

ANNUAL REPORT 2014 · 2015

CREATING

Y E A R

SHARED

B O O K

VALUE

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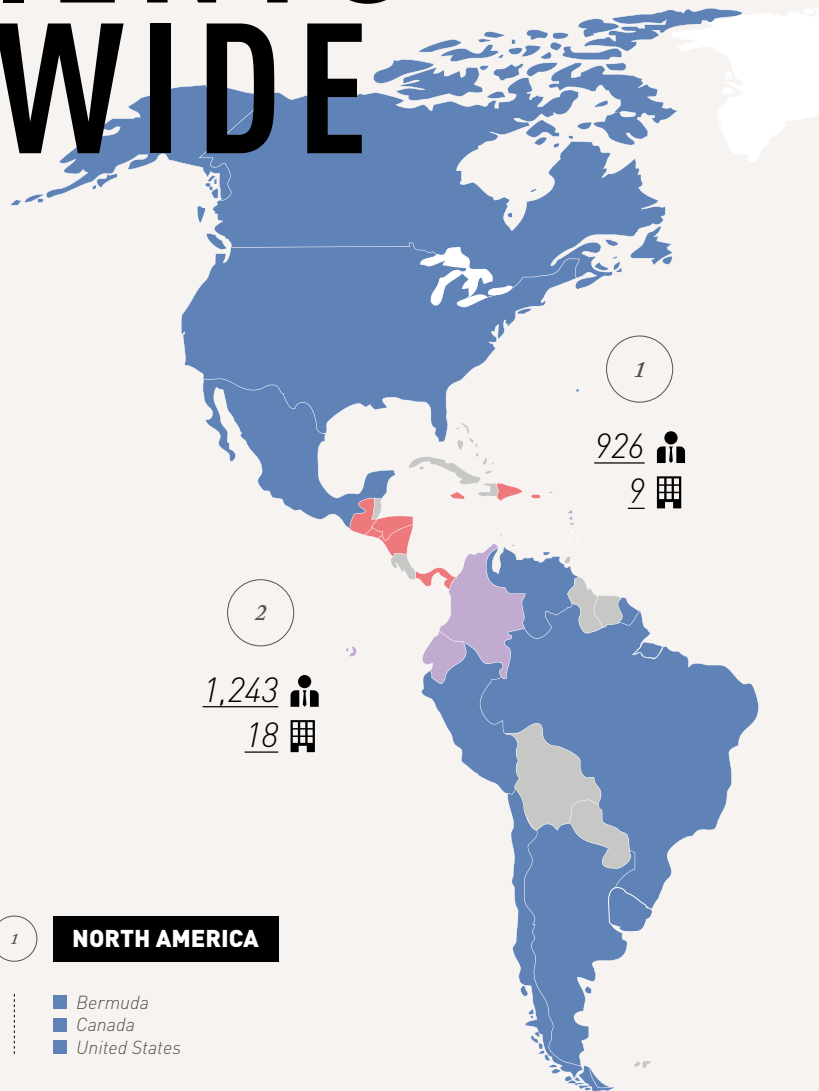
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SERVING OUR CLIENTS WORLDWIDE

We are constantly expanding our geographic coverage and strengthening our international teams to serve all our clients wherever they operate across the globe, without ever compromising on our standards of excellence.

GEOGRAPHIC COVERAGE AS OF AUGUST 31, 2015

For up-to-date information, please visit www.mazars.com/keydata



INTEGRATED COUNTRIES

NON-INTEGRATED COUNTRIES: MAZARS CORRESPONDENTS AND REPRESENTATIVE OFFICES

COUNTRIES COVERED VIA THE PRAXITY ALLIANCE

STAFF (FTE)

INTEGRATED OFFICES

1 NORTH AMERICA

- Bermuda
- Canada
- United States

2 LATIN AMERICA & THE CARIBBEAN

- | | |
|--------------------|-------------|
| Argentina | Honduras |
| Brazil | Jamaica |
| Cayman Islands | Mexico |
| Chile | Nicaragua |
| Colombia | Panama |
| Dominican Republic | Peru |
| Dutch West Indies | Puerto Rico |
| Ecuador | Uruguay |
| El Salvador | Venezuela |
| Guatemala | |



3 AFRICA

- | | | |
|----------------------------------|-------------|-----------------------|
| Algeria | Djibouti | Morocco |
| Angola | Ghana | Namibia |
| Benin | Ivory Coast | Nigeria |
| Botswana | Kenya | Republic of the Congo |
| Cameroon | Lesotho | Senegal |
| Cape Verde | Libya | South Africa |
| Chad | Madagascar | Tanzania |
| Comoros | Mauritius | Tunisia |
| Democratic Republic of the Congo | | Uganda |


4

8,726 
147 


5

2,071 
24 

6






































623 
12 

3

1,873 
37 

4

EUROPE

-  Albania
-  Austria
-  Belgium
-  Bosnia & Herzegovina
-  Channel Islands
-  Croatia
-  Cyprus
-  Czech Republic
-  Denmark
-  Estonia
-  Finland
-  France
-  Germany
-  Greece
-  Hungary
-  Iceland
-  Ireland
-  Italy
-  Latvia
-  Lithuania
-  Luxembourg
-  Malta
-  Netherlands
-  Norway
-  Poland
-  Portugal
-  Romania
-  Russia
-  Serbia
-  Slovakia
-  Slovenia
-  Spain
-  Sweden
-  Switzerland
-  Turkey
-  Ukraine
-  United Kingdom

5

ASIA PACIFIC

-  Australia
-  Azerbaijan
-  Bangladesh
-  China
-  Hong Kong
-  India
-  Indonesia
-  Japan
-  Kyrgyzstan
-  Malaysia
-  Myanmar
-  New Caledonia
-  New Zealand
-  Pakistan
-  Philippines
-  Singapore
-  South Korea
-  Sri Lanka
-  Taiwan
-  Thailand
-  Vietnam

6

MIDDLE EAST

-  Bahrain
-  Egypt
-  Israël
-  Jordan
-  Kuwait
-  Lebanon
-  Oman
-  Palestine
-  Qatar
-  Saudi Arabia
-  United Arab Emirates

ABOUT MAZARS

Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, advisory, tax and legal services.



1
PARTNERSHIP



800
PARTNERS



74
COUNTRIES



250
OFFICES



15,500
PROFESSIONALS

1.25 BN EURO REVENUE
+15.9% GROWTH

as compared to 2013-2014 –
including 3.9% exchange
rate impact



2005
5,700



2010
12,500



2015
15,500

Professionals in Mazars' global
integrated partnership

**AUDIT • ACCOUNTANCY • ADVISORY •
TAX • LAW**

As of 31 August 2015, Mazars and its correspondents operate throughout 92 countries. 74 of these countries are part of Mazars' integrated partnership and 18 are Mazars correspondents. Mazars draws upon the expertise of 15,500 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development. The Praxity Alliance offers Mazars operating capacity via professional teams in 21 additional countries.

www.mazars.com | www.linkedin.com/company/mazars | www.twitter.com/MazarsGroup

These figures are valid as of 31 August 2015.
For always up-to-date information, please visit www.mazars.com/keydata

ABOUT SHARED VALUE

We are experiencing a revolutionary era in which business engagement is becoming essential in addressing today's most complex global issues. In a 2011 groundbreaking article*, Michael E. Porter and Mark R. Kramer popularised the concept of 'Shared Value', paving the way for a new way of thinking in regard to the way businesses are creating value.

A GLOBAL TREND IN BUSINESS THINKING

The central idea behind the 'creating shared value' concept is the interdependency between the competitiveness of a company and the health of the communities to which it is connected. In the words of the authors, this new approach, that goes beyond the notion of 'Corporate Social Responsibility', can help 'reinvent capitalism and unleash a wave of innovation and growth'.

WHY IS MAZARS COMMITTED TO THIS CAUSE?

...BECAUSE IT IS AT THE CORE OF OUR IDENTITY.

Ethics and contributing to the common good have been major priorities throughout Mazars' long history. Integrity and responsibility have been part of Mazars' DNA since its creation; sharing is one of our four founding values (cf. 'Tribute to Robert Mazars', p. 10).

...BECAUSE IT IS IN LINE WITH THE VERY NATURE OF OUR BUSINESS ACTIVITY.

As auditors and advisors, we interact directly with key players in all sorts of industries. We are therefore uniquely positioned to understand

the trends affecting the whole economy, and to envision how an ecosystem approach can help businesses create value for all their stakeholders. Business For Good™ (p. 28) is our global initiative that encourages business leaders to 'think and act long-term' in order to enhance business performance and pursue profit responsibly for the mutual benefit of companies, their stakeholders and society at large.

...BECAUSE WE WANT TO KEEP ON IMPROVING OUR OWN MODEL.

Taking in consideration the needs, expectations and demands of all stakeholders is key to building a sustainable business model. It is a trend being fuelled by several initiatives that are gaining momentum in the business community, such as

'Shared value focuses companies on the right kind of profits – profits that create social benefits rather than diminish them.'

Creating Shared Value, Integrated Thinking and Integrated Reporting (cf. our Integrated Reporting Approach, p. 54).

...BECAUSE WE CAN HAVE AN IMPACT LOCALLY AND GLOBALLY.

Creating Shared Value brings concrete changes for the better in the communities where we do business and beyond. We want to be change agents for this movement. We want to reflect upon, question, weigh in on and help shape a better society.

This is only the beginning. There is much more work to be done.

* Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society. Harvard Business Review, Jan/Feb 2011, Vol. 89 Issue 1/2, p. 62-77 •



MAZARS. MORE THAN EVER

A FOREWORD, BY PHILIPPE
CASTAGNAC, CHAIRMAN
& CEO, MAZARS GROUP

|

Dear readers,

We have designed this Yearbook to be an enjoyable read. Each article can be read alone, but all are closely tied to the concept of Shared Value, which we attempt to illustrate in its many facets. Naturally, our annual report is a way to state who we are and where we stand, but we also think that it should contribute to a more global reflection on business and society, with exceptional contributors like Charles Handy. Let me walk you through it.

A GREAT LEGACY AND 20 REMARKABLE YEARS

over 70 years of continuous growth, including more than 15% in 2014-2015.

In 2015, Mazars also celebrates the 20th anniversary of its international partnership. This is no trivial milestone. 1995 was one of these moments of truth, when Mazars decided on an ambition: turning a mid-size local audit and accounting firm into an influential challenger with a global footprint.

We owe our history to a visionary founder, as well as to the unique set of leaders who came after him under the direction of Patrick de Cambourg. Today, I am honoured to head a team of seven leaders representing six different nationalities. Our mission is twofold: first, to protect and consolidate this unique model of partnership and adapt it to the new demands and disruptions of our markets. And second, to identify, attract and groom the next generation of leaders to whom we will pass on our robust portfolio of clients and activities as well as our strong values, all embedded into a simple yet demanding mission called stewardship.

WHAT IS MAZARS TODAY?

With around 800 international partners from 75 different nationalities, we claim our difference in a world made of partnerships of firms. We are a partnership of individuals, experts serving the variety of our markets and clients via our 250 offices around the world.

In the field of audit we build trust. In the field of advisory services, we add value. If one of our distinctive capabilities is to serve large listed companies, we have also built up over time sought after competencies in tax, legal, outsourcing and advisory services for clients of all sizes: mid-caps, SMEs and start-ups as well as global players.

Mazars is a young organisation, born way after its main competitors; a youthful organisation, with 53% of our staff under the age of 30; and a socially responsible organisation, with women making up 51% of our staff. We have succeeded in going international, which is why we have started our own training programme to help other mid-market businesses take on the same journey ('**Mittelstand Business School**', p.29).

We have experienced tremendous change and lived several lives already: growing in one country under the leadership of **Robert Mazars** (p.10), becoming an influential challenger in the profession (1983-1995), and establishing a worldwide presence (1995-2015). We are a smart alternative to the conventional offer. We are a multipolar, integrated organisation in a world of networks. This is our unconventional history (cf. '**Mazars, a sense of engagement**').

RESPONSIBLE BUSINESS MODEL AND STRATEGY

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Growing for the sake of growing is not a smart option. We are actively preparing the next chapter of our journey to be a better Mazars, not only a bigger Mazars (what Charles Handy calls

the **'Second Curve'**, p.12). We invest in teams and technologies to secure the next audit and advisory approach. We groom our next generation of leaders, connected to their peers from other great companies (**'The NextMBA'**, p.30), and we reaffirm what we believe is the essence of our profession: audit adds value to companies and their many stakeholders, and more generally contributes to a safer marketplace (**'The Audit Manifesto'**, p.16).

It is indeed our belief that, beyond technical excellence, our role as auditors and advisers is to help our clients build a better society (**'Business. For Good™'**, p.28) by addressing some of today's burning issues such as urban development (**'Future Cities'**, p.18), **tax transparency** (p.22), or reducing inequalities (**'Towards a more equal distribution of value'**, p.24).

Going beyond short-term performance and operations requires two complex and intricate capabilities, in which we have continuously invested: smart people and a strong innovation spirit (**'Start-ups, the innovation journey'**, p.38). We believe in open innovation, which leads us on the path to create rich ecosystems and pioneer new forms of cooperation (**'The future of work: a revolution in progress'**, p.34), just like our new initiative, the **#MazarsForGood** challenge (see p.40), piloted by our teams in Asia Pacific with a worldwide reach.

2014-2015

|

Over the past year, Mazars has confirmed its steady growth outlook. Our adjusted revenue has grown by more than 15%+ to €1.2 bn, including 6% organic growth. 2015 is also a year of unmatched external growth for Mazars, with major moves in key business destinations. We merged our German partnership with RoeeverBroennerSusat, tripling our workforce in the country (**'A common ambition'**, p.47); we successfully built a new team in Italy with exceptional and quick wins. Despite the uneven economic situation and political unrest in the world, Mazars has, once again in 2015, proven its robustness and its resilience in a quickly transforming industry.

|

THE FUTURE

2016 will be a year full of major developments for our international partnership, in Asia Pacific, in Europe and in Africa. Our continued organic growth, the addition of new capabilities both in terms of skills and geographic coverage will help us through several steps.

Mazars keeps growing, in a fast-evolving world. Our goal is to succeed in integrating new partners and new local cultures. We envision these steps with confidence and a strong belief in the strength of a partnership that stands united and true to its values.

