



The VRC Code of Conduct



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PREFACE

The VRC Code of Conduct – hereinafter referred to as: the “Code” – serves as a guide for members defined as a Register Controller (RC), so as to ensure that their conduct is consistent with what reasonably may be expected by anyone who places their trust in them. These expectations are primarily but not exclusively based on the role played by Registered Controllers as finance and control professionals.

The VRC supports the aims and principles of equal opportunities and basic human rights for everyone, which includes the processing of personal data. The VRC stands for the highest personal and professional standards possible, and encourages its members to act as proper, responsible professionals. Good conduct may entail that more is done than is required by law. In an exceptionally competitive and complex environment such as ours, it is crucial that Registered Controllers always guard and maintain their integrity, and show that they are worthy of the trust that is placed in them by all who rely on them.

Registered Controllers throughout the world have a duty to satisfy the highest behavioural standards in order to preserve the status and reputation of the profession of Registered Controller. They are required to refrain from any conduct which may bring the profession into disrepute and must comply with the Code, irrespective of their field of activity, their

employment contract, their membership of any other professional organisation and any other commitments.

The VRC's constitution, regulations and directives may stipulate additional rules governing matters which are not covered by this Code.

The first Code of Conduct for the Dutch Association of Registered Controllers [Vereniging van Registercontrollers] (VRC) was approved by the general meeting of members in 1988. It was subsequently amended for the first time in 1996/97, resulting in the 1998 version. The VRC had approximately 500 members at that time. Since then, there have been developments in the field of corporate governance, predominantly fuelled by various accounting scandals, considerably expanding and strengthening the role of the financial function as a prudential conscience and adviser to management. This has also prompted the pool of Registered Controllers to grow further. In 2008, the number of members stood at 2,500.

Against this backdrop, the VRC Executive Board appointed an ad hoc committee in 2008, which was charged with substantially overhauling the Code of Conduct. The resulting 2009 version included a provision that the Code had to be reviewed every 5 years. The Code was therefore reviewed and revised by the newly-established Enforcement and Ethics Committee (hereinafter: "E&E Committee") again in 2012/2013, which issued the 2014 version on 1 January of that year.

In 2017, the number of members was more than 4,300. That same year, the E&E Committee reviewed and revised the Code of Conduct as planned, taking into consideration the rules formulated by the International Ethics Standards Board for Accountants® (IESBA®), part of the International Federation of Accountants (IFAC), of which the VRC has been a member since 2014. As such, the VRC ensures that the rules of conduct for its members do not conflict with IESBA standards.

In order to ensure consistency with other relevant professional groups, especially those active in the fields of finance, accounting, auditing and control, this Code is also based on existing codes of conduct, including the IESBA Code of Ethics for Professional Accountants (hereinafter: the "IESBA Code") and the CIMA Code of Ethics for Professional Accountants.

This review has resulted in the present

Code of Conduct (2019 version), as adopted by the VRC's general meeting of members convened on 2 May 2018, and will enter into force on 1 January 2019.

This Code constitutes the guidelines for: i) the acts and omissions of VRC members, ii) the adjudication of disciplinary complaints by the VRC's Disciplinary and Appeals Boards, and iii) the provision of advice by the Enforcement and Ethics Committee to the VRC Executive Board.

The Enforcement & Ethics Committee

PART 1

INTRODUCTION

1.1 This Code applies to all members of the VRC who are Registered Controllers as defined in the VRC's constitution.

1.2 The following definitions apply:

- a. Stakeholder: anyone who places trust in or relies on the work of a Register Controller (including their Employer and others for whom such work is carried out) and/or who experiences the consequences of the act or omission of a Register Controller;
- b. Enforcement and Ethics Committee: the committee appointed by the VRC whose purpose is to advise the VRC Executive Board on issues pertaining to policy, enforcement and implementation in relation to this Code of Conduct, in accordance with the provisions of the regulations of the Enforcement and Ethics Committee;
- c. NOCLAR: the term used in the IESBA Code that refers to a situation where there is or there is the risk of a conflict with the applicable laws and regulations. NOCLAR stands for non-compliance with laws and regulations.
- d. Postgraduate Registered Controller Master's Programme of Study: a part-time Executive Master of Finance and Control programme of study, which represents no less than the minimum number of ECTS credits¹ required, and upon the completion of which an individual is entitled to be registered in the VRC's register;
- e. Disciplinary Board: a committee appointed by the VRC which handles complaints about Registered Controllers in accordance with the provisions of the Association of Registered Controllers Disciplinary Regulations (hereafter referred to as: "VRC Disciplinary Regulations");
- f. Registered Controller (RC): a graduate of any of the accredited Postgraduate Registered Controller Master's Programmes of Study who is registered in the VRC register;
- g. VRC: the Dutch Association of Registered Controllers (Vereniging van Registercontrollers);
- h. Employer: an organisation or a natural person who engages a Registered Controller to work for it or them, whether in return for payment or not, or through their own legal organisation or otherwise, pursuant to (i) an employment contract, (ii) secondment, (iii) a service agreement, or (iv) any other agreement or appointment pursuant in which a Registered Controller is engaged to perform services, which are deemed to include activities such as those of a commissioner, supervisor or member of an audit committee.

