



MAZARS UK TRANSPARENCY REPORT

2018/2019

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MAZARS AT A GLANCE

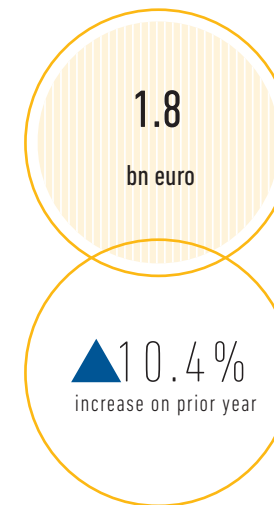
Mazars SCRL (hereafter 'Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in Audit, Advisory, Accountancy, Tax and Legal services.

Across our 318 offices worldwide, our global partnership brings together over 24,400 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.

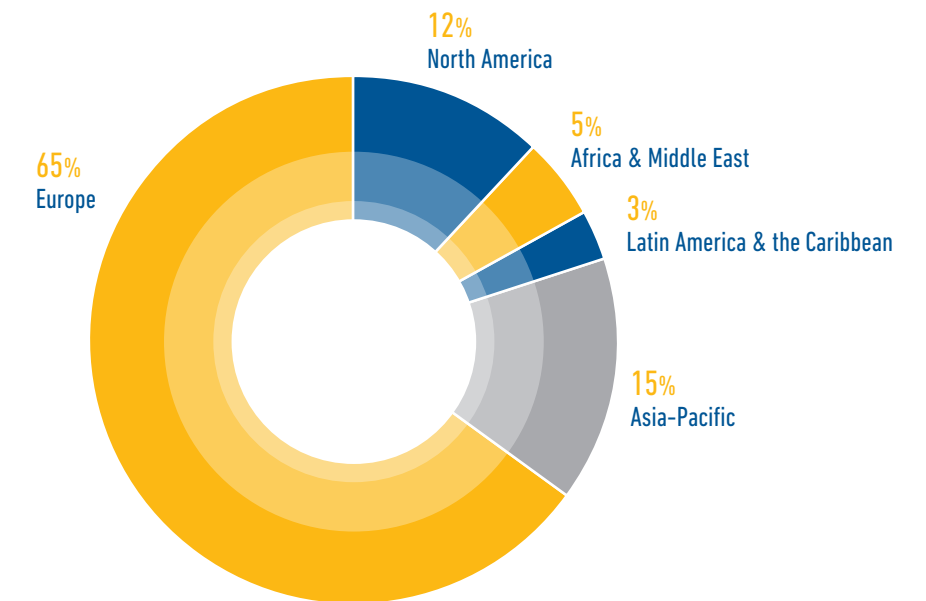
Global coverage



Group global turnover 2018-2019



Turnover by region (%)



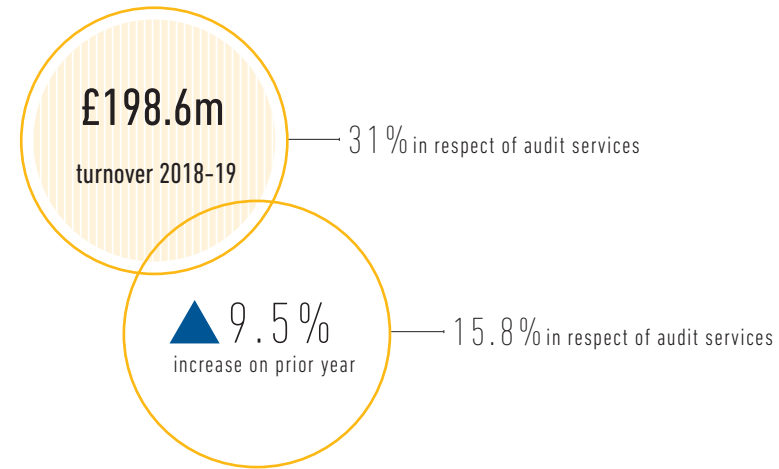
*includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

MAZARS' STORY



MAZARS UK AT A GLANCE

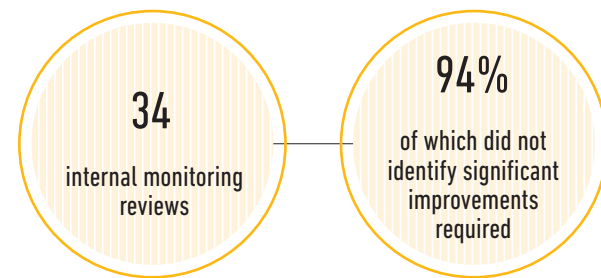
Our firm



Mazars UK operations



Our monitoring



Our conduct

Corporate Social Responsibility days

(Year to 31 August)

2019 510

2018 499

2017 276



Contribution to Mazars Charitable Trust

(Year to 31 August)

2019 £464k

2018 £461k

2017 £439k

Our people



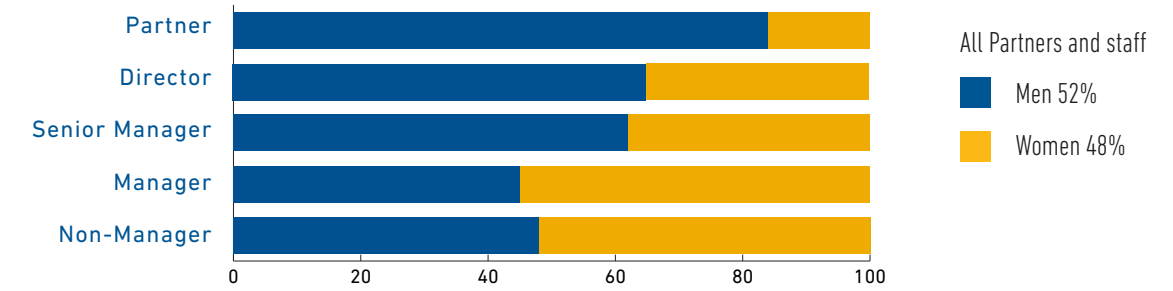
Female partners



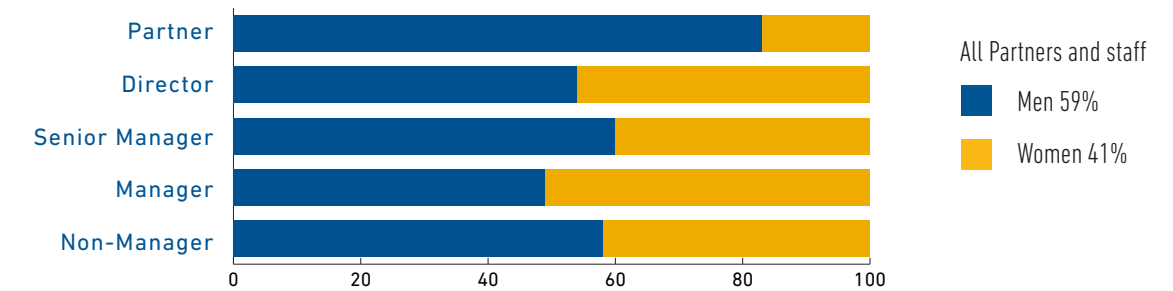
Female RIs and KAPs



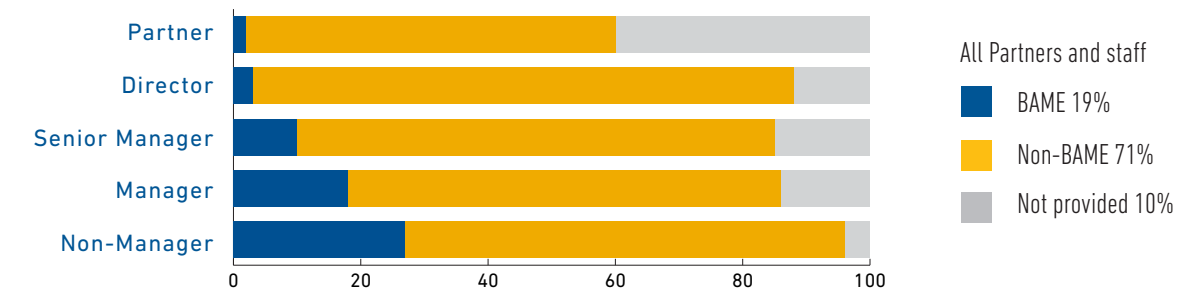
Breakdown of Mazars UK by gender



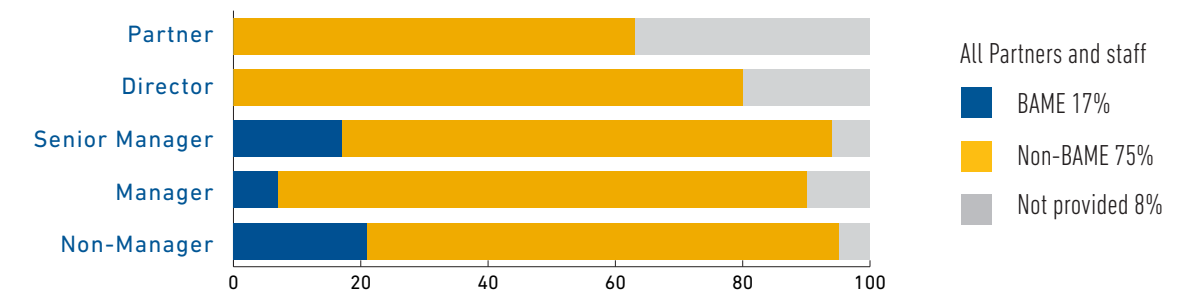
Breakdown of Mazars UK audit staff by gender



Breakdown of Mazars UK by ethnicity



Breakdown of Mazars UK audit staff by ethnicity



FOREWORD BY PHIL VERITY



Audit has been at the heart of Mazars since inception, and it remains a driving force for the firm both in the UK and globally.

It is a pivotal time for the audit market in the UK as the industry looks to rebuild trust with the public and clearly define its role in a modern business environment. The decisions made here will reverberate internationally. We believe that it is crucial that all parties - political, regulatory and professional - retain their focus on the value of a resilient audit market which first and foremost serves stakeholders and wider society by delivering quality.

Mazars is fully committed to embodying these values and delivering audit quality: a vocation which demands consistent consideration and effort. It is incumbent upon us all to build an audit function fit for the requirements of the future. We are committed to continuous investment of both time and resources, ensuring that we have the people, technology and standards our stakeholders expect.

