



To the Executive and Supervisory Board of the Public Interest Entities' Audit Firms

The Hague, 11 October 2023

Ref: B23.19

Subject: Eumedion Audit Firm Letter 2024

Dear executive and supervisory directors,

Ahead of the 2024 AGM Season, Eumedion would like to take the opportunity to highlight the significance of the revised NBA Practice Note 1118 'The position of the external auditor in the general meeting'¹ ('Practice Note') for institutional investors. Eumedion fully supports this Practice Note and expects that its diligent application will lead to a better understanding of what your audit entails and what your key findings were to investors, including those investors who are not present at the shareholders' meeting. We also expect the Practice Note to facilitate a more meaningful dialogue between the company and its external auditor and its shareholders. In that sense, the Practice Note perfectly aligns with the role of the external auditor as the guardian of public trust.

In accordance with the Practice Note, Eumedion expects external auditors to provide shareholders with supportive context and details on its audit and key findings during the shareholders' meeting and demonstrate a constructive stance towards addressing any follow-up questions from shareholders in the shareholders' meeting, and in special circumstances, also outside the meeting.

However, our evaluation of the voluntary first-time adoption of the Practice Note in the 2023 AGM season showed that investor expectations were not yet met²:

¹ <https://www.nba.nl/siteassets/wet--en-regelgeving/nba-handreikingen/1118/nba-handreiking-1118-definitief-20230227.pdf>

² <https://www.eumedion.nl/clientdata/215/media/clientimages/Evaluation-AGM-season-2023.pdf?v=230830140924>, page 11.

1. Lack of increased informational value: the revised Practice Note aimed to enhance the informational value of the external auditor's presentation. However, the review reveals that the communications have not materially improved in this aspect.
2. Limited disclosure: not all presentations by external auditors are made public by the companies, which limits shareholders' ability to scrutinise the external auditor's findings and activities.
3. Inconsistency across firms: the quality and extent of disclosures vary among different audit firms. For instance, some external auditors' presentations were very limited and did not follow the extra informational guidelines set out in the Practice Note.
4. Selective topic focus: despite the Practice Note encouraging a broad range of topics to be covered (from key audit matters to cyber risks and sustainability), the presentations were not uniformly comprehensive.
5. Timing of publication: the review suggests that there is an expectation that presentations should ideally be published ahead of the shareholders' meeting to allow for adequate shareholder preparation and engagement, which is currently not the practice.

We therefore urge you to publicly commit to implementing the Practice Note to the best of your ability and, if necessary, set effective safeguards for the proper application of this Practice Note in your future engagement letters with listed companies.

Please be informed that a similar letter was sent to the other audit firms that are involved in the audit of the annual accounts of Dutch listed companies; a copy of this letter was sent to the Royal Netherlands Institute of Chartered Accountants (NBA); and we informed Dutch listed companies of this call and requested them to facilitate the publication of your entire presentation on the corporate website.

We are available should you require further clarification.

Yours faithfully,

Rients Abma

Executive Director

Zuid Hollandlaan 7

2596 AL DEN HAAG