



# UK Transparency Report 2022

mazars





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# Introduction Mazars in the UK at a glance

## UK coverage

15  
offices

2,917  
professionals

157  
partners

## UK turnover 2021-2022

£288m\*  
38% in respect of audit services

23%  
Turnover increase on prior year

32% in respect of audit services

These figures are valid as of 31 August 2022.  
\* Unaudited results

## Our people

260,812  
hours audit training and development

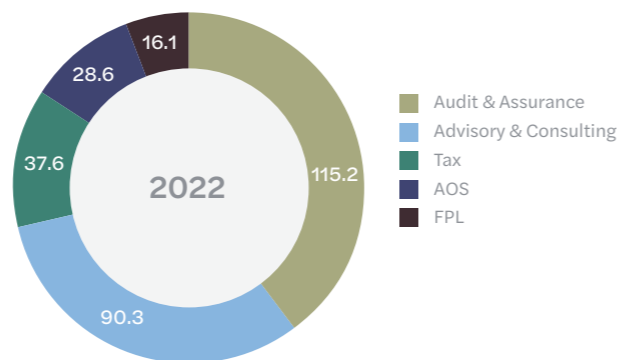
Female RIs and KAPs  
28%  
2022  
as %age of total

Female partners  
25%  
2022  
as %age of total

41  
Mental health first  
aiders

11  
Employee networks

Income by service line (£m)



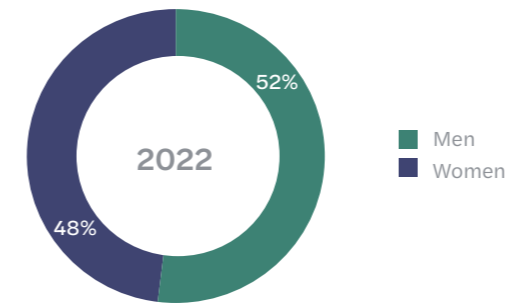
## Our conduct

Environmental  
sustainability  
our 2<sup>nd</sup>

Sustainability Report  
published, with key  
emphasis on our people  
and on the promotion  
of inclusion and  
diversity for all

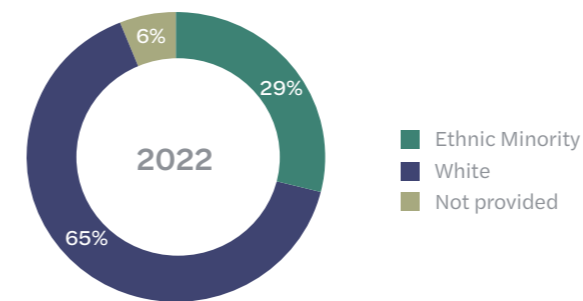
## Gender

UK firm



## Ethnicity

UK firm



## In promoting inclusion and diversity, we signed up to and supported:

- Charter for Black Talent in Finance and the Professions
- 10,000 Black Interns programme
- The Valuable 500

## Volunteering hours

5188  
2022

## Audit quality Our monitoring

### Internal inspections

38  
Internal monitoring reviews

84%  
of which did not  
identify significant  
improvements required

### External inspections

3 out of 3  
100% of Public Sector audits  
did not require more than  
limited improvements

4 out of 8  
50% of Listed and PIE audits  
did not require more than  
limited improvements

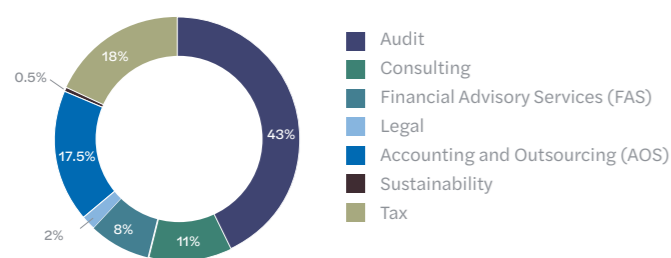
# Introduction

## Mazars Group at a glance

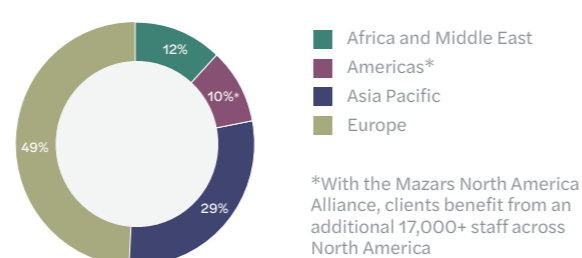
**Mazars SC ('Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in audit, advisory, accountancy, tax and legal services.**

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

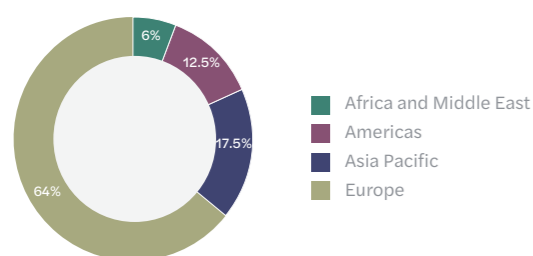
Global turnover by service lines (%)



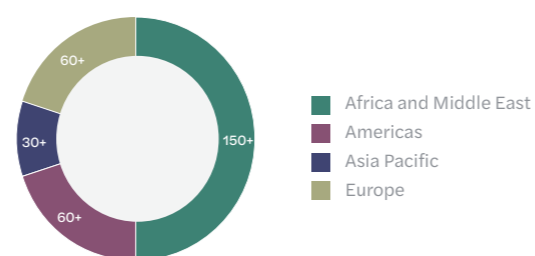
Professionals split by regions (%)



Global turnover by regions (%)



Offices split by regions



# Introduction

## Mazars' story

Start-up in France

# 1945

**Growth in Europe:**

€100m turnover

# 1995

1,000 professionals  
Creation of the international partnership

€500m turnover  
37 countries

# 2005

5,300 professionals  
Growth in Europe and in America

€2.45bn turnover  
More than 90+ countries and territories

# 2022

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

## Global coverage

# 300+

offices

# 90+

countries and territories

# 47,000+\*

professionals

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

# 1,000+

Mazars SC partners

**Group global turnover**  
2021-2022

# €2.45bn\*\*

\*\* includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices. Unaudited results.

# 16.7%

Increase on prior year  
(excludes forex impact of 1.6%)

These figures are valid as of 31 August 2022. For current up-to-date information, please visit: [www.mazars.com/keydata](http://www.mazars.com/keydata)



## Introduction

### Foreword by Phil Verity, UK CEO

**Looking back over the last 12 months, I am proud of the firm's progression and encouraged by the positive steps we have taken.**

Looking back over the last 12 months, I am proud of the firm's progression and encouraged by the positive steps we have taken. As a firm, we are absolutely committed in taking the further steps we still need to take to demonstrate consistently high-quality audit as a Tier 1 firm in the Public Interest Entity (PIE) audit market.

It has been a year of global uncertainty which has required us to respond:

- The firm emerged from lockdowns and embraced a flexible working model for our team.
- While the global Covid risk subsided, the Russian invasion of Ukraine brought risk that we quickly addressed by cutting ties with our Russian firm.
- The knock-on economic impact of Covid and the war in Ukraine created a cost-of-living crisis for our UK team, which we sought to mitigate by providing financial support for our most affected team members.

I believe that in these responses – and in our work throughout the year – we have lived up to our firm's values and purpose: to help build the economic foundations of a fair and prosperous world by caring for our people and clients, the health of financial markets, and the integrity of our profession.

#### Our role as auditors

As auditors we have a vital role to play in ensuring the reliability of financial information, which helps to build trust in capital markets. As a growing firm, we also have a specific role to play increasing resilience and reducing excessive levels of concentration in the market.

Having a strong shared culture is vital to delivering quality audits. So this is something we continue to develop, both through our No Compromise programme – which aims to embed a culture of continuous improvement – and through a new broader cultural programme which is helping to shape the firm's culture and values.

We also continue to make positive progress with our work in inclusion and diversity, which is so crucial in enabling our diverse teams to feel wholly comfortable and confident they can be themselves at work – something we all need if we are to deliver our best, both in audit and beyond.

#### Responding to challenges

In the context of our work to improve quality, we were particularly disappointed with our Audit Quality Inspection Report from the FRC in July 2022, especially alongside the very positive inspection of the firm's Local Authority audits in October 2022. As we stated in our response to the July report, quality is a central pillar of our values and strategy, and the delivery of high-quality PIE audits remains a strategic priority for Mazars.

We are fully committed to addressing the issues identified in the report and to achieving quality results that reflect our high standards. And, although their effects were not reflected in the period covered by the report, we have recently made significant investments in quality.

In order to support both increased audit quality and growth in audit revenue, it is vital that we have sufficient resources and talent.

From September 2021 to August 2022 we continued to grow our audit team:

- Our total headcount in Audit increased from 864 to 1,118.
- We appointed 10 new audit partners.
- We more than doubled the size of our central audit quality support team.

Given the high likelihood of further testing times, we believe it's essential that we continue strengthening our firm in this way and that we continue investing in our quality and culture. By doing so we best position ourselves to fulfil our purpose and to play our part in delivering confidence and stability through whatever uncertainty lies ahead.



For and on behalf of Mazars LLP



**Phil Verity**  
UK CEO  
December 2022



**Quality is a central pillar of Mazars' values and strategy, and the delivery of high-quality audits across our four strategic markets is an imperative for Mazars in the UK and across the international organisation. Our objective is to apply the highest quality standards in our work.**

#### Our development in Audit over the last financial year

Our turnover from audit services grew to £110m from £83m in the prior year (+33%). Within this our revenue from PIE audits (including from components of PIEs) grew from £24m to £43m (+79%). We issued an audit report during the 2021-22 cycle on 72 UK PIEs, including 22 issuers, 28 credit institutions and 22 insurance undertakings. During the year, Mazars was also appointed as auditor to three FTSE250 companies.

These developments clearly position Mazars as the sixth-largest auditor of PIEs in the UK, and the PIE audit market remains a key strategic driver for the firm in the UK and internationally, notably in the financial services sector. During this time our average annual headcount in Audit grew by 29% to reach 1,118 staff and partners at 31 August 2022. This team is complemented by numerous experts who sit in our Advisory & Consulting teams and who support our Audit teams in relation to IT, actuarial, quantitative, valuation and other complex risks.

Our transparency report presents in more detail our work over the last year to strengthen our team, develop our audit culture and reinforce the infrastructure that supports the delivery of quality audits.

While we were disappointed with the FRC findings on the individual file reviews on audits delivered in the period up to early 2021, we are encouraged that the FRC acknowledged that Mazars has made improvements in a number of firmwide processes and controls, such as in relation to the strengthening of our central support functions, internal quality monitoring, and root cause analysis programme. The QAD findings on their file reviews of our corporate sector audits and the FRC's own inspections of our public sector audits indicate a far more positive assessment of the underlying quality of our work across our wider audit portfolio.

#### Looking ahead

Looking at the current year, beginning September 2022, we have refreshed our Audit Strategy with a clear link and focus to our audit quality plans and to the implementation of ISQM1. As part of this plan, the firm has taken additional steps to further strengthen our delivery capability:

- To support the delivery of quality PIE audits, we are allocating more resources to both our client-facing teams and our quality support teams, with reinforced quality control processes being introduced.
- We are investing in our team through targeted recruitment and more effective onboarding. And

we are expanding our training and development programmes and promoting a culture of coaching and learning, notably through our No Compromise initiative.

- We are delivering our transformation objectives, with the deployment of our new global audit software, the development of a new offshore delivery centre, and the launch of various data analytics tools.
- We will give ourselves time to effectively embed the quality enhancement initiatives in progress by slowing our rate of growth for a period. Our client acceptance and continuance processes have been reviewed so that we only perform audits that we are confident of delivering with the required level of quality.

We are confident that these actions will deliver the quality improvements that we demand of ourselves and will build a robust platform to support further growth in years to come.

#### In the public interest

We have a responsibility to act in the public interest and believe that investors in all companies should be able to rely with confidence on high-quality audits.

Mazars remains fully committed to the PIE audit market and to playing its part in the necessary evolution of the PIE audit market structure in the wake of the significant changes announced by the Government in its response to the consultation on its white paper 'Restoring trust in audit and corporate governance'. Our continuous investment in and development of our audit business, is designed to ensure that we are in a position to play an appropriate role in supporting the provision of excellent audit services in the public interest in the UK.



For and on behalf of Mazars LLP



**David Herbinet**  
Head of Audit



# Introduction

## Report of the Independent Non-Executives

### As Independent Non-Executives (INEs), we challenge the firm's leadership to ensure that it continuously strives to meet its obligations under the Audit Firm Governance Code (Revised 2016) and its responsibilities towards stakeholders.

As Chair of the Public Interest Committee (PIC), I am pleased to provide my annual report and to give details of some of the many activities undertaken by the INEs.

The composition of the PIC remains unchanged from the prior year, comprising the three Independent Non-Executives (INEs) and two representatives of the UK Executive. The firm's INEs and members of the PIC are Professor Guy Jubb, Lord Amyas Morse and me and our backgrounds complement each other:

- Guy brings a professional investor's perspective on corporate governance and stewardship gained through a career in a major investment firm.
- Amyas brings in-depth audit, audit quality and audit firm leadership experience acquired in a large audit firm and the National Audit Office.
- I bring client experience, having served as the Chief Financial Officer and the Chair of Audit Committees of a number of companies, public and private. As a member of the Group Governance Council of Mazars Group, I provide a strong connection to Mazars Group.

As INEs, we are responsible for helping to enhance confidence in the public interest aspects of the firm's activities. We work to fulfil the purpose of the PIC, in accordance with the principal objectives of the FRC's Audit Firm Governance Code:

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

In addition to the PIC meetings, which are set out in Appendix 3, we meet as INEs alone before every PIC meeting, and we also hold a number of ad hoc INEs-only meetings as necessary.

To enable us to meet our responsibilities, throughout the year we meet regularly with the partners responsible for key public interest activities, including the UK CEO, the UK Head of Quality, the UK Ethics Partner, the UK Head of Audit and the UK Head of Audit Quality.

As part of the changes arising from this, the INEs attend certain meetings of key bodies as observers. Guy attends the Audit and Risk Committee, Amyas attends the Governance Council, and I attend the Remuneration Committee. This helps to inform us when fulfilling our INE responsibilities.

#### Leadership and governance

##### Key management

The UK Ethics Partner attends each PIC meeting and, alongside other key management, this assists us in discussing matters that may have a reputational impact on the firm, such as sanctions and escalations, ethical matters, regulatory investigations and whistleblowing, or that may otherwise be relevant to our responsibilities.

##### Audit Board

The revised version of the Audit Firm Governance Code was issued by the FRC in April 2022.

As part of this, the firm has decided to voluntarily establish an Audit Board during January 2023.

The establishment of this Audit Board is in a transitional stage. The terms of reference include

a number of the key principles set out in the 2022 Audit Firm Governance Code, with the objective being to promote audit quality by:

- ensuring that the people within the Audit practice are focused on the delivery of high-quality audits; and
- establishing and promoting a culture supportive of the public interest.

The establishment of the Audit Board will ensure a greater level of oversight over the activities of the Audit practice. It is an area where the PIC INEs have an embedded role, with Amyas serving as Chair of the Audit Board and Guy as a member. Additional Audit Non-Executives, who are independent of the PIC, are currently being considered for appointment to the Audit Board.

#### Audit quality

##### Increased engagement with stakeholder groups

The challenges experienced over the last year as highlighted in the FRC's Audit Quality Review (AQR) report have shaped our engagement with different stakeholders in the firm. We continued to challenge management assertions in our roles in the PIC, attended various meetings with key management, partner groups, and regulators and also ensured that we discussed relevant matters in our own independent meetings as INEs. In addition, Amyas and Guy attended and participated in a meeting with invited client audit committee chairs and members.

In our interactions with the Executive, we constructively challenged them on a number of quality areas, including their response to the latest FRC AQR report and their progress on executing the Audit Quality Plan.

We continued to have regular meetings with the FRC and found these to be greatly informative, 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 continues to provide insights which help to inform PIC discussions and deliberations.

#### Quality inspections

We were disappointed by the results of the individual AQR inspections and we stressed that improvements are required by the firm so that it can consistently deliver audits of high quality.

In the past two years, there has been a decline in the firm's audit quality results, with only 50% of the files reviewed by the FRC being rated as either good or only requiring limited improvements, compared with 57% in the previous year.

We have increased our challenge to management in respect of their Single Quality Plan and how it will support a sustainable improvement in audit quality. As part of this we recognise that the firm is continuing to invest in its central audit quality team and is committed to continue to increase headcount in the next year, including in the Methodology, Root Cause Analysis and Quality Monitoring teams.

The FRC is also responsible for monitoring the quality of major local audits as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. We are pleased to see that the firm continues to perform well in this area, with all three of the firm's audits reviewed being rated as good or with only limited improvements required. This shows the firm's commitment to its implementation of the local audits quality improvement plan as well as its consideration of the challenges we brought to bear when shortcomings were first identified.

#### Risk management

##### Internal audit and enterprise risk management

During the year, the INEs have critically evaluated matters presented by management that may impact the risk profile of the firm.

As part of this process, we have engaged in regular discussions with the Head of Internal Audit and the Enterprise Risk Management (ERM) team, and we are pleased to see the enhancements that the firm has put in place in respect of both of these important lines of defence. We recognise, as does the firm's Executive, that in addition there are other enhancements which are work-in-progress and we shall continue to monitor progress through constructive engagement.



# Introduction

## Report of the Independent Non-Executives

In respect of firm resilience generally, the PIC receives updates on financial performance throughout the year and specific reports from the UK CEO on business risks and strategy at each meeting.

### International Standard on Quality Management (UK) 1 (ISQM1)

ISQM1 is effective from 15 December 2022 and replaces the current International Standard on Quality Control (UK) 1 (ISQC1), which the audit sector has operated under for a number of years. The new standard is being introduced to strengthen the system of quality management in audit firms through a robust, proactive and effective approach to quality management.

It represents a significant change for the sector, and we have been kept updated during the year on the firm's preparation to ensure it is appropriately implemented.

### FRC's Audit Market Supervision (AMS) and Audit Firm Supervision (AFS)

In addition to the reviews performed by the FRC's AQR team, the firm is also subject to ongoing reviews by the FRC's AMS and AFS teams.

The INEs receive updates regarding these reviews and we recognise their importance in challenging the firm and thereby supporting further enhancements in the firm's control environment.

### No Compromise – a cornerstone to culture

#### INE engagement with teams and partners

As we have in the past, we met with almost 150 Mazars team members. Our discussions are confidential, under the Chatham House Rule, and we are not accompanied by members of the Executive team. This lets us gain a deeper understanding of team members' perceptions of the firm's culture, which we can communicate to the Executive team on a 'no names' basis.

While the October 2021 meetings were all held remotely, we were delighted that the November 2022 cycle was able to include a number of in-person meetings alongside the remote ones. All of these meetings were open, informative and enjoyable.

I reported last year that while there was a strong sense that the firm was committed to inclusion and diversity, teams reported that there appeared to be differences in geographical locations and service lines. During the latest culture meetings, we were encouraged by the positive progress that was apparent in respect of inclusion and diversity across all areas and also that there was clear feedback that the importance of quality was understood and respected. We were able to feedback to the UK Executive some observations and challenges which were shared by partners and team members during these culture meetings which the firm needs to respond to, and we will track the progress over the next year.

The ability of the firm to maintain quality, to strengthen its reputation and to reduce the risk of failure ultimately depends on the people within the firm and the culture instilled in them. We were pleased to see that significant work on culture has been carried out at a firmwide level since my last report. This work included the establishment of a Culture project team, chaired by the UK CEO, and a further roll-out of No Compromise within the Audit service line.

### Conclusion

We believe that throughout the period under review we have been able to appropriately fulfil our responsibilities under the Audit Firm Governance Code.

We continue to maintain a challenging and open relationship with the firm and its management, and we would like to thank all those who have ensured

that we receive information of an appropriate quality and in a timely manner.

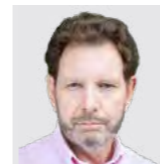
The openness of our discussions with partners and staff has helped increase our visibility into the firm and our understanding of its operating style. We believe that the firm is focused on quality, especially audit quality, and is committed to building a better firm for both internal and external stakeholders.

### 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



**Lord Amyas Morse**  
Member, Public Interest Committee





# Introduction

## UK Governance Council report

### I am pleased to present this report on the activities of the UK Governance Council (UKGC) together with reports for the UK Nomination Committee, the UK Audit and Risk Committee (UKARC) and the UK Remuneration Committee (UKRemCom).

A new Members' Agreement was adopted on 1 September 2021, which replaces that reported on in the previous transparency report.

In summary, the key improvements in our governance of the firm are set out below:

- The new Members' Agreement (along with the associated governance handbook) is more clearly mapped across to the Audit Firm Governance Code (AFGC) and includes terms of reference for the UKGC and its new formal subcommittees: the UKARC and the UKRemCom.
- The minimum number of formal UKGC meetings has been increased from four to six.
- The internal audit function now reports directly to the Chair of the UKARC.
- INEs are now invited to attend a number of UKGC, UKARC and UKRemCom meetings.
- Updated terms of reference have been formalised for the Executive.

#### The UK Governance Council

The UKGC may comprise eight members elected from the partnership together with up to two co-opted partners and up to two co-opted non-partners. For the period covered by this transparency report, the UKGC comprised eight members elected by the partnership. There were no co-opted members during the year.

The duties and responsibilities of the UKGC are set out in the firm's Members' Agreement, and are available on the firm's website. In summary, the UKGC is responsible for the supervisory oversight of the firm and the business undertaken by the firm and its subsidiaries, and it acts as a check on the Executive and the UK CEO in the exercise of their

management powers. This includes establishing a governance and supervisory oversight structure under which powers and responsibilities are exercised and overseen, and values of integrity, professionalism and good governance are upheld, in a way that properly takes the public interest into consideration.

The UKGC holds a minimum of six formal meetings a year to which the UK CEO and selected other members of the UK Executive are invited to present on partnership matters. The agenda for these meetings includes firm strategy; financial performance and firm resilience; investment monitoring; risk monitoring and mitigation; partner or team performance issues and remediation plans; reputational risks; and quality (including audit quality) and culture.

A PIC INE attended two UKGC meetings during the year.

As well as the formal meetings during the year, the UKGC also meets throughout the year as required to deal with any arising matters.

For practicality purposes the members of the UKGC are aligned with one of two sub-committees:

- the UK Audit and Risk Committee (UKARC)
- the UK Remuneration Committee (UKRemCom)

Each sub-committee reports back to the UKGC at each formal meeting.

The Chair of the UKGC also regularly meets with the UK CEO and Chief Operating Officer (COO) to discuss upcoming matters that will require UKGC intervention. The Chair of the UKGC communicates regularly with the partnership to keep them updated on decisions taken and approvals given by the UKGC.

An effectiveness review is carried out annually on the workings of the UKGC. During the year the UKGC approved the appointment of a number of new partners, held discussions with the UK Executive on the strategy of the firm, challenged and discussed audit quality with the Head of Audit on a quarterly basis and met with all service line leaders in relation to looking at their part of the business through a lens of reputational risks. Firmwide resilience and reputational risks were discussed with the firm's CEO, COO and CFO.

#### The Nomination Committee

Under the UK Members' Agreement, the UK CEO may be in office for a maximum period of four years.

There was no election process during the year, and therefore the Nomination Committee did not sit.

#### The Remuneration Committee

The purpose of the UKRemCom is to provide oversight and governance of processes and decision making related to partner appraisals, objective setting and remuneration.

The UKRemCom consists of not fewer than three UKGC members, the UK CEO and such other co-opted members as may be appointed by the UKGC on the recommendation of the UKRemCom Chair.

During the year covered by this report, the UKRemCom comprised four members of the UKGC and the UK CEO. A PIC INE attended two of the UKRemCom meetings during the year.

#### The Audit and Risk Committee

The purpose of the UKARC is to:

- assist the UKGC in its oversight of the integrity of the firm's financial reporting process, including supporting the Executive in meeting its responsibilities regarding the preparation of financial statements and the operation of appropriate financial reporting systems and internal controls
- monitor, on behalf of the UKGC, the effectiveness and objectivity of the firm's external auditor and internal audit function

- provide input to the Executive in its assessment of enterprise risks and determination of risk appetite as part of the overall setting of strategy for the firm
- assist the Executive in its oversight of the firm's risk management framework and the monitoring of its effectiveness

The external auditor of the firm is Crowe UK. The UKARC met with Crowe UK and the firm's CFO at the planning stage of the audit to discuss the proposed audit approach. They then met again prior to the finalisation of Crowe UK's report on the firm's consolidation return to Mazars Group to discuss any audit issues that had arisen. The final meeting with the external auditors was to consider and approve the firm's statutory accounts. As part of this process, the UKARC met privately with the engagement partner at Crowe UK to discuss any concerns regarding the quality of financial reporting within the firm or the performance of the firm's finance team. No significant matters arose during the external audit.

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

The UKARC consists of not fewer than three UKGC members and such other co-opted members as may be appointed by the UKGC on the recommendation of the UKARC Chair.

During the year covered by this report, the UKARC comprised four members of the UKGC.

A PIC INE attended one of the UKARC meetings during the year.



**Greg Hall**  
Chair, UK Governance Council



## Chapter 1 Inspiring stakeholder confidence in audit quality

## Inspiring stakeholder confidence in audit quality 1.1 Investing in our people to drive purpose, pride and quality

**We differentiate ourselves by the opportunities, development and culture we offer to our teams.**

### Successfully working in a hybrid world

As the world emerged from the effects of the Covid pandemic, we never lost sight of the need for a healthy work-life balance and the importance of mental health and wellbeing in a virtual world.

