

# Group transparency report 2022/2023

mazars





# Contents

<b>04</b>	Foreword
<b>06</b>	Introduction
<b>08</b>	Who we are
<b>20</b>	Our global system of quality management
<b>37</b>	Delivering audit quality

# Foreword

## Creating new opportunities for continued, sustainable growth

Growth prospects have never been more susceptible to change and global impact. Over the past few years, businesses, governments and individuals worldwide have had to operate in an eventful and demanding environment. No sooner had we all learned to contend with a global pandemic than a war on the border with the European Union broke out. Repercussions are continuing to spread across the world – from dwindling energy supplies to rising interest rates and record inflation across nations. Coupled with this are geopolitical tensions between the world's two major economies and now, sadly, a new war in the Middle East. These factors create a more uncertain international setting, where medium to long-term planning is put to the test.

Staying true to our foundational values, we at Mazars are committed to helping our clients succeed in these unpredictable times. This is why we are building an even stronger firm; a global platform equipped to serve our clients with an unparalleled quality of service wherever they are in the world. Working as one team, with deep local expertise and consistency across borders, we are creating a unique top ten global network with FORVIS, which will operate under a single brand, Forvis Mazars, from 1 June 2024. This bold move is in line with our organisation's strategy and cements our purpose in action.

We recognise the challenges our clients face now and moving forward. There are greater demands to comply with increased regulation, from expectations to genuinely embrace sustainability, to adapting business models to support ground-breaking technologies. While there are many opportunities to

broaden the scope of an auditor's work from financial considerations to the realms of ESG and technology, clients are experiencing a lack of choice in the market, especially for the audit of large multinational organisations. We will change this. In line with our commitment to serving the public interest and contributing to the health of financial markets, we are building a global, integrated, multidisciplinary firm, capable of serving domestic and international clients, both in audit and non-audit services.

### Quality above all else

Quality has always been a driving force at Mazars and remains at the core of the organisation we are building today. Quality is first and foremost a mindset, which must be weaved into everything we do. This year, we have continued to make progress on embedding a high-quality culture at Mazars. Our global code of conduct is the starting point. It is where we clearly define the expected behaviours of our global teams, with our partners acting as ambassadors for our people and setting the tone at the top. Our global code of conduct trainings are mandatory and we monitor this closely.

The introduction of the International Standard on Quality Management 1 (ISQM1) is a welcome opportunity for us to reinforce our quality culture. ISQM1 enables us to move towards a solid, structured and measurable quality management system across all our jurisdictions, with consistent policies and procedures across the firm. As this is the first Group transparency report since ISQM1 came into effect, you will discover throughout the document how we

have reviewed and enhanced our approach to how we manage quality and risk, and also to how we report on these topics.

Our ambition has always been to go beyond compliance and be recognised for the quality of service we provide to our clients. This is why we invest in our clients' satisfaction, which we measure through the Net Promoter Score (NPS), and we will keep expanding our customer experience programmes. Next summer, when our new Forvis Mazars network comes into effect, we will apply the same standards for quality and service delivery under one global brand.

We also recognise that the quality of service we provide is very much dependent on the quality of our global teams. Like other organisations in our industry, we have faced challenges due to a more complex labour market. Our distinctiveness has enabled us to keep attracting the next generation of graduates, as has our ability to adapt our talent management policies to the changing needs and expectations of our future joiners. Looking ahead, we are confident that our new network will boost our employer value proposition, offering broader client experience and career mobility opportunities, within a diverse and people-driven environment with access to world-class training programmes.

### With complexity also comes opportunity

Today, we face fast-growing regulation in a variety of domains. From taxation to sustainability to cyber security, compliance now sits at the top of the business agenda, and this is a positive development.



# Foreword

## Creating new opportunities for continued, sustainable growth

Compliance is reshaping the market, encouraging more transparency and accountability, and supporting the needs of our clients and their stakeholders. This also means our profession is opening up to new fields, making it more multidisciplinary than ever before. It is essential for our organisation to stay abreast of evolving regulation, acquire the skills to adapt to and challenge new technology such as artificial intelligence (AI), and lead on best practice in ESG. This will put us in the optimum position to support and advise our clients on these multiple fronts.

In the sustainability arena, Europe has been spearheading the way with the introduction of the Corporate Sustainability Reporting Directive (CSRD), making huge strides in structuring the ESG reporting of companies. Outside of Europe, regulators are progressing too, in particular with the International Sustainability Standards Board (ISSB) and the SEC in the U.S., focusing predominantly on climate change. Businesses of all sizes increasingly require support to structure their ESG policies, measure and communicate the results, and understand upcoming regulation. This is why, to meet global demand, we have focused on investing in our Sustainability services team in 2023. Across 43 countries we now have consultants and auditors engaged in the development and delivery of client solutions in this important area. Equally, we have remained committed to our own corporate sustainability strategy. One recent example of this is our public pledge to achieve net zero emissions by signing up to the Science-Based Targets initiative (SBTi), establishing our baseline carbon footprint and our global emissions reduction targets.

On the digital front, it is also a challenging and exciting time for auditors and consultants. We see new regulation aimed at raising the overall level of cyber security by tackling issues linked to the security of companies' networks and information systems. This ultimately leads to reshaping how the performance of companies is viewed and understood in the market, and what we can expect from companies, especially large online players. This year, we continue to see the extraordinary power of AI and the infinite opportunities it can present businesses and the public sector. We are very much aligned with regulation aimed at harnessing the power of AI towards the common good, as, if done correctly, it could revolutionise our professional and personal lives.

### Another year of strong, balanced growth

Our performance this year has again been strong across all regions, service lines and geographies, with overall growth at 13%. Our €2.8bn fee income for the financial year 2022/2023 is testament to the dedication and technical excellence of our 33,000+ professionals, led by over 1,200 partners in the 100+ countries and territories where Mazars is present. We are confident that we will surpass the €3bn milestone in the upcoming financial period.

The strength of our multidisciplinary model is noteworthy. Indeed, all our service lines without exception have experienced double-digit growth, and we continue to offer a balanced offering between our audit (43%) and non-audit (57%) activities. We are convinced this diverse portfolio of services is our strength, and we will keep developing our key sectors,

such as financial services, where we rank among the top five globally.

Our performance is representative of our strategy in action. It is our responsibility to build a strong, global firm with the scale to help businesses prosper and manage their obligations, while contributing to securing the health of financial markets to the benefit of society. Mazars audits more than 2,900 public interest entities worldwide, of which 1,400 are headquartered in Europe and 1,250 are listed on a regulated market, including more than 550 listed in Europe. Mazars is ranked fifth in the European audit market for large listed European companies. Thus, we are a vital element in the chain of trust. This is why moving forward with Forvis Mazars is the right next step, providing choice and quality in an essential market.

Now and in the future, we are committed to helping our clients identify and seize the right opportunities to support their ambitions, and achieve more success through sustainable, purposeful growth.



**Hervé Hélias**  
CEO and Chairman of the Group  
Executive Board, Mazars

# Introduction

## A year of many achievements

**In the increasingly complex landscape in which we operate, it has become ever more important to have a solid, robust approach to delivering quality engagements across our service lines, underpinned by a robust internal quality control framework.**

This past year we've seen further developments impacting the profession, including the war for talent, new standards and requirements, and the fast pace of technological change. Against this backdrop, quality has remained the backbone upon which our professional reputation stands and is one of the core pillars of our One24 strategy.

Under the leadership of the global Quality and Risk Management (Q&RM) board, during the year we have seen many achievements and significant milestones met and a number of change initiatives coming to fruition. In particular, 2023 saw us reinforcing our quality and risk focused culture, embedding global tools and technologies, refining our Q&RM governance and driving related transformation initiatives.

We also maintained a continued focus on embedding the new Mazars quality management framework, aligned to International Standard on Quality Management 1 (ISQM1), by driving a globally consistent approach. Each member firm in the Mazars Group adopts the global baseline materials, aligned to ISQM1, and then tailors them to meet their individual circumstances. This year saw substantial focus in all

member firms on enhancing their systems of quality management (SoQM) and related control framework, testing the effectiveness of the control environment and designing, implementing and operating the new procedures that resulted.

At the global level, we continue to refine processes, update policies, refresh our control design and better articulate accountabilities to our leaders and our people – measures that will take us to the next phase in our continuous improvement journey.

This report demonstrates the number of ways in which we have delivered improvements throughout the year. Highlights include:

- An updated Global Q&RM policy manual to reflect the new policies and controls introduced with ISQM1 implementation, and significant progress towards the launch of a global digital platform for the policy manual.
- New global code of conduct training focusing on understanding and addressing unconscious biases to promote ethical behaviours and decision-making.



# Introduction

## A year of many achievements

“The quality & risk management systems that we have put in place at Mazars allow us to protect our reputation, satisfy our clients' expectations, and respond to the requests of our regulators. Quality will remain the cornerstone of all our activities, including our newest one, sustainability reporting and assurance.”



**Jean-luc Barlet**  
Quality & Risk  
Management Leader

- Continuous improvement to our existing WeCheck independence and conflict checking tool, which is now fully implemented in 86 countries and includes integration of new know your client functionality embedded within the tool.
- Designing and rolling out an innovative global ISQM1 tool to all firms to facilitate risk assessment processes and the testing and evaluation of each firm's SoQM.
- Launching a revised approach to our global monitoring programmes to maximise the benefit of the global ISQM1 tool, refining our approach to quality and risk indicators and introducing an enhanced methodology to support performance of root cause analysis of quality deficiencies.
- Reinforcing our Q&RM teams and skillsets at both group and country levels.

