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Netherlands Authority for the Financial Markets (AFM)  
Attn.: the Board

Eindhoven, the Netherlands, 23 June 2017  
Our reference: AAC 17-021  
Re: BDO's feedback on AFM report on quality of PIE audit firms

Dear members of the Board,

BDO Audit & Assurance B.V. (BDO) has read the AFM report entitled 'Kwaliteit OOB-accountantsorganisaties onderzocht', a study of the quality of PIE audit firms. In dialogue with our Supervisory Board, we would like to take this opportunity to respond publicly to the outcome of the review of the implementation and anchoring of the change process.

We attach great value to the change process, both of the accountancy profession in general and of our own organisation in particular. We have made a flying start implementing the 53 measures described in the report entitled 'In het publiek belang' (In the public interest). And we are seeing the first fruits of our efforts to put in place these measures reflected in your findings.

Sometimes, the ambition to change extends beyond what the organisation can achieve. In this context, we recognise and acknowledge that, back in 2016, we were not ready to implement all measures in sufficient depth within a relatively short period of time. We appreciate your findings, the specific recommendations and best practices, and we have incorporated them into our change process. Clearly, we need to speed up the process and we will make this happen.

Our change process is in full swing. At the end of 2016, we initiated a large number of projects involving the change measures, particularly in the areas of control, conduct and culture. These projects are well under way and will take some time to complete. The effects of the change measures we have taken since December 2016 are not covered in your report.

One example would be 'BDO Horizon', a quality programme we have implemented with a view to creating a climate that allows our employees to deliver top quality anywhere and at any time. In this context, quality is interpreted in the broad sense of the word: services, organisation, people, processes and conduct.

Change takes time. That is why we are asking for more room to allow us to anchor the initiated changes in our organisation. We are firmly committed to enhancing our quality-oriented culture and organisation, and we have every confidence that we will succeed in our quality drive.

Yours faithfully,  
For BDO Audit & Assurance B.V.,

A.D. den Braber RA  
Chairman of the Management Board

J.H. Renckens RA  
Acting Head of Audit