To support our teams we continued a number of initiatives. These included:

- **Regular all-team webinars led by the Executive**  
These provided regular updates, explained any relevant decisions and new policies, and gave details of available support.
- **Mazarsdoc**  
This service gave team members and their immediate families virtual access to a GP.
- **Online wellbeing and mindfulness sessions**  
These are sessions open to all team members providing a safe space to talk about all things wellbeing and mental health.
- **Flexible working arrangements**  
These supported team members with parental or caring responsibilities. They included the provision of a carer's and wellbeing timesheet code, which allowed team members to book four hours per week to help them balance their work and home lives. This time was paid in the normal way and required no management approval.

Our strategy throughout remained to prioritise the safety and wellbeing of our people while ensuring continuity of service to our clients.

### Maintaining development and onboarding

To support our enhancement to quality and growth we continued to recruit and onboard new team members. All onboarding and induction training was performed remotely using a variety of digital platforms with the introduction of in-person sessions where possible.

As technical and business skills are vital to the quality of our work, we delivered our training courses in a number of ways including using bite-size delivery and a more modular pick-and-mix approach.

In Audit we focused on the audit responses needed to challenge clients appropriately.

Our teams responded positively to the digital delivery of training during the pandemic, but we have more recently welcomed the inclusion of more face-to-face sessions to embed learning and complement the digital delivery.



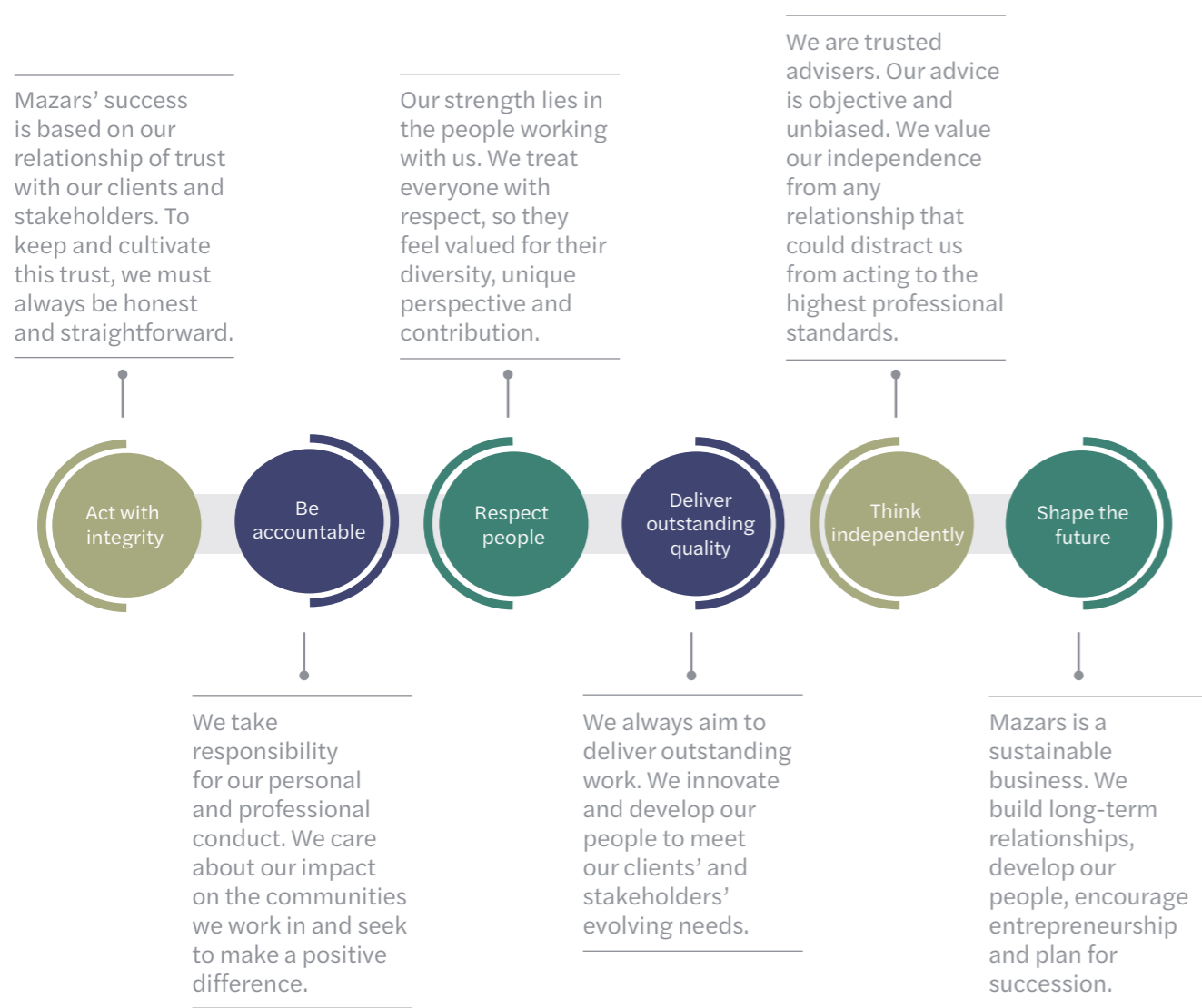
# Inspiring stakeholder confidence in audit quality

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

### Good people

#### Our values

We differentiate ourselves by the opportunities, development and culture we offer our team. We work hard to attract, retain and develop talented people who are driven to deliver their best for our clients, our business and each other, and who identify with our values:



### Talent acquisition

To build the team of the future, we need to hire the right people. Our Talent Acquisition team works closely with team members and partners across the firm to ensure that recruitment processes are purposeful and inclusive.

Over the last 12 months covered by this report, we've hired 1,084 new joiners, and we continue to recruit at high levels, providing meaningful career opportunities for people at all stages of their careers.

We have a robust selection process which, depending on the role, may include application screening, competency-based interviews, online testing, case studies, presentations and group exercises. We design best-practice assessment frameworks to ensure fair, consistent and transparent decision making.

To build the team of the future, we need to hire the right people.

### Inclusive attraction

Our global Employer Value Proposition (EVP) focuses on choice, ensuring that candidates are empowered to select Mazars for the reasons that matter most to them.

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

We aim to bring our global EVP to life for the UK market and to create a distinctive and inclusive employer brand that inspires the right people to join us and support our growth.

All our roles are widely advertised to ensure that candidates from diverse backgrounds can access our career opportunities. We advertise through our careers website and social media channels, through carefully chosen external partners, and across UK schools, colleges and universities.

This year saw the introduction of a new Partner Development Programme. The focus of the programme is building the team of the future, with fully diverse and inclusive teams together with a strong culture of learning and education.

Team members look to our partners as leaders of our business, and it was recognised that we must support partners to help the firm achieve its vision. One of the specific aims of the Leadership programme is to foster a culture of inclusive and effective leadership enabling partners to confidently deal with pressure and change. In addition to this support for partners, we also provide an Inclusive Leadership Programme for our directors, which aims to help them become role models and mentors.

### Gallup You Matter Survey

We know that the best way to create a culture of engagement is to listen, learn and get the foundations right. So for the last five years, we have partnered with Gallup to run an annual employee engagement survey at our firm. We ask staff about their experiences of working at Mazars so we can measure progress and hold ourselves accountable.

Since 2017, improvements in our engagement scores have gained momentum across the firm, and our scores increased significantly in 2022. As a result of this, our rating in Gallup's database has improved and, according to Gallup, we are "moving towards excellence".

Over 74% of our team shared their views in our 2022 survey, which took place in September and October. Following publication of the results in December, work has been taking place across the firm to analyse and understand the feedback provided and to determine the actions we need to take to make improvements and drive real change.

In our action plan we focused on responses to two key questions: the extent to which our people can agree with statements "at work my opinions seem to count" and "the mission or purpose of my company makes me feel that my job is important". The reason we focus on these particular areas is because they have the biggest direct impact on leadership, strategy, client impact and creating an inclusive culture.

### Culture Project

As a firm that puts people first, our culture:

- is fundamental to what drives us and how we behave
- is instrumental in enabling us to achieve our purpose and strategy
- positively differentiates us from other firms in the market



# Inspiring stakeholder confidence in audit quality

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

We believe that our culture is special. But we also know it needs to evolve to ensure our firm is both purposeful and fit for the future. How we act and interact every day matters – whether that’s with each other as team members, with our clients, or with our stakeholders. And each one of these actions and interactions is shaped by, and helps to shape, our culture. So we want to encapsulate what it is that makes Mazars special and to embed this in our culture in order to protect and enrich the firm and its people and to maximise our societal impact.

In June we launched a project to define our target culture and to shape our cultural ambitions. Using a firmwide survey and facilitated workshops, we will get a better understanding of our current culture, which will allow us to develop an improvement roadmap. This project will run into 2023, and then we will keep measuring and monitoring our culture over time to ensure we are evolving in line with our ambitions.

### Inclusive selection

It’s important to us that our recruitment processes enable all candidates to perform at their best, and that they allow the right candidates, no matter their background, gender, ethnicity or disabilities, to succeed.

Using detailed data from our applicant tracking system, we regularly monitor and review candidate progression on the basis of gender, ethnicity, social mobility and disability in order to highlight and minimise any biases within our processes.

It’s important to us that our recruitment processes enable all candidates to perform at their best, and that they allow the right candidates, no matter their background, gender, ethnicity or disabilities, to succeed.

For entry-level recruitment we use the Rare Recruitment contextual tool, which helps us to judge the achievements of candidates from different backgrounds more fairly, and this helps us to widen access to the profession. We run CV-blind assessment days and have recently made changes to our online testing to make it more inclusive.

We provide one-to-one candidate coaching, interview feedback and applicant mentors to support candidates throughout their recruitment journey with us, equipping them with transferable employability skills. And we support targeted initiatives to address areas of under-representation, initiatives including the 10,000 Black Interns summer internship programme and our own Future Choices: Access Accountancy work-experience programme, which is for students from lower socioeconomic backgrounds.

In September 2022, to further increase the inclusivity of our selection, we moved towards a flexible approach to academic entry requirements for our early-careers opportunities.

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

### Professional and talent development

Our people are the most important asset we have as a firm. So it’s important that team members are given the time and resources they need in order to develop and maximise their potential.

The Education and Learning team works with service line and strategic market leaders to understand the challenges faced by each area of the business and to develop appropriate solutions tailored to their specific development and training needs, consistent with the framework for the firm. This provides our people with greater clarity over the development opportunities that are available to them at each stage of their career, across all areas of their role.

We continue to develop relevant content through our learning management system, U-Learn, which provides all team members with a single point of access to our training content. We continue to develop digital content to support the service lines. And we provide focused information on hybrid

working, innovation, wellbeing, and inclusion and diversity, as well as learning hubs covering more traditional areas, such as people management, client service and business development. We also have a learning hub dedicated to supporting team members early on in their careers.

Our people are the most important asset we have as a firm.

To identify current and future development and skills requirements, our HR business partners and the Education and learning team are developing skills-and-behaviours matrices with the leadership teams of each service line and strategic market. Matrices have already been developed for several service lines, and development for the others will continue next year. These matrices will help our professionals adapt to the evolving environment.

Underpinning this structure is a playing-to-strengths philosophy: we encourage everyone to use their natural talents to develop their career. We continue to embed this philosophy through the use of the Gallup Clifton strengths assessment on a number of our programmes and through the performance and development conversations between team members and their managers.

Mazars supports over 1000 team members who are studying towards professional qualifications so they can be accredited in their field of expertise and well equipped to deliver high-quality technical services to our clients.

We continue to support qualifications through apprenticeship programmes up to level 7, ensuring that our trainees develop not only technical excellence, but also the necessary business skills and behaviours required to reach their potential.

The digital skills programme for trainees was rolled out last year, offering training in areas such as data analytics and cyber security. The objective is that this will drive the firm’s digital transformation agenda.





# Inspiring stakeholder confidence in audit quality

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

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

We allow our team members time away from their client work to attend courses at a time that's most appropriate to their growth. And we give them the opportunity to practise what they've learnt before attending the next development course. These programmes continue to be virtual to allow greater flexibility in when they're delivered.

For our more experienced team members, we continue to deliver our Professional Excellence Programme. This programme provides participants with the opportunity to identify their individual strengths, and then to develop their own learning path based on their development needs and role requirements. Modules offered as part of the programme include Presenting with Confidence, and Everyday Coaching and Feedback.

Good reward is an important aspect of our approach to ensuring we can attract and retain the best talent.

We launched a Managing for High Performance playbook, which provides guidance for our people managers on how to motivate and manage their team members to reach their potential. We aim to provide those team members with line-management responsibilities with the knowledge, resources, tools and techniques they need to support, lead and inspire their teams to achieve success.

Each member of our team sets smart goals for the year under four focus areas which link to their career pathways. They then receive feedback and have their performance reviewed on at least an annual basis. These reviews form the basis for promotions and for future goal setting. One key goal always relates to the quality of the work delivered. Everyone is encouraged to understand the importance of their role and to take ownership of their contribution to the overall success of the firm by playing to their strengths.

This year we made further refinements to our performance review cycle. We encourage our team members and their appraising partners and managers to have continual conversations throughout the year, with an emphasis on giving and receiving feedback.

We have provided training to people managers and team members on how to make the most of these conversations, conversations which should cover expectations and goals, overall performance, progress against goals, career conversations, development requirements and ongoing feedback.

To create more frequent and structured feedback opportunities, we have introduced improved feedback mechanisms, including an anonymous 360 snapshot for partners. This allows partners, before their year-end review, to request and receive quantitative feedback against the expected partner competencies from all levels of our organisation. This process helps partners understand how they are perceived, which helps them develop further and achieve their highest performance.

We believe that if our people feel motivated and engaged, the quality of their work will be high, driving high performance and consistency. This is why continual conversations and the review process are major priorities for Mazars.

### Coaching and mentoring

This year we introduced a number of mentoring programmes, including career development support and reverse mentoring. These programmes are managed through a platform called Guider, which matches mentees and mentors through their desired skills and goals. The platform also offers guidance on how to be a successful mentor.

All partners and prospective partners have access to an internal Executive Performance Coach. And as part of the Partner Development Programme, all partners are given the opportunity to attend a coaching session to set future personal development goals.

Participants in two other talent pipeline programmes – the Inclusive Leadership Programme for Directors and the Strategic Leadership Programme for Senior Managers – are also given access to coaches to work on their personal development and career goals.

This year we introduced a module in our Professional Excellence series on coaching, called Everyday Coaching and Feedback. This module is open to



newly qualified team members and above, but it is specifically targeted at those with people-management responsibilities. The aim of the module is to build coaching capability to support and develop team members. The Strategic Leadership Programme for Senior Managers also includes training designed to build coaching skills.

As mentioned previously, we introduced a new Partner Development Programme. The majority of partners are attending the Enabling Peak Performance Programme which helps them to become resilient, confident coaches who can function in diverse situations and support the development of team members.

### Good reward

Good reward is an important aspect of our approach to ensuring we can attract and retain the best talent.

We have continued to develop our Mazars benefits platform, first launched in 2018, and have extended the risk and wellbeing benefits we offer. This year, we introduced a will-writing service and enhanced critical illness cover.

We offer access to a wide range of wellness benefits, including our virtual GP service; the Bupa Be.Me app, which provides personalised health and wellbeing advice via a virtual coach; and online mental wellbeing programmes provided by SilverCloud Health. During the pandemic, we increased the number of extra holiday days team members could buy from 10 to 15.

Many of our benefits are available to team members to access throughout the year on the Mazars benefits platform.

We continue to promote sustainability through the benefits we offer. The Mazars Car benefit promotes both electric and hybrid low-emission vehicles; and our ceiling for the Cycle2work scheme increased significantly to provide greater choice.

The firm provides a wide-ranging suite of benefits to both partners and team members which, depending on an individual's circumstances, could help mitigate some of the effects of the cost-of-living crisis. For example, Mazars More provides discounts across a wide range of retailers, including supermarkets; and we offer a number of benefits that operate through salary sacrifice, which can, for example, help team members to lease a car more cheaply.

### Salary

The firm undertook a market review of salaries in April 2022 to ensure that team members' salaries were commensurate with those typically paid in our sector. As a consequence of that review, over 400 team members received an increase to their salary.

In May, the firm paid a one-off support allowance to those team members paid an FTE salary of less than £50,000.

We have had a firmwide discretionary bonus plan for a number of years. For FY21 there were two elements to the plan: a profit-share payment and an exceptional-bonus award.

The profit-share element recognised the contribution of everyone to the collective success of the firm and was payable to all eligible team members.

The exceptional-bonus element recognised the contribution of team members who demonstrated exceptional performance, exceeded expectation and made a significant contribution to the firm's success during the financial year.

Our approach to total reward is based on several factors, including the external market, economic factors, the performance of the firm and individual contribution.



# Inspiring stakeholder confidence in audit quality

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

### Culture of inclusion and diversity

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

In order to embed a culture of inclusion, we've focused on promoting inclusive practices through all we do. Our efforts have included:

- creating a dedicated Teams channel to share progress and successes
- establishing an Inclusion Alliance, which unites our diversity network leads, Executive Sponsor, HR Director and Diversity and Wellbeing lead to hold each other to account in their support of positive progress
- developing an inclusion calendar to support the firm in recognising awareness dates throughout the year
- sharing more lived experiences of our team members from across the firm

This activity lives alongside day-to-day inclusion initiatives happening across the full employee lifecycle (attraction, recruitment, engagement and development).

As in the previous year, we published our gender pay gap report (as required by law), as well as our

ethnicity pay gap, which is not a legal requirement, but which Mazars chooses to publish voluntarily. We have made progress as a firm over the last few years and we have seen a decrease in our gender and ethnicity pay gaps, which we are encouraged by. However, we recognise that we must continue this momentum if we are to embed long-lasting systemic change across the firm.

As a firm we're taking action to address our gender imbalance at senior levels. The charts, on the next page, illustrate the current gender and ethnicity disparity amongst our UK staff. A number of programmes introduced, as mentioned in this section, are aimed at addressing this. We have a returners programme, which helps women who have had an extended career break back into work, and we signed up to the HM Treasury Women in Finance Charter in 2018, which pledges to address the lack of women in senior roles.

We've made a number of inclusivity commitments this year, signing up to:

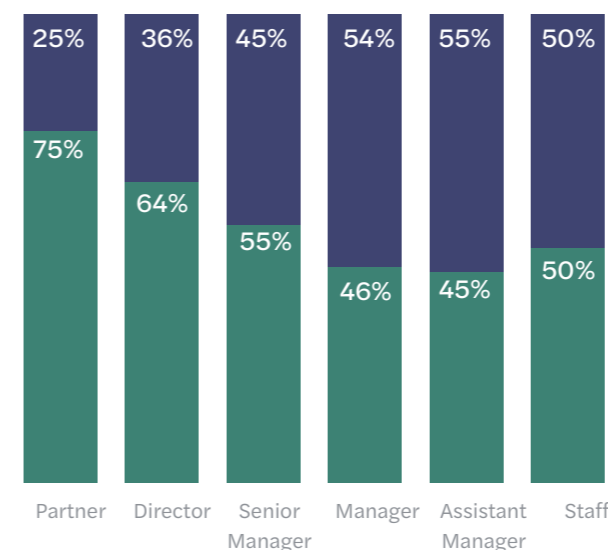
- the Valuable 500
- the Charter for Black Talent in Finance and the Professions
- the 10,000 Black Interns programme

This is alongside our commitment to the gender targets set out in the Women in Finance Charter, as discussed above.

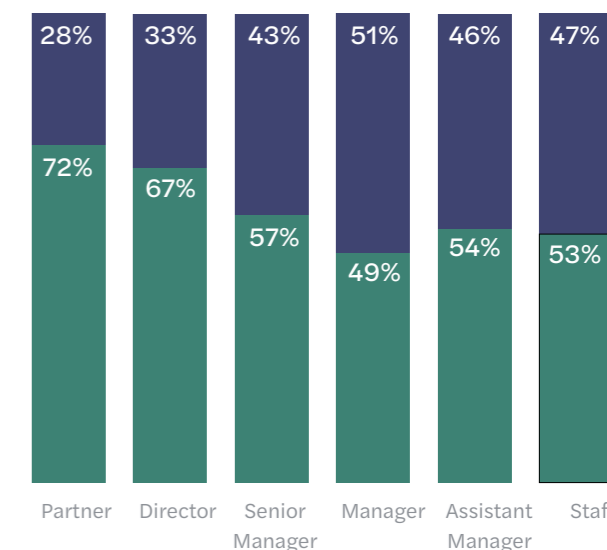


### Gender

UK firm



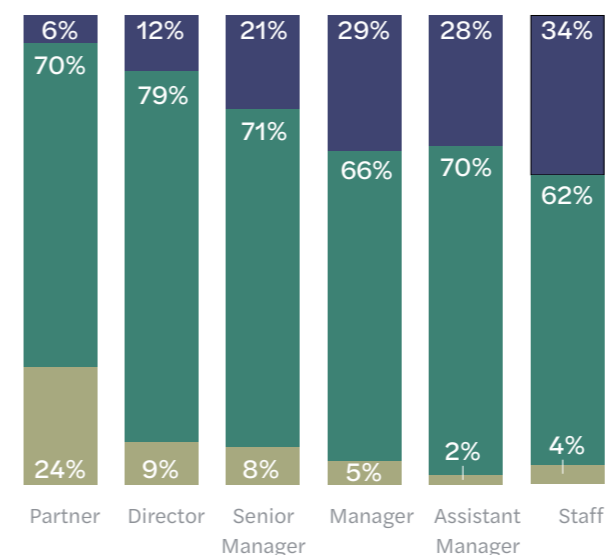
UK Audit service line



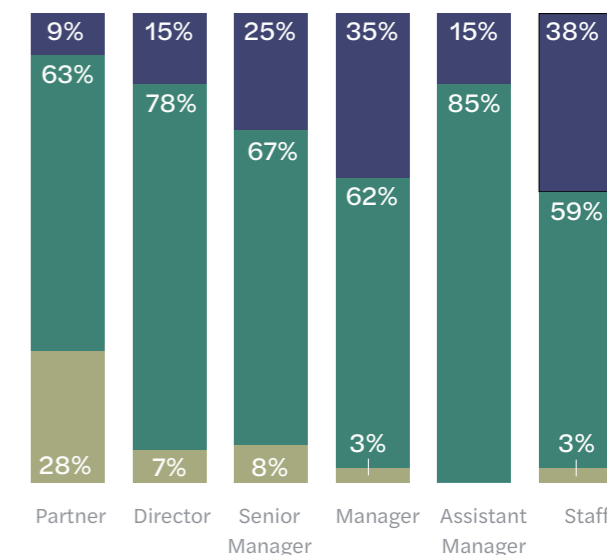
Women Men

### Ethnicity

UK firm



UK Audit service line



Ethnic Minority White Declined to provide/not provided



# Inspiring stakeholder confidence in audit quality

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

### Our networks

Our networks are vital to our inclusivity approach, empowering and supporting team members to share their lived experiences and educate others across the firm. Networks also assist in the shaping and delivery of organisational strategy and policy, working with the firm to improve staff experience on specific issues relating to each network. Our networks are open to all.

In order to embed a culture of inclusion across the firm, we are focused on promoting inclusive practices through all we do. Additional examples of our activities to promote greater inclusion include:

- setting up an Inclusion, diversity and wellbeing hub, which offers learning content to all across the firm
- launching a reverse mentoring programme to share the lived experiences of our minority groups
- launching Empower, our speed mentoring programme, to share the diverse career journeys of our senior leaders
- introducing an inclusion and diversity goal for partners to drive change from the most senior leaders across the firm

We also hold ourselves to account externally through our commitment to a number of charters, including the HMT Women in Finance Charter and the Black Talent Charter. We are also Stonewall's Diversity Champions members. We work with a number of organisations to drive diversity through all we do. We use Rare to contextualise our recruitment; we have worked with Rise, an organisation which offers workshops to inspire students from lower socioeconomic backgrounds; and we have offered placements via Access Accountancy.

Through our commitment to the Valuable 500, we continue to keep disability on the leadership agenda. We work closely with our DisABILITY network to ensure that the network plays a key role in the development of the firm's policies and procedures and is able to share lived experiences of disability from across the firm.

We have raised neurodiversity awareness through the sharing of lived experiences, and we also offer a neurodiversity awareness course on our Inclusion, diversity and wellbeing hub. We took part in the 10,000 Able Interns programme, which seeks to provide more internship opportunities for disabled students.

We had 13 interns at the firm as part of the 10,000 Black Interns programme in the summer of 2022. The programme was a great success, and five of the interns have since taken up permanent roles with us. We are pleased to be taking part in the 2023 programme.

Our networks:

- Balance – Gender network
- DisABILITY – Seeing the ability in disability
- Embrace – Ethnic minority network
- Families@Mazars – Families network
- LGBTQ+ Champions – LGBTQ+ network
- SoMobile – Social mobility network
- Christian Network
- Muslim Network
- Jewish Network
- Hindu Network
- Wellbeing – Well-makers

We have an inclusion awareness calendar, and we recognise key awareness dates through the year. On these dates, we aim to educate and raise awareness by sharing information and personal stories.

We also hold events and initiatives through the year. For example, we launched SoMobile, our social mobility network, and introduced an initiative called SoMobile September, which featured a series of events focused on allyship, social mobility in the profession, and imposter syndrome.