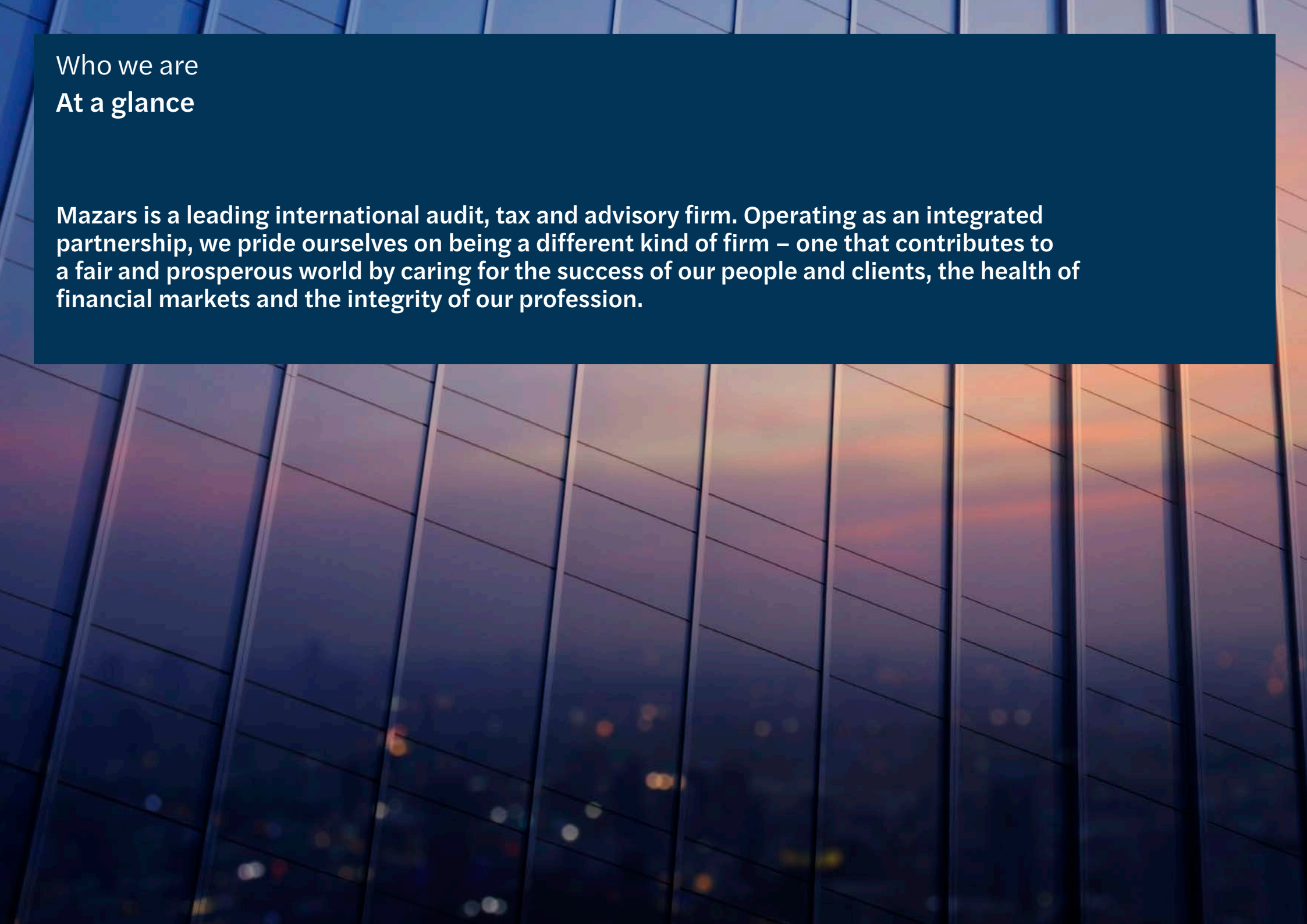
This is the first Group transparency report since ISQM1 came into effect. We have therefore used this opportunity to review and refresh our approach not only to how we manage quality and risk, but also to how we report on these topics. We recognise the continued importance of providing transparency and insights into our SoQM and our performance in this area. Following internal and external benchmarking of our approach, this year we have chosen to structure our report around the core pillars of our SoQM. Some of the wider information we included in previous reports regarding other engagements with our stakeholders and society in general will continue to be reported in our [annual sustainability report](#).

We have made solid progress during the year, and we look forward to embedding the lessons we have learnt as we strive for continuous improvement. We are particularly proud of the hard work and dedication of our Q&RM leadership and supporting teams, who have invested significant time and effort into implementing the enhancements to our quality management framework. We have seen first-hand the power of an open, quality-focused mindset and collaborative working, leveraging from the diverse and broad range of skills that exist across our partnership. As we continue to execute on the final year of our One24 strategy, we are setting ourselves high standards and assessing ourselves against this high level, to ensure continued success in the short, medium and long term. Our focus on continuous improvement of quality has required us to challenge ourselves and be open to change – and we look forward to continuing that journey.



**Jo Connolly**  
Group Chief Quality  
& Compliance Officer





Who we are  
At a glance

**Mazars is a leading international audit, tax and advisory firm. Operating as an integrated partnership, we pride ourselves on being a different kind of firm – one that contributes to 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 profession.**

# Who we are

## Mazars in a nutshell

### A global, integrated partnership

Mazars is a multicultural and integrated partnership with shared goals, values and service standards across the world. Present in over 100 countries and territories, we work together as a single, united and connected team, with aligned interests, consistent delivery models and a shared commitment to the highest standards of quality and transparency.

### Guided by our values

Our partners and staff are guided by our shared values, which are built upon the foundation set for us by our founder in the 1940s. More information about our shared values and the behaviours expected of all Mazars employees and partners can be found in [our global code of conduct](#).

### Our shared values and associated behaviours

- Integrity – Act with integrity
- Responsibility – Be accountable
- Diversity and respect – Respect people
- Technical excellence – Deliver outstanding quality
- Independence – Think independently
- Stewardship – Shape the future

### A wide range of services

As a leading international audit, tax and advisory firm, we help our clients make the most of opportunities, operate with transparency and grow confidently and responsibly. Our multidisciplinary approach is key to supporting our clients' changing needs and helping them achieve sustainable growth.

### A balanced offering

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

### Serving a broad range of clients

We bring expertise, agility and understanding to deliver the answers and experiences that are right for each client, no matter the industry or stage of development. We serve organisations of all sizes, from privately owned businesses and private individuals to large and listed companies, public bodies and non-governmental organisations across borders. We serve clients in a variety of industries, with a deep understanding of sector-specific environments, issues and trends.

Our services

# Who we are

## Key facts and figures

Mazars works as one integrated team across borders, leveraging expertise, scale and cultural understanding to deliver exceptional and tailored services in audit and accounting, as well as tax, financial advisory, consulting, sustainability and legal<sup>1</sup> services.

**1**  
international integrated partnership

**€2.8bn**  
fee income<sup>2</sup>

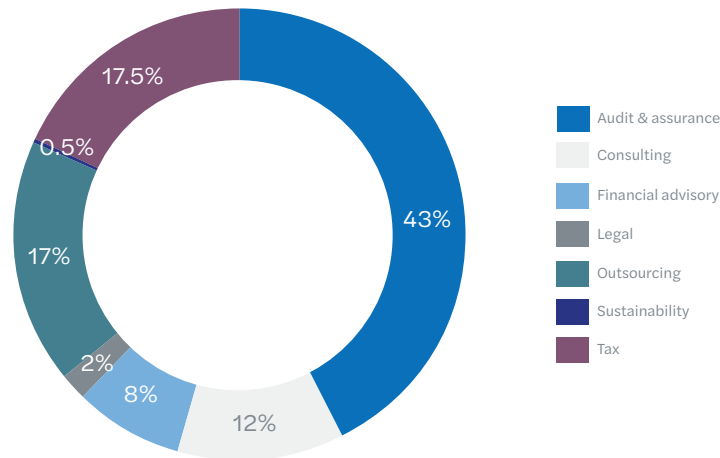
**13%**  
year-on-year growth

**1,200+**  
Mazars SC partners

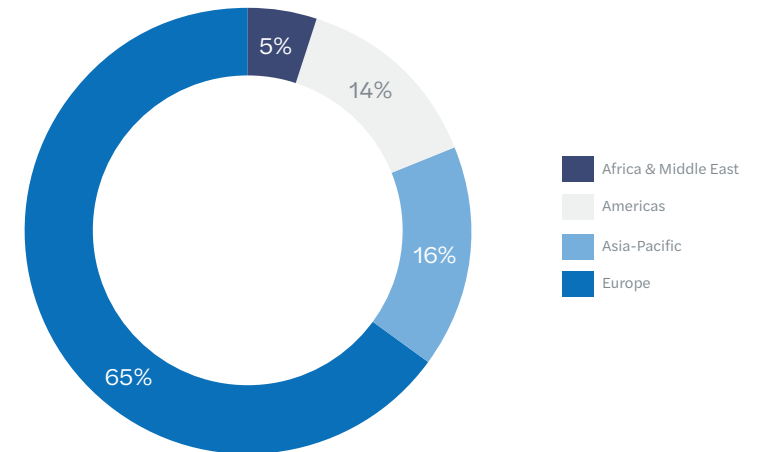
**50,000+**  
professionals<sup>3</sup>

**2,900+**  
public interest entity audit clients

Turnover by service line



Turnover by region



<sup>1</sup> Where permitted under applicable country laws.

<sup>2</sup> Fee income for Mazars Group 2022/2023 financial year, includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

<sup>3</sup> Including 33,000+ in the Mazars partnership and 17,000+ via the Mazars North America Alliance. Figures as of 31 August 2023.



Who we are

## A diverse and inclusive firm

**Diversity and inclusion lie at the heart of Mazars, shaping the modern firm we strive to be. We are dedicated to ensuring that Mazars is an organisation where there is a level playing field for all, that inclusive behaviours are role-modelled and embedded, that our workforce reflects our clients and communities, and that everyone feels like they belong and is proud of our inclusive firm.**

Women represent:

**53%**

of global workforce

**46%**

of global talent list

**31%**

of global leadership team

**43%**

of global governance bodies

**22%**

of Mazars SC partners



# Who we are

## Our global footprint

Operating in over 100 countries and territories around the world, we draw on the expertise of more than 50,000 professionals – 33,000+ in the Mazars integrated partnership and 17,000+ via the Mazars North America Alliance – to serve businesses of all sizes, from privately owned businesses and private individuals to large and listed companies, public bodies and NGOs, across borders and industries.

