



UK transparency report 2020

mazars



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Introduction Mazars at a glance

Global coverage

90+

countries & territories

40,000+*

professionals

* 26,000+ professionals in Mazars' integrated partnership, 16,000 via Mazars North America Alliance

1,070

Mazars SCRL partners

Group global turnover
2019-2020

€1.9bn**

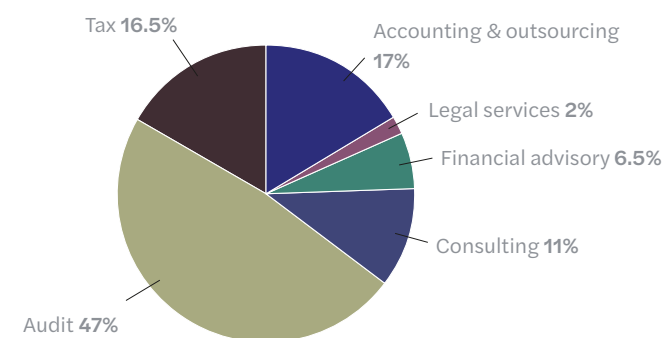
** includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

These figures are valid as of 31 August 2020.
For current up-to-date information, please visit:
www.mazars.com/keydata

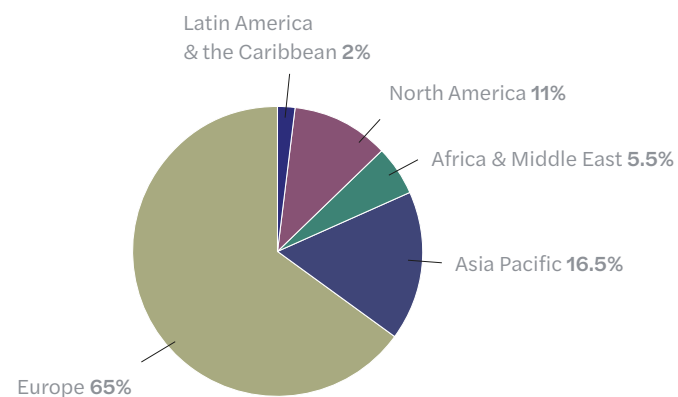
Mazars SCRL (hereafter 'Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in audit, advisory, accountancy, tax and legal services.

On all six continents, our global partnership brings together over 26,000 international experts, plus another 16,000 through our 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.

Global turnover by service lines (%)



Global turnover by regions (%)



Introduction Mazars' story

€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

€1.8bn turnover
More than 90 countries and territories

2019

24,400 professionals
Presence on five continents
Growth in Asia and in the United States

€1.9bn turnover
More than 90 countries and territories

2020

Over 26,000 professionals



Introduction

Mazars UK at a glance

UK coverage

17
offices

1,864
professionals

131
Partners

UK turnover 2019-2020
£204.6m
33% in respect of audit services

3.0%
Increase on prior year

12.2% in respect of audit services

These figures are valid as of 31 August 2020.

Our audit monitoring

31 Internal monitoring reviews
90% of which did not identify significant improvements required

Our conduct

Corporate Social Responsible days
(Year to 31 August)
385 2020
510 2019

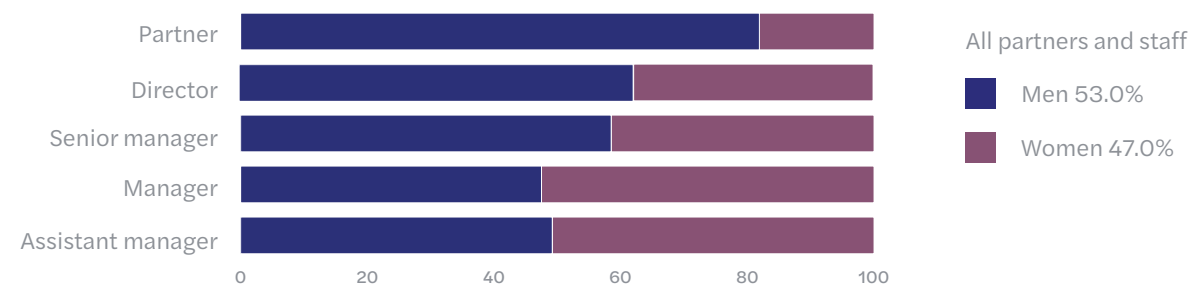
Our people

137,000 hours audit team training
Female partners
18% as %age of total
16% as %age of audit

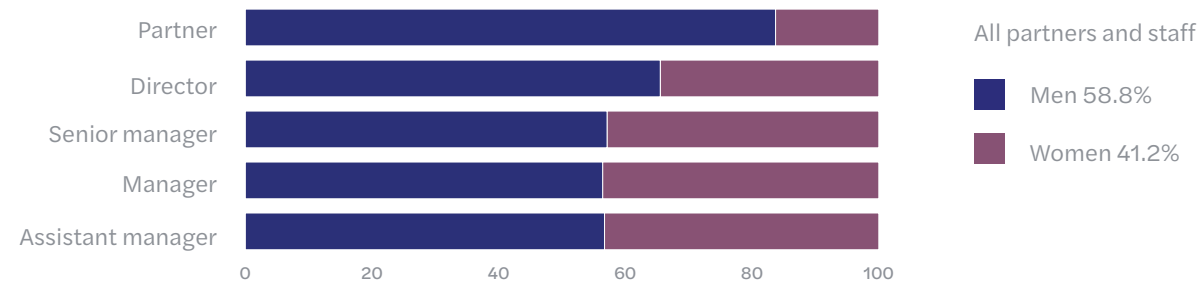
Female RIs and KAPs
24% as %age of total

Audit engagement score
3.8 2020
3.7 2019

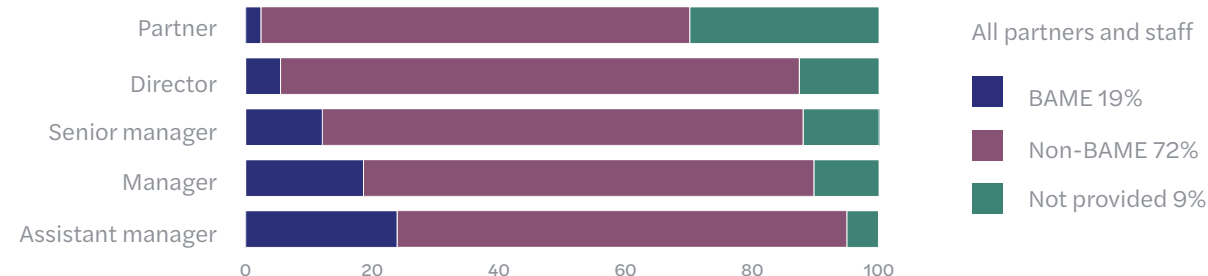
Breakdown of Mazars UK by gender



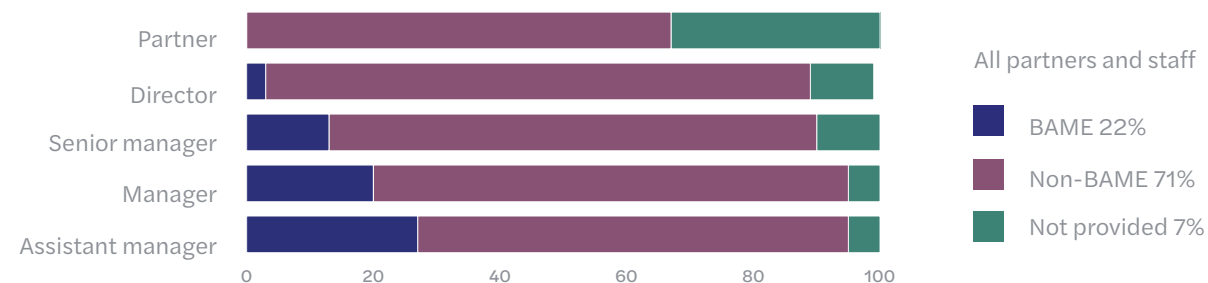
Breakdown of Mazars UK audit staff by gender



Breakdown of Mazars UK by ethnicity



Breakdown of Mazars UK audit staff by ethnicity





Introduction

Foreword by Phil Verity, UK National Senior Partner

2020 has been a year like no other. The global impact of Covid-19 has touched every element of our firm and had a significant impact on our people, and it will inevitably continue to do so for some time.

In navigating the past year, the executive, the partnership, and our team as a whole have demonstrated adaptability, dedication and positivity in the face of real challenges. Throughout, they have remained focused upon continuing to support our clients and upon delivering high quality work. I am able to look back on this year with both pride and gratitude.

At this time a year ago, we were looking forward to seeing meaningful progress in the reform of the audit market. While it is understandable that developments have been slower than expected, it is critically important that issues of competition and resilience are finally addressed. Mazars remains fully engaged with regulators, peers and wider stakeholders to advocate for an audit sector which truly meets the needs of business and society. In doing so we remain dedicated to making the investment of time and resources to ensure that we can participate in a reformed and competitive market.

The Financial Reporting Council's (FRC) 2020 Inspection Report into the quality of Mazars' major corporate audits was encouraging, but we are far from complacent. We recognise that the restoration of trust and confidence in the audit profession will be built on the foundation of high-quality audits, and we value the FRC's work in holding firms to account and demanding improvements in the quality of audit work. Subsequent to this year under review we recently received the FRC's findings on our local audits where it is clear we have improvements to make. We have carefully considered the findings included in both these reports to ensure we identify and implement any changes which will enhance the quality of our work.

We are pleased to have come within the scope of the Financial Reporting Council's Audit Market Supervision (AMS) during the year. The associated engagement and reviews that have been performed as a result of this have been valuable in terms of further developing our governance and control environment arrangements.

The next year promises to bring its own challenges, both predictable ones in the form of the UK's exit from the European Union and the longer-term economic impacts of Covid-19, as well as those yet to be identified. However, we look forward with optimism and a clear sense of purpose. We anticipate the publication of the BEIS consultation on audit reform, and trust that it will reflect the strong ideas put forward in the CMA, Brydon and Kingman reports. We will play our part on the road to economic recovery and retain our clear focus on quality at every level of our organisation. Finally, as a single integrated partnership which has redefined and relaunched its global brand in this most disruptive of years, we are proud to state that quality is the foundation upon which we are built.



Phil Verity
UK National Senior Partner
23 December 2020

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

Message from the Global Head of Audit & UK Head of Audit

Over the last 10 years, high profile corporate failures have continued to cast a shadow on our profession and placed some of the largest audit firms under close scrutiny. We are, more than ever, convinced regulatory changes are needed, all the more as auditors will have to play their part in building trust while struggling economies have been severely hit by the Covid-19 crisis and risks relating to frauds and going concern are significantly heightened. Transformation will take time, but things now need to be set in motion.

Several key points are hugely relevant to build a resilient audit market as a strong pillar of economic robustness, in Europe and beyond:

- Audit firms must implement and monitor rigorous **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 non-financial information.
- Independence and objectivity must be strengthened, we believe the best solution is 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 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.

Mazars offers real choice

We do not advocate change for self promotion, but because integrity, independence and a strong sense of duty to serve the public interest have always been our core beliefs. We firmly believe audits should deliver insight, promote transparency and provide constructive challenge, enhancing trust in how organisations report to their stakeholders and contributing to helping the organisations they audit be more resilient. We recently unveiled our new brand identity and highlighted four attributes that underpin our promise to our clients and stakeholders: empowered expertise, seamless integration, balanced perspective and social conscience. These pillars are the foundations of the audits we want to deliver. We call them "augmented audits" in response to the markets' calls for more consistency, more efficiency, more value and enhanced social impact. It means achieving quality every time and everywhere, enabling finance teams to focus on their day job, providing management and shareholders with expertise, insight and foresight and creating shared value for all stakeholders notably with regard to sustainable practices.

None of this can be achieved without a human-centric approach. We will continue to place our trust in the judgement of our professionals, support our people in developing their technical excellence and flawless objectivity and independence beyond just compliance, their business intelligence, and finally their ability to operate in, and generate value from, developments in technology.

Introduction

Message from the Global Head of Audit & UK Head of Audit

A year of continued investments to better serve the markets we operate in

Our beliefs translate into action. We have continued to invest in our teams, in processes and in technology despite the Covid-19 crisis, while doing our utmost to protect our people and give them a safe working environment. Thanks to significant investments in our infrastructure in prior years, we were ready to work remotely in all countries that have faced a lockdown. All our teams have worked beyond the call of duty to ensure the continuity of our engagements, in the best possible conditions for both our and our clients' teams. They should all be commended for their commitment to serve.

We have also accelerated our training efforts, through a comprehensive move to online training and generalised access to platforms such as LinkedIn Learning. At the same time, we have stepped up the deployment of our global audit platform, Atlas and are on track to complete our global deployment for all auditors and all engagements by 2022. We launched our own global analytics tool, and initiated a group-wide programme - "Reinventing Audit" - aimed at fostering innovation and accelerating change. Our quality management systems have also been further reinforced.

Our integrated model, dedication to quality and focus on serving the markets have actually been positively sanctioned with a number of key business successes.

These achievements are ample evidence that the market longs for choice, and that Mazars is – more than ever - relevant. We know how demanding our profession is and how our success depends on our ability to respond successfully to market expectations. We are determined to go forward, both in our endeavour to play our part in restoring confidence in audit, and in our total commitment to continue to focus on what makes Mazars Mazars.



David Herbinet
Global Head of Audit



Bob Neate
UK Head of Audit



Introduction

Report of the Independent Non-Executives

As an Independent Non-Executive (INE) and Chair of the Public Interest Committee (PIC) of Mazars LLP ('Mazars UK' or 'the firm') I welcome the opportunity to share with all stakeholders the responsibilities and activities undertaken by the INEs.

Guy Jubb and I were delighted that in November 2019 Sir Amyas Morse joined us as INE on the PIC. Sir Amyas' long track record of senior positions, both within the profession and latterly as Controller and Auditor General of the National Audit office, has strengthened our ability to perform our role. Our backgrounds complement each other: Guy brings the shareholders' view point to corporate governance and stewardship, Amyas in-depth audit and audit firm leadership and I bring client experience as a Chief Financial Officer and a connection to Mazars SCRL as a member of its Group Governance Council. This year the PIC structure was modified to include representatives of executive management: the UK National Senior Partner of the firm and the UK Head of Quality.

As INEs at Mazars UK, responsible for helping to enhance confidence in the public interest aspects of the firm's activities, we work to align our responsibilities to help fulfil the purpose of the Financial Reporting Council's Audit firm Governance Code (the 'Code'), which are:

- to help promote audit quality;
- to help the firm secure its reputation more broadly, including its non-audit businesses; and
- to use our insights to help reduce the risk of firm failure.

To enable us to meet our responsibilities, throughout the year we meet regularly with partners responsible for key public interest activities, including the UK National Senior Partner, the UK Head of Quality, the UK Ethics partner, the UK Head of Audit and the UK Head of Audit Quality. We meet with self-selected partners and members of staff which gives us valuable insight into the culture of the firm. This year these meetings involved over 100 participants. These meetings are held within the framework of Chatham House rules. We also met with the Financial

Reporting Council (FRC). We found our meetings with regulators, partners and staff to be constructive and open, enabling us to give clear feedback and challenge to the firm's leadership.

My membership on the Group Governance Council of Mazars SCRL provides insights which help to inform our discussions and deliberations.

Our areas of focus

Impact of Covid-19

Early in 2020 as the impact of Covid-19 was starting to be felt in the United Kingdom and around the globe we had discussions with the UK National Senior Partner and appropriate executives regarding the firm's strategy and tactics to deal with the pandemic. We reviewed the firm's financial position, the impact on its people and culture, the impact on quality and most importantly on maintenance of audit quality.

As INEs we were pleased with management's strong leadership throughout the crisis and in particular with the quality, frequency and transparency of its communications with staff members and partners. We have encouraged management to continue to focus on maintaining this level of communication.

Growth

We are pleased that the firm is increasingly successful and has won a significant number of important new clients, especially in the PIE market. We are very conscious that rapid growth can present challenges if the growth is not carefully managed and if safeguards are not in place to protect against these challenges. In our discussions with management we have focused on the impact of rapid growth on quality and risk management. At this point we are satisfied that the firm is aware of the potential risks involved and has implemented and strengthened mitigating measures, as appropriate.

Introduction

Report of the Independent Non-Executives

Quality

Audit quality is of fundamental importance to the firm and therefore is a key aspect of our oversight responsibilities. During the year we:

- met regularly with partners responsible for driving audit quality, receiving reports on progress against the firm's audit quality goals and plan and, as necessary, we challenged management on the speed and execution of that plan;
- met with audit partners and non-audit partners, without executive management present, and with a cross section of staff, without partners present, to discuss inter alia quality, culture and tone from the top; and
- we paid close attention to the results of external inspection reports from the FRC's Audit Quality Review Team and the ICAEW's Quality Assurance Department.

As INEs we were pleased to see the firm made progress in the quality of its public interest entity audits as reflected in the FRC's inspection report published in July 2020 where 80% of the audits inspected were in the top reported category, and none needed significant improvement. However, we continue to challenge the firm's audit leadership to drive further enhancement in audit quality in all aspects.

Subsequent to the period covered by this Transparency Report, in October 2020, the FRC published its inspection report on the seven firms performing major local audits (covering mainly health and local government bodies). This report indicated that two of the firm's audits in this sector required significant improvement, a situation that is not acceptable to the firm or the INEs. In recent weeks we have met with the firm's audit leadership and the UK National Senior Partner to discuss findings from the root cause analyses for these audit failings and the specific local audit quality improvement plan. Through the PIC we will be requiring the firm to report to us on the delivery of this action plan and monitoring its results.

While most of our work has been focused on quality in the audit service line, during the culture meetings we had important discussions with members of the other service lines. We were pleased to see that there is clear recognition among these groups that they need to maintain high quality. We recognise the impact that other service lines can have on the

overall reputation of the firm. It is our intention to increase our focus on quality in these service lines. We are looking forward to seeing this function strengthened and developed in a best of class manner. The thoughts set out by the FRC on internal audit as a function are excellent guidelines.

We believe that the firm's remuneration policies and practices need to better reflect individual performance in respect of quality and we are encouraged that steps are being taken to achieve this.

Reputation and risk management

The firm's reputation for quality is paramount. Through our membership of the PIC we oversee and monitor reputational risk through our reviews of the firm's enterprise risk management framework (ERMF) and regular dialogue thereon with the firm's leadership. This allows us to consider and challenge the impact of key business risks, including those directly relating to quality and reputation. Further, this gives us the opportunity to consider the impact of wider public policy issues on the firm, including the impact of Brexit and Covid-19 over the long-term sustainability of the firm, as well as on the ongoing public interest in the structure and oversight of the audit market as a whole.

To further understand the factors impacting the reputation of the firm the PIC receives comprehensive reports from the UK Head of Quality focusing on litigation and claims, ethical matters, reputational matters including regulator investigations; and whistleblowing. These reports are crucial for us to understand any issues that have arisen that may impact on the firm's reputation.

Mazars UK is part of a wider global integrated firm, and as such the reputation of the global firm also has an impact on the UK firm. During this period, I was a member of the Group Governance Council (GGC), and of its quality and risk committee. This participation, as well as briefings by management, enhanced our understanding of global reputational issues.

The new four-year plan of Mazars SCRL which was approved at its December 2020 Annual General Meeting (AGM) emphasises quality and risk management as one of the most important themes. At the AGM I spoke to the need to be committed to delivering consistent quality for PIE and non-PIE clients.

Culture and talent management

The ability of the firm to maintain quality, strengthen its reputation and reduce the risk of failure, ultimately depends on the people within the firm, and the culture instilled in them. As such, the culture and ethics of the talent within the firm is the cornerstone of Mazars UK's operations.

As mentioned earlier, in 2020 we again held conversations with some staff members (without the presence of partners) and also with partners who are not members of the leadership team. Our goal for these meetings is to gain a deeper understanding of their perceptions of the firm's culture and how it aligns to the leadership's perception and objectives. The meetings were focused on how the firm's culture impacts quality and ethics, personal progression, remuneration, accountability, diversity, and ability to challenge. The INEs had conducted similar sessions in previous years.