For Pride, we shared a number of educational courses and provided explanations on terminology to educate the wider firm. We also shared lived experiences and gave tips on how to be an LGBTQ+ ally.

### Wellbeing

Supporting the wellbeing of our team members remains a key focus. The firm has increased its number of Mental Health First Aiders (MHFAs), and we trained another cohort this year.

We continue to run monthly wellbeing drop-in sessions hosted by our MHFAs. These sessions have a different theme every month and are a place to share tips on how to keep mentally well and resilient. Over the year, we prepare content in line with our awareness calendar, and we have regular interview sessions with the members of our Executive team on how they look after their own wellbeing.

We recently launched a Wellbeing committee, and a group of well-makers has been formed to create an environment where everyone feels supported. The purpose of a well-maker is to champion healthy wellbeing and to promote internal wellbeing initiatives.

We continue to offer all employees access to the Headspace app, and we provide access to an employee assistance programme. We also have specific wellbeing content and courses on our Inclusion, diversity and wellbeing hub.

### Mental Health First Aiders

We have Mental Health First Aiders across the UK trained to:

- understand the important factors that can affect mental health
- identify the signs and symptoms of a range of mental health conditions
- offer and provide initial help
- guide people to appropriate professional help when needed





# Inspiring stakeholder confidence in audit quality

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

### Mazars for Good

At Mazars, we recognise that it is our duty as responsible citizens to make sustainable business decisions. This is reflected in our Mazars for Good strategy, which has five main pillars:

- community involvement
- reducing climate and environmental impacts
- people at the heart of our development
- supporting businesses on their sustainability journey
- integrity and responsibility

### Community involvement

Through volunteering days and charitable donations, we invest in the communities we live and work in. And we raise awareness for the charities we partner with through team member fundraising as well as through the Mazars Charitable Trust. The Mazars Charitable Trust (MCT) was set up by our partners in 1983 to share some of our profits with charities and good causes. These funds are dispersed to a range

of charities nominated by team members through grants both locally and internationally.

Over the last 12 months, we have supported a range of charities which were nominated by our team members. These included:

- Young Minds
- the British Heart Foundation
- MS Society
- Motor Neurone Disease Association
- MND Scotland

We encourage all our team members to use the two Mazars volunteering days that we offer to give back to the community. And this year, we published a volunteering policy for the first time, which gives greater guidance and clarity to our team. Across the UK, we saw team members redecorating homes for disabled people, planting trees and gardening for those experiencing mental health issues, holding events with local schools and supporting community food banks. We volunteered 5,188 hours serving our communities.

### Reducing climate and environmental impacts

We continue to implement a progressive environmental programme which aims to minimise our negative impact on the environment. We updated and published our [Environmental Policy](#) to further demonstrate our commitment to reducing our energy consumption and carbon emissions.

As a professional services firm, we do not engage in processes or activities that have a major direct environmental impact. We can, however, play an important part in combating climate change by addressing areas such as digital transformation, business travel management and our waste and emissions.

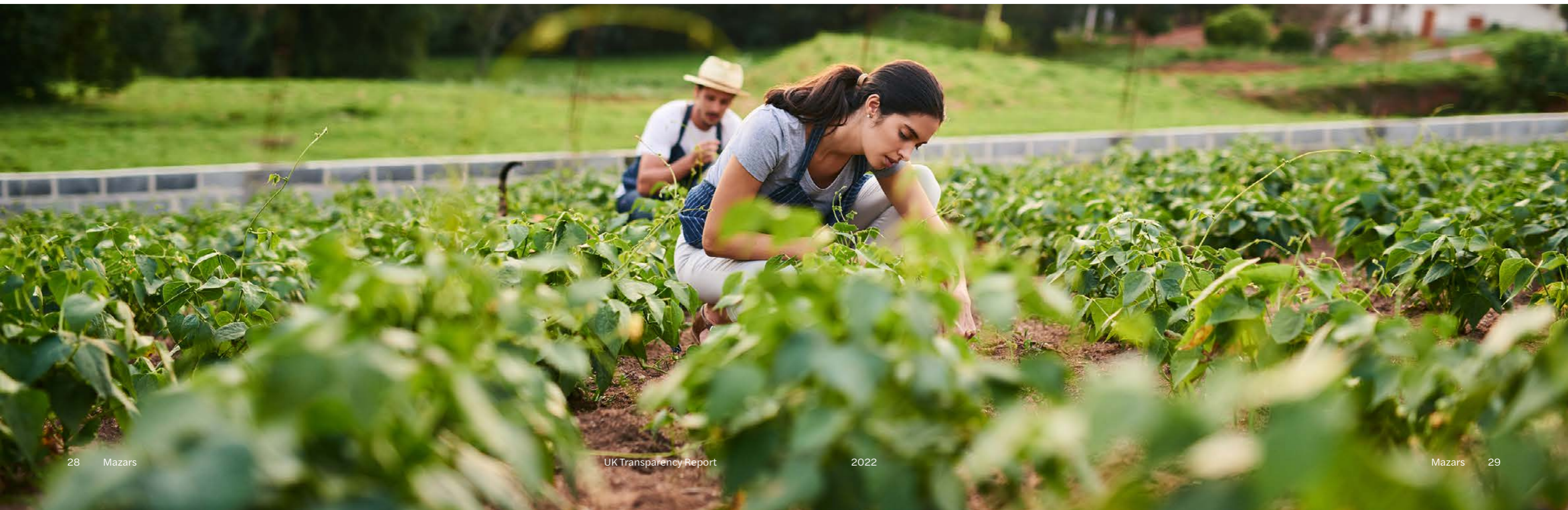
This year, we secured a sustainability-linked revolving credit facility with Lloyds Bank, thus further embedding sustainability across our business.

Over the last 12 months, there has been a focus on data gathering to ensure we understand our current environmental impact. This enables us to put in place corrective action plans to achieve ambitious targets

around our strategic pillars. In the period covered by this report, we exceeded our internal targets on paper use and business travel.

We have Green Champions in each office to ensure that reducing our environmental impact remains a consistent priority. Our Green Champions are involved in our annual single-use plastic audit, behavioural change campaigns and environmental events.

As part of our commitment to waste reduction, we adopted a “circular economy” concept during our London office move. As well as procuring new items of furniture, we upcycled existing furniture and took it with us. We also donated a large amount of furniture to local schools, charities and community groups. These actions all helped us make progress towards our target of zero waste to landfill by 2025.





## 1.2 Delivering audit quality

**Quality is an integral part of our One24 Strategy. Our focus is to achieve this by supporting, coaching and developing each other to succeed, thereby delivering quality and excellence to our clients.**

Covid-19 and the impact of the pandemic, brought along its own additional challenges and risks. We continued to deliver most of our audits remotely and made use of the tools implemented in the prior year, such as MS Teams, to work collaboratively with our clients as well as our teams. As explained further in this section, our efforts were focused on ensuring that we produced high-quality audits even when delivering audits virtually.

### Our wheel, our operating model

Our overall focus for the firm is our One24 strategy. This has reinforced the importance of delivering with excellence, and quality is the central pillar of the programme. Our ethos is our “wheel” (see the diagram below), which shows how those core values which shape how we operate as a firm strongly support our commitment to continually investing in our people and in audit quality.



### Our Audit Quality Plan and strategy

Our Audit Quality Plan (AQP) is a multi-year strategic plan to ensure we deliver consistently high-quality audits and that this is sustained over the years. It focuses on the key drivers of audit quality, including the right team and resources, integrity, scepticism and technical expertise. The AQP is at the heart of our strategy for delivering high-quality audits.

The UK Audit Executive Committee (AExeco) has overall responsibility for the plan, both in terms of identifying the key drivers to be included and ensuring that it is implemented. There is a focus on improving quality through the Audit operations team, who support the service line through managing resources, and through key transformation initiatives, led by our newly appointed transformation leader.

Our regulator, the FRC in its most recent inspection report issued in July 2022, identified good practices in relation to our AQP. These included links between inspection findings, the firm’s RCA output and the actions in the action plan and also in terms of the monitoring of the plan which included impact assessment from its early development. The FRC also noted that more structure, from the top down, is needed to help with prioritisation and the interactions of strategies around growth.

We have made good progress but the AQP still needs to be fully embedded in the way we operate our audit service line. We revisit our AQP on a monthly basis, together with our key priorities, to ensure they are aligned with the audit service lines core strategy of delivering audit quality.

During 2022 we have enhanced the AQP process and created a Single Quality Plan (SQP) which encompasses all aspects of quality both specific to the audit service line and at a firm wide level. This has been done to enable our key stakeholders to take a holistic review of the drivers of quality.

Our objective is to further develop a culture of challenge, scepticism and tone at the top that contributes further to our ‘No Compromise’

audit quality initiative. Some of the key initiatives undertaken this year to improve quality are:

- Embed the key principles of ‘No Compromise’ to ensure that teams understand the importance of quality in our culture.
- Further development of our Single Quality Plan.
- Developing a more independent approach to Root Cause Analysis (RCA), introducing further enhancement, including significantly expanding the scope and coverage of RCA.
- Development of phases 1 and 2 of ‘Audit Quality Indicators’ (AQIs) and start embedding these into the day-to-day operations of the audit service line.
- Further investment in digital transformation and innovation.
- Continued development and implementation of Atlas audit software.

At this stage it is too early to assess the impact of the quality initiatives that were introduced in the prior year. We’re in the process of performing our post implementation reviews of the actions completed in our audit quality plan.

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



# Inspiring stakeholder confidence in audit quality

## 1.2 Delivering audit quality

### Our quality priorities

Our quality priorities are driven by a number of factors, such as findings from internal quality monitoring reviews, external regulatory reviews, RCA findings and other monitoring activities.

Some of our key priorities for next year include:

- Improving the robustness of the quality control systems through implementation of ISQM1 and in response to growth and recent regulatory review findings.
- Further investment to our central and audit quality team.
- Review, assess and rationalise the firm’s audit portfolio.
- Continue our investment in development and deployment of Atlas Audit software across all of our audits, including roll out of the next generation of the tool.
- Refresh and relaunch our ‘No Compromise’ Programme and link it to other culture initiatives in the firm.
- Roll out of the ‘Milestone Programme’ pilot.
- Using RCA outcomes as a key tool to support enhancements to the quality of our audit work through identifying the best responses to audit quality findings.
- Embedding a streamlined process for EQCRs to monitor risks and enhance the quality of some of our most complex audits.
- Continue to develop the suite of Audit Quality Indicators (AQIs) and the way in which these are monitored, to enable us to have more real-time information in relation to audit quality in readiness for the implementation of the FRC’s recently published Audit Quality Indicators.
- Continue to enhance audit methodology, guidance, templates and tools to support delivery of high-quality audits.

### Quality with no compromise

We strive for continual improvement in the quality of audit work we undertake and continue our investment in our core tools and resources that will help us achieve our quality agenda and respond to increasingly complex business environments.

We are continually raising our expectations of what audit quality is as we believe this is something that is constantly evolving. Our culture drives the behaviours of our people and is fundamental to driving audit quality.

We reinforce our culture in many ways, and this year we embarked on our journey to reinforce the transformation of our culture to embed quality in everything we do.

We need to have an attitude towards quality where we have ‘No Compromise’, and this attitude is at the core of Mazars’ audit culture globally.

### ‘No Compromise’: our culture movement

With this movement, our aim is to transform Mazars’ audit culture to embed quality as the focus.

We believe that we need to have an attitude towards quality where we have ‘No Compromise’, and this attitude is now influencing Mazars’ audit culture globally.

The pillars of Audit Quality and five guiding principles (as set out below) of ‘No Compromise’ form the foundation for our Audit culture movement.

- 1 Audit quality is owned by the whole team
- 2 Tone from the top is critical
- 3 We have to see all we do in the light of its impact on quality
- 4 Change must happen
- 5 This is a continuing process

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



It’s about the ‘team’. We can only deliver high quality as a team. This is fundamental to our culture movement. However, for a team to achieve the same goal, there should be individual responsibility held by each member of the team. A team can only work effectively if each member understands their role and their responsibility to deliver. In addition, we considered that individuals having ‘integrity’ as well as a ‘sceptical’ mindset and ‘technical expertise’ in the area they work in, is important in delivering a quality audit.

‘No Compromise’ is about everyone in the Audit service line taking responsibility for delivering quality in what we do on a daily basis.

One of our key guiding principles within ‘No Compromise’ is ‘take accountability as a team’, where the whole audit team is accountable for the outcome of the audit.

We also understand that a commitment to audit quality starts at the top of our organisation with the tone set by our leadership team and partners. It’s not just about leadership and partners, however, it’s about managers and lead seniors. Everyone has a personal responsibility to deliver quality. A consistent message sets our culture and helps our people to understand that their shared commitment is central to everything that we do at all levels of our organisation.

As a culture movement, we look at everything we do with a quality lens, understanding the importance of our auditors’ role in continually serving the public interest.



# Inspiring stakeholder confidence in audit quality

## 1.2 Delivering audit quality

### Root Cause Analysis

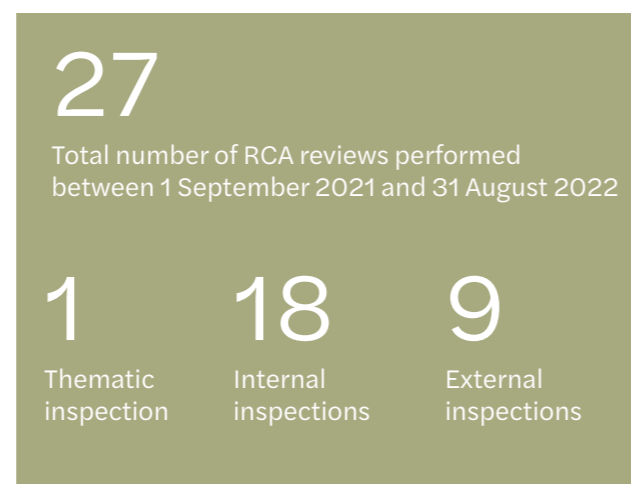
We consider root cause analysis (RCA) to be a key element of our quality improvement framework. Our FY22 strategy included the development of a streamlined RCA process, external training for the RCA team, and the implementation of a tool to analyse and document what we learned from RCA reviews. We also expanded the scope of audits selected to learn from good practices. We have continued to build the RCA team and integrate the process into the business.

The RCA process is designed to provide an in-depth understanding of what caused a positive or negative audit-quality outcome. Through this process, we identify causal factors and behaviours that affect audit quality. By analysing this information along with key measurement points, such as how much time the engagement team members spent on the audit, how many years they have been involved with the engagement, and the timing of the audit, we can gain a deeper understanding of what causes positive and negative quality outcomes. Action plans are then developed to address the root causes of audit findings.

The findings of the RCA reviews are reported to the AExeco, and sessions have been held with the PIC to understand the key matters that have arisen. The detailed findings of the RCA review process on external inspection results are discussed in the Audit Quality Inspection and Supervision Report for the firm, which is available on the FRC website.

We have continued to make progress in implementing what we have learned from the process this year. The current RCA team has a partner sponsor, is led by a director and includes a full-time manager as well as the support of a data analyst. We are also continuing to expand on the depth and breadth of our RCA reviews, and we will invest in training and tools in order to increase the robustness of our RCA process, to ensure that it is fully integrated into the business as part of the continuous quality improvement framework.

### 2021-22 cycle overview



### Audit Quality Indicators

As part of our strategic priorities, we have created a workstream to improve the monitoring of our AQIs so that we can intervene in audits when risks are identified. We expect this process to develop over time and aim to include further AQIs in future transparency reports.

Refer to section 1.4 for details of our reported AQIs.

### Other areas of focus

#### Financial Services Sector

The financial services sector continues to be an area of focus for regulators. We continue to engage with the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) on emerging audit matters as a firm and on matters specific to individual entities we audit where relevant. This interaction is important as we receive regulators' views and insights on risk matters or areas of concern for specific clients to feed into our risk assessment.

Over the past year we've also worked on developing revised methodology including revised guidance and more robust audit procedures in relation to IFRS 9 and IFRS13 for banks.

Our revised methodology provides teams with additional guidance with a focus on significant increase in credit risk (SICR) and the level of involvement of our economist to support testing of multi-economic scenarios (MES). We continue to enhance the methodology and guidance with more examples and scenarios to support our engagement

teams. Further, we have delivered a series of banking-specific training this summer incorporating the above and the impact of changes to ISA 315 (Risk Assessment) for financial services audits.

### Maintaining quality in a virtual world

2022 has continued to be another challenging year due to the impact of the global pandemic for the second year running. AExeco, along with the rest of the firm, continued with effective response to the emerging nature of this crisis and to manage the impact.

Our responses included:

- Working together with our global organisation to develop practical guidance and training.
- Engaging with our UK regulatory bodies and their guidance to develop UK-specific guidance, which was constantly kept under review.
- Increased support to audit engagement teams through coaching, regular bite-size training to pass on key messages of quality and introducing additional consultation requirements, especially around going concern.
- Using technology to facilitate working remotely, for example use of video calls, regular audit updates and training utilising various online platforms.
- Understanding how our clients evolved when working remotely, more specifically how they ensured controls are maintained when daily transactions are initiated in the virtual environment across borders.

### Audit methodology, policies and processes supporting high-quality audits

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.

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 2019 with a sample of non-PIE entity audits. And the full implementation of Atlas, including for PIE audits, will commence with 31 December 2022 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 and develop our audit software as new challenges and technologies impact on the audits of the future.

Data analysis 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, but 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 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.

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.

Our coaching review process undertaken for a sample of higher-risk engagements acted as a tool to support the delivery of audit quality on these engagements. Feedback from these reviews also contributed to some positive initiatives such as 'library of good practice examples' and 'clarification of some of our application guidance'. We noted that coaching-style reviews are beginning to promote positive cultural behaviours, therefore we believe



# Inspiring stakeholder confidence in audit quality

## 1.2 Delivering audit quality

that this new approach will continue to promote positive cultural behaviours that will support our 'No Compromise' culture movement. Coaching reviews will remain one of our audit quality priorities to support our most complex audits.

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

### Rewarding contribution to high-quality audits

We recognise that the responsibility for audit quality does not just sit with the Responsible Individuals (RIs) and Key Audit Partners (KAPs). Audit quality is the personal responsibility of all our professionals within the Audit & assurance service line. Each professional sets clear objectives for audit quality, appropriate to their role and responsibilities. These objectives are monitored and assessed through performance reviews, thus ensuring a culture committed to audit quality.

All Audit & assurance staff are required to set quality objectives at the start of the year and to evaluate through a self-assessment process how well they achieved these objectives prior to the formal performance review.

### Investing in innovation

Innovation is a key driver in our ability 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 investing in innovation as is evident through our ongoing investment in our in-house audit software Atlas and our data analytics solutions. Continued investments in innovation will be critical to enable us to continue to bring the best technology into the heart of our future audit approach.

### Responsibility for the delivery of audits

Our 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 documented, conclude upon and reviewed 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.

### Licensing

RI status does not confer the right to act in relation to all audit work. An additional 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 licensing to perform statutory audits. Similarly, sector licences held by RIs and managers are reconsidered regularly for the same reasons.

### 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 for the 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.

Refer to 1.3 for further details on our 'Quality Monitoring Process'.

### Engagement quality control reviews (EQCRs)

An EQCR is required to be performed on all audits of listed companies or 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 on 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.

The FRC in their most recent public report, issued in July 2022, noted that the application of quality control including EQCR procedures requires improvement. In response to this, and as part of a wider quality improvement plan, we have updated our policies and procedures in relation to the EQCR process. Our enhancement to the process has advanced over and beyond current requirements. Planned actions include but are not limited to formal assessment and consideration of capacity, capabilities, annual training to EQCRs emphasising expectation of the role and assessment of continued suitability to carry on this role. We will also introduce the 'EQCR' team approach for those highest-risk audit engagements.

### Responsibility for quality

The quality and effectiveness of our audit services are critical to all our stakeholders and an integral part of our commitment to building trust with society.

Quality is the responsibility of everyone at our firm, and we work hard to ensure we have a culture of quality. To ensure a culture of quality is embedded within Mazars as a core value, the UK Head of Quality and the UK Head of Audit are members of the UK Executive. A sub-committee of the UK Executive, the Risk and Quality Committee (RQC), assists the UK Executive in fulfilling this ultimate responsibility for quality monitoring.

The AExeco reports to, and is overseen by, the UK Executive. The AExeco is led by the Head of Audit and includes members with responsibility for operations, audit quality support, transformation and quality monitoring, who are nominated by the Head of Audit.

The role of the AExeco is to promote and ensure delivery of a high level of audit quality and risk management in the Audit practice. In fulfilling its role, the AExeco assists the firm, including the PIC, in meeting the expectations of the AFGC.





# Inspiring stakeholder confidence in audit quality

## 1.2 Delivering audit quality

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. 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 Risk and Management (QR&M) Board.

We also ensure that there is a strong connection between the UK Audit and Global Audit service lines. This is achieved by aligning core values and ensuring that matters highlighted in Group Executive meetings are cascaded down to all local Audit service lines.

### Our Audit Quality Assurance Framework

The International Federation of Accountants (IFAC) is the global organisation for the accountancy profession. It is 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 and has 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 a member 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 co-ordinated 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 the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code) and any relevant national codes of ethics
- submit to the secretary of the FoF an annual report, in an approved format, indicating that it meets the membership obligations set forth above

We have been members of IFAC since 2007, and we make an annual declaration setting out our commitments.

In line with our commitments, our Quality Assurance Framework is presented through our Quality Assurance Manual (QAM) and Risk Management Manual (RMM), which together constitute the benchmark for audit quality control for all entities.

This framework covers the following:

- responsibility and leadership
- independence and objectivity
- acceptance and continuance of engagements
- human resources
- audit methodology and engagement performance
  - planning and supervision of engagements
  - technical consultation
  - audit documentation
- professional confidentiality and risk management
- engagement quality monitoring reviews
- quality monitoring
- procedures for dealing with and resolving differences of opinion, complaints, allegations and claims





## Inspiring stakeholder confidence in audit quality

### 1.2 Delivering audit quality

The Global QAM is adapted 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.

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

Maintaining and improving audit quality is integral to our profession. To ensure the firm keeps its focus on audit quality, 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
- underline the importance of respecting legal and regulatory obligations, particularly with regard 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 on the effectiveness of the functioning of the quality monitoring system.

Within Mazars only RIs can be responsible for an audit and sign a statutory audit report. An 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, among others, one of the Institutes (England and Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants (ACCA).

Approval from the Institute of Chartered Accountants in England and Wales (ICAEW) is required before we are able to appoint a new RI. Before asking the ICAEW, we satisfy ourselves that the individual is competent to carry out audit work. Newly approved RIs are given a mentor who reviews their initial assignments, both to ensure quality and to assist with the transition to the RI role. Once the mentor is satisfied with the quality of the RI's audits, the mentor arrangement ends, and the new RI becomes subject to the firm's normal quality monitoring review process. In Mazars in the UK, 66 (2021 – 55) individuals held RI status as at 31 August 2022, and a further 13 (2021 – 8) were KAPs authorised to sign public sector audit opinions.





## 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 delivering 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 system. The quality monitoring system applies to both correspondent and member firms.

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

Lessons learnt from 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.

### Audit quality monitoring in the UK

The ICAEW Audit Regulations and Guidance require each RI of Mazars to be subject to a cold file review of a completed audit engagement at least once every three years. At Mazars, our aim is to review every RI and KAP for audits performed under the Local Audit and Accountability Act (2014) at least once every two years.

Audit file reviews are supervised by the Director – Quality Monitoring Lead, who reports to the Partner Responsible for Audit Quality Monitoring, and are carried out by experienced audit partners, senior audit staff, or our dedicated audit quality monitoring team. Our quality monitoring reviewers are selected because of their knowledge and skill set, and are appropriately briefed on the quality monitoring objectives, approach, and requirements.

We allocate quality monitoring reviewers to file reviews based on their knowledge and skills. We also ensure that quality monitoring reviewers are independent from the audit under review and the audit team. Quality monitoring reviewers are supported by a technical consultant, when required.

Each year a quality monitoring plan for audit work is prepared, which specifies the RIs and KAPs to be reviewed in the year, together with any planned thematic reviews. This plan is presented by the Partner Responsible for Audit Quality Monitoring to the firm's AExeco, which includes the UK Head of Audit and Audit Compliance Principal. Relevant details of this plan and information on our approach to quality monitoring reviews, including how files are reviewed and graded, are communicated to the Audit service line to ensure our people understand and are engaged in the process.

Audit files are selected for review based on several criteria, including risk and public interest, with the basis for file selections recorded.

Each file review starts with an opening meeting between the quality monitoring reviewer and RI or KAP. At a closing meeting, any findings arising from the file review are discussed and finalised, subject to any additional information supplied by the audit team and not already considered by the reviewer.

The RI or KAP is required to respond to each finding in writing, specifying the action they will take to address the finding on the subsequent audit. The files are then graded in terms of overall audit quality by the Partner Responsible for Audit Quality Monitoring.

The findings and actions, along with the file grade, are communicated in a final findings letter to the RI or KAP, which is copied to their appraising partner. Similar letters are sent to the Engagement Manager and EQCR, where one was allocated to the audit.

Findings and file grades are considered in performance appraisals and in decisions on partner remuneration.

A summary report is prepared and presented to the AExeco for review and approval of the actions to be taken in response to key findings/themes identified from file reviews completed in a review cycle. Actions may include immediate remedial action, changes to the firm's methodology or guidance, or additional training and support. The results are communicated to the UK Executive.

