

Sapphire Capital Partners

31 October 2022: Firms' boards should have agreed their implementation plans and be able to evidence they have scrutinised and challenged the plans to ensure they are deliverable and robust to meet the new standards.

The Implementation Plan sets out how Sapphire plans to implement the Consumer Duty by 31 July 2023 for new and existing products and services, and by 31 July 2024 for closed products and services.		
Area	Controls and Systems	Actions
1. GOVERNANCE	Provide training to boards on what the Consumer Duty entails	All Sapphire staff members attended a webinar on the 22nd of September with Vince Harvey from Compliance Cubed that covered Consumer Duty. Furthermore, compliance and the partners have also attended webinars covering the key areas for Consumer Duty. Training and further research will be conducted by staff and the partners throughout the year.
	Appoint a Consumer Duty Champion with responsibility to the board on delivering on the Consumer Duty both at implementation and on an on-going basis	Boyd Carson will be appointed the Consumer Duty Champion will Bronagh assisting him with delivery of the implementation plan and the on-going changes and updates. Other staff members will assist as needed.
	Amend board documentation to reflect the Consumer Duty requirements	Board/partner meeting will include a section on consumer duty, including implementation, cross-cutting and the outcomes. Discussion points will include "Questions to guide discussions by the firm's board" included in the Q&A tab.
	Ensure appropriate resource is allocated to the Consumer Duty project	The compliance, both internal and external, is overseeing this project. Bronagh will request any additional resources as required.
	Review business strategy / plans / products and services for risks of foreseeable harm	The review will be ongoing, included in the partner and team meetings along with in the day-to-day activities.
	Review all relevant policies and procedures, including those relating to SMCR and T&C	Vasiliki will review SMCR, while Bronagh will review all other relevant policies and procedures including T&C.

	Review Management Information to ensure board / senior managers have sufficient information to evidence how they are meeting the four client outcomes	Discussion points will include "Questions to guide discussions by the firm's board" included in the Q&A tab. This is to begin with, the review of MI will improve and evolve as the implementation processes.
2. PRODUCT S AND SERVICES	Review all products and services manufactured and distributed to ensure they are fit for purpose	The review of products is each type of product and services will begin November. Sapphire wholly expects to complete each type by the FCA deadlines. - 30 April 2023: Manufacturers should have completed all the reviews necessary to meet the outcome rules for the existing open products and services so they can share with distributors to meet their obligations under the Duty, and identify where changes need to be made. - 31 July 2023: Implementation deadline for new and existing products or services that are open to sale or renewal. - 31 July 2024: Implementation deadline for closed products or services.
	Ensure each product or service has been through a formal approval and sign off process	Compliance will create either a Consumer Duty review template, or incorporate it into the existing PROD review. Partners will not sign-off on new products or services until the formal process has been completed, approved and sign-off by the team member responsible for the product or service.
	Review all relevant agreements between manufacturers and distributors to ensure roles and responsibilities are clearly defined	Sapphire is both manufacturer and distributor. However, Sapphire will discuss the implications of Consumer Duty with the fund mentor/advisors.
	Review training and materials provided to firms that distribute your products / services	Training given by Vince. Further training will be on-going. Materials will be provided to the Sapphire and any relevant materials and training will be provided to Fund Mentors/Advisors on an ongoing basis.
	Review your distributor onboarding procedures	Sapphire is the distributor. However, Sapphire will discuss the implications of Consumer Duty with the fund mentor/advisors.
	Review the testing undertaken of any products or services you manufacture	To be completed on an on-going basis.

	Review your target market assessments to ensure they are documented in sufficiently granular detail	To be completed on an on-going basis. Note this will also be completed as part of work being completed regarding High Risk Investments - deadlines: December 2022 and February 2023.
3. PRICE AND VALUE	Review your charging structure and ensure all charges are clearly disclosed	This is completed when launching and updating open products and services. All fees and charges are clearly noted in the IM and KID of each Fund product.
	Undertake a formal assessment of whether each product / service you manufacture or distribute represents fair value (price and benefit analysis)	To be completed prior to the following deadlines: - 30 April 2023: Manufacturers should have completed all the reviews necessary to meet the outcome rules for the existing open products and services so they can share with distributors to meet their obligations under the Duty, and identify where changes need to be made. - 31 July 2023: Implementation deadline for new and existing products or services that are open to sale or renewal. - 31 July 2024: Implementation deadline for closed products or services.
4. CONSUMER UNDERSTANDING	Review all key communications to ensure they meet the Consumer Understanding outcome – i.e. that they can be understood by the average retail client	This is already done when completing all comms from KIDs, IMs to FinPros. This process will continue to be completed, however, team members will also be aware of the guidance for communications in relation to consumer duty i.e. tab "Guidance for Communications".
	Consider whether any communications should be formally tested	To be discussed at a partner/team meeting.
5. CONSUMER SUPPORT	Ensure sufficient resource is allocated to customer service teams	To be discussed with Fund Mentors/Advisors, to be overseen and monitored by the Sapphire team.
	Ensure customer service teams are adequately trained	Training given by Vince. Further training will be on-going. Materials will be provided to the Sapphire and any relevant materials and training will be provided to Fund Mentors/Advisors on an ongoing basis.
	Ensure there are no unnecessary post sale barriers to clients obtaining information / existing the product or service	To be discussed at partner/team meetings, also to be discussed with Fund Mentors/Advisors.

Consumer Duty Implementation Assessment and Plan

Topic Area	Considerations	Response
Scope	Which products and services are in scope for Consumer Duty?	The Consumer Duty will apply to new and existing financial products and services that are open for sale or renewal from 31 July 2023, and for financial products and services held in closed books from 31 July 2024. Dealing with high-net worth customers and this includes the processes applied by firms to determine a client's status as a professional client.
	Which products are back book, and which are live?	Sapphire has circa 58 funds including SEIS/EIS, LPGP, EPUTs. Please refer to the "Products under Consumer Duty" tab.
	Is the Firm acting as a manufacturer or a distributor (or both)?	Sapphire's role is the manufacturer of the products. Sapphire utilises multiple distribution channels including direct to investors, IFA, Intermediaries (GrowthInvest, WealthCub, etc).
	What activities does the Firm undertake that constitute ancillary activities that are in scope of the Consumer Duty?	Sapphire does not have ancillary activities that are in the scope of the Consumer Duty (i.e., unregulated activities which are necessary for the completion of a regulated activity).
	How does the Firm define "foreseeable harm", "unreasonable barriers" etc as contained in the Consumer Duty?	Foreseeable harm: causing harm to customers through conduct, products or services where it is in our control to do so. Unreasonable barriers: unreasonable costs, 'sludge practices', etc.
Consumer Understanding	The FCA expects firms' communications to consistently support consumers by enabling them to make informed decisions about financial products and services. It expects	The Sapphire team, along with its AR will be provided with a list of rules regarding firm communications. Some of these rules are outlined in the 'Guidance for Communications' tab, these rules also appear in the new Financial Promotions Guidance and Procedure document. Furthermore, Sapphire and AR will receive on-going training to enable good consumer duty practices to be followed when communicating with Retail Investors.

	consumers to be given the information they need, at the right time, and presented in a way they can understand.	
Requirements Mapping	What is the outcome of the Firm's assessment of the Policy Statement, the rules, and the Finalised Guidance, as they relate to the Firm?	<p>Sapphire considers itself to be in good standing in relation to the consumer duty policy. Sapphire acts in good faith towards all retail customers and attempts to avoid causing foreseeable harm, enabling and supporting retail customers to pursue their financial objectives. Sapphire considers itself to be in good standing due to the following:</p> <ul style="list-style-type: none"> - ensuring S21s are carried out on all fund documentation, as well as attempting to ensure all FinPros are clear, true and not misleading. - All documentation has a clear and prominent risk warning, and the risks to the high-risk investments are explicitly detailed in each fund's IM, KIC, etc. - All products have a PROD assessment and review conducted prior to the launch of the product, aiming to ensure good product governance is followed with all Sapphire products. - All investors complete an application form which is reviewed by a member of Sapphire to ensure this investment is suitable and appropriate for the investor in terms of risk appetite, investor type (Soph, HNW, etc.), ability to absorb losses, etc. <p>Sapphire always aims to develop a fund to meet the needs, characteristics and objectives of a target market of customers. We aim to always develop an appropriate distribution strategy and set charges to provide fair value to customers. We always aim to communicate in a way that customers can understand and offer appropriate customer support standards. We will review the fund regularly to assess whether it meets the needs of the target market, offers fair value and has been distributed appropriately.</p>
	How are the Firm's products and services designed to meet the needs of consumers in the target market?	All Sapphire fund products undergo a PROD review detailing the product, target market, targeted customer, etc. All products are high-risk investments and are designed with this in mind for the investors (retail, HNW, Soph).

	<p>What testing is planned to meet the applicable requirements in the Consumer Duty?</p>	<p>Sapphire will be conducting reviews of existing documents, monitoring client feedback including from intermediaries and IFA. The testing will also include</p> <ul style="list-style-type: none"> - Review all relevant policies and procedures, including those relating to SMCR and T&C Review business strategy / plans / products and services for risks of foreseeable harm - Compliance will create either a Consumer Duty review template, or incorporate it into the existing PROD review. - Create a document for fund mentors/advisors regarding responsibilities under Consumer Duty Undertake a formal assessment of whether each product / service you manufacture or distribute represents fair value (price and benefit analysis) Consider whether any communications should be formally tested Review the testing undertaken of any products or services you manufacture Sapphire will discuss the implications of Consumer Duty with the fund mentor/advisors. - Materials will be provided to the Sapphire and any relevant materials and training will be provided to Fund Mentors/Advisors on an ongoing basis. - Review all products and services manufactured and distributed to ensure they are fit for purpose
	<p>How will the Firm demonstrate that the Consumer Duty is being considered at all relevant levels of the organisation, including (but not limited to): governance, culture, people, processes, and across the three lines of defence, e.g., remuneration, strategy, risk, compliance and internal audit?</p>	<ul style="list-style-type: none"> - Conducting a framework review of all financial products and services expected to be available in July 2023 to test their compliance with the Consumer Duty - Engaging relevant internal stakeholders to ensure that each part of the business understands its obligations and is ready to support the implementation process - Preparing and fostering a culture within the firm to effectively implement the Consumer Duty - Preparing and developing channels of communication with other firms involved in the distribution chain to exchange and share information on financial products and services - Creating and finalising an implementation plan by end-October 2022 for actions that need to be completed by the time when the Consumer Duty takes effect Implementing effective project governance to ensure implementation activity is carried out in line with the finalised implementation plan - Designating a board champion for the Consumer Duty - Preparing processes and policies to collate relevant data and management information - Establishing relevant procedures for ongoing monitoring and action plan implementation

		policies.
	How has the Firm considered the FCA's Finalised Guidance and how has the Firm assessed the FCA's expectations as applicable to the Firm?	Sapphire has reviewed the FCA's finalised guidance and considers it to be useful. The Sapphire team has completed and assessed the FCA expectations to be achievable as applicable.
Gap Analysis	Based on the scope of the requirements, what gaps has the Firm identified in its processes and practices that need to be addressed?	These gaps are expected to be determined as the review of open and closed products commences. The team will look to address any concerns or gaps, and will discuss any measures taken or to be taken within partner/team meetings - evidence will be available in the meeting minutes.
	What is the scope of the work required to address any gaps, who is responsible for completing the work and when will it be completed by?	The scope of the requirements have been laid out in various tabs of this spreadsheet. Bronagh, Boyd and Vasiliki will be responsible for completing the work and will aim to have each element of the four outcomes completed by the deadlines prescribed by the FCA.
	Who is responsible for delivery, governance and oversight? Has this been clearly documented?	Boyd Carson, Vasiliki Carson and Bronagh Duggan will be responsible for delivery, governance and oversight. This will be documented at the Sapphire board meeting on the 15th of November.
	Who has been appointed at governance level as the "Consumer Duty Champion"?	Boyd Carson will be responsible for ensuring the Duty is being raised regularly in all relevant discussions, and that the Board is challenging the firm's governing body/management on how it is implementing the rules and prioritising consumer outcomes.
	Who is responsible for monitoring and oversight of the execution of the plan? Has this been clearly	Boyd Carson, Vasiliki Carson and Bronagh Duggan will be responsible for monitoring and oversight of the execution of the plan. This will be documented at the Sapphire board meeting on the 15th of November.

	documented?	
Assessment of Capability and Capacity	Is there evidence that the plan can be achieved within the required timescales?	Sapphire believe it will be able complete the following: - agree the implementation plan by the 31th of October - will have completed reviews of our products to meet the outcome rules by the 30th of April 2023 - will have the rules ready for new open products/services by the 31th of July 2023 - will have the rules ready for closed products/services by the 31th of July 2024
	Is there evidence of a realistic assessment of capacity and capability in delivering the plan?	Evidence of a realistic assessment is laid out in the Implementation Plan tab. Further evidence of the capacity and capability in delivering the plan will be visible and apparent in the partner/team minutes. These will occur multiple times throughout the year.
	Is there evidence that the impact on business-as-usual activities has been taken into account? Does any reprioritisation need to take place?	The partner/team board minutes will be used as evidence for this.
	What risks have been identified to the success of the plan?	The risks that have been identified are time and resource: - As demonstrated in the 'Products under Consumer Duty' tab, Sapphire has multiple products both open and closed, therefore, there is a risk that Sapphire will not be able to allocate sufficient time to complete the reviews required for the April 30th deadline. This risk is particularly concerning given that Sapphire is entering its busier time of year. In the EIS sector, from the end of the year to the end of the tax year, things become particularly busy as investors focus on their tax planning, and Fund Advisor/Mentor seek to maximise their fundraising. - The second risk identified is resources, Sapphire is a small team who already have certain roles and responsibilities. To complete the necessary work before each deadline may be too much to ask particularly during the firm's busy period. Furthermore, despite having external compliance resources available, much of the work will still require internal assistance to be completed, therefore unfortunately if internal resources cannot assist external resources then

		there is a risk the firm will not be able to complete the necessary actions by the deadlines.
	How are these risks being mitigated?	Per discussion with the Partners if further resources are required, these will be provided. This should also mitigate the risk associated with time. This risk and any mitigation efforts will be monitored on an on-going basis.
Monitoring & Oversight	What contingency plans have been built into the plan to allow for changes to requirements and/or reprioritisation of work?	In the event Sapphire compliance is unable to meet its implementation plans, Sapphire will utilise its external compliance officers, Sally and Vince.
	Have the dependencies between workstreams been identified and addressed?	No dependencies on the small size of the Sapphire team. As long as the team is able to complete duties per the implementation plan, no problems or issues are expected.
	What opportunities have been identified and have these been included within the deliverables?	<p>The opportunities that have been identified once this is completed are:</p> <ul style="list-style-type: none"> - Sapphire products and services for retail customers will be fit for purpose, designed to meet consumers' needs and targeted at those consumers. - All consumers should receive 'fair value', relating to the relationship between the overall price to the client and the benefits received by the client and is not just about price. - Sapphires communications will support and enable consumers to make informed decisions about financial products and services - Consumers will be given the information they need, at the right time, and presented in a way they can understand - Provide a good level of customer support that meets clients' needs throughout their relationship with Sapphire. <p>These opportunities should become apparent upon delivery of the reviews and deadlines.</p>

	How will the project be overseen, both in terms of formal governance and 2nd/3rd line monitoring?	<p>- First line: Sapphire Partners will take a top-down approach in regards to consumer duty. They will monitor and oversee the risk within the operational activities this includes design, operation, and implementation of controls</p> <p>- Second line: Sapphire staff will be responsible for ensuring their understanding of Consumer Duty. They will enable the identification of emerging risks in daily operation of the business. This will be done via the Sapphire compliance team providing compliance and oversight in the form of frameworks, policies, tools, and techniques to support risk and compliance management.</p> <p>- Third line: The third-line function provides objective and independent assurance, this is anticipated to be completed by external compliance officers such as Vince Harevy and Sally Riggs. Their responsibility is to assess whether the first- and second-line functions are operating effectively, reporting to the board, in addition to providing assurance to regulators and external auditors that the control culture across the organisation is effective in its design and operation.</p>
	Is the oversight independent to those with delivering responsibilities?	No, given the size of the partnership, the oversight will be completed internally, however Vince and Sally will be responsible for assessing whether the first- and second-line functions are operating effectively, reporting to the board, in addition to providing assurance to regulators and external auditors that the control culture across the organization is effective in its design and operation.
Measures of Success	What Management Information and reporting will be provided to relevant stakeholders, Committees and the governing body to show progress against the plan?	Sapphire will provide the relevant section of board minutes in relation to Consumer Duty to stakeholders to demonstrate the progress of the plan.
	Who is responsible for approving the plan and	Boyd Carson, Vasiliki Carson and Bronagh Duggan are responsible for approving the plan and milestones. This will be documented at the Sapphire board meeting on the 15th of

	milestones? Is this clearly documented?	November.
	How will the changes be embedded within the organisation and within business processes and practices?	<p>We believe the changes will be embedded within the organisation and within business processes and practices through the following:</p> <ul style="list-style-type: none"> - Direct Senior Management & Certification Regime (SMCR) framework changes (Job Descriptions, Statement of Responsibilities and the Management Responsibility Map) to ensure responsibility is appropriately embedded, including changes to the Reasonable Steps framework (completed by Vasiliki). - improvement to the overall governance structure to ensure the right information to evidence addressing the outcomes flows through the organisation and is being used to change and drive better behaviour - Changes to supporting processes and procedures - Thorough consideration of how the change will be driven – both top-down and bottom-up. <p>Note - management changes diue change</p>
	What is the approval process to sign-off on the completion of the plan? Is this clearly documented?	Completed by Bronagh Duggan, reviewed by Sally and/or Vince, and then signed off by the Partners at a monthly or quarterly meeting. This approval will be documented in the minutes of the meeting.
Action points to take forward:		<p>Review all relevant policies and procedures, including those relating to SMCR and T&C</p> <p>Review business strategy / plans / products and services for risks of foreseeable harm</p> <p>Compliance will create either a Consumer Duty review template, or incorporate it into the existing PROD review.</p> <p>Create a document for fund mentors/advisors regarding responsibilities under Consumer Duty</p> <p>Undertake a formal assessment of whether each product / service you manufacture or distribute represents fair value (price and benefit analysis)</p> <p>Consider whether any communications should be formally tested</p> <p>Review the testing undertaken of any products or services you manufacture</p>

Sapphire will discuss the implications of Consumer Duty with the fund mentor/advisors. Materials will be provided to the Sapphire and any relevant materials and training will be provided to Fund Mentors/Advisors on an ongoing basis. Review all products and services manufactured and distributed to ensure they are fit for purpose

Approved by

Boyd Carson

Boyd Carson

V Carson

Vasiliki Carson






Witness by

Bronagh Duggan

Bronagh Duggan

TITLE	Consumer Duty
FILE NAME	Sapphire Capital ...Plan sign-off.pdf
DOCUMENT ID	fbd07cf5d6fa656e1725b10592d2858974c05c78
AUDIT TRAIL DATE FORMAT	DD / MM / YYYY
STATUS	● Signed

Document history

 SENT	31 / 10 / 2022 14:38:07 UTC	Sent for signature to Boyd Carson (boyd@sapphirecapitalpartners.co.uk), Vasiliki Carson (vasiliki@sapphirecapitalpartners.co.uk) and Me (bronagh@sapphirecapitalpartners.co.uk) from bronagh@sapphirecapitalpartners.co.uk IP: 18.134.136.122
 VIEWED	31 / 10 / 2022 14:38:14 UTC	Viewed by Me (bronagh@sapphirecapitalpartners.co.uk) IP: 18.134.136.122
 SIGNED	31 / 10 / 2022 14:38:43 UTC	Signed by Me (bronagh@sapphirecapitalpartners.co.uk) IP: 18.134.136.122
 VIEWED	31 / 10 / 2022 14:39:09 UTC	Viewed by Boyd Carson (boyd@sapphirecapitalpartners.co.uk) IP: 81.108.18.89
 SIGNED	31 / 10 / 2022 14:39:25 UTC	Signed by Boyd Carson (boyd@sapphirecapitalpartners.co.uk) IP: 81.108.18.89

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FILE NAME	Sapphire Capital ...Plan sign-off.pdf
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STATUS	● Signed

Document history

**31 / 10 / 2022**
14:40:24 UTCViewed by Vasiliki Carson
(vasiliki@sapphirecapitalpartners.co.uk)
IP: 81.108.18.89**31 / 10 / 2022**
14:40:40 UTCSigned by Vasiliki Carson
(vasiliki@sapphirecapitalpartners.co.uk)
IP: 81.108.18.89**31 / 10 / 2022**
14:40:40 UTC

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