OCTOPUS INVESTMENTS REMUNERATION POLICY[1]

A. FIRM-SPECIFIC INFORMATION

<table>
<tr><td rowspan="4">i</td><td colspan="6">Please list all of the firms within tiers three and four within your group that are caught by the Code.</td></tr>
<tr><th>Firm Name</th><th>FRN</th><th>Business Type</th><th>No. of Code Staff</th><th>Proportionality Tier</th><th>Individual Guidance Received?</th></tr>
<tr><td>Octopus Investments Ltd</td><td>194779</td><td>Investment management</td><td>10</td><td>Four</td><td>No</td></tr>
<tr><td>Octopus Ventures Ltd</td><td>191899</td><td>Investment management</td><td>3</td><td>Four</td><td>No</td></tr>
<tr><td rowspan="3">ii</td><td colspan="6">Provide contact details of the key individual(s) who we should contact within your firm regarding your firm’s compliance with the Remuneration Code.</td></tr>
<tr><th>Name</th><th>Job Title</th><th>Phone No.</th><th colspan="3">Email</th></tr>
<tr><td>Malcolm Biggart</td><td>Compliance Director</td><td>020 7710 2820</td><td colspan="3">mbiggart@octopusinvestments.com</td></tr>
<tr><td>iii</td><td colspan="3">What dates does your performance year run from/to:</td><td colspan="3">1 May to 30 April</td></tr>
<tr><td>iv</td><td colspan="3">What performance year is this RPS in respect of:</td><td colspan="3">01/05/2011 to 30/04/2012</td></tr>
</table>

B. REWARD SCHEMES

*List any **bonus schemes** or other reward or compensation schemes (including those for partnerships and other legal structures) that will be in place to reward Code Staff for performance during the current performance year and provide a high-level description of each scheme, including:*

- *the scheme’s purpose;*
- *intended participants;*
- *number of expected participants for the current performance year;*
- *the structure of each scheme’s awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc if appropriate.);*
- *the performance measures and the risk adjustment used to determine whether and how much the*

[1] This document relates to both Octopus Investments Ltd and Octopus Ventures Ltd. Where relevant these are referred to in this document as ‘OI’ and ‘OV’ respectively. Unless otherwise indicated, references to ‘Octopus Investments’ apply to both entities.

scheme will pay out (if appropriate);

- *the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate);and*
- *any other information related to the scheme that you believe is relevant.*

a)

Corporate Bonus Scheme

- **the scheme's purpose:**

The Corporate Bonus Scheme is a discretionary bonus scheme which enables the Company to reward employees directly in line with both their individual, their team's and the Company's performance. The award that an individual receives varies on an annual basis and is dependent on Company performance, individual performance and market norms for the role they perform.

- **intended participants:**

All permanent employees are eligible to participate in the Corporate Bonus Scheme.

- **number of expected participants for the current performance year:**

All 10 Code Staff are participants of the Corporate Bonus Scheme for performance year 2011/12.

- **the structure of each scheme's awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc if appropriate):**

Any bonus of less than <£100K is paid in cash in the May payroll (May 2012). The excess of any awards over £100,000 is deferred and paid 12 months after the initial payment of £100,000.

It should be noted that the Corporate Bonus Scheme runs alongside the Share Options Award scheme. The Share Options Award Scheme builds and maintains an employee's longer term interest in the Company via award deferral and is covered as a separate scheme in this document.

- **the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out (if appropriate):**

The quantum of the overall bonus pot is dependent on the year end Corporate Performance Score (see appendix 1). An individual's share of this pot is dependent on both their individual performance over the prior year (assessed via the performance review process every 4 months, across four behavioural and competency-based measures) and market norms for the role they are performing.

- **the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate);**

The excess of any awards over £100,000 is deferred and paid 12 months after the initial payment of £100,000. There are no performance adjustments applied in respect of any deferred element.