We are encouraged by the audit reform debate and dedicated to playing our part as a proactive contributor to meaningful change. It is our responsibility to be a visible advocate for positive change in our sector. We have actively contributed to the Sir John Kingman's report on the future of the Financial Reporting Council, the Competition and Markets Authority's review of the Statutory Audit Market, the BEIS inquiry on the future of audit, and Lord Brydon's report on the quality and effectiveness of audit, which we look forward to in the New Year.

Our work is guided and enhanced by our Public Interest Committee (PIC), which plays a critical role in providing challenge, direction and different perspectives, which directly impacts our approach to audit and the overall governance of the firm. I and the full Partnership are grateful for the work and insight of the Independent Non-Executives who form the PIC: Chair Denise Fletcher

and Guy Jubb. Denise and Guy provide real value to Mazars and an overview of their activities is described in the PIC report published within this document.

Looking to the future, it is clear that the audit sector is in the midst of profound change. Beyond proposed regulatory measures in the short term, trends like the globalisation of business and the pre-eminence of multinational technology companies, global warming and the sustainability agenda, and an emphasis on social purpose all call into question the role and utility of audit and corporate reporting. As these macroeconomic and societal shifts continue, we will work with all stakeholders to deliver the promise of a modern sector that meets the needs of business and society.

A handwritten signature in black ink that reads "Phil Verity".

PHIL VERITY – UK Senior Partner
30 November 2019

The background of the slide is a photograph of a complex, white, geometric structure, possibly a modern architectural design or a large-scale engineering project. The structure consists of numerous interconnected beams and supports, creating a dense, lattice-like pattern. The lighting is dramatic, with a bright, warm glow emanating from the center, casting long, soft shadows and highlighting the intricate details of the structure. The overall color palette is dominated by white and light blue, with a touch of warm orange and yellow from the central light source. The text is centered in a white, semi-transparent rectangular box.

**A VIBRANT AUDIT MARKET
THAT SERVES SOCIETY**

A VIBRANT AUDIT MARKET THAT SERVES SOCIETY



BOB NEATE
UK Head of Audit



DAVID HERBINET
Global Head of Audit

Our foreword to Mazars' 2017-2018 Transparency Report called for substantial reform of the audit market globally, and for audit to continue to meet the needs of society.

The last twelve months have reinforced this perspective. Today's audit market "as is" is, we believe, unsustainable: excessive levels of concentration, combined with an imperative to reduce the number of conflicts of interest, create a systemic risk to our economies. Stakeholders call for significant improvements in the quality and reliability of audits and debates abound internationally to offer solutions to this ever more critical issue.

There is enough consensus from regulators, investors and other stakeholder groups that more firms are needed to take on the audit of large and listed companies. The time for audit reform is now.

Mazars has consistently called for regulatory intervention to enable the emergence of a vibrant audit market for listed companies and other Public Interest Entities. We have said repeatedly that any meaningful audit reform should focus on quality, build resilience in particular for the largest listed companies and that the intended changes should have a high likelihood of success.

We stand by those statements. More than ever, robust reform of the statutory audit market for listed companies and other PIEs is essential if it is to meet the needs of investors, other stakeholders and wider society.

Walking the walk

As a leading challenger firm, Mazars has been playing its full part in offering quality and choice in the audit market. Talking the talk is pointless if we cannot also walk the walk.

Audit is in our DNA and at the heart of our business and accounts for nearly half of our global turnover. In 2018/19 we grew by close to 8% globally and 15.8% in the UK, which supports that our model, our values, and our development strategy are robust, reliable and relevant. Over the last 12 months, we have been trusted by significant large and complex companies to take on their audit at European and/or global level, and have retained many of our largest accounts, which reaffirms and reinforces our position as a firm of choice.

We owe these accomplishments to the technical excellence of our people and to the quality of the service we provide. We take pride in training our teams, bringing them up to date with the latest regulatory developments and technical evolutions, while giving them the knowledge and skills they need to abide by the strictest ethics and independence requirements and deliver real value to companies and their stakeholders.

As we remain committed to transforming audit, we have also fully embraced technology, which both practitioners and users see as absolutely essential in enhancing audit quality. Pivotal to our transformation plan is the implementation of our new global audit platform, named Atlas. In 2018/2019, we have successfully deployed it in more than 60 countries, with a plan for full worldwide transition by the end of 2020.

Data analytics are also changing the way audit is delivered and helping meet the ever-growing expectations of boards, shareholders, regulators and other stakeholders. In this area, we are determined to enhance our capabilities and have set ourselves ambitious goals that include supporting our audit teams

to design smarter audit strategies incorporating data analytics and providing tools and solutions to support the delivery of this objective.

Finally, during the last year, we have expanded our capabilities to respond to expectations that the scope of audit needs to evolve, notably to keep pace with the development of non-financial reporting. To us, expanding the scope of audit is an integral part of providing a more accurate and trustworthy reflection of the real value drivers of any organisation.

As we transform to continuously enhance the way we perform and deliver audits, we seek to remain true to the values and unique characteristics that go to the roots of Mazars.

Our 2018/2019 achievements and our ability to attain the goals we have set ourselves for the years to come make us optimistic about our own future and about the future of audit as a public-interest profession. The dedication, skills, innovation capabilities and commitment to quality demonstrated by our teams all over the world is what makes us strong today and will drive our growth sustainably.

We set ourselves the challenge of performing audits that deliver an augmented experience and real value to stakeholders and contributing to creating more sustainable economies. In the context of a turbulent audit market with demands for more quality, choice and resilience, Mazars is a true challenger firm.

BOB NEATE
UK Head of Audit

DAVID HERBINET
Global Head of Audit

PUBLIC INTEREST COMMITTEE REPORT



DENISE FLETCHER

Chair, Public Interest Committee



GUY JUBB

Member, Public Interest Committee



PHIL VERITY

Member, Public Interest Committee

See Appendix 2 for biographies of the members of the Public Interest Committee.

In presenting the Public Interest Committee's annual report as the Chair of the Public Interest Committee (PIC) of Mazars LLP ('Mazars UK' or 'the Firm'), I welcome the opportunity to share with all stakeholders the PIC's responsibilities and activities undertaken by Guy Jubb and myself since the last Transparency Report dated 30 November 2018.

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.

During the year we met 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. These meetings aid us in fulfilling our responsibilities. We have also engaged with regulators in the period. We have found our meetings with regulators and members of the Firm to be constructive and open. Meetings with members of the Firm have allowed us to undertake our oversight, and building our understanding of the culture within the Firm.

Our view and understanding of the Firm's consideration and insight on quality is obtained through attendance at the PIC meetings by the UK National Senior Partner, the UK Head of Audit and the Head of Quality. 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.

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; 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 period 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 focusing on:

- litigation and claims;
- ethical matters;
- reputational matters including regulator investigations; and
- whistleblowing.

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

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

Culture and Talent Management

The ability of a firm to maintain quality, strengthen its reputation and reduce the risk of failure, ultimately depends on the people within the Firm, and the culture

instilled within the Firm. As such, the talent within the Firm is the cornerstone of Mazars UK's 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 2019 we held conversations with some staff members (without the presence of Partners) and also with Partners who are not members of the leadership team. Our goal 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 focused on how the Firm's culture impacts on progression, remuneration, accountability, diversity, ability to challenge, quality and ethics. The PIC had conducted similar sessions in previous years.

Conclusion

In 2019 we expanded the PIC by adding Phil Verity. We anticipate adding another Independent Non-Executive Member and possibly another member of the UK Executive Board. It is the intent of the PIC to maintain an Independent Non-Executive majority on the committee.

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.

We want to thank the regulators and investors for their time, thoughts and critical insights they share in meetings with the PIC.

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 REPORT

UK Governance Council, UK Nomination Committee and UK Risk and Audit Committee Report



GREG HALL
Chair, UK Governance Council

As the newly appointed Chair of the UK Governance Council (UKGC) during the period, 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.

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

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. For independence reasons, following a 14 year period as Responsible Individual, the Crowe UK audit partner has rotated for the 31 August 2019 audit of Mazars LLP.

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.

GREG HALL
Chair, UK Governance Council



**1. INSPIRING STAKEHOLDER
CONFIDENCE IN AUDIT
QUALITY**

1.1 INVESTING IN OUR PEOPLE TO DRIVE PURPOSE, PRIDE AND QUALITY

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

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

- act with integrity;
- respect people;
- think independently;
- be accountable;
- deliver outstanding quality; and
- shape the future.

Talent acquisition

Our talent acquisition programme aims to recruit high potential individuals from diverse backgrounds who share our value of delivering outstanding quality whilst meeting the market's evolving needs.

Over the last year we have focused on leveraging our employer brand to attract the best individuals, as well as improving both the candidate and hiring manager experience aimed at increasing the quality, speed and ability to hire the best people.

Building a future proofed talent pipeline

Graduates and school leavers

Graduate and school leaver recruitment is crucial to our strategy of building a talent pipeline fit for the future, a diverse network of bright, motivated individuals with a breadth of skills and the attitude and behaviours required to deliver quality.

Over the last year we have renewed our focus on boosting our employer branding in schools and

universities, as well as enhancing our process to identify people who will thrive in the Mazars environment including:

- raising our employer brand on-campus via a nationwide network of brand ambassadors who support with campus events, social media promotion and lecture shout-outs;
- attending more than 80 careers events, utilising our 'connect' application on campus to create a talent pipeline;
- forming stronger strategic links with key universities, including offering exclusive industrial placement opportunities;
- increasing our local school outreach through developing lasting relationships with schools located near our offices to promote our school leaver apprenticeship programme; and
- growing our Access Accountancy work experience insight week for socially disadvantaged young people, offering placements throughout the UK.

We believe a high performing team that embodies our values is a diverse team whose strength and experiences complement each other. Our recruitment programme is based on a strength-based assessment approach, which is aimed at enabling greater social mobility through assessing an individual candidate's potential. This is distinct from more traditional competency-based recruitment, which is focused on an individual's ability to provide examples of their previous experience, which can be more challenging for young people from less privileged backgrounds who have fewer extra-curricular activities from which they can draw upon.

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 adversely impact any demographic group. From January 2017 Mazars UK introduced the Mazars Applicant Mentoring Programme for our entry level recruits, allowing us to support any final stage applicants that may wish to benefit from the guidance and support of our current entry level trainees. This has been beneficial for candidates that do not have

experience of the process or do not have access to individuals within their own network with similar experience for support.

