

# **Fact sheet Legal Entity Management (LEM)**

***“LEM as part of an information ecosystem”***



## The importance of overview and insight

Companies need insight into their own legal and functional organisation. That may sound presumptuous, and many organizations would deny that this insight is lacking. Yet the practice shows otherwise.

### Legal realities

Companies work with different legal realities for various purposes. For example, financial reporting requires consolidated figures from entities (holding and operating companies). For tax purposes, a company requires fiscal unities. A credit complex with bodies takes out loans. Data protection concerns processors and sub-processors of personal data.

The functional organisation of an entity consists of organisational units, which in turn include departments and eventually roles. The leadership of an organisation links employees to the roles with competencies. Depending on the business activities, this legal and functional organisation regularly changes.

### Insight into the legal and functional organisation

Companies want to work together and do business with individuals and other companies. Partners require insight into each other's legal and functional organisation and will agree on exchanging data of the mutual organisational situation. Individuals control their data (persons have a robust legal footing). Companies manage their company data (companies will protect their intellectual property). If a company wishes to exercise control over the company and personal data, a company will always have to make agreements with persons.

### Limit unnecessary work

As a result of the above discussed, a company will conclude consent arrangements with all relevant persons about the processing of their data before it can use the data itself. The consent agreements, separate or included in other contracts, include a description of the purpose of the data processing, the level of protection, what to do in the event of

incidents and data breaches, and comply and demonstrate compliance with the legal and contractual obligations. If the company processes the personal data further in the supply chain, the consent agreements have to be reflected in the arrangements with the partners.

All these bilateral agreements between companies and individuals, and companies among themselves cause a wave of operational work. [MYOBI](#), a trusted third party (TTP), facilitates companies to keep this wave of work within control and manageable.

## MYOBI Trusted Network

MYOBI organises a trusted network for companies and individuals as indicated in the TTP policy, the rules of engagement for users of the trusted network. A company builds and maintains its own information ecosystem with the help of consent agreements on the trusted network.

MYOBI provides:

- Encryption, electronic signature and notary and broker function;
- [Standardisation Board](#), **SB**. Based on relevant legislation and good practices, the SB maintains a set of data definitions that apply to the trusted network. By storing data in "a structured, common and machine-readable form", a condition is met to comply with the legal obligation of data portability;
- [Legal Entity Management \(LEM\)](#) as part of the information ecosystem;
- Accountability process. The company can use a method to organise and demonstrate accountability for compliance with the TTP Code of Conduct GDPR in a life cycle. This Code of Conduct was drawn up by the MYOBI User Association and submitted to the Dutch Data Protection Authority (AP);
- [Accountability Board](#), **AB**. The AB ensures that users of the MYOBI Trusted Network comply with the TTP Code of Conduct GDPR; and
- Practical tools aimed at organizing data protection and information security.

## Limiting administrative burdens by means of an information ecosystem

The MYOBI Trusted Network provides companies with a platform to maintain their own information ecosystem with partners (customers, employees and suppliers). Users of the platform comply with the TTP policy, and with this MYOBI removes a lot of administrative burdens. With the help of consent agreements, individuals and companies take control of their data.

The MYOBI Trusted Network provides more. A company can derive from the Trusted Network more certainty about the reliability of the company and personal data of partners in the information ecosystem. Persons will be more willing to share their data, which will help the company to connect better with target groups. Companies have more certainty that company data will remain confidential and company secrets safeguarded. Business processes are more productive, and the business can meet the usual legal and contractual accountability with less effort.

## Legal Entity Management (LEM)

The LEM as part of the information ecosystem is an effective tool to manage and then share its own company data with partners.

### Internal application areas of LEM

We mention several internal areas of application:

- Managing entities and interconnection (insight corporate family);
- Entity reduction and reducing relationships (cutting unnecessary costs);
- LEM as a foundation for:
  - Organizing good governance;
  - Assessing legal risks of business activities; and
  - Assessing compliance risks;
- Building management information from your own organisation.