If an individual were to leave the company during the deferral period of an award already granted that had a realised investment return as the underlying basis for the grant, this may be reviewed at the point of their departure and might be paid as part of a final employment-related payment.

- **any other information related to the scheme that you believe is relevant.**

n/a

b)	**Share Options** • **the scheme's purpose:** The Share Option plan is a discretionary scheme which enables the Company to reward employees directly in line with the Company's long term performance. The number of Share Options that an individual receives varies on an annual basis and is dependent on both Company performance and individual performance/potential (current and future anticipated contribution to Company performance). The ultimate value of the Share Options award depends on Company performance over the next 2 – 4 years (measured via share price growth) and the duration the individual remains in employment following the award (see vesting details below). It should be noted that the grant/exercise price is always higher than the most recent estimated Company share price valuation. • **intended participants:** All permanent employees are eligible for Share Options. • **number of expected participants for the current performance year:** All 10 Code Staff are participants of the Share Options Scheme for performance year 2011/12. • **the structure of each scheme's awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc if appropriate):** 100% of any Share Options grant is deferred and subject to vesting criteria. Share Option awards vest in equal thirds on the 2nd, 3rd and 4th anniversary of the grant date. • **the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out (if appropriate):** The ultimate value (payout) of the Share Options is dependent on Company share price growth between date of award and when the individual is able and chooses to exercise and sell their shares. • **the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate):** Share Option awards vest in equal thirds on the 2nd, 3rd and 4th anniversary of the grant date. Other than remaining in employment there are no explicit performance conditions linked to the Share Options vesting. If an individual were to leave the company during the vesting period of options already granted that had a realised investment return as the underlying basis for the grant, this may be reviewed at the point of their departure and might be paid as part of a final employment-related payment. • **any other information related to the scheme that you believe is relevant.** n/a
c)	**Fund Performance Incentive Schemes** The Fund Performance Incentive Schemes follow a similar structure to carried interest type schemes. The Fund Performance Incentive Schemes which have Code Staff as participants are the Multi Manager Performance Incentive Scheme (Prism and Omnis), Ventures Team Fund Performance Incentive Scheme, CfE Fund Performance Incentive Scheme (CfE carry scheme). • **the scheme's purpose:** The carry schemes are designed to directly reward the participants in line with the performance

	of the relevant funds they manage. • **intended participants:** Only employees who impact the performance of the funds covered by the scheme are eligible to participate. There is a specific contract covering each of the schemes and employees have to be formally invited to participate in the scheme relevant to their role. • **number of expected participants for the current performance year:** 2 of the 10 Code Staff participate in one or more of the carry schemes • **the structure of each scheme's awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc if appropriate):** The carry schemes pay participants a percentage of any performance fees earned by the Company for managing the funds covered by that scheme. There are strict criteria in place regarding when a performance fee is paid to the Company and this is only after client/customer obligations have been met. An individual participant's share of the performance fee is dependent on the number of points they have accrued. Participants accrue points dependent on their seniority and length of time they have been a member of the scheme. 100% of the participant's share of any performance fees is paid in cash (via normal payroll processes) the month following the month in which the performance fee is received by the Company. • **the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out (if appropriate):** The scheme only pays out when the Company earns a performance fee from the specific funds included in the schemes. The Company only earns a performance fee when all client obligations have been met. These obligations differ by fund but focus on ensuring the Company has delivered the agreed levels of return on the client's investments before the Company takes any performance fee. • **the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate); and** Covered above **any other information related to the scheme that you believe is relevant**.

