



Mazars in Hong Kong transparency report 2022

mazars

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Introduction

Mazars at a glance

Global coverage

90+

countries and territories

300+

offices

47,000+*

professionals

* 30,000+ professionals in Mazars' integrated partnership, 17,000+ via Mazars North America Alliance

1,000+

Mazars SC partners

Group global turnover
2021-2022

€2.45bn**

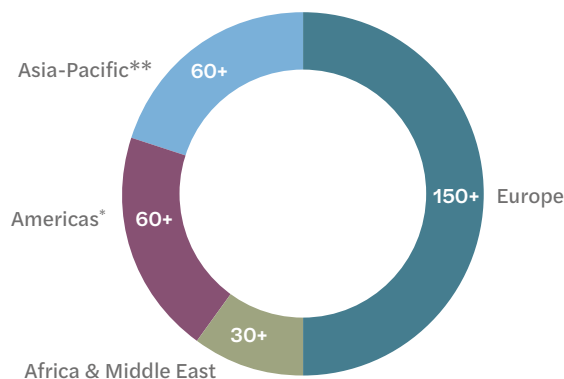
** includes data for our ZhongShen ZhongHuan and ZhongShen Yatai practices

These figures are valid as at 31 August 2022.
For current up-to-date information, please visit:
www.mazars.com/keydata

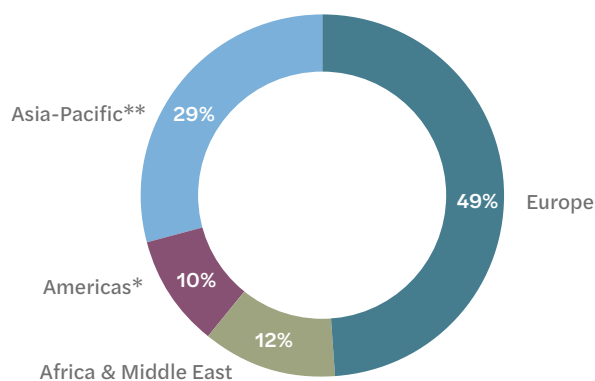
Mazars SC (hereafter 'Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in audit, advisory, accountancy, tax and legal services.

On all six continents, our global partnership brings together over 30,000 international experts, plus another more than 17,000 through the Mazars North American Alliance. They all share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community, and society as a whole.

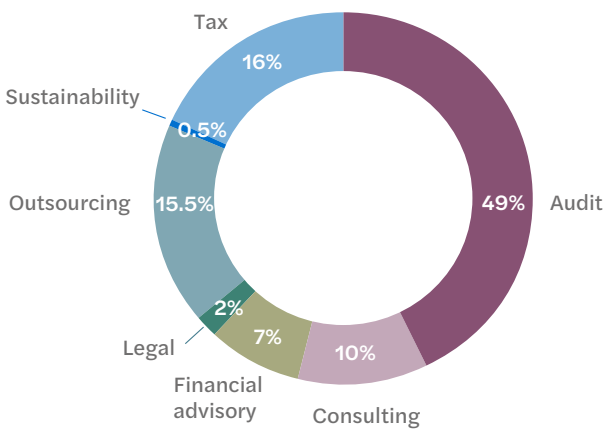
Offices split by region



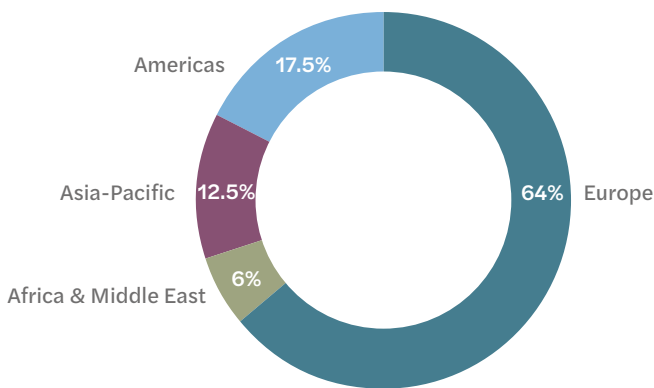
Professionals split by region



Turnover by service lines (%)**



Turnover by regions (%)**



Our history in key milestones

Start-up in France

1945

Growth in Europe

€100m turnover

1995

1,000 professionals
Creation of the international partnership

€500m turnover
37 countries

2005

5,300 professionals
Growth in Europe and in America

€2.45bn turnover
95+ countries and territories

2022

47,000+ professionals
(30,000+ professionals in Mazars' integrated partnership, 17,000 via Mazars North America Alliance)
Presence on all continents

Introduction

Mazars in Hong Kong at a glance

Hong Kong coverage

1

office

300+

professionals

20

partners

Our people

5,674

hours audit training and development

Female partners

15%

as % of total partners

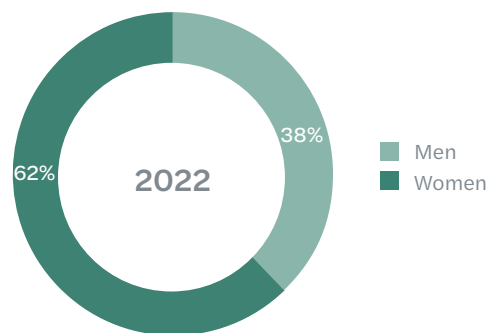
8%

as % of audit partners

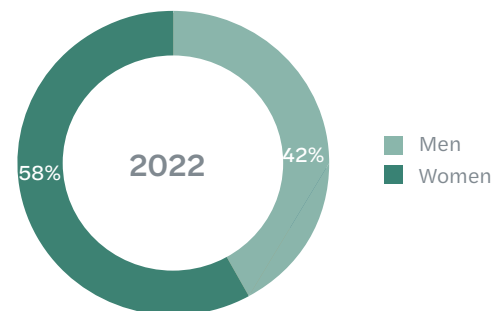
These figures are valid as at 31 August 2022.

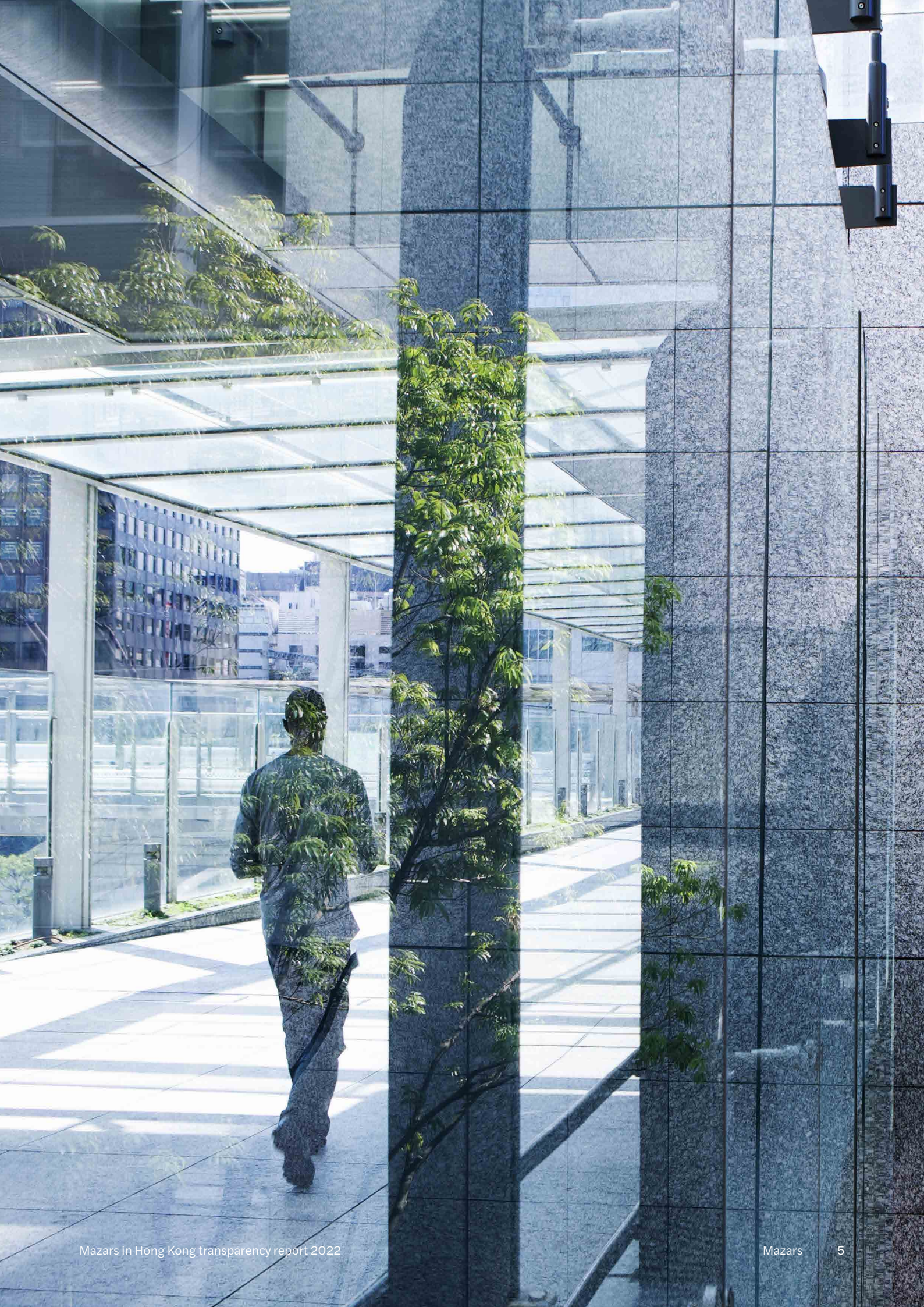
Gender

Hong Kong firm



Hong Kong audit service line





Introduction

Foreword by Jimmy Yip, Managing Director of Mazars CPA Limited

Our robustness, relevance and resilience of our integrated model, the right balance between our audit and advisory activities, our people and our dedication to quality have been the key drivers to our outstanding performance in 2022.

2022 is a testament to the sustainability and resilience of Mazars. It is time to enter the post-pandemic stage with more opportunities to come back after the long wait. In this complex and fast-changing world, we play a vital role in assuring the integrity of information that assists our clients to reach and access comprehensively and intelligibly. We are pleased to report that we will continue our transformation journey of becoming a more purposeful, sustainable and innovative firm.

With the release of this transparency report, we reflect on a year that brought significant opportunities alongside considerable challenges and uncover a sense of confidence and resilience in Hong Kong as well as the APAC region over the previous year. The inevitable challenges such as technology transformation, cyber risks, innovation trends and regulation changes forced us to move forward and respond to tackle any crisis for our clients with the right programmes in place, the right people with the right skills.

The pandemic has also sharpened and elevated our focus on ESG, it is gradually becoming an integral part of our business strategy and a clear priority for us. We are keen on advocating the excellence of corporate governance practices and ESG performance, as well as being well-positioned to respond to it in terms of our engagements and collaborations.

With an increased level of uncertainty on the horizon, we believe that robust and reliable risk management and internal control systems are keys or more than ever of the essence. At Mazars in Hong Kong, we have long made the ongoing reinforcement of our quality assurance and management as top priority.

To strengthen the consistency and robustness of our quality management across our global offices, we have complied with the ISQM1 as it comes into force. For over a year now, we have taken these requirements as opportunities to further enhance the pillars of our internal control processes and tools, as well as

to develop our quality team and in all countries of our global partnership. We are confident that our risk management structure and policies are able to demonstrate their reliability and effectiveness.

Continuing with our One24 global strategic plan, we have further embedded a culture of quality as part of our operations, which allows us to identify improvement areas and follow up on our work. The risk management committee protects Mazars' reputation and brand equity through carefully monitored risk management, delivering our brand promise and ensuring we provide the highest quality of services while meeting regulations.

Despite the fact that we are already seeing much greater volatility, we remain cautiously optimistic and continue to maintain a strong liquidity position while maintaining a balanced and diversified portfolio of businesses and strategies. Our robustness, relevance and resilience of our integrated model, the right balance between our audit and advisory activities, our people and our dedication to quality have been the key drivers to our outstanding performance in 2022.

Looking forward to 2023, we hope to emerge stronger in the post-pandemic era, leveraging our expertise to step into sustainable and inclusive growth, as well as to maintain and strengthen meaningful engagement with all our stakeholders. We will continue to fulfill our commitment, be transparent and write down a glorious new page together with our people at Mazars in Hong Kong.



Jimmy Yip
Managing Director
Mazars CPA Limited

For many years now, Mazars has built its unique globally integrated partnership to propose a different business model to the market, more aligned with the organisation of our international clients. As the market concentrated to a point where nearly all large public interest companies in most economies are now audited by just four firms, we have also been calling for regulatory intervention to offer more choice and create a more vibrant audit market, critical to restoring public confidence in the financial information that underpins capital markets and in audit.



Introduction

Statement by Group Chief Quality & Compliance Officer & Hong Kong Head of Quality Assurance Department

Quality is fundamental to our purpose. For this reason, it is one of the core pillars of our One24 strategy and underpins our goals and ambitions. It is ultimately the key measure on which our professional reputation stands.

We are fully committed to maintaining, managing, and continuously improving quality. Central to this are the activities we have underway under the leadership of the Group Q&RM to design, implement and operate the new International Standard on Quality Management 1 (ISQM1) – creating our new Mazars Global system of quality management (SoQM).

What ISQM1 requires

The International Standard on Quality Management 1 (ISQM 1) will replace the current International Standard on Quality Control 1 (ISQC 1) and includes significant changes to the way professional accounting firms manage quality.

ISQM1 requires firms to establish a robust System of Quality Management (SoQM) across eight specified components with the introduction of a proactive, risk-based approach to managing quality and monitoring requirements.

Quality objectives are very clearly established within ISQM1 and through application of the risk assessment process focus is on understanding, and mitigating risks to achieving these quality objectives.

ISQM1 also requires evaluation of the effectiveness of the SoQM, to identify deficiencies that demand remediation and to provide the basis for evaluating the overall effectiveness of the SoQM.

Our approach to the implementation of ISQM1

Mazars has determined 10 components to our SoQM framework as set out below. Within each we identify the related process, risks, and responses 'controls'.

1. Governance & leadership - our culture, structures, and tone the top and leadership accountabilities
2. People – recruitment, development and rewarding our talent
3. Clients – accepting and continuing to work with client that align with our values and strategic ambitions

4. Independence and ethics – compliance with relevant standards
5. Technology resources – maintenance and development of IT platforms and tools
6. Intellectual resources – maintenance and development of guides, methodologies, and policy manuals
7. Engagement performance – our approach to supervision, review and direction on the job and enablement through the use of engagement workflow tools
8. Information & communication
9. Monitoring & remediation
10. Risk assessment process - evaluation of risk to achieving quality objectives as well as the identification of controls and responses that address those risks

Each Mazars partnership entity is ultimately responsible for the design, implementation, and operation of their local SoQM. However, embracing our strategic ambition to drive global consistency, a Group Q&RM led team, with support from country and regional representatives, has developed and supported the implementation of the Mazars Global SoQM framework aligned to ISQM1. Our Global SoQM framework is designed to promote consistent engagement quality and operating effectiveness. It includes a global risk assessment process with tools, guidance, and training, for use in all countries, as well as a set of global baseline minimum controls and responses, to which each Mazars firm may add to reflect their own nature, circumstances, and complexities. Utilising the SoQM framework and risk assessment approach all Mazars firms are building on responses already in place under the ISQC 1 framework.

What will change for Mazars

Continuous improvement of quality requires us to challenge and be open to change. The change brought about by the standard also creates opportunity – and we have certainly viewed it through that lens.

We have taken the opportunity to refine processes, update policies, refresh our control design and better articulate accountabilities to our leaders and our people. Some examples include:

- We continue to drive consistency across the globe – for example we recently updated our global policies and procedures within the risk and quality assurance manuals to be reflective of the changes brought about through our ISQM1 project.
- We continue to develop and define quality indicators aligned to the new SoQM including to clearly articulate accountabilities for quality – example of this include the Partner Quality & Risk Report.
- Our IT strategy continues to evolve - we have designed a global IT ISQM 1 tool to facilitate the risk assessment process and the testing and evaluation of member entity's SoQM.
- We are driving and maturing the approach to continuous improvement by enhancing the design of our global monitoring programs to factor in ISQM1, which will take effect for the year ending 31 August 2023.

An effective SoQM is foundational to achieving consistent engagement quality. The identification and enhancement of processes, quality improvement initiatives and related controls will take us to the next phase in our continuous improvement journey.



Jo Connolly
Group Chief Quality & Compliance
Officer



Leo Cheuk
Hong Kong Head of Quality
Assurance Department



Our value proposition



Our value proposition

Our purpose and our promise

We aim to help build the economic foundations of a fair and prosperous world by caring for the success of our people and clients, the health of financial markets, and the integrity of our industry.

We take pride in empowering our clients, people and industry to achieve their potential and do the right thing.

We are at our best when we combine our expertise, agility and understanding to provide answers and experiences that are the right fit for our clients, people and society.

We promise our clients to go beyond the immediate challenge and find the answer that works best for them and their business. And we do that with an approach that respects who they are and how they work.

We promise our people a firm that celebrates their individuality and empowers them to become the expert practitioners and leaders they want to be.

We promise investors, markets, regulators and society at large that we will always seek to do what is right, approaching every task with independence, accountability and a social conscience.

We have built and designed our One24 strategy to make sure we can deliver on our promise.

What makes us unique

We pride ourselves in offering a different perspective.

We are a multicultural and united partnership, operating as one team across borders and sectors, and committed to working in the public interest, with shared goals, values and service standards across the world.

We combine our global presence, international expertise and local roots to better understand our clients, build long-term relationships and provide each of them with answers and solutions that are tailored to the unique situation they face in their market.

We approach every assignment with the same commitment to delivering the highest level of quality with integrity, accountability and a social conscience.

We grow and expand in ways that preserve our independence, diversity and balanced world view.

We believe stewardship is paramount and we continuously strive to usher in new generations of leaders who will help us further develop while staying true to the fundamental values we inherited from our founders.

Quality is the backbone of our value creation

Embedding quality in all we do

Mazars' business organisation primarily revolves around a core matrix of geographies and service lines which represent the main dimensions where our talent evolves during their professional and personal development, in accordance with Mazars core values.

To support our core matrix, we have implemented a market and sector-driven approach of the business, backed by a solid infrastructure of cross-functional departments, to support the development of sustainable businesses.

Our quality management framework and the associated systems and monitoring teams cover all our activities and support our partners all over the world. Our systems are designed to ensure compliance and the delivery of high-quality services as well as risk identification and mitigation to leverage short, middle and long-term value creation, in the countries first, but also at global level, with global manuals, methodologies, and tools.

We see quality and risk management as the bedrock of our values, of our culture, of our behaviour, and of our ability to provide the added value our clients and stakeholders expect from us.

We will reward outstanding quality and when necessary, penalise quality transgressions. We may ask partners to complete a partner improvement plan.

Three ethical values - independence, technical excellence and stewardship - have been the pillars of our organisation since Mazars' early days in the 1950s.

Our value proposition

Our value creation strategy for today and tomorrow

What quality means for our service offerings

Our five service offerings at Mazars in Hong Kong are as follows:

- **Audit** offers a distinctive, human-centric approach that goes beyond compliance, with an integrated structure that allows us to work seamlessly as one team. We serve regional, national and international companies of all sizes and structures by combining the right people with the right skills for every engagement, leveraging our collective knowledge and using consistent tools and methodologies.
- **Financial Advisory** is a growing, dynamic and award-winning team whose goal is to provide high quality financial advice and business support to our diverse client base and become their number one trusted advisor.