Mazars has been able to adapt to an environment that is becoming more and more demanding; these past ten years of rapid growth are both the best testimony of our capacity to deal with our forthcoming challenges and the best encouragement to pursue our efforts. As always, we will do so in a way that is both well-conceived and ambitious •

30 JANUARY 1920 – 2 JULY 2015

ROBERT MAZARS: A TRIBUTE TO THE PIONEER

T R I B U T E

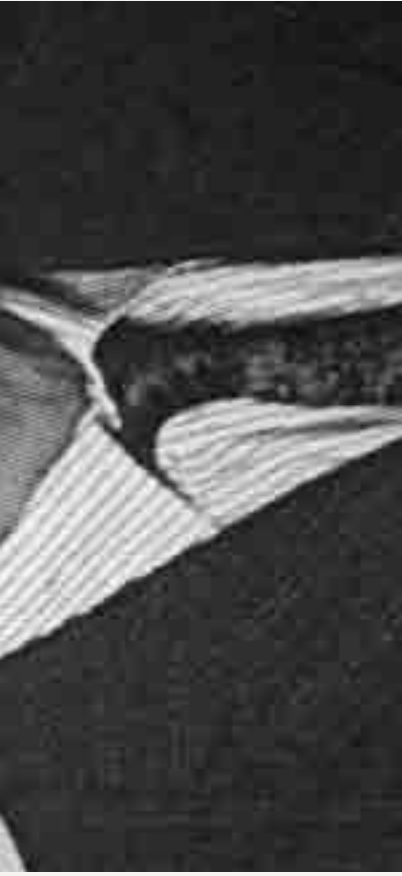


YEARBOOK 2015 • MAZARS 10



idea that audit was a profession in itself with a fundamental technical and social role. He also understood the need for a modern and demanding body of audit standards, as well as the imminent internationalisation of the audit sector. In 1945, he travelled to the United States on a joint mission organised by the French government with the aim of re-establishing Franco-American trade. In 1951, he participated in another such mission where he spent six weeks visiting over thirty American companies with the purpose of bringing home ideas for French entrepreneurs. Robert Mazars was above all a free-spirited man. In his firm – which grew over the decades, by 1983 boasting ten partners and an

**SPREADING
THE IDEA
THAT
AUDIT IS A
PROFESSION
WITH A
SOCIAL ROLE**



increasing number of major financial institutions as clients – he instilled four values that still pervade Mazars’ international integrated partnership as we know it today. The first of these values is **independence**: Robert Mazars was quick to have an opinion and never shied away from expressing what he believed in. The second of these core values is **expertise**, without which independence means nothing. Robert Mazars believed that everything should be done with excellence, and that quality was the basis for individual worth and collective activity. The third one is **sharing**: the only veritable wealth in the world are the men and women that make it up, and what brings this wealth together is team spirit and collective ambition. And lastly, **tolerance**: mutual respect was for Robert Mazars the key element of a balanced relation; he added it to his list of core values towards the end of his professional life. These four values are now considered to be the founding principles of our firm; only on this basis can Mazars build its future.

By the end of the 1970s, the future of the challenger firm depended on a solid and loyal team. Employees were thus chosen for their expertise and solidarity, and in exchange Robert entrusted them with responsibility and ultimately partnership status.

and who wasn't afraid to make things happen. Robert Mazars was just a young graduate of HEC Business School who was set on a career in Economics, Law and Foreign Languages. But he was also a young man who loved his country, and post-WWII France needed to be rebuilt. There was a huge role to be played by the business community, and so Robert Mazars decided to dive – completely unexperienced and at the not-so-ripe age of 20 – into the unregulated field of accounting, convinced that it would make a significant contribution to the future.

He thus founded his eponymous firm on Rue de Buffon in Rouen, starting out with no more than a dozen small businesses and sole traders as clients, for whom he filled in tax declarations. Among the first of his generation, Robert Mazars quickly understood that audit is not just a seasonal side job for accountants. He was committed to spreading the

INDEPENDENCE, EXPERTISE, SHARING, TOLERANCE

Each partner was given an equal number of shares and nearly equal pay (Robert Mazars himself only making 10% more than the youngest partners). In 1983, at the age of 63, Robert Mazars resigned the presidency of the firm and passed the torch to Patrick de Cambourg, thirty years his junior. Although many said that he took a gamble on his 'greatest source of pride', his confidence was rewarded, and Mazars has kept this desire to make a significant place for itself in the market.

It is impossible to thoroughly pay homage to the memory of Robert Mazars with the words written on this page. What we can do, however, is underline the fact that his pioneering spirit, his curiosity, his boldness and his values still live on in all Mazarians today. Robert Mazars has inspired us all and will continue to inspire future generations. For this we are forever grateful •

A MAN WHO BELIEVED IN THE IMPORTANCE OF CONTINUED INNOVATION

Throughout the more than nine decades that made up his life, Robert Mazars was on a never-ending mission to satisfy his insatiable curiosity. However, he was much more than just a curious person with a non-traditional professional background; he was a pioneer, a visionary, a committed man who believed in the importance of continuous innovation



REINVENTING OURSELVES IN THE DIGITAL ERA

A CONVERSATION WITH CHARLES HANDY

By **Philippe Castagnac** (Chairman & CEO) and **Laurent Choain** (Chief People and Communications Officer)
Portrait by Elizabeth Handy



Charles Handy is one of the most acclaimed management thinkers of our time. Often called by his peers 'the guru of gurus', he has published twenty books. As Andrew Hill, FT's management editor says: 'Handy's prescience over the decades has earned him the right to dabble and, given his record, you would not want to bet against some of his radical ideas coming true'.

PHILIPPE CASTAGNAC –
Dear Charles, to start this interview, I'd like to ask you something: at the recent Global Drucker Forum, which Mazars supports loyally, you said 'conversation builds trust'. Can I start our... conversation with that?

CHARLES HANDY –
The theme and, I suspect, the purpose of this Global Drucker Annual Conference was 'claiming our humanity'. Like Peter Drucker used to do, we tried to think ahead what sort of Renaissance

the digital leap would mean for us humans, how we could make it a progress; not just a technological breakthrough, not only in the world of management, but in society as well. For example, better communications and easier contacts facilitate conversations and you need a conversation to build trust; Steve Jobs is a famous example of someone who took his guests for a walk to talk. I'm the same kind of person.

THE SECOND CURVE

Way before publishing the eponymous book in 2015, Handy had aired the idea that people and organisations should prepare for the second part of their development journey before the first one begins to decline.

C.HANDY – The Wicklow Mountains lie just outside Dublin, Ireland. It is an area of wild beauty, and I return there as often as I can. Roads are unmarked, and I still get lost. Once I stopped and asked the way. ‘Sure, it’s easy,’ a local replied, ‘just keep going the way you are, straight ahead, and after a while you will cross a small bridge with Davy’s Bar on the far side. You can’t miss it!’ ‘OK, I’ve got that, straight on to Davy’s Bar’, I said. ‘That’s right. Well, half a mile before you get there, turn to your right up the hill.’ By the time I realised that the logic made no sense he had disappeared. As I made my way down to Davy’s Bar, wondering which of the roads to the right to take, I reflected that he had just given me a vivid example of paradox, perhaps even the paradox of our times: by the time you know where you ought to go, it’s too late to go there, or, more dramatically, if you keep on going the way you are, you will miss the road to the future. If you think the way to the future is a continuation of where you’ve come from, you may well end up in Davy’s Bar, with nothing left but a chance to drown your sorrows in a couple of beers and reminisce about the past. Listening to you, I think that Mazars went through a second curve when you became international and integrated against all odds twenty years ago. But the real question for you now is, when is the next inflexion, what is your next curve?

LAURENT CHOAIN – Covering distances seems, by the way, a recurring theme in your work; in your last book, ‘The Second Curve’, you introduce this concept with a funny though insightful narrative, the road to ‘Davy’s Bar’...

P.CASTAGNAC – I was amazed to see how quick you saw our context, our reality and some of the crucial choices we are facing. Though I will never ask for quick answers I am very eager to discuss with you how you see our next curve.

C.HANDY – It seems that Mazars was very good at respecting a clever principle to address choices, what I call the distinction between closed and open problems. A closed problem is: ‘how do I go to Beijing’. But an open problem is: ‘why do I go to Beijing’? It takes agility and insight to think about open problems. If you want to address your next curve, you need to

think of open problems, not closed questions with familiar answers, which eventually lead to a few beers at Davy’s Bar for the rest of your life.

C.HANDY – There are two different questions in there. Which would you need to be? And what will be interesting to do tomorrow? I can imagine that advising requires being creative enough not to be easily replaced by algorithms in the near future, which is a potential risk for audit procedures. Your question then

is not only to wonder how to develop the advisory activity, but as well to question where you see the best concentration of knowledge and talent. This is where the second curve of an organisation can meet the second curve of individuals, so that both find new possibilities for themselves.

L. CHOAIN – In our industry, you choose between auditing clients and advising them, you simply can’t do both for obvious conflicts of interest. Due to the importance of added value in providing audit opinion for Public Interest Entities, as well as higher pressure on fees and the increase of regulatory restraints, the dilemma between being an auditor or an adviser has become even more acute.

**“IT TAKES AGILITY
AND INSIGHT
TO THINK ABOUT
OPEN PROBLEMS”**

P. CASTAGNAC – More globally, society needs to evolve. Have we reached the point where a second curve must start for the Western world, or have we already reached Davy’s bar?

or self-employed people – have started to replace elephants. Less than half of the people of a working age in Britain are working in an organisation with a full time contract. Or, if you prefer, 92% of the firms in Britain have less than five people. The opportunity for that is that you can be yourself. But the problem is that very few people know what they want to be or what they can be, and the education system is helpless in solving this new problem with old-established principles and structures.

C. HANDY – That’s true. But they have to choose what kind of life they want, and that’s a very difficult situation. Most of today’s young people were raised in the cult of success. But the society we have entered in is not multiplying wealth;

it multiplies contacts, freedom, lifestyle, but not wealth. The 92% of British firms employing less than five people only generate 8% of the GDP. The ‘Airbnb’ model is cool but does not create much economic wealth. Productivity is going down, you can’t even measure it; what is the productivity of Airbnb? Of Uber? Companies and governments are going to be short of money, and austerity programmes will multiply.

C. HANDY – Clearly, we can already observe how institutions, and especially business institutions, have started to gradually dissolve. There will be fewer and fewer people needed in institutions; fleas – ie. tiny businesses

L. CHOAIN – Right, but younger generations are reinventing the way of doing business, probably not yet enough of doing politics, of exchanging ideas...

“INVENTING THE WORLD OF TOMORROW”

C. HANDY – Absolutely not. And you could be a great playground for inventing the world of tomorrow. Let me explain why; I was called two months ago by the head of recruitment of a very big firm in New York. They had a very

successful recruitment campaign, recruited stars and offered them very generous employment terms. But most candidates eventually declined the offer. Long story short, I suggested that they should think of their new stars as guerilla fighters, not like disciplined soldiers of their army. Rethink yourself as a university. Take these people in for three to four years, teach them skills they don’t have yet, share some intellectual property with them, and after four years if they are good enough, push them outside to create their own operation, give them some start-up funding, take a seat on their board with 20% or so of equity, make them independent but connected to you, doing part of your business today but sending it back to you in other forms. This army of alumni will be the source of your creativity and your expansion.

P. CASTAGNAC – But then how do you see organisations coping with that kind of ‘impoverished’ economic situation? Are we bound to fade away?

P. CASTAGNAC – How did the New York firm react?

C. HANDY – Well, they said: ‘Thank you Charles, we’ll think about it’. But leaders often can’t do things that challengers will pioneer, and I have understood that this has always been your way of thinking, hasn’t it? •

M A Z A R S



WORKING
TOGETHER
FOR A BETTER
SOCIETY



Y E A R B O O K 2 0 1 5

THE AUDIT MANIFESTO CONTRIBUTING TO A VIBRANT AUDIT PROFESSION

**Do users of audit reports trust auditors to arrive
Mazars' objectives are to ensure that its audit and assurance services
at the right answers in relation
are relevant, and bring value to companies and their many stakeholders.
to the really big challenges facing business?**

AUTHENTICITY AND TRUSTWORTHINESS

Mazars is built on a fundamental belief in the importance of audit to business and society. Robert Mazars established the firm with a vision to be a leader in the provision of audit and assurance services. Successive generations of partners have developed that ethos, and our methods and services, to the point where Mazars is seen as an authentic and trustworthy voice in audit and assurance for the benefit of companies, the business community, its many stakeholders and wider society. The delivery of audit and assurance continues to be at the heart of our business in 2015 and for the future.

PROTECTING THE PUBLIC INTEREST

The many corporate scandals and economic crises of the last two decades at least keep raising two essential questions regarding the practice of audit. The first on capability: do users of audit reports trust auditors to arrive at the right answers in relation to the really big challenges facing business? The second on relevance: in a changing business world, where technology, globalisation, new business models and generational change have all become dominant features, are auditors looking at the things that truly matter, and is their opinion still relevant?

Both questions combine to suggest a business environment where audit is seen by many as a necessary evil, a commodity service that does not add value; that does not address the real indicators of company value, and that, when tested at the extremes of crises, does not protect the public interest. The audit profession is trapped in a language of risk, not only the risk to the client but also the risk to audit firms from litigation and regulatory sanction. For the audit profession it is a crisis of confidence. For the audited and their stakeholders, a crisis of trust.

EXCELLENT, COMMITTED AND INDEPENDENT

Mazars' objectives are to ensure that its audit and assurance services are relevant, bring value to companies and their many stakeholders and are delivered by excellent, committed and truly independent professionals. We want to offer genuine choice in a market that has had far too little of it. We want to play our part in the long-term success and growth of our economies.

OUR OBJECTIVES

These objectives are based on what we believe **to be a deep understanding of the history, context and importance of our profession and our firm.**

Mazars' audit and assurance partners and teams should be known as:

- **committed** to the public interest, and to the relevant interest of investors in companies large and small;
- **promoters** of the importance and value of independent audits;
- **practitioners** of the highest calibre, supported by teams of experts and technologies that foster the best audit approaches and results, consistently dedicated to excellence in client service;
- **innovators** in a range of assurance offerings that enhance the transparency in, and therefore trustworthiness of, the real drivers of company value; and
- **stewards** of a business model – a highly successful, internationally integrated professional partnership that is paving the way in the global audit and assurance market.

We have already taken steps in this direction. We have invested in technology and capability and have developed new services such as human rights audits, anti-bribery audits and board effectiveness and corporate culture audits. In 2015-2016 we will continue making strides in realising this vision. This is our manifesto. This is what we believe in. We are wholeheartedly committed to it •



FUTURE CITIES: ADDRESSING COMPL

Across the world, new urban models are being invented and constructed before our eyes: from post-industrial cities seeking regeneration (Coventry, Detroit and Charleroi) to technological utopias striving to be world leaders (Masdar in the UAE and Songdo in South Korea) to over-populated megalopolises looking for fluidity (Mexico City, Lagos and Singapore for example).



EXITY IN THE AGE OF SHARED VALUE

Despite the different scales and social contexts, all of these places have something in common: they must all deal with the unprecedented intricacy of today's urban fabric. 'Complexity' has become the catch phrase of an urbanism that is still searching for solutions. The repercussions of this change of paradigm are numerous, for the city as well as for those who operate within it.

EXTENDING THE CITY LIMITS Scott Smith, an American futurist who heads the agency Changeist, talks about 'the secular failure of planned urbanism' – a statement that no architect or urbanist has been able to refute. According to him, 'the socio-economic complexity of the world has caused the structures imposed by the urban ecosystem to falter. City-dwellers live complex, chaotic lives: urban planning needs to offer flexibility and give its inhabitants the opportunity to create their

own environments'. This edict can be translated as a necessity to grow the skills involved with the 'science' of city development and notably citizen involvement. He describes an urban 'tapestry', as bold as it is intricate, created by **increasing stakeholder involvement** in the development of the urban fabric. Previously, this involvement was reserved exclusively for those working directly in the sector (architects, urbanists, developers or transporters). Today, urban science extends to many third-party disciplines – such as telecommunications providers, artists and designers, managers, without forgetting financial engineers, whose skills have become essential for those places that are **yearning to invent new models**.

While developing these capacities is a pre-requisite for the cities of the future, it is also clear that moving into this new era also means adding yet another layer of complexity.