¹ The European Credit Transfer System is the system used to express the study load for any programme of study within the jurisdiction of the ECTS since the introduction of the Bachelor / Master structure in Europe.

1.3 A Registered Controller is active in two domains: professional and private. The professional domain refers to the area of professional practice, which is deemed to include performance within the context of any business relationship within which a Registered Controller carries out work, whether in return for payment or not, or pursuant to a contractual relationship or otherwise, including but not limited to acting in their capacity as an employee, contractor, Supervisory Board member, regulator or member of an audit committee. The private domain refers to the area of non-professional practice.

1.3.1 A Registered Controller may act in two different roles within the professional domain:

- a. a finance and control role, which refers to any activities that are carried out by a Registered Controller on behalf of their Employer with regard to recording and storing business transaction data, ensuring that their Employer complies with the relevant legislation and regulations, assuming responsibility for contracts and internal procedures, and providing advice to their Employer's management team in relation to finance and control matters. Such activities may receive attention to a greater or lesser degree in the everyday practice of a Registered Controller;
- b. a business role that does not include finance and control. This covers all of the activities carried out on behalf of their Employer for which specialist finance and control competencies are not directly required.

1.3.2 Within the private domain, a Registered Controller may act outside their professional domain. However, such conduct may have implications in their professional domain, or they may undertake professional activities in their private domain.

1.4 This Code governs all of the domains and roles within which a Registered Controller may act. As such, this Code does not only govern a Registered Controller's professional domain; nor is it confined to their role in relation to finance and control. Nevertheless, it is important to acknowledge that the finance and control role within a Registered Controller's professional domain generally determines any expectations in relation to their conduct.

1.5 A distinguishing characteristic of a Registered Controller is that they assume responsibility for acting in accordance with this Code. As such, the responsibilities of a Registered Controller are not confined to accommodating the requirements of an individual Employer. Their responsibilities also apply in relation to other Stakeholders.

1.6 Compliance with this Code means that a Registered Controller is required to comply with the core values set out in this Code. Registered Controllers are deemed to use this Code to identify threats pertaining to these core values, to assess the significance of

those threats and, where such threats are clearly not insignificant, to adopt measures to eliminate or mitigate them to an acceptable level, so as to ensure that compliance with the core values is not compromised.

1.7 Where an Employer applies regulations which are more specific than this Code, those regulations only take precedence over this Code provided that they do not conflict with it. In the event of a conflict between specific regulations and this Code, the latter prevails. It is important that Registered Controllers focus on the objectives of this Code and always take it into account in their acts and omissions.

1.8 A Registered Controller is required to notify their Employer and any other immediate Stakeholders at an appropriate time that this Code governs their practice.

PART 2

CORE VALUES.

2.1 A Registered Controller shall observe the following core values:

- a. professional conduct;
- b. objectivity;
- c. expertise and due care;
- d. integrity;e. confidentiality.

2.2 The principle of **professional conduct** entails that a Registered Controller complies with the relevant legislation and regulations, and refrains from any act or omission that may bring the profession into disrepute. This includes any act or omission which any reasonably well-informed third party who has all of the relevant information at their disposal would interpret as harmful to the good name of the profession of Registered Controller.

2.3 The principle of objectivity implies that a Registered Controller does not allow their judgment to be influenced by any bias, conflict of interests or inappropriate influence from any other party. An important aspect of objectivity is that a Registered Controller avoids all relationships which could have an undue influence on their independent, professional judgment.

In order to prevent a conflict of interest or undue influence, the Register Controller must be aware of the impression which arrangements can make towards a reasonable but critical outsider.