This multi-disciplined service line provides a vast array of advisory services including:

- Transaction Services (including Due Diligence)
- Mergers & Acquisitions
- Valuations
- Forensic Investigation Services, which helps firms to discover fraud at an early stage which helps in reducing losses. Implementation of anti-fraud controls helps minimize losses to fraud. We provide high-quality, timely and cost-effective investigations, advice, and expert reports on financial and accountancy matters concerning fraud allegations, financial crimes, anti-money laundering, and other irregularities.
- Litigation Support, which offers financial and accounting expertise to deal with complex accountancy issues. We act as party-appointed, single joint experts or advisors in litigation, national and international arbitration, and Alternative Dispute Resolution procedures.
- **Outsourcing** helps organisations enhance performance, secure accounting and compliance processes, moderate their international complexity, manage costs and provide a high level of flexibility in resourcing and skills.
- **Tax advisory** provides seamless delivery for Mazars' people and clients to build a fair and prosperous world. Tax works closely with clients to build transparent, integrated tax-efficient and sustainable solutions to help them achieve their

strategic objectives. As national and international tax systems pose increasingly significant challenges for businesses and individuals, we build transparent, integrated tax-efficient solutions that give our clients confidence and help them excel in a sustainable way.

The services provided include tax advisory and compliance services, for national and international clients, for POB, PIE and private clients. Mazars' tax experts focus on transfer pricing, global mobility, indirect tax, M&A tax, PIE tax, tax dispute resolution & governance, the financial services sector, international reporting obligations (IRO), global R&D and tax incentives, tax technology & transformation.

- **Risk advisory** helps leaders across the business – from top management through to department heads – to manage their risk and deliver peak performance through collaboration, thoughtful advice and up-to-date technical and digital expertise. Meanwhile, **sustainability** borrows from both audit and consulting and aims to assist companies along their sustainability journey. This service line improves corporate resilience by identifying and managing sustainability risks and opportunities; increasing companies' awareness of and accountability for their environmental and societal impacts; and helping develop sustainable businesses, economies and societies.

Each of these service lines has set their own specific set of objectives, tools and indicators, to make sure they deliver on Mazars' overall commitment to the highest level of quality.

For our **audit** business, quality aims to serve the public interest offer our clients the best service and expertise, develop our business and protect our brand and reputation.

Quality is a mindset that is intrinsic to our value proposition for audit. Tone at the top is critical and we promote a culture of excellence at all times and at every level. Quality is a key differentiator on the market: it requires the effective deployment of audit teams that deliver audits in direct contact with the entities they audit, and quality management systems to control the delivery of quality audits.

In our **financial advisory** activities, which cover a wide scope of services ranging from deals and financing schemes to crisis and disputes, we uphold our commitment to quality by putting together teams with vast experience and deep expertise. As a uniquely integrated global partnership, Mazars is able to mobilise teams of multi-disciplinary experts from across the globe in a seamless and efficient way to ensure clients have the best team advising them regardless of where their project is based.

In our **forensic investigation** practice, we pride ourselves on our ability to undertake high-quality and in-depth investigations, remaining sensitive to businesses' concerns around reputation, confidentiality, and minimising disruption. Once problems are identified, we involve specialists who can solve problems such as quantifying and recovering loss, deterrence and prevention of future similar problems to ensure high service quality is delivered.

For our **litigation support** area, it is our practice to build an assignment team that best fits the requirements of the case, whether that means a team comprised solely of litigation and arbitration specialists or one that also includes specialists drawn from our audit and assurance, tax or financial advisory practices. Our partners oversee every aspect of each assignment, giving our client confidence in the quality of our service. We pride ourselves on our commercial and pragmatic approach, delivering a tailored service on each assignment that focuses on ensuring the highest quality in a cost-effective manner.

For our **outsourcing practice**, quality primarily rests upon clients' full compliance, operational excellence, talent management, knowledge sharing and training. It also requires strong check processes and internal quality control procedures, an up-to-date suite of tools and solutions for local and global monitoring, as well as an ongoing focus on proactivity, flexibility and serenity.

In our **tax advisory** team, by embedding excellent service quality as our paramount commitment, we act as one agile, integrated, and collaborative team, across sectors, services and geographies, our stakeholders can be benefited from both our local roots and the global perspective that comes from being part of an international firm.

Finally, in our **risk advisory and sustainability** service line, quality is a combination of stakeholders' satisfaction, technical expertise, innovation

and contribution to sound business practices. It essentially builds from:

- ability to create tailored risk management frameworks, systems, and controls that are the right fit for our clients to steer them towards future success;
- technical expertise of trained and skilled teams with up-to-date regulatory knowledge and who are able to provide both pragmatic and constructive solutions;
- ability to understand the clients' needs and meet their expectations in a fast-changing and complex environment; and
- active contribution in the current momentum, shaping the future of international sustainability assurance standards, in coordination with the current financial audit reform.

Identifying risks and maximising value creation opportunities

In all we do, we primarily aim to create short, middle and long-term value, for our clients, for our entire ecosystems and for society as a whole. Like any solid and reliable value creation model, ours is built on a thorough risk analysis and mitigation planning.

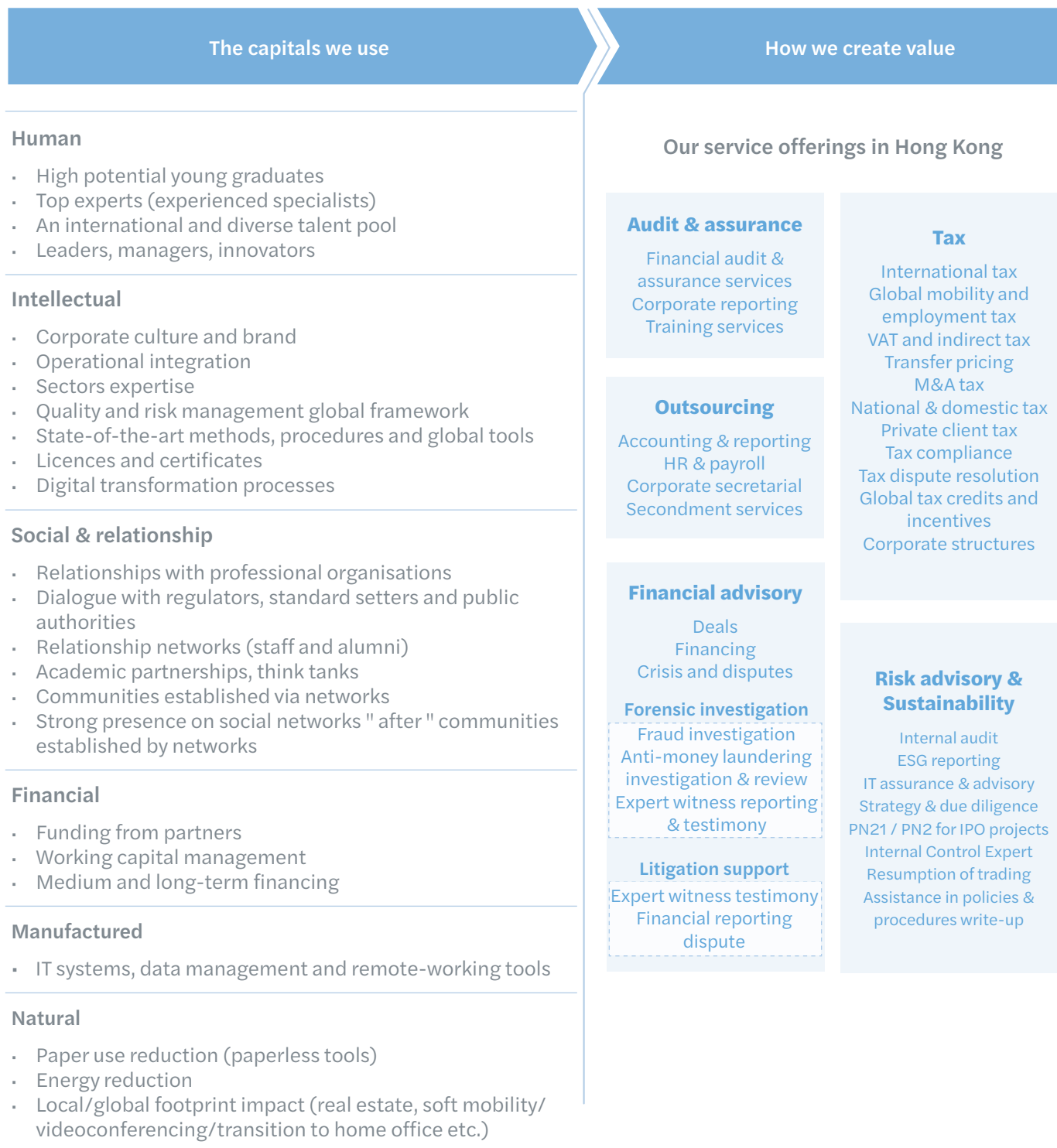
As shown in detail in the upcoming table of risks and opportunities, as well as in our materiality matrix, we have comprehensively mapped the main threats to our environment, to our business and to our partnership. All our service lines have contributed to this crucial endeavour which we see as a sine-qua-non condition for reaching the eight sustainable development goals (SDGs) mapped in Mazars Group CSR report, and maintaining our ongoing sustainable growth, along with resilience in times of crisis.

Our ability to bring together the experts from across service lines to work together as one team allows us to make the most of new opportunities.

Our value proposition

Our value creation strategy for today and tomorrow

Our value creation chain



We develop skills and expertise inside our integrated partnership

- Attract and nurture talent, promote diversity
- Build and encourage one-team spirit, to combine local presence and global expertise
- Promote engagement and sharing
- Promote innovation and entrepreneurship in designing answers
- Develop a solution-focused, client-oriented attitude, with a different perspective

We plan ahead in order to protect the public interest and build the foundations of a fairer world

- Develop a culture of technical expertise and quality
- Enforce worldwide quality standards and code of conduct
- Ensure quality and independence management and monitoring
- Thoroughly identify and comprehensively manage our internal and external risks
- Contribute to the reshaping of our industry
- Provide insights and thought leadership

Clients

Clients

- ▣ Help clients and industry sectors achieve their potential and do the right thing
- ⦿ Deliver high quality and independent services
- ⦿ Provide confidence and consistency in reporting and answers
- ⦿ Combine technical expertise, agility and understanding
- ▣ Be the right fit, with answers to the challenges, with respect and humility
- ⦿ Provide innovative solutions, keep data secured

People

- ⦿ Lifelong learning for professional development
- ⦿ Ensure compliant ethical behaviours
- ⦿ Care for work-life balance and celebrate success
- ⦿ Provide fair compensation
- ▣ Foster stewardship culture
- ▣ Ensure talent agility, readiness and succession
- ⦿ Promote innovation and change management
- ▣ Nurture the Mazars DNA
- ▣ Increase leadership, optionality and employability

Society

- ▣ Help build the economic foundations of a fair and prosperous world
- ▣ Seek to do what is right, with independence, accountability and a social conscience
- ⦿ Provide confidence in reporting, for sustainable growth
- ⦿ Promote transparency to our stakeholders
- ⦿ Give back to the communities in which we operate
- ⦿ Play our part in preserving the environment and combating climate change

Regulators and the profession

- ⦿ Promote compliant ethical behaviours
- ⦿ Push frameworks and standards to evolve
- ⦿ Share our technical expertise and views
- ⦿ Promote open innovation

⦿ Outputs = what we do ▣ Outcomes = what difference does it make (impacts)

Our value proposition

How we view audit, today and tomorrow

Debunking the four market myths

Audit reform as a whole is actually something market players see as a must. We believe it should start with the dispelling of four myths which have plagued the audit market for too long:

- The primary objective of audit is fraud detection.
- The future of audit is robotic.
- Auditors should stick to traditional financials.
- Companies do not want joint audit.

We are convinced the following points effectively debunk these myths while illustrating the role a resilient audit market would play as a pillar of economic robustness:

- Audit firms must implement and rigorously monitor quality, **risk management, ethics and conduct processes**, which need to be sustained by tighter and more consistent rules and oversight mechanisms.
- All stakeholders - corporate management, governance bodies, shareholders, supervisors and the public at large – need to agree on **what audit stands for** and on **what is expected of auditors**, for example with regards to **fraud detection**, bankruptcy prevention and nonfinancial information.
- Independence and objectivity, judgement and scepticism, must be strengthened, especially through mandatory **joint audits** for major companies. Beyond improving audit quality, joint audit would also initiate a process that delivers more choice in the audit market.
- The impact of **technology and artificial intelligence** on audit and risk management processes and the fundamental role of human judgment should be thoroughly considered.

None of these measures individually will be sufficient to fully restore confidence, but we believe that together they will pave the way for significant improvements.

Offering an augmented audit experience

We believe audit is critical to the economic foundations of a fair and prosperous world.

Audit has been, and remains, a service at the heart of our value creation model.

We work for the public interest and, by caring about the organisations we audit and their stakeholders, we help build sustainable businesses for the benefit of society as a whole.

Through audits we deliver insight, promote transparency and provide constructive criticism, enhancing trust in how organisations report to their stakeholders.

But it does not stop here: a robust, independent audit contributes to building a dependable control and governance framework to help the organisations we audit become future-proof.

We focus on building positive, effective relationships that foster trust and deliver measurable value.

Each Mazars audit is unique.

We take the time to understand the business model, culture and ecosystem of the audited company, and consider the needs of its stakeholders, tailoring the audit strategy to the specific risks identified.

Throughout the audit process we are in constant dialogue with all relevant stakeholders, with clear, pragmatic and timely communication.

We are one, agile, integrated and collaborative team, across sectors, services and geographies. This means we combine specialist local knowledge with the international perspective that comes from being one global firm.

We bring together the right people and the right expertise at the right time to provide seamless support.

Supported by the latest technologies, global methodology and processes, we provide reliable, objective and insightful judgements and opinions.

Our unique approach means we efficiently and consistently deliver high quality audits that benefit the organisations we audit, their shareholders and other stakeholders.

With this distinctive, human-centric approach, we deliver an augmented audit experience. One that goes beyond just compliance and contributes to the development of sustainable businesses, economies and societies.

Chapter 1

Inspiring stakeholder confidence in audit quality



Inspiring stakeholder confidence in audit quality

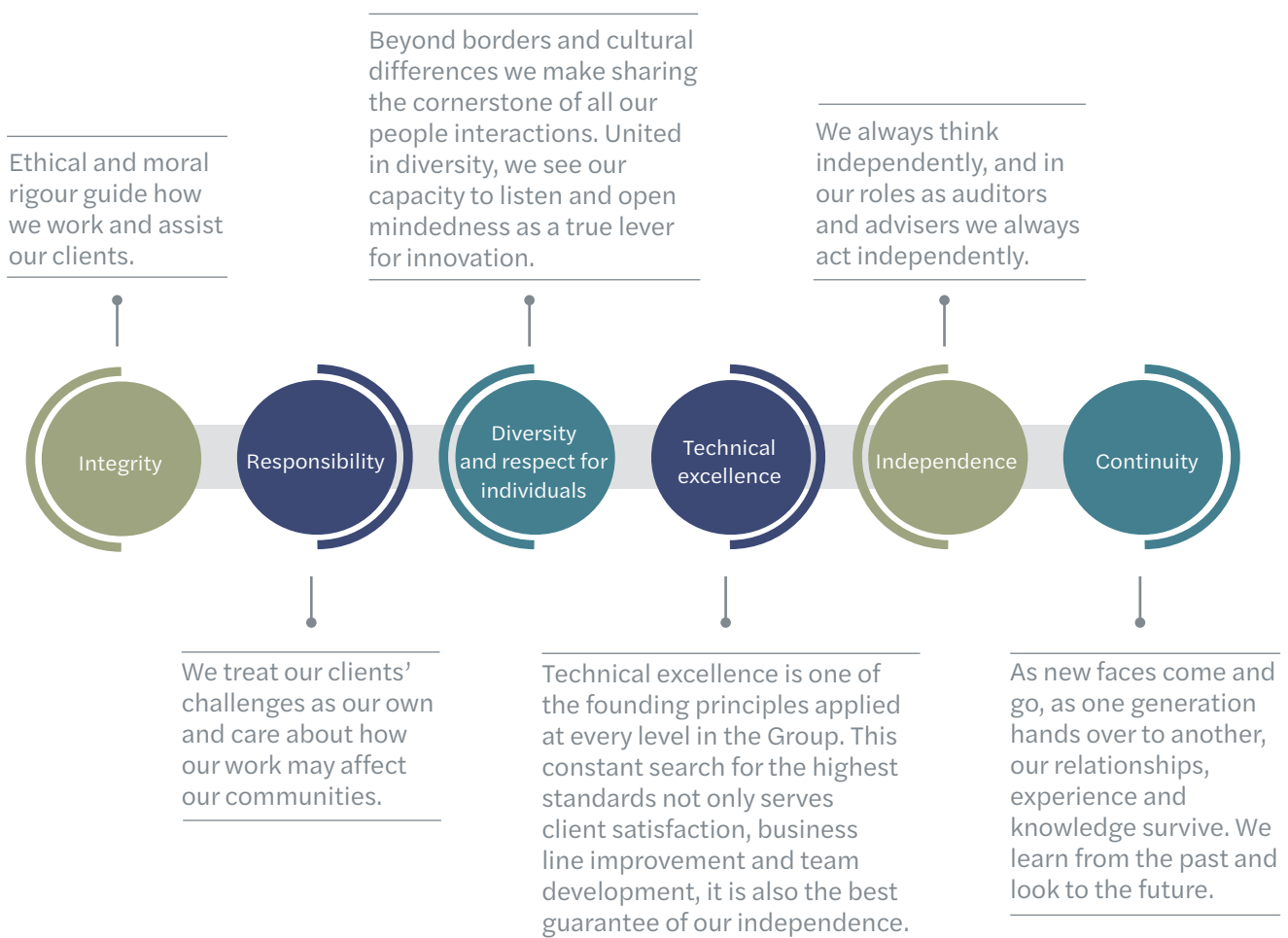
1.1 Our culture and global talent policy

You join Mazars to learn. Education is the backbone of Mazars' talent and leadership development strategy, fundamentally embedded within our culture. In a knowledge-intensive industry, we very much rely on the quality of our people. Learning and development at all stages of the professional journey is what is expected from a responsible and modern firm. This is what we owe to our people, clients, stakeholders, and society as a whole.

Good people

Our values

We differentiate ourselves by the opportunities, development and culture we offer our team. As such, we strive to ensure we attract, retain and develop talented individuals who are driven to deliver their best for our clients, our business and for each other by identifying with our values:



Making Mazars a school of excellence

We are convinced the evolution of our profession as well as the aspirations of our people are compelling us to shift from a knowledge-intensive to an education-driven model. Over the past few years, we have undertaken group-wide efforts and implemented tangible measures to turn Mazars into a school of excellence that provides learning and development opportunities to all our staff, from young graduates to the most senior team members.

Today, our Mazars University – founded in 2008 and CLIP-accredited in 2015 and 2020 – offers access to 21 international leadership and development programmes, from our flagship the Next MBA, to our women leadership seminar, to our business development accelerator or our very own development and assessment centre LEAD.

Through Mazars University, our people can also benefit from a global partnership with LinkedIn learning, making e-learning on the go simple, as well as multiple innovation events, hackathons, and digital learning challenges to contribute to our firm's transformation.

We see our investment in leadership, education and culture as a message sent to all our stakeholders. It is proof of value in a knowledge-based industry. Looking beyond, it can even become a business in itself for Mazars.

