RIVER AND MERCANTILE

River and Mercantile Group
Conflicts of Interest Policy

This policy is applicable to all employees, partners, directors and contractors engaged by the following entities:

River and Mercantile Asset Management LLP

FCA Firm Reference Number: 453087

River and Mercantile Investments Limited

FCA Firm Reference Number: 195028

River and Mercantile Infrastructure LLP

and

River and Mercantile Group PLC

Policy Owner: General Counsel

Policy Approver: Group Risk Committee

The policy is effective from 5 August 2021

Conflicts of Interest Policy updates

Amendment Number	Date of Change	Summary of change	Reference
1	03/01/2018	Updated for MiFID II	V2
2	29/06/2018	Update to reflect change of P-Solve name	V3
3	09/07/2018	Updates reflecting feedback and recommendations from KPMG	V4
4	28/08/2018	Updates reflecting internal legal team feedback	V5
5	31/08/18	Update/comments SWB	V6
6	10/09/18	Updates reflecting further KPMG feedback CW	V7
7	08/11/18	Group Risk Committee approval	V8
8	13/12/18	Clean up comments - SWB	V9
9	26/04/2019	Remove R&M LLC, which has its own policy / update for US requirements applicable to RAMAM - SWB	V10
10	27/07/2020	Update policy to reflect RSM recommendations regarding outsourcing -SB	V11
11	16/03/2021	Addition of RMI LLP as a party and related changes	V12
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Principles for Businesses

The following FCA Principles for businesses apply to this policy:

Principle 1. Integrity: a firm must conduct its business with integrity.

Principle 2. Skill, care and diligence: A firm must conduct its business with due skill, care and diligence.

Principle 3. Management and control: A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

Principle 6. Client Interests: A firm must pay due regard to the interests of its clients and treat them fairly.

Principle 8. Conflicts of Interest: A firm must manage conflicts of interest fairly, both between itself and its clients and between clients and another client.

1. Introduction

Background

River and Mercantile Group PLC and its subsidiaries (the "**Group**") are an advisory and investment solutions business with a broad range of services, from consulting and advisory to fully-delegated fiduciary and fund management. The Group is focused on creating investment solutions for its clients across its core markets: UK defined benefit pension schemes, UK defined contribution pension schemes, insurance, US pensions, retail and strategic relationships. The Group serves a large client base, predominately in the UK and the US, which comprises institutional pension schemes, retail financial intermediaries, insurance companies, state funds and charitable institutions.

Course of business

An essential part of much of the Group's business involves Group members advising on or making and executing decisions in financial markets on behalf clients. In so doing members of the Group act as agents of those clients.

Confidence in the Group's integrity in acting on their behalf is at the heart of the relationship of trust between the Group and its clients. This means that when making investment decisions, or providing products or services to clients the Group must always act in the clients' best interests and put those interests ahead of our own. The Group also has an obligation to treat all clients fairly, which may give rise to the need to manage conflicts of interest between different groups of clients for whom we act as agent.

Certain conflicts of interest may be inherent in an agent and principal relationship. Where the Group or members of it act as agent it is possible that conflicts of interest may arise with clients, or between the competing interests of different clients. Maintaining effective policies, systems and controls for the prevention and management of conflicts means that clients may avoid unnecessary costs and should ensure that all clients have fair access to suitable investment services and opportunities.

Law and regulation

The Group issues this Conflicts of Interest Policy ("**Policy**") for the purposes described above and in order to address the specific requirements relating to conflicts of interest set out in FCA Principles for Businesses 8 and Chapters 4 (General Organisational Requirements) and 10 (Conflicts of Interest) of the FCA's Senior Management Arrangements, Systems and Controls sourcebook (SYSC) and specific requirements of the Markets in Financial Instruments Directive ("**MiFID II**"). Additional principles and requirements apply to River and Mercantile Asset Management LLP (**RAMAM**) in respect of its US activities and its activities in Australia and New Zealand. The business should consult with Legal and/or Compliance for guidance on questions relating to conflicts of interest in these additional areas.

SYSC 4 and SYSC 10 require the establishment of an effective framework to identify and to prevent or manage conflicts of interest and to implement and maintain an effective conflicts of interest policy which is proportionate to the nature, scale and complexity of its business. The Conduct of Business Sourcebook (COBS) of the FCA handbook separately specifies detailed rules governing the purchase of goods and services using clients' money and the allocation of investment opportunities between clients, each of which is relevant to the proper management of conflicts of interest.