There is a strong sense that the firm is committed to making progress in all aspects of diversity and during culture meetings staff reported that they feel the progress. However, there are differences in geographies, sectors and service lines. We shared these findings with the executive committee of the firm and will track the progress.

These meetings were open, informative and enjoyable discussions. As INEs we were encouraged, particularly given the very challenging working environment arising from the current pandemic, by the many positive aspects of the feedback received, particularly around the quality of leadership, level of communication and transparency in the current crisis. We were able to feedback to the UK Executive some observations and challenges to respond to. We shall monitor progress in this regard.

Conclusion

In July 2020 the FRC published its principles for audit practice operational separation. Whilst these principles are directed to the Big-4 audit firms only, we will continue to engage with the firm's leadership as it reviews the aspects and principles which may be appropriate and practical for Mazars LLP to consider. We will continue to engage in particular how our role as INEs can further promote audit quality.

We believe that we have been able to appropriately fulfil our oversight responsibilities. We thank all members of the firm who have ensured that we receive information in a timely manner and in an appropriate form and quality. The openness of our discussions with members of the firm has helped increase our visibility into the firm and our understanding of its operating style.

We want to thank the FRC for the critical insights which they shared. This year due to the impact of Covid-19 we did not hold meetings with investors. We look forward to resuming those meetings – virtually if necessary.

We are satisfied that the firm is increasing its focus on quality, especially audit quality, and on building a better firm for both internal and external stakeholders.

Denise Fletcher

Independent Non-Executive and Chair of the Public Interest Committee of Mazars LLP



Denise Fletcher
Chair, Public Interest Committee



Guy Jubb
Member, Public Interest Committee



Sir Amyas Morse
Member, Public Interest Committee

See Appendix 2 for biographies of the members of the Independent Non-Executives.

Introduction

UK Governance Council report

I am pleased to present this report on the workings of the UK Governance Council (UKGC) together with reports for the UK Nomination Committee and the UK Risk and Audit Committee (UKRAC) which are overseen by the UKGC.

UK Governance Council

The UKGC comprises eight members elected from the partnership. The duties and responsibilities of the UKGC are set out in the firm's Member's Agreement. In summary, the UKGC acts on behalf of the partnership as a whole in monitoring the performance and decision making of the UK Executive against the agreed strategic priorities of the firm. Within this role the UKGC has specific responsibility for ensuring due process has been followed with regard to the setting of strategy and budgets, the allocation of profit shares between partners, the management of risks and the appointment or removal of partners from the firm.

Our responsibilities also include hearing appeals from partners who are in dispute with the firm.

During the year UKGC held three formal meetings to which the UK National Senior Partner (NSP) and selected other members of the UK Executive are invited to present on partnership matters. The standing agenda for these meetings includes financial performance, investment monitoring, risk monitoring and mitigation, and partner or team performance issues and rectification plans. In addition informal meetings were held with the NSP and COO to discuss matters arising between formal meetings.

As well as the formal meetings during the year, the UKGC also meets throughout the year as required to deal with matters arising. For practicality purposes the members of the UKGC are aligned with one of two sub-committees:

1. the finance sub-committee, which reviews budget processes and investment performance. Its members are also members of the UKRAC; and
2. the partnership sub-committee, which monitors the annual processes for promoting internal candidates to partnership and setting the profit share allocation.

Each sub-committee reports back to the UKGC as decisions are taken at that level. The chair of the UKGC normally attends both sub-committees.

The chair of the UKGC also regularly meets with the NSP and Chief Operating Officer (COO) to discuss matters upcoming that will require UKGC intervention.

The chair of the UKGC communicates regularly with the partnership to keep them updated on decisions and approvals that the UKGC have taken.

Under the terms of the UK Member's Agreement non-voting members can be co-opted onto UKGC. To provide additional governance in relation to the

executive's response to the Covid-19 pandemic, three individuals were co-opted onto UKGC.

Nomination Committee

Under the UK Member's Agreement the maximum period the NSP may be in office is four years.

The Nomination Committee met once, shortly before the date of this Transparency Report, in preparation for the NSP election due in early 2021.

Risk and Audit Committee

The UKRAC is appointed by the UKGC and normally comprises members of its finance sub-committee plus the chair of the UKGC.

The primary duty of the UKRAC is to monitor the performance of the external audit by the firm's auditor Crowe UK. The UKRAC met with Crowe UK and the firm's finance partner at the planning stage of the audit to discuss the proposed audit approach. They then met again prior to finalisation of Crowe UK's report on the UK's consolidation return to Mazars Group to discuss audit issues arising. The final meeting was again with the external auditors to consider and approve Mazars UK's statutory accounts. As part of this process the UKRAC met privately with the engagement partner at Crowe

UK to discuss any concerns with respect to the quality of financial reporting within the firm or the performance of the firm's finance team. No significant matters arose throughout the external audit.

The UKRAC monitors the performance and independence of Crowe UK and is responsible for agreeing their fees for the UK audits.

Currently, under the Member's Agreement, the responsibility for monitoring the firm's processes for assessing, monitoring and mitigating risks sits with the UKGC not the UKRAC. Current processes include a detailed risk register with key risks allocated to specific individuals which is managed by the UK Executive.



Greg Hall
Chair, UK Governance Council



1.1 Investing in our people to drive purpose, pride and quality

Our people are at the heart of our business and their values and behaviours determine how we are perceived by our clients and the wider market.

We differentiate ourselves by the opportunities, development and culture we offer our team. As a consequence 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 through identifying with our values which are:

- **Integrity**
Ethical and moral rigour guide how we work and assist our clients.
- **Responsibility**
We treat our clients' challenges as our own. We care about how our work may affect our communities.
- **Diversity and respect for individuals**
Beyond borders and cultural differences, we make respect for the individuals and sharing the cornerstone of all our people interactions. United in diversity, we see our capacity to listen and our open-mindedness as a true lever for innovation.
- **Technical excellence**
Technical excellence is one of the founding principles applied at every level in the Group. This constant search for the highest standards of quality not only serves client satisfaction, business lines improvement and staff development: it is also the best guarantee of our independence.
- **Independence**
We always think independently, and in our roles as auditors and advisors we always act independently.
- **Continuity**
As new faces come and go, as one generation hands over to another, our relationships, experience and knowledge survive. We learn from the past and look to the future.

Our response to the Covid-19 crisis

In line with our values, as the potential impact of the pandemic became known our key priority in the UK and across Mazars globally was to keep our people healthy and provide them with the flexibility to take care of themselves and their families.

On 13 March Mazars' Group Executive Board wrote to all country managing partners to request that all necessary health measures be put in place to protect our teams and to implement business continuity plans in order to help us sustain our activities and serve our clients.

In the UK, where we had a pandemic policy in place, following the government's request on the evening of 16 March that people should work from home if possible, overnight we moved the whole firm to remote working and closed our offices from the evening of 17 March.

We immediately established a Task Force under our Incident Response Framework to deal with urgent and important matters arising, in what was a very dynamic situation, in an agile way. The Task Force comprised a Gold Team (sub group of the Executive) that set strategic direction which was operationalised by a Silver Team (BST leaders).

Following an easing of lockdown measures, after making them Covid-secure in accordance with government guidelines, we re-opened our UK offices from 15 June on a restricted basis primarily to support staff with a well-being or mental health need, but also for urgent client matters that could not be dealt with remotely.

To support our UK teams in this time of great uncertainty we instigated numerous initiatives, including:

- Weekly all staff webinars where the UK Executive were transparent on the impact the pandemic was having on the firm, the decisions and policies

Inspiring stakeholder confidence in audit quality

1.1 Investing in our people to drive purpose, pride and quality

taken in response and the support available. Separate webinars were held for staff on furlough.

- Access to Mazars Doc, which provided staff and their immediate families virtual access to a GP when NHS GP surgeries were under pressure.
- Online wellbeing and mindfulness sessions.
- Detailed Q&A document maintained detailing measures taken, policies and wellbeing support available.
- Flexible working arrangements were introduced, in particular to support staff with parental or caring responsibilities.

Our strategy throughout has been to ensure the continuity of our business whilst protecting our staff and honouring our client commitments.

Maintaining training courses and on-boarding

Throughout the pandemic we have continued to successfully recruit and on-board new team members. All on-boarding and induction training is performed remotely through the use of a variety of digital platforms.

As the technical and business skills of our teams is key to the quality of our work we very quickly redesigned all of our face-to-face training courses to be delivered digitally utilising bite-size delivery and a more modular 'pick and mix' approach.

Specifically in audit we used bite-size training sessions to focus on the audit responses needed to the challenges on our clients of both the pandemic and Brexit, reflecting as appropriate government and regulator guidance as it was published.

The response of our teams to the new digital approach to training delivery has been very positive and we expect this approach to be maintained as our main form of training delivery going forwards.

Talent acquisition

Our employer brand statement

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

Early careers

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.

Attraction

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 a network of brand ambassadors who support campus events and promote Mazars career opportunities at their respective universities. Our internal alumni revisit their former schools, colleges and universities to share their career stories and host talks to widen access to our profession and promote our career opportunities.

Recruitment

Since April 2020, we have been running a fully virtual assessment process from application through to offer for all our early careers' programmes. At 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 contribute towards job stability within the student employment market. We have personalised our virtual assessment experience by running smaller assessment days with fewer candidates alongside running welcome and trainee Q&A sessions to support candidates and provide a two-way assessment experience.

We embed a culture of inclusion and diversity throughout our recruitment process with; blind applications, contextualised application screening and aptitude tests which are proven to have no adverse impact based on gender, ethnicity or social background.

We support candidates by offering a 1:1 feedback call after telephone interview, 1:1 coaching call pre-assessment day and access to our peer-to-peer applicant mentoring team.

Development

Our firm-wide support ethos ensures our people are developed to have the highest standards of technical excellence, integrity and independence. Trainees 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, mentorship, 1-2-1 support, an accessible management style and permanent feedback.

We sponsor trainees to complete a professional qualification whilst earning a competitive salary and gaining invaluable experience. These include the ACA, CA, ACCA, AAT, ATT/CTA, CII and an MSc in Applied Data Science, depending on the role.

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.

For recruitment of experienced professionals, candidates are sourced through relevant recruitment marketing channels as well as a research-led tailored headhunt approach. This approach allows us to access the whole available talent pool.

Over the last year, we have invested in a market leading talent acquisition technology solution as we recognise the need to automate and streamline our hiring processes. The investment provides a new high-quality digital experience from vacancy requisition through to offer stage for recruiters, hiring managers and candidates. This has been an exciting collaboration, and a great opportunity for us to develop a differentiating experience for candidates and hiring managers.

Our new careers site provides fresh imagery, effortless navigation and informative content, where candidates can learn all about careers at Mazars. In addition, we are now able to proactively monitor recruitment data to make immediate and meaningful improvements to our hiring practices, including inclusion and diversity of talent, process efficiencies, talent attraction and engagement.

Returners programme

Mazars has partnered with Women Returners to launch a 16-week paid Returners programme. The initiative is open to applicants with a financial

services, accountancy or professional services background who were ideally at manager level or above prior to a career break of 12 months or more. Women Returners is a consulting, coaching and network organisation that focuses exclusively on enabling talented professionals to return to work after an extended career break.

Mazars Returners programme is designed to provide opportunities to support this talent pool reignite their careers through mentoring and coaching alongside their placements. We are delighted to launch our Returners programme to help drive sustainable, flexible careers fit for modern workplaces. Mazars offers flexible working, part time, as well as full time opportunities, and the returners programme will give candidates the opportunity to balance lifestyle commitments as well as developing and progressing their career.

Professional and talent development

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

The Professional and Talent Development team partner with Service Line and Strategic Market Leaders to ensure that we are supporting every area of the business with its specific development and training needs, and to deliver solutions that are tailored to each Service Line, whilst ensuring it is consistent with the framework for the firm. This also provides individuals with greater clarity over the development opportunities that are available at each stage of their career, and across all areas of their role.

In July 2020 we launched our U-Learn platform which provides all team members with a single point of access to all training content. This has included the digitalisation of much of our existing content, the development of pages dedicated to each Service Line, areas focused on remote working, innovation and wellbeing, as well as learning hubs to support more traditional offerings on topics like people management, client service and business development.

The team has continued to work closely with Service Line and Strategic Market Leaders to ensure that we are supporting every area of the business with its specific development needs, and to deliver solutions that are tailored to each Service Line, whilst ensuring it is consistent with the framework for the firm. This

Inspiring stakeholder confidence in audit quality

1.1 Investing in our people to drive purpose, pride and quality

also provides individuals with greater clarity over the development opportunities that are available at each stage of their career, and across all areas of their role.

In order to strengthen this framework our HR business partners, working alongside the PTD team, have started the process of undertaking capability skills assessments with the leadership teams of each Service Line and Strategic Market to identify current and future development requirements. This helps us identify current skills gaps as well as plan for future needs as the skill sets of our professionals adapts to the evolving environment.

Underpinning this structure is a 'playing to strengths' philosophy where we encourage everyone to use their natural talents to develop their career in a way that allows them to do what they do best every day. We continue to embed this philosophy through the use of the Gallup Clifton Strengths assessment on a number of our programmes.

Mazars UK supports over 750 team members 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 qualifications through apprenticeship programmes up to Level 7, ensuring that our trainee population is developed, not only in technical excellence, but also in the necessary business skills and behaviours required to reach their potential and be outstanding professionals. Newly included in the trainee programme this year are several digital accountant modules which will see our trainees being developed in areas such as data analytics and cyber security. The objective is that this will help drive the firm's digital transformation agenda.

Alongside this programme, our existing school leavers run a mentoring programme for new school leavers, recognising the challenges faced by individuals who have not attended university and providing support and guidance based on their own experiences.

The success of our apprenticeship programmes was recognised in 2020 as Mazars was ranked #6 in the Top 100 Apprenticeship Employers 2020.

Development of our trainees is also supported through our internal training programme, which incorporates a mixture of skills and technical courses designed to improve our team throughout their

career. Our approach to skills development is based on solid learning theory, allowing our team members time and space away from their client work, at a time that is most appropriate to their growth, to ensure that they practise and utilise what they have learnt before attending the next development course. This year all programmes are being delivered virtually. This allows even greater flexibility to allow relevant training to be delivered at the most appropriate time.

For our more experienced staff, during the year we created a comprehensive development offering that can be delivered remotely, available to all team members at a management grade. This programme provides the opportunity to identify individual strengths, then map development needs to their role requirements and curate their own learning path from the interventions of offer. Rolling this out in October 2020 to our management group allows us to make a cultural shift in the way our managers view their own and their team members' development and progression. This is coupled with a blended approach to development, which embraces the 70:20:10 learning model and places the greatest focus on a practical on the job development and a strong coaching culture.

This year we have continued to deliver nationwide development days remotely, so team members still have the opportunity and are encouraged to meet with their line manager or partner at least three times a year to discuss development and progression opportunities, as well as meeting more regularly for meaningful 1:2:1 sessions. The development days commence with a strategic update from a member of the UK Executive, therefore allowing team members to have a meaningful discussion with their line manager about how an individual can contribute to achieving this strategy.

Linked to the above is engagement, 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.

Reward and recognition

Good reward is an important part of our approach to ensuring our people feel valued and engaged.

Having introduced our Mazars benefits digital platform last year, we continue to develop the platform and extend our benefits offering. We continue to promote other aspects of our benefits with a focus on wellbeing and the provision of

holistic support around a move to agile working. This allows our people to focus on their work life balance, ensuring they can perform at their best, to realise their full potential and bring their whole selves to work.

Each member of our team sets goals for the year under four areas of focus, linked to their career pathways. This assessment forms the basis for promotions and for future goal setting and a key goal is the quality of the work that is delivered. All our team members set SMART goals, receive feedback and have their performance reviewed on at least an annual basis. Every individual is encouraged to understand the importance of their own role, consider their own strengths and take ownership of their contribution to the overall success of the firm through playing to their strengths.

Total compensation is determined based on several factors, including individual contribution, economic factors, the external market and the performance of the firm.

We have a firm-wide discretionary bonus plan; however individual bonuses are determined at the service line level taking into consideration:

- demonstration of quality;
- overall contribution to the firm;
- demonstration of compliance with requirements such as mandatory training; and
- demonstration of behaviours consistent with the values and Code of Conduct of the firm.

Driving diversity forward with a focus on transparency

We strongly believe in equality for all, regardless of age, disability, gender identity, race, religion & belief or sexuality, and that compliance with all legislation dealing with discrimination based on these qualities is vital. However, our desire and commitment to addressing this agenda - combating discrimination, promoting equal opportunity, valuing diversity and managing inclusion, is driven not by legislation, but by our understanding of its essential importance to providing high calibre services in a personal, principled and professional way, which make a difference to our clients, our teams and our communities. Good people are at the heart of our firm, and we want to ensure that everyone can flourish whatever their difference. Our commitment to the inclusion and diversity (I&D) agenda is driven

from the top, with an overall executive sponsor as well as executive employee network sponsors. This support has been crucial in the progress we have made this year.

As we did last year, this year we published our gender pay gap (as required by law), as well as our ethnicity pay gap which, whilst not legally required, is something we feel passionately about publishing. As a firm we are taking action to address the gender imbalance through initiatives such as signing up to Her Majesty's Treasury Women in Finance Charter in 2018, pledging to address the lack of women in senior roles, and our returner programme which encourages individuals to return to the workplace after career breaks. As part of our programme, we offer mentoring and coaching for the individuals returning.

As a firm we are making positive progress against the gender targets we have set as part of Her Majesty's Treasury Women in Finance charter, and in the coming year we will also be setting ethnicity targets for senior roles within the firm. By publishing these targets, we hold ourselves as a firm to account enabling us to measure our progress.

We strive to create a culture that provides equality of opportunity through all aspects of the people agenda. Through inclusive policies and procedures, we try to create a framework that is as fair and transparent as possible to remove bias and inequality. Each of our service lines play a key part by ensuring this fairness lens is applied to attraction, recruitment, progression, retention and engagement. To hold the service lines to account, each of the service line and business unit leaders, and our office managing partners, has an objective that is related to the contribution they, and their teams are making to the inclusion agenda.

Employee networks

We have a range of employee networks across the firm. This year they have been invaluable in sharing their lived experience with us. This has meant we have been able to understand more about the experience of those in minority groups and have built this into our approach and actions. In the summer we held several very powerful sessions with those in our networks to share their views with senior leaders. As a result of the positive response, we will be running sessions like this more regularly and gauging opinions from our network chairs as part of our I&D strategy.

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Our networks are:

- Embrace (BAME network)
- LGBT+ Champions (LGBT+ network)
- SpeakEasy (visible and non-visible disabilities)
- WeCan (women's network)
- Faith and religious networks
 - Christian network
 - Muslim network

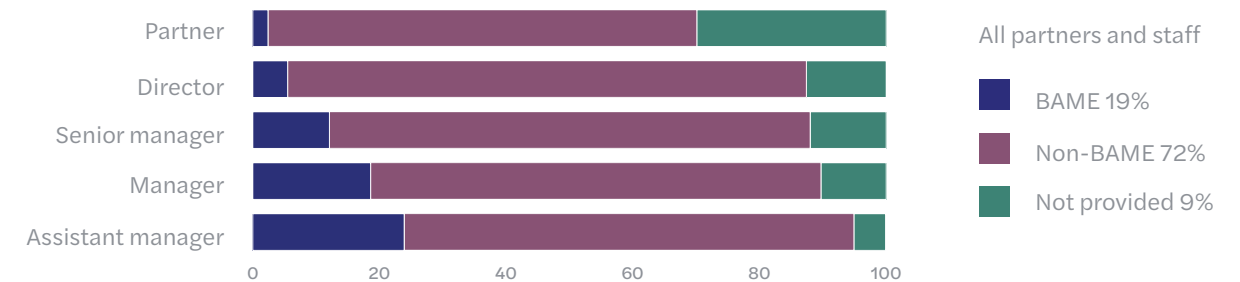
Our networks are open to all: we have membership from individuals who identify with the group, as well as allies. This is important for the firm. We want to create a culture of inclusion and belonging as well as educating, and having this mix allows barriers to be broken down.

Our networks are also key in providing a sense of community for our team members with shared interests, raising awareness and visibility of positive role models by storytelling, and work closely with the firm on the strategic direction the firm take with the agenda.

