

GBL

Request for Proposal (“RFP”)

Group Auditor

1. INTRODUCTION

A. About GBL

Groupe Bruxelles Lambert (“GBL”) is an established investment holding company, with over sixty years of stock exchange listing, a net asset value of EUR 19 billion and a market capitalisation of EUR 14 billion at the end of September 2019. GBL is a leading investor in Europe, focused on long-term value creation and relying on a stable and supportive family shareholder base. GBL strives to maintain a diversified high-quality portfolio composed of global companies, leaders in their sector, in which it can contribute to value creation by being an active professional investor. GBL seeks to provide attractive returns to its shareholders through a combination of a sustainable dividend and growth in its net asset value.

For more information, please refer to www.gbl.be and to the 2018 annual report published by GBL (the “Annual Report”).

B. Introduction to the audit tender process

GBL is running a formal process to invite proposals from audit firms to act as GBL auditor. Such candidates are expected to have the proven experience and organization to provide quality audit services to GBL group and its legal entities on a global scope and using consistent and best-in-class audit practices.

The objective of the RFP process is to appoint a group audit firm that will take up the GBL group audit engagement covering the three years starting with the audit of the financial year 2021 (accounting year = calendar year) and ending with the audit of the financial year 2023.

The aim is to receive the candidates’ audit proposal covering the following scope:

- audit of GBL SA/NV statutory and consolidated financial statements; and
- audit of legal entities wholly-owned by Groupe Bruxelles Lambert¹ (the “Principal Subsidiaries”).

A description of our organization, the requested services, and other pertinent information is provided in the below paragraphs and in a data room.

A detailed list of internal assessment and selection criteria will be used to guide the selection process in a structured and efficient way. Key selection criteria will include:

- Understanding of GBL particularities and related accounting concepts;
- Ability to meet the requirements of GBL as an European listed holding;
- Fulfillment of management’s expectations of a pro-active, pragmatic, responsive and reliable partner and team demonstrating relevant expertise;
- Ease of interaction and cultural fit;
- Organizational capabilities including both efficient and effective internal processes locally and within the international network;
- Independence;
- Pricing and fee consciousness;
- Quality and relevance of the audit approach;

¹ As of December 31 2019: 12 entities in Belgium, 14 entities in Luxembourg, 2 entities in United Kingdom, 1 entity in France, 1 entity in Ireland and 1 entity in the Netherlands

- Ability to deliver a smooth and efficient transition and handover with the current auditor (“transition phase”);
- Added value to GBL through constructive interaction with management, amongst others by sharing audit and accounting related expertise and relevant best practices;
- Degree to which a candidate is prepared to integrate process improvement identification and feedback into their audit approach.

2. AUDIT TENDER APPROACH

A. Governance of the Audit Tender Process

The audit tender process will be governed as set out below:

- The overall process ownership and supervision lies with GBL Audit Committee that is responsible for making a recommendation to the Board of Directors as to the preferred new group auditor out of a minimum of two candidate firms pursuant the competitive tender process.
- Xavier Likin (CFO) and Céline Loi (Group Controller) will take care of the overall coordination and organization of the audit tender process and will make recommendations to GBL CEO and to the Audit Committee.

Each candidate is to ensure full process confidentiality and ensure that all contacts and requests are channeled through Xavier Likin and Céline Loi. Candidate representatives should refrain from contacting GBL employees other than Xavier Likin and Céline Loi without their prior approval, this to safeguard process confidentiality and to minimize business disruption.

B. Scope of Services Requested

The proposal is expected to cover at least the following integrated audit services and related deliverables:

- Annual audit and Half Year interim audit of the GBL SA/NV consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal et regulatory requirements applicable in Belgium for the years 2021, 2022 and 2023, including review of annual report and press releases;
- Annual audit of the statutory accounts of the group’s parent company GBL SA/NV in accordance with accounting standards applicable in Belgium (including all other statutory obligations if any) for the years 2021, 2022 and 2023;
- Annual audit of the statutory accounts of the Principal Subsidiaries in accordance with accounting standards applicable locally (including all other statutory obligations if any) for the years 2021, 2022 and 2023²;
- Quarterly review of group internal consolidated packages based on instructions received from the auditors of Pargesa Holding SA;
- Management letters containing relevant comments and recommendations with respect to the efficiency of the internal control processes at group level and entity level;
- Reporting to the Audit Committee (currently the Audit Committee typically meets four times per year in March, May, July and November).

² Effective start date of audit mandates is subject to the actual end-date of current audit mandates

C. GBL Selection Criteria

Evaluation undertaken by decision makers will be based on a number of inputs into the Audit Tender process: the written RFP responses, interactions in the meetings with the candidates, and the final presentations by the candidates to (i) Xavier Likin (CFO) and Céline Loi (Group Controller) and (ii) members of the Audit Committee.