In the 2021-22 quality monitoring review cycle, reviews of 38 audit files were reviewed, with six of those reviews being of local public audits. Refer to section 1.4 for further detail on the overall findings.

Lessons learnt from quality monitoring are communicated to all the RIs or KAPs and audit managers on a timely basis.





# Inspiring stakeholder confidence in audit quality

## 1.3 Quality monitoring

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.
- Consideration of findings from 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 for consideration.

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 the UK firm 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. An inspection by Mazars Group was performed in 2021 and 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 undertakes audits that fall within the remit of the FRC, resulting in the firm being subject to reviews of its audit work, systems and processes by the FRC.

Due to the number of PIE clients, Mazars is subject to annual reviews by the Audit Quality Review (AQR) team of the FRC.

The results of our 2021 review were published in July 2022 and are disclosed in section 1.4.

Mazars' audit work is also reviewed by the Quality Assurance Department (QAD) of the ICAEW. The firm was subject to a full review by the QAD in 2021, 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 AQR team for major Local Audits and the QAD for non-major local public audits. The results of the AQR team'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.

### International Standard on Quality Management (UK) 1 (ISQM1)

As a firm that performs audits and reviews of financial statements, and other assurance and related services engagements we are required to comply with the requirements of ISQM1 from 15 December 2022 with a system of quality management designed and implemented in accordance its requirements.

This standard replaces ISQC1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements which was in place in the period under review in this transparency report.

In order to comply with the requirement of this new standard the firm has put in place the following steps:

- The UK CEO supported by the UK Executive and UK Head of Quality has been assigned ultimate responsibility and accountability for the firm's system of quality management. The Executive has agreed the firm's quality objectives and risks associated with the objectives in line with the requirements of ISQM1.
- The responses to those risks have been recorded in the form of process narratives which identify the processes, process owners and controls.
- Walk throughs have been undertaken to assess the design and initial implementation of the processes and controls outlined in the process narratives.
- Where gaps have been noted in either the design of the process or control, action plans to remedy them have been agreed. The delivery of these actions has then been monitored.
- Plans have been prepared for the ongoing testing and evaluation of the processes and controls in the coming year; this includes the investment in and development of a governance, risk and control software solution to manage and monitor compliance with ISQM1.

The implementation project has been overseen by the Head of Quality with a project plan covering the steps outlined above devised and delivered by the Director of Audit Governance with the support of an ISQM1 implementation team.

In the coming year the ISQM1 implementation team will move into the ongoing testing phase, which will include:

- Confirming process narratives with process owners.
- Delivering and reporting testing of the quality controls noted in the process narratives.
- Addressing any identified deficiencies, which will include agreeing and monitoring remediation plans and the use of root cause analysis.

The Executive will revisit the identified quality objectives and risks to update as required, and they will receive the findings from the testing undertaken by the ISQM1 implementation team in order to evaluate and report on the firm's system of quality management. ISQM1 requires this evaluation must take place before 15 December 2023. The firm will report on compliance in the 2023 transparency report.



# Inspiring stakeholder confidence in audit quality

## 1.4 Audit quality indicators

**In our report, we disclose the same metrics as in prior years to ensure consistency.**

We monitor a more extensive population of 16 AQIs for management information purposes, which are reported to the AExeco monthly, to assess risks to audit quality and take action when necessary. AQIs provide us with valuable insights and we have included their further development and integration as one of our strategic priorities for FY23.

We have a set of 6 AQIs listed below to help us view audit quality holistically. We have established benchmarks for the AQIs and enhanced the

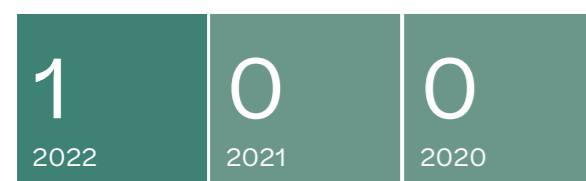
granularity of the information where it was necessary. In our further development, we will establish processes for responding to outliers, ensure reporting is action-oriented, and broaden the range of AQIs. Not only will AQIs identify red flags to audit quality, but they will also be integrated into the strategic decision-making process.

We are actively engaging with the FRC's initiative to improve the reporting of the AQIs across the audit market.



### Audit quality indicator 1 - Metrics on external investigation related to audit

Number of cases in the 12 month to 31 August 2022 in which the FRC Conduct Committee has found against the firm or one of its members:



#### Investigations

In January 2022, the FRC announced that pursuant to the Auditor Regulatory Sanctions Procedure, the FRC's Enforcement Committee concluded that the firm had failed to comply with the Regulatory Framework for Auditing in its audit of a local government authority's 2019 financial statements ([News | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/news/2022/01/13/frc-announces-audit-failure)).

In October 2021, the FRC announced that it had commenced an investigation under the Audit Enforcement Procedure (AEP) in relation to the audit of the financial statements of French Connection Group plc for the year ended 31 January 2020 ([News | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/news/2021/10/27/frc-announces-audit-enforcement-procedure)).

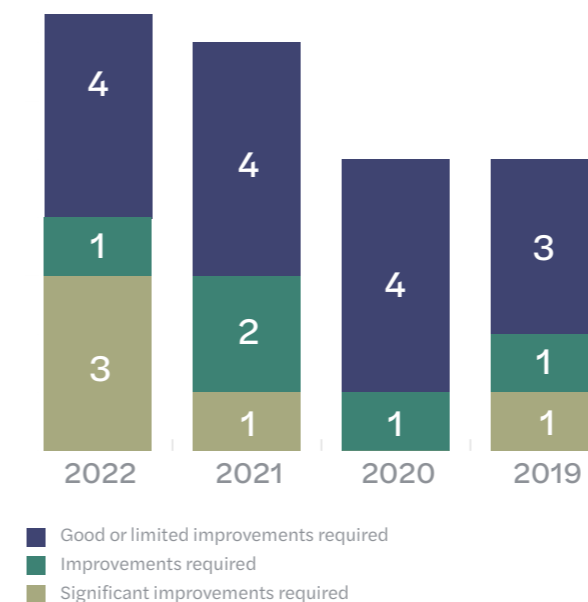
In October 2022, the FRC announced that it had commenced an investigation under the AEP in relation to the audit of the financial statements of Studio Retail Group plc for the period ended 26 March 2021 ([News | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/news/2022/10/27/frc-announces-audit-enforcement-procedure)).

#### Constructive Engagement (CE)

In the year we have also engaged with the FRC's CE team in respect of a matter which was identified as being satisfactorily addressed without full enforcement action. As a result of that engagement, we have made commitments in respect of training and guidance. Details of these Accountancy Scheme and Audit Enforcement Procedures can be found at [Auditors | Enforcement Division | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/news/2022/01/13/frc-announces-audit-failure).

### Audit quality indicator 2 - Metrics on audit quality reviews

#### All reviews



#### Results of external inspection (FRC reviews)

The FRC records audits in three categories in its public inspection reports as follows:

- Good or limited improvements required
- Improvements required
- Significant improvements required

The FRC published its report on its latest inspection of Mazars in July 2022. A summary of the results is set out here.

The [full report is available here on the FRC's website](https://www.frc.org.uk/news/2022/07/27/frc-publishes-report-on-its-latest-inspection-of-mazars).

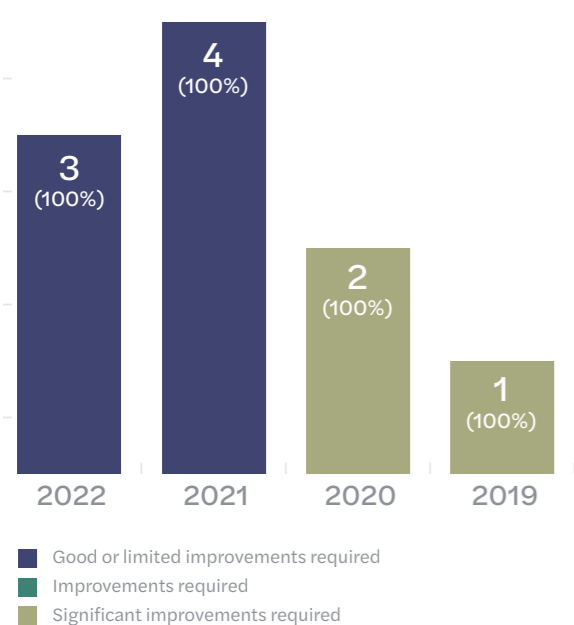
The FRC inspected eight of our audits covering listed and public interest entities, of which 50% were assessed as requiring no more than limited improvements. We were disappointed by the results of the individual audit engagement inspections and noted that improvements are required in the quality of our work and ability to consistently deliver audits of the high quality we strive for. The firm is committed to ensuring that appropriate action plans are implemented through our independent Root Cause Analysis (RCA) process to address the matters arising from this review cycle.



# Inspiring stakeholder confidence in audit quality

## 1.4 Audit quality indicators

Public sector appointments



### Results of regulator inspections of public sector appointments (FRC reviews)

The FRC is also responsible for monitoring the quality of major local audits as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. During FY22, the FRC inspected three of our March 2021 year-end public sector audits. The inspection results indicate a continued improvement in our performance, building on the results obtained in the FY21 inspections.

The FRC published its report on its latest inspection of Mazars in October 2022. A summary of the results is set out below.

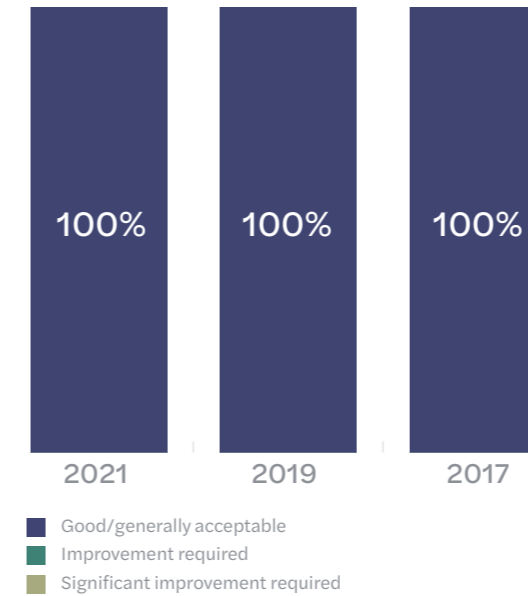
The [full report is available here on the FRC's website](#).

All audits were again assessed as requiring no more than limited improvements and it is pleasing to report that the FRC continued to identify areas of good practice, including:

- Appropriate challenge of management's experts through robust testing of key assumptions used in property valuations against third-party market data.
- Use of an auditor's expert to review investment property valuations, in a manner that was proportionate to the risk.

In addition to the financial statement reviews, the FRC reviewed our work on Value for Money arrangements on each of the three files inspected. Again, our work in this area was assessed as requiring no more than limited improvements, with good practice noted in relation to the comprehensive nature of the audit team's evidence to support its risk assessment and additional risk-based procedures.

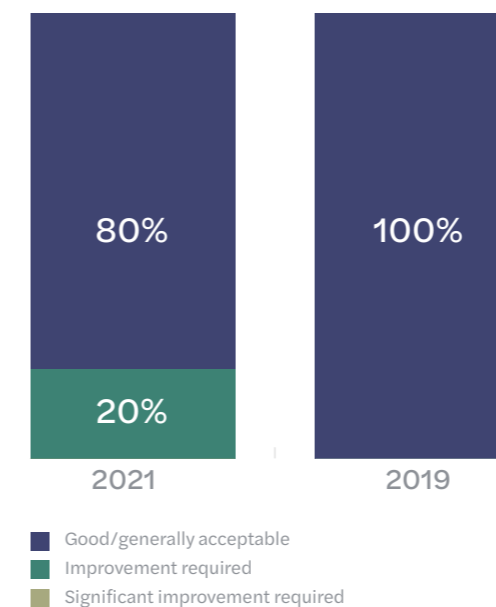
All audits (excluding Public Sector)



### Results of external inspection (ICAEW QAD reviews)

The QAD undertakes a full review every two years. In their most recent report, following the 2021 inspection, the QAD concluded that the firm's audit work was of a good standard and all files reviewed were found to be good or generally acceptable, which is consistent with the results of previous reviews by QAD in 2019 and 2017. We were pleased with the results of the review and believe that they demonstrate our firm-wide commitment to audit quality. QAD also identified and shared examples of good practice across each of the files reviewed.

Public sector appointments



In their most recent review of public sector audit engagements, QAD concluded that audit work continues to be of a good standard in most areas. Four of the five reviews were found to be either good or generally acceptable. One audit required improvement which was followed up as part of our independent RCA process.

The work to support the VFM arrangements conclusion was assessed as good, on all five reviews. QAD also identified and shared examples of good practice across all files reviewed.

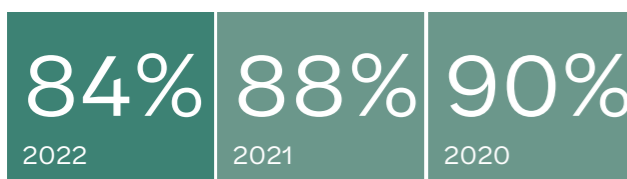
# Inspiring stakeholder confidence in audit quality

## 1.4 Audit quality indicators

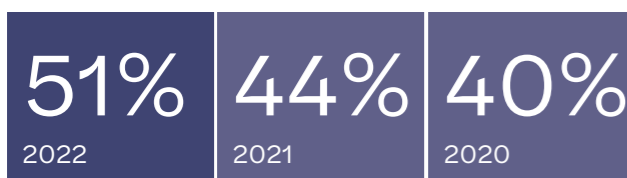
### Number of engagements reviewed



### % of files that did not identify significant improvements required



### Annualised % of RIs and KAPs subject to review



### Results of firm's Internal Quality Monitoring reviews (iQM)

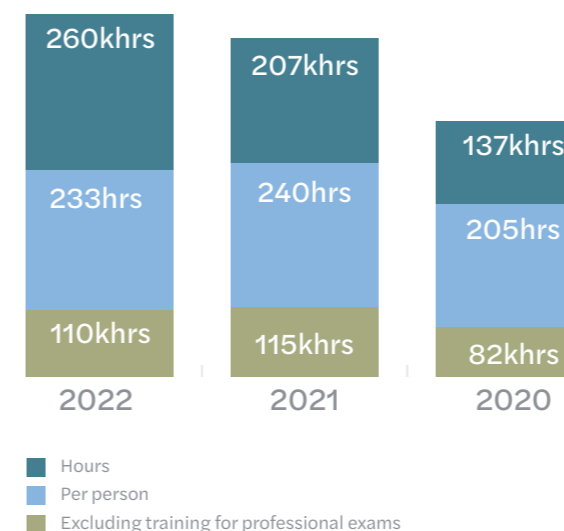
Each year we review a sample of completed audit engagements through our internal quality monitoring programme. The details of the programme are set out in section 1.3.

Within the numbers presented, six files reviewed related to KAPs. The other 32 files reviewed related to RIs. In 2021/22, six engagements were rated as requiring significant improvement (rated D). Of those six, one related to an audit signed by a KAP. The remaining five were signed by an RI.

We perform a RCA for all engagements rated as requiring improvements (rated C) or significant improvements (rated D) to identify causes that led to these failures. The significant findings which led to quality failings are addressed and monitored through our Audit Quality Action Plan. We continue to monitor and innovate our internal quality monitoring programme to ensure it remains robust and fit for purpose to respond to the needs of our internal and external stakeholders.

### Audit quality indicator 3 – Metrics on investment

#### Investment in training

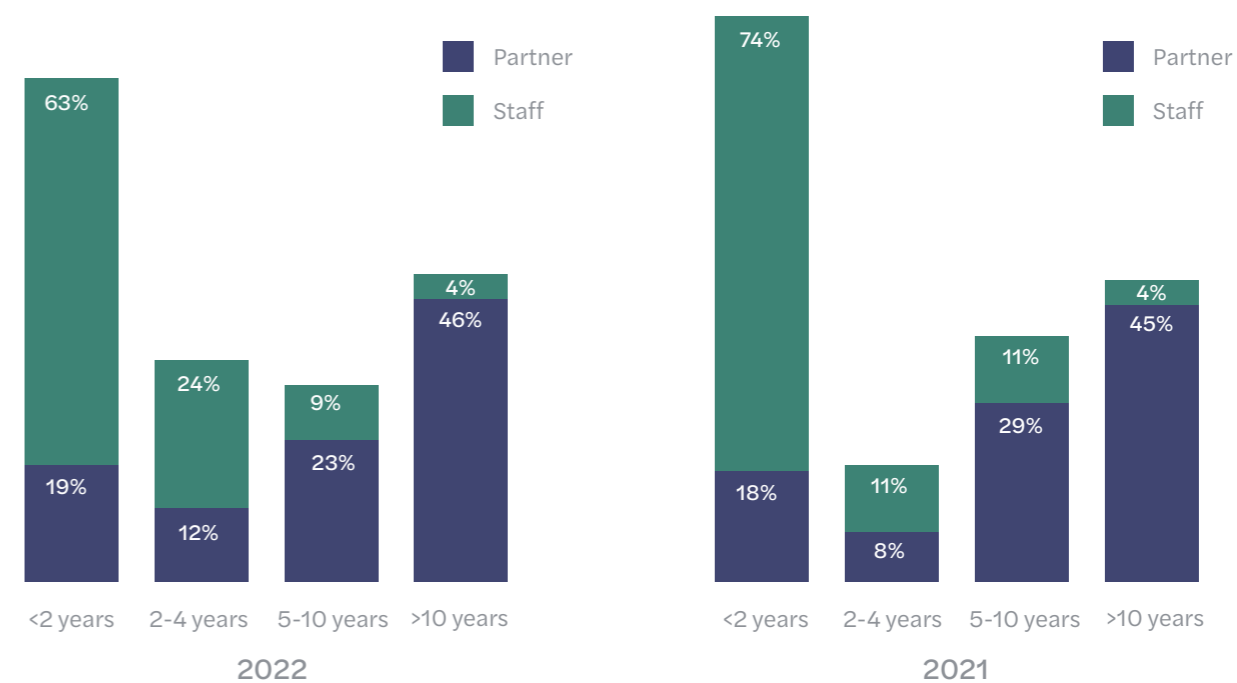


During the year we transitioned to a hybrid learning model with the return of in-person training events, in addition to remote delivery which expanded during the pandemic. We enhanced the in-person training events which are focussed on case studies and practical application of technical developments, such as revised auditing standards and financial reporting updates. These sessions have been adapted for certain key sectors to ensure that training is appropriately tailored for sector-specialists.

We have continued to deliver effective remote learning through a variety of different mediums, including eLearning, live and recorded webinars and virtual breakout rooms in order to improve learner engagement. Such learning improves accessibility as learners can select the most suitable sessions to meet their requirements and complete training at a suitable time. In addition, recorded sessions allow attendees to refresh their knowledge at the point of need. We store all recorded learning in U-Learn, our Learning Management System, for point-of-need access in the future.

We use mandatory technical assessments to ensure our teams fully understand changes in methodology, audit and accounting standards, as well as to embed learning into the process.

### Audit quality indicator 4 – Metrics on partner and staff tenure





# Inspiring stakeholder confidence in audit quality

## 1.4 Audit quality indicators

Audit headcount has grown significantly over the last 12 months by 29%. Taking this growth into account there has been no significant shift in tenure rates or attrition, which remain stable and in line with firmwide and market attrition. The tenure rates at partner level remain consistent with previous years, with 69% of our partner group having been with the firm for five or more years. The tenure rate at staff level remains relatively in line with previous years but positively there is a decrease in the percentage of staff with fewer than two years tenure, as those numbers move into 2-4 years tenure. This is an indication that various strategies implemented recently to improve retention are showing positive results.

We continue to see higher relative levels of attrition across particular grades, for example, Assistant Manager (Senior 2 grade) upon qualification. Whilst it is expected team members will seek alternative opportunities at this point in their careers, we are taking steps to better anticipate and plan for this, whilst implementing actions to help retain top talent at this level. A few examples are:

- Updating and improving our approach to internal secondments and transfers (providing clarity and transparency on the process) and introduction of 'transfer windows' to allow better audit resource planning.
- Upskilling of people managers across the service line to enable people managers to engage with and develop their team members.
- Development of Capability+ to allow all team members visibility of the skills required across all levels in audit to self-assess current skills compared to development areas and use it as a development tool to identify 'gaps' to be addressed to progress.

All of these points ensure team members remain clear on expectations and opportunities available to them to encourage them to remain with Mazars.

Our ratio of staff<sup>1</sup> to each RI/KAP has grown in the year from 11 to 12. This is principally a function of the evolution of our client base towards a greater number of larger/PIE businesses than in the past and hence we are satisfied that the balance and gearing of our team remain appropriate.

### Number of staff to each RI/KAP



### Audit quality indicator 5 – Metrics on investor liaison

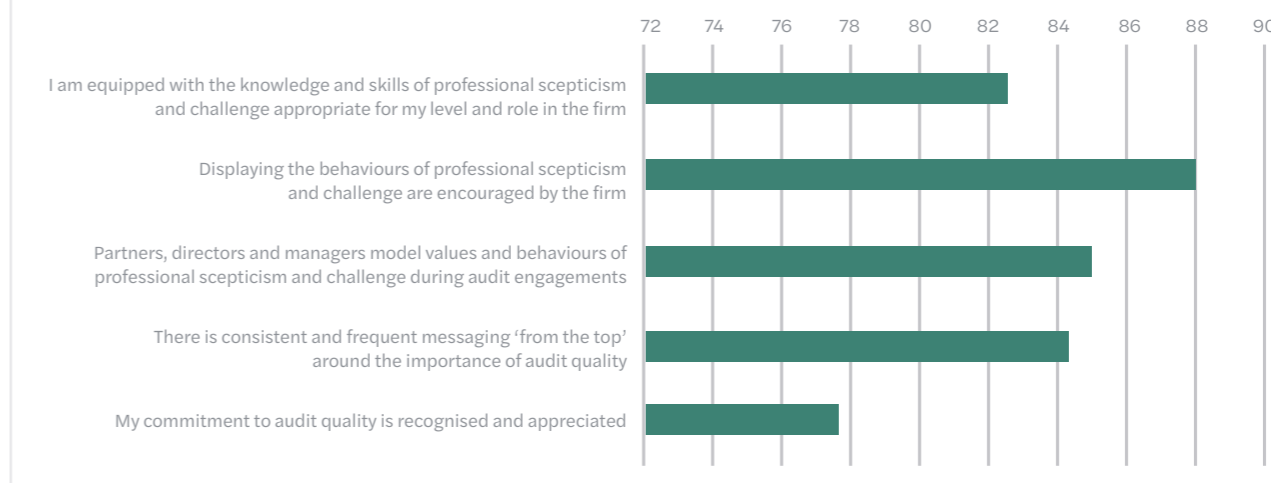
This is discussed in Section 1.5: Investor and audit committee dialogue.

### Audit quality indicator 6 – Metrics from partner and staff surveys (Audit and assurance service line)

We continue to use the Gallup 'You Matter' Engagement Survey to help understand and measure the level of engagement of team members and partners across the firm. We started working with Gallup in 2017 and have seen a small increase in engagement scores year on year, moving from the 13th percentile in 2017 to the 31st percentile this year. In addition, we have seen a further decline in the number of disengaged team members, which is at 9% compared to 20% in our first set of Gallup Engagement results in 2017. This means we have an overall ratio of 3.33:1 engaged employees for every actively disengaged employee, an increase from 2.9:1 last year and 0.7:1 when the survey started.

In June 2022, we asked our team members and partners to complete a culture survey to help assess the current culture and identify any 'gaps' as part of a wider project to define the firm's culture ambitions. We received over 2,000 responses to this survey, which helped identify areas where the firm does well and areas where improvements can be made. The results showed some positive and encouraging responses to quality with 84.3% of respondents agreeing there is 'consistent and frequent messaging 'from the top' around the importance of audit quality' and 87.9% of respondents agreed that 'displaying the behaviours of professional scepticism and challenge are encouraged by the firm'. These results indicate that the message on the importance of audit quality is being received and understood by our team members.

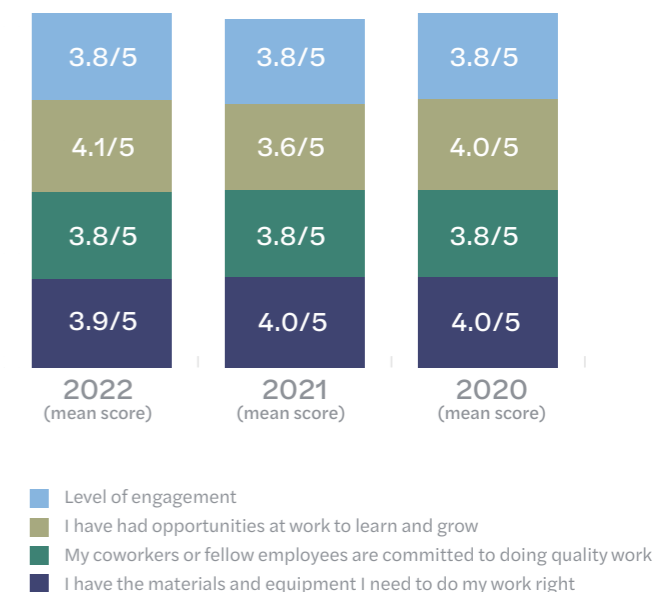
### Culture survey - Audit-only questions (%)



Looking at the Gallup Engagement results, three scores remain consistent with prior years, but we are pleased to see a significant improvement in the question on 'opportunities to learn and grow'. Through the introduction of the people manager role in audit, we have successfully upskilled our people manager population to help engage, develop and drive high performance across our teams, which is visible in the result. In addition, we have invested in the Audit training team and made significant improvements to our learning offerings, including more focus and dedicated training on the strategic markets, as well as increasing our face-to-face and classroom-based learning to encourage participation and use of case studies to embed the learning. In addition, the firm continues to commit significant investment in key resources across the service line, which will positively impact quality, including investment and growth in the Audit quality support teams, the Audit specialist teams and continued investment and growth in resources across all Audit grades.