In the coming months, we will reinforce our focus on digital and Web 3.0. Thanks to the work of our learning architects, our worldwide learning platform, U Learn, will become a fully-fledged app which will soon provide professionals from all our service lines with state-of-the-art training programmes built around 5 key dimensions:

- Technical skills
- Our corporate culture (including our Code of Conduct)
- Soft skills
- Personal development
- Digital expertise (Web 3.0 culture, metaverse, blockchain, AI etc.)

Another major area of increased focus is the development of Mazars' future generation of leaders, who will usher our partnership into the next decade. Among Group, regional and country levels, 70 of our most promising partners are being assessed and

trained in cooperation with Korn Ferry and through specifically designed curricula in Mazars' the Next MBA.

The Next MBA

The Next MBA is an executive programme focused on cutting-edge business topics ranging from client-centric marketing to digital disruption, talent management and sustainable strategy. It is open to both Mazars partners and participants from other organisations. Most of the international leaders that today sit on Mazars' GEB are alumni of the Next MBA.

The EMBA programme - Building the Mazars next united community of leaders

As part of our global ambition to prepare our next generation of leaders at Mazars, an internal executive MBA programme has been designed. This 2-year programme combines 5 on-site chapters on different continents, a virtual peer-coaching and a metaverse experience. Topics are delivered in highly interactive format, including exchanges with regional senior executive, start-ups & thought leaders.

The programme addresses the following themes: The culture of Partnership, Strategy, Client Centricity & Quality of Service, Quality & Risk Management, Technology & Business Transformation and Executive Engagement.

The first chapter took place in September 2022 (in Berlin and Milan) with 65 participants from 31 countries.

Mazars is a proud partner of external international paramount events: One Young World

An external exposure of our future leaders plays a critical role in our global talent development strategy. Thereby, in 2021 we partnered with One Young World (OYW), the world's biggest and most impactful youth leadership summit connecting young leaders. Two cohorts of Mazars' brightest talents have been sent to this annual event where they have had the opportunity to debate and devise innovative solutions to the world's most pressing issues. In addition, our Mazarians have been counselled by influential business, political, and humanitarian leaders. This year's edition took place in Manchester, UK (5-8 September) with the attendance of a Mazars delegation of 2 representatives.

Inspiring stakeholder confidence in audit quality

1.1 Our culture and global talent policy

Providing the best education and support to our younger staff

As a professional service firm, we mostly hire young graduates. As their first employer, we have a major role in laying strong educational foundations so they can take responsible management practices to their future positions, across sectors and functions.

Our firm-wide support ethos ensures our people are developed to have the highest standards of technical excellence, integrity and independence. Associates are provided with responsibility and client exposure from the beginning of their careers. We have a culture of coaching provided through professional, technical and soft skills training, an accessible management style and permanent feedback.

Regarding our graduate programme, we introduced pre-onboarding sessions which allow new joiners to get familiar with their batchmates via networking and have a better understanding of the Firm. Partners also have taken the chance to meet them to create a sense of belonging.

Alongside orientation session on Day 1 to support new hires in adapting to the new environment and people, we have carried out a follow-up survey to encourage new hires to provide feedback as they become part of the Mazars' family.

Further developing a coaching and learning culture

With the appointment of a C-Suite executive as Chief Leadership, Education & Culture, Mazars is unequivocally showing its commitment to making learning a key cultural lever for the sustainable growth of its international partnership. It especially answers the need to adapt to the expectations of and offer the best workplace experience to the firm's younger talent, while nurturing and preparing its Millennials to become the coaches sought after by Gen Z.

The group-wide ReCoach programme has been designed as a very hands-on way to respond to the three major challenges of sustaining the learning culture throughout the firm, developing and instilling the coaching and feedback culture expected by our young professionals, and building an online programme that would be immediately adopted and supported throughout our 90+ countries in a time of high disruption.

ReCoach was launched in May 2020, as the cornerstone of its newly revamped Partner Development Review (PDR), and as a way to leverage the roles of its senior leaders as early adopters and change agents within its partnership to instigate a cultural evolution and diffuse a coaching culture throughout the organisation. The PDR, which is mandatory, is the occasion for each partner to reflect on their own development and contribution to the wider partnership. It is a valuable exercise allowing partners to explore their preferences, their achievements and the areas they would like to develop further. The ReCoach, is a new role in which the apparently conflicting roles of "reviewer" and "coach" are fused into one. These carefully selected partners are trained to accompany and advise Mazars' leaders in their development over a continuous four-year period. With the resounding satisfaction of both partners and ReCoaches throughout the partnership, the virtuous cycle of coaching has started to trickle down within the organisation.

LEAD programme

LEAD programme is the Mazars University very own Development Centre which aims to screen and groom future leadership capabilities and help build a personal roadmap to the partnership. The programme is designed as a peer-coaching experience combined with leadership development training. 82 participants from 32 countries are part of the 2022 cohort, which is composed of 7 training modules + 6 peer coaching sessions.

Managing and developing our talent

We want to expose our talent to the best we can offer. This is especially true where international experience is concerned: we consider this to be a key element in the development of our teams and leaders. Mazars employees wishing to enhance their careers through international experience may choose from a range of strategic mobility opportunities including short-term assignments like the two-to-six-month international projects offered through the MOVE programme, as well as longer-term assignments of three to five years in length and permanent international transfers. These programmes encourage the exchange of ideas between member entities of the Mazars Group.

User-friendly digital learning worldwide

With the renewal of the partnership with LinkedIn Learning, Mazars University keeps providing our professionals across the globe with unlimited access to state-of-the-art training content.

Banking on innovation

We strongly believe in collective intelligence. We have established 10 tech hubs in different countries, they are seamlessly in touch with each other through the league of hubs. Regular updates, a common repository and personal connections prevent redundancy and allow local teams to share best practices and resources. Each tech hub has a different specialty, but all of them have a common passion: technology and innovation.

We also rely on a network of innovation ambassadors, which consists of corporate entrepreneurs with diverse backgrounds, experiences, and linguistic skills. They are ready to lead international innovation projects to success. Today there are more than 250 innovation ambassadors in around 60 countries.

In addition, we have created communities working across borders and seniority levels on advanced topics (for example Extended reality, Ideation, Data analytics Trend watching, LCNC etc.)

The priorities of the innovation & technology teams around the world revolve around enhancing our marketplace for innovation. Ensuring the delivery of projects with potential for the Group and monitor the international roll-out while developing the infrastructure is one of them. We have a portfolio of projects deployed globally aligned to the business and we are in continuous iteration to deliver new services focused on clients.

Professional and talent development

Our people are the most important asset we have as a firm. Therefore, it's important that team members are given the time and resources to develop and maximise their potential.

The talent management team partners with service line and strategic market leaders to understand the challenges faced by each area of the business.

Delivering excellence technical and soft skills in audit

Structured core training that follows the Mazars learning path is conducted on an annual basis. Apart from this, Mazars in Hong Kong also holds

a number of routine training courses, for example annual update sessions that cover changes in ethics and independence requirements, accounting standards, auditing standards and other relevant local regulations, and tax updates that discuss recent developments in Hong Kong and Mainland China tax laws.

Other in-house training is held on an as-needed basis. Insurance training is provided to those who have a focus on insurance clients as a result of revised requirements affecting the insurance sector. We also adopted the requirements of IES 8, including the use of the new assessment form for audit partners' training and development plans and records.

We encourage staff to keep themselves updated through attending external training if the topics of interest are not covered by our internal resources. We reimburse staff for the cost of attending these training courses.

U-Learn - our Learning Management System

We continue to develop relevant content through our Learning Management System, U-Learn, providing all team members in each service line with a convenient point of access to training content. We continue to add digital content to support the service lines and provide focused information on hybrid working, innovation, wellbeing and inclusion and diversity, as well as learning hubs to support more traditional offerings on topics like people management, client service and business development. This platform is not only dedicated to professional staff, several digital modules were developed and designed to all Mazarians in areas such as social engineering and cyber security. Also, this includes content on supporting early careers, people management, client service and business development. The objective is that this will help drive the firm's digital transformation agenda.

Professional and talent development framework

Mazars in Hong Kong supports over 100 professional staff who are studying towards professional qualifications, allowing team members to be accredited in their field of expertise, helping to ensure that they are well equipped to deliver high quality technical expertise to our clients.

Where appropriate we continue to support staff' qualification journey via various means including assigning with counselors for the purpose of setting development goal during their service with us.

Inspiring stakeholder confidence in audit quality

1.1 Our culture and global talent policy

Regular check-ins and feedback are encouraged for young auditors to get the most out of their practical experience.

Our people are the most important asset we have as a firm; it is important that team members are given the time and resources to develop themselves and maximise their potential.

Talent acquisition

Leveraging our application tracking system, we have a robust and centralised mechanism to collect and select candidates all year round. Understanding specific needs of service lines, our selection process which, depending on the role, may include application screening, competency-based interviews, case studies, presentation and group exercise. We design practical assessments to ensure fair, consistent, and transparent decision making in the acquisition.

Reinforcing our Employer value proposition

We sum-up our Employer Value Proposition (EVP) in one key message – Mazars, the smart choice – and four key supporting messages:

- Mazars is a school of excellence, where people can benefit from life-long development opportunities, focusing on technical, leadership and the skills of tomorrow.
- At Mazars you make friends for life through our distinctive one-team approach which makes Mazars a truly human and international adventure.
- Mazars embraces the future of work by pioneering new ways of working with our people, caring for their psychological safety and development, providing flexibility and modern workspaces, fostering innovation and a true sense of purpose through solidarity, sustainability and serving the public interest.

- Mazars has an entrepreneurial spirit, putting people before processes and encouraging them to innovate, lead and be intrapreneurs.

This EVP focuses on ‘choice’, ensuring that candidates are empowered to select Mazars for the reasons that matter most to them.

“You don't join Mazars by coincidence, you choose Mazars as a global school of excellence where you'll be challenged to develop and grow. Come and write the rest of your story with us - you'll make friends along the way too. Mazars, the smart choice.”

We aim to attract talents in Hong Kong job market by leveraging our global EVP that inspires the right people to join us and support our growth.

Through our careers website and various recruitment platforms, all roles are widely advertised to ensure that candidates from a diverse range of backgrounds can access our career opportunities.

We purposefully recruit from a broad range of universities, schools and colleges to ensure that our entry level career opportunities are widely advertised and easily accessible to students from diverse backgrounds across multiple locations.

We have worked closely and developed a long-term relationship with different local universities and professional organisations. Actively engaging in campus events such as various career events and interactive session, our experts share their insightful career stories to promote Mazars career opportunities.

To nurture the future leaders, our Practising Directors have taken up the role of mentoring students for a few top universities in Hong Kong. Recruiting the right graduates, school leavers and interns with diverse backgrounds and different perspectives is critical to the future success and growth of our firm.

Working as a team, we will continue to evolve our approach to attract and hire high quality, diverse talent with the right skills, behaviours and values to make a positive contribution to our firm, and help build the economic foundations of a fair and prosperous world.

Campus recruitment

During the Covid-19 pandemic, to keep in touch with universities and to provide needed information for students to plan their career ahead, we have participated in virtual career fairs and have been

running a hybrid mode of assessment process from application through to offer for all our early careers' programmes. As a time of great uncertainty for many students, this has enabled us to continue to provide widespread access to structured career opportunities for students and try our best to secure young graduates in the increasingly competitive employment market.

To ensure a safe and efficient screening for both interviewers and candidates, we have adopted online video interviewing tools including Microsoft Teams and Zoom to facilitate the process under social distancing restriction.

We believe a high performing team that embodies our values is a diverse team whose strength and experiences complement each other. In this people-oriented business, we value candidates' communication and social skill as the top most important attributes to connect in performing their role. This has become more challenging for young graduates as they have been deprived of chances to develop and practice their interpersonal skills when most of their learning went online since the outbreak of Covid-19.

Experienced hire

We aim to hire talented people and provide them the support they need to develop in their roles. We look for people that bring something special to the firm and have distinctive qualities. We want driven individuals who think creatively about their work, embrace challenges and can resolve complex problems.

Our internal experienced hire talent acquisition team is responsible for managing the talent acquisition life cycle in conjunction with hiring managers for all identified vacancies. Our aim is to attract and hire quality talent with the relevant skills, qualifications, experience, and values which match our own, to make a positive contribution to building economic foundations of a fair and prosperous world.

Last year, recruitment of experienced professionals, especially among audit professionals, proved to be a challenging year with impact from macroeconomic environment. Besides traditional recruitment channels, we encouraged business line to spread the word using social media channels such as LinkedIn. Referral program was also re-invented to attract colleagues' peer to join us.

Employee support

We sponsor employees to attain and complete their professional qualification whilst earning a competitive salary and gaining invaluable experience. These include the HKICPA, ACA, ACCA, CPAA, CFA etc., depending on the role.

The firm will also reimburse fees for their professional designations and memberships to encourage employees to further engage with the professional services community.

As auditors and consultants, we are entrusted with building and maintaining secure markets and economies, and making sure the financial information provided to investors, regulators, lawmakers and the public at large is reliable. It's our responsibility to train our talent to uphold the highest professional and ethical standard. They must be able to apply professional scepticism, display strong analytical capabilities and express their ideas and opinions with discernment and clarity.

Our commitment to offering life-long educational and development opportunities comes from who we are and what we see as our economic, social and societal responsibilities. Educating our professionals to become top-notch experts with impeccable ethics and strong leadership skills is how we provide the highest quality services, ensure our sustainable development and keep our promise of employability to all our talent.

Reward and recognition

Good reward is an important part of our approach to ensuring our people feel valued and engaged. To encourage employees to pursue their career goals, qualified pay will be provided to recognize staff' 1st professional qualification. We treasure our colleagues as employees are the greatest asset of the firm. Employees who have completed 10 and 25 consecutive years of service respectively are entitled to receive a long service award from Mazars in Hong Kong in recognition of their commitment and loyalty. In addition, we have a firm-wide discretionary bonus plan and individual bonuses are determined by their performance.

We believe that if our people feel motivated and engaged, the quality of their work will be high, which is why this is an all-encompassing priority for Mazars to drive high performance and consistency.

Inspiring stakeholder confidence in audit quality

1.1 Our culture and global talent policy

Performance reflection

There is a much greater emphasis on continuous conversation throughout the year between team members and their appraising partners and managers. We upskilled people managers as well as team members to make the most of these conversations and have provided formal and informal opportunities for conversations to take place about expectations and goals, overall performance, progress against goals, career conversations, development requirements and ongoing feedback.

We believe if our people feel motivated and engaged the quality of their work will be high, which is why this is an all-encompassing priority for Mazars to drive high performance and consistency.

Mazars for Good

At Mazars, we recognise our duty as responsible citizens to make sustainable business decisions through our Mazars for Good strategy. Sitting within this agenda are our strategic pillars: community involvement; reducing climate and environmental impacts; people at the heart of our development; doing business for good; and integrity and responsibility.

At Mazars in Hong Kong, these initiatives include fund raising to raise staff awareness about breast cancer for women and health and mental project for men.

Supporting the grassroots women to develop their careers, we partnered with the Hong Kong Federation of Women's Centres to organise a DIY handcream workshop for our staff.

To reduce food waste, we also worked with Feeding Hong Kong to collect unused food items for them to redistribute to charities who feed those in need and those hit by the pandemic.

People at the heart of our development

Good people are at the heart of our business. Their wellbeing is our priority, as is providing a healthy environment where they can develop, grow and reach their full potential. We need to bring our whole selves to work, and to do that we need to ensure we create an inclusive work environment. Our team should be reflective of our clients, the communities in which we operate, and society as a whole.

Doing business for good

We believe that businesses have a central role in shifting sustainability from a choice to a societal imperative. Mazars are proud to help our clients build a sustainable approach into their businesses and fully believe that, over time, a business which embraces sustainable practices will improve its corporate resilience, create economic value, and contribute to a healthy economy.

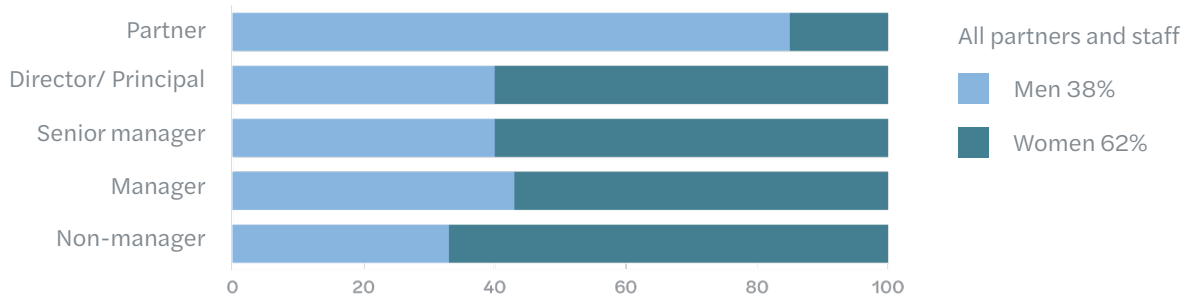
Integrity and responsibility

Integrity and responsibility are at the core of our operating model. They are the foundations on which we build our approach to our clients, our team and to society.

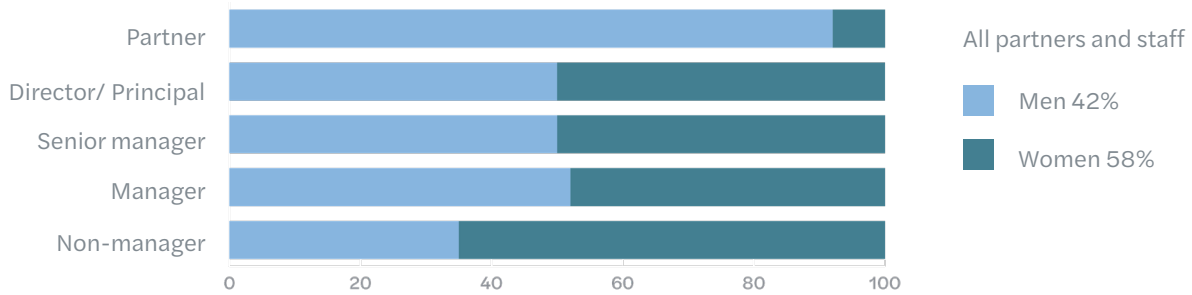
Culture of inclusion and diversity

Being inclusive is core to our approach as a firm. Our desire and commitment to this agenda is not driven by legislation, but our understanding of its fundamental role in creating a progressive organisation that promotes equal opportunities, value diversity and combat discrimination.

Breakdown of Mazars in Hong Kong by gender



Breakdown of Mazars in Hong Kong audit staff by gender



Breakdown of workforce

By gender

62%

Women

38%

Men

By age

24%

Under 25

32%

26 and 30

22%

31 and 40

12%

41 and 50

10%

51 and over

Inspiring stakeholder confidence in audit quality

1.2 Our overall system of quality management

Under the joint oversight of the GEB and GGC risk management committees, our QM&C board is in charge of protecting Mazars' reputation and brand equity, fulfilling our brand promise and ensuring we deliver top-quality services while meeting regulations.

Within the framework of our One24 plan, the Quality Management & Compliance (QM&C) board and its four committees – independence & acceptance committee, quality management committee, methodology committee and quality culture committee – have four main missions:

- further embedding a culture of quality through a dedicated culture programme, quality indicators and road maps;
- managing and monitoring quality, with a focus on ISQM1 implementation of a system of quality management;
- managing compliance-related issues, with a focus on client acceptance procedures, independence, methodology and manuals, the oversight of quality and active management of our risks and their coverage as an organisation; and
- managing change, in governance and reporting, with a view to strengthening the quality team.