PARADIGM SHIFT Architect Alain Renk, founder of the start-up UFO and the architecture studio HOST, and strategic adviser for **digital cities** at the Mines Telecom Institute, also sees in this movement the end of yesterday's urban approach: 'Expert intelligence, closed in the silos of rigid professions, has been made to look ridiculous by the **agile intelligence distributed throughout individuals and organisations**.' Renk has developed an app 'Unlimited Cities', which allows city dwellers to share their vision of

the city to guide the choices of urban policy-makers. With the help of this app, he seeks to predict the advent of truly collaborative urbanism, for which cities need to better prepare themselves. In this context, managing the development of cities requires a **paradigm shift from a vertical hierarchical structure to a more horizontal organisation that includes multiple stakeholders**. A governance shared between all parties that make up the city of tomorrow, with their diverse interests and operations. Easier said than done.

READING THE CITY HORIZONTALLY AND OPENLY Everything points towards an adjustment of scale, the necessity of thinking about urban space as an **ecosystem**, and even holistically, in order to enable all stakeholders to take ownership of their environments. According to Nicolas Nova, co-founder of the futurist agency Near Future Laboratory, and professor at the Geneva School of Art and Design, 'the main challenge comes from the difficulty of a focus shift to simultaneously define issues and imagine solutions. That requires taking into account different scenarios, thinking 'outside the box' or in unique directions'. Renk is optimistic concerning this shift from theory to practice: 'In the end, it is simple enough to help cities understand the complexity of urban issues. Using **intelligent, collective tools** and methods for urban development gives people access to a dynamic and lived understanding of place.' This opinion is shared by Nova, who says 'one of the best ways to comprehend these issues is to leave behind pre-conceived judgements, to create hybrid, mixed forums where all parties involved in any given scenario participate.'

CURITIBA This solution was already practised in the 70s. It was this change in focus that allowed Curitiba to resolve issues of population growth and transport, and to become

a benchmark for urban ecology and planning. Pioneering pedestrianisation in Brazil, the city is known for its innovative bus system, conceived as an 'above ground metro' with stations and interchanges. Introduced by the mayor Jaime Lerner, himself an architect, Curitiba's bus network is the product of a true change in urban thinking, at a time when more traditional decision-makers were only thinking about roads, more roads and costly metro systems. **Bringing together everyone involved** in the urban fabric, including small businesses, Curitiba demonstrated the benefits of **shared decision-making** – a marked departure from the common practice of the era. Now that intermodality is king, this example shows that the best solutions don't always need new resources or equipment, but rather a systematic reorganisation of space and networks.

TOWARDS SHARED GOVERNANCE Almost three decades later, and despite results that are more mixed than before, Curitiba continues to inspire cities who aspire to better mobility. The Brazilian city is still considered as the '3rd smartest city in the world', according to a 2009 Forbes study, proving its **enduring relevance**. However, the world has changed significantly over the past 30 years. In particular, the **explosion of e-commerce, the rapid expansion of digital technologies** in our daily lives and the re-densification of inner cities have generated new challenges for urban territories. To fulfil this need, a new form of global, shared governance is emerging, where the city is seen as a shared destiny. Which cities will be able to take up the challenge to radically change their decision-making process? Which models will be able to integrate all stakeholders in these urban spaces, from citizens to policy-makers, as well as investors? The city is but one big laboratory.



With its 12 million inhabitants, the **Paris region** is a fascinating site to understand urban issues, whether in terms of infrastructure, solutions or governance. It is already difficult to represent the **complexity** of this region on paper, so how is it possible to move towards action and confront reality?

It was this methodological challenge that led the Ile-de-France region to call on Mazars, asking for assistance. **How can we construct sustainable and adaptable urban logistics models**, that integrate the demands, constraints, ebbs and flows of cities of the future?

Mazars' response was to create a methodological framework that promoted collaboration between all stakeholders in order to reconcile all possible constraints (timing, economic models, etc), consider the different scales of intervention and ensure that the specificity of each place was taken into account. Our work was, of course, partially inspired by intelligent initiatives that we had observed in other locations, but we also knew that they were by no means the only way to create innovative urban logistics models tailored to the dynamics of each place and embraced by all stakeholders. **Amongst several solutions co-developed during this process**, three test projects were identified: first,

the **integration of an urban logistics model from the conception stage of a new eco-neighbourhood**; second, **using more fluid, multi-channel urban logistics to revitalise a city centre**; and finally, **exploiting vacant, low-value industrial property to create new urban logistics infrastructure and address increasing transportation demand** caused by the growth of e-commerce. These three pathways are helping establish a new logistics eco-system in a complex urban environment: taking into account what we have, and reinventing a better reality •

Which models will be able to integrate all stakeholders in these urban spaces, from citizens to policy-makers, as well as investors?

T A X
TRANSPARENCY
C L A R I T Y
WITHOUT
EXPLANATION
IS NOT
A N A N S W E R
TO THE
QUESTION

How can a company or an individual be deemed to be a 'good citizen'?
Against a backdrop of public sector deficits and cuts in public spending, being transparent on how much tax you pay, whether that is 'fair' and where you pay it is now a key factor for any business and especially for Multi-National Entities (MNEs).

With increasing pressure from stakeholders (not just shareholders but customers and pressure groups) the issue of tax transparency is now as much an ethical and moral issue as much a political and legal one. So, how should businesses deal with tax transparency when it comes to corporate reporting?

Statements in the media that large corporates have lost their way through highly aggressive tax planning have fuelled the notion that we have not yet reached a satisfying consensus on this matter.

Customers have demonstrated that they will change their buying habits if they believe a business is not paying fair taxes. Many **employees** want to know that they are working for an organisation with a strong ethical stance towards social responsibility. **Investors** want to understand, inter alia, the reputational and tax risks their investments face. So the **demand for greater tax transparency**, and in particular for MNEs to **publicly disclose 'country by country' (CbC) tax data** is strong, as there is a perception that this will help prevent aggressive tax avoidance. With taxation issues at the heart of the web of relationships between a business and its stakeholders, **what role can reporting play in helping companies progress?**

It is a matter of judgement as to whether or not enhanced tax transparency, such as the provision of CbC tax data, will enhance truth and fairness. **In recent years the international and European taxation landscape has dramatically changed.** There are already requirements for financial institutions and extractive industries to enhance their tax transparency. The European Union has demonstrated a commitment to increasing the level of tax transparency through enhanced reporting, either privately to tax authorities or publicly. Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs, says: 'Abusive tax practices and harmful tax regimes breed in the shadows; transparency and co-operation are their natural foes'.

On 19 July 2013, the OECD launched its BEPS (Base Erosion Profit Shifting) Action Plan, endorsed by the G20, focusing on tackling aggressive tax planning and tax avoidance by MNEs and modernising international tax rules. Further work on the topic has been delivering results, with 61 jurisdictions already agreeing to automatic exchange of CbC data under a Common Reporting Standard (CRS).

As auditors we are acutely aware that **publishing of data, whilst conforming with specified regulations, may not in itself enhance the quality of corporate reporting.** Indeed there is a risk that extensive data disclosures could have the opposite effect, creating confusion and misunderstanding. For example, without a deep understanding of a business's international operations and a strong knowledge of the tax rules for each jurisdiction in which the MNE operates, it is unlikely that a reader will be able to understand the MNE's approach to taxation from such disclosures, particularly whether it is aggressive or not.

The fear, as we have already seen through some media stories, is that the data will be misinterpreted by those with a particular agenda, creating PR challenges for the company in question. **The primary duty of auditors is to ensure that financial statements are 'true and fair'.** At Mazars, we hold necessary that MNE go beyond truth and provide in their financial statements a clear explanation of their approach to managing taxation risks through tax planning, their transfer pricing approach and their taxation governance, without giving away commercial intellectual property. In addition, they should **provide the explanations necessary for understanding the CbC data to ensure that apparent variations between jurisdictions are not misinterpreted. As auditors and tax advisers, it is our job to help them do so •**

TOWARDS A MORE EQUAL DISTRIBUTION OF VALUE?

A LOOK INTO THE EXTRACTIVE
INDUSTRY IN AFRICA



THE BENEFITS THAT LOCAL POPULATIONS RECEIVE FROM MINING PROFITS ARE EXTREMELY VARIED. DRIVEN TO ACT BY INTERNATIONAL PRESSURE, SEVERAL STATES HAVE TURNED TO A MORE EQUAL REDISTRIBUTION OF THAT REVENUE, CALLING ON EXTERNAL EXPERTS TO HELP THEM TRANSITION TO THIS NEW MODEL.

If places such as Alaska or Norway have led the way in making changes to how revenues from exploitation of natural resources are distributed, other states still have work to do. The World Bank, who for a long time has viewed free markets as an effective way in itself to stem poverty, has revised its stance. The **extraction of natural resources** raises a clear question: **what roles do the states and mining companies play?** How can we **assure that the value created is distributed fairly?** Juan Pablo Pérez Alfonso, the former Minister of Mines and Hydrocarbons of Venezuela, has underlined that while oil certainly generates revenue, it is also potentially a source of corruption and debt, which doesn't necessarily bring profit to local populations.

A proper management of natural resources needs to address three conditions: **'budgetary transparency**, budgetary policy based on clear **regulations**, and **solid institutions** for managing public finances'⁽¹⁾. Norway, Chile and Botswana are the leaders in this area. The implementation of a model redistribution system in Alaska⁽²⁾ is also relevant: 'It is a conservative model with a relatively small dividend amounting to only 3 to 6% of Alaskans' per capita income. Just a share of Alaska's oil revenue goes into the fund, and only the investment income from this fund is distributed – subject to a cap of 5% of the fund's total market value. The fund is managed by the Alaska Department of Revenue, and strong checks and balances within the budget make it in many ways a model of **transparency**.'



— THE OIL PARADOX

For a long time in Africa, the population did not see much wealth flowing from the exploitation of natural resources. As an example, Angola⁽³⁾ is the second largest producer of oil in sub-Saharan Africa and has one of the richest stores of raw materials in the continent. Despite this, its Human Development Index is lower than the majority of countries in the world. The paradox of Gabon also illustrates this point: 'The revenue per capita is very high, says Philippe Hugon, research director at IRIS (Institute of International and Strategic Relations). However, the population is extremely poor'. A survey by Afrobarometer conducted in 2013 throughout 22 of 34 African countries⁽⁴⁾ highlights this well: 62% of inhabitants questioned estimated that it is difficult or very difficult to find out how the state uses those profits. In fact, the **relationship between the state and oil companies** has been opaque for a long time. In a classification of perception of corruption developed by the NGO Transparency in 2014, some countries, such as Guinea and the Democratic Republic of Congo, rated at the bottom of this scale.

ADDRESSING NATURAL RESOURCE GOVERNANCE CHALLENGES

— A NEW DEAL: RESHUFFLING THE AFRICAN CONTEXT

However, for the last twenty years, some progress has been made. With the arrival of new operators such as Chinese, Brazilian and Malaysian oil companies, ‘the competition has made the game more open’, surmises Philippe Hugon. ‘In one way, the logic of competition has restructured the situation. **The cards are now, more than before, in the hands of African decision-makers, who negotiate contracts themselves**’. The emergence of a new generation of leaders, the growing power of youth, hostile to the gerontocracy, the rapid circulation of information as well as the transparency defended by NGOs has also contributed to stabilising the situation.

Introducing the 2013 report of the Africa Progress Panel, its president, Kofi Annan, declared: **‘acting alone, African governments cannot resolve the most intractable natural resource governance challenges**. The international community must also shoulder responsibility’. In 2008, the African Development Bank put in place the African Legal Support Facility, in order to assist the states with drafting their mining contracts. Amongst other indicators, one can measure the change by the fact that certain countries now use their oil-based revenue to create domestic infrastructure, rather than to finance expenditure such as the purchase of overseas real estate. Although this system of ‘package deals’ – access to oil resources in return for construction of roads, buildings, hydraulic systems etc. – needs to be approached cautiously,

(1) Sharing the Wealth, by Sanjeev Gupta, Alex Segura-Ubierno and Enrique Flores. FMI, December 2014. (2) Ibid (3) Ibid (4) Oil and mining countries: Transparency low, official impunity high, Afrobarometer, December 2013

For more information: www.mazars.com/CostOil

it can give profits directly back to populations. Philippe Hugon also discusses the **involvement of external experts**. ‘To make these ‘package deals’ more competitive, oil companies promote their social responsibility projects. External firms conduct audits to verify if the practices of these companies conform to environmental and transparency standards’.

— THE AUDITOR, GUARANTOR OF TRANSPARENCY AND TRUST

The project conducted by Mazars in Niger is a benchmark example of this process. Mazars responded to a **tender issued by the state of Niger**, who were anxious to implement a ‘Cost Oil audit’, as part of a Production Sharing Agreement with a private company. **‘This project was highly technical and required a lot of sensitivity** in order to verify that the ‘chargeable costs’ – the operating costs that the petrol company had charged to the state, as per the contract between them – were legitimate’, explained Taïbou M’Baye, a Mazars partner based in Dakar. ‘We had to mobilise **multi-disciplinary resources**: a team composed of experts from a wide range of countries with a **high knowledge of internal auditing** but also the intricacies of regulation, as well as engineers **who understood the oil economy**’. This complex mission covered various fields, from **contract analysis** to **IT audit**, and from **benchmarking of market practices** to accounting services. Taïbou M’Baye highlights the benefits of the pressure created by this type of audit, first on the operator, and then on the Nigerien state. Given the fact that results of audits are publicly available, the government was able to identify potential improvements to national oil legislation and governance. **‘That is the role of an auditor: to serve the public interest and generate trust between different parties.’**





**THE ROLE OF
AN AUDITOR
IS TO SERVE
THE PUBLIC
INTEREST AND
GENERATE
TRUST**

BUSINESS. FOR GOOD™

EMBEDDING OUR SHARED VALUE APPROACH TO BUSINESS

At Mazars, every service - whether it be performing an audit or advising a client - is an opportunity for us to build trust in the business world through collaboration. Business. For Good™ is our global initiative that encourages business leaders to 'think and act long-term' in order to enhance business performance and pursue profit responsibly for the benefit of companies, their stakeholders and society at large.

— SERVING BUSINESS WITH INNOVATIVE SOLUTIONS

• Anti-Bribery and Corruption

Mazars' global anti-bribery and corruption services help clients identify and map corruption risks as well as implement, review, improve and even certify their anti-corruption plans.

• Business & Human Rights

Mazars has co-developed the 'UNGP Reporting Framework', the first comprehensive guidance for companies to report on human rights issues as set out in the United Nations Guiding Principles on Business and Human Rights. The framework was launched in early 2015.

• The Mazars Cultural Compass™

Culture has a key impact on financial and operational performance. Our award-winning Mazars Cultural Compass™ solution enables a company to establish whether or not cultural alignment is present throughout its business.

— ENGAGING BUSINESS IN CREATING POSITIVE CHANGE

• Sustainability

In addition to conducting board effectiveness reviews, we provide long-term strategic advice with *The Board Charter. For Sustainable Success*®. This charter promotes a mutually beneficial approach for long-term economic growth and financial stability.

• Trust

The single greatest influence driving effective client relationships is trust. Mazars takes the time to understand its clients' true business needs. This allows us to make tangible suggestions for the performance, growth and advancement of their strategic goals.

