

# GROUP TRANSPARENCY REPORT

2013/2014





**S**pecializing in audit, advisory, accountancy, tax and legal services, Mazars is a leading integrated and independent organization whose international scope is expanding every year. As of August 31, 2014, Mazars operated in 72 countries around the world, with more than 14,000 highly qualified professionals. Our consolidated turnover for the year 2013/2014 totaled €1,080.8 million, representing an increase of 3.4% over last year's result (+5.8% at a constant exchange rate).

Innovation is embedded in Mazars' values and DNA. Because we are so convinced that the value of an organization is measured by its ability to present its financial and non-financial performance in a transparent and "integrated" way and thus meet the expectations of all its stakeholders, we have decided to start the journey towards integrated reporting, in accordance with the framework set out by the International Integrated Reporting Council (IIRC). An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects – in the context of its external environment – lead to the creation of value in the short, medium and long term.

Mazars also continues to take a proactive role in the work of the International Integrated Reporting Council, to support our belief that integrated reporting will one day enable companies to present a fully transparent, comprehensive and easy-to-grasp picture to their stakeholders. This commitment is also reflected in our offer, as Mazars delivers corporate social responsibility (CSR) and anti-corruption certifications, and

recently received ISO accreditation of its CSR Department.

For us, all this is an additional, natural step to share with the business community information that demonstrates who we are and how we create sustainable value in the service of the public interest. Our choice of transparency is not new: in 2005, we were the first organization in our profession to publish a Group Annual Report including jointly audited consolidated financial statements complying with International Financial Reporting Standards. To date, we remain the only one that has taken this step towards fostering transparency.

Our commitment to responsibility also leads us to take part in the debates in our profession. Over the last year, we participated in discussions regarding the European reform of the audit profession. The requirements of the European Directive and associated regulation will strengthen the role and independence of auditors and help open up the market. Beyond the issues that directly affect our business environment, we also offer our voice in public debate.

Being transparent in our actions and our ambitions, both locally and globally, is not a simple commitment. It is the way we chose to reaffirm every day our values, to share them and to collectively put them into action. We are more than ever convinced that co-constructing solutions with our clients and our stakeholders will help us deliver collective value over time.

Paris La Défense, December 15, 2014

**Philippe Castagnac,**  
Group CEO, Chairman of the Group Executive Board

**Jean-Luc Barlet,**  
Group Chief Compliance Officer

## I. MAZARS' DESCRIPTION

Since 1995, Mazars has been building a unique form of integrated partnership that is the basis of a truly democratic organization and remains faithful to the values and beliefs professed and defended by its founders.

Our democratic partnership gives each partner the right to vote on strategic decisions involving the future of the partnership, an idea that is central to Mazars' principles and practices.

We established an integrated international partnership with the principal objective of guaranteeing consistency in the quality of our service to clients.

### 1.1 Presentation of Mazars SCRL

#### 1.1.1 Institutional integration

The Mazars organization is comprised of all the member entities who have signed a cooperation agreement with Mazars Scrl, a Limited Responsibility Cooperative Company headquartered in Belgium, which itself has no professional activity, and whose shareholders are partners in the member entities. In this respect, they are the only owners of Mazars' capital. The mission of Mazars Scrl is to define the strategic objectives of the organization and to coordinate the implementation of these objectives at the member firm level. The organization also has the specific responsibility of promoting and protecting the Mazars brand throughout the world.

Once appointed, all Mazars partners sign a contract that allows them to transfer their interests only to parties approved or designated by Mazars Scrl. The shares in member entities can, in principle, only be owned by the partners of Mazars Scrl. The consolidated financial results of Mazars Scrl include those of the member entities, are prepared in compliance with IFRS standards (IFRSs) and are jointly audited by two independent auditors, BDO and Crowe Clark Whitehill.

The Group Executive Board (GEB), elected directly by the partners, assumes ultimate responsibility for the framework of the Mazars organization.

