

The background is a dark blue gradient with a complex overlay of financial data. It includes a line graph with a white line and dots, a bar chart with vertical bars of varying heights, and numerous floating numbers in a light blue font, such as 13.7941, 96.8455, 44.1015, 31.6066, 69.8112, 75.6234, +11,00.00, 35.9398, 96.7597, 12.4016, 30.1955, 78.188, 81.5793, 92.2853, 12.0015, and 96.824. Two thick red vertical bars are positioned on the left side of the image.

PLAYBOOK

# Financial Services

new  
perspectives

**IBDO**



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# BDO for Financial Services

*Multidisciplinary industry group*

**In the world of financial services, developments are fast-paced. There can be many issues to deal with in this turbulent market, not just in terms of the continually evolving supply of new rules and regulations, but also when it comes to entirely new matters, not to mention everyday reality that is forever catching up with us.**

The rise of technology and digitalisation – and the related risk and compliance issues – have a particularly great impact on all types of financial services providers, from banks, insurance companies and pension funds to intermediaries, new payment services providers and investment funds. Political uncertainty also plays a major role in the market, not just globally, but also at national level. In the Netherlands, this came to the fore in the negotiations about a new pension agreement, for instance.

## **A future-proof sector**

This complex and constantly changing environment requires financial institutions to be alert and agile at all times. Existing organisations may have to adapt their traditional product offering and related business models to accommodate for anti-money laundering procedures that are meant to prevent invasive regulatory investigations and actions. Another new issue is the need for centralising and coordinating the management of outsourcing partners to mitigate associated risks.

## **Impact of data**

Data is becoming increasingly important in the financial sector. Compliance with rules and regulations is still a major concern, but the huge volumes of data that are available to many financial institutions, whether in digital or analogue form, offer a host of opportunities as well. Organisations that manage to use this data intelligently can draw in new customers or provide better services to existing customers. But opportunity also comes with risk. Where data is concerned, there may be cyber risks. To mitigate these risks, organisations have to make the right decisions and set priorities. This means that you need to pinpoint what your 'crown jewels' are in terms of data and identify any vulnerabilities your organisation may have. This will allow you to take appropriate action where needed.

## **Tailor-made services**

We do not take a one-size-fits-all approach but always provide tailor-made services. Our advisory opinions are professional and pragmatic, down-to-earth and future-proof. We do not believe in deep theoretical reflection. Our services are multidisciplinary and personalised, and we put together teams of experienced specialists who never lose sight of the identity of your organisation. The usefulness of an advisory opinion lies in its agility, riding the wave of developments in the market and being attuned to your specific needs and requirements. This is how we can help your organisation focus on strategy, customer relations, profitability and capital allocation. We provide services relating to compliance, financial reporting, internal and IT audits, decision-making on markets/jurisdictions, licence applications, technology and cybersecurity.

BDO recognises and understands the issues at play in the financial sector, speaks your language and offers the right specialists and tools to help your organisation achieve its ambitions, and avoid high-risk situations and instances of non-compliance. Our solutions always address the important topics and major challenges in the financial sector, from process digitalisation and the use of data to corporate social responsibility and financial and economic crime.

In this playbook, we will tell you about the specifics of what we do, who our lead partners and specialists are, and what types of services we provide. In total, our Financial Services Industry Group boasts over 150 experienced, knowledgeable and committed experts. We hope you enjoy this document and find inspiration in this publication.



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## Audit & Assurance Services

Increasing laws and regulations, a rapidly changing market, new revenue models, increasing dependence on IT and increasing risk of cybercrime require ever greater demands on flexibility and resilience in organisations. Now more than ever, it is important for a business to be fully in control of its processes. Not only in respect of accountability but also to give you the ability to quickly adapt if a situation requires this.

At BDO Audit & Assurance, we believe that audits are not only a means of accountability towards stakeholders, but that these are of strategic value for the management board and your regulatory bodies. Audits can be used to evaluate and improve your overall risk management, governance and process control. BDO Audit & Assurance provides audit & assurance services to a broad range of clients like banks, insurance companies, pension funds, investment funds and asset management companies.

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Requesting BDO to perform an audit or other assurance services ensures:

- ▶ compliance with laws and regulations;
- ▶ proactive and short communication lines;
- ▶ an accurate assessment of your administrative organisation;
- ▶ independent external reports;
- ▶ an audit certificate for your annual accounts.

### **Audit of Financial Statements**

A high quality audit of your financial statements is very important. It provides your stakeholders confidence in your financial position. An audit of financial statements is usually required by law, but may also be incorporated in the articles of association (distinction between a legal and a statutory audit). Financers, investors or owners of your business may also insist on it. An audit by BDO stands for quality and efficiency. We always adhere to a risk-based audit philosophy. What also characterises our audit approach is that we primarily focus on concerns that are significant for your organisation; only decisive factors determine the audit process. By applying this approach we always know whether you are still in control and what the areas of improvement and concern are.

### **Other assurance**

Being sure about your figures is useful, but this reassurance does not always require an extensive audit. Sometimes a review engagement is sufficient: reviewing your financial records, such as interim figures.

In a review engagement the auditor tests the main features of your organisation. The auditor will check how you arrived at your figures, which regulation applies and carry out analytical procedures.

A BDO review can also be performed for non-financial information.

### **More information**

Do you have any questions about Audit & Assurance Services than please contact Maurice Meijer or Werner Hoeve. See contact details on page 57.

# Non-Financial reporting Financial Services

## Non-financial reporting becomes more relevant






Socially responsible business practices make business sense. It is socially and environmentally more sustainable, more efficient and therefore (in the long term) more profitable, which sooner or later will be evident in your annual figures. Apart from results, it is good to show your investors and stakeholders how you make impact with your investments and invest responsible. Non-financial reporting is very relevant. Taking into account all the new EU regulations and directives for financial institutions and the focus on ESG transparency in reporting. BDO can help you with reporting your impact in a sustainability report. From an initial draft of the contents and format to a professional, thorough assessment of an existing report against today's leading standards.

