

Octopus Sustainable Infrastructure Fund L.P. (OSIF) deal: factsheet

Deal Information	
Deal signed	30/09/2022
Project status	Live
Sector	Various
Location	UK-wide
Counterparty	Octopus Sustainable Infrastructure Fund L.P. ⁱ
Total Investment	Up to £100m on a match-funded basis.
UKIB Finance	Equity – Fund
Product	Various



Summary

UK Infrastructure Bank invested up to £100m as a cornerstone investor in Octopus Sustainable Infrastructure Fund L.P. (OSIF) which will drive early-stage investment into four of UKIB's core sectors (clean energy, transport, digital and waste) with a focus on companies and assets that require growth capital to achieve scale. The fund will make investments that are critical to tackling climate change, promoting sustainability, resource security, and driving the UK's regional economic growth within the Bank's mandate. Our investment will contribute to the UK's net zero transition through investing in technologies such as digital infrastructure like small cells and green data centres, battery storage, electric vehicle charging and waste management.

Sector context

Clean Energy: Decarbonising the power sector has led the UK's efforts to reduce emissions and will remain a priority for net zero. Prospective OSIF investments in the 'energy transition' sector

will include, but are not limited to, electricity storage deployment, power and heat networks, energy efficiency, and net zero enablers (carbon capture, hydrogen).

Transport: Decarbonising the transport sector will also be critical to net zero. Surface transportation is highly polluting and accounts for almost a quarter of the UK's total greenhouse gas emissions. Prospective OSIF investments in e.g., Electric Vehicle (EV) charging networks, clean fuels and clean transportation may contribute to reducing these emissions. Improvements to transport infrastructure are also regarded as important drivers of regional and local economic growth.

Digital: Government's objective is to ensure every UK home and business can access fast and reliable digital connectivity. The increase in demand for connectivity requires a transformation of the digital infrastructure on which the telecoms sector is built. OSIF investments in the digital sector may include the development of regional (green) data centres, edge computing, network densification.

Waste: Net zero will mean maximising the value of resources within a more efficient circular economy. OSIF investment in areas of the circular economy, potentially including battery recycling, will support this shift to more sustainable patterns of resource use.

Impact and Additionality

This fund:

- is consistent with UKIB's Net Zero and RLEG objectives, investing exclusively in the priority sectors clean energy, transport, digital, and waste.
- UKIB's match-funded cornerstone investment will continue to help Octopus broaden their investment strategy into earlier stage development opportunities and mobilise private finance.
- will focus on companies and assets that require growth capital to achieve scale and are likely to be excluded from mainstream debt financing due to technology maturity.
- is supporting UKIB in building the skills it needs to make direct equity investments.

ESRG considerations

The fund's proposed approach to ESRG was assessed for ESRG risks.ⁱⁱ Octopus Investments (OI) has committed to assessing all investments under an ESG and Impact framework system which will rate investment targets based on their contribution towards certain environmental and social criteria. The framework is implemented across their investment business and considered throughout the investment cycle: ESG issues are integrated in the investment decision process and portfolio monitoring where appropriate. OI is an accredited B Corporationⁱⁱⁱ, meeting the standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

Impact Metrics

750	Jobs (Created and Safeguarded)^{iv}
N/A	Emissions
Up to £300m	Private Finance Mobilised

Note: this factsheet has been completed retrospectively based on the information which was available to the bank at the time of investment decision making.

ⁱ Octopus Investments Limited, 33 Holborn, London, EC1N 2HT

ⁱⁱ UKIB developed its approach to ESG over time, establishing a robust framework which is used to assess all current deals. Before this framework was finalised, a qualitative assessment based on the Equator Principles was carried out on investments.

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^{iv} Attributable jobs circa 200 based on UKIB share of total finance