Mazars is not simply a collection of national firms, but an integrated organization of professionals sharing growth goals, and commitments to investment and technical excellence, bearing risks and sharing profits.

#### 1.1.2 Operational integration

In order to serve our clients globally and in the best way possible, Mazars has developed an international, homogenous and integrated approach to the markets in which the Group operates.

To this end, Mazars is structured internationally around two main market sectors – Public Interest Entities (PIE) and Owner Managed Businesses (OMB) as well as two other professional service lines dedicated to Tax and Law respectively, and four Global Support Units (GSUs), which help develop the group's activities. All four PIE, OMB, Tax and Law business units, as well as the four support units, are represented at the Group level through Global Business Units (GBUs) and Global Support Units (GSUs), and at the national level through Country Business Units (CBUs) and Country Support Units (CSUs).

The main responsibility of the GBUs is to define the overall strategic market vision, to monitor and support implementation at country level and to ensure the Group's operational efficiency. In this sense, the GBUs are accountable for overall strategic delivery (i.e. growth and profitability). The GSUs collaboratively support our business for the benefit of our clients in areas such as policies, information systems, and talent management.

Mazars is structured in such a way as to ensure the alignment of the countries, the GBUs, the GSUs and the Group. All our integrated entities' Senior Partners or Managers and global unit leaders come together in periodic meetings, which take place at least three times a year.

The integrated international partnership permeates every aspect of the Mazars organization:

- Each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to the client.
- Every global business unit is represented in each country where the organization operates in order to optimize the coordination of assignments and cross border relations between teams.
- Partners and the national member entities in which they work are linked by a series of agreements intended to achieve maximum consistency within the Group. They all report to the elected representatives of the Group.

All the entities of the Mazars integrated international partnership are thus committed to enhancing the quality of services provided to large, cross-border groups in an increasingly complex and global environment.

## 1.2 Governance of Mazars Scrl

During the Annual Partners Conference in December 2012, the Group elected for a four-year term its governance platform. Based on a combination of experience and the balanced allocation of responsibilities, the governance platform provides a stable foundation for the long-term implementation of the Group's strategy, thus meeting the major internal and external challenges identified by Mazars:

- strengthening the Group's organic growth and managing cross-disciplinary operations with the Group Executive Board (GEB);
- introducing independent members within the Group Governance Council (GGC) in order to meet the most demanding standards in terms of supervision;
- organizing succession to a new generation of leaders.

The management of the member entities of the Mazars organization is the responsibility of its respective Country Executives.

### 1.2.1 Partners General Assembly

The General Assembly of partners is held at least once a year within six months following the closing of the accounting period and is a pivotal point in the governance and decision making processes of Mazars Scrl.

It is at this meeting that, collectively, the Mazars partners elect the governing bodies (every four years) and approve the major strategic directions and operations of the Group, the admission of new partners and the Group's yearly audited financial statements.

### 1.2.2 Group Executive Board (GEB)

The Group Executive Board (GEB), directly elected by the partners, assumes ultimate responsibility for the framework of the Mazars organization. The GEB works under the supervision of the Group Governance Council (GGC), which decides on the remuneration of the GEB members. It is comprised of 3 to 9 members appointed by the General Assembly of Partners for

a four-year term, according to a 2 step process: the election of the Chairman; then the Election of the other members on the basis of the elected Chairman's proposition.

The Group Executive Board, whose term expires at the end of 2016, is currently comprised of six members:

- Philippe Castagnac, Group CEO, Chairman of the GEB;
- Antonio Bover, co-CEO;
- Hervé Hélias, co-CEO;
- Hilton Saven, co-CEO;
- Phil Verity, co-CEO;
- Victor Wahba, co-CEO.

The GEB meets every 2 to 3 weeks and two to three times per year with Country Executives at the Country Forums. The GEB is supported in its day-to-day tasks by the leaders of the Global Business Units (GBU) and Global Support Units (GSU).