According to the current laws and regulations large and listed financial institutions service organisations (with more than 500 employees) need to include non-financial information in their annual report. This scope will be extended in the near future with the introduction of the Corporate Sustainability Reporting Directive (CSRD). More organisations will need to report about Environmental, Social and Governance aspects in their annual reports. But also for organisations that do not have to comply with this new regulation it can be of great value to report about non-financial information because it shows that they accept their responsibilities for the world in which they operate.

## More information

Do you have any questions about Non-Financial reporting Financial Services than please contact Adrianca Mens or Albert-Jan Knol. See contact details on page 57.

## Services we provide:

-  **GAP analysis current sustainability report**  
In a gap analysis we will compare the organisations current sustainability or non-financial report with a framework for non-financial reporting/measuring like GRI, IIRC, GHG, PCAF or CSRD (when standards are available, expected mid 2022).
-  **Support preparing non-financial report**  
Our advisors can support the organisations in preparing your non-financial or impact report according to one of the frameworks like GRI, IIRC, GHG, PCAF or CSRD (when standard are available, expected mid 2022). We can also support by performing stakeholder dialogues and materiality analysis.
-  **Analysis of internal control systems for non-financial information**  
In an assessment regarding the internal control systems for non-financial information our advisors assess your (ESG) data and the underlying systems and measuring methods to determine what can be done to improve the reliability and quality of the data. Our findings are reported in a clear and pragmatic report with tips and tricks for improvement.
-  **Assurance of non-financial information**  
As with financial statements, users of sustainability information from financial institutions and financial products may feel the need to rely on this information. This assurance can be fulfilled by an assessment or audit by an independent assurance expert. In addition, under the Corporate Sustainability Reporting Directive CSRD, an obligation to provide assurance on non-financial information from large companies will be requested in the near future, possibly as early as financial year 2023, under the Corporate Sustainability Reporting Directive CSRD requirements. BDO assists companies with assurance with this information.
-  **Green Bond and impact report assurance**  
Investors and asset managers are keen to see more standardization of impact reporting by bond issuers, to facilitate the difficult task of aggregating impact data across their portfolios. Reliance of the use of proceeds of the investments in green bonds is increased by providing assurance on the green bond or impact report.



## Financial Accounting Advisory Services (FAAS)

Industries are continuously evolving, and businesses are operating in innovative and fast-changing environments. The increasing complexity of business environments and transactions, combined with continuous regulatory developments, have resulted in financial reporting becoming more demanding on businesses.

As your business evolves, significant changes can be triggered in your financial reporting requirements. Our FAAS specialists can help you meet the complex and evolving reporting requirements by providing expert advice and support services, focusing on quality and risk management in a pragmatic manner. We have a dedicated team of experts with comprehensive experience in reporting in accordance with IFRS, Dutch GAAP and US GAAP in Financial Services.

### More information

Do you have any questions about Financial Accounting Advisory Services than please contact Roald Beumer. See contact details on page 58.

### Services we provide:



#### IFRS conversions

Are you considering a transition to IFRS? Our team can work with you in drawing up a transition plan to help you navigate through the first-time adoption requirements of the IFRS standards. We can also assist you with the process of preparing the detailed disclosure requirements, and in producing a bridge between local GAAP and IFRS, as well as the drawing up of IFRS-compliant financial statements. Throughout the process we will guide you to navigate alignment with relevant stakeholder expectations in relation to your financial reporting.



#### Analysis of complex transactions

Businesses are encountering an increasing number of technical issues during the preparation of their annual accounts. Our reporting specialists can help you analyze complex transactions and assist you with the practical translation or implications thereof in your accounting, discerning the reporting requirements within the context of your business.



#### Accounting position papers

We provide support in the interpretation and application of specific reporting issues by preparing accounting position papers. Auditors normally require an accounting position paper to accompany any implementation of changes in your reporting or business operations. Such papers contain an evaluation of the changes and relevant regulations, and constitute an official record that corroborates your choice and application of accounting policies.





#### **Implementation of new standards**

Reporting standards are constantly being developed and updated to accommodate the rapid environmental, technological and social change in the global economy. Keeping up with these changes can be challenging, we can help you with tailor made and constructive assistance in navigating through the transition requirements of new standards.



#### **Review and/or compilation of annual accounts**

Shareholders and creditors, but also employees and other stakeholders demand full insight into your financial position and results. We provide specific expertise to support the processes surrounding the preparation of annual accounts and interim reports. Our experts can also review your annual accounts to ensure they remain relevant and compliant.



#### **Digitizing and updating accounting manuals**

Our team can assist you in developing and updating group reporting guidelines (accounting manuals) to align with the latest IFRS, Dutch GAAP or US GAAP standards.



#### **Collaboration with CFO Services**

Our team also works in close collaboration with BDO CFO services in transforming the finance function from a focus on bookkeeping toward a true partner for your business.







# Tax Services

## Increased importance of tax governance for financial institutions

Over the last years, Dutch regulators have increased their expectations towards financial institutions in the prevention of tax evasion or tax avoidance. This responsibility is no longer confined to the tax authorities; financial institutions are also expected to have overarching frameworks in place to apply risk-based screening process towards clients and transactions in order to identify those clients and transactions that are only aimed at reducing tax and have no commercial substance. Such screening requires in-depth knowledge of the application of tax laws and of the types of tax evasion and avoidance that may occur.

## New trends in capital markets transactions: SPACs

Traditionally, companies seeking to go public would do so through an IPO, which entails a long and complex process with its underwriting process and strenuous audit and regulatory requirements. In recent years, SPACs (special purpose acquisition companies) have re-emerged, being vehicles that are listed with the specific purpose of buying a suitable target company and taking it public. Such reverse-listings through SPAC raise various tax considerations, amongst others on (i) the tax treatment of the founder's shares and warrants, (ii) lucrative interest rules, and (iii) the feasibility of acquisition structures. With often numerous cross-border elements in place, SPAC transactions require advice from tax advisors in multiple jurisdictions working closely together.