To ensure a fair and competitive tender, all candidates will be assessed using a number of pre-defined standard criteria to enable comparability.

Our selection criteria include:

- the level of demonstrated technical expertise and committed qualified resources;
- the organizational capabilities including both efficient and effective internal processes;
- the efficiency of the communication and coordination within the international network;
- the ability to meet the requirements of GBL as an European listed holding;
- the capacity to provide availability and timely responsiveness throughout the year to give advice and guidance on accounting treatment under IFRS and/or local GAAP for specific transactions, financial accounting and reporting matters, transition to new upcoming accounting and audit standards, internal controls and on ad hoc events;
- the readiness to build transparent, clear and regular communication flows in order to ensure to cover and follow up adequately audit matters and to provide constructive interaction with management;
- the required independence;
- the competitiveness of fees;
- the willingness to invest in understanding the specifics of GBL's business and its characteristics and the ability to customize and incorporate those into the audit approach;
- the quality and relevance of the proposed audit approach including efforts and initiatives to ensure and increase the efficiency of the audit process;
- the expected scope of audit / limited review regarding consolidated participations (consolidated entities (other than the Principal Subsidiaries) and associates) including:
 - the minimum coverage required in order to address adequately key audit matters and, hence, to obtain sufficient audit assurance on GBL SA/NV consolidated financial statements;
 - the expected audit procedures planned for each of the years 2021, 2022 and 2023 to reach a minimum level of comfort, taking into account current audit mandates and legal obligations;
- the ability to deliver a smooth and efficient transition and handover with the current auditor ("transition phase");
- the degree to which a candidate is prepared to integrate process improvement identification and feedback into their audit approach;
- the possibilities given to the GBL team regarding complementary access to the candidate's network, seminars, etc.

D. Transition Year and Relationship with Current Auditor

Deloitte currently serves as GBL group auditor. Following the tender process (and subject to the decision of the Board of Directors) a new group audit firm will be proposed for nomination by the GBL shareholders at its Annual General Meeting in April 2021 with its three year mandate starting with the audit of the financial year 2021.

As such, GBL intends to use the year 2020 as a transition year during which Deloitte is expected to remain sole group auditor but with the newly appointed group auditor acting in a pro-active observer role (participating in meetings, etc.), preparing for and investing in a smooth mandate transition in view of the mandate succession in 2021. For the avoidance of doubt, as part of this investment, no fees are expected to be charged during such transition year by the newly appointed group auditor.

3. PROCESS PROVISIONS

The candidates must submit their tender in accordance with the instructions in this RFP. GBL reserves the right to select the firm it deems qualified and to terminate the participation of any of the candidates from the process at any time without incurring any liability.

Any information provided by the tenderer shall not oblige GBL to contract with the tenderer, now or in the future. In no event will GBL be responsible for the candidate's expenses or costs in relation to this RFP (including documentation, telephone calls, expenses, etc).

It is the obligation of the candidate to review the specifics of this RFP and to check for any conflicts of interest. If you believe a conflict exists, please notify GBL immediately. GBL reserves the right to disqualify any candidate from the RFP process if it is deemed that this has not been appropriately completed.

GBL has a strong commitment to maintain appropriate relationships with our suppliers, through clear communications, strong partnerships and fair compensation. In line with and to maintain our values of integrity and transparency, no gifts, hospitality, entertainment or anything of value will be extended to the Audit Tender decision makers and evaluators by anyone representing a bidding candidate.

A. Expected Content of the Written Proposal

A.1. Written Proposal

To simplify the evaluation process and obtain maximum comparability, the written proposals to the RFP must be organized in the manner and format described below:

- **Executive summary**
Describe your understanding of the work to be performed and your firm's ability to perform the work within the time frame provided.
- **Differentiation**
Describe how and why your firm is different from other firms being considered. This should include an explanation of the firm's philosophy, size, structure, and qualifications with serving organizations with a comparable size and operations as GBL which are active in similar industry sectors. Please elaborate on your firm's added value for complementary services such as Accounting/IFRS advice, etc. Also specify your decision making process and the relevant decision makers in relation to material audit topics (including those that bear relevance for your firm's global position on such matters).
- **Team Qualifications**
Identify for as well the lead team as the component teams the specific partners, key managers, and other relevant in-charge staff who would be assigned to this engagement, including technical experts who should be implicated on the assignment . Provide their CVs specifying relevant experience to the type of services requested.