### 1.2.3 Group Governance Council (GGC)

The Group Governance Council (GGC) exercises a general supervisory function over the management actions of the GEB, decides or jointly decides on certain matters (for example: validating merger, acquisition or sales operations, or projects with significant impact on the Group...), and reports to the General Assembly of partners. The GGC meets at least once every four months. It is composed of 8 to 16 members appointed by the General Assembly of partners for a four-year mandate, with the introduction in December 2011 of two external independent members.

One GGC member also chairs the Audit Committee.

The GGC, elected in December 2012, is comprised of 14 members:

- Patrick de Cambourg, Chairman of the GGC;
- Kenneth Morrison, Vice-Chairman of the GGC;
- Douglas A. Phillips, Vice-Chairman of the GGC;
- Thierry Blanchetier;
- Kathryn Byrne;
- François de Carbonnel\*;
- Anita de Casparis;
- Simone Del Bianco;
- Mohamed Ali Elaouani Cherif;
- Denise K. Fletcher\*;
- Patrice de Folleville;
- Tim Hudson;
- Jean-Louis Simon;
- Kathleen Robison.

\*External independent members

The two external independent members, Denise Fletcher and François de Carbonnel, joined the GGC in December 2011. One of their key roles is to enhance the confidence of our client's shareholders in the public interest aspects of the firm's decision-making, our stakeholder dialogue and our management of reputational risk. This role is principally performed through the Public Interest Committee (PIC) which was formed in 2012 with Denise and Francois being the sole members. This Committee has met twice during the year. The terms of reference requires the PIC to exercise a general oversight on such aspects of the firm's management as quality control systems, remuneration policies, risk management, the processes for handling complaints and for whistle-blowing. In exercising this oversight they have access to reports from the GEB and copies of the minutes of its meetings, reports from individual country executives and through participation in and reports from the other GGC committees.

There are specific requirements placed on the independent members through governance codes for audit firms in the UK, the Netherlands and Ireland. In order to reflect the integrated structure of Mazars, we currently deal with the individual country requirements at a group level supplemented by regular dialogue, where appropriate, with the relevant country executives.

#### 1.2.4 Country Executive Committees

Country Executive Committees have the responsibility of managing the member entities and leading local business on a daily basis, within the framework established by the Organization and in compliance with local regulations. They are elected by the partners of the member entity, their candidacy being subject to the agreement of the GEB.

#### 1.3 Mazars' worldwide presence as of August 31, 2014

Mazars serves its clients throughout the world via:

- integrated member entities in 72 countries;
- non-integrated entities in 15 countries.

Non-integrated entities are correspondents of Mazars SCRL or country local correspondents. Representative desks/offices are often limited in terms of the scope of services offered.

While the member entities constitute the integrated partnership, the non-integrated entities constitute

the Mazars network. They are all committed to the risk management policy described in Section 2 of this report.

Furthermore, Mazars (including all its integrated entities) is one of the founding members of Praxity, an international alliance of Independent Firms created in 2007 as a non-profit-making International Association regulated under Belgium law (AISBL). Praxity is present in 97 countries. Chosen after a thorough self-evaluation process, participating Praxity firms deliver state of the art accounting services and in-depth local knowledge as well as a collective commitment to quality and ethical accounting solutions. In line with the Praxity vision that one size does not fit all, firms join the alliance under one of three classifications: member firm, associate firm and correspondent firm. Mazars is a member firm of Praxity.

Through Praxity, Mazars is able to serve clients in 19 additional countries.

In December 2013, the Spanish law firm Mazars Asociados, Abogados y Asesores Fiscales and the French law firm Carbonnie Lamaze Rasle & Associés, along with 12 other independent law firms, founded MarcAlliance, an international alliance of independent corporate and tax law firms. MarcAlliance is an exclusive and non-integrated alliance of highly qualified firms.

