

**MAZARS UK
TRANSPARENCY
REPORT**

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MAZARS GROUP AT A GLANCE

Mazars SCRL (hereafter 'Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in Audit, Advisory, Accountancy, Tax and Legal services. Across our 300 offices worldwide, our global partnership brings together over 21,000 international experts who 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.

MAZARS GROUP AT A GLANCE

GLOBAL COVERAGE



MAZARS' STORY



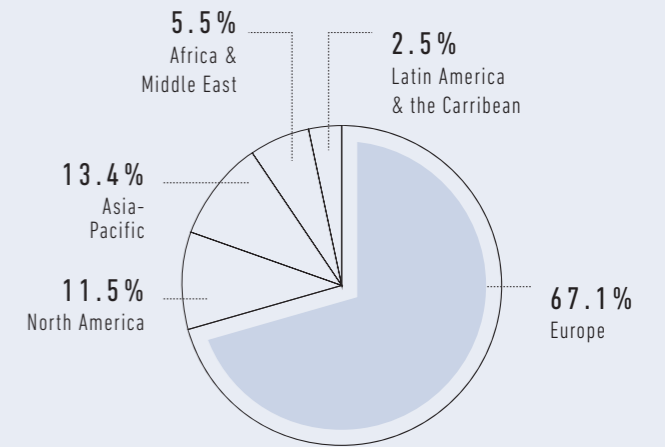
GROUP GLOBAL TURNOVER 2017-2018



TALENT



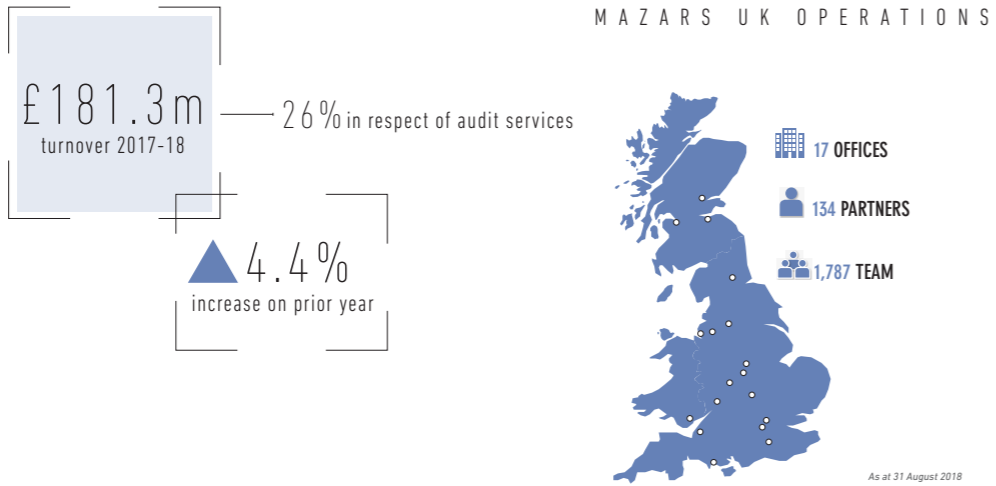
TURNOVER BY REGION (%)



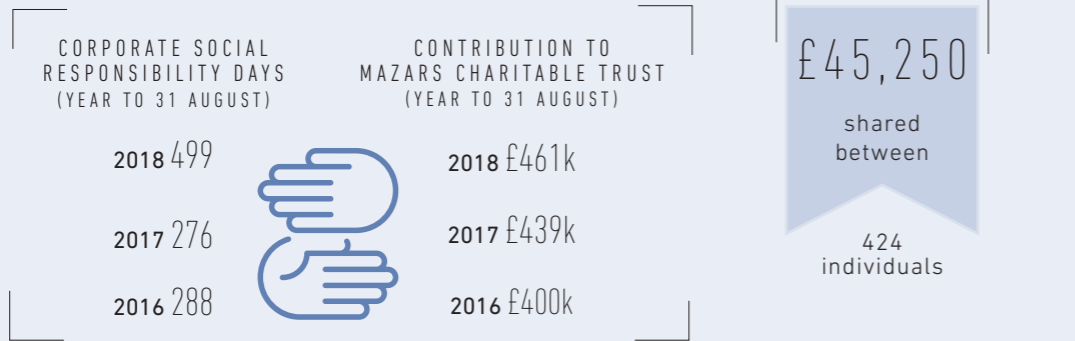
*includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

MAZARS UK AT A GLANCE

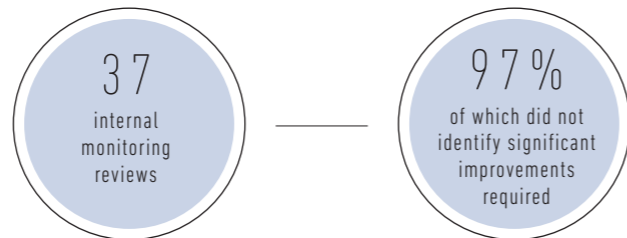
OUR FIRM



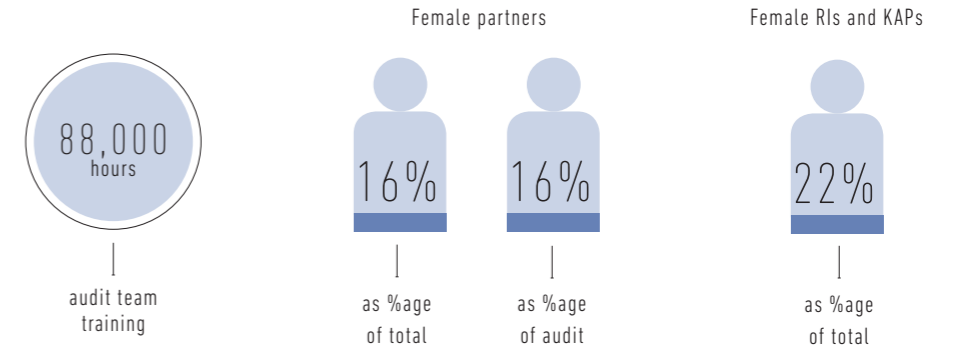
OUR CONDUCT



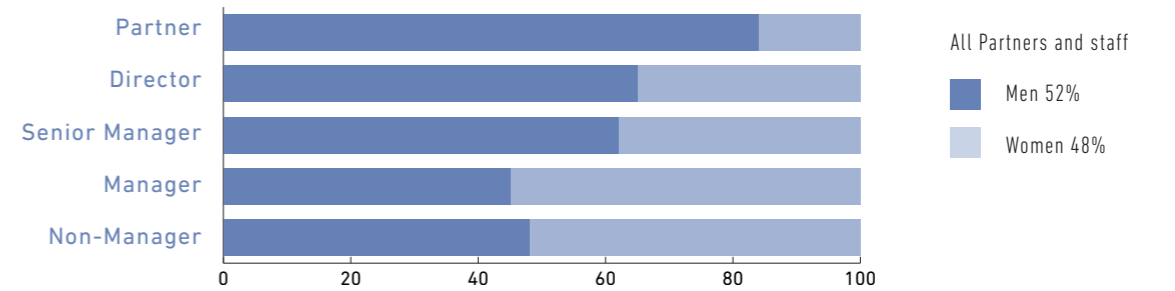
OUR MONITORING



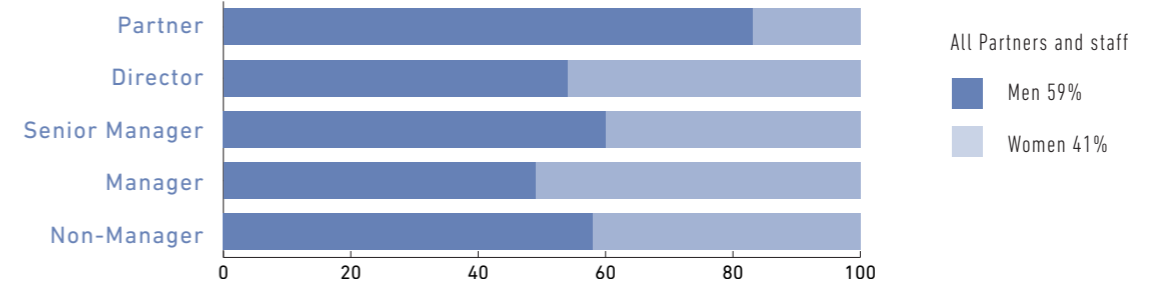
OUR PEOPLE



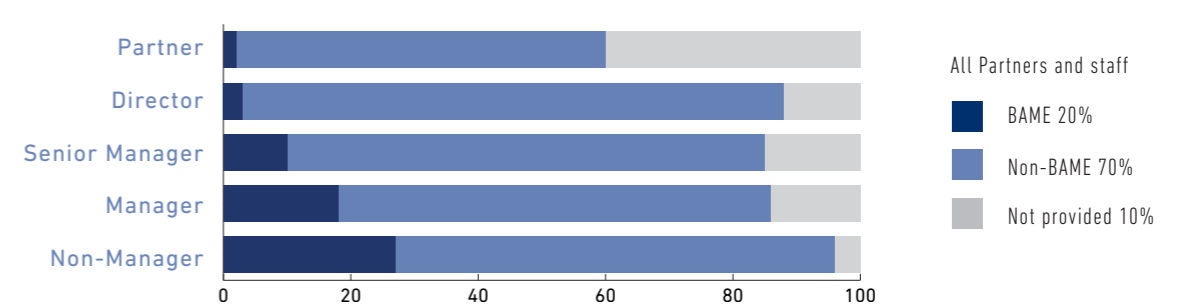
BREAKDOWN OF MAZARS UK GRADES BY GENDER



BREAKDOWN OF MAZARS UK AUDIT STAFF BY GENDER



BREAKDOWN OF MAZARS UK GRADES BY ETHNICITY



BY PHIL VERITY

FOREWORD BY PHIL VERITY, UK SENIOR PARTNER



PHIL VERITY
UK Senior Partner

A deep and enduring commitment to audit

Audit has always been at the heart of Mazars, in the UK and globally, and will continue to be so in the years ahead. As one of the firms in the UK subject to annual review by the Financial Reporting Council and which complies with the Audit Firm Governance Code we recognise our responsibility to play an active role in the audit market, in developments in the profession and in wider society.

A wholehearted commitment to audit quality

Mazars is wholeheartedly committed to audit quality and recognises that enhancing audit quality will always require our commitment and attention. We believe that this will serve the interests of all stakeholders. Confidence in audit quality is critical to so many parts of our society.

The importance of culture and governance to audit quality

We recognise that the firm's culture, and that within the audit practice, has a crucial bearing on audit quality. In recognition of this we have therefore undertaken an external-led review on the desired culture of the firm and areas on which we wish to focus in terms of change management.

The governance of the firm, and its audit practice, also has a crucial bearing on audit quality. In this context we were delighted to welcome Guy Jubb as an Independent Non-Executive (INE) during the year given his strong reputation on governance matters within the investment community. I would like to place on record the partners' thanks to Denise Fletcher, our other INE, who is Chair of our Public Interest Committee (PIC) and Guy, its other member, for their work on behalf of the firm. I would encourage you to read the report of the PIC which gives an overview of their key activities.

Committed to contributing at a time of profound change in the audit market

Corporate reporting and auditing is undergoing a period of profound change as a result of the globalisation of business, technological changes, the aftermath of the financial crisis a decade ago and related changes in societal expectations of business and audit. We support the long-term reviews of reporting and auditing that are getting underway, or due to do so in the near future, as it is vital that they remain relevant to, and trusted by, their stakeholders.

We have also contributed actively to the Kingman Review of the FRC and the Competition and Market Authority's review of the Statutory Audit Market in the UK. We believe there is a 'once in a generation' opportunity to address the high levels of concentration in the UK market for listed companies and other public interest entities and to create a vibrant audit market that fully meets the needs of its stakeholders and wider society. We are committed to playing our full part to achieve reform and to actively participate in the more open market that emerges.

Phil Verity
UK Senior Partner
30 November 2018

A U D I T :
A C H I E V I N G
C O N S I S T E N T
Q U A L I T Y ,
S T E E R I N G
G L O B A L
C H A N G E

REFLECTIONS FROM DAVID HERBINET, GLOBAL HEAD OF AUDIT AND ANDREW GOLDSWORTHY, UK HEAD OF AUDIT



DAVID HERBINET
Global Head of Audit

Achieving consistent quality, steering global change

Over the last year, global turmoil in the audit sector has continued unabated and the debates around audit scope, audit concentration and audit regulation are now in full flow in a significant number of countries, including the UK. While we do not rejoice in this, we are not surprised by it as we have consistently said that change in the audit profession was imperative to ensure it can continue to deliver all of the benefits that society expects of it.

There is no doubt our profession needs to evolve, and we are playing our full part in steering this change. In the conclusion to last year's update in our Transparency Report, we emphasised Mazars' commitment to keep things moving in the right direction and at the right pace. This year again, we would like to take this same opportunity to provide our insights on the latest developments in the audit market and our ongoing commitment to help to restore the transparency and trust that are needed for the benefit of the business community and society as a whole.

Building muscle, rather than simply gaining weight

To express ideas and recommendations on potential improvements in one's field, one needs to be in a position to implement them if they are introduced. Credibility is key. At Mazars, we have continued to invest in enhancing audit quality

Consistently delivering high standards of audit quality primarily requires embedding the right culture across the firm as a whole and, in particular, its audit practice. Through webinars and e-learning, we strive to reinforce the public interest dimension of auditing and the criticality of undisputable ethics and integrity within our audit team.

We also deliver consistency through our audit methodology, approach and tools. In 2018, we launched our global audit platform, ATLAS, and we will roll it out to all our auditors in

the coming months. ATLAS will provide our professionals with one common cloud-based platform. ATLAS will free up time for our auditors to focus on key risks and judgement areas, with the help of new data analytics audit tools and an enhanced approach to IT audit. We see it as a critical step in transforming the way we deliver audit, and meet the ever-growing expectations of the boards of companies we audit, their shareholders, regulators and other stakeholders.

Consistency also comes from training. We pay particular attention to both how we train our people and to the content of that training. Our approach to training is detailed in Section 4 of this Transparency Report. We have structured programmes for all levels of staff in the audit team, covering core principles and advanced audit techniques in complex areas.

Last, but certainly not least, we are continuously fostering innovation, in order to meet the challenges of tomorrow's "augmented audit". We are investing in both new and cutting-edge expertise – with the recent acquisition of data analytics specialist Zettafox, for instance – and in tools and methodologies that will help us provide broader assurance on extra-financial key value drivers, such as culture, human rights and sustainability.

Steering change, for an improved audit market

Some recent corporate failures across the globe have shed even more light on the many serious and immediate challenges that the audit world currently faces. As a genuine international challenger, auditing many large multinational corporations and smaller businesses alike, we believe we can make a valuable contribution to addressing them, for the benefit of all involved.

As society evolves, so do the needs and expectations of our stakeholders. These expectations, however, still have to be made clearer. In other words, the framework for corporate reporting needs to be critically reviewed. We know that in many cases most of the actual value of a business is not reflected on its balance sheet. A multitude of other value drivers have to be explored and taken into account, including brand, culture, key client relationships, quality of management and of governance, innovation capability, and diversity. We are keen to engage with companies, investors and their other stakeholders in this debate.

We also ask regulators to reassess their contribution to the delivery of quality audits. Quality is far more complex than mere compliance with a set of standards

and this needs to be factored into any thinking on the future of audit regulation. We believe regulation should be proportionate, especially to avoid driving current and future talent out the profession. Equally, as service providers, we must continuously demonstrate our commitment to delivering quality and being held to account, but on the basis of parameters or criteria collectively agreed and conducive to genuine audit quality.

Finally, with regard to audit concentration, there is now unanimous agreement that the overwhelming dominance of just four firms in the global audit market is unhealthy and that reform is required to go from «four to more». Unfortunately, and even though it is still in its early stages, there already are clear signs that the 2016 EU reform is not going to achieve its desired objectives. We are reaffirming our longstanding support for joint audit, as a tested and proven mechanism to facilitate the emergence of new players. If undertaken in the right spirit of cooperation we believe joint audit also reinforces governance arrangements on the conduct of audits, and delivers real improvements in audit quality. In the UK, where concentration is highest and has been so for decades, we also believe that some form of market cap should be put in place, to limit the concentration of audit fees and mitigate the related systemic risk which is not in the public interest.

David Herbinet

Global Head of Audit

Andrew Goldsworthy

UK Head of Audit

REPORT FROM THE PUBLIC INTEREST COMMITTEE



DENISE FLETCHER
Chair, Public
Interest Committee

In presenting the Public Interest Committee's annual report as the Chair of the Public Interest Committee (PIC) of Mazars LLP, I welcome the opportunity to share with all stakeholders the PIC's responsibilities and activities undertaken by myself and Guy Jubb since the last Transparency Report dated 30 November 2017.

As the independent body at Mazars UK responsible for helping to enhance confidence in the public interest aspects of the Firm's activities, we work to align our responsibilities to the principal objectives of the Financial Reporting Council's revised Audit Firm Governance Code (2016) (the 'revised Code'), which are:

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

One of the key methods we have undertaken to discharge our responsibilities is through our meetings with relevant Partners and staff within the Firm, including the Partners responsible for key public interest activities (namely the UK Ethics Partner, Chair of the UK Executive and the Head of Audit) as well as members with no key leadership responsibility. We have also engaged with regulators and investor groups. We have found our meetings with all members of the Firm to be constructive and open, allowing us to undertake our oversight, and building our understanding of the culture within the Firm.

This year, Guy has also been an observer of the Audit Quality Board, allowing direct insight and understanding of the Firm's consideration and oversight of quality, whilst my membership of the Group Governance Council further helped exercise general oversight of Mazars UK through information obtained at this level and access to the Mazars SCRL Group Executive Board.



GUY JUBB
Member, Public
Interest Committee

Our areas of focus

Audit quality

Audit quality is a fundamental aspect of our oversight responsibilities, this was achieved through:

- dialogue with Partners relevant to audit quality. Meetings held throughout the period with Partners responsible for driving quality, as well as key audit engagement Partners, were open and constructive, designed to build our understanding and feedback on audit quality;
- dialogue with Partners without executive management present;
- receiving updates on the results of quality monitoring inspections and thematic reviews;
- observation at the Audit Quality Board meeting; and
- meetings with non-partner staff in open dialogue with no Partners present.