C. REMUNERATION CODE STAFF

i	*Please set out the criteria you have used to determine which of your staff are 'Code Staff'.*
	• Members of the Senior Management Committee • Other senior managers with responsibility for business lines and/or product areas; or who are engaged in control functions.

ii	*List all Remuneration Code Staff.* Mario Berti (Corporate Bonus Scheme) Malcolm Biggart (Corporate Bonus Scheme) Vicki Harris (Corporate Bonus Scheme) Chris Hulatt (OI & OV) (Corporate Bonus Scheme) Paul Latham (Corporate Bonus Scheme) Alex MacPherson (OI & OV) (Corporate Bonus Scheme, Titan and Eclipse carry schemes) Guy Myles (Corporate Bonus Scheme) Simon Rogerson (OI & OV) (Corporate Bonus Scheme) Alistair Seabright (Corporate Bonus Scheme) Mark Soonaye (Corporate Bonus Scheme)	
iii	*How many Remuneration Code Staff have been identified in total for this performance year? Please include any employees who have been Code Staff for any part of the year.*	10
iv	*How many Remuneration Code Staff are likely to rely on the guidance set out in SYSC 19A.3.34G (and further developed in General Guidance on proportionality)?*	3
v.	*Briefly describe the measures you have taken to ensure that all Code Staff understand the implications of this status in relation to the requirements of the Code.*	
	Code Staff were briefed on the implications of their code status in 2010. Prior to the end of the current performance year a refresher briefing paper is being sent to all Code Staff and Code Staff are invited to raise any queries they might have in relation to the code and the implications of their status.	

1.	**Principle 1 – Risk management and risk tolerance** *Please refer to SYSC 19A.3.7R*

Briefly describe how you ensure that your firm's remuneration practices promote sound and effective risk management and do not encourage risk-taking that exceeds the firm's levels of tolerated risk.

The Company has the following practices in place to promote sound and effective risk management:

The remuneration package for all permanent employees is structured to ensure balance between short-term and long-term rewards (typically 50% of variable remuneration is in stock options vesting between 2-4 years).

The Corporate Performance Score (see appendix 1) directly impacts the overall bonus pot available. The pot available is then allocated to individual employees on a discretionary basis. This impacts all employees; although less so for those in Relationship Manager roles where 25% of their OTB (on target bonus) is paid out on a discretionary basis at year end (April 2012) and the remainder is based on sales made throughout the year.

All employees have objectives which are set and reviewed three times a year. Objectives cover core deliverables as well as requirements around risk and compliance. The Compliance Director and the HR Director will review the objectives set for Code Staff to ensure they are relevant and proportionate focus on risk is reflected.

In addition to the company-wide processes outlined above additional firmly established processes are in place to stop excess investment risk. These are outlined below.

Quoted fund managers (no code staff) – To prevent quoted fund managers acting to maximize the likelihood of performance fees without due consideration for risk is mitigated by the fact that we have clear parameters within which the fund managers must operate. These parameters are monitored by both the Authorised Corporate Director (ACD) and a separate risk function, who himself does not run any funds or receive any performance fees. It is also mitigated by the fact that the managers must leave a significant portion of their performance fee within the fund for between 1 and 2 years.

Ventures fund managers - The risk of Ventures fund managers taking on excessive risk in investments they make, with a view to maximizing their performance fees is mitigated by a range of factors including:

a) Use of independent Boards who must ratify all investment decisions
b) Use of the Octopus Venture Partner Group who must vote in favour of the investments
c) The fact that the performance fees are typically not paid for at least 5 years. The majority of investments require the payment of significant tax-free dividends to investors before any performance fee becomes payable
d) There are good and bad leaver provisions on any carry. Individuals leaving these scheme will see their share of the carry degrade (more quickly for “bad” leavers)

Sales team (no code staff) - The risk of the sales team favouring one product over others and selling this disproportionately, and to the wrong customers is largely mitigated by the oversight provided by the Head of Relationship Management (HRM) and the Head of Office Relationship Management (HORM) who themselves are not on the sales incentive scheme. In addition:

a) The RM bonus includes a 25% discretionary element. This element is subject to overall Corporate Performance Score and individual performance against specific personal objectives and Company values
b) Management Information is monitored to identify any trends as soon as they start to emerge and enables action to be taken quickly
c) The payout rate per product can be changed after any three month period. This allows action to be taken quickly if too much of one product is being sold (vs. budget or our belief of what is an appropriate amount)

Specialist Finance team - The risk of the Specialist Finance team targeting investments which do not meet the very specific risk requirements for the funds that they manage is mitigated by the investment committee through which all deals must be approved. It should be noted that there is no carry or performance fee in place for the team (i.e. it is not primarily a return driven environment in terms of compensation).

