Health, safety &amp; wellbeing ("HSW")</li> <li>Skills &amp; training</li> <li>Responsible business conduct, anti-bribery &amp; corruption, human rights</li> <li>Customer value</li> <li>Data &amp; technology security</li> </ul>	<ul style="list-style-type: none"> <li>Board independence &amp; diversity</li> <li>Employee ownership</li> <li>Stakeholder engagement</li> <li>Sustainability targets &amp; compensation frameworks</li> <li>Sustainability reporting</li> </ul>
Highly active ownership, market leadership & performance benchmarking		

Together, PE's Impact KPIs and Operational Sustainability Framework form a comprehensive approach to assessing the sustainability outcomes and impacts of our companies.











# Portfolio mapped to the SDGs

We have aligned our companies to the specific UN SDG targets and metrics that we believe they positively affect. This is an output of our investment process, as opposed to an input or integrated effort.

Below is a summary of the number of companies that align to each SDG. One company can map to one or more SDGs.



Below is a mapping of each company to the relevant goal(s) and specific metric(s).

SDGs	Metrics
<b>Octopus</b>  	<p>SDG mapping for Octopus reflects a mapping of each of Octopus' business activities, focusing on the impact on the environment of the company's decarbonisation products and services in use.</p> <p><b>Kraken:</b> SDG 7, 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>Renewables asset management:</b> SDG 7, 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>Household electrification solutions (heat pumps, EVs):</b> SDG 7, 7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p><b>Consumer-facing marketing &amp; advocacy as part of Octopus's retail energy business:</b> SDG 13, 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>
<b>FNZ</b>        	<p>SDG mapping for FNZ focuses on the impact of the company's product and services on beneficiaries and ultimately, society and the environment. This reflects a mapping of each live impact KPI within the FNZ Impact platform to a specific SDG, as well as a mapping of the impact of the platform itself to SDG 17.</p> <p><b>Percent women on Boards KPI:</b> SDG 5, 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p><b>Water usage KPI:</b> SDG 6, 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p><b>Human rights controversies KPI:</b> SDG 8, 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p><b>Waste to landfill vs. recycling KPI:</b> SDG 12, 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p><b>GHG emissions KPI:</b> SDG 13, 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> <p><b>Deforestation risk KPI:</b> SDG 15, 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p><b>Governance controversies KPI:</b> SDG 16, 16.6 Develop effective, accountable and transparent institutions at all levels</p> <p><b>Overall effect of platform:</b> SDG 17, 17.6 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals</p>



# Meet the PE team

The PE Investment Team has extensive experience in sustainable investing, finance, operations and impact measurement. Aligned to the mission of Generation, the team shares a commitment to demonstrating the benefits of long-term, sustainable private investment for companies and investors.

The PE Investment Team as at 31 March 2024 is shown below.

**100+ yrs**  
Combined experience

**Track record in sustainable investment, finance, operations and impact**

**Backed by wider Generation teams and network with insights and industry-specific expertise**



**John Bernstein**  
Co-Head



**Tom Hodges**  
Co-Head



**Chris Ragona**  
Partner



**Lucia Rigo\***  
Partner



**Sinisa Krnic**  
Partner



**Madeleine Evans\***  
Director of Impact



**Camilla Warner**  
Director



**Johanna Miller**  
Director



**Hazelle Wang**  
Associate



**Yann Boyeldieu**  
Associate



**Elisabeth Kuester**  
Associate



**Charlotte Boyer\*\***  
Consultant

\*Lucia Rigo and Madeleine Evans work across the PE team and the Growth Equity team.

\*\* Charlotte Boyer is not an employee or partner of Generation. She works as a consultant with the PE team.

# Our values

Our values drive how we operate as an organisation and as individuals, underpinning our actions and our culture.

## ETHICAL STANDARDS

We expect the highest ethical standards in our work and in our personal lives.

## RESPECT & DIGNITY

Each of the individuals with whom we work is entitled to respect and dignity.

## TEAMWORK

Teamwork underpins our one-firm culture.

## EXCELLENCE

We aim for excellence in all that we do.

## INCLUSION & DIVERSITY

Inclusion and diversity, in the broadest sense, help drive our success.

## COMMITMENT

We are committed to rigorous research, curiosity and continuous learning.

