Financial Accounting Advisory Services

Corporate treasury services

May 2013
## Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>About EY</td>
<td>3</td>
</tr>
<tr>
<td>Corporate treasury services</td>
<td>5</td>
</tr>
<tr>
<td>Appendix</td>
<td>20</td>
</tr>
<tr>
<td>Credentials</td>
<td>21</td>
</tr>
<tr>
<td>Contacts</td>
<td>22</td>
</tr>
</tbody>
</table>
EMEIA Sub-areas

Africa
Angola, Botswana, Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Uganda, Zambia, Zimbabwe

Belgium and Netherlands

Germany, Switzerland and Austria

Commonwealth of Independent States
Azerbaijan, Belarus, Georgia, Kazakhstan, Russia, Ukraine, Uzbekistan

Central and Southeast Europe
Albania, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, FYR of Macedonia, Malta, Moldova, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey

France, Maghreb and Luxembourg
France, Luxembourg, Algeria, Morocco, Tunisia

Financial Services Organizations
Belgium, Channel Islands, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Switzerland, UK

India

London

Mediterranean
Italy, Portugal, Spain

Middle East and North Africa
Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Pakistan, Palestinian Authority, Qatar, Saudi Arabia, Syria, United Arab Emirates

Nordics
Denmark, Finland, Norway, Iceland, Sweden

UK and Ireland
UK, Isle of Man, Republic of Ireland

<table>
<thead>
<tr>
<th>Countries worldwide</th>
<th>EY Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees worldwide</td>
<td>167,000</td>
</tr>
<tr>
<td>US$ revenue (2011-12)</td>
<td>24.4b</td>
</tr>
</tbody>
</table>
Corporate treasury services
Corporate treasury services

<table>
<thead>
<tr>
<th>A challenging context leads to …</th>
<th>… a wide range of needs for treasurers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Considerable change, driven by economic and regulatory conditions</td>
<td>► Design and implement the company’s treasury strategy (payment factory)</td>
</tr>
<tr>
<td>► Increasing complexity of the business environment (SEPA)</td>
<td>► Streamline processes and controls (centralization)</td>
</tr>
<tr>
<td>► Strengthening of the control environment</td>
<td>► Create new businesses and risk-management indicators</td>
</tr>
<tr>
<td>► Application of standards on accounting for financial instruments (IFRS 7, 9, 13)</td>
<td>► Manage increased financial communication, more complex valuation (CVA and DVA) and accounting issues (IFRS 7, 9, 13)</td>
</tr>
<tr>
<td>► Emergence of new risks to be managed (commodities, energy)</td>
<td>► Optimize cash requirements and securitize refinancing (cross-currency cash pooling)</td>
</tr>
<tr>
<td>► Greater financial sophistication (financial derivatives)</td>
<td>► Implement effective communication with senior management</td>
</tr>
<tr>
<td>► Changes within the company and its communication protocols</td>
<td></td>
</tr>
</tbody>
</table>
Helping treasurers to respond to a wealth of new opportunities

Demands on corporate treasury are constant and evolving.

Our treasury network is focused on the eight key challenges faced by companies. Our specialists work closely with you to help you address these in your business.
Organization and governance

We accompany you from definition of objectives to implementing a new or revised organization, including the governance structure and underlying processes.

1. Current state analysis:
   ► Analyzing the current state of your treasury as compared to leading practices and established control requirements
   ► Assessing your systems and methodologies, focusing on identifying potential for improvements

2. Future state development:
   ► Defining the target organization
   ► Defining, updating or standardizing policies, processes and procedures for:
     ► Banking network (banking selection and rationalization)
     ► Cash management (pooling and netting)
     ► Short- and medium-term financing (for example, factoring and securitization)
     ► Financial risk management (strategy optimization)
     ► Treasury accounting
     ► Definition and adjustment of key management indicators
     ► Selecting and implementing treasury management systems
     ► Defining roles and responsibilities, job descriptions and assisting with recruitment and/or secondment placement

3. Implementation support:
   ► Project planning and management (objectives, resources, milestones)
   ► Identifying and implementing “quick wins” (containment of cost structure, reduction of bank fees)
   ► Planning and implementation of a rollout of your new global structure
   ► Additional organizational expertise through workshops, including operations, accounting, finance, legal, tax services and information systems
We have developed a specific framework for assessing functional performance of a treasury department, based on our global experience. In addition, external benchmarks and guidelines are taken into account, for example, from local regulatory and industry groups, and your local corporate governance code.

