



# CODE OF CONDUCT



coface

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**MESSAGE FROM CEO****Xavier DURAND**

Coface has successfully been doing business for 70 years and is now present in over 60 countries. The world is evolving at a rapid pace and we have to comply, in the multiple markets in which we operate, to more demanding regulations and to increasing expectations from our clients, employees, shareholders and the general public.

We can succeed together through our commitment and the respect of our values: Client Focus, Expertise, Collaboration, Courage & Accountability and at the bedrock of all, Integrity.

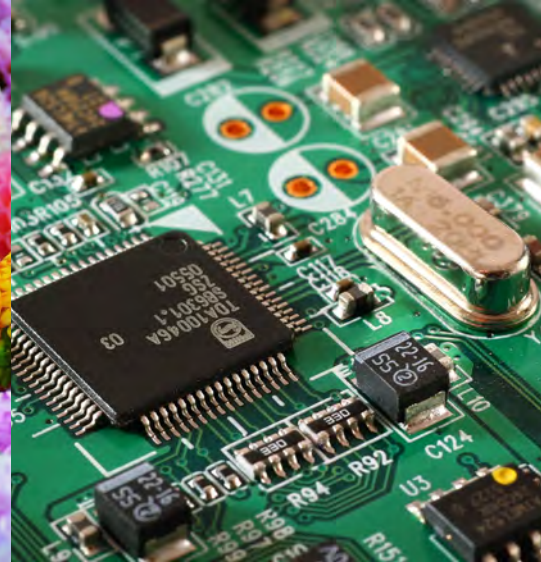
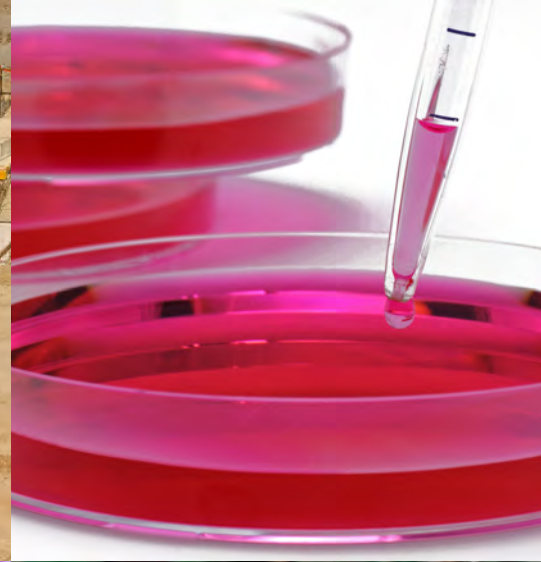
Whatever our activities or positions, it is not only our actions, but also how we behave, that ensure we remain exemplary. Yet, this is not always obvious in our worldwide activities, which are complex and highly regulated.

This Code of Conduct gives an array of simple, but critical, principles to guide each of us in our daily responsibilities. It provides advice to identify situations that might cross the line, and guidance on how to address such situations.

It is essential that each employee knows, understands and applies the rules and principles of this Code. Managers must ensure that it is respected and set the example to protect the quality of our business relationships in all our operations and markets.

I thank you for your commitment and vigilance to protect our integrity, which is essential for our Group's successful and sustainable growth.

A handwritten signature in black ink that reads "Xavier". The signature is written in a cursive style with a horizontal line underneath the name.



# OUR VALUES

**Coface is committed to operating ethically and with responsibility in all of its businesses throughout the world. Our Values Charter sets out the framework which guides our business' operating principles and the behaviours of everyone who is part of Coface.**

## Client Focus

We are client-centric. Our customers and partners are our top priority. We put client satisfaction at the centre of our business. We can offer products and services that are adapted to client needs because we stay connected to the market, we understand macro-economic trends, competitor moves, and because we know how to listen carefully and to be flexible. In this way, we build and maintain strong and durable relationships with our clients, brokers and partners.

## Collaboration

We work in the spirit of 'one Coface' - cooperating cross-functions, departments and countries, informing and helping our colleagues to deliver for our clients and partners around the world. We are transparent in our professional relations. We value everyone's contribution, and take time to celebrate our successes. We foster sharing and support throughout our network of worldwide entities and external partners to better leverage our wealth of experience and achieve outstanding performance.

## Integrity

Integrity is the bedrock on which our corporate values are built. Throughout Coface we abide by the highest standards of ethics and professional conduct. We are honest, sincere and transparent in all our dealings, and 100% compliant with both internal Group rules and the regulations that govern our business in the markets where we operate.

## Expertise

We continuously strive for excellence in our historic fields of expertise: quality information and underwriting, in-depth knowledge of our markets and sectors, first-class economic research... To do so, we are committed to strengthening our leadership and people management. This is how we ensure we keep ahead of risk trends and propose the optimum solutions to facilitate and develop our clients' businesses.

## Courage & Accountability

We are empowered and take ownership for our decisions, our actions, and their consequences. We proactively communicate and explain the basis of our underwriting and commercial decisions to clients and partners. We strike the right balance between growth and risk. Our delegation and reporting processes are transparent, our strategic and budget processes participative. We embrace new ideas and pioneer and test innovation across our business to better serve our clients.

1

DEFINING  
COMPLIANCE



# WHAT IS COMPLIANCE?

The term compliance describes the requirement to act according to applicable laws, policies, and regulations, as well as the processes put in place by Coface to ensure that its management and employees are aware of and take steps to comply with relevant laws, policies, and regulations.



## Compliance operates at two levels:

- Compliance with the **laws and regulations** that govern the insurance industry as well as all the activities of Coface, either globally or in specific jurisdictions.
- Compliance with **Coface's internal systems of policies and controls** which have been implemented to achieve compliance with the laws and regulations.

2

**OUR  
RESPONSIBILITIES**





# THE RESPONSIBILITIES OF ALL COFACE EMPLOYEES

All employees must contribute to Coface's compliance culture by understanding its policies, embracing its commitment to integrity and acting to enforce compliance and avoid violations.