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## The rise of cryptocurrencies

The use of cryptocurrencies has become widespread, which raises all kinds of tax questions. From the taxation of profits, if any, realised with the mining of the cryptocurrencies to the correct tax treatment of the cryptocurrencies in individual and corporate income tax returns (particularly concerning value increases and trading gains). With DAC8 on the horizon, it is expected that more information in the area of cryptocurrencies will be exchanged by tax authorities in the future.

## An integrated FS tax offering

The Financial Services tax experts of BDO offer tax advice to a wide range of Financial Services clients; from banks to fintech companies to Private Equity houses. Our tax experts from all areas – corporate tax, income and wage tax, VAT, transfer pricing – work together on a daily basis. In addition, as many issues should be approached through multidisciplinary teams, our tax experts collaborate closely with BDO's auditors, risk advisors and lawyers. Examples of our tax service offering are:



### Tax Good Governance

Setting up and reviewing Tax Good Governance Frameworks: screening of processes and criteria concerning client and transaction monitoring; review of individual client and transaction structures, review of escalation mechanisms, file reviews.



### Capital markets transactions

Tax advice concerning capital markets transactions (ie IPO's, SPAC-transactions, bond issuances): preparation of structuring decks, step plans, tax paragraphs for prospectuses.



### Tax compliance

Tax compliance (corporate income tax, dividend withholding tax, VAT), application for fund regimes, preparation of transfer pricing documentation.

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## More information

Do you have any questions about Tax Services than please contact Niek de Haan or Frederik Boulogne. See contact details on page 58.





# Legal Services

## Financial regulatory law

Financial regulatory law lays down rules for varying types of financial institutions. These rules stretch across the life cycle of financial institutions. They regulate the entry into the financial markets, the operations, the financial management, the product development, the conduct and the culture, and the voluntary or involuntary winding-up of these institutions or their product portfolios. Partners in the chain, such as IT companies, are increasingly affected by these rules.

### Requirements

When it concerns starting a business in the financial sector, there's a lot to consider. It's important to check whether your organisation requires a licence to operate. For some activities it is more obvious that a license is required, for example providing loans to consumers or the (collective) investment of consumers' funds. For other activities – for example providing business loans, certain payment solutions, issuing of gift cards or leasing activities – it is not immediately clear if a license is required. This requires a professional opinion of a financial regulatory law specialist.

When a license is required, it is important to also gain an understanding of the requirements your organisation is expected to fulfil to maintain its licence once it's been granted in order to prevent regulators from taking enforcement action against your business and its executives. You will also have to make allowance for the relevant statutory provisions if you decide to wind up or sell your business or its operations or if you acquire an equity stake in a financial institution. The rules and regulations have a profound impact on the mechanics of your business and are subject to continuous change.

The financial regulatory laws also impose requirements for raising funds by issuers of shares or bonds (both listed and unlisted) and other financial and non-financial institutions involved in the money and capital markets (through derivative transactions).

### Professional support

Non-compliance with financial regulatory laws can have major implications, not just financially, but also in terms of your reputation. That's why financial regulatory law issues call for professional support from experts and experienced lawyers. Our long-standing experience in and with the financial sector, legislatures and regulators allows us to translate the tight regulatory framework into practical and proactive advisory services. We can help you by providing useful input and offer pragmatic solutions. Some of our key focus areas are:



#### Determine whether activities require a license

Our team can help you determine whether your organisation requires a licence, or whether exceptions, exemptions or dispensations apply.



#### License applications

Our team can guide you through the process of and assist you with applying for a license or a dispensation. We can also assist you with related matters such as a declaration of no-objection or the integrity and suitability screening of daily policymakers and co-policymakers. In addition, we can advise on applicable continuous requirements and how to comply with them. Also, we can advise on averting imminent enforcement action by regulators.



#### Implementation of legislation

Our team can help you with the implementation of upcoming legislation in policy documents, contracts and agreements, websites and other documentation, such as anti-money laundering legislation or the new prudential regime for investment firms (IFD/IFR). We can also provide presentations and training regarding new and existing rules and regulations.



#### Drafting of documentation

Our team can help you with the drafting of internal documentation (such as policy documents, work instructions, code of conducts), documentation with counterparties (such as product conditions, contracts and agreements) and investor documentation (prospectus and other offering documentation).



#### Mergers, acquisitions and carve-outs

Our team can advise on rules governing mergers, acquisitions and carve-outs. We can also perform a due diligence review (for buyers and sellers) and draft relevant clauses in a share purchase agreement.

### More information

Do you have any questions about Legal Services than please contact Iwan van Munster or Marieke Heltzel. See contact details on page 58.





# Advisory Services

## Anti-Money Laundering (AML) and sanctions

The laundering of criminal money has a major impact on society. That is why we need to be and stay vigilant in combating money laundering. The authorities and the financial sector have a shared interest in the fight against money laundering.

### Uniform enforcement

AML and sanctions are priorities for national and European regulators. AML and sanctions regulations have increasingly been harmonised throughout the European Union (EU) over recent years. The European Commission's objective is to establish a new European AML/sanctions authority, which will facilitate more consistent and uniform enforcement across the EU.

Financial institutions have an important role to play in combating money laundering, terrorist financing and other forms of financial and economic crime. For this reason, they are expected to take a responsible approach to fulfilling their gatekeeper role. Financial institutions have stepped up their mutual collaboration in recent years and more public-private partnerships (PPPs) are emerging as well. In the Netherlands, information is now being exchanged through the Financial Expertise Centre (FEC), for instance. Transaction Monitoring Netherlands (TMNL) was established in July 2020. This partnership between banks is designed to monitor their payment transactions jointly so as to make it easier to detect financial crime and criminal networks.