The many facets of corporate treasury require a practical and pragmatic interpretation of relevant regulations, which need to be considered in the broader context of the complexity and risks of the company.

Taking into account external market trends, as well as our extensive industry experience, we have developed a compact corporate treasury checklist that enables comprehensive benchmarking against leading practices and provides insight into potential improvements.

In addition, the maturity of the treasury function is assessed and compared with established, leading treasury organizations, while taking into account your organization's characteristics.

**In our treasury assessment, we cover:**

- Treasury organization, strategy and systems
- Integration into the company's strategy, rules and responsibilities
- Management of financial risks (for example, interest rate, currency and commodities)
- Liquidity and cash management
- Internal control
- Performance measurement
- Financial reporting

**Our assessment deliverables include:**

- Treasury performance assessment
- Treasury assessment dashboard
Financial risk management

We provide advice and support for all elements of financial risk management, including:

► Identifying the main sources of financial risk exposure and measuring the company’s hedging effectiveness
► Working with you to review your strategy for financial risk management within the group’s financial supply chain
► Reviewing and assessing models to quantify and monitor financial risks, including VaR, EaR, gap and scenario analysis
► Integration of more complex financial products into your information systems
► Implementing appropriate (hedge) accounting to reflect the (economic) exposures, including hedge-effectiveness testing
► Developing appropriate reporting to enable effective monitoring and steering of financial risks by management
► Understanding profit and loss deviation through a thorough analysis of commodities, forex and interest rate impact
Our risk management framework is delivered in 5 stages:

<table>
<thead>
<tr>
<th>Identify</th>
<th>Diagnose</th>
<th>Design</th>
<th>Deliver</th>
<th>Sustain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyze and comment on current client’s risk management framework</td>
<td>Understand and validate the current state of FX risk management framework</td>
<td>Analyze impact of FX risk management framework on client’s results</td>
<td>Define recommendations to implement enhanced risk management framework</td>
<td>Post implementation analysis and sustainable improvement plan</td>
</tr>
</tbody>
</table>

**Key tasks**

- Understand business structure, economic model and transactional flows
- Conduct foreign exchange (FX) risk exposure analysis of client’s FX portfolio
- Analyze current FX risk management policy and hedging framework
- Analyze business planning schedule and cycle versus FX risk forecast schedule and cycle, and comment on potential improvement

**Activities**

- Assess and validate the current state of the client’s FX risk management framework
- Define criteria for its evaluation and understand desired future state
- Assess accounting schemes and impact of FX risk management framework on the client’s results for both statutory and management reporting
- Identify benchmark competitors (MNC) in terms of FX risk management
- Set FX management objectives considering linkage with shareholders’ value
- Define the client’s FX risk tolerance, taking into account business dynamics
- Design and enhance client’s FX risk management policy and hedging framework
- Define recommendations of potential benefits of using or not using hedge accounting
- Analyze impact on:
  - ERP systems
  - SOX control framework
- Develop the approach and requirements for the selected improvements, as stated in the new FX risk management policy
- Design and enhance the FX risk management framework
- Validate the newly designed FX risk management framework
- Analyze impact and redesign of FX risk management framework on statutory accounting, management reporting and SOX control framework
- Support on FX risk management framework implementation
- Confirm the newly designed FX risk management framework is operating as intended, and capture lessons learned (KPIs, performance management reporting)
- Perform test of design to identify performance gaps of the newly designed FX risk management framework
- Implement an ongoing monitoring program
- Identify further opportunities to extend the benefits across the client’s group
Cash and liquidity management

We help you to focus and optimize the methodologies for cash and liquidity management, and monitoring liquidity risks.

