

Policy - Conflicts of Interest

1. About o2h

o2h has an investment team based in Cambridge, UK which invests in companies that exploit or leverage biotechnology therapeutics and related AI enabling opportunities.

2. Scope of Document & Definitions

o2h Ventures Ltd (“o2h”) is an Alternative Investment Fund Manager (“AIFM”) for Alternative Investment Funds (“AIF(s)”) and is authorised and regulated by the Financial Conduct Authority (the “FCA”) in the UK. o2h must take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs as set out in Chapter 10 of the Senior Management Systems and Controls Sourcebook of the FCA Rules. This includes conflicts arising between o2h, including its Directors, employees and their immediate family (“Associates”) and any person directly or indirectly linked to o2h by control, and

- an AIF managed by o2h or the investors in that AIF; or
- an AIF or the investors in that AIF, and another AIF or the investors in that AIF; or
- an AIF or the investors in that AIF, and another client of the AIFM to which the Firm provides services; or
- an AIF or the investors in that AIF as well as two clients of the AIFM.

In addition to covering conflicts arising at the level of its activities as an AIFM, o2h has also considered conflicts arising from the activities of affiliated companies as well as any delegates, sub-delegates, external valuers and counterparties as applicable.

3. What is a Conflict of interest?

Conflicts of interest are those situations which may carry a material risk of damage to the interests of an AIFs managed by o2h and investors in those AIFs (collectively “Client(s)”) and include the situation where o2h or any person directly or indirectly linked to o2h:

- is likely to make a financial gain or avoid a financial loss at the expense of a Client;
- has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, a Client which is distinct from the Client’s interest in that outcome;
- has a financial or other incentive to favour the interests of another Client or group of Clients over the interests of the Client;
- carries on the same business as a Client;
- carries out the same activity for a Client and another Client;
- receives, or will receive, from a person other than a Client an inducement in relation to the service provided to the Client in the form of monies, goods or services, other than the standard commission or fees for that service;

- designs, markets or recommends a product or service without properly considering o2h other products and services and the interests of its Clients.

4. Reference Conflicts of Interest - As per the investment Agreement

The Fund Manager has implemented and shall continue to implement a conflicts of interest policy that identifies those circumstances that constitute, or may give rise to, conflicts of interest that pose a material risk of damage to its customers. This policy also addresses the effective organisational and administrative arrangements that the Fund Manager maintains and operates to manage those conflicts. A copy of the Fund Manager's conflicts policy is available on request.

The Fund Manager and the Custodian may provide investment management, custodial or other services to any person, including to Portfolio Companies, and shall not in any circumstances be required to account to you for any profits earned in connection with such services. However, each of the Fund Manager and the Custodian will use all reasonable endeavours to ensure fair treatment as between you and its other customers in accordance with the FCA Rules and its conflicts policy.

The Fund Manager and any of its Associates may, subject to FCA Rules, and without prior reference to you, recommend transactions in which it or an Associate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to you. Neither the Fund Manager nor any Associate shall be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise in circumstances including but not limited to:

the Fund Manager or Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving Portfolio Companies or co-investors in such Portfolio Companies;

- the Fund Manager or any of the management team may take an equity stake in a Portfolio Company (at a price not below the issue price available to you)
- the Fund Manager's entitlement to fees or other performance incentives under this Management Agreement or otherwise may be obtained by subscriptions for shares by or on behalf of the Fund Manager and its directors, members, partners, employees, Associates and others with whom the Fund Manager may share such entitlement. Those shares may be subscribed at a price below the issue price available to you and may dilute the returns to you but only to the extent of the value of the performance incentive and subject to the Investment Policy;
- the Fund Manager or an Associate may provide investment services for other customers; and
- any of the Fund Manager's directors, members, partners, employees or Associates, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any Portfolio Company.

5. Conflicts of Interest Identified by o2h and the procedures in place to manage such conflicts

The principal areas where conflicts of interest could arise are summarised below:

Governance & Investment Approval

The governance consists of two groups, the investment committee team (equivalent to the executive) and the independent advisory panel (equivalent to the non-executive). Throughout the life of the Fund, the Independent advisory panel will outnumber the conflicted members of the investment advisory committee. Prospective investments may not be recommended for final approval without a majority of the investment committee and the independent advisory panel. The Fund Manager will have the power to veto any investment made by the Fund. The independent advisory panel shall be given full disclosure as to any existing interests the o2h group or its founders may have in any Portfolio Company. One member of the independent advisory panel is expected to be rotated every 12 months.

As a general principle, o2h and its Directors and employees are required to act in the best interests of o2h's Clients. Where o2h or an affiliated company has an interest, arrangement, or relationship which may be considered likely to influence any exercise of discretion by o2h in the course of dealings or other services for or on behalf of a Client in a manner which is material to the Client, o2h is required to disregard that interest, arrangement or relationship when exercising that discretion.