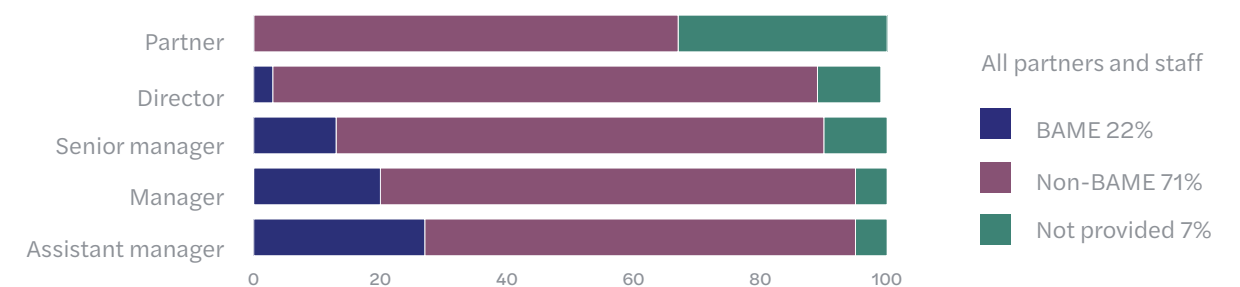
Wellbeing

The Covid-19 resulted in a change of working practices, seeing our team members working from home. We appreciate how difficult this is for many and the challenges that this presents. As such we introduced Mental Health First Aiders who are representative from our employee base and provide a confidential service to those in need of this support. Our commitment to this area is seeing a further 10 Mental Health First Aiders in the process of being recruited. We have encouraged team members to attend wellbeing seminars where external guests have provided suggestions and techniques to help through this difficult time. Our commitment continues with making available to all team members the 'Headspace' app.

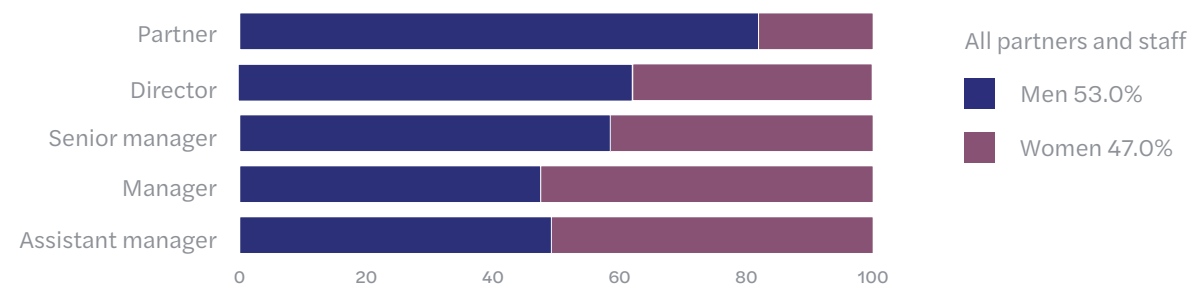
Breakdown of Mazars UK by ethnicity



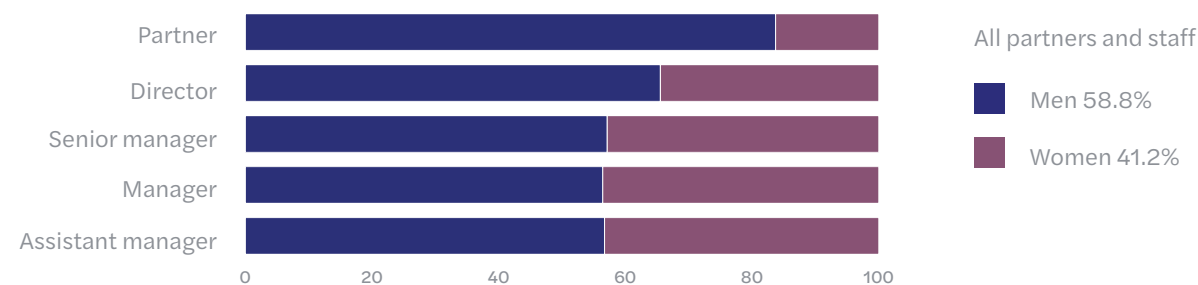
Breakdown of Mazars UK audit staff by ethnicity



Breakdown of Mazars UK by gender



Breakdown of Mazars UK audit staff by gender



Mazars For Good

Mazars recognises its commitment as a responsible corporate citizen, and to make sustainable business decisions, through our Mazars For Good strategy. Sitting within this agenda are the areas of community, environment, diversity and inclusion, wellbeing, and social mobility.

Community – Investment in the communities that we live and work within through donation of both funds and time, with an emphasis on raising awareness for the charities that we partner with. This includes the Mazars Charitable Trust, where the firm contributes a portion of its profits to good causes.

Environment – Implementation of a progressive environmental program, with a particular focus on a reduction in single use plastic within our offices.

Diversity and inclusion – Create an inclusive culture with diverse teams that reflect our clients and society.

Wellbeing – Help our team members stay well and take control of their wellbeing.

Social mobility – Ensure that everyone has the opportunity to fulfill their potential regardless of social background.

Supporting our communities and managing the impact on our environment are at the heart of our values and fundamental to who we are as a firm.

Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

In all of our assignments, we aim to deliver high quality audits for the benefit of all stakeholders, which will help create more sustainable companies, economies and societies. So audit quality is key to us. We are dedicated to improving the audit work we perform and the quality of reporting to those charged with governance.

As organisations all over the world are facing new threats due to the economic consequences of the Covid-19 pandemic, we strongly believe the delivery of high quality corporate reporting, backed by a robust audit, is of paramount importance.

We invest time in understanding and participating in the evolution of quality within the profession, developing our methodology, reviewing quality recommendations and themes of regulatory inspections, and improving 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.

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 in the year ended 31 August 2020, and is a key part of our plans for the future.

Responsibility for 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 the tone at the top is of paramount importance.

To ensure a culture of quality is embedded within Mazars UK as a core value, the UK Head of Quality and the UK Head of Audit are members of the UK Executive. During the year a sub-committee of the UK Executive, the Quality and Risk Committee (QRC), chaired by the UK Head of Quality was established

to assist the UK Executive in fulfilling this ultimate responsibility for quality monitoring.

The Audit Board was effective from 1 September 2019, replacing the Audit Quality Board (AQB) from that date, and reports into the UK Executive. Chaired by the UK Head of Audit, the Audit Board's members included, inter alia, the UK Head of Quality, the Global Head of Audit and the UK Head of Audit Quality. The role of the Audit Board is to promote a high level of audit quality and risk management in the audit practice. In fulfilling its role, the Audit Board assisted the firm, including the PIC, in meeting the expectations of the Audit Firm Governance Code (2016).

The terms of reference for the Audit Board include:

- Responsibility for ensuring the delivery of high audit quality, including approving an audit quality plan that responds to matters arising from external and internal inspections and root cause analysis.
- Receiving reports from the UK Head of Audit Quality on matters relevant to audit quality including:
 - delivery against milestones of actions in the audit quality plan;
 - progress and status of external audit file inspections and proposed responses to issues arising; and
 - progress and status of internal quality monitoring reviews and proposed responses to issues arising.
- Receiving reports from the Audit Operations Board on matters including:
 - financial performance of the audit practice;
 - resourcing and recruitment plans and progress; and

- audit team engagement levels, and where required, action plans.

- Review any issues arising in the audit practice relating to relevant issues covered in the Audit Firm Governance Code including those with respect to the principles and, where applicable, related provisions covering:

- professionalism;
- governance;
- openness;
- compliance;
- risk management;
- people management;
- whistleblowing; and
- internal reporting.

- To remain in regular contact with the PIC, recognising that an important element of its role is to enable the PIC to have the necessary information and assurance on matters related to the audit practice to enable it to fulfil its duties in line with the expectations of the Audit Firm Governance Code.

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 and Risk Management Board (QR&M board).

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 with a presence on a number of its boards and committees.

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 the International Standard on Quality Control (ISQC1) – 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; and
 - audit documentation;
- professional confidentiality and risk management;
- engagement quality monitoring reviews;

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1.2 Delivering audit quality

- quality monitoring; and
- procedures for dealing with and resolving differences of opinion; complaints, allegations and claims.

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

We strive for improving the quality of audit work we undertake and continuing our investment in our core tools and resources that will help us in achieving our quality agenda and responding to increasingly complex business environments.

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 inspections.

Maintaining and improving audit quality is integral to our profession, as such the UK Executive 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.

In Appendix 7 we provide our statement of the effectiveness as to the functioning of the Quality Monitoring System.

Within Mazars UK, only Responsible Individuals (RIs) can be responsible for an audit and sign a statutory audit report. A RI has to hold an 'appropriate qualification' commonly known as an audit qualification and be competent to conduct audit work. An appropriate qualification can be

gained by holding a recognised audit qualification awarded by, inter alia, one of the Institutes (England and Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants (ACCA). In Mazars UK 55 individuals held RI status at 31 August 2020, and a further eight were Key Audit Partners (KAP) authorised to sign Public Sector audit opinions.

Approval from the Institute of Chartered Accountants in England and Wales (ICAEW) is required before we are able to appoint a new RI or KAP. Before asking the ICAEW, we satisfy ourselves that the individual is competent to carry out audit work. Newly approved RIs and KAPs are given a mentor who hot reviews their initial assignments both to ensure quality and to assist with the transition. Once the mentor is satisfied with the quality of the RI's or KAP's audits, the mentor arrangement ends and the new RI or KAP becomes subject to the firm's normal quality monitoring review process.

Licensing

RI or KAP status does not confer the right to act in relation to all audit work; an additional internal licence is required by RIs, KAPs and audit managers in relation to audits operating within certain regulatory frameworks or specialist sectors, demonstrating appropriate knowledge and training. There is a three tiered approval process for licences, with final approval from the UK Head of Audit Quality.

A poor quality monitoring result or failure to keep up to date with technical knowledge would lead to a reconsideration of an RI's or KAP's licensing to perform statutory audits. Similarly, sector licences held by RIs and managers are reconsidered regularly for the same reasons.

Performance management

We recognise that the responsibility for audit quality does not just sit with the RIs and KAPs, audit quality is also the personal responsibility of all our professionals within the Audit and Assurance service line. Each professional is set clear objectives for audit quality, appropriate to their role and responsibility. These objectives are monitored and assessed through performance reviews, thus ensuring a culture committed to audit quality.

Responsibility for the audit

Our RIs and KAPs, with the aid of the engagement manager, direct and supervise the audit process. The RI or KAP is responsible for ensuring the work

completed is appropriately reviewed, concluded and documented in order to maintain quality. The RI or KAP is also responsible for ensuring that the engagement is adequately resourced with appropriately experienced professional staff.

As engagement leaders, the RIs 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 RI 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.

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 audit technical team.

Further, our hot review process undertaken for a sample of higher risk engagements acted as a tool to support the delivery of audit quality on these engagements. As hot reviews remain one of our audit quality initiatives for our most complex audits, from 1 September 2020, we have changed the process of the hot reviews to be more coaching driven so that it also aids the technical development of our teams. We expect this new approach will promote positive cultural behaviours that we consider are key to improving audit quality.

Audit policies and methodology

The Mazars Audit Methodology (MAM) is a global methodology that Mazars entities around the world apply, 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 provide our multinational clients with quality 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 systematic risk based audit 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 are also designed to encourage challenge and 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 the UK the rollout of Atlas commenced in 2018 with a sample of non-PIE entity audits. The expectation is that for Mazars UK the full implementation of Atlas, including for PIE audits, will commence with 31 December 2021 year ends. 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.

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. The MAM details the circumstances when 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 aid the audit quality of 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 can demonstrate that compliance, with ISAs.

Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

Audit quality in Covid-19

2020 has been an unprecedented year due to the impact of the global pandemic. The Audit Board, along with the rest of the firm, acted quickly to respond to this crisis and to effectively manage the impact.

Our responses included:

- working together with our global organisation to develop practical guidance and training;
- working with our UK regulatory bodies and guidance issued by these regulatory bodies to develop UK specific guidance, which was constantly kept under review; and
- using technology to facilitate working remotely, for example use of video calls, regular audit specific updates and training utilising various online platforms.

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, as explained above. 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.

Monitoring audit quality

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.

Engagement quality control reviews (EQCRs)

An EQCR is required to be performed on all audits of listed companies or Public Interest Entities (PIEs) (as defined in s494A of the UK Companies Act 2006). Other engagements, including local public audit engagements, may be identified as subject to EQCR, the criteria for determining whether such other assignments require an EQCR are mainly based around the existence of specific risk situations.

The purpose of an EQCR is to provide an objective evaluation of the significant judgements made by the engagement team and the conclusions reached in formulating the opinion. This review must be performed by a person with sufficient authority to be capable of imposing their professional judgement upon the engagement team. EQCRs are performed by experienced RIs and KAPs who have been internally licensed and they are also subject to rotation.

Inspiring stakeholder confidence in audit quality

1.3 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.

Audit quality monitoring in the UK

ISCQ1 requires each RI's work be subject to a cold file review at least once every three years. In Mazars UK we review every RI and KAP at least once every two years. These reviews are supervised by the Director of Audit Standards, and conducted by audit partners, senior staff or our dedicated audit quality monitoring team, all of whom are appropriately trained and have appropriate experience in this area. Our reviewers are matched to the RIs and KAPs based on their experience in the type of audits allocated (e.g. sector experience) and their independence, which they confirm for each file reviewed. Reviewers are also supported by a technical consultant when required.

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

This plan is presented by the UK Head of Audit Quality to the Audit Board which includes the Audit Compliance Principal and UK Head of Audit in its membership. Relevant details of this plan, as well as information on our approach to quality monitoring reviews, including how files are reviewed and graded, are communicated to the whole service line team to ensure they understand and are engaged in the process.

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. Each review starts with an opening meeting between the reviewer and RI or KAP and an opportunity to provide a self-assessment. At the closing meeting the findings from the review are discussed and the RI or KAP is then required to respond to the findings in writing, this response considers the 'cause' of the finding as well as the 'action' to address. The files are then graded in terms of overall quality. The findings and responses along with the file grade and included in a final findings letter which is sent by the UK Head of Audit Quality to the RI or KAP, and copied to the RI or KAP's appraising partner. Similar letters are sent by the Head of Audit Quality to the engagement EQCR and by the Director of Audit Standards to the Engagement Manager.

Findings and grades for these reviews are presented to members of the UK Executive and taken into account in the partner performance review process and in decisions on partner remuneration. Any sector specific findings are sent to sector leaders for consideration in relation to regulatory frameworks or specialist sector licensing decisions.

A summary report is prepared and presented to the Audit Board for review and approval of the proposed actions to be taken in response to the findings therein. Action may include immediate remedial action, changes in the firm's guidance or additional training and support. The results are communicated to the UK Executive.

Inspiring stakeholder confidence in audit quality

1.3 Quality monitoring

A root cause analysis (RCA) review is undertaken to establish the primary cause of a failure or identified issue in any audit where a need for improvement is identified from an internal or external inspection. This analysis delves deeper into the issue, through one-on-one interviews with the senior members of the engagement team responsible for the preparation or review of the relevant audit file or specific area impacted by the issue. A collaborative approach with those involved is taken, with the key purpose to identify and understand the root cause of the failure or issue, enabling appropriate steps to be taken to prevent or reduce the likelihood of a reoccurrence by all engagement teams.

RCA reviews are also conducted with teams that receive a good quality rating from external inspections, enabling us to gain further insight into the key factors that drive high quality audits.

Also within the scope of the RCA process is any audit of a Public Interest Entity where a prior year adjustment is reported in the subsequent year. There were no such instances in this year.

The learnings from the RCA process are key inputs into the audit quality action plan, which is focussed on improving our processes and implementing the behavioural changes required to deliver high quality audits. The detailed RCA findings are reported to the Audit Board regularly.

These arrangements apply equally to our local public audit work at local government and NHS bodies, and are extended to monitor the quality of work to deliver Value for Money conclusions.

The RCA is performed by members of the audit quality team using the following approach for all audits that fall into RCA scope:

- analysing the findings from internal and external reviews;
- conducting in-depth interviews with key members of the audit team, including the partner, engagement manager, and audit senior (where relevant);

- aggregating engagement level root causes;
- identifying common themes and learnings; and
- reporting to the Audit Board with detailed action plan alongside the root causes identified.

In the 2019/20 cycle, 12 RCA reviews have been undertaken. 25 RCA interview were conducted to complete these reviews.

In the year, nine of our local public audits were subject to internal quality monitoring reviews. Refer to section 1.4 for further details of overall findings.

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

The assessments undertaken by the IQCC monitor member entities' compliance with the IFAC standards. The Mazars entities audit quality monitoring reviews organised by the IQCC have several components:

- self-assessment of the entity's audit methodology, ethics and the 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 three 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 IQCC.

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 the overall level of the entity.

As a minimum, 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 IQCC. The report setting out the results of the review is included in the admission file submitted to the GEB and the GCC 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 IQCC.

During the year Mazars UK 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 inspection by Mazars Group carried out in October 2018 showed that the UK is considered to have a system in place to comply with the ISAs, the IFAC code and the provisions of ISQC1.

UK external reviews

Mazars UK undertakes audits which fall within the remit of the FRC, resulting in the firm being subject to reviews of our audit work, systems and processes by the FRC's Audit Quality Review Team (AQRT).

Due to the increased number of PIE clients, Mazars is subject to annual reviews by the AQRT of the FRC. The results of our 2019 review were published in July 2020 and are disclosed in section 1.4.

Mazars UK's audit work is also reviewed by the Quality Assurance Department of the ICAEW (QAD). The firm was subject to a full review by the QAD in 2019, the results of which are detailed in section 1.4, Audit Quality Indicators.

Responsibility for external quality monitoring of local public audit work now rests with the AQRT for major Local Audits and the QAD for non-major local public audits. The results of the AQRT's review of our major Local Audits are detailed in section 1.4.

At Mazars 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.

Inspiring stakeholder confidence in audit quality

1.4 Audit quality 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 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.

1. Metrics on external investigations related to audit

Number of cases in the last 12 months in which the FRC's conduct committee has found against the firm or one of its members.



Mazars commentary

There have been no independent tribunal disciplinary hearings undertaken by the FRC's conduct committee concerning the conduct of Mazars LLP in relation to audit in either year.

Number of cases in the last 12 months in which the Disciplinary Committee of any other regulatory body has found against the firm or one of its members.



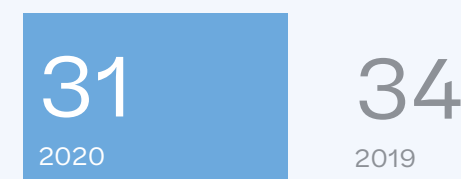
Mazars commentary

There have been no findings against the firm by the ICAEW or other regulatory bodies in either year.

2. Metrics on audit quality reviews

Results of the firm's internal audit quality reviews

Number of engagements.



Mazars commentary

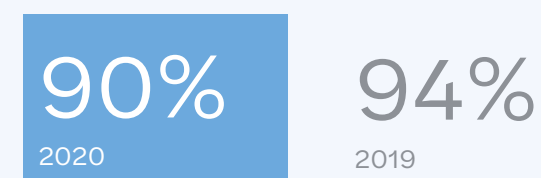
The information presented is for the UK firm.

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 Audit Board.

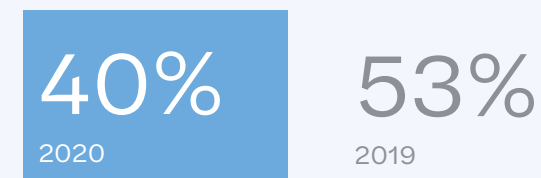
Within the numbers presented, eight files reviewed related to KAPs, of which none required significant improvements.

For three audits (2019/19:1) performed by RIs our internal quality monitoring process identified a misstatement in the clients' financial statements which was not identified through our audit procedures. A prior year adjustment was recorded in the following year financial statements to address this in two audits, the third audit is still ongoing but a prior year adjustment has been planned by the client.

Percentage of files that did not identify significant improvements required.



Annualised percentage of RIs and KAPs subject to firm internal engagement performance reviews.