# 100+

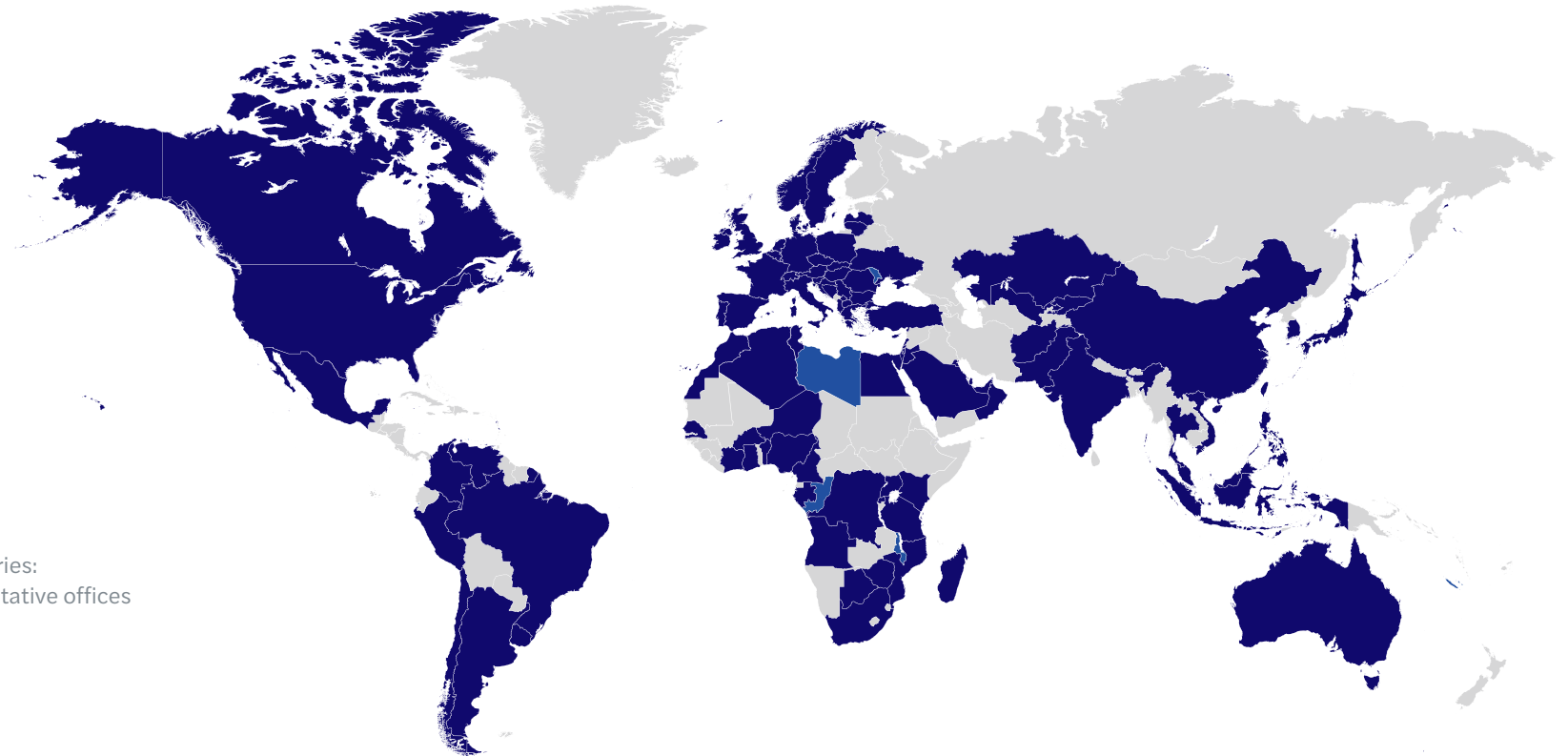
countries and territories

# 300+

offices

Valid as of 31 August 2023

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







## Who we are

# Our global structure, leadership and governance

**Since 1995, we have been organised as a global, integrated partnership. We work as one team and share the same values, work ethic and goal of providing the highest quality services to our stakeholders.**

### Mazars SC

Our integrated partnership is embodied by Mazars SC, a cooperative entity incorporated in Belgium. The role of Mazars SC is to define the strategic objectives of the organisation and coordinate the implementation of these objectives at the country level, and to promote and defend the Mazars brand.

Each country-level member operates through one or more separate legal entities that are member firms of Mazars SC. All partners are shareholders in the member firms and in Mazars SC. Financial statements of Mazars SC are consolidated on a voluntary basis with the results of the member firms.

As a shareholder of Mazars SC, each partner acknowledges the internal rules (charter of association) and other institutional documents and policies that govern our organisation. This allows them to vote at the General Assembly of Partners, which drives key decision-making processes in

Mazars' leadership and governance bodies. Mazars' governance structure is thus based on a democratic and transparent model, where each partner has a say on strategic decisions about the future of the partnership.

We are therefore 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, developing our teams and creating shared value.

Our two main global leadership and governance bodies are the Group Executive Board (GEB) and the Group Governance Council (GGC).



# Who we are

## Our global structure, leadership and governance

### Our Group Executive Board

The GEB is Mazars' executive body. It is responsible for the operational management of the partnership with regard to collectively defined strategic objectives, under the supervision of the GGC. The GEB focuses on pursuing and accelerating growth while ensuring the quality and sustainability of our activities. The chair and other members of the GEB are elected by the General Assembly of Partners for a four-year term. The mandate of the current GEB started in December 2020, with the next GEB elections due in December 2024.

The GEB meets at least monthly. It also meets twice a year with country managing partners or senior partners at 'country forums' and once a year with all regional partners. Each GEB member is entrusted with specific geographical responsibilities, functional roles and/or the oversight of strategic projects, such as innovation, quality and risk management, business development or corporate sustainability.

As of 31 August 2023, the GEB comprised 11 members.

### GEB members 2022/2023



**Hervé Hélias,**  
CEO and Chairman  
Based in France



**Pascal Jauffret**  
Based in  
Switzerland



**Mark Kennedy**  
Based in Ireland



**Rudi Lang**  
Based in the  
United Kingdom



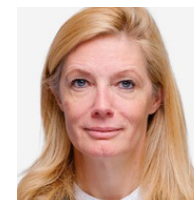
**Julie Laulusa**  
Based in China



**Taïbou M'Baye**  
Based in Senegal



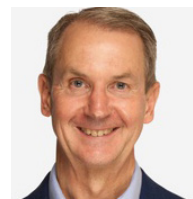
**Dr Christoph Regierer**  
Based in Germany



**Véronique Ryckaert**  
Based in Belgium



**Ton Tuinier**  
Based in the  
Netherlands



**Phil Verity**  
Based in the  
United Kingdom



**Victor Wahba**  
Based in the  
United States

# Who we are

## Our global structure, leadership and governance

### Our Group Governance Council

The GGC is the group’s supervisory body. Since December 2011, it has included independent external members elected by the partners at the General Assembly of Partners. Elected for the same four-year term as the GEB, the GGC exercises a general supervisory function over the risk and operational management actions of the GEB. As set out in the partnership’s charter of association, the GGC has specific responsibilities, which include:

- Monitoring and updating the legal obligations of partners and member firms.
- Approving partnership candidates and external growth operations.
- Assessing GEB members and determining their compensation.
- Approving disciplinary action decided by the GEB.

The GGC meets once every two months – two or three times a year physically and otherwise virtually. To improve the efficiency and focus of the GGC’s oversight, it is organised into risk, partnership development and remuneration subcommittees.

The current GGC was elected in 2020. The next GGC elections are due in December 2024. As of 31 August 2023, the GGC comprised 12 members, including two external independent members.

### GGC members 2022/2023



**Tim Hudson, Chair**  
Based in the United Kingdom



**Juliette Decoux, Vice-chair**  
Based in France



**Åsa Andersson Eneberg**  
Based in Sweden



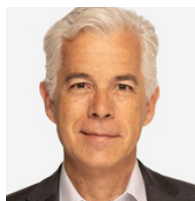
**Gertrud R. Bergmann**  
Based in Germany



**Frank Bournois**  
Independent member



**Maria Cabodevilla**  
Based in Spain



**Fabrice Demarigny**  
Based in France



**Denise Fletcher**  
Independent member



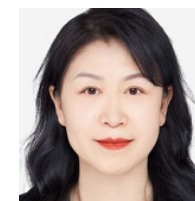
**Chris Fuggle**  
Based in the United Kingdom



**Michelle Olckers**  
Based in the United Kingdom



**Wendy Stevens**  
Based in the United States



**Liwen Zhang**  
Based in China



## Who we are

# Our global quality and risk management governance structure

**As one of our strategic priorities, quality and risk management (Q&RM) are overseen at the group level by the global Q&RM board, under the sponsorship of two GEB members.**

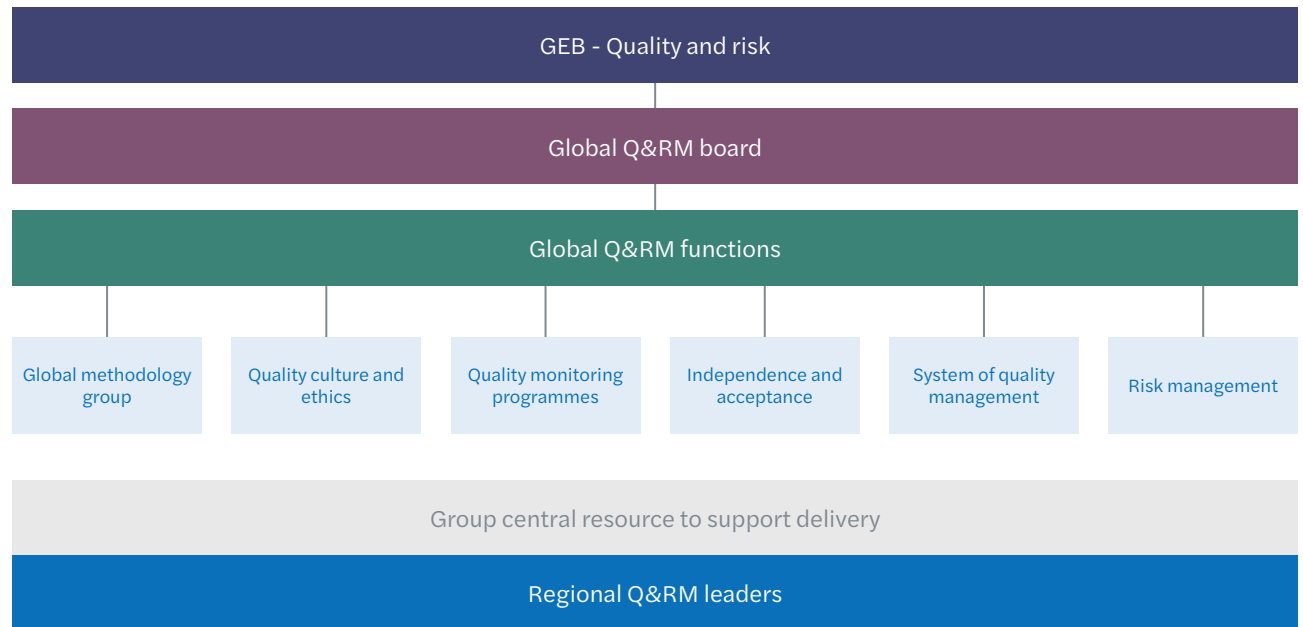
### Organisation and responsibilities

The global Q&RM board is responsible for setting Mazars overall quality and risk management framework, monitoring key risks and responses, setting expectations for quality assurance and overseeing compliance with standards and policies across the group.