• Transparency

Mazars' tax teams help global organisations to develop, implement and communicate sound and well-informed tax strategies that promote long-term growth •

Read more on <http://www.mazars.com/BFG>

MITTELSTAND

BUSINESS SCHOOL

Educating tomorrow's leaders in middle market expertise

At first glance, the term *Mittelstand* may seem mysterious. However, you might be surprised to discover that *Mittelstand* businesses are all around you. The word *Mittelstand* originally referred to the German 'middle class', but it is now employed to describe small and medium enterprises (SMEs) in Austria, Germany and Switzerland. *Mittelstand* are often family-owned companies that share the same strong values that are core to Mazars: continuity, technical expertise and independence.

As companies begin to grow from the 'S' of SME towards the 'M', they more often than not start to hunger for all things international. Whether it be a local German company that is opening up its first plant in Ghana or a Singapore-based tech firm that is getting international in our globalised world and have therefore made the first steps in this direction.

Mazars started out as a local French accounting firm. Today, we are an international, integrated partnership with over 15,500 employees in 74 countries around the world: an influential challenger in a world of professional services giants. We can share our expertise in global development with other mid-market companies

that have (or haven't) already taken the plunge and that wish to go further. In other words, Mazars strives to be its mid-market clients' trusted adviser, to help them reach their full potential.

In 2013, when we realised that there was no suitable programme available on the market to transform technical business experts into tomorrow's leaders, we decided to create our own: the NextMBA. Today, we believe that there is no adequate programme for mid-market pioneers that wish to take their international development to the next level. So, once again, we've created our own.

The inaugural class, launched in 2015, is specifically designed to strengthen the advisory capabilities of our experts in accompanying their clients who wish to become *Mittelstand* challengers. Later on, the *Mittelstand* Business School will be open to participants coming from other companies that belong to our business ecosystem.

The *Mittelstand* Business School is the embodiment of the very story of Mazars: from local roots to global reach, ready for the generations to come •

•

THE MITTELSTAND BUSINESS SCHOOL (MBS) IS A LEARNING PROGRAMME THAT EXPLORES, EXPLAINS AND EXPLOITS THE KEY SUCCESS FACTORS OF THE POWERFUL GERMAN MODEL OF GROWING LOCAL MEDIUM-SIZED BUSINESSES INTO GLOBAL MID-CAP CHAMPIONS.

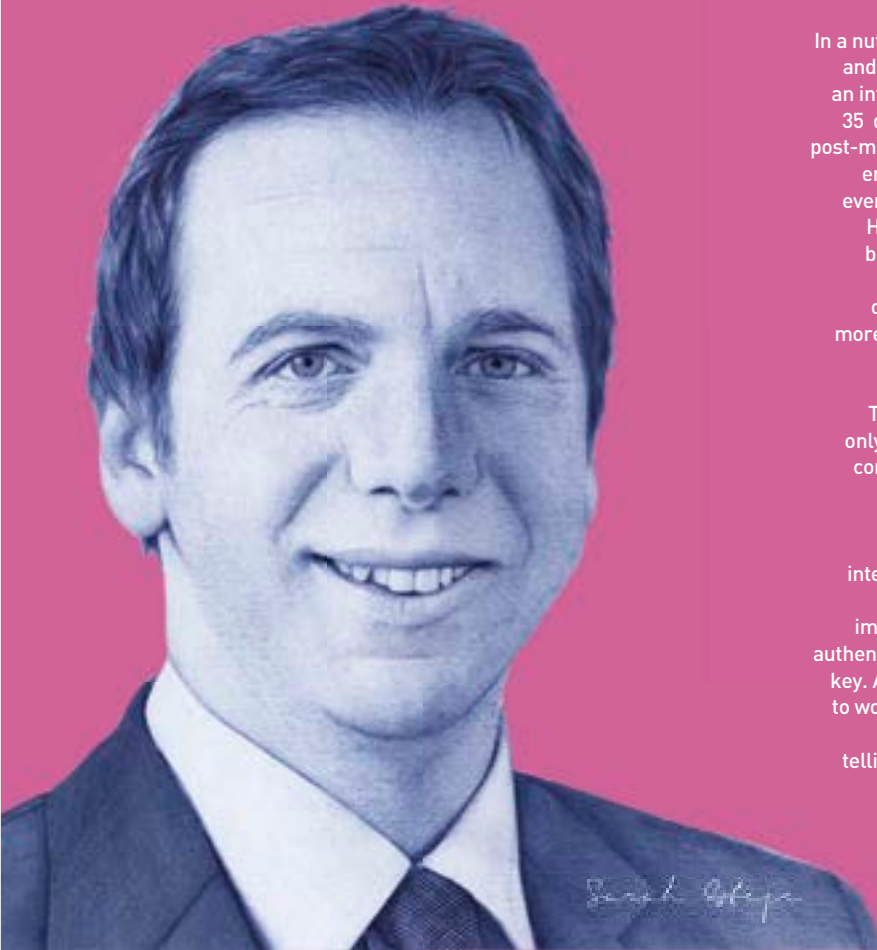
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TRAINING FUTURE LEADERS: A DISRUPTIVE MODEL MAZARS' NEXTMBA

Meet the NextMBA. Next as in the next type of MBA, next type of leader, next type of faculty, and the next kind of cooperation between corporate universities. Pioneered by Mazars, in partnership with an exclusive group of hand-picked, leading academics from around the world, this 6-week programme was first rolled out to the top 70 executives of the Mazars leadership community over a period of 2 years.

CARSTEN SCHLAWE

**HEAD OF ACCOUNTING & OUTSOURCING,
MAZARS, GERMANY**



In a nutshell, I'm an advisor in German tax with 3 kids and I cycle to work. I grew up in Berlin and went to an international school with people from more than 35 different countries. Right now, I'm working in a post-merger context: we went from being 300 Mazars employees to 1,000. It was a disruptive event, an event that forces you to think. How do people feel? How do they cope with such change? What's the best way forward? The most outstanding lesson I have taken from the NextMBA is the need for out-of-the-box thinking. Accepting that there is more than one way to see things. The mix of people from different backgrounds, people who don't usually work together, makes this stand out. There's also an open-minded approach that not only leads to interesting results but also creates a community that will last beyond the 24 months of the NextMBA course.

Business tomorrow will be increasingly international, and very much dominated by virtual teamwork. The need to lead will be even more important, but you can't be a good leader without authenticity. Trusting people and being trustworthy is key. A real leader encourages people, helping them to work productively and even have fun. Leadership is guidance. It is as if you are in a dark forest telling people, 'trust me to take you through here'. The leader is the one up front with the light.

Carsten Schlaewe

MILOS PAVLIS**GENERAL MANAGER, SAINT-GOBAIN,
CZECH REPUBLIC**

I've built my career in one company, and now manage a 1,600-staff subsidiary in the Czech Republic. I also run our construction products business unit in Europe, Turkey and Russia.

The NextMBA has been inspiring, with insights on marketing, and the need for speed and differentiation. Meeting people from different companies, beyond industrial ones, is enriching. We find that they confront similar issues but in different contexts: it makes it easier to apply learnings in your own work. During our field trips to the Silicon Valley, we were able to understand how people there land on their feet after failures and even celebrate them. When taking risks, they don't consider all the eventual outcomes, and especially the risk of failure, in the way traditional industries do. What's true for high-tech is also true for my business: at a time when you need to lead through innovation, the go-to-market cycles are shrinking.

You can have any strategy you like, but you can't get there without people. My goal is to develop people, and it starts with believing in them. I've witnessed shared leadership in action in my own experience, with a crisis situation where each person knew exactly what to do and how to assume responsibilities. That's more efficient than any traditional power structure.

One essential quality missing from even some strong leaders is the ability to listen. You can create the vision, and organise everything towards it, but you also need to listen, because there is no absolute truth.



The NextMBA centres on cutting-edge business topics ranging from client-centric marketing to digital disruption, 21st century talent management and sustainable strategy. In 2014, the NextMBA was opened to participants from major corporations such as Areva, Auchan, AXA, ENGIE, L'Oréal, Manpower and Saint-Gobain.



The comprehensive programme prepares tomorrow's leaders to be insightful about how today's market transformations will impact business, teams, and industries, and to be agile in identifying new solutions.

DR IDRIS ABERKANE
LECTURER, NEXTMBA

THE MOST IMPORTANT MESSAGE OF MY COURSE IS THAT ANY REVOLUTION GOES THROUGH THREE STAGES. FIRST IT'S CONSIDERED RIDICULOUS, THEN DANGEROUS, AND FINALLY SELF EVIDENT. THIS CONCEPT APPLIES TO EVERY DOMAIN, BUT IT'S ESPECIALLY USEFUL FOR BUSINESS.

Leadership is the ability to take something that is dangerous and run with it. It could be a radical idea, a breakthrough product, or a disruptive new way to do business.

As the excellent Simon Sinek amply demonstrated, a great leader starts with a 'Why', telling people why they're going to do this. Today, most lead by explaining 'How' and 'What', which is only about execution. In the future, leaders will have to lead by the 'Why' – simply because the expectations of their workforce are no longer the same.

The subprime crisis created a generation that is extremely picky: they don't want just any job. You have to tell them why they should work. In the past, success was about money; now, it's about doing the job I love. The world is changing fast. Leadership by the 'Why' is coming in the next ten years. In fact, we can see that the balance has already shifted: today, real power is power over yourself.

Why did I agree to teach at the NextMBA? Because I want to change the world. These executives are on a path, and I can change their mindset. If I make my message viral enough, I can change the world.



Idris Aberkane

GÉRALDINE TRENTESAUX**KEY ACCOUNTS DIRECTOR, MANPOWER,
FRANCE**

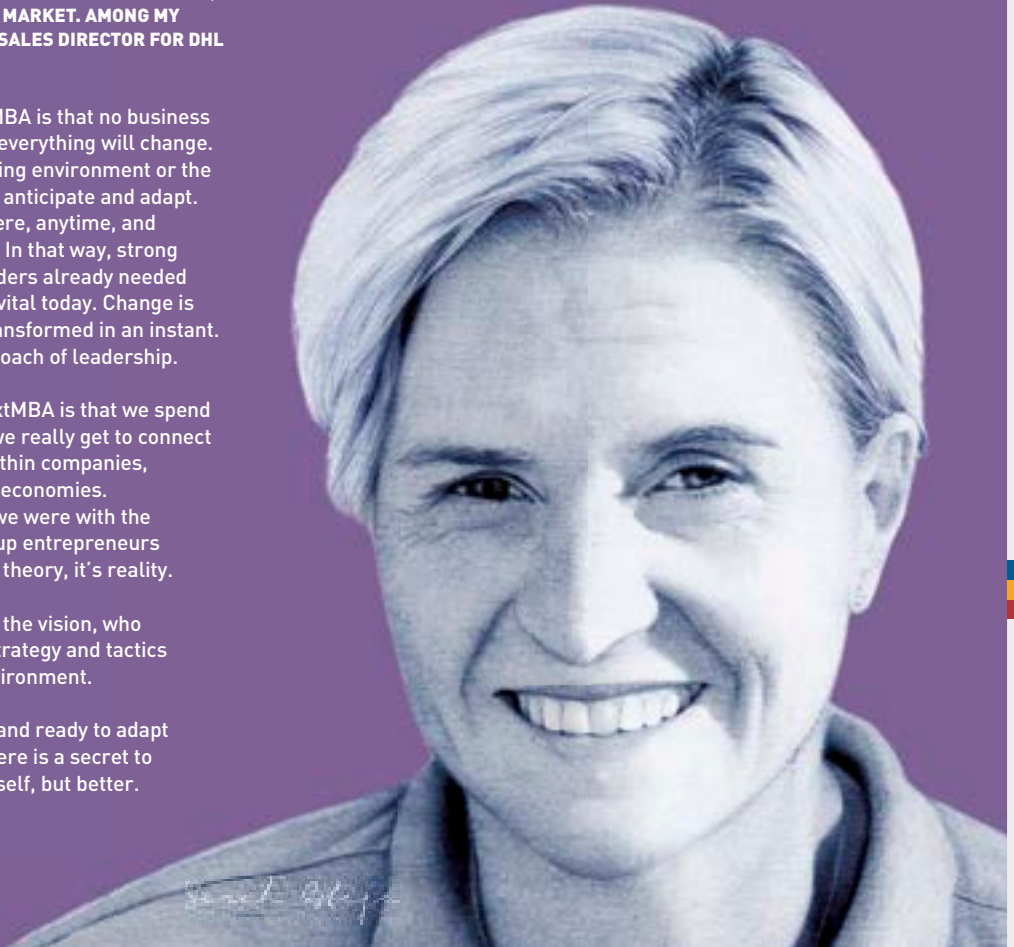
I JOINED MANPOWER IN 2011 AS KEY ACCOUNTS DIRECTOR, SPECIALISING IN THE INDUSTRIAL MARKET. AMONG MY PREVIOUS EXPERIENCES, I WAS A SALES DIRECTOR FOR DHL IN BRISBANE, AUSTRALIA.

My key take-out from the NextMBA is that no business model is going to last forever – everything will change. Whether it changes your operating environment or the economy in general, we need to anticipate and adapt. New players can appear anywhere, anytime, and challenge your business model. In that way, strong strategic thinking, which all leaders already needed before, has become even more vital today. Change is so quick, our industry can be transformed in an instant. It also transforms our own approach of leadership.

The real difference with the NextMBA is that we spend a week on each continent, and we really get to connect to the local context. We work within companies, talking to local leaders, in local economies. In San Francisco, for example, we were with the LinkedIn teams, meeting start-up entrepreneurs and venture capitalists. It's not theory, it's reality.

For me, a leader is the one with the vision, who knows how to translate it into strategy and tactics within the complexity of our environment.

Today, leaders have to be agile and ready to adapt to any type of organisation. If there is a secret to good leadership, it is to be yourself, but better.



The content and spirit of the NextMBA now percolates throughout the whole of Mazars through a series of programmes, face-to-face or virtual, focused on innovation, business development, and leadership. The NextMBA is the flagship programme of the CLIP-accredited Mazars University.

THE FUTURE OF WORK: A REVOLUTION IN PROGRESS

A STUDY OF ONE YEAR OF CONVERSATIONS ON THE SOCIAL WEB

The relationship between people and work is undergoing a complete transformation, from the dramatic rise of self-employment, evolving workstyles, the exponential development of start-ups, to the new expectations of employees regarding organisations.

This historic rupture is shaping a different approach to interdependence between companies and their **number one stakeholders: current, past and future employees**. What are people's main concerns about employment? How are communities formed around these topics? To answer these questions, Mazars, staying true to its 'eco-systemic' vision, has commissioned a global study of conversations in the digital space (blogs, websites, forums, social media)* captured over one year. Here are our key findings.

First of all, people's relationship with their work is a **popular topic of conversation**: it generated around **2 million publications on digital media** over the span of one year. Does this mean a digital revolution? Well, yes and no. From a quantity perspective, yes, because the web and social media are a reflection of society, and as popular communication channels they generate more 'noise'

around the topic. From a quality perspective, it's also yes, given that the digital universe (beyond the social web), and moreover the technological revolution that it has brought about, is shaping people's relationship to work, at least for certain sectors and for certain people. Here, we're talking particularly about **'knowledge workers'** (digital, services, emerging industries), who are mostly highly-qualified employees from the services sector (272,000 publications). The 'lower middle class' does not participate in this movement, nor in the conversations surrounding it.

**THE SERVICES
SECTOR IS THE
MOST ENGAGED
IN THIS DEBATE:
272K
CONVERSATIONS**

The services sector appeared in 272,000 conversations, the other sectors were not mentioned, apart from high-tech industries.

