APRIL 2022

## TRANSPARENCY REPORT

BDO (Liechtenstein) AG



## Globally networked - locally anchored

BDO (Liechtenstein) AG, based in Vaduz, is one of the leading auditing, trust and consulting firms in the Principality of Liechtenstein. We are a legally independent and autonomous member firm of the international BDO network. The combination of our local roots with the international network enables us to offer our clients ideal and customized support. BDO member firms are represented in 167 countries, with over 97,200 employees working in more than 1,728 offices. The fee income of the member firms of the BDO network, including members of their exclusive alliances, amounted to USD 11.8 billion as at 30.09.2021. As a member of BDO's global network, we can meet the needs of clients who are growing and trading internationally.

At BDO, proximity and competence are important prerequisites for a successful and sustainable client relationship. BDO audits and advises companies from the industrial and service sectors, including SMEs, public administrations and non-profit organizations.



## Contents





#### NETWORK INTEGRATION

#### Description of the network

The BDO network is an international network of independent accounting, tax and business advisory firms that are members of BDO International Limited and provide professional services under the BDO name and brand. BDO is the brand name for the BDO network and for all BDO members.

#### Legal and organizational structure of the network

Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee, either as a voting member (one per country) or as a non-voting member. BDO International Limited is the coordinating entity of the BDO network and sets out the membership obligations of the BDO Member Firms in a set of rules.

The governing bodies of the BDO network are the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council consists of one representative of each voting member and represents the member companies of BDO International Limited at the General Meeting.

The Council approves the central budget, appoints the members of the Global Board and approves all amendments to the Articles of Association and the rules and regulations.

The Global Board represents the management of BDO International Limited and consists of one representative from each of the seven largest member firms of the BDO network, whose appointment is approved by the Council for a term of three years. The Global Board sets priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board meets at least four times a year.



#### NETWORK INTEGRATION

The Global Leadership Team coordinates the activities of the BDO network. It is led by the Global CEO and consists of the Chief Operating Officer, the Global Heads of Audit & Assurance, Tax, HR & Development, Business Development & Marketing, IT, Transformation, the CEO EMEA, the CEO Americas, the CEO Asia Pacific and the Head of Legal, Global Office.

The Global Leadership Team is supported by the Global Office of Brussels Worldwide Services BVBA. Brussels Worldwide Services BVBA, a Belgian limited liability company, provides services to support the coordination of the BDO network.

BDO International Limited and Brussels Worldwide Services BVBA do not provide any services to clients. These services are provided exclusively by the individual BDO member firms in their own name and for their own account.

BDO International Limited, Brussels Worldwide Services BVBA and the BDO Member Firms are each distinct and separate legal entities and are not liable for the acts or omissions of the other entities. Nothing in BDO's agreements or arrangements shall create or imply an agency, representation or partnership relationship between BDO International Limited, Brussels Worldwide Services BVBA and/or the BDO Member Firms.



#### Member companies

- BDO (Liechtenstein) AG, Vaduz
- BDO Consulting AG, Vaduz
- Audita Revisions-Aktiengesellschaft, Vaduz
- PFI Holding AG, Vaduz
- PFI WP Holding AG, Vaduz
- Pro Finance International Trust & Consulting AG, Zurich

#### Countries / registered office of the companies

The companies are based in Liechtenstein and Switzerland and provide their services in these countries.



## LEGAL FORM AND OWNERSHIP STRUCTURE

BDO (Liechtenstein) AG is operated in the legal form of a public limited company. It has its registered office in 9490 Vaduz, Liechtenstein.

The share capital amounts to a nominal value of CHF 200,000 (200 registered shares of CHF 1,000 each). The shares are predominantly held by partners, 60% of which are held directly via an auditing company, which in turn is exclusively owned by partners of the company. There is no majority shareholder and no person or group of persons who can exercise a controlling influence over the company.



## MANAGEMENT STRUCTURE

#### PARTNER COMMITTEE







Bernd Lochner



Christian Wolf



Roger Züger

BDO's remuneration structure for its partners takes into account the annual result achieved by the company in the respective financial year on the basis of a basic remuneration in line with the market.



## MANAGEMENT STRUCTURE

#### **BOARD OF DIRECTORS**



Christian Wolf



Martin Hörndlinger



Herbert Bishop

The Board of Directors performs the tasks prescribed by law.



