



**Conflict Of Interest
Management**

**Local Legal and Compliance
Department**

Coface South Africa

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1. Introduction

In terms of the Financial Advisory and Intermediary Services Act, 2002, Coface South Africa is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. Coface South Africa has put in place a policy to safeguard its client's interests and ensure fair treatment of clients. The key information is summarised below. Detailed information can be obtained on request from the Compliance Manager who is responsible to monitor and manage conflicts of interest on behalf of the FSP.

2. Our objectives

Coface South Africa is an authorized financial services provider (FSP), providing advice and intermediary services to its clients. Like any FSP we are potentially exposed to conflicts of interest in relation to various activities.

Our primary objective in relation to the management of conflicts of interest is to avoid conflicts where possible. Where this is not possible, we will mitigate and manage



any conflicts that may arise between ourselves or any Representatives and our clients.

The protection of our clients' interests is essential and so our policy sets out how:

- We will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our client's interests;
- We have established appropriate structures and systems to manage those conflicts; and
- We will maintain systems in an effort to prevent damage to our client's interests through identified conflicts.

3. **Definition of 'Conflict of interest'**

A conflict of interest is any situation where Coface South Africa or any of our Employees has an actual or potential interest that when rendering a financial service to a client, their ability to provide such service objectively is influenced or prevents them from rendering an unbiased and fair financial service to the client or from acting in the best interests of the client.

Coface defines conflicts of interest broadly:

- Actual conflicts of interest (the Coface staff faces a real, existing conflict); or
- Potential conflicts of interest (the Coface staff is in or could be in a situation that may result in a conflict); or
- Perceived conflicts of interest (the Coface staff is in or could be in a situation in which a reasonable person, with knowledge of the relevant facts, would question the impartiality of the individual in the matter being considered. The appearance of a conflict can cause the same reputational risk as an actual conflict).

4. **Identifying and Managing Conflict of Interest**

We strive towards ensuring we are able to appropriately and effectively identify and manage potential conflicts. We may manage potential conflicts through avoidance, establishing confidentiality barriers or by providing appropriate disclosure of the conflict to affected clients.



In determining whether there is or may be a conflict of interest we consider whether there is a material risk of damage to the client, taking into account whether any of our employees, Representatives, Key Individuals or shareholders:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has any ownership interest in another FSP, product supplier or other third party that would affect our Representatives' ability to render a fair and unbiased service to clients;
- Has an interest in the outcome of a service provider to the client or of a transaction carried out on behalf of the client, which is distinct from the Client's interest in that outcome;
- Has a financial or other incentive to favour the interests of another client or group of clients over the interests of 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 commission or fee for that service.
- Claims the entity is licensed when it is in fact not a licensed FSP.
- Any other relationship with another FSP, product supplier or third party that affects us or any of our Representatives' ability to render a fair and unbiased services in the interests of clients.

5. Confidentiality barriers

Our employees respect the confidentiality of client information and disclose or use it with circumspect. No such information will be disclosed to a third party without the prior written consent of a client.

No confidential client information may be used by us or our employees for their own personal financial gain.

6. Financial Interest

Financial interest includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration.



Where we charge clients fees for our services or services to a third party we have ensured that:

- They are services not covered by commission;
- The fees are commensurate to the services provided;
- We disclose the amount, frequency, payment method and recipient of the fees as well as the services to be provided;
- The fees are agreed to by clients in writing;
- The fees can be stopped by the client at their discretion.

Our employees will not accept any financial interest other than those considered normal in their line of business. Excessive financial interest from clients may result in a conflict of interest, which we are committed to avoiding.

Remuneration from third parties in relation to a service provided to clients is acceptable only if they are appropriately disclosed to clients and if it is either the payment of a normal fee or commission to continue the quality of our services to clients and does not impair our duty to act in the best interests of clients.

Our employees may accept other financial interest from third parties including other financial services providers and product suppliers where the aggregated value of the financial interest received does not exceed R 1,000.00 in any calendar year from the same third party.

Coface South Africa and our employees similarly ensure that we do not offer financial interest in excess of R 1,000.00 to any Representative of another financial services provider or product supplier in any calendar year.

We do not offer any financial interest to its Representatives for:

- The quantity of business secured without giving due regard to the delivery of fair outcomes for clients; or
- For giving preference to a specific product supplier, where the representative may recommend more than one product supplier to a client; or



- For giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

Financial interest offered must meet the following criteria to be due by the Representatives:

- Minimum service level standards must be met as per our employment contracts and remuneration policy,
- Delivery of fair outcomes for clients must be met as per our TCF policy and employment contracts,
- Quality of compliance with the FAIS Act and Regulations as determined by completion of our stipulated analysis, advice, recommendation and disclosure documents.

The following have been confirmed when determining financial interest payable to Representatives:

- They are reasonably commensurate to the service provided,
- The payment of the fees does not result in duplicate remuneration for performance of the service,
- The payment of the fees does not impede delivery of fair outcomes to clients.