## Services provided by BDO



### Policies and procedures

At BDO, we can help you prepare policies, procedures and work instructions, and assist you in implementing them. In doing so, we will ensure that the description of the policies and procedures is a good fit for your organisation and your people, so that the documents are workable and easy to use.



### Audits

At BDO, we can perform AML audits as a preventive measure or to validate remediation actions following regulatory investigations. Sometimes a quick scan will be all that is needed to prepare for an investigation by a regulator.



### Risk assessments

At BDO, we have the expertise to help you perform efficient risk assessments that meet the applicable rules and regulations, and help you gain an understanding of relevant risks so that you can take appropriate action to effectively mitigate them.



### Training and workshops

At BDO, we have a team of experienced professionals who can teach workshops to your executive and non-executive directors, your senior management and your other employees. We can also assist you in developing and running tailor-made courses or e-learning modules.



### Remediation projects

At BDO, we have experienced professionals who can offer support in remediation projects using our high-quality tooling. They can also manage these projects for you.

Regulators have conducted several AML/sanctions investigations in the past few years. In addition to formal enforcement actions, investigations often lead to mandatory remediation, in which process a regulator will typically demand that an audit be carried out by an independent expert so that they can form an opinion of the effectiveness of the remediation.

## Correct prioritization

While, in recent years, regulators focused mainly on banks, other financial institutions such as investment funds, pension providers and life insurance companies have now gained more of the spotlight. As a result, these organisations, too, need to prioritise AML/sanctions in their policies and ensure that their people have the awareness, knowledge and capacity to detect financial crime. The challenge here is to balance the cost of compliance with commercial objectives.

## More information

Do you have any questions about Anti-Money Laundering (AML) and sanctions than please contact Laurent Claassen or Reindert Tinga. See contact details on page 59.



## Behaviour & Culture

**In the financial sector, ample time and energy are directed to hard controls focusing on financial- and risk management. Experience shows that organisations who consciously manage their culture are more effective and successful in managing risks and reaching their goals, than those who don't. For this reason, we believe that good risk management cannot exist without due care and attention to behaviour and culture.**

### Healthy company culture

Conscious and unconscious behavioural patterns determine whether rules and procedures are being followed. If rules and behaviour support are optimally aligned, the desired behaviour is stimulated and the likelihood of mistakes and high-risk incidents is reduced.

We create insight in the patterns of behaviour that are encouraged, discouraged or tolerated by people and systems over time (soft controls). With this knowledge we help you create a healthy company culture, step by step:

- 1 Define the mindset and belief that must be present or built in your organisation;
- 2 Summarize what you would see people doing if behavioural patterns are supportive;
- 3 Reveal the outcomes you will have if this pattern of behaviour is activated;
- 4 Stimulate critical shift in thinking;
- 5 Create a leadership that is supportive;
- 6 Develop competences on different levels to improve responsiveness;
- 7 Create a working environment that stimulates the desired behaviour.



#### Monitor soft controls

We use a measurement of soft controls that is unique, validated and practical in use. We identify what behavioural patterns are supporting or hindering a healthy company culture. We investigate the root causes of weaknesses in the way soft controls work in practice and what needs to change. We help create a startingpoint for improvement.



#### Create team effectiveness

Unlocking the potential of people in teams is fundamental for success as problems are too complex for individuals to solve on their own. We stimulate teams to talk and form connections, create alignment within and across teams around common goals and help them share knowledge and resources.



#### Foster cultural change

A healthy culture defines itself by openness to feedback. We stimulate openness about learnings and help to create regular feedback loops. We discuss safety around mistakes to enhance growth and help identify and monitor the steps that can be taken create a healthy and supportive culture.



#### Rewire leadership

People do not need to be managed in an healthy culture but they do need to be guided. Leadership responsibility is to create a vision that multiple teams can work towards, to enable teams with the right capabilities and conditions to operate within a network, to set and hold people to standards and to spend time coaching and supporting teams to succeed.

### More information

Do you have any questions about Behaviour & Culture than please contact Elke van Tiggelen. See contact details on page 59.

## CFO Services

### *Transforming finance from bookkeeper toward a true partner for the business*

Financial institutions are facing change at an ever-increasing pace due to developments such as globalisation, digitalisation, regulatory requirements and changing markets. To be and stay successful in this dynamic environment, they need to have an agile business model. This should be supported by the right management information to timely identify risks and spot opportunities to create value.

### **Finance function**

As an information and control expert, the Finance function is perfectly positioned to partner up with the business in an effort to overcome these challenges. To take on the role as a true partner for the business:

- ▶ the Finance function must first have its own core financial processes in order to:
  - ▷ enable finance to efficiently and effectively deliver robust financial data for compliant accounting and reporting services; and
  - ▷ free up time for the finance team to proactively support the business.
- ▶ consequently, the Finance function must develop in other areas such as providing financial and non-financial management information to drive performance management and support strategic decision-making support and risk & compliance.





## Services offered by BDO



### Finance Function Assessment

Screening the current state of your Finance function and devising a pragmatic transformation plan to achieve the desired level of ambition.



### Finance Transformation

Providing Program Management Support (PMO) and expert support in implementing the transformation plan.



### Finance Organisation Blueprinting

Designing a Finance function organisation blueprint (e.g. organisation chart, reporting lines, SSC or CoE concepts), necessary finance profiles and division of roles and responsibilities.



### Finance Process Redesign

Improving and automating financial processes, such as the year-end closing and reporting processes (fast close, Audit Readiness), budgeting and forecasting, order-to-cash, purchase-to-pay, payroll and working capital management. We have access to digital technologies (such as process mining, robotics, continuous control) and can provide a digital platform to document your guidelines, processes and internal controls in a Digital Accounting & Reporting Hub.



### Performance Management

Defining and implementing forward looking and strategically aligned management information, designing management dashboards and include these in the plan-do-check-act cycle.



### Strategic Decision-Making Support

Introduce and implement new techniques for strategic decision making based on data through business cases, scenario analysis and/or project & portfolio management. The use of available data and new tools will help you to make the right choices to steer towards achieving your strategic goals.