Reputation and risk management

In the current audit environment it is key that the Firm be able to reduce any reputational risk. As a PIC we try to oversee and monitor this risk through our understanding of the Enterprise Risk Management Framework (ERMF). A review and revision of the ERMF was undertaken during the year and reported to us. This reporting allowed us to consider and challenge the impact of key business risks, including those directly relating to quality and reputation. Further this gave the opportunity to consider the impact of wider public policy issues on the Firm, including the impact of Brexit over the long term sustainability of the Firm, as well as on the ongoing public interest in the structure and oversight of the audit market as a whole.

To understand the factors impacting the reputation of the Firm the PIC receives comprehensive reports from the Head of Quality focussing on:

- Litigation and claims;
- Ethical matters;
- Reputational matters including regulator investigations; and
- Whistleblowing.

These reports are crucial for us to understand any issues that have arisen that may impact on the Firm's reputation.

In the period we focussed particularly on understanding the wider control environment within the firm, meeting with key members of the operational team (including the Chief Operating Officer and Chief Finance Officer) to gain an understanding of their processes and controls in place.

Mazars UK is part of a wider global integrated firm, and as such the reputation of the global firm also has an impact on the UK firm. During this period, I was a member of the Group Governance Council (GGC), and this participation allowed us to be aware of global reputation issues that could require specific consideration by the PIC.

Institutional investor engagement

Once again, in 2018 we met with senior representatives of institutional investors with responsibility for governance issues. The meeting covered the development of the Firm at the national and international level with particular reference to the audit practice in the UK, and especially to matters related to audit quality and risk management. We found the meeting offered us an opportunity to build the reputation of the Firm, to explain the benefits of being a global integrated firm, and the benefits of joint audits as practiced in other parts of the globe. The meetings offered us the opportunity to hear the areas of concern and focus for investors.

Culture and Talent Management

The ability of a firm to maintain quality, build a reputation and reduce the risk of failure, ultimately falls on our people within the Firm, and the culture instilled within the Firm. As such, the talent we have within the Firm is the cornerstone of our operations. Whilst our formal oversight responsibilities have allowed us to build an understanding of how the Firm's leadership is developing and managing these areas, we felt that it was important for us to truly understand the culture of the Firm as a whole from the inside.

In 2018 we held separate conversations in three locations with some staff members (without the presence of Partners) and also with Partners who are not members of our leadership team. The goal was to gain a deeper understanding of their perceptions of the Firm's culture and how it aligns to the Leadership's perception and objectives. These meetings were open, informative and enjoyable discussions. They were focussed on how the Firm's Culture impacts on progression, accountability, diversity, ability to challenge, quality and ethics. The PIC had conducted similar sessions in 2017.

Conclusion

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

Overall we are satisfied that the Firm has a good focus on audit quality and on building a better firm for both internal and external stakeholders

Denise Fletcher

Chair of the Public Interest Committee of Mazars LLP

UK GOVERNANCE COUNCIL, UK NOMINATION COMMITTEE AND UK RISK AND AUDIT COMMITTEE REPORT



BOB NEATE
Chair, UK Governance
Council

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

UK Governance Council

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

Our responsibilities also include hearing appeals from Partners who are in dispute with the Firm, though no such disputes arose in the period.

The UKGC holds four formal meetings a year to which the National Senior Partner (NSP) and selected other members of the UK Executive are invited to present on partnership matters. The standing agenda for these meetings includes financial performance, investment monitoring, risk monitoring and mitigation, and Partner or team performance issues and rectification plans.

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

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

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

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

Nomination Committee

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

Following the re-appointment of Phil Verity as NSP in January 2017, the Nomination Committee has not sat in the year under review.

Risk and Audit Committee

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

The primary duty of the UKRAC is to monitor the performance of the external audit by the Firm's auditor Crowe UK. The UKRAC met with Crowe UK and the Firm's Finance Partner at the planning stage of the audit to discuss the proposed audit approach. They then met again prior to finalisation of Crowe UK's report on the UK's consolidation return to Mazars Group to discuss audit issues arising. The final meeting was again with the external auditors to consider and approve Mazars UK's statutory accounts. As part of this process the Audit Committee met privately with the engagement partner at Crowe UK to discuss any concerns with respect to the quality of financial reporting within the Firm or the performance of the Firm's finance team. No significant matters arose throughout the external audit.

The UKRAC monitors the performance and independence of Crowe UK and is responsible for agreeing their fees for the UK audits. In particular, as the current Crowe UK audit partner has been in office for 13 years, the Audit Committee considered the safeguards that Crowe UK have put in place to ensure audit quality remains high which included, inter alia, Crowe UK appointing an Engagement Quality Control Reviewer.

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

Bob Neate

Chair UK Governance Council

A GLOBAL, INTEGRATED PARTNERSHIP

Since 1995, Mazars SCRL have been organised as a global integrated partnership. All our 955 partners and 21,423 professionals in 86 countries and territories in Europe, Africa and the Middle East, Asia-Pacific, North America, Latin America and the Caribbean share the same values and work ethic and the common goal of providing the highest quality client service. Our correspondent firms enable us to operate in a further 15 countries.

THE ROLE OF THE GROUP IS TO DEFINE THE STRATEGIC OBJECTIVES OF THE ORGANISATION AND TO COORDINATE THE IMPLEMENTATION OF THESE OBJECTIVES.

All members of our integrated partnership are member entities of Mazars SCRL (hereafter 'Mazars Group', 'the Group'), 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, whilst remaining aware of the challenges that both our organisation and our stakeholders face. Discerning, knowledge-intensive, agile, sustainable: these are the attributes of the modern firm that we strive to be, in order to better serve our clients.

WE ARE NOT SIMPLY
A COLLECTION OF NATIONAL FIRMS,
BUT AN INTEGRATED ORGANISATION
OF PROFESSIONALS.

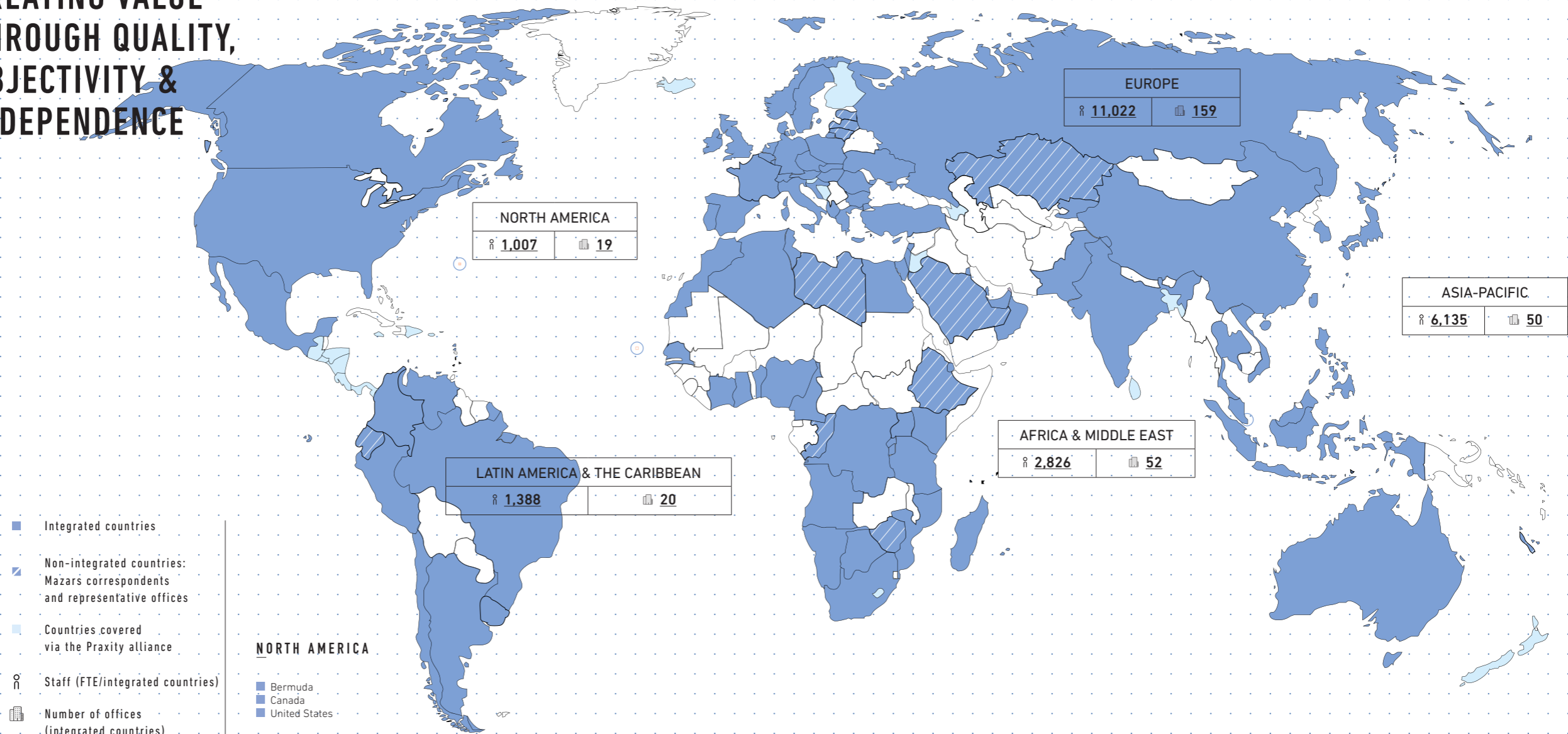
Each country of our unique integrated partnership has one or more separate legal entities that is a member entity of the Mazars Group. All shareholders of the Mazars Group are partners or shareholders (collectively 'Partners') in the member entities. As part of being a shareholder of Mazars SCRL, each partner acknowledges the Charter of Association, which governs the operation and governance of the Mazars Group. In certain countries there are partners or shareholders of their local member entity who are not shareholders of the Mazars Group. A full list of member entities is included in Appendix I.

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

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

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

CREATING VALUE THROUGH QUALITY, OBJECTIVITY & INDEPENDENCE



- Integrated countries
- ▨ Non-integrated countries: Mazars correspondents and representative offices
- Countries covered via the Praxity alliance
- Ⓔ Staff (FTE/integrated countries)
- 🏢 Number of offices (integrated countries)

NORTH AMERICA

- Bermuda
- Canada
- United States

LATIN AMERICA & THE CARIBBEAN

- Argentina
- Brazil
- ▨ Cayman Islands
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- ▨ Dutch West Indies
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Jamaica
- Mexico
- Nicaragua
- Panamá
- Peru
- Puerto Rico
- Uruguay
- Venezuela

AFRICA & MIDDLE EAST

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

EUROPE

- Albania
- Austria
- Azerbaijan
- Belgium
- Bosnia & Herzegovina
- Bulgaria
- Charnel Islands
- Croatia
- Cyprus
- Czech Republic
- Denmark
- ▨ Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Kosovo
- ▨ Latvia
- ▨ Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- ▨ Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

ASIA-PACIFIC

- Australia
- Bangladesh
- China
- Hong Kong (SAR)
- India
- Indonesia
- Japan
- ▨ Kazakhstan
- Korea, the Republic of
- Kyrgyzstan
- Malaysia
- ▨ New Caledonia
- New Zealand
- Pakistan
- Philippines
- Singapore
- Sri Lanka
- Thailand
- Vietnam

OUR UNIQUE BUSINESS STRUCTURE

STAKEHOLDER MAP



OUR UNIQUE BUSINESS STRUCTURE

OUR GLOBAL BUSINESS ORGANISATION

At the General Assembly of Partners, in December 2016, a new Group Executive Board (GEB) was elected, on the basis of a strategic platform, called the Next20. The business organisation described below is aimed at fully implementing this new platform.

In order to deliver the best services to our clients, our international structure focuses on sectors and service lines.

The three key sectors we have identified are:

- Financial Services;
- Industry, Services and Public Sector; and
- Entrepreneurial Businesses.

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

- Accounting and Outsourcing Services (AOS);
- Audit and Assurance Services (AASL);
- Consulting;
- Financial Advisory Services (FAS);
- Law; and
- Tax services (TAX).

In 2018, we finalised the creation of five regional platforms: Europe, Asia-Pacific, Africa & the Middle East, Latin America and the Caribbean, and North America. Europe will include four clusters: Northern, Central, Southern and Western Europe. Africa will include three or four clusters.

Global Sector & Services Team (GSST) leaders and Global Support Business (GSB) leaders, along with appropriate regional leadership, make up Mazars' Global Leadership Team (GLT). The GLT gathers the Group international leaders who carry

responsibilities that go across countries, thus requiring coordination of functions, markets, services and other responsibilities. The GLT is led by the Group Executive Board.

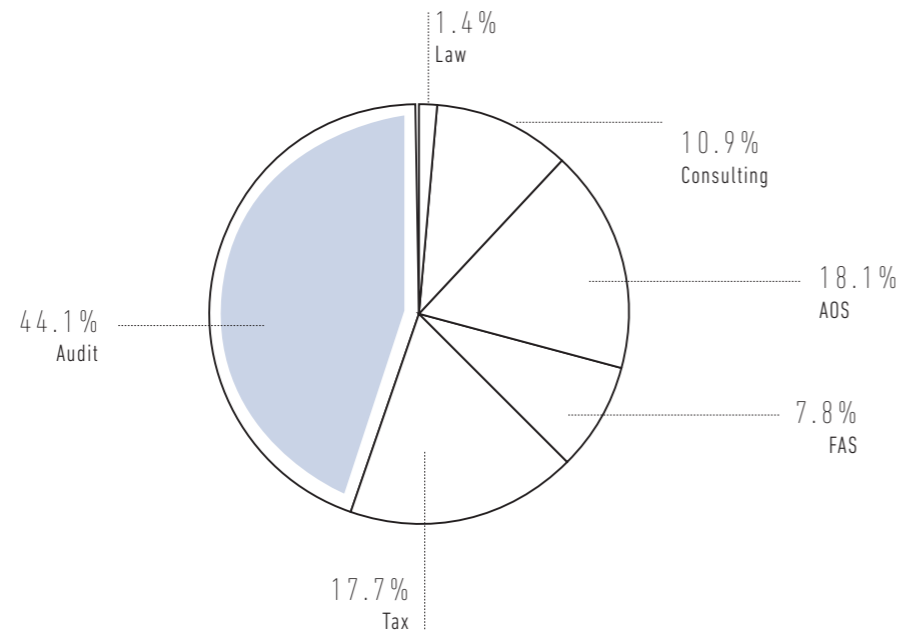
This structure facilitates coordination of member entities within the Mazars Group. Our integrated international structure permeates every aspect of our operations:

- Partners and their member entities are linked by a series of agreements intended to achieve maximum consistency and standardisation within the Mazars Group;
- sectors and service lines are represented in member entities, enabling coordination of assignments and cross-border relations between countries;
- assignments requiring an international team are managed and carried out by an integrated team sharing common standards and procedures;
- collaborative working on global initiatives helps to secure and reinforce consistent values in our culture;
- each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to the client; and
- Partners and the national member entities in which they work are linked by a series of agreements intended to achieve maximum consistency within the Group. They all report to the elected representatives of the Group.

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

The turnover of the Mazars Group in 2017-2018 by service line was as follows:

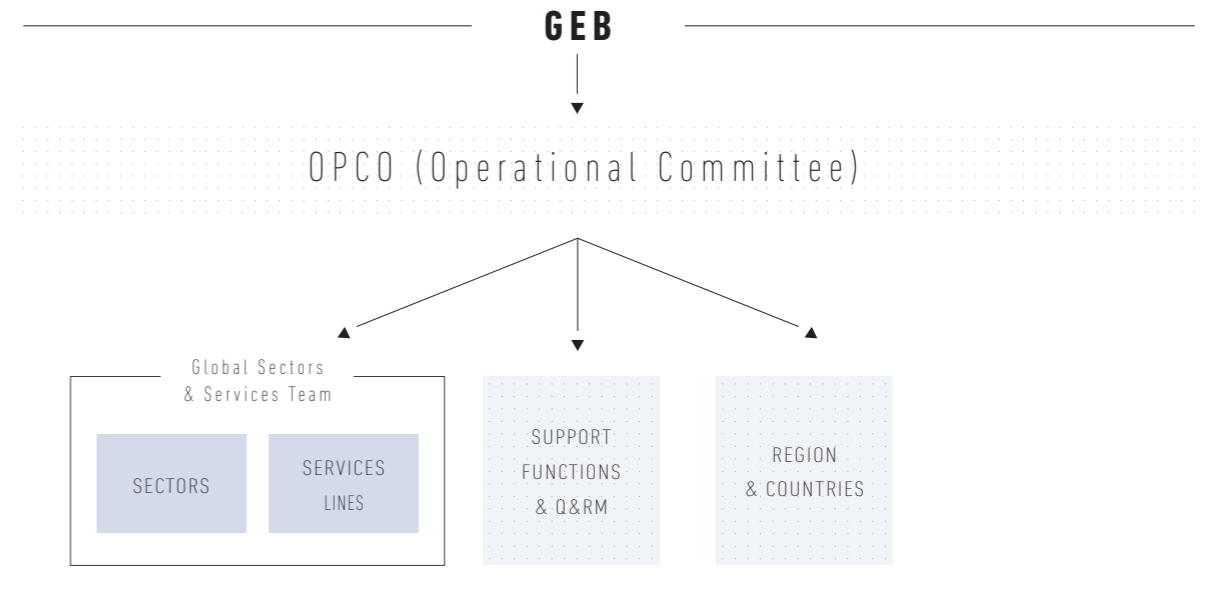
TURNOVER OF THE MAZARS GROUP



Audit revenue includes €468m in respect of audits in the EU.