There remain areas for us to continue to focus on and improve on, which are set out clearly and in detail within the Audit strategy. We hope with the implementation of the actions in the Audit strategy we will see improvements in all areas below in next year's results.

### Staff survey



<sup>1</sup>Staff numbers pertain to audit staff only and excludes audit support staff



## Inspiring stakeholder confidence in audit quality

### 1.5 Investor and audit committee dialogue

**Mazars is strongly committed to engaging in dialogue with listed company shareholders, listed companies, and their audit committees about matters covered by the Audit Firm Governance Code in order to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion, issues and concerns.**

As part of its commitment to engaging audit committees, Mazars hosts events for the Centre for Audit Committee and Investor Dialogue which it has run for several years in association with a group of leading investors. The last event was held virtually in February 2022 with a diverse and experienced panel discussing 'Navigating ESG'.

Following on from a similar event in June 2021, in November 2022, Mazars held its Annual Audit Review event virtually for audit committee chairs of listed companies and other PIEs which it audits. The event addressed progress in the firm at a national and global level, firmwide initiatives relating to quality and risk management, developments in the audit practice, including responding to the firm's Audit Quality Review (AQR) findings, and the growing importance of matters related to ESG.

The firm also met with the Audit Committee Chairs Independent Forum (ACCIF) in November 2022 to discuss developments in the firm and at ACCIF and matters related to audit and governance reform.

We have also reviewed our engagement with those leading on governance, and more broadly ESG issues, at major institutional investors and developed a revised approach that aims to engage both with individual institutional investors and bodies representing groups of investors. In November 2022 we invited a number of investors to individual meetings.





## 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. Therefore 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 (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.

Our 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 ensures 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.

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"> <li>Mazars partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client;</li> <li>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</li> <li>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).</li> </ul>
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. Mazars 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 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.

# Inspiring stakeholder confidence in audit quality

## 1.6 Ensuring our objectivity and independence

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 Public Sector Audit Appointments (PSAAs) Terms of Appointment, each of which place additional requirements for objectivity and independence on local public auditors.

We have a global independence check tool, WeCheck, designed as a one-stop shop, with a view to protecting our independence throughout Mazars. As of 31 August 2022, we have 78 live countries, which together account for 97% of Mazars' global turnover. A country is "live" when:

- The country has provided its first complete and reliable set of client data.
- All the users (partners, senior managers, acceptance officers) have been trained on the use of the tool.

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 PIE audit engagements on which key audit partners rotate, in compliance with country-specific laws and regulations (being driven by the Ethical Standard 2019 in the UK), 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 Audit Quality Support (AQS) team's position, the Head

of Quality would 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 the partner contributes.

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 their country's performance. Under the supervision of the Group Governance Council (GGC) and based on the recommendation received from the country Executive and overseen by the Remuneration Committee, base points are allocated to partners according to the overall performance of the country and the individual performance of each partner. This performance is assessed against various criteria, including:

- quality, 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
- level of managerial responsibility

### 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 commitment to quality is by ensuring all partners have performance objectives set for quality. In this way, we can reward partners who meet our expectations of high quality, by using evidence from internal and external quality monitoring reviews.

Partners who are not shareholders in Mazars SC are allocated a fixed profit share and may be allocated a further profit share based on particular performance criteria. The compensation of the UK CEO is entirely determined by the GGC in accordance with Mazars Group bylaws.

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.

### Independence and objectivity

Mazars has an internal audit function, which as part of its Annual Plan provides for internal audit reviews around our ethical policies.

All new joiners and existing staff, whatever their level, are required to complete an annual mandatory Ethics training course to reinforce their role in complying with our ethical policies. All staff have access to specialist helpdesks, which provide advice around various issues including those relating 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 AExeco, Public Interest Committee (PIC) and UK Executive.

For the rest of the Group, both external and employee complaint forms are available on our Mazars websites (on the Group website: <https://www.mazars.com/Whistleblowing-and-complaint-forms>). All claims are directly processed through the Group's Chief Compliance Officer (CCO) except when required otherwise by local regulation.

### Confidentiality and information security

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

The Group's Chief Information Security Officer (CISO) is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters, supported in the UK by a Director of Information Governance and Data Protection. The Group CISO directly reports to the Group CCO and to the Group Executive Board (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

### 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 our people, services, clients and financial performance. 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.**

Mazars' risk strategy aims to ensure that risk management and associated activities are fully aligned in supporting the business, and that risk is undertaken within clearly defined limits and appetites which are measured and monitored through a sound control environment and risk-aware culture. Mazars also aims to improve its risk maturity from "Risk Defined" to "Risk Managed" in the next 12 to 18 months.

Following an Enterprise Risk Management (ERM) review in early 2022, Mazars has included operational risk as a principal category within its pillars of firmwide risks. This is not a newly identified risk, however; the ERM team and Executive felt this risk should be elevated to the categorisation of a key pillar within the firm's risk taxonomy, resulting in the following eight risk pillars:

- financial
- strategic
- people
- reputational
- operational
- regulatory
- technological
- quality

Given the firm's operating structure and service lines, Mazars has adopted a parent-child risk model. A number of "level one" risks have been identified under the eight pillars noted above. These form the parent risks and are overseen at the Executive level. There are then a number of child risks that cascade through the business to be managed at a service line level.

Mazars maintains a centralised risk register for all risks across the firm and service lines; this is stored on an IT solution for managing and monitoring enterprise-wide risk by Mazars in the UK. In line with

ISO31000 (Risk Management), the risk management process involves a systematic application of policies, procedures and practices to the activities of communication and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.

Effective management of risk underpins our day-to-day activities to ensure we provide a consistently high-quality service to our clients and teams.

#### Identification of risks

All team members who identify an issue which they believe may pose a risk to Mazars are instructed to report the matter to their Office Managing Partner, Service Line Leader, or the ERM team. In some cases, risks have the potential to affect Mazars as a whole; others are unique to individual services.

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

The purpose of risk analysis is to comprehend the nature of risks and their characteristics, including, where appropriate, the level of risk. Risk assessments record an assessment of the inherent impact and likelihood of a risk (in other words, in the absence of any mitigations) in addition to the residual impact and likelihood once mitigations have been considered.

All identified risks are subject to an assessment process using the Mazars Group risk matrix. If residual risks remain outside the firm's risk appetite, a target risk score is agreed and a risk treatment plan is set.

During the year, the firm enhanced its Enterprise Risk Policy and Enterprise Risk Appetite Statement to assist in identifying, analysing and evaluating risks. These enhancements included aligning the risk management strategy to the latest firm strategy and further alignment of the key risks.



# Our risks

## 2.1 Our approach to risk management

### ERM Training

The ERM team has also been involved in developing risk training which was shared with the whole firm in the 2022-2023 financial year. This training aims to enhance our culture around risk and our people's awareness and technical knowledge of risk.

We provide all our team members with information on enterprise-wide risk management and their individual responsibilities via a mandatory training programme. This training is held annually for manager level and above, and for all other staff on an as-needed basis.

Risk owners and administrators are given specific training to assist them in fulfilling their roles effectively.



### Categorisation of risk

Our risks are managed under eight categories:



**People:** People sit at the core of our business. Any matters likely to directly impact individuals or our business as a result of their activities are categorised as people risks.

**Quality:** Matters that impact the quality of our work, or the experience or expectation of our clients.

**Financial:** Matters which have the potential to affect the financial performance or resilience of the firm.

**Regulatory:** Where changes in legal and/or regulatory requirements may affect our services, reputation or financial position.

**Technological:** A business enabler, technology underpins a wide range of our activities, exposing us to a number of threats.

**Strategic:** Firm failure could result from an inappropriately developed or implemented strategy.

**Reputational:** Where potential issues have the ability to significantly adversely affect our reputation over and above the impact associated within our other risk categories.

**Operational:** Where operations are not suitably resilient to maintain effective business outcomes.

### Governance

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

#### The Executive

Overarching management of and responsibility for risk first rests with the Executive, with oversight from the UKGC.

At an international level, management of risk rests with the GEB, with oversight from the GGC.

#### The UK Governance Council

The UKGC is responsible for ensuring that the Executive has appropriate risk management structures in place and that it has identified and is managing the key risks to Mazars.

#### Executive sub-committee: Risk and Quality Committee (RQC)

The RQC is responsible for assisting the Executive with oversight and monitoring of the level one risks. The RQC is also informed of key service line risks that affect the business in totality or are significant in one service line.

The RQC monitors risks and reports adverse movements in risks to the Executive for oversight and transparency, as well as to the ARC. The RQC is also responsible for overseeing the horizon scanning of strategic risks, which is completed in line with the development of the firm's business strategy. Horizon scanning is completed formally on an annual basis to identify any new and emerging risks that threaten the achievement of the firm's objectives.

#### Audit and Risk Committee (ARC)

The ARC is responsible for oversight of key operational risks and high-impact material risks that the business faces. It reports any adverse risk movements to the UK Executive.

The PIC is also updated as appropriate.

Ongoing enhancement of risk management within the firm continues to improve the identification and mitigation of the highest risks encountered.





## 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:

Principal risks	Description	Key mitigating controls
<b>People</b>		
<b>Governance and leadership</b>	Failure to adopt an appropriate culture and leadership, resulting in poor quality, reducing reputation and loss of staff.	<ul style="list-style-type: none"> <li>Updated Members' Agreement and constitutional documents</li> <li>Code of Conduct</li> <li>Proportionate Governance and operational committees and escalation reporting routes</li> <li>Formal terms of references across key governance bodies</li> <li>Firmwide Policies and Procedures</li> <li>Mandatory Training for all staff</li> </ul>
<b>People development</b>	Failure to develop sufficiently the skills of our teams to achieve the firm's strategy.	<ul style="list-style-type: none"> <li>Enrolment and support to complete professional accreditations</li> <li>Mandatory CPD requirements as part of professional accreditations achieved</li> <li>Career pathways</li> <li>Formalised technical and non-technical training programmes, including service line specific</li> </ul>
<b>Recruitment and attraction</b>	Failure to recruit sufficiently skilled resource to achieve the firm's strategy whilst maintaining our values-based culture.	<ul style="list-style-type: none"> <li>Wellbeing, Inclusion and Diversity Programmes</li> <li>Resource planning</li> <li>Formalised recruitment procedures</li> </ul>
<b>Retention</b>	Failure to retain and develop sufficiently skilled resource to achieve the firm's strategy whilst maintaining our values-based culture.	<ul style="list-style-type: none"> <li>Technical training for staff</li> <li>Career pathways</li> <li>Code of Conduct</li> </ul>

Principal risks	Description	Key mitigating controls
<b>Quality</b>		
<b>Quality failure</b>	Failure to deliver quality service to our clients.	<ul style="list-style-type: none"> <li>Quality assurance framework and technical resource implemented for service lines</li> <li>Technical training for staff</li> <li>Licensing of principal activities</li> <li>Internal Quality Control Reviews</li> <li>Implementation of findings following reviews undertaken by internal and external regulatory bodies</li> <li>External reviews</li> </ul>
<b>Client expectation and experience</b>	Failure to monitor and manage client expectations leading to poor client experience and loss of existing, or failure to attract new, clients.	<ul style="list-style-type: none"> <li>Client complaints process with a direct link to the Head of Quality</li> <li>Client feedback and Client Centricity programmes</li> <li>Service line specific policies</li> </ul>
<b>Financial</b>		
<b>Financial failure</b>	The firm is unable to maintain an appropriate level of solvency and liquidity (working capital) to continue to operate effectively in line with appetite.	<ul style="list-style-type: none"> <li>Regular reviews of financial performance against targets at Executive level</li> <li>Management information to guide business decisions, with lead and lag KPIs</li> <li>Service line engagement with markets to maintain knowledge of current trends affecting services</li> <li>Regular assessment of Income and Expenditure budget and forecasting</li> <li>MI reporting to appropriate governance bodies</li> </ul>
<b>Macroeconomic environment</b>	Failure to adapt to the changes in the macroeconomic environment and regulatory developments on the economy and firm.	<ul style="list-style-type: none"> <li>Established means of ongoing forecasting, performance review and associated mitigation planning</li> <li>Business continuity plans at service line and firm level.</li> <li>On-going assessment of emerging risks</li> </ul>

## Our risks

### 2.1 Our approach to risk management

Principal risks	Description	Key mitigating controls
<b>Regulatory</b>		
<b>Regulatory environment</b>	Failure to adapt to the impact of changing legislative and regulatory environment across the whole firm, including the sustainability of the UK Audit practice.	<ul style="list-style-type: none"> <li>Monitoring of changing regulatory requirements</li> <li>Enhanced governance in respect of client approval, including Executive oversight and Group Independence and Acceptance Committee (GIAC)</li> <li>Non-executives provide relevant challenge and objectivity</li> <li>Ethics partner and team providing guidance and support throughout the firm</li> </ul>
<b>Independence and ethics</b>	Failure to ensure we comply with ethical and independence rules.	<ul style="list-style-type: none"> <li>Client and engagement acceptance processes, including conflict checking procedures</li> <li>GIAC approvals for specific assignments</li> <li>Independence training and confirmations</li> <li>Mandatory annual independence certification for all</li> <li>Monitoring of partner financial interests</li> </ul>
<b>Technological</b>		
<b>Information governance</b>	Information and data is not effectively governed in line with appropriate regulations and specific client requests, resulting in data loss, reputational damage and non-compliance with appropriate regulations, e.g. GDPR.	<ul style="list-style-type: none"> <li>Adherence to national and international regulations and legislation including data protection laws</li> <li>Information governance policies with ongoing testing</li> <li>Mandatory information governance training</li> <li>Risk event reporting and escalation routes to appropriate governance bodies</li> </ul>
<b>Cyber security</b>	Failure to detect, prevent, or stop a malicious cyber-attack, resulting in service unavailability, data loss and reputational damage.	<ul style="list-style-type: none"> <li>IT technical solutions including monitoring of networks, usage of systems, and formalised reporting process</li> <li>IT security policies with ongoing testing</li> <li>Network intrusion monitoring and suspicious activity reporting</li> <li>Mandatory cyber training</li> </ul>
<b>IT infrastructure and development</b>	IT infrastructure does not meet our client requirements or offer sufficient resiliency for the level of traffic utilising it; including the development of suitable and innovative technologies to maintain quality, efficiency, or keep up with market capabilities.	<ul style="list-style-type: none"> <li>Governance in place to align IT to business plans</li> <li>Monitoring of IT systems and providers</li> <li>IT disaster recovery plans</li> <li>Regular consideration of IT infrastructure against industry standards</li> </ul>

Principal risks	Description	Key mitigating controls
<b>Reputational</b>		
<b>Culture and values</b>	The firm fails to promote, or maintain, a positive culture and consistent values, including with the clients we choose to engage with, resulting in loss of staff, clients, or confidence in our ability to achieve our objectives.	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Client Acceptance Committee</li> <li>Wellbeing support offered to all staff</li> <li>Executive responsibility for culture and approach to quality and risk management.</li> <li>Culture project team</li> </ul>
<b>Client acceptance and continuance</b>	Failure of appropriate due diligence and client management, exposing Mazars to reputational damage and liability of non-compliance with legal and regulatory obligations.	<ul style="list-style-type: none"> <li>UK client acceptance and continuance procedures including Acceptance Committee and ethical considerations</li> <li>Systems and processes to ensure appropriate AML and KYC procedures</li> <li>GEB involvement where appropriate</li> </ul>
<b>External reputation</b>	The firm is unable to promote, or maintain, a positive brand image as a result of external or internal factors (global activities, market facing decisions, etc), resulting in loss of business, stagnant growth, or financial impact.	<ul style="list-style-type: none"> <li>Executive responsibility for culture and enhancing a firmwide approach to quality and risk management</li> <li>Quality assurance frameworks are in place</li> </ul>
<b>Claims and non-compliance with obligations</b>	Pressure on resources, availability of appropriate IT solutions, training and education standards may adversely impact quality, exposing Mazars to the risk of claims, reputational damage and liability of non-compliance with legal and regulatory obligations.	<ul style="list-style-type: none"> <li>Monitoring of claims and potential liabilities including at Executive level</li> <li>Investment plans in respect of team and technology</li> <li>Improvements in supporting team engagements and wellbeing</li> </ul>
<b>Sustainability</b>	Mazars fails to adopt sustainability into its activities and therefore is not delivering on our ability to manage our firm for the benefit of future generations.	<ul style="list-style-type: none"> <li>Group sponsored sustainability training firmwide</li> <li>Executive sponsored targets on sustainability, including climate, wellbeing, social mobility, and community</li> <li>Monitoring and disclosure of KPIs, such as carbon emissions, printing levels, and travel emissions</li> </ul>



## Our risks

### 2.1 Our approach to risk management

Principal risks	Description	Mitigating controls
<b>Strategic</b>		
<b>Business strategy</b>	The firm fails to adapt its business strategy to both external and internal factors, resulting in loss of market share, insufficient growth, or expansion into new opportunities.	<ul style="list-style-type: none"> <li>• Executive ownership of strategic initiatives and sponsorship of delivery programmes</li> <li>• Four-year strategic business plan and targeted priorities and actions</li> <li>• Monitoring of market and regulatory changes to support identification of changes required to strategy</li> <li>• Development of global initiatives to standardise our delivery model internationally</li> <li>• Governance framework in place to approve and manage strategic investment decisions</li> <li>• Talent and recruitment strategy</li> <li>• Regular staff engagement surveys</li> </ul>
<b>Operational</b>		
<b>Business continuity and operational resilience</b>	Failure to recover efficiently in the event of a disaster, or operations are not suitably resilient to maintain effective business outcomes.	<ul style="list-style-type: none"> <li>• Business continuity and crisis management plans, including IT disaster recovery</li> <li>• Regular assessment of enterprise-wide risks and mitigating controls</li> <li>• Annual testing of disaster recovery and continuity plans firmwide</li> <li>• Resiliency inbuilt into operations, including through remote working capabilities</li> </ul>
<b>Project change</b>	Mazars is unable to deliver effective and efficient project change, which may lead to a failure to adapt to market and business requirements, as well as clients' needs. This may result in opportunity loss and Mazars inability to sufficiently grow.	<ul style="list-style-type: none"> <li>• Change and project methodology is in place</li> <li>• Software solution for project management and monitoring</li> <li>• Reporting via COO report</li> <li>• Partner and Governance Council feedback</li> </ul>
<b>Support structures</b>	Failure to invest in a robust infrastructure to support the wider firm in meeting its overall strategy.	<ul style="list-style-type: none"> <li>• On-going review of and continuing investments in systems and teams</li> <li>• Governance structure includes boards to provide further strategic focus and challenge in key areas</li> <li>• COO and Head of Quality are members of the Executive</li> </ul>





## Chapter 3

### Our structure, leadership and governance

## Our structure, leadership and governance

### 3.1 Our unique business structure

#### A global, integrated partnership

Since 1995, Mazars Group has been organised as a global integrated partnership. Today, this partnership is comprised of more than 1,000 partners and 30,000 professionals in more than 90 countries and territories of the world. We share the same values and work ethics and share a common goal of providing the highest level of quality in our work.

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

The role of the Mazars Group is to “define the strategic objectives of the organisation and to coordinate the implementation of these objectives at the member firm level”, combined with the responsibility for promoting and protecting the Mazars brand globally. Mazars’ integrated international partnership was established with the principal objective of seeking to ensure consistent quality in our service to our clients.

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 for in order to better serve our clients. We are not simply a collection of national firms, but an integrated organisation of professionals.

Each country of our unique integrated partnership has one or more separate legal entities that are member entities 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 SC, 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.

The financial statements of the Mazars Group are consolidated with the results of the member entities and are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are jointly audited by two independent audit firms. New member firms are admitted into the integrated partnership based on criteria of quality of service and team resources, reputation and shared values. All new admissions must be approved by the General Assembly of Partners.

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”.

In 2019, Mazars created a North America Alliance enhancing the on-the-ground coverage in North America, giving international clients access to an additional 17,000 professionals from five leading accounting and consulting firms in the U.S. and Canada, being BKD, Dixon Hughes Goodman, Moss Adams, Plante Moran (U.S. firms), and MNP (Canada firm). Geographically, these five Alliance firms complement Mazars USA and Mazars Canada, enabling Mazars to achieve full national coverage across North America. Including this Alliance, Mazars now has over 47,000 professionals serving clients around the globe: 30,000 professionals across over 90 countries and territories in Mazars’ unique integrated partnership, and 17,000 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.

Following the invasion of Ukraine by Russia in February this year, GEB issued guidance to partners



# Our structure, leadership and governance

## 3.1 Our unique business structure

and staff on its position regarding activities in Russia and with Russian clients.

Mazars existing policy on sanctions was extended to all additional sanctions arising from the conflict.

The GEB confirmed that, in every country where Mazars operates, we would fully comply with international sanctions laws and committed not to serve any sanctioned entities, including Russian government, state owned enterprises and sanctioned individuals.

All partners were requested to review their client portfolios to identify those clients that may be affected directly or indirectly by the crisis, seeking guidance from Group Risk Management and Group Acceptance as required.

As the conflict developed, the sanctions regimes changed quickly with additional entities and

individuals sanctioned at short notice by various countries and jurisdictions. Mazars Group took legal advice throughout to ensure that it complied with the latest sanctions regimes.

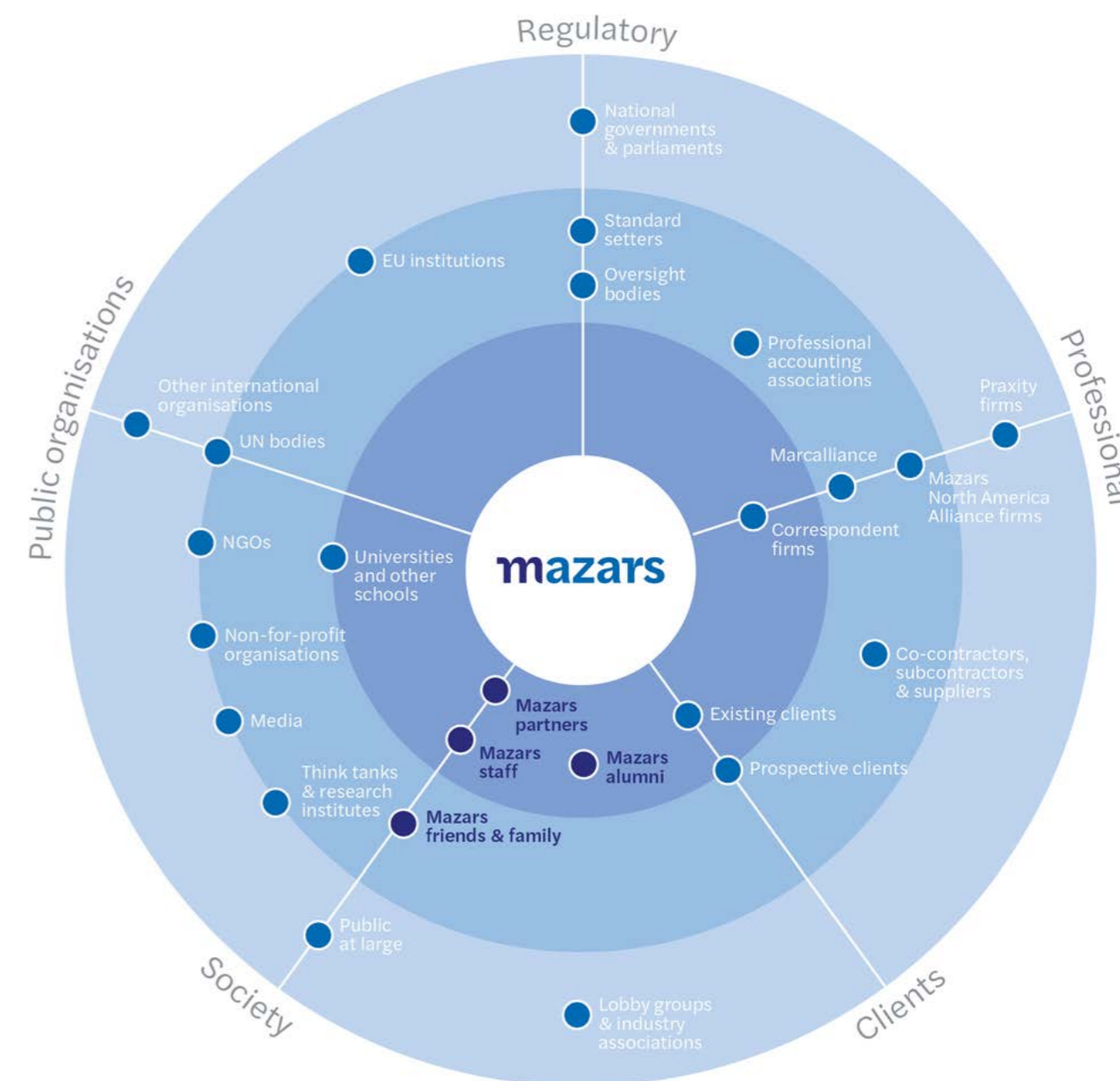
In March 2022, the GEB issued further guidance confirming that whilst we would continue to serve existing international clients with a presence in Russia which were not sanctioned in accordance with our contractual obligations, we would not accept any new Russian clients.