Mazars commentary

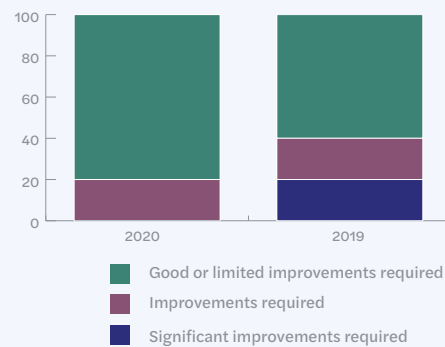
Our approach to internal quality reviews ensure every RI and KAP is reviewed at least once every two years. Percentage of total number of RIs and KAPs reviewed in 2020 is lower mainly due to significant investments made during the year in increasing the number of RIs within the service line.

Inspiring stakeholder confidence in audit quality

1.4 Audit quality indicators

2. Metrics on audit quality reviews

Results of the FRC's Audit Quality Inspection Report on the firm.

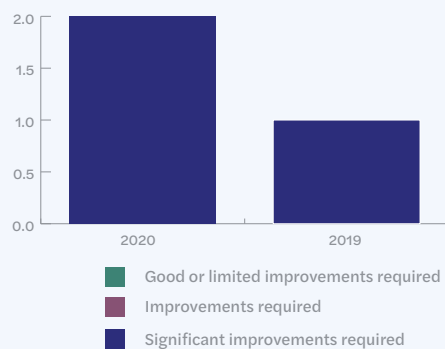


Mazars commentary

The FRC's Audit Quality Review Team monitors the quality of UK Public Interest Entity Audits. The FRC published its report on their latest inspection of Mazars UK in July 2020 which can be read on the FRC's website.

This report also sets out the actions proposed by the firm to address all matters arising from the review. These actions are included in our audit quality plan the delivery of which is monitored by the Audit Board.

Results of the FRC's Inspection of major Local Audits.



Mazars commentary

During 2020, the FRC inspected two (2019:1) of our major Local Audits where both were found to be requiring significant improvements.

The firm is committed to improving the quality of its Local Audit work and has put in place a Local Audit quality plan to respond to the FRC's findings. The delivery of this Local Audit quality plan is being monitored by the Audit Board.

Results of audit inspections by the QAD of the ICAEW.



Mazars commentary

The QAD undertakes a full review every two years. In their most recent report following the 2019 inspection the QAD concluded that the firm's audit work was of a good standard and all files were satisfactory or acceptable. They noted that findings appeared to be isolated to individual files. The QAD identified and shared a number of examples of good practice in the audits inspected.

We were pleased with the results of our review and believe that they demonstrate our firm-wide commitment to quality.

3. Metrics on investment

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



Excluding training for professional exams.



Investment in research and development on assurance in the audit service line.

Mazars commentary

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

Training hours have significantly increased year on year, partially driven by significant investment in new hires in the year and also demonstrating our commitment to our dedicated technical training plan. This comprises audit and financial reporting masterclasses, sector specific training, webinars, audit induction training, Audit Quality bitesize sessions, new audit professional training, combined with our business and professional skills development programmes and digital learning library which all audit team members have access to.

Mazars commentary

Globally our key investment in the year has been in the new audit software as discussed in section 1.2, to which Mazars UK has significantly contributed.

Mazars UK also contributes to the global Mazars methodology and tools, including sharing the training materials developed by our team members.

Inspiring stakeholder confidence in audit quality

1.4 Audit quality indicators

4. Metrics from partner and staff surveys (audit and assurance service line)

Level of engagement.

Mean score

3.8/5

2020

3.7/5

2019

"I have had opportunities at work to learn and grow."

Mean score

4.0/5

2020

4.0/5

2019

"My coworkers or fellow employees are committed to doing quality work."

Mean score

3.8/5

2020

3.7/5

2019

"I have the materials and equipment I need to do my work right."

Mean score

4.0/5

2020

3.8/5

2019

Mazars commentary

At Mazars quality is important to us. This is the fifth year we have worked with Gallup to access and understand the level of engagement of our staff through the Q12 staff engagement survey. We believe that the engagement of our staff is key to attaining the high levels of performance within the firm and the quality that we strive towards.

Since our last survey we have continued to implement changes to drive engagement within our staff. We recognise that whilst there has been some notable improvement in the overall engagement since the last survey, we still have further to go on our journey.

The level of engagement of the staff within the audit service line is derived from a number of factors, some key questions that directly impact on quality within audit; learning, commitment to quality and available resources (including time, training and physical assets).

These results clearly demonstrate that whilst we feel we focus on these areas as a firm, we need to constantly raise the bar to meet the expectations of our staff. We are in the process of understanding the key drivers for the results, to ensure that we are able to make a real change that will positively influence our staff and increase their levels of engagement with the firm.

5. Metrics on partners and staff

Average years of audit and assurance partners and staff with the firm

Partners tenure %

| | 2020 | 2019 |
|------------|-------|-------|
| <2 years | 11.6% | 4.9% |
| 2-4 years | 9.3% | 12.2% |
| 5-10 years | 32.6% | 34.1% |
| >10 years | 46.5% | 48.8% |

Audit and assurance staff tenure %

| | 2020 | 2019 |
|------------|-------|-------|
| <2 years | 55.5% | 50.4% |
| 2-4 years | 20.2% | 28% |
| 5-10 years | 18.1% | 13.5% |
| >10 years | 6.2% | 8.1% |

Number of staff to each RI/KAP

| | 2020 | 2019 |
|--|------|------|
| | 9.9 | 9.7 |

Mazars commentary

Retention of our staff within the business to drive quality through building on existing knowledge of both technical learning and understanding of our client base has been a key focus in the year. Whilst it is expected that a number of our trainees may consider other options at the end of their formal training contracts, there has been a focus to educate these team members in the benefits of a longer term career within the firm.

The tenure rate of partners is appropriately balanced, demonstrating that we have individuals that are willing to stay within the firm. The percentage for less than two years shows an increase in the period mainly due to our investment in increasing the number of partners in the service line via internal promotion and external recruitment.

The tenure rate for staff looks high for recent joiners who have been with the firm for less than two years. This reflects the significant investment in the year across all teams within the audit and assurance service line. Those that stay within the firm are testament to our culture, and also an indicator of quality, as these individuals are able to share their knowledge and expectations with the wider team. Combined with this, new team members, particularly those at a more senior level, are able to share best practice from within the industry to further enhance quality within our work.

Inspiring stakeholder confidence in audit quality

1.5 Investor and audit committee dialogue

Mazars' main contacts with investors and audit committee chairs in the year under review, other than in relation to clients and audit tenders, was through the Centre for Audit Committee and Investor Dialogue (CACID). The firm has been organising events through CACID for a number of years in association with a group of leading institutional investors, with the primary target audience being FTSE350 audit committee chairs and heads of corporate governance of major investors. CACID has been chaired since its formation by an audit committee chair. The events focus on areas of mutual interest to investors and audit committee chairs. Whilst not directly focussed on firm issues, the events provide a natural opportunity for guests

to informally raise any issues relating to the firm that they wish to do so individually with Mazars participants. During the business year 2019/2020, events were held with the themes 'Navigating risk in challenging times: seizing the opportunities, managing the threats' and 'Providing "timely and clear" disclosures to investors in uncertain times'.

The firm had been due to hold an event with investors in Spring 2020 to engage specifically on firm issues but it had to be cancelled due to Covid-19. The next such event is planned for early 2021 with discussion based on this Transparency Report and subsequent developments. The firm also plans to engage with audit committee chairs in 2021.

Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

We work for the general interest and are convinced trustworthiness is the key to restoring public confidence in audit. This is why the policies we have devised and implemented aim at ensuring all our staff and partners do comply with the strictest objectivity and independence requirements, wherever they operate. We are fully aware of what is at stake and are willing to go all the way to make sure we do abide by the most stringent rules.

Our code of conduct for objectivity and independence

The Mazars Group has prepared a code of conduct for objectivity and independence (the 'CCOI') which complies with the IESBA code and introduces additional specific requirements for Mazars firms and staff. This forms an integral part of all member entities' professional training programmes and is distributed to all partners and staff.

We also strongly promote ethical culture and values. A process has been defined to help people who face ethical dilemmas, and the consequences of breaching ethical rules and principles have been made clear to partners and staff in all member entities.

In addition, we have recently refreshed our global code of conduct. We have designed it as a practical guide to help all Mazarians, regardless of age, position or country, navigate difficult choices and make the right decisions, in line with our values.

Our new code of conduct clearly states who we are, what we expect from our people and how we deal with our clients, stakeholders and communities at large. In an intricate and fast-evolving environment, we use it as a moral compass for our daily activities, drawing

the line between what is recommended or acceptable and what would put our reputation and other people's trust at risk. We handle all breaches seriously and take appropriate action to uphold this code wherever necessary.

Responsibility for maintaining objectivity and independence

The Group Independence and Acceptance Committee (GIAC) 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 audit clients, and manages the annual independence reporting process, reporting the results to the group executive board. It adjudicates on any independence or acceptance issues brought to its attention, including any proposed departures from the CCOI by country and ensuring that all changes in international ethical standards are communicated to all countries in the organisation.

Systems to safeguard our objectivity and independence

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

| Safeguard | How this safeguards our objectivity and independence |
|---|---|
| Acceptance and continuance of audit engagements | Procedures exist that require an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and conflicts of interest. |
| Additional services | 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. In certain circumstances this provision is also subject to authorisation by the client's audit committee, for example when required by auditing standards or when the client has put in place procedures for the prior approval of non-audit services by the auditor. |



Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

| Safeguard | How this safeguards our objectivity and independence |
|---|---|
| Non-audit services to audit clients | A complete list of non-audit services rendered to audit clients must be maintained. For group audits, this list must be communicated in response to the instructions circulated by the audit co-ordination team. |
| Annual declaration of independence | All partners and staff are required to provide an annual declaration of their independence. In this respect: <ul style="list-style-type: none"> 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 (or beyond normal financial relations with a banking or other credit institution audit client). |
| Mandatory rotation | In relation to audits of PIEs, the audit RI is required to rotate after five years, and to not return to the audit team for at least five years. Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The Audit Board ensures appropriate allocation of partners to audit engagements. |
| Transparency of information | All Mazars staff have access to the list of our audit clients subject to specific ethical requirements. |
| Training | All audit staff are required to undertake training on ethical rules and the Mazars' ethical procedures. |
| Consultation | Audit staff and partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary. |
| Limits on client fees | Limits on client fees are imposed in order to avoid financial dependence on one or several clients. |
| Impact of an identified threats to independence | Clear rules regarding conflicts of interest have been communicated. Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented. |
| Performance based remuneration | Mazars Group has adopted a method of remunerating partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics). |
| Independent non-executives | Our Independent Non-Executives must comply with appropriate independence requirements as do our partners and staff. |

The procedures outlined above are applied, where relevant, to our local public audit work. Our systems are designed so as to ensure compliance with the National Audit Office Code of Audit Practice (and associated Auditor Guidance Notes), and PSAA's Terms of Appointment, each of which place additional requirements for objectivity and independence on local public auditors.

We have completed the implementation of our Global Independence Check tool, WeCheck, designed as a one-stop-shop, with a view to protecting our independence throughout the Mazars Group. All countries within our partnership now have access to WeCheck, and 65 of them, amounting for 91% of our global turnover, have secured their client data in WeCheck. 85% of requests are now processed and answered in less than two days, vs 50% in 2019.

In Appendix 7 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 Public Interest Entity 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 a disagreement with the technical department's position, the head of quality will convene a risk review panel to arbitrate. The RI in charge remains the final decision maker within the context of the organisation's quality assurance and procedures. This point is of paramount importance in preserving each RI's personal commitment and

sense of responsibility as well as in responding effectively to each client's specificities.

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 the United Kingdom, 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, based 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 partnership spirit. 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 UK Executive as a body in approaching quality issues in a consistent manner.

In determining the variable bonus element of partners' remuneration in the UK we make adjustments for quality, compliance and risk management matters, such as complaints, claims or failure to comply with the firm's policies and procedures. One of the ways we demonstrate our

Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

commitment to quality is by ensuring all partners have objectives around quality. In this way we are able to reward partners who meet our expectations of high quality, including as evidence through quality monitoring reviews.

Partners who are not shareholders in Mazars SCRL are allocated a fixed profit share and may be allocated a further profit share based on particular performance criteria.

The compensation of the UK NSP is entirely determined by the GGC in accordance with Mazars Group bylaws.

Independence and objectivity

Mazars UK carries out an annual 'General Office Procedures' review, which includes a review of compliance with our ethical policies.

All new joiners, whatever their level, are required to complete a mandatory Ethics training course to reinforce their role in complying with our ethical policies.

All staff have access to the Compliance and Risk Helpdesk and the Ethics Helpdesk, which provide advice around various issues including those in relation to possible threats to independence or objectivity.

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 best possible environment for our team. Mazars is committed to dealing responsibly, openly and professionally with:

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

These group-wide whistleblowing procedures for our staff, our clients and our stakeholders reflect our zero-tolerance policy for unethical behaviours and have been deployed since 2014.

In the UK we employ a third party to provide an independent external reporting line giving assurance that concerns raised are fully addressed. Whistleblowing is reported to the PIC and the UK Executive.

For the rest of the Group, both external and employee complaint forms are available on our Mazars websites (on the Group website: <http://www.mazars.com/Complaint-form>). All claims are directly processed through the Group's 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 is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters, supported in the UK by a Director of Information Governance and Data Protection. The Chief Information Security Officer directly reports to the Chief Compliance Officer and to the GEB.

In the UK 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.



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

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

Identification of risks

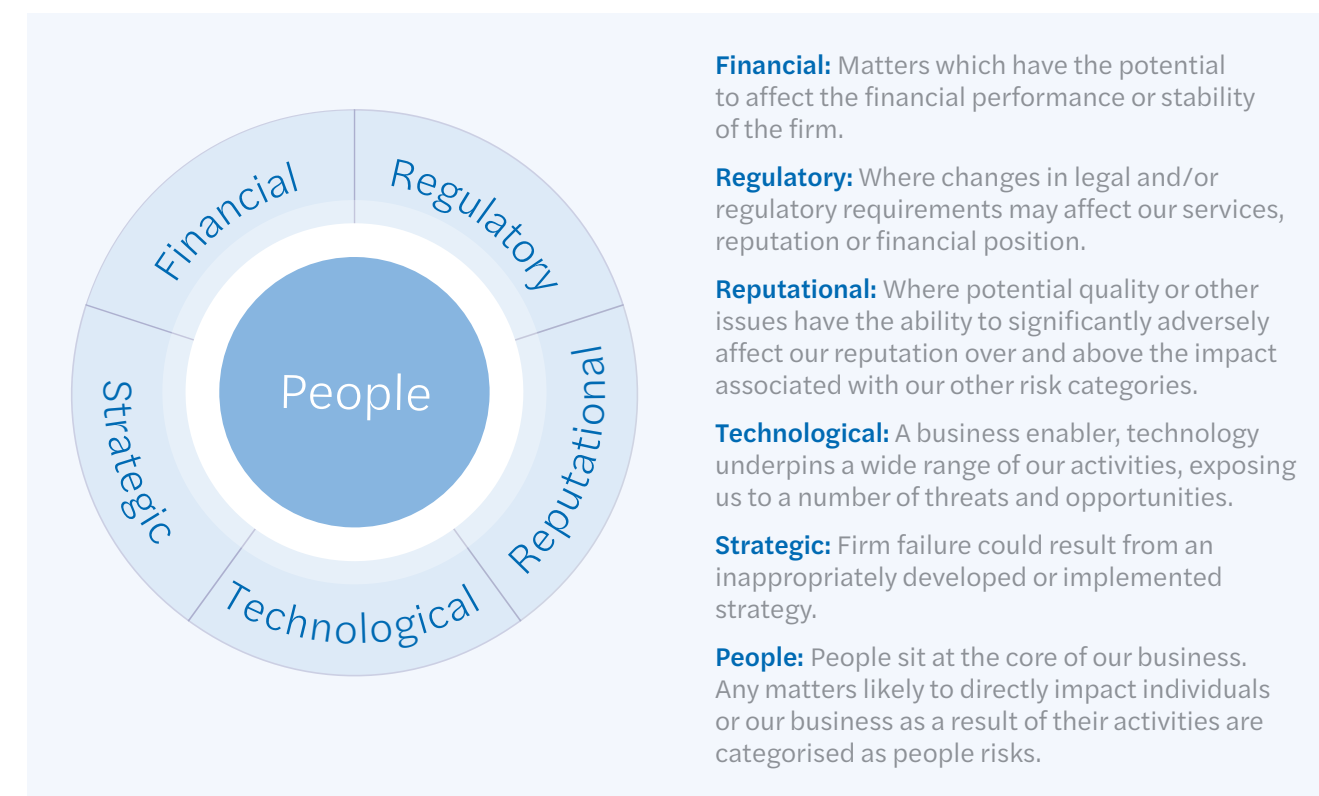
In some cases, risks have the potential to affect Mazars holistically; others are unique to individual services.

Our governance structure and enterprise risk management framework support us in identifying emerging risks and controlling those of which we are already aware.

During the year, the firm developed its Enterprise Risk Tolerance Statement to assist in assessing risks.

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 governance of risk sits with the UK Executive and the Group Executive Board, who are challenged as required by their respective Governance Councils.

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

Our risks

2.1 Our approach to risk management

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. Inclusion and Diversity governance and Code of Conduct compliance. |
| 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 UK audit practice. | <ul style="list-style-type: none"> Monitoring of changing regulatory requirements. Enhanced governance in respect of client approval, including executive board oversight and Group Independence and Acceptance Committee (GIAC). Non-Executives provide relevant challenge and objectivity. Ethics partner and team 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. |

| 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, Brexit 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 at board level. Management information to guide business decisions, with lead KPIs. Service line engagement with markets to maintain knowledge of current trends affecting services. |

| 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 national and international regulations and legislation including Data Protection Laws. 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. |

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"> UK client acceptance and continuance procedures including Acceptance Committee. 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 UK Executive level. Investment plans in respect of team and technology. Improvements in supporting team engagement and wellbeing. |

| Strategy | | |
|--------------------|---|--|
| 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 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 boards to provide further strategic focus in key areas. Chief operating officer and UK Head of Quality sit on the UK Executive. |



3.1 Our unique business structure

A global, integrated partnership

Since 1995, Mazars SCRL have been organised as a global integrated partnership. All our 1,015 partners and 24,400 professionals in over 90 countries and territories in Europe, Africa & the Middle East, Asia-Pacific, North America and Latin America & the Caribbean share the same values and work ethic and the common goal of providing the highest quality client service. Our correspondent firms enable us to operate in a further 14 countries.

We are not simply a collection of national firms, but an integrated organisation of professionals.

The role of the group is to define the strategic objectives of the organisation and to coordinate the implementation of these objectives.

Each country of our unique integrated partnership has one or more separate legal entities that 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 SCRL, each partner acknowledges the Charter of Association, which governs the operation and governance of the Mazars Group. In certain countries there are partners or shareholders of their local member entity who are not shareholders of the Mazars Group. A full list of statutory audit firms is included in Appendix I.

All members of our integrated partnership are member entities of Mazars SCRL, a Limited Responsibility Cooperative Company incorporated in Brussels, Belgium, through a cooperation agreement setting out the terms of the relationship.

The financial statements of the Mazars Group are consolidated with the results of the member entities and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the Mazars Group are jointly audited by two independent audit firms.

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 seeking to ensure consistent quality in our service to our clients.

We are unique; we are not simply a collection of national firms, but an integrated organisation of professionals, sharing commitments and resources at a global level with respect to investment in technical excellence, serving our clients and developing our teams.

The integrated partnership allows us to provide a quality service to our clients through the quality and diversity of our talent, the robustness of our values, our determination to fully embrace the digital revolution, and our commitment to creating shared value across territories, 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.

New member firms are admitted into the integrated partnership upon criteria of quality of service and human resources, reputation and shared values. All new admissions must be approved by the General Assembly of Partners.

In July 2019, Mazars created its North America Alliance, which substantially enhances its on the ground coverage in North America, giving international clients access to an additional 16,000 professionals from five major accounting and consulting firms in the U.S. and Canada.