* does not includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

OUR OPERATIONAL ORGANISATION



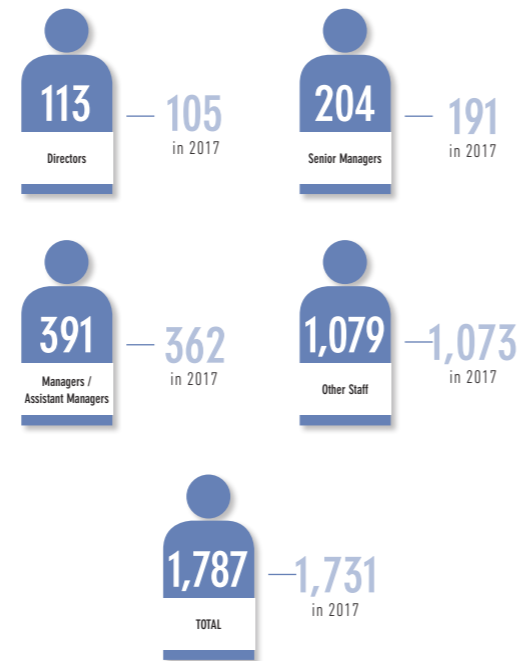
THE MEMBER FIRM IN THE UK

Mazars LLP is a member Firm of the Mazars Group.



Ownership

Incorporated in England and Wales under the Limited Liability Partnership Act 2000 (registered number OC308299), the Firm is owned by its members (who are often referred to as Partners). As at 31 August 2018, there were 134 members (2017: 135) and 96 Partners who are shareholders in Mazars SCRL (2017: 101).



The operational structure of Mazars UK

At 31 August 2018, our business operated across 17 offices nationwide (2017: 18), with 1,787 professionals (2017 1,731). Our staff held the following roles:

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

Alongside our service lines, each office has a local Office Managing Partner (OMP) responsible for local execution of our national growth and client centric focus enabling the building of strong relationships in the local market.

Within Mazars UK, for the year ended 31 August 2018 our business was structured through our service lines, which were responsible for managing results, developing strategies for growth and supporting our staff. As at 31 August 2018, there were five service lines, supported by a central Business Support Team (BST). Our five principal services lines are Audit and Assurance, Tax, Accounting and Outsourcing Services, Financial Advisory Services and Consulting. Details of our service lines are available on our website. Each service line is responsible for:

Principal subsidiaries

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

PRINCIPAL SUBSIDIARY UNDERTAKINGS	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	PRINCIPAL ACTIVITIES
Companies			
Mazars Financial Planning Limited	United Kingdom	100%*	Financial Planning
Mazars Corporate Finance Limited	United Kingdom	100%*	Corporate Finance
Mazars CYB Services Limited	United Kingdom	100%*	Trustee Administration Services
Mazars Limited	United Kingdom	100%	Service Company
Mazars Channel Islands Limited	Jersey	100%	Professional Services
Mazars UK Limited	United Kingdom	100%*	Professional Services
Mazars Public Sector Internal Audit Limited	United Kingdom	100%*	Internal Audit
CompetitionRX Limited	United Kingdom	100%*	Monitoring Trustee Services
Mazars Global Infrastructure Finance (Australia) Pty Ltd	Australia	100%*	Financial Modelling & Training
Mazars Global Infrastructure (US) LLC	USA	100%*	Financial Modelling & Training
Mazars Global Infrastructure Canada Inc	Canada	100%*	Financial Modelling & Training

* held via a subsidiary

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

THE GENERAL ASSEMBLY OF PARTNERS

The distinct roles of Mazars Group's two governing bodies are defined in the Charter of Association that outlines the functioning of our partnership ('the Charter'). Both our strategic leadership ecosystem and our robust governance structure rely on our ability to make an international community of leaders work efficiently together, in order to ensure the sustainable development of our partnership and of our Group.

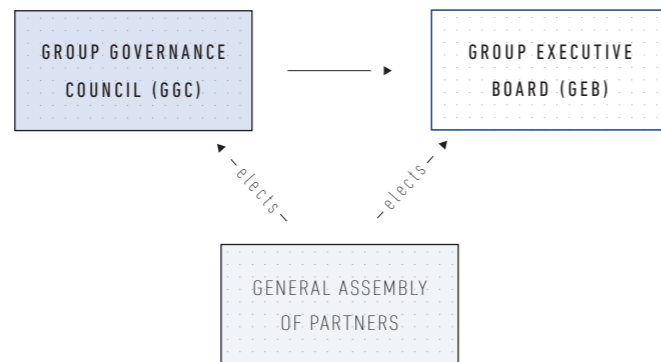
All the Partners of the Mazars Group meet at least once a year, at the General Assembly of Partners, within six months following the end of the financial year.

The General Assembly of Partners is a pivotal point in the governance and decision-making processes of the Mazars Group. Every four years it is at this meeting that the partners elect the GEB and the GGC. Annually the

assembly approves major strategic and operational decisions, the admission of new Partners, and the approval of Mazars Group's audited financial statements.

The last General Assembly of Partners was held in Berlin in December 2017. The next General Assembly of Partners will be held in Cannes in December 2018.

OUR STRATEGIC LEADERSHIP ECOSYSTEM



GROUP EXECUTIVE BOARD

The GEB is Mazars' executive body. It is in charge of the operational management of the partnership with regards to collectively defined key strategic objectives, under the supervision of the GGC. It focuses first and foremost on pursuing and accelerating growth, while ensuring the quality and sustainability of our activities. The GEB may comprise between three and twelve members.

As at 31 August 2018 there were nine members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in 2020. Additional members may be added after being duly elected by the Partnership.

The GEB is supported in its role by:

- an Operational Committee (OpCo), which primarily focuses on delivering transformational change through selected projects and assignments. The OpCo is designed as one team, not as a collection of silo responsibilities, and all members are committed to help other members achieve their projects;
- a GLT, which comprises all Group business leaders (sectors and service lines, including our audit activity), Group Quality & Risk Management leaders, and Group support function leaders;

- executives in each member entity;
 - these executives, led by a Senior or Managing Partner, have the responsibility for managing that member entity, for leading the business on a day-to-day basis, and for providing strategic and operational coordination; and
 - the executives are elected by the Partners of the particular member entity, with their candidacy being subject to the consideration of the GEB.

The GEB meets at least monthly; it also meets twice a year with the Country Managing or Senior Partners at 'Country Forums'.

GEB members are entrusted with specific geographical responsibilities, functional roles and the sponsorship of key strategic projects, such as innovation, diversity, quality and risk management, business development or integration processes for new additions to the partnership.

As at 31 August 2018, the GEB was composed of:



France

PHILIPPE CASTAGNAC
Chairman of the Group
Executive Board



France

HERVÉ HÉLIAS
CEO of the Group



Spain

ANTONIO BOVER
Member of
the Group Executive Board



United Kingdom

RUDI LANG
Member of
the Group Executive Board



Germany

CHRISTOPH REGIERER
Member of
the Group Executive Board



China

WENXIAN SHI
Member of
the Group Executive Board



Netherlands

TON TUINIER
Member of
the Group Executive Board



United Kingdom

PHIL VERITY
Member of
the Group Executive Board



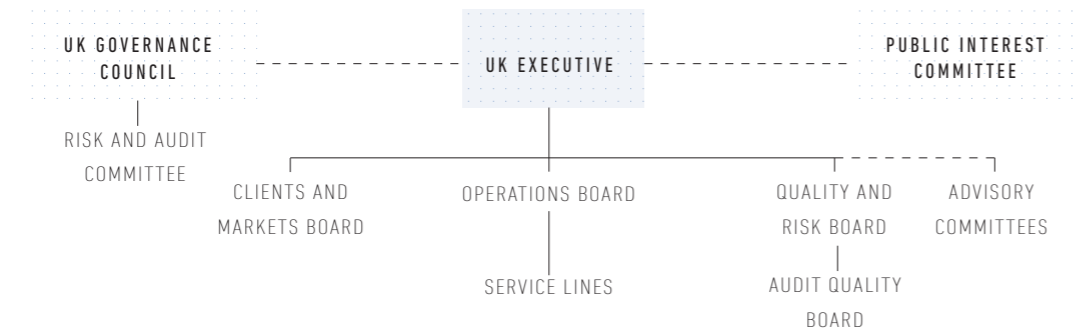
United States

VICTOR WAHBA
Member of
the Group Executive Board

Biographies of the members of the GEB are available at www.mazars.com/GEB

LEADERSHIP IN THE UK

UK Executive Board



Mazars UK is led by the UK NSP, who is elected every four years. The last election was January 2017, with the next election due in January 2021. Any Partner of Mazars UK is able to stand for this position if they have been nominated by at least ten Partners. After the candidates have been submitted for consideration by the UK Nomination Committee, the UK NSP is decided upon by a vote among the Partners of Mazars UK. The members of the UK Nomination Committee are determined by the Mazars UK Members' Agreement and included representatives from the UKGC, UK Executive Board (UK Executive) and the GEB.

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

In 2017 the UK Executive appointed an independent non-executive advisor, Jonathan Fox, to provide oversight over their leadership.

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

- develop and implement the UK strategy, in line with the international strategy of the Firm, and establish a management structure to deliver this;

- ensure that the Firm's services to clients and conduct in respect of staff are carried out ethically and in accordance with the principles of technical excellence and quality service;
- ensure that the Firm recruits, develops, retains and adequately rewards an appropriate number of people with relevant skills and experience;
- oversee support functions, including the setting and monitoring of objectives, approving budgets and expenditure and ensuring efficiency between local, national and international support functions;
- ensure that appropriate policies and procedures are in place for risk and catastrophe management;
- set Corporate Responsibility and Environmental policies;
- monitor the legal obligations of Partners in consultation with the UKGC;
- with the UKGC, discharge the responsibilities of the Partners in relation to the maintenance of proper accounting records and the preparation of accounts; and
- with the UKGC, keep the Members' Agreement up to date and fit for purpose.

As at 31 August 2018, the UK Executive was composed of:



PHIL VERITY
UK Senior Partner
Date of first appointment 2010

Biographies of the members of the UK Executive as at 31 August 2018 and meeting attendance during the year ended 31 August 2018 are provided in Appendix 3.

A review of the effectiveness of the UK Executive was performed during the year.



ALISTAIR FRASER
Chief Operating Officer
Date of first appointment 2012



JAC BERRY
Head of Quality
Date of first appointment 2017



TIM DAVIES
Head of Clients and Markets, Head of Tax
Date of first appointment 2012



NIGEL GRUMMITT
Head of Financial Advisory Services
Date of first appointment 2012



ELISABETH MAXWELL
Head of Innovation
Date of first appointment 2017



IAN WRIGHTSON
Head of People and Culture
Date of first appointment 2017

UK Executive sub-committees

As at 31 August 2018 there are three Boards, which are sub-committees of the UK Executive, operating as decision making forums. Each Board is chaired by a member of the UK Executive.

<p>CLIENTS AND MARKETS BOARD</p>	<p>The Client and Markets Board coordinates and leads the client and market strategy, fully mobilising all partners and staff to be client-focused and drive consistent client, sales, market and sector strategies across the Firm in an aligned manner.</p>
<p>OPERATIONS BOARD</p>	<p>The Operational Board manages the Firm's day-to-day operational performance and ensures that service line strategy is executed. It has four main duties:</p> <ul style="list-style-type: none"> • operational and financial management; • business model change; • strategy execution; and • people management.
<p>QUALITY AND RISK BOARD</p>	<p>The Quality and Risk Board (QRB) oversees all aspects of quality, risk and compliance within the Firm. Its main responsibilities are:</p> <ul style="list-style-type: none"> • ongoing development of culture of quality and quality of Partners/team; • risk management; • quality assurance and control; • compliance and regulation; • acceptance, conflict and independence; and • technical training.

The UK Executive sets the strategy and monitors the performance of the organisation through reporting from the three Boards which details progress against agreed key success factors, execution against the plan, key decisions taken and performance summaries.

UK Executive advisory committees

Three advisory committees to the UK Executive, led by Partners, were established in the prior year. Each committee includes employee representation for a term of two years.

<p>PEOPLE AND CULTURE COMMITTEE</p>	<p>The People and Culture Committee aims to be forward looking, enabling Mazars UK to be an environment where all team members have a sense of belonging, can maximise their contribution to business goals and realise their individual potential.</p>
<p>TECHNOLOGY ADVISORY COMMITTEE</p>	<p>The Technology Advisory Committee governs and influences the Firm's technology strategy to ensure we are a firm at the leading edge of technology and to influence the whole firm to fully embrace technology.</p>
<p>MAZARS IN SOCIETY COMMITTEE</p>	<p>The Mazars in Society Committee oversees the Firm's efforts to become known for our positive impact on society. This encompasses who we are, what we do and how we do it.</p>

Audit and Assurance service line

The Audit and Assurance service line is led by Andrew Goldsworthy as the Head of Audit for Mazars UK. For audit quality related items, the Head of Audit for Mazars UK reports to the Audit Quality Board (AQB), which itself reports to the QRB. Jac Berry as the Head of Quality and UK Executive Board member chairs both of these Boards. The Head of Audit reports to the Operations Board, chaired by Alistair Fraser as Chief Operating Officer, in relation to the operational management of the service line.

GROUP GOVERNANCE COUNCIL AS AT 31 AUGUST 2018

The GGC is the Group's supervisory body and is elected at the same time as the GEB. The GGC has decision-making powers in specific areas as set out in the partnership's Charter of Association. The GGC is responsible for supervising the GEB, with special responsibilities for:

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

The GGC is required to meet at least quarterly. It may comprise between eight and 16 members including two non-executive independent members. The actual number is determined by the General Assembly of Partners at the time of election. Any Partner can nominate themselves for candidature.

As of 31 August 2018, there were eleven members of the GGC. Elected every four years, the next GGC elections are due in December 2020.

At the end of year there was one non-executive independent member who was also a member of the PIC.

As at 31 August 2018 the Group Governance Council was composed of:



United Kingdom

TIM HUDSON
Chair



France

THIERRY BLANCHETIER
Vice-chair



United States

KATHRYN BYRNE



France

JULIETTE DECOUX



France

FABRICE DEMARIGNY



India

BHARAT DHAWAN



United States

DENISE FLETCHER
Independent member



Singapore

CHRIS FUGGLE



Germany

GREGOR KUNZ



South Africa

MICHELLE OLCKERS



China

LIWEN ZHANG

GOVERNANCE IN THE UK

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

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

UK Governance Council

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

The UKGC:

- approves the process for the appointment of new partners and for the determination of partner remuneration;
- has power to require the UK Executive to report on its strategy and budget, and on the implementation of its strategy and the financial status and performance of Mazars UK;
- reviews the annual budgeting process and report to the Partners in the event that they consider the process deficient;
- reviews the process for setting the Firm's strategy and management structure and report to the Partners in the event that the UK Executive has not presented its strategy and management structure to the Partners within eight months of the election of the UK Executive or not provided annual updates or that they consider the process for setting the Firm's strategy deficient;
- ensures that the UK Executive has appropriate management structures in place;
- ensures that the UK Executive has identified and is managing the major risks to the Partners;

- appoints the members of the UKRAC;
- approves or declines to approve various defined matters including proposals for the merger, disposal, acquisition or reconstruction of Mazars UK and its associated companies;
- has power to require the NSP or any member of the UK Executive to report to it or to the Partners on any matter;
- has power to call a meeting of the Partners, which shall be convened by the UK Executive;
- investigates, considers and determines a matter where there is a dispute between a Partner or a former Partner and Mazars UK or the UK Executive, except where the UKGC has already expressed an opinion in relation to that matter;
- where any matter is decided specifically by the UK Executive in relation to an individual Partner or former Partner, has power of its own volition or on application by that individual Partner or former Partner to review the decision and to make proposals to the UK Executive, or the Partners or former Partner for amendment of the decision;
- settles any disagreement about amounts due to a former Partner;
- ensures that their activities are aligned with those of GGC;
- with the UK Executive discharges the responsibilities of the Partners in relation to the maintenance of proper accounting records and the preparation of accounts; and
- with the UK Executive keeps the Members' Agreement up to date and fit for purpose.

As at 31 August 2018 the UK Governance Council was composed of:



BOB NEATE - Chair
Date of first appointment 2014



RICHARD BOTT
Date of first appointment 1999



LEE CARTWRIGHT
Date of first appointment 2015



GREG HALL
Date of first appointment 2009



TIM HUDSON
Date of first appointment 2002



RICHARD METCALFE
Date of first appointment 2016



STEVE MILLER
Date of first appointment 2015



ANN NILSSON
Date of first appointment 2017

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

UK Risk and Audit Committee

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

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

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

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

The UKGC and the UKRAC have the power to seek outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it is considered necessary.

Their duties include:

- to advise the Partners, the UK Executive and the UKGC on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors;
- to discuss with the external auditors, before the audit begins, the nature and scope of the audit;
- to discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the external auditor's report to the UKRAC incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
- to consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of responsibilities and any statement of internal control;
- to ensure compliance with the requirements of financial reporting and recommend the approval of the statutory accounts to the UK Executive, the UKGC and the Partners;
- to advise the UK Executive on the appointment and terms of engagement of any proposed internal audit service (and the head of internal audit, if applicable), the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors;

- to review, if an appointment has been made, the internal auditors' audit risk assessment and strategy; to consider major findings of internal audit investigations and management's response; to promote coordination between the internal and external auditors and to review any internal audit annual report. The UKRAC will ensure that the resources made available for any internal audit are sufficient to meet the Firm's needs (or make a recommendation to the UK Executive as appropriate);
- to monitor the implementation of agreed audit-based recommendations, from whatever source;
- to ensure that all alleged frauds have been properly investigated; and
- to monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the UK Executive and the UKGC concerning their reappointment, where appropriate.

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

Biographies of the members of the UKRAC as at 31 August 2018 and meeting attendance are provided in Appendix 3.

Performance of the governance system

The primary key performance indicator (KPI) for assessing governance is attendance by all members, with additional KPI's being further developed going forwards.

PUBLIC INTEREST COMMITTEE

Role

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 and quality control, remuneration policy and the issuance of selected annual reports to stakeholders. During the year this role has been exercised through information obtained through membership of the GGC and/or attendance at the AQB, supplemented, where necessary, with additional reporting of the GEB and UK Executive.

The PIC considers that under its governance the reinforcement of the independence of the Firm is at the forefront of its remit.

Terms of reference

The PIC provides oversight of Mazars UK in the following areas:

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

- stakeholder dialogue including the Mazars Group's transparency reporting prepared by GEB.

In exercising its oversight at group level, the PIC has particular regard to issues arising under the various headings in relation to the UK. A member of the PIC also attends the AQB meetings as an observer, to gain oversight of specific issues impacting on the UK. These terms of reference are reviewed annually.