MiFID II and SYSC 10 require the Group to maintain and operate effective administrative arrangements with a view to taking all appropriate steps to identify and to prevent or manage conflicts of interest between firms, their managers, employees and tied agents, or any person directly or indirectly linked to them by control and their clients or between one client and another client that arise in the course of providing any investment and ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties, the relationships with outsourced or key third party service providers or by the firm's own remuneration or incentive structures. Where, despite this, there remains a risk of detriment to a client's interests, the conflict must be effectively managed and there must be clear disclosure to the client of the nature and sources of the conflict and the steps taken to mitigate the risk before the relevant business is undertaken on behalf of the client (section 6 below details the requirements for client disclosure).

Application and review

The Policy is applicable to the River and Mercantile Group PLC, as well as the Group's UK regulated subsidiary entities, RAMAM, and River and Mercantile Investments Limited (**RAMIL**) and to River and Mercantile Infrastructure LLP (**RMI**). The Policy will be reviewed at least annually, and as appropriate on an ad hoc basis.

Prevention, Management and Disclosure

It is recognised that there are circumstances in which conflicts of interest may be inherent, or arise as a result of arrangements we make with clients or with third parties on their behalf.

As described above, MiFID II emphasises the importance of taking all appropriate steps to prevent or manage conflicts. For MiFID business therefore, disclosure should now be treated as a 'measure of last resort'. In this context, an over reliance on disclosure versus prevention is considered to be a deficiency and disclosure should only be used when the Group's internal arrangements to manage conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented. See section 6 (Disclosure standards) for the requirements where disclosure is required.

The US approach to disclosure is different. Registered advisors (e.g. RAMAM) have an obligation to make full and fair disclosure to clients and prospective clients concerning their material conflicts of interest, including conflicts arising from any financial incentives paid or received, and to act in a manner consistent with those disclosures. This obligation is reflected in the obligation for regulated firms to disclose conflicts of interest in their public disclosures (Form ADV).

As a policy matter, our approach should be consistent with an emphasis on prevention or management in the first instance, but the US specific requirements must be taken into account when dealing with US clients or parties, and the Legal or Compliance departments should be consulted as appropriate where there are questions as to the correct approach.

2. Identification of conflicts

What is a conflict of interest?

A conflict of interest arises where the Group, Group member or a person within the Group has an incentive to serve one interest at the expense of another, or alternatively where a client could make a gain at the direct expense of another client, or where the Group or one of its members has an opportunity to make a gain which would be to the disadvantage of one or more of its clients.

SYSC 10.1.4 defines a conflict of interest as one which arises, or may arise, in any area of an authorised firm's business in the course of providing a service to its clients and the existence of which may entail a risk of damage to the interests of a client or clients. This definition is derived from Article 23 MiFID.

SYSC 10.1.4 **assumes** that a conflict of interest may arise where a firm:

a. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

b. has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's own interest in that outcome;

c. has a financial or other incentive to favour the interests of one client over another;

d. carries on the same business as a client; or

e. 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 moneys, goods or services, other than the standard commission or fee for that service.

The examples above are not exhaustive however and represent only those circumstances where the authorities expect that a conflict may arise (and that accordingly due consideration will be given by the Group). Accordingly, any analysis of conflicts of interest should be applied objectively and widely in order to ensure the best possible result for the client.

All staff are required to apply the Group's Commitment as highlighted in section 3 below to their everyday activities; to apply the relevant standards and escalate as relevant where they are unsure whether a conflict of interest has been previously identified and/or is being prevented, monitored or managed. Staff provide the first line of defence in ensuring that the Group's Commitment in respect of conflicts is upheld.

Specific Group conflicts

Whilst it is not practical to define precisely or create an exhaustive list of all relevant conflicts that may arise within the Group in this Policy, there are certain broad examples of inherent conflicts which are set out below together with some example mitigation measures which the Group has implemented. The conflicts listed below are the minimum conflicts that the Group has considered, further inherent and 'ad hoc' conflicts are detailed in the Conflicts Registers of each subsidiary entity.

Example inherent conflicts and management techniques	
Trading errors may be made in handling a client's account giving rise to a conflict in terms of who bears the cost of the error.	Errors are reported internally and reported to the Group Risk Committee including details on the occurrence, treatment and mitigating action for all trading errors, including the financial impact for the client (if any).