Mazars North America Alliance is an alliance agreement between Mazars and five leading firms in the United States and Canada – BKD, Dixon Hughes Goodman, Moss Adams, Plante Moran (U.S. firms)



Our structure, leadership and governance

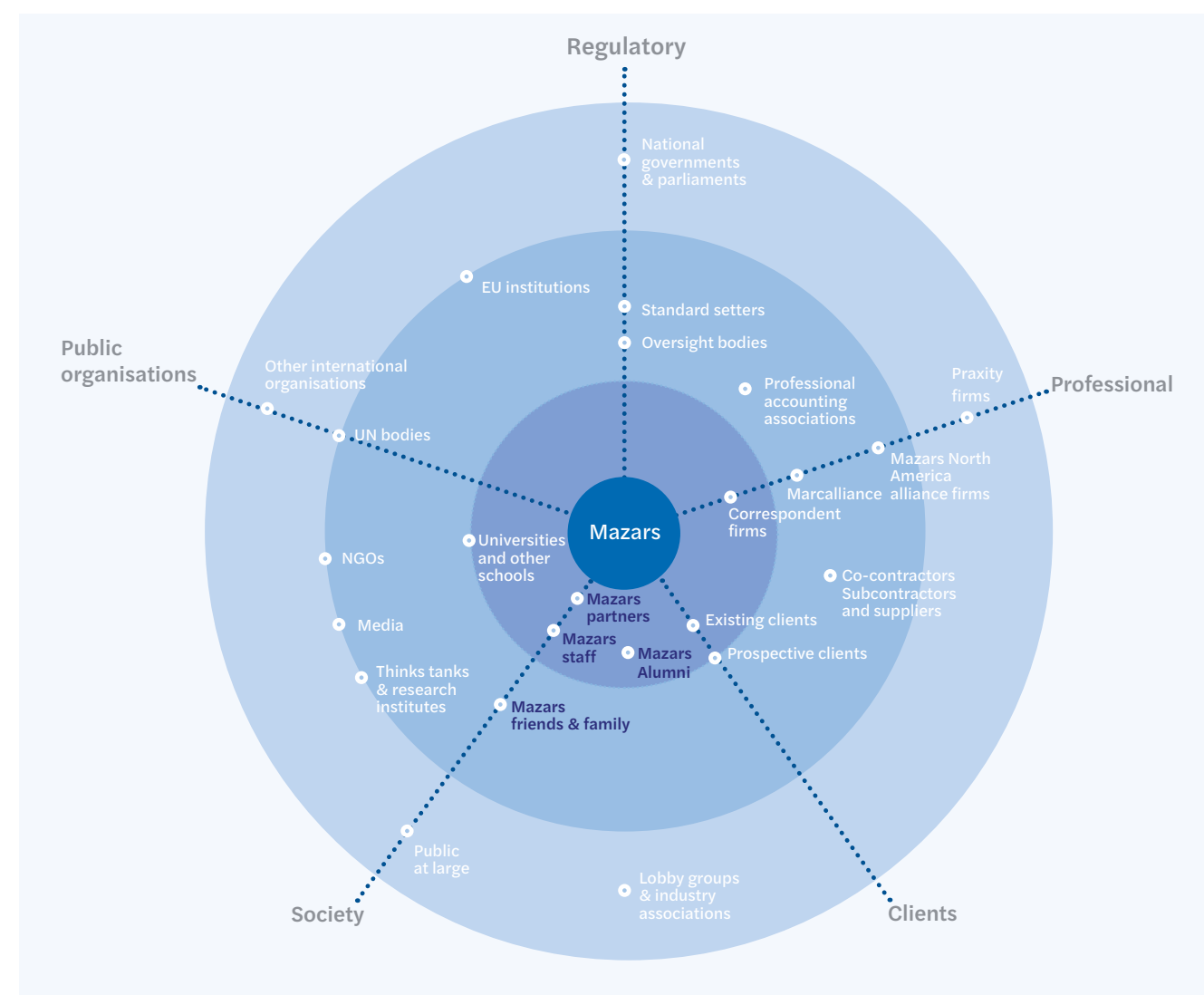
3.1 Our unique business structure

and MNP (Canadian firm). Geographically, these five Alliance firms will complement Mazars USA and Mazars Canada, enabling Mazars to achieve full national coverage in North America.

With this Alliance, Mazars now has over 40,000 professionals serving clients around the globe: 24,400 professionals across over 90 countries and

territories in Mazars' unique integrated partnership, and 16,000 professionals in the U.S. and Canada via Mazars North America Alliance. With this scale and breadth of talent, Mazars offers tailored, consistent and high-quality services to its clients wherever they are in the world.

Stakeholder map

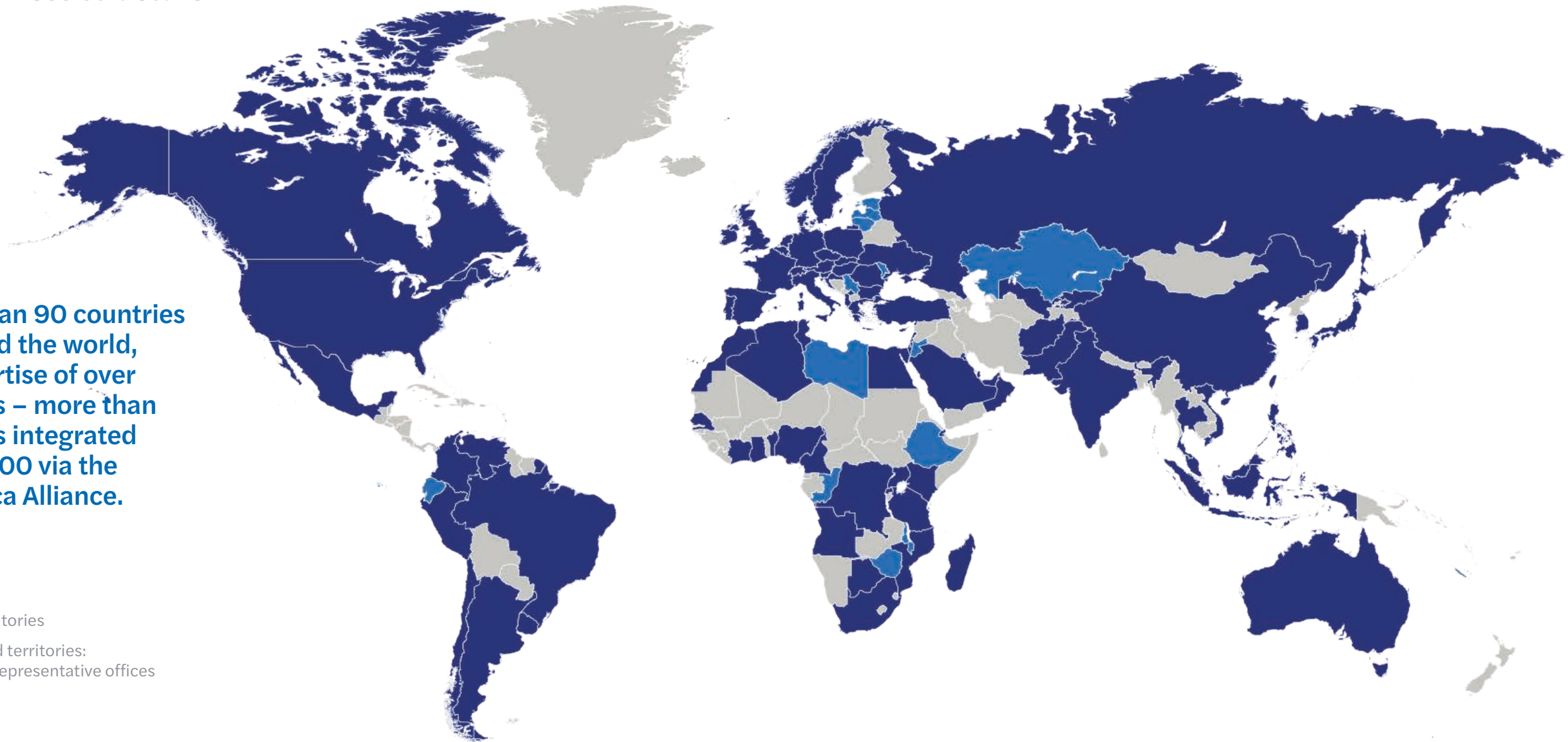


3.1 Our unique business structure

Operating in more than 90 countries and territories around the world, we draw on the expertise of over 40,000 professionals – more than 26,000 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance.

Valid as of 31 August 2020

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



North America

- Bermuda
- Canada
- United States

Latin America & the Caribbean

- Argentina
- Brazil
- Cayman Islands
- Chile
- Colombia
- Dutch West Indies
- Mexico
- Peru
- Uruguay
- Venezuela

Africa & Middle East

- Algeria
- Angola
- Bahrain
- Benin
- Botswana
- Cameroon
- Congo (Brazzaville)
- Congo (Kinshasa)
- Egypt
- Ghana
- Israel
- Ivory Coast
- Jordan
- Kenya
- Kuwait
- Lebanon
- Libya
- Madagascar
- Malawi
- Mauritius
- Morocco
- Mozambique
- Niger
- Nigeria
- Oman
- Palestine
- Qatar
- Rwanda
- Saudi Arabia
- Senegal
- South Africa
- Tanzania
- Tunisia
- Uganda
- United Arab Emirates
- Zimbabwe

Europe

- Albania
- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Kosovo
- Latvia
- Lithuania
- Luxembourg
- Malta
- Moldova
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

Asia-Pacific

- Afghanistan
- Australia
- China
- Hong Kong (SAR)
- India
- Indonesia
- Japan
- Kazakhstan
- Korea
- Kyrgyzstan
- Malaysia
- New Caledonia
- Pakistan
- Philippines
- Singapore
- Taiwan
- Thailand
- Uzbekistan
- Vietnam

Our structure, leadership and governance

3.1 Our unique business structure

Our global business organisation

During our 2016 general assembly of partners, a new Group Executive Board (GEB) was elected, on the basis of a strategic platform, called the Next20. The business organisation described below is aimed at fully implementing this platform. In order to deliver the best services to our clients, our international structure focuses on sectors and service lines.

The four key sectors we have identified are:

- financial services;
- industry & services;
- entrepreneurial businesses; and
- public sector

To organisations of all sizes in each of these sectors, we deliver high quality services via our six service lines:

- accounting and outsourcing services (AOS);
- audit and assurance services (AASL);
- consulting;
- financial advisory services (FAS);
- law; and
- tax services (TAX).

Global sector & services team (GSST) leaders and global support business (GSB) leaders, along with soon-to-be appointed regional leaders, make up Mazars' global leadership team (GLT). It gathers the Group international leaders who carry responsibilities

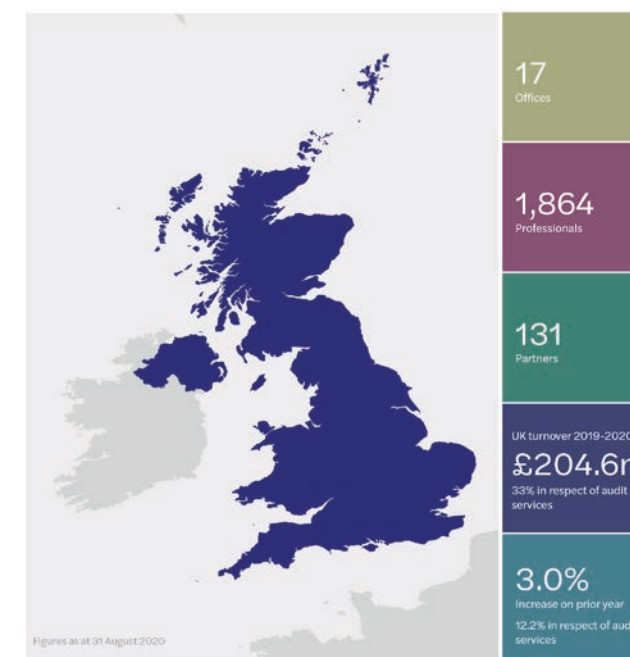
that go across countries, thus requiring coordination of functions, markets, services and other responsibilities. The GLT is led by the group executive board.

This structure 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.

Our UK business organisation



Ownership

Incorporated in England and Wales under the Limited Liability Partnership Act 2000 (registered number OC308299), the firm is owned by its members (who are often referred to as partners). As at 31 August 2020, there were 131 members (2019: 129) and 91 partners who are shareholders in Mazars SCRL (2019: 88).

The operational structure of Mazars UK

At 31 August 2020, our business operated across 17 offices nationwide (2019: 17), with 1,864 professionals (2019: 1,863). Our staff held the following roles:

Within Mazars UK, for the year-ended 31 August 2020 our business was structured through our service lines and strategic markets, which were responsible for managing results, developing strategies for growth and supporting our staff. As at 31 August 2020, there were six service lines, supported by a central business services team (BST). Our six principal services lines are audit and assurance, tax, accounting and outsourcing services, financial advisory services, financial planning and consulting.

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.

Our four strategic markets are financial services, industry & services, privately owned business, and public sector.

Each office has a local office managing partner (OMP) responsible for local execution of our national growth and client-centric focus enabling the building of strong relationships in the local market.

Principal subsidiaries

The principal trading subsidiary undertakings of Mazars LLP whose results of financial position are shown in the Mazars UK financial statements are set out overleaf, along with details of their principal activities.

Breakdown of global turnover by service line

2%
Legal services

47%
Audit

6.5%
FAS

11%
Consulting

17%
AOS

16.5%
Tax

Directors
127¹¹⁵
in 2019

Senior Managers
224²²¹
in 2019

Managers / Assistant Managers
396⁴⁰⁵
in 2019

Other staff
1,117^{1,122}
in 2019

Total
1,864^{1,863}
in 2019

Our structure, leadership and governance

3.1 Our unique business structure

| Principal subsidiary undertakings | Country of incorporation | Percentage ownership | Principal activities |
|--|--------------------------|----------------------|---------------------------------|
| Companies | | | |
| Mazars Financial Planning Limited | United Kingdom | 100%* | Financial Planning |
| Mazars Corporate Finance Limited | United Kingdom | 100%* | Corporate Finance |
| Mazars CYB Services Limited | United Kingdom | 100%* | Trustee Administration Services |
| Mazars Limited | United Kingdom | 100% | Service Company |
| Mazars UK Limited | United Kingdom | 100%* | Professional Services |
| Mazars Public Sector Internal Audit Limited | United Kingdom | 100%* | Internal Audit |
| CompetitionRX Limited | United Kingdom | 100%* | Monitoring Trustee Services |
| Mazars Global Infrastructure Finance (Australia) Pty Ltd | Australia | 100%* | Financial Modelling & Training |
| Mazars Global Infrastructure (US) LLC | USA | 100%* | Financial Modelling & Training |
| Mazars Global Infrastructure Canada Inc | Canada | 100%* | Financial Modelling & Training |

* held via a subsidiary

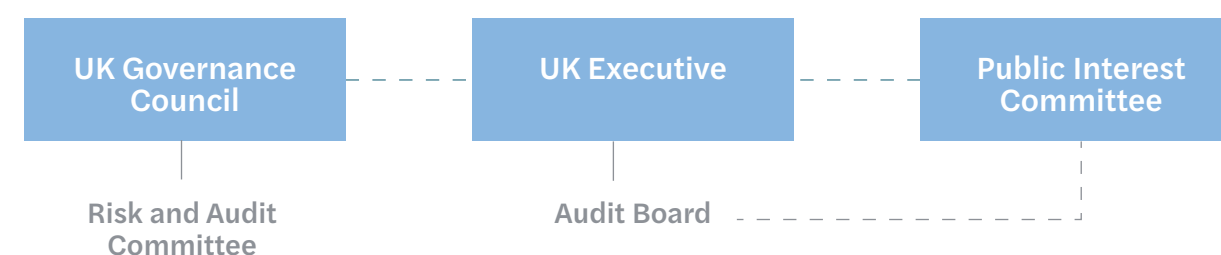
Note 1: Each company incorporated in United Kingdom is registered in England and Wales, except Mazars CYB Services Limited which is registered in Scotland.

Our structure, leadership and governance

3.2 Leadership and governance

Our global 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 national, regional and functional leaders, both our Group Executive Board and our Group Governance Council are working to ensure the sustainable development of our partnership and of the Mazars Group.

Leadership in the UK



Mazars UK is led by the UK NSP, who is elected every four years. The last election was January 2017, with the next election due in January 2021. Any partner of Mazars UK is able to stand for this position if they have been nominated by at least 10 partners.

After the candidates have been submitted for consideration by the UK nomination committee, the UK NSP is decided upon by a vote among the partners of Mazars UK.

The members of the UK nomination committee are determined by the Mazars UK Members' Agreement and included representatives from the UKGC, UK Executive and the GEB.

Once elected, the UK NSP, after appropriate consultation (including with the GEB and the UKGC), nominates up to eight other partners and up to two non-partners to become members of the UK Executive.

The UK Executive provides strategic and operational leadership to the firm, with a specific mandate to:

- develop and implement the UK 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;
- set Corporate Responsibility and Environmental policies;
- monitor the legal obligations of partners in consultation with the UKGC;
- with the UKGC, discharge the responsibilities of the partners in relation to the maintenance of proper accounting records and the preparation of accounts; and
- with the UKGC, keep the Members' Agreement up-to-date and fit for purpose.

Members of the UK Executive throughout the period and as at 31 August 2020 are in Appendix 3.

The Business Services Operations Committee (BSOC) was formed in October 2018. The members are the functional leaders of the business services team and it is chaired by the COO. BSOC is the link between the UK Executive and the BST. It is

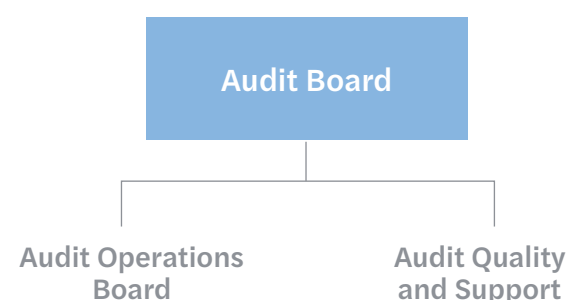
Our structure, leadership and governance

3.2 Leadership and governance

responsible for overseeing day-to-day operations of BST and the execution of key cross functional projects to support the execution of the firm's strategy.

Audit and assurance service line

The audit and assurance service line is led by Bob Neate as the UK Head of Audit with the support of the Audit Board.



Chaired by the UK Head of Audit, the Audit Board's members include the UK Head of Quality, the Global Head of Audit, and the UK Head of Audit Quality. There are two groups that report into the Audit Board:

- Audit Operations Board, comprising the UK audit business unit leaders and attended by the UK Head of Audit and UK Head of Audit Quality, focused on the operational activities of the audit service line; and
- Audit Quality and Support, led by the UK Head of Audit Quality, responsible for ensuring our audit methodology, tools, training, support teams and monitoring (in accordance with sections 1.2 and 1.3) are appropriate to ensure high audit quality.

Governance in the UK

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

Our governance structure is designed to create a culture of openness and accountability.

UK Governance Council

The UKGC is independent of the UK Executive, comprising of eight members and is elected by the partners of Mazars UK.

The UKGC:

- approves the process for the appointment of new partners and for the determination of partner remuneration;
- has power to require the UK Executive to report on its strategy and budget, and on the implementation of its strategy and the financial status and performance of Mazars UK;
- reviews the annual budgeting process and reports to the partners in the event that they consider the process deficient;
- reviews the process for setting the firm's strategy and management structure and reports to the partners in the event that the UK Executive has not presented its strategy and management structure to the partners within eight months of the election of the UK Executive or not provided annual updates or that they consider the process for setting the firm's strategy deficient;
- ensures that the UK Executive has appropriate management structures in place;
- ensures that the UK Executive has identified and is managing the major risks to the partners and the partnership;
- appoints the members of the UKRAC;
- approves or declines to approve various defined matters including proposals for the merger, disposal, acquisition or reconstruction of Mazars UK and its associated companies;
- has power to require the NSP or any member of the UK Executive to report to it or to the partners on any matter;
- has power to call a meeting of the partners, which shall be convened by the UK Executive;
- investigates, considers and determines a matter where there is a dispute between a partner or a former partner and Mazars UK or the UK Executive, except where the UKGC has already expressed an opinion in relation to that matter;
- where any matter is decided specifically by the UK Executive in relation to an individual partner or former partner, has power of its own volition or on application by that individual partner or

former partner to review the decision and to make proposals to the UK Executive, or the partners or former partner for amendment of the decision;

- settles any disagreement about amounts due to a former partner;
- ensures that their activities are aligned with those of GGC;
- with the UK Executive discharges the responsibilities of the partners in relation to the maintenance of proper accounting records and the preparation of accounts; and
- with the UK Executive keeps the Members' Agreement and fit for purpose.