The overall mission statement of the QM&C board is as follows:

Quality will be the backbone of all our activities, and we will protect our brand through carefully monitored risk management.

Quality management and risk management are at the core of our One24 strategy.



Inspiring stakeholder confidence in audit quality

1.3 Delivering audit quality

Quality is what makes audit relevant. It is what enables it to play its essential role in shaping more transparent and sustainable economies. As we strongly believe in audit as one of the pillars of healthier ecosystems, more resilient business environments and fairer societies, we have made quality the backbone of all we do. Year after year, we are dedicated to improving the audit work we perform and the quality of reporting to those in charge in governance and to shareholders.

We invest time to understand and participate in the evolution of quality within the profession, develop our methodology, review quality recommendations and themes of regulatory inspections and improve the skills and knowledge of our professional staff. We are continually raising our expectations of what audit quality is, as we believe this is something that is constantly evolving.

In 2021, Mazars in Hong Kong started to design a consistent implementation for a quality management system, in accordance with a set of newly released standards (HKSQM 1, HKSQM 2 and HKSA 220). We completed the update of the system in 2022.

We adjusted our methodology to align with the revised standards HKSA 315R in identifying and assessing the risks of material misstatement.

Mazars' Audit Manifesto

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals.

The delivery of audit and assurance continued to be at the heart of Mazars' business as at 31 August 2022 and is a key part of our plans for the future.

Our wheel, our operating model

Our overall focus for the firm's One24 strategy has reinforced the importance of 'deliver with excellence' where quality is the central pillar of the programme. Our ethos is our 'wheel', those core values on how we operate as a firm strongly support our commitment to continually invest in our people and audit quality.



Inspiring stakeholder confidence in audit quality

1.3 Delivering audit quality

Our global audit organisation

Mazars' audit service line is headed by a global audit board in which all the regions and scopes are represented. The global audit board is responsible for setting the vision and mission of the service line and ensuring that all activities, either directly or indirectly, contribute towards it.

Our global audit board is supported by steering committees on high-risk areas such as quality and talent, as well as internal audit reform task forces at European and Group levels.

Our responsibility for audit quality

The quality and effectiveness of our audit services is critical to all our stakeholders and is an integral part of our commitment to building trust in society. We believe in accountability and our approach to audit quality is driven by our culture, values and behaviours. We are convinced tone at the top is of paramount importance.

The GEB is ultimately responsible for ensuring the delivery of technical excellence across all our service lines within the global business and this responsibility includes oversight of the quality monitoring processes within the Mazars organisation, including in relation to audit quality. In this respect, at the Group level, we dedicate specific resources to building and maintaining high standards of quality, independence, ethics and professional competency, under the supervision of the QM&C board.

Through its quality control committee (QCC), the QM&C board defines the quality monitoring system and procedures required across all service lines and monitors their implementation. The executive of each member entity is therefore responsible for the implementation of the quality monitoring systems. This quality monitoring system applies both to member and correspondent firms.

To ensure a culture of quality is embedded within Mazars as a core value, the HK Head of Audit is one of the members of the HK Executive Board. The HK Managing Director with the assistance of Quality Assurance Department are ultimately responsible for quality control within Mazars in Hong Kong. Led by the Head of Quality Assurance Department, the Quality Assurance Department oversees compliance with the Hong Kong profession and the Group's quality requirements of the firm.

As required by the Quality Assurance Manual, the work of every audit partner is subject to independent review by the Quality Assurance Department at least once every three years. Engagement files are selected on the basis of risk, including public interest, and reviewed using a standard checklist. Individual files are graded in terms of compliance and overall quality. Assessment results and follow up actions are discussed with the respective engagement manager and partner, if necessary.

A summary report is prepared at the end of the reviews and actions are proposed to address the findings resulting from the reviews. Actions may include immediate remedial action, changes in the firm's guidance or procedures, or additional training and support. Findings and actions required are communicated to audit partners and managers on a timely basis.

Each audit engagement is assigned to an engagement partner. The engagement partner is responsible for the engagement quality, and for the report that is issued. To this end, engagement partners must be certified public accountants registered with the Hong Kong Institute of Certified Public Accountants (HKICPA), the local regulatory body, and hold a practising certificate issued by the HKICPA. Starting from 1 October 2022, the Hong Kong Accounting and Financial Reporting Council (AFRC) takes over those roles of the HKICPA.

In accordance with ISQC1/ ISQM1 (and the local equivalent, HKSQC1/ HKSQM1) and relevant requirements of Mazars Group, clients that are classified as Public Interest Entities are subject to engagement quality control review.

In addition to these, Mazars in Hong Kong also implements additional review procedures for clients that are listed in Hong Kong. Financial statements of all listed clients have to be submitted to the Quality Assurance Department for technical review before issuance. Technical review focuses on the financial statements presentation and disclosures.

The role of the HK Head of Audit is to promote and ensure delivery of a high level of audit quality and risk management in the audit practice.

The terms of reference for the HK Head of Audit include:

- responsibility for the governance and leadership of the audit service line reporting to the HK Executive Board;

- delivering the strategic objectives of the HK firm insofar as they relate to audit work ;
- to develop and support an audit culture in line with the firm’s values (as set out in the Code of Conduct) which aligns with:
 - the delivery of quality work;
 - support, development and growth of the firm’s people; and
 - current and future sustainability, profitability and growth of the business.
- identifying and managing risk that may impact on the wider firm, the audit service line, its people and clients in relation to the activities and environment of audit.

The Group Executive Board (GEB) is ultimately responsible for ensuring the delivery of technical excellence across all our service lines within the Global business and this responsibility includes oversight of the quality monitoring processes within the Mazars organisation, including in relation to audit quality. In this respect, at the Group level, we dedicate specific resources to building and maintaining high standards of quality, independence, ethics and professional competency, under the supervision of the Quality Management and Compliance Committee.

Our audit quality assurance framework

The International Federation of Accountants (IFAC) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

Mazars Group is actively involved in IFAC.

Mazars Group is also a member of IFAC’s Forum of Firms (FoF), an association of international networks of accounting firms that perform transnational audits. As members of the FoF, we commit to:

- maintain quality control standards in accordance with ISQC1/ ISQM1 – issued by the International Auditing and Assurance Standards Board (IAASB) – in addition to relevant national quality control standards;
- conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- have policies and methodologies for the conduct

of transnational audits that are based, to the extent practical, on the International Standards on Auditing (ISAs) issued by the IAASB;

- have policies and methodologies that conform to Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the ‘IESBA Code’) and any relevant national code of ethics; and
- agree to submit to the Secretary of the Forum an annual report, in an approved format, indicating that it meets the membership obligations set forth above.

We have been committed to this since 2007 and make an annual declaration to set this out.

In line with our commitments, our Quality Assurance Framework is presented through our "Quality Assurance Manual" and "Risk Management Manual", both of which constitute the benchmark for audit quality control for all entities. This framework covers the following:

- Responsibility and leadership;
- Independence and objectivity;
- Acceptance and continuance of engagements;
- Human resources;
- Audit methodology and engagement performance;
- Planning and supervision of engagements;
- Technical consultation;
- Audit documentation;
- Professional confidentiality and risk management;
- Engagement quality monitoring reviews;
- Quality monitoring;
- Procedures for dealing with and resolving differences of opinion; complaints, allegations and claims.

The global Quality Assurance Manual is updated to include specific local policies and procedures within the above areas to enhance the quality and effectiveness of the Manual for our team.

The policies and procedures in our global Quality Assurance Manual are complemented by our audit methodology. Our audit software has been developed to allow a structured audit approach in accordance with the most recent auditing standards.

Inspiring stakeholder confidence in audit quality

1.3 Delivering audit quality

Both our audit methodology and software are updated, as required, to include the evolution of international and national standards and as a result of operational suggestions by users. Our compliance with the Quality Assurance Manual is monitored through internal and external inspections.

Maintaining and improving audit quality is integral to our profession, as such the HK Executive Board is required to:

- promote the firm's internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives;
- remind individuals at all levels of the existence of the quality monitoring system; and
- underline the importance of respecting legal and regulatory obligations, particularly with regards to the IFAC code, local ethical requirements and professional standards of practice when accepting and carrying out new assignments.

Within Mazars in Hong Kong, only partners who are practising certificate (PC) holders can sign the audit reports. For PIE audit reports, those PC holders have to further register with the HKICPA (AFRC starting from 1 October 2022) as PIE auditors.

In Appendix 4, we provide a statement on the effectiveness of the quality control system.

Quality is to be part of the conversation that is continuously happening, building improvement into our everyday tasks and creating a culture of always seeking to improve.

Our audit policies and methodology

The global Mazars audit methodology (MAM) is mandatory for all Mazars entities, supplemented by local regulatory and legal requirements. Using a common methodology allows us to apply a consistent approach and level of quality globally on all client engagements irrespective of their size and

international presence.

In an increasingly globalised world, the MAM allows us to give assurance to our multinational clients over the quality of our audits across borders. Specific policies and procedures are in place in respect of group audits, including the use of and reliance on other auditors. These procedures include consideration of the results of quality monitoring.

The MAM is continually enhanced as we seek to apply a risk-based audit model approach, focusing on the things that matter and adjusting the areas of focus and effort based on the level of risk. Our methodology and associated application guidance is also designed to encourage professional scepticism in our audits.

Audit software is used to support the audit teams in applying our risk-based approach, from acceptance to completion of the audit. Over recent years, Mazars has been developing a new audit software, Atlas. In Hong Kong, the rollout of Atlas commenced in 2021 with a sample of non-PIE entity audits. The expectation is that for Mazars in Hong Kong the full implementation of Atlas, including for PIE audits, will happen in 2023. The deployment of Atlas will enhance the quality of audit documentation, ensure global consistency in the application of the MAM, strengthen the oversight of international group audits and provide our teams with access to enhanced technology and tools. We will continue to invest in and develop our audit software as new challenges and technologies impact on the audits of the future.

Data analytics is increasingly becoming a key aspect of our standard audit procedures, particularly with respect to the mandatory requirements to address the risk of management override of controls.

Additional features have been released to further improve Atlas. The new document management solution (M-Files) has been developed to facilitate the user experience and improve the platform efficiency as expected by our auditors.

We support enhanced audit reporting, believing that value can be derived from reporting that is clear and insightful to the reader. To maintain this level of quality, all our audit reports which include key audit matters are reviewed by our technical team.

Our audit policies and procedures have been designed and implemented to ensure that we comply, and can demonstrate that compliance with ISAs/ HKSAs.

Achieving significant progress on key projects

We have made significant efforts in the development of Atlas Next Gen and Atlas Analytics Next Gen and have achieved tangible progress through the development of new functionalities and a more user-friendly environment. We have also launched a global audit delivery platform to serve our largest countries, with the objective of agreeing on a blueprint to be rolled out in other countries and regions in the coming years.

We have also made significant progress on other key projects:

- definition of audit quality indicators and roll-out in several countries;
- launch of the global audit learning path, accessible to all auditors on the U-learn platform;
- launch of an audit quality survey dedicated to Group audits, through which both local and central teams can be appraised; and
- putting in place a Reinventing Audit team, which includes business analysts in over 90 countries and has started working on the development and deployment of new digital solutions.

We have also invested at Group level to improve our ability to attract and retain talents and address the resourcing challenge we face in many countries, and continued to work, in cooperation with our Public Affairs team, to promote joint-audit and participate in public debates in Europe and beyond.

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available to teams. The MAQ and MAM detail the circumstances under which there is a mandatory requirement to consult within the firm.

Our technical experts are also available for audit and financial reporting technical consultations when support is required. To improve audit quality in specific areas of the audit, our core audit teams have access to our specialist auditors and experts, including IT, tax, actuarial and valuation specialists. Our audit policies and procedures have been designed and implemented to ensure that we comply and that we can demonstrate compliance with ISAs. Our audit quality policies and procedures are also embedded as part of our firm's day-to-day activities.

Our quality priorities

Our quality priorities are driven by a number of factors, such as findings from internal quality monitoring reviews, external regulatory reviews and Root Cause Analysis (RCA) findings.

Some of our key priorities for next year include:

- improving the robustness of the quality control systems in response to growth and recent regulatory review findings;
- continue our investment in development and deployment of Atlas;
- using RCA outcomes as a key tool supporting enhancement to quality of our audit work;
- effective implementation of HKSQM1;
- more streamlined process for EQCR to monitor risks and enhance the quality of some of our most complex audits;
- continue to develop the suite of Audit Quality Indicators (AQIs) and the way in which these are monitored to enable us to have more real-time information in relation to audit quality.

Maintaining quality in a virtual world

2022 has continued to be another challenging year due to the impact of the global pandemic. Our HK Head of Audit, along with the rest of the firm, continued with effective response to emerging nature of this crisis and to manage the impact.

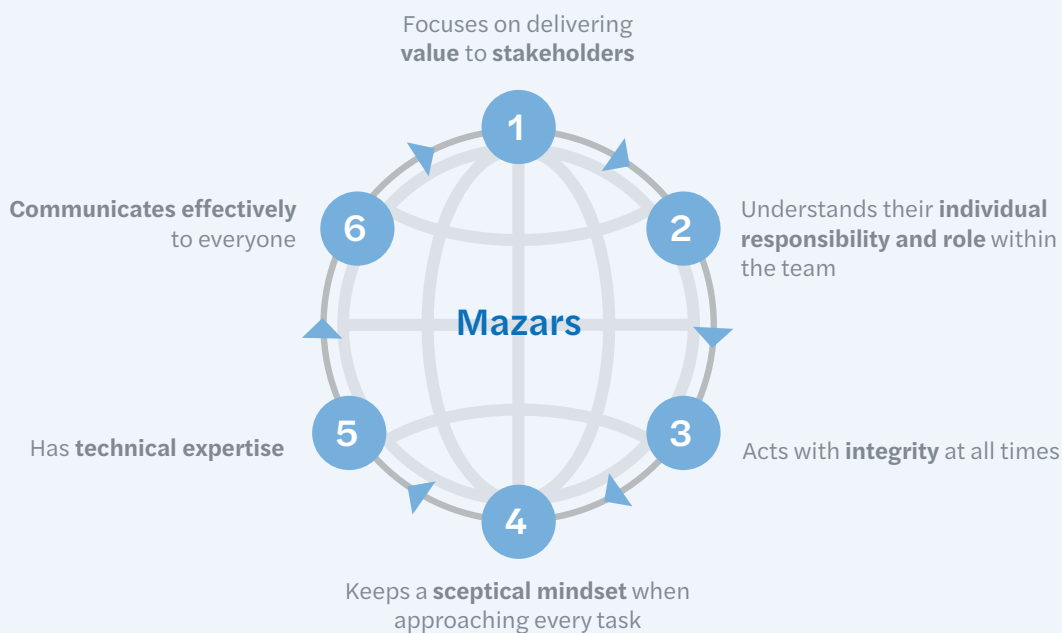
Our responses included:

- working together with our global organisation to develop practical guidance and training;
- working with our HK regulatory bodies and their guidance to develop HK-specific guidance, which was constantly kept under review;
- increased support to audit engagement teams through coaching, regular bite-size training to pass on key messages of quality;
- using technology to facilitate working remotely, for example use of video calls, regular audit updates and training utilising various online platforms;
- understanding how our clients evolved when working remotely, more specifically how they ensured controls are maintained when daily transactions are initiated in the virtual environment across borders.

Inspiring stakeholder confidence in audit quality

1.3 Delivering audit quality

A high quality audit can only be achieved by a team of people which has the same set of values and works to the same standards, and where each individual within the audit team:



Investing in innovation

Innovation is a key driver in our ability to continue to deliver higher quality audits, as complex business environments require our audits to be more dynamic and focus on more innovative and technology driven solutions. As a firm we are committed to invest in innovation, as is evident through our on-going investment in our in-house developed audit software Atlas. Continued investments in innovation will be critical to enable us to continue to bring the best technology into the heart of our future audit approach.

Responsibility for the delivery of audits

Our audit partners and Key Audit Partners (KAPs), with the aid of the engagement manager, direct and supervise the audit process. The audit partner or KAP is responsible for ensuring the work completed is appropriately reviewed, concluded and documented in order to maintain quality. The audit partner or KAP is also responsible for ensuring that the engagement is adequately resourced with appropriately experienced professional staff.

As engagement leaders, the audit partners or KAPs, supported by the engagement managers, are responsible for fostering a culture of quality

throughout the audit process, challenging the team on their professional scepticism in respect of the work performed and supporting the culture of on-the-job training and coaching.

In situations where a difference of opinion arises between the audit partner or KAP and either the engagement team, the Engagement Quality Control Reviewer or technical consultants, procedures are in place to consider the opinions further, including the use of a panel of independent partners appointed by virtue of their knowledge and experience.

Quality monitoring

Monitoring of audit quality is integral to understanding our own audit quality and developing ways to challenge and improve it. It allows identification of areas for improvement within our policies and procedures, combined with additional training to allow for a consistent quality approach to audit work. Our audit quality policies and procedures are embedded as part of our firm's day-to-day activities.

The assessments undertaken by the local and global quality monitoring teams have been designed in compliance with the IFAC quality standard and guidance.

Mazars entities' audit quality monitoring reviews have several components:

- self-assessment of the entity's audit methodology, ethics and quality assurance system; internal monitoring of the effectiveness of the internal procedures and of the quality of the audit files. This is performed by each entity on an annual basis and constitutes the basis for the completion of the self-assessment;
- Mazars international inspections: these are undertaken by experienced reviewers from other member entities within the organisation, generally every 3 years, and they aim to take an independent view on the results of the self-assessments and the internal monitoring whilst helping to spread best practices; and
- external inspections: entities are periodically subject to reviews by the audit regulators or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the global Mazars QCC.

The self-assessment includes the entity's compliance with the IFAC standards as well as reporting on the results of its internal and external audit quality monitoring reviews. This can be the basis for an action plan relating to all areas identified as requiring improvement, including those identified through any Mazars international inspections.

Entities are required to communicate internally the results of their audit quality monitoring reviews to their executive, partners and audit managers. This communication is provided in sufficient detail to enable the necessary corrective measures to take place, both for the partner in question, and at the overall level of the entity.

The results of the audit quality monitoring reviews include:

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

Entities that are applying to join the Mazars organisation are subject to an inspection organised by the QCC. The report setting out the results of the review is included in the admission file submitted to the GEB and the GGC for consideration before the vote at the General Assembly of Partners. The report may be accompanied by an action plan, progress against which would be monitored by the QCC.

Refer to 1.4 for further details on our 'Quality Monitoring'.

Inspiring stakeholder confidence in audit quality

1.4 Quality monitoring

Through its International Quality Control Committee (IQCC), the Group's Quality and Risk Management Board (Q&RM Board) defines the quality monitoring system and the relevant procedures that are required to be implemented across all service lines, as well as monitoring their implementation.

Monitoring of audit quality is integral to maintaining and improving quality in our profession. It allows identification of areas for improvement within our policies and procedures, combined with additional training to allow a consistent quality approach to audit work. The executive of each member entity is responsible for the implementation of the quality monitoring systems. This quality monitoring system applies to both correspondent and member firms.

At Mazars we value quality monitoring as it allows us to identify what we are doing well and where we need to improve. Our quality monitoring programme is an embedded part of our operations and an established programme which provides robust challenge and follow up to our audit work. It allows us to celebrate quality but also put in appropriate actions to address improvement areas – this may be specific actions for one audit, or firm wide considerations like training.