A sub-committee, containing members from the Group Independence & Acceptance Committee, was established to review specific requests and questions from countries and has met at regular intervals since the onset of the invasion.

In June 2022 the GEB took the decision to cease our activities in Russia.



Stakeholder map

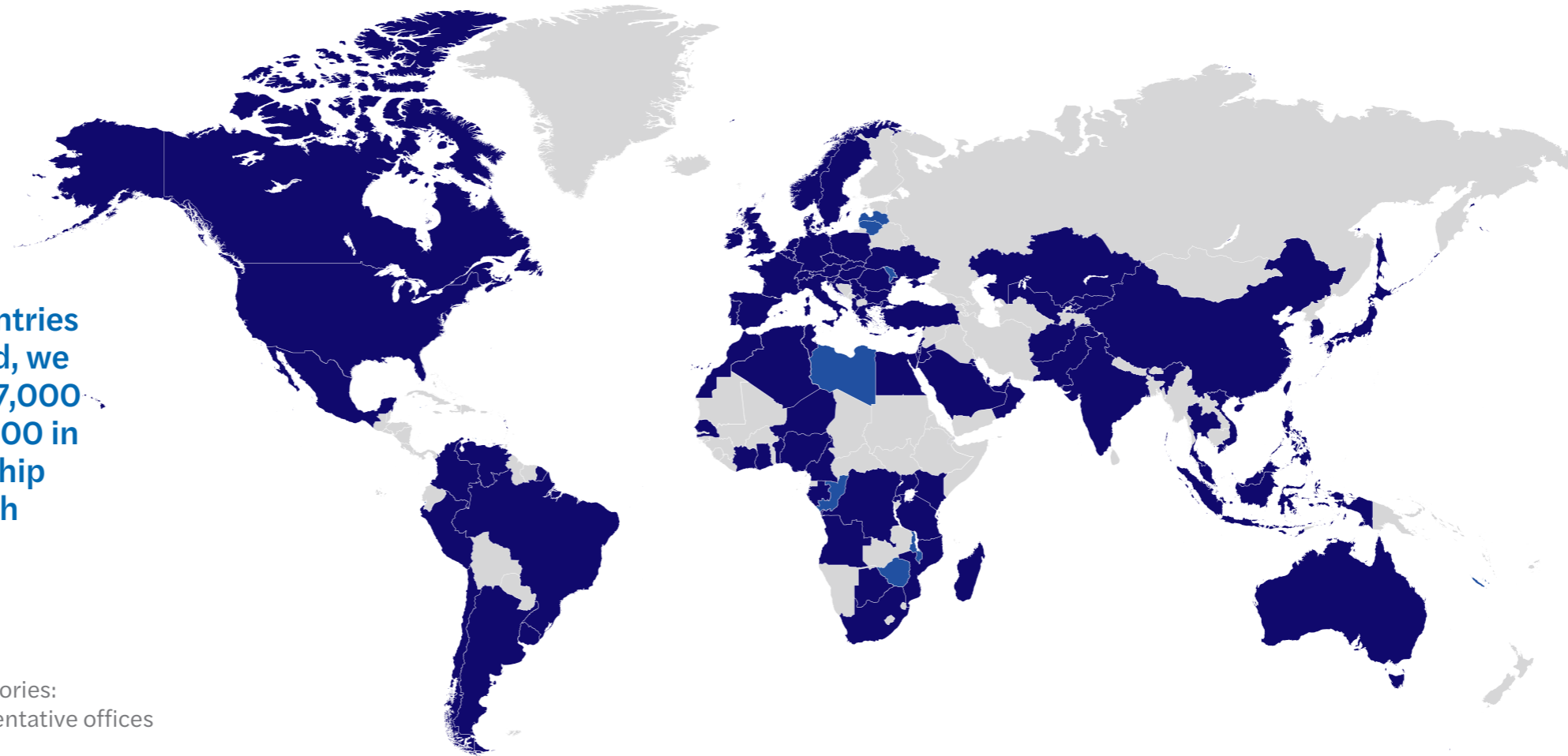


### 3.1 Our unique business structure

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

Valid as of 31 August 2022

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



- |               |                       |               |              |                 |                |                        |
|---------------|-----------------------|---------------|--------------|-----------------|----------------|------------------------|
| ■ Afghanistan | ■ Canada              | ■ Ghana       | ■ Kosovo     | ■ Morocco       | ■ Romania      | ■ Tunisia              |
| ■ Albania     | ■ Cayman Islands      | ■ Greece      | ■ Kuwait     | ■ Mozambique    | ■ Rwanda       | ■ Turkey               |
| ■ Algeria     | ■ Chile               | ■ Hong Kong   | ■ Kyrgyzstan | ■ Netherlands   | ■ Saudi Arabia | ■ Uganda               |
| ■ Angola      | ■ China               | ■ Hungary     | ■ Latvia     | ■ New Caledonia | ■ Senegal      | ■ Ukraine              |
| ■ Argentina   | ■ Colombia            | ■ India       | ■ Lebanon    | ■ Niger         | ■ Serbia       | ■ United Arab Emirates |
| ■ Australia   | ■ Congo (Brazzaville) | ■ Indonesia   | ■ Libya      | ■ Nigeria       | ■ Singapore    | ■ United Kingdom       |
| ■ Austria     | ■ Congo (Kinshasa)    | ■ Ireland     | ■ Lithuania  | ■ Norway        | ■ Slovakia     | ■ United States        |
| ■ Bahrain     | ■ Croatia             | ■ Israel      | ■ Luxembourg | ■ Oman          | ■ Slovenia     | ■ Uruguay              |
| ■ Belgium     | ■ Cyprus              | ■ Italy       | ■ Madagascar | ■ Pakistan      | ■ South Africa | ■ Uzbekistan           |
| ■ Benin       | ■ Czech Republic      | ■ Ivory Coast | ■ Malawi     | ■ Palestine     | ■ Spain        | ■ Venezuela            |
| ■ Bermuda     | ■ Denmark             | ■ Japan       | ■ Malaysia   | ■ Peru          | ■ Sweden       | ■ Vietnam              |
| ■ Botswana    | ■ Egypt               | ■ Jordan      | ■ Malta      | ■ Philippines   | ■ Switzerland  | ■ Zimbabwe             |
| ■ Brazil      | ■ France              | ■ Kazakhstan  | ■ Mauritius  | ■ Poland        | ■ Taiwan       |                        |
| ■ Bulgaria    | ■ Gabon               | ■ Kenya       | ■ Mexico     | ■ Portugal      | ■ Tanzania     |                        |
| ■ Cameroon    | ■ Germany             | ■ Korea       | ■ Moldova    | ■ Qatar         | ■ Thailand     |                        |



# Our structure, leadership and governance

## 3.1 Our unique business structure

### Our global business organisation

The GEB was elected in December 2020 on the basis of a four-year strategic plan entitled One24. The business organisation described below is aimed at fully implementing this strategy. In order to deliver the best services to our clients, our international structure focuses on sectors and service lines.

The four primary sectors we have identified are:

- financial services
- industry & services
- privately-owned business
- public sector

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

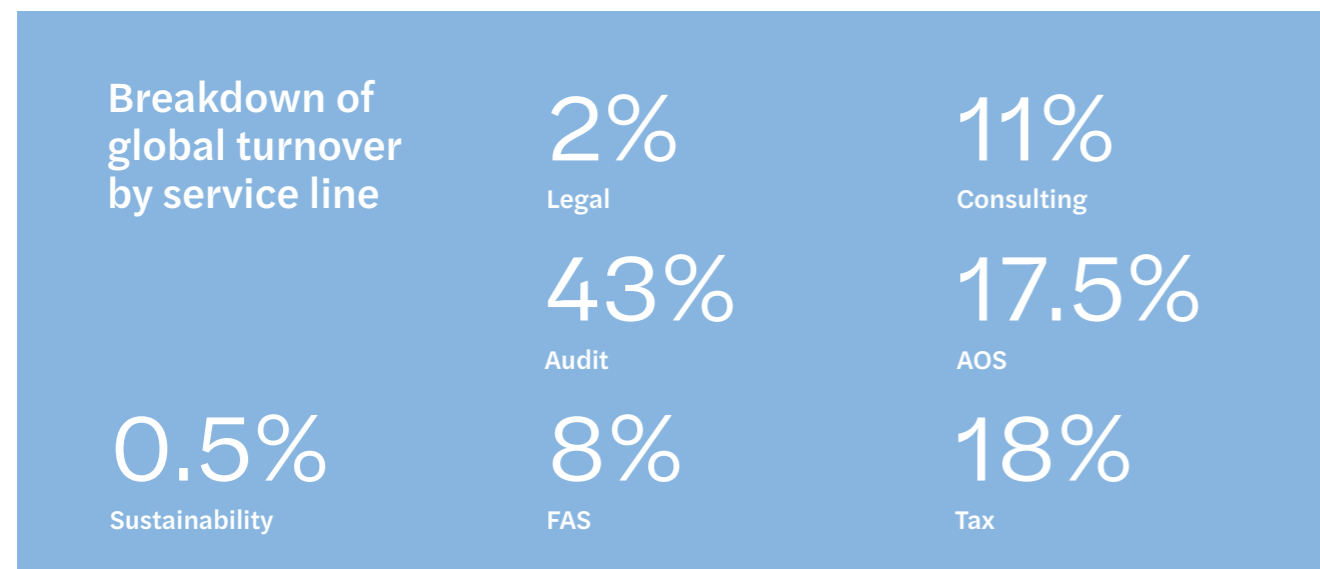
- accounting and outsourcing services (AOS)
- audit and assurance services (AASL)
- consulting
- financial advisory services (FAS)
- law
- tax services (TAX)
- ESG services

Global Sector leaders, Global Service Line leaders, Regional leaders and Global Functional Support leaders make up the Group Leadership Team of Mazars Group whose objective is to implement the One24 strategic plan. The Global Leadership Team (GLT) is led by the GEB.

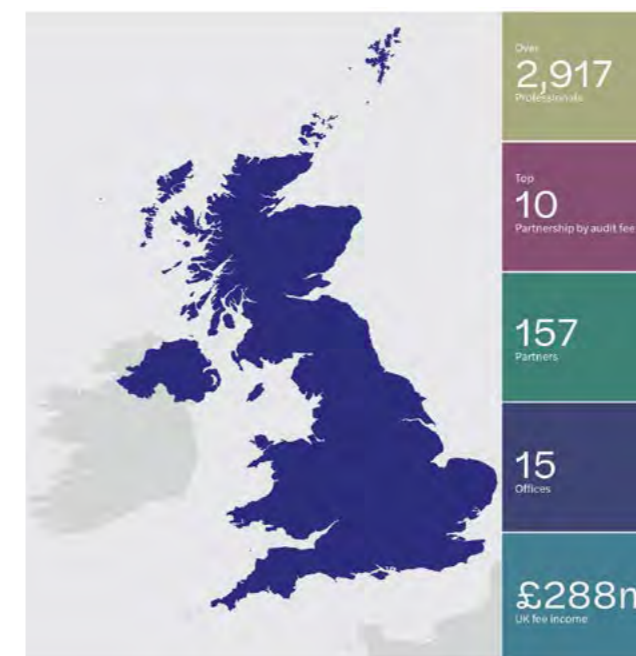
This structure ensures coordination of member entities within Mazars. The integrated international structure permeates every aspect of our operations:

- Partners and their member entities are linked by a series of agreements that 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.
- Partners and the national member entities in which they work are linked by a series of agreements intended to achieve consistency across 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 a complex and global environment.



### Our UK business organisation



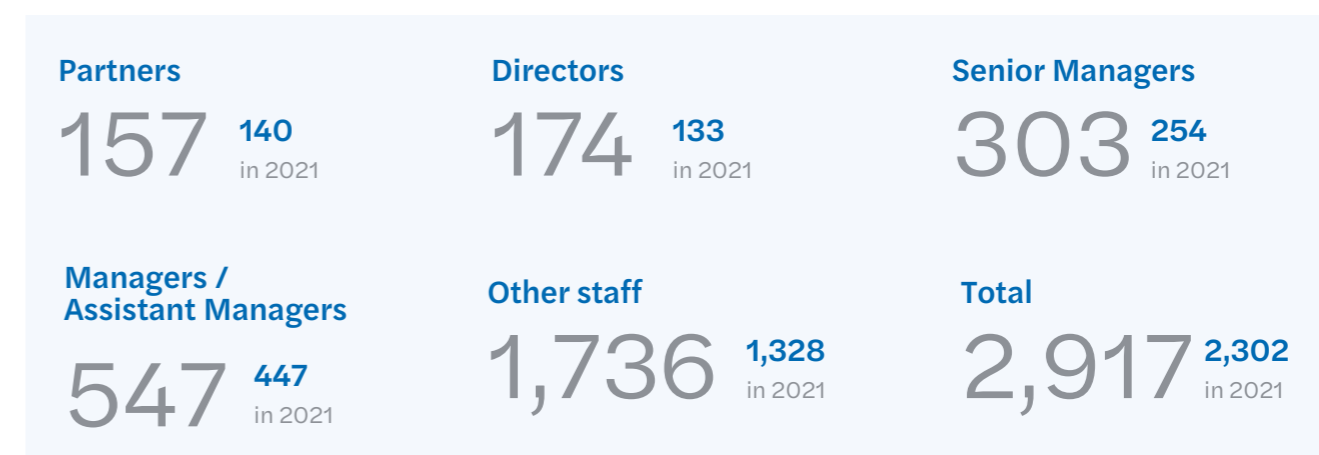
#### Ownership

Incorporated in England and Wales under the Limited Liability Partnership Act 2000 (registered number CO308299), the firm is owned by its members (who are often referred to as “partners”).

As at 31 August 2022, there were 157 members (2021: 141) and 108 partners who are shareholders in Mazars SC (2021: 92).

#### The operational structure of Mazars in the UK

At 31 August 2022, our business operated across 15 offices nationwide (2021: 16), with 2,917 professionals (2021: 2,302). Our staff held the following roles:



For the year ended 31 August 2022, Mazars was structured through service lines and strategic markets, each responsible for managing results, developing growth strategies, and supporting our staff. As at 31 August 2022, there were five client service lines; Audit & Assurance, Tax, Accounting & Outsourcing (AOS), Financial Planning (FPL), and Advisory & Consulting (A&C). A&C is a merger of the previous Financial Advisory Services (FAS) and Consulting service lines. All are supported by a central Business Services Team (BST).

Fuller details of our service lines may be found on our website, but each is responsible for:

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

Our four strategic markets are Financial services, Industry & services, Privately owned business (including private clients), and Public & social sector.

Each physical location has a local Office Managing Partner (OMP) responsible for local execution of our national growth and client-centricity strategies.

## Our structure, leadership and governance

### 3.1 Our unique business structure

#### Principal subsidiaries

The principal trading subsidiary undertakings of Mazars LLP and their activities are set out below.

Principal subsidiary undertakings	Country of incorporation	% held directly	% held via subsidiary	Principal activities
<b>Companies</b>				
ARX Investments Limited	UK		100	Holding company
CompetitionRX Ltd	UK		100	Monitoring Trustee Services
Hall Liddy Limited	UK	100		Professional Services
Mazars Corporate Finance Limited	UK		100	Corporate Finance
Mazars Financial Planning Limited	UK		100	Financial Planning
Mazars Holdings (Australia) Limited	UK	100		Holding company
Mazars Holdings (US) Limited	UK	100		Holding company
Mazars Limited	UK	100		Service Company
Mazars MR Limited	UK		100	Professional Services
Mazars Public Sector Internal Audit Limited	UK		100	Internal Audit
Mazars UK Limited	UK		100	Professional Services
Rowanmoor Consultancy Limited	UK		100	Financial Planning
Sarah Butler Associates Limited	UK		100	Immigration 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

Principal subsidiary undertakings	Country of incorporation	% held directly	% held via subsidiary	Principal activities
<b>Companies</b>				
Mazars CYB Services Limited <sup>1</sup>	UK		100	Trustee administration services
Mazars Channel Islands Limited	Jersey	100		Non trading
Mazars Corporate Services Limited	Jersey		100	Dormant
Mazars Solutions Limited <sup>1</sup>	UK		100	Non trading
Mazars (Gibraltar) Limited	Gibraltar		100	Non trading
Cartwright House Licencing Limited	UK		100	Non trading
Mazars Company Secretaries Limited	UK		100	Non trading
Mazars GB Limited	UK		100	Dormant
Mazars Trust Corporation Limited	UK		100	Trustee
Mazars Trustee Company Limited	UK		100	Trustee
Mazars Trustee Company (London) Limited	UK		100	Trustee
Neville Russell Nominees	UK	100		Nominee
Wool Quay Nominees Limited	UK		100	Nominee
Independent Women Limited	UK		100	Dormant

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

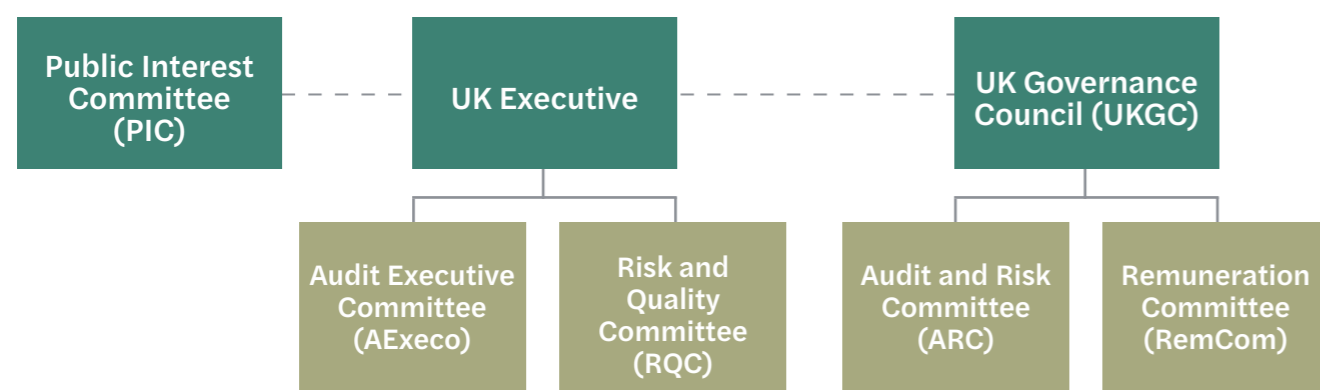


# Our structure, leadership and governance

## 3.2 Leadership and governance

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

### Leadership in the UK



The above sets out the leadership and governance structure for the period covered by this transparency report, the year to 31 August 2022. The terms of reference for the UK Executive, UKGC and PIC can be found on the firm’s website.

Mazars is led by the UK CEO, who is elected every four years. The last election was held in January 2021, with the next due in January 2025. Any partner of the UK firm is able to stand for this position if they have been nominated by at least ten partners.

After the candidates have been submitted for consideration by the UK Nomination Committee, the UK CEO is decided upon by a vote among the partners of the UK firm.

The members of the UK Nomination Committee are determined by the Mazars Members’ Agreement, and they include representatives from the UKGC, the UK Executive and the GEB.

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

### The UK Executive

The Executive and the UK CEO are responsible for the general day-to-day conduct and management of the firm (and, to the extent relevant, of Associated Firms<sup>1</sup>). This responsibility includes establishing an executive management structure under which:

- The members of the Executive are accountable to the partners in the exercise of their functions and powers.
- No individual member of the Executive has unfettered decision-making powers.

<sup>1</sup> Associated Firm means, from time to time, any Associated Undertaking of the LLP and any other Undertaking designated as an Associated Firm (and notified as such to the Partners) by the Executive from time to time; Associated Undertaking means, in respect of an Undertaking: (a) a parent undertaking or subsidiary undertaking of the Undertaking; or (b) a subsidiary undertaking of a parent undertaking of the Undertaking

- Effective oversight of both the firm’s Audit practice and the wider business is ensured.
- Powers and responsibilities are exercised, and values of integrity, professionalism and good governance are upheld, in a way that properly takes the public interest into consideration.

The Executive has to obtain the approval of the UKGC before taking or implementing any decision in respect of matters which, either under the terms of the Members’ Agreement and associated handbooks and policies<sup>1</sup> or the partners may from time to time determine, require such approval.

The Executive works closely with its sub-committees to support and ensure the fulfilment of their responsibilities and objectives.

Together with the UKGC (and, to the extent relevant, the PIC and the sub-committees of the Executive and the UKGC), the Executive is responsible for reviewing the terms of the Members’ Agreement and associated handbooks and policies<sup>1</sup> and ensuring that each is up to date and fit for purpose.

### Strategy and budget

The Executive is responsible for setting and delivering the firm’s strategy (and, to the extent relevant, that of each associated firm<sup>2</sup>). It is required to present its strategy to the partners no later than 100 days after its election, and it provides an annual update after that.

The Executive’s strategy and annual updates set out, among other matters, the key assumptions and investments for the firm (and, to the extent relevant, the associated firms). In the event that there are events or projects which significantly impact the strategy, the Executive reports to the UKGC and to the partners as soon as reasonably practicable and as frequently as may be reasonably required.

The Executive prepares and proposes an annual budget to the UKGC (which assesses and approves the process the Executive applied in setting the budget). The Executive communicates the budget to the partners. In the event that there are events or projects which might significantly impact the achievement of the budgeted results, the Executive reports to the UKGC and to the partners as soon

<sup>1</sup> Refers to the LLP Agreement, any of the LLP Handbooks, or any LLP Policy.

<sup>2</sup> Associated Firm means, from time to time, any Associated Undertaking of the LLP and any other Undertaking designated as an Associated Firm (and notified as such to the Partners) by the Executive from time to time; Associated Undertaking means, in respect of an Undertaking: (a) a parent undertaking or subsidiary undertaking of the Undertaking; or (b) a subsidiary undertaking of a parent undertaking of the Undertaking

as reasonably practicable and as frequently as may be reasonably required. In any event, the Executive reports to the partners on financial performance against the annual budget on a regular basis.

The Executive develops and leads UK service line and market strategies, and it sets a management structure within the international framework and aligned to CARL strategies and functions.

The Executive oversees support services functions, including the setting and monitoring of objectives, approving budgets and expenditure and ensuring efficiency between local, national and international support functions.

### People and culture

The Executive works to ensure:

- that there is a cohesive partnership with a positive partner culture aligned with the code of conduct
- that the firm (and, to the extent relevant, each associated firm<sup>2</sup>) recruits, develops, retains and rewards partners and employees appropriately

The Executive is also responsible for promoting inclusion and diversity wherever appropriate (see section 1.1.).

### Terms of appointment

The duration of appointments of Executive Members shall be for a period of four years.

### Audit Executive Committee (AExeco)

The AExeco is responsible for the governance and leadership of the Audit and assurance service line. It reports to and is overseen by the Executive. AExeco is led by the Head of Audit and supported by leaders nominated by the Head of Audit.

The principal objectives of the AExeco are to:

- deliver the strategic objectives of the UK firm insofar as they relate to audit
- work to develop and support an audit culture in line with the firm’s values which support:
  - the delivery of quality work
  - the development and growth of the firm’s people

## Our structure, leadership and governance

### 3.2 Leadership and governance

- the current and future sustainability, profitability and growth of the business
- identify and manage risks that may impact on the wider firm, the Audit service line, its people and clients, in relation to the activities and environment of audit

The AExeco had four groups each with a leader from within the AExeco nominated by the Head of Audit. These groups, with an overview of their main objectives and responsibilities, are:

- **Operations** – objectives and responsibilities include:
  - delivery of quality work – to ensure the sufficiency of an appropriately skilled and experienced resource for quality client delivery across the book of business
  - developing people and culture – to ensure people are hired, developed, engaged, retained, and have the competence and capabilities to consistently perform quality engagements
  - current and future sustainability, profitability, and enabling growth of the business – to actively manage and monitor the operational and financial performance of the business against targets, objectives and key performance indicators
- **Audit Quality Support (AQS)** – responsible for ensuring client-facing audit teams have the appropriate training, resources (such as tools and templates) and technical support to deliver high-quality audits. The AQS designs and provides relevant, reliable and timely information to the AExeco and the Executive to monitor and evaluate audit quality.
- **Audit Transformation** – responsible for supporting the Audit service line with innovations, tools and technologies to enhance quality, culture and efficiency.
- **Quality Monitoring** – responsible for designing and providing relevant, reliable and timely information to monitor and evaluate the quality of services and opinions provided by the Audit & assurance service line. This includes developing and delivering strategies for cold audit file review (QM file review), RCA and monitoring agreed AQIs.

#### Risk and Quality Committee (RQC)

During 2021-2022 the firm established the Risk and Quality Committee (RQC), comprised of members of the UK Executive with the Head of Audit Quality and ERM Director as attendees. The RQC has provided a forum for additional Executive oversight of key aspects of quality and risk management across the firm, with particular focus on Audit quality.

#### Governance in the UK

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

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

#### UK Governance Council (UKGC)

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

The UKGC:

- Approved 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.
- Refuses the annual budgeting process and report to the partners in the event considers the process deficient.
- Reviews the process for setting the firm 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 has not provided annual updates or that it considers the process for setting the firm's strategies deficient.
- Ensures that the UK Executive has appropriate management structures in place.
- Shows that the UK Executive has identified and is managing the major risks to the partners and the partnership.
- Appoints the members of the UKARC.
- Appoints the members of UKRemCom

- Approves or declines various defined matters including proposals for the merger, disposal, acquisition or reconstruction of Mazars and its associated companies.
- Has power to require the CEO 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.
- Ensures that its activities are aligned with those of the GGC.
- With the UK Executive, discharge the responsibility of the partners in relation to the maintenance of proper accounting records and the preparation of accounts.
- With the UK Executive, keeps the Members Agreement fit for purpose.