A review of the effectiveness of the UK Governance Council was performed during the year.

The members of the UKGC as at 31 August 2020, their biographies and meeting attendance throughout the year are provided in Appendix 3.

UK Risk and Audit Committee

The UKGC is supported in its role by the UKRAC. The UKRAC and its chair are appointed by the UKGC from among the partners who have no direct executive responsibility for the management of Mazars UK. At least two members of the UKRAC are required to have recent and relevant experience in finance, accounting and auditing. The UKRAC may, if it considers it necessary or desirable, co-opt members with particular expertise.

The UK Executive member responsible for finance and representatives of the external auditors attend meetings where business relevant to them is to be discussed. At least once a year the UKRAC meets with the external auditors without any partner with executive responsibility for the management of Mazars UK being present.

The UKGC reports to the partners at least annually summarising the activity of the UKRAC and any significant matters.

The terms of reference of the UKRAC are drawn up in accordance with best practice and approved by the UKGC bearing in mind the needs of the firm. They are agreed with the UK Executive.

The UKGC and the UKRAC have the power to seek outside legal or other independent professional

advice and to secure the attendance of non-members with relevant experience and expertise if it is considered necessary.

Their duties include:

- to advise the partners, the UK Executive and the UKGC on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors;
- to discuss with the external auditors, before the audit begins, the nature and scope of the audit;
- to discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the external auditor's report to the UKRAC incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
- to consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of responsibilities and any statement of internal control;
- to ensure compliance with the requirements of financial reporting and recommend the approval of the statutory accounts to the UK Executive, the UKGC and the partners;
- to advise the UK Executive on the appointment and terms of engagement of any proposed internal audit service (and the head of internal audit, if applicable), the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors;
- to review, if an appointment has been made, the internal auditors' audit risk assessment and strategy; to consider major findings of internal audit investigations and management's response; to promote coordination between the internal and external auditors and to review any internal audit annual report. The UKRAC will ensure that the resources made available for any internal audit are sufficient to meet the firm's needs (or make a recommendation to the UK Executive as appropriate);

Our structure, leadership and governance

3.2 Leadership and governance

- to monitor the implementation of agreed audit-based recommendations, from whatever source;
- to ensure that all alleged frauds have been properly investigated; and
- to monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the UK Executive and the UKGC concerning their reappointment, where appropriate.

The UKRAC met three times during the year, to receive the audit planning report and audit report of the external auditors.

The members of the UKRAC as at 31 August 2020, their biographies and meeting attendance throughout the year are provided in Appendix 3.

Performance of the governance system

| Governance KPI | Performance during 2019/20 |
|----------------------------------|---|
| Board composition and attendance | <p>We consider that diversity, including of gender, skills and experience, assists in optimising performance.</p> <p>The membership of the executive board and Governance Council has been updated to further facilitate this.</p> <p>The current membership is set out in Appendix 3 along with the attendance at meetings.</p> |
| Board effectiveness | <p>Board effectiveness reviews were performed in respect of both the UK Executive and the Governance Council, with relevant findings considered for development of the boards going forwards.</p> <p>In particular, the effectiveness of the UK Executive is optimised through, for example:</p> <ul style="list-style-type: none"> • sufficient time and weighting being given to key issues to meet objectives and strategy; • information flow is sufficient for consideration prior to meetings; • quality and content of the board paper is sufficient to meet objectives; and • actions are documented and addressed. |
| Values | <p>Our key values have been under consideration during the period, with the revised Code of Conduct being issued in 2019.</p> <p>For the fourth year, our INEs provided important feedback on the firm's culture following their meetings with a range of partners and team members during the period.</p> |
| Dialogue | <p>Meetings and dialogue with investors and other stakeholders is considered a key performance indicator.</p> <p>Further details are set out in section 1.5.</p> |

During 2020/2021 we will further develop our KPIs in respect of the performance of our governance system.

Public Interest Committee

Role

The principal role of the Public Interest Committee (PIC) is to enhance confidence in the public interest aspects of the firm's activities with particular reference to high level, general oversight of the firm's decision-making, stakeholder dialogue, risk management and quality control, remuneration policy and the issuance of selected annual reports to stakeholders. During the year this role has been primarily exercised through reports by the UK and Global Heads of Audit and the Ethics Partner, in addition to other key management supplemented, where necessary, through information obtained through membership of the GGC.

The PIC considers that helping to protect the independence of the firm is at the forefront of its remit.

Terms of reference

Revised terms of reference have been developed during the year. During the year, the PIC endeavored to provide oversight of Mazars UK in the following areas:

- decision-making by management (based upon meetings and discussions with UK management and/or the GEB);
- the system for quality control (based upon the reports of the UK Head of Audit, and UK Head of Quality and the UK Executive);
- risk management, including consideration of potential or actual reputational risks (based upon the reports of the UK Executive, the GEB and the GGC risk sub-committee);
- the Mazars Group's processes for monitoring complaints related to the firm's work, including issues raised under whistle-blowing policies and procedures (based upon GEB and UK reports to the PIC pertaining to policies on reporting and monitoring); and
- stakeholder dialogue including the Mazars Group's transparency reporting prepared by GEB.

In exercising its oversight, the PIC has particular regard to issues arising under the various headings in relation to the UK.

As well as the above in the UK, the PIC:

- exchanges annually with those holding relevant positions in the governance structure in the country;
- meets if required with appropriate stakeholders of the firm on an annual basis; and
- is responsible for reviewing and commenting upon any annual reports required under the relevant governance codes in the UK and with the acknowledgement of the UK NSP as to the accuracy and completeness of such documents. The relevant responsible partners make themselves available to the PIC on a timely basis as required.

The PIC agrees procedures for dealing with any disagreements between it and the UK Executive.

The PIC uses its best endeavours to comply with the Audit Firm Governance Code in the United Kingdom. The relevant partners in the UK provide the PIC, at least annually, with a summary of the key elements of the governance codes including actual or expected changes or amendments.

The PIC forms part of the firm's performance assessment regime under the Audit Firm Governance Code. Aiding this oversight the PIC meets with the chair of the UKGC.

Membership

Procedures are in place to ensure that the members of the PIC are independent from the firm and its audit clients. PIC members must satisfy the following independence criteria:

- the Independent Non-Executives are unrelated to any Mazars member firm;
- the Independent Non-Executives are not, and will not, become an executive director or member of the audit committee in any of Mazars' audit clients and not have any significant shareholdings or other interests in them unless approved by both parties; and
- the Independent Non-Executives are not, and will not, be in any other executive officer position, member of an advisory board, a governance board or a Council of a competing organisation.

Our structure, leadership and governance

3.2 Leadership and governance

New members of the PIC are selected after consultation with the continuing Independent Non-Executives.

Members of the PIC are normally appointed for a term of four years to align with the Mazars group executive mandate period unless or until terminated by either the PIC members themselves or by the firm. Denise Fletcher was reappointed in December 2016 and has an end of term date of December 2020, Guy Jubb was appointed in November 2017 and has an end of term date of March 2021 and Sir Amyas Morse was appointed in December 2019 and has an end of term date of March 2021. Phil Verity, NSP, and Jac Berry, UK Head of Quality, were also appointed to the PIC during the year.

Meetings

The PIC determines its frequency of meetings. While the Terms of Reference provide that there would normally be four physical meetings and four conference call meetings during a year, given the impact of Covid-19 all meetings in the second half of the year were carried out remotely.

The remote meetings were shorter than standard meetings and in the year under review the PIC met eight times. The members of the PIC may, at their discretion, invite partners or staff of Mazars to attend part or all of a meeting but for an appropriate part of at least one meeting the Independent Non-Executives shall meet on their own without others present.

Independence

The firm's Ethics Partner attends PIC meetings. The firm considers this is critical in order to provide a direct dialogue with the INEs to ensure an appropriate understanding of any ethical matters as relevant and to receive their challenge and address any fundamental disagreements.

The INEs have confirmed their independence in respect of the firm's PIE entities.

Other matters

Appropriate indemnity insurance is in place in respect of any legal action against any member of the PIC and sufficient resources are provided to enable each member to perform their duties.

The global governance structure in place, combined with the UK governance structure, is considered to be appropriate for the firm and its operations. On this basis, three Independent Non-Executives (INEs) were in place during the year.

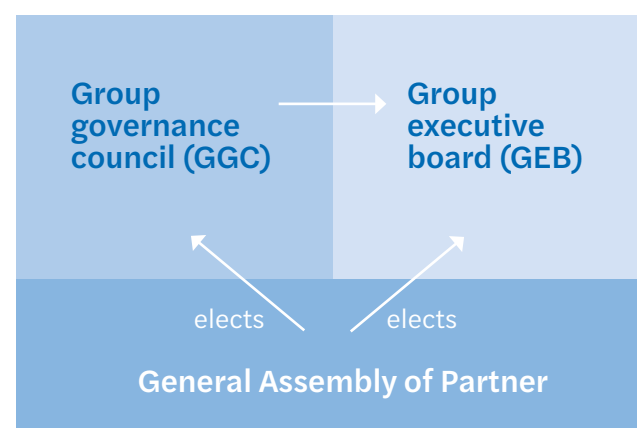
The Audit Board recognises that an important element of its role is to enable the PIC to have the necessary information and assurance on matters related to the audit practice to enable it to fulfil its duties in line with the expectation of the Audit Firm Governance Code (2016).

As at 31 August 2020, the PIC consisted of three Independent Non-Executives, Phil Verity, as UK NSP, and Jac Berry, as UK Head of Quality. The biographies of the Independent members of the PIC are provided in Appendix 2.

Mazars Group

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 national, regional and functional leaders, both our group executive board and our Group Governance Council 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. Every four years it is at this meeting that the partners elect the GEB and the GGC. Annually the assembly approves major strategic and operational decisions, the admission of new partners, and the approval of Mazars Group's audited financial statements.

Since our last Transparency Report, we have held a General Assembly in London in December 2019 and, due to the pandemic, a remote General Assembly in December 2020.

Group Executive Board

The GEB is Mazars Group's executive body. It is in charge of operational management of the partnership with regards to collectively-defined key strategic objectives, under the supervision of the Group Governance Council. It focuses first and foremost on pursuing and accelerating growth, while ensuring the quality and sustainability of our activities.

As at 31 August 2020, there were 11 members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in December 2020.

The GEB is supported in its role by:

- the GLT, which comprises all Group business leaders (sectors and service lines, including our audit activity), Group Quality & Risk Management leaders, and Group support function leaders;
- executives in each member entity: these executives, led by a senior or managing partner, have the responsibility for managing that member entity, for leading the business on a day-to-day basis, and for providing strategic and operational coordination; and

- the executives are elected by the partners of the particular member entity, with their candidacy being subject to the consideration of the GEB.

The GEB meets at least monthly; it also meets twice a year with the country managing or senior partners at "Country Forums". 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, business development or integration processes for new additions to the partnership.

Group Governance Council

Elected for the same term as the GEB, the GGC is the Group's supervisory body.

The GGC has decision-making powers in three specific areas as set out in the partnership's Charter of Association:

- the approval of partnership candidates and external growth operations;
- the compensation of the members of the group executive board; 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 of 31 August 2020, there were 11 members of the GGC. Elected every four years, the next GGC elections were held in December 2020.

The Independent Non-Executive members also constitute the Public Interest Committee (PIC), which has specific responsibility for matters arising in relation to Mazars in the United Kingdom and Ireland. The GGC as at 31 August 2020 are in Appendix 3.

Appendix 1 Mazars Group statutory audit firms

Europe

| Country | Legal name |
|----------------|--|
| Albania | Mazars Shpk |
| Austria | Mazars Tax Advisory GmbH Mazars Austria GmbH |
| Belgium | Mazars Bedrijfsrevisoren - Réviseurs d'Entreprises |
| Bulgaria | MAZARS OOD |
| Croatia | Mazars Cinotti Audit d.o.o. |
| Cyprus | Mazars Limited (Cyprus) |
| Czech Republic | Mazars Audit s.r.o. |
| Denmark | MAZARS statsautoriseret revisionspartnerselskab Mazars SA Mazars SPCC Franex Mazars Uniconseils CBA Mazars Experts et Conseils Mazars (Villeurbanne) Mazars aCéa Mazars (Rouen) Mazars (Bezannes) Mazars (Labège) Mazars (Strasbourg) Mazars Bourgogne Franche-Comté Mazars et Associés Mazars Figeor |
| France | Mazars Data Mazars Dijon Mazars Pontarlier Mazars Lons Pluris Audit MAZARS & SEFCO Sud Est Expertises financières comptable et d'organisation SEFCO Mazars Gourgue Mazars experts-on-line Mazars Entrepreneurs (Villeurbanne) Mazars Immobilier Mazars Thomas D.D.A Mazars CPA Mazars Inreco AGEC |

Europe

| Country | Legal name |
|-------------|---|
| Germany | Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft |
| Greece | MAZARS CERTIFIED PUBLIC ACCOUNTANTS BUSINESS ADVISORS SA |
| Hungary | MAZARS Könyvszakértő és Tanácsadói Korlátolt Felelősségű Társaság |
| Ireland | Mazars |
| Italy | Professionisti Associati Società Semplice Mazars Italia S.p.A |
| Kosovo | MAZARS KOSOVA SH.P.K |
| Luxembourg | MAZARS Luxembourg |
| Malta | Mazars Malta |
| Netherlands | Mazars Accountants N.V. Ten Kate Huizinga Audit N.V. |
| Norway | Mazars Revisjon AS |
| Poland | Mazars Audyt Sp. z o.o. |
| Portugal | MAZARS & ASSOCIADOS, SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, S.A. |
| Romania | Mazars Romania SRL |
| Russia | Mazars Audit Limited Liability Company |
| Serbia | MAZARS AUDIT d.o.o. |
| Slovakia | Mazars Slovensko, s.r.o. |
| Slovenia | MAZARS, družba za revizijo, d.o.o. |
| Spain | Mazars Auditores S.L.P. |

Appendix 1 Mazars Group statutory audit firms

Europe

| Country | Legal name |
|--------------|---------------------------------------|
| | BSM Revisionsbyrå AB |
| | KlöverRevision i Limhamn AB |
| | Revisionsfirman Nils Albertsen AB |
| | Stureby Revision AB |
| | Körö Revisionsbyrå AB |
| | Dagermark Revision AB |
| | Grebncke Advisory AB |
| | M F Revision AB |
| Sweden | BAH Revision AB |
| | Anders SportsMan AB |
| | Accretio Revision AB |
| | MBO Revision AB |
| | Nyhamns Revisionsbyrå AB |
| | SPA Revisionsbyrå AB |
| | Anders Persson Revisionsbyrå Ystad AB |
| | Tegelviken Revision AB |
| | Stenskottet AB |
| | Saltsjökvärns Revision AB |
| | Norrhagens Revision AB |
| | Optimus Ekonomikonsult AB |
| | Flora Revision AB |
| | Ö Rev i Hbg AB |
| | Himmelsblå Revision AB |
| | Himmelstorparen AB |
| | MBR Revision AB |
| | Helleklint Revisionsbyrå AB |
| | Revisio Jan Håkansson AB |
| Sweden cont. | Mak Revision AB |
| | Persson Audit AB |
| | eMeMeM AB |
| | Mazars SET Revisionsbyrå AB |
| | Mazars SET Revisionsbyrå KB |
| | Endeavour Auditing AB |
| | HMAB Konsult AB |
| | Mazars Ekonomi AB |
| | Moose Revision AB |
| | Heinöns Revisions AB |

Europe

| Country | Legal name |
|----------------|--|
| Switzerland | MAZARS SA Suisse |
| | Aunexis AG |
| Turkey | Denge Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. |
| Ukraine | "Audit Firm "Mazars Ukraine" LLC |
| United Kingdom | Mazars LLP |

Appendix 2 Biographies of the Independent Non-Executives as at 31 August 2020



Denise Fletcher, Independent Member

Denise Fletcher is a member of the Group Governance Council of Mazars Group. She serves on the boards of Unisys Corporation, Inovalon Holdings, Inc. and Enterra Holdings, Ltd. She chairs the audit committees of each of the three non-Mazars boards listed above.

At Mazars Group she is the chair of the Remuneration Committee and a member of its quality & risk, and its audit committees. She chairs the Public Interest Committee of Mazars in the UK and the Public Interest Committee of Mazars in Ireland.

She was recognised by the National Association of Corporate Directors for exemplary board leadership. Denise is a member of the US Council on foreign relations, the Economic Club of New York, the Harvard Club of New York and the Academy of Women Achievers.

Date of first PIC appointment 2013

Denise's remuneration for the UK PIC is €40,000 which includes €5,000 in respect of the chair role. In addition, Denise receives remuneration in respect of her role as Group Governance Council Member.



Guy Jubb, Independent Member

Guy Jubb is a Chartered Accountant and an Honorary Professor at the University of Edinburgh. He was formerly global head of governance & stewardship at Standard Life Investments, a role he fulfilled for over 20 years. He has played a leading role in developing and implementing good practice in corporate governance and stewardship, and was the recipient of an Outstanding Achievement Award from ICSA, the Governance Institute.

Guy serves on the Standing Advisory Group of the PCAOB, the US audit regulator, and the policy leadership board of ICAS, the Institute of Chartered Accountants of Scotland, whose Research Panel he chairs. Also, he is vice chair of the European Corporate Governance Institute, and a senior advisor to the conference board.

Member of the UK Public Interest Committee

Date of first PIC appointment 2017

Guy's remuneration for the UK PIC is £35,000.

Appendix 2

Biographies of the Independent Non-Executives as at 31 August 2020



Sir Amyas Morse, Independent Member

Sir Amyas Morse spent a large part of his career as a partner at PwC and predecessor firms. First in Scotland, becoming regional managing partner, then in London, becoming UK Executive partner, and then in global roles, as global audit leader and then as global managing partner Operations. He subsequently spent three years as Defence Commercial Director at the Ministry of Defence before becoming Controller and Auditor General, and CEO of the National Audit Office (NAO). He fulfilled this role for the 10 year term set down by Parliament, and published approximately 60 reports each year focussing on value for money.

The NAO also carried out the audit of all central Government. During that time he also served on the board of audit of the United Nations, including a spell of three years as chair. More recently he acted as Independent reviewer of the Loan Charge, his report was published by the Chancellor of the Exchequer in December 2019, and all but one of the far-reaching recommendations were accepted. Amyas had recently become chair of two NHS foundation trusts.

Member of the UK Public Interest Committee

Date of first PIC appointment 2019

Amyas' remuneration for the UK PIC is £35,000.

Appendix 3

UK and Group leadership

As at 31 August 2020 the UK Executive was comprised of:



Phil Verity – UK Senior Partner

Date of first appointment 2009

Phil has a business studies degree and started his career as a graduate at Mazars UK. He became a partner in 1999 and has held a number of management and leadership roles since then.

Phil's professional experience has been as an auditor and business advisor. He is based in the London office and was elected as the UK National Senior Partner from September 2012.

He is also a member of the GEB and was first appointed in 2011.



Jac Berry, Head of Quality

Date of first appointment 2017

Jac is an audit partner and UK Head of Quality in the UK.

As UK Head of Quality, Jac is responsible for leading compliance and risk management across all service lines in the UK. Prior to being appointed head of quality in 2016, she was responsible for leading the UK audit methodology team and a member of the Mazars global audit methodology development team.

From an international perspective, Jac sits on the global Mazars Quality and Risk Management Board and is a member of the global leadership team.



Nigel Grummitt, Former Head of Financial Advisory Services

Date of first appointment 2012

Date of retirement 2020

Nigel headed up FAS in the UK (restructuring, forensic and investigation, corporate finance, due diligence, infrastructure and valuation services) and supports the development of these services internationally. He continues to handle certain forensic and investigation services assignments.