On the one hand, the quantity side, we have the ubiquitous expression 'I love my job' across social media (90% of this on Twitter with the #ILoveMyJob hashtag). On the other hand, the quality side, we see that media and websites are the preferred platforms for drawing attention to **trends** (expectations and demands), **points of view** (wishes and desires), and **analyses** (academic and journalistic), all which contribute to a discussion that everyone then relays via their own accounts.

**#ILOVEMYJOB
38%**

A large number of conversations, mostly on Twitter, include the hashtag #ILoveMyJob, which can be interpreted sincerely or ironically depending on the context. Regardless of the intention, these statistics demonstrate how important this topic is in people's daily lives.

7 KEY DISCUSSION TOPICS



All this doesn't necessarily mean that we're only talking about a digital revolution. The driving forces behind are also linked to intangible factors and long-term trends: universal human needs; the rise of self-affirming individualism; work as a place for personal development; work as a give-and-take relationship (work done and creative capacity vs. multiple benefits).

GENERATIONAL GAPS, A CASE OF PERCEPTIONS, NOT CONFLICT

We also see that intergenerational relationships are only partially represented in conversations (7%). Publications were much less focused on the links between generations (and therefore, on potential conflicts) than on generation Y and its own expectations.

MILLENNIALS, AN HR CHALLENGE AND CONVERSATION STARTER: 85% GENERATION Y VS. 15% BABYBOOMERS

Generation Y, which embodies – whether rightly or wrongly – this paradigm shift, featured in 34,000 conversations, compared to only 6,000 concerning the 'baby boomers'.

A REVERSAL OF POWER RELATIONS?

It's actually more a question of workers, who are jaded and disillusioned with respect to what traditional businesses can offer them, taking back control. Individuals are conscious of their value and are hungry for more autonomy within organisations.

INDEPENDENCE 274K CONVERSATIONS

274,000 publications, 13.7% of the total, were concerned with independence, freedom and autonomy of employees in relation to businesses.

The interest directed towards organisations is becoming two-fold, particularly regarding the basic social rights (health insurance, parental benefits, etc.) that businesses are supposed to provide.

HEALTH, A PRIORITY ISSUE

258,000 publications, 12.9% of the total, were concerned with health.

On the other hand, people's expectations of joint projects or shared values, which go beyond the basic contract between individuals and organisations, were also frequently expressed.

ALIGNING EXPECTATIONS 13%

264,000 publications, 13.2% of the total, were focused on shared values or joint projects that go beyond the basic contract between the individual and the business.

With businesses facing this pressure, the professional universe communicating over the social web shows us that the response is a revolution in new management trends. We observed the emergence of new roles such as 'Feel Good Managers' (76,000 publications), new management methods and concepts (100,000 publications) and saw organisations listening closely to the personal expectations of employees, notably about workers' capacity to manage their family life (132,000 publications).

WELL-BEING AND AGILITY, A NEW MANAGEMENT VOCABULARY: 176,000 CONVERSATIONS

FAMILY LIFE AS IMPORTANT AS SALARIES: 136,000 <SALARY> VS. 134,000 <FAMILY LIFE>

We noted that there were around the same amount of conversations about wages and benefits (6.7%) as about family life (6.3% of the total).

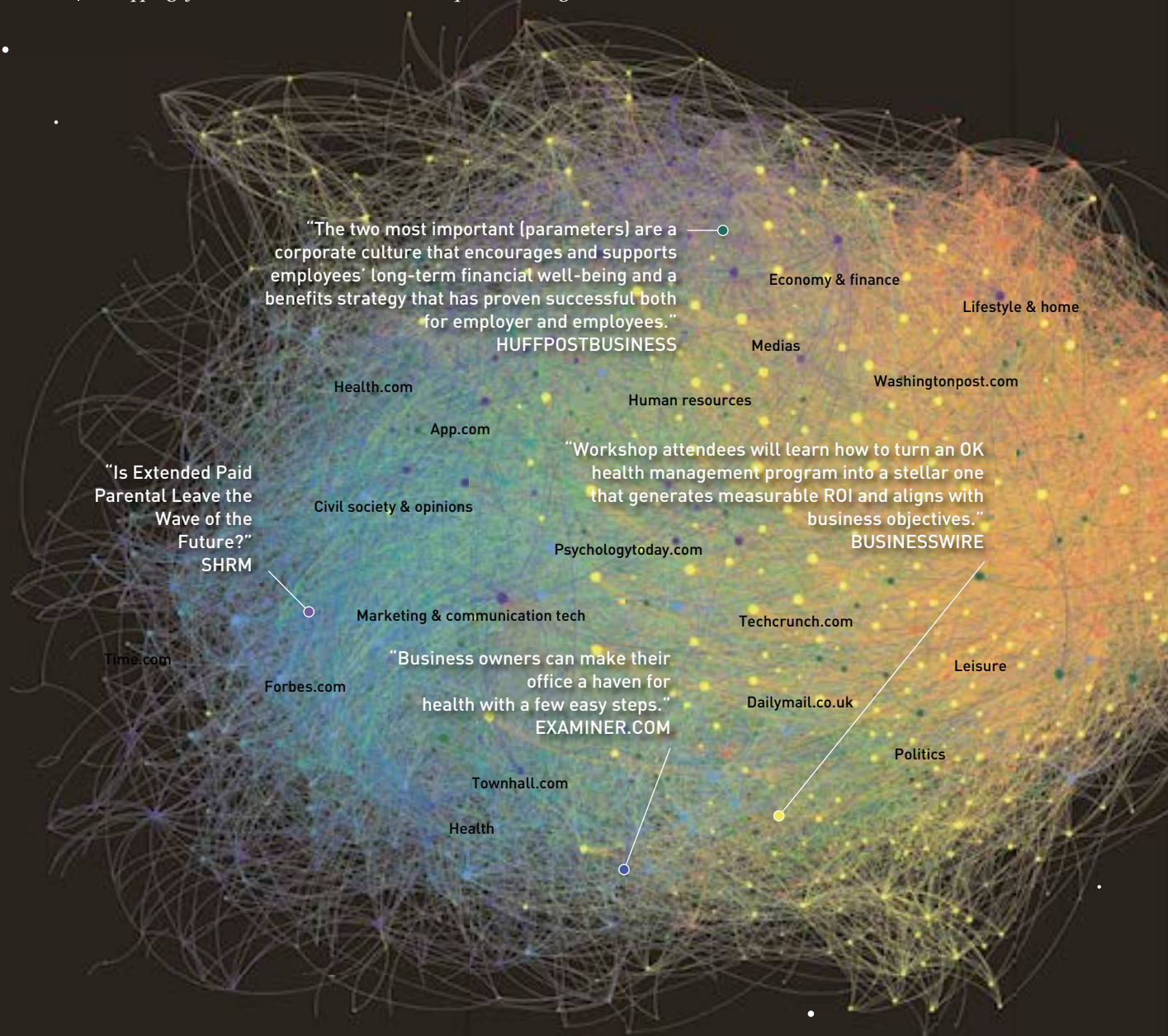
The conversations captured from the social web depict an ecosystem populated by those who hope to see more conviviality in the workplace as well as new forms of interdependence, which blur the lines between employers and employees, and professional and personal life. Communicated mostly by 'knowledge workers' (those working in intellectual activities, services and/or innovation) these new forms of expression shape a new, more complex paradigm for creating shared value •

SEE ALSO: The interview between Charles Handy and Philippe Castagnac (p. 12) about the links between organisational evolution and people's capacity to reinvent themselves.

* global study conducted by Linkfluence, who captured, via their Radarly tool, spontaneous conversations on the digital social space (blogs, websites, forums, anglophone social media) during the period of August 2014-August 2015.

CONVERSATIONS, THEMES AND COMMUNITIES

Mapping of conversations on the social web, Sept. 2014 - Aug. 2015



MEDIA [365]
ECONOMY & FINANCE [132]
POLITICS [132]
HUMAN RESOURCES [103]
TECH [102]

LIFESTYLE & HOME [100]
CIVIL SOCIETY & OPINIONS [82]
HEALTH [64]
LEISURE [64]
MARKETING & COMMUNICATION [47]

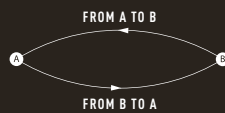
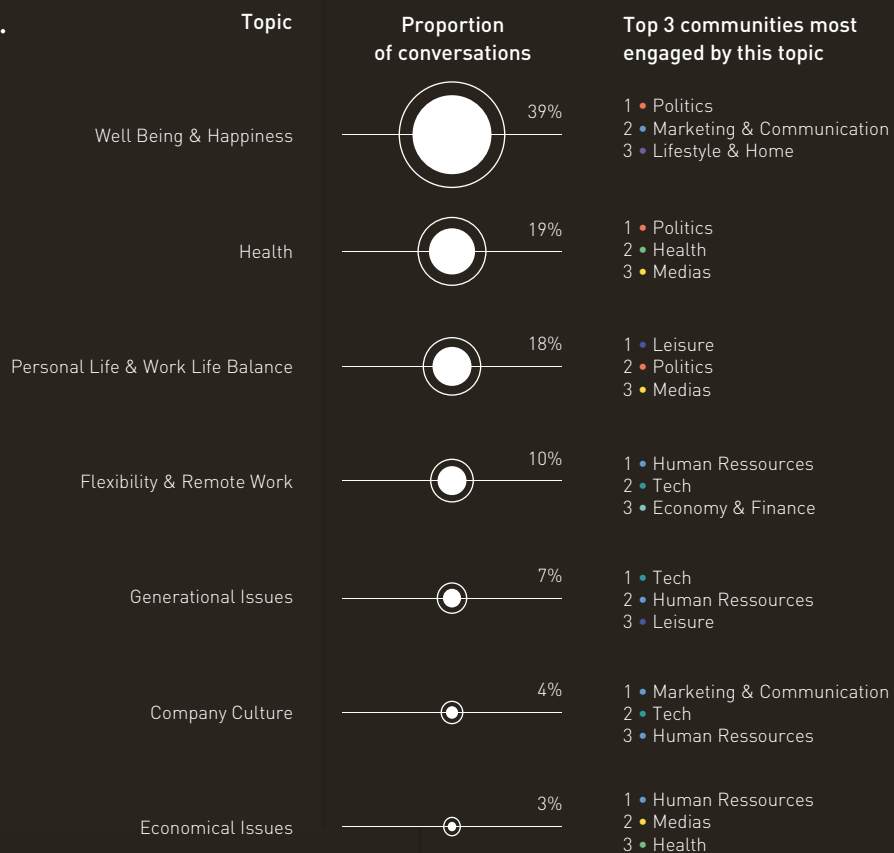
DOT SIZE
Influence

1 YEAR: 1,900,000 PUBLICATIONS

The study conducted by Linkfluence for Mazars identified conversations on the social web concerned with different dimensions of people's relationship to work. Which topics were most discussed? By whom? The key themes are all closely linked: it's impossible to separate being happy at work from being able to manage family life, or knowing your health is protected, the possibility to freely structure your work, the feeling of being invested in a professional activity that aligns with certain values, etc.

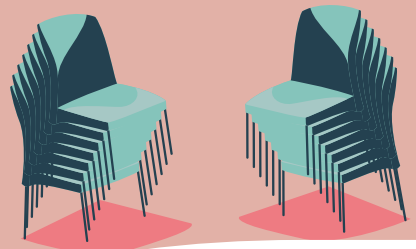
This graphic represents the overall view of the most influential communities and how they are connected within the key topics linked to people's relationship to work. **The full map is also available as an interactive version.** Configure the data visualisation according to your needs, discover the most influential communities within each topic and explore the links that connect them.

www.mazars.com/work2015



HYPERLINKS

The lines connecting the dots represent the hypertext links between the mapped sites. The line is the colour of the site from which it is emitted. When two sites direct to the same point, two lines are shown.



Your 'Innovation Day' falls on the day of the Financial Close. No-one is available. Return to the start



You bring together staff, clients and young entrepreneurs for a hackathon, a collaborative marathon of innovation. The participants have already asked you to organise the next one. Move ahead 7 squares



Go back to square one

THE INNOVATION GAME

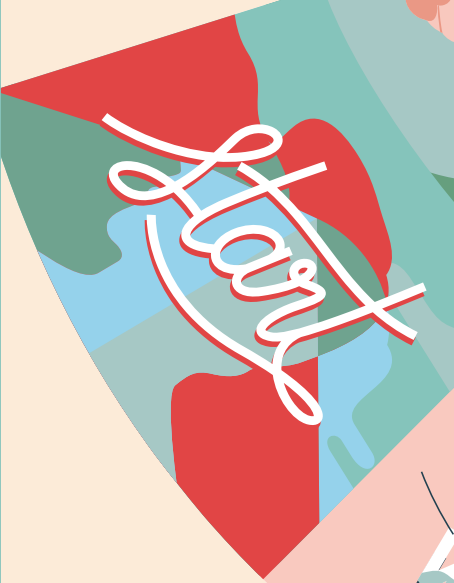
Shared innovation is at the heart of our DNA: the Group aims to be a pioneer of open innovation in the services sector. To help achieve this, we launched our Mazars' LAB in several countries, creating links between Mazars and innovative external stakeholders.



Thanks to internal investment funds, your staff can create their own start-up. Move ahead 8 squares

A member of the in-house start-up sets up in a meeting room booked by the marketing department. You spend 1 turn resolving the conflict

You share your space which is growing. Move ahead



You launch an Innovation Day. From IT to the legal intern, 80% of the staff participates. Move ahead 8 squares

You found a think tank dedicated to innovation with a dozen business partners. You become an opinion leader. Move ahead 4 squares



You open 3 new branches near innovation hubs in San Francisco, Paris and Hong Kong.
Move ahead 6 squares

You share your office space with a start-up but you don't speak the same language.
Go back 4 squares

You encourage your staff to spend 10% of their time on innovative projects.
Move ahead 4 squares

You launch a series of podcasts dedicated to innovation. 80% of collaborators listen to them.
Move ahead 1 square

Your collaborators connect with the team from the incubator. They find an idea for a project to develop together.
Move ahead 2 squares

All the young employees quit the business earlier than planned to launch their own start-up.
Go back 4 squares

Rules of the game: faced with competition, all businesses are required to innovate. The path towards innovation is full of surprises, disappointments and victories. To start, step into the shoes of a company and roll the dice. Following the directions on each square, move your marker forward or back. Your objective: be the first to finish. Time to make your move!