# References

## Glossary of terms

B2B	Business-to-business
Board gender diversity	Share of Board members self-defined as identifying as female and non-binary as of period end
Board independence	Non-executive Board members defined as share of members of the Board who are not employed by the company as of period end
BQ	Business Quality
CDP	Carbon Disclosure Project
CO <sub>2</sub>	Carbon dioxide
Carbon Intensity	Aggregate tonnes of carbon dioxide (CO <sub>2</sub> equivalent) per USD M revenue (not restricted to CO <sub>2</sub> , includes a basket of emissions). Intensity for prior years based on conversion to USD M based on May 2022 FX rates.
EDI	Equity, Diversity and Inclusion
FTE	Full-Time Equivalent
ESG	Environmental, Social, Governance
GHG	Greenhouse Gas
GIM	Generation Investment Management
IFRS	International Financial Reporting Standards
IMP	Impact Management Project
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial Public Offering
ISSB	International Sustainability Standards Board
Jobs provided	Employee count (FTE) as of period end. FTE is calculated by taking into account the number of hours worked in a full-time weekly schedule and the actual number of hours employees work.
KPI	Key Performance Indicator: Impact as defined through GIM's System Positive analysis of the portfolio company. Metrics have been individually defined for each portfolio company to capture the contribution of the company's product or service to a sustainability objective, as well as overall impact domain.
LCA	Lifecycle Analysis
Management	The following was provided to portfolio companies during data collection: As outlined in SASB e-commerce sector guidance, which can be applied across industries for this topic, management includes executive/senior-level officials and managers as well as non-executive first/mid-level officials and managers. For non-US employees, the entity shall categorise the employees in a manner generally consistent with the definitions provided above, though in accordance with, and further facilitated by, any applicable local regulations, guidance or generally accepted definitions.
MQ	Management Quality

# References

## Glossary of terms

Other Staff	The following was provided to portfolio companies during data collection: All other employees includes those employees who are not classified as management or technical staff. For non-US employees, the entity shall categorise the employees in a manner generally consistent with the definitions provided above, though in accordance with, and further facilitated by, any applicable local regulations, guidance or generally accepted definitions.
SASB	Sustainability Accounting Standards Board
SBT	Science-based Target
SDG	Sustainable Development Goal
TAM	Total Addressable Market
TCFD	Task Force on Climate-related Financial Disclosures
tCO <sub>2</sub> e	Tonnes of carbon dioxide equivalent
Technical Staff	The following was provided to portfolio companies during data collection: As outlined in SASB eCom-merce sector guidance, which can be applied across industries for this topic, technical staff includes employees categorised in the 15-0000 group (Computer and Mathematical Occupations) or 17-0000 group (Architecture and Engineering Occupations) of the U.S. Bureau of Labor Statistics' 2018 Standard Occupational Classification System. For non-US employees, the entity shall categorise the employees in a manner generally consistent with the definitions provided above, though in accordance with, and further facilitated by, any applicable local regulations, guidance or generally accepted definitions.
UN PRI	United Nations Principles for Responsible Investment
UNEP FI	United Nations Environment Programme Finance Initiative
UREG	People self-identified as belonging to an under-represented group (i.e., belonging to an ethnic minority within a given country's context). Note, GIM has previously used "POC" in the position of UREG.
Voluntary turnover	Turnover is defined as the number of FTEs leaving the business, excluding those from M&A, over the course of the reporting period divided by the average number of FTEs in the previous year multiplied by 100



# References

## Disclosure frameworks

Generation believes in the principle of integrated reporting on financial and sustainability activities, performance outcomes and risks. In certain cases, we also publish supplementary reporting to ensure our reporting meets specific regulatory or voluntary commitment requirements. A summary and links to these disclosures is below.

### Task Force for Climate-related Financial Disclosures (TCFD)

Generation has made a commitment to use the TCFD's recommended framework for disclosing its climate-related exposure each year. Our most recent TCFD report, covering 2022, was published in 2023.

TCFD Report 2023

### Sustainable Finance Disclosure Regulation (SFDR)

Generation adheres to the European regulatory framework SFDR and discloses its sustainability risks, remuneration, consideration of Principal Adverse Impacts (PAIs) and the classification of its funds, in its fund offering documents and/or on its website, according to SFDR's required practices.

Sustainability-Related Disclosures

### UK Stewardship Code

Generation is pleased to have been accepted by the Financial Reporting Council as one of the initial signatories to the UK Stewardship Code 2020. Generation's Stewardship Report for 2023 is available publicly on our website under Our Strategies.