This alliance aims to provide a framework for its members, a framework that enables the latter to extend the geographical coverage of their high-quality services to clients that are either directly implicated in international transactions or that are faced with international stakes.

This alliance is currently composed of 19 corporate and tax law firms that are, for the most part, located in Europe, Asia and Africa, and of which several are part of the Mazars' Integrated Partnership.

## II. MAZARS' QUALITY ASSURANCE AND RISK MANAGEMENT POLICY

The Group Executive Board of Mazars takes overall responsibility for internal quality control and the carrying out of a periodic review of its effectiveness. The GEB is supported by the Technique and Innovation Global Support Unit (T&IGSU).

This Technique & Innovation Global Support Unit:

- defines the quality assurance system and procedures that all business and management units must implement in order to meet the defined principles. These standards are presented in the Mazars Quality Assurance Manual and Risk Management Manual, both of which constitute the benchmark for all integrated entities.
- supervises the monitoring of the quality assurance system alongside the GEB. This monitoring is organized by an International Quality Control Committee (IQCC), which relies on globally coordinated inspections to monitor the firm's compliance with the International Standards on Auditing (ISAs), the IFAC Code of Ethics and the International Standard on Quality Control (ISQC1). Each year, there is a follow-up of the action plans that have been drawn up jointly with the Mazars firm's Risk Management and Quality Leaders and approved by the Managing Partners. There is also a review of each member firm's own annual self-assessment and of the results of their internal and national external quality assurance reviews.

Each member entity's management is responsible for the implementation of the quality assurance system. They must promote the Mazars' internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives. They must remind all staff and partners of the existence of the quality assurance system and underline the importance of respecting legal and regulatory obligations, particularly with regards to the professional code of ethics and professional standards of practice when accepting and carrying out assignments.

The Mazars quality assurance and risk management policies are based on the standards of the International Federation of Accountants (IFAC). The Mazars policies are available online and regularly updated to reflect changes in regulations.

Mazars is a member of the Forum of Firms and, since 2007, has annually declared that the organization meets the membership criteria set forth by the Forum. These criteria are as follows: the implementation of a global quality control program and the application of the IFAC Code of Ethics and ISAs to all transnational audits.

Formally established in 2002, the Forum of Firms quality label is borne by international networks of accounting firms that perform audits of financial statements that are or may be used across national borders, and that commit themselves to promote worldwide auditing best practices in order to raise the standards of the international practice of auditing in the interest of users of the profession's services. The Forum of Firms' positive and structured role is regularly recognized by international stakeholder organizations and national and international regulatory bodies.

Mazars is actively involved in the IFAC with a strong presence on three of its boards and committees:

- The International Ethics Standards Board for Accountants (IESBA).
- The Small and Medium Practices Committee (SMP).
- The Transnational Auditors Committee (TAC), executive committee of the Forum of Firms.

### 2.1 Independence

As of August 31, 2014, Mazars is the legal auditor of approximately 500 listed companies in the 72 integrated and 15 non-integrated countries where Mazars serves its clients.

Maintaining independence is of the utmost importance to audit firms.

#### 2.1.1. Mazars' independence practices

##### *The Mazars' Code of Conduct for Objectivity and Independence*

In order to form a basis for the widespread adoption of the Group's core values, Mazars has adopted a Code of Conduct for Objectivity and Independence (CCOI), which is in compliance with the revised IESBA Code, effective since January 1, 2011.

Each Mazars entity must compare its country's national rules with the measures contained in the CCOI, and communicate to the other member firms any national measures that are more restrictive.

These measures are then documented as Country Specific Provisions (CSP).

Ethics form an integral part of the entities' professional training programs and the Code is distributed to all partners and staff.

Mazars reinforces its multi-disciplinary strategy through the observance of the regulation in terms of financial communications and identifies clearly any other services that may be provided to audit clients.