2.	**Principle 2 – Supporting business strategy, objectives, values and long-term interests** *Please refer to SYSC 19A.3.8R*

Briefly describe how your firm ensures that its remuneration policies are in line with its business strategy, objectives, values and long-term interests.

Corporate Performance Score - The Corporate Performance Score is determined through reference to the Company's achievements measured against a basket of performance indicators including but not limited to Company profitability, funds raised, funds invested, fund performance, costs vs budget, customer satisfaction, risk management, and employee satisfaction.

The Corporate Performance Score impacts the bonus pot available for all employees, at all levels (including the RM team, albeit by a lesser amount). The impact of the Corporate Performance Score can be both upwards and downwards. The Company performance is reviewed and scored every 4 months against the objectives set at the start of the year. This score is shared with all employees.

Individual employee performance objectives - All employees are required to agree performance objectives with their Manager every 4 months. Employees' objectives are agreed between employee and line manager and aligned to overall Company strategy and objectives. The performance review process (whereby all employees are assessed against achievement of their objectives and rated against the corporate values) takes place three times a year (every 4 months). The ultimate performance score awarded to an employee will impact the quantum of the discretionary bonus and share options allocated to them.

Long term incentives - As a result of the Share Option Scheme and the historical EBT share ownership schemes a significant portion of the business is owned by employees. The Share Option Scheme is a long-term incentive scheme and acts as a key retention and risk reduction tool. Employees recognise that the potential value of their Share Options is dependent on protecting and growing the business.

3.	**Principle 3 – Avoiding conflicts of interest** *Please refer to SYSC19A.3.9R*

Briefly describe the measures already established to ensure your firm's remuneration policies avoid conflicts of interest.

Potential conflicts of interest are mitigated by the remuneration committee taking input from both the HR Director and the Compliance Director on appropriate levels of remuneration (and structures). Both the HR and Compliance Directors are involved determining the final bonuses decisions for code staff (excluding themselves). Due to the size of the Company (approximately 200 employees) it is possible for the Remuneration Committee to review and sign off individual bonus recommendations.

Individuals with an oversight role in relation to a formulaic bonus scheme will not themselves be on that scheme.

No team leader will have final sign off on the discretionary element of any bonus for their direct team members, and final sign off of all bonus payments will come from the Remuneration Committee.

Carry/performance fees - Any decision to allocate additional carry points on a discretionary nature can only be made on agreement of the Adjudication Committee. The Adjudication Committee comprises of 2 independent members of the Senior Management Team and one employee/manager who participates in the scheme.