In 2023, we continued to devote significant efforts and resources to our global Q&RM teams, investing in people, tools and processes to provide consistent and integrated systems to all firms in the Mazars Group and to deliver on our promises.

Seizing the opportunity to refresh our commitment to Q&RM presented by ISQM1, we restructured the global Q&RM board and approach. Following the appointment of a Group Chief Quality and Compliance Officer in October 2021, we have built a revised structure for Q&RM that will enable us to continue to improve how we deliver Q&RM in the final year of our One24 strategy, while preparing us to take the required next steps and build on our previous successes.

Q&RM organisational structure 2023





## Who we are

# Our global quality and risk management governance structure

During the year the global Q&RM board was co-chaired by the Group Quality Management and Compliance Officer and the Group Chief Quality and Compliance Officer. Its permanent membership is comprised of Q&RM leaders from larger member firms and service lines, regional Q&RM leaders and Q&RM function leaders.

On behalf of the GEB, the global Q&RM board manages and oversees the quality and risk management activities and strategic roadmap of the group.

### Global Q&RM committees

The global Q&RM board is assisted by six quality and risk management committees that help carry out its role. The key responsibilities of each committee are explained below.

1. The **Group Independence and Acceptance Committee** (GIAC) is responsible for all matters related to independence and acceptance. The GIAC's mission is to maintain related policy and implement and monitor a rigorous acceptance and independence process for Mazars worldwide, which contributes to the sustainable growth of the firm globally while minimising reputational risk to the group and facilitating compliance with relevant professional standards and regulatory requirements.
2. The **International Quality Monitoring Committee** (IQMC) is responsible for the design and operation of the ongoing International Quality Monitoring (IQM) programme, building and maintaining high standards of quality, independence, ethics and professional competency, to maintain and continuously improve quality and to drive consistency across the group.

3. The **Methodology Committee** is responsible for managing and overseeing the development of the group's audit and assurance methodologies, including designing and maintaining the Mazars Audit Manual (MAM), the Public Company Accounting Oversight Board (PCAOB) methodology and the Sustainability Assurance Methodology (SAM).
4. The **Quality Culture and Ethics Committee** is responsible for building and maintaining a consistent quality culture across the group, ensuring the highest standards of quality and conduct are embedded in everything that we do, including through design and maintenance of the global code of conduct and related training.
5. The **Group System of Quality Management Committee** (SoQMC) is responsible for the design, implementation and operation of ISQM1 across the group. This includes understanding the requirements of ISQM1 and how they translate into the global quality management framework and driving consistency in design across the group through common methodologies and training.
6. The **Enterprise Risk Management Committee** (Risk Co) is responsible for acting as a line of communication between countries, regions and the global Q&RM board on ERM topics as well as analysis and discussion to enable mapping and consolidation for group purposes.

## Who we are

# Our global quality and risk management governance structure

### Service line leadership

Our global service lines are represented on the global Q&RM board. Service line representatives help to ensure consistent messaging and implementation of group quality initiatives.

As a multidisciplinary firm, our principles of quality management apply equally to each of our service lines. Each service line has taken our global definition of quality and made it relevant to its activities through the implementation of service-line-specific Q&RM programmes.

In our **Audit & assurance** service line, we believe constructive challenge, based on mutual trust and respect, builds confidence in how organisations report to their stakeholders. Providing a quality audit means delivering insight, promoting transparency and applying professional scepticism. There are also a number of key projects underway in the Audit & assurance service line, all of which are aimed at enhancing the quality of services delivered to organisations of all sizes and in all industries. These are detailed further in the ‘Delivering audit quality’ section of this report.

For **Consulting**, by working collaboratively as one integrated, international team, our professionals support our clients in achieving their most critical business objectives, from strategy to implementation, wherever they operate. To further support our commitment to quality, the Consulting practice has undertaken a multi-year effort to build and update global methodologies and delivery tools to enable our professionals to provide consistent and high-quality services in every part of the world where our clients call upon Mazars for assistance.

Across our **Financial advisory** (FA) practice, during the year, we have continued our focus on developing a robust quality and risk management framework. After the launch of our first International Quality Monitoring (IQM) programme last year, which reviewed FA practices in four countries, we continued the roll out of the IQM programme with four further countries reviewed during the year. Going forward, resources have been identified to scale up the IQM programme to review more countries annually. Our internal licensing system is fully embedded in our practice, with over 270 FA licence holders worldwide. Adherence to our licensing procedures is regularly reviewed and training is provided to our FA community on the purpose of the procedures and their application.

Finally, during the year we also undertook a review of our existing FA procedures manuals. Our work identified commonality across our practice in terms of our quality and risk management procedures, as well as the need to establish a consistent framework. This resulted in the creation of an overarching global FA procedures manual, which is applicable to the whole FA practice. The manual was launched successfully during the year.

Our **Legal** service line provides our clients worldwide with comprehensive expert legal advice tailored to their needs on a wide range of business law matters. We stand for innovative and smart solutions to complex legal issues and work closely with our clients to help them make smarter and better-informed decisions. We advise clients on both complex legal matters and their day-to-day needs, helping them to become sustainably more successful. The key to this is the outstanding quality of our legal services. Excellent work, a deep understanding of our clients’ needs, a precise analysis of

their legal challenges and our integrated, collaborative, pragmatic and business-orientated approach are the basis for this.

In **Outsourcing**, we support clients in a variety of ways, including global compliance and international payroll. Over the past year, our centralised approach, supported by international delivery centres, has helped drive double-digit percentage fee growth and improved our quality and efficiency of delivery, in an environment where resources are scarce in certain countries. This approach has also facilitated increased consistency in the quality of our processes and systems.

For **Tax**, we work closely with clients to build transparent and integrated tax-efficient solutions that give clients confidence and help them excel while following a sustainable path. Quality means several things for our global Tax practice. This includes continually reinforcing the importance of ethics and professional behaviour and maintaining a rigorous system of internal quality controls and monitoring procedures. Additionally, quality involves developing our teams’ skills, knowledge and capabilities through ongoing professional and personal development opportunities. Third, it also entails investing heavily in innovation and new technologies tailored to support the specific needs of our Tax service line.

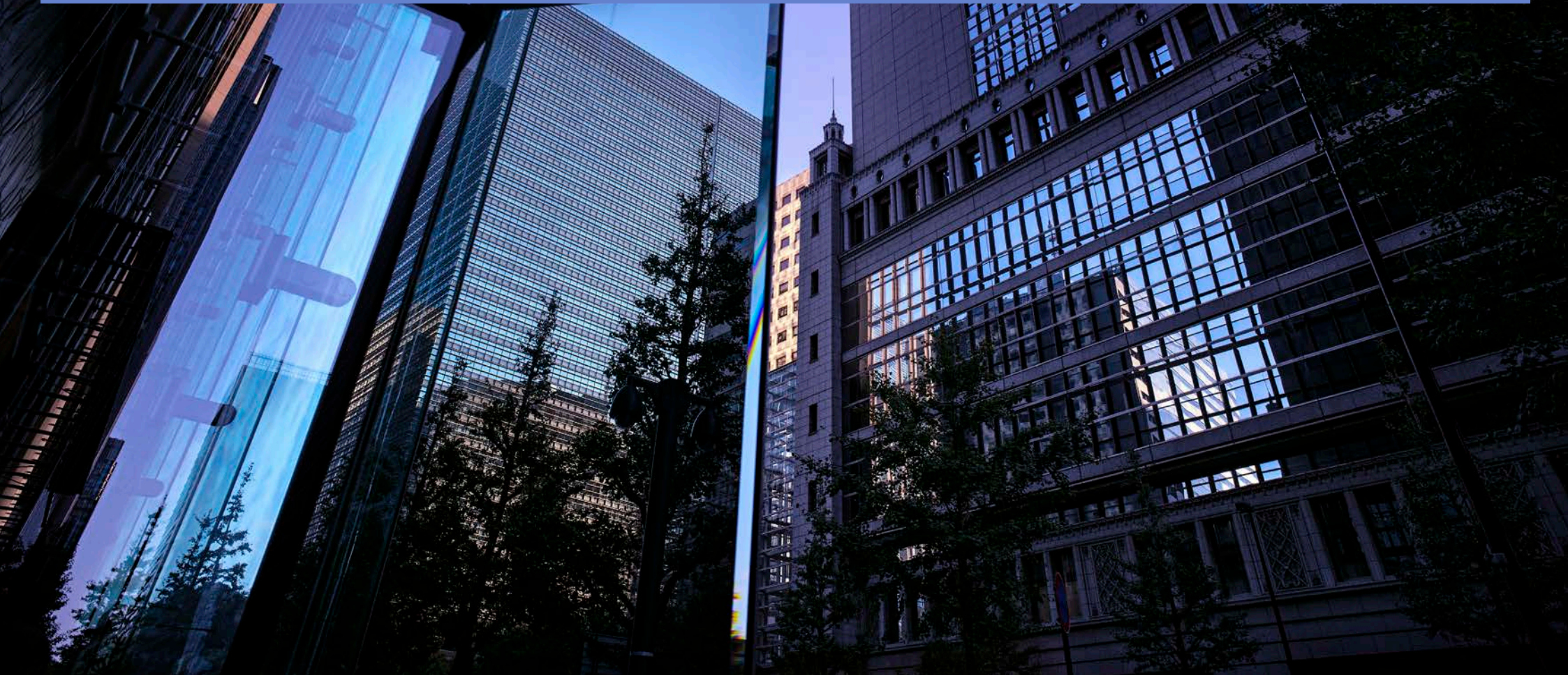
Lastly, our **Sustainability** service line builds on our deep experience of audit and consulting to assist companies along their sustainability journey. Here, quality is evident through a combination of the satisfaction of stakeholders, technical expertise, innovation and contributions to sound business practices.