Voting Strategy

o2h has in place a voting strategy that requires any voting rights held in the AIF portfolios it manages to be exercised to the exclusive benefit of the AIF concerned and its investors.

Research Services from o2h group Companies

o2h may offer office/lab space, research services or technical support to portfolio companies in return for a fee. Although, the ecosystem of optional plug-in support is regarded as an advantage, the executive management of each portfolio company will make their own decision as to the actual support that they need and who they wish to appoint. The contracts shall be structured on an arms-length commercial basis.

Conflicts between Clients

As a general principle, the specific governance of the AIF has been defined to prevent – or at least limit - the occurrence of conflicts of interest between the Fund and the Investors. Should there be any potential conflict of interest; the conflict is first disclosed to the Compliance Officer and the Directors. If the conflict is not subsequently resolved, it is submitted for the investment advisory panel's consideration.

The investment advisory panel for the fund role includes providing guidance, advice and adjudication of perceived conflicts of interest. o2h will consult the investment advisory panel (i) when it has identified a potential conflict of interest relating to an Investment or a divestment to be made by the Fund, and (ii) on any matter provided for by the Fund Agreements. o2h may also consult the investment advisory panel on any other matter as o2h may determine appropriate.

External directorships and outside interests

o2h's Directors and employees holding external positions such as:

- Directorships of o2h Clients; or
- Directorships of underlying portfolio companies in the AIF (Investments).

External business interests of o2h Directors, employees and their immediate family (“Associates”) and members of the investment committees of o2h that conflict with o2h’s interests and the interests of o2h’s Clients are prohibited, unless approved by o2h Directors for the employees or the independent advisory panel for o2h Directors.

Directors and employees of o2h will serve as directors of certain Investments in the AIF, and in that capacity, will be required to make decisions that consider the best interests of such Investment and its shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of an Investment, actions that may be in the best interest of the Investment may not be in the best interests of the AIF, and vice versa. Accordingly, in these situations, there will be conflicts of interests between such individual’s duties as a Director or employee of o2h and such individual’s duties as a director of the Investment.

Any conflicts of interest relating to an Investment or divestment to be made by the AIF will be discussed and resolved on a case-by-case basis by the relevant parties and in accordance with the Fund Agreements and o2h’s IP conflicts management procedures. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. In instances where such a conflict arises, another Director of the Firm may be selected to represent the interest of the AIF as a shareholder, whereas the Firm’s director-representative on the investees board would continue to act in line with the director’s fiduciary duties and not participate in decisions relating to an AIF’s actions as a shareholder.

o2h group companies may provide or have previously provided research services and office rental space to investee companies. Full disclosure of any such conflicts will be given to the Investment Advisory Panel.

Confidentiality Risks

o2h and its employees devote such time and attention to their existing business activities as is required to discharge their duties relating to such activities. In addition, because of existing investments and activities, o2h and its employees may from time to time acquire confidential information that they will not be able to use for the benefit of the Fund. All such confidential information should be immediately reported to the Compliance Officer.

Investment Risks

Investors in the AIF may have conflicting investment, tax and other interests with respect to their investments in the AIF. The conflicting interests of individual Investors may relate to; or arise from, among other things: the nature of the Investments made by the AIF, the structuring or the acquisition of Investments and the timing of disposal of Investments. As a consequence, conflicts of interest may arise in connection with the decisions made by o2h, including with respect to the nature or structuring of Investments that may be more beneficial for one Investor than for another Investor, especially with respect to Investors’ individual tax situations. In selecting and structuring investments appropriate for the Fund, o2h will consider the investment and tax objectives of the AIF and its Investors as a whole, not the investment, tax or other objectives of any Investor individually.

Transaction Fees

o2h may receive transaction fees from its Investments and other parties involved in transactions with the AIF. Such fees could be paid for providing services in connection with: (a) equity and/or debt financings; (b) the acquisition, disposal or sale of Investments or assets or businesses held by Portfolio Companies; (c) securities underwriting; or (d) financial advisory services.

Personal account dealing

o2h operates personal account dealing procedures which, among other things, prohibit its Directors, employees and their immediate family ("Associates") of o2h from undertaking dealing in circumstances where such dealing would conflict with duties owed by o2h to its Clients. The Fund Manager or any of the management team may take an equity stake in a Portfolio Company (at a price not below the issue price available to the Investor).

Gifts & Entertainment

o2h has in place a Gifts and Entertainments Policy that requires all Directors and employees to report gifts and benefits to the Compliance department. o2h maintains a gift log registering the solicitation and receipt of certain benefits in excess of a de minimus level per gift or entertainment and per contact.

Staff Remuneration

o2h has in place a Remuneration Policy which is drafted to meet the regulatory requirements in respect of remuneration and includes measures adopted to avoid or manage conflicts of interest. This includes, in respect of conflicts, ensuring that remuneration arrangements are in line with the business strategy, objectives, values and interests of the Clients, avoiding conflicts of interest and preventing the potential for misalignment of interests between o2h, its Directors and employees and its Clients.