Stewardship Report

## Key frameworks



- On 1 January 2016, the 17 Sustainable Development Goals came into force. These underpin the UN-led 2030 Agenda for Sustainable Development. Collectively, they aspire to take us towards "the world we want" through a "blueprint to achieve a better and more sustainable future for all."
- <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



- The Impact Management Project, a collaborative effort of more than 1,000 global stakeholders, has agreed on a set of shared fundamentals for communicating, measuring and managing impact. By helping every investor and entrepreneur understand their material effects, they aim to encourage more impactful capital allocation.
- <http://www.impactmanagementproject.com/>



- G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector can take account of climate-related issues. The FSB established the Task Force on Climate-related Financial Disclosures (TCFD), which released recommendations for more effective climate-related disclosures in 2017. In 2023, the FSB announced that the work of TCFD was complete, as the IFRS Sustainability Disclosure Standards incorporate the TCFD Recommendations. Although companies and jurisdictions are still able to use TCFD Recommendations, the FSB transferred TCFD monitoring responsibilities to the ISSB (below).
- <https://www.fsb-tcfd.org/>



- The International Sustainability Standards Board (ISSB) is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards (IFRS SDS). The ISSB builds on, among others, the work of the Sustainability Accounting Standards Board (SASB), whose 77 industry standards, published in November 2018, enable businesses to identify, manage and communicate financially-material sustainability information to their investors.
- <https://www.ifrs.org/groups/international-sustainability-standards-board/>

# Endnotes

1. There is no guarantee that these investment objectives will be achieved.
2. Amount invested by all PE managed or supervised vehicles since 2018 inclusive, as at 19 June 2024.
3. PFA include financial assets including deposits, equities, bonds, mutual funds, alternatives, assets held in insurance policies and pensions, but exclude direct real estate or any other real assets. Numbers exclude the effect of currency fluctuations. Data for 2020; source: Oliver Wyman analysis.
4. 2degrees-investing.org. 2020. A Large Majority of Retail Clients Want to Invest Sustainably. [online] Available at: <<https://2degrees-investing.org/resource/retail-clients-sustainable-investment/>> [Accessed 8 July 2022]. Retail investor preferences based on qualitative and quantitative surveys conducted by 2Dii in research funded by the EU and Hewlett Packard Foundation, showing that 65% to 85% of retail investors in Germany and France say they want to invest more sustainably when they are asked. This result has been triangulated with results from other similar studies, where the stated interest in investing sustainably ranges from 50% to 80% with an average of 70%.
5. CFA Institute, 2020. Future of sustainability in investment management: From ideas to reality. Available at: <<https://www.cfainstitute.org/-/media/documents/survey/future-of-sustainability.ashx>> [Accessed 5 Sept 2022]
6. Amount invested by all PE managed or supervised vehicles since 2021 inclusive, including SPEF II, as at 19 June 2024.
7. As reported by Octopus in March 2023.
8. National Grid Future Energy Scenarios Forecast 2022. 2050 scenario shown is the National Grid 'leading the way' scenario.
9. House of Commons, Research Briefing: Households off the gas-grid and prices for alternative fuels, January 2024.
10. Zapmap, EV market stats 2024, June 2024.
11. Based on BCG Analysis for Octopus, comparing Total Operating Cost (£, per customer, per year, 2020) drawn from Ofgem segmental statements 2020 from the Big 6 energy suppliers, vs. Total Operating Cost for Octopus Energy. 'Big 6' refers to historically dominant energy suppliers in UK market: British Gas, nPower, E.ON, SSE, Scottish Power and EDF.
12. Octopus's retail arm comprises its consumer energy supply in the UK, Germany, Italy, France, Japan, Spain, Texas and New Zealand, as well as its services and electric vehicles businesses that focus on the the provision and installation of home electrification products and services.
13. Letter from Chair of the Senior Water Demand Reduction Group, UK (2021). Available at: <https://database.waterwise.org.uk/knowledge-base/call-to-put-water-efficiency-at-the-centre-of-climate-crisis-action/> [Accessed 25 June 2024]
14. Impact Frontiers, Risks to Impact. Available at: <<https://impactfrontiers.org/norms/five-dimensions-of-impact/impact-risk/>> [Accessed 7 June 2023]

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