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## **MFR's CONFLICT OF INTEREST MANAGEMENT SYSTEM**

A potential conflict of interest may emerge when the same provider supplies both rating and Technical Assistance (TA) services to a single financial service provider (FSP), particularly when a rating/evaluation identifies TA needs, or a rating/evaluation stems from an advisory service. Note: TA may start with an assessment, which is - in this case - an integral gap analysis component of the service.

In response to the needs of the industry, MFR offers rating and evaluation, as well as advisory services to FSPs. Advisory includes training, road-mapping, studies and, marginally, technical assistance on operations, risk management, social performance management and client protection.

MFR is aware and manages the potential conflict of interest arising from this situation through a system of alerts and policies, which have been built into its operations and aim at safeguarding the independence of the service offered as well as MFR's reputation. The system is aligned to MFR's Code of Ethics and Code of Good Conduct.

The system provides for:

- different operational teams involved in evaluation and TA for a same FSP;
- independent quality control and technical committee overseeing the rating/evaluation operations;
- transparent disclosure of the services provided to one single FSP;
- minimum time-lapse between the two services (one year, two years for client protection).

Approved by the BoD of MFR in December 2017.