4.	**Principle 4 – Governance** *Please refer to SYSC 19a.3.10R to SYSC 19A.3.13G and Part F of* General Guidance on proportionality *(December 2010), published in PS10/20 and on our website.* *We have given guidance on the need to establish remuneration committees in* General guidance on proportionality *(December 2010), Part F . In summary we consider that it would be desirable for firms in proportionality tier three and tier four to establish a remuneration committee, and would normally expect larger firms within these tiers to do so. But we accept that it may be appropriate for the governing body of the firm to act as the remuneration committee.*	
4.1	*Does your firm have a Remuneration Committee ('RemCo') established within the UK?*	Yes
4.2	*If your answer to question 4.1 is 'No' describe how remuneration governance arrangements operate within your firm.*	
	n/a	
4.3	*How does your firm ensure that remuneration decisions take into account the implications for risk and risk management of the firm?*	
	All variable remuneration payments made to employees are discretionary and could be significantly reduced or withdrawn if appropriate. On an annual basis the quantum of any bonus pot available is dependent on the Corporate Performance Score (see Appendix 1). Guidance from the Compliance Director will be sought to ensure performance in relation to risk is appropriately reflected in the Corporate Performance Score and thus any required adjustments to the bonus pool and/or split of bonus pool between teams. Company Performance for a particular year is evaluated on the basis of realised profits. While the pipeline will be considered in relation to achievement of Company strategy the ultimate bonus pool available for distribution is dependent on actual profits achieved.	
4.4	*How does your firm ensure that the long-term interests of shareholders, investors and other stakeholders are taken into account?*	
	For senior employees (Levels 1-4) a significant proportion of their remuneration is delivered via Share Options. Share Options vest over 2, 3 and 4 years and directly align the employee's interests with those of the shareholders, investors and other stakeholders in the Company. For the carry type schemes the relevant funds need to meet all client obligations in terms of fund performance before the participants (employees) receive any share of performance fees earned by the Company. Bonuses will only be paid when the Company has realised adequate profits to the fund the bonus pool.	
4.5	*Does the RemCo/governing body have the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes?*	
	The Senior Management Team is able to apply full discretion (including reducing payouts to zero) for all variable incentive schemes except the carry/performance fee schemes. This discretion can be	

	applied Company-wide (see appendix 1 for outline on how the Corporate Performance Score impacts overall bonus pool) and to individual teams.
4.6	*Has the RemCo/ governing body exercised that discretion in the last three years?*
	Yes. The Senior Management Team is responsible for determining the Corporate Performance Score (see appendix 1) and this has a direct impact on bonuses. Recent examples include: In May 2009 the Company achieved a Corporate Performance Score of '5' and the bonus pool available was reduced by approximately 60% (actual reduction for individual employees depended on their level with the more senior employees seeing the greatest reduction in their bonus compared to target and the most senior receiving no bonus) In May 2010 the Company achieved a Corporate Performance Score of '7' (meeting Company expectations for performance) however for the Senior Management Team the Corporate Performance Score was reduced to 6 and they each took no bonus.

5.	**Principle 5 – Control functions** *Please refer to SYSC 19A.3.14R to SYSC 19A.3.17G*
5.1	*With regard to employees engaged in control functions, briefly explain how you ensure that these employees are:* ○ *independent from the business units that they oversee;* ○ *have appropriate authority; and* ○ *are remunerated adequately to be independent of the performance of the business areas they control.*
	Independence of control functions from the business units they oversee is obtained via: ○ Independence of reporting lines up to executive management level ○ The objectives for individuals in control functions are independent of other business units' objectives Those in control functions, or Code Staff, are briefed on the implications of their status as such, including the potential for remuneration which does not comply with certain requirements of the Code to be rendered void and recoverable by the firm.
5.2	*If applicable to your firm, describe how risk and compliance functions input into the setting of individual remuneration policies and individual remuneration awards across the firm. Please provide examples as appropriate.*
	Not applicable.

6.	**Principle 6 – Remuneration and capital** *Please refer to SYSC 19A.3.18R and SYSC 19A.3.19G*

How do you ensure that your firm's total variable remuneration does not limit its ability to strengthen its capital base?

The Corporate Performance Score (see Appendix 1) plays a key role in ensuring bonuses are only paid out when the Company is profitable and achieving its corporate objectives (including risk management).

In addition the bonus pool is only be accrued by reference to our profitability, and the bonus pool is only paid to the extent that our post-bonus pre-tax profit is at our targeted level for the year. The level of revenues generated is irrelevant for our bonus calculation.

7.	**Principle 7 – Exceptional government intervention** *Does not apply to Octopus Investments*

8.	**Principle 8 – Profit-based measurement and risk adjustment** *Please refer to SYSC 19A.3.22R to SYSC19A.3.28G*

Bonus schemes that reward Code Staff

Firms will need to be able to demonstrate that they have considered the impact of future risks and uncertainties on their bonus pools, and ensure that these are taken into account when determining future bonus pools. This will be reviewed as part of our ongoing supervisory programmes.