### *Systems to safeguard independence*

These systems involve the following:

- A procedure for acceptance and continuance of clients and engagements that enables an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and global conflicts of interest. The provision of additional services to an audit client is subject to prior authorization from the lead group audit partner and, in some cases, the head of ethics. This provision is also subject to authorization by the client's audit committee, when required by auditing standards or when the client has put in place procedures for the prior approval of such services.
- A complete list of non-audit services rendered to audit clients. For group audits, this list must be contained in the audit instructions sent out by the coordination team. These non-audit services are subject to *a priori* communication and *a posteriori* inventory and confirmation of independence by the group audit engagement team and the partner who signs the client group accounts.
- An annual declaration of independence by partners and staff and a thorough review of any situations that could compromise independence. In this respect, neither Mazars partners nor their immediate family can hold a direct or indirect financial interest in a listed assurance client of the organization. Personal or family relationships between a member of the audit team and a member of either the audited company's management or any person holding a key position in the audit are also prohibited. Lastly, all firms, partners and staff working on the audit engagement must not have any financial or commercial relations with an audit client beyond normal financial relations with a banking client.
- Access for all in-house professionals to a list of clients subjected to specific ethical requirements.

- Training for technical staff on ethical rules and the organization's ethical procedures.
- Consultation with experts on technical matters, ethics and other areas.
- Limits on client fees in order to avoid financial dependence on one or several clients.
- Clear rules regarding conflicts of interest. When there is a potential threat, either the assignment is refused, or appropriate safeguards are implemented.
- A method of remunerating partners that takes into consideration the quality of the engagement and not only the level of fees billed, number of clients obtained, additional engagements performed, or financial performance.

The Ethics and Acceptance Committee, under the supervision of the T&I GSU Board, is responsible for considering any potential problems that are brought to its attention, reviewing any proposed departures from the CCOI by country and verifying that all changes in international ethical standards are taken into account by the organization.

The T&I GSU Board ensure that risk management procedures are in place and are monitored by each member entity.

### *Two-partner teams and rotation to strengthen both independence and services quality*

Except in specific situations which are approved by the entity's Executive Committee, large engagements are placed under the responsibility of at least two partners, one of whom naturally assumes leadership of the engagement.

Having a team of partners strengthens independence and brings broader technical expertise to the engagement. The responsible partners assist with key stages of the engagement and remain the key contacts for all parties and professional staff, whether internal or external.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate after seven years and do not return to the audit team for at least two years, in compliance with the European Directive on Statutory Audit and the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of partner

responsibilities on recurring audit engagements and major special engagements is decided by the entity's Executive Committee and ensures that partners have the ability to effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the partner's situation or when any difficulties have been encountered.

In the rare case of disagreements with the technical department's positions, the Executive Committee is called upon to arbitrate. The two-partner team in charge remains the final decision maker within the context of the organization's quality assurance and procedures. This point is of paramount importance in preserving each partner's personal commitment and sense of responsibility as well as in responding effectively to each client's specificities.

### 2.1.2 Statement on the effectiveness of the independence safeguards

The internal systems described above were established to identify circumstances where Mazars' independence could be impaired and to take appropriate safeguarding measures in these instances.

The operation and effectiveness of these procedures form part of the quality control system review.

Based on all the evidence collected, the management of Mazars confirms, with a reasonable level of assurance, that the independence procedures and practices have been implemented and the system is effective in maintaining independence. Furthermore, management confirms that the practices have been subjected to internal review.

## 2.2 Quality control system

The policies and procedures adopted by Mazars are in compliance with the IFAC's quality control standards: ISQC1 "Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements" and Revised ISA 220 "Quality control for an audit of financial statements." These procedures are documented in a Quality Assurance Manual available on the intranet.

These policies and procedures are complemented by audit methodology and support techniques which are shared among members of the Organization and by joint training initiatives. Specific audit software is in place, which has been developed to allow a structured audit approach in accordance with the most recent and comprehensive auditing standards (IFAC clarified standards, supplemented by national requirements).