Experienced hires

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

Over the last year we transformed our experienced hire talent acquisition programme, improving the quality of the talent we are attracting. We have achieved this by focusing on our own in-house experts, dedicated to individual areas of the business, who understand the skillset and values required within our experienced hire recruits. Our approach has resulted in a relationship driven process benefiting both candidates and hiring managers.

Talent and performance development

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

In the year, to create a comprehensive and more personalised picture of the development paths available within the Firm, we have brought together the Professional and Talent Development teams. The role of this new team is to partner with Service Line and Strategic Market Leaders to ensure that we are supporting every area of the business with its specific development and training needs, and to deliver solutions that are tailored to each Service Line, whilst ensuring it is consistent with the framework for the Firm. This also provides individuals with greater clarity over the development opportunities that are available at each stage of their career, and across all areas of their role.

Underpinning this structure is a 'playing to strengths' philosophy where we encourage everyone to use their natural talents to develop their career in a way that allows them to do what they do best every day. We

continue to embed this philosophy through the use of the Gallup Clifton Strengths assessment on a number of our programmes.

Mazars UK supports over 560 team members who are studying towards professional qualifications, allowing team members to be accredited in their field of expertise, helping to ensure that they are well equipped to deliver high quality technical expertise to our clients.

Where appropriate we support qualifications through apprenticeship programmes up to Level 7, ensuring that our trainee population is developed, not only in technical excellence, but also in the necessary business skills and behaviours required to reach their potential and be outstanding professionals.

Development of our trainees is also supported through our internal training programme, which incorporates a mixture of skills and technical courses designed to improve our team throughout their career. Our approach to skills development is based on solid learning theory, allowing our team members time and space away from their client work, at a time that is most appropriate to their growth, to ensure that they practise and utilise what they have learnt before attending the next development course.

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

We actively engage with our team to meet their developmental needs. In the year, appointed representatives in the Mazars Young Audit Committee, were involved in reviewing career pathways, support and certain training programmes.

For our more experienced staff, during the year we launched the Mazars Manager Programme, available to all team members at a management grade. This programme provides the opportunity to identify individual strengths, increase team engagement and develop greater influence with stakeholders. Rolling this out to our management group allows us to make a cultural shift in the way our managers view their own and their team members' development and progression,

1.1 INVESTING IN OUR PEOPLE TO DRIVE PURPOSE, PRIDE AND QUALITY

coupled with a blended approach to development, which embraces the 70:20:10 learning model and places the greatest focus on a practical on the job development and a strong coaching culture.

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

In order to support our people's development, our HR Business Partners work with the leadership teams of each Service Line to identify appropriate development opportunities (such as training courses, secondments or promotions) to help grow our people's careers, and also identify and support those individuals with the potential to be future leaders of the firm. This helps support our succession planning approach, as well as aligning to our diversity and inclusion agenda, providing equality of opportunity across the firm.

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

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 Key Audit Partners (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 2019 113,000 training hours were undertaken by audit service line members.

Reward and recognition

Each member of our team sets goals for the year under four areas of focus, linked to their career pathways. This assessment forms the basis for promotions and for future goal setting and a key goal is the quality of the work that is delivered.

All our team members set clear goals, receive feedback and have their performance reviewed on at least an annual basis. Every individual is encouraged to understand the importance of their own role, consider their own strengths and take ownership of their contribution to the overall success of the Firm through playing to their strengths.

Remuneration is determined based on a number of factors, including individual performance, economic factors, the external market and the performance of the Firm. We have a firm-wide bonus plan, however individual bonuses are determined at the service line level taking into consideration:

- overall contribution to the firm;
- demonstration of behaviours consistent with the values and Code of Conduct of the firm; and
- demonstration of quality.

In the year we introduced Mazars Benefits which helped us to better communicate to our people the package of benefits that we offer. During the launch we were proud to tell our people about our dress for your diary policy and improvements to entry level holiday entitlements. We continue to promote our other rewards and benefits, including agile working, which is aimed at promoting a culture of wellness and health which ensures that our people continue to work to their potential.

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 spaces 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 UK Executive Board, and eventually get awarded an investment to put the idea into action.

Driving diversity forward with a focus on transparency

One of our values is respect people, so they feel valued for their diversity, unique perspective and contribution. 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.

Over the year we have moved forward our approach to diversity by giving extra focus to transparency, pioneering a series of firsts for our Firm. In our [April 2019 pay gap reporting](#), where we are legally required to analyse and publish gender pay gap data of our employees, we voluntarily published the gender pay and bonus gap for partners, as well as publishing the pay gap figures for our black, Asian, and minority ethnic (BAME) staff. Publishing ethnicity pay gap data provides us with a benchmark to measure our progress on this agenda.

In October 2018, Mazars became a signatory to Her Majesty's Treasury Women in Finance Charter, pledging to address the lack of women in senior roles. As part of signing up to the Women in Finance Charter we set ourselves diversity goals for Senior Manager, Director and Partner out to 2023. To hold ourselves to account, we have published our goals on our website and they are also published on the Government's website. These

1.1 INVESTING IN OUR PEOPLE TO DRIVE PURPOSE, PRIDE AND QUALITY

goals will help provide us with direction and enable us to monitor and measure performance. In 2019 43% of our promotions to Partner were female.

Together, all our service lines are taking action by focusing on the key areas of attraction, recruitment, progression, retention and engagement. All Senior Partners are assessed against the actions they are taking to create a balanced team.

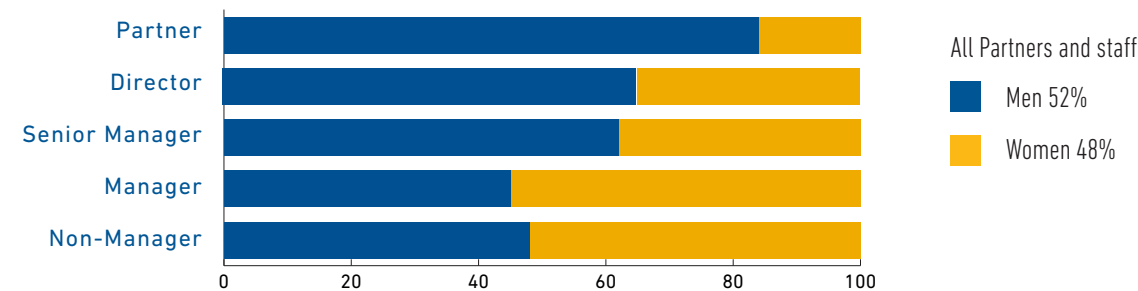
Diversity and inclusion networks

Our employees have worked together to establish a number of networks which include LGBT Champions (LGBT network), WeCan (Women's network), Embrace (BAME network), SpeakEasy (visible and non-visible disabilities), Mazars UK's Muslim Network and Mazars UK's Christian Network.

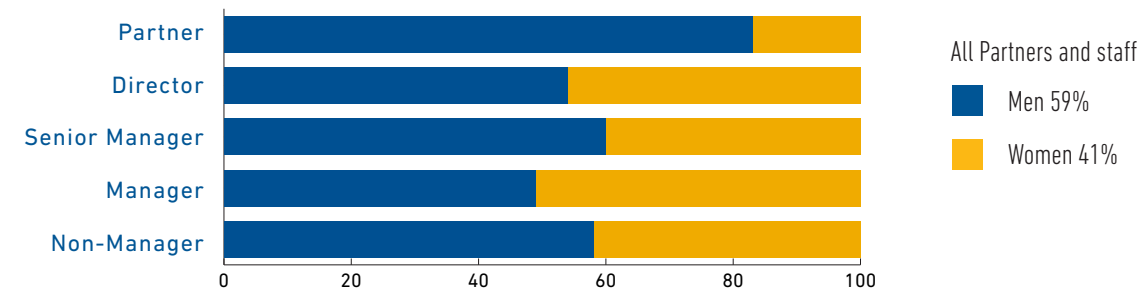
These networks have the following aims:

- 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.

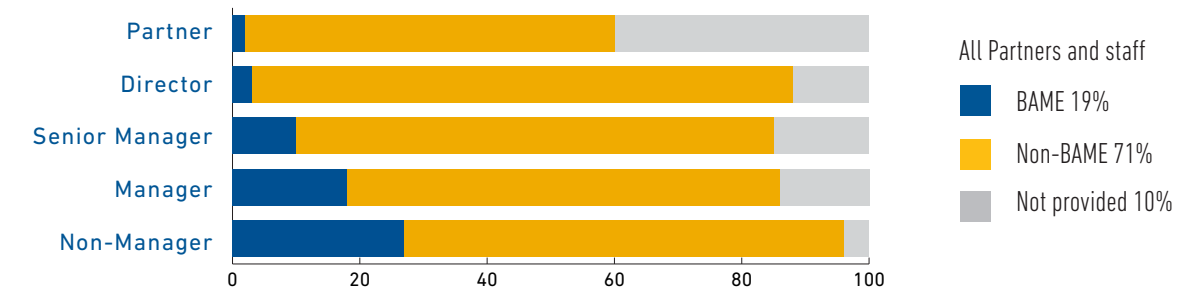
Breakdown of Mazars UK by gender



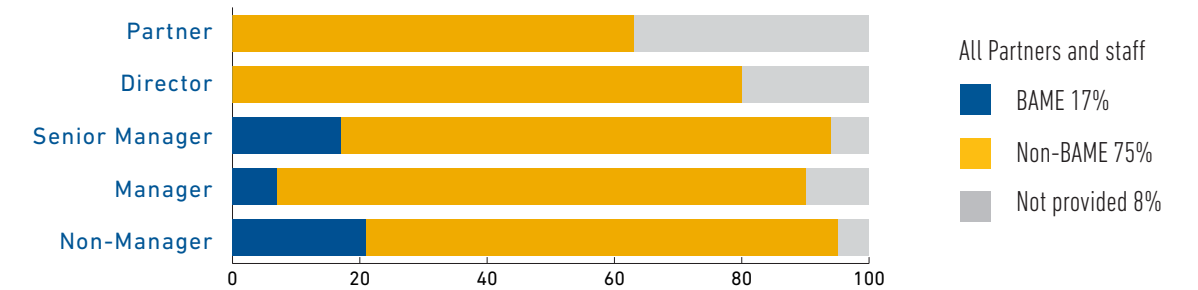
Breakdown of Mazars UK audit staff by gender



Breakdown of Mazars UK by ethnicity



Breakdown of Mazars UK audit staff by ethnicity



Mazars For Good

Mazars recognises its commitment as a responsible corporate citizen, and to make sustainable business decisions, through our Mazars For Good strategy. Sitting within this agenda are the areas of Community, Environment, Diversity and Inclusion, Wellbeing, and Social Mobility.