## Understand

Coface policies in order to comply with applicable laws and regulations

- Gain basic **understanding of the policy requirements** summarised in the Code of Conduct.
- **Learn** the details of the policies relevant to your job.
- **Check Cofagroup** for the complete and up-to-date Group policies.
- **Follow local policies and procedures**, in addition to those described in the Code of Conduct.
- **Ask any questions about the policies** to your manager, company legal counsel or Compliance Officer.

## Report

any compliance issue or concern

- Promptly **raise any concerns** about potential violations of any policy.
- Understand the different **channels for raising integrity concerns**: ombudsperson, manager, Coface Compliance Officer, Coface lawyer, Coface auditor or other compliance resource.
- If a concern you raise is not resolved, **pursue the issue!** Raise it through another of Coface channel.
- **Cooperate in audit** investigations related to integrity concerns.

## Act

to prevent compliance issues if appropriate

- **Be knowledgeable** about and comply with the Coface policies that affect your job responsibilities.
- Be aware of the **specific regulatory requirements of the country** where you work and that affect your business.
- Gain a basic **understanding of the key regulators** (who they are) and the regulatory priorities (what they require) that affect your business and your work.
- Promptly **report any red flags** or potential issues that may lead to a regulatory compliance breach.
- Always **treat regulators professionally**, with courtesy and respect.
- Assure that you **coordinate** with business or corporate experts when working with or responding to requests of regulators.

# THE RESPONSIBILITIES OF ALL COFACE MANAGERS

In addition to their responsibilities as employees, managers have also the following responsibilities to build an infrastructure to prevent, detect and respond to compliance issues.

## Sustain a culture of compliance

- **Create a culture of compliance** in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation.
- **Encourage ethical conduct** and compliance with the law by actively supporting compliance efforts.
- Consider compliance efforts when **evaluating and rewarding** employees.
- **Ensure that employees understand** that business results are never more important than ethical conduct and compliance with Coface policies.

## Prevent compliance issues

- **Identify** business compliance risks.
- Ensure that processes, tailored to address your particular risk areas, are communicated with all employees and implemented effectively.
- **Ensure education** on Coface policies and applicable law is provided to employees and (where appropriate) third parties.
- Commit **adequate resources** to your business's compliance program.

## Detect compliance issues

- **Implement control** measures to detect heightened compliance risks and/or violations.
- Promote an effective ombudsperson system.
- Ensure that **periodic compliance reviews** are conducted, with the assistance of business compliance leaders and/or the internal audit.

## Respond to the compliance issues

- Take prompt **corrective action** to fix identified compliance weaknesses.
- Take appropriate **disciplinary action**.
- Consult with Coface legal counsel and make **appropriate disclosures** to regulators and law enforcement authorities.



## MANAGERS HAVE THE FOLLOWING SPECIAL RESPONSIBILITIES FOR REGULATORY COMPLIANCE:

### LEAD

- Ensure that you and your team are engaged in addressing regulatory policy, meeting regulatory requirements and managing regulatory risks.
- Embed regulatory requirements into key operating processes.

### ASSESS

- Determine the key regulators and regulatory requirements that affect your business operations globally.

### RESOURCE

- Assign owners for all regulatory risk areas and assure that they coordinate with any relevant government relations and corporate regulatory specialists.
- Confirm that the right domain expertise exists to effectively manage regulatory relationships and compliance.

### ANTICIPATE

- Implement effective processes that alert you to new and changing regulations.
- Include regulation in your risk assessments.

### RELATE

- Develop and maintain effective relationships with regulators in coordination with government relations and compliance experts.
- Work proactively with regulators on the development of regulations that achieve policy objectives efficiently and effectively.

### CONTROL

- Assure the corrective actions on recommendations issued by regulators and internal auditors are closely monitored and effectively executed.

# PENALTIES FOR VIOLATIONS

Employees and managers who violate Coface's policies are subject to disciplinary action up to and including termination of employment.

## Misconduct that may result in discipline includes:

- Violating a Coface policy.
- Requesting others to violate a Coface policy.
- Failure to promptly raise a known or suspected violation of a Coface policy.
- Failure to cooperate in Coface investigations of possible policy violations.
- Retaliation against another employee for reporting an integrity concern.
- Failure to take prompt corrective action to fix identified breaches of compliance with Coface policies, laws and regulations.



# RAISING A CONCERN

If you have a concern about compliance with a Coface policy or a law, you have a responsibility to raise that concern.

## Your obligation to raise integrity concerns

- **You should raise concerns early:**  
The longer we wait to address a concern, the worse it may become.
- **Raising an integrity concern protects** Coface, its employees and stakeholders.
- **Confidentiality is respected:**  
Your identity and the information you provide will be shared only on a “need-to-know” basis with those responsible for resolving the concern.
- **Retaliation violates Coface policy:**  
Coface absolutely prohibits retaliation against anyone for raising or helping to address an integrity concern. Retaliation is grounds for discipline up to and including dismissal.

## What happens when an integrity concern is raised

Concerns about compliance with a Coface policy will be investigated, as per the following process:

- An investigation team of experts with the right knowledge and objectivity is assigned to investigate.
- They conduct an **investigation** and determine the facts through interviews and/or review of documents.
- If necessary, the team recommends **corrective actions** to the appropriate managers for implementation.
- The person raising the concern receives **feedback on the outcome**.

## How to raise an integrity concern

- You can raise a concern **verbally or in writing**.
- If you prefer, **you can do it anonymously**. However, if you identify yourself, we are able to follow up with you and provide feedback.
- Several channels for raising concerns. Use the channel that is most comfortable for you.
  - **Within your business:**  
Generally, your supervisor or manager will be in the best position to resolve an integrity concern quickly. However, your direct supervisor is not your only option. Other resources include: your compliance officer, auditor, legal counsel, next level of management or your business ombudsperson.
  - **Coface ombudsperson:**  
The ombudsperson process allows you to voice your integrity questions and concerns, anonymously if you choose, and you will receive a response.
  - **Board of Directors:**  
You may report concerns about Coface’s accounting, internal accounting controls or auditing matters, as well as other concerns, to the Board of Directors or the Audit Committee.
- If your concern is not addressed, raise it to one of the other channels.