Lessons learnt from the quality monitoring are communicated to all the audit partners and managers on a timely basis and embedded into training or reflected in new tools and guidance as appropriate.

The approach to quality control and the quality control reviews in HK

HKSQC1 requires each audit partner's work to be subject to a cold file review at least once every three years. These reviews are supervised by the Quality Assurance Department, and conducted by experienced partners and senior staff, or our dedicated audit quality monitoring team. All our reviewers are specifically selected for this role because of their knowledge and skill set, and are appropriately briefed on our QM approach and requirements. We allocate our reviewers to file reviews to reflect their knowledge and skills. We also ensure reviewer independence which we ask reviewers to confirm as part of the file allocation. Reviewers are also supported by a technical consultant when required.

Each year a quality monitoring plan for audit work is prepared by the Quality Assurance Department which sets out details of the RIs and KAPs to be reviewed, together with any planned thematic reviews.

Audit files are selected for review based on a number of criteria, including risk and public interest, with the basis for file selection recorded along with the risk assessment. At the closing meeting any findings from the review are discussed and when agreed the audit partner or KAP is required to respond to the findings in writing, this response considers the 'cause' of the findings as well as the 'action' to address. The files are then graded in terms of overall quality.

Findings and grades for these reviews are presented to members of the HK Executive Board and these findings were discussed during the annual update training session.

A summary report is prepared for proposed actions to be taken in response to the key findings recorded. Action may include immediate remedial action, changes in the firm's guidance or additional training and support.

Lessons learnt from quality monitoring are communicated to all audit partners and managers on a timely basis and embedded into training or reflected in new tools and guidance as appropriate.

Also, within Mazars in Hong Kong, audit quality control reviews operate as required by the Mazars Group with an internal monitoring review carried out on a yearly basis. In addition to engagement file review, which is mentioned in “Responsibility for audit quality and the quality assurance framework in Hong Kong” section above, firm-wide controls in respect of the following elements are evaluated:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Resources
- Engagement performance
- Monitoring

During the year Mazars in Hong Kong submitted an annual self-assessment around audit quality to Mazars Group which was reviewed centrally. Periodically, we are reviewed by a Group quality monitoring reviewer, and that review covers our whole firm procedures as well as file reviews. The last completed review in 2022 showed that HK is considered to have a system in place to comply with the ISAs, the IFAC code and the provisions of ISQC1.

Hong Kong external review

Mazars undertakes audits which fall within the remit of the FRC (now known as the AFRC), resulting in the firm being subject to reviews of its audit work, systems and processes by the FRC.

Our office was visited by the HKICPA and the FRC of Hong Kong for a full scope review of the practice in 2019 and 2020 respectively which included reviews of engagements and the quality control system of the firm. The review by the HKICPA was concluded in 2020 with no additional actions required.

We communicated the findings of the FRC to all auditors and implemented remedial actions. The work of these external reviewers was much appreciated.

At Mazars in Hong Kong, we are passionate about audit quality, so the results of the independent reviews challenge us to revisit our technical training and tools to ensure they support our audit teams to deliver quality audits. We are committed to the continuous improvement of the quality of our audit work to address findings from external reviews as discussed above.

Our contribution to the profession

For many years now, Mazars has brought a pragmatic approach to the changes in accounting regulations. Our contributions are widely acknowledged for their technical accuracy. This is reflected in the responsibilities Mazars’ partners hold in a variety of regulatory bodies and professional organisations in Hong Kong, and at global level.

Mazars closely follows regulatory works throughout their process of preparation and adoption – discussion papers, exposure drafts, additional consultation – while actively contributing to the related lobbying groups.

Mazars is one of the seven firms IASB systematically consults as part of its outreach activities. This enables us to obtain information at a very early stage. Mazars systematically brings its contribution to audit-related debates by responding to calls for comments on projects carried out by IASB and the IFRS Interpretation Committee. We also contribute to the works of the IASB on a regular basis and in an informal manner. We take part in meetings between IASB and the major audit firms, and regularly meet with the IFRS IC senior staff to express our opinions and specify our stance on current topics.

Our Voice in Hong Kong

Our directors and managers are actively involved in various committees of HKICPA and other professional bodies, such as the Small and Medium Practices Committee, the Audit and Assurance Standards Committee, the Qualification and Examinations Board of the HKICPA and the Investigation and Compliance Committee of the AFRC.

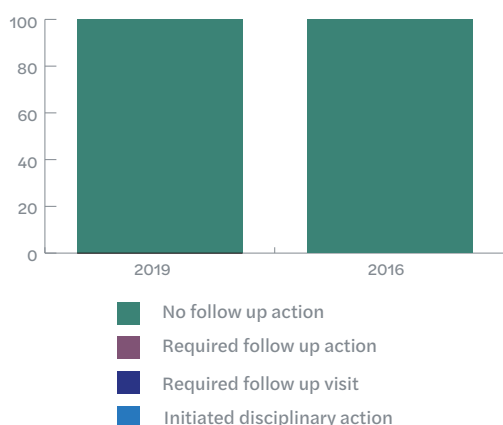
Inspiring stakeholder confidence in audit quality

1.5 Our audit performance indicators

Indicators of audit quality are established to enhance transparency and comparability across the industry. We report on the established metrics, along with additional metrics that we consider impact on quality. We also recognise that all firms are structured differently, and therefore whilst we endeavour to produce consistent information, differences are likely to arise in the reported information compared to other firms. As such, explanations on how the data has been derived are also reported.

Audit quality indicator 1 - Metrics on audit quality reviews

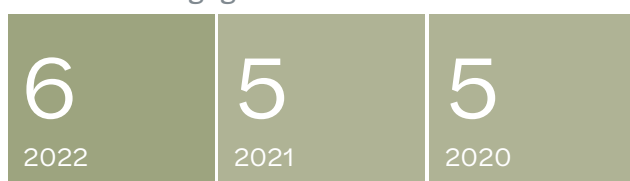
Results of audit inspections by the HKICPA



The HKICPA undertakes a full review every three years. In their most recent report following the 2019 inspection the HKICPA concluded with no follow up action.

The FRC undertakes a full review at least once within the three-year inspection cycle. The first inspection was conducted in 2020. We communicated the findings of the FRC to all auditors and implemented remedial actions.

Number of engagements reviewed



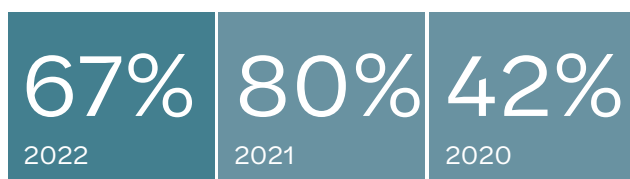
Results of firm's Internal Quality Monitoring reviews (IQM)

Each year we review a sample of our audit engagements through our internal quality monitoring process. The details of the process have been set out in section 1.4.

It is our target that no file reviewed is found to require significant improvements in the audit work performed. Where audit deficiencies are identified, we aim to identify the root cause of the failure and put in place actions to ensure they are not repeated. These actions are captured in our audit quality plan and this is reviewed on a regular basis by the management.

During the review, we identified areas which required significant improvements. Various actions had been carried out to enhance the audit quality. Our approach to internal quality reviews ensures every audit partner is reviewed at least once every three years.

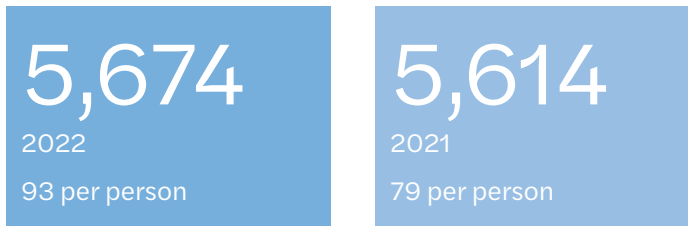
% of files that did not identify significant improvements required



Audit quality indicator 2 – Metrics on investment

Investment in training

Number of training hours delivered in total and average per person in the Audit Practice.



This metric is derived from the total number of training hours delivered to audit team members.

Total training hours remained roughly the same as last year while average training hours per person increased. Major training topics of the year included the revised MAM audit methodology and IT audit in the context of One Team audit.

We have been able to deliver effective learning through a variety of different means, including eLearning and virtual breakout rooms in order to improve learner engagement.

In addition, delivering virtual learning has improved accessibility; learners can select the most suitable sessions to meet their requirements. The other added advantage of remote delivery is the ability to record live sessions allowing attendees to refresh their knowledge at the point of need. We store recorded learning in U-Learn, our Learning Management System, for point-of-need access in the future.

Investment in research and development in audit service line

Our investments in innovation and quality are transforming the way audits are delivered. Globally our key investment in the year has been in the new audit software as discussed in section 1.3 in which Mazars has significantly contributed.

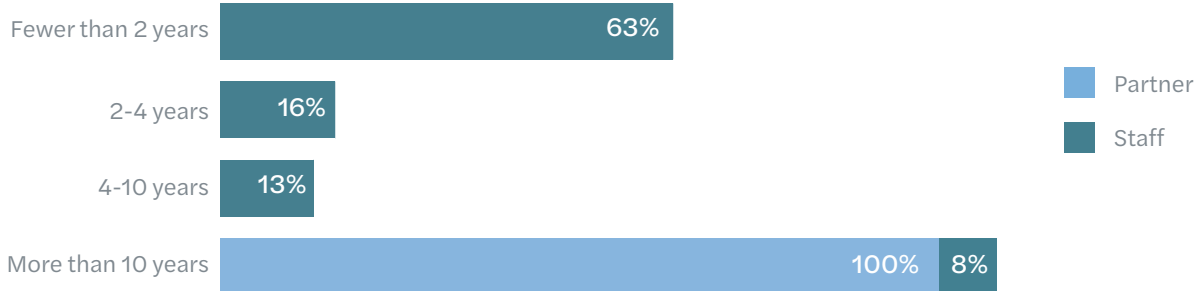


Inspiring stakeholder confidence in audit quality

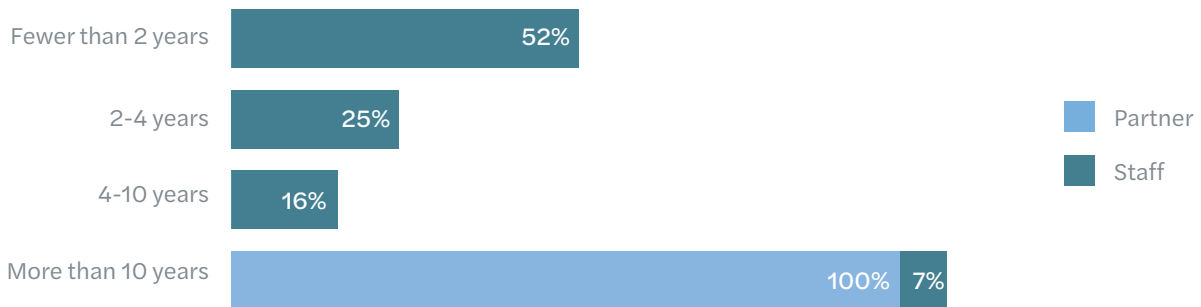
1.5 Our audit performance indicators

Audit quality indicator 3 – Metrics on partner and staff tenure

2022



2021



With an unprecedented staff movement took place last year, the tenure rate of new hire and current staff dropped in the past two years. Partners are spending more time with colleagues to share their experience and addressing the situation. Education is still our focus for continuous self-development.

Ratio of Audit staff to partner



Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

We continuously strive to achieve the highest levels of objectivity and independence in all of our assignments and have devised and implemented policies and procedures which aim to ensure all staff and partners comply with the strictest requirements, wherever they operate.

Conflicts of independence/interest

We have developed policies and processes to ensure that we identify and respond to any conflicts of independence /interest which have been communicated to all partners and staff. Where there is a potential threat to our independence, the assignment is declined, or appropriate safeguards are implemented.

How we safeguard our objectivity and independence

The systems implemented by the Mazars Group and adopted by member entities include:

Our code of conduct for objectivity and independence

The Mazars Group has prepared a code of conduct for objectivity and independence (CCOI) which complies with the IESBA Code of Ethics and introduces additional specific requirements for Mazars firms and staff. All Mazars countries are required to update the CCOI for their country's specific laws and regulations. The CCOI is distributed to all partners and staff and is an integral part of all member entities' professional training programmes.

Responsibility for maintaining objectivity and independence

The Group independence and acceptance committee is responsible for oversight of independence and acceptance for Mazars worldwide. It provides guidance for acceptance personnel in each country, approves first time appointments for PIE (with limited exceptions) audit and other specific clients (SPAC, cryptocurrency assignments), and manages the annual independence reporting process, reporting the results to the GEB. It adjudicates on any independence or acceptance issues brought to its attention, including any proposed departures from the CCOI by a country and ensures that all changes in international ethical standards are communicated to all countries in the organisation.

Acceptance and continuance of engagements

Prior to accepting or continuing a relationship with a client, our procedures require that an evaluation of the client's related risks is performed including the entity's ability to perform the engagement and any ethical risks in terms of independence and conflicts of interest.

The provision of additional services to an audit client is subject to prior authorisation from the lead audit partner and, in some cases, the ethics partner or country risk manager. In certain circumstances this provision is also subject to authorisation by the client's audit committee.

Global independence check tool

We have implemented a global independence check tool, WeCheck, to protect the independence of Mazars Group. All countries within our partnership have access to WeCheck. To date 78 countries representing 97% of our turnover are live on WeCheck. These countries regularly upload and refresh their client data into WeCheck's data management system.

Annual declaration of independence

All partners and staff are required to provide an annual declaration of their independence. In this respect:

- Mazars partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client;
- personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and
- partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (except for normal financial transactions with a banking or other credit institution audit client undertaken on an arm's length basis).

Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

In Appendix 4, we provide a statement on the effectiveness of the systems to safeguard our objectivity and independence.

Rotation to strengthen both independence and quality

Within Mazars, rotation is applied to PIE audit engagements on which key audit partners rotate, in compliance with country-specific laws and regulations, including for EU countries, the European Directive on Statutory Audit or 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 an opinion 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 can 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, national executive committees are called upon to arbitrate.

In the rare case of a disagreement with the technical department’s position, the Head of Quality Assurance Department would convene a risk review panel to arbitrate.

Partner compensation policy

Profits are divided amongst partners according to the number of “base points” they are allocated. Two criteria are used to calculate the value of the base points: the overall performance of the Mazars Group and the performance of the national entity to which they contribute. Each factor is measured equally. Several countries, including France, have opted to add a bonus system founded on individual performance.

Partners receive a portion of a global envelope based on his/her country’s performance. Under the supervision of the GGC and based on the recommendation received from the country executive, base points are allocated to partners according to the overall performance of the country and the individual performance of each partner.

This performance is assessed through various criteria:

- professionalism, technical contributions and adherence to business practice norms;
- partnership spirit;
- importance and complexity of assignments;
- contribution to the general development of local entities and the Group; and
- level of managerial responsibility.

None of these criteria is evaluated in isolation, but the greatest weight is placed on technical competence and spirit of partnership. Financing business activity depends exclusively on each national member entity and follows the same proportionality as the division of profits.

Partner remuneration

The firm’s partner assessment framework assists in providing clarity to each partner as to what is expected of them and also the HK Executive Board as a body in approaching quality issues in a consistent manner.

Independence and objectivity in Mazars in Hong Kong

In Mazars in Hong Kong, objectivity and independence are overseen by the Head of Quality Assurance Department, who is also the acceptance officer of the office. Internal systems described in various Mazars manuals, IFAC Code of Ethics and the local equivalent have been established to identify circumstances where Mazars in Hong Kong’s independence could be impaired and to take appropriate safeguarding measures in these instances.

The management of Mazars in Hong Kong confirms that the independence procedures and practices have been implemented and the systems are effective in maintaining independence.

Furthermore, management confirms that the application of the independence procedures and practices have been subjected to internal review by the Quality Assurance Department.

Whistleblowing procedures

Our values set a platform for what we believe will build long-term sustainable success for the organisation. We want to work in a way that promotes our values and ensures we provide the best possible service for our clients, and the best possible environment for our teams. Mazars is committed to dealing responsibly, openly, and professionally with:

1. concerns raised internally, that partners or team members may have about possible malpractice within Mazars firms; and
2. concerns raised by persons external to Mazars (clients and other stakeholders) on the services provided by Mazars.

Our Group-wide whistleblowing procedures for our staff, our clients and our stakeholders reflect our zero-tolerance policy for unethical behaviours.

They have been deployed since 2014 and both external and employee complaint forms are available on our Mazars websites at <https://www.mazars.com/Whistleblowing-and-complaint-forms/>.

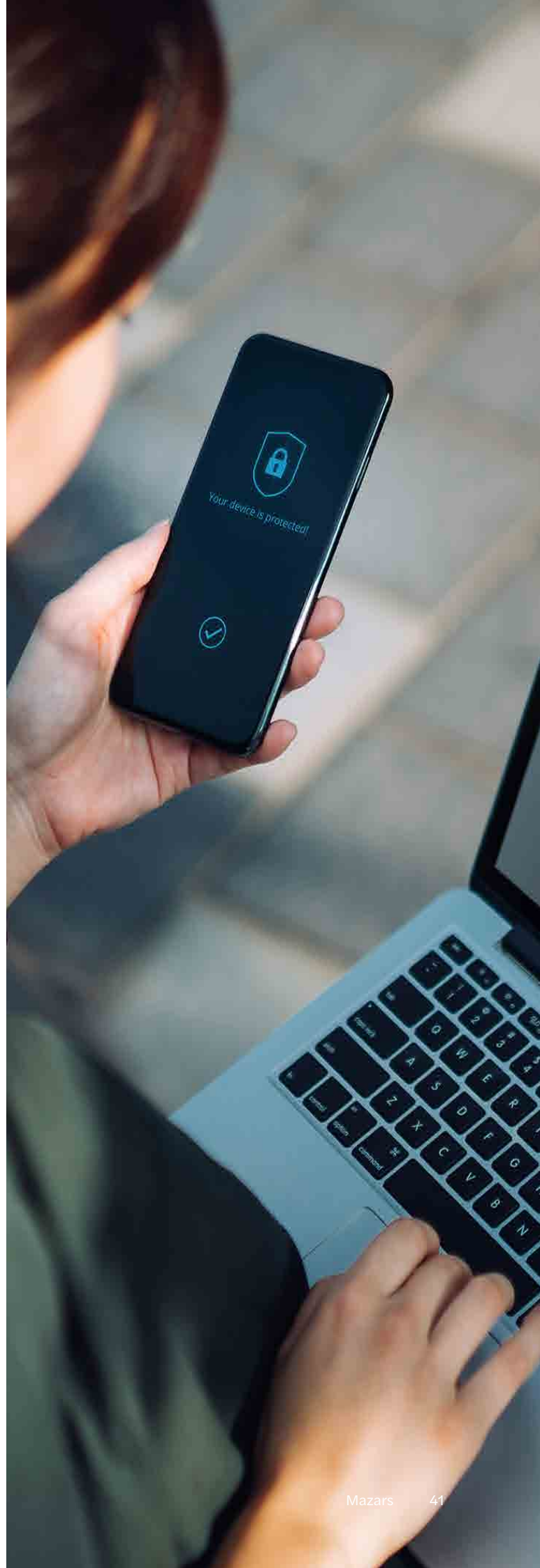
All claims are directly processed through the Group's Chief Compliance Officer (CCO) except when stated otherwise by the local regulation.

Confidentiality and information security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings and may also adversely impact our reputation.