Segregation of Tasks

Taking a proportionate approach, roles and responsibilities are structured to limit the potential for conflicts of interest. Where appropriate and proportionate, systems and controls exist to prevent Directors and employees from undertaking roles where such a conflict may exist.

The current size of o2h means that there is necessarily some overlap of roles in respect of risk management, portfolio management and other control functions such as compliance. Additional controls have been put in place to oversee and monitor any conflicts arising from these arrangements, which include the appointment of an external specialist compliance consultant to provide ad-hoc advice.

Valuations

o2h is responsible for carrying out the AIF valuations. All Investments will be valued at bid market price at the close of business on the last day of trading before the Statement Date, if there is no such price, at the value which is, in the Fund Manager's opinion, a fair valuation using the International Private Equity and Venture Capital Guidelines as updated from time to time. The remuneration arrangements are structured in such a way that there is no potential for remuneration/package to be influenced by changes in valuations.

Co-Investment

When an AIF managed by o2h makes an initial co-investment in a portfolio company together with other AIFs, or investment vehicles managed by o2h or related companies, o2h ensures that the co-investment is made on equivalent terms and conditions in respect of both the initial investment and the sale, taking into account the best interests of the AIF and its investors and other factors such as: regulatory ratios, net cash on hand, fund term period, fund strategy, possibility of joint exit, inability to sign a warranty of liabilities.

When making co-investments, each party (including related companies) shall conclude the negotiations and the agreement in respect of the investment on an independent arms length basis from the other parties, and o2h shall ensure that the investment and the terms of the investment are in the best interests of the AIF and its investors.

Where such co-investment results in the co-investors having a majority control of the portfolio company, the senior management shall ensure that the monitoring, oversight and management of the portfolio company (through its risk management procedures) will include procedures to ensure that the level of control exercised by o2h does not lead to undue influence being exerted by the co-investors (in their capacity as AIFMs), in respect of the portfolio company taking into account the interests of the AIF and its investors.

Outsourcing and Delegation

o2h has in place due diligence arrangements to oversee the activities of any outsourcing providers and delegates, which include disclosure requirements in respect of conflicts of interest. In respect of the AIFs for which it is appointed as the AIFM, o2h does not delegate any portfolio management or risk management activities to a depositary or other entity where such entity may have interests in conflict with those of the AIF or the investors in the AIF. Such delegation would only be undertaken where the depositary or other entity has functionally and hierarchically separated the operation of portfolio and risk management from the potentially conflicting tasks and that any potential conflicts of interest have been properly identified, managed, monitored and disclosed to the investors of the AIF.

o2h requires any delegate to disclose to the details of its arrangements to manage Conflicts of Interest. Where required, o2h will ensure any conflicts that its delegates may have that cannot be managed are disclosed to AIF investors.

Current Delegation Arrangements

o2h outsources fund administration to Reyker Securities plc.

ADDITIONAL CONTROLS TO MANAGE CONFLICTS

Whistleblowing

A Public Interest Disclosure Policy ("Whistleblowing Policy") is in place, which enables all employees to raise any issues or concerns both within the Firm and directly with the Financial Conduct Authority, including issues related to conflicts of interest.

Compliance Monitoring

A specific conflict of interest schedule detailing all the potential situations of conflicts is annually filed by o2h, together with a register where past and existing conflicts are recorded

under the Compliance Officer's control. The role of o2h's Compliance Officer, Tim Sharman, is – amongst other activities – to ensure the proper application of the decision-making process, as well as the compliance procedures. Tim will attend (without any voting right) the Investment Advisory Committee meetings to assist the Investment Advisory Committee in handling any potential conflicts of interest.

Disclosure Records maintained by Compliance

- Details of all Directors/employees/interns/secondees/contractors;
- Details of external directorships and other outside interests maintained by Directors and staff.
- Details of relevant PA Dealing Transactions undertaken by Directors, employees and their immediate family;
- Details of Gifts and Benefits given or received by Staff
- Details of any Inducement arrangements
- Details of any conflicts arising from delegation or sub-delegations arrangements
- Conflicts of Interest identified by o2h (including how they have been managed)
- Conflicts of Interest Register.
- Annual reports to senior management
- Disclosures to Clients made via durable medium or website
- Details of the voting rights strategies employed by o2h

Review of conflicts of interest management

o2h conducts periodic reviews of its conflicts of interest management procedures including o2h's Conflicts of Interest Policy.

A written report is provided to the Senior Management on no less than an annual basis in respect of the conflicts of interest that have arisen, or may arise, which entail a material risk of damage to the interests of o2h's Clients.

Further information

Questions or requests for further information relating to o2h's Conflicts of Interest Policy should be addressed to the Compliance Officer.