Many Finance functions are finding it difficult to escape the regular daily activities; their lack of resources and access to the right competencies are preventing them from moving beyond their traditional 'book-keeping' role. BDO has developed CFO Services, which offers all the expertise Finance functions need to optimise their organisation, processes, systems and management information.

Our services keep the human factor in mind by including effective change management. We can assist Finance functions in their transformation into the valuable partner the business needs and help them enter the digital era.

## More information

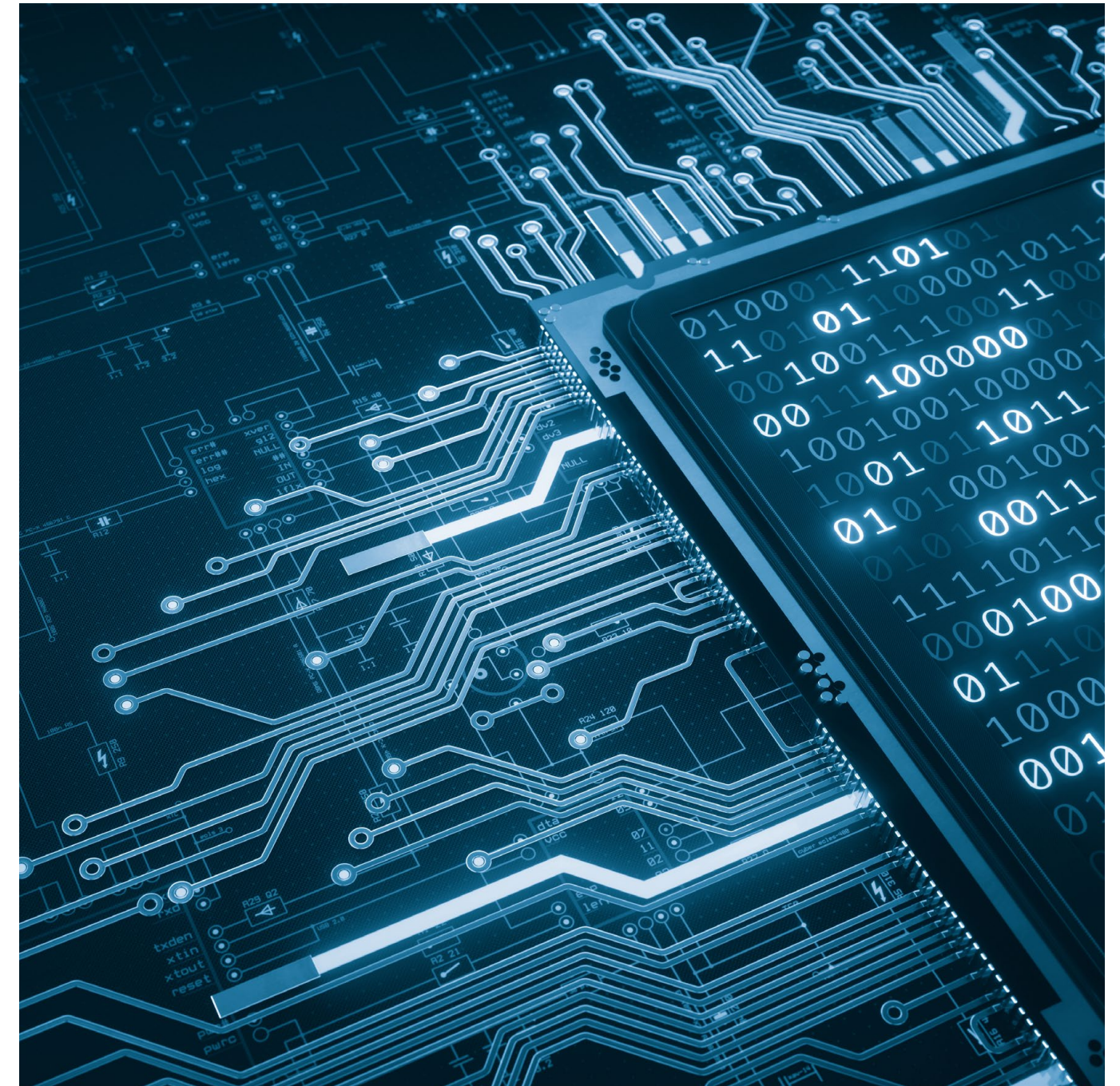
Do you have any questions about CFO Services than please contact Marco Schilder. See contact details on page 59.

## Compliance

Compliance has increasingly gained traction in recent years. The concept of compliance has become entrenched in the financial sector. The focus on compliance, and on the compliance function in particular, started to pick up momentum immediately after the banking crisis of 2007-2008. Regulations have tightened ever since. Also, regulations require more effort to implement and are changing more frequently.

### Compliance function and integrity

In terms of the three-line-of-defence model, the compliance function is positioned in the second line, which is designed to provide support and advice to the first line (i.e. the business). The second line is also responsible for monitoring compliance with internal and external rules and regulations. At our clients, we often see deep involvement of the compliance function in first-line activities, which creates a certain degree of friction between the desire to help out the business and the monitoring role the compliance function is expected to play. The compliance function will typically take charge of first-line responsibilities if the first line lacks knowledge of compliance issues. That is why it is important for an organisation to monitor the independence of its compliance function.



Regulators are also showing a growing interest in the performance of the compliance function. They are imposing increasingly strict performance guidelines and knowledge requirements. Regulators expect a compliance officer to work on their continuing professional development and most financial enterprises are now under the statutory obligation to have a compliance officer on staff.

Compliance professionals have become scarce in 2021. Given that financial enterprises have difficulty recruiting suitable candidates, they sometimes choose to outsource their compliance function, either fully or in part.

Public scrutiny of corporate integrity has increased. Alongside compliance with the letter of the law, organisations are now expected to focus mainly on acting according to the spirit of the law. Compliance officers not only concentrate on hard controls, but increasingly focus on soft controls as well. This means that more emphasis is being placed on improving employee conduct and corporate culture, as well as enhancement of the tone-at-the-top.