The Group's Chief Information Security Officer (CISO) is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters. He directly reports to the CCO and to the GEB.

In Hong Kong, staff and partners have undertaken specific training on information security to enhance their understanding and help ensure that our policies are embedded within how our teams approach their work.



Chapter 2

Our risks

Effective management of risk underpins our day-to-day activities to ensure we provide good quality, consistent and reliable services to our clients and teams.



Our risks

2.1 Our approach to risk management

Our risks and opportunities analysis

Like other businesses, we acknowledge our exposure to a wide range of risks and uncertainties which have the potential to impact our services, people, finances and clients. We make every effort to ensure that risks are appropriately identified, assessed and managed so we can readily respond in the event they materialise.

The Covid crisis, as well as the danger of such threats as cyber-attacks, led us last year to update our risks and opportunities table, and to identify new ways of appropriately limiting their consequences.

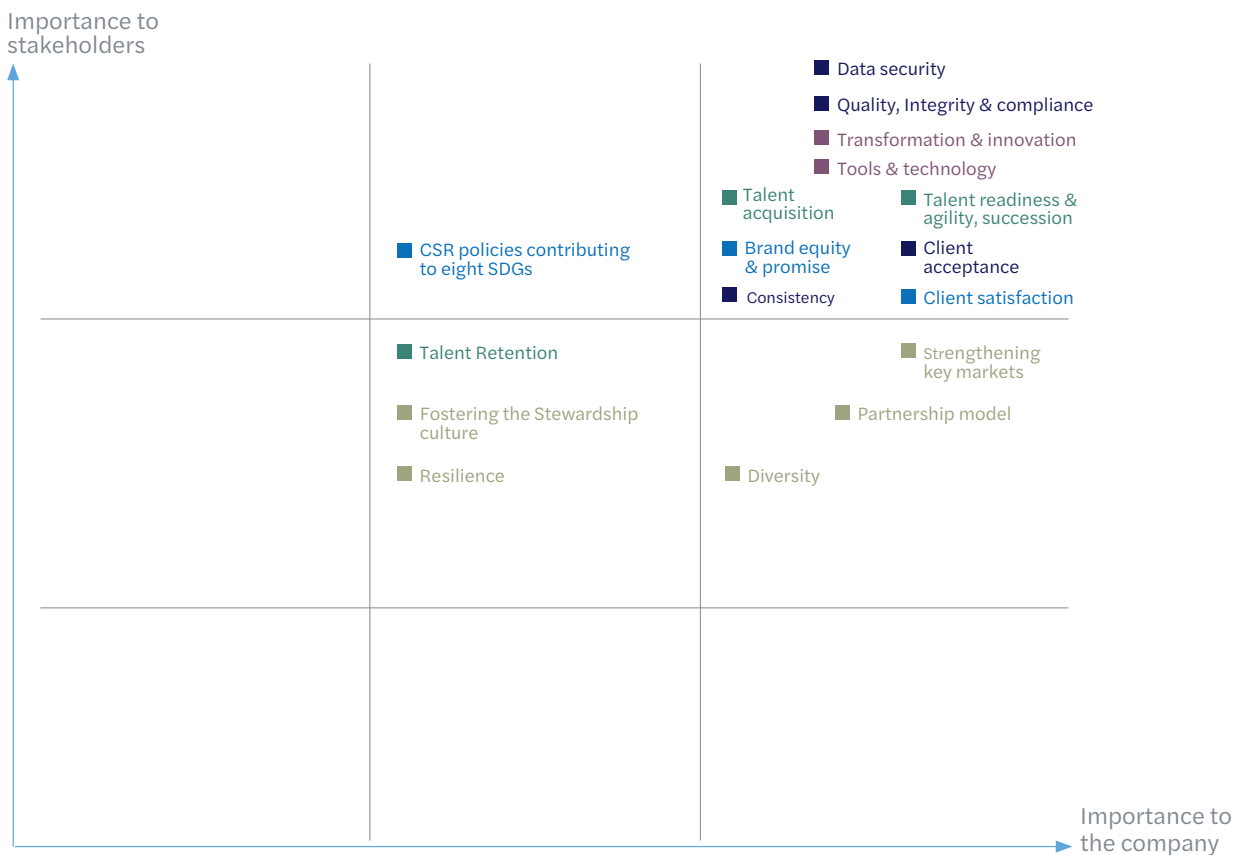
In 2021, in the context of our new 2022 quality management system project (IFAC ISQM1 standard implementation), we took a deeper dive into the aggregated internal monitoring and regulatory

inspection findings as part of our risk identification work.

We especially focus on mapping risks that have the potential to impact our entire organisation or that require specific efforts to adequately anticipate and mitigate them. The resilience of Mazars was nevertheless demonstrated this year.

We have also placed particular emphasis on implementing processes and procedures to protect our partnership from risks that could undermine it from the inside, on quality culture, employee education/inclusion/accomplishment, and abiding by our values. We believe the measures we have taken enable us to look at the future with confidence, ensure the delivery of high-quality and secure services to our clients and keep the trust our stakeholders have placed in us.

Our top material issues



Top material issues related to:

- Brand management
- Partnership model & governance
- Quality & risk management, compliance
- Talent
- Transformation

Our risks

2.1 Our approach to risk management

How we assess and manage our risks

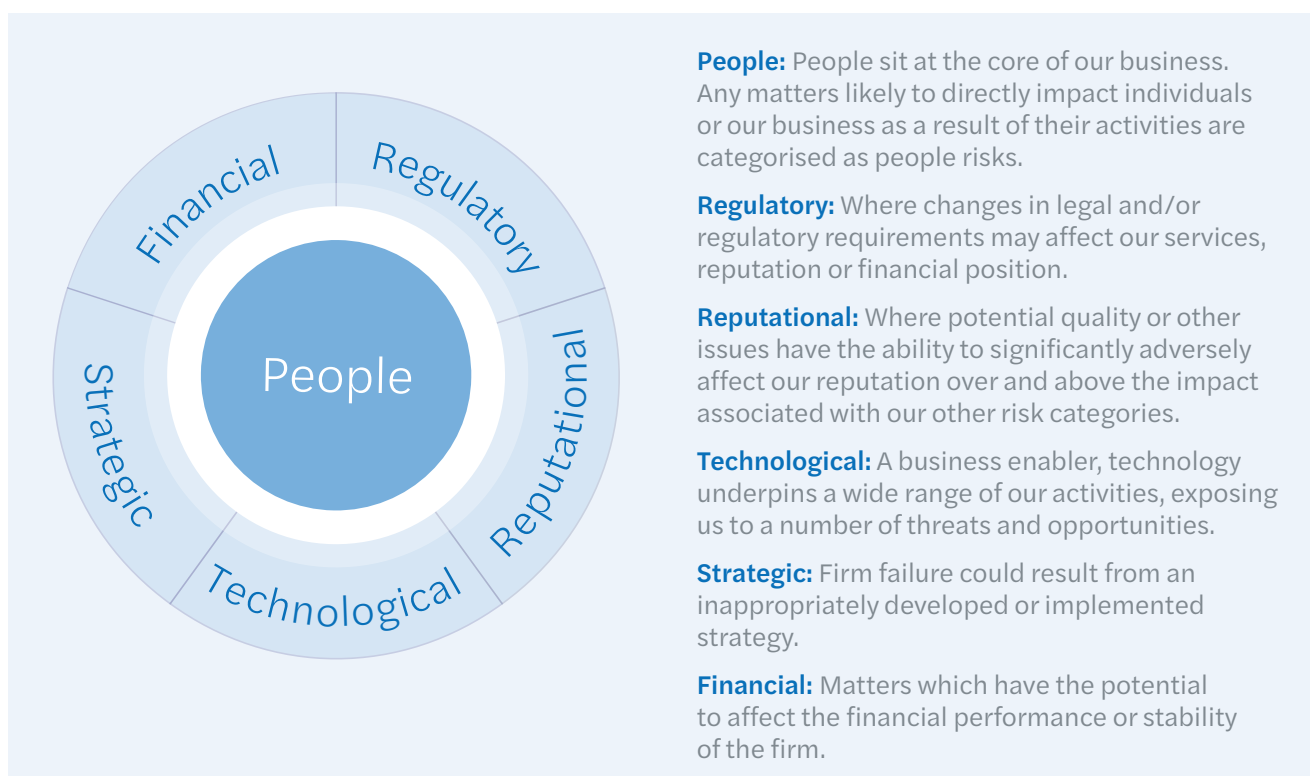
Along with quality, risk management is at the core of our One24 strategy. Protecting our reputation, our brand and our partnership is an absolute priority. Our global risk committee is under the direct sponsorship of two members of our GEB.

Along with experts from our business lines, sectors and governance bodies, we identified and thoroughly analysed the major material issues that could impact our performance and value creation processes.

We believe our materiality matrix provides a clear and accurate image of the challenges we will need to face to ensure sustainable growth.

Categorisation of risk

Our risks are managed under six categories:



Governance

Risk management activities can only be effective where appropriate governance controls exist to ensure consistency and quality processes.

Overarching management of and responsibility for risk first rests with the HK Executive Board. At an international level, management of risk rests with the Group Executive Board, with oversight from the Group Governance Council.

Ongoing enhancement to embed risk management within Mazars continues in order to improve the identification and mitigation of the top risks the firm encounters.

Key risks and uncertainties

We have recorded the following key risks and uncertainties within our business:

People		
Risk	Description	Mitigating controls
Team and culture	Failure to recruit, retain and develop sufficiently skilled resource to achieve the firm's strategy whilst maintaining our values-based culture.	<ul style="list-style-type: none"> Formalised recruitment procedures. Resource planning, talent management and career pathways. Formalised training programmes.
Extended workplace as a result of Covid-19	Failure to adequately adapt to the continuing Covid-19 pandemic and the resulting extended workplace environment may result in a negative impact on wellbeing, culture, staff collaboration and training, as well as service delivery.	<ul style="list-style-type: none"> Business continuity plans in place. Best practice guidance being followed to safeguard our team, including robust risk assessments before client visits. Enhanced team communication, alongside wellbeing programmes and support in response to Covid-19.

Regulatory		
Risk	Description	Mitigating controls
Regulatory environment	Failure to adapt to the impact of the changing legislative and regulatory environment across the whole firm, including the sustainability of the Hong Kong audit practice.	<ul style="list-style-type: none"> Monitoring of changing regulatory requirements. Enhanced governance including HK Executive Board oversight. The Quality Assurance Department providing guidance and support throughout the firm.
Independence and ethics	Failure to ensure we comply with ethical and independence rules.	<ul style="list-style-type: none"> Client and engagement acceptance processes, including conflict checking procedures. Group Independence and Acceptance Committee (GIAC) approvals for specific assignments. Independence training and confirmations. Monitoring of partner financial interests.

Our risks

2.1 Our approach to risk management

Reputational		
Risk	Description	Mitigating controls
Client acceptance and continuance	Failure to ensure that the firm only engages with appropriate clients, including potential impact of clients of the wider Mazars Group.	<ul style="list-style-type: none"> • Hong Kong client acceptance and continuance procedures including risk manager and Risk Committee oversight. • Group Independence and Acceptance Committee (GIAC) oversight. • Systems and processes to ensure appropriate AML and KYC procedures. • Group Executive Board involvement where appropriate.
Quality service	Failure to deliver a quality service to our clients.	<ul style="list-style-type: none"> • Quality Assurance Frameworks and technical resource implemented for service lines. • Professional training for staff in key service lines. • Licensing of principal activities. • Implementation of findings following reviews undertaken by internal and external bodies. • Client feedback programme.
Business continuity	Insufficient business continuity planning and testing may result in the firm being unable to rapidly or sufficiently recover from an adverse issue affecting any aspect of its operations.	<ul style="list-style-type: none"> • Implementation of business continuity and crisis management plans, including mass notification system to effectively communicate with the full team. • On-going assessment of enterprise-wide risks and mitigating controls. • Annual testing of IT disaster recovery and continuity plans. • Resiliency inbuilt into operations, including through remote working capabilities.
Claims and non-compliance with obligations	Pressure on resources, availability of appropriate IT solutions, training and education standards may adversely impact quality exposing Mazars to risk of claims, reputational damage and liability for non-compliance with legal and regulatory obligations.	<ul style="list-style-type: none"> • Enhanced monitoring, including at HK Executive Board level. • Investment plans in respect of team and technology. • Improvements in supporting team engagement and wellbeing.

Technological		
Risk	Description	Mitigating controls
Information governance	Failure to manage information and cyber security effectively, resulting in service unavailability, data loss, reputational damage and loss of business.	<ul style="list-style-type: none"> IT technical solutions including monitoring of networks, usage of systems, risks and formalised reporting processes. Adherence to regulations and legislation including Personal Data (Privacy) Ordinance. IT Security and Governance policies, with ongoing testing. Policies and procedures to manage staff actions, with associated training.
IT alignment with firm's strategy	Failure of our IT systems and infrastructure to support and align with our current and future business operations, including offering sufficient resilience for the scale of operations.	<ul style="list-style-type: none"> Governance in place to align IT to business plans. Monitoring of IT systems and suppliers to identify and resolve issues and identify further improvements. IT Disaster Recovery Plans implemented. Testing of IT infrastructure against industry standards.

Strategic		
Risk	Description	Mitigating controls
Strategy and Brand	Failure to develop our brand and business strategy in line with the changing demands of clients, the market or innovative advancements, including dynamic monitoring and identification of strategic changes.	<ul style="list-style-type: none"> Executive Board oversight of business plan development with key target initiatives in place. Monitoring of market and regulatory changes to support identification of changes required to strategy. Development of global initiatives to standardise our delivery model internationally.
Support structures	Failure to invest in a robust infrastructure to support the wider firm in meeting its overall strategy.	<ul style="list-style-type: none"> On-going review of and continuing investments in systems and team. Governance structure includes HK Executive Board to provide further strategic focus in key areas.

Our risks

2.1 Our approach to risk management

Financial		
Risk	Description	Mitigating controls
Macro-economic environment	Failure to adapt to changes in the macro-economic environment, including the impact of the Covid-19 pandemic and regulatory developments on the economy and firm.	<ul style="list-style-type: none">• Established means of ongoing forecasting and associated mitigation planning.• Business management protocols embedded.• Effective technology and remote working arrangements in place.
Financial failure	Firm failure resulting from solvency/liquidity issues.	<ul style="list-style-type: none">• Regular reviews of firm financial performance against targets by HK Executive Board.• Management information to guide business decisions, with lead KPIs.• Service line engagement with markets to maintain knowledge of current trends affecting services.



Chapter 3

Our structure, leadership and governance



Our structure, leadership and governance

3.1 Our unique business structure

Since 1995, we have been organised as a global, integrated partnership. Today, this partnership is comprised of more than 1,000 partners and 47,000 professionals in more than 95 countries and territories in Europe, Africa, the Middle East, Asia-Pacific and the Americas. We work as one team and share the same values, work ethic and goal of providing the highest quality services to our clients. Our correspondent firms also enable us to operate in a further nine countries.

A global, integrated partnership

All members of our integrated partnership are member entities of Mazars SC (hereafter “Mazars Group”), a cooperative company incorporated in Brussels, Belgium, through a cooperation agreement setting out the terms of the relationship. The role of the Mazars Group is to “define the strategic objectives of the organisation and to coordinate the implementation of these objectives at the member firm level”, combined with the responsibility for promoting and protecting the Mazars brand globally. Mazars’ integrated international partnership was established with the principal objective of ensuring the delivery of consistent quality to our clients.

The integrated partnership allows us to provide high-quality services to our clients thanks to the diversity and expertise of our talent, the robustness of our values, our determination to fully embrace the digital revolution, and our commitment to creating shared value. We provide our quality standard service whilst remaining aware of the challenges that both our organisation and our stakeholders face.

Discerning, knowledge-intensive, agile, sustainable: these are the attributes of the modern firm that we strive to be, in order to better serve our clients.

Each country-level member of our unique, integrated partnership has one or more separate legal entities and is a member entity of the Mazars Group. All shareholders of the Mazars Group are partners or shareholders (collectively “partners”) in the member entities. As part of being a shareholder of Mazars Group, each partner acknowledges the Charter of Association, which governs the operation and governance of the Mazars Group. In certain countries where there are partners or shareholders of their local member entity that are not shareholders of the Mazars Group.

The financial statements of the Mazars Group are consolidated with the results of the member entities and are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements of the Mazars Group are jointly audited by two independent audit firms. We are therefore unique. We are not simply a collection of national firms. We are an integrated organisation of professionals, sharing commitments at a global level with respect to investment in technical excellence, serving our clients and developing our teams. New member firms are admitted to the partnership based on criteria of quality of service, human resources, reputation and shared values. All new admissions must be approved by the General Assembly of Partners.

Our One24 strategy

During our 2020 General Assembly of Partners, a new GEB was elected on the basis of a strategic platform called One24. This new platform answers our partners’ requests for increased integration and aims to reinforce our ability to work together and make the most of emerging and promising client opportunities, especially in the PIE segment.

It also aims to help us develop the new generation of global leaders who will take over the leadership of the firm in four years’ time, strengthen our global partnership and transform our services to face the future and manage our quality and our risks more stringently in order to ensure the longevity of our partnership.

Our structure, leadership and governance

3.1 Our unique business structure

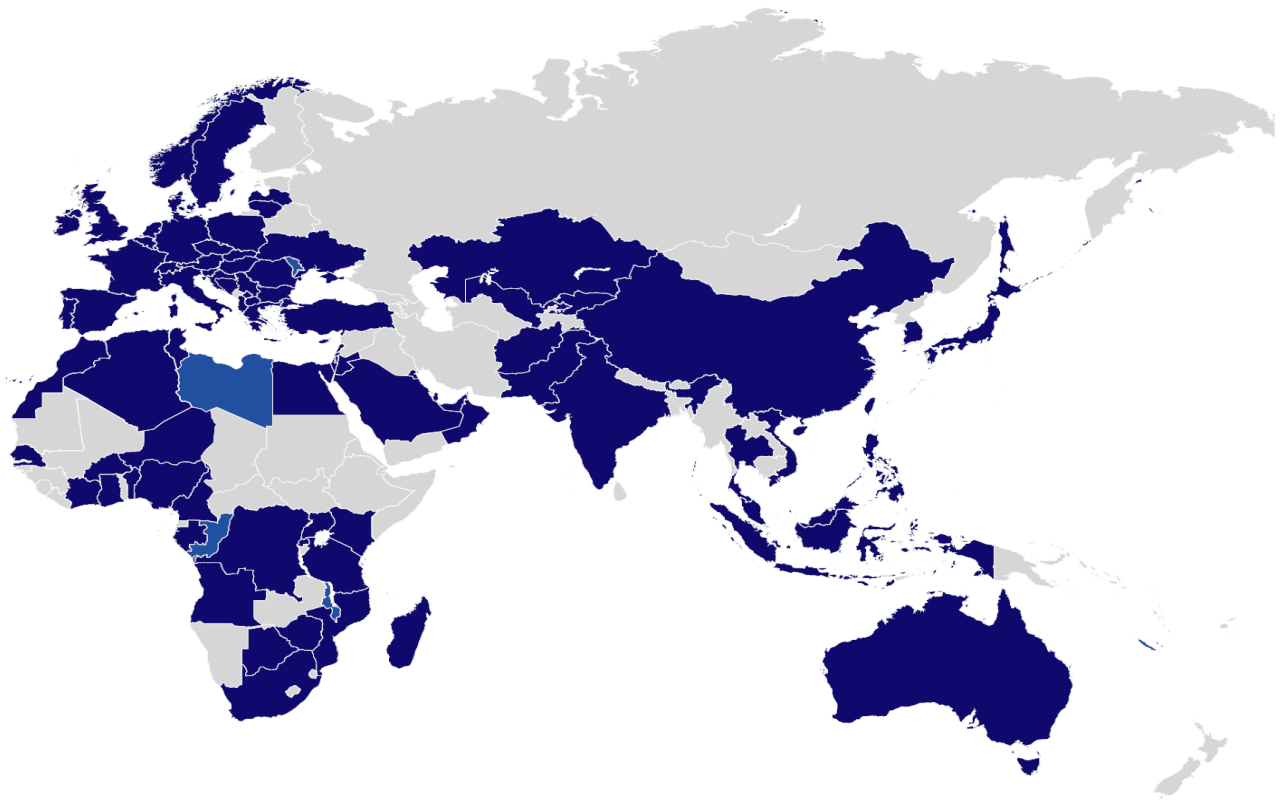
Operating in more than 90 countries and territories around the world, we draw on the expertise of over 47,000 professionals – more than 30,000 in the Mazars integrated partnership and 17,000 via the Mazars North America Alliance.