# 3


## COMPLIANCE PRINCIPLES



## 4 QUESTIONS TO ASK ONESELF

- 1 - Are my actions **legal**?
- 2 - How would the decision be **perceived** by others?
- 3 - Am I prepared to be **accountable** for the decision?
- 4 - Is it consistent with Coface's **Code of Conduct**?

## 4 RESPONSIBILITIES

- 1 - **Be** honest, sincere, transparent and fair.
  - 2 - **Comply** with applicable laws and regulations.
  - 3 - **Report** any compliance issue or concern.
  - 4 - **Act** to prevent compliance issue if appropriate.
- 

# FINANCIAL CRIME

## Anti-money laundering

**Rule to remember:** follow “Know Your Customer” procedures (KYC); report your concern if you see suspicious activity.

### What to know

- Coface is committed to complying fully with all anti-money laundering and anti-terrorism laws throughout the world. Coface will conduct business only with reputable customers involved in legitimate business activities, with funds derived from legitimate sources.
- People involved in criminal activities, such as terrorism, narcotics, bribery or fraud, may try to “launder” the proceeds of their crimes to hide them or make them appear legitimate.
- Most countries where Coface operates now have laws against money laundering, which prohibit conducting transactions that involve proceeds of criminal activities.
- A related concern is that legitimate funds may be used to finance terrorist activity — sometimes called “reverse” money laundering.
- Each Coface entity is required to implement risk-based “**Know Your Customer**” due diligence procedures calibrated to the risk in question, and to take reasonable steps to prevent and detect unacceptable and suspicious forms of payment.
- Failing to detect customer relationships and transactions that place Coface at risk can severely damage Coface’s integrity and reputation.

### What to do

- **Comply with all applicable laws** and regulations that prohibit money laundering and support and financing of terrorism, and that require the reporting of cash or suspicious transactions.
- **Understand how these laws apply** to your business.
- **Follow your business’ “Know Your Customer” and “Know Your Intermediary” procedures.** Collect and understand documentation about prospective customers, agents, brokers and business partners to ensure that they are involved in legitimate business activities and their funds come from legitimate sources.
- **Follow your business’ rules concerning acceptable forms of payment, especially cash.** Learn the types of payments that have become associated with money laundering (for example, multiple money orders or travellers cheques, or cheques on behalf of a customer from an unknown third party).
- **If you encounter a warning sign** of suspicious activity, raise your concern with a designated Coface Compliance Officer or legal counsel and be sure to resolve your concern promptly before proceeding further with the transaction. Ensure the resolution is well documented.



## What to watch for

- **A customer, agent or proposed business partner** who is reluctant to provide complete information, provides insufficient, false or suspicious information, or is anxious to avoid record keeping or reporting requirements.
- **Payments** using monetary instruments that appear to have no identifiable link to the customer, or have been identified as money laundering mechanisms.
- **Attempts by a customer** or proposed business partner to pay in cash.
- **Early repayment in cash** or cash equivalents.
- **Orders, purchases or payments, that are unusual** or inconsistent with the customer's trade or business.
- **Unusually complex deal structures**, payment patterns that reflect no real business purpose, or unusually favourable payment terms.
- **Unusual fund transfers** to or from countries unrelated to the transaction or to the customer.
- **Transactions involving locations** identified as secrecy havens or areas of known terrorist activity, narcotics trafficking or money laundering activity.
- **Transactions involving foreign shell or offshore banks**, or nonbank financial intermediaries.
- **Structuring of transactions to evade record keeping** or reporting requirements (for example, multiple transactions below the reportable threshold amounts).
- **Requests to refund or pay claims to an unrelated third party** or unknown or unrecognised account.

### IN PRACTICE

#### **A new policyholder wishes to pay for their policy in cash. Can you accept it?**

**Answer:** *No, under no circumstances should you accept cash. You must inform the Compliance Officer immediately of the offer.*

#### **You have doubts about the legality of the operations of a specific client. What should you do?**

**Answer:** *If you detect that a prospect or a client, its shareholders or executives, have been linked to unethical conducts, criminal activities or have negative reputational information, you must inform your local Compliance Officer.*

#### **The economic capacity of a client is not consistent with the exposure policy. Should this be a cause of concern?**

**Answer:** *This should alert you because the income from illegal activities could be hidden. Any unusual, or atypical situations should be considered a red flag, and the Compliance Department must be notified.*

#### **You are about to pay a claim and the policyholder asks you to pay the claim to a different bank account. Do you pay the claim to that account on the basis that the details were given by the policyholder?**

**Answer:** *We can only pay a claim to an account bearing the name of the policyholder or that of a designated loss payee. Paying a claim to a third party would be tantamount to laundering money.*

#### **A client paid a premium in Hong Kong dollars, but requests claims payment in U.S dollar without a legitimate reason. What do you do?**

**Answer:** *You should inform your Compliance Officer about this suspicious activity.*

# Sanctions

**Rule to remember:** never let funds go to prohibited persons or places; know the risks and follow the rules.

## What to know

- The United Nations Security Council (UN), European Union and its member states (EU), and the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) are all public bodies recognised by Coface, for its Global Sanctions Policy. In addition, Coface observes any additional local sanctions laws in countries where it operates.
- Coface prohibits employees from entering into a business arrangement with a Restricted Party in UN, the EU or OFAC sanctions list (direct dealings, with any customers, suppliers, distributors, other counterparties, agents or employees who might be Restricted Parties).
- Coface prohibits employees business with a Restricted Party to a third party (indirect dealings).

## What to do

- **Follow relevant regulations** of all countries in which you operate and your business's own procedures as they relate to underlying operations of import/export of goods, technology, services or financial transactions.
- **Report all relevant information** to your import manager to ensure accurate and complete import declarations. Ensure Coface or its agent provides accurate and complete information to government authorities.
- **Screen your transactions** against all applicable rules that restrict transactions with certain sanctioned countries, persons and prohibited end uses.
- **Screen all your business partners**, suppliers and parties involved in your international transactions against provided watch-lists. Follow your business's "Know Your Customer", "Know Your Intermediary" and "Know Your Supplier" procedures.
- **Do not cooperate with any restrictive trade practice or boycott** that is prohibited or penalised under Coface Rules and Policies or applicable local laws.
- **Consult with your manager** if a transaction involves a conflict between Coface Policies and applicable local laws (e.g. laws adopted by Canada, Mexico and the members of the European Union blocking certain U.S. restrictions).



## What to watch for

- **Any facts** that suggest your customer may be attempting to evade sanctions.
- **Evasive, reluctant or otherwise unsatisfactory answers** by a customer to questions on the underlying transaction about end use, end user, delivery dates or delivery locations.
- **Involvement of parties or activities** suspected of any connection with the development of biological, chemical or nuclear weapons, or ballistic missiles.
- **Transactions involving an embargoed country**, a citizen or representative of an embargoed country or an individual or entity subject to government sanction.
- **Policies with incomplete information on the underlying operation** (e.g. price shown does not reflect the full value, the description of the goods is not complete, or the country of origin is not correctly identified).

### IN PRACTICE

**Company A, registered in BVI, offers shipping services worldwide. While conducting a KYC review, you discover that one of their vessels was involved in the Iraq oil for food scandal. What do you do?**

**Answer:** *You should inform your Compliance Officer immediately.*

# Fraud

**Rule to remember:** be aware of inconsistencies; follow control procedures, KYC and segregation of duties; report suspicious cases.

## What to know

- The responsibility for the prevention, identification and reporting of fraud is **both a corporate and an individual responsibility**.
- Coface and its employees are **required to demonstrate diligence and report matters promptly**. Where employees have acted in good faith and have reported a potential suspicious incident or fraud incident without delay, it is unlikely that any legal proceedings will occur.
- Coface is subject to all provisions from the Insurance Code and the Monetary and Financial Code and from local legal and regulatory requirements (for all business lines), including setting up risk monitoring and risk control systems.
- Coface and its employees cannot rely on secrecy and confidentiality in matters of fraud.
- Failing to comply with legal requirements can be viewed as a criminal matter and can have serious consequences.

## What to do

- **Follow “Know Your Customer”**, “Know Your Intermediary” and “Know Your Supplier” procedures.
- **Understand the business purposes** for which Coface’s products and services are used.
- **Respect segregation of duties**
- **Protect Coface assets** from theft or misappropriation.
- Gather as much information as possible
- **Report suspected fraud cases;** contact your manager or entity fraud correspondent.

## What to watch for

- A policyholder who adds or increases insurance shortly before submitting a claim.
- Very urgent request, order concluded without price negotiations.
- Many requests in a short period of time,
- Numerous insistent telephone calls from the buyer, spontaneous sending of information by the buyer.
- Only a mobile number on the order, free email account such as Yahoo, Gmail and Hotmail addresses.
- Products sold are inconsistent with activity of the insured or the buyer.
- Invoice and delivery place are different with no confirmation of this delivery address in our information.
- Unusual receipts.
- Ghost companies: In the ghost company scenario, policies are issued and premiums accepted from policyholders, but the company underwriting the policy isn’t legitimate and often doesn’t exist.

## IN PRACTICE

**A newly created company requests a credit limit of several millions on a very well-known company. Although the order is worth several times the current turnover of the prospect, the contact is very vague when asked for details and is untroubled when Coface's checks confirm that the order is fake. Once the large credit limit is excluded, can you sign a policy with this prospect?**

**Answer:** *Whilst it is difficult to know whether the prospect is a victim or a perpetrator, the prospect has demonstrated that they are either not making basic checks or that what they say may not be trustworthy. A Coface policy might be used as a "badge of respectability" to defraud a funding institution or to launder money.*

**Company A and B were both set up 2 years ago, Company A has been Coface client since its establishment. Last month, Company A requested a significantly larger amount of coverage on Company B. Based upon the previous payment and credit history, significant coverage is provided. 3 months later, Company A informed Coface that Company B did not pay and went into bankruptcy. Company A submitted a claim which includes all of the documents such as the commercial invoice, packing slip, certificate of insurance, inspection certificate, bill of landing, etc., clearly demonstrating that the goods were shipped all in accordance with the terms and conditions of the contract.**

**Answer:** *The Claims Department should conduct further investigation because there might be a possibility of insurance fraud as Company A might export bogus goods from a country where shipping procedures are not strictly adhered to and the seller could easily create false documentation showing that goods were sent, when in fact no, or bogus, goods were shipped.*



# Bribery

**Rule to remember:** don't bribe, don't accept bribes, do monitor your clients, brokers, suppliers and any other counterparties and do report any suspicious activity.

## What to know

- Coface has **zero tolerance on bribery**. Bribery is the offer, promise or giving (**active bribery**) or the soliciting, requesting or receipt (**passive bribery**) of an undue benefit to/from a person in order to perform or not perform an action in the execution of his/her professional duties.
- The **beneficiary** can be either a public official or an employee of the private sector. It can also be a close relative of that person (such as a family member) or an associated entity, for example a foundation or a shell company.
- An **undue benefit** could be cash and cash-equivalent, but also anything of value including goods and services, gifts, trips, entertainment, hospitality, a promotion or an honour, the awarding of a contract or an official permit or an administrative decision.
- The undue benefit could be **direct** (e.g. bribe, undue commission, facilitation payment, lavish gifts or advantages, over-invoicing) or indirect (e.g. donation to political parties, charities and sponsorship, hiring proposal).
- The use of influence (**influence peddling**), real or deemed, of a public person shall also be included in the scope of bribery.

## What to do

- **Seek advice** from your Compliance Officer in case of doubt.
- **Never give or receive monetary payment** in any form whatsoever (e.g. cash, cheque, bank transfer, gift certificates, vouchers) to or from a client, a supplier, an intermediary or any third counterparty.
- **Never give or receive to or from any public official** any gifts or advantages unless prior written consent by the Compliance Officer.
- **Inform and consult your Compliance Officer if you receive a gift or advantage of:**
  - 200 euros or more
  - a cumulative value of 500 euros or more within a three-month period timeframe.

Authorised gifts must be delivered exclusively to a professional address.
- Before giving a gift, engaging in customer entertainment or reimbursing customer travel expenses, make sure you understand and comply with applicable legal requirements, the gift policy and anti-bribery code of Coface and the customer's own rules.
- When authorised, make sure you record accurately such expenditures to reflect the true nature of the transaction.
- Be aware to not create the appearance of an improper business courtesy.
- **Never make facilitation payments.** Facilitation payments are benefits granted to expedite a routine administrative service that the payer is already legally or otherwise entitled to receive.
- **Never give political contributions on behalf of Coface.** You can only address lobbyists if such lobbyists fully disclose that they represent Coface.
- You can give to charities but must ensure that the purpose of the supported entity is not to conceal bribery.

## What to watch for

- The giving or receiving of any gift or object worth 200 euros or more, possibly in the form of an advertising article.
- An invitation for free or for a significantly reduced price to a cultural, artistic, or sporting event for a value of 200 euros or more.
- An invitation for free or for a significantly reduced price to a trip for business or pleasure for a value of 200 euros or more.
- Any request of emergency and abnormal cash payment via an “empty shell” company.
- Any request of emergency and abnormal provision of funds for the settlement of large expenditures for the benefit of third parties.
- An amount of commissions unusually high or paid in an atypical way (e.g. separate account or jurisdiction).
- Significant over-billing under the contract without reasonable cause.
- Significant reductions on the premiums, commissions or price requested from the client without reasonable cause.
- Significant reductions on the price paid to a supplier or an intermediary without reasonable cause.
- Informal meetings with private and public companies for agreement on government procurement.
- Any request of facilitation payment.

### IN PRACTICE

**The same salesperson invites the same broker to lunch several times a month at relatively expensive restaurants and always pays the bill. In return, the same broker favours Coface above any other credit insurer and sends a large number of enquiries. Is this bribery?**

**Answer:** *Whilst networking and nurturing relationships is part of a salesperson’s job, entertaining and spending should be reasonable and proportionate. It could become bribery if the amount spent on entertaining one person is disproportionate to what is spent on other brokers.*

**A supplier invites you to the finals of an important sporting activity, and will bear all the travel costs. In parallel, s/he asks for an unusual high commission price in the transaction you are currently negotiating.**

**Answer:** *The potential amount seems to be considerably higher than the 200 euro ceiling. This invitation from a supplier does not seem to meet the criteria of reasonableness and appropriateness to help establish, maintain and develop good relations between trading partners. The recommendation is to decline this invitation.*

**To increase your chances of acquiring a license in order to conduct insurance business in its country, the local insurance authority strongly encourages you to use a specific local consultant.**

**Answer:** *The local consultant may have specific skills and knowledge that could improve the odds of successfully obtaining the license. But it could also expose Coface to be part of a bribery scheme of public officials, which is a criminal offence. You need to coordinate with the Group Legal Department, ensure that real work will be performed and that evidence of it is kept.*

# CLIENT & DATA PROTECTION

## Conduct

**Rule to remember:** do not sell inappropriate products to clients, do not perform activities without customer mandate and do not omit information legally due to clients.

### What to know

- Conduct of business risk is “the risk to customers, insurers, the insurance sector or the insurance market that arises from insurers and/or intermediaries conducting their business in a way that does not ensure fair treatment of customers”.
- The entire product lifecycle is subject to different kinds of conduct issues: new products, sales, claims, client servicing...

### What to do

- **Include conduct risk considerations** into new product development.
- **Ensure customer onboarding** processes are fully compliant.
- Monitor product suitability at all client relationship stages.
- **Educate staff** on product suitability issues.
- Integrate conduct risk considerations into sales incentive programs.
- Give as much notice as is reasonably possible to a customer of a decision to stop or substantially reduce credit insurance cover with respect to a specific entity.
- **Provide explanations** to companies whenever cover is altered or stopped.
- **Inform the the policyholder of new relevant information** about their insured customers, for example significant change in one of their debtors credit worthiness or of rating evolutions.

#### IN PRACTICE

**You have a very tight deadline for launching a new product. You can gain time by skipping the review with the product committee and the Compliance Department, as it can be done after the product launch. What do you do?**

**Answer:** *The product committee must be involved and the regulatory requirements taken into account before the product launch.*



## What to watch for

- Products which do not represent a fair value for money.
- Sales processes result in poor customer outcomes.
- Clear reward measures not built robustly into sales staff remuneration frameworks.
- Intermediaries and brokers who have a poor compliance track record and are not familiar with Coface's values and strategy.
- Complex claims process.
- **High levels of customer dissatisfaction** on the claims settlement process.
- Attempts to push down aggregate claims costs by not settling or delaying the settlement of valid claims.
- **Insufficient explanation** of repudiation reasons.
- **Barriers to complaints** e.g. an overly complex complaints process.



# Data privacy & data protection

**Rule to remember:** respect privacy rights

## What to know

- Most countries in which Coface operates **have strict regulations on the collection and use of consumers' "personal data"** (names, home and office contact information and other data).
- In addition, many countries regulate personal data of company representatives in business-to-business transactions. A few countries even regulate the privacy of information relating to corporations.
- **Coface is committed to handling personal data responsibly and in compliance with applicable privacy laws.**

## What to do

- **Learn and comply** with the following as they apply to personal data including:
  - 1 - Applicable laws and regulations of jurisdictions from which the personal data is collected and in which it is processed or used;
  - 2 - The privacy policies of Coface and your local business;
  - 3 - Any contractual obligations that apply.
- **Collect, process and use personal data for legitimate business purposes only.**
- **Use whenever possible or required "anonymous" data** (names removed and not identifiable) or "aggregated" data (summarised so as not to be identifiable to an individual) instead of personal data.
- Limit access to personal data to individuals who need it for a legitimate business purpose.
- Use care to prevent unauthorised access in processing of personal data or accidental loss or destruction of personal data.
- **Immediately report if you learn that personal data has been used in violation** of this policy or if you learn that the security of any system or device containing personal data has been compromised. Notify your manager, your business privacy leader or Coface legal counsel.
- Do not browse client information on your laptop in public places or on public transport.