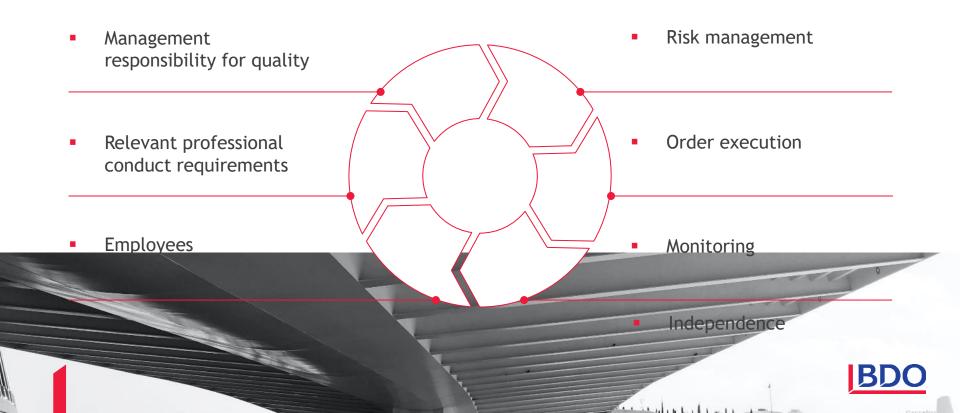
# OUR QUALITY MANAGEMENT SYSTEM INTERNAL QUALITY ASSURANCE SYSTEM

The member companies of the BDO network are united by their membership. Each member company remains a separate and independent legal entity. As part of the BDO network, all member companies are obliged to follow certain risk and quality guidelines and implement corresponding assurance standards.

The guidelines of BDO (Liechtenstein) AG are based on these global guidelines and are supplemented accordingly to ensure that local professional standards and regulatory requirements are met. We have a quality assurance system based on professional standards which is documented in the quality assurance manual.



## Quality management



### MANAGEMENT RESPONSIBILITY FOR QUALITY

The partner committee is responsible for the ultimate quality assurance.

In line with professional ethics and the associated independence required, the management of BDO (Liechtenstein) AG is committed to high audit quality. The detailed guidelines issued for this purpose ensure that the high quality requirements are an integral part of the corporate culture.



#### RELEVANT PROFESSIONAL CONDUCT REQUIREMENTS

The basis of our success is our employees - their integrity and objectivity write the history of BDO (Liechtenstein) AG.

By adopting the quality guidelines, all team members undertake to adhere to professional ethical values and to provide our clients with dedicated, personal service.

With regard to professional practice and regulatory issues, the provisions on independence and compliance stipulated by the BDO network are adopted and supplemented by local requirements. The independence requirement is monitored.

Ensuring our independence as the basis for the reliability and trust of our clients and the public in our activities is of crucial importance to us.



#### **EMPLOYEES**

The personal and professional suitability of our employees is regularly reviewed on the basis of internal performance and value guidelines. The aim is to hire only highly qualified employees. The quality of new employees is assessed using a robust and comprehensive process.

Employee training and development is of central importance to us in terms of implementing our corporate strategy. With the dynamically changing requirements of our clients, our training and further education spectrum is also constantly evolving.

Our employees are characterized by a high level of competence at all levels. We support our employees and require them to undergo continuous further training and development (in accordance with the CPA's further training guidelines and Art. 29 WPG). Training and development at all levels of the workforce is ongoing and targeted. We comply with the requirements of Expertsuisse. Training and further training agreements are based on the training regulations. Further general information on the employment relationship can be found in the employee regulations.



#### **RISK MANAGEMENT**

Risk assessment is a key element of quality management. The partner committee has issued corresponding guidelines as a central management element. The flat hierarchy and the resulting high-quality consultation culture promote efficient and professional risk assessment. The operational team is supported by the lead auditors in the decision-making process.



#### ORDER EXECUTION

#### ORDER PROCESSING

The IT audit tool "APT NG" is mainly used to process audit engagements. In the interests of efficient, quality-assuring project management, we have developed digital tools and other aids for handling audit engagements, which are based on various process steps. Depending on the type of engagement, the development of an appropriate audit strategy is based on the principle of materiality, the audit risk and the principle of criteria consideration.

During the course of the engagement, the work of the audit team members is continuously monitored through various levels of critical review. The auditor primarily responsible for the execution of the engagement is directly involved in a timely manner in accordance with professional regulations so that he or she can make an independent audit opinion.

Depending on the subject area, specialists are called in or consulted for demanding technical issues to ensure quality, so that the respective assignment is carried out in accordance with professional standards and in compliance with the relevant regulatory and legal requirements.



#### ORDER EXECUTION

#### ORDER-RELATED QUALITY ASSURANCE

For all audits of financial statements of public-interest entities and companies listed on the OTC market, and for other engagements involving special risks, an experienced auditor performs an engagement-related quality assurance (aQA) in parallel with the execution of the engagement. The process-independent quality assurance expert is involved in the audit from the order acceptance phase and ensures compliance with professional and technical standards for key issues.

#### CONSULTATION

By offering the opportunity to consult specialists, we ensure that our audit teams can use the specialist resources available within BDO to arrive at appropriate solutions. A standardized consultation process must be initiated for certain technically complex issues in order to ensure the high quality of our work results at all times.