7. Disclosure

There are specific limitations for FSPs when referring to themselves:

- At no point will we refer to ourselves as an authorized FSP should this not be true nor refer to any license categories for which we are not duly authorized. In addition we will not trade as an FSP or in the relevant categories should this be the case;
- We will never create the impression that any of our non-financial products are part of our FAIS license or under the jurisdiction of the Authority;

Where a conflict of interest affecting a client has been identified, we will ensure that the Employee, Key Individual or Representative following consultation with the



Employee, Key Individual or Representative, at the earliest opportunity discloses to the affected client the existence of the conflict of interest.

The disclosure will where applicable include:

- The measures taken to avoid or manage the conflict;
- Details of any ownership or financial interest that the FSP or any representative of the FSP may become eligible for as a result of the situation giving rise to the conflict;
- The nature of the arrangement or relationship with the third parties that has caused the conflict;
- The fact that this Conflict of Interest Policy exists and is available to the client on request.

The above disclosures will be made in writing in sufficient detail that will allow the affected client to make an informed decision on whether to continue using our services in the situation concerned.

7.1 Disclosing guidelines

Having a conflict of interest is not necessarily wrong. However, it can become a problem or a legal matter if a Coface staff tries to influence the outcome of business dealings for direct or indirect personal benefit. Disclosure provides transparency to actual, potential, or perceived conflict of interest risks to Coface and is critical and helps to protect the integrity and reputation of Coface and the Coface staff.

All employees must disclose to their Manager any conflict of interest, by formally sharing the existence, nature, and all relevant facts of a conflict of interest with their Manager.

Disclosure must take place as soon as the Staff identifies that there may be a conflict of interest and, whenever possible, before the Coface staff engages in the conduct in question.

Additionally, Coface may implement an annual “conflict of interest disclosure” for some categories of staff.



7.1.1 Newly hired Staff

Newly hired Staff must disclose all conflicts of interest with Coface during the hiring process so they can be discussed with the hiring manager.

7.1.2 Disclosing formalism

A discussion with the Staff's Manager should be the starting point when it comes to disclosing a conflict of interest. However, Coface staff must also submit the standard Conflict of Interest Disclosure Form to their Manager to ensure a record of each disclosure.

Business is dynamic and when circumstances change, existing disclosures may no longer be accurate or complete. When this happens, the Coface staff must freshly disclose the conflict of interest.

7.1.3 Managers' responsibilities

The Manager is responsible for addressing a conflict of interest:

- Treat the information disclosed by the Coface staff with appropriate confidentiality;
- Fairly evaluate the conflict of interest situation disclosed by the Coface staff, including the risks to the business interests and reputation of Coface;
- Seek guidance if needed from supporting functions, including Legal, HR, and Compliance;
- Identify and implement actions and practices to minimize the risks to Coface with the disclosed conflict of interest while protecting the personal interests of the staff as far as possible;
- Communicate the decision and its reasoning to the Staff and follow up to ensure the Coface staff understands and complies with it;
- Retain documentation of the decision using the standard Conflict of Interest Disclosure Form and provide a copy to the Coface staff.

8. Declining to act

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

Our policy defines possible conflicts of interest as:

- Conflicts of interest between ourselves and clients;



- Conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- Holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.

9. Monitoring

The Compliance Manager in charge of supervision and monitoring of this policy will regularly provide feedback on all related matters.

An immaterial financial interest register is maintained as an additional mechanism to monitor potential and actual conflicts of interest.

10. Procedures

Whenever we or one of our Employees, Key Individual or Representatives, renders a financial service, we will disclose the existence of any financial interest in the relevant services or any other circumstances which gives rise to an actual or potential conflict of interest in relation to such service and take all responsible steps to ensure fair treatment of the client. This is usually contained in our disclosure document, but any particular cases will be disclosed directly to the client in writing.

Any potential or actual conflict of interest will be reported by the Employee, Key Individual or Representative to the Compliance Manager so that the appropriate action can be taken.

All Representatives are responsible for ensuring that any financial interest received or offered is recorded in the immaterial financial interest register which is available on the premises should a client wish to obtain further details. Representatives are responsible for ensuring that they do not exceed with prescribed limit as detailed under item 6 above.

10.1 Conflicts Register

The Compliance Function will maintain a Conflicts Register for each Coface entity to identify and records the conflicts of interest disclosed by the employees and managers of the Coface entity, with the results of the analysis performed.

The information contained within the Conflicts Register facilitates the effective identification, escalation and management of potential conflicts of interest.



10.2 Responsibilities

10.2.1 Coface staff

All managers and employees of Coface and its affiliates are expected to recognize when they have, potentially have, or could be perceived as having, a conflict of interest.

Coface requires that all Employees:

- Comply with this Rule and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest;
- Act with integrity and exercise good judgement and discretion in line with Coface Values and Integrity;
- avoid situations giving rise to conflicts of interest or the perception of a conflict of interest wherever possible, and not allow personal or financial interest or relationships, previous, current or potential future involvement in an activity or endeavour, or different roles and responsibilities at Coface to compromise or otherwise call into question their judgement, ability to act objectively or properly discharge their duties and responsibilities owed to Coface, or otherwise give rise to the risk of reputational damage to Coface;
- Consult their direct Manager or Compliance officer if in doubt about what circumstances might create a conflict of interest;
- Immediately disclose to their Manager and/or Compliance officer of the existence and nature of an actual or potential conflict of interest;
- Not be in a supervisory, subordinate or control relationship- having influence over conditions of employment) with closely related persons including Family Members.