	It is the policy of the Group that the client will be put back into the position it would have enjoyed had the error not occurred, and the client retains any net gain from an error.
Giving and receiving of gifts and/or entertainment to/from third parties, including third party outsourced or key service providers, which may influence or encourage inappropriate or unethical behaviour to the detriment of clients.	Staff are prohibited from giving or accepting gifts or benefits which conflict with their duty to clients and must ensure, (i) any gifts or benefits do not impair the duty to act in the clients' best interest; (ii) the existence, nature and amount of inducement is clearly disclosed to the client in a manner that is comprehensive, accurate and understandable; and (iii) any gifts or benefits are designed to enhance the quality of the service provided to the client(s). The Group has a policy governing inducements (including corporate hospitality, gifts and entertainment) and the process for notification and pre-approval that is necessary when giving or receiving gifts or benefits.
Personal account dealing of Group staff may encourage front running or other strategies such that staff may benefit to the detriment of clients. Personal holdings of securities which are held or advised on by members of the Group may create conflicts of interest and incentivise behaviours which are inconsistent with the Group's obligation to resolve conflicts in favour of clients	The Group permits reasonable personal account dealing (PA Dealing) on the basis of applicable policies. In order for PA Dealing to take place, a strict regime of pre-approval clearance is maintained, including a requirement for authorisation to deal from a staff member's line manager and the Compliance department. Such pre-approval extends to connected persons of staff/directors of the Group. PA Dealing requests are then monitored by Compliance against a 'stop / restricted list' of excluded securities and situations where client transactions may be front run by a PA Dealing transaction. If clearance is granted, any transaction to deal must take place within a prescribed number of business days, otherwise the pre-approval process must be completed again. Documentary evidence is required to be submitted promptly after dealing to the Compliance department. The Group's policies on PA Dealing extend to any dealings in the shares of the Group. The Group has included in its policies on PA Dealing provisions to prevent these conflicts from materialising.
Cross trading involves a sale and purchase of assets between two client accounts without an external third-party sale or purchase through the market. This may result in a trade not being executed at an observable price and may not be beneficial to either the buyer or seller party.	Cross trades may have benefits in terms of transaction cost savings to both parties but the conflicts of interest must be appropriately managed including satisfying the obligation to treat customers fairly. Different regulators have different views of cross trading and the inherent conflicts involved in the activity. The US department of Labor takes the view that cross trades are undesirable because of the conflicts which arise from the potential provision of liquidity or allocation of opportunity to favoured accounts at the expense of others. Specifically, with US ERISA mandates, cross trades are prohibited. The FCA takes the view that they are permissible provided that firms can demonstrate that cross trading between clients is always in the interests of both clients and has been executed at a fair price.

	This means that for the purposes of demonstrating that the inherent conflicts in cross trading have been appropriately managed and mitigated, cross transactions are required to be independently approved based on the rationale for any cross trade being beneficial to both the buyer and seller clients. Where permitted pursuant to the terms of relevant client agreements, members of the Group may effect cross trades within limits and subject to the terms established for such trades in the policies applicable to crossing maintained by each entity. Relevant staff must ensure they are aware of the requirements of the relevant crossing policies and to escalate questions appropriately.
Timing of the communication of investment information to client groups: (Investment advice and recommendations provided to advisory clients and fiduciary clients)	The timing of communications to clients can give rise to conflicts of interest between different clients of the Group. An example is the communication of advice regarding investment recommendations and changes to those recommendations which is required to be given to the client base on an equal basis to avoid situations where one client is put at an advantage or disadvantage over another. Both the timing of the communication and the time frame in which the client can act on the information is required to be considered. This is managed through a process of client identification, and simultaneous communication in a time frame that allows clients to act on relevant information. Consideration is also given to ensuring that clients have the same redemption and subscription terms as other clients.
Investments by clients in our own funds where we have delegated authority or are advising on the use of funds managed by Group entities.	As an asset manager and fiduciary manager we may have a conflict of interest where we advise clients and/or invest on behalf of clients on a discretionary basis in funds managed by Group entities or direct them to services provided by other members of the Group. It is the view of the Group that such conflicts are capable of being managed effectively, but each case must be considered on its merits and the individual facts and circumstances considered. Accordingly, it is expected that a standalone analysis of the relevant conflicts will be prepared and considered ahead of any decision to invest or provide a relevant product or service to clients. In the event that the conclusion of the analysis is that the Group's organisational and administrative arrangements are not sufficient to prevent a risk of damage to a client then the disclosure standards set out in part 6 of the Policy must be followed. These situations therefore require escalation and approval by relevant Group executives in all cases.
Relationships with outsourced or key third-party service providers, including the appointment, monitoring or termination of a third-party service provider, where a staff member has an outside business interest, family member or friend affiliated with the third-party service provider.	All staff must remain alert to the possibility of conflicts of interest arising from personal activities and relationships outside of the Group. These personal activities and relationships could include outside appointments, or situations in which family members or friends are affiliated with an outsourced or key third-party service provider. Staff are provided with internal guidance and training to ensure that they understand how to identify and manage conflicts of interest. The Group maintains an Outside Business Interests Policy which restricts staff from undertaking outside business interests without prior approval. A potential conflict of interest arising from a personal activity or relationship with a third-party service provider identified by a staff member must be notified to Group Compliance. Compliance