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

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

Diversity and Inclusion – Create an inclusive culture with diverse teams that reflect our clients and society;

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

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

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

Corporate Social Responsibility days

(Year to 31 August)

2019 510

2018 499

2017 276



Contribution to Mazars Charitable Trust

(Year to 31 August)

2019 £464k

2018 £461k

2017 £439k

1.2 DELIVERING AUDIT QUALITY

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.

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 2019, and is a key part of our plans for the future. The audit and assurance service line is our largest within the UK business, generating £60.7m of income for the year ended 31 August 2019, with 573 team members, demonstrating continual growth and investment.

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 tone at the top is of paramount importance.

To ensure a culture of quality is embedded within Mazars UK as a core value, the Head of Quality and the

Head of Audit are members of the UK Executive. At the start of the year a sub-committee of the UK Executive, the Quality and Risk Board (QRB), chaired by the UK Head of Quality supported the UK Executive in fulfilling this ultimate responsibility for quality monitoring. This was discontinued mid year following appointment of Service Line Leaders to the UK Executive Board. Section 3 includes more details on the responsibilities of the QRB.

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

From the 1 September 2019 the AQB has been discontinued and the Audit Board (AB) commenced. Section 3 includes more detail on the AB.

The terms of reference for the AQB included:

- 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).

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

Our Audit Quality Assurance Framework

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

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

- maintain quality control standards in accordance with the International Standard on Quality Control (ISQC1) – issued by the International Auditing and Assurance

Standards Board (IAASB) – in addition to relevant national quality control standards;

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

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

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

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

The global Quality Assurance Manual is updated in the UK to include specific local policies and procedures

1.2 DELIVERING AUDIT QUALITY (CONTINUED)

within the above areas to enhance the quality and effectiveness of the Manual for our UK team.

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

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

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

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

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

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

Within Mazars UK only Responsible Individuals (RIs) can be responsible for an audit and sign a statutory audit report. A RI has to hold an 'appropriate qualification' commonly known as an audit qualification and be competent to conduct audit work. An appropriate qualification can be gained by holding a recognised audit qualification awarded by, inter alia, one of the Institutes (England and Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants

(ACCA). In Mazars UK 48 individuals held RI status at 31 August 2019, and a further 7 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, KAPs and audit managers in relation to audits operating within certain regulatory frameworks or specialist sectors, demonstrating appropriate knowledge and training. There is a three tiered approval process for licences, with final approval from the UK Head of Audit Quality.

A poor quality monitoring result or failure to keep up to date with technical knowledge would lead to a reconsideration of an RI's licensing to perform statutory audits. Similarly, sector 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 are also designed to encourage challenge and professional scepticism in our audits.

Audit software is used to support the audit teams in applying our risk based approach, from acceptance to completion of the audit. During the year, Mazars globally has been progressing the development of a new audit software, Atlas, with a significant contribution of time and experience from the UK. Rollout of Atlas commenced in the year, with the expectation that the majority of our audits in the 2019/20 period will be completed on this application. Atlas further enhances the quality of documentation produced by our global team, as well as providing consistency in the application of the MAM. 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.

1.2 DELIVERING AUDIT QUALITY (CONTINUED)

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.

1.3 QUALITY MONITORING

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

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

Audit quality monitoring in the UK

ISCQ1 requires each RI's work be subject to a cold file review at least once every three years. In Mazars UK we 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 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 their independence, which they confirm for each file reviewed. Reviewers are also supported by a technical consultant when required.

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

This plan was presented to the UK Head of Audit who, at the time was responsible for ensuring and promoting audit quality. During the year this responsibility transferred to the Head of Audit Quality and Support, who reports into the UK Head of Audit. Annually relevant details of this plan as well as information on our approach to quality monitoring reviews, including how files are reviewed and graded, are communicated to the whole service line team to ensure they understand and are engaged in the process.

Audit files are selected on a number of criteria, including risk and public interest, with the basis for file selection recorded along with the risk assessment. Each review starts with an opening meeting between the reviewer and RI or KAP and an opportunity to provide a self-assessment. The RI or KAP and audit team are required to respond to any findings in writing with an action plan, this is followed by a closing meeting with the reviewer to discuss both the findings and action plan in details. The files are then graded in terms of overall quality. An overall summary report, with the agreed action plan is communicated in a final findings letter, sent by the Head of Audit Quality and Support, and copied to the RI's or KAP's appraising Partner, so that it can be taken into consideration within the remuneration decisions. Similar letters are sent by the Head of Audit Quality and Support 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 AB, 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.

Root cause analysis is undertaken 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.

These 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, three 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. PSAA's Annual Regulatory Compliance and Quality Report for 2019 is available from their website. In addition to these reviews of local public audit work, two of our NHS foundation Trust audits were also subject to internal quality monitoring reviews.

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 AB. We are evaluating the results and implementing the agreed recommendations.

Mazars Group oversight of Quality Monitoring

The quality monitoring 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 for their consideration.

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

1.3 QUALITY MONITORING (CONTINUED)

accompanied by an action plan, progress against which would be monitored by the IQCC.

During the year Mazars UK submitted an annual self-assessment around audit quality to Mazars Group which was reviewed centrally. Periodically, we are reviewed by a Group quality monitoring reviewer, and that review covers our whole firm procedures as well as file reviews. The last inspection by Mazars Group carried out in October 2018 showed that the UK is considered to have a system in place to comply with the ISAs, the IFAC code and the provisions of ISQC1.

UK external reviews

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

Due to the increased number of PIE clients, Mazars is subject to annual reviews by the Audit Quality Review team of the FRC. The results of our 2018 review were published in July 2019 and are disclosed in section 1.4.

Mazars UK's audit work is also reviewed by the Quality Assurance Department of the ICAEW (QAD). The Firm was subject to a full review by the QAD in 2017, the results of which are detailed in section 1.4, Audit Quality Indicators.

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

In future years, PSAA's role for coordinating external quality monitoring of local public audit work in the local government sector will end. Responsibility for this will rest with the FRC's Audit Quality Review team for major local public audits and the ICAEW's Quality Assurance Directorate for non-major local public audits.

At Mazars we are passionate about audit quality so the results of the independent reviews challenge us to revisit our technical training and tools to ensure they support our audit teams to deliver quality audits.

1.4 AUDIT QUALITY INDICATORS

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.

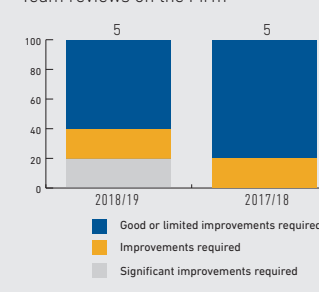
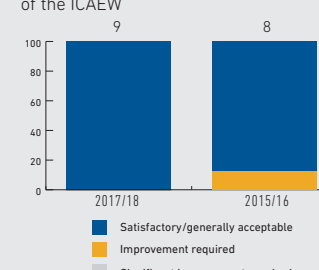
1) Metrics on external investigations related to audit

<p>Number of cases in the last 12 months in which the FRC's conduct committee has found against the Firm or one of its members</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">0 2019</div> <div style="text-align: center;">0 2018</div> </div>	<p>Mazars commentary</p> <p>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.</p>
<p>Number of cases in the last 12 months in which the Disciplinary Committee of any other regulatory body has found against the Firm or one of its members</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">0 2019</div> <div style="text-align: center;">0 2018</div> </div>	<p>Mazars commentary</p> <p>There have been no findings against the firm by the ICAEW or other regulatory bodies in either year.</p>

2) Metrics on audit quality reviews

<p>Results of firm's internal audit quality reviews</p> <p>Number of engagements</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">34 2019</div> <div style="text-align: center;">37 2018</div> </div>	<p>Mazars commentary</p> <p>The information presented is for the UK firm. Within the numbers presented 8 files reviewed related to Key Audit Partners, of which 7 did not require significant improvements. 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.</p>
<p>% of files that did not identify significant improvements required</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">94% 2019</div> <div style="text-align: center;">97% 2018</div> </div>	<p>It is our target that no file reviewed is found to require significant improvements in the audit work performed. Where significant deficiencies are identified, we aim to identify the root cause of the failure and put in place actions to ensure they are not repeated.</p> <p>For one audit (2017/18: no audits) a prior year adjustment was recorded in the client's following year financial statements to correct a misstatement not identified through our audit procedures, but later identified through the internal quality monitoring process.</p>

2) Metrics on audit quality reviews (cont)

<p>Annualised percentage of RIs and KAPs subject to Firm internal engagement performance reviews</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">53% 2019</div> <div style="text-align: center;">52% 2018</div> </div>	<p>Mazars commentary</p> <p>As noted last year, in 2018 we completed the change in our approach of moving towards every RI and KAP being reviewed at least once every two years.</p>												
<p>Results of the FRC's Audit Quality Review Team reviews on the Firm</p>  <table border="1"> <caption>FRC's Audit Quality Review Team reviews</caption> <thead> <tr> <th>Year</th> <th>Good or limited improvements required</th> <th>Improvements required</th> <th>Significant improvements required</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>5</td> <td>0</td> <td>0</td> </tr> <tr> <td>2017/18</td> <td>5</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Year	Good or limited improvements required	Improvements required	Significant improvements required	2018/19	5	0	0	2017/18	5	0	0	<p>Mazars commentary</p> <p>Mazars was last reviewed in the period from April 2018 to March 2019. Read further information on the Audit Quality Report issued in 2019 for this inspection on the FRC website.</p> <p>This report also sets out the actions proposed by the firm to address all matters arising from that review, which actions are monitored by the Head of Quality.</p>
Year	Good or limited improvements required	Improvements required	Significant improvements required										
2018/19	5	0	0										
2017/18	5	0	0										
<p>Results of inspection by the QAD of the ICAEW</p>  <table border="1"> <caption>Inspection by the QAD of the ICAEW</caption> <thead> <tr> <th>Year</th> <th>Satisfactory/generally acceptable</th> <th>Improvement required</th> <th>Significant improvement required</th> </tr> </thead> <tbody> <tr> <td>2017/18</td> <td>9</td> <td>0</td> <td>0</td> </tr> <tr> <td>2015/16</td> <td>8</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Year	Satisfactory/generally acceptable	Improvement required	Significant improvement required	2017/18	9	0	0	2015/16	8	0	0	<p>Mazars commentary</p> <p>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.</p> <p>We were pleased with the results of our review and believe that they demonstrate our firm-wide commitment to quality.</p>
Year	Satisfactory/generally acceptable	Improvement required	Significant improvement required										
2017/18	9	0	0										
2015/16	8	0	0										