We work with you to:

► Define liquidity risk management strategy, policy and procedures
► Review your company’s local, regional and global cash collection, disbursement and bank account structure
► Develop cash-pooling solutions, including the architecture and processes, RFP and bank shortlist
► Develop or review methodologies for cash flow forecasting and variance analysis procedures
► Review or select systems and technology used in the cash forecasting process
► Optimize the cash- and liquidity-management processes and structures in alignment with global tax strategies
► Assess and reorganize your cash-management activities (for example, methodology to implement shared service centers)
► Review your framework for structured monitoring of key indicators for liquidity risk
► Support implementation and enhance cooperation from management participants

In addition, we have the right knowledge to assist you in securing your payments means more effectively, using SEPA (Single Euro Payments Area) and other changes in the payments landscape (for example, SWIFT Xml).
Corporate funding

Our services cover the full range of financing activities, from defining the strategy to support in negotiating and implementing a financing arrangement.

Define the financing strategy:
► Identification of the medium- and long-term financing needs
► Develop a methodology for forecasting and monitoring financing needs and financial covenants
► Identification of the financing structure diversity possibilities.
   For example, bond and MTN issues, money market, open market or syndicated banking credit or loan, securitization, project financing, sale and lease back and factoring

Negotiate financing:
► Implement a “call for tenders” procedure, including assistance in preparing term sheets to support negotiations with banks
► Examination and support negotiation, with the assistance of legal advisors, of the financing arrangements
► Analysis of the implied credit risk of the company, based on the credit spread included in the financing arrangement
► Analysis and assisting on tax and/or accounting operations treatment

Implementation:
► Implement the necessary structures and teams to manage the financing needs
► Setup of an in-house bank, including a transfer pricing policy for financial instruments and guarantees
► Tax-constraint management, while preserving an acceptable administrative management level (for example, withholding tax, deduction of interest, stamp duty and VAT)
Financial instruments valuation and accounting

Accounting and valuation are core competencies, given the complexity of derivatives and accounting requirements. Our goal is to translate our knowledge to you in usable value. Our support services include:

Valuation:

► Valuation of complex financial instruments, including embedded derivatives and personnel options
► Modeling and valuation of complex derivatives
► Quantification of credit risks and spreads, and impacts on valuation
► Valuation and hedging in illiquid markets
► Application of IFRS 13 (CVA and DVA)

Accounting for financial instruments

We assist you in applying the (hedge) accounting provisions of IFRS to your local GAAP, in particular:

► Preparation or review of your accounting policy, as compared with leading practices
► Design and optimization of hedge accounting procedures
► Measurement of hedge effectiveness
► Support in applying the de-recognition requirements, so that a reliable accounting of asset-backed securities, transactions and factoring is achieved.
► Reviews of large portfolios
► Provide accounting advice for the issuance of mezzanine capital, such as convertible bonds and hybrid bonds
► Knowledge transfer and training to the treasurers and relevant operating units
Financial instruments valuation and accounting

We support you in the application of disclosures and risk assessment-related information, according to IFRS and local GAAP.

Commodities and energy derivatives
► Valuation of energy derivatives, such as virtual power plants and modeling of electricity spot prices (hourly price forward curve)
► Application and interpretation of the “own-use exemption”
► Industry-specific features (energy and utilities sector)
► Hedge accounting for commodity derivatives, including emission rights
► Profit-and-loss volatility assessment, based on modeling and valuation skills
We can work with you to identify the current and future needs of your treasury function. This analysis should focus on both functional requirements and technical- and vendor-related issues.