A review of the effectiveness of the UKGC was performed during the year.

#### Minimum meetings and terms of appointment

The members of the UKGC as at 31 August 2022, their biographies and meeting attendance throughout the year are provided in Appendix 3.

The minimum number of meetings that should be held is six per annum.

Each partner elected to the GC shall serve for a term of four years. They may hold the position for three consecutive terms.

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

#### The UK Audit and Risk Committee (ARC)

The ARC and its Chair are appointed by the UKGC from among the partners who have no direct executive responsibility for the management of the firm.

The ARC has no fewer than three members and a quorum is half the number of members rounded up to the next whole number.

As at 31 August 2022 the ARC consists of four members. Refer to Appendix 3 for the list of names.

The ARC has the power to seek any information it requires from any partner or employee and all partners and employees are directed to co-operate with any request made by the ARC. The ARC also has 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 considers this necessary, normally in consultation with the UK CEO.

The UKGC ensures that there is a report to the partners at least annually summarising the activity of the ARC and any significant issues which arose.

#### Minimum meetings and terms of appointment

Each Partner elected to the ARC shall serve for a term of four years.

A minimum of four ARC meetings, per annum, is required. Additional meetings may be called upon by the ARC Chair.

The members of the UKARC as at 31 August 2022, their biographies and formal meeting attendance throughout the year are provided in Appendix 3.

#### Duties and responsibilities

- Monitors the integrity of the Annual Report and Financial Statements of the UK firm, including the non-financial elements, and reviews and reports to the UKGC on significant financial and non-financial issues and judgements including matters communicated to it by the UK firm's external auditor.
- Considers the appointment, re-appointment, or removal of the UK firm's external auditor.
- Together with the UK Ethics Partner, establishes and maintains an Auditor Independence Policy.
- Challenges and assesses the performance, independence, and objectivity of the UK firm's external auditor, on an annual basis, and discusses the issues raised by the external auditor. This includes reviewing their quality control procedures and steps taken to respond to regulatory, professional and other changes.
- Approves the terms of engagement in respect of the statutory audit.
- Develops and implement policies on engaging the UK firm's external auditor for non-audit services



## Our structure, leadership and governance

### 3.2 Leadership and governance

and approving in advance the fees for both audit and non-audit services.

- Discuss and approves the nature and scope of the audit with the external auditors before the audit begins. The ARC reviews the findings of the audit as well as management's response on completion.
- Reviews management representation letters in relation to financial reporting requested by the UK firm's external auditor prior to signature by the Executive.
- Monitors the effectiveness of the relationship between the UK firm's external auditor and the internal audit function.
- Resolves disagreements between management and the UK firm's external auditor regarding financial reporting.
- Reviews the following:
  - UK firm's QRM framework and its linkage to the ERM strategy
  - the robustness of the UK firm's risk management policies and processes
  - assurance reports from relevant parties over matters relating to risk management and internal control
  - the timeliness and effectiveness of corrective actions taken.
- Performs deep-dive reviews into significant ERM risks at the request of the UKGC or where, in the ARC's view, further scrutiny is required.
- Considers the major findings of any relevant internal investigations into control weaknesses, fraud, or misconduct and management's responses.
- Provides input and recommendations to the Executive on the firm's strategy for ERM, including appropriate mitigations and risk appetite.
- Approves the internal audit programme, budget and resource plan, requesting where appropriate that the UK firm's internal audit function undertake specific work, and monitor the significant internal audit findings, including management's response to them.
- Reviews the effectiveness and performance of the service provided by the UK firm's internal audit function, including annual review.

- Ensures that the UK firm's internal audit function is adequately resourced and free from constraint and has the appropriate standing within the UK firm.

#### Remuneration Committee (RemCom)

The Remuneration Committee operates as a sub-committee of the UKGC and has delegated responsibility from the UKGC.

The purpose of the RemCom is to provide oversight and governance of processes and decision-making related to partner appraisals, objective setting, and remuneration.

The responsibilities of the RemCom include:

For a CARL Partner who is also a member of the GEB:

- providing independent UK-focused input and feedback to the GGC on the performance of that CARL Partner, as part of that CARL Partner's performance appraisal and remuneration assessment administered and determined by the GGC;

For partners who are Executive Members (excluding any CARL Partner who is also a member of the GEB), alongside the UK CEO:

- assessing and setting performance objectives;
- administering the performance appraisal process and the process for setting remuneration;
- providing development feedback; and
- provisionally determining and recommending for approval by the UKGC the remuneration of Executive Members (including, as relevant, Base Points allocations, DRS Assessments and Local Partner Shares).

For all other partners:

- assessing the process applied by the Executive for setting Base Points and remuneration and ensuring that a fair and robust process has been applied; and
- reporting to the UKGC (including in respect of any recommendations) on the process applied for setting remuneration.

This includes any other responsibilities at the request of the Executive and/or the UKGC.

#### Meetings and composition

As at 31 August 2022, the RemCom consisted of five members. Refer to Appendix 3 for information on the composition and number of meetings attended during the year.

There is no minimum number of meetings. Meetings are called at such frequency as determined by the GC chair, acting in consultation with the RemCom Chair.

#### Terms of appointment

The duration of appointments of RemCom Members shall be for a period of four years.

#### Public Interest Committee (PIC)

The principal role of the 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, quality control, remuneration policy and the issue 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 when necessary through information obtained through membership at the GGC.

#### Terms of reference

The PIC is constituted in order to meet the requirements of the AFGC. In particular this includes:

- helping promote audit quality
  - helping the firm secure its reputation more broadly, including in its non-audit businesses
  - using best efforts to help in reducing the risk of firm failure
- During the year the PIC endeavoured to provide oversight of Mazars in the UK in the following areas:
- decision making by management based upon meetings and discussions with UK management
  - the systems for quality control, based upon the reports of the UK Head of Audit, the UK Head of Quality and the UK Executive
  - risk management, including consideration of potential or actual reputational risks, based upon the reports of the relevant UK Executive members
  - the firm's process for monitoring complaints related to the firm's work, including issues raised

under whistleblowing policies and procedures, based upon reports to the PIC pertaining to reporting and monitoring

As well as the above, the PIC:

- exchanges annually with those holding relevant positions in the UK governance structure
- meets, if required, with appropriate stakeholders of the firm on an annual basis
- is responsible for reviewing and commenting upon annual reports required under the relevant governance codes in the UK (being the transparency report) and along with the UK CEO, is responsible for reviewing, commenting upon, and confirming the accuracy and completeness of the transparency report

Other matters covered in the terms of reference are:

- The members of the PIC are at least three INEs, the UK CEO and the Head of Quality.
- The Chair will be an INE.
- On resigning, an INE shall offer their reason for resigning which may be made public if this is expected by the AFGC.
- INEs have a right to report a fundamental disagreement regarding the firm to the GGC and if not satisfactorily resolved in a timely manner to the Mazars Group General Assembly and where ultimately this cannot be resolved and the INE resigns, to report such resignation publicly.
- The PIC is quorate when at least the Chair, one other INE and one other PIC member is present.
- The relevant responsible partners make themselves available to the PIC on a timely basis as required.
- The PIC agrees on procedures for dealing with any disagreements between itself and the Executive. The PIC uses its best endeavours to comply with the AFGC in the United Kingdom.
- The relevant partners in the UK provide the PIC with updates 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 AFGC. Aiding this oversight, the terms of reference of the PIC provide for one of the INEs to attend selected meetings of the RemCom, ARC and GC.

# Our structure, leadership and governance

## 3.2 Leadership and governance

### Membership

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

- They are unrelated to any Mazars member firm.
- They are not and will not become an executive director or member of the audit committee in any of Mazars' audit clients, and they have not got significant share holdings or other interests in Mazars' audit clients unless approved by both parties.
- They are not and will not be in any executive officer position or the member of an advisory board, governance board or council of a competing organisation.

New members of the PIC are selected after consultation with the continuing INEs.

Denise Fletcher, Guy Jubb and Lord Amyas Morse were reappointed for a term of two years which commenced on 1 May 2021. Terms for all INEs go to 30 April 2023 and shall automatically continue another two years until 30 April 2025 unless terminated at any time earlier by either party given three months' written notice or such lesser period as may be agreed.

The date of first appointment for each INE is set out in Appendix 2; all three INEs have had continuous appointment since those dates.

Procedures are in place to ensure that members of the PIC are independent from the firm and its audit clients.

### Meetings

The PIC determines its frequency of meetings as required. The terms of reference provide that there should be at least six meetings in a year. And while at least two would normally be held in person, all meetings of the PIC during the year were held remotely because of the impact of Covid-19.

The remote meetings were shorter than standard meetings, and in the year under review the PIC met eight times. Refer to Appendix 3.

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 their meetings the PIC meet on their own.

In addition, there are INE-only meetings, the number of which is determined, as required, by the INEs themselves.

### Independence

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

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

### Other matters

Appropriate indemnity insurance is in place to cover 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 INEs were in place during the year.

The AExeco recognised that an important element of its role is to enable the PIC to have the necessary information and assurance on matters relating to the Audit practice to enable it to fulfil its duties in line with the expectation of the AFGC.

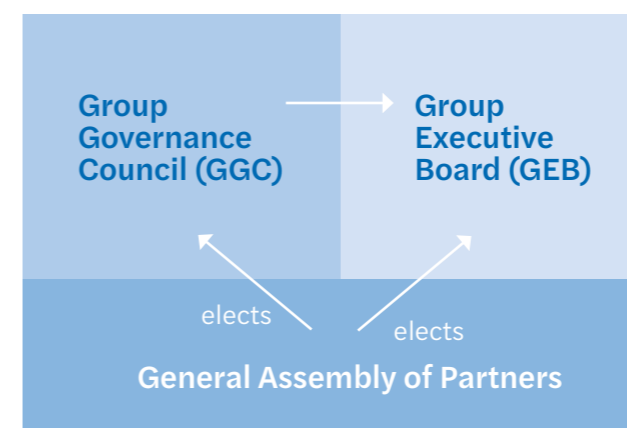
As at 31 August 2022 the PIC consists of three INEs, Phil Verity as UK CEO and Jac Berry as the UK Head of Quality. The biographies of the independent members of the PIC are provided in Appendix 2.

### Mazars Group

Our global leadership and governance framework is clearly defined in the Charter of Association.

Together with the Country, Regional and Functional leaders across the Mazars Group, the Group Executive Board and Group Governance Council operate together to ensure the sustainable development of the global partnership and firm.

### Our strategic leadership ecosystem



### The general assembly of partners

International CARL partners meet at least once a year at the General Assembly of Partners, which occurs within six months of the end of the financial year.

The General Assembly of Partners is a key element in the governance and decision-making processes of the Mazars Group.

The General Assembly elects the GEB and the GGC, approves major strategic and operational decisions, ratifies the admission of new partners, and approves the Group's audited financial statements.

Due to the Covid-19 crisis, our last General Assembly of Partners was held in a virtual fashion, between October and December 2021. Our next General Assembly was held remotely in December 2022.

### Group Executive Board

The GEB is Mazars' global Executive body. It is responsible for the operational management of the Group and the collective strategic objectives. The GEB focuses on strategic growth, strategic development, sustainability, and stewardship, and on quality and risk.

As at 31 August 2022, there were 11 members of the GEB. The current GEB was elected in December 2020 for a four-year term through to December 2024.

The GEB is supported in its role by:

- Group leadership of service lines, sectors, and functional areas, that work together to provide operational leadership across the Mazars Group.
- Country Executives in each member firm, led by a managing partner, have the responsibility

of leading and managing the member firm on a day-to-day basis, and for providing strategic and operational leadership.

- Mazars partners, who elect country Executives and provide local leadership and governance.

In the last year, the GEB has met at least once a month. In addition, the GEB meets with country managing partners at least twice a year at country forum meetings.

Each GEB member has specific responsibility and oversight at a regional/geographical level, a service or sector level or at a functional level across the Mazars group. In addition, GEB members take on sponsorship of key strategic objectives such as quality and risk, innovation and digital transformation, inclusion and diversity and sustainability.

### Group Governance Council

The GGC is the Group's supervisory body. It is also elected by the General Assembly for a four-year period that aligns to that of the GEB above.

The GGC has specific decision-making responsibilities as set out in the Charter of Association:

- The approval of new partnership candidates and external growth operations.
- Setting the compensation of the members of the Group Executive Board.
- The approval of any disciplinary action that is decided upon by the GEB.

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 2022, there are 12 members of the GGC. Elected every four years, the next GGC elections are due in December 2024.

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

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

Further details of the GGC members are shown in Appendix 3.



# Our structure, leadership and governance

## 3.2 Leadership and governance

### Performance of the governance system

	Governance KPI	FY22 Performance
<b>1</b>	<b>Board composition</b>	
	The members of the significant governance bodies should be diverse, with a broad range of skills and experience being represented and each committee should achieve an appropriate gender diversity.	<p>Mazars in the UK currently has the following significant governance bodies - the Executive, Governance Council (GC), Audit and Risk Committee (ARC), Remuneration Committee (RemCom) and Public Interest Committee (PIC).</p> <p>As of 31 August 2022, the composition of these bodies was as follows:</p> <ul style="list-style-type: none"> <li>Executive - of the nine members, six were male and three were female: (33%).</li> <li>GC - of the eight members, six were male and two were female: (25%).</li> <li>ARC - one out of four members is female: (25%).</li> <li>RemCom - one out of five members is female: (20%).</li> <li>PIC - two out of the five members are female: (40%).</li> </ul>
<b>2</b>	<b>Board and committee meetings</b>	
	There should be an adequate amount of meetings and attendance of members of each governance body.	<p>Refer to Appendix 3 for meeting attendance.</p> <p>The number of meetings held is in line with the minimum requirement per the Terms of Reference for each body.</p> <p>The quorum for attendance at each meeting was also met.</p> <p>See the guidelines below on quorum for each committee:</p> <ul style="list-style-type: none"> <li>Executive – minimum of 50% attendance of members at each meeting.</li> <li>GC – minimum of five members are required to be in attendance.</li> <li>ARC – minimum of three members are required to be in attendance.</li> <li>RemCom – 100% attendance required at each meeting.</li> <li>PIC – minimum of 3 members attendance at each meeting. The three includes the Chair and at least 1 INE.</li> </ul>
<b>3</b>	<b>Board effectiveness and reviews</b>	
	Formal board effectiveness reviews shall be carried out annually on the Executive, GC and PIC with the relevant body acting upon the findings.	A formal review of the Executive, GC and PIC was performed. Recommendations around the effectiveness of the governance bodies were collated for subsequent action.
	Terms of reference of governance bodies are reviewed on a regular basis.	The Members' Agreement and associated handbooks were updated with an effective date of 1 September 2021 following a formal review of the terms of reference of the key governance bodies.
	The Executive performs an annual review of the transparency report and approves its public release once it is satisfied that it complies with all relevant regulatory requirements, such as the AFGC, Article 13 of the EU regulation (537/2014) and the Local auditors (Transparency) Regulations 2020.	The Executive approved the Mazars in the UK Transparency report in December 2021 and were satisfied that it complies with the relevant regulatory requirements. See Appendix 8.

	Governance KPI	FY22 Performance
<b>4</b>	<b>Independent Non-Executives</b>	
	There should be at least three INEs appointed to the PIC, which should outweigh the number of executive members.	Three out of the five PIC members are INEs. Refer to Appendix 2 for biographies of INEs.
	The firm must satisfy itself of the INEs' independence from Mazars on an annual basis.	The firm is satisfied that the INEs remained independent from Mazars in the UK throughout the year.
	Meetings of GC, ARC and RemCom shall be attended by the relevant INE at least once during the year.	INEs attended a number of meetings during the year – refer to Appendix 3 for an overview of the number of meetings attended by each INE.
<b>5</b>	<b>Values and Culture</b>	
	On an annual basis, the firm should hold all-staff surveys to assess the culture within Mazars, with the Executive acting upon the findings.	<p>Mazars runs an annual employee survey (Gallup Survey) and there was 74% engagement.</p> <p>A new culture survey also took place in June 2022, with an engagement score of 67% to gain further insight into the employees' assessment of the firm's culture.</p> <p>The results from both surveys are considered by the Executive and any recommendations and/or remedial activities are actioned.</p>
<b>6</b>	<b>Systems and Operations</b>	
	A review of the effectiveness of the firm's internal control systems shall be performed annually.	<p>The annual review of the effectiveness of the firm's systems of internal control was considered by the Executive during the year.</p> <p>On an ongoing basis, the Executive and relevant sub-committee continues to monitor the risks that the firm is exposed to and can implement remediation activities to address significant risks.</p>
<b>7</b>	<b>Dialogue</b>	
	The firm including INEs shall meet with investors and other key stakeholders on at least an annual basis.	The firm engaged during the year as set out in section 1.5 and invited stakeholders, including the INEs, to attend to discuss various matters that currently impact the industry.
	The Executive reviews the firm's Sustainability KPIs on an annual basis.	The annual sustainability report was approved by the Executive and issued in June 2021.

During 2022/23 we will further develop our KPIs in respect of the performance of our governance system.



## Appendix 1 Mazars Group statutory audit firms

### Africa and Middle East

Country	Legal name
Algeria	Mazars Audit Algérie
Angola	Mazars Angola - Auditores & Consultores, Lda.
Bahrain	Mazars Chartered Accountants (Bahrain)
Benin	MAZARS BENIN
Botswana	MAZARS PARTNERSHIP(BOTSWANA)
Cameroon	MAZARS CAMEROUN
Congo (Kinshasa)	Mazars République Démocratique du Congo SARL
Egypt	Mazars Mostafa Shawki & Co Mostafa Shawki Consulting For Corporate Finance & Securities SAE
Gabon	Mazars Gabon
Ghana	Mazars Ghana
Ivory Coast	MAZARS COTE IVOIRE
Jordan	International Professional Bureau Consulting & Audit Co.
Kenya	Mazars Kenya Emu Registrars
Kuwait	Accounting Center Certified Public Accountants
Lebanon	MAZARS SAADE SAL
Madagascar	CABINET MAZARS FIVOARANA
Mauritius	MAZARS LIMITED
Morocco	MAZARS AUDIT ET CONSEIL
Mozambique	Mazars, Lda
Niger	International Audit & Consulting, I.A&C Niger
Nigeria	MAZARS OJIKE AND PARTNERS
Oman	Mazars For Consultancy And Audit SPC
Palestinian Territory	Mazars Chartered Accountants and Consultants
Qatar	Mazars Consultants Auditors and Partners Mazars LLC (Qatar)
Rwanda	Mazars Rwanda
Saudi Arabia	AL KHARASHI CERTIFIED ACCOUNTANTS & AUDITORS
Senegal	MAZARS SENEGAL

### Africa & Middle East

Country	Legal name
	Mazars Port Elizabeth
	Mazars Services Trust
	Mazars Cape Town
	Mazars Central Inc
	Mazars Durban
South Africa	Mazars Gauteng Mazars Empowerment Investments (Pty) Ltd Mazars Financial Services Africa (Pty) Ltd Mazars International Services Pty Ltd Mazars Gauteng Inc
Tanzania	Mazars Tanzania ECC MAZARS
Tunisia	STRATEGY AND BUSINESS CONSULTING INTERNATIONAL
Uganda	Mazars BRJ Mazars Chartered Accountants Mazars Tax Consultants
United Arab Emirates	MAZARS CHARTERED ACCOUNTANTS LLC MAZARS ADVISORY LIMITED-000005585



# Appendix 1

## Mazars Group statutory audit firms

### Americas

Country	Legal name
Argentina	ESTUDIO URIEN & ASOCIADOS ESTUDIO URIEN S.R.L.
Bermuda	Mazars Limited, Bermuda
Brazil	MAZARS AUDITORES INDEPENDENTES - SOCIEDADE SIMPLES MAZARS AUDITORES LTDA.
Canada	Mazars, s.e.n.c.r.l. 9089-1060 Québec inc. Mazars Canada inc.
Cayman Islands	Mazars Cayman
Chile	Mazars Chile Ltda Mazars Auditores Consultores Spa
Colombia	Mazars Colombia S.A.S MAZARS AUDITORES, S. DE R.L. DE C.V.
Mexico	MAZARS GUADALAJARA, S. DE R.L. DE C.V. MAZARS MEXICALI S. DE R.L. DE C.V.
Peru	Contreras y Asociados Sociedad Civil de Responsabilidad Limitada
United States	Mazars USA LLP
Uruguay	MARTINEZ BERNIE LUIS Y GONZALEZ COLMAN PATRICIA ROSMARI SOCIEDAD CIVIL
Venezuela	ADRIANZA RODRIGUEZ CEFALO & ASOCIADOS Mazars Venezuela

### Asia-Pacific

Country	Legal name
Afghanistan	Mazars Afghanistan Limited MAZARS RISK & ASSURANCE PTY LIMITED
Australia	Mazars Melbourne Pty Ltd Mazars Assurance Pty Ltd MAZARS CERTIFIED PUBLIC ACCOUNTANTS.
China	Mazars (Beijing) Certified Public Accountants
Hong Kong S.A.R., China	Mazars CPA Limited Kalyaniwalla Mistry and Associates Kalyaniwalla & Mistry LLP Mazars Advisory LLP S. N. DHAWAN & CO LLP
India	KAP Aria Kanaka & Rekan
Indonesia	Mazars Audit LLC
Japan	Mazars PLT Mazars Risk Management Sdn Bhd
Malaysia	MAZARS M.F. & CO.
Philippines	YU VILLAR TADEJA AND CO
Singapore	MAZARS LLP (SINGAPORE)
South Korea	Mazars Sebit Korea
Taiwan	Mazars Taiwan CPA (瑪澤會計師事務所) Mazars Limited (Based in Thailand)
Thailand	MZT Partners Ltd Mazars Holding (Thailand) Ltd
Uzbekistan	Limited Liability Company 'Mazars Advisory'
Vietnam	Mazars Vietnam Co Ltd

### Europe

Country	Legal name
Albania	Mazars Shpk Mazars Tax Advisory GmbH
Austria	Mazars Austria GmbH Mazars IT Services 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 & Associés Mazars Uniconseils CBA Mazars Experts et Conseils Mazars (Villeurbanne) Mazars aCéa Mazars (Rouen) Mazars (Bezannes) Mazars (Labège) Mazars (Strasbourg) Mazars Bourgogne Franche-Comté Mazars Figeor Mazars Data Mazars Dijon Mazars Pontarlier Mazars Lons Pluris Audit MAZARS & SEFCO Mazars Valence Experts & Conseils Mazars Gourgue  Mazars experts-on-line Mazars Entrepreneurs (Villeurbanne) Mazars Développement Mazars Thomas D.D.A Mazars CPA Mazars Inreco AGEC
France	

### Europe

Country	Legal name
Germany	"Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft"
Gibraltar	Mazars (Gibraltar) Limited
Greece	MAZARS CERTIFIED PUBLIC ACCOUNTANTS BUSINESS ADVISORS SA
Hungary	MAZARS Könyvszakértő és Tanácsadói Korlátolt Felelősségű Társaság
Ireland	Mazars Bri Rotbart Raz Mazars Israel FS AUDIT SERVICES
Italy	Professionisti Associati Società Semplice Mazars Italia S.p.A
Kazakhstan	'Mazars' Limited Liability Partnership
Kosovo	MAZARS KOSOVA SH.P.K
Kyrgyzstan	Mazars Limited Liability Company 'Mazars Audit' Limited Liability Company
Luxembourg	MAZARS Luxembourg
Malta	Mazars Malta
Netherlands	Mazars Accountants N.V.
Norway	Mazars AS
Poland	Mazars Audyt Sp. z o.o.
Portugal	MAZARS & ASSOCIADOS, SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, S.A.
Romania	Mazars Romania SRL
Serbia	MAZARS d.o.o. Beograd
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
	Körö Revisionsbyrå AB
	Dagermark Revision AB
	Grebneke Advisory AB
	Anders SportsMan AB
	MBO Revision AB
	SPA Revisionsbyrå AB
	Anders Persson Revisionsbyrå Ystad AB
	Stenskottet AB
	Saltsjökvärns Revision AB
	Norrhagens Revision AB
	Optimus Ekonomikonsult AB
	Flora Revision AB
	Ö Rev i Hbg AB
Sweden	Himmelsblå Revision AB
	MBR Revision AB
	Helleklint Revisionsbyrå AB
	Revisio Jan Håkansson AB
	Mak Revision AB
	Persson Audit AB
	eMeMeM AB
	Mazars AB
	Mazars KB
	Endeavour Auditing AB
	HMAB Konsult AB
	Mazars Ekonomi AB
	Den vita valen AB
	M F Revision i Stockholm AB
	Lilla Ego Revision AB
	Mazarinen AB
	Mazars Redovisning Holding AB
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



**Denise Fletcher**, Independent Member

Date of first PIC appointment 2013

Denise Fletcher is a member of the Group Governance Council of Mazars Group and serves on the board of directors of Unisys Corporation. Until Inovalon Holdings, Inc. and Enterra Holdings, Ltd were sold she served on their boards of directors. She chairs the audit committee of Unisys and before their sale she chaired the audit committees of Inovalon Holdings and of Enterra. She serves on the Security and Risk Committee of Unisys. She also served on the Security and Compensation Committees of Inovalon.