- **Understanding of GBL's business**
Provide an assessment of your understanding of GBL needs and challenges, your risk assessment and how your firm proposes to meet these needs and what benefits that will bring to GBL.
- **Audit Approach**
Provide a description of the scope of the audit, features and outputs, timing and coordination and materiality levels.
Include a description of the internal processes of your organization and demonstrate the efficient coordination in your international network.
- **Communication**
Elaborate on the communication process used by your firm to discuss audit matters with management, Audit Committee and the Board including a description of the firm's approach to resolving material accounting and financial reporting findings.
- **Independence**
Please demonstrate your firm's independence with respect to GBL and confirm explicitly the absence of conflicts of interest or conflicts as defined in the relevant legislation and regulations.
- **Fees**
Please provide us with a competitive fee quote (excluding out-of-pocket expenses).
The use of the template documents included in the data room is mandatory to present your audit fee proposal.
Your integrated fee should cover all audit work necessary to provide an opinion on the statutory accounts of GBL in Belgium, the consolidated financial statements of GBL group and, where required, the statutory financial statements of the subsidiaries. We will not accept any cost overrun charges except for material scope changes in the consolidation perimeter which would be discussed and agreed with management and the Audit Committee upfront.
Provide expected out-of-pocket expenses if any and noting that out-of-pocket expenses should be reasonable and be discussed towards expectations upfront.
- **Special topics / Additional Information/ Technical advise**
Include practical guidance and elaborate on your practice and fee approach (if any) on how to handle requests for technical advice on a.o. IFRS, material and/or complex transactions.
- **Presentation for Audit Committee**
Prepare a summarized presentation and conclusions expected to be presented to the Audit Committee.

B. Acknowledgment of Receipt

Please notify Xavier Likin via email of your intention to participate in this process by using the template of the attached acceptance letter ([Appendix 1](#)).

Xavier Likin

CFO

Tel.: +32-2-289.17.72

Mobile: +32-475.26.68.84

Mailto: xlikin@gbt.be

The bidder will provide GBL with a single point of contact (name, job title, telephone number and e-mail address, as well as the same details of a back-up person).

By accepting to take part in this process, you agree to keep in confidence all information imparted to you by GBL during the process, not to disclose it to third parties, and not to use it for any other purpose than for participation in the proposal process. A separate non-disclosure agreement needs to be signed ([Appendix 2](#)). Likewise, all materials contained within your response will be treated confidentially. The information will, however, be made available to our project team members to assist in the evaluation process.

C. Completing and Submitting the Proposal

In order to validly submit your RFP proposal, please provide the following response documents:

- Your written proposal.
- Your draft letter of engagement for the group scope audit assignment.

Your proposal must be received by GBL before
3 April 2020

We may opt not to consider your proposal if not delivered in due time or in another format than requested.

Electronic versions should be sent via email to Xavier Likin (xlikin@gbl.be) and Céline Loi (cloi@gbl.be).

Further, please deliver 5 hard copies to the following address: GBL, CFO, Xavier Likin, avenue Marnix 24, 1000 Brussels.

D. Pre-RFP submittal management meetings and post-RFP submittal presentation meetings

In order to allow you to prepare your proposals you will be invited to one or more management information sessions with GBL management. These sessions will be held with your lead team and with your component colleagues if relevant. Such sessions should allow to address relevant questions you identified in your preparation. As GBL is a listed company, we kindly refer you to the information that was already made public to address your general questions on GBL's businesses, strategy, etc. (e.g. press releases, website, IR presentations, etc.). We will inform you of the timing and the modalities of these management meetings in due course but meanwhile kindly invite you to provide us as soon as possible with a list of selected topics you consider material to your preparation of the RFP.

Conversely and subsequent to your RFP proposal submission, you will be invited to present your submitted proposal in a presentation session, the timing of which and modalities will be shared with you as well in due time.

Based on the submitted proposals, Xavier Likin and Céline Loi will provide GBL CEO and Audit Committee with a comparative analysis and a recommendation. This may involve intermediate requests and exchanges to further clarify certain original bid elements.

E. Data Room Procedures

Other relevant but not public audit scoping information will be provided in a data room to assist your firm in developing your fee estimate and your written proposal. All questions and requests for additional information should be managed through the Q&A function of the data room application. On the Q&A you are not allowed to get in contact with GBL employees other than Xavier Likin and Céline Loi.

4. TIMING SUMMARY

Event	Due Date/Timing
Tender announcement on GBL internet and RFP opening	7 February 2020
Submission of written proposal (including presentation for the Audit Committee)	3 April 2020
Meetings with GBL management	6 April 2020 – 17 April 2020
Submission of the final presentation for the Audit Committee	08 May 2020
Presentations to GBL the Audit Committee	20 May 2020

The timing of the subsequent process steps will be communicated to the candidates in due time.