## Our global system of quality management

### Our global standards

Minimum global standards are set at the group level and firms must design, implement and operate a local system of quality management (SoQM) which mitigates the identified quality risks and covers globally prescribed controls. These are codified in the Global Policy Manual (GPM), which was updated during the year.





# Our global system of quality management

## ISQM1

To provide a globally consistent, robust, proactive and effective approach to quality management, we have implemented a refreshed global system of quality management (SoQM). This is aligned to the requirements of the International Standard on Quality Management 1 (ISQM1).

Mazars' system of quality management





## Our global system of quality management Embedding quality in our culture by living our values

**Our values are what drive us to do the right thing and to behave in a way that demonstrates our commitment to a culture of both quality and transparency.**

### **A global quality culture roadmap**

Knowing the importance of our behaviours associated with quality, we have developed a quality culture roadmap, which includes various projects aligned to our purpose of embedding quality in our culture.

### **Partner quality and risk reports**

In 2023 we rolled out a global partner quality risk report (PQRR) framework for incorporation into our year-end partner performance reviews. The report includes various metrics and KPIs that measure behaviours and activity across three areas, namely, quality contribution, quality performance and risk environment. The report is to be completed for all partners across all service lines, and has been partially implemented in 2023, with full implementation expected in 2024. The information gathered is factored into promotion decisions as well as the remuneration of partners, which demonstrates our commitment to driving the right quality behaviours, rewarding outstanding quality and, when necessary, penalising deficiencies in quality.

### **Our global code of conduct**

Our global code of conduct helps us understand the behaviours we expect from our partners and staff in order to live our values on a day-to-day basis. During the year we launched our second series of code of conduct training, focusing on unconscious and other biases that we are exposed to and experience. The training is compulsory for all partners and staff and has a deadline of 31 December 2023 for final completion.

### **Robust governance**

Fostering the right culture starts with a strong tone set at the top. Robust governance structures are a key aspect to helping set the right tone at the top and facilitating living our values. The Mazars Group governance structures are covered in Who we are, on pages 14 to 19.

# Our global system of quality management

## Embedding quality in our culture by living our values

**Our leadership demonstrates their commitment to creating an environment that supports quality through an emphasis on the importance of accountability in all aspects of the business.**

### Communication

We nurture a culture that is communicative and promotes the ethics and values of the business, as well as one that reinforces our commitment to quality, both internally and externally. The leadership teams are reminded of their responsibility in terms of tone at the top and the critical role it plays in the maintenance of an ethical and accountable environment.

### Embedding ethics and integrity

Our leadership understands that for the business to succeed, ethics and integrity must be part of our DNA. They emphasise the importance of quality above commercial considerations. 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 to ensure we provide the best possible environment for our teams to thrive.

### Encouraging speaking up

We are committed to dealing responsibly, openly and professionally with concerns that partners or staff may have about possible misconduct within our global organisation. The raising of any concerns is encouraged and supported through our global whistleblowing process and reporting lines.

### Ensuring accountability

We have started to develop an accountability framework, which defines the quality KPIs for various leadership roles. We have used a consultative approach to ensure that there is a deep understanding that ultimate responsibility for quality sits at various levels within leadership roles and these KPIs need to be embedded in role profiles in order to ensure accountability.

### Commitment to diversity and inclusion

Our GEB is committed to diversity and inclusion and ensuring that this is considered in everything we do.





# Our global system of quality management

## Identifying and understanding our risks to quality

**Risk assessment is at the core of our SoQM and enables us to implement policies, procedures and controls that address the risks, based on the nature and circumstances of our firms and the engagements we perform.**

### Our approach to quality risk assessment

Each firm in the Mazars Group is ultimately responsible for the design, implementation and operation of its local SoQM. Fundamental to this is the Mazars global risk assessment process, which sets out the global baseline minimum controls, policies and responses. From this baseline, firms are then required to:

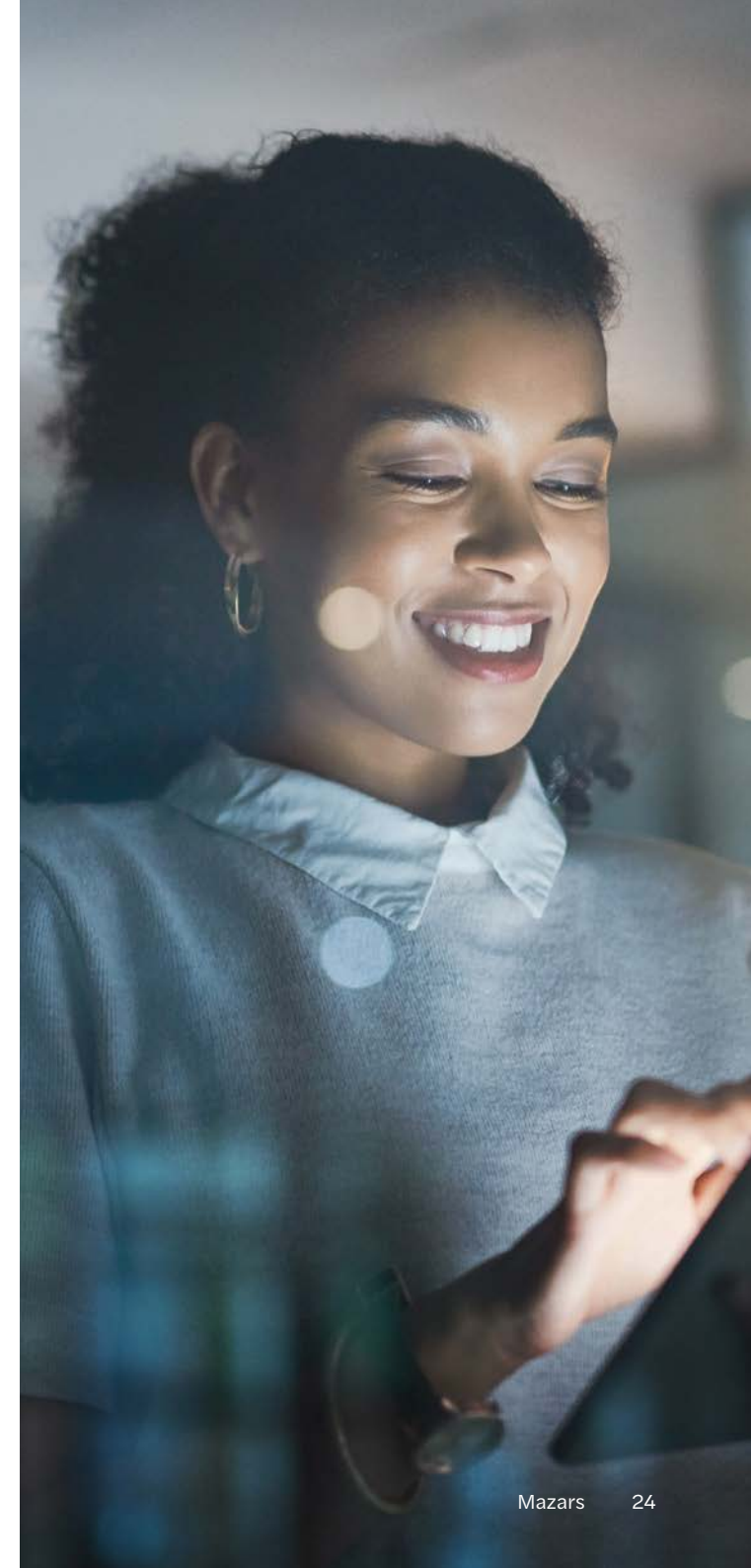
- Identify quality objectives and the quality risks associated with achieving those objectives.
- Design and implement responses and controls to mitigate those risks, reflecting the nature, circumstances and complexities of the local firm, in line with the global baseline minimum controls and policies.
- Test the design, implementation and operating effectiveness of the controls.

Our global risk assessment process is an annual iterative exercise which takes account of the results of each year's effectiveness testing, considers and analyses information about relevant conditions and events, reviews available quality and risk indicators, considers the impacts on the objectives and risks for the next cycle, and makes amendments as necessary.

### Enterprise risk management

In addition, in 2023, our global enterprise risk management (ERM) programme ensured that regular engagement took place with the largest countries and regions across the group in order to share best practices and discuss risk evolution, trends, market needs and regulatory requirements.

This consultation process, in conjunction with external engagement, has helped throughout the year in the identification of top group risks, which included quality management as one of the key risks facing our business.





# Our global system of quality management

## Communicating clearly

**The information we obtain, generate, use and share is another key aspect of our approach to quality management. Without accurate and timely information, we cannot make informed decisions or monitor our performance effectively.**

### Communicating with colleagues

Our global rebrand, which was delivered in 2020, put a strong emphasis on quality, consistency and excellence in everything related to our brand. Since then, we have launched a variety of global communications campaigns to help support, educate and inform Mazars partners and employees regarding some of the different elements of quality. Highlights from the last year include the following.

#### Why do good people make bad decisions?

To support the release of our updated training on our code of conduct, we launched a global campaign aiming to answer the question: 'why do good people make bad decisions?'. The campaign highlighted some of the biases that we can all be susceptible to by providing insights into topics such as unconscious biases, overconfidence and conformity.

The campaign and associated training were designed to build awareness of these (and other) biases, provide support so that we do not succumb to these biases, and ensure that our partners and staff are equipped to call them out in a supportive environment if they observe them in others.