2.4 The principle of **expertise and due care** entails that a Registered Controller has a duty to perform their work thoroughly and in accordance with the relevant technical and professional standards at all times. This principle covers the following three aspects:

- a. acquiring expertise through an accredited Postgraduate Controller Programme of Study;
- b. maintaining expertise, which requires the devotion of ongoing attention to and an understanding of relevant developments, allowing the Registered Controller to continue to develop their competencies, so as to be able to provide professional services (“Continuing Professional Development”); and
- c. exercising due care as required for the purposes of executing instructions or performing other duties by working carefully, thoroughly and punctually.

2.4.1 A Registered Controller is always required to satisfy the VRC's Continuing Professional Development requirements.

2.4.2 A Registered Controller shall adopt measures to ensure that the work performed by anyone who works under their supervision complies with all relevant quality requirements in a timely fashion.

2.4.3 Should there be grounds for doing so, a Registered Controller shall draw the attention of their Employer to any limitations that are inherent in their services, so as to ensure that any opinion that they express is not interpreted as a fact.

2.5 The principle of integrity entails that a Registered Controller must be honest in all of their interactions. A Registered Controller must therefore always speak the truth in good faith, so as to ensure that Stakeholders are not deceived. An important aspect of integrity is that a Registered Controller must not be associated with any report, declaration, communication or other information if:

- a. it is incorrect, incomplete or otherwise misleading; or
- b. there is no sound basis for it.

By acting proactively within their area of responsibility, a Registered Controller shall ensure that they always alert all Stakeholders appropriately, comprehensively and punctually, and that they avoid any misunderstanding, so that those Stakeholders are able to form a clear and true picture. Integrity entails professional responsibility.

This means that a Registered Controller shall consider it among their duties to do what is morally right. They shall assume responsibility for this themselves and are held accountable in this respect.

2.6 The principle of **confidentiality** entails that a Registered Controller will not disclose any confidential information which they obtain to a third party, nor shall they use it for their own benefit, unless they are explicitly authorised to do so, or unless legal or professional rights or duties exist for this purpose.

2.6.1 It is or may be mandatory or appropriate for a Registered Controller to provide confidential information to a third party in the following circumstances:

- a. where the provision of such information is permitted by law and the Registered Controller's Employer or another Stakeholder has consented to this;
- b. where the provision of such information is required by law;
- c. where there is a professional right or duty to provide such information to a third party and this is not prohibited by law.

2.6.2 A Registered Controller must observe confidentiality at all times. They must be alert of the constant risk that they may inadvertently act in contravention of their duty of non-disclosure, certainly in the case of a lengthy association with business partners, acquaintances or family members. They must also observe confidentiality of any information that is provided to them by a potential Employer and must be selective when disseminating potentially confidential information within their Employer's domain. Furthermore, they have a duty to adopt all measures which are required to ensure that anyone who works under their supervision and anyone else from whom they request advice or assistance complies with their duty of non-disclosure.

2.6.3 The duty to exercise due care when dealing with confidential information continues to apply even after the termination of formal relations between the relevant Registered Controller and their Employer or any other Stakeholder. A Registered Controller who switches from one Employer to another is permitted to utilise any knowledge and experience that they have acquired. Nonetheless, a Registered Controller may not use any confidential information that they have acquired in their relationship with any previous Employer, nor may they disclose it to any third party.

2.6.4 When deciding whether or not to provide any confidential information to a third party, a Registered Controller is required to consider the following:

- a. whether the interests of a specific Stakeholder could be prejudiced in the event that their Employer or any other Stakeholder allowed them to disclose specific information;
- b. whether all relevant information is known and substantiated; where unsubstantiated or incomplete information, or unfounded conclusions are imparted, the Registered Controller shall form an opinion on the necessity or desirability to provide such information and the manner in which this is to occur;
- c. the method of communication that is expected and the person to whom such communication is directed; in particular, Registered Controllers shall satisfy themselves that any party with whom such communication occurs may rightly be deemed to be a Stakeholder.

PART 3

TACKLING MORAL ISSUES

3.1 When evaluating their timely compliance with the core values, a Registered Controller may find it necessary to resolve a moral issue. A moral issue could, for example, involve a conflict between core values (such as professional conduct and confidentiality) or an action that constitutes or risks constituting a breach of the applicable laws and regulations. The latter case is referred to as NOCLAR (Non-Compliance with Laws and Regulations) in the IESBA Code.

3.2 When formally or informally resolving a moral issue, a Registered Controller must consider at least the following aspects individually or together with others:

- a. all of the relevant facts that are known or can reasonably be ascertained at that point in time;
- b. the core values pertaining to the matter in question;
- c. other ways of resolving that moral issue; and
- d. the implications for the Registered Controller's own position.