Using this analysis and our extensive knowledge of the treasury management system (TMS) market, we provide:

- A structured approach to identifying vendors
- Support in development of a request for proposal, based on proven templates
- Management of the complete request-for-proposal process, including vendor communication
- Advice on assessing vendor responses
- Facilitation of vendor demos, “proof-of-concept” and/or reference visits
- Assistance with the preparation of the cost and benefit analysis and business plan

Support and guidance in implementation
To help ensure that IT systems quickly and seamlessly fit into the business of your treasury, we guide you reliably through the implementation:

- Overall program and/or project management
- Design workshops and preparation of design documents (blueprints)
- Define and configure statistical data
- Define reporting requirements
- Reconcile static data
- Develop and perform testing programs and scripts
- End-user training

In addition, we provide quality assurance through all parts of the implementation project.
Effective control
An effective treasury activity control environment is critical to a company and its shareholders. IFRS and the obligation of executives to report on the internal control framework to external parties create an additional level of compliance (e.g., the Financial Security Agreement Law and the Sarbanes-Oxley Act, or the more recent European Market Infrastructure Regulation (EMIR) for over-the-counter derivatives).
Assistance is often necessary to alert the cash manager, the finance department or the executive management about the main challenges, and to provide assurance on the quality of the organization and the internal control framework related to cash, financing and risk management activities. Companies often need external guidance to manage their treasury management control.

We offer to share control and management methodologies, taking into account the requirements for:

- Legislative and regulatory compliance
- Efficiency
- Efficacy
- Accountability

We perform a full review by checking and analyzing the current state, and provide recommendations for meeting your statutory and regulatory requirements.

Our services include support to your existing internal audit units in planning, preparation, performance and reporting, taking into account current and future trends. We provide recommendations for the development of an effective (continuous) monitoring control environment, support for the implementation of programs (such as fraud prevention and SOX), and evaluation of the implemented controls and their efficiency.
## Areas where EY can help corporate treasury

<table>
<thead>
<tr>
<th>Topics</th>
<th>How we help</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization and governance</strong></td>
<td>Realign your treasury function to meet current and future economic and regulatory requirements, and realize potential synergies and efficiencies by optimizing processes.</td>
</tr>
<tr>
<td><strong>Performance assessment</strong></td>
<td>Assess your treasury organization, benchmarked against leading practices, with individual recommendations for further potential improvements and significant risks. Determine priorities and, if applicable, an action plan, for implementation of correctives actions.</td>
</tr>
<tr>
<td><strong>Financial risk management</strong></td>
<td>Assist in developing and strengthening your understanding of financial risk management strategies to help you best achieve your business goals, both economically and in terms of financial reporting. Leverage our knowledge to develop scenarios and stress-testing methods, including emergency plans that are tailored to your company’s risk profile and classification, so you are prepared to handle crisis situations.</td>
</tr>
<tr>
<td><strong>Cash and liquidity management</strong></td>
<td>Guide you through the optimization of your company’s financial resources (cash management and funding) and help you detect the best path to follow to ensure that cash is effectively managed. Assist you in assessing cash forecasting reliability and process adequacy, and executing or designing an adequate cash forecasting model.</td>
</tr>
<tr>
<td><strong>Corporate funding</strong></td>
<td>Advise on appropriate structures, procedures and systems to determine and manage the financing strategy of the company. Build a financing strategy tailored to meet your organizational, legal, regulatory, fiscal, contractual and accounting constraints. Support in reaching optimal financing costs and appropriate diversification of funding sources.</td>
</tr>
<tr>
<td><strong>Financial instruments valuation and accounting</strong></td>
<td>Provide expertise on financial instruments and valuation, skills for modeling and quantifying risks and valuing derivatives, and forward-looking statements by use of various valuation methods. Ensure compliance with accounting rules specific to financial instruments and derivatives, including hedge accounting and valuation.</td>
</tr>
<tr>
<td><strong>Treasury technology</strong></td>
<td>Align treasury technology to your requirements, and benefit from a fast and efficient integration of systems. Leverage extensive TMS knowledge and proven methodologies for system selection and implementation process. Ensure independence in choosing the system provider and achieve knowledge transfer.</td>
</tr>
<tr>
<td><strong>Assurance and control</strong></td>
<td>Provide assurance and advice focused on minimizing operational risks and identifying potential operational improvements. Compliance with relevant legislation and regulation. Active use of your control as a management tool to increase efficiency and effectiveness of processes.</td>
</tr>
<tr>
<td><strong>Organization and governance</strong></td>
<td>Realign your treasury function to meet current and future economic and regulatory requirements, and realize potential synergies and efficiencies by optimizing processes.</td>
</tr>
</tbody>
</table>
Corporate treasury services