	may recommend certain steps to mitigate the risk of the conflicts of interest. Consideration will be given to the nature of the personal relationship, the interaction with the third-party service provider, whether a competitive tender was run and the seniority of the staff member and/or their ability to influence the Group's relationship with the third-party service provider. Staff, who are outsourcing owners, should consider whether actual or potential conflicts of interest may arise before entering into, renewing or terminating an outsource arrangement and confirm that no conflicts of interest were identified.
The provision of investment management services to third party fund managers.	Where a member of the Group is appointed by a third-party manager to act as investment manager or to provide investment management services, it is likely that it will be under an obligation to the appointing manager to identify, manage and monitor relevant conflicts that may arise in connection with that appointment and/or the provision of such services so as to ensure the fair treatment of the appointing party and it will satisfy such obligations through the application of this Policy and by ensuring that it has in place relevant underlying processes and procedures to ensure that it complies with its contractual obligations in respect of the above and of conflict disclosure.

3. Minimum requirements to identify conflicts

The Group has introduced the following minimum control standards which all staff are required to observe to identify new actual, potential or perceived conflicts, including whether they are inherent or 'ad hoc':

- A detailed and complete Conflicts Register which clearly outlines the controls in place to mitigate each identified conflict.
- Validation of completeness of the Conflicts Register. The Compliance team will engage with the business at a set frequency to discuss the conflicts on the register for their division or business and the completeness of each register.
- Training for staff on conflicts identification, examples of conflicts they might be faced with and responsibilities in terms of conflict management.
- Regular assessment of the effectiveness of the controls in place to manage conflicts (via the Compliance Monitoring Programme).
- Reporting to the Group's Risk Committee on additional conflicts identified and the effectiveness of controls in place.

Individuals responsible for evaluating a potential conflict or ensuring that mitigating actions are taken to prevent a conflict, must be independent from the conflict itself.

4. Conflicts register

A more detailed list of specific conflicts of interest which have been identified as relevant is set out in the Conflicts Register for each of the UK regulated entities and for RMI. The Conflicts Registers are the Group's written records of actual or potential conflicts, maintained in satisfaction of the requirements in SYSC10.1.6.

The Group's Board of Directors (**Board**) has delegated responsibility for the maintenance of the Conflicts Registers to the governing bodies of each regulated entity and of RMI. This involves ensuring that conflicts are accurately recorded on each register. See section 5 for how potential conflicts should be escalated by the business. The Conflicts Registers are reviewed and updated as and when circumstances require e.g. the identification of a new conflict or expiry of an existing conflict, in order to ensure that it adequately captures the types of conflicts which may arise and deal with how best to manage them. The Compliance team will update the Conflicts Registers as and when required.
The Conflicts Registers are subject to regular review by the Board or the governing body of each relevant entity and by the Group's Risk Committee and not less than annually by the Board.

Where staff believe there is a potential or actual conflict which has not been identified or is not being adequately addressed, they are encouraged to raise this with their line manager for consideration and as necessary for inclusion in the relevant Conflicts Register. In addition, staff should refer to the Whistleblowing Policy if they feel that a matter has not been appropriately addressed by management.

5. Conflict management

In addition to the specific circumstantial mitigation measures identified in section 2 above, and in the Conflicts Register, the Group employs a number of organisational and administrative techniques to manage and mitigate identified conflicts, including:

- Information barriers – a physical or electronic arrangement that requires information held by a person in the course of carrying on one part of the business to be withheld from, or not to be used for, persons who carry on another part of the business. Examples of information barriers currently in place across the Group are:

    - Electronic barriers, for example, in RAMAM between the Investment and Compliance teams and the rest of the business when in possession of inside information and in RAMIL between the Derivatives division and the rest of RAMIL in respect of information relating to clients where services are not provided by the Derivatives division only;

    - Separate file servers to store information relating to certain parts of the business separately to and securely from other parts of the business; and

    - Physical separation between certain departments within the subsidiaries.