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

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

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

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

The PIC forms part of the Firm's performance assessment regime under the Audit

Governance Code. Aiding this oversight the PIC meets at least annually with the UK NSP and the Chair of the UKGC.

Membership – Independent non-executives

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

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

New members of the PIC are selected after consultation with the continuing independent non-executives.

Members of the PIC are appointed for a term of four years unless or until terminated by either the PIC members themselves or by the Firm. Denise Fletcher was reappointed in December 2016 and Guy Jubb was appointed in November 2017. Christian de Juniac stepped down as an Independent Non Executive member of the PIC in November 2017.

Meetings

The PIC determines its frequency of meetings but it is expected there will be two 'in person' meetings each year with additional teleconference calls as necessary.

In the year under review the PIC met four times. The members of the PIC may, at their discretion, invite partners or staff of Mazars to attend part or all of a meeting but for an appropriate part of at least one meeting the independent non-executives shall meet on their own without others present.

Other matters

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

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

A member of the PIC also sits as an observer on the AQB allowing regular contact between the two bodies. The AQB recognises that an important element of its role is to enable the PIC to have the necessary information and assurance on matters related to the audit practice to enable it to fulfil its duties in line with the expectation of the Audit Firm Governance Code (2016).

Biographies of the members of the PIC as at 31 August 2018 are provided in Appendix 2.

The appointment of a third INE is under consideration.

INVESTOR DIALOGUE

During the year The Centre for Audit Committee and Investor Dialogue continued to bring together audit committee chairs of FTSE350 companies and leading heads of corporate governance at institutional investors to discuss important current issues of mutual interest. The themes for the events held in 2018 were 'Cyber Security and Data Privacy, and 'Embracing Change in Corporate Governance and Audit Reporting'.

In addition, in December 2017, Mazars hosted a panel discussion at the International Corporation Governance Network conference titled 'Culture: Strategy for breakfast or a dog's dinner?' which built on the results of our culture survey, in association with Board Agenda and INSEAD, and explored the relevance of the findings for institutional investors.

The Corporate Reporting and Governance Forum with the Quoted Companies Alliance (QCA), aimed at CFOs and other senior finance staff and audit committee chairs of smaller quoted companies, continued to meet. in Birmingham, London and Manchester and considered the board's leadership role in building a responsible successful business.

Finally, the Boardroom Centre for Quoted Companies forum in association with The London Stock Exchange also met in the year in Birmingham, London and Manchester, with the topic under discussion 'Is your board promoting sustainable success effectively?'

RISK MANAGEMENT AT MAZARS UK

Mazars UK has an Enterprise Risk Management Framework (ERMF) in operation to undertake an assessment of risks to the Firm. During the year, we have continued to further develop and improve the ERMF to ensure it effectively supports the identification and management of risk from internal and external factors.

The ERMF covers all areas of Mazars UK's business and is split into six categories to reflect the added emphasis and importance of risks in these key areas and the potential impact they have on the success of the Firm:

- strategy and leadership;
- governance and legal;
- client service and external operations;
- information technology and management;
- finance and internal operations; and
- people.

Within these categories, the process requires specific risks to be identified, assessed and evaluated, in addition to considering the design and operational effectiveness of the respective controls.

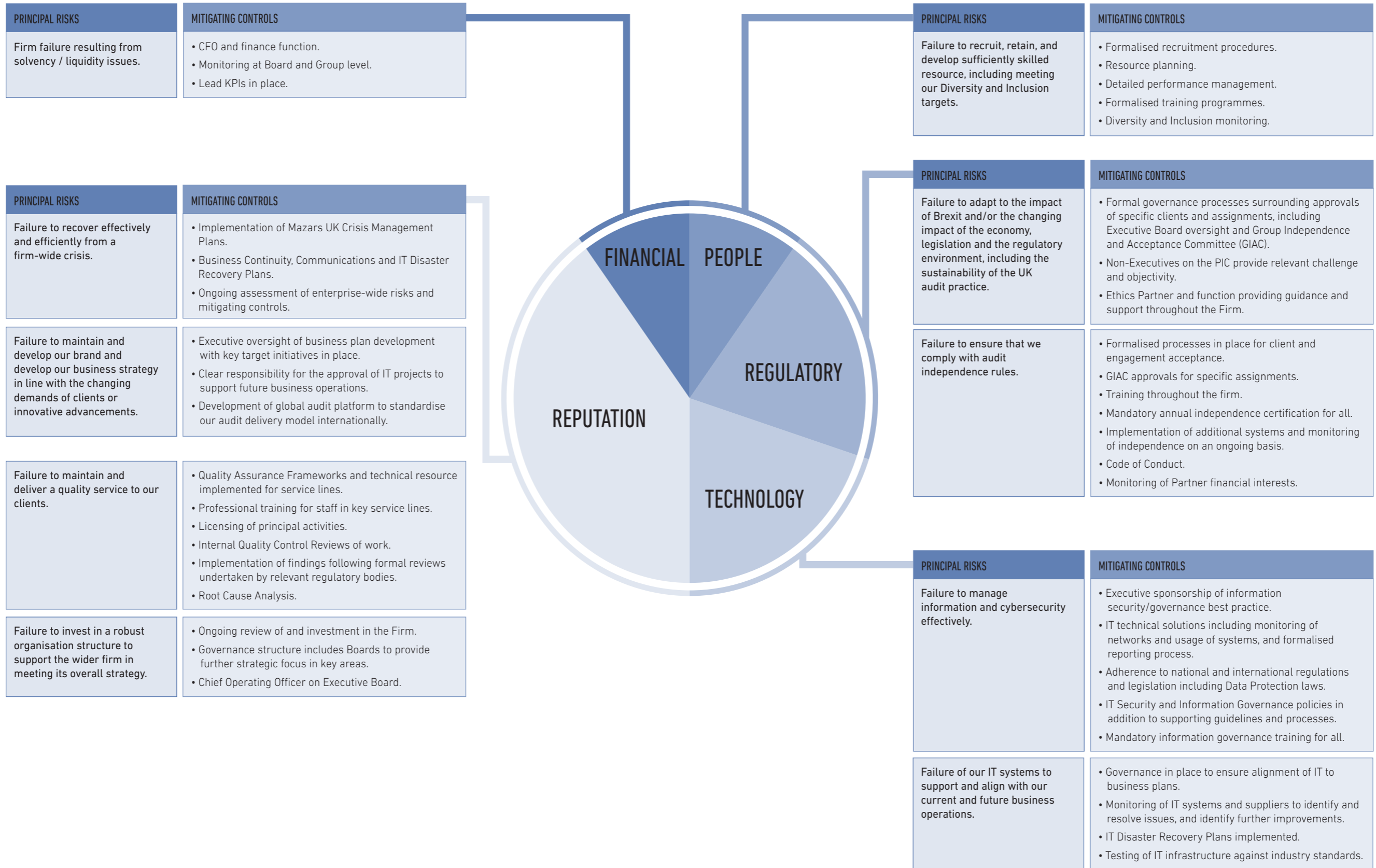
Whilst risk remains the ultimate responsibility of the UK Executive, the leaders of our Service Lines and Business Support Team are responsible for the day-to-day management of risks.

To that end, we continue to use a number of additional tools in our ERMF to better enable our business leaders to identify and manage their risks at the appropriate level.

During the year the Head of Quality reported to the UK Executive, the UKGC and the PIC in respect of risk management. Each of these bodies have provided ongoing challenge to the ERMF and ongoing developments are taking place to continue to strengthen its effectiveness.

The annual report of the Head of Quality confirmed compliance with the risk management principle of the Audit Firm Governance Code (2016) for the year to August 2018 and also included key areas of consideration during the year. This included reference to those risks which would threaten our business model, future performance, solvency or liquidity and sustainability of the audit practice, including audit quality and compliance with relevant legislative and regulatory frameworks.

Details of our principal risks and mitigating controls are set out on the following pages.



CREATING VALUE THROUGH QUALITY, OBJECTIVITY AND INDEPENDENCE



JEAN-LUC BARLET
Mazars Group Chief Compliance Officer



JAC BERRY
UK Head of Quality

As auditors, we know we serve the general interest. We keep this responsibility at heart, and the relationships of trust we establish with all our stakeholders are the cornerstone of our development. Trust stems from rigorous and ethical work. We perform our assignments with the highest level of integrity, independence and technical excellence. These values are guiding our professionals on a daily basis, and our Quality and Risk Management (Q&RM) Board is here to ensure they are upheld at all times. The Q&RM Board's mission is to foster the Group's sustainable development through thorough risk management, ethical behaviour and quality of all service lines. In order to best do so, the Q&RM Board is in close interaction with regulators, and contributes to the work of international accounting, tax and audit bodies. It also monitors the full implementation of accounting, tax, financial advisory and auditing, and auditing standards or best practices in each and every member entity of the Mazars Group, which now operates on all continents.

The Q&RM Board assumes responsibility for quality control, training, and the assessment of Partners and staff, and is in charge of keeping Mazars' Audit Manual up to date.

Ultimately, and through everything it does, the Q&RM Board seeks to further improve the quality of our activities and to develop added value. Within the framework of the Next20 strategy, its resources have been increased, with more professionals, more innovative tools and more training.

Through innovation, increased expertise and our rigorous methodology, we continue to aim at excellence and ethics in all our activities, and strive to create more shared value and more trust in our business ecosystem.

Jean-Luc Barlet
Mazars Group Chief Compliance Officer

Jac Berry
UK Head of Quality

THE MISSION STATEMENT AND THE NEXT20 QRM AREAS OF ACCOUNTABILITY

Quality, objectivity and independence are monitored by Mazars' Quality & Risk Management Board. Its missions are as follows:



Delivering audit quality is key to us as a global organisation, as it underpins our core values. We are dedicated to improving the audit work we undertake and the reports to and communications with those charged with governance. We invest time in understanding and participating in the evolution of quality within the profession, developing our methodology, reviewing quality recommendations and themes of regulatory inspections, and improving the skills and knowledge of our professional staff. We are continually raising our expectations of what audit quality is as we believe this is something that is constantly evolving.

OUR APPROACH, OUR TOOLS AND OUR METHODOLOGY

Mazars' Audit Manifesto

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continued to be at the heart of Mazars' business in the year ended 31 August 2018, and is a key part of our plans for the future.

In the UK, audit and assurance is our largest service line, generating £52.5m of income for the year ended 31 August 2018, with 507 team members.

Responsibility for quality

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

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

Through its International Quality Control Committee (IQCC), the 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.

The executive of each member entity is thus responsible for the implementation of the quality monitoring systems.

This quality monitoring system also applies to both correspondent and member firms.

Responsibility for quality in the UK

To ensure a culture of quality is embedded within Mazars UK as a core value, the Head of Quality is a member of the UK Executive. A sub-committee of the UK Executive, the QRB, chaired by the UK Head of Quality supports the UK Executive in fulfilling this ultimate responsibility for quality monitoring. Section 2 includes more details on the responsibilities of the QRB.

A sub-committee, the AQB, reports into the QRB. Chaired by the Head of Quality, the AQB's members include the UK NSP, UK Head of Audit, the Audit Compliance Principal and the Ethics Partner. A member of the PIC attends the AQB as an observer enabling the PIC to gain direct insight of audit quality within the firm. The role of the AQB is to promote a high level of audit quality and risk management in the audit practice, that it is sustainably successful and widely respected in the marketplace. In fulfilling its role, the AQB assists the Firm, including the PIC, in meeting the expectations of the recently revised Audit Firm Governance Code (2016).

The terms of reference for the AQB include:

- consider on a regular basis the audit quality indicators identified that will help the Firm to assess progress on factors contributing to audit quality, including performance against the quality indicators;
- consider the results of external quality inspections and any subsequent follow up actions identified;
- review any issues arising in the audit practice relating to relevant issues covered in the Audit Firm Governance Code including those with respect to the principles and, where applicable, related provisions covering:
 - professionalism;
 - governance;
 - openness;
 - compliance;
 - risk management;
 - people management;
 - whistleblowing; and
 - internal reporting;
- consider the quality of corporate reporting by audit clients identified through both internal and external reviews, and where appropriate, agree follow up action;
- consider the quality and appropriateness of disclosures of the transparency report, as well as periodically other disclosures in the transparency report; and
- remain in regular contact with the PIC, recognising that an important element of its role is to enable the PIC to have the necessary information and assurance on matters related to the audit practice to enable it to fulfil its duties in line with the expectations of the Audit Firm Governance Code (2016).

Our global Audit Quality Assurance Framework

The International Federation of Accountants (IFAC) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. Mazars Group is actively involved in IFAC with a presence on a number of its boards and committees.

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

- maintain quality control standards in accordance with the International Standard on Quality Control (ISQC1) – issued by the International Auditing and Assurance Standards Board (IAASB) – in addition to relevant national quality control standards;
- conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- have policies and methodologies for the conduct of transnational audits that are based, to the extent practical, on the International Standards on Auditing (ISAs) issued by the IAASB;
- have policies and methodologies that conform to Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the 'IESBA Code') and any relevant national code of ethics; and
- agree to submit to the Secretary of the Forum an annual report, in an approved format, indicating that it meets the membership obligations set forth above.

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

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

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

Each member entity has put in place the Quality Assurance Manual in its own country and edits it to include country specifics.

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.

A CONSISTENT APPROACH ON ALL CLIENT ENGAGEMENTS, IRRESPECTIVE OF THEIR SIZE AND INTERNATIONAL DIMENSION.

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

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

- promote the Firm's internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives;
- remind individuals at all levels of the existence of the quality monitoring system; and
- underline the importance of respecting legal and regulatory obligations, particularly with regards to the IFAC code, local ethical requirements and

professional standards of practice when accepting and carrying out new assignments.

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

Quality Assurance Framework in the UK

Only Responsible Individuals (RIs) can be responsible for an audit and sign a statutory audit report. A RI has to hold an 'appropriate qualification' commonly known as an audit qualification and be competent to conduct audit work. An appropriate qualification can be gained by holding a recognised audit qualification awarded by, inter alia, one of the Institutes (England and Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants (ACCA). In Mazars UK 53 individuals held RI status at 31 August 2018, and a further five were Key Audit Partners (KAP) authorised to sign Public Sector audit opinions.

Approval from the Institute of Chartered Accountants in England and Wales (ICAEW) is required before we are able to appoint a new RI. 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 hot 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.

Licensing

RI status does not confer the right to act in relation to all audit work; an additional licence is required by RIs 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 licenses held by RIs and managers are reconsidered regularly for the same reasons.

Performance management

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

Responsibility for the audit

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

As engagement leaders, the RIs or KAPs, supported by the engagement managers, are responsible for fostering a culture of quality throughout the audit process, challenging the team on their professional scepticism in respect of the work performed and supporting the culture of on the job training and coaching.

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

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

Audit policies and methodology

The Mazars Audit Methodology (MAM) is a global methodology that Mazars entities around the world apply, supplemented by local regulatory and legal requirements. Using a common methodology allows us to apply a consistent approach and level of quality globally on all client engagements irrespective of their size and international presence.

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

The MAM is continually enhanced as we seek to apply a systematic risk based audit approach, focusing on the things that matter and adjusting the areas of focus and effort based on the level of risk. Our methodology and associated application guidance is 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. During the year, Mazars globally has been progressing the development of a new audit software with a significant contribution of time and experience from the UK. This software will further enhance the quality of documentation produced by our global team.

We will continue to invest and develop our audit software as new challenges and technology impact on the audits of the future.

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

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available. The MAM details the circumstances when there is a mandatory requirement to consult within the Firm. Our technical experts are also available for audit and financial reporting technical consultations when support is required.

To aid the audit quality of specific areas of the audit, our core audit teams have access to our specialist auditors and experts, including IT, tax, actuarial and valuation specialists.

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

Monitoring audit quality

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

Engagement quality control reviews (EQCRs)

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

For public sector audits, including local public audits, an EQCR is required when:

- a client's annual expenditure exceeds £500m; or
- a local government pension scheme has over 20,000 members or in excess of £1 billion of assets; or
- the client meets the PIE definition above.

OUR AUDIT QUALITY POLICIES AND PROCEDURES ARE EMBEDDED AS PART OF OUR FIRM'S DAY-TO-DAY ACTIVITIES.

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. The EQCR is licensed internally and is also subject to rotation.

Audit 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 Mazars entity on an annual basis and constitutes the basis for the completion of the self-assessment;
- Mazars international inspections: these are undertaken by experienced reviewers from other member entities within the organisation, generally every three years, and they aim to take an independent view on the results of the self-assessments and the internal monitoring whilst helping to spread best practices; and
- external inspections: entities are periodically subject to reviews by the audit regulators or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the IQCC.

The self-assessment includes the entity's compliance with the IFAC standards as well as reporting on the results of its internal and

external audit quality monitoring reviews. This can be the basis for an action plan relating to all areas identified as requiring improvement including those identified through any Mazars international inspection.

Entities are required to communicate internally the results of their audit quality monitoring reviews to their Executive, Partners and audit managers. This communication is expected to be provided in sufficient detail to enable the necessary corrective measures to take place, both for the particular 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.

Audit quality monitoring in the UK

Approach to group internal reviews

Mazars UK submitted an annual self-assessment around audit quality to Mazars Group which was reviewed and challenged centrally. Periodically, we are reviewed by a Group quality monitoring reviewer, and that

review covers our whole firm procedures as well as file reviews. The last inspection by Mazars Group carried out in October 2018 showed that the UK is considered to have a system in place to comply with the ISAs, the IFAC code and the provisions of ISQC1.

Approach to UK internal reviews

ISQC1 requires each RI's work be subject to a cold file review at least once every three years. In Mazars UK we have moved towards reviewing every RI and KAP at least once every two years. These reviews are supervised by the Director of Audit Standards, and conducted by independent audit Partners, senior staff or our dedicated audit quality monitoring team, all of whom are appropriately trained and have a number of years' experience in this area. Our reviewers are matched to the RIs and KAPs based on their experience in the type of audits allocated (e.g. sector experience) and are also supported by a technical consultant when required.

Each year a quality monitoring plan for audit work is prepared by the Director of Audit Standards which sets out details of the RIs and KAPs to be reviewed, together with any special reviews in targeted areas required. This plan is presented to the UK Head of Audit who is responsible for ensuring and promoting audit quality. Annually relevant details of this plan as well as information on our approach to quality monitoring reviews, including how files are reviewed and graded, is communicated to the whole service team to ensure they understand and are engaged in the process.