EY corporate treasury is ready to support you …

► Experienced audit and advisory teams closely integrated with joint teams, including, for example, tax, Information Technology (IT) and process improvement, for larger projects
► Global sector experience, extensive knowledge and expertise
► Strong, proven methodology
► Seamless, consistent, high-quality service, regardless of geography
► Strong credentials and success stories of reviewing various treasury operations, strategies, policies and procedures at leading financial organizations
► Deep subject-matter knowledge and dedicated insight through thought leadership and publications for corporate treasurers

… with a seasoned mix of talented professionals worldwide:

► More than 150 professionals spread across Europe, fully dedicated to providing treasury assistance
► Providing audit, advisory, modeling, valuation, tax, IT, legal services
► Three hubs:
  ► Americas
  ► Europe, Middle East, India and Africa (EMEIA)
  ► Asia-Pacific (APAC)

Key facts:
► Currently active on more than 50 assignments around the world
► We provide services to more than 200 clients worldwide
Corporate treasury assistance
Working together

2012 Treasury Management Systems Overview
More than 15 solutions to support you and your team

Service offering product cards
One-stop shop for treasurers, outlining how we can work to support you in managing your treasury

2011 Global Corporate Treasury Survey
Complete benchmark, enabling comparison with peers within and outside of EMEIA

Thought Leadership
Sharing our point of view on critical topics impacting corporate treasurers
Appendix
# Treasury credentials

<table>
<thead>
<tr>
<th>Client</th>
<th>Country</th>
<th>Sector or industry</th>
<th>Service</th>
<th>Service description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive worldwide player</td>
<td>Germany</td>
<td>Automotive</td>
<td>Cash and liquidity management</td>
<td>Support to SEPA implementation</td>
</tr>
<tr>
<td>Household products leader</td>
<td>Sweden</td>
<td>Home products</td>
<td>Treasury performance assessments</td>
<td>Assess treasury performance, including business case</td>
</tr>
<tr>
<td>European automotive leader</td>
<td>Germany</td>
<td>Automotive</td>
<td>Treasury technology</td>
<td>Support to implement SAP treasury</td>
</tr>
<tr>
<td>Retail</td>
<td>United Kingdom</td>
<td>Retail</td>
<td>Organization and governance</td>
<td>Perform a treasury organization assessment</td>
</tr>
<tr>
<td>Central Bank</td>
<td>North Africa</td>
<td>Bank</td>
<td>Treasury technology</td>
<td>Assist in implementing a treasury or trading management system</td>
</tr>
<tr>
<td>Pharmaceutical leader</td>
<td>Belgium</td>
<td>Pharmaceutical</td>
<td>Cash and liquidity management</td>
<td>Support in redesigning cash and liquidity processes</td>
</tr>
<tr>
<td>Worldwide chemical player</td>
<td>France/Global</td>
<td>Chemical</td>
<td>Organization and governance</td>
<td>Implement a central treasury organization</td>
</tr>
<tr>
<td>Worldwide US conglomerate</td>
<td>US/Belgium/Global</td>
<td>Automotive</td>
<td>Organization and governance</td>
<td>Design a business case to implement a payment factory</td>
</tr>
<tr>
<td>Commodity trader</td>
<td>Switzerland</td>
<td>Trading</td>
<td>Treasury technology</td>
<td>Review TMS implementation</td>
</tr>
<tr>
<td>Largest sovereign fund</td>
<td>Middle East</td>
<td>Equity and real estate fund</td>
<td>Treasury technology</td>
<td>Design and implement middle- and back-office processes. Implement SWIFT to the real estate business Line</td>
</tr>
</tbody>
</table>
Financial Accounting Advisory Services
contact – EMEIA

Olivier Drion
EMEIA Treasury Services Leader
+ 33 1 4693 79 14
olivier.drion@fr.ey.com
About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2013 EYGM Limited.
All Rights Reserved.

EYG no. AU1795
EMEIA Marketing Agency
1000307
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.