3) Metrics on investment

<p>Number of hours training undertaken in total and average per person in the Assurance Practice</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">113K HRS 2019 197hrs per person</div> <div style="text-align: center;">88K HRS 2018 174hrs per person</div> </div>	<p>Mazars commentary</p> <p>This metric is derived from the total number of hours delivered to audit team members. Training hours have significantly increased 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.</p>
<p>Excluding training for professional exams</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">57K HRS 2019 99hrs per person</div> <div style="text-align: center;">33K HRS 2018 65hrs per person</div> </div>	

1.4 AUDIT QUALITY INDICATORS (CONTINUED)

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 1.2, 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

MEAN SCORE **3.67/5** **3.55/5**
2019 2018

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

MEAN SCORE **4.0/5** **3.9/5**
2019 2018

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

MEAN SCORE **3.7/5** **3.6/5**
2019 2018

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

MEAN SCORE **3.8/5** **3.5/5**
2019 2018

Mazars commentary

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

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

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

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

5) Metrics on partners and staff

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

Partners tenure %

	2019	2018
<2 YEARS	4.9%	7.0%
2-4 YEARS	12.2%	18.6%
5-10 YEARS	34.1%	27.9%
>10 YEARS	48.8%	46.5%

Audit and assurance staff tenure %

	2019	2018
<2 YEARS	50.4%	34.5%
2-4 YEARS	28%	43.5%
5-10 YEARS	13.5%	13.8%
>10 YEARS	8.1%	8.2%

Number of staff to each RI/KAP



Mazars commentary

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

The tenure rate of partners is appropriately balanced, demonstrating that we have individuals that are willing to stay within the Firm as well as positions available for new team members. The tenure rate for staff looks high for recent joiners who have been with the firm for less than 2 years. This reflects the significant investment in the year in our Public Services team, following an increase in the value of the local public audit work awarded to the firm by PSAA for the 18/19 year end. 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.

Mazars commentary

The number of Responsible Individuals and Key Audit Partners combined has increased year on year. This reflects the investment in our audit team in the year, in particular within Public Sector.

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 1.5.

1.5 INVESTOR DIALOGUE

The Centre for Audit Committee and Investor Dialogue continued to bring together audit committee chairs of FTSE350 companies, as well as leading heads of corporate governance at institutional investors to discuss important current issues of mutual interest. The themes for the events held during year included 'Audit Reform', 'Briefing on Joint audit', 'Risk management in uncertain times' and 'Non-financial reporting: embracing change'.

In addition, in December 2018, Mazars hosted a panel discussion at the International Corporation Governance Network Global Stewardship Forum, on the issue of stewardship and corporate reporting, with our panel asked for its views on whether corporate reporting is fit for purpose for communication long-term value drivers associated with environmental, social and governance factors.

The Corporate Reporting and Governance Forum hosted in conjunction with the Quoted Companies Alliance (QCA), aimed at CFOs, other senior finance staff and audit committee chairs of smaller quoted companies, continued to meet in Birmingham, London and Manchester and considered key developments in reporting and governance.

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 topics under discussion 'Are you communicating effectively with the market and investors?' and 'Agility v strategy? The board's challenge in uncertain times'.

1.6 ENSURING OUR OBJECTIVITY AND INDEPENDENCE

We have devised and implemented policies to ensure all our staff and partners comply with the strictest objectivity and independence requirements, as these are the cornerstones of our profession. We are determined to play our role in increasing public trust in the opinions we provide.

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.

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

Our new code of conduct clearly states who we are, what we expect from our people and how we deal with our clients, stakeholders and communities at large. In

an intricate and fast-evolving environment, we use it as a moral compass for our daily activities, drawing the line between what is recommended or acceptable and what would put our reputation and other people's trust at risk. We handle all breaches seriously and take appropriate action to uphold this code wherever necessary.

Responsibility for maintaining objectivity and independence

The Group Independence and Acceptance Committee 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:

SAFEGUARD	HOW THIS SAFEGUARDS OUR OBJECTIVITY AND INDEPENDENCE
Acceptance and continuance of audit engagements	Procedures exist that require an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and conflicts of interest.
Additional services	The provision of additional services to an audit client is subject to prior authorisation from the lead audit partner and, in some cases, the Ethics Partner. In certain circumstances this provision is also subject to authorisation by the client's audit committee, for example when required by auditing standards or when the client has put in place procedures for the prior approval of non-audit services by the auditor.

SAFEGUARD	HOW THIS SAFEGUARDS OUR OBJECTIVITY AND INDEPENDENCE
Non-audit services to audit clients	A complete list of non-audit services rendered to audit clients must be maintained. For group audits, this list must be communicated in the instructions circulated by the audit co-ordination team.
Annual declaration of independence	All Partners and staff are required to provide an annual declaration of their independence. In this respect: <ul style="list-style-type: none"> • Mazars Partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client; • Personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and • Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (or beyond normal financial relations with a banking or other credit institution audit client).
Mandatory rotation	In relation to audits of PIEs, the audit RI is required to rotate after five years, and to not return to the audit team for at least five years. Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The Executive ensures appropriate allocation of Partners to audit engagements and an annual review of appointments to PIEs takes place.
Transparency of information	All Mazars staff have access to details 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' ethical procedures.
Consultation	Audit staff and Partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary.
Limits on client fees	Limits on client fees are imposed in order to avoid financial dependence on one or several clients.
Impact of an identified threats to independence	Clear rules regarding conflicts of interest have been communicated. Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented.
Performance based remuneration	Mazars Group has adopted a method of remunerating Partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics).
Independent non-executives	Our independent non-executives must comply with appropriate independence requirements as do our Partners and staff.

1.6 ENSURING OUR OBJECTIVITY AND INDEPENDENCE (CONTINUED)

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 implementing our Global Independence Check tool. This one-stop-shop IT tool for conflict checks 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 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 RIs to our most significant audit clients is overseen by the UK Executive Committee ensuring 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 Head of Quality will convene a risk review panel to arbitrate. The RI in charge remains the final decision maker within the context of the organisation's quality assurance and procedures. This point is of paramount importance in preserving each RI's personal commitment and sense of responsibility as well as in responding effectively to each client's specificities.

Partner compensation policy

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

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

Under the supervision of the GGC and based on the recommendation received from the Country Executive, 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:

- delivering outstanding quality;
- alignment to the Group and UK's strategy;
- delivering sustainable profit;
- maintaining client focus;
- importance and complexity of assignments;
- diversity and respect for people;
- partnership spirit and partnership behaviours; 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

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

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

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

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

Whistleblowing procedures

Our values set a platform for what we believe will build long term sustainable success for the organisation. We want to work in a way that promotes our values and ensures we provide the best possible service for our clients, and best possible environment for our team.

Mazars is committed to dealing responsibly, openly and professionally with:

- concerns raised internally, that Partners or team members may have about possible malpractice within Mazars firms; 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 and have been deployed since 2014.

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

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

Confidentiality and information security

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

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

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



2. OUR RISKS

2.1 OUR APPROACH TO RISK MANAGEMENT

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

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

Identification of risks

Effective utilisation of our enterprise risk management framework supports us in identifying emerging risks whilst ensuring those which we are already aware of are controlled to an appropriate level.

Identification and ongoing management of risks is supported by four key processes:

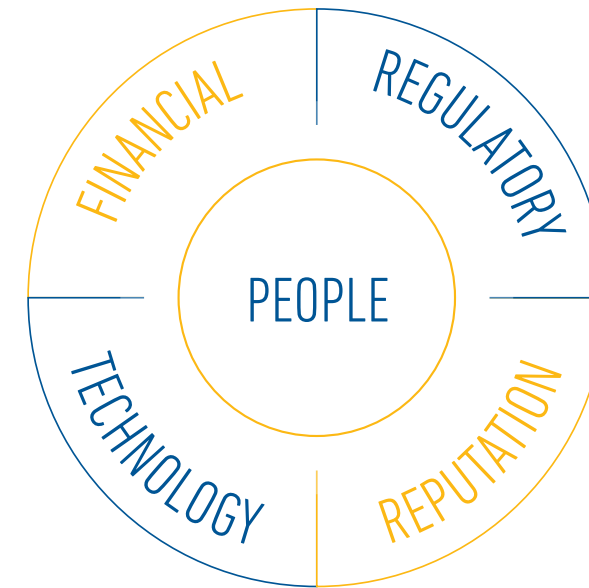
IDENTIFY	ASSESS	TREAT	MONITOR
New and emerging risks are identified by our business from a range of sources	Assessments consider the potential impact and likelihood of the risk materialising	Risk treatment plans are put in place to help mitigate the identified impact	Risks are monitored for change which may affect their assessment and treatment

Where new and emerging risks are identified, the relevant areas of our business are required to ensure these are reflected within their registers and appropriate steps are taken to assess and treat the risk.

In some cases, risks have the potential to affect Mazars holistically; others are unique to individual services. Where risks affect several services, these are reflected on all relevant registers with central and local controls deployed to manage the potential impact.

Categorisation of risk

Our risks are managed under five categories:



Financial:

Matters which have the potential to affect the financial performance or stability of the Firm.

Regulatory:

Legal and regulatory requirements where changes or issues with compliance may affect our services, reputation or financial position.

Reputation:

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

Technology:

A business enabler, technology underpins a wide range of our activities, exposing us to a number of threats and opportunities.

People:

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

Governance

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

Further developments have been made during the period to strengthen this, further supporting and guiding the business in our risk management activities.

Overarching governance of risk sits with three key groups:

UK EXECUTIVE BOARD	PUBLIC INTEREST COMMITTEE	MAZARS GROUP EXECUTIVE BOARD
The Executive Board owns and oversees Enterprise Risk Management across the business. Risks are monitored and the Board provides feedback to the business, integrating strategic priorities to our processes. Emerging risks will be escalated to the Board in the event they pose a significant threat to our business.	An overview of risks and developments is presented on an annual basis, in addition to reports and updates being provided at meetings during the period as appropriate.	Our Enterprise Risk Management framework is derived from requirements set by our international Group. High level reporting of our activities and principal risks is incorporated into activities undertaken by our International Group through our Global Risk Manager.