### Mazars lived experiences

One of the core elements of our culture is how we offer a human, caring and modern work environment for our people. During 2023, we shared this throughout the group via our 'Mazars lived experiences' campaign. This showed partners and employees of Mazars sharing real stories about designing a career, working smart, going the extra mile and reaching their potential.

#### Gen You, the next generation of auditors at Mazars

Also in 2023, we implemented a global employer branding campaign, "Gen You", aimed at promoting the attractiveness of audit to young people aged 18-25. The campaign, which ran throughout 2023 and will continue into 2024, highlights the important role audit plays in society, the transformative nature of the profession, the endless learning and career opportunities, and ultimately why a career in auditing at Mazars is a smart choice. It is a multichannel campaign, leveraging both digital and print channels.

The campaign featured our very own auditors and we adopted a regional approach by launching first in Europe and North America in March 2023. Following the successes in these regions, the campaign will now be rolled out in Asia Pacific from October 2023 and in Africa and the Middle East from January 2024. We are also exploring how to leverage the Gen You concept across service lines so that it becomes our global campaign for our young target audience.

### Mazars impact awards

In 2022 Mazars launched the Mazars impact awards, which were designed to recognise outstanding achievements in six categories: brand and communications, business wins, business innovation, corporate sustainability, quality, and talent and people. Mazars partners vote on the finalists and the inaugural winners were announced at the 2023 annual General Assembly of Partners, showcasing some of the high-quality projects rolled out across our firm over the preceding year.

# Our global system of quality management

## Communicating clearly

### Global CEO broadcasts

Another key highlight in 2022/2023 was the launch of our all-hands Global CEO broadcasts to give our Global CEO a platform to communicate directly with all staff, setting the tone at the top on critical issues for the firm. The Global CEO live broadcast is an important employee engagement event, aimed at educating and inspiring our people, creating a sense of belonging to one international firm and, ultimately, driving performance towards shared goals. This event is organised twice a year.

### GEB dialogue

The GEB engages with all managing partners on a regular basis through dialogue sessions, which offer an opportunity to cascade key group messages, hear feedback and encourage open communication.

### Understanding our clients

Understanding the needs, perceptions and experiences of our clients helps us deliver and continuously improve the quality of our service. One way we do this is through our client listening programme, a formal client feedback programme which, in 2023, received responses from private and organisational clients spanning a wide range of industry sectors, across all regions of the world.

Within the survey, clients are asked to evaluate the service they have received from Mazars against a range of attributes related to overall quality. These questions measure metrics commonly used in the industry, including the Net Promotor Score (NPS) and Customer Satisfaction Score (CSAT).

From the results of this feedback, we understand where we are doing well and where we have opportunities to make improvements, which helps us identify and solve issues, and continuously improve the service our clients are receiving.

For more information about other ways that we are ensuring we deliver quality outcomes for our clients, see the 'Delivering for our clients' section of this report.

### Global People Survey

Internally, employee engagement surveys are a great way to give a voice to our people and hear what they really think about life at Mazars. Previously, the surveys were run locally at the country level. In 2023, we invested significant time and resource in developing a Global People Survey (GPS), which will be deployed in 2024.

The GPS was designed under the leadership of a steering committee comprised of representatives from countries that are experienced at delivering engagement surveys. It will gather insights on a set of scientifically validated questions related to employee engagement and quality. Once the insights have been gathered, results will be interpreted to provide deep, cross-area analysis and defined action plans, supported by toolkits and accountability requirements.



# Our global system of quality management

## Developing talented teams

**Operating in a knowledge-intensive industry, our people are critical to our delivery of quality. Attracting, retaining, educating and developing talented teams mean that we are able to consistently meet and exceed the demands of our stakeholders.**

### Developing our partnership

Under the employer promise of ‘the smart choice’, our global HR framework supports our countries to attract, retain and develop the best people.

Overall, 2023 was an active year of development for both our leadership pool and the wider partnership. There was steady growth in the number of partners, with increased gender diversity, and our partnership and leadership development programmes welcomed record numbers of participants, with an increasing global presence.

Among our flagship programmes, 175 participants from 51 countries took part in the Women Leadership Seminar (an increase of 48% on 2022); 60 partners from 28 countries participated in our Executive MBA; 25 participants completed TheNextMBA; 110 future partners attended the LEAD programme (a 30% increase on 2022); and the revamped, on-site U-Spring programme sold out, with 60 partners, representing 22 countries, participating.

Furthermore, during the year, 65 live webinars were attended by more than 200 colleagues. With a major focus on Web 3.0 training content, we are helping our leaders to prepare for advanced management challenges.

In parallel, the Mazars School of Excellence increased the deployment of our digitally-enabled education strategy through our global U-learn platform, increasing individual registrations to more than 33,000 participants (up from around 18,000 in 2022).

We understand the importance of training in enhancing our teams' ability to deliver a quality service. We also ensure that the teams that are assigned to engagements have the right skills, are at the right level and are capable of performing the work they are allocated.

### Partner compensation policy

Under the supervision of the GGC, and based on the recommendations received from country executives, the profits of Mazars SC are divided among partners according to the number of ‘base points’ (BPs) they are allocated.

The value of BPs is calculated based on both the overall performance of Mazars SC and the performance of the member firm to which the partner contributes. Both criteria have equal weighting. BPs are allocated to partners for a period of four years, according to the overall average performance of the country and the individual performance of each partner in the previous year.

# Our global system of quality management

## Upholding ethical standards

**As a multidisciplinary professional services firm, we are duty bound to act in the public interest and uphold relevant ethical standards. These include the applicable laws and regulations wherever we operate, the requirements of our regulators and the standards we set ourselves.**

### Maintaining our independence

We are trusted advisors. Maintaining our independence is vital for us to retain the trust of our stakeholders and to ensure that we can give unbiased and objective advice. We continuously strive to achieve the highest levels of objectivity and independence in all our assignments and have devised and implemented policies and procedures which aim to ensure partners and staff comply with the relevant standards, wherever they operate.

One key internal document supporting colleagues to uphold these standards is the Code of Conduct for Objectivity (CCOI) and Independence. The CCOI complies with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (the IESBA Code) and introduces additional specific requirements for Mazars firms and staff. It was updated during the year to reflect the latest changes to the IESBA Code.

### Managing threats to our independence

Our independence and acceptance work is overseen at the group level by the Group Independence and Acceptance Committee (GIAC), one of the group Q&RM functions identified in the 'Our global quality and risk management governance structure' section of this report.

### Identifying conflicts of interest

Conflicts of interest, whether personal or professional, create threats to our independence and could undermine our judgements. The CCOI outlines the approach to be taken when potential conflicts of interest and threats to our independence are identified, including where appropriate safeguards must be implemented.

### Fees and other types of remuneration

Negotiating fees with clients may create self-interest and intimidation threats. The CCOI provides guidance to all staff on the relevant factors to consider in evaluating the threats to independence and ensuring appropriate safeguards are in place, including

ensuring appropriate reviewers, disclosures to clients where applicable and thresholds for quality reviews in the case of high levels of fee dependency.

### Inducements, gifts and hospitality

Gifts and hospitality can be an effective way of building professional relationships; however, care must be taken not to provide or receive inducements that are inappropriate or may improperly influence behaviour.

Mazars firms set local limits for the giving and receiving of inducements, including gifts, hospitality and entertainment, which consider relevant laws and regulations. As a global rule, firms or audit team members must not accept any gifts or hospitality from an audit or assurance client unless the value is considered to be trivial and inconsequential.



# Our global system of quality management

## Upholding ethical standards

### Financial interests

The CCOI provides clear guidance on who can and cannot hold what financial interests in clients. This includes both direct and indirect financial interests. When potential financial interests in clients arise, each occurrence must be analysed on a case-by-case basis by the local partner responsible for ethics, and appropriate safeguards put in place.

### Business relationships

Business relationships with clients can have a material impact on our objectivity and can therefore also create threats to our independence. Our rules for member firms and members of assurance teams (and their immediate family members) are set out in the CCOI with regard to joint ventures, arrangements to combine services or products, distribution and marketing arrangements, and ownership interests. To manage and mitigate these potential threats, country executives must define the relevant local safeguards that need to be put in place.

### Family and personal relationships

Family and personal relationships with clients can also create potential or perceived threats to our independence. Again, the CCOI sets out the rules that must be applied globally to ensure that individuals are not found to be in situations where personal or family relationships may result in their personal interests conflicting with the interests of Mazars and the requirement to act in the public interest. Such relationships should be reported in our annual independence declaration (explained below).

### Employment and association with audit/assurance clients

To preserve our independence, partners and professional staff must not serve as members of the audit or assurance team if they served as officers or directors of audit or assurance clients during the period covered by the audit report. Similarly, partners and professional staff are not permitted to serve as directors or officers of audit or assurance clients of Mazars.

Compliance with these requirements is managed locally through policies and procedures which require audit team members to notify the firm if they enter into employment negotiations with an audit client.

### Temporary personnel assignments

The loan of Mazars personnel to audit clients can also create threats of self-review, advocacy or familiarity. We therefore have a number of prohibitions in place to prevent these practices. Such assignments are only permitted in rare circumstances and in these cases, safeguards must be in place to mitigate the identified threats.

### Long association of personnel with audit/assurance clients (including partner rotation)

Using the same personnel on engagements over prolonged periods can create familiarity and self-interest threats to our independence. We have clear rules in place at the global level to ensure that prolonged 'time on' periods are followed by sufficient 'cooling off' periods, in line with our global

requirements and best practices. Many countries have stricter rules in place locally, which must be adhered to where applicable.

### Provision of non-assurance services to audit/assurance clients

Provision of non-assurance services to audit or assurance clients can also create threats to our independence. Accordingly, such services are prohibited particularly for public interest entities (PIEs). Where non-assurance services are permitted, we have clear guidance in place to facilitate informed decision-making, which covers a number of different factors which may be relevant. In the case of the provision of multiple non-assurance services, assessments must be conducted at both an individual and combined level.

### Ensuring confidentiality

Our clients and stakeholders trust us with large amounts of information, much of which is confidential. We have ethical, legal and professional obligations to ensure that data is treated carefully and confidentially, and only used for its intended purposes. The Group Chief Information Security Officer (CISO) is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters. Further information on data privacy and information security is provided in the 'Securing our digital offering' section of this report.