Valid as at 31 August 2022

- Integrated countries and territories
- Non-integrated countries and territories:
Mazars correspondents and representative offices

- | | | |
|--------------------------|-----------------------|---------------|
| ■ Afghanistan | ■ Burkina Faso | ■ Gabon |
| ■ Albania | ■ Cameroon | ■ Germany |
| ■ Algeria | ■ Canada | ■ Ghana |
| ■ Angola | ■ Cayman Islands | ■ Greece |
| ■ Argentina | ■ Chile | ■ Hong Kong |
| ■ Australia | ■ China | ■ Hungary |
| ■ Austria | ■ Colombia | ■ India |
| ■ Bahrain | ■ Congo (Brazzaville) | ■ Indonesia |
| ■ Belgium | ■ Congo (Kinshasa) | ■ Ireland |
| ■ Benin | ■ Croatia | ■ Israel |
| ■ Bermuda | ■ Cyprus | ■ Italy |
| ■ Bosnia and Herzegovina | ■ Czech Republic | ■ Ivory Coast |
| ■ Botswana | ■ Denmark | ■ Japan |
| ■ Brazil | ■ Egypt | ■ Jordan |
| ■ Bulgaria | ■ France | ■ Kazakhstan |



- Kenya
- Korea
- Kosovo
- Kuwait
- Kyrgyzstan
- Latvia
- Lebanon
- Libya
- Lithuania
- Luxembourg
- Madagascar
- Malawi
- Malaysia
- Malta
- Mauritius
- Mexico
- Moldova
- Morocco
- Mozambique
- Netherlands
- Niger
- Nigeria
- North Macedonia
- Norway
- Oman
- Pakistan
- Palestine
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Romania
- Rwanda
- Saudi Arabia
- Senegal
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Taiwan
- Tanzania
- Thailand
- Tunisia
- Turkey
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uruguay
- Uzbekistan
- Venezuela
- Vietnam
- Zimbabwe

Our structure, leadership, and governance

3.1 Our unique business structure

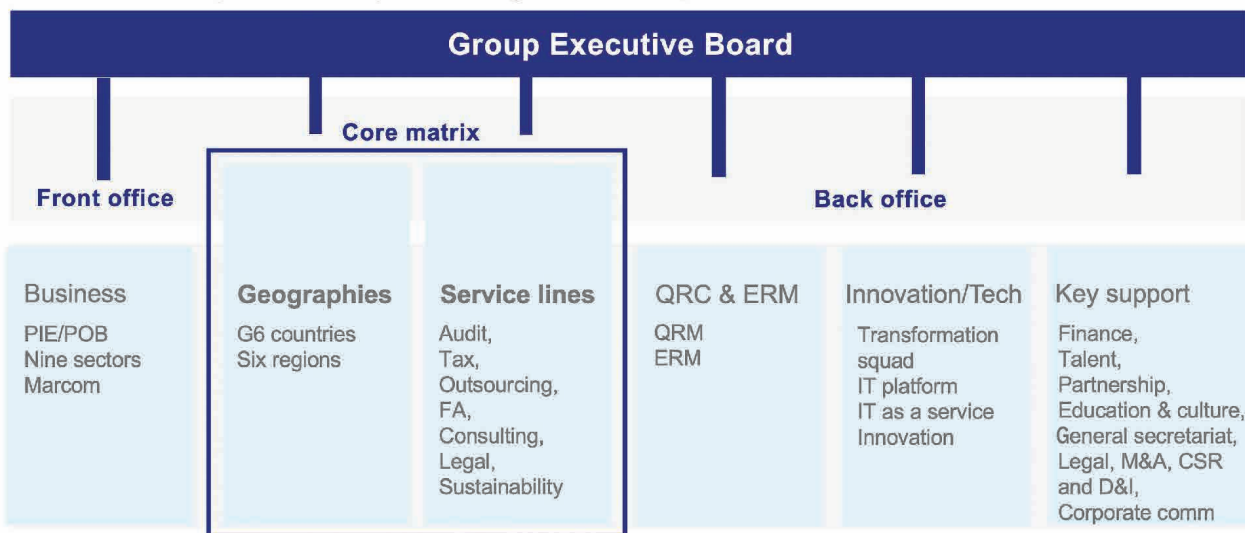
We built our business organisation with three key stakeholders in mind: first, our people, to whom we want to provide the best opportunities to grow; second, our clients, to whom we want to deliver the highest quality; third, our society as a whole, as we are determined to bring our full contribution to building a fairer and better world.

In order for us to achieve this, we set two main middle and long-term objectives: we aim to secure our place in the market, as a partner of choice for organisations of all sizes and in all industries; and to

create the firm of the future - more integrated, more diverse, and more focused on training as a school of excellence.

GEB governance with delivery pillars

Mazars leadership at the Group level is organised in six pillars around the core matrix



1. Our “core matrix”

While markets and sectors are essential components of our business approach, we are convinced our people live their professional lives along two primary dimensions: geographies and service lines. These two dimensions form our core matrix.

We are organised around 12 geographies

Our geographic structure is built around 12 major units: six large countries (China, Germany, France, the Netherlands, the UK and the USA) and six regions (Africa & the Middle East, Asia-Pacific, Central Europe, Latin America, North America, Western Europe) which cover our more than 90 countries and territories.

All geographic units need to apply the service line matrix and structure their organisation to contribute/benefit from front-office risk

management framework and back-office support to strengthen integration and develop as one firm. All 12 geographic units are led by a board/ executive committee and all six regions are under the chairmanship of one GEB member.

Our delivery model is structured around seven service lines:

- Audit
- Tax
- Outsourcing
- Financial advisory
- Consulting
- Legal
- Sustainability

Each service line is primarily responsible for delivering our services to clients. All of them are under the sponsorship of a GEB member.

2. Our front and back-office organisation

In order to adequately support the development of our geographies and service lines, we have devised a comprehensive and robust front and back-office structure, which relies on:

- a market and sector approach that supports partners' sales to clients and maximizes our impact on the market; and
- a back-office organisation including Finance, HR, Legal, Global Learning & Partnership Development, General Secretariat, M&A, Corporate Communication, and CSR and D&I to support the development of a sustainable business.

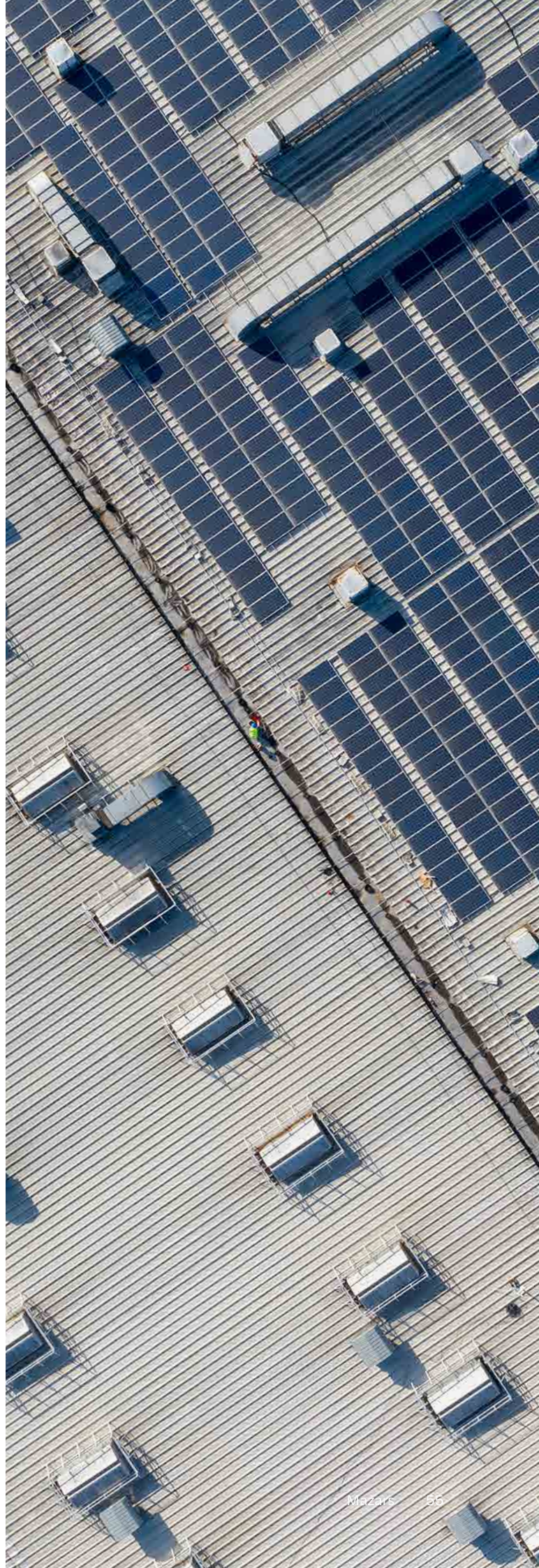
In addition, our core matrix is also reinforced by a strong quality and risk management framework and organisation that supports partners to ensure compliance, quality and risk management and an IT and innovation backbone that supports our business transformation.

3. Our business and market approach

Business and markets are structured around our two core markets (PIEs and POBs), and nine sectors (banking, real estate, insurance, asset management, public sector, mobility, consumer, technology, media & communications, and energy, infrastructure & environment).

They are supported by our marketing teams. Business and markets are under the direct sponsorship of three GEB members. Both core market segments are headed by a dedicated board which includes representatives from our six major countries and our six regions. The PIE board is in charge of supporting countries, managing a Key Account Management (KAM) programme and defining the offering, marketing programme and skills needed by the PIE segment.

The POB board is in charge of supporting countries and managing our business development approach to international POBs. It also supports SME business transformation and manages the marketing programme for the POB segment. Sectors are managed by communities of leaders, who define specific offers, lead KAM and manage thought leadership.



Our structure, leadership and governance

3.1 Our unique business structure

4. A robust backbone of quality and risk management and innovation

A quality and risk control committee and an enterprise risk management committee have been placed under the sponsorship of two GEB members.

Our quality and risk control committee defines and manages quality and compliance standards, measures quality progress through international and local QC programmes, and works on culture changes to promote quality.

Enterprise risk management supports the GEB in defining, regularly measuring and helping mitigating risks as well as monitoring key processes (DAOI acceptance, GDPR compliance, data privacy) to ensure a culture of professional conduct.

IT, Technology and Innovation are under the sponsorship of two GEB members who are supported by a transversal leadership team with a view to focus on building a new global IT platform, the development of IT as a service and the acceleration of innovation.

5. A comprehensive network of support functions

Support functions provide global support to our service lines and the countries and regions. All nine of them – Finance, Talent, Partnership, Education & Culture, General Secretariat, Legal, M&A, CSR & D&I, and Corporate Communication – are under the sponsorship of GEB members and the leadership of dedicated professionals. They operate through their own communities.

This organisation ensures coordination of member entities within the Mazars Group. Our integrated international structure permeates every aspect of our operations:

- partners and their member entities are linked by a series of agreements intended to achieve maximum consistency and standardisation within the Mazars Group;
- sectors and service lines are represented in member entities, enabling coordination of assignments and cross-border relations between countries;
- each assignment requiring an international team is managed and carried out by an integrated team sharing common standards and procedures;

- 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 clients; and
- 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.

Mazars in Hong Kong business organisation



1

Office

300+

Professionals

20

Partners

as at 31 August 2022

Ownership

Mazars CPA Limited is a firm of certified public accountants registered with the AFRC/ HKICPA. We are a limited liability company incorporated in Hong Kong and owned by our members who are also directors of the firm.

Our operational structure

Our business was structured through five service lines, namely Audit & Assurance, Financial Advisory, Outsourcing, Risk Advisory, and Tax Advisory Services.

Details of our service lines are available on our website. Each service line is responsible for:

- quality, standards and risk management;
- setting the service line strategy;
- talent management and development;
- technical training;
- business model definition and implementation; and
- innovation.

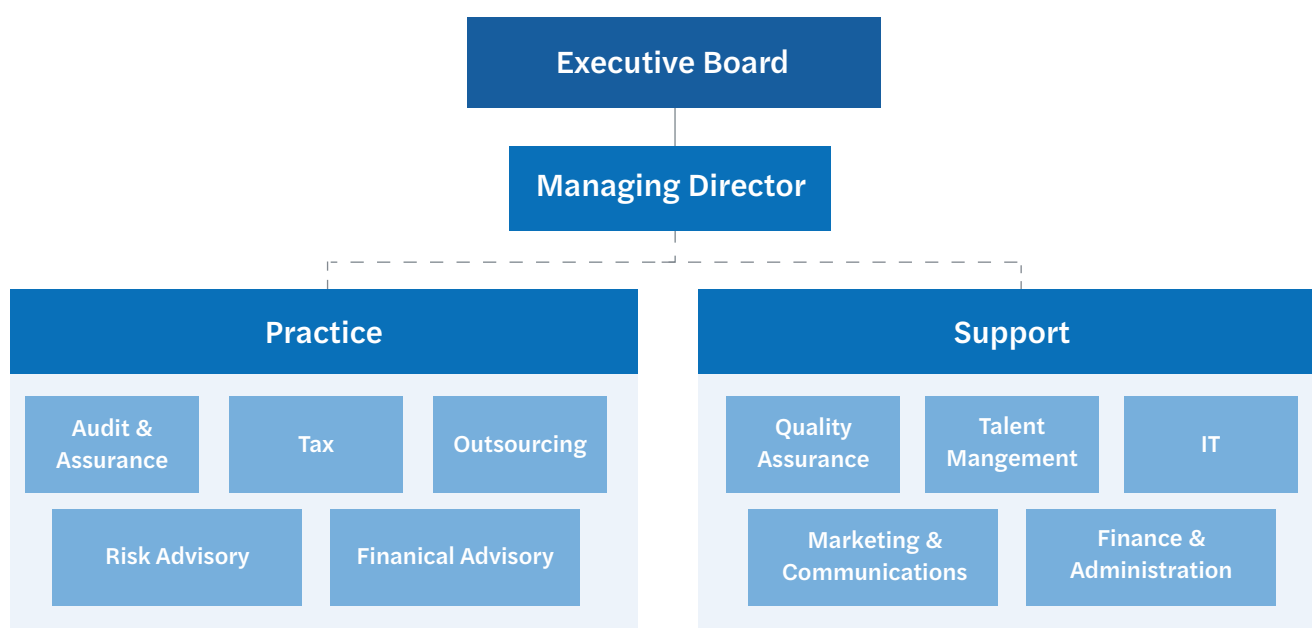
The Quality Assurance department, which is independent from the five service lines, is responsible for setting standards, monitoring quality and risk management and providing technical training.

Our structure, leadership and governance

3.2 Leadership and governance

One of our guiding principles is that we work together as a team with the aims of providing our clients with exceptional service and of creating a stronger firm on which future generations can build.

Leadership in Hong Kong



HK Executive Board

The Executive Board being the governance body of Mazars in Hong Kong is chaired by the Managing Director, Mr. Jimmy Yip as at 31 August 2022.

Other members of the Executive Board include Ms. Alexandra Hui, Mr. Edmund Chan, Mr. Paul She and Mr. Shiu Hang Fung.

The HK Executive Board provides strategic and operational leadership to the Firm, with a specific mandate to:

- develop and implement the Hong Kong strategy, in line with the international strategy of the Firm, and establish a management structure to deliver this;
- ensure that the Firm's services to clients and conduct in respect of staff are carried out ethically and in accordance with the principles of technical excellence and quality service;

- ensure that the Firm recruits, develops, retains and adequately rewards an appropriate number of people with relevant skills and experience;
- oversee support functions, including the setting and monitoring of objectives, approving budgets and expenditure and ensuring efficiency between local, national and international support functions;
- ensure that appropriate policies and procedures are in place for risk and catastrophe management; and
- monitor the legal obligations of partners.

Biography of the HK Executive Board as at 31 August 2022 is set out in Appendix 1.

Partners	Directors/Principals	Senior Managers
20	10	20
Managers	Other staff	Total
35	220+	300+

as at 31 August 2022

Major entities in Hong Kong

Other than Mazars CPA Limited, Mazars Tax Services Limited, Mazars Outsourcing Limited, Mazars Corporate Services Limited, Mazars Forensic Investigation Services Limited, Mazars Financial Advisory Services Limited and Mazars Risk Advisory Limited are the major operating entities in Hong Kong.

HK Risk Committee (HKRC)

The Risk Committee is led by the Office Risk Manager and is responsible for making final recommendations to mitigate risks and answering (for approving an answer to) risk issues identified by the firm or when required.

HK Technical Issues Committee (HKTIC)

The Technical Issues Committee is responsible for formulating policies and procedures in dealing with technical issues raised and providing support and advice on technical matters when required.

The composition of HKRC and HKTIC as at 31 August 2022 are set out in Appendix 1.

Audit and Assurance service line

The audit and assurance service line is led by the Head of Audit, Mr. Shiu Hang Fung, and 11 Practising Directors with various expertise. Composed of four audit groups, we have in total about 30 well-qualified principals and managers in this service line, also with about 200+ professional staff at all grades from assistant managers to associates/trainees.

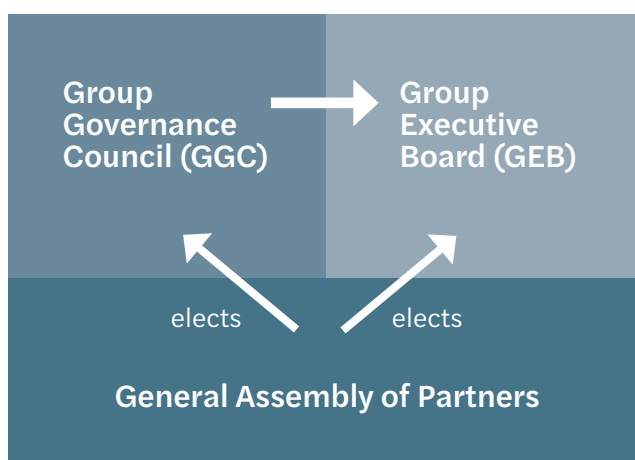
One of the audit groups (AUD4) is more focused on IPO projects and capital market deals. When the project is completed, AUD4 continues to serve these recurring audit clients. To assist companies in doing business in both Hong Kong and Mainland China, we have set up a China desk which is responsible by a senior manager transferred from ZSZH head office.

Our structure, leadership and governance

3.2 Leadership and governance

Our leadership and governance platform relies on two main bodies, whose respective roles and missions are clearly defined in our Charter of Association. Together with our regional, national, and functional leaders, both our GEB and our GGC are working to ensure the sustainable development of our partnership and of the Mazars Group.