3.3 A Registered Controller must consider the implications of all possible solutions when tackling a moral issue.

3.4 Should it become clear that a Registered Controller is unable to resolve a moral issue appropriately, they are required to request the advice of their Employer. They shall consult anyone who has a duty pertaining to their Employer's governance, which includes the management or supervisory board, any executive or non-executive directors, the audit committee, compliance or security officers and any other trusted advisers.

3.5 A Registered Controller must always ensure that they appropriately document the problem and that they have details of any discussions that are held and any decisions that are taken.

3.6 Should it be impossible to resolve any significant moral issue internally, a Registered Controller must consider obtaining professional advice from the VRC or a legal adviser in order to obtain guidelines for tackling that moral issue without compromising confidentiality. The VRC has appointed an adviser for this purpose.

3.7 Should it still be impossible to resolve a moral issue after all avenues have been exhausted, or be resolved by those able to do so, the Registered Controller will be required to terminate their involvement in the matter which has occasioned that moral issue. This may entail that the Registered Controller informs their Employer that, under the given circumstances, they can no longer be held responsible for the duties which have occasioned that moral issue. The Registered Controller could also refer the matter

to a competent authority, such as the competent supervisor or the Whistleblowers Authority, as referred to in Article 3 of the Dutch Whistleblowers Authority Act (Wet Huis voor klokkenluiders).

The termination of relations with an Employer without endeavouring to resolve a moral issue or without informing that Employer's relevant representatives is deemed to constitute unprofessional conduct, unless a valid exception applies.

The termination of relations with an Employer does not necessarily relieve the Registered Controller of their responsibility to consider referring the matter – if appropriate – to a competent authority, such as the competent supervisor or the Whistleblowers Authority.

3.8 In the event of a NOCLAR (as referred to in Article 3.1 of this Code), this constitutes a moral issue. A NOCLAR includes bribery, fraud, corruption, money laundering, financing terrorist activities, environmental pollution and tax-related offences.

If the Registered Controller discovers or suspects a case of a NOCLAR, they shall be guided by the provisions of Articles 3.2 to 3.7 in resolving this moral issue. In the case of a NOCLAR, they shall take accurate and appropriate action and measures which can be reasonably expected of them under the circumstances, also in view of the core values that apply to them. The nature and extent of the measures to be taken depend on the specific circumstances of the matter. The Registered Controller shall endeavour at all times to mitigate the detrimental effects of a NOCLAR as much as possible, with due regard to the applicable laws and regulations.

3.9 A Registered Controller has a duty to consult any other Registered Controller about any infringement of this Code by the latter which the former has observed and, in the event that the latter Registered Controller refuses to take appropriate measures or cooperate with such measures, to report that situation to the VRC along with supporting arguments and documentation.

3.10 Where a Registered Controller is or has been conditionally or unconditionally found guilty in accordance with the disciplinary regulations of another professional organisation or by a court of law in a criminal case which is related to a domain or role in which that Registered Controller is permitted to act, they are required to report this to the VRC.

PART 5

ENFORCING THE CODE.

4.1 This Code comes into effect on 1 January 2019 and, as of that date, replaces any previous code of conduct governing the actions of Registered Controllers on or after 1 January 2019.

4.2 The date on which a Registered Controller acts determines which version of the Code is applicable.

4.3 Should a Registered Controller fail to comply with this Code, disciplinary action may be taken as stipulated in the VRC's constitution and the VRC Disciplinary Regulations.

4.4 Such a Registered Controller will be the subject of an investigation and disciplinary action may be taken against them by the Disciplinary Board in the event that a complaint is filed against them by:

- a. the VRC Executive Board;
- b. their Employer;
- c. another Registered Controller; and/or
- d. any other Stakeholder.

PART 5

FINAL PROVISIONS.

5.1 This text is also available at www.vrc.nl as of 1 January 2019.

5.2 The following postgraduate Executive Master of Finance and Control (EMFC) programmes of study are recognised by the VRC as training to become a Registered Controller, and have been accredited as such by the Accreditation Organisation of the Netherlands and Flanders (Nederlands-Vlaamse Accreditatieorganisatie). Graduates of these courses have the right to be registered in the VRC register, subject to additional conditions, and therefore the right to use the designation of Registered Controller:

- a. VU University, Amsterdam;
- b. the University of Groningen, Groningen;
- c. the University of Tilburg, Tilburg;
- d. the University of Nyenrode, Breukelen;
- e. the University of Maastricht, Maastricht;
- f. the University of Amsterdam, Amsterdam;
- g. Erasmus University, Rotterdam.



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