

# CONFLICTS MANAGEMENT POLICY – Financial Services

23 April 2024

## Contents

1.	Purpose and Scope .....	3
2.	Ownership and Governance.....	4
3.	Identifying Conflicts of Interest .....	5
4.	Methods of Managing Conflicts.....	6
5.	Disclosure of Conflicts.....	7
6.	Conflicts Management Policies .....	8
7.	Record-Keeping, Monitoring and Management Information.....	12
8.	Roles and responsibilities.....	12
9.	Corporate Social Responsibility (CSR)/ Environmental, Social and Governance (ESG).....	13

## 1. Purpose and Scope

1.1. The purpose of this document is to summarise the policies and procedures in place within the Evelyn Partners Financial Services business for identifying, minimising and managing conflicts of interest arising from the different business activities undertaken by these companies. The Financial Services Executive Committee ("FS ExCo") is responsible for ensuring the effectiveness of these policies and procedures in relation to the following operating subsidiaries of the Group.

- HW Financial Services Limited ("HWFS"),
- HFS Milbourne Financial Services Limited ("HFSMFSL"),
- Evelyn Partners Investment Services Limited ("EPIS"),
- Evelyn Partners Financial Services Limited ("EPFS"),
- Evelyn Partners Investment Management LLP ("EPIM LLP")
- Evelyn Partners Financial Planning Limited ("EPFP"),
- Evelyn Partners Securities ("EPS"),
- Evelyn Partners Investment Management Services Limited ("EPIMSL"),
- Evelyn Partners Asset Management Limited ("EPAM"),
- Evelyn Partners Discretionary Investment Management Limited ("EDIM"),
- Tilney Discretionary Portfolio Management Limited ("TDPML"),
- Evelyn Partners International Limited ("EPI"),
- Evelyn Partners Investment Management (Europe) Limited ("EPE")
- Evelyn Partners Fund Solutions Limited ("EPFL")
- Dart Capital Limited (UK) ("DCL")

1.2. **Financial Services & EPFL:** FCA-regulated firms are bound by the provisions of the FCA Principles for Business, and in particular Principle 8: *"A firm must manage conflicts of interests fairly, both between itself and its customers and between a customer and another client"*. Consumer Duty also requires that *'Firms must act to deliver good outcomes for retail customers'* (Principle 12), which is important to note when considering any Conflict of Interest, whether potential or actual. The 'Cross-cutting' rules also require that firms:

- Act in Good faith,
- Avoid causing foreseeable harm, and
- Enable and support retail customers to pursue their financial objectives.

For firms subject to the MiFID and CRD directives ("common platform firms") this is supplemented by the rules in SYSC chapter 10 (Conflicts of Interest). In Ireland and Jersey, legislation and the provisions of the Central Bank of Ireland and the Jersey Financial Services Commission impose equivalent requirements.

1.3. As a result of the above, each firm within the Group is required to:

- take all appropriate steps to identify and to prevent or properly manage conflicts of interest, such as those between (i) the firm and its clients, and (ii) one client and another.
  - maintain and operate effective organisational and administrative arrangements in order to take all appropriate steps to prevent conflicts from adversely damaging clients' interests. If the risk of a conflict of interest is so great that the conflict cannot be avoided or managed by a combination of these and/or other steps in such a way as to ensure the client's interest will not be adversely affected, then the firm will decline to act for that client.
  - fairly disclose the general nature and/or source of the conflict to the client when the organisational and administrative arrangements in place are insufficient to ensure that clients' interests will not be adversely affected in a way that is clear and easy to understand, including consideration of the characteristics of the client (e.g. any potential vulnerability) which may require additional support/ disclosure to assist in a clients understanding of a Conflict;
  - keep records of the firm's services and activities in which conflicts may arise or have arisen; and
  - provide clients with a summary of this Conflicts Management Policy – this requirement only applies to common platform firms and the summary is included within those firms' terms and conditions.
- 1.4. The FCA, CBI and JFSC-regulated firms are involved in some or all of the following main activities which may give rise to conflicts of interest:
- Financial planning advice, insurance intermediation and employee benefits consultancy.
  - Investment management/advisory and execution only trading, including publishing investment information
  - Fund management and administration.
- 1.5. Partners and employees may also have an individual obligation to comply with the code of ethics of their own professional body, which may include provisions on independence and conflicts of interest – you should consult your relevant professional body for more information.