Audit files are selected on a number of criteria, including risk and public interest. Each review starts with an opening meeting between the reviewer and RI or KAP and an opportunity to provide a self-assessment. The RI or KAP and audit team are required to respond to any findings in writing with an action plan, and the files are then graded in terms of overall quality. An overall summary report and action plan is agreed with each RI and communicated in a final findings letter, sent by the UK Head of Audit, and copied to the RI's or KAP's appraising Partner. Similar letters are sent by the UK Head of Audit to the engagement EQCR and by the Director of Audit Standards to the engagement manager.

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

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

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

In the year, six of our local public audits were subject to internal quality monitoring reviews, with findings and file grades being reported to Public Sector Audit Appointments Ltd (PSAA) to feature in their assessment of the quality of local public audit work provided by the firm. Mazars was the only firm rated 'Green' by PSAA in its [Annual Regulatory Compliance and Quality Report for 2017/18 \(July 2018\)](#).

Following investment in the prior year in additional personnel, root cause analysis was undertaken in the year to establish the primary cause of a failure or identified issue. This analysis delves deeper into the issue, through one-on-one interviews with the engagement personnel responsible for the preparation or review of the relevant area impacted by the issue. A collaborative approach with those involved is taken as part of the process, with the key purpose to really identify and understand the root cause that led to the failure or issue, enabling appropriate steps to be taken to prevent or reduce the likelihood of a reoccurrence by all engagement teams.

Lessons learnt from the quality monitoring and root cause analysis are also 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.

A review of the quality monitoring process was undertaken in the year by an experienced audit Partner who was due to retire, allowing for a level of impartiality and independence. The results of this review have been communicated to the Head of Audit and the AQB. We are evaluating the results and implementing the agreed recommendations.

UK external reviews

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

As a firm with a number of PIE clients Mazars UK has now moved to annual reviews by the Audit Quality Review team of the FRC, reflecting our significance in the PIE audit market. The results of our 2017 review were published in [June 2018](#) and are disclosed in section 3.2.

Mazars UK's audit work is also reviewed by the Quality Assurance Department of the ICAEW (QAD) each year. The Firm was subject to a full review by the QAD in 2017, the results of which are detailed in section 3.2, Audit Quality Indicators.

The FRC's Audit Quality Review team is also commissioned annually by PSAA to review our local public audit work and to consider the robustness of our policies and procedures to support auditors delivering this work.

At Mazars we are passionate about audit quality so the results of the independent reviews were rewarding and reflect the investment we have made in technical training and tools to support our audit teams deliver consistent quality audits.

Our contribution to the profession

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

- responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as IFAC and its committees and boards, FEE, EAIG, PCAOB, IASB;
- actively participates in international bodies, such as the IFAC, FEE, ESMA, EFRAG, IASB; and
- is active in the professional and auditing organisations in each country in which it has a member entity present.

Our voice in the UK

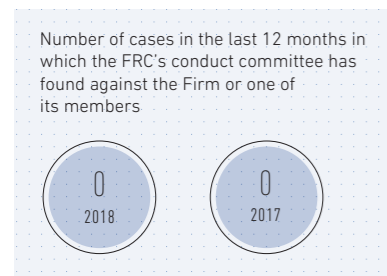
In the UK, Mazars is represented by Partners and senior professional staff on a range of technical and professional committees of:

- ICAEW;
- Institute of Chartered Accountants of Scotland;
- FRC; and
- Quoted Companies Alliance.

Indicators of audit quality are established to enhance transparency and comparability across the industry. Mazars UK reports on the established metrics, along with additional metrics we consider impact on quality.

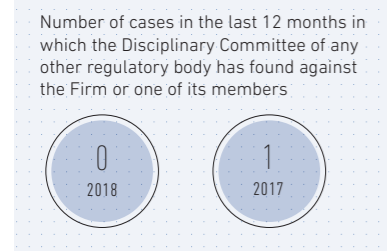
We recognise that all firms are structured differently, and therefore whilst we endeavour to produce consistent information, differences are likely to arise in the reported information compared to other firms. As such, explanations on how the data has been derived are also reported.

1) METRICS ON EXTERNAL INVESTIGATIONS RELATED TO AUDIT



Mazars commentary

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

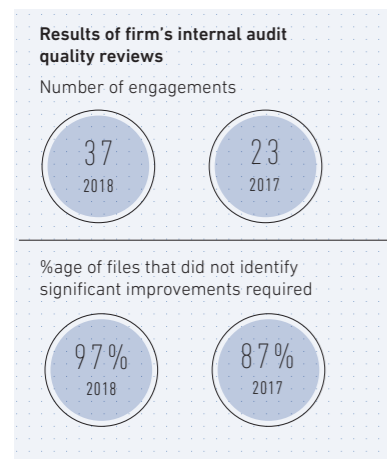


Mazars commentary

In the prior year, Mazars LLP was severely reprimanded by the ICAEW for breaching Audit Regulation 3.02 by failing to act in accordance with the ethical standards in relation to a client. This breach arose from an instance where a former partner of Mazars LLP, who might have been in the chain of command, accepted appointment as a director of the audited client shortly after leaving the Firm, with a potential impact on our independence and objectivity.

This resulted in a fine of £22,500 and costs payable of £5,405. There have been no such similar reprimands in the year under review.

2) METRICS ON AUDIT QUALITY REVIEWS



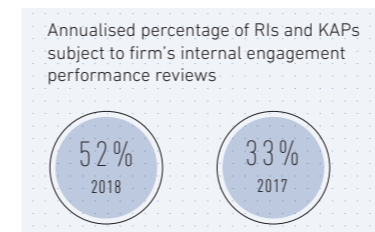
Mazars commentary

The information presented is for the UK firm. Whilst each file review is assessed to consider whether or not there are any significant improvements required, it should be noted that we continually seek to improve and develop our approach to quality monitoring, thus creating a more challenging and robust process. On this basis we are pleased with the results of the current year review, demonstrating that our commitment to audit quality is being realised within the work our teams perform.

In the year we moved to a year round process for quality monitoring which, combined with the full implementation of our objective for every RI and KAP to be reviewed at least once every two years, resulted in an increase in the number of engagements reviewed.

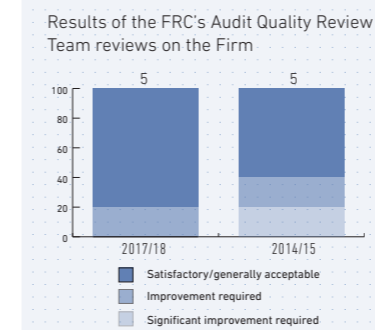
We are satisfied that where significant improvements required were identified this did not result in an inappropriate audit opinion being reached.

2) METRICS ON AUDIT QUALITY REVIEWS (CONT)



Mazars commentary

As noted previously, in 2018 we completed the change in our approach of moving towards every RI and KAP being reviewed at least once every two years.



Mazars commentary

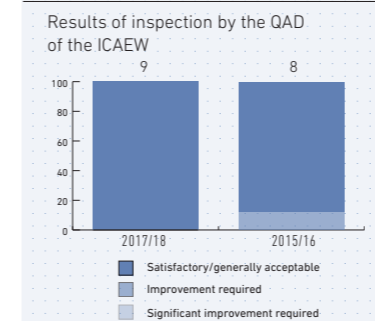
Mazars was last reviewed in 2017. Further information on the report issued in 2018 for this inspection can be found on the FRC website: <https://www.frc.org.uk/document-library/audit-quality-review/2018/mazars-llp-public-report-2017-18>.

We welcome the challenge of the AQR review as it provides us with an objective measure of audit quality and aids in highlighting areas we need to further focus on going forward.

In our response to the FRC we noted that in relation to the specific findings, we were already underway in our actions to address those areas identified as needing improvement or systems that need strengthening.

We believe that to improve audit quality, we need to do some things differently. It is the auditors in the firm that make a good audit, not the processes or templates, training or guidance by themselves. To ensure that we considered these wider aspects in the prior year we appointed a Head of Quality to the Executive Board, created an Audit Quality Board and chose to voluntarily measure ourselves against the FRC's Audit Firm Governance Code.

We have also commenced a firm-wide culture audit to ensure our values are those that support and promote quality in all aspects of our work.

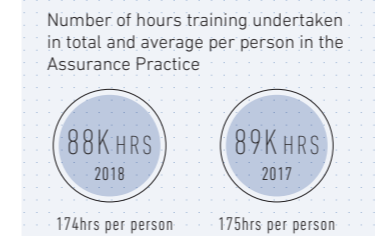


Mazars commentary

The Firm was last subject to a full review by the QAD in 2017. At the time, the QAD noted a continuing improvement in audit quality in the Firm and Mazars UK received confirmation of our continued registration as Registered Auditors from the Audit Registration Committee in August 2018.

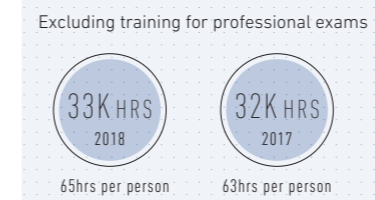
We were pleased with the results of our review and believe that they demonstrate our firm-wide commitment to quality.

3) METRICS ON INVESTMENT



Mazars commentary

This metric is derived from the total number of hours delivered to audit team members. Training hours have been broadly consistent year on year, demonstrating our commitment to our dedicated technical training plan comprising audit masterclasses, sector specific training, webinars and new audit professional training, combined with our business skills training plan which all audit team members have access to.



3) METRICS ON INVESTMENT (CONT)

Investment in research and development on assurance in the Audit Service Line

Mazars commentary

Globally our key investment in the year has been in the new audit software as discussed in section 3.1, in which Mazars UK has significantly contributed.

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

4) METRICS FROM PARTNER AND STAFF SURVEYS (AUDIT AND ASSURANCE SERVICE LINE)

Level of engagement



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



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



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



Mazars commentary

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

Since our last survey we have worked on transformational changes to drive engagement within our staff, many of these initiatives are still in their infancy and we recognise that whilst there has been some improvement in the overall engagement since the first survey (as demonstrated by the increased mean score), we still have further to go on our journey.

The level of engagement of the staff within the audit service line is derived from a number of factors, some key questions that directly impact on quality within audit; learning, commitment to quality and available resources (including time, training and physical assets). These results clearly demonstrate that whilst we feel we focus on these areas as a firm we need to constantly raise the bar to meet the expectations of our staff, particularly within the third question where we have seen a decline in the results. We are in the process of understanding the key drivers for the results, to ensure that we are able to make a real change that will positively influence our staff and increase their levels of engagement with the Firm.

5) METRICS ON PARTNERS AND STAFF

Average years of audit and assurance Partners and staff with the Firm

Partners tenure %



Mazars commentary

Retention of our staff within the business to drive quality through building on existing knowledge of both technical learning and understanding of our client base has been a key focus in the year. Whilst it is expected that a number of our trainees may consider other options at the end of their formal training contracts, there has been a focus to educate these team members in the benefits of a longer term career within the Firm. Whilst the staff turnover rates have increased year on year, they are still within the level that we consider reasonable for a business model that has a significant graduate training scheme. This reflects the effort and focus on staff retention within the business.

The tenure rate of both partners and staff is appropriately balanced, demonstrating that we have individuals that are willing to stay within the Firm as well as positions available for new team members. Those that stay within the Firm are testament to our culture, and also an indicator of quality, as these individuals are able to share their knowledge and expectations with the wider team. Combined with this, new team members, particularly those at a more senior level, are able to share best practice from within the industry to further enhance quality within our work. In response to an increase in the value of the audit work in relation to PSAA work for the 18/19 year end, within our Public Services sector, we have commenced recruitment of senior members of the team with this expertise, with further team members being brought into the firm after the year end.

Audit and assurance staff tenure %



Number of staff to each RI/KAP



Mazars commentary

The number of staff per Responsible Individual and Engagement Lead combined has decreased year on year. This reflects our Partner led approach, that involves spending time understanding our clients and the issues that they are facing, resulting in an increase in the quality of our audits.

6) METRICS ON INVESTOR LIAISON

Mazars commentary

We look to continually engage with the investor community and our dialogue in the year under review is documented in section 2 and within the PIC report.

Objectivity and independence are the cornerstones of our profession, since they are the foundations of the public's trust in the opinions we provide. We have placed them at the heart of our culture and of everything we do. Our policies, procedures and tools have been designed so that our Partners and staff members do comply with the strictest objectivity and independence requirements.

POLICIES, PROCEDURES AND TOOLS

Our Code of Conduct for Objectivity and Independence

The Mazars Group has adopted a Code of Conduct for Objectivity and Independence (the 'CCOI') which complies with the IESBA code. 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.

Responsibility for maintaining objectivity and independence

The Group Independence and Acceptance Committee is responsible for considering potential issues brought to its attention, reviewing any proposed departures from the CCOI by country and verifying that all changes in international ethical standards are taken into account by the organisation.

Systems to safeguard our objectivity and independence

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

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	<p>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.</p> <p>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.</p>
NON-AUDIT SERVICES TO AUDIT CLIENTS	<p>A complete list of non-audit services rendered to audit clients must be maintained.</p> <p>For group audits, this list must be set out in the instructions circulated by the audit co-ordination team.</p>
ANNUAL DECLARATION OF INDEPENDENCE	<p>All Partners and staff are required to provide an annual declaration of their independence. In this respect:</p> <ul style="list-style-type: none"> • Mazars Partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client; • Personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and • Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (or beyond normal financial relations with a banking or other credit institution audit client).
MANDATORY ROTATION	<p>In relation to audits of PIEs, the audit RI is required to rotate after five years in the UK, and to not return to the audit team for at least five years. Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The Executive of a member entity ensures appropriate allocation of Partners to audit engagements and an annual review of appointments to PIEs takes place.</p>

TRANSPARENCY OF INFORMATION	All Mazars staff have access to a list of our audit clients that are subject to specific ethical requirements.
TRAINING	All audit staff are required to undertake training on ethical rules and the Mazars Group's/the relevant member entity's ethical procedures.
CONSULTATION	Audit staff and Partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary.
LIMITS ON CLIENT FEES	Limits on client fees are imposed in order to avoid financial dependence on one or several clients.
IMPACT OF AN IDENTIFIED THREAT TO INDEPENDENCE	Clear rules regarding conflicts of interest have been communicated. Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented.
PERFORMANCE BASED REMUNERATION	Mazars Group has adopted a method of remunerating Partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics).
INDEPENDENT NON-EXECUTIVES	Our independent non-executives must comply with appropriate independence requirements as do our Partners and staff.

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

We are currently developing our Global Independence Check tool. This one-stop-shop IT tool will speed up the process of acceptance throughout the Mazars Group.

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 services quality

Within Mazars, rotation is applied to PIE engagements on which RIs rotate, in compliance when applicable with the domestic transposition of the European Directive on Statutory Audit or of the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of RI responsibilities on recurring audit engagements and major special engagements is decided by the entity's Executive Committee and ensures that RIs have the ability to effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the RI's situation or when any difficulties have been encountered.

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

Partner compensation policy

Profits are divided amongst Partners according to the number of 'base points' they are allocated. Two criteria are used to calculate the value of the base points: the overall performance of the Mazars Group and the performance of the national entity to which they contribute. Each factor is measured equally.

Several countries, including the United Kingdom, have opted to add a bonus system founded on individual performance. Partners receive a portion of a global envelope based on his/her country's performance.

Under the supervision of the GGC and based on the recommendation received from the Country Executive, base points are allocated to Partners according to the overall performance of the country and the individual performance of each Partner. This performance is assessed through various criteria:

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

None of these criteria are evaluated in isolation, but significant weight is placed on technical competence and partnership spirit.

Financing business activity depends exclusively on each national member entity and follows the same proportionality as the division of profits.

The GGC has established an annual, and four year cycle, bonus program for the GEB. The UK NSP participates in this program.

Partner remuneration in the UK

The Firm's Partner Conduct Framework was updated in 2016. This 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 objectives around quality. In this way we are able to reward Partners who meet our expectations of high quality, including as evidence through quality monitoring reviews.

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

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

Independence and objectivity in Mazars UK

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

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

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

Global 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; and
- 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. They have been deployed since 2014 and both external and employee complaint forms are available on our Mazars websites (on the Group website: <http://www.mazars.com/Complaint-form>). All claims are directly processed through the Group's CCO except when stated otherwise by the local regulation.

In addition in the UK we employ a third party to provide an independent external reporting line giving assurance that concerns raised are fully addressed.

Whistleblowing is reported to the PIC. These reports, as well as certain other misconduct, are discussed and the PIC advises the UK Executive.

Confidentiality and information security

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

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

In the year all UK staff and Partners were required to undertake specific training on information security to enhance their understanding and help ensure that our policies are embedded within how our teams approach their work.

4.

F O S T E -
R I N G
E X C E L -
L E N C E
I N O U R
P E O P L E

As a leading player in audit, advisory, accountancy, tax and legal services, we are talent-intensive and resource-driven. Our clients expect us to provide knowledge and expertise. Our people are thus at the heart of our business, and we need to make sure we attract, retain and develop the best talent.

ATTRACTING, DEVELOPING AND RETAINING THE BEST PEOPLE

Within Mazars we strive to foster excellence by enabling our team to give their best through:

- attracting, developing and retaining the best people;
- our means of operating and rewarding; and
- our conduct.

Talent and performance management

In order to deliver the high-quality service that our clients expect, our engagement policies and procedures are designed to attract, support and retain the highest quality team members.

Based on our common values, management principles and a fulfilling work environment, our Global Talent and Performance Management Programme aims to:

- recruit high potential individuals;
- prepare our talent to meet the market's evolving needs through long-term technical and managerial education plans;
- offer attractive career opportunities, including international opportunities;
- create a more inclusive environment; and
- provide agile and flexible work environments.

As knowledge workers, the quality, breadth of skills and diversity of our people is critical to our business. As graduate and school leaver recruitment is how we build our talent for the longer term, concentrating on getting the right people through the door at this stage has the greatest leverage effect on the quality of our overall recruitments. As a result, significant efforts are made to increase our

employer branding awareness amongst schools and universities, as well as to hone the effectiveness and interactivity of the recruitment process to identify the candidates that best match in terms of competency, potential, and cultural fit.