### External application areas of LEM

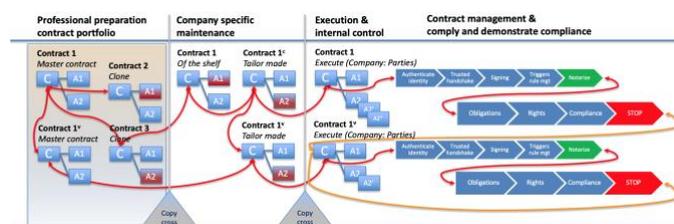
Several (external) areas of application in which the company and the partner have made consent agreements are:

- Investigate the organisation of partners;
- LEM as a foundation for:
  - Due diligence investigations in general;
  - "Know your employee" investigations;
  - "Know your customer" investigations;
  - Supplier management;
- Management information about partners.

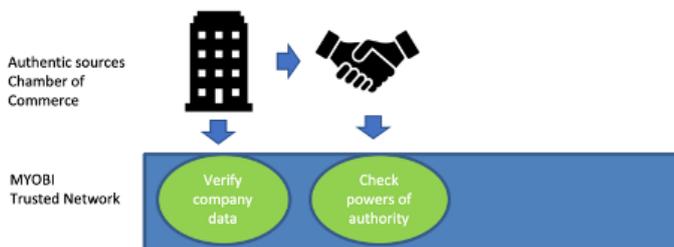
### How can the information ecosystem including LEM be used?

The use of the information ecosystem, in which the LEM is included, can be concretely outlined using an example:

As part of a contract lifecycle, execute a contract process.



(1) Your company wishes to buy a service from a service provider. The service meets your specifications, and you want a three-year contract. You use your LEM to authenticate the identity of the company and the representative. For some business activities, there is a legal obligation to carry out investigations. In order to take this step, the company asks the service provider to authenticate itself to MYOBI: the service provider authenticates itself based upon authentic business data. MYOBI has access to the company data in the Trade Register of the Chambers of Commerce and verifies whether the representative of the service provider is authorized. MYOBI then links the information ecosystem and the representative of the service provider.



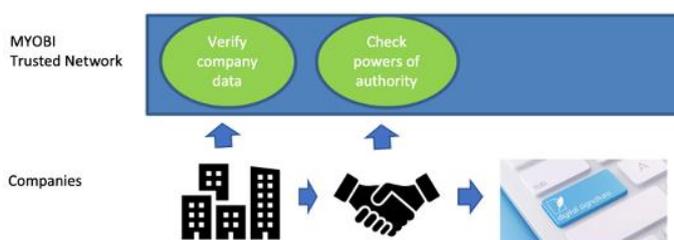
## In short

For effective business operations, a reliable LEM, as part of an information ecosystem, is necessary. LEM, as part of MYOBI Trusted Network, makes processes simpler and more reliable. Experience shows that there is an attractive business case for companies that apply LEM.

(2) The service provider has an information ecosystem and manages its own legal and functional organisation and complements company and personal data where necessary. Under a consent agreement, the company and the service provider share each other's data.

(3) The company uses smart contracting, and the business coordinator (BC) of the purchasing department starts a contract process. The BC invites the BC of the service provider and adds the necessary contracts from the contract portfolio to the contract process. The negotiation process takes place.

(4) The parties indicate that the contracts can be signed, and the BC's invite the signoffs. The contracts are signed digitally and MYOBI notaries the contracts and deposits them accessible to partners of the contract process only.



(5) Next, the responsible BC of the company starts the contract management process by inviting the BC of the service provider into the contract management process. The BC's manage the obligations of contract management and are accountable to each other on compliance with the commitments entered into.

The MYOBI Trusted Network, and in particular the information eco-system and LEM, are the foundation for an effective and cost-effective legal operation.

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