

B&S

Q&A EGM 2023



1. Who will serve as the signing partner (lead audit partner)?

Lead Audit partner Luxembourg: Thierry Ravasio
Lead Audit partner Netherlands: Roland Smeets

2. Which audit firms participated in the tender process?

The tender participants were amongst the audit firms licensed to perform audits for listed companies in the Netherlands.

We have had meetings to discuss the tender with KPMG, PWC, Mazars and BDO. From these meetings, a short-list of two potential bidders, KPMG and Mazars, followed which received our RFP and took part in the tender process.

3. What is the Company's view on the reason for which more audit firms have not expressed a willingness to do the statutory audit?

Kindly note that the capacity of the audit firms is limited. Listed firms in the Netherlands have the possibility to request the audit services of KPMG, PWC, EY, Deloitte, Mazars, BDO and recently also from CFA. If an audit firm already provides non assurance services to a client, that firm is not allowed to provide audit services and as such cannot participate in such a tender request. The audit firms (in the Netherlands) have limited capacity. Qualifying audit firms were approached, except for Deloitte, EY and CFA.

4. Which audit firm came out of the tender process as runner-up (which B&S refers to as 'other bidder')?

The other candidate recommended by the Audit and Risk Committee of the company (ARC) in accordance with Article 16 of the EU Audit Regulation (537/2014) was Mazars. After performing an evaluation on the basis of the criteria set ahead of the tender process, including experience, expertise, audit timing, fee, content of proposals, and others, as duly documented, the ARC expressed a preference that the company appoint KPMG over Mazars. The Supervisory Board of the company followed the expressed preference of the ARC and made the corresponding proposal to the GM in accordance with the EU Audit Regulation (537/2014).

5. Why did B&S not put two audit firms (the preferred candidate as well as the runner-up) on the agenda for appointment at the EGM?

The B&S Selection Committee established the criteria for the bidders and evaluated the proposals received, after which the ARC made a recommendation based on the scores. Overall KPMG scored better compared to the other bidder.

In accordance with Art. 16 of the EU Audit Regulation the SB gave a short report to the EGM on the selection procedure and outcome. B&S is not required to formulate two alternative proposals in the convening notice as long as the procedure followed for the selection of the auditor is in line with the EU Audit Regulation.

In any event, shareholders are still free to make their choice on the audit proposal, since they are not obliged to follow the recommendation of the Supervisory Board when casting their votes.



6. Can the Supervisory Board - more specifically the Audit and Risk Committee - further explain how KPMG specifically distinguished itself on the aforementioned selection criteria of "audit team diversification, experience and quality," "audit timing 2023" and "content of the proposal presentation and possible answers to our question"?

The overall score for the selection criteria included in the RFP was in favor of KPMG, compared to Mazars.

Amongst others more detailed the evaluation was based on:

- Quality & Diversity of the proposed service team
- Audit approach on Substantive testing & control reliance;
 - Quality IT audit & IT reliance;
 - ESG;
 - Position Paper process;
 - Data driven & analytics approach;
 - Per condensed balance sheet and P&L line;
- Overview of audit planning including approach (data driven or process driven, milestones and timelines, division of hours between interim and year-end audit, communication structure/plan between audit firm and B&S)
- Use of IT technology and processes
- Group audit and central management of audit teams & communication

7. What is meant by the last selection criterion mentioned above, i.e. "content of the proposal presentation and possible answers to our question" and more specifically the passage "...possible answers to our question"?

The RFP process consisted of:

- (i) a proposal document of each tenderer;
- (ii) a presentation of each tenderer to the B&S selection committee to further substantiate and/or clarify the proposal.

Part of the presentation was a Q&A based on which members of the B&S selection committee could raise questions to the tenderer.

8. Did the selection in any way consider and anticipate the audit risk arising from a dominant major shareholder and 'related party transactions'? If so, how can KPMG ensure that independence is restored and the auditor is not in any way formally or informally bound by aspects that were considered in its favor in the selection?

The selection process was carried out in compliance with the EU Audit Regulation (537/2014) and these matters were raised in discussions with KPMG, the contents of which are confidential. As is known, B&S Group itself is already taking appropriate measures regarding the independence of the



major shareholder and strengthening its compliance framework in recent months. KPMG will be able to do its work independently as required by law.

The following questions were addressed by shareholders to KPMG, whereas, in line with the convening notice, questions on items of the agenda should have been addressed to the Company's management. With the aim of fostering a productive interaction with shareholders, the answers to the following questions have been provided by the management of B&S following discussions with KPMG.

9. Why did B&S not put two audit firms (the preferred candidate as well as the runner-up) on the agenda for appointment at the EGM?

Please refer to the answer to question 5 above.

10. KPMG was recently selected by the Audit and Risk Committee and nominated for appointment as an external auditor. Deloitte's audit assignment had already ended at that time. This implies that there is no regular transition process. For example, KPMG was unable to shadow former auditor Deloitte during the audit of the financial statements for the financial year 2022. Does KPMG see this as a limitation in the context of the transition and the associated collegial consultation?

The Company does not see this as a limitation although KPMG prefers to shadow the former auditor in his last audit year. KPMG will perform an audit transition process. As part of this process, KPMG has been and will be in contact with Deloitte. The management of B&S has provided KPMG with the 2022 reports from Deloitte.

11. What initiatives has KPMG taken to ensure an adequate transition process?

As part of the transition process KPMG has or will perform amongst others the following procedures:

- Inquiries from management
- Inquiries from Deloitte
- Review of publicly available information
- File review at Deloitte, which is to be performed after AGM decision

12. Has KPMG still had discussions with Deloitte, and what special points of attention for the upcoming statutory audit has this led to?

KPMG and Deloitte had a meeting to discuss the main topics of the audit. Based on this meeting KPMG expects that they also will include a Key Audit Matters with relation to "related parties" next to "goodwill impairment testing". However, the planning process and audit will only be executed after their appointment, so it is possible that additional Key Audit Matters will be identified.



13. How did KPMG inform itself of the [internal] state of affairs during 2022 regarding the indicative offer of major shareholder Sarabel S.à r.l. that resulted in the resignation of the Chairman of the Supervisory Board and was also the basis for the immediately subsequent departure of a fellow supervisory board member, which influenced the controlled business operations and adequate governance?

KPMG has noticed that this issue was disclosed in the financial statements of 2022. KPMG has discussed this matter with management as part of the client acceptance process.

14. Has KPMG ascertained the exact circumstances that led to the departure of Deloitte as external auditor after completion of the audit assignment for the financial year 2022?

As part of their client acceptance process KPMG has discussed this matter with Deloitte, who informed them that they have reported all issues to those charged with governance. KPMG has also read the report related to the 2022 audit.

15. How has KPMG been informed of the developments surrounding the 2022 annual accounts audit, including the postponement of the annual results and annual report, the internal governance review, the resignation of the CEO and the departure of the Vice-Chairman of the Supervisory Board?

KPMG has discussed these developments both with management as well as with Deloitte as part of the client acceptance process.

16. Has KPMG reviewed the internal governance [review of control framework and governance practices]? Did this investigation prompt KPMG to seek further information from officials of B&S and/or former auditor Deloitte and/or any other parties involved in this review?

KPMG has discussed the internal governance with management as part of the client acceptance process. They have not tested or reviewed this, but it will be part of the audit.

17. Can KPMG explain in more detail how it has set up the risk assessment process and how the results have been translated into a concrete audit plan and audit work?

KPMG has performed their client acceptance procedures. After their appointment by the GM they will execute their audit, and perform their risk management and issue their audit plan. KPMG has planned to perform these procedures by the end of August/beginning of September.

18. What measures does KPMG intend to take during the audit to adequately address the specific risks and circumstances at B&S, in particular in light of the recent incidents in governance and internal control at B&S?

KPMG has determined that related party transactions are a Key Audit Matter, and will perform detailed procedures -similar to Deloitte- in relation to this Key Audit Matter.



19. Can KPMG explain how it has formed a substantive opinion on the statutory audits carried out by Deloitte for the financial years 2020, 2021 and 2022?

KPMG has not performed a file review of the audit files of Deloitte yet. It is customary that this is done after their appointment. Furthermore, KPMG will only perform a file review on the 2022 audit files of Deloitte.

20. Has KPMG received from Deloitte all [accounting] position papers and memos, early warning reports, management letters and audit reports?

KPMG has received certain position papers and 2022 report of Deloitte from the management of B&S as part of the proposal process. KPMG will perform a file review after their appointment during which KPMG will be able to review these documents. It is not customary that audit firms provide these documents to each other.

21. Has KPMG received the complete audit files from Deloitte?

Audit files are never shared between audit firms, but Deloitte has confirmed that KPMG can perform a file review of their files after their appointment.

22. Has KPMG always received all requested documents from Deloitte?

Deloitte confirmed that they verbally shared all relevant information in relation to the acceptance of the 2023 audit.

23. Has the acceptance of the audit assignment been submitted to the board of KPMG Netherlands or has the internal coordination only been limited to Luxembourg?

A client acceptance process was performed jointly by KPMG Luxembourg and KPMG the Netherlands, as several statutory audits of group companies have to be performed as well in the Netherlands.

24. We assume that KPMG has carried out an IFRS desktop review of the B&S financial statements 2020, 2021 and 2022 with its own IFRS specialists. What were the conclusions of this review? Has KPMG identified areas for improvement and made recommendations to B&S? If so, which ones.

KPMG has performed their regular client acceptance process and has reviewed the B&S F/S 2022. After appointment KPMG will, as part of their audit, review the F/S in more detail and include in their first impression report or ML any observation and/or recommendations.

25. What is KPMG's opinion on the assumptions and estimates used by B&S - and approved by Deloitte - in the latest financial statements?

KPMG does not have an opinion yet on the assumptions and estimates used by B&S as they have not performed any audit procedures yet.



26. Can KPMG share with shareholders what the audit plan for the statutory audit for financial year 2023 looks like and explain the audit approach?

As KPMG has not finalised their audit plan yet, we cannot share that. KPMG will report regarding the Key Audit Matters in their audit opinion in due time, and is happy to take your questions then.

27. What guarantees has KPMG requested to prevent the risk of improper breach of the controlled business operations and compliance with laws and regulations by the dominant major shareholder, both directly [own projects/influence] and indirectly [via the short line with the statutory board or Chairman of the Supervisory Board]?

Ensuring general compliance of the company with applicable laws and regulations is the duty of the management as per the law – KPMG has not requested any additional guarantees in relation thereto.