#### ORDER EXECUTION

#### CONTINUITY AND ROTATION - INTERNAL ROTATION

When auditing public-interest entities, we are required by the EU Audit Regulation to appoint a new key audit partner after seven years and to establish a gradual rotation system for the management personnel involved in the audit. In addition to the responsible audit partners, the rotation regulations may therefore also affect auditors who work as audit managers (management function) at public interest entities. With regard to specialist employees who are not subject to the mandatory rotation regulations, we strive to ensure the greatest possible continuity in the audit team in order to guarantee audit quality and in the interests of our clients. When the time comes for rotation, we involve the new auditor primarily responsible for the execution of the engagement at an early stage.



#### **MONITORING**

BDO (Liechtenstein) AG is responsible for monitoring the effectiveness of the quality guidelines. A central component of this is the specially developed quality review process, which is carried out by the quality assurance officer and BDO Global. The aim is to conduct a truthful adequacy and effectiveness review and, if necessary, to implement improvement measures.

#### **EXTERNAL QUALITY CONTROL**

We are subject to regular quality controls by external quality control auditors (peer review). We carefully evaluate the results of the external quality controls in order to identify areas in which we can further improve our quality assurance system.



#### INDEPENDENCE

We undertake to maintain the internal and external independence of the practice and our specialist staff in accordance with the relevant professional conduct requirements. We also undertake to comply with the requirements of the respective professional associations (WPV and THK).

Ensuring our independence as the basis for the reliability and trust of our clients and the public in our work is of crucial importance to us. We have therefore implemented comprehensive processes and regulations to safeguard this central professional principle, which are intended to ensure our independence in the aspects under consideration.

In addition to examining the existence of any relevant company and employee-related financial and personal relationships, we observe the requirements, in particular the prohibition on self-audits, the admissibility of non-audit services that we provide for our audit clients and the relevant rotation regulations, and maintain internal monitoring measures to ensure compliance with these requirements. Accordingly, all system, process and regulatory requirements of our quality assurance system also take into account the relevant aspects of safeguarding our independence.

One of the most important aspects when accepting a new audit engagement is that we are independent when accepting the engagement and remain independent during the performance of the engagement and that there are no conflicts of interest. Compliance with independence is therefore reviewed on an ongoing basis during the execution of the engagement up to the time the engagement is completed.



#### INDEPENDENCE

BDO has a database of the so-called restricted entities of all network companies, including publicly traded companies and other public interest entities. This database is used to prevent the provision of services or investments prohibited to the auditor. The database is updated on an ongoing basis.

Before accepting an assignment, the database must be consulted by those responsible for the assignment. Before accepting a new client or engagement, our engagement managers carry out a national and - where relevant - international search using a software solution in order to identify potential conflicts of interest and threats to our independence.

Our engagement acceptance process for services to public interest entities and their parents or subsidiaries includes the approval of the provision of services by the audit partner to ensure that the audit partner is aware of any potential service to the aforementioned entities and can identify and address threats to auditor independence or conflicts of interest at an early stage.

If responsible audit partners identify threats to our independence or impartiality, they identify and implement available safeguards sufficient to eliminate or reduce the threat to an appropriate level.

If protective measures cannot reduce the risk to an appropriate level, we will refuse to accept the order or - within the legal limits - terminate the contractual relationship.

Our systems for ensuring independence are subject to ongoing review by our internal review and external quality control, and we are constantly working on the further development of these systems.

We can therefore confirm that we have verified compliance with the required independence regulations.



#### **QUALITY ASSURANCE CHECK**

The Liechtenstein Financial Market Authority (FMA) is responsible for quality assurance audits in accordance with Art. 50 ff WPG. The FMA exercises professional and due diligence supervision over auditors and audit firms.

The FMA conducted a quality assurance review from January 10, 2022 to January 14, 2022. The audit work has not yet been completed.

In June 2022, BDO Global will carry out a further quality assurance review.



## **COMPANIES OF PUBLIC INTEREST**

- YOUPLUS Assurance AG, 9495 Triesen
- Youplus Insurance International AG, 9495 Triesen
- Reassur Aktiengesellschaft, 9490 Vaduz
- Nucleus Life AG, 9490 Vaduz
- CapCo AG, 9494 Schaan



## FINANCIAL INFORMATION

Sales type	Total sales in TCHF
Income from the audit of the annual financial statements and consolidated financial statements of public interest entities and entities in a group whose parent company is a public interest entity	569
Income from the audit of the annual financial statements and consolidated financial statements of other companies	1'416
Income from permitted non-audit services for companies audited by the statutory auditor or the audit firm	45
Income from non-audit services for other companies	2'824