In addition, to maintain the attractiveness of the professional services industry in the face of competition for the same graduates, for example from tech companies, Mazars has made great efforts to innovate its recruitment process. We have received many awards for both the creativity and results of such initiatives. Key projects include:

- Mazars 360°: encouraging transparency of the employee experience through virtual reality;
- Nothing to Hide: a free website for those who wish to 'audit' their online footprint to ensure that it is professional; and
- Looking for Talent: an engaging interactive video for individuals to send their CVs.

Our Early Talent programmes (primarily for School Leavers, Interns, Industrial Placements, Graduates and Post-Graduates) aim to support our trainees with a blended approach to training and development; including technical and soft skills training to enable individuals to progress to management and leadership positions.

Our recruitment programme is based on a strengths based assessment approach. Strengths-based recruitment enables greater social mobility through its inherent design, focussing on the strengths an individual has (what they do well and love to do). This is distinct from more traditional competency-based recruitment, which is focused on a person's ability to give examples of what

they have done previously. By definition, young people with greater social capital have had wider previous experiences from which to draw upon, whereas people from less privileged backgrounds have fewer of these richer, extra-curricular experiences from which they can draw to answer competency-based interview questions. Our approach to recruitment and focus on strengths has allowed us to speed up our recruitment process, increasing the engagement and quality of our applicants.

In essence our assessment and selection approach supports social mobility through various factors, such as our online testing ability suite which is time-recorded, rather than time limited, and therefore does not have an adverse impact on any demographic groups. With regards to our strengths-based interview and assessment centre, in particular, we are focused on levelling the playing field for all candidates and therefore assess potential rather than focusing on what experience someone may have (i.e. what they have done before). This enables individuals from different backgrounds to have the same opportunity to respond to our interview questions and be assessed on the potential they have for success within the role or team.

From January 2017 Mazars UK introduced the Mazars Applicant Mentoring Programme for our entry level recruits. The purpose of this initiative is to maintain and improve the Mazars personal touch throughout the process. The programme provides shortlisted candidates with the opportunity to be mentored by a current trainee for advice in relation to their final stage assessment. It also provides an opportunity to discuss life at Mazars UK. Inspired by a graduate trainee,

this initiative is being led by a group of trainees with support and guidance from the talent acquisition team.

Experienced hires

We aim to hire talented people and give them the support they need to drive both projects and their ambitions forward. We look for people who bring something special to the Firm and who also have some distinctive qualities. We want driven individuals who think creatively about their work, people who embrace challenges and can resolve complex problems.

Our experienced hire recruitment programme covers an assessment of core competencies and technical skills, requiring candidates to undertake knowledge and skills tests as well as, on occasions psychometric testing.

Long-term education and training

The Mazars Group considers its internal training programme to be of strategic importance, since it serves as a means both to share and update technical and professional skills and knowledge, and to communicate professional conduct and ethics requirements to staff.

In 2008, the Group created Mazars University to harmonise training practices across all Mazars offices. In 2014, Mazars University received the top accreditation for Corporate Universities, awarded by the European Foundation for Management Development, the same body which awards the EQUIS accreditation to top business schools.

The focus of the University is to act as a hub for all the best learning materials and practices across the Group, both in the areas of technical expertise as well as the other skills now required to perform within the profession: soft skills, digital skills, and leadership skills. The goal is to have excellent

technicians, whilst enforcing the objectivity of our teams, the professional independence and ethical conduct of each individual, and their overall capacity to effectively perform the work we have engaged.

On a local level, each member entity of Mazars Group keeps a record of all the training courses attended by each Partner and member of staff, in order to ensure that each individual benefits from the complete training programme and that the training received is in line with the individual's role and responsibilities. Each member entity's training programme is to include:

- a general technical skills syllabus to be followed by all staff. For audit staff, for example, the objective of this programme is to encourage each staff member's development and expertise in auditing standards, accounting standards, corporate governance standards, auditing techniques and engagement management principles; and which may be complemented by external seminars;
- a sector-specific syllabus, particularly for insurance, banking, the public sector and technology; and
- a soft skills syllabus to be followed by level of seniority, focused on the areas of communication, team management, innovation, and client care.

This year, thanks to our partnership with LinkedIn Learning, our professionals will have access to a premium digital skills training path, including certifications in coding and data science, which is becoming an integral part of our profession.

The Next MBA

In the area of executive education, Mazars Group has innovated a new model of education for senior leaders. Mazars created The Next MBA, which is a six-week Executive MBA on cutting-edge business topics ranging from client-centric marketing to digital disruption, and talent management to sustainable strategy, which is open to both Mazars Partners as well as participants from other organisations. The Next MBA aims at preparing tomorrow's leaders to be insightful about how today's market transformations will impact business, teams, and industries, and to be agile in identifying new solutions.

Delivering technical excellence in audit

A structured programme is in place for all auditors on a training contract to support them throughout the training period, whether this is through the school leaver or graduate entry programmes. This programme includes:

- practical classroom courses delivered by a trained pool of technical experts. These classroom courses are timed to coincide with the relevant stage of the trainee's qualification, and are designed to bring their theoretical learning into the practical environment of their day-to-day work; and
- digital content covering the Firm's audit procedures, methodology and software. Providing the content in a digital format allows us to provide key learning messages to the trainees, as well as delivering something that can be easily revisited when required.

Once qualified, a wide range of technical support is provided to help staff maintain their technical competence and provide the quality service on which the Firm's

reputation is built. The objective of these ongoing training programmes is to further each team member's understanding of and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

Audit staff have access to the following resources:

- monthly audit inductions for new joiners to the service line, introducing them to the Firm's methodology and procedures;
- mandatory technical updates for all qualified staff, delivered both in the classroom and online through webinars;
- a suite of technical classroom courses on specific audit issues that can be delivered on demand when required; and
- sector updates on industry specific areas such as banking, insurance, local public audits and charities.

To aid learning, communications on key changes within auditing standards affecting our audit teams are communicated when required through our intranet and newsletter.

To ensure audit staff and Partners maintain their technical competence and meet the respective regulatory and professional institute requirements (including those relevant to KAPs licensed to carry out local public audit work), their continued professional development (CPD) is reviewed on an annual basis, and we ensure suitable personal development plans are in place where required. In undertaking CPD and development plans, consideration of compliance with International Education Standards (IES) 7 for audit staff, and IES 8 for RIs is also undertaken. During the year ended 31 August 2018 88,000 training hours were undertaken by audit service line members.

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

Retain the right people in the business

Our team are one of the most important assets we have as a firm, therefore retaining talented and diverse employees drives the quality of our work and client service.

We achieve this by:

- allowing our employees to play to their strengths;
- offering attractive career opportunities within our fast-growing organisation;
- recognising and rewarding contributions and potential;
- celebrating diversity and promoting an inclusive working environment;
- developing the leadership and people management capabilities of our leadership; and
- creating an working environment where our people have a sense of belonging and engagement.

Playing to their strengths

We believe that it is important for our employees to be able to use their strengths to develop their career further. By playing to their strengths, individuals can become highly skilled in a competency that suits them, engaging our team members and allowing them to develop a career pathway within Mazars Group. This should ensure that we retain our talent, allowing us to provide a high quality service to our clients.

Attractive career opportunities

As a global organisation, we recognise that gaining international experience is an important element in the development of our teams and leaders. Mazars Group employees

wishing to enhance their careers with an international experience may choose from a range of strategic mobility opportunities, such as:

- short-term assignments that are available through our 'MOVE' programme, in which high-potential seniors and managers can work abroad on two to six months projects;
- longer-term high-level projects ranging from three to five years in length; and
- permanent transfers.

These programmes play a key role in the flow of ideas with other member entities of the Mazars Group.

Recognising and rewarding contributions and potential

A transparent and effective assessment system

Individuals are assessed against a clear competency framework, and this assessment forms the basis for promotions and for future objective setting. All our team members set clear objectives, receive feedback and have their performance reviewed on at least an annual basis. Every individual is encouraged to understand the importance of their own role, consider their own strengths and take ownership of their contribution to the overall success of the Firm through playing to their strengths.

Our performance management system is linked to our online learning management system, creating learning pathways for all roles and grades within the Firm. Each individual can identify the options available and map an appropriate training route for their professional and career development.

OUR COMPETENCY FRAMEWORK IN THE UK:

- Delivering technical excellence
- Building client relationships
- Developing business
- Managing for results
- Leading teams and people
- Working together for success

In the year we also launched our new rewards schemes, including using an application to promote thanking our team members when they demonstrate a commitment to our values. The supporting rationale for the thank you provides further evidence and guidance of the individual's strengths and good working practices.

Improve the diversity of our talents

One of our core values is fostering a diverse and inclusive work environment. Accordingly, Mazars stands guard against all forms of discrimination and offers its professionals equal opportunities and treatment, regardless of their racial or ethnic origin, gender, religion, age, disability, sexual orientation, religion or faith or social background.

Diversity and inclusion

We believe that diversity is paramount to our firm, in that it allows us to tap into the potential of all our employees, who have the ability to offer a different outlook and point of view on issues. We make efforts to ensure that differences are valued and to provide conditions where individuals can perform to the best of their ability without having to compromise on their personal values and beliefs.

At the start of the year we recruited a Diversity and Inclusion Senior Manager to help drive forward our Diversity and Inclusion agenda. This has included regular communications, promotion of initiatives, for example signing up to Her Majesty's Treasury's Women in Finance Charter, setting gender goals to measure our progress, Gender Pay Gap reporting of staff and Partners individually and combined and support for our staff networks. We believe that our team members value this investment and obvious demonstration of the culture we value as a Firm.

Diversity networks

Our employees have worked together to establish a number of networks which include LGBT Champions (LGBT network), WeCan (Women's network), Embrace (BAME network), Mazars UK's Muslim Network and Mazars UK's Christian Network. This year saw the launch of the Firm's SpeakEasy network focused on promoting awareness of people with visible and non-visible disabilities

These networks have the following aims:

- to provide a sense of community for team members with shared interests;
- to act as a means for team members to find out more about a particular topic;
- to raise awareness, educate, inform all, and in doing so help to break down barriers, stereotypes and unconscious bias;
- to raise awareness and visibility of positive role models by the sharing of experiences and storytelling; and
- to act as a means of business development support providing networks for related clients and staff, and demonstrate the business value of a diverse and inclusive workforce.

Gender diversity

Diversity constitutes a unifying value of the Group and a key factor of success of its strategy.

Mazars focuses on a better representation of women in the organisation, mainly in management positions. Our involvement is carried out through various actions of raising awareness internally, developing an internal female network through a collaborative platform of discussions and a programme to identify female talents who will benefit from specific support and development action plans. Since Mazars Group's annual Partners' Conference in Istanbul in 2014, key steps and objectives have been set out.

A steering committee was set-up and Gender Diversity is championed by Antonio Bover, GEB member and Managing Partner of Mazars in Spain. Antonio is helped by a committee composed of a representative variety of Partners, numbering 2/3 of female Partners and 1/3 of male Partners, but also managers and support functions.

Focus is on significantly increasing the number of female Partners and executives among our firm by 2020. Our guiding principle is no longer to communicate widely on the subject but to work closely with our key 15 countries and follow-up on key development indicators. This decision means that the current GEB and its successors from 2016 will define a detailed plan and promote this objective as part of their manifesto for election.

A Women Talent Pool has been identified and specific actions have been put in place to support them. A yearly leadership seminar is held; the Women Leaders @ Mazars Seminar has been held annually since September

2016. This seminar covers a wide variety of topics all essential for the growth and development of high potentials; mentoring, coaching, leadership, public speaking, empowerment, and business development.

A group-wide gender diversity survey was held in 2016 and since then four core areas have been identified and focus groups are working on delivering Diversity & Inclusion guidebooks around:

- promoting with fairness;
- Mazars as a great place to work;
- mentoring & networking; and
- measuring gender diversity at Mazars.

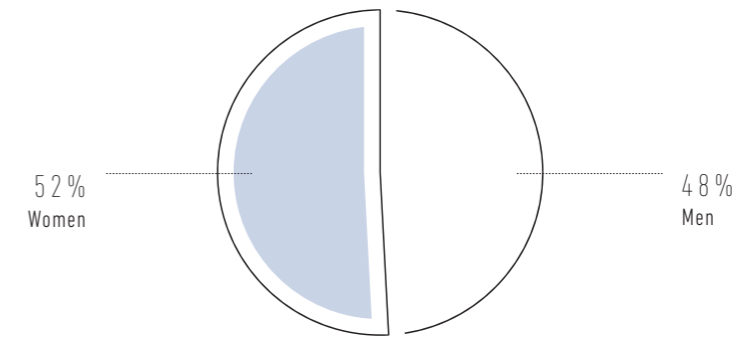
Metrics on gender diversity will be included in the global reporting system of Mazars countries. Progress is being made in the form of a 'dashboard' format. Parity in recruitment, diversity at managerial level and a female talent pipeline will be explicit KPIs of group and local Human Resources plans.

Finally, ambassadors are being identified in each country to support progress on these initiatives and to become positive role models.

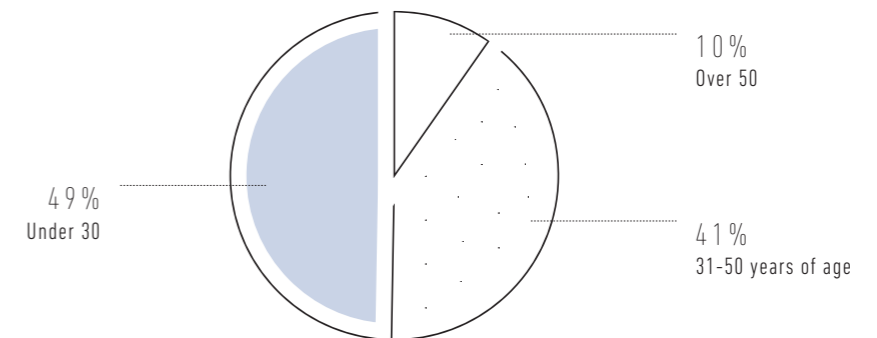
Within the UK we have ongoing programmes as part of our gender diversity initiative, aimed at addressing the gender balance within the Firm at senior management levels.

The effect of the programmes is demonstrated by the continually changing profile of the gender split across the Firm, as well as in audit. Whilst we recognise that there is still progress to be made across all diversity groups, the current progress demonstrates that as a firm we are moving forward in this area.

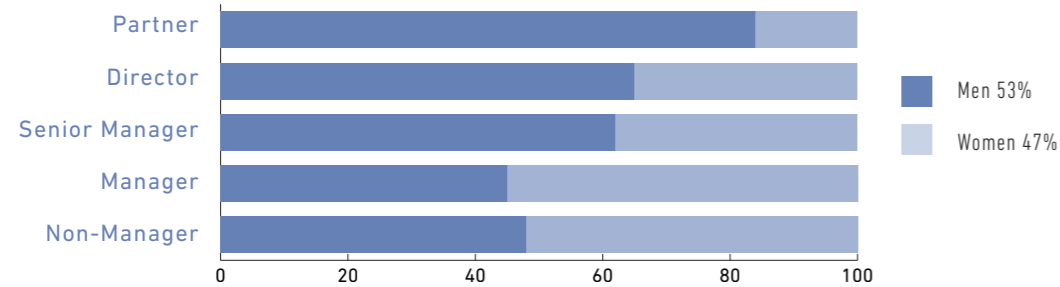
BREAKDOWN OF GLOBAL WORKFORCE BY GENDER



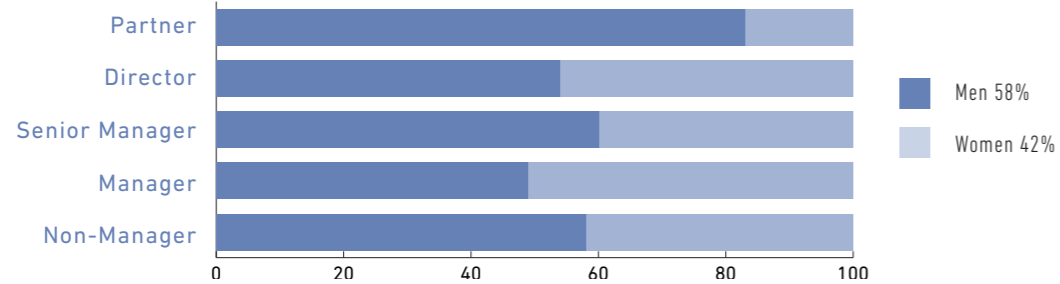
BREAKDOWN OF GLOBAL WORKFORCE BY AGE



BREAKDOWN OF MAZARS UK GRADES BY GENDER



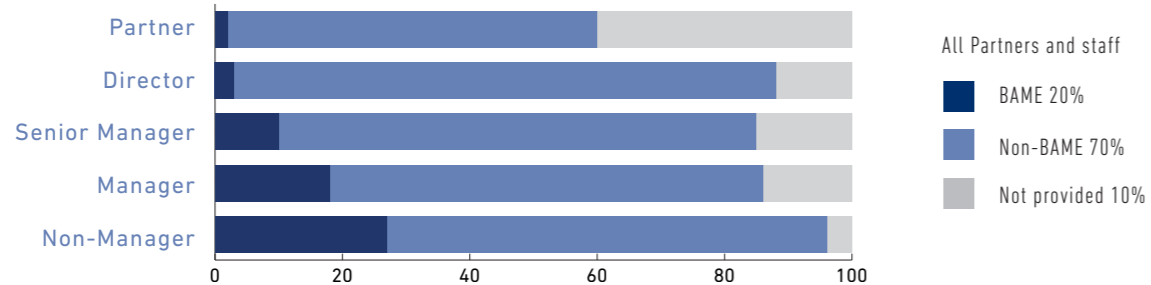
BREAKDOWN OF MAZARS UK AUDIT STAFF BY GENDER



Ethnicity

In the prior year the Firm launched its BAME network, and Embrace. This is the start of our journey to formally embrace ethnic diversity within the Firm. We recognise that further initiatives are required to support and address the ethnic diversity balance within the Firm, in the same way as the gender balance has been supported over recent years.