# Our global system of quality management

## Upholding ethical standards

### Associating with third parties and clients who share our values

We are committed to ensuring that we only associate with third parties and clients who share our values. Our decisions as to whether to initiate or continue with pre-existing client relationships are based on making an informed judgement on the integrity and ethical values of the third party. This includes ensuring that financial and operational priorities do not lead to inappropriate judgements.

We have implemented global know your client and client due diligence (CDD) tools and processes, which cover a variety of topics, including anti-money laundering, fraud, corruption, economic and trade sanctions, and tax offences, as well as independence checks and identification of beneficial owners. Where politically exposed persons are identified through our CDD processes, additional safeguards are in place to ensure the appropriateness of the relationship and any engagements, including conducting enhanced due diligence.

The decision to continue client relationships is reviewed at regular intervals. As a general rule, this must be reviewed annually but is also required whenever major triggering events occur (such as restructuring, mergers or acquisitions, or other events that substantially change the risk profile of the client).

### Conflict checks

Before accepting any professional engagements, we ensure that potential conflicts of interest are identified, and engagement teams are asked to apply a 'reasonable person' test to consider whether a reasonable and informed observer with knowledge of all the facts might perceive that our objectivity in the matter may be impaired.

Our global independence checking tool, WeCheck, is available to assist with conflict checks on both potential and existing clients and protect the independence of Mazars.

### Annual independence declarations

All partners and staff complete a declaration of independence questionnaire on an annual basis. The questionnaire is based on the requirements of the CCOI and any additional locally applicable rules and regulations. Results are reported to the GIAC and the GEB to ensure global oversight.

All newly hired staff and partners complete an independence declaration as part of their onboarding. Partners and staff working on audit engagements are also required to complete additional personal confirmations of independence for prospective clients and at the commencement of any new engagements.

### Integrating new countries into Mazars SC

All new countries entering Mazars SC have rigorous onboarding programmes, which include dedicated training on independence and acceptance to ensure complete integration into our culture, systems and processes.

### Breaches of ethical standards

If any breach of ethical standards is identified, clear global processes are in place to ensure that action to satisfactorily address the matter is taken as soon as possible. Documentation must be prepared to summarise the issue and the conclusions reached.

On an annual basis, countries are required to produce a summary of any reported breaches and send it to the Group Acceptance team. Results are reported to the GIAC and the GEB to ensure global oversight.



## Our global system of quality management Delivering for our clients

**Performing quality engagements is fundamental to our approach. Our engagement teams and partners are committed to ensuring that our clients receive outstanding work from us, every time.**

### **Engagement supervision and oversight**

Engagement partners are expected to understand and fulfil their responsibilities for managing and achieving quality on each engagement and for being appropriately involved throughout engagements.

We require engagement partners to complete a number of tasks at the different stages of each engagement. During the planning phase of the engagement, this includes sufficiently engaging with the client, taking responsibility for the engagement strategy, acquiring appropriately skilled, qualified and competent resources, and setting reasonable budgets and timetables. During the execution phase of the engagement, they are expected to manage the relationship with the client, address queries that arise, and ensure ongoing compliance with methodologies, policies and applicable standards, among other matters. During the final phase of the engagement, key responsibilities include review of conclusions reached, approval of deliverables and presentation of deliverables to client management.

Engagement supervision and oversight are not limited to engagement partners and our processes require that work performed by less experienced colleagues is directed, supervised and reviewed by more experienced colleagues as appropriate.

### **Exercising professional judgement and professional scepticism**

Our engagement teams are expected to exercise appropriate professional judgement and professional scepticism in all engagements.

### **Consultation**

For difficult or contentious matters, we expect and encourage a culture of consultation in order to agree appropriate conclusions, which can then be implemented by engagement teams. To support this, countries are required to make available competent individuals who are capable of addressing technical queries. Where applicable, records of consultations must be included in engagement documentation, and should include any decisions taken, the basis for each decision and how the decision was implemented.



# Our global system of quality management

## Delivering for our clients

### Resolution of differences of opinion

Where differences of opinion exist, we have mechanisms in place to facilitate resolution, including escalation processes.

### Engagement documentation

Delivering quality engagements is dependent on high-quality engagement documentation that is assembled in a timely manner and in compliance with our internal policies. We also ensure that engagement documentation is appropriately maintained and retained to meet our needs and comply with relevant laws, regulations, ethical requirements and professional standards. This includes policies and procedures to ensure the secure storage of all engagement documentation.

Our engagement teams are required to prepare documentation that is sufficiently detailed to enable an independent party to understand the work that has been performed and how conclusions or recommendations were reached.

### Engagement quality reviews

Our engagement quality review processes enable a real-time objective evaluation of significant elements of the engagement and judgements made by the engagement team. These are conducted by approved individuals of suitable seniority and with appropriate experience and technical expertise who are independent of the engagement team.

### International delivery platforms

Our global service lines and support functions are further assisted in the timely and high-quality delivery of engagements by eight international delivery platforms. With a dedicated staff of over 800 in our delivery centres, we are able to provide expertise and centres of excellence to support the local delivery of our work. In 2023, approximately 30 countries across the group benefitted from the work of these international delivery platforms, in areas such as digital, audit and outsourcing.





# Our global system of quality management

## Securing our digital offering

**Our use of technology can expose us to both internal and external threats. We therefore implement rigorous information security and data protection protocols to preserve the integrity and confidentiality of the data for which we are responsible.**

### How we use technology

We utilise various technologies to support our people in the delivery of quality across our business. Failure to effectively manage technology resources, information security and governance requirements exposes us to a number of risks, including financial loss, reputational damage, quality and delivery continuity risks and reduced competitive ability. Therefore, all our technology resources comply with strict IT governance controls and meet minimum IT security standards as defined at the global level.

During the year, we initiated a programme to align our global IT environment to facilitate increased collaboration between our member firms.

### Training and education

To help keep our people up to date on the latest requirements, we have annual training and education programmes related to technology resources and require all new joiners to acknowledge that they have read and understand Mazars' IT security policies. Existing staff are required to confirm continued compliance with these standards on an annual basis.

### Information security

To ensure that information is sufficiently protected, we only make it accessible to authorised personnel, and our global standards ensure that local policies are in place to protect information security. This minimises the risk of information in our possession being inadvertently lost or corrupted.

Our global requirements were enhanced in 2023, including mandating an increased number of information security requirements for all member firms. We also enhanced our operational and governance structures for information security at the global level by moving the governance of the function into global risk management to provide more independence in our information security oversight. This year we integrated our information security KPIs into the performance assessment and BP allocation of country managing partners.

In 2023, we rolled out a global cyber awareness programme, which was positively received across our teams, yet we still have room for improvement in 2024. One area of particular success during the year was a phishing campaign, which showed a substantial decrease in the number of colleagues entering their information in response to controlled phishing tests.

As we move forward into 2024, we will be further enhancing our standards and introducing new controls based on the US National Institute of Standards and Technology – Cybersecurity Framework.

### Cyberattack – Mazars in Brazil

In 2023, we were the target of a cyberattack in Brazil. In response, our local cyber security procedures were implemented immediately to stop the attack and eradicate the possibility of a leak from that moment. Independent forensic experts were engaged to identify the scope of the data leaked and the root cause of the attack. Affected clients and relevant regulators were notified in accordance with the relevant data protection legislation. You can read our statements in response to the incident on our [global website](#).

### Data privacy

Data privacy is managed within each country in accordance with local and international regulations, as applicable. This decentralised approach is supported by our global requirements and guidance provided by our Group Data Processing Officer, supported by the group data privacy team.

A new Personal Data Protection Policy was released to firms during the year and incorporated into the Global Policy Manual.

# Our global system of quality management

## Enabling our teams

**Our intellectual resources, developed globally, supplemented locally and supported by guidance and tools, enable our team to deliver to our clients consistently and to our high standards. These include our various methodologies, policies, code of conduct, technical resources and more.**

Our mandatory requirements for firms are communicated in our Global Policy Manual, applicable to all firms and all service lines, and updated at least annually. This is supplemented by policy manuals for ISQM1 (Audit & Assurance), Tax, Outsourcing and Financial Advisory services, with others under development. Several of our services are supported by detailed methodologies, most significantly the Mazars Audit Methodology. We have minimum requirements for the regular review and maintenance of our significant intellectual resources, helping to ensure they are accurate, relevant and available when our teams need them.

### **Mazars Audit Methodology (MAM)**

The MAM and related guidance sets out the Mazars audit methodology in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). It is supplemented by applicable local, regulatory and legal requirements for all countries.

The MAM, which is our most utilised intellectual resource globally, applies to all audits performed by integrated firms, giving our clients confidence in the consistency and quality of our international audits. It provides our teams with application guidance, FAQs, templates and tools for auditors and supplements for PCAOB audits. Using a common methodology drives a consistent approach and level of quality globally across our engagements, irrespective of the size and scale of the client. We recently launched MAM on our new "Methodology and Policy Library Explorer" (MAPLE), powered by leading content management software and available to auditors in every firm. Our global MAM team further supports teams through a helpdesk function.

### **Sustainability Assurance Methodology (SAM)**

Further to the work we began in 2022, we are continuing to develop an innovative and modern Sustainability Assurance Methodology (SAM) to ensure a level of quality that meets the expectations of regulators and wider stakeholders. With this goal in mind, we have representation in and communicate regularly with standard setting, advisory and regulatory bodies. We also have regular discussions with, and actively seek participation from, internal practice professionals with the objective of making our methodology and related solutions meet user expectations.

# Our global system of quality management

## Monitoring and improving

**Designing our system of quality management is only the first step. To ensure that we meet our strategic objectives, we also continually monitor, review and seek to improve our approach wherever necessary.**

### Global monitoring programmes (inspections)

The group International Quality Monitoring (IQM) function acts as the third line of defence in our risk-based approach to overseeing the robust and consistent delivery of quality by our member firms. The global IQM team is supported by regional quality monitoring teams, which provide further oversight of country-level monitoring programmes.

Our firms use the quality monitoring and compliance programme that reside within our Quality Management IT solution, to identify local quality and compliance issues related to SoQM and engagement performance.