Tier four firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying this principle. See General guidance on proportionality *(December 2010), Part D*

Please complete separately for *each* bonus scheme that rewards Code Staff, as listed in section Bi, if differentiation between schemes is required.

A	**Corporate Bonus Scheme and Share Options Scheme**

Provide a high-level summary of how you determine the overall bonus pool amount. The Baseline Corporate Bonus Pot is a pot of money accrued for the Corporate Bonus Scheme assuming a '7' (performing according to expectations) performance for the Company. If the Company performs well this pot will be increased, and if it performs badly it will be reduced. The initial Baseline Corporate Bonus Pot is determined through an initial bottom up exercise whereby functional heads are requested to provide a target bonus budget for each employee assuming they perform on target. Functional Heads are requested to consider the both historical bonus levels and market data when making their recommendations. Indicative bonus budgets are also created for planned hires during the year. This initial budget is then adjusted by the CFO to ensure it fits within the parameters expected by the Senior Management Team (appropriate change compared to prior year etc). The budget is reviewed on a monthly basis to update it for new hires and leavers. The budget is also reviewed against market data to understand if our starting position is appropriately benchmarked against the market. The final bonus budget available depends on the Corporate Performance Score (see appendix 1 for full details). The bonus pool is calculated specifically by reference to our profitability, and the bonus pool is only paid to the extent that our post-bonus pre-tax profit is at our targeted level for the year. The level of revenues generated is not directly linked to the bonus calculation.
Set out what metrics you use to: • *determine the bonus pool;* • *ensure that it is linked to profits (rather than revenues); and* • *how it is linked to other indicators of performance.* See 8.1 above and appendix 1
Set out the key financial performance measures that are used to determine the total payout for the scheme. E.g. operating profit, return on risk weighted assets, economic capital See 8.1 above and appendix 1
Explain how often the financial performance measures set; who sets them and how often they are reviewed. The performance measures used to determine the Corporate Performance Score (see appendix 1) are set annually by the Senior Management Team and performance against them is formally reviewed by the Senior Management Team every four months.
How, and to what extent, do these performance measures take account of future earnings streams and future risks? Are any future earning streams recognised up-front? Future earnings streams are not taken into account at all in evaluating the performance of the Company each year. The evaluation is carried out using a range of measures and the achievement of the year's profit target is a key metric, along with other metrics like our compliance and risk track record during the year.

How does your bonus pool determination process take account of situations where the firm's performance is weak or loss-making? Explain who has the discretion to make the adjustments. The use of the Corporate Performance Score (see appendix 1) as a bonus pool moderator ensures that weak performance and any loss making are directly reflected in the bonus pool available.	
B	**Fund Performance Incentive Schemes**
Provide a high-level summary of how you determine the overall bonus pool amount. The quantum of the Fund Performance Incentive Fee is dependent on the performance fees earned by the Company in respect of the relevant funds forming part of the incentive scheme.	
Set out what metrics you use to: • *determine the bonus pool;* • *ensure that it is linked to profits (rather than revenues); and* • *how it is linked to other indicators of performance.* The bonus pool is calculated formulaically and is between 30% and 50% (depending on scheme) of any performance fees earned by the Company from the funds that form part of the incentive scheme. The funds only earn the Company performance fees when they (the funds) are profitable and all other client obligations (in terms of fund performance) have been met. No other performance measures are used; however as outlined in section 1.1 there are controls in place to ensure the individuals on these schemes are acting with due attention to relevant risk factors.	
Set out the key financial performance measures that are used to determine the total payout for the scheme. E.g. operating profit, return on risk weighted assets, economic capital The total payout is dependent on the performance fees earned by the Company in respect of the relevant fund. The performance hurdles the fund is required to exceed before a performance fee is paid to the Company differs between funds: For instance the Company earns a 20% performance fee on value above 100p for Titan and Eclipse (2 to 4) funds once a target total return of 130p has been reached and 40p of dividends has been paid out to shareholders (e.g. 90p of NAV plus 40p of dividends paid meets the target). To receive a performance fee for Eclipse (1) the Company needs to meet the annual return target. For the Venture Partner funds there are 2 arrangements in place depending on when the investment was made. The Company either earns a performance fee of 10% after doubling the investors' money or is paid a performance fee of 20% above the initial investment on each deal that returns a profit. For Eureka the Company earns a performance fee of 20% above the initial investment after money has been paid back to the investors.	