2.1 OUR APPROACH TO RISK MANAGEMENT (CONTINUED)

Developments during the period

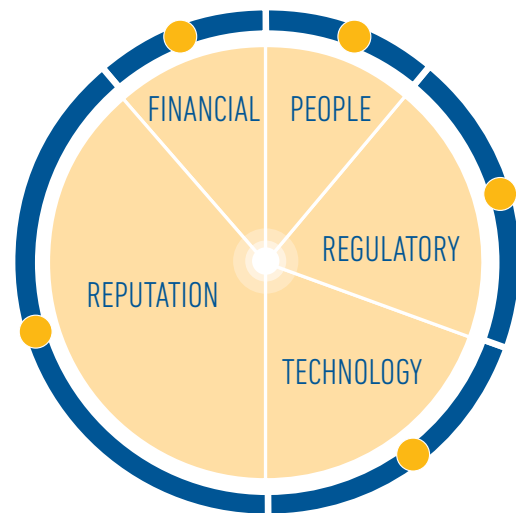
During the period we have undertaken a review of our enterprise risk management processes to improve their effectiveness within our business. We have looked at our categorisation of risk and how we identify, assess, record and manage risks across all parts of the business. Further enhancements are anticipated in 2019-20 but during the year this review has resulted in two key changes:

Improved streamlined and integrated approach

This year we have brought together individual team

Key risks and uncertainties

At the conclusion of our 2018/19 financial year we have recorded the following key risks and uncertainties within our business:



PEOPLE

PRINCIPAL RISKS

Failure to adapt to the impact of Brexit on the availability of skilled resource.

Failure to recruit, retain, and develop sufficiently skilled resource, including meeting our Diversity and Inclusion targets.

MITIGATING CONTROLS

- Monitoring of differing Brexit scenarios and associated mitigation planning.
- Formalised recruitment procedures.
- Resource planning.
- Formal performance management.
- Formalised training programmes.
- Diversity and Inclusion monitoring.

risk registers to form Service Line registers, providing a more joined-up approach across our business units. Focusing on ownership and clearer reporting of risks to ensure our business is engaged in our processes and utilises risk management as a tool to improve service delivery.

Updated policies and procedures

As a result of our review of our enterprise risk management we have taken steps to update our policies and processes to ensure our framework is clear and consistent across our business and improve our governance controls.

REGULATORY

PRINCIPAL RISKS

Failure to adapt to the impact of Brexit and / or changing legislation and regulatory environment, including the sustainability of the UK audit practice.

Failure to ensure that we comply with audit independence rules

MITIGATING CONTROLS

- Monitoring of changing regulatory requirements under Brexit scenarios.
- Formal governance processes surrounding approvals of specific clients and assignments, including Executive Board oversight and Group Independence and Acceptance Committee (GIAC).
- Non-Executives on the PIC to provide relevant challenge and objectivity.
- Ethics Partner and function providing guidance and support throughout the Firm.
- Formalised processes in place for client and engagement acceptance.
- GIAC approvals for specific assignments.
- Training.
- Mandatory annual independence certification for all.
- Implementation of additional systems and monitoring of independence on an ongoing basis.
- Code of Conduct.
- Monitoring of partner financial interests.

TECHNOLOGY

PRINCIPAL RISKS

Failure to adapt to the impact of Brexit on how we hold and manage data

Failure to manage information and cybersecurity effectively

Failure of our IT systems to support and align with our current and future business operations

MITIGATING CONTROLS

- Monitoring of differing Brexit scenarios and associated impacts on information governance.
- Executive sponsorship of information security / governance best practice.
- IT technical solutions including monitoring of networks, usage of systems, and formalised reporting process.
- Adherence to national and international regulations and legislation including Data Protection laws.
- IT Security Policy and Information Governance policies in addition to supporting guidelines and processes.
- Mandatory information governance training.
- Governance in place to align IT to business plans.
- Monitoring of IT systems and suppliers to identify and resolve issues, and identify further improvements.
- IT Disaster Recovery Plans implemented.
- Testing of IT infrastructure against industry standards.

FINANCIAL

PRINCIPAL RISKS

Failure to adapt to the impact of Brexit on the economy and Firm

Firm failure resulting from solvency / liquidity issues

MITIGATING CONTROLS

- Monitoring of differing Brexit scenarios and associated mitigation planning.
- CFO and finance function.
- Monitoring at Board level.
- Lead KPIs in place.

REPUTATION

PRINCIPAL RISKS

Failure to ensure that the Firm only engages with appropriate clients

Failure to recover effectively and efficiently from a Firm-wide crisis

Failure to maintain and develop our brand and develop our business strategy in line with the changing demands of clients or innovative advancements

Failure to maintain and deliver a quality service to our clients

Failure to invest in a robust organisation structure to support the wider Firm in meeting its overall strategy

MITIGATING CONTROLS

- UK client acceptance procedures, including Acceptance Committee.
- Group Independence and Acceptance Committee (GIAC) oversight.
- Systems and processes to ensure appropriate AML and KYC procedures.
- Implementation of the Mazars UK Crisis Management Plans.
- Business Continuity, Communications and IT Disaster Recovery Plans.
- Ongoing assessment of enterprise-wide risks and mitigating controls.
- Executive oversight of business plan development with key target initiatives in place.
- Responsibility for the approval of IT projects to support future business operations.
- Development of global audit platform to standardise our audit delivery model internationally.
- Quality Assurance Frameworks and technical resource implemented for service lines.
- Professional training for staff in key service lines.
- Licensing of principal activities.
- Internal Quality Control Reviews of work.
- Implementation of findings following formal reviews undertaken by relevant regulatory bodies.
- Ongoing review of and investment in the Firm.
- Governance structure includes Boards to provide further strategic focus in key areas.
- Chief Operating Officer on Executive Board.



3. STRUCTURE, LEADERSHIP AND GOVERNANCE

3.1 OUR UNIQUE BUSINESS STRUCTURE

Mazars in the UK



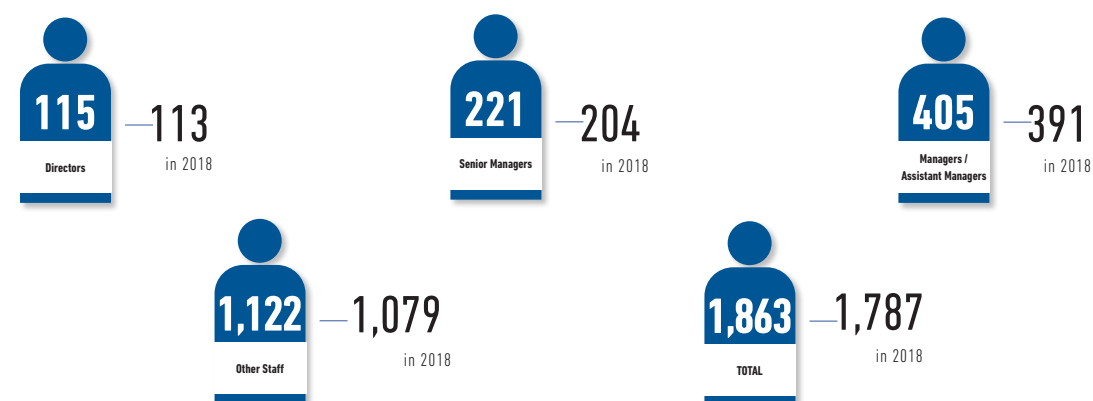
As at 31 August 2019

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 2019, there were 129 members (2018: 134) and 88 Partners who are shareholders in Mazars SCRL (2018: 96).

The operational structure of Mazars UK

At 31 August 2019, our business operated across 17 offices nationwide (2018: 17), with 1,863 professionals (2018 1,787). Our staff held the following roles:



Within Mazars UK, for the year ended 31 August 2019 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 2019, 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:

- 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.

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.



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)

A global, integrated partnership

Since 1995, Mazars SCRL have been organised as a global integrated partnership. All our 1,015 partners and 24,400 professionals in 91 countries and territories in Europe, Africa & the Middle East, Asia-Pacific, North America and Latin America & the Caribbean share the same values and work ethic and the common goal of providing the highest quality client service. Our correspondent firms enable us to operate in a further 14 countries.

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, a Limited Responsibility Cooperative Company incorporated in Brussels, Belgium, through a cooperation agreement setting out the terms of the relationship.

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

The integrated partnership allows us to provide a quality service to our clients through the quality and diversity of our talent, the robustness of our values, our determination to fully embrace the digital revolution, and our commitment to creating shared value across territories, whilst remaining aware of the challenges that both our organisation and our stakeholders face. Discerning, knowledge-intensive, agile, sustainable: these are the attributes of the modern firm that we strive 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) as adopted by the EU. 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.

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

Mazars North America Alliance is an alliance agreement between Mazars and five leading firms in the United States and Canada – BKD, Dixon Hughes Goodman, Moss Adams, Plante Moran (U.S. firms) and MNP (Canadian firm). Geographically, these five Alliance firms will complement Mazars USA and Mazars Canada, enabling Mazars to achieve full national coverage in North America.