The annual IQM inspection programme is delivered by independent Mazars reviewers from a variety of countries within the group selected according to experience, competence and capacity to perform the work. It covers two aspects:

- SoQM reviews
- Engagement file reviews

SoQM reviews consist of 1.) insert detailed reviews 'for a selected number of firms' which may be performed onsite or remotely and include some reperformance of testing; and 2.) a higher level desktop review for all remaining member firms.

Firms are selected using a risk-based approach. Detailed inspections are generally conducted on each country every three to five years. In 2023 we performed detailed reviews on 22 member firms.

Engagement file reviews (also referred to as 'cold reviews') are designed to monitor the quality of work of engagement partners. Each year, the IQM team issues guidance/training and questionnaires for engagement file reviews, which include questions on acceptance and continuance practices, ethical and independence considerations, resource allocation, competency and engagement documentation.

Some 91 inspections, covering our Audit & assurance, Tax, Outsourcing and FA service lines, are planned for file reviews relating to work conducted in 2023. Additionally, in 2023, 54% of countries were subject to a globally coordinated internal quality review for at least one of their service lines.

### Firm-level monitoring programmes

All firms are required to establish monitoring programmes that provide relevant, reliable and timely information about the design, implementation and operation of the local SoQM. Monitoring programmes also focus on continuous improvement and are able

to recommend appropriate actions in response to identified findings and deficiencies to ensure that they are resolved in a timely way.

To ensure quality, the programme must be overseen by an individual who is suitably senior and independent of the design and implementation of the SoQM and must be delivered by individuals who are sufficiently objective with regard to the monitoring activities to be performed.

### Identification and remediation of known issues

Findings identified through global monitoring procedures are analysed in accordance with global standards. If deficiencies are identified, further analysis is conducted to determine whether the deficiencies are systemic or repetitive. Corrective action plans with clear timelines for improvement are agreed and responsibility is assigned to appropriate relevant stakeholders to ensure timely resolution.





## Our global system of quality management

### Monitoring and improving

#### Root cause analysis

Where deficiencies related to the operation of the SoQM are identified, firms conduct root cause analysis to identify the cause(s). Remedial actions are designed to address the identified root causes. During the year we released our Global Guide to performing Root Cause Analysis (RCA) to drive consistency and to support member firms in applying a robust approach to root cause analysis. At the heart of the approach is leveraging inputs from the various internal monitoring programmes (firm and global) as well as external inputs and other key quality metrics and indicators.

#### External monitoring and regulatory reviews

All firms subject to external oversight have processes in place for responding to the requirements of any external regulatory or oversight body inspection or review. This includes identifying relevant personnel to lead liaisons with regulators.

Delivering audit quality  
Serving the public interest

In delivering our audit and assurance work, we promote transparency and share insights. Through constructive challenge, based on mutual trust and respect, we build confidence in corporate reporting. It is this robust approach that ensures a Mazars audit delivers full benefits to a company, its shareholders and its other stakeholders. It also ensures maximum benefit for society, contributing to the development of sustainable businesses and economies.



## Delivering audit quality

### Global audit governance

Our Audit & assurance service line is governed by the global audit board (GAB), which is chaired by Mazars' Global CEO and made up of 16 members from ten countries, covering all regions. Members represent global functions including quality, audit learning, talent, transformation and methodology, as well as our privately owned business (POB) and PIE markets. The GAB is supported by four committees, which focus specifically on: regions, our five largest countries, quality and projects.





## Delivering audit quality

### Our commitment to audit quality

**Quality is what makes audit relevant. We actively develop our methodology, review quality recommendations and findings of regulatory inspections, and improve the skills and knowledge of our professional staff. We are continually raising our expectations of audit quality, as this is something that is constantly evolving in line with societal changes.**

Our Audit & assurance service line offers a distinctive, human-centric approach that goes beyond compliance, with an integrated structure that allows us to work seamlessly as one team globally. 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.

The key priorities for the GAB in 2023 were technology and tools, talent management and quality, and the highlights for the year are summarised below.

#### **Atlas NextGen**

Atlas is our global platform for audits. During the year, we began the migration of our global platform from Atlas 1 to Atlas NextGen. Atlas NextGen overhauls the user interface and user experience, resulting in

improved efficiencies for our auditors. The platform architecture was also upgraded to offer a more reactive and responsive application, and ISA 315R was at the heart of the development work to ensure ongoing compliance with the new regulations for our engagements.

The Atlas NextGen system was built to be compliant with ISO 27001, which has now been certified. The system will be pen-tested annually to ensure further IT data security and maintenance of the platform.

#### **A global grade structure and competency framework**

A global grade structure and competency framework is being implemented to ensure consistency across regions, countries and offices.

#### **Global Audit Learning Path**

Our Global Audit Learning Path is continuously updated to incorporate mandatory training courses related to key technical topics for our auditors. Implementation of the Global Audit Learning Path in all countries is being monitored as an audit quality indicator.

#### **Audit quality survey**

Results from our audit quality survey dedicated to group audits are monitored and communicated to the relevant stakeholders to facilitate conversations among engagement teams and continuously improve quality in group audits.

# Delivering audit quality

## Global audit quality indicators

During the year, global audit quality indicators (AQIs) were defined and communicated to countries for further consideration regarding the reliability and relevance of the information. These AQIs include information on supervision, client survey feedback, feedback from county audit leaders, internal and external inspection results, and compliance with the Global Audit Learning Path.

### Our KPIs

# 63

hours of training on average per auditor  
(62 hours in 2022)

Independent audit oversight took place in

# 75

countries (68 in 2022), of which **34** were subject to  
regulatory inspections (13 in 2022)

# 3.5/1

staff/manager ratio (3.2/1 in 2022)

# 12.5/1

staff/partner ratio (12.5/1 in 2022)





## Delivering audit quality Two-partner teams and rotation

In certain countries, all large engagements are placed under the responsibility of at least two partners. Having teams of partners on engagements strengthens objectivity and brings broader technical expertise to the engagement, to the benefit of our clients.

Key audit partners are rotated in PIE audit engagements, in compliance with national and EU laws and regulations, the EU Statutory Audit Directive and the IESBA Code. This rotation reduces the risk of ‘closeness’ to the audited company and the risk of impaired independence. It also enables the auditor to have greater objectivity in dealing with client issues and in expressing an opinion on financial statements.



# Delivering audit quality

## Environmental, social and governance expectations

With the introduction of mandatory audits on environmental, social and governance (ESG) reporting in Europe and other parts of the world, the role of the auditor is changing and has to go beyond traditional accounting skills. This presents both an opportunity to further support our clients and a risk management challenge as there is the potential for a significant rise in ESG-related controversies and greenwashing litigation, from which auditors are unlikely to be immune. Finally, we also strongly believe that ensuring our clients are fully engaged in ESG reporting is aligned to the auditor's duty of serving the public interest by contributing more reliable, relevant and transparent information in public reporting.

In the last year, true to its DNA, Mazars has heavily invested in building the foundations of our Sustainability service line, notably with regard to "assurance" provision. At the global level, we have created Sustainability technical functions, comprised of a Sustainability reporting standards team, a Sustainability assurance standards team, a Sustainability quality management team and an ESG Acceptance working group. This structure is expected to be replicated in all major countries.

In parallel, we are rolling out global training programmes and tools (e.g., on the European Sustainability Report Standards (ESRS) and ESG audit methodologies) to our Sustainability team members in all major geographies. This also includes equipping traditional financial auditors for the new challenges they will face.



# Delivering audit quality

## Our contributions to the public interest

**We pride ourselves on being a different kind of firm – one that contributes to 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 profession.**

New missions are emerging for auditors, and these are expected to have a significant impact on our societies and economies. As companies must increasingly account for their performance in new strategic areas such as ESG/sustainability and their use of digital tools, auditors face growing demands to provide assurance in these areas. This is a challenging and exciting time, and we are paving the way, helping to shape new approaches to a fuller understanding of company performance, including establishing new benchmarks in these fast-evolving areas.

That is why we contribute to the conversations on the future of audit and the need to adapt audit regulations, standards and frameworks to the new context. We share our expertise, our experience and feedback on the most efficient levers to improve audit quality, and build confidence by engaging with key stakeholders and regulators through our involvement in professional organisations, key working groups and institutions around the world. In 2023, this included:

- Board membership of IFAC and IAASB, the international audit standard-setters
- Board membership and chairing working groups at Accountancy Europe and the European Group of International Accountancy Networks and

Associations (EGIAN), professional organisations that represent auditor associations and accountants across Europe

- Participation in various key working groups of national audit institutes around the world

We are active participants in the conversations regarding audit reforms in multiple jurisdictions and forums, seeking to contribute solutions to the common challenges faced by the profession around the world. These challenges include questions regarding audit quality arising from significant audit scandals, which have had a substantial impact on the economy, financial stability, retail shareholders and trust in the profession, in addition to the increasing demands for audit in different fields, coupled with the decreasing number of auditors and audit firms able to address such challenges.

At Mazars, we take part in these conversations by sharing our views and responding to public consultations at the national, regional and global levels. Our key recommendations include:

- Incentivising the opening of the PIE audit market to additional audit players, in order to build trust and audit quality and properly address new demands and new expectations.

- Ensuring that companies have a real choice and say regarding their auditors, thereby protecting them from the inherent risks of a concentrated market.
- Making sure the biggest entities benefit from the ‘four eyes’ principle and cross-reviews, which are key features of joint audits.
- Allowing auditors to benefit from the widest skills and securing the multidisciplinary model within existing safeguards.
- Mandating a level playing field for sustainability reporting by implementing reliable, consistent and comparable sustainability standards such as the ESRS in EU member states and the International Financial Reporting Standards Sustainability Disclosure Standards in other jurisdictions.

Our contributions to these debates are public and will be available on a dedicated webpage of the Mazars global website as well as on the websites of the institutions leading these consultations.

# Contacts

**Jo Connolly**

Group Chief Quality and Compliance Officer  
Jo.Connolly@mazars.co.uk

**Jean-Luc Barlet**

Quality & Risk Management Leader  
Jean-luc.Barlet@mazars.fr

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 100 countries and territories around the world, we draw on the expertise of more than 50,000 professionals – 33,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*Where permitted under applicable country laws

© February 2024

[www.mazars.com](http://www.mazars.com)

**mazars**