10.2.2 Managers

Managers, and especially members of Senior Management, are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at Coface.

Managers are required to:

- Promote an appropriate culture which emphasizes the importance of ethical treatment of Clients and the fair handling of conflicts of interest;



- Be engaged in the implementation of policies, procedures and arrangements for the identification, documentation, escalation, management and ongoing monitoring of conflicts of interest;
- Be engaged in the clear communication of policies, procedures and expectations related to Conflict of Interest;
- Actively seek to identify, document and mitigate conflicts of interest in their area of responsibility including in connection with any current or planned activities;
- Assess any conflicts of interest reported to them to determine if a conflict of interest exists;
- Determine, after consulting Compliance and other control functions as required, the best course of action to resolve, manage or avoid the conflict of interest;
- Review on an annual basis or more regularly if required, any reported conflicts of interest to ensure these are being managed in accordance with any agreed resolution.

10.2.3 Compliance function

Compliance officers are required to:

- Raise awareness and adherence of Employees in completing regular training both at induction and in the form of refresher training;
- Support employees and managers, according to the type of conflict, about how to evaluate and address a conflict of interest;
- Ensure conflicts of interest are disclosed by new hires during the hiring process;
- Ensure Coface managers and employees attend training sessions;
- Support employees and managers, according to the type of conflict, about how to evaluate and address a conflict of interest.
- Manage systems and controls to document, track, manage and mitigate conflicts of interest risk (i.e. conflicts register) and regularly review their effectiveness.

11. Non-Compliance with this policy

If any Representative is uncertain whether a particular situation gives rise to an actual or potential conflict of interest, the Representative must bring the matter to the Key Individual's attention.

Failure to comply with this policy and the FAIS regulatory requirements relevant to the management of conflicts of interest will be subject to our disciplinary procedures. If found to have acted contrary to this policy and / or the regulatory



requirements, the Representative may be debarred in terms of section 14 of the FAIS Act.

CONFLICT OF INTEREST DISCLOSURE FORM

A “conflict of Interest” is defined in the FAIS Act means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- (a) Influence the objective performance of their obligations to that client; or
- (b) Prevent them from rendering an unbiased and fair financial service to that client, or acting in the best interests of that client, including, but not limited to:
 - A Financial interest;
 - An ownership interest;
 - Any relationship with a third party.

All Coface employees must disclose to their Manager any conflict of interest, by formally sharing the existence, nature, and all relevant facts of a conflict of interest. It is each employee’s obligation to declare any potential conflict to management. The management of potential conflicts of interest must comply with the regulatory requirements of the FAIS acts and Group requirements amongst others. It is the responsibility of all Coface Employees especially our FAIS Representatives and Key Individuals to ensure that financial services rendered are in the best interest of our clients and not for the direct or indirect gain of the employees.

Employee Declaration

I _____ understand that I should act in a manner that will serve the best interests of Coface and its shareholders. All business decisions and actions must be aligned to the principles and values of Coface, and should not be driven by personal motivations or influenced by personal relationships which may interfere in the exercise of objective and independent judgment. As such, I understand that I must disclose any financial and personal interest or benefit in any transaction involving Coface or any potential area of conflict to my Supervising Officer.

Disclosure on possible conflict of interest:

Please tick and describe as applicable or indicate “N/A” if not applicable.



Areas of possible conflict of interest	Describe the private interests that have the potential to impact on your ability to carry out, or be seen to carry out, your official duties impartially and in the public interest.
Personal workplace relationships	
External mandates	
Outside engagements, including employment	
Personal financial interests	
Relationships with business partners and competitors	
Gifts, meals, travel, entertainment	
Fees, commissions, services, other favors	
Other situations	

I hereby declare that the information I have provided above is true to the best of my knowledge, that I am aware of my responsibilities to take reasonable steps to avoid any real or apparent conflict of interest in connection with my employment to Coface and to advise my manager of any relevant changes in my personal circumstances, and I understand that any misrepresentation of information on this form may be grounds for disciplinary action.

Submitted by: Signature of Employee: Date Signed: _____

Review by the Manager

Assessment	The disclosed conflict of interest has been identified as (Please select one of the following): <input type="checkbox"/> Not a conflict of interest
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	<input type="checkbox"/> A real conflict of interest <input type="checkbox"/> An apparent conflict of interest <input type="checkbox"/> A potential conflict of interest
Mitigating actions	Describe the action(s) proposed to mitigate the real or perceived conflict which has been disclosed and the reasons for the decisions: The above action has been discussed with the employee and is appropriate to resolve the real or apparent conflict of interest disclosed above.

Submitted by: Signature of Manager: Date Signed: _____
Noted by: Signature of Employee: Date Signed: _____

Review by the HR / Compliance

Reviewed by: Signature of Human Resources Manager: Date Signed: _____
Reviewed by: Signature of Compliance Officer Date Signed: _____