  The need to put information barriers in place will be identified when the business is considering how to mitigate an identified conflict. Information barriers will be recorded in the relevant Conflicts Register and will be subject to compliance monitoring arrangements by the Compliance team to ensure they remain effective.

- Training – internal guidance and training is given to staff ensuring they are familiar with and observe the FCA's Principles for Businesses and all relevant policies, and how to identity and manage conflicts of interest.

- Reporting and escalation – staff are required to consider conflicts of interest, and the Group's responsibility in respect of them, when carrying out their duties. Where an actual or potential conflict of interest is identified, it shall be notified to the Compliance team which will consider such actual or potential conflict in light of this Policy and escalate to the governing body of the relevant entity and/or Group Risk Committee if appropriate.

- Record keeping – the Conflicts Registers are an up to date record of the identified conflicts of interest and set out the mitigation techniques for each conflict.

- Additional policies – the Group, or individual businesses within it, maintain a number of other policies which address conflicts which may arise across the Group or within the specific businesses. At a Group level

examples include policies on personal account dealing and, inducements, gifts and hospitality and at an individual business level, may include cross-trading and best execution policies as necessary and appropriate.

- Remuneration – the Group has established a remuneration committee, chaired by an independent non-executive director of the Group. Remuneration, variable or fixed, is reviewed for all staff by the remuneration committee in accordance with SYSC 19A.

- Disclosure – RAMIL and RAMAM have a regulatory obligation to ensure that disclosure of a conflict of interest is made to a client when it considers that the organisational and administrative arrangements in place are not sufficient to ensure with reasonable confidence that risks of damage to the interest of a client will be prevented. Such conflict must be disclosed before undertaking the relevant investment business and will detail the general nature or sources of conflicts of interest or both, and the steps taken to mitigate those risks.

- Product governance – conflicts of interest will be considered as part of any new product approval process and as part of ongoing product governance assessments e.g. as to enduring products suitability through the lifecycle of the relevant product or service.

- Prohibition of the activity that gives rise to the conflict of interest in situations where the conflict cannot be appropriately managed in the client's interests.

6. Disclosure standards

As noted above, disclosure of a conflict of interest must be made to a client where the organisational and administrative arrangements in place are not sufficient to prevent a risk of damage to the interests of that client or, in the context of US clients, in accordance with SEC rules.

When observing the minimum control standards to identify actual or potential conflicts (as outlined in Section 3), staff members must consider the relevant arrangements in place and if they are sufficient. Staff should seek guidance from their line manager and the Legal or Compliance teams as necessary when making this assessment. If the conclusion is that the arrangements are not sufficient, the conflict must be escalated to the relevant governing body of each regulated entity which will decide if its services may be provided to the client or not.

As a minimum requirement, a disclosure of any identified conflict of interest must be made to the relevant client before undertaking any business for that client.

The client disclosure must include sufficient detail to ensure that the client can make an informed decision in respect of proceeding with the service(s) being offered by the Group, including the following as a minimum:

- The steps taken to mitigate those risks, if any;

- A clear statement that the organisational and administrative arrangements established by the relevant firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;

- a specific description of the conflicts of interest that arise in the provision of our services to the client;

- an explanation of the risks to the client that arise as a result of the conflicts of interest; and

- the steps taken to mitigate those risks, if any.

A client disclosure will be drafted by a representative of the relevant business area in which the conflict has been identified. The client disclosure will be reviewed and approved by the Compliance team prior to releasing to the client.

The detailed requirements in respect of conflicts disclosure for US clients are set out in RAMAM's US Compliance Policy and Procedures Manual.

7. Training and policy compliance

Training on conflicts of interest will be provided to all staff members annually.

Compliance with this Policy by all staff will be monitored through second line risk-based monitoring and review processes. Non-compliance with this Policy creates risk for the Group, its subsidiaries and its clients. Non-compliance may result in disciplinary outcomes, depending on the nature of non-compliance and actions taken to address this (assessed on a case-by-case basis) might include warnings, suspension, restriction of activity, dismissal or sanctions.