

Ref: Doc.Cont.6

## **Identification of Actual and Potential Conflicts of Interest**

### **Purpose**

In accordance with Point 1 of Annex I, Section E, Part I of Regulation (EC) N° 1060/2009, a credit rating agency shall generally disclose, clearly and prominently, any actual or potential conflicts of interest that may influence the analyses and judgments of its rating analysts, employees, or any other natural person whose services are placed at the disposal or under the control of the credit rating agency and who are directly involved in credit rating activities and persons approving credit ratings and rating outlooks.

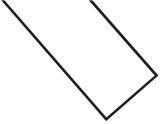
As a response to this requirement, BR has identified the following relationships and situations that could potentially give rise to conflicts of interest.

### **Conflicts of interest with related third parties**

1. Being paid by Rated Entities or Related Third Parties to determine credit ratings with respect to securities or money market instruments they issue or credit rating of the obligor
2. Being paid by Rated Entities or Related Third Parties for subscriptions to receive BR's credit rating reports.
3. Being paid by persons for subscriptions to receive BR's credit rating reports where such persons may use the credit ratings to comply with, or obtain benefits under, laws and regulations.
4. Being paid by persons for subscriptions to receive BR's credit rating reports where such persons also may own investments that could be favorably or adversely affected by a credit rating issued by BR.
5. Providing a preliminary indication or similar indication of credit quality to an entity, obligor, or Related Third Party prior to being hired to determine the final credit rating for the entity, obligor, or Related Third Party
- 6.a. A Rated Entity or Related Third Party may directly own 5% or more of BR's Capital.
- 6.b. A Rated Entity or Related Third Party may own an entity or be represented on the board of an entity that is also a BR's shareholder.
7. BR being paid by Rated Entities with links to financing or guaranteeing some of its funding

### **Conflicts of interest arising from employees**

7. BR, employees or an employee's Immediate Family Member may directly or indirectly own financial instruments of a Rated Entity or Related Third Party or have other direct or indirect ownership interests in those entities or parties.



8. BR, its employees or an employee's Immediate Family Member may have, or have recently had, significant business or other relationships with a Rated Entity or Related Third Party.

9. Shareholders, members of BR's Supervisory board, or one of their Immediate Family Members may hold positions on the administrative or supervisory boards of a Rated Entity or Related Third Party.

10. An Analytical Personnel may have worked in the past for a Rated Entity or a Related Third Party.

11. An Analytical Personnel may leave BR to join a Rated Entity for which he/she has been involved in the rating process, or a Related Third Party with which he/she has had interactions as part of his/her duties as an Analytical Personnel.

12. An Analytical Personnel or an Analytical Personnel's Immediate Family Member may solicit or receive money, gifts or favors from a Rated Entity or Related Third Party.

13. An Analytical Personnel or an Analytical Personnel's Immediate Family Member may have business or personal relationships with a Rated Entity or Related Third Party that impairs the objectivity of his/her analysis.

14. An Analytical Personnel (or an Analytical Personnel's Immediate Family Member) may own or have some option on part of BR's capital and could hope that some rating action would potentially bring some short-term appreciation of BR shares, disregarding the objectivity of his/her analysis with regards to a Rated Entity or Related Third Party.

**Conflicts of interest arising from the carrying out of ancillary services and other permitted services**

15. Being paid by Rated Entities or Related Third Parties for the provision of Ancillary Services or Other Permitted Services

16. Being paid by persons for the provision of Ancillary Services or Other Permitted Services when such persons could be affected by BR's Credit Rating (in the way defined in point 3. and 4. above)

17. Confidential information obtained or developed in the course of the rating process may be relevant to other services provided by BR

18. Analysts who make rating recommendations and participate in rating committees may also conduct research and write research reports which may include discussion of one or more issuers or securities that BR rates and other issues relevant to the credit markets. BR may earn revenue from selling subscriptions that include these research reports.

**Conflicts of interest arising from the outsourced important operational functions**

19. A person who is responsible for an important operational function that BR has decided to outsource may have, or have recently had, significant business relationship with a Rated Entity or Related Third Party, as for instance the provision of consultancy services.

20. A person who is responsible for an important operational function that BR has decided to outsource may hold positions on the administrative or supervisory boards of a Rated Entity or Related Third Party.

**Management of conflicts of interest**

BR has defined policies and procedures to prevent, manage and disclose these conflicts. Please refer to the [Policy to address and manage conflicts of interest](#), the [Policy to address](#)



and manage conflicts of interest related to ancillary services and other permitted services and to BR's Code of Conduct.

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