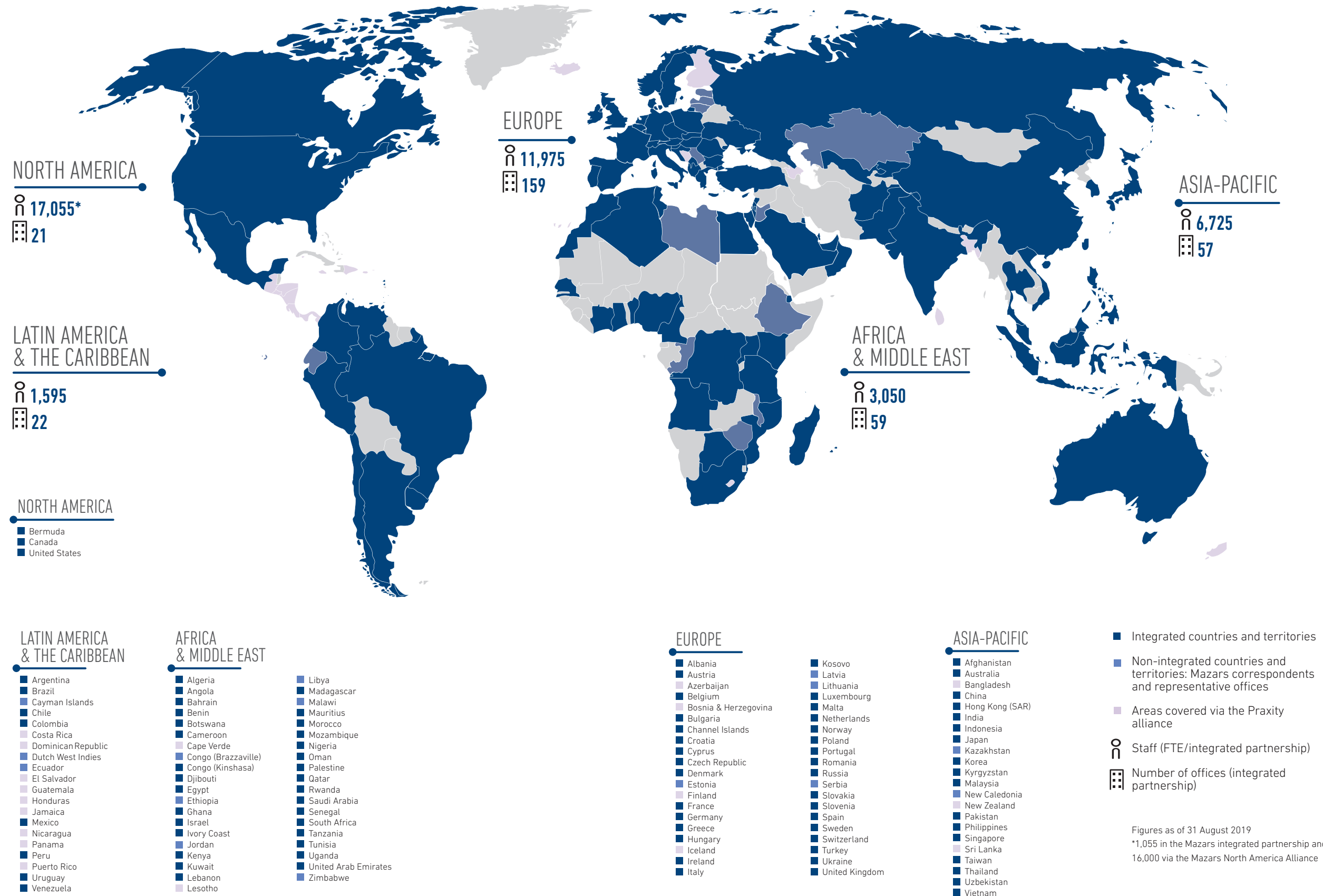
With this Alliance, Mazars now has 40,000 professionals serving clients around the globe: 24,000 professionals across 91 countries and territories in Mazars’ unique integrated partnership, and 16,000 professionals in the

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

Stakeholder map



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)

Our global business organisation

At the General Assembly of Partners, in December 2016, a new Group Executive Board 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 focusses on sectors and service lines.

The five key sectors we have identified are:

- Financial Services;
- Industry;
- Services;
- Public Services; and
- Privately Owned 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 (AAS);
- Consulting;
- Financial Advisory Services (FAS);
- Law; and
- Tax services (TAX).

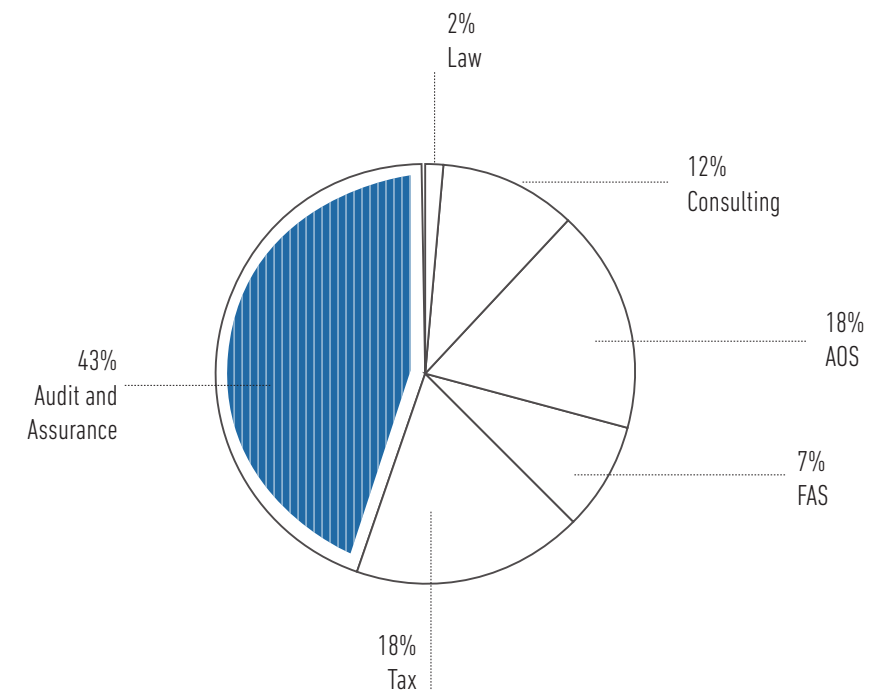
Global Sector & Services Team (GSST) leaders and Global Support Business (GSB) leaders, along with regional leaders, make up Mazars' Global Leadership Team (GLT). The GLT gathers the Group international leaders who carry responsibilities that go across countries, thus requiring coordination of functions, 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.

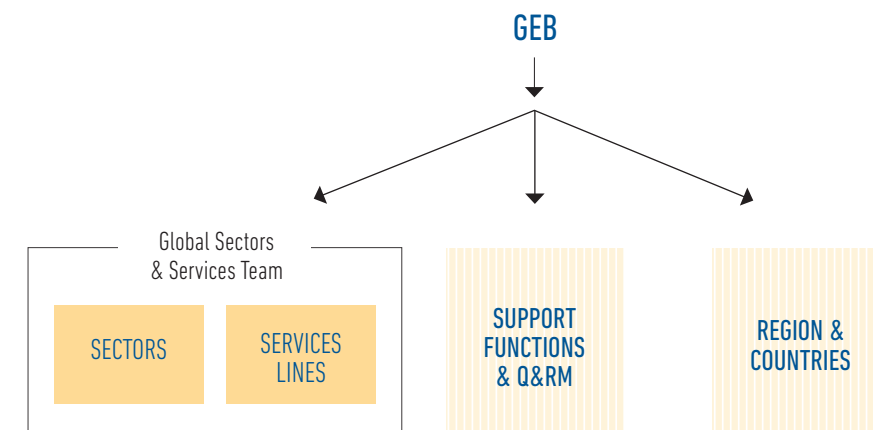
All the entities of the Mazars integrated international partnership are thus committed to enhancing the quality of services provided to large, cross-border groups in an increasingly complex and global environment.

The turnover of the Mazars Group in 2018-2019 by service line was as follows:



Excludes data for the ZhongShen, ZhongHuan and ZhongShen Yatai practices.
Audit revenue includes €480m in respect of audits in the EU.

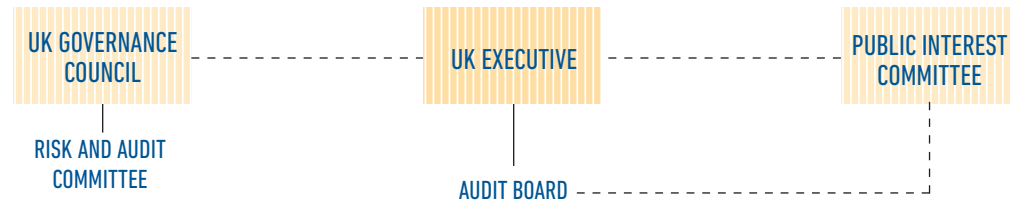
Our global operational organisation



3.2 LEADERSHIP AND GOVERNANCE

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.

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

- develop and implement the UK strategy, in line with the international strategy of the Firm, and establish a management structure to deliver this;
- ensure that the Firm's services to clients and conduct in respect of staff are carried out ethically and in accordance with the principles of technical excellence and quality service;
- ensure that the Firm recruits, develops, retains and adequately rewards an appropriate number of people with relevant skills and experience;
- oversee support functions, including the setting and monitoring of objectives, approving budgets and expenditure and ensuring efficiency between local, national and international support functions;

- ensure that appropriate policies and procedures are in place for risk and catastrophe management;
- set Corporate Responsibility and Environmental policies;
- monitor the legal obligations of Partners in consultation with the UKGC;
- with the UKGC, discharge the responsibilities of the Partners in relation to the maintenance of proper accounting records and the preparation of accounts; and
- with the UKGC, keep the Members' Agreement up-to-date and fit for purpose.

Members of the UK Executive as at 31 August 2019 are in Appendix 3.

The Firm's management structure changed in the year ended 31 August 2019. The Operations Board, Quality Board and Clients and Markets Board were discontinued. Three Service Line Leaders were appointed to the Executive in March 2019 - Toby Stanbrook, Head of Advisory & Outsourcing, Lindsay Pentelow, Head of Tax and Bob Neate, Head of Audit. Head of Quality and Head of Clients and Markets are also Executive members. The Chief Operating Officer has also been a member of the Executive in the year ended 31 August 2019.

Until its discontinuance, following the appointment of Service Line Leaders to the UK Executive, the QRB oversaw all aspects of quality, risk and compliance within the Firm. Its main responsibilities were:

- quality of Partners/team;
- risk management;

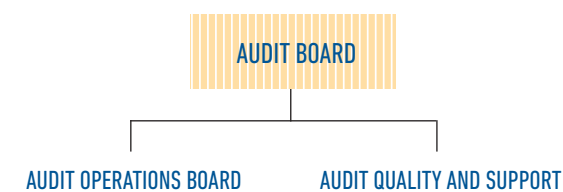
- quality assurance and control;
- compliance and regulation;
- acceptance, conflict and independence; and
- technical training.

The Operations Committee was formed in October 2018. The members are the functional leaders of the Business Services Team and it is chaired by the COO. The Operations Committee is the link between the Executive and the BST. It is responsible for overseeing day to day operations of BST and the execution of key cross functional projects to support the execution of the firm's strategy.

Audit and Assurance service line

The Audit and Assurance service line is led by Bob Neate as the UK Head of Audit. During the year, for audit quality related items the UK Head of Audit reported to the AQB, chaired by the Head of Quality, before the AQB was discontinued.

The UK Head of Audit reports to the Operations Board, chaired by Toby Stanbrook as Chief Operating Officer, in relation to the operational management of the service line.