## What to watch for

- **Inadequate access or security controls** for personal data, such as e-mailing or otherwise distributing personal data to a larger group than legitimately needed, or leaving printouts with personal data at a printer, copy machine or fax machine for others to see.
- **Sharing of personal data** with unaffiliated third parties, such as vendors or suppliers, who lack appropriate security safeguards or restrictions on information use.
- **Transfers of personal data** between countries, without considering applicable legal requirements.

## IN PRACTICE

**You have signed a Non-Disclosure Agreement to obtain financials, is it ok to divulge the financial information to the policyholder?**

**Answer:** *No, under no circumstances should the information be divulged, the financials should also be saved as confidential.*

**You need to do some work at home that requires confidential information of a client. Can you send the client's information to your personal e-mail to continue working from home?**

**Answer:** *No, the clients information should always remain inside the company and personal e-mails accounts should never be used to transmit confidential information.*

**You are hiring the services of an external IT company that will give your company some essential services for your local operations. For providing the service, this external company will need to access to internal databases that might have information of our clients. What should you do?**

**Answer:** *You should avoid as much as possible sharing client information with third parties. If they really need to access our database, then you need to ensure that the contract with the external has adequate confidentiality clauses. These clauses should comply with the standards of the group on matter of Data Protection. In any case, such a contract should be reviewed by your Legal/Compliance Department.*

**When meeting a customer, you become convinced that something is not right and you believe that the Financial Director is hiding something or is involved in suspicious activities. When you write the report, you are careful not to refer to the Financial Director by name so as to avoid data protection issues. Can the said person demand to see what is written on him/herself in the report?**

**Answer:** *Data protection covers directors, employees and any identifiable person. If you state a person's position without writing their name, then that person becomes identifiable and is covered by data protection.*



# IT security

**Rule to remember:** protect Coface information, networks and IT devices against cyber risks.

## What to know

- As a user, you are ultimately the last line of defence.
- Internet is an hostile network.
- Non-encrypted USB devices may infect our devices.

## What to do

- Do not attempt to disable security features and apply instructions.
- Be wary of emails you receive; Do not open an attachment file or follow a link if you have a doubt.
- Never disclose passwords; follow the password rules regarding complexity and renewal.
- Protect your documents and files; perform regular copy using the Coface available servers.
- Be careful when you access websites; be sure it is genuine and not a fake one.
- Only use Coface-provided USB sticks.

## What to watch for

- Suspicious messages or behaviour on your workstation.
- Unusual sender, object or content.
- Request to disclose your credentials.
- Request to use unsecured tools to store or exchange your data.
- Unsanitized USB device.

### IN PRACTICE

**A colleague sends you an email with a link. You notice that the writing is different from their usual style, but you click on the link because you know the person well. Is this the right thing to do?**

**Answer:** *You should not click on a link in an email if you have any doubt about the identity of the sender. Clicking on the link may be a way for the sender to introduce malware into the network.*

**Your manager is very busy and asks you to log on to a tool or an application, using his/her login and password to retrieve some reports. What do you do?**

**Answer:** *Credentials must not be shared; they are personal and non-transferable.*

**You received a phone call from a company proposing a new tool that could really help you in your daily tasks. You are then asked for very specific information about your computer, applications that you are already using... What do you do?**

**Answer:** *Social engineering is a form of manipulation to get people to reveal information. Never give information over the phone.*



# Security & business continuity

**Rule to remember:** ensure the security of employees, facilities, information, IT assets and business continuity.

## What to know

- Every Coface business entity implements a rigorous and comprehensive security and crisis management plan to protect the security of staff, workplaces, information and businesses.
- Coface's security and crisis management plan includes measures for preventing terrorist and other criminal acts covering the employees, facilities, information, information technology (IT) infrastructure, business continuity and crisis management.

## What to do

- **Participate in** your business's emergency planning and emergency drills.
- **Comply with** the entry and exit rules at Coface facilities, including wearing the appropriate badge.
- **Protect access** to Coface facilities from all but authorized personnel.
- **Protect Coface assets** from theft or misappropriation.
- **Create and maintain** a safe working environment – this includes identifying and reporting indicators of workplace violence.
- **Conduct** appropriate background checks on new hires and contractors, wherever allowed by law.
- **Screen** all customers, suppliers, agents and dealers against appropriate watch lists.
- **Report any apparent** security lapses to your manager, security officer or Coface Ombudsperson.

## What to watch for

- **Individuals at Coface facilities** not wearing appropriate badges.
- **Unsecure IT assets**, such as laptops, servers, etc.
- **Inadequate protection** of hazardous materials.
- **Unsecure areas of a facility** where only authorised personnel are allowed to enter.
- **Security complaints** from employees, customers or neighbours.
- **Unauthorised entry** to a facility.
- **Doing business** with a customer, supplier or any third party without sufficient screening.

## IN PRACTICE

**Someone you do not know comes into the office and says that there has been a call for service by IT and they need to check something in the IT server room.**

**Do you let them in?**

**Answer:** *Never ever let anyone work on any system unless you have been formally advised by your IT department that this person is coming and that it is ok to let them in.*

**A colleague stands at the entrance gate and asks you to let them enter the building using your access card. What do you do?**

**Answer:** *Direct the colleague to the security team or HR to obtain a substitute access card.*



# PROFESSIONAL ETHICS

## Conflict of interest

**Rule to remember:** disclose activities, interests or relationships that could conflict with your responsibilities to Coface; do not misuse or use Coface resources for personal gain.

### What to know

- **Nothing you do, on the job or in your free time, should conflict with your responsibilities** to Coface. No activity at work or at home should hurt Coface's reputation or good name.
- **Misusing Coface resources or influence is also prohibited.**
- You need to **consider how your actions might appear**, and to avoid the perception of a conflict of interest. Even when nothing wrong is intended, the appearance of a conflict can have negative effects.