### Services provided by BDO

Non-compliance can have major consequences. At BDO, we offer a multidisciplinary team that can take charge of every aspect of the compliance function for you:



#### External compliance officer

Our compliance professionals can support your organisation by performing the compliance function for you (outsourcing) or by assisting your internal compliance function. In this context, our services would include advising on certain issues, flagging and informing you of regulatory updates or providing subject matter input.



#### Audits

We can perform internal audits of a variety of compliance issues or the compliance function itself. We can also carry out quick scans to prepare you for an investigation by a regulator.



#### Policies and procedures

Our team has the expertise to draft compliance policies and procedures or to review existing documents. We can also help you prepare write documents, such as a code of conduct, or set up the required records (such as a record of complaints).



#### Training and workshops

We have developed workshops for executive and non-executive directors, senior management and other employees. These workshops or e-learning modules can be tailored to the needs of the trainees or the organisation.



#### Licences

We can provide support to your organisation while you are in the process of applying for a licence from the Dutch Central Bank (DNB) or the Dutch Authority for the Financial Markets (AFM). We can help you navigate the process or assist on specific issues.

### More information

Do you have any questions about Compliance than please contact Geertje Strampel. See contact details on page 59.



## Cyber security

**Cyber security is a key priority for financial institutions within the Financial Sector. No cyber incident is entirely preventable and no financial institution can be ruled out as a possible target. Rapid ongoing digitalization and the professionalization of cyber criminals makes financial institutions even more vulnerable. Furthermore, financial regulators are demanding increasing insight and proof of the measures taken to protect important data in accordance with the relevant practices.**

Apart from their immediate repercussions, such as financial losses and production outages, cyber incidents often also cause indirect harm, including loss of reputation and damage to customer relations. The important questions are: "How resilient would your organisation be in the event of a cyber attack? Do you have the capacity to spot an attack quickly and limit its impact?"

Cyber security is also important for compliance requirements such as GDPR and MiFID II and various specific guidelines from local banking regulators. Effective physical and digital data security is a crucial part of your duty to meet your compliance obligations, safeguard your reputation and protect sensitive (client) information.

### AUDIT & ASSURANCE

(IT) Security & Privacy Assessments & Audits  
► Helping you with Risk assessments and audits against common frameworks.

Assurance

► Providing assurance services and reporting.

Third party Risk Assessments & audits

► Performing audits and assessments on site at your vendors.

### CONSULT & IMPLEMENT

Support for certification:

► Helping you to obtain and maintain your security and privacy certifications.

Integrated IT Risk Control Framework support

Third Party Risk Management support

Information Security Officer (CISO support)

Awareness & Education

► Cyber incident response simulation (for management)

### TEST & MONITOR

Security testing and Red teaming

► Performing ethical hacking on your IT-systems.

Security Incident & Event Monitoring (SIEM)

► Helping you build monitoring use cases and implementing SIEM tooling.

Security Operating Centre services (SOC)

► Monitoring your IT infrastructure for Cyber threats

### RESPOND & RECOVER

eDiscovery services

Forensic-/Incident Readiness Assessment

Forensic-/Incident response

Data breach investigation / remediation

Incident management & 24/7 On-call support





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### Insight into your Cyber security

BDO will help gain an understanding of the degree to which your organisation can withstand cyber incidents, for instance by analyzing your existing vulnerabilities and risks or carrying out ethical hacking tests or a TIBER test. We will show which cyber threats are relevant to you. This involves working with you to establish your organisation's risk profile and most vulnerable areas. Based on the risk profile we will work together to determine what measures can be taken to your specific risks to an acceptable level based on your risk tolerance and risk bearing capacity. We will always go for the most pragmatic solution that ties in best with your organisation. And, if necessary, we can help you to implement these measures as well.

During a risk assessment, we will check how 'mature' your organisation is in terms of managing cyber risks. That implies checking, for example, if cyber risk is on management's agenda, sufficient technical and organisational measures have been taken and if you can recover quickly after an incident. We will also look into risks that can emerge from your third party suppliers and if your employees understand how their behaviour can affect possible cyber risks.

We can provide you a full service starting with assessment and assurance services, continuing into implementation support, providing security testing and monitoring services and if necessary also response and recover services on actual (cyber) security incidents. For a more detailed insight in our capabilities please see the graphical representation of our services at page 33.

### More information

Do you have any questions about Cyber security than please contact Kees Plas. See contact details on page 59.



## ESG Risk Management

### *The importance of integrating ESG into your organisation*

The concept of Environmental, Social and Governance (ESG) is becoming an increasingly more visible element of managing an organisation. Over the past decades, rules and regulations have become more and more important for organisations. Traditionally, the impact is mostly on internal factors, but ESG regulation is geared towards the impact an organisation has in the real world.

Mostly, environment is an important element: firms are required to disclose the composition of investment portfolios and adhere to a 'green' taxonomy, to give consumers the opportunity to take more non-financial information into consideration, when making investment decisions. However, social factors (such as fair pricing, material sourcing, labor conditions), and the governance of organisations, are expected to increasingly change towards a more sustainable future.

### **Plenty of opportunities**

Traditionally, ESG is considered a 'must'. However, BDO takes the position that incorporating ESG into daily business can have a positive effect on bottom line results. Firms with ESG as part of management agendas are observed to be more innovative, have better risk management in place, are less likely to be involved in scandals and are more able to keep human capital on board. In short: ESG provides plenty of opportunities to strengthen your core business and to become more sustainable.

The tangible action in the short term is that firms must be able to prove their claims with respect to how green they are, avoiding potential "greenwashing". In long term, firms must prove to be flexible and adaptable to better fit into a society that demands transparency and fairness.

