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Conflicts of Interest Policy

Version Control History

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Introduction

Conflicts of Interest are an inevitable consequence of undertaking business activities, these conflicts arise at all levels in the business including its Board members, the senior management team, clients, counterparties, staff and outsourced functions.

Purpose and Scope

This Policy applies to all partners, officers, directors, employees, contractors and temporary staff ("staff") of L&C Waverton (the firm).

As a regulated business, we have a regulatory obligation to avoid, disclose or explain, mitigate and record conflicts of interest. This policy establishes the standards designed to prevent regulatory violations and ensure that conflicts of interest are identified, managed and reviewed on a regular basis. See appendix 1 for the regulatory requirements that apply to us.

Policy Statement

Conflicts of Interest Risk Appetite Statement

The Board has defined that L&C Waverton has a low-risk appetite for unexamined and unaddressed Conflicts of Interest. We therefore proactively manage all issues arising from conflicts of interest with organisational arrangements set out in this policy and recognise that in doing so we need to identify and manage the risk to clients effectively.

Where necessary, conflicts of interest, should be avoided, for example, by declining to undertake a transaction or activity. Where it is not possible to avoid or manage a conflict, we will disclose any unmitigated potential and actual conflicts to the affected clients and seek to minimise any impact on client outcomes.

Definition of Conflicts of Interest

A conflict of interest is defined as "any situation where L&C Waverton or an employee:

- is likely to make a gain, or avoid a loss, at the expense of a client or clients;
- has an interest in the outcome 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 one client or group of clients over another;
- carries out the same or similar business as the client and/or have the same target clients to their businesses in such a manner that they have the same commercial interests;
- receives or will receive an inducement from a person other than the client in relation to a service or services provided to the client in the form of monetary or non-monetary benefits or services, other than the standard disclosed fee for that service;
- could be in a position where their ability to act in the client's best interests is potentially affected by any other matter e.g. personal relationships creating a conflict of loyalty.

Responsibilities

The firm's senior management team, in conjunction with the business unit heads and the Compliance team, takes responsibility for implementing systems and controls designed to identify, monitor, manage and prevent conflicts of interest within L&C Waverton's business.

This policy is an integral part of the systems and controls and staff are therefore expected to comply with certain requirements, as set out below.

Conflict prevention

Staff are expected to be vigilant and identify any actual or potential conflicts of interest that arise in their day-to-day activities.

L&C Waverton seeks to organise its business activities in a manner that prevents the crystallisation of a conflict of interest. This includes the appropriate segregation of functions and business lines such that a level of independence may be achieved. To the extent appropriate to the size and scale of the business, this may involve, amongst other things:

1. information barriers to prevent or control the exchange of information between members of staff engaged in activities involving risk of conflicts of interest where the exchange of that information may harm the interests of one or more clients;
2. functional independence and separate supervision of relevant members of staff whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict;
3. a review of remuneration arrangements in L&C/Waverton where these might give rise to conflicts of interest in relation to activities or services provided by the relevant members of staff;
4. policies and procedures covering inducements, personal account dealing and outside business interests; and
5. disclosure of any potential conflicts of interest in marketing materials, with prior approval of such disclosure by a member of the compliance team before the publication or distribution of such materials.

It is accepted that despite the implementation of all appropriate controls to prevent the occurrence, the complete avoidance of all conflicts may not always be feasible in a commercial environment.

Outside Business Interests

Personal interests must not affect a member of staff's ability to make judgements or decisions in the best interest of L&C/Waverton and its clients.

Approval for outside business interests or external appointments will not be unreasonably withheld, it is understood that such activities must not be conducted on L&C Waverton's premises or conflict or interfere with L&C Waverton's business in any way.

Any approved outside business interests or external appointments will be recorded by the Compliance Team in the Conflicts of Interests Register. Staff will be asked to confirm any outside business interests on an annual basis, or alternatively to confirm that they have none.

Outside business interests in respect of a member of staff include (but are not limited to):

1. Any monetary connections which they or any member of their family have with any client of L&C Waverton
2. Where services or products compete, directly or indirectly, with those offered by L&C Waverton
3. Accept a directorship of a publicly traded company
4. Running for any public office

Conflicts Management

L&C Waverton is required to take all appropriate steps to prevent a conflict of interest which may constitute or give rise to a material risk of damage to the interests of any client. Actual or potential conflicts identified by the business and the arrangements in place to mitigate or avoid them, should be contained within the Conflicts Register. Where a conflict is unavoidable, L&C Waverton will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that neither L&C Waverton nor its Staff are advantaged and that no client is adversely affected. The best interest of L&C Waverton clients remain paramount.

Disclosure of Conflicts

Where L&C Waverton is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a client, the fact of / or sources of conflicts of interest will be clearly disclosed to the client before any business can be undertaken. In particular, the disclosure will detail:

- A specific description of the conflict of interest;
- An explanation of the risks to the client that arises;
- That the organisational and administrative arrangements established by L&C Waverton to prevent and manage that conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interest of the client will be prevented and
- Sufficient detail to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Conflicts Monitoring

L&C Waverton will maintain a register of any conflicts of interest identified within L&C Waverton's business. The register is maintained by the Compliance Team. Once a conflict of interest has been identified, it should be reported to the Compliance Team, who will work with the business area concerned to ensure appropriate controls are implemented to manage the conflict. The register will be reviewed on a periodic basis and at least annually by the L&C Waverton Board.

Conflicts Reporting and Management Information

Conflicts of interest are required to be a standing agenda item for all board meetings and, should be formally considered and, actions minuted appropriately. On an annual basis, the Board will consider the conflicts of interest register and where deficiencies have been reported, the Board will ensure that steps have been taken to address the identified deficiencies. The Compliance Team and relevant business head will oversee the resolution and remediation of such conflicts.

Training

Staff will receive conflicts of interest training on an annual basis.

Procedure

You must notify the Compliance Team immediately if you become aware of an actual or potential conflict of interest. The notification should include an outline of the perceived conflict and the potential client detriment. The Compliance Team will investigate the concern in line with the above policy.

Where the conflict of interest can be managed, the Compliance Team, along with the relevant business unit head or team member, will support the implementation of controls to mitigate the risk.

If the conflict cannot be managed, the Chief Compliance Officer will convene a review meeting with subject matter experts to agree on the appropriate action to be taken. This may include ceasing the activity causing the conflict or making the appropriate disclosures to clients.

Generally, where the conflict of interest is created through our own action or inaction the most straightforward method of complying with these requirements will be to prevent the conflict from arising by ceasing the activity that created the conflict. However, where disclosures are required, they must:

- Include a specific description of the conflict of interest that has arisen
- Clearly state that the organisational and administrative arrangements established to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the client will be prevented
- Be in sufficient detail to enable the client to take an informed decision with respect to its relationship with L&C Waverton
- Be made in a durable medium and entail sufficient detail to allow clients to make well informed decision concerning the service in the context of which the conflict arises

Where new services/products are considered, possible conflicts of interest must be discussed and added to the Conflicts Register as part of the product development and on-going product review life cycle.

Conflicts will be reviewed by the Compliance Team periodically to determine whether they are being effectively managed. On an annual basis, the Conflicts Register will be reviewed by the Board to determine whether any additional key or potential conflicts have arisen and need to be managed or prevented or if any conflicts have been resolved and therefore no longer need to be recorded in the Conflicts Register.

All Staff will act with competence, dignity, integrity and in an ethical manner, when dealing with Clients, prospects, third party service providers and other staff members. Staff must exercise reasonable care and exercise independent professional judgement when conducting their L&C Waverton business activities.

Outside Business Interests Procedure

All staff are required to notify the Compliance Team of any outside business interests.

You must obtain the prior approval of the Chief Compliance Officer before taking on any outside business interests or external business appointments (whether or not it is a paid position).

Any changes to the information disclosed must be advised to the Compliance Team.

The Compliance Team will retain a record of all outside business interests, which will be reported to the Board on a periodic basis.

Appendix 1 – Applicable Rules and Regulation

EU Regulation

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

CNMV

- Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Company Law
- Royal Legislative Decree 4/2015, of 23 October, 2015, approving the revised text of the Securities Market Law
- Royal Decree 2017/2008, of 15 February, 2008, on the legal regime of investment services companies and partially amending the Regulations of Law 35/2003, of November 4, 2003, on Collective Investment Institutions, approved by Royal Decree 1309/2005, of November 4, 2005

FCA

- FCA Systems and Controls obligations (SYSC 10)
- FCA Best Interests Obligation (COBS 2.1)
- FCA Principle 8, Conflicts of Interest, a firm must manage conflicts of interest fairly both between itself and its clients and between a client and another client

SEC

- Section 206(2) of the Advisers Act prohibits investment advisers from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client
- Section 206(4) of the Advisers Act prohibits investment advisers from engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative:
- As an SEC registered investment adviser L&C has a fiduciary duty to act in the best interests of its clients. This duty consists of loyalty and care and includes making materially correct disclosure of all relevant facts, including conflicts of interest and the means of addressing them; best execution; suitability and a reasonable basis for recommendations. The Form ADV Part 2A includes L&Cs required disclosures in relation to material conflicts of interest and the mitigating controls.



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