Compliance with the organization's policies and procedures is regularly monitored through reports by the entities on the results of their internal and external quality control and through periodic quality assurance reviews by trained and experienced reviewers from other countries.

### 2.2.1 Internal quality control system *Maintaining quality*

**Quality of people:** Our high standards require that we recruit highly talented individuals with the ability to take on ever-increasing responsibilities. Our ability to attract and retain talent is one of the key elements in maintaining these standards.

Mazars' strategy in terms of training (refer to section 4.4), counseling and compensation strongly emphasizes this high standard of audit quality.

As explained in our Quality Assurance Manual; the Quality Control System includes policies and procedures in the following areas:

- responsibility and leadership
- independence and objectivity
- audit policies and methodology
- acceptance and continuance of engagements
- human resources
- engagement performance, including
  - planning and supervision of engagements
  - technical consultation
  - audit documentation
  - independent review
- confidentiality
- quality control system supervision
- managing cross-border engagements
- complaints and allegations.

In order to improve the effectiveness and the relevance of the Quality Control System, these processes are regularly updated to encompass changes in international standards and the suggestions of users.



### *Global Quality Control System and internal inspections*

Mazars has developed an International Quality Control System that applies to all the organization's entities, regardless of whether they are integrated members or correspondents.

Operationally, quality control at Mazars is managed by an International Quality Control Committee (IQCC) which reports to both the Group Executive Board and the T&I GSU Board.

Two types of quality assurance reviews are in place:

- a report including a self-assessment by the countries on their compliance with IFAC standards, supported by the results of internal and external quality control, and an action plan regarding the areas which have been identified for improvement. This report, which is called ReQAR (Report on Quality Assurance Review), covers aspects relating to audit methodology, ethics and the internal Quality Assurance and Control System;
- a periodic inspection called IQAR (International Quality Assurance Review), which is performed by trained and experienced Mazars reviewers from various countries.

Each reviewer prepares an action plan addressing the findings of the IQAR or the ReQAR. The action plan is submitted for approval to the entity's Executive Committee and the partners in charge of monitoring geographical zones are then informed of these action plans. Then, with the help of the IQCC, the partners follow up the implementation of the action plans.

Each year, Mazars entities critically assess their Quality Control System through a monitoring program involving an assessment of the adequacy and effectiveness of the entity's procedures and a review of the entity's engagement files. Each partner is reviewed at least every three years. The results of the engagement file reviews are taken into account when determining the partners' compensation.

Once a year, the entity communicates the results of the internal and external quality control reviews (ReQAR/ IQAR/national oversights and peer reviews) to partners and managers as well as the entity's Executive Committee. This communication is detailed enough to enable any necessary corrective measures, both at the entity level and with the partners in question.

As a minimum, this summary includes:

- a description of the procedures applied and of the scope of the quality control review;
- conclusions of the reviews of the entity's procedures and audit engagements;
- action plans, if required.

Entities that are candidates for admission into the Mazars partnership undergo a technical review by the IQCC. The quality control review report is included in the admission file submitted for approval to the GEB and the GGC before the partner vote. The report can be accompanied by an action plan which is monitored by the IQCC and the head of monitoring of the geographical region to which the new member entity belongs.

### **2.2.2 Statement on the effectiveness of the quality control system**

Mazars became one of the first full members of the IFAC's Forum of Firms in January 2008 after reporting that it had implemented a globally coordinated quality assurance program and was committed to the use of International Standards on Auditing (ISAs) along with other specific ethical requirements.

Commitment to the obligations of membership in the Forum of Firms contributes to raising the standards of the international practice of auditing in the interest of users of the profession's services. In this respect, Mazars is committed to:

- maintaining quality control standards in accordance with the IFAC International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Control, relevant national quality control standards and, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- implementing policies and methodologies based, as far as possible, on the ISAs concerning the conduct of transnational audit assignments;
- implementing policies and methodologies which comply with the IFAC Code of Ethics for Professional Accountants and applicable national ethical codes.

On the basis of its Quality Control monitoring conclusions, Mazars positively confirmed in December 2012 that it met the membership obligations of the Forum of Firms in all material respects.

## 2.3 Our contribution to the standard setting process

We believe that the voice of the audit profession brings value to the standard setting debate. As a consequence, at the Group level, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example:

- Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as the European Commission, IFAC and its committees and boards, IIRC, FEE, EAIG, PCAOB, IASB
- As stated above, Mazars takes part directly in international professional bodies work, such as IFAC, FIIRC, FEE, ESMA, EFRAG, IASB.
- Our professional staff receive regular training in both actual and potential regulation developments. This helps our audit teams to anticipate these changes and better serve their clients.
- Our Mazars firms are also active in the professional accounting and auditing organizations present in their countries.

## III. CLIENTS

### 3.1 Service offering and turnover

#### 3.1.1 Global service offering

As previously mentioned, Mazars' services fall into four global business units, two of which are focused on clients and two of which are defined by services. This structure is mirrored by each member entity.

The four Global Business Units are:

- **GBU PIE (Public Interest Entities)** covers statutory and contractual auditing as well as other advisory or compliance services mainly targeted to listed companies.
- **GBU OMB (Owner Managed Businesses)** covers advisory and audit services for privately-owned companies of all sizes.
- **GBU Tax** covers a complete range of tax advisory services.
- **GBU Law** covers legal counseling in some countries.

The consolidated accounts of Mazars Scrl for the year ending August 31, 2014 will be submitted for approval at the General Assembly of partners on December 14, 2014. Once published, these accounts will be available on the Group website ([www.mazars.com](http://www.mazars.com)).

#### Turnover per Global Business Unit (€ million)

	2013/2014	2012/2013
PIE	560.2	537.8
OMB	393.8	380.6
TAX & LAW	126.8	127.2
<b>Total</b>	<b>1,080.8</b>	<b>1,045.6</b>

### 3.2 List of public interest entities for which the firm has issued an audit report during the preceding financial year

The list of engagements as of August 31, 2014 includes engagements for companies that have issued transferable securities admitted to trading on a regulated market and for which statutory audit reports have been issued by Mazars member entities during the Transparency Report period (from September 1, 2013 to August 31, 2014) and is available on the concerned member entity's website.

## IV. HUMAN RESOURCES

### 4.1 Professional and support staff

As of August 31, 2014, Mazars employs more than 14,000 people across 72 countries. This includes the 2,400 recruits that joined Mazars in 2013/2014.

### 4.2 Partners

#### 4.2.1 Our partners on an international level

As of August 31, 2014, Mazars Scrl had a total of 741 partners in 72 countries.

#### 4.2.2. Information concerning the basis for partner remuneration

Partners are remunerated in equal proportion according to the performance of the national member entity to which they contribute, and to the overall performance of the Mazars organization.

At Group level, the partner remuneration measure is the "operational performance," after the deduction of any unforeseen expenses such as litigation, which remains the sole responsibility of the national entity concerned.

Profits are shared between partners in proportion to the number of shares (or "base points") they hold. Financing business activity depends exclusively on each national member entity and follows the same proportionality as the division of profits.

Several countries have also opted for a bonus system based on individual performance, the awards being withdrawn from a pot representing up to 12% of the profits of the country concerned.

Ratified by the Governance Council upon advice from the Group Executive Board, base points are allocated every three years to partners according to the collective performance of their country and individual performance of each partner. This performance is assessed through various criteria: professionalism and technical contribution, importance and complexity of assignments, contribution to the general development of local entities and the Group, level of managerial responsibility, performance in financial management and partnership spirit.

None of the criteria listed above is evaluated in isolation, but the greatest weight is placed on technical competence and partnership spirit.