Our strategic leadership ecosystem



The General Assembly of Partners

All the partners of the Mazars Group meet at least once a year, at the General Assembly of Partners, within six months following the end of the financial year.

The General Assembly of Partners is a pivotal point in the governance and decision-making processes of the Mazars Group. The Assembly elects the GEB and the GGC approves major strategic and operational decisions, the admission of new partners and the audited financial statements of the Mazars Group.

Due to the Covid-19 crisis, our last General Assembly of Partners was held in a virtual fashion, between October and December 2021. Our next General Assembly will be held in December 2023.



Group Executive Board

The GEB is Mazars' executive body. It is in charge of the operational management of the partnership with regards to collectively defined key strategic objectives, under the supervision of the Group Governance Council (GGC).

The GEB focuses first and foremost on pursuing and accelerating growth, while ensuring the quality and sustainability of our activities.

As at 31 August, 2022, there were 11 members of the GEB. The current GEB was elected in December 2020. Elections are held every four years and the next one is due in December 2024.

The GEB is supported in its role by a group of around 80 global leaders, defined as an evolving community with no fixed seats. In 2022, this group represents over 20 partnership countries. 30% of its members are women (with a clear objective of increasing this percentage to a minimum of 33 by 2024) and 33% are newcomers to the Mazars Group.

The GEB meets monthly or more, it also meets twice a year with the country managing or senior partners at "country forums", and once a year with all partners on a region basis. Each GEB member is entrusted with specific geographical responsibilities, functional roles and the sponsorship of key strategic projects, such as innovation, diversity, quality and risk management, as well as business development or integration processes for new additions to the partnership.

Group Governance Council

Elected for the same term as the GEB, the GGC exercises a general supervisory function over the management actions of the GEB and, in that capacity, assesses their appropriateness. It also has specific responsibilities, as set out in the partnership's Charter of Association, over:

- the approval of partnership candidates and external growth operations;
- the compensation of the members of the GEB; and
- the approval of disciplinary action decided by the latter.

The GGC is required to meet at least every four months. It may comprise between eight and 16 members including two members who are not Mazars partners. As at 31 August 2022, there were 12 members of the GGC. Elected every four years, the next GGC elections are due in December 2024.

To improve the efficiency and focus of the GGC oversight, it is organised into sub committees for risk and for remuneration.

One of the non-executive independent members also chairs the public interest committees of Mazars LLP in the United Kingdom and Mazars Ireland. The public interest committees have specific responsibilities for matters arising in relation to the aforementioned entities.

Further details of the GEB and GGC members are shown in Appendix 1.

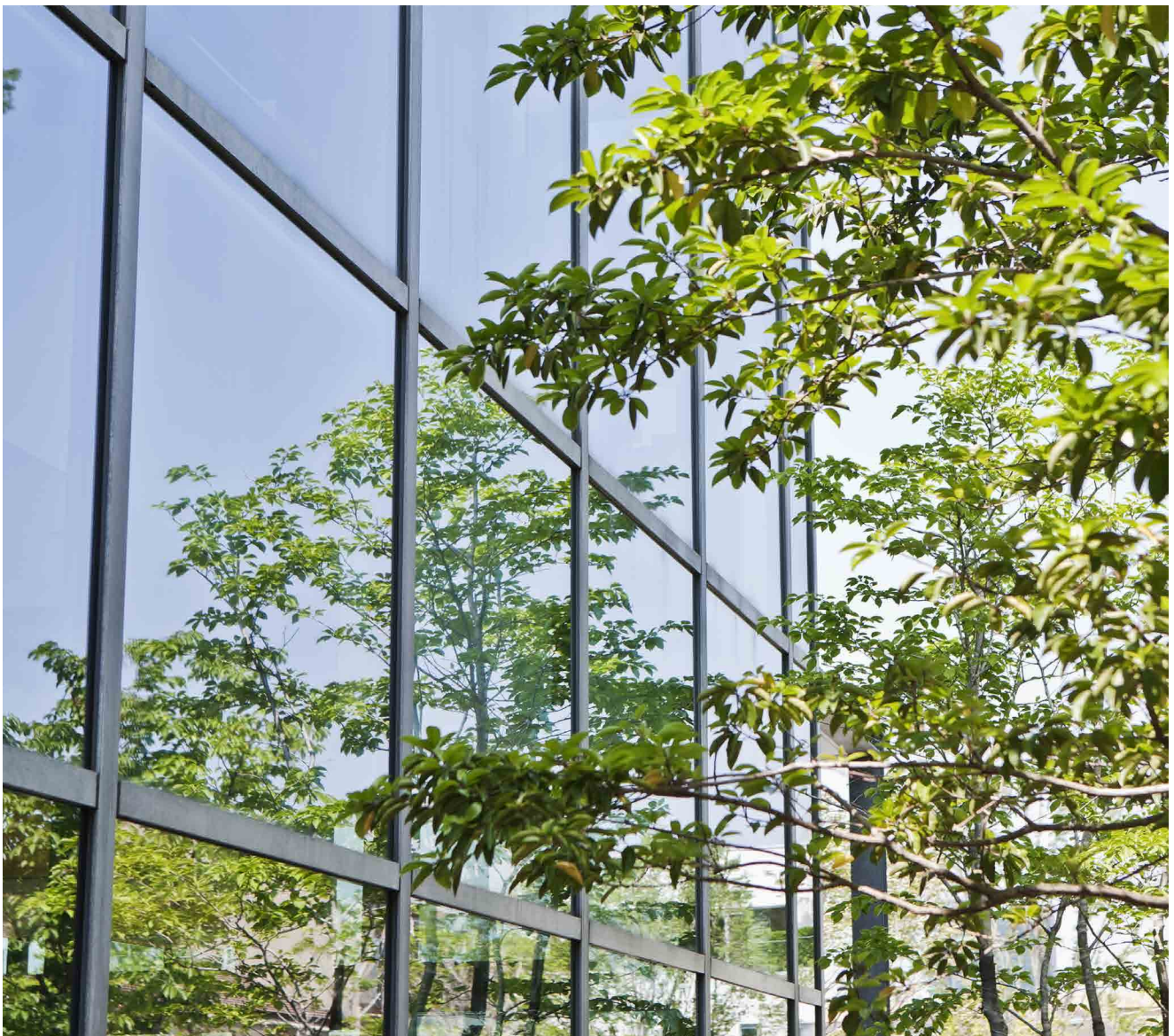
Our structure, leadership and governance

3.3 Statement of the Group Executive Board on the integrated transparency report's value proposition

As GEB members, we hereby acknowledge our responsibility to ensure the fairness of Mazars' integrated transparency report, and that we have applied our collective mind to the preparation and presentation of the report.

We started in 2013-2014 with a first Integrated Reporting (IR) of our journey and progressively expanded our KPIs in order to measure our progress. We are continuing our journey towards presenting an integrated report in accordance with the framework set out by the International Integrated Reporting Council (IIRC), now part of the Value Reporting Foundation.

While we chose to only publish a selection of our non-financial KPIs in this report, we did take all of them into account in defining the short-term objectives and long-term strategy that are of greatest benefit to our organisation and our stakeholders.



Appendices



Appendix 1

Hong Kong and Group leadership

As at 31 August 2022 the HK Executive Board was comprised of:



Jimmy Yip

Jimmy joined Mazars in Hong Kong in 2000. He has been auditing companies of all sizes, ranging from SMEs to listed local, PRC and overseas companies, as well as H-share listed companies. Besides audit and assurance works, he is also engaged in special assignments including investigation and IPOs. Jimmy's clients are involved in businesses of manufacturing, trading, assets management, computer software development, hotel operation and fitness & beauty centre operations, etc.

Jimmy is currently the Managing Director at Mazars in Hong Kong.



Alexandra Hui

Alexandra has more than 30 years of experience working in Inland Revenue Department and international accounting firms. She is specialized in Hong Kong taxation and has extensive experience in advising clients on tax issues related to their investments in Hong Kong, including mergers and acquisitions, corporate reorganization, structure for minimization of tax exposures. She is experienced in serving international clients engaging in various industries including manufacturing, retail and distribution, media and telecommunications, construction, transport and logistics, brokers, asset management, shipping, insurance and hotel operation etc. Alexandra has served as a Tax Committee member of ACCA for more than 10 years.



Edmund Chan

Edmund has over 30 years of experience in auditing and business advisory. Prior to joining the firm in 1995, he spent seven years with a major international CPA firm in Hong Kong. Edmund has been serving a wide range of clients including manufacturing and trading companies, financial institutions, listed companies (both local and overseas) and PRC state-owned enterprises. Edmund also actively participates in the liaison and coordination of students' activities of local universities maintaining a closer tie between next-generation accountants and the firm.



Paul She

Paul joined Mazars in Hong Kong in 2002. His audit experience spans over Hong Kong listed companies (GEM and Main Board) as well as companies listed in US New York Stock Exchange and NASDAQ Global Market. Besides audit and assurance works, he has also been engaged in special assignments including investigation, expert determination and IPO.



Shiu Hang Fung

Hang joined the firm in 1989. Since his joining to Mazars in Hong Kong, he has been auditing companies of all sizes, from SMEs to listed local, PRC and overseas companies. His clients include those from the regulatory industries such as securities and commodities dealers and financial advisory service providers. Aside from performing assurance services on accounts which are prepared in accordance with HKGAAP/USGAAP/IAS, Hang also conducted due diligence and was engaged in special projects in relation to mergers and acquisitions, IPOs (in Singapore, Hong Kong, UK, US and Norway), other fund raising activities and special investigation.

Members of the HK Risk Committee

The members of the HK Risk Committee as at 31 August 2022 are set out below:

- Jimmy Yip (Risk manager)
- Ivan Chan (Deputy risk manager)
- Leo Cheuk
- Shiu Hang Fung

Members of the HK Technical Issues Committee

The members of the HK Technical Issues Committee as at 31 August 2022 are set out below:

- Andy Chan
- Jimmy Yip
- Leo Cheuk
- Shiu Hang Fung

Appendix 1

Hong Kong and Group leadership

As at 31 August 2022, the Group Executive Board was composed of:



France
Hervé Hélias
CEO and Chairman



China
Julie Laulusa



Italy
Pascal Jauffret



United Kingdom
Rudi Lang



Senegal
Taïbou M'Baye



Germany
Dr Christoph Regierer



Belgium
Véronique Ryckaert



United Kingdom
Mark Kennedy



Netherlands
Ton Tuinier



United Kingdom
Phil Verity



United States
Victor Wahba

As at 31 August 2022 the Group Governance Council was composed of:



United Kingdom
Tim Hudson
Chair



France
Frank Bournois



Germany
Gertrude Bergmann



United States
Kathryn Byrne



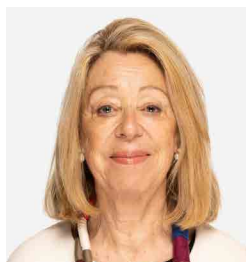
France
Juliette Decoux



France
Fabrice Demarigny



Sweden
Asa Andersson Eneberg



United States
Denise Fletcher
Independent member



Singapore
Chris Fuggle



South Africa
Michelle Olckers



China
Liwen Zhang



Spain
Maria Cabodevilla

Appendix 2

Public Interest Entity Audit clients of Mazars in Hong Kong

Public Interest Entities in respect of which Mazars in Hong Kong has served as the auditor during the year ended 31 August 2022 are detailed below.

Companies that have issued transferable securities admitted to trading on:

HK Stock Exchange

Applied Development Holdings Limited	K & P International Holdings Limited
Asia Energy Logistics Group Limited	Litu Holdings Limited
Billion Industrial Holdings Limited	MBV International Limited
Capital Finance Holdings Limited	Metropolis Capital Holdings Limited
CBK Holding Limited	Michong Metaverse (China) Holdings Group Limited
Century Sage Scientific Holdings Limited	Mindtell Technology Limited
China ITS (Holdings) Company Limited	Modern Chinese Medicine Group Co., Ltd
China Sinostar Group Company Limited	MOG Holdings Limited
China Smartpay Group Holdings Limited	MOS House Group Limited
CHK Oil Limited	Nan Nan Resources Enterprise Limited
Christine International Holdings Limited	Nexion Technologies Limited
Dafeng Port Heshun Technology Company Limited	Northeast Electric Development Company Limited
Daisho Microline Holdings Limited	OOH Holdings Limited
Dongjiang Environmental Company Limited	Orient Victory Smart Urban Services Holding Limited
DreamEast Group Limited	Oriental Enterprise Holdings Limited
DTXS Silk Road Investment Holdings Company Limited	Oriental Payment Group Holdings Limited
Ever Harvest Group Holdings Limited	Oshidori International Holdings Limited
Get Nice Financial Group Limited	Ozner Water International Holding Limited
Get Nice Holdings Limited	Pak Fah Yeow International Limited
Global Bio-Chem Technology Group Company Limited	Planetree International Development Limited
Global - Sweeteners Holdings Limited	Royal Century Resources Holdings Limited
Great China Holdings (Hong Kong) Limited	Sino Gas Holdings Group Limited
Green Energy Group Limited	Skymission Group Holdings Limited
Hailan Holdings Limited	Sun Kong Holdings Limited
Haina Intelligent Equipment International Holdings Limited	Sunshine 100 China Holdings Limited
Hatcher Group Limited	Swang Chai Chuan Limited
Hua Yin International Holdings Limited	Target Insurance (Holdings) Limited
Huakang Biomedical Holdings Company Limited	Tingyi (Cayman Islands) Holdings Corp.
IDT International Limited	Universal Health International Group Holding Limited
IMS Group Holdings Limited	Universal Star (Holdings) Limited
Infinity Logistics and Transport Ventures Limited	Vongroup Limited
IPE Group Limited	Wing Fung Group Asia Limited
Jiading International Group Holdings Limited	Wonderful Sky Financial Group Holdings Limited
	Xinming China Holdings Limited
	Yuxing InfoTech Investment Holdings Limited

Appendix 3

Effectiveness of the system of internal controls

Mazars in Hong Kong has conducted an annual review of the effectiveness of the internal control system, which covered all material controls, including financial, operational and compliance controls and risk management systems, as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.

This review included a consideration of:

- the firm's structures and boards;
- the enterprise risk management framework;
- internal and external reviews, including:
 - compliance with HKSQC1 and ISQC1
 - internal audit reviews
 - whole firm compliance reviews
 - reporting from our external auditor
- crisis management and business continuity arrangements;
- the control environment in operation in our finance and other selected central functions;
- regulatory compliance; and
- oversight of the HK office at a Mazars Group level.

As a result of the reviews above, we have identified improvements which either have been actioned or are being actioned by the firm. It is not considered that any of the areas for improvement highlighted by these reviews represent a significant failure or weakness, either which requires disclosure or which undermines the current systems of internal control.

In addition, there have also been external reviews of certain of the firm's processes during the year which have been valuable in identifying further areas for improvement.

Appendix 4

Group and Hong Kong statements of compliance

Statement on the effectiveness of the quality control system

Mazars Group and Mazars in Hong Kong's Quality Control System is designed to provide reasonable assurance that the Firm, its partners and staff comply with professional standards and regulatory and legal requirements, work is performed to a consistently high standard and that reports issued by the Firm are appropriate.

On the basis of its Quality Control monitoring conclusions, Mazars positively confirmed that it met the membership obligations of the FoF in all material respects, for the 2021-2022 year.

The management of Mazars Group and Mazars in Hong Kong are content that the system is effective in the maintenance and improvement of audit quality, including work carried out as a local public auditor. They considered the results of the relevant regulatory inspections in reaching this opinion.

Statement on the effectiveness of our systems to safeguard our objectivity and independence

The operation and effectiveness of Mazars Group and Mazars in Hong Kong's systems to safeguard our objectivity and independence form part of the review of the Quality Control System. Furthermore, management confirms that the practices have been subjected to internal review. Based on the evidence obtained in these reviews, the management of Mazars Group and Mazars in Hong Kong confirms, with a reasonable level of assurance, that the independence procedures and practices, including those relevant to our work as a local public auditor, have been implemented and the system is effective in maintaining independence.

Statement of compliance with professional training obligations

Registered auditors are required 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 Group has established a professional education program that includes the organisation and delivery of technical in-house and external seminars, the active involvement of professional staff in major national and international professional accounting and auditing organisations and the development of extensive opportunities for staff to attend technical seminars and conferences.

Each year, member entities of the Mazars Group must compile an inventory of 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.

Mazars in Hong Kong complies with the Continuing Professional Development policies of the HKICPA which are, in turn, compliant with IES 7 and IES 8. Mazars in Hong Kong also confirms that its key audit partners and other staff working on local public audits are competent and suitably trained to deliver audit work within this sector.

Partners and all audit personnel are required to provide an annual declaration that they have complied with the relevant requirements.

Appendix 5

Glossary of terms

AAS	Audit and Assurance Service	IESBA Code	IESBA Code of Ethics for Professional Accountants
AB	Audit Board	IFAC	International Federation of Accountants
ACCA	Association of Chartered Certified Accountants	IFRS	International Financial Reporting Standards
AOS	Accounting and Outsourcing Services	IQCC	International Quality Control Committee
AQB	Audit Quality Board	IQM	Internal Quality Monitoring reviews
AQRT	FRC's Audit Quality Review Team	ISA	International Standard on Auditing
AUD	Audit Department	ISQC	International Standards on Quality Control
BAME	Black, Asian and Minority Ethnic	ISQM	International Standards on Quality Management
BSOC	Business Services Operations Committee	IT	Information Technology
BST	Business Support Team	KPI	Key Performance Indicator
CCOI	Charter of Conduct for Objectivity and Independence	MAM	Mazars Audit Methodology
CPD	Continued Professional Development	Mazars Group	The member entities of Mazars SC
CSR	Corporate Social Responsibility	MZHK	Mazars in Hong Kong
CSU	Central Support Unit	OpEds	Opposite the editorial page
ERMF	Enterprise Risk Management Framework	Partners	Partners and shareholders of Mazars entities in the Mazars Group
EQCR	Engagement Quality Control Review	PC	Practising Certificate
EU	European Union	PIC	Public Interest Committee
FAS	Financial Advisory Services	PIE	Public Interest Entity
FoF	Forum of Firms	QR&M	Quality Risk and Management Board
FRC	Financial Reporting Council	SCRL	Societe Cooperative a Responsabilite Limitee (Limited Responsibility Cooperative Company)
GIAC	Group Independence and Acceptance Committee	SME	Small and Medium Entity
GEB	Group Executive Board	TAX	Tax services
GGC	Group Governance Council	The Charter	Charter of Association
GLT	Global Leadership Team	The firm	Mazars CPA Limited
GSB	Global Support Business	The Group	The member entities of Mazars SC
GSST	Global Sector and Services Team	Us/we	Mazars CPA Limited
HK	Hong Kong	ZSZH	ZhongShen ZhongHuan
HK Executive	Hong Kong Executive Board		
HKRC	Hong Kong Risk Committee		
HKTIC	Hong Kong Technical Issues Committee		
HKICPA	Hong Kong Institute of Certified Public Accountants		
HKSA	Hong Kong Standards on Auditing		
HKSQM	Hong Kong Standards on Quality Management		
IAASB	International Auditing and Assurance Standards Board		
IES	International Education Standards		
IESBA	International Ethics Standards Board for Accountants		



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 95 countries and territories around the world, we draw on the expertise of more than 47,000 professionals – 30,000+ in the Mazars integrated partnership and 17,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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