## 2. Ownership and Governance

- 2.1. The board of directors of each firm within the Group is responsible for ensuring that the firm complies with all its obligations under the regulatory system, including its obligations to identify, manage and record conflicts of interest. This policy is owned by the Group General Counsel and the Chief Risk Officer & Group Head of Compliance, who are responsible for maintaining the policy.
- 2.2. The FS ExCo is responsible on a day-to-day basis for overseeing risk control matters for the UK Financial Services businesses, including adopting and reviewing this Conflicts Management Policy and ensuring its effective

implementation. This review should identify any deficiencies and the actions needed to ensure that appropriate measures are taken to address these. The FS ExCo should track the resolution of the issues identified and report material issues into the Risk & Audit Committee which also approves the compliance monitoring programmes on an annual basis and is responsible for agreeing the annual internal audit programme.

### 3. Identifying Conflicts of Interest

- 3.1. Apart from the general conflicts of interest inherent in the nature of the business being undertaken, there are a number of methods of identifying specific conflicts of interest that may arise from time to time, including:
  - The Proposition Development Process overseen by the Product and Services Forum requires conflicts of interest to be identified, considered and mitigated before submission to the Products and Services Oversight Committee;
  - The Products and Services Oversight Committee, which approves all new products and services, explicitly considers the potential for conflicts of interest in each case when deciding whether or not to proceed with the business;
  - Policies and procedures to identify personal account holdings by colleagues, receipt of gifts and entertainments and external business interests.
- 3.2. All colleagues must be alert to the possibility of specific instances of potential or actual conflicts arising in relation to specific clients or proposed transactions, and where further guidance/ advice is needed, should consult Compliance (Corecompliance@evelyn.com) as to the appropriate steps to be taken to avoid, manage or disclose the potential conflict, always acting in good faith. FCA regulated entities, as a requirement of Consumer Duty, must also be mindful of the need to deliver good outcomes for retail customers and act in good faith when considering Conflicts. Colleagues working for FCA regulated entities must always be mindful of the need to deliver good outcomes for retail customers.
  - A potential conflict is defined as a situation that does not necessarily constitute or appear to constitute a conflict of interest, but where there is a reasonable possibility of an actual or apparent conflict of interest occurring now or in the future.
  - An actual conflict is defined as an existing situation or relationship that reasonably could appear to other parties to involve a conflict of interest.
- 3.3. For the purpose of identifying the types of conflicts of interest that may arise, and which may entail a material risk of damage to clients' interests, each firm should take into account whether the firm, an associate or an employee:
  - has conflicting duties to act for clients on both sides of a transaction;
  - is acting for a transaction in respect of which it holds relevant confidential

information supplied by a current, past or prospective client on the other side of the transaction;

- holds unpublished price sensitive information about the issuer of securities held for clients through/acting in a transaction affecting the issuer;
- could cause foreseeable harm to a retail client and/or deliver a poor outcome (FCA regulated entities only)
- is likely to make a profit or avoid a loss at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of a client, which is distinct from the client's own interest in that outcome;
- has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- carries on the same business as the client;
- 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 fee or commission for that service; or

## 4. Methods of Managing Conflicts

### 4.1. Segregation of Duties

The Group must maintain effective segregation of duties to ensure that no one individual is completely free to commit a firm's assets or incur liabilities on its behalf and that each firm's governing body receives objective and accurate information on its financial performance, the risks it faces and the adequacy of its systems. For example, the Group should ensure that no single individual has unrestricted authority to do all of (i) initiate a transaction; (ii) bind/ commit the firm to the transaction; (iii) make payments; and (iv) account for the transaction.

### 4.2. Information Barriers

Information Barriers are formal arrangements that require information held by a person in one part of the business to be withheld from, or not to be used by, persons in another part of the business. The Group operates Information Barrier procedures to prevent flows of information from these departments to the other parts of the Group. The Information Barriers consist of the following elements:

- A strict prohibition on colleagues within the relevant departments disclosing any non-public information about corporate clients or potential corporate clients to any other colleague or any other third party, except as permitted under the Information Barrier procedures;
- Physical barriers between the relevant departments and other parts of the Group;
- The requirement to seek Compliance (COBScompliance@evelyn.com) consent to share price-sensitive information with colleagues on the other side of the Information Barrier; the Compliance department records and

audits all approvals.

- Policies and procedures to control the security of data held within the Group, including policies and procedures for the confidential destruction of records that are no longer required.

This list is not exhaustive and the Group may adopt alternative or additional measures and procedures as it sees fit in order to manage particular conflicts.

#### 4.3. Declining to Act

There may be times when a conflict of interest is considered too great to be managed and the Group will decline to act.