James Gilbey, Head of Financial Advisory Services

Date of first appointment March 2020

James specialises in forensic accounting and valuation services, and also leads the financial advisory service line. As a forensic accountant, James has a wide and varied case load, which includes advising on some of the most high profile and widely publicised disputes. He has provided expert evidence in various dispute resolution arenas in Europe and Asia. As leader of the FAS service line, James continues to provide support to the development of Mazars' services in restructuring, deal advisory and transactions, infrastructure finance, forensic accounting and investigations.

James became the Head of Financial Advisory Services in March 2020, replacing Nigel Grummitt who retired in August 2020.

Appendix 3

UK and Group leadership



Elisabeth Maxwell, Head of Client and Markets

Date of first appointment 2017

Elisabeth moved from her native country France to the UK, being transferred from the Mazars Paris office. She specialises in advising foreign companies on setting up UK subsidiaries, providing general accounting services and consolidation procedure advice. She oversees many international assignments. Her portfolio includes companies in the manufacturing, publishing, media, software, construction, pharmaceutical and retail sectors.

Elisabeth is a regular speaker at conferences in Europe about issues faced by inward investments in the UK. She has been a "Conseiller du Commerce Extérieur de la France" since 2007.



Bob Neate, Head of Audit

Date of first appointment 2019

Bob is UK Head of Audit. He has extensive experience auditing large and complex international groups and is engagement partner to both full listed and AIM clients. He has particular expertise in transport & logistics, aerospace & defence, engineering and manufacturing businesses having worked with some of the world's largest companies in these sectors. In addition to UK and International GAAP, Bob also has significant experience in US GAAP.



Lindsay Pentelow, Head of Tax

Date of first appointment 2019

Lindsay is UK Head of Tax. Historically he has advised entrepreneurial and family owned businesses across the full range of business sectors, together with private clients. This has included structuring high value and complex transactions. He is one of the founder members of our LGBT diversity group with a particular interest in developing diversity within our business both in terms of the 'protected characteristics' of the Equalities Act and beyond. Lindsay joined the firm as a partner in January 1997.



Toby Stanbrook, Chief Operating Officer and Head of Accounting and Outsourcing Services

Date of first appointment 2019

Toby is the firm's Chief Operating Officer in addition to leading our accounting and outsourcing service line. Toby trained with the firm, and has been a partner since 2011. He continues to work with clients as an AOS partner, specialising in providing part or full back office solutions to both international and UK based clients.

Toby became COO in June 2019.



Ian Wrightson, Head of Partner Matters and Financial Performance

Date of first appointment 2017

Ian leads on partner matters, including partner development, and is focused on enriching the quality and diversity of our partner team. Ian is also responsible for overseeing the UK financial performance working closely with the service lines and finance function.

Ian became an audit and advisory partner in 2004 providing services to a number of fast growing UK and international businesses. Ian became Leeds managing partner in 2009 and latterly northern region managing partner in 2012. Ian has also historically been a member of the UKGC for a period of three years to 2012.

As at 31 August 2020 the UK Governance Council was comprised of:



Greg Hall, Chair of the UKGC

Date of first appointment 2009

Greg heads up the Mazars deal advisory due diligence team in the UK and has over 20 years' experience. His expertise in transaction services includes working with both listed and private companies as well as banks and other finance providers. He has particular skills in building complex business models for due diligence in the raising of both equity and debt funding.

Greg is the firm's Ethics Partner.



Samantha Russell, Chair of the UKRAC

Date of first appointment 2019

Date of resignation 2020

Samantha was an audit partner at Mazars, and led the retail & consumer products team. She has over 20 years' experience and works with both listed and large private companies, both in the UK and international. Samantha is a member of the ICAEW Council.



David Dearman

Date of first appointment 2019

David is Global Co-Head of Mazars Forensic and Investigation Services practice. He has over 20 years of experience as a Forensic Accountant and expert witness and has given oral evidence in the High Court and the Criminal Courts in the UK, before the Competition Appeals Tribunal and at International Arbitration Tribunal hearings in UNCITRAL, ICSID, ICC, LCIA, SIAC, ICDR and AAA proceedings. David's experience covers a range of issues including complex accounting disputes, breach of warranty disputes, contentious valuations, contractual and product liability disputes, fraud, asset tracing, money laundering and other financial investigations, professional negligence actions, loss of profits claims and the assessment of damages.

Appendix 3 UK and Group leadership



Tim Hudson

Date of first appointment 2002

Tim is an audit partner and his clients include UK listed entities as well as subsidiaries of international groups most of which are listed on overseas exchanges. He has worked in a number of sectors including manufacturing, distribution and transport. He has been a partner for 20 years and is currently managing partner of the Manchester office.

In addition to being a member of the UK Governance Council, Tim is the chair of the GGC and is a member of the audit committee.



Richard Metcalfe

Date of first appointment 2016

Richard is the audit business unit Leader for our Industry & Services strategic market. He joined Mazars in 2001 and since then has acted as lead engagement partner for numerous listed and international audit clients, and as Reporting Accountant for Initial Public Offerings (IPOs).



Steve Miller

Date of first appointment 2015

Steve is Head of the Transaction Services Advisory practice in London. He specialises in providing financial and related due diligence and restructuring services to private equity houses, debt providers, management and corporates.



Stephen Mills

Date of first appointment 2019

Stephen is an audit partner with 27 years' experience in the privately-owned/entrepreneurial business sector. He has particular experience in the audit of manufacturing, engineering and construction businesses.

Stephen is the firm's lead for our Privately Owned Business audit business unit.



Ann Nilsson

Date of first appointment 2017

Ann is a partner at Mazars with over 20 years' experience in corporate and personal insolvency. She qualified in 2002 and her specialism is personal insolvency. Ann is one of the founding members in establishing Mazars' National Bankruptcy Centre which is now recognised as a market leader in its field.

Members of the UK Risk and Audit Committee

The UKRAC is a sub-committee of the UKGC and its members as at 31 August 2020 are set out below:

- Richard Metcalfe (Chair);
- Greg Hall; and
- Tim Hudson.

Meeting attendance

| Name | UK Executive* | UKGC | UKRAC |
|---------------------------------|---------------|------|-------|
| Phil Verity | 41/41 | n/a | n/a |
| Jac Berry | 39/41 | n/a | n/a |
| Nigel Grummitt ¹ | 37/41 | n/a | n/a |
| Elisabeth Maxwell | 37/41 | n/a | n/a |
| Bob Neate | 39/41 | n/a | n/a |
| Lindsay Pentalow | 40/41 | n/a | n/a |
| Toby Stanbrook | 41/41 | n/a | n/a |
| Ian Wrightson | 40/41 | n/a | n/a |
| James Gilbey ¹ | 26/28 | n/a | n/a |
| David Dearman | n/a | 3/3 | n/a |
| Greg Hall | n/a | 3/3 | 3/3 |
| Tim Hudson | n/a | 3/3 | 3/3 |
| Richard Metcalfe | n/a | 3/3 | 3/3 |
| Steve Miller | n/a | 3/3 | n/a |
| Stephen Mills | n/a | 3/3 | n/a |
| Ann Nilsson | n/a | 3/3 | n/a |
| Samantha Russell ^{2,3} | n/a | 2/2 | 2/2 |

¹ Not a member of the UK Executive for the full period

² Not a member of the UKGC for the full period

³ Not a member of the UKRAC for the full period

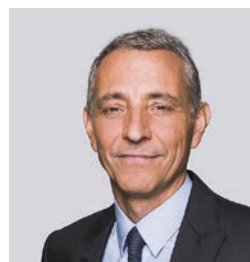
* The high number of UK Executive meetings was a consequence of close monitoring and management of the impact of the pandemic on the firm.

Appendix 3 UK and Group leadership

As at 31 August 2020, the GEB was composed of:



France
Hervé Hélias
CEO and Chairman



Spain
Antonio Bover



Italy
Pascal Jauffret



United Kingdom
Rudi Lang



Senegal
Taïbou M'Baye



Germany
Dr Christoph Regierer



Belgium
Véronique Ryckaert



China
Wenxian Shi



Netherlands
Ton Tuinier



United Kingdom
Phil Verity



United States
Victor Wahba

As at 31 August 2020 the Group Governance Council was composed of:



United Kingdom
Tim Hudson
Chair



France
Thierry Blanchetier
Vice-chair



Germany
Gertrude Bergmann



United States
Kathryn Byrne



France
Juliette Decoux



France
Fabrice Demarigny



India
Bharat Dhawan



United States
Denise Fletcher
Independent member



Singapore
Chris Fuggle



South Africa
Michelle Olckers



China
Liwen Zhang

Appendix 4

Public Interest Entity Audit clients of Mazars UK

Public Interest Entities as defined in EU Directive 2014/56/EU in respect of which Mazars UK has expressed an audit opinion in the year to 31 August 2020 are detailed below. Entities that are not EU Public Interest Entities are marked with an asterisk (*):

Companies that have issued transferable securities admitted to trading on:

London Stock Exchange

Carclo plc
Castings plc
City of Lincoln Council¹
French Connection Group plc
Hidong Estate plc
Highcroft Investments plc
Housing Association Funding plc
Kingston upon Hull City Council¹
Menhaden plc
Poplar HARCA Capital plc
Wasps Finance plc
Okyo Pharma Limited*

Nex Exchange Growth Market

Field Systems Designs Holdings PLC*
Hydro Hotel, Eastbourne, PLC*

Euronext Dublin (Main Securities Market)

TC Dudgeon OFTO plc

Euronext Dublin (Global Exchange Market)

TC Dudgeon OFTO plc

Luxembourg Stock Exchange - Bourse de Luxembourg

Chrome Funding Limited*

The International Stock Exchange

Compre Holdings Limited*

AIM

Access Intelligence PLC*
Arbuthnot Banking Group plc*
FRP Advisory Group plc*
Hunters Property plc*
Northern Bear plc*
Pennant International Group plc*
Portmeirion Group plc*
Reabold Resources plc*
Robinson plc*
Rotala plc*
Symphony Environmental Technologies plc*
Telit Communications plc*
Tiziana Life Sciences plc²*
Trackwise Designs plc*
Minds + Machines Group Limited*
Byotrol plc*

Cayman Islands Stock Exchange

Project Leopard AcquireCo Limited

Credit institutions

Arbuthnot Latham and Co. Limited
Bank of Baroda (UK) Limited
BMCE Bank International plc
FCMB Bank (UK) Limited
Penrith Building Society
Punjab National Bank (International) Limited
Sonal Bank UK Limited
State Bank of India (UK) Limited
Turkish Bank (UK) Limited
United National Bank Limited

Insurance undertakings

Agora Syndicate 3268*
AXA Insurance UK plc
AXA PPP Healthcare Limited
Bestpark International Limited
CX Reinsurance Company Limited
English & American Insurance Company Limited*
Metropolitan Police Friendly Society
Syndicate 2015 (The Channel Syndicate)*
Syndicate 2525*
Tesco Underwriting Limited
The Griffin Insurance Association Limited

¹ Relates to PIE entities that are also local audits.

² Also listed on the NASDAQ

Major local audits

Major local audits as defined in The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 in respect of which Mazars UK has expressed an audit opinion in the year to 31 August 2020 are detailed below.

Bury Metropolitan Borough Council
Greater Manchester Combined Authority
Hounslow London Borough Council
Hounslow London Borough Council Pension Fund
Kingston upon Hull City Council
Leeds Teaching Hospitals NHS Trust
London Borough of Camden Council
London Borough of Camden Pension Fund
London Borough of Lambeth
London Borough of Lambeth Pension Fund
Mid Yorkshire Hospitals NHS Trust
NHS Newcastle Gateshead CCG
NHS Northumberland CCG
NHS Sunderland CCG
NHS Vale of York CCG
Salford City Council
Trafford Metropolitan Borough Council

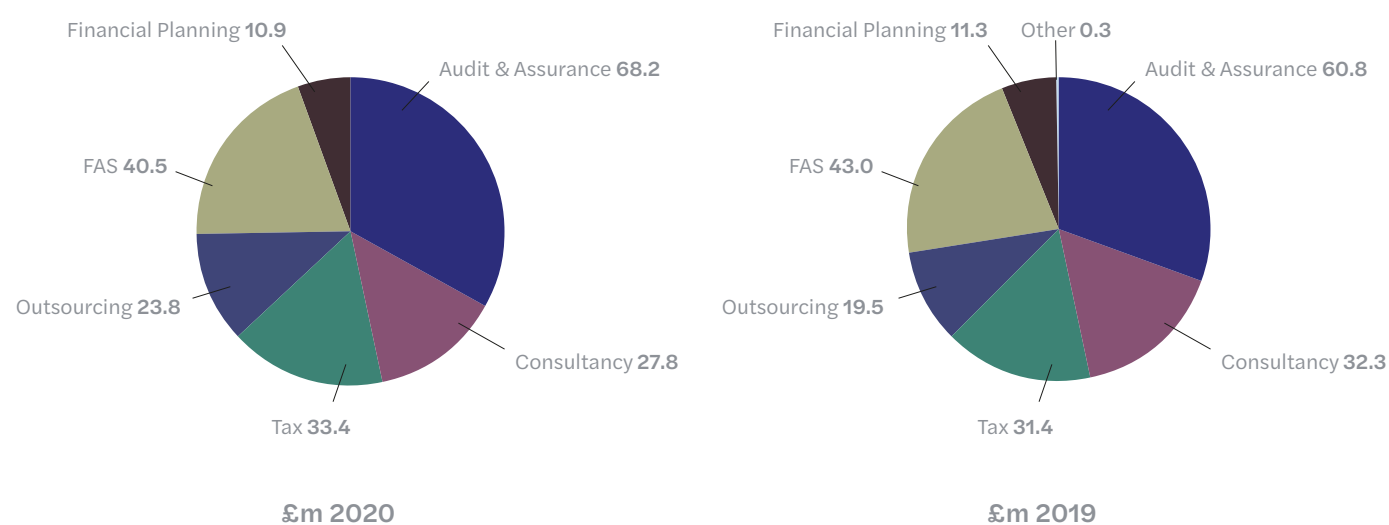
Appendix 5 UK financial performance

The following has been extracted from the unaudited financial information for the year ended 31 August 2020, demonstrating the importance of statutory audit work to the overall results of the firm.

| Turnover by type | 2020 £'m | 2019 £'m | 2018 £'m |
|--|-------------|-------------|-------------|
| Revenues from the statutory audit of annual and consolidated financial statements of PIE | 4.9 | 3.7 | 3.4 |
| Revenues from the statutory audit of annual and consolidated financial statements entities whose parent is a PIE | 11.1 | 8.0 | 6.5 |
| Revenues from the statutory audit of annual and consolidated financial statements of other entities | 47.4 | 44.3 | 37.1 |
| Total statutory audit services* | 63.4 | 56.0 | 47.3 |
| Non-audit services to audit clients** | 20.4 | 19.8 | 18.6 |
| Non-audit services to non-audit clients | 120.8 | 122.8 | 115.4 |
| | 204.6 | 198.6 | 181.3 |
| *Of which turnover relating to local audit work | 6.0 | 6.1 | 3.3 |
| **Of which turnover relating to local audit work | 0.6 | 0.2 | 0.1 |

A list of the Public Interest Entities in respect of which Mazars UK expressed an audit opinion in 2019/20 is set out in Appendix 4.

Turnover by service line



Appendix 6 Effectiveness of the system of internal controls

Mazars UK has conducted an annual review of the effectiveness of the internal control system, which considered all material areas of the control environment, 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 ISQC1;
 - internal audit reviews;
 - whole of firm compliance reviews; and
 - 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 UK 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 7

Group and UK statements of compliance

Statement of compliance with the Audit Firm Governance Code 2016

This is the fourth year that we have been required to disclose compliance with the Audit Firm Governance Code 2016. We have adopted a comply or explain policy in respect of our compliance with this code, details of which can be found in Appendix 8. We fully support the principles and aims of the Audit Firm Governance Code and aim to work towards enhanced compliance over the coming year.

Statement on the effectiveness of the quality control system

Mazars Group's and Mazars UK'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 in December 2020 that it met the membership obligations of the FoF in all material respects.

The management of Mazars Group and Mazars UK 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's and Mazars UK'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 UK 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

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 UK complies with the Continuing Professional Development policies of the ICAEW, ICAS and ACCA which are, in turn, compliant with IES 7 and IES 8. Mazars UK 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 8

Audit Firm Governance Code and other disclosure requirements

The revised Audit Firm Governance Code 2016, published by the FRC in July 2016, is applicable for financial years beginning on or after 1 September 2016 and is referenced in the table below:

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|---|
| A | Leadership | |
| A.1 | Owner accountability principle The management of a firm should be accountable to the firm's owners and no individual should have unfettered powers of decision. | See section 3.2 |
| A.1.1 | The firm should establish a board or equivalent governance structure, with matters specifically reserved for its decision, to oversee the activities of the management team. | See section 3.2 |
| A.1.2 | The firm should state in its transparency report how its governance structures and management operate, their duties and the types of decisions they take. In doing so, the firm should explain how its governance structure provides oversight of both the audit practice and the firm as a whole with a focus on ensuring the Code's purpose, is achieved. If the management and/or governance of the firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code's purpose achieved in the UK. | See section 3.2 |
| A.1.3 | The firm should state in its transparency report the names and job titles of all members of the firm's governance structures and its management, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details. | See Appendices 2 and 3 |
| A.1.4 | The members of a firm's governance structures and management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection. | Section 3.2 |
| A.2 | Management principle A firm should have effective management which has responsibility and clear authority for running the firm. | See section 3.2 and the "Our Managing Team" pages of our website |
| A.2.1 | Management should have terms of reference that include clear authority over the whole firm including its non-audit businesses and these should be disclosed on the firm's website. | See section 3.2 and the "Our Managing Team" pages of our website |
| B | Values | |
| B.1 | Professionalism principle A firm should perform quality work by exercising judgement and upholding values of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour in a way that properly takes the public interest into consideration and meets auditing and ethical standards. | See section 1.6 |
| B.1.1 | The firm's governance structures and management should establish and promote throughout the firm an appropriate culture, supportive of the firm's public interest role and long term sustainability. This should be achieved in particular through the right tone from the top, through the firm's policies and practices and by management publicly committing themselves and the whole firm to quality work, the public interest and professional judgement and values. | See section 1.6 for our code of conduct which embeds a culture of quality See sections 3 and 1.2 for the tone at the top from the leadership |

Appendix 8

Audit Firm Governance Code and other disclosure requirements

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|--|
| B.1.2 | Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their transparency reports. | See section 3 |
| B.1.3 | The firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The board and Independent Non-Executives should oversee compliance with it. | See section 1.6 for the Code of Conduct, the "Our Values and Culture" pages of the website and the Public Interest Committee Report |
| B.2 | Governance principle A firm should publicly commit itself to this Audit Firm Governance Code. | We support the principles and aims of this Code, as demonstrated by our commitment to the disclosure of the level of compliance with all aspects of the Code |
| B.2.1 | The firm should incorporate the principles of this Audit Firm Governance Code into an internal code of conduct. | See section 1.6 for the Code of Conduct and the "Our Values and Culture" pages of the website |
| B.3 | Openness principle A firm should maintain a culture of openness which encourages people to consult and share problems, knowledge and experience in order to achieve quality work in a way that properly takes the public interest into consideration. | See section 1.6 |
| C | Independent Non-Executives | |
| C.1 | Involvement of Independent Non-Executives principle A firm should appoint Independent Non-Executives to the governance structure who, through their involvement, collectively enhance the firm's performance in meeting the purpose of the Code. | See Report from the Public Interest Committee and section 3.2 |
| C.1.1 | Independent non-executives should number at least three and be in the majority on a body that oversees public interest matters; and/or be members of other relevant governance structures within the firm. They should also meet as a separate group to discuss matters relating to their remit. They should have full visibility of the entirety of the business but should pay particular attention to and report on risks to audit quality and how they are addressed. If a firm considers that having three INEs is inappropriate given its size or number of public company clients, it should explain this in its transparency report and ensure a minimum of two at all times. Where the firm adopts an international approach to its management it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this market; or explain why it regards a smaller number to be more appropriate, in which event there should be a minimum of two. | See Report from the Public Interest Committee and section 3.2 |