BREAKDOWN OF MAZARS UK GRADES BY ETHNICITY



Social mobility

We believe that talent is not determined by your background or your education. Mazars is a signatory of Access Accountancy. Access Accountancy is an ambitious collaboration of employers and professional bodies, dedicated to improving access to the accountancy profession. Access Accountancy is supported by the Sutton Trust, who are a think-tank and have funded over 200 programmes (including Access Accountancy), commissioned over 200 research studies and influenced Government education policy by pushing social mobility to the top of the political agenda.

As a signatory of Access Accountancy our mission is to increase awareness and aspirations among young people from disadvantaged backgrounds to join the accountancy profession. Our vision to be a profession that is more representative, at all levels, of the socio-economic demographic of wider society. We are committed to contributing to the overall Access Accountancy target of 3,750 high quality practical experiences of work by September 2019. As a result we are providing one week valuable work experience placements to 30+ qualifying young people per year across the country. Candidates from this work experience programme are given access to our Entry Level recruitment programmes, including the school leaver apprenticeship scheme.

Age

As a firm, we also recognise the importance of our younger team members, who represent a high proportion of our UK employees. During the prior year, the Mazars Young Committee (MYC) was established to ensure that our younger team members' voices are not only heard, but can also influence the Firm's strategy. The MYC has established

and maintains relationships with the UK Executive, the committees and the boards driving the Firm's four year strategy to help them to better take into account the aspirations of the younger generation.

In the year we established the Mazars Young Audit Committee to provide a similar voice and access for the non-manager grades to the Audit Service Line Leadership Team.

Being a parent and accomplished professional are not mutually exclusive

To provide parents with the best environment in which to fulfil their potential, we provide support through our family leave policies that include shared parental leave and coaching to accompany them on their learning journey.

Flexibility and agile working benefit all our professional staff

We recognised that our commitment to being a truly diverse firm is supported by our belief in being open to different ways of working. Embracing agile working means our team can work flexibly, whether that is on a more formal basis contractually, or on an informal basis.

Developing leadership and people management capability

Great people leadership is fundamental to our business and we want to aspire to the highest levels of excellence when it comes to managing our people. The Management Excellence programme is targeted specifically at those who see people management and leadership as a key part of their career path going forward and aims, through a blended approach, to equip them with the knowledge and skills to manage our teams so that they can maximise their contribution to business goals, whilst, at the same time, help them realise their potential.

An environment where people have a sense of belonging and engagement

In order to deliver high quality service to our clients, it is important for our people to have a sense of purpose and meaning and are engaged with the business. To this end, we conduct an annual engagement survey. The results of the survey are shared with team members who, in turn, identify areas for improvement and participate in development initiatives to continuously improve the working environment.

Agile and flexible work environment

We continue to promote a strong organisational culture of wellness and health which ensures that Mazars remains an employer of choice. The financial auditor or consultant trades are demanding in terms of time, personal investment or travel, but these are cyclical and have more or less intense periods. At Mazars, we are aware of this difficulty. Our model is by nature decentralised, but we encourage all of our offices to put in place local actions that increase employee satisfaction.

We place great emphasis on office environment – from closed spaces and attributed workspaces to open plans. This is not just a question of following trends, but one of leveraging space to enhance our collective intelligence and enforcing new managerial codes that are more collaborative, participative, and open. Mazars offices from Singapore to Rotterdam, Gabarone to Milan, and London to Paris, to name just a few, are revolutionising their work places with more collaborative work space combined with digitalised tools. The design offers a more human-centric approach and enables our staff and Partners to create the spaces they need to work best.

At the same time the managerial codes have changed, from 'command and control' to co-developing solutions. We want our staff to participate in generating and implementing new ideas – from our internal processes to our client offers. Therefore, we have made many efforts to both help managers encourage staff to speak up through education and training, as well as develop new tools and processes to support them in this. One tool to be highlighted is BIM – Mazars' Idea Box, which is an App where Mazarians can propose their ideas, obtain "likes" and have the opportunity, if liked enough, to present to the Executive Board in the member country, and eventually get awarded an investment to put the idea into action.

To promote innovative thinking in the year a number of UK staff have been specifically trained in design thinking techniques with consideration of how this can be applied to client situations. These skills translate across the service lines, specifically within audit our teams are using these techniques to gain a better and quicker understanding of their clients including the specific audit and business risks within them.

Promote a culture of quality and integrity

The culture of the Firm strives for excellence, Our Code of Conduct is entitled 'Our Commitment to Quality and Integrity' and sets out the way we wish to operate both between ourselves, between the Firm and our clients and, also, between the Firm and society.

In our view, the importance we place on adhering to our Code of Conduct, Corporate Social Responsibility (CSR) and charitable contributions are all instrumental in creating effective team engagement.

Our code of conduct

Mazars UK has had a 'Code of Conduct' and corresponding recognition scheme in order to demonstrate our commitment to quality and integrity for a number of years. The aim of the scheme is to help team members achieve the highest standards of quality and integrity in their work.

This helps us exceed client expectations, provide fulfilling careers and build an outstanding Firm that achieves sustainable success.

The Code of Conduct recognition scheme allows individuals to nominate their fellow colleagues for any of the following:

- demonstrating our values – Diversity, Integrity, Responsibility, Technical Excellence, Independence and Continuity;
- delivering outstanding work or client service;
- contributing above expectation to the team; and
- doing something out of the ordinary or that makes you stand out from the 'crowd'.

Nominations were made on a monthly basis for either individuals or teams, with awards also being made every four months. During the year, the Code of Conduct was replaced by the Great Work scheme, which allowed Partners to recognise great work in their team.

During the year to 31 August 2018, a total of £42,250 was shared between 424 individuals under the Code of Conduct reward and Great Work scheme.

Corporate Social Responsibility

Supporting our communities and managing the impact on our environment are at the heart of our values and fundamental to who we are as a firm. Our corporate responsibility programme encompasses four areas:

- Mazars Days – where teams spend a day away from the office supporting a project based in the local community;

CSR DAYS
(YEAR TO 31 AUGUST)

2018 499
2017 276
2016 288



CONTRIBUTION TO
CHARITABLE TRUST
(YEAR TO 31 AUGUST)

2018 £461k
2017 £439k
2016 £400k

- the Environmental Improvement programme;
- promoting social mobility in recruitment, including the Access Accountancy Programme; and
- Mazars Charitable Trust – where the Firm contributes a portion of its profits to good causes.

During the year Mazars nationally came together to support a charity, Sense. In September 2017 this manifested in the Sense 1000 challenge, where team members across the country worked together to cycle different stages of the challenge all between our offices. The challenge raised £100k for Sense, which was an enormous achievement along with the combined national team spirit in working together to achieve this result.

APPENDIX 1

NORTH AMERICA

Country	Name of entity
BERMUDA	Mazars Limited
CANADA	Mazars Harel Drouin, SENCRL
UNITED STATES	Mazars USA LLP

LATIN AMERICA
& THE
CARIBBEAN

Country	Name of entity
ARGENTINA	Estudio Urien S.R.L.
BRAZIL	<ul style="list-style-type: none"> Mazars Auditores Independantes Sociedade Simples Mazars Rio de Janeiro Mazars Campinas Mazars Curitiba
CHILE	Mazars Auditores Consultores Ltda.
COLOMBIA	MCA Auditing & Accounting SAS
DUTCH WEST INDIES	MPHC Accountants & Advisers N.V.*
EQUADOR	Hansen-Holm*
MEXICO	<ul style="list-style-type: none"> Mazars Auditores, S. de R.L. de C.V. Mazars Mexicali, S. de R.L. de C.V. Mazars Guadalajara, S. de R.L. de C.V.
PERU	Contreras y Asociados S.Civil de R.L
URUGUAY	Mazars Uruguay
VENEZUELA	<ul style="list-style-type: none"> Adrianza, Rodríguez, Céfalo & Asociados, Contadores Públicos - Consultores Gerenciales Mazars Venezuela

ASIA-PACIFIC

Country	Name of entity
AUSTRALIA	Mazars Risk & Assurance
CHINA HONG KONG	<ul style="list-style-type: none"> Mazars CPA Limited Mazars Properties Limited
CHINA MAINLAND	<ul style="list-style-type: none"> Mazars Shanghai Mazars Beijing Mazars Guangzhou ZhongShen ZhongHuan
INDIA	<ul style="list-style-type: none"> Kalyaniwalla & Mistry Kalyaniwalla Mistry & Associates Mazars Advisory LLP SN Dhawan & Co
INDONESIA	Mazars Indonesia
JAPAN	<ul style="list-style-type: none"> Mazars WB Audit Corporation Mazars Japan KK
KAZAKHSTAN	Nurteam Audit LLP*
KOREA	Mazars Sebit Accounting Corporation
KYRGYSTAN	Mazars
MALAYSIA	Mazars
NEW CALEDONIA	OCEA Nouvelle-Calédonie*
PAKISTAN	<ul style="list-style-type: none"> Mazars Consulting Pakistan Mazars MF & Co
PHILIPPINES	Mazars Philippines Inc.
SINGAPORE	<ul style="list-style-type: none"> Mazars LLP Mazars Asia Pacific
THAILAND	Mazars Ltd.
VIETNAM	Mazars Vietnam Co Ltd

* correspondent firms

APPENDIX 1

EUROPE

Country	Name of entity
ALBANIA	Mazars sh.p.k
AUSTRIA	Mazars GmbH Wirtschaftsprüfungsgesellschaft
BELGIUM	Mazars Bedrijfsrevisoren - Réviseurs d'entreprises B.C.V.
CROATIA	Mazars Cinotti Audit d.o.o.
CYPRUS	<ul style="list-style-type: none"> Mazars Limited Mazars & Co Limited
CZECH REPUBLIC	Mazars Audit s.r.o
DENMARK	Mazars Denmark statsautoriseret revisionspartnerselskab
ESTONIA	OÜ Audiitorteenuse*
FRANCE	<ul style="list-style-type: none"> Mazars SA Mazars SA dite "Mazars Lyon" Mazars SA dite "Mazars Rouen" Mazars SA dite "Mazars Strasbourg" Mazars Gourgue SAS Mazars SA dite "Mazars Reims" Mazars ACEA SA Pluris Audit SARL Mazars Entrepreneurs Mazars Besançon SAS Mazars & Sefco SAS Mazars SA dite "Mazars Toulouse" Mazars Figeor SAS Thomas et Associés SA Mazars & Associés SAS Mazars Metz SAS Mazars Pontarlier SARL Mazars SPCC SAS Mazars Fiduco SA Mazars Dijon SARL CBA Mazars Experts et Conseils Mazars Rodez MAZARS GmbH Wirtschaftsprüfungsgesellschaft Roever Broenner Susat Mazars GmbH RBS BBE GmbH Wirtschaftsprüfungsgesellschaft Steinberg & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
GERMANY	<ul style="list-style-type: none"> Mazars Certified Public Accountants Business Advisors S.A.
GREECE	Mazars Kft.
HUNGARY	Mazars Kft.
IRELAND	Mazars
ITALY	Mazars Italia S.p.A.
KOSOVO	Mazars in Albania
LATVIA	Taxlink Audit*

EUROPE

Country	Name of entity
LITHUANIA	Taxlink Audit*
LUXEMBOURG	Mazars Luxembourg
MALTA	Mazars Malta
NETHERLANDS	<ul style="list-style-type: none"> Mazars Paardekooper Hoffman N.V. Mazars Paardekooper Hoffman Accountants N.V.
NORWAY	Mazars Revisjon AS
POLAND	<ul style="list-style-type: none"> Mazars Audyt Mazars Polska Mazars Expertise
PORTUGAL	Mazars & Associados, SROC, SA
ROMANIA	Mazars Romania SRL
RUSSIA	<ul style="list-style-type: none"> Mazars JSC Mazars Audit LLC
SLOVAKIA	Mazars Slovensko, s.r.o.
SPAIN	Mazars Auditores S.L.P.
SWEDEN	Mazars SET Revisionsbyrå AB
SWITZERLAND	<ul style="list-style-type: none"> Mazars SA, Siège de Genève Mazars SA, Genève, succursale de Lausanne Mazars SA, Genève, succursale de Fribourg Mazars SA, Genève, succursale de Zürich Mazars SA, Genève, succursale de Sion
TURKEY	Denge Bağımsız Denetim
UKRAINE	<ul style="list-style-type: none"> Mazars Ukraine, LLC Audit firm Mazars Ukraine
UNITED KINGDOM	<ul style="list-style-type: none"> Mazars LLP Mazars Channel Islands Limited

APPENDIX 1

APPENDIX 2

AFRICA & THE
MIDDLE EAST

Country	Name of entity
ALGERIA	Mazars Hadj Ali
ANGOLA	Mazars Angola - Auditores & Consultores, S.A.
BAHRAIN	Mazars Chartered Accountants
BENIN	Mazars Benin
BOTSWANA	Mazars
CAMEROON	• Mazars Cameroon • Cabinet L.Riquier
CONGO (BRAZZAVILLE)	M3B Audit & Expertise*
EGYPT	Mazars Mostafa Shawki
ETHIOPIA	Asrat, Gezahegn and Birberssa Audit G.P. (ASGB Partners Auditors)*
GHANA	Mazars Ghana
ISRAËL	Bri, Rotbart, Raz, Mazars Israel
IVORY COAST	Mazars Côte d'Ivoire
KENYA	Mazars CPA Kenya
KUWAIT	Mazars Hend Abdullah Alsurayea & Co
LEBANON	Mazars Saade
LIBYA	Mazars Libye
MADAGASCAR	Mazars Fivoarana
MAURITIUS	TK Uday Ltd

AFRICA & THE
MIDDLE EAST

Country	Name of entity
MOROCCO	Mazars Audit et Conseil SARL
MOZAMBIQUE	Mazars, Lda
NAMIBIA	Mazars Namibia
NIGERIA	Mazars Coker & Company
OMAN	Mazars Chartered Accountants & co. LLC
PALESTINE	El Wafa Company for Financial Consulting and Accounting Services*
QATAR	Mazars Ahmed Tawfik & Co. CPA
RWANDA	Mazars in Rwanda
SAUDI ARABIA	AlKharashi & Co.*
SENEGAL	Mazars Senegal
SOUTH AFRICA	• Mazars Cape Town • Mazars Durban • Mazars East London • Mazars George • Mazars Gauteng • Mazars Port Elizabeth • Mazars Central Inc. (also known as Mazars Bloemfontein)
TANZANIA	Wiscon Associates
TUNISIA	• ECC Mazars • SBCI
UGANDA	BRJ Partners
UNITED ARAB EMIRATES	Mazars Chartered Accountants
ZIMBABWE	KLMCA Audit Services (Private) Limited*

Biographies of the Independent Non-Executives as at 31 August 2018

DENISE FLETCHER – Independent Member

Denise Fletcher serves on the Boards of Unisys Corporation, Inovalon Holdings, Inc. and Enterra Holdings, Ltd. She Chairs the Audit Committee of Mazars Group and the Audit Committees of each of the three above Boards. At Mazars Group she is the Chair of the Remuneration Committee and a member of its Finance and Investment Committee. She was recognised by the National Association of Corporate Directors for Exemplary Board Leadership. Denise is a member of the US Council on Foreign Regulations, the Economic Club of New York and the Academy of Women Achievers.

Member of the Group Governance Council and Chair of the Public Interest Committee

Date of first appointment – 2012

Remuneration for the PIC – €20,000

The above excludes remuneration receivable in respect of membership of the Group Governance Council.

GUY JUBB – Independent Member

Guy Jubb is a member and interim Chairman of European Corporate Governance Institute, an Honorary Professor at the University of Edinburgh Business School and the former Global Head of Governance & Stewardship at Standard Life Investments. He retired from Standard Life in 2016 after 30 years' service. Guy is Chairman of the Strategy and Research Advisory Group of the Institute of Chartered Accountants of Scotland and a member of the Standing Advisory Group of the PCAOB, the US audit regulator.

Member of the UK Public Interest Committee

Date of first appointment - 2017

Remuneration for the PIC and AQB - £27,500

APPENDIX 3

Biographies of the members of the UK Executive**PHIL VERITY – UK Senior Partner**

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

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

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

ALISTAIR FRASER – Chief Operating Officer

Alistair is the Firm's Chief Operating Officer, having held a number of management and leadership roles in the Firm. Alistair trained with the Firm, and has been a Partner since 1999. He continues to work with clients as an audit and advisory Partner. He particularly works with entrepreneurial businesses and charities.

JAC BERRY – Head of Quality

Jac is an audit Partner and Head of Quality in the UK. As an audit Partner she specialises in international groups.

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

From an international perspective, Jac sits on the Global Mazars Quality and Risk Management Board and is a member of the Global Leadership Team. Jac was a member of the UK Governance Council from 2009, latterly as Chair, before stepping down in October 2016.

TIM DAVIES – Head of Clients and Markets, Head of Tax

Tim leads the UK strategic markets and is primarily responsible for revenue growth. In addition he is Head of Tax and special adviser to the Global Head of Tax. He is key presenter at international tax events and frequently publishes articles on tax transparency. Tim joined Mazars as a Partner in 2006 after working in industry and with PwC and EY.

NIGEL GRUMMITT – Head of Financial Advisory Services

Nigel heads up FAS in the UK (Restructuring, Forensic and Investigation, Corporate Finance, Due Diligence, Infrastructure and Valuation services) and supports the development of these services internationally. He continues to handle certain Forensic and Investigation Services assignments.

APPENDIX 3

ELISABETH MAXWELL – Head of Innovation

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

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

IAN WRIGHTSON – Head of People & Culture

Ian leads on people and Partner development as well as culture, ensuring we are building our brand as a Modern Mazars. Ian is specifically focused on enriching our talent, on diversity and inclusion and on employee engagement.

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

Biographies of the members of the UKGC**RICHARD BOTT – Partner**

Richard is an audit Partner and heads the Firm's Corporate and Business Services Group in Bristol.

LEE CARTWRIGHT – Partner

Lee is the Managing Partner of the Firm's Birmingham Office and has worked at Mazars since 1995. His client portfolio spans the public, not for profit and commercial sectors, and he is a specialist in the social housing sector, leading Mazars' services to social housing clients across the UK.