### What to do

- **Disclose** in writing to your manager and to your entity Compliance Officer all of your outside activities, financial interests or relationships that may present either
  - a) a conflict or
  - b) the appearance of one.
- **Use good judgment** in all personal and business dealings outside your Coface job.
- **Avoid actions or relationships** that may cause potential conflicts or create the appearance of a conflict with your job or Coface's interests.
- **Do not misuse** or use Coface resources, intellectual property, time or facilities for personal gain — this includes office equipment, e-mail and computer applications.
- **Do not take** for yourself personally any opportunities that Coface could have an interest in that are discovered through the use of Coface position, information or property.
- **Get Coface approvals** before accepting officer or director positions with an outside business while you are a Coface employee, particularly if the organisation has a Coface relationship or might expect Coface financial or other support.

### What to watch for

- **Financial interests** in a company where you could personally affect Coface's business with that company (for example, a customer, supplier or investment).
- **Part-time jobs**, which you perform using Coface hours or Coface equipment or materials.
- **Gifts** of other than nominal value from suppliers, customers or competitors, particularly if you're making decisions (on Coface's behalf) that involve them.
- **Personal discounts** or other benefits from suppliers, service providers or customers that the public or your Coface peers do not receive.



- **Directing business** to suppliers when you know they are owned or managed by your family members or close friends.
- **Misusing Coface resources**, your position or influence to promote or assist an outside activity.
- **Hiring, promoting or directly supervising** a family member or close friend.
- **Personal relationships** that may conflict with your Coface responsibilities or compromise company interests.

## IN PRACTICE

**You are a Commercial Underwriter and one of the businesses that you are about to quote for is run by a very good friend of your. Should you quote?**

**Answer:** *No. You must inform your Compliance Officer who will organise another team member to quote.*

**You work as a Key Broker Manager in Coface and a very close friend/relative has recently started working on a brokerage company that has a close business relation with Coface. This friend is actively involved the credit insurance business. What do you do?**

**Answer:** *A conflict of interest is not per-se a bad thing, but need to be reported. In the example, you should report this relationship to your local Compliance Officer and he will analyse what measures could be taken to avoid any conflict of interest. Also you should avoid any situation/decision that could entail a conflict of interest.*

**You have started a relationship with an ex-Coface employee who now works for a competitor, and who has asked you for information on customers, pricing and underwriting. What do you do?**

**Answer:** *Sharing information with the competition might be a felony in your country and could be considered as a collusive conduct. Therefore, you should never share information with friends/relatives who are working for a competitor. Moreover, you should report this relationship to the Compliance Department.*

**A client is asking for the approval of a very considerable credit line over a buyer with a bad record. The client invites you to a dinner and during it, he gives you tickets too your favourite band's concert. What do you do?**

**Answer:** *You should respectfully reject this gift. Receiving a gift of those characteristics could affect your objectivity for taking decisions. Moreover, you should report any gift that is not reasonable or too expensive (over 200 euros) to the local Compliance Officer.*

**You work in the Risk Underwriting Department and one day, your uncle asks you for a favour. He would like to purchase insurance from Coface but thinks his company probably won't get the credit limit he wants and even if it does, the premium will be high. He would like you to "coach" him on how to fill the application and to prepare the documentations in order to get the credit limit he wants at the lowest possible premium. What do you do?**

**Answer:** *There is a conflict of interest and you should delegate the case to another team member. In the meantime, do not provide any help as it is unethical even with no reward involved.*

# Supplier relationships

**Rule to remember:** ensure Coface works only with suppliers who comply with local and other applicable legal requirements and Coface guidelines relating to financial crime, client and data protection as well as labour, environment, health and safety.

## What to know

- Coface's relationships with suppliers are based on lawful, efficient and fair practices.
- Coface expects its suppliers to obey the laws relating to financial crime, client and data protection as well as labour, environment, health and safety.
- Following Coface guidelines helps ensure that our supplier relationships will not damage Coface's reputation.

## What to do

- **Comply with applicable laws** and government regulations covering supplier relationships.
- **Do business** only with suppliers who comply with local and other applicable legal requirements and Coface guidelines relating to financial crime, client and data protection as well as labour, environment, health and safety.
- **Follow the procedures** set out in Coface's procurement policy.
- **Provide a competitive opportunity** for suppliers to win contracts with Coface on open, competitive bidding.
- **Safeguard Coface's confidential and proprietary information** as well as any information given by a supplier, with a confidentiality agreement.
- **Safeguard "personal data"** obtained from suppliers Data privacy & Data protection principle.

## What to watch for

- **Choosing suppliers** on any basis other than open, competitive bidding.
- **Potential conflicts of interest** in supplier selection, such as accepting improper gifts or other items of value.
- **Directing business to a supplier** owned or managed by a relative or close friend.
- **Supplier employees** who appear to disregard standards relating to financial crime, client and data protection as well as labour, environment, health and safety.
- **Entrusting "personal data"** or confidential information to suppliers without ensuring that they have appropriate technical, physical, and organizational measures to prevent unauthorised access or use.

**IN PRACTICE**

**You know a supplier who can provide a very competitive price for a product/service. Can you sign the contract directly with this company?**

**Answer:** *The Group Procurement Department must be involved when the value of the product/services exceeds the amount authorised in your country. Competitive tenders should be exercised, except for small amounts.*

**A supplier asks you to provide the HR data of Coface employees who will be using their services. Do you provide this information?**

**Answer:** *Personal data is protected. You should consult with the Compliance Department before sharing any information.*

**Your supplier offers very low prices, but you are uncomfortable with the working conditions of its employees. What do you do?**

**Answer:** *Coface's reputation and legal responsibility could be affected by suppliers who do not respect labour laws. You should report your concerns to your management.*



# MARKETS

## Insider trading

**Rule to remember:** maintain the confidentiality of Coface information; do not buy/sell shares of Coface or any company, directly or indirectly, if you know inside information.

### What to know

- Inside information is non-public information of a precise nature which, if disclosed, would reasonably be expected to affect the price of a security or would influence your decision to buy, sell or hold a security.
- Using non-public information of a precise nature for your financial or other personal benefit or conveying this information to others may constitute a violation of Coface policy and may violate the law.
- Inside information may be information about Coface or other companies that you may learn in the course of your job. Inside information may also be a conversation you may overhear or a memo left on a desk or at a copy machine.
- Unlawful use of inside information includes buying or selling the securities of Coface or any other company about which you have non-public information, but also giving this “inside information of a precise nature” to anyone else who might base financial trades on the information you’ve shared.