## What can BDO do for you?

- ✓ **ESG audits**  
BDO can perform internal audits to provide comfort on the degree to which your operational organisation adheres to policy and guidelines, and if you are making the intended impact.
- ✓ **Disclosures**  
BDO can assist in analysis of your portfolio from an ESG standpoint, determining which disclosures are required for your organisation, the granularity of data needed, and to assess if and how your organisation is prepared for additional regulatory reporting.
- ✓ **Stress testing**  
By integrating ESG elements in your regular counterparty credit risk procedures, BDO will help improve insight in the risks that you run and help you make better decisions to manage credit risk. In doing so, you will be able to better optimize risks versus results.
- ✓ **Strategic advice**  
How to integrate environmental and social goals into your strategy to provide a competitive edge by switching to investing with impact, rather than creating impact through investing.
- ✓ **Internal control**  
Increase the grip that your organisation has throughout the entire value chain. BDO can assist in assessing outsourcing risks assessing your portfolio with respect to adherence to the taxonomy and your risk appetite.

## More information

Do you have any questions about ESG Risk Management than please contact Bram van den Elshout or Albert-Jan Knol. See contact details on page 60.

## Forensics & Technology

### *Our approach to risk & compliance technology*

The challenges that financial institutions face in the risk & compliance domain are varied and complex. Changing business models, disruptive competitors and increasing regulatory oversight all contribute to an increasing demand for scalable and agile risk & compliance solutions.

These flexible and agile solutions however should also be able to reliably withstand increasingly thorough scrutiny by regulators and other stakeholders. Bringing together flexibility, agility and reliability is a challenge that most institutions face on a daily basis.

We apply our experience and proven technology from the forensics domain to risk & compliance challenges. This ensures a fact-based risk & compliance strategy that is firmly grounded in real-life company data. Institutions are then able to effectively and adequately respond to their biggest challenges.

### Our services

Our service offering includes various uses of forensic technology in risk & compliance.

- ✓ Using forensic **data analytics**, we are able to efficiently and effectively scrutinize structured and unstructured data for indicators of risks and instances non-compliance.
- ✓ **Data discovery services** allow our clients to identify the existence and whereabouts of relevant (sensitive) information within their IT-structures. It then also allows users to convert data into useable and actionable information.
- ✓ Our **digital forensics services** help uncover facts about potential risks, indicators of compromise and audit trails from both software and hardware assets.
- ✓ Ultimately, our **incident response services** are aimed at supporting our clients immediately after a (potential) cyber incident has been identified. Our services help clients assess whether they are still at risk, how to remediate potential damage and prevent similar incidents from happening again.







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## Use & Benefits

Domains where use of forensic technology have greatly benefited institutions include KYC-remediation, transaction monitoring and AML-reviews. One of the key challenges these topics have in common is the gathering and integration of different data sources.

With information scattered across departments and systems, adequate decision-making is hardly possible, if at all. Creating a single point of truth which spans those different data sources thus is crucial. Forensic technology can be of great help in doing so. After all, its core premise is to reliably bring together data from various sources and qualities to help investigators determine the facts.

Only after gathering the facts can companies start to adequately respond to identified challenges. Benefits include fact-based decision-making on resource allocation, enhanced reliability of internal and external reporting and increased opportunities for automation of manual work.

Finally, technological developments in data analytics, eDiscovery and machine learning also allow financial institutions to scale beyond their traditional capacity and remain agile while doing so. In an increasingly challenging job market, this can mean both increased compliance as well as a competitive edge over other, less technologically advanced, competitors.

## More information

Do you have any questions about Forensics & Technology than please contact Dirk de Hen. See contact details on page 60.





## Internal Audit

**Internal Audit has always been one of the cornerstones of good governance and should play an important role in your organisation's governance processes. Internal Audit looks beyond financial risks and statements to the wider issues that help your organisation navigate through the potential minefield of risks to which it is exposed. Internal Audit is key to the management and mitigation of risk. It provides assurance over your most fundamental internal controls, by helping to detect and prevent fraud, and by monitoring compliance with organisational policy, governance codes, regulation and legislation.**

### Higher level

Over the past few years we see that the financial sector has put increasing pressure on internal audit functions to shift from 'gate keeper' to a more 'value creator'. Where they used to help organisations to be compliant and manage risks, clients increasingly want internal audit to become a tool to lift operations to a higher level. At BDO we believe that the role of Internal Audit should adapt to your changing environment and reflect your strategy and business objectives. In an era of new technology, artificial intelligence and the Internet of Things new opportunities emerge. The key is to have the right focus and make clear choices. With our knowledge of your sector and our targeted approach, we provide insight and execution power to make your organisation more successful.

A well-functioning Internal Audit will have two value adding roles:

► **Assurance provider**

Internal audit assesses the internal controls and the effectiveness of business processes of the organisation. This helps organisations to be compliant to changing laws, regulations and internal policies and gives assurance on mitigating identified risks.

► **Business improver**

An integrated internal audit approach provides the organisation with valuable business insights and helps to improve the efficiency of operations, internal control, data quality, the performance of the organisation and identifies risks.

The success of BDO's internal audit services rests on two pillars. Together they form the basis for added value throughout your entire organisation:

► **Technology driven execution**

Today, audits based solely on sample-based testing are not sufficient. Maximum utilization of technology is needed to get deeper insight and enhanced focus and effectiveness. That is why BDO has implemented innovative tools and analytics methodologies that are intertwined into internal audit execution

► **Creating a stimulating culture**

In addition to procedures and regulations the company culture and the behaviour of its employees are important contributors to an organisation's success. At BDO we developed unique soft controls to identify these aspects and integrate them into your internal audit function. With the objective to influence behaviour and culture in a performance enhancing way.