At Mazars Group she is the chair of the Remuneration Committee and a member of its quality and 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 is also a member of the Quality Advisory Board for Mazars France.

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.

Denise's annual remuneration for the UK PIC was £75,000. In addition, Denise receives remuneration in respect of her roles on the Group Governance Council, the Public Interest Committee of Mazars Ireland and the Quality Advisory Board of Mazars France.



**Guy Jubb**, Independent Member

Date first PIC appointment 2017

Guy Jubb is a Chartered Accountant and an Honorary Professor at the University of Edinburgh. He was formerly Global Head of Governance and 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 is Vice Chair of the Board of the ECGI, the European Corporate Governance Institute. In recent years he has been a member of the Global Advisory Panel of Standard Life Aberdeen plc, and a Senior Adviser to the Conference Board. He also served as a member of the Standing Advisory Group of the PCAOB, the US audit regulator, and as a member of the Council of ICAS, the Institute of Chartered Accountants of Scotland, whose Research Panel he chaired.

Member of the UK Public Interest Committee.

Guy's annual remuneration for the UK PIC was £62,500.



## Appendix 2 Biographies of the Independent Non-Executives



**Lord Amyas Morse**, Independent Member

Date of first PIC appointment 2019

Lord 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 focusing 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 and became a member of the House of Lords in May 2021.

Member of the UK Public Interest Committee

Amyas' annual remuneration for the UK PIC was £62,500.

## Appendix 3 UK and Group leadership

### As at 31 August 2022 the UK Executive was comprised of:



**Phil Verity**, UK CEO

Date of first appointment 2009

Phil started his career as an audit graduate of Mazars and became an Audit Partner in 1999. He has held a number of leadership roles across the UK and international firm. Phil was first elected as Senior Partner in 2012 and was re-elected at the start of 2021.

Phil was elected to the Group Executive Board in 2011 and continues to be a member of the GEB.



**Jac Berry**, Head of Quality

Date of first appointment 2017

Jac is an audit partner and UK Head of Quality.

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 Management and Compliance Committee and is a member of the GLT.



**David Herbinet**, Head of Audit

Date of first appointment 2021

David is a member of the UK Executive and Head of Audit. He is also the Global Leader of Audit and Assurance for the Mazars Group.

David began his career with Mazars in 1992 and became a Partner in 2001. He is a lead audit partner for some of Mazars' largest international and Public Interest clients with significant expertise in group audits notably in the media, construction and retail sectors.

David plays several other key roles in and outside Mazars, notably in connection with the future of audit and acts as the Interim Chair of the Audit and Assurance Policy Group of Accountancy Europe. David is also passionate about the issue of competition and choice in the audit market.

## Appendix 3

### UK and Group leadership



**James Gilbey**, Head of Advisory & Consulting

Date of first appointment 2020

James specialises in forensic accounting and valuation services, and also leads the Advisory and Consulting service line at Mazars.

As a forensic accountant James has a wide and varied caseload, 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 the leader of the Advisory & Consulting service line James continues to provide support to the development of Mazars' services in Consulting, Technology, Deals and Financing, Global Infrastructure Finance and Crisis and Disputes.



**Elisabeth Maxwell**, Deputy CEO

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 audit 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.



**Toby Stanbrook**, COO 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.



**Margaret Laidlaw**, UK Executive Member and Lead on UK Privately Owned Business and Diversity, Inclusion and Wellbeing

Date of first appointment 2021

Margaret (Mags) is the lead in the UK on privately owned business and has spent the past 30 years working with entrepreneurial businesses from start-ups to fast-growing SMEs, family businesses and established businesses on the key areas for their business and personally. As well as being a Chartered Accountant, Mags is a STEP-qualified family business advisor.

In addition to her UK role she sits on the international Privately Owned Business Board, a role which provides great insight into entrepreneurial and privately-owned businesses globally.

Mags is also the UK Executive sponsor for inclusion, diversity and wellbeing working with teams throughout the UK to build an inclusive culture and workplace which is core to our firm's strategic approach.



**Mark Kennedy**, Head of Sector Development

Date of first appointment 2021

Mark Kennedy leads our large and listed Industry and Services market team and takes responsibility for the development of both our audit and non-audit services for clients in the segment. He joined Mazars Ireland in 1995, and has been a partner since 2005 working with a range of large and listed clients in both audit and non-statutory assurance roles. He was Managing Partner of Mazars in Ireland until 2021, having first been appointed to that role in 2013.

Mark is also a member of our Group Executive Board, appointed in 2020.



## Appendix 3 UK and Group leadership

### As at 31 August 2022 the UK Governance Council was comprised of:



**Greg Hall**, Chair of the UKGC

Date of first appointment 2009

Greg heads up the Mazars deals and financing team comprising M&A, Monitoring Trust, and Due diligence in the UK. Greg is a financial due diligence expert working with many corporates, Private equity firms, and Banks.

Greg is a member of the firm's Ethics Function in his role as the firm's Ethics Partner.



**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 several sectors including manufacturing, distribution, and transport and has long-standing experience in financial services.

He has been a partner for more than 20 years and is currently a senior partner of the Manchester office.

Tim chairs the UK Remuneration Committee. At the international level, Tim is the Chair of the Group Governance Council which is a body elected by the international partners as the oversight board which included two non-partner international members.



**Richard Metcalfe**

Date of first appointment 2016

Richard is the audit business unit leader for our Industry and Services strategic market and the chair of Audit and Risk Committee. 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).



**Stephen Mills**

Date of first appointment 2019; Resigned October 2021

Stephen is an audit partner with approaching 30 years' experience in the privately-owned business sector. He has particular experience in the audit of manufacturing, engineering and construction businesses. Stephen is also the COO for the audit service line.



**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.



**Amy Reynolds**

Date of first appointment 2020

Amy is a tax partner at Mazars with over 17 years' experience advising businesses and individuals on their tax compliance, planning and strategy. Amy also leads the National Share Schemes team at Mazars. Amy's client base primarily covers entrepreneurial, privately owned businesses in a wide range of sectors, and she gets involved in advice such as equity reward, reorganisations, and M&A tax.



**Stephen Skeels**

Date of first appointment 2021

Stephen is the global Head of our valuations practice. He has over 30 years of advisory experience and specialises in advising on international and complex valuation matters. He has particular experience in the insurance and financial services sectors and in valuation issues affecting listed companies.

Stephen serves as the CEO of Mazars Corporate Finance Ltd (MCFL) which is an FCA-regulated subsidiary of the partnership.

Stephen is a member of the remuneration committee.



**Stephen Lewis**

Date of first appointment 2020

Stephen specialises in forensic accounting and investigation services. He has specialised in forensic accounting for over twenty years and is routinely appointed as an expert witness or advisor in a range of complex disputes in the UK and internationally. Stephen has a particular focus on the financial services sector.

Stephen is also the Birmingham Office Managing Partner.



**Peter Cudlip**

Date of first appointment 1 November 2021

Peter is a Risk Consulting partner approaching 30 years of experience in the Public and Social Sector. Peter has expertise in governance, risk, and internal control.

Peter is the UK Head of the Public and Social Sector.

Peter is also the Global Head of Risk Consulting and a member of the Global Consulting Advisory Board.

## Appendix 3

### UK and Group leadership

#### Members of the UK Audit and Risk Committee (UKARC)

The UKARC is a sub-committee of the UKGC and its members as at 31 August 2022 are set out below:

- Richard Metcalfe (Chair)
- Peter Cudlip
- Ann Nilsson
- Stephen Lewis

#### Meeting attendance

Below is a summary of the meetings attended during the financial year:

Name	UK Executive	UKGC	UKARC	UKRemCom	UKPIC
<b>Number of meetings held</b>	<b>36<sup>1</sup></b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>8</b>
Phil Verity	34	n/a	n/a	4	7
David Herbinet	29	n/a	n/a	n/a	n/a
Jac Berry	34	n/a	n/a	n/a	7
James Gilbey	30	n/a	n/a	n/a	n/a
Elizabeth Maxwell	32	n/a	n/a	n/a	n/a
Toby Stanbrook	35	n/a	n/a	n/a	n/a
Ian Wrightson	35	n/a	n/a	n/a	n/a
Margaret Laidlaw	31	n/a	n/a	n/a	n/a
Mark Kennedy	32	n/a	n/a	n/a	n/a
Greg Hall	n/a	7	n/a	4	n/a
Tim Hudson	n/a	7	n/a	4	n/a
Richard Metcalfe	n/a	7	4	n/a	n/a
Stephen Mills	n/a	1	n/a	n/a	n/a
Ann Nilsson	n/a	6	4	n/a	n/a
Amy Reynolds	n/a	7	n/a	4	n/a
Stephen Skeels	n/a	7	n/a	4	n/a
Stephen Lewis	n/a	7	4	n/a	n/a
Peter Cudlip	n/a	4	4	n/a	n/a
Denise Fletcher	n/a	n/a	n/a	2 <sup>2</sup>	8
Guy Jubb	n/a	2 <sup>2</sup>	1 <sup>2</sup>	n/a	8
Lord Amyas Morse	n/a	n/a	n/a	n/a	8

<sup>1</sup> The high number of UK Executive meetings was consistent with the prior year and was a consequence of close monitoring and management of the impact of the pandemic on the firm.

<sup>2</sup> Designated INEs attend meetings of the ARC, the GC, and the RemCom as observers to inform them when fulfilling their INE responsibilities

#### Members of the UK Remuneration Committee (UKRemCom)

The UK Remuneration Committee is a sub-committee of the UKGC and its members as at 31 August 2022 are set out below:

- Tim Hudson (Chair)
- Amy Reynolds
- Greg Hall
- Stephen Skeels
- Phil Verity

#### Group Executive Board (GEB)

As at 31 August 2022, the GEB was composed of:



France  
Hervé Hélias  
CEO and Chairman



China  
Julie Laulusa



Italy  
Pascal Jauffret



United Kingdom  
Rudi Lang



Senegal  
Talbou M'Baye



Germany  
Dr Christoph Regierer



Belgium  
Véronique Ryckaert



United Kingdom  
Mark Kennedy



Netherlands  
Ton Tuinier



United Kingdom  
Phil Verity



United States  
Victor Wahba



## Appendix 3 UK and Group leadership

### Group Governance Council (GGC)

As at 31 August 2022 the GGC was composed of:



United Kingdom  
**Tim Hudson**  
Chair



France  
**Frank Bournois**  
Independent member



Germany  
**Gertrude Bergmann**



United States  
**Kathryn Byrne**



France  
**Juliette Decoux**



France  
**Fabrice Demarigny**



Sweden  
**Asa Andersson Eneberg**



United States  
**Denise Fletcher**  
Independent member



Singapore  
**Chris Fuggle**



South Africa  
**Michelle Olckers**



China  
**Liwen Zhang**



Spain  
**Maria Cabodevilla**

## Appendix 4 Public Interest Entities (PIEs) and Major Local Audits

### PIE audit clients of Mazars in the UK

A list of UK public interest entities for the year ended 31 August 2022, as required by Article 13.2(f) of the EU Audit Regulation as retained in UK law, is set out below.

As set out in UK law, the definition of a PIE includes:

- An issuer whose transferable securities are admitted to trading on a UK regulated market;
  - A credit institution within the meaning of Article 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>17</sup>, which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation; and
  - A person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertaking as that Article had effect immediately before exit day, were the United Kingdom a Member State. For the purposes of this appendix, we have disclosed PIEs in two categories, UK PIEs and EU PIEs.
- UK PIE – A UK entity that is a public interest entity as defined in the Financial Reporting Council’s Glossary of Terms (Auditing and Ethics) – December 2019.
  - EU PIE – A UK issuer whose transferable securities are admitted to trading on an EU regulated market

### UK PIE

**An issuer whose transferable securities are admitted to trading on a UK regulated market (Main Market of the London Stock Exchange)**

Bridgepoint Group plc  
Carclo plc  
Castings plc  
City of Lincoln Council  
Creightons plc  
Henderson Diversified Income Trust plc  
Henderson Smaller Companies Investment Trust plc  
Highcroft Investments plc  
Housing Association Funding plc  
JPMorgan Asia Growth & Income plc  
Literacy Capital plc  
Menhaden Resource Efficiency plc  
Northern 2 VCT plc  
Northern 3 VCT plc  
Northern Venture Trust plc  
Oldham Metropolitan Borough Council  
Photo-Me International plc

Poplar HARCA Capital plc

ProCook Group plc

S&U plc

UNIFUND plc

Wasps Finance Plc

**A credit institution within the meaning of Article 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation**

Arbuthnot Latham and Co., Limited

Bank of Baroda (UK) Limited

Bank of the Philippine Islands (Europe) plc

British Arab Commercial Bank plc

Buckinghamshire Building Society

Cambridge Building Society

Chorley Building Society

Crown Agents Bank Limited

FCMB Bank (UK) Limited

Furness Building Society

Goldman Sachs International Bank

Guaranty Trust Bank (UK) Limited

## Appendix 4

### Public Interest Entities (PIEs) and Major Local Audits clients of Mazars in the UK

Habib Bank Zurich plc  
 Hanley Economic Building Society  
 Harpenden Building Society  
 JN Bank UK Limited  
 Penrith Building Society  
 Punjab National Bank (International) Limited  
 RCI Bank UK Limited  
 Scotiabank Europe plc  
 Sonali Bank UK Limited  
 State Bank of India (UK) Limited  
 Swansea Building Society  
 Turkish Bank (UK) Limited  
 Union Bank of India (UK) Limited  
 United National Bank Limited  
 Vernon Building Society  
 Wyelands Bank plc

**A person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertaking as that Article had effect immediately before exit day, were the United Kingdom a Member State.**

American International Group UK Limited  
 Atlas Capital UK 2018 plc  
 Atlas Capital UK 2019 plc  
 AXA Insurance UK plc  
 AXA PPP Healthcare Limited  
 Baltic PCC Limited  
 Bar Mutual Indemnity Fund Limited  
 British Reserve Insurance Company Limited  
 Covea Life Limited  
 Exeter Cash Plan  
 Exeter Friendly Society Limited  
 Liverpool Victoria Financial Services Limited  
 Liverpool Victoria Life Company Limited

LV Protection Limited  
 Metropolitan Police Friendly Society  
 QBE UK Limited  
 River Re Limited  
 Scor UK Company Limited  
 Teachers Assurance Company Limited  
 The Griffin Insurance Association Limited  
 The Wren Insurance Association Limited  
 Travelers Insurance Company Limited

#### EU PIE

**An issuer whose transferable securities are admitted to trading on an EU regulated market (Euronext Dublin – Main Securities Market)**

Cars Alliance UK Master plc

#### Major local audits of Mazars in the UK

**Below is a list of Major Local Audits (as defined by The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014) for which we signed an audit report during the year ended 31 August 2022.**

Bolton Metropolitan Borough Council  
 Bury Metropolitan Borough Council  
 Chief Constable of Greater Manchester  
 City of Bradford Metropolitan District Council  
 City of York Council  
 Derbyshire County Council  
 Derbyshire County Council Pension Fund  
 Durham County Council  
 Durham County Council Pension Fund  
 East Riding of Yorkshire Council  
 East Riding of Yorkshire Council Pension Fund  
 Gateshead Metropolitan Borough Council  
 Greater Manchester Combined Authority  
 Knowsley Metropolitan Borough Council  
 Lincolnshire County Council  
 Lincolnshire County Council Pension Fund  
 Liverpool City Region Combined Authority  
 London Borough of Hackney  
 London Borough of Hackney Pension Fund  
 London Borough of Harrow  
 London Borough of Harrow Pension Fund  
 London Borough of Lambeth  
 London Borough of Lambeth Pension Fund  
 Oldham Metropolitan Borough Council  
 Rochdale Metropolitan Borough Council  
 Stockport Metropolitan Borough Council  
 Stockton-on-Tees Borough Council  
 Sunderland City Council  
 Trafford Metropolitan Borough Council  
 West Yorkshire Combined Authority

West Yorkshire Pension Fund  
 Barts NHS Health Trust  
 East Lancashire Hospitals NHS Trust  
 Hull University Teaching Hospitals NHS Trust  
 Leeds Teaching Hospitals NHS Trust  
 Mid Yorkshire Hospitals NHS Trust  
 United Lincolnshire Hospitals NHS Trust  
 NHS East Riding of Yorkshire CCG  
 NHS Hull CCG  
 NHS Newcastle Gateshead CCG  
 NHS Northumberland CCG  
 NHS North Yorkshire CCG  
 NHS Sunderland CCG  
 NHS Vale of York CCG



## Appendix 5 UK financial performance

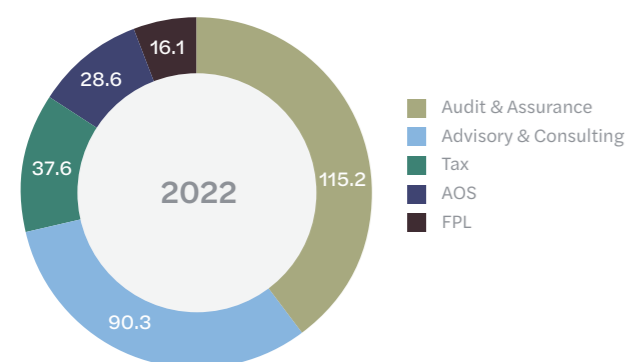
The following has been extracted from the unaudited financial information for the year ended 31 August 2022 demonstrating the importance of statutory audit work to the overall results of the firm.

Turnover by type	2022 £'m	2021 £'m
Revenues from the <b>statutory audit</b> of annual and consolidated financial statements of <b>PIE<sup>1</sup></b> ;	26.4	12.2
Revenues from the <b>statutory audit</b> of annual and consolidated financial statements <b>entities whose parent is a PIE</b> ;	16.8	12.1
Revenues from the <b>statutory audit</b> of annual and consolidated financial statements of <b>other</b> entities;	66.6	58.8
<b>Total Audit Services*</b>	<b>109.8</b>	<b>83.1</b>
<b>Non-audit services to audit clients**</b>	25.5	21.4
<b>Non-audit services to non-audit clients</b>	152.5	129.5
	<b>287.8</b>	<b>234.0</b>
* Of which turnover relating to <b>Local Audit</b> work	9.7	8.2
** Of which turnover relating to <b>Local Audit</b> work	0.7	0.6

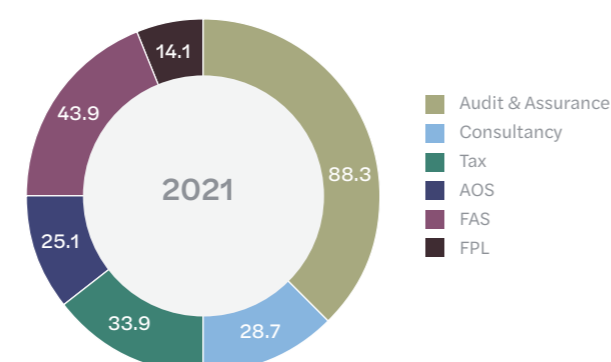
A list of PIEs in respect of which Mazars in the UK expressed an audit opinion in 2021-2022 is set out in Appendix 4.

The combined turnover from statutory auditors of Mazars LLP EEA member state audit firms was €439.5m<sup>2</sup>. UK turnover amounts to €323m. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of 31 August 2022.

Income by service line\* (£m)



Income by service line (£m)



\* Changes made in FY22 to present five service lines instead of six.

<sup>1</sup> Includes revenue from other listed entities that are technically not UK PIEs.

<sup>2</sup> Due to Brexit the UK turnover is not included.

## Appendix 6 Effectiveness of the system of internal controls

Mazars in the 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; 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 (AFGC) 2016

This is the sixth year that we have been required to disclose compliance with the AFGC. 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 AFGC 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 in the UK's Quality Control System is designed to provide reasonable assurance that the firm, its partners and its 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 confirms that it met the membership obligations of the FoF, in all material respects, for the 2021-2022 year.

The management of Mazars Group and Mazars in the 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 in the 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 in the 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 in the 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 in the 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
<b>A</b>	<b>Leadership</b>	
<b>A.1</b>	<b>Owner accountability principle</b> 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
<b>A.2</b>	<b>Management principle</b> 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>B</b>	<b>Values</b>	
<b>B.1</b>	<b>Professionalism principle</b> 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
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



## 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.1.3	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	<b>Governance principle</b> 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	<b>Openness principle</b> 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
<b>C</b>	<b>Independent Non-Executives</b>	
C.1	<b>Involvement of Independent Non-Executives principle</b> 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
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

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
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: 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 of the Independent Non-Executives
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 of the Independent Non-Executives
C.2	<b>Characteristics of Independent Non-Executives principle</b> 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	<b>Rights and responsibilities of Independent Non-Executives principle</b> 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
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

## 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.3.6	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
<b>D</b>	<b>Operations</b>	
<b>D.1</b>	<b>Compliance principle</b> 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
<b>D.2</b>	<b>Risk management principle</b> 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
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

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
<b>D.3</b>	<b>People management principle</b> 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 of the Independent Non-Executives
<b>D.4</b>	<b>Whistleblowing principle</b> 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
<b>E</b>	<b>Reporting</b>	
<b>E.1</b>	<b>Internal reporting principle</b> 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 of the Independent Non-Executives
<b>E.2</b>	<b>Governance reporting principle</b> 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



## 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
E2.2	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
E.3	<b>Transparency principle</b> 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 PIC review
E.4	<b>Reporting quality principle</b> 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
E.5	<b>Financial statements principle</b> 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 UK-adopted international accounting standards. 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

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
<b>F</b>	<b>Dialogue</b>	
F.1	<b>Firm dialogue principle</b> 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
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	<b>Shareholder dialogue principle</b> Shareholders should have dialogue with audit firms to enhance mutual communication and understanding.	See sections 1.5 and 3.2
F.3	<b>Informed voting principle</b> 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 touch 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

### The Local Auditors (Transparency) Regulations 2020

We have prepared this transparency report in accordance with the requirements of the Local Auditors (Transparency) Regulations 2020 as issued by the Financial Reporting Council's Professional Oversight Board, as referenced in the table below:

The Local Auditors (Transparency) Regulations 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 conformation that an internal review of independence practices has been conducted.	See Appendix 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 1.3 and 1.4
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

### EU Audit Regulation 537/2014 Article 13

Article 13 of the EU audit regulation 537/2014 Article 13 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 referenced in the table below:

Disclosure required by EU audit regulation 537/2014 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 Appendix 5 and 'Mazars Group at a Glance'
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 and 1.4 Audit quality indicator 2 - Metrics on audit quality reviews



## Appendix 8 Audit Firm Governance Code and other disclosure requirements

Disclosure required by EU audit regulation 537/2014 Article 13		How Mazars LLP complies with the directive
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
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 remuneration of members of the management body of the statutory auditor, where that statutory auditor is a firm;	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	IFAC	International Federation of Accountants
AB	Audit Board	IFRS	International Financial Reporting Standards
ACCA	Association of Chartered Certified Accountants	INE	Independent Non Executive
AExeco	Audit Executive Committee	IQCC	International Quality Control Committee
AFGC	Audit Firm Governance Code (Revised 2016)	ISA	International Standard on Auditing
AQI	Audit Quality Indicator	ISQC1	International Standards on Quality Control 1
AQR	FRC's Audit Quality Review Team	ISQM1	International Standards on Quality Management (UK) 1
AOS	Accounting and Outsourcing Services	IT	Information Technology
BST	Business Services Team	KAP	Key Audit Partner
CARL	Mazars Equity Partners	KPI	Key Performance Indicator
CCOI	Code of Conduct for Objectivity and Independence	LGBTQ+	Lesbian, Gay, Bi, Trans, Queer, Questioning and Ace
CEO	Chief Executive Officer	LLP	Limited Liability Partnership
COO	Chief Operating Officer	MAM	Mazars Audit Methodology
CPD	Continued Professional Development	Mazars Group	The member entities of Mazars SC
CSR	Corporate Social Responsibility	Mazars in the UK	Mazars LLP
CSU	Central Support Unit	OMP	Office Managing Partner
Ethnic Minority	Black, Asian and Minority Ethnic	Partners	Partners and shareholders of Mazars entities in the Mazars Group
ERM	Enterprise Risk Management	PIC	Public Interest Committee
EQCR	Engagement Quality Control Review	PIE	Public Interest Entity
EU	European Union	PSAA	Public Sector Audit Appointments
FAS	Financial Advisory Services	QAD	Quality Assurance Department
FoF	Forum of Firms	QR&M	Quality Risk and Management Board
FRC	Financial Reporting Council	UKRemCom	United Kingdom Remuneration Committee
GIAC	Group Independence and Acceptance Committee	RI	Responsible Individual
GEB	Group Executive Board	RQC	Risk and Quality Committee
GGC	Group Governance Council	TAX	Tax services
GLT	Global Leadership Team	The Charter	Charter of Association
IAASB	International Auditing and Assurance Standards Board	The firm	Mazars LLP
ICAEW	Institute of Chartered Accountants in England and Wales	The Group	The member entities of Mazars SC
IES	International Education Standards	UK	United Kingdom
IESBA	International Ethics Standards Board for Accountants	UKARC	United Kingdom Audit and Risk Committee
IESBA Code	IESBA Code of Ethics for Professional Accountants	UK Executive	United Kingdom Executive Board
		UKGC	United Kingdom Governance Council
		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

Mazars LLP is the UK Firm of Mazars, an international advisory and accountancy organisation, and is a limited liability partnership registered in England with registered number OC308299. A list of partners' names is available for inspection at the firm's registered office, Tower Bridge House, St Katharines Way, London E1W 1DD. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861.

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