Explain how often the financial performance measures are set; who sets them and how often they are reviewed. The performance measures are set when the fund commences.
How, and to what extent, do these performance measures take account of future earnings streams and future risks? Are any future earning streams recognised up-front? The performance fee earned is dependent on actual performance and the fund meeting specified performance hurdles. The performance fee earned is therefore not impacted by future risks or dependent on future earning streams.
How does your bonus pool determination process take account of situations where the firm's performance is weak or loss-making? Explain who has the discretion to make the adjustments. The performance measures are based on the actual performance fee earned by the Company for managing the relevant funds. If the Company does not earn a performance fee in respect of that fund (for whatever reason) no bonus is paid to the participants. The payout in relation to the Fund performance incentive schemes is not however dependent on the Company's overall performance / profitability. It should however be noted that the Company gets an equal or greater percentage of any performance fees earned.

9.	**Principle 9 – Pension policy** *Please refer to SYSC 19A.3.29R*	
9.1	*Do you have a policy for discretionary pension benefits (SYSC 19A.3.29R(1) and (2) impose restrictions on the payment of discretionary pension benefits)?*	No
9.2	*If your answer to question 9.1 is 'Yes', please outline your policy, including retention periods etc.*	
	N/A	

10.	**Principle 10 – Personal investment strategies** *Please refer to SYSC 19A.3.30R to SYSC 19A.3.32R*
What arrangements do you have in place to ensure that your employees undertake not to use personal hedging strategies to undermine the risk alignment effects embedded in their remuneration arrangements? Octopus shares are not listed and therefore it is not possible to hedge against Octopus shares.	

11.	**Principle 11 – Avoidance of the Remuneration Code** *Please refer to SYSC 19A.3.32R*
How do you ensure that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the Code? Octopus Investments and Octopus Ventures are small single site companies and there is tight control over any payments made to employees. Payments can only be made via the one centrally managed payroll process and payments are only made with the prior approval of both the Senior Management Team and the HR Director. The HR Director and Head of Compensation and Benefits are responsible for setting all bonus schemes and will ensure all Company bonus scheme remain compliant with the code.	

12.	**Principle 12 – Remuneration Structures** *Remuneration Principle 12 consists of a series of rules, evidential provisions and guidance relating to remuneration structures. Please refer to SYSC 19A.3.33G to SYSC 19A.3.53G and* General Guidance on Proportionality *(December 2010) published in PS 10/20 and on our website.* *We normally consider that it will be appropriate for a firm in proportionality tier three or four to disapply the following rules of the Remuneration Code:* *Principle 12 – Remuneration Structures:* • *SYSC 19A.3.47R – Retained shares and other instruments;* • *SYSC 19A.3.49R – Deferral (However we encourage firms to consider using these deferral techniques on a firm-wide basis to ensure the alignment of their remuneration practices with effective risk management); and* • *SYSC 19A.3.51R – Performance Adjustment* *Further, tier four firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying the requirement of a multi-year framework (SYSC 19A.3.38R).* *See* General guidance on proportionality *(December 2010), as referred to in the introduction to this template.*
Performance assessment for individuals	
12.1	*Please set out a high-level description of your firm's approach to measuring the performance of individuals including both financial and non-financial metrics and explain how this assessment influences an individual's remuneration.*
	All employees are required to agree performance objectives with their Manager every 4 months. Employee's objectives are agreed between employee and line manager and aligned to overall Company strategy and objectives. The performance review process (whereby all employees are assessed against achievement of their objectives and rated against the corporate values) takes place three times a year (every 4 months). The ultimate performance score awarded to an employee will