## Services provided by BDO

BDO can help you set up, structure, improve and implement an internal audit function. We do not only identify issues, but also work actively with your management to implement tailor-made solutions and controls. At BDO we use a hands-on approach and involve you closely in the work we do. Our services include:

- ✓ Setting up and improving your internal audit function
- ✓ Implementation of internal audit related activities in various collaborations, for example; Outsourcing, Co-Sourcing or Partnering
- ✓ Quality Assurance Reviews, both internally and externally
- ✓ Assessment and improvement of (operational) processes
- ✓ Reviewing and updating risk-based audit plans
- ✓ Evaluating risks of changing operating models and business practices and providing recommendations for redirecting management's attention to areas of priority
- ✓ Auditing COVID-response programs to help organisations prepare for the future
- ✓ Auditing specific topics such as; AML, Data quality, ESG, Compliance, Outsourcing, (Cyber)security etc.

## More information

Do you have any questions about Internal Audit than please contact Ryan de Waard. See contact details on page 60.

## IT Services

### *Keeping IT risks in control*

**In a society that expects services to be online and available 24/7, reliable IT services are paramount. Regardless of technological advances, organisations are expected to do an increasingly better job of steadily managing rising IT risks, quality and complexities.**

New technology has a major impact on the financial services sector. The sector is currently undergoing a digital transformation based on technological developments in the area of data, cloud solutions, the Internet of Things (IoT), artificial intelligence (AI) and robotic process automation (RPA). Traditional business models are quickly being replaced by fully digital services. Key words are speed, convenience and customer focus. Technology and data are the principal enablers. The time that large, traditional players in the sector came up with innovations is behind us. As it stands, fintechs and tech giants drive innovation and launch new technologies. This calls for sound governance and risk management to allow for a responsible approach to digital transformations. We are seeing regulators (such as the Dutch Central Bank, ECB, EIOPA, etc.) are trying to exercise some level of control over these innovations too by increasing IT risk and compliance requirements of IT/data quality and management, cyber security and outsourcing.

### **Clear answers to today's questions**

Our IT Risk Assurance experts have built up extensive experience and a broad service portfolio. They can help you gain an understanding of your IT risks associated with availability, integrity and confidentiality, and keep control of the quality of your IT systems, security and privacy. Our knowledge and experience also allows us to give assurance as to the quality of your IT infrastructure or the implementation of complex changes in IT systems.



#### **IT Audit**

Independent and objective audits of IT systems to add more value to your organisation's financial statement and to offer a deep understanding of the IT risks by testing IT General and IT Application Controls, data conversions and data analytics & process mining.



#### **IT Assurance**

Independent assessments and assurance focused on testing business and IT management processes: ISAE3402, Deposit Guarantee Scheme (DGS), SOC2, information security (incl. DigiD, SWIFT), data privacy (NOREA PCF).



#### **IT Risk Services**

Assessments and implementation of IT controls aimed at timely signaling, identification and management of IT-related risks: IT Governance, IT Assessments, Project Quality Assurance, Data Management & Data Quality, Cloud, Security, Privacy and Internal IT Audit Support.

### **More information**

Do you have any questions about IT Services than please contact Casper Hermans. See contact details on page 60.



## Third Party Risk Management

### *More than just a compliance checkbox*

While focusing on core business activities, outsourcing of (non-core) activities has become a key strategic objective for organisations. Outsourcing activities does not mean that the associated risks and responsibility are outsourced as well. Risk events related to outsourced activities may have a major impact on the realization of strategic objectives of the user organisation. In the financial services sector, risks associated with outsourced activities might even disruptively affect the financial system as a whole. In that respect, the supervisory authorities, like the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) have drafted guidelines to support financial institutions to implement effective internal governance arrangements, with regard to third party risk. The aim of which, is to establish a more harmonised framework for all financial institutions that are within the scope of the supervisor's mandate.

### **Adequate measures**

To adequately respond to third party risk means to ensure that your organisation has implemented the governance and tools to understand risks associated with the outsourcing to third parties and putting in place adequate measures to mitigate these risks to an acceptable level and continuously monitor risks and controls. In addition, financial institutions could leverage from the implementation of an effective Third Party Risk Management process by linking it to performance management. Improving data quality will increase usable data points and intelligent data analytics tooling will enable real-time dashboarding and analysis to steer supplier's contract compliance and performance. It will let the organisation know which action is required to optimize contract performance and what the organisation can expect from the suppliers.

### **BDO's expertise and solutions**

BDO is able to provide you with all expertise and pragmatic solutions required to comply with all relevant laws and regulations, mitigate risks related to outsourcing and to give a boost to Third Party Risk Management (TPRM) to reach the desired TPRM maturity level. Finally, we believe that good Third

Party Risk Management will improve the performance of the organisation as well. The solution, as described below, will always be aligned with the ambition and culture of the organisation.



#### **Third Party Control**

BDO has the expertise to implement, audit and optimize the Third Party Risk Management related processes, keeping in mind the effectiveness and efficiency of the processes.



#### **Third Party Assurance**

In addition to the audit services for ISAE 3402 and ISAE 3000 standards, BDO also provides advisory services for Third Party Assurance, such as ISAE 3402/3000 implementations or Internal Audits on outsourcing and contract compliance.



#### **Continuous Contract Management**

BDO has developed an interactive dashboard to continuously monitor the contracts with third parties.



#### **Outsourcing Compliance**

Compliance related services encompass:

- ▶ implementing laws and regulations;
- ▶ auditing compliance with laws and regulations;
- ▶ advisory services on specific compliance related topics;
- ▶ compliance as a service.

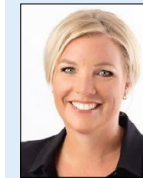
### **More information**

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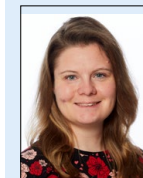


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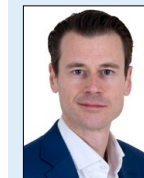


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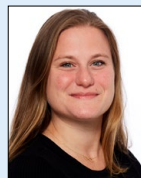


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##### Anti-Money Laundering (AML) and sanctions



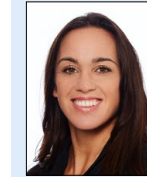
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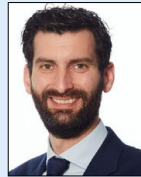


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