Move ahead 3 squares

Move ahead 5 squares

BONUS

BONUS

You successfully organise workshops to build awareness about innovation.
Move ahead 2 squares

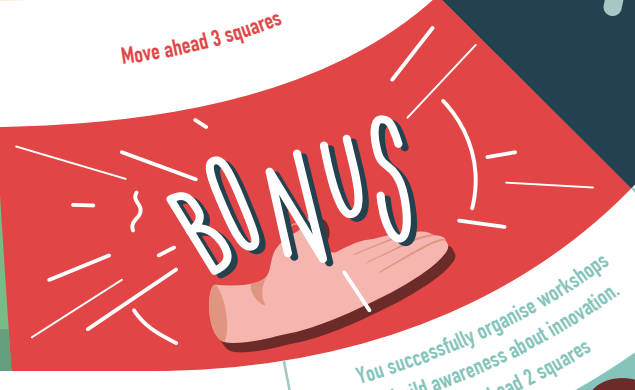
You attract new, innovative talent and open a business incubator in your office. Result: you innovate more quickly.
Move ahead 4 squares

Open

ideas

Finish

ce with a start-up
ving daily.
4 squares



SUSTAINABILITY AND ENTREPRENEURSHIP IN ACTION

THE #MAZARSFORGOOD INNOVATION CHALLENGE

At the service of **employees, society and business**. Such was the idea behind the inaugural edition of the **#MazarsforGood Innovation Challenge**, launched worldwide in January 2015. With this competition, Mazars called out to **young aspiring entrepreneurs and intrapreneurs**, asking them to submit their world-changing projects in one of three categories: 'For you, the Employee', 'For Society' and 'For Business'. Between January and April 2015, **more than 75 teams from 27 countries submitted their projects** and in early summer, ten finalists were chosen across the three categories. On 21 September, the #MazarsforGood winners were announced:

In the 'For Business' category:
SHEAPLY (France), a.k.a. the 'Uber of shipping', for their crowd shipping service.

In the 'For you, the Employee' category:
EASYGREEN (Hong Kong), for their innovative solution for stress relief and community building in the workplace through horticulture.

In the 'For Society' category:
TOILETS FOR ALL (South Africa), for their unique, all-in-one portable plastic eco-toilet design that is more durable, greener and healthier to use for impoverished families.

Each of the three teams received USD 20,000 to **develop and scale its business initiative** and was invited to present its venture at the Mazars' global partners' conference in Brussels in December 2015. The other six finalists from France, Greece, Morocco and the US were also rewarded for their efforts: 2nd place teams received USD 2,000 and 3rd place teams received USD 1,000. This first edition of the challenge was as international as it was popular, with awareness generated **all around the world across various social media platforms**. To learn more about the winners of the #MazarsforGood Innovation Challenge, visit: blogs.mazars.com/ideasforgood



• **This competition is a token of our belief in the value that innovative projects bring to Mazars and to society in general. But #MazarsforGood is much more than just a contest: it is a reflection of our core DNA, of our dedication to stewardship and progress, all in the name of the greater good.**

• **Intrapreneur**
Noun
 A person within a large corporation who is given freedom and financial support to create new products, services, or systems through assertive risk taking and innovation, and does not have to follow the corporation's usual routines or protocols.

M A Z A R S



ONE YEAR IN REVIEW



Y E A R B O O K 2 0 1 5

MAZARS' GOVERNING BODIES

In order to make sure that everything runs smoothly in our international integrated partnership, our two governing bodies – the Group Executive Board and the Group Governance Council – are elected by our partners. They are entrusted with overseeing operational management and with supervising our global activities.

THE GROUP EXECUTIVE BOARD

The Group Executive Board (GEB) is our primary executive management body, in charge of management and oversight of the partnership with regards to our collectively-defined strategic objectives. The current GEB is comprised of seven members, elected for a four-year term that will come to an end in December 2016.



Philippe Castagnac



Antonio Bover



Hervé Hélias



Christoph Regierer



Hilton Saven



Phil Verity



Victor Wahba

Philippe Castagnac Group CEO, Chairman of the Group Executive Board • **Antonio Bover** Co-CEO, leader of the Tax Global Business Unit and the Law Global Business Unit, Managing Partner of Mazars in Spain • **Hervé Hélias** Co-CEO, leader of the Public-Interest Entity Global Business Unit, Managing Partner of Mazars in France • **Christoph Regierer** Co-CEO, member of the Roever Broenner Susat Mazars management board • **Hilton Saven** Co-CEO, Managing Partner of Mazars in South Africa • **Phil Verity** Co-CEO, leader of the Owner-Managed Businesses Global Business Unit, Managing Partner of Mazars in the United Kingdom • **Victor Wahba** Co-CEO of the Mazars Group, CEO of WeiserMazars •

ADVISORS

The Group Executive Board relies on the help of a team of advisors:



Thierry Colin



Graham Durgan



Loïc Wallaert

THE GROUP GOVERNANCE COUNCIL

The Group Governance Council (GGC) is our impartial and independent supervisory body. In addition to its supervisory duties, the GGC has specific decision-making powers set out in the Mazars' Partnership Charter. As of 31 August 2015, the GGC is comprised of twelve members, two of which are external:



Tim Hudson
Chairman



Ken Morrison
Vice-Chairman



Jean-Louis Simon
Vice-Chairman



Thierry Blanchetier



Kathryn Byrne



Charles De Boisriou



François De Carbonnel*



Anita De Casparis



Patrice De Folleville
Until 31/08/2015



Mohamed Ali
Elaouani Cherif



Denise K. Fletcher*



Gregor Kunz

* External member

HIGHLIGHTS 2014 - 2015

SEPTEMBER 2014

• **MAZARS SIGNS CORRESPONDENT AGREEMENTS WITH:**

- BRJ PARTNERS (UGANDA),
- WISCON ASSOCIATES (TANZANIA)
- TAXLINK (ESTONIA, LATVIA, LITHUANIA).

NOVEMBER 2014



- **MAZARS EXPANDS INTO KYRGYZSTAN** which becomes the 72nd member of its international partnership.

- **FOR THE FIFTH TIME IN A ROW, MAZARS IS A PROUD SPONSOR OF THE 'CITÉ DE LA RÉUSSITE'**, a leading thought leadership event taking place in Paris with more than 150 speakers and 20,000 attendees. This 19th edition of the event was dedicated to the theme of 'boldness'.

DECEMBER 2014



- **MAZARS EXPANDS INTO ALBANIA** with the integration of the Gjini practice as the 73rd member of its international partnership.

JANUARY 2015

- **MAZARS UNIVERSITY**, the international learning hub for the Mazars Group, receives the prestigious CLIP Accreditation from the European Foundation for Management Development (EFMD), an honor that so far has only been awarded to Fortune 1,000 companies with significant internal educational infrastructure.



FEBRUARY 2015

- **MAZARS ACQUIRES THE MOROCCO-BASED GIP (GLOBAL INTELLIGENCE PARTNERS), A STRUCTURE SPECIALISING IN BUSINESS INTELLIGENCE WITH A BIG DATA ANALYSIS CAPACITY.**



- **PHILIPPE CASTAGNAC**, Mazars' CEO, member of the LinkedIn Influencers programme, has more than 40,000 followers.

MARCH 2015

- **PATRICK DE CAMBOURG IS APPOINTED PRESIDENT OF THE ANC**, the French standard-setter. He was President of Mazars SA between 1984 and 1995, then CEO and Chairman of Mazars between 1995 and 2011, and Chairman of the Group's Governance Council between 2012 and 2014. He is Honorary President of Mazars since 2014.

- **MAZARS IS A SPONSOR OF THE 2015 AFRICA CEO FORUM IN GENEVA, UNVEILING ITS POLICY PAPER ENTITLED 'AFRICA'S QUEST FOR STRATEGIC AGILITY: CURRENT STATE AND SCENARIOS.**



- **MAZARS CELEBRATES** its 20th anniversary in Russia and in Vietnam.

APRIL 2015



- **MAZARS MERGES ITS GERMAN PRACTICE** with Roever Broenner Susat, forming together an influential player which enters the Top 10 of the profession in Germany, with 1,000 professionals operating out of 12 offices across the country [cf. p.47-53].

- **VICTOR WAHBA** succeeds Douglas A. Phillips as the CEO of WeiserMazars in the USA.

- **MAZARS LAUNCHES #WEAREMAZARS**, a series of short movies featuring staff members from several countries – discover the people behind the brand! www.mazars.com/WAM



- **MAZARS CELEBRATES ITS 20TH ANNIVERSARY IN ROMANIA.**

JUNE 2015

- **THE LAST 'SOCIAL MEDIA FOR BUSINESS DEVELOPMENT' OF THE YEAR TRAINING SESSION TAKES PLACE IN MOSCOW (RUSSIA).** Over 2014-2015, 550 partners and managers have followed this Mazars' #DigitalAcademy workshop in 18 countries.



- **MAZARS CELEBRATES** its 20th anniversary in the Czech Republic.

- **MAZARS IS THE SCIENTIFIC PARTNER OF THE 7TH EDITION OF THE AFRICA BANKING FORUM** (ABF), the largest event of banking services in North, West and Central Africa held in Abidjan, Ivory Coast.

- **MAZARS PARTICIPATES IN THE 2015 EUROPEAN DEVELOPMENT DAYS IN BRUSSELS**, presenting together the United Nations Guiding Principles Reporting Framework – launched earlier in February 2015 –, an innovative tool co-developed with SHIFT to help companies report on human rights issues and particularly in their supply chain.

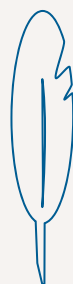
JULY 2015

- **ROBERT MAZARS, THE FOUNDER OF THE FIRM, PASSES AWAY AT THE AGE OF 95.** Robert Mazars was a veritable pioneer of whom the whole Group can be proud. Indeed, he dedicated his life to the strong values that make Mazars what it is today and always strived to bring competence, ethics and integrity into our professions.



- **MAZARS EXPANDS INTO PHILIPPINES**, which becomes the 74th member of its international partnership.

- **MAZARS ACQUIRES EQR**, a French consulting firm specialising in the health industry.



- **MAZARS SIGNS CORRESPONDENT AGREEMENTS WITH MCA AUDITING & ACCOUNTING SAS (COLOMBIA) AND DUNCAN DOVICO (AUSTRALIA).**

- **MAZARS OPENS ITS SHARED VALUE ONLINE PLATFORM** to foster debate on the way businesses interact with their environment: www.sharedvalue.mazars.com

AUGUST 2015



- **MAZARS HAS A COMBINED 200,000 FOLLOWERS** on its various social media official pages and accounts; 11,000 of its professionals have LinkedIn profiles.

MITTELSTAND

- **MAZARS LAUNCHES THE MITTELSTAND BUSINESS SCHOOL (MBS)**, a learning programme that explores, explains and exploits the key success factors of the powerful German model of growing local mid-sized businesses into global mid-cap champions (cf. p.19).

A COMMON AMBITION THE RBS / MAZARS MERGER IN GERMANY

A quantum leap for the Group in the German market

April 2015 was an important milestone in Mazars' history: the firm merged its 30-year old German practice with Roever Broenner Susat (RBS), a firm with proven expertise of the Mittelstand* market, significantly strengthening its position in the economic powerhouse of Europe. Both parties to the merger brought complementary assets: global reach and a listed client base for Mazars, and a strong internationally focused SME client base for RBS. With more than 1,000 audit, tax, outsourcing, accounting, financial advisory and legal professionals operating out of 12 offices across the whole country, the new entity joins the Top10 of the profession in Germany. It will account for around 10% of Mazars' global turnover. *Willkommen!*

* German term for Small and Medium Sized Enterprises, often characterised by a strong R&D focus and international expansion.

SABINE LEUSCHNER & DR. MARTIN F. KÖHLER

“TOGETHER, WE WILL BE ABLE TO EXPAND OUR OFFER INTERNATIONALLY”

WHAT THREE WORDS WOULD YOU USE TO SUM UP THE OTHER COMPANY?

SABINE: ‘Service-oriented’, ‘experts’ and ‘German’.

MARTIN: To describe Mazars, I would use the terms: ‘international’, ‘creativity’ and ‘openness’.

HOW DID YOU REACT WHEN YOU HEARD ABOUT THE MERGER?

MARTIN: With enthusiasm. RBS needed Mazars and vice versa. Both have real strengths. For example, RBS had a strong legal department, whereas Mazars had a strong international presence. Together, we will be able to expand our offer internationally and broaden our skills base. I have to admit that there were a few concerns at RBS, for example in the administrative departments. Some people were worried because they don’t master English or French. They imagined they were going to be managed by ‘French bigwigs’. So this merger is a challenge as well as an opportunity.

SABINE: I took it very well, because RBS was well known in Germany and I was already familiar with the company.

My friends in Frankfurt had even read about it in the press! The foundations are strong on both sides and each has something to contribute to the other.

IF YOU HAD A MAGIC WAND, WHAT WOULD YOU CHANGE?

MARTIN: I would make sure there was less individualism. When a merger takes place, people tend to want to hold on to their own familiar territory whereas it is better to think collectively and ask, ‘What do our clients need and how are we going to give it to them?’

SABINE: My magic wand would help people overcome the fear and resistance that mergers can sometimes create.

IF YOU HAD TO COME UP WITH A SLOGAN TO DESCRIBE THE RBS/MAZARS MERGER, WHAT WOULD IT BE?

SABINE: I would use the slogan I read on the bib of a professional who was taking part in a run: ‘People who run together run faster’.

MARTIN: ‘No mental barriers, no national borders’.



|
*Sabine Leuschner,
Senior Manager, Tax (Mazars),
Frankfurt am Main*

|
*Martin F. Köbler,
Partner, Legal (RBS),
Berlin*

**JOHANNA-CHARLOTTE FLEMMING
& ERIK BARNDT**

“STRONGER TOGETHER”

HOW DID YOU APPROACH THE TOPIC OF THE MERGER TO YOUR FRIENDS AND FAMILY?

JOHANNA-CHARLOTTE: I have friends in both France and Germany. It's quite funny to see how they all view the merger from their own, slightly biased, national perspective. My German friends said it was quite right that RBS should buy out Mazars! Because RBS was better known in Germany than Mazars. Whereas my French friends said, 'So it looks like 'our' Mazars is joining forces with RBS?'

ERIK: My wife also works in auditing, and straight away she thought it was a good decision for RBS. My children have already lived abroad and they liked the international element. Their first question was, 'When are we going to live in Paris?'

WERE THERE ANY SURPRISES?

JOHANNA-CHARLOTTE: The way the merger took place: the changes were introduced very gently. Special training was organised where the different teams got to know each other.

ERIK: RBS was the product of several mergers and had a fairly decentralised way of operating. The Mazars model is a very original mix, half-way between coordination and decentralisation.



|
*Johanna-Charlotte Flemming,
Senior Associate, Audit (Mazars), Berlin*

WHAT DO YOU LIKE ABOUT WORKING WITH YOUR NEW COLLEAGUES?

JOHANNA-CHARLOTTE: My new colleagues have excellent technical knowledge, for example in the field of German law. This is a skill that can benefit Mazars.

ERIK: Their skills ... and the international dimension. I have already had the opportunity to meet my counterparts from other countries where Mazars is present.

IF YOU HAD TO COME UP WITH A SLOGAN TO DESCRIBE THE RBS/MAZARS MERGER, WHAT WOULD IT BE?

ERIK: 'As regional as possible, as international as necessary.'

JOHANNA-CHARLOTTE: 'Stronger together'.



|
*Erik Barndt,
Audit and Insurance Partner (RBS), Köln*

TINA KRÜGER & DANIEL KIRIAKOU

“ WE WILL CONTINUE TO GROW ”

HOW DID YOU REACT WHEN YOU HEARD ABOUT THE MERGER?

TINA: I was quite surprised, because RBS was a large company and we had already been through two mergers. But in the end, I looked forward to it. Mazars didn't have a presence that was strong enough in Germany and RBS didn't have a powerful international presence, so I thought this merger would be positive.

DANIEL: I was surprised, because no information had filtered down. But even though I found out about it late, I was happy. I was sure that Mazars and RBS were a perfect match for each other. It's a real opportunity, because together RBS and Mazars have exceptional growth potential.

WHY DO YOU THINK THE MERGER BETWEEN MAZARS AND RBS MAKES THE NEW COMPANY A MORE POWERFUL ORGANISATION?

DANIEL: Our clients expect work from us that is high quality, accurate and delivered on time. If there is one goal that RBS and Mazars share, it's reliability. We will now be even more attractive to our clients.

TINA: Daniel has said it all! This merger is definitely the best option. I would add that the RBS/Mazars merger will give us all a boost and bring in a breath of fresh air.

IMAGINE THESE TWO SCENARIOS: WHAT DO YOU THINK ROEVER BROENNER SUSAT MAZARS WILL LOOK LIKE IN 2020? AND SECONDLY, WHERE WOULD RBS AND MAZARS BE IN 2025 HAD THE MERGER NOT TAKEN PLACE?

DANIEL: If the statistics are right and if we trust the audit sector to continue growing, I would say that in five years' time, the new German company will probably be worth somewhere between 150 and 200 million Euros in terms of turnover. It will have around 20 offices, with more than 1,500 employees. And I assume that the RBS name will no longer exist. As for the second scenario, I was taught never to plan more than two years ahead. However, I imagine that in ten years' time, even without the merger my job would be facing new challenges, with increasing digitalisation among other things. Mazars would still be a modern, innovative company, focused on client approach.

TINA: I also think the RBS name will have disappeared by 2020. 'Roever Broenner Susat Mazars' is a bit too long. We will continue to grow and increase our operational capacity. As for the situation in 2025 if there had been no merger: it would probably be very boring!

IF YOU HAD TO COME UP WITH A SLOGAN TO DESCRIBE THE RBS/MAZARS MERGER, WHAT WOULD IT BE?

DANIEL: 'Roever Broenner Susat Mazars: local and global'.

TINA: 'International Audit Worldwide'.



|
*Tina Krüger,
Manager, Tax (RBS),
Berlin*

|
*Daniel Kiriakou,
Senior Manager, Tax (Mazars),
Düsseldorf*

INTEGRATED REPORTING: OUR APPROACH

An integrated report is a concise communication about how an organisation’s strategy, governance, performance and prospects – in the context of its environment - lead to the creation of value in the short, medium and long term. Integrated Reporting focuses on how an organisation uses and affects the following six capitals: Human, Intellectual, Social & Relationship, Financial, Manufactured and Natural.

With last year’s Group Annual Report, *Breaking New Ground*, Mazars embarked on a journey towards Integrated Reporting, allowing us to better explain who we are and how we serve our clients, our communities and the public interest wherever we operate worldwide.

With this Yearbook, we are continuing on this journey and pursuing our effort to explain our business model and our value creation process thanks to four different representations: the mapping of our stakeholders, our ‘materiality matrix’, our value chain, and our key performance indicators (KPIs), all with the goal of making an ever-clearer connection between how we use our resources and how we create value.

The purpose of the articles that make up the content of this Yearbook is to demonstrate how we cooperate within our ecosystem. Below is a mapping of the links between each one of the articles and the capitals we use, the key challenges at stake and the stakeholders involved.

Content item	Capitals used	Challenges	Stakeholders
Tribute to Robert Mazars	Human, Intellectual, Social & Relationship, Financial	Brand Reputation, Professional Standards Compliance and Ethics Behaviour, Code Of Conduct, Benefits for Local Society	All
Reinventing ourselves in the digital era / A conversation with Charles Handy	Human, Intellectual, Social & Relationship	Quality, Reliability and Transparency, Performance Efficiency, Innovation and Digitalisation, Service Offering, Skills Development and HR Retention, Career Path and Optionality	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, Co-Contractors
The Audit Manifesto / Contributing to a vibrant audit profession	Human, Intellectual, Social & Relationship	Quality, Reliability and Transparency, Performance Efficiency, Innovation and Digitalisation, Service Offering, Benefits for Local Society	Mazars Partners, Mazars Staff, Standard Setters, Existing Clients, Prospective Clients
Future cities / Addressing complexity in the age of Shared Value	Intellectual, Social & Relationship	Governance and Stability, Customer Satisfaction Programmes, Service Offering, Benefits for Local Society	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, Think Tanks & Research Institutes, Lobby Groups & Industry Associations, Public at large

Content item	Capitals used	Challenges	Stakeholders
Tax transparency: clarity without explanation is not an answer to the question	Human, Intellectual, Social & Relationship, Financial, Manufactured	Quality, Reliability and Transparency, Professional Standards Compliance and Ethics Behaviour, Privacy and Data Security, Service Offering, Benefits for Local Society	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, National Governments and Parliaments, UN Bodies, EU Institutions, Media, NGOs, Lobby Groups & Industry Associations, Public at large
Towards a more equal distribution of value? / A look into the extractive industry in Africa	Human, Intellectual, Social & Relationship, Financial, Manufactured, Natural	Quality, Reliability and Transparency, Professional Standards Compliance and Ethics Behaviour, Service Offering, Benefits for Local Society	Existing Clients, Prospective Clients, National Governments and Parliaments, UN Bodies, Media, NGOs, Public at large
Business. For Good™ / Embedding our Shared Value approach to business	Human, Intellectual, Social & Relationship, Financial, Manufactured	Quality, Reliability and Transparency, Professional Standards Compliance and Ethics Behaviour, Service Offering, Brand Reputation, Benefits for Local Society	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, UN Bodies, EU Institutions, Media, NGOs, Public at large
The Mittelstand Business School / Educating tomorrow's leaders in middle market expertise	Human, Intellectual, Manufactured	Skills Development and HR Retention, Geographic Coverage, Service Offering, Academic Relationships	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, Universities and Other Schools
Training future leaders: a disruptive model / Mazars' NextMBA	Human, Intellectual, Manufactured	Skills Development and HR Retention, Career Path and Optionality, Performance Efficiency, Service Offering	Mazars Partners, Existing Clients, Prospective Clients, Co-Contractors, Universities and Other Schools
The future of work: a revolution in progress / A study of one year of conversations on the social web	Human, Intellectual, Social & Relationship	Skills Development and HR Retention, Work-Life Balance, Innovation and Digitalisation, Career Path and Optionality, Brand Reputation	Mazars Partners, Mazars Staff, Mazars Friends & Family, Public at large
Start-ups: the innovation journey	Human, Intellectual, Social & Relationship	Innovation and Digitalisation, Skills Development and HR Retention, Service Offering, Client Portfolio, Brand Reputation	Mazars Partners, Mazars Staff, Existing Clients, Prospective Clients, Alumni
Sustainability and entrepreneurship in action: the #MazarsForGood innovation challenge	Human, Social & Relationship, Financial	Innovation and Digitalisation, Skills Development and HR Retention, Brand Reputation, Benefits for Local Society	Mazars Partners, Mazars Staff, Alumni, Media, NGOs, Public at large
A common ambition / The RBS / Mazars merger in Germany	Human, Intellectual, Social & Relationship, Manufactured, Financial	Geographic Coverage, Service Offering, Quality, Reliability and Transparency, Client Portfolio	Mazars Staff, Existing Clients, Prospective Clients, Correspondent Firms

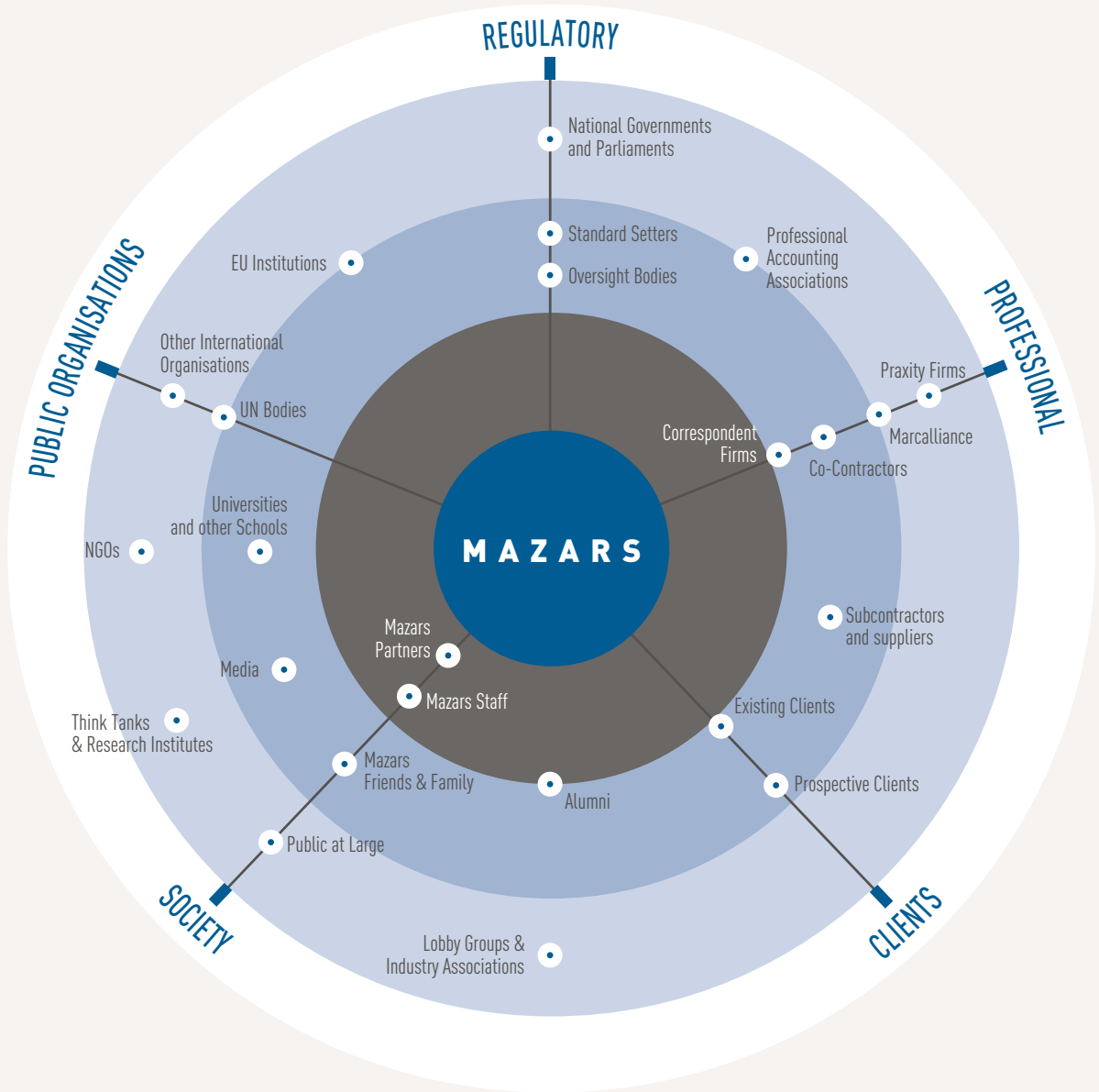
ANALYSIS OF POTENTIAL RISKS AND OPPORTUNITIES

ANALYSIS OF POTENTIAL RISKS AND OPPORTUNITIES				
R/O	Definition	Capitals	Stakeholders	Initiatives
<p>I. QUALITY & TRUST: Our Dedication to Innovative Services</p> <p><i>Related Stories:</i></p> <ul style="list-style-type: none"> • <i>The Audit Manifesto</i> • <i>Future Cities: Managing Complexity in the Age of Shared Value</i> • <i>Towards a More Equal Distribution of Value / A Look into the Extractive Industry in Africa</i> 				
R/O	<p>COMPLIANCE WITH REGULATIONS: The development and strengthening of regulations impact audit activities – e.g. the EU audit reform.</p>	INTELLECTUAL, FINANCIAL, HUMAN	CLIENTS, SOCIETY, PUBLIC ORGANISATIONS	We keep up-to-date with the latest changes in regulations and we inform our clients in a timely manner.
R/O	<p>QUALITY: The audit and assurance market continues to be impacted by tough external conditions, client pressures and intense inter-firm competition. This had led to an audit 'price war', which could potentially cause a decrease in the quality of audit, an obligation for audit firms to restructure, or even a commoditisation of our profession.</p>	INTELLECTUAL, HUMAN, SOCIAL & RELATIONSHIP, FINANCIAL	CLIENTS, SOCIETY	We participate in fair tendering as a good way to maintain innovative solutions in our profession, and therefore we continuously invest to adapt our methodologies and tools.
R/O	<p>CONFIDENTIALITY AND DATA PROTECTION: A situation could arise where business and personal data may not be adequately protected.</p>	HUMAN, SOCIAL & RELATIONSHIP	CLIENTS, SOCIETY	We implement a Global Data Privacy Policy in our offices and continually strengthen our Information System Security Management.
R/O	<p>COMPATIBILITY/ INDEPENDENCE: While non-audit services could threaten the independence of auditors, it also represents the opportunity for Mazars to introduce Channel 2 services where we are not auditors.</p>	HUMAN, SOCIAL & RELATIONSHIP	CLIENTS, SOCIETY	We make sure that our risk management procedures ensure independence and prevent potential conflicts of interest, whichever service is provided (Channel 1 or Channel 2).
0	<p>SERVICE OFFERING: Specialty services are in higher demand, especially for non-audit services.</p>	INTELLECTUAL, FINANCIAL, HUMAN	CLIENTS, SOCIETY	We provide innovative, tailored and global solutions to our clients. Combining the reliability of our methodologies with our ability to think 'outside the box,' we deliver value to our clients and our communities.

ANALYSIS OF POTENTIAL RISKS AND OPPORTUNITIES

R/O	Definition	Capitals	Stakeholders	Initiatives
R/O	<p>PERFORMANCE AND EFFICIENCY: Volatile, negative or uncertain economic conditions could affect our ability to provide high quality services. On the other hand, they lead us on to the path of innovation.</p>	INTELLECTUAL, FINANCIAL, HUMAN	CLIENTS, SOCIETY	The quality standards of our services are not negotiable. We offer integrated solutions adapted to clients' markets and anticipate changes.
R	<p>REPUTATION: Significant failure in one Mazars office to comply with legal, ethical or professional requirements could damage our brand and reputation.</p>	SOCIAL & RELATIONSHIP, FINANCIAL	CLIENTS, SOCIETY	<p>Our internal quality management systems, which are designed to maintain and enhance quality, include, among other things:</p> <ul style="list-style-type: none"> • Client engagement and acceptance processes and standards supported by methodologies and tools, • Continuous technical and soft-skill training of staff and Mazars' partners, • Quality reviews of Mazars' offices. <p>Furthermore, we train our staff and partners to adhere to ethical standards in their daily use of social media.</p>
<p>II. PREPARING THE FUTURE: 'Good' Business and Stewardship</p> <p><i>Related Stories:</i></p> <ul style="list-style-type: none"> • <i>Business For Good</i> • <i>Mazars, the sense of engagement'</i> • <i>'Towards Shared Leadership'</i> • <i>Starts-Ups and Innovation</i> • <i>Mittelstand Business School</i> • <i>'Business and Individuals: A Revolution in the Making'</i> • <i>'Sustainability and Entrepreneurship in Action'</i> • <i>MazarsforGood Innovation Challenge</i> • <i>Bringing Together People in a Common Ambition: the RBS / Mazars Merger in Germany</i> • <i>'Training Future Leaders: A Disruptive Model' / Mazars' NextMBA</i> 				
R/O	<p>TALENT: Skilled people, especially in economically vibrant areas, are increasingly mobile. Specific, adapted policies are required in order to attract and retain them.</p>	HUMAN, SOCIAL & RELATIONSHIP	CLIENTS, SOCIETY	As a professional services firm, we develop a dynamic human resources policy valuing excellence and a strong sense of ethics. We invest in our people to make their years with Mazars a profitable experience and prepare them to be future leaders inside or outside our firm.
R/O	<p>INTERNATIONAL INTEGRATED PARTNERSHIP STRUCTURE: Although it is not always easy, growing as an international integrated partnership favours long-term construction and transparency, all for the benefit of our clients.</p>	FINANCIAL, HUMAN, SOCIAL & RELATIONSHIP	CLIENTS, SOCIETY PROFESSIONAL	International expansion is in our DNA. We never fear to venture into new territories and discover new cultures. Although a partnership may be at times fragile, we remain convinced that our unique model brings us closer to our clients, allowing us to provide local tailored services around the world.
O	<p>ETHICAL BEHAVIOUR: Our stakeholders expect us to demonstrate responsible behaviour with regard to our employment practices, our investments, the taxes we pay and our relations with our suppliers.</p>	HUMAN, SOCIAL & RELATIONSHIP	ALL STAKEHOLDERS	Mazars' code of conduct is shared at the international level. It clearly defines our policy to promote ethical behaviour and avoid disputes with our clients, suppliers or local communities. We have deployed a global whistleblowing framework for both internal and external stakeholders.

STAKEHOLDERS MAP

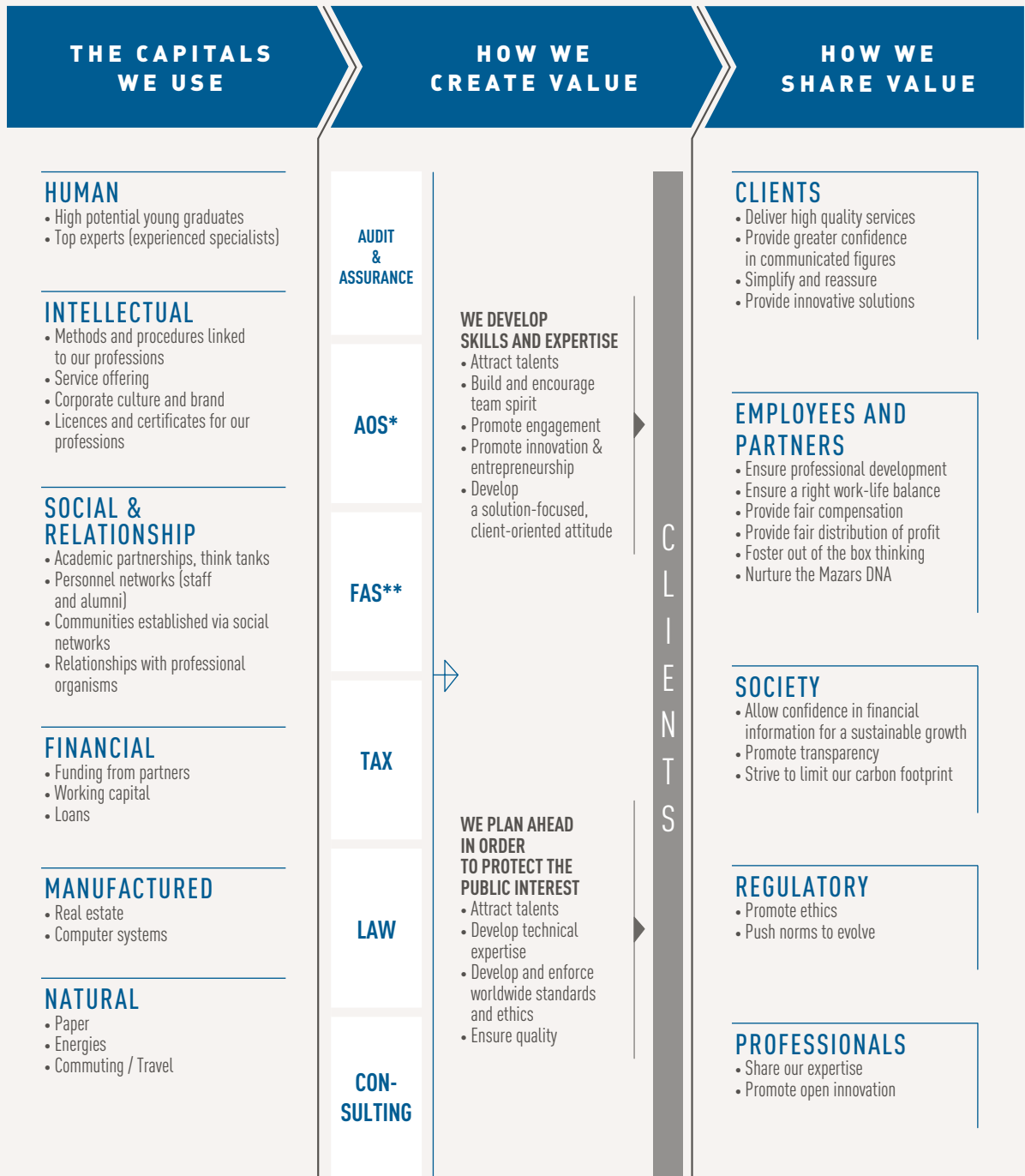


Internal Stakeholders
 Very Important External Stakeholders
 Important External Stakeholders

TOP MATERIAL ISSUES



VALUE CHAIN



THE CAPITALS WE USE

HUMAN

- High potential young graduates
- Top experts (experienced specialists)

INTELLECTUAL

- Methods and procedures linked to our professions
- Service offering
- Corporate culture and brand
- Licences and certificates for our professions

SOCIAL & RELATIONSHIP

- Academic partnerships, think tanks
- Personnel networks (staff and alumni)
- Communities established via social networks
- Relationships with professional organisms

FINANCIAL

- Funding from partners
- Working capital
- Loans

MANUFACTURED

- Real estate
- Computer systems

NATURAL

- Paper
- Energies
- Commuting / Travel

HOW WE CREATE VALUE

AUDIT & ASSURANCE

AOS*

FAS**

TAX

LAW

CON-SULTING

WE DEVELOP SKILLS AND EXPERTISE

- Attract talents
- Build and encourage team spirit
- Promote engagement
- Promote innovation & entrepreneurship
- Develop a solution-focused, client-oriented attitude

WE PLAN AHEAD IN ORDER TO PROTECT THE PUBLIC INTEREST

- Attract talents
- Develop technical expertise
- Develop and enforce worldwide standards and ethics
- Ensure quality

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HOW WE SHARE VALUE

CLIENTS

- Deliver high quality services
- Provide greater confidence in communicated figures
- Simplify and reassure
- Provide innovative solutions

EMPLOYEES AND PARTNERS

- Ensure professional development
- Ensure a right work-life balance
- Provide fair compensation
- Provide fair distribution of profit
- Foster out of the box thinking
- Nurture the Mazars DNA

SOCIETY

- Allow confidence in financial information for a sustainable growth
- Promote transparency
- Strive to limit our carbon footprint

REGULATORY

- Promote ethics
- Push norms to evolve

PROFESSIONALS

- Share our expertise
- Promote open innovation

*Accounting and Outsourcing Services

**Financial Advisory Services

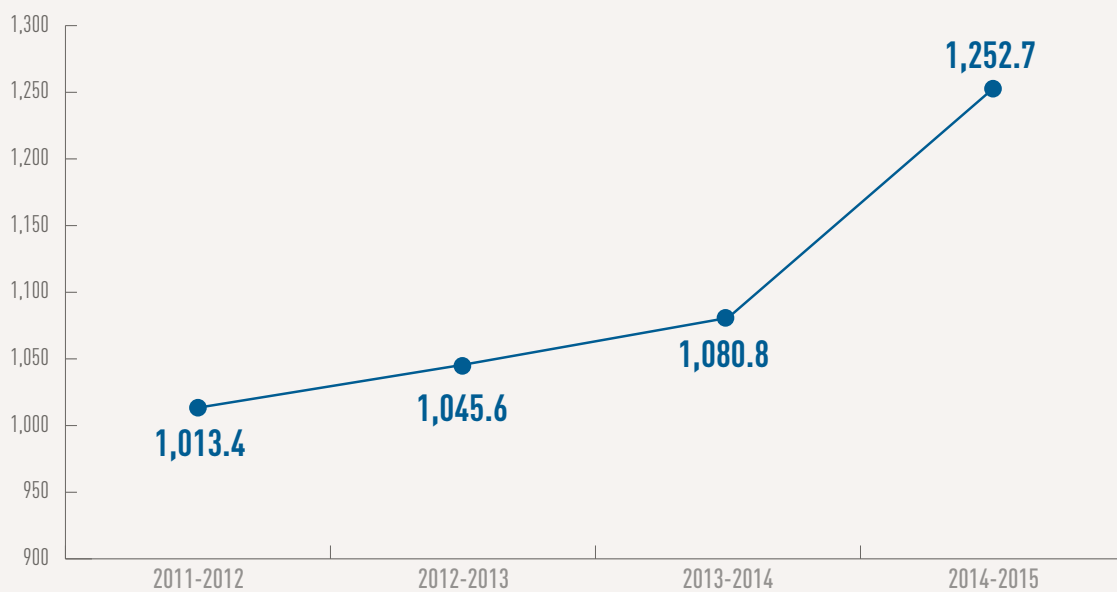
KEY PERFORMANCE INDICATORS

Over the past year, Mazars has confirmed its steady growth outlook. Despite the uneven economic situation and political unrest in the world, Mazars has, once again in 2014-2015, proven its robustness and its resilience in a quickly transforming industry.

CONSOLIDATED INCOME STATEMENT

In euro million	2013/2014	2014/2015
Turnover	1,080.8	1,252.7
Cost of technical staff	-545.4	-632.2
GROSS MARGIN	535.4	620.5
Cost of administrative staff	-84.6	-96.7
Other costs	-223.7	-258.0
Depreciation and provisions	-18.2	-23.8
OPERATING SURPLUS	208.9	241.9
Amortisation of client relationships and impairment of goodwill	-5.0	-5.4
Financing costs	-3.2	-4.2
SURPLUS BEFORE PARTNERS' REMUNERATION	200.7	232.4
Partners' remuneration	-200.5	-232.2
PRE-TAX RESULT	0.1	0.2
Corporate income tax	-0.1	-0.1
POST-TAX RESULT	0.1	0.1

TURNOVER GROWTH 2011-2015 (in Euro million)



TURNOVER GROWTH

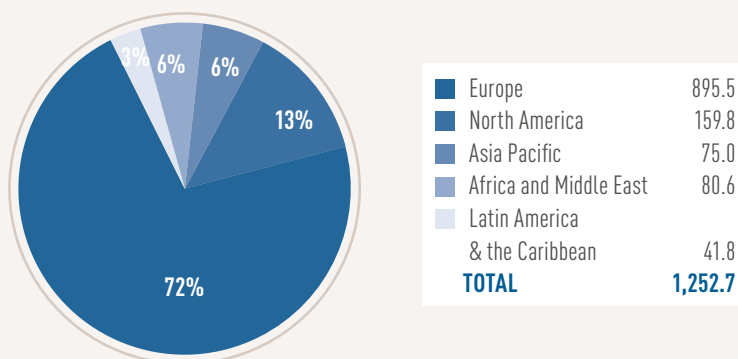
€1,252M | +15.9%

BREAKDOWN OF GROWTH COMPOSITION

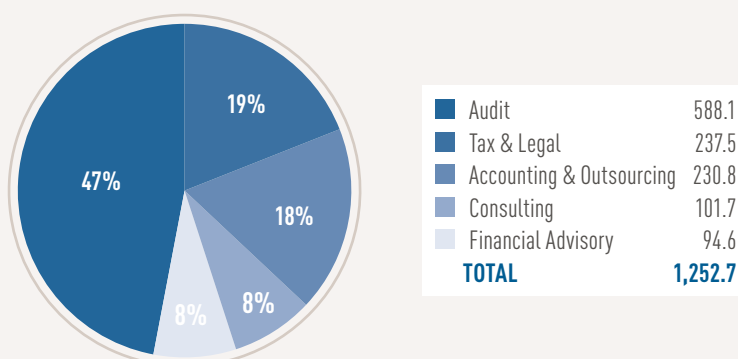


The exchange rate impact mainly comes from an increase against the Euro of many Asian currencies, the USD, GBP and CHF.

TURNOVER PER REGION (in Euro million)

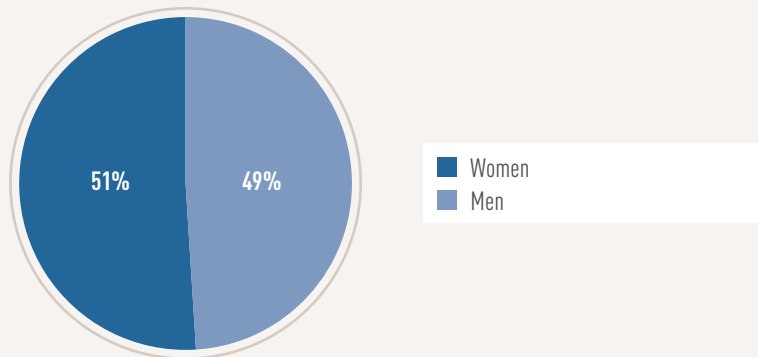


TURNOVER PER SERVICE LINE (in Euro million)

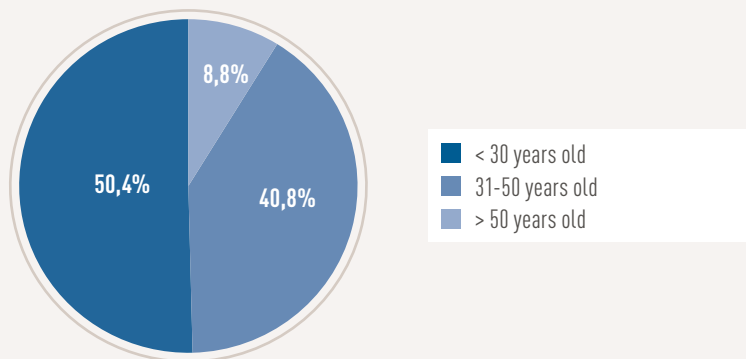


OTHER DATA

BREAKDOWN OF WORKFORCE BY GENDER



BREAKDOWN OF WORKFORCE BY AGE



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aristophane⁵

OPINION ANALYSIS

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“BEING HUMAN IS CONSCIOUSLY TO BRING JUDGMENT,
INTUITION, CREATIVITY, EMPATHY AND VALUES
INTO PLAY. IN BUSINESS, IT IS THE DOMAIN
OF ENTREPRENEURIAL THINKING AND INNOVATION,
OF WEIGHING DECISIONS, OF COLLABORATION AND TRUST
– QUALITIES THAT ARE UTTERLY DIFFERENT FROM
THE MACHINE LOGIC OF NETWORKED SENSORS
AND PROCESSORS.”

|

RICHARD STRAUB

MAZARS GROUP'S ANNUAL REPORT 2014/2015
(INCLUDING FINANCIAL STATEMENTS, GROUP EXECUTIVE BOARD
REPORT, GROUP GOVERNANCE COUNCIL REPORT
AND TRANSPARENCY REPORT) IS ALSO AVAIBLE ONLINE

ANNUALREPORT.MAZARS.COM