	impact the quantum of the discretionary bonus allocated to them.	
Guaranteed variable remuneration **Please refer to SYSC 19A.3.40R to SYSC 19A.3.43G**		
12.2	*How many new Remuneration Code Staff have you hired in the last performance year?*	2
12.3	*Of the new Remuneration Code Staff hired in the last performance year, how many were offered guaranteed bonuses?*	0
12.4	*Of the offers made, were all confined to the first year of service of the Remuneration Code Staff member (as required by SYSC 19A.3.40R(3*	N/A
12.5	*If no, briefly explain the circumstances in which these offers were made. (n/a)*	
12.6	*What is your firm's policy on buying out deferred bonuses for new joiners?*	
	Our Company policy does not advocate the buying out of deferred bonuses from any new joiners. We do not currently foresee circumstances in which this might change.	
12.7	*Have you offered retention awards to any Code Staff employees in the last 12 months?*	Not outside the normal Share Options Scheme
12.8	*If yes, briefly explain how many were offered and the context in which they were offered.*	
	N/A	
	12.9 - deleted as not applicable to Octopus investments – we are a Tier 4 firm.	
Payments related to early termination ***Please refer to SYSC 19A.3.45R and SYSC 19A.3.46G***		
12.10	*Have you ensured that any exceptional or non-standard termination payments to staff in the last performance year have been compliant with the Code?*	Yes

13. Disclosure ***Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) requires Pillar 3 disclosers to be made. BIPRU 11.5.18R to 11.5.21G set out technical criteria relating to disclosures on remuneration. See also*** **General Guidance on Proportionality** (***December 2010), published in PS20/21 and on our website.***	
13.1	*Please briefly outline* ***when*** *you intend to disclose remuneration under BIPRU 11.*
	Annually, upon publication of Octopus Investments' annual report and accounts

13.2	*Please briefly outline **how** you intend to make this disclosure.*
	As an appendix to our annual report and accounts.

14. Other
If necessary, please provide further evidence of how your remuneration policies, procedures and practices are consistent with and promote sound and effective risk management? N/A

APPENDIX I - CORPORATE PERFORMANCE SCORE

The Baseline Corporate Bonus Pot provides for a pot of money for the Corporate Bonus Scheme. The budget is determined on the assumption that the Company will meet the stated performance targets/objectives and thus score a Corporate Performance Score of 7 (performing). If the Company performs better than target this pot will be increased, and if it performs worse than expected the pot will be reduced.

The Corporate Performance Score is determined through reference to the Company's achievements measured against a basket of performance indicators including but not limited to Company profitability, funds raised, funds invested, fund performance, costs vs budget, customer satisfaction, risk management, and employee satisfaction. Performance against these targets is communicated to employees every 4 months as part of the performance review process. The Corporate Performance Score may be at any point on a continuum between 5 and 10. In May the relevant Pot Flex percentage from Table B will be applied to the Baseline Corporate Bonus Pot to determine the Actual Corporate Bonus Pot. This is the amount of corporate bonus that may be available for allocation between employees and paid in the May payroll following the end of the bonus year (May to April).

Corporate Performance Score	5	6	7	8	9	10
Baseline Corporate Bonus Pot Flex	0%	50%	100%	135%	170%	205%

In the following circumstances the Management Committee would meet to decide whether it is still appropriate to consider paying bonuses that year:

- Loss of tax status on the products.
- Regulatory shortcomings
- Loss of key personnel with associated impact to revenue and profitability
- Poor financial performance.
- Loss of key mandates.