### 4.3 Quality through talent

We believe that the quality we bring to our clients and to the market is dependent upon the talent of our people. Several key areas form the backbone of our strategy for talent development:

- our culture;
- our sense of commitment;
- our diversity of talents;
- our transparent and effective assessment system.

Based on our common values, management principles and fulfilling work environment, our talent management policy centers around four main principles:

- attract the right people;
- train and foster companionship;
- develop a solution-minded attitude;
- foster employee engagement.

All our professionals have clear objectives, receive feedback and regularly review their performance. Our Global Talent and Performance Management Program monitors our employees' development at all levels and in all Mazars countries. This program provides us with qualitative information on the expectations and competencies of our professionals which in turn allows us to gauge our progress towards our long-term development ambitions.

Every employee has his or her own role and his or her own chance to play a defining part in our success.

Mazars is strongly committed to enforcing the objectivity of our teams and the ethical conduct of our individuals. Recent studies have shown that traditional approaches to ethics training do not address the root causes of unethical behavior. Therefore, at Mazars, we strive to fully understand these issues and implement effective strategies that will place our firm on a morally sound path towards sustainable growth.

As a global organization, we recognize the importance of cultural interconnectivity and support the international development of our teams and firm leaders.

Employees wishing to enhance their careers with an international experience may choose from a range of exchange programs, including strategic mobility opportunities, in which qualified Senior



Managers are placed on high-level projects ranging from three to five years in length, as well as permanent transfers. Short-term assignments are also available through the MOVE program, in which high-potential Seniors and Managers can work abroad on two to six month long projects. Both our short-term and long-term programs are essential to the flow of ideas between our 72 Mazars countries and support the firm's future global growth.

#### **4.4 Mazars' policy regarding the continuing education of statutory auditors**

The Group considers its internal training program to be of strategic importance, not only due to its content (experience sharing and the updating of technical knowledge), but also because it is a key means of communicating professional conduct and ethics requirements to staff.

Each Group entity keeps a record of all the training courses attended by each partner and member of staff. This is done in order to ensure that each individual benefits from the complete training program and that the training received is in line with their responsibilities and work.

Each member entity's training program must include a general syllabus to be followed by all staff and at each level. The objective of this program is to encourage each staff member's development and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

The program also includes a sector-specific syllabus, particularly for insurance, banking, the public sector and technology.

Audit professionals involved in transnational audits learn about the following subject areas concerning the local environment where the transnational audit is conducted:

- financial information and auditing standards;
- group audit coordination of multiple locations;
- the standards relevant to companies listed on the stock market;
- corporate governance standards;
- local and international economic and business environments.

The internal training program is enhanced with complementary external seminars which focus on client requirements or specific economic environments.

Internal technical meetings are held on a regular basis in order to raise awareness, share experiences on specific assignments and discuss topical issues.

Mazars University was created in 2008, with a threefold objective:

- to position Mazars as one of the key players in future markets
- to instill a focus on the Mazars values (Mazars Way)
- to strengthen Mazars' commitment to social issues.

Mazars University coordinates all the Group-wide training and promotes the sharing of professional knowledge experience and best practices.

#### **4.4.1. Statement of compliance with the professional training obligations**

The Mazars Group expects its member entities to comply with IES7 international standards, for qualified professionals.

Registered statutory auditors have to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent units should be verifiable. They also have to complete at least 20 hours or equivalent learning units of relevant professional development activity each year. Mazars has established a professional education program that includes the organization and delivery of technical in-house and external seminars, the active involvement of professional staff in major national and international professional accounting and auditing organizations and the development of extensive opportunities for staff to attend technical seminars and conferences.

Each year, member entities must compile an inventory of the training attended by their professionals, and membership of professional bodies/institutes, in order to ensure compliance with the above-mentioned requirements on a multi-year basis.



More information on  
[www.mazars.com](http://www.mazars.com)