From 1 September 2019 the AB was implemented. Chaired by the UK Head of Audit, the AB's members include the Head of Quality, the Global Head of Audit, the Head of Audit Quality and Support and the Head of the Audit Quality Team. There are two groups that report into the AB, the Audit Operations Board, chaired by the UK Head of Audit, supported by the Audit Business Unit leaders, on the operational activities of the service line and the Audit Quality and Support, responsible for delivering audit quality and quality monitoring in accordance with sections 1.2 and 1.3.

Governance in the UK

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

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

UK Governance Council

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

The UKGC:

- approves the process for the appointment of new partners and for the determination of partner remuneration;
- has power to require the UK Executive to report on its strategy and budget, and on the implementation of its strategy and the financial status and performance of Mazars UK;
- reviews the annual budgeting process and reports to the Partners in the event that they consider the process deficient;
- reviews the process for setting the Firm's strategy and management structure and reports to the Partners in the event that the UK Executive has not presented its strategy and management structure to the Partners within eight months of the election of the UK Executive or not provided annual updates or that they consider the process for setting the Firm's strategy deficient;
- ensures that the UK Executive has appropriate management structures in place;
- ensures that the UK Executive has identified and is managing the major risks to the Partners and the Partnership;
- appoints the members of the UKRAC;
- approves or declines to approve various defined matters including proposals for the merger, disposal, acquisition or reconstruction of Mazars UK and its associated companies;

3.2 LEADERSHIP AND GOVERNANCE (CONTINUED)

- 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.

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

The members of the UKGC as at 31 August 2019, their biographies and meeting attendance throughout the year are provided in Appendix 3.

UK Risk and Audit Committee

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

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

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

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

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

Their duties include:

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

- to advise the UK Executive on the appointment and terms of engagement of any proposed internal audit service (and the head of internal audit, if applicable), the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors;
- to review, if an appointment has been made, the internal auditors' audit risk assessment and strategy; to consider major findings of internal audit investigations and management's response; to promote coordination between the internal and external auditors and to review any internal audit annual report. The UKRAC will ensure that the resources made available for any internal audit are sufficient to meet the Firm's needs (or make a recommendation to the UK Executive as appropriate);

- 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.

The members of the UKRAC as at 31 August 2019, their biographies and meeting attendance throughout the year are provided in Appendix 3.

Performance of the governance system

GOVERNANCE KPI	PERFORMANCE DURING 2018/19
Board composition and attendance	<p>We consider that diversity, including of gender, skills and experience, assists in optimising performance.</p> <p>The membership of the Executive Board and Governance Council has been updated during the period to further facilitate this.</p> <p>The current membership is set out in Appendix 3 along with the attendance at meetings.</p>
Board effectiveness	<p>Board effectiveness reviews were performed in respect of both the Executive Board and the Governance Council during the period, with relevant findings considered for development of the boards going forwards.</p> <p>In particular, the effectiveness of the Executive Board is optimised through, for example:</p> <ul style="list-style-type: none"> • sufficient time and weighting being given to key issues to meet objectives and strategy; • information flow is sufficient for consideration prior to meetings; • quality and content of the board paper is sufficient to meet objectives; and • actions are documented and addressed.
Values	<p>Our key values have been under consideration during the period, with the revised Code of Conduct being issued.</p> <p>For the third year, our INEs provided important feedback on the firm's culture following their meetings with a range of partners and team members during the period.</p>
Dialogue	<p>Meetings and dialogue with investors and other stakeholders is considered a key performance indicator.</p> <p>Further details are set out in section 1.5.</p>

3.2 LEADERSHIP AND GOVERNANCE (CONTINUED)

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 supplemented, where necessary, with additional reporting of the GEB and UK Executive.

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

Terms of reference

Revised Terms of Reference have been developed post year end. During the year, the PIC endeavored to provide oversight of Mazars UK in the following areas:

- decision-making by management (based upon meetings and discussions with UK management, 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 UK Executive, 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. 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 codes in the UK and with the acknowledgement of the UK NSP as to the accuracy and completeness of such documents. The relevant responsible Partners make themselves available to the PIC on a timely basis as required.

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

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

The PIC forms part of the Firm's performance assessment regime under the Audit Firm Governance Code. Aiding this oversight the PIC meets 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, a governance 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. Phil Verity, NSP, was appointed to the PIC post year end.

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.

Independence

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

The INEs have confirmed their independence in respect of the Firm's PIE entities at the year end.

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.

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

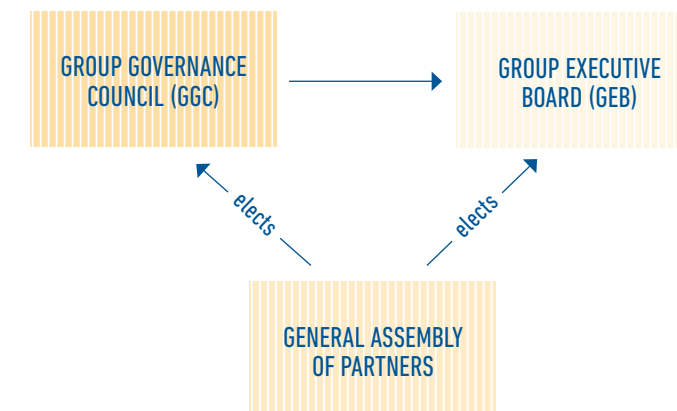
As at 31 August 2019, the PIC consisted of two Independent Non-Executives and Phil Verity, as UK NSP. The biographies of the Independent members of the PIC are provided in Appendix 2.

The appointment of a third INE is under consideration.

Mazars Group

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

Our strategic leadership ecosystem



The general assembly of partners

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

The General Assembly of Partners is a pivotal point in the governance and decision-making processes of the Mazars Group. Every four years it is at this meeting that the partners elect the GEB and the GGC. Annually the assembly approves major strategic and operational decisions, the admission of new Partners, and the approval of Mazars Group's audited financial statements.

3.2 LEADERSHIP AND GOVERNANCE (CONTINUED)

The last General Assembly of Partners was held in Cannes in December 2018. The next General Assembly of Partners will be held in London in December 2019.

Group Executive Board

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

As at 31 August 2019 there were 11 members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in 2020. Additional members may be added after being duly elected by the Partnership.

The GEB is supported in its role by:

- 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'.

Members of the GEB as at 31 August 2019 are in Appendix 3.

Group Governance Council

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
- reviewing the performance of the GEB.

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 2019, there were eleven members of the GGC, two of whom are independent. 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.

Members of the GGC as at 31 August 2019 are in Appendix 3.



APPENDICES

APPENDIX 1

Mazars Group statutory audit firms

NORTH AMERICA

Country	Name of entity
Bermuda	Mazars Bermuda Limited
Canada	Mazars Harel Drouin, SENCRL
United States	Mazars USA LLP

LATIN AMERICA & THE CARIBBEAN

Country	Name of entity
Argentina	Estudio Urien & Asociados Estudio Urien S.R.L.
Brazil	Mazars Cabrera Assessoria, Consultoria E Planejamento Empresarial Ltda. Mazars Auditores Independentes - Sociedade Simples Mazars Auditores Ltda.
Cayman Islands	Mazars Cayman
Chile	Mazars Chile Ltda Mazars Auditores Consultores Spa
Colombia	MCA Auditing & Accounting SAS
Dutch west indies	MPHC Accountants & Advisers N.V.*
Equador	Hansen-Holm*
Mexico	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	AAdrianza Rodriguez Cefalo & Asociados Mazars Venezuela

*correspondent firms

ASIA-PACIFIC

Country	Name of entity
Afghanistan	Mazars Afghanistan Limited
Australia	Mazars Risk & Assurance Mazars Melbourne Assurance Pty Limited Mazars Audit (Qld) Pty Limited
China Hong Kong	Mazars CPA Limited
China mainland	Mazars Certified Public Accountants Zhongshen Zhonghuan Kalyaniwalla Mistry & Associates Kalyaniwalla & Mistry LLP Mazars Advisory LLP S. N. Dhawan & Co Llp
India	KAP Aria Kanaka & Rekan PT Mazars Consulting Indonesia
Indonesia	Mazars Audit LLC
Japan	Nurteam Audit LLP*
Kazakhstan	Mazars Sebit Korea
Korea	Mazars LLC Mazars Audit LLC
Kyrgystan	Mazars PLT Mazars Risk Management Sdn Bhd
Malaysia	OCEA Nouvelle-Calédonie*
New Caledonia	Mazars MF & Co
Pakistan	Yu Villar Tadeja and Co
Philippines	Mazars LLP Mazars Asia Pacific
Singapore	Mazars Ltd.
Thailand	Mazars Vietnam Co Ltd
Vietnam	

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	Mazars Limited Mazars & Co Limited
Czech Republic	Mazars Audit s.r.o
Denmark	Mazars Denmark statsautoriseret revisionspartnerselskab
Estonia	Auditorteenuse OÜ*
France	Mazars SA Mazars SPCC Franex Mazars Uniconseils CBA Mazars aCéa Mazars (Rouen) Mazars (Bezannes) Mazars (Labège) Mazars (Strasbourg) Mazars Bourgogne Franche-Comté Mazars et Associés Mazars Figeor Mazars Data Mazars Dijon Mazars Pontarlier Mazars Lons Pluris Audit MAZARS & SEFCO Sud Est Expertises financières comptable et d'organisation SEFCO Mazars Gourge MAZARS-FIDUCO Mazars experts-on-line Mazars Saint Exupery Mazars Metz Mazars Entrepreneurs (Villeurbanne) Mazars Rodez Mazars Immobilier Thomas & Associés Mazars ASC D.D.A. Mazars CPA Mazars Inreco AGEC

EUROPE

Country	Name of entity
Germany	MAZARS GmbH Wirtschaftsprüfungsgesellschaft Roever Broenner Susat Mazars GmbH RBS BBE GmbH Wirtschaftsprüfungsgesellschaft Steinberg & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Greece	Mazars Certified Public Accountants Business Advisors S.A.
Hungary	Mazars Kft.
Ireland	Mazars Mazars NI Ltd
Italy	Professionisti Associati Società Semplice (P.A.S.S) Mazars Italia S.p.A
Kosovo	Mazars in Albania
Latvia	SIA TaxLink Baltic
Lithuania	Persense Audit UAB
Luxembourg	Mazars Luxembourg
Malta	Mazars Malta
Netherlands	Mazars Accountants N.V. Ten Kate Huizinga Audit N.V.
Norway	Mazars Revisjon AS
Poland	Mazars Audyt Mazars Polska Mazars Expertise
Portugal	Mazars & Associados, SROC, SA
Romania	Mazars Romania