### What to do

- **Do not buy or sell** the securities of any company, including Coface, either directly or through family members or other persons or entities, while you are aware of inside information about the company (this is known as “insider trading”) and especially 30 days before the yearly, half-yearly and quarterly financial results of the company are announced.
- **Do not recommend or suggest** that anyone else buy or sell the securities of any company, including Coface, while you have inside information about the company. (This is known as “tipping.”).
- **Maintain the confidentiality** of Coface information and do not convey information to anyone outside the Company unless it is necessary for the Company’s business activities.
- **Learn and follow the requirements relating to buying and selling securities** (such as non-trade periods, pre-clearing personal trades,...) if the nature of your business’s activities or your position in the business subjects you to such rules.
- **Notify**, within 3 business days, the AMF and Coface of your transactions on Coface shares (purchase, sale, etc), when the total amount of previous transactions reach the threshold of 20,000 euros in one calendar year. This applies to people with managerial responsibilities and those closely associated with them. (When acquiring the shares of other French companies, the same thresholds apply, however for foreign companies, make sure to comply with local regulations).

■ **If questions arise**, consult your supervisor or Compliance Department or if you are a director of the company,

the chairman of the board of directors before trading in the security or disclosing company information.

## What to watch for

- **Non-public information of a precise nature which, if disclosed**, would reasonably be expected to affect the price of a security or would influence your decision to buy, sell or hold a security (e.g. an earnings announcement).
- **Buying or selling a security** because you hear or learn of information at work that you think will make the price go up or down once it's publicly announced.
- **Engaging in trading activity** around the time of a significant company announcement.
- **Discussing Coface business** with family and friends.
- **Talking about what you're working on** or where you're going on company business or who visited the office.

### IN PRACTICE

**During a meeting with a client, they tell you that a company will merge with another which will probably increase the values of its shares on the market. Can you buy some of these shares?**

**Answer:** *No, under no circumstances should you use insider-trading information to obtain a benefit on the financial market. In the example, you would have obtained information that was publicly not available and therefore, you would have had an unfair advantage over the rest of the market. In many jurisdictions the use of insider trading information is strongly punished and is considered a felony.*

**One day in the office, you overhear someone saying that Company X, one of our largest clients, has several customers, some of which who are not insured, who are defaulting on payment. These will cause some financial difficulties and the news will probably be announced in next week's stockholder meeting.**

**Answer:** *You can't use this information to trade on Company X as you are using non-public material information.*

# Market rules

**Rule to remember:** never agree with competitors to fix prices or allocate customers, projects or territories.

## What to know

- Competition and antitrust laws:
  - Prohibit agreements or understandings between competitors that undermine competition;
  - Regulate the behaviour of dominant companies; and
  - Require prior review and in some instances clearance for mergers, acquisitions and certain other transactions, in order to prevent transactions that would substantially reduce competition.
- These laws are complex, and global in reach, and can operate differently in any particular situation. Your business provides specific guidelines on addressing contacts with competitors, obtaining and handling data about competitors, and participating in trade and professional associations and standards setting and product certification organizations. In addition, it is often essential that you involve legal counsel early in the process of developing new commercial initiatives given the many uncertainties that arise in the application of these laws.

## What to do

- **Comply with all applicable competition laws and regulations** as well as competition law decrees, orders and agreements with any competition regulator about how business will be conducted.
- **Comply and understand both Coface and business-specific policies and procedures**, and if you have questions or issues, bring them up with company legal counsel.
- **Do not propose or enter into agreements or understandings** — expressed or implied, formal or informal, written or oral — **with any competitor** regarding any aspect of the competition between Coface and the competitor.
- **Do not discuss with a competitor or competitor representative:** Prices, bids, sales territories, allocation of customers or product lines, terms or conditions of sale, production, sales capacity or volume, costs, profits or profit margins, market share, product or service offerings, customer or supplier classification, distribution methods.
- Do not propose or enter into agreements with anyone (including competitors, agents, brokers or customers) regarding whether to submit a bid or the terms of a bid where there is an understanding that the bid is submitted for any purpose other than winning the business.
- Avoid contacts of any kind with competitors that could create the appearance of improper agreements or understandings.

- Do not propose or enter into agreements or understandings with customers that restrict the price or other terms at which the customer may resell or lease a product or service to a third party.
- Do not propose or enter into agreements or understandings with suppliers that restrict the price or other terms at which Coface may resell or lease any product or service.
- Consult with company legal counsel to help reduce the risks of noncompliance in the evaluation of any proposed merger, acquisition, joint venture or any other business arrangement that could raise competition law issues (examples of arrangements that need to be discussed with counsel are listed in “What to Watch Out For” below).

## What to watch for

- Distribution arrangements with competitors.
- Exclusive arrangements for the purchase or sale of products or services.
- Selective price discounting to only certain customers.
- Bundling of services.
- Agreements that restrict a customer’s choices in using a Coface service.
- Agreements to add a Coface employee to another entity’s board of directors.

### IN PRACTICE

**You are working in Coface’s commercial team and you receive a call from an executive of a competitor company. He tells you that it would be convenient for both to stop “fighting” for the clients and to distribute them artificially. What do you do?**

**Answer:** *Collusive behaviour is prohibited in almost every jurisdiction because it severely affects the competition on the market and the country’s economy. If any collusion proposal is received, you should reject it immediately and report it to your local Compliance Officer.*

**You are in a meeting of your local insurance association and during the discussion some members of other companies start disclosing their sales projections, pricing policies and other key information about their business. They ask you to do the same. What should you do?**

**Answer:** *The exchange of sensitive information could lead to collusive conducts and therefore is strictly forbidden. In the example, you should explicitly reject the information request and ask for your opposition to be recorded in the minutes.*

**During a conference, one of your competitors asks if she can talk with you about discounting a popular product or service. What do you do?**

**Answer:** *Make it clear that you object to such a discussion. Excuse yourself from the conversation immediately and report the incident to your supervisor and Compliance Officer. You should avoid all discussions that relate to pricing or price-related issues, including discounts, with any competitor.*

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