

# Conflicts of Interest Policy

Passion Capital maintains an internal conflicts of interest policy (“Policy”) as required by the limited partnership agreements relating to funds (“Funds”) managed by Passion Capital Investments LLP and Passion Capital Investments II LLP, and the rules set out in the Senior Management Arrangements, Systems and Controls sourcebook component of the FCA’s handbook of rules and guidance as amended and replaced by the FCA from time to time.

The following is a summary, prepared in good faith, of the key provisions of the Policy insofar as relevant to investors in Passion Capital Funds.

## Principle

Passion Capital is obliged to establish, maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of clients.

## Application

The Policy applies to all investors and an investor’s categorisation as a Professional Client or Eligible Counterparty is irrelevant to the application of the Policy.

## Identifying Conflicts of Interest

A conflict of interest is a situation where competing obligations or motivations result in, or may result in, one of the following outcomes:

1. a Fund is disadvantaged/makes a loss when Passion Capital or partner or employee is put at an advantage/makes a gain or avoids a loss; or
2. a Fund makes a gain/avoids a loss when another Fund makes a loss/is disadvantaged;
3. Passion Capital or its partners and employees have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
4. Passion Capital or its partners and employees has a financial or other incentive to favour the interests of another client or group of clients over the interests of the client;
5. Passion Capital or its partners and employees receives, or will receive, from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Passion Capital is effectively part of a group of companies (Passion Capital Investments LLP, Passion Capital Investments II LLP and the entities created as part of the funds that they manage.) The Policy takes into account circumstances, of which Passion Capital is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of the other members of the Passion Capital group.

## Managing Conflicts of Interest

Conflicts of interest, once identified, will be managed in a way which ensures that all clients are treated fairly and Passion Capital conducts its business with integrity and according to proper standards of business.

The following measures and procedures are available to Passion Capital for managing conflicts of interest:

**1. Disclosure of Specific Conflicts**

There are certain conflicts that are inherent to Passion Capital's role as an investment manager. These include the allocation of time by the key investment personnel of Passion Capital between the various Funds and the fact that the Funds may on occasion make investments or divestments in competition with each other. Passion Capital may also close funds with similar investment objectives. These conflicts and mitigating steps are fully described in the relevant Passion Capital Fund documentation;

**2. Gifts and Inducements**

Passion Capital partners and employees must not offer to give, or solicit, or accept any gift or inducement in the course of carrying on regulated business which is likely to conflict with any duties owed to clients. A gift register is maintained so that all gifts (with a value roughly in excess of £100) are disclosed throughout the organisation. All gifts, whether given or received, of over £500 must be pre cleared with the Compliance Officer;

**3. Interest in Transactions and Personal Account Dealings**

No partner or employee shall engage in any transaction involving a Passion Capital company if they, or a member of their immediate family including spouse and children (or any other compromising relationship), has an interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee or partner's normal compensation), except as specifically authorised in writing by the Compliance Officer;

**4. Outside Employment and Business Interests**

Outside employment and business interests outside the scope of the contract of employment or contract for services with Passion Capital are not permitted unless specifically approved in writing in advance by the Compliance Officer (through consultation with Senior Management where appropriate) by providing full and accurate particulars;

**5. Diversion of Firm Business Opportunity**

No person may acquire, or derive personal gain or profit from, any business opportunity or investment that comes to their attention as a result of their acting for Passion Capital, without first disclosing in writing all relevant facts to Passion Capital, offering the opportunity to Passion Capital, and receiving specific written authorisation from the Compliance Officer;

**6. Control of information**

Preventing/controlling the exchange of information between opposing sides of an actual or potential conflict of interest, e.g. by establishing a Chinese wall;

**7. Advisory Committees**

The limited partnership agreements for many of the Funds contain procedures for dealing with conflicts of interest. These usually involve referring to conflict to an independent committee made up of investors;

**8. Investor Consent**

Where there is no advisory committee or the actual or potential conflict of interest is serious, Passion Capital may seek investor consent to the resolution of the conflict issue.

Passion Capital is obliged to take reasonable steps to ensure that the arrangements for managing conflicts of interest that have been adopted remain effective and are effectively monitored. This

monitoring and review is undertaken as part of the annual SYSC Report and via the Quarterly Compliance Update Meetings.

## **Procedures**

Conflicts of interest are referred to the Compliance Officer and Passion Capital's partners. Once the appropriate method of managing the conflict is determined, the Compliance Officer is responsible for ensuring that the conflict is managed in accordance with that method.