

**octopus**

A brighter way

# Emissions Reduction Roadmap

**What we've done, and what we're going to do next**

June 2024

## Our journey so far

### Timeline of events

- **September 2021** – onboarded [Minimum](#), a platform to help measure our footprint across the Octopus Group.
- **November 2021** - joined the [B Corp Climate Collective](#) and set a near-term, and Net Zero target for Scope 1, 2 and 3 business travel and supply chain.
- **December 2021** – Octopus Healthcare Fund set a 2040 Scope 3 operational emissions Net Zero target
- **April 2022** – onboarded our Ventures portfolio companies to the Minimum platform for free and got 50% data coverage.
- **November 2022** – launched Octopus Affordable Housing Fund and set a 2040 Scope 3 operational emissions Net Zero target.
- **December 2022** – improved Octopus Investments supply chain data and achieved a 20% reduction in supply chain emissions.
- **January 2024** – took part in the SBTi pilot for new guidance for financial institutions and committed to setting mid-term targets across the Octopus Group.
- **Q1 2024** – collected emissions data across our financed emissions; where data wasn't available, we used estimates (real estate lending portfolio, 50% of Ventures companies).
- **Q4 2024** – aim to submit and validate our SBTi targets with the [newly released SBTi guidance version 2.0 for financial institutions](#).

### Executive summary

We have committed to setting a near-term science-based target using the Science-Based Targets Initiative (SBTi) using the *Near-Term Criteria for Financial Institutions, version 2.0*. In January 2024, we took part in the pilot for the development of the new guidance. We submitted our feedback alongside peers and in May the SBTi released their final documentation. We will use [this guidance](#) to set our near-term targets with a 2023 baseline.

Over the past three years, we have taken steps to improve data collection across our supply chain, reduce our Scope 1, 2 and 3 (business travel and supply chain) emissions, and in 2021 we set an initial near-term target of a 30% reduction by 2025, using 2021 as a baseline.

Since then, we have re-baselined our targets to begin in 2023 so that our Scope 3 Category 15 emissions (financed emissions) are included. While we have been collecting Scope 1, 2 and 3 (business travel and supply chain) data since 2021, it has taken longer to understand the emissions associated with our investments. We have been setting up the processes and rolling out Minimum across all investments, to ensure we collect the necessary data to have full emissions coverage so we can re-baseline our science-based targets to begin in 2023.

Our updated commitments, aligned with SBTi guidance:

Using a new baseline of 2023 data:

- We have committed to setting near-term science-based targets and will submit them for validation in September 2024.
- Our near-term target for Scope 1 and 2 emissions is to reduce them by 90% by 2030.
- We aim to reach Net Zero by 2040 or sooner, across our operations and financed emissions (Scope 3 Category 15).
- Purchase quality carbon credits that directly sequester emissions through nature-based solutions to offset the final 10% of our Scope 1 and 2 emissions by 2040.

## Why SBTi?

There are lots of Net Zero and emissions reduction frameworks, which make up a confusing landscape. Each has slightly different definitions for 'Net Zero' allowing companies to make claims that might be misleading and focus on offsetting rather than emissions reduction. We have decided to follow the SBTi guidance for these reasons:

1. The B Corp Climate Collective is encouraging signatories to sign up to SBTi, demonstrating its credibility as a framework.
2. The guidance is set in science and uses information from the Intergovernmental Panel on Climate Change (IPCC)\*.
3. It's the most well-regarded and ambitious methodology, taking guidance from the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials (PCAF) – the two most respected carbon accounting bodies.
4. It enables Octopus Group to sign up as an organisation and capture everything into one set of targets and forces us to be ambitious, focus on reduction, and include our most material emissions; financed emissions.

## Emissions inventory

Operational emissions inventory	2021 (Octopus Investments, Seccl, Octopus Money tCO2e)	2022 (Octopus Investments, Seccl, Octopus Money, Aurora Schools – tCO2e)	2023 (Octopus Investments, Seccl, Octopus Money, Aurora Schools, Octopus Legacy, amicable – tCO2e)
Scope 1	182	943	1,353
Scope 2 (location-based emissions)	147.5	658	564
Scope 3 Category 1-14 (business travel and supply chain)	2,518.5	4,721	6,610
Scope 3, Category 15 financed emissions (across Ventures, Real estate, Quoted, Sustainable Infrastructure, and Renewables. Where we don't have accurate data, we have estimated, but we expect to have complete data by 2025).	N/A	N/A	506,994

We will be developing our targets over the next few months using the new SBTi methodology, and we aim to submit them in September.

*\*The IPCC explores various pathways of greenhouse gas concentrations and the potential amount of warming that could occur by the end of the century.*