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|---|--|
| C.1.2 | The firm should disclose on its website and in its transparency report information about the appointment, retirement and resignation of Independent Non-Executives; their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its Independent Non-Executives in the way it has (for example, as members of the main board or on a Public Interest Committee). The firm should also disclose on its website the terms of reference and composition of any governance structures whose membership includes Independent Non-Executives. | See section 3.2, Appendix 2 and "Our Managing Team" pages of our website |
| C.1.3 | The Independent Non-Executives should report in the firm's transparency report on how they have worked to meet the purpose of the Code defined as: Audit Firm Governance Code – Revised 2016 (July 2016) Promoting audit quality. Helping the firm secure its reputation more broadly, including in its non-audit businesses. Reducing the risk of firm failure. | See Report from the Public Interest Committee |
| C.1.4 | Independent Non-Executives should have regular contact with the ethics partner, who should under the ethical standards have a reporting line to them. | See Report from the Public Interest Committee |
| C.2 | Characteristics of Independent Non-Executives principle The Independent Non-Executives' duty of care is to the firm. They should command the respect of the firm's owners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise. They should have a balance of relevant skills and experience including of audit and a regulated sector. At least one Independent Non-Executive should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function, as an investor or at an audit firm. | See section 3.2 and Appendix 2 |
| C.2.1 | The firm should state in its transparency report its criteria for assessing the impact of Independent Non-Executives on the firm's independence as auditors and their independence from the firm and its owners. | See section 3.2 |
| C.3 | Rights and responsibilities of Independent Non-Executives principle Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the Independent Non-Executive resigns, to report this resignation publicly. | See section 3.2 and "Our Managing Team" pages of our website |
| C.3.1 | Each Independent Non-Executive should have a contract for services setting out their rights and duties. | Each INE has an appropriate contract in place |
| C.3.2 | Independent Non-Executives should be appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation. | See section 3.2 and Appendix 2 |

Appendix 8

Audit Firm Governance Code and other disclosure requirements

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|---------------------------------------|
| C.3.3 | The responsibilities of an Independent Non-Executive should include, but not be limited to, oversight of the firm's policies and processes for: Promoting audit quality. Helping the firm secure its reputation more broadly, including in its non-audit businesses. Reducing the risk of firm failure. | See section 3.2 |
| C.3.4 | The firm should ensure that appropriate indemnity insurance is in place in respect of legal action against any Independent Non-Executive in respect of their work in that role. | See section 3.2 |
| C.3.5 | The firm should provide each Independent Non-Executive with sufficient resources to undertake their duties including having access to independent professional advice at the firm's expense where an Independent Non-Executive judges such advice necessary to discharge their duties. | See section 3.2 |
| C.3.6 | The firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the Independent Non-Executives and members of the firm's management team and/or governance structures. | See section 3.2 |
| D | Operations | |
| | Compliance principle | |
| D.1 | A firm should comply with professional standards and applicable legal and regulatory requirements. Operations should be conducted in a way that promotes audit quality and the reputation of the firm. The Independent Non-Executives should be involved in the oversight of operations. | See section 1.2 and section 1.6 |
| D.1.1 | The firm should establish policies and procedures for complying with applicable legal and regulatory requirements and international and national standards on auditing, quality control and ethics, including auditor independence. | See sections 1.2 and 1.3 |
| D.1.2 | The firm should establish policies and procedures for individuals signing group audit reports to comply with applicable standards on auditing dealing with group audits including reliance on other auditors whether from the same network or otherwise. | See section 1.2 |
| D.1.3 | The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest. | See section 1.6 |
| D.1.4 | The firm should take action to address areas of concern identified by audit regulators in relation to the firm's audit work. | See section 1.4 |
| | Risk management principle | |
| D.2 | A firm should maintain a sound system of internal control and risk management over the operations of the firm as a whole to safeguard the firm and reassure stakeholders. | See section 3.2 |

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|--|
| D.2.1 | The firm should, at least annually, conduct a review of the effectiveness of the firm's system of internal control. Independent Non-Executives should be involved in the review which should cover 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. | See section 3.2, and Appendix 6 |
| D.2.2 | The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary. | See section 3.2, and Appendix 6 |
| D.2.3 | The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK. | See section 3.2 |
| | People management principle | |
| D.3 | A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code. | See sections 1.1 and 1.6 |
| D.3.1 | The firm should disclose on its website how it supports its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement. | See sections 1.1 and 1.6 and the website where this Transparency Report sits |
| D.3.2 | Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected. | See Report from the Public Interest Committee |
| | Whistleblowing principle | |
| D.4 | A firm should establish and apply confidential whistleblowing policies and procedures across the firm which enable people to report, without fear, concerns about the firm's commitment to quality work and professional judgement and values in a way that properly takes the public interest into consideration. The Independent Non-Executives should be satisfied that there is an effective whistleblowing process in place. | See section 1.6 |
| D.4.1 | The firm should report to Independent Non-Executives on issues raised under its whistleblowing policies and procedures and disclose those policies and procedures on its website. | See sections 1.6 and 3.2 |

Appendix 8

Audit Firm Governance Code and other disclosure requirements

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|---|
| E | Reporting | |
| | Internal reporting principle | |
| E.1 | The management of a firm should ensure that members of its governance structures, including owners and Independent Non-Executives, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties. | See Report from the Public Interest Committee |
| | Governance reporting principle | |
| E.2 | A firm should publicly report how it has applied in practice each of the principles of the Audit Firm Governance Code and make a statement on its compliance with the Code's provisions or give a considered explanation for any non-compliance. | Appendix 7 |
| E.2.1 | The firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1. | See this report on the "Corporate Publications" pages of our website |
| E.2.2 | In its transparency report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure. | N/A |
| | Transparency principle | |
| E.3 | A firm should publish on an annual basis in its transparency report a commentary on the firm's performance, position and prospects. | See sections 3.1 and 3.2 |
| E.3.1 | The firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The firm should describe those risks and explain how they are being managed or mitigated. | See section 2 |
| E.3.2 | The transparency report should be fair, balanced and understandable in its entirety. | This report has been produced with consideration to this provision, is co-ordinated centrally and is subject to UK Executive and Public Interest Committee review |
| | Reporting quality principle | |
| E.4 | A firm should establish formal and transparent arrangements for monitoring the quality of external reporting and for maintaining an appropriate relationship with the firm's auditors. | See section 3.2 |
| E.4.1 | The firm should establish an audit committee and disclose on its website information on the Committee's membership and terms of reference which should deal clearly with its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. On an annual basis, the audit committee should publish a description of its work and how it has discharged its duties. | See UKGC report, section 3.2 and the "Our Managing Team" pages of the website |

| Disclosure required by the Audit Firm Governance Code | | How Mazars LLP complies with the code |
|---|--|---|
| | Financial statements principle | |
| E.5 | A firm should publish audited financial statements prepared in accordance with a recognised financial reporting framework such as International Financial Reporting Standards or UK GAAP, and should be clear and concise. | Mazars LLP prepares annual audited financial statements in accordance with International Financial Reporting Standards as adopted by the EU Our financial statements are available at Companies House and on our website |
| E.5.1 | The firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities, preferably in accordance with the extended audit report standards. | This is disclosed in our financial statements, available at Companies House and on our website |
| E.5.2 | The firm should state whether it considers it appropriate to adopt the going concern basis of accounting and identify any material uncertainties to its ability to continue to do so, with supporting assumptions or qualifications as necessary. | This is disclosed in our financial statements, available at Companies House and on our website |
| F | Dialogue | |
| | Firm dialogue principle | |
| F.1 | A firm should have dialogue with listed company shareholders, as well as listed companies and their audit committees, about matters covered by this Audit Firm Governance Code to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion, issues and concerns. | See sections 1.5 and 3.2 for the level of dialogue We welcome further dialogue with investors, listed companies and their audit committees |
| F.1.1 | The firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of Independent Non-Executives in such dialogue. | See section 3.2 |
| F.2 | Shareholder dialogue principle Shareholders should have dialogue with audit firms to enhance mutual communication and understanding. | See sections 1.5 and 3.2 |
| F.3 | Informed voting principle Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to recommendations. | We consider that the principle is directed at shareholders and therefore not applicable to the firm |

Appendix 8

Audit Firm Governance Code and other disclosure requirements

Statutory Auditors (Transparency) Instrument 2008

We have prepared this Transparency Report in accordance with the requirements of the Statutory Auditors (Transparency) Instrument 2008 as issued by the Financial Reporting Council's Professional Oversight Board, as referenced in the table below:

| | Disclosure required by the Statutory Auditors (Transparency) Instrument 2008 | How Mazars LLP complies with the instrument |
|----|--|---|
| 1 | A description of the legal structure and ownership of the transparency reporting auditor. | See section 3.1 |
| 2 | Where the transparency reporting auditor belongs to a network, a description of the network and the legal and structural arrangements of the network. | See section 3.2 |
| 3 | A description of the governance structure of the transparency reporting auditor. | See section 3.2 |
| 4 | A description of the internal quality control system of the transparency reporting auditor and a statement by the administrative or management body on the effectiveness of its functioning. | See Appendix 6 |
| 5 | A statement of when the last monitoring of the performance by the transparency reporting auditor of statutory audit functions within the meaning of paragraph of Schedule to the Act (as amended by regulation of the Statutory Auditors and Third Country Auditors Regulations (S.I. /)) took place. | See section 1.2 |
| 6 | A list of public interest entities in respect of which an audit report has been made by the transparency reporting auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation provided that a clear link is established between the transparency report and such a list. | See Appendix 4 |
| 7 | A description of the transparency reporting auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted. | See section 1.6 |
| 8 | A statement on the policies and practices of the transparency reporting auditor designed to ensure that persons eligible for appointment as a statutory auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level. | See Appendix 7 |
| 9 | Financial information for the financial year of the transparency reporting auditor to which the report relates, including the showing of the importance of the transparency reporting auditor's statutory audit work. | See Appendix 5 |
| 10 | Information about the basis for the remuneration of partners. | See section 1.6 |

The Local Auditors (Transparency) Regulation 2020

We have prepared this Transparency Report in accordance with the requirements of the Local Auditors (Transparency) Instrument 2015 as issued by the Financial Reporting Council's Professional Oversight Board, as referenced in the table below:

| | The Local Auditors (Transparency) Regulation 2020 | How Mazars LLP complies with the instrument |
|-----|--|---|
| 1. | A description of the legal structure, governance and ownership of the transparency reporting Local Auditor. | See section 3.1 |
| 2. | Where the transparency reporting Local Auditor belongs to a network, a description of the network and the legal and structural arrangements of the network. | See section 3.1 |
| 3. | A description of the internal quality control system of the transparency reporting Local Auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to Local Audit work. | See Appendix 6 |
| 4. | A description of the transparency reporting Local Auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted. | See section 1.6 |
| 5. | Confirmation that all engagement leads are competent to undertake Local Audit work and staff working on such assignments are suitably trained. | See Appendix 7 |
| 6. | A statement of when the last monitoring of the performance by the transparency reporting Local Auditor of Local Audit functions within the meaning of paragraph 23 of Schedule 10 to the Companies Act 2006, as applied in relation to Local Audits by Section 17 and paragraphs 1, 2 and 28(7) of Schedule 5 to the Act, to place. | See section 1.2 |
| 7. | A list of major Local Audits in respect of which an audit report has been made by transparency reporting Local Auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list. | See Appendix 4 |
| 8. | A statement on the policies and practices of the transparency reporting Local Auditor designed to ensure that persons eligible for appointment as a Local Auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level. | See Appendix 7 |
| 9. | Turnover for the financial year of the transparency reporting Local Auditor to which the report relates, including the showing of the importance of the transparency reporting Local Auditor's Local Audit work. | See Appendix 5 |
| 10. | Information about the basis for remuneration to partners. | See section 1.6 |

Appendix 8

Audit Firm Governance Code and other disclosure requirements

EU Directive 2014/56/EU Article 13

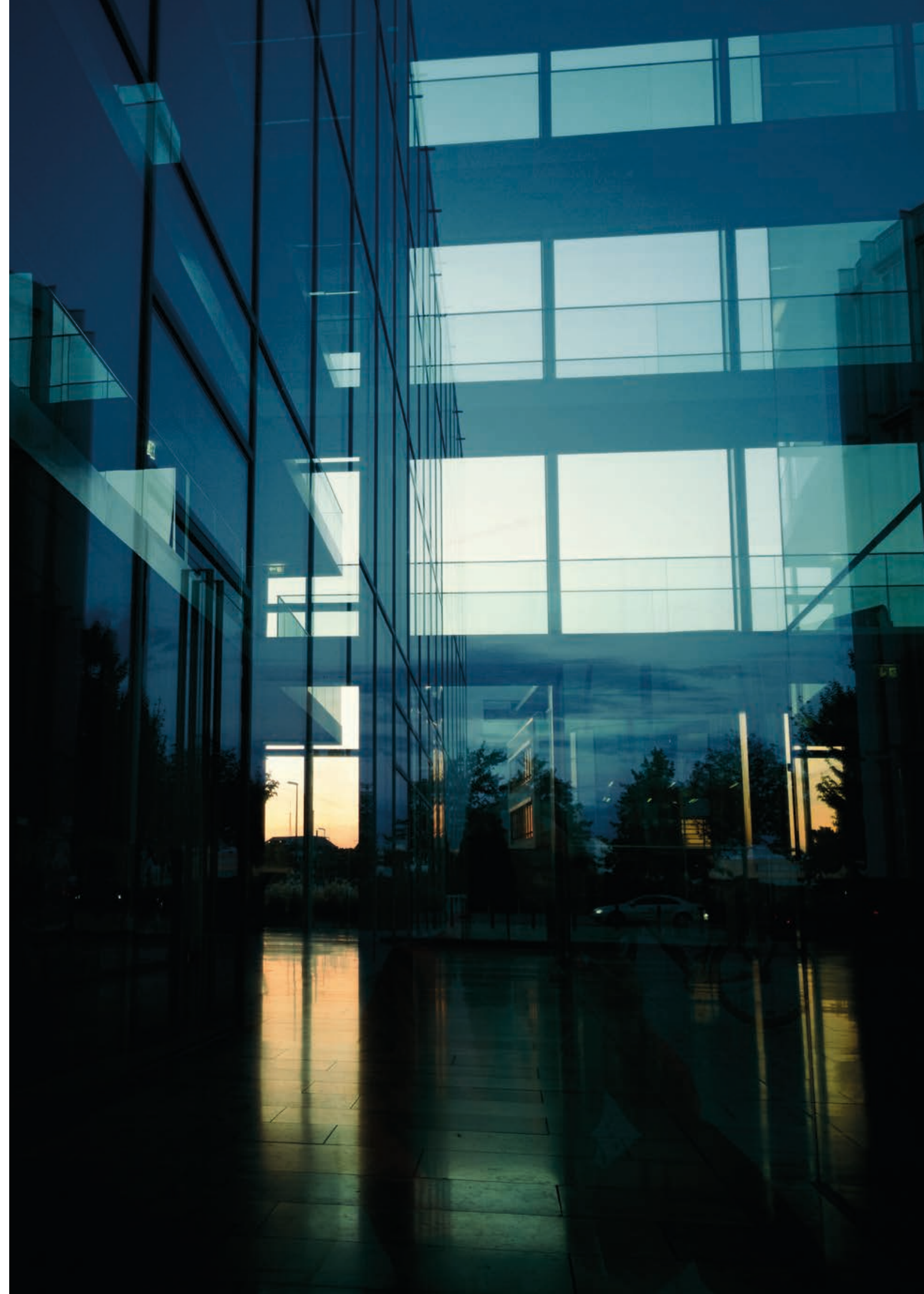
Article 13 of the EU Directive 2014/56/EU amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts consists of requirements for inclusion in the Transparency Reports for the Statutory Auditors of PIE, as reference in the table below:

| Disclosure required by EU Directive 2014/56/EU Article 13 | How Mazars LLP complies with the directive |
|--|---|
| 1 A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm. | See this report on the "Corporate Publications" pages of our website. |
| 2 The annual transparency report shall include at least the following: | |
| 2 (a) a description of the legal structure and ownership of the audit firm; | See section 3.1 |
| 2 (b) where the statutory auditor or the audit firm is a member of a network: | See section 3.1 |
| 2 (b) (i) a description of the network and the legal and structural arrangements in the network; | See section 3.1 |
| 2 (b) (ii) the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network; | See Appendix 1 |
| 2 (b) (iii) the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business; | See Appendix 1 |
| 2 (b) (iv) the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements; | See section 3.1 |
| 2 (c) a description of the governance structure of the audit firm; | See section 3.2 |
| 2 (d) a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning; | See Appendices 6 and 7 |
| 2 (e) an indication of when the last quality assurance review referred to in Article 26 was carried out; | See section 1.2 |
| 2 (f) a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year; | See Appendix 4 |

| Disclosure required by EU Directive 2014/56/EU Article 13 | How Mazars LLP complies with the directive |
|--|--|
| 2 (g) a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted; | See Appendix 7 |
| 2 (h) a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC; | See Appendix 7 |
| 2 (i) information concerning the basis for the partners' remuneration in audit firms; | See section 1.6 |
| 2 (j) a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7); | See section 1.6 |
| 2 (k) where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: | See Appendix 5 |
| 2 (k) (i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; | See Appendix 5 |
| 2 (k) (ii) revenues from the statutory audit of annual and consolidated financial statements of other entities; | See Appendix 5 |
| 2 (k) (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and | See Appendix 5 |
| 2 (k) (iv) revenues from non-audit services to other entities. | See Appendix 5 |
| 3 The transparency report shall be signed by the statutory auditor or the audit firm. | See Foreword |

Appendix 9 Glossary of terms

| | | | |
|------------|--|------------------|---|
| AAS | Audit and Assurance Service | INE | Independent Non Executive |
| AB | Audit Board | IQCC | International Quality Control Committee |
| ACCA | Association of Chartered Certified Accountants | ISA | International Standard on Auditing |
| AOS | Accounting and Outsourcing Services | ISQC | International Standards on Quality Control |
| AQB | Audit Quality Board | IT | Information Technology |
| AQRT | FRC's Audit Quality Review Team | KAP | Key Audit Partner |
| BAME | Black, Asian and Minority Ethnic | KPI | Key Performance Indicator |
| BSOC | Business Services Operations Committee | LGBT | Lesbian, Gay, Bisexual and Transgender |
| BST | Business Support Team | LLP | Limited Liability Partnership |
| CCOI | Code of Conduct for Objectivity and Independence | MAM | Mazars Audit Methodology |
| COO | Chief Operating Officer | Mazars Group | The member entities of Mazars SCRL |
| CPD | Continued Professional Development | Mazars UK | Mazars LLP |
| CSR | Corporate Social Responsibility | NSP | UK National Senior Partner |
| CSU | Central Support Unit | OMP | Office Managing Partner |
| ERMF | Enterprise Risk Management Framework | Partners | Partners and shareholders of Mazars entities in the Mazars Group |
| EQCR | Engagement Quality Control Review | PIC | Public Interest Committee |
| EU | European Union | PIE | Public Interest Entity |
| FAS | Financial Advisory Services | PSAA Ltd | Public Sector Audit Appointments |
| FoF | Forum of Firms | QAD | Quality Assurance Department |
| FRC | Financial Reporting Council | QCA | Quoted Companies Alliance |
| GIAC | Group Independence and Acceptance Committee | QRB | Quality and Risk Board |
| GEB | Group Executive Board | QSG | Quality Steering Group |
| GGC | Group Governance Council | QR&M | Quality Risk and Management Board |
| GLT | Global Leadership Team | RI | Responsible Individual |
| GSB | Global Support Business | SCRL | Societe Cooperative a Responsabilite Limitee (Limited Responsibility Cooperative Company) |
| GSST | Global Sector & Services Team | TAX | Tax services |
| IAASB | International Auditing and Assurance Standards Board | The Charter | Charter of Association |
| ICAEW | Institute of Chartered Accountants in England & Wales | The Firm | Mazars LLP |
| IES | International Education Standards | The Group | The member entities of Mazars SCRL |
| IESBA | International Ethics Standards Board for Accountants | The Revised Code | Revised Audit Firm Governance Code (2016) |
| IESBA Code | IESBA Code of Ethics for Professional Accountants | UK | United Kingdom |
| IFAC | International Federation of Accountants | UK Executive | UK Executive Board |
| IFRS | International Financial Reporting Standards | UKGC | United Kingdom Governance Council |
| | | UKRAC | UK Risk and Audit Committee |
| | | Us/we | Mazars LLP |



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

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