### 5. Disclosure of Conflicts

5.1. If the organisational and administrative arrangements are insufficient to ensure, with reasonable confidence, that clients' interests will not be damaged, the firm must clearly disclose the general nature and/or source of the conflict to its client(s) before undertaking business for those client(s). The firm must consider whether organisational and administrative arrangements can be put in place to manage a conflict other than through disclosure - disclosure should be the last resort. When disclosure is nonetheless required, conflicts of interest can be disclosed in different ways:

- General disclosures on the Group website, in marketing material and in the various T&Cs; and
- Specific disclosures to individual clients where general disclosures are insufficient in themselves.

5.2. Where disclosure is provided it must

- be clear, fair and not misleading.
- be in a durable medium.
- state that it is being made because the organisational and administrative arrangements aimed at preventing or managing conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the client's interests will be prevented.
- include a specific description of the conflict of interest that has arisen and explain to the client the risks that exist as a result.
- include sufficient detail to enable the client to make an informed decision with respect to the service involved.
- consider the characteristics of the client(s) (for example any vulnerability) when making a disclosure to ensure the client is able to understand what we are telling them. Colleagues should also be aware that. Professional clients are likely to be in a better position to understand the implications of such disclosures, but with retail clients this is less likely to be the case so it may be necessary to provide retail clients with greater detail.

5.3. Where specific disclosure is required, the client's informed consent to the firm

continuing to act must be obtained in writing.

- 5.4. Where the business identifies specific Financial Services conflicts which require disclosure, these should be referred to Compliance (Corecompliance@evelyn.com) who, in conjunction with Group General Counsel, will advise on the management and disclosure, and ensure an adequate record is kept.

## 6. Conflicts Management Policies

### 6.1. Group-wide Conflicts

Some potential conflicts, and the methods of managing them, apply across the Group:

#### 6.1.1. Group Structure/Close Links

A potential conflict would exist if a third-party product provider or supplier had a material shareholding or financial interest in the Group (or vice versa) enabling them to be able to influence the Group's operating decisions to the detriment of client interests. The Permira and Warburg Pincus private equity groups are both substantial shareholders of Evelyn Partners and the interests of Permira and Warburg Pincus are taken into account when considering potential conflicts. In addition, Evelyn Partners may have a financial interest in entities which introduces clients to the Group – all such arrangements must be approved by Legal, which considers potential conflicts as part of the approval process for new introducers.

#### 6.1.2. Scope and nature of business

The Group provides restricted advice and is also a vertically integrated firm. Both of these aspects of the firm present potential conflicts of interest which are inherent in the Group's business model. The fact that the Group is vertically integrated and offers restricted advice does not mean that the inherent conflicts are automatically accepted. It is the responsibility of management and colleagues to consider potential conflicts and to ensure that any potential conflict is managed appropriately with regard to client outcomes.

#### 6.1.3. Personal Account Dealing

Colleagues' personal interests in holdings of securities, or in dealing in securities, may conflict with their obligations to clients (either corporate clients, or clients using investment services). The Group detailed policies and procedures in place to monitor colleagues personal account dealing and to restrict it in certain circumstances. Particular restrictions apply to colleagues dealing in securities issued by corporate clients. All colleagues are required on joining the Group to sign an Undertaking to comply with the PA Dealing Policy.

#### 6.1.4. Inducements/Gifts and Entertainments



As a matter of policy, the Group and its colleagues do not solicit or accept inducements that could conflict with the Group's obligations to its clients, nor offer or give inducements which could conflict with the recipient's obligations to its own clients. Gifts, corporate hospitality and similar benefits could fall within this category and policies and procedures on the giving and receiving of gifts and entertainments are included in the Group's (and subsidiaries, where applicable) Gifts & Entertainments policy.

The Financial Services businesses of Evelyn Partners are covered by the Group's Inducements policy, which defines the required standards for the giving or receiving of any form of monetary payment or non-monetary benefit which could be considered to be an inducement for the recipient to act in an improper way. In particular, all proposed arrangements for the payment of introduction fees to third parties must be formally documented via a written agreement which must be approved by both Legal and Compliance to ensure adherence to legal and regulatory requirements.

#### 6.1.5. External Business Interests

Colleagues may not accept any employment or business interest outside the Group, including third party directorships, without the prior written approval of the Group General Counsel, who considers the potential for conflicts of interest before granting permission for any such interest. Compliance maintains a register of outside business interests.

#### 6.1.6. Remuneration Policies

The Group must ensure that there is no direct link between the remuneration of colleagues principally engaged in one activity, and the revenues generated by colleagues engaged in another activity with conflicting interests. The Group must also ensure that remuneration policies do not create a conflict of interest between colleagues and the best interests of clients. Remuneration policies are overseen by the Remuneration Committee comprised of independent non-executive directors. The Remuneration Committee approves and oversees the Groups remuneration policies to ensure that they are designed to minimise the potential for conflicts. It ensures that incentive structures are designed to encourage a culture focused on good client outcomes and appropriate behaviour. Non-financial metrics feed into remuneration decisions where adherence to risk and compliance is a key factor. The Group undertakes to reward colleagues on the basis of merit as opposed to length of service, relationship with Senior or other inequitable measures.

#### 6.1.7. Charitable Donations

Charitable donations to clients could give rise to a perception of conflicts of interest or improper inducement, so Evelyn Partners does not generally make donations to charities which are clients of the

Group. This does not of course prevent colleagues from making personal donations to such charities. Marketing or business development may however choose to sponsor a charity or take a table at an event where it meets the Group's business objectives independently of whether the charity is a client.

#### 6.1.8. Procurement

Conflicts of interest could arise in relation to the procurement of goods (e.g. IT systems and equipment) and services (e.g. legal services, archiving, outsourced business continuity services) if purchasing decisions were influenced by patronage or the personal interests of the procuring manager, rather than being based solely on the desire to obtain the appropriate standard and quality of goods and services. This could be to the detriment of clients if it resulted in underperforming IT systems, poor data security, inadequate business continuity arrangements, etc. To mitigate this, for all tenders, the Procurement Team issue the Ethical Policy and Declaration of Interest/ Conflicts during a procurement process to colleagues who are part of the tender process.

#### 6.2. Financial Planning and Insurance Intermediation activities

The Group provides financial planning, insurance intermediation and employee benefit services through HFSM, HWFS, EPFS and EPFP. Examples of potential conflicts include the following:

- A firm could advise clients to buy insurance products which pay higher amounts of commission, though they might not be the most suitable for the client – to manage this, the firms advise on a "fair analysis" basis for insurance intermediation. The Group does not operate volume overrides and has no agreements with particular product providers.
- A firm could advise clients to transfer out of DB pensions into personal pensions even if this was not in the clients' best interests, in order to obtain ongoing fees if the personal pension was then managed by the Group. To manage this, detailed policies and procedures for DB pension transfer advice are in place, with all such advice being pre-approved by the Advice Quality team before being provided to the client.
- Advisers could take on roles in a personal capacity which could conflict with their responsibilities as employees of the firm, such as acting as trustee of a trust which is a client of the Group, acting as executor of a client's Will or being appointed as a client's attorney. To manage this, any such potential appointment must be reported to Compliance. In most circumstances the adviser will not be permitted to take on such roles, except in relation to close family members and family trusts covered by the PA Dealing Policy.

#### 6.3. Investment Management services

The Group provides discretionary and advisory investment management services through EPE, EPI, EPIM, EPAM, EPDIM, EPS, EPIMS and DCL. It also provides advisory management services through EPFP, EPFS and HFSM.

Examples of potential conflicts could include the following:

- A firm could aggregate orders from different clients to the detriment of clients' best interests. To manage this, formal aggregation and allocation policies are documented in the firms' Compliance Manual.
- A firm could advise clients to deal too frequently, or exercise discretion to deal too frequently, to maximize revenues. To manage this, policies and procedures are in place to prohibit churning and switching. EPE / EPI does not earn a transaction charge in the standard fee model for Discretionary and Advisory services, so is not incentivised to deal too frequently.
- Investment managers could advise clients to buy (or exercise discretion to buy) in-house products (eg OEICs) from which the Group derives management or administration fees in order to maximise Group profitability and/or individual remuneration. To manage this, policies and procedures are in place to ensure in house products offer fair value, as well as to ensure compliance with FCA rules on suitability. Suitability is monitored by FS Oversight.

#### 6.4. Execution-Only/Stockbroking business

- The Group provides execution-only stockbroking services through EPE, EPI, EPIM, EPAM, EPDIM, EPS, EPIMS, DCL and in particular through the Bestinvest website provided by EPIMS. Examples of conflicts include:
- A firm could allocate aggregated transactions to the detriment of clients' interests. To manage this, formal aggregation and allocation policies are documented in the firms' Compliance Manual
- The firms could use clients' dealing commission to purchase research and/or additional services from executing brokers, in addition to executing services, potentially increasing clients' costs without commensurate benefit to the client. To manage this, the Dealing Working Group formally monitors the use of external brokers, the quality of their services and their charges. Dealing commission is not used to buy research - research is purchased centrally with the firm's own resources.
- Colleagues could use knowledge of client orders to engage in P.A. Dealing, to the detriment of clients' interests. To manage this, the PA Dealing Policy includes particular restrictions on front-running.

#### 6.5. Fund Management/Administration activities

The Group provides fund management and administration services for regulated funds through EPFL and Smith and Williamson Investment Management (Ireland) Limited, which each act as the ACD of Open-Ended Investment Companies (OEICs), delegating the investment management of the funds to a number of investment management firms, including EPIM. The ACD operates and administers the fund and is legally responsible for protecting investors' interests including overseeing the investment manager.

Typically, a new OEIC is sponsored by an investment management firm (such as EPIM), which must appoint a company to act as ACD. Sponsoring firms may

appoint another Group company to perform the role of ACD, keeping responsibility for regulatory oversight within the same Group, or may appoint an independent third party to act as ACD - known as the "Host ACD". In theory the Host ACD appoints and supervises the investment manager, but the commercial reality is that the Host ACD is a service provider to the investment manager. The resulting conflict of interests may inhibit the Host ACD from providing appropriate challenge and oversight of the operation of the OEIC.

## 7. Record-Keeping, Monitoring and Management Information

- 7.1. Regulated firms are required to keep and regularly update a record of the kinds of investment service, ancillary service or investment activity carried out by or on behalf of the firm in which a conflict of interest entailing risk of damage to the interests of the client has arisen or may arise. Compliance maintains a list of specific Financial Services (FS) conflicts of interest that have actually arisen, which is reviewed half yearly. All colleagues are required to report specific FS conflicts of interest to Compliance ([Corecompliance@evelyn.com](mailto:Corecompliance@evelyn.com)) as soon as possible.
- 7.2. Compliance with the provisions of this policy may be monitored by the Compliance and Internal Audit functions as appropriate, either of which may report any breaches identified to line management, and/or recommend changes to the Group's practices.
- 7.3. The boards of each regulated firm receive written reports, at least annually, on the situations in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise. For EPE, EPI, EPFL, CBI and JFSC-regulated businesses, these reports will be included in the Compliance reports to the relevant Board or Board sub-committee.

## 8. Roles and responsibilities

- 8.1. The boards of each entity within the Group are ultimately responsible for managing conduct risk, including in relation to conflicts of interest, and for ensuring that appropriate controls to mitigate conduct risk are in place. The Boards delegate to executive management the responsibility for establishing, operating, and monitoring the system of control on a day-to-day basis (first line of defence). Board and executive management oversight of conduct risk for the Group is exercised through the Financial Services Executive Committee (FS ExCo).
- 8.2. All colleagues (first line of defence) are responsible for adhering to the principles and standards in this policy and for identifying and reporting any conflicts of interest that arise to Compliance or to the Legal team as relevant.
- 8.3. The Compliance function (second line of defence) is responsible for monitoring, challenging, and supporting the business to ensure that the Group complies with its legal and regulatory obligations and does so with high ethical

standards. The Compliance team is responsible for assessing potential conflicts arising in relation to the activities undertaken by the Financial Services division of the Group and advising on appropriate methods for avoiding or managing such conflicts, and for maintaining the register of specific conflicts of interest identified in relation to the financial planning, investment management and fund administration businesses within the Group. In the EPI, EPE, EPFL, CBI- and JFSC- regulated entities, the Compliance team within the entity is responsible for assessing potential conflicts arising and advising on appropriate methods for avoiding or managing such conflicts, and for maintaining the entity's register of specific conflicts of interest identified.

- 8.4. Where conflicts involve the activities of both the Professional Services and the Financial Services divisions they are discussed by both Legal and Compliance to agree the most appropriate method of avoiding or managing the conflict.
- 8.5. Internal Audit is the third line of defence, providing independent assurance on the adequacy and effectiveness of the overall risk management framework, methodologies, and internal control environments across all parts of the business.

## 9. Corporate Social Responsibility (CSR)/ Environmental, Social and Governance (ESG)

- 9.1. This policy forms part of the Groups CSR and ESG framework by ensuring that:
  - Clients are at the heart of our business. Part of our commitment to clients is about responding to their needs and committing ourselves to client satisfaction and this includes ensuring we manage Conflicts of Interest.
  - We strive to ensure that our clients see us as corporate partners in their own enterprise. We hope those clients reward us with their continued business, building and maintaining our professional reputation, and failure to manage conflicts between us and clients will mean we fail on this approach.