APPENDIX 1: Acknowledgment of Receipt

Groupe Bruxelles Lambert
For the attention of Xavier LIKIN
Avenue Marnix, 24
B-1000 BRUXELLES

Audit partner name: _____

Audit firm: _____

Audit firm address: _____

Date: _____

ACKNOWLEDGMENT OF RECEIPT

Dear M. Likin,

I am writing in relation to the recently received GBL Audit Tender Request for Proposal dated 7 February 2020.

As per your request, please accept this confirmation of _____ [Audit firm] intention to participate in the forthcoming GBL Audit Tender. Furthermore _____ [Audit firm] confirms that we are able to accept appointment as auditors for the years 2021, 2022 and 2023, should we prove successful in our bid.

I also confirm that _____ [Audit firm] will achieve independence in accordance with the timetable required and has the capability to meet the requirement as to geographic coverage.

For future communications with _____ [Audit firm] please contact the following:

Lead Partner

Name: _____

Title: _____

Contact Details: _____

Alternative contact

Name: _____

Title: _____

Contact Details: _____

Done on _____

Name:

Title:

APPENDIX 2: Non-disclosure agreement

Groupe Bruxelles Lambert
Avenue Marnix, 24
B-1000 BRUXELLES

For the attention of _____

As hereinafter referred to as the
“Recipient”

CONFIDENTIALITY UNDERTAKING

In connection with a potential services agreement to be executed (the **“Services”**), the Recipient will find below the terms and conditions regarding the Confidential Information (as defined below) to be provided to the Recipient by our company (the **“Company”**).

The Company will furnish to the Recipient information which is either non-public or confidential and which may be disclosed in written form, electronic form or orally. All the information relating to the Company and its group furnished to the Recipient on or after the date of this agreement is hereinafter referred to as the **“Confidential Information”**.

The Recipient agrees in particular:

- to treat the Confidential Information as being strictly confidential and to take all reasonable precautions to maintain its confidential and private status; and
- not to disclose at any time or otherwise make available to any third party any of the Confidential Information other than to those of its directors, officers and employees (the **“Representatives”**) who are required in the context of the Services to receive and consider the Confidential Information in order to help carry out the Services. Save as permitted herein, the Recipient shall direct the Representatives not to make any onward disclosure of the Confidential Information, and the Recipient shall be responsible to the Company if any Representative discloses the Confidential Information to any person to whom the Recipient would not be permitted to disclose Confidential Information under the terms of this paragraph.

The Recipient shall ensure that the members of its Representatives who have access to the Confidential Information shall be made aware of the terms set out in this agreement. Further, In any case, the Recipient shall, in every situation and circumstance, be liable for any breach of the duties or obligations arising under this agreement if the said breach is caused by any one or more of its Representatives

The foregoing shall not apply to any Confidential Information which is or becomes available (i) to the public or (ii) to the Recipient or its Representatives from a source which is not prohibited from disclosing such information by any obligation owed to the Company of which the Recipient may be reasonably aware or (iii) is already in the possession of the Recipient.

If the Recipient is required by law, regulation, judicial or governmental order, subpoena or other legal process to disclose any Confidential Information, the Recipient will provide the Company with prompt notice. The Recipient will upon request of the Company cooperate with the Company in its efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed.

All Confidential Information, together with any copies thereof, shall, upon the request of the Company, be returned to the Company or destroyed; provided, that all analyses, compilations, studies or other documents prepared by the Recipient or its Representatives constituting part of the Confidential Information shall be destroyed; and provided, further, that Recipient shall be permitted to retain all or any portion of the Confidential Information, in accordance with the confidentiality obligations specified in this agreement, to the extent required by applicable law or regulatory authority or the Recipient's internal compliance requirements; and provided, further, that Recipient shall be entitled to retain copies of any computer records and files containing any Confidential Information which have been created pursuant to its automatic electronic archiving and back-up procedures.

The Recipient acknowledges that all or part of the Confidential Information may constitute inside which is subject to restrictions as to its disclosures or use under applicable law and regulations governing insider trading and use of non-public information (including the EU Market Abuse Regulation (No.596/2014)).

Notwithstanding any event affecting this agreement, this agreement will remain in force until the earlier of (i) two years as from its signature date or (ii) the execution of a definitive written agreement by the parties in connection with the Services.

This agreement shall be governed by, and construed in accordance with, the laws of Belgium exclusively. Any dispute arising in connection with this agreement and which cannot be amicably settled shall be submitted to the courts and tribunals of Brussels.

Done on _____

Name: Priscilla Maters
Title: General Counsel

For agreement:

Name:
Title: