



RSM InterFinance & Governance GOVERNANCE NEWSLETTER N° 3

Practical rule for the procedure regarding the nomination and reelection of the external auditor and in order to guarantee the quality and transparency of the external audit

The Corporate Governance Commission has prepared, in the context of the developments at European level related to the strengthening of quality and transparency of audit, a practical rule related to the appointment of the auditor.

This rule is based on point 5.2/20 of the Belgian Code of Governance related to the procedure of appointment and reappointment of the auditor that stipulates that *“the audit committee submits to the Board a proposal on the selection, the appointment and reappointment of the external auditor, as well as on the condition of his nomination. The Board submits a proposal for approval to the shareholders”*.

Appointment of the auditor

In order to perform the selection of the auditor, the tender can be based on predefined selection criteria's such as criteria of economic and financial capacity, technical competence and include exclusion criteria's. Allotment criteria's can include hour budget, price...

To determine fees, article 134 of Belgian Company Code setting fixed fees should be applied.

Reappointment of the auditor

The Audit Committee evaluates the work performed by the auditor. If the evaluation is positive, the Board can propose to shareholders and to the worker's council, if applicable, to reappoint the auditor instead of launching a new tender. This evaluation by the Audit Committee will take place every 3 years.

The full text of the practical rule can be found on the website of the Commission Corporate Governance :

http://www.corporategovernancecommittee.be/fr/outils/regles_pratiques_auditeur_externe/ (FR)

or http://www.corporategovernancecommittee.be/nl/instrumenten/vuistregels_externe_auditor/ (NL)

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***Need advice or an answer to your questions ?
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