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Conflicts of interest policy

1 Conflicts of interest policy

1.1 Policy statement

Rathbone Brothers Plc (Group), as a financial services firm, will act to avoid actual and potential conflicts of interest that may arise in the course of conducting business. In instances where they cannot be avoided we will manage and mitigate them accordingly. In doing so, we establish processes and controls to identify and adequately manage conflicts of interests.

This policy applies to all entities within Rathbone Brothers Plc, to all employees (temporary or permanent), agents and contractors, and it is their responsibility to comply with its contents. This policy directly supports the Rathbone Code of Business Conduct. A breach of this policy is a conduct breach and could result in disciplinary action.

1.2 What is a conflict of interest?

The firm must take into account (as a minimum) whether the firm, relevant person, or a person directly or indirectly linked by control to the firm:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
2. has 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 the outcome;
3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. carries on the same business as the client; and
5. 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.

All employees of the Group should also consider conflicts of interest that may arise in the conduct of their role where their actions are, or may be, influenced by others. For example, those engaging with service providers or suppliers where gifts and non-monetary benefits may be deemed to influence their decisions in relation to agreeing contractual terms.

1.3 Types of conflicts

For the purposes of this document, this policy applies to those actual and potential conflicts of interest that may give rise to a material risk of damage to the interests of a client. Conflicts of interest are to be categorised as the following:

1. **Firm[1] vs. Client[2]** (e.g. the firm invests clients' money in internal funds to optimise fee earning potential);
2. **Adviser[3] vs. Client** (e.g. an employee puts their own needs ahead of those of the client, for example remuneration);
3. **Client vs. Client** (e.g. one client or group of clients is favoured over another);
4. **Adviser vs. Firm** (e.g. employees may have external interests that may conflict with the business the firm conducts);
5. **Adviser vs. Adviser** (e.g. an employee connected party works at an intermediary and is directing business to Rathbones); and/or
6. **Firm vs. Firm** (e.g. one company within the Group outsourcing a function to another part of the Group such as one firm deals on behalf of another and put their firm above the other).

The following policies also form part of the wider conflicts of interest regime and thought should be given to these areas when thinking about any conflicts:

- Treating Customers Fairly (ensuring that all clients are treated fairly and without conflicts);
- Outside Interests (Directorships or external interests or activities that may conflict with the duties the firm owes to clients);
- Code of Ethics Policy (which includes measures known as 'information barriers' which restrict the flow of information within the firm);
- Confidential Reporting (Whistleblowing Policy);
- Personal Account Dealing;
- Insider Dealing;
- Gifts and Non-Monetary Benefits Policy;
- Proxy Voting Policy (voting on another company where the firm has material interest); and
- Remuneration Code (employees are not conflicted by the way their compensation is calculated).

1.4 Requirements

Identifying, reporting and escalating any actual or potential conflicts of interest is everyone's responsibility. Individuals should, first and foremost, avoid putting themselves, the firm or the client in a position of conflict.

Individuals are required to escalate all conflicts to their line manager and notify Group Compliance, who in turn will provide reports and assurance to Senior Management that Rathbone Brothers Plc effectively identifies and manages conflicts of interests within the Group.

1. Rathbone Brothers Plc (Group) and/or any subsidiaries of the Group
2. Existing, potential and past clients (where fiduciary duty still exits)
3. Existing employees, Investment Directors, Financial Planners and Intermediaries

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2 Conflicts of interest procedures

2.1 Identifying and recording conflicts

Rathbone Brothers Plc takes reasonable steps to maintain effective internal arrangements to identify and mitigate conflicts as appropriate to the nature, scale and complexity of its business activities.

Responsibility for ensuring that systems, controls and procedures are adequate to identify and manage conflicts of interest lies within Senior Management. The Compliance function provides assurance to Senior Management that the business is meeting the requirements of the Conflicts of Interest Policy and is following the procedures. Group Compliance will maintain the Conflicts of Interest Register (which details individual conflicts) and Log (which records high level conflict themes).

The Conflicts of Interest Register and Log will change periodically when business activities vary. To ensure such changes are captured, the documents are circulated to relevant business areas on a quarterly basis for review and update. Group Compliance will report conflict-related matters to the Conduct Risk Committee and Group Executive Committee.

2.2 Individual responsibilities

All employees must meet the requirements of this policy. As an employee you must:

- avoid putting yourself and/or the firm in a position that conflicts of interest could arise;
- disclose any potential or actual conflict of interest whether the conflict is adequately mitigated or not. Non-disclosure is a breach of this policy and (as above), could result in disciplinary action and could also have penalties imposed by regulators;
- escalate immediately all material potential and actual conflicts of interest to your line manager and notify Compliance who will add the conflict to the central Conflicts of Interest Register;
- refer any situation where you are unsure whether a situation gives rise to a conflict of interest to your line manager and Compliance for review;
- declare all directorships, trusteeships or other external interests or activities that may conflict with the duties that you owe to clients or the firm; and
- not directly engage with clients in a way which directly conflicts with the services the firm provides. For example, managing a Portfolio where you have delegated authority (Power of Attorney, Trustee, etc.).

2.3 Line management responsibilities

Line Managers are responsible for ensuring that their team are trained, understand and continue to meet the requirements of the Conflicts of Interest Policy and procedure. They are to act as an escalation point for new, emerging and changing conflicts of interests. They must ensure that all actual and potential conflicts have been notified to Group Compliance to be included on the central Conflicts of Interest Register and Log.

2.4 Senior Management responsibilities

It is Senior Management's responsibility to ensure that there are adequate internal arrangements for identifying and managing conflicts of interest. The Conduct Risk Committee has oversight responsibility for this. Group Compliance will report and provide assurance to the committee which will feed into their oversight.

2.5 Managing conflicts of interest

Although not an exhaustive list, some of the measures for conflicts management cover the following areas:

2.5.1. Gifts and inducements

Any gifts or benefits offered or received by employees, to or from clients or financial services companies they deal with must adhere to internal reporting and pre-clearance policies, regulatory and legal requirements.

2.5.2. Personal account dealing

It is usual for employees to undertake deals on their own behalf. We recognise that this can create a conflict with the duties owed to our clients. Therefore all of our employees and connected parties are required to comply with our Personal Account Dealing Policy which amongst other matters prohibits:

a dealing ahead of client orders; and

b dealing in an investment where they know, or should know, that a written recommendation or a piece of research or analysis, in respect of that investment or any related investment, is due to be published.

2.6 Rathbone Brothers Group

Rathbone Brothers Plc is structured so that each company within the Group can operate independently with limited intervention from its affiliates. This structure is designed to limit the probability of Group conflicts rising.

From time to time, one business within Rathbone Brothers Plc may want to market its products and services to the clients of another business within the Group. Cross-selling or marketing should only take place when the Group business whose products or services are being marketed is considered the most appropriate provider for the client in question. If the firm is involved in these activities, we will disclose our relationship with the other Group business to the client. The teams involved will also make sure that any products or services being marketed are appropriate and suitable for the client in line with our policies and procedures.

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2.7 Organisational and administrative arrangements

The Group and its subsidiaries maintain and operate organisational and administrative arrangements designed to prevent conflicts from causing actual or potential client detriment. A number of core organisational and administrative arrangements and internal controls exist which are designed to manage conflicts of interest and prevent damage to the clients. These include:

- Senior Management oversight, management reporting;
- Compliance department;
- Risk department;
- Internal Audit department;
- Contract of Employment;
- Code of Ethics and Code of Business Conduct for employees;
- Dealing, managing, settlement, pricing, corporate actions policies; and
- Business Continuity and Disaster Recovery Plans.

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