GREG HALL – Partner

Greg heads up the Mazars Deal Advisory due diligence team in the UK and has over 16 years' experience. His expertise in transaction services includes working with both listed and private companies as well as banks and other finance providers. He has particular skills in building complex business models for due diligence in the raising of both equity and debt funding.

Greg is the Firm's Ethics Partner.

APPENDIX 3

TIM HUDSON – Partner

Tim is an audit Partner specialising in large UK and international groups. He also has experience of advising on acquisitions and fund raisings, including AIM listings. He is based in Manchester.

Tim is the Chair of the GGC, head of the Financial and Investment Committee and a member of its Audit and Remuneration Committees.

RICHARD METCALFE – Partner

Richard is Head of the audit practice for London South East region. He joined Mazars in 2001 and since then has acted as lead engagement Partner for numerous listed and international audit clients, and as reporting accountant for Initial Public Offerings (IPOs).

STEVE MILLER – Partner

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

BOB NEATE – Partner and Chair

Bob is an audit Partner based in London with extensive experience of working with large and complex international groups. He is an engagement Partner to both full list and AIM clients. Bob is also the Firm's Audit Compliance Principal, a member of the Audit Quality Board, a Trustee of Mazars Charitable Trust and a Trustee of Mazars retirement Benefit Scheme.

ANN NILSSON – Partner

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.

APPENDIX 3

Members of the UK Audit Committee

The UK Audit Committee is a sub-committee of the UKGC and its members are set out below:

- Richard Bott (Chair);
- Lee Cartwright;
- Tim Hudson; and
- Greg Hall.

Bob Neate also attends in his role as Chair of the UKGC.

Meeting attendance

NAME	UK EXECUTIVE	UKGC	UK RISK AND AUDIT COMMITTEE
PHIL VERITY	35/35	n/a	n/a
TIM DAVIES	30/35	n/a	n/a
ALISTAIR FRASER	33/35	n/a	n/a
NIGEL GRUMMITT	26/35	n/a	n/a
JAC BERRY	32/35	n/a	n/a
ELISABETH MAXWELL	27/35	n/a	n/a
IAN WRIGHTSON	33/35	n/a	n/a
RICHARD BOTT	n/a	4/4	2/3
LEE CARTWRIGHT	n/a	3/4	3/3
GREG HALL	n/a	3/4	3/3
JOHN HOLROYD*	n/a	1/1	n/a
TIM HUDSON	n/a	4/4	3/3
RICHARD METCALFE	n/a	4/4	n/a
STEVE MILLER	n/a	4/4	n/a
BOB NEATE	n/a	4/4	3/3
ANN NILSSON*	n/a	3/3	n/a

* Not a member for full period

In addition, Jonathan Fox, non-executive advisor, attended 19 UK Executive Meetings.

APPENDIX 4

Public Interest Entity audit clients of Mazars UK

Public Interest Entities as defined in EU Directive 2014/56/EU in respect of which Mazars UK has expressed an audit opinion in the year to 31 August 2017 are detailed below. Entities that are not EU public interest entities are marked with an asterisk (*):

Companies that have issued transferable securities admitted to trading on:

Exchange	Client	
LONDON STOCK EXCHANGE	Anglesey Mining PLC	
	Grand Union Group Funding PLC	
	Guardian Royal Exchange PLC	
	Hidong Estate PLC	
	Highcroft Investments PLC	
	Housing Association Funding PLC	
	Kingston upon Hull City Council ²	
	Sunderland City Council ²	
	Taliesin Property Fund Limited*	
	Thrive Homes Finance PLC	
	Unifund PLC	
	NEX EXCHANGE GROWTH MARKET	Field Systems Designs Holdings PLC*
		Hydro Hotel, Eastbourne, PLC*
EURONEXT DUBLIN	Public Power Corporation Finance PLC	
	Uliving @ Gloucestershire Issuerco PLC	
LUXEMBOURG STOCK EXCHANGE	LaSer ABS 2017 PLC	
THE INTERNATIONAL STOCK EXCHANGE	Barbeck Midco 1 Limited*	
	Access Intelligence PLC*	
	AFH Financial Group PLC*	
	Barbeck Midco 1 Limited*	
	Braveheart Investment Group PLC*	
	Byotrol PLC*	
	Hunters Property PLC*	
	Minds + Machines Group Limited*	
	Nature Group PLC*	
	Northern Bear PLC*	
	Pennant International Group PLC*	
	Portmeirion Group PLC*	
	Reabold Resources PLC*	
	Robinson PLC*	
	Rotala PLC*	
	Symphony Environmental Technologies PLC*	
	Tiziana Life Sciences PLC*	
	AIM	

¹ Also listed on the Luxembourg Stock Exchange
² Relates to PIE entities that are also Public Sector Major Audits.

Credit institutions

Bank and Clients PLC
BMCE Bank International PLC
FCMB Bank (UK) Limited
Persia International Bank PLC ¹
R Raphael & Sons PLC
State Bank of India (UK) Limited
United National Bank Ltd

Insurance undertakings

Asta Managing Agency Ltd Syndicate 2525*
Atlantic Mutual International Limited
AXA Insurance UK plc
AXA PPP Healthcare Limited
Bestpark International Ltd
British Aviation Insurance Company Ltd
CX Reinsurance Company Limited
EC Insurance Company Limited
Financial Assurance Company Limited
Financial Insurance Company Limited
Mobius Life Limited
Moorgate Insurance Company Limited
Metropolitan Police Friendly Society Limited
Polygon Insurance Company (UK) Limited
The Channel Managing Agency Syndicate 2015*

Public Sector Major Audits

Bradford Metropolitan District Council*
Durham County Council*
Durham County Council Pension Fund*
Gateshead Council*
Leeds Teaching Hospitals NHS Trust*
NHS Newcastle Gateshead Clinical Commissioning Group*
NHS Northumberland Clinical Commissioning Group*
NHS Sunderland Clinical Commissioning Group*
North Tyneside Council*
West Yorkshire Pension Fund*

APPENDIX 5

UK financial performance

The following has been extracted from the unaudited financial information for the year ended 31 August 2018, demonstrating the importance of the auditor's statutory audit work to the overall results of the Firm.

TURNOVER BY TYPE	2018 £'M	2017 £'M
Revenues from the statutory audit of annual and consolidated financial statements of PIE;	3.4	3.0
Revenues from the statutory audit of annual and consolidated financial statements entities whose parent is a PIE;	6.5	7.0
Revenues from the statutory audit of annual and consolidated financial statements of other entities;	37.1	36.5
Total Audit Services*	47.3	46.5
Non-audit services to audit clients	18.6	20.9
Non-audit services to non-audit clients	115.4	106.2
	181.3	173.6

* Of which £3.3m relates to turnover for local audit work required under the Local Auditors (Transparency Instrument) 2015.

Operating profit

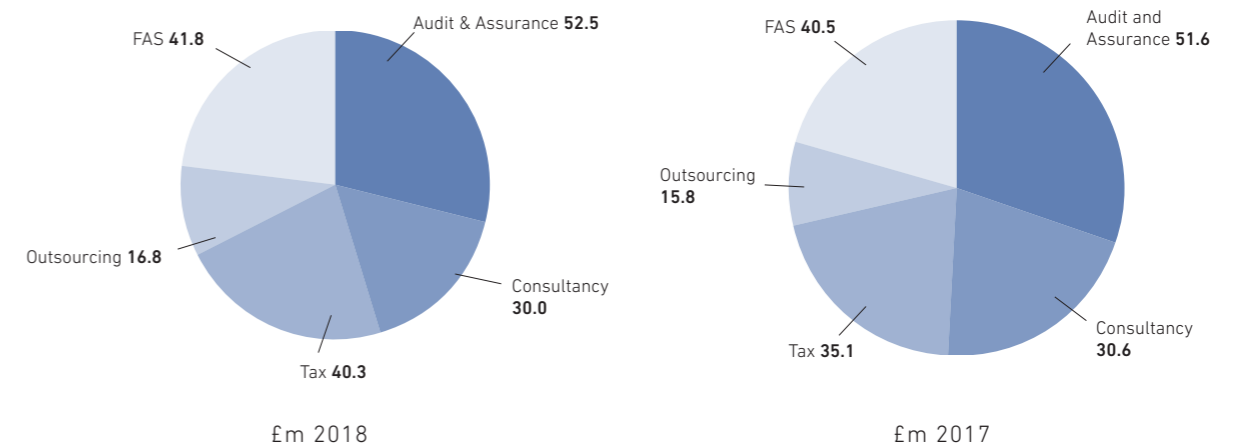
The Consultative Committee of Accountancy Bodies issued the Voluntary Code of Practice on Disclosure of Audit Profitability in March 2009. This sets out the recommended disclosures in respect of the profitability of statutory audits and directly related services (the reportable segment).

The turnover and operating profit of the Firm's statutory audit reportable segment calculated in accordance with the Voluntary Code on a basis consistent with the Firm's unaudited financial information are:

	2018 £'M	2017 £'M
Turnover	47.3	46.5
Operating profit	12.3	13.7

A list of the Public Interest Entities in respect of which Mazars UK expressed an audit opinion in 2017/18 is set out in Appendix 4.

TURNOVER BY SERVICE LINE



APPENDIX 6

Effectiveness of the system of internal controls

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

This review included a consideration of:

- the Firm's structures and boards;
- the Enterprise Risk Management Framework;
- Internal and external reviews, including:
 - Compliance with ISQC1;
 - Whole of firm compliance reviews; and
 - Reporting from our external auditor;
- crisis management and business continuity arrangements;
- the control environment in operation in our finance and other selected central functions;
- regulatory compliance; and
- oversight of the UK at a Mazars Group level.

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.

APPENDIX 7

Statement of compliance with the Audit Firm Governance Code 2016

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

Statement on the effectiveness of the quality control system

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

On the basis of its Quality Control monitoring conclusions, Mazars positively confirmed in December 2014 that it met the membership obligations of the FoF in all material respects.

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

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

The operation and effectiveness of Mazars Group's and Mazars UK's systems to safeguard our objectivity and independence form part of the review of the Quality Control System. Furthermore, management confirms that the practices have been subjected to internal review. Based on the evidence obtained in these reviews, the management of Mazars Group and Mazars UK confirms,

with a reasonable level of assurance, that the independence procedures and practices, including those relevant to our work as a local public auditor, have been implemented and the system is effective in maintaining independence.

Statement of compliance with professional training obligations

Registered auditors are required to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent units should be verifiable. They also have to complete at least 20 hours or equivalent learning units of relevant professional development activity each year.

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

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

Mazars UK complies with the Continuing Professional Development policies of the ICAEW, ICAS and ACCA which are, in turn, compliant with IES 7 and IES 8. Mazars UK also confirms that its Key Audit Partners and other staff working on local public audits are competent and suitably trained to deliver audit work within this sector.

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

APPENDIX 8

Audit Firm Governance Code 2016

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

DISCLOSURE REQUIRED BY THE AUDIT FIRM GOVERNANCE CODE		HOW MAZARS LLP COMPLIES WITH THE CODE
A	Leadership	
	Owner accountability principle	
A.1	The management of a firm should be accountable to the Firm's owners and no individual should have unfettered powers of decision.	See section 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 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 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 2
	Management principle	
A.2	A firm should have effective management which has responsibility and clear authority for running the Firm.	See section 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 2 and the "Our Managing Team" pages of our website.
B	Values	
	Professionalism principle	
B.1	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 3.3
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 3.3 for our code of conduct which embeds a culture of quality. See sections 2 and 3.1 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 2
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 3.3 for the Code of Conduct, the "Our Values and Culture" pages of the website and the Public Interest Committee Report.

APPENDIX 8

DISCLOSURE REQUIRED BY THE AUDIT FIRM GOVERNANCE CODE		HOW MAZARS LLP COMPLIES WITH THE CODE
B.2	Governance principle A firm should publicly commit itself to this Audit Firm Governance Code.	We support the principals 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 3.3 for the Code of Conduct and the "Our Values and Culture" pages of the website.
	Openness principle	
B.3	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 3.3
C	Independent non-executives	
	Involvement of independent non-executives principle	
C.1	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 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 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 2, Appendix 2 and "Our Managing Team" pages of our website.
C.1.3	The independent non-executives should report in the Firm's transparency report on how they have worked to meet the purpose of the Code defined as: Audit Firm Governance Code – Revised 2016 (July 2016)	See Report from the Public Interest Committee
	<ul style="list-style-type: none"> • Promoting audit quality. • Helping the Firm secure its reputation more broadly, including in its non-audit businesses. • Reducing the risk of firm failure. 	
C.1.4	Independent non-executives should have regular contact with the Ethics Partner, who should under the ethical standards have a reporting line to them.	See Report from the Public Interest Committee
	Characteristics of independent non-executives principle	
C.2	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 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 2

APPENDIX 8

	DISCLOSURE REQUIRED BY THE AUDIT FIRM GOVERNANCE CODE	HOW MAZARS LLP COMPLIES WITH THE CODE
	Rights and responsibilities of independent non-executives principle Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the Firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.	See section 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 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: <ul style="list-style-type: none"> • 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 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 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 2
C.3.6	The Firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non-executives and members of the Firm's management team and/or governance structures.	See section 2
D	Operations	
	Compliance principle 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.	
D.1		See section 3.1 and section 3.3
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 3.1
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 3.3
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 3.1
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 2
	Risk management principle 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 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 2, and Appendix 6

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	DISCLOSURE REQUIRED BY THE AUDIT FIRM GOVERNANCE CODE	HOW MAZARS LLP COMPLIES WITH THE CODE
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 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 2
	People management principle 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 3.3 and 4
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 3.3 and 4 and the website where this Transparency Report sits
D.3.2	Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected.	See Report from the Public Interest Committee
	Whistleblowing principle 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 3.3
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 section 2
E	Reporting	
	Internal reporting principle The management of a firm should ensure that members of its governance structures, including owners and independent non-executives, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.	See Report from the Public Interest Committee
	Governance reporting principle 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 5
E.2.1	The Firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1.	See this report on the "Corporate Publications" pages of our website.
E.2.2	In its transparency report the Firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure.	N/A
	Transparency principle A firm should publish on an annual basis in its transparency report a commentary on the Firm's performance, position and prospects.	See sections 1 and 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

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DISCLOSURE REQUIRED BY
THE AUDIT FIRM GOVERNANCE CODEHOW MAZARS LLP
COMPLIES WITH THE CODE

E.3.2	The transparency report should be fair, balanced and understandable in its entirety.	This report has been produced with consideration to this provision, is co-ordinated centrally and is subject to UK Executive and Public Interest Committee review.
E.4	Reporting quality principle 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 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 2 and the "Our Managing Team" pages of the website.
E.5	Financial statements principle A firm should publish audited financial statements prepared in accordance with a recognised financial reporting framework such as International Financial Reporting Standards or UK GAAP, and should be clear and concise	Mazars LLP prepares annual audited financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Our financial statements are available at Companies House.
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.
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.
F	Dialogue	
F.1	Firm dialogue principle 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 section 2 and the Report from the Public Interest Committee for the level of dialogue. We welcome further dialogue with investors, listed companies and their Audit Committees.
F.1.1	The Firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of independent non-executives in such dialogue.	See section 2
F.2	Shareholder dialogue principle Shareholders should have dialogue with audit firms to enhance mutual communication and understanding.	See section 2
F.3	Informed voting principle Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation touch recommendations.	We consider that the principle is directed at shareholders and therefore not applicable to the Firm.

APPENDIX 8

Statutory Auditors (Transparency) Instrument 2008

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

	DISCLOSURE REQUIRED BY THE STATUTORY AUDITORS (TRANSPARENCY) INSTRUMENT 2008	HOW MAZARS LLP COMPLIES WITH THE INSTRUMENT
1	A description of the legal structure and ownership of the transparency reporting auditor.	See section 1
2	Where the transparency reporting auditor belongs to a network, a description of the network and the legal and structural arrangements of the network.	See section 1
3	A description of the governance structure of the transparency reporting auditor.	See section 2
4	A description of the internal quality control system of the transparency reporting auditor and a statement by the administrative or management body on the effectiveness of its functioning.	See Appendix 5
5	A statement of when the last monitoring of the performance by the transparency reporting auditor of statutory audit functions within the meaning of paragraph of Schedule to the Act (as amended by regulation of the Statutory Auditors and Third Country Auditors Regulations (S.I. /)) took place.	See section 3.1
6	A list of public interest entities in respect of which an audit report has been made by the transparency reporting auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation provided that a clear link is established between the transparency report and such a list.	See Appendix 4
7	A description of the transparency reporting auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted.	See section 3.3
8	A statement on the policies and practices of the transparency reporting auditor designed to ensure that persons eligible for appointment as a statutory auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.	See Appendix 7
9	Financial information for the financial year of the transparency reporting auditor to which the report relates, including the showing of the importance of the transparency reporting auditor's statutory audit work.	See Appendix 5
10	Information about the basis for the remuneration of partners.	See section 3.3

APPENDIX 8

The Local Auditors (Transparency) Instrument 2015

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

	DISCLOSURE REQUIRED BY THE LOCAL AUDITORS (TRANSPARENCY) INSTRUMENT 2015	HOW MAZARS LLP COMPLIES WITH THE INSTRUMENT
1.	A description of the legal structure and ownership of the transparency reporting local auditor.	See section 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 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 5
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 section 3.3
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 3.1
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 3.3

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EU Directive 2014/56/EU Article 13

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

	DISCLOSURE REQUIRED BY EU DIRECTIVE 2014/56/EU ARTICLE 13	HOW MAZARS LLP COMPLIES WITH THE DIRECTIVE
1	A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm.	See this report on the "Corporate Publications" pages of our website.
2	The annual transparency report shall include at least the following:	
2 (a)	a description of the legal structure and ownership of the audit firm;	See section 1
2 (b)	where the statutory auditor or the audit firm is a member of a network:	See section 1
2 (b) (i)	a description of the network and the legal and structural arrangements in the network;	See section 1
2 (b) (ii)	the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network;	See Appendix 1
2 (b) (iii)	the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business;	See Appendix 1
2 (b) (iv)	the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements;	See section 1
2 (c)	a description of the governance structure of the audit firm;	See section 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 3.1
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 partners' remuneration in audit firms;	See section 3.3
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 3.3
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

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

CONTACT

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Tel: +44 (0)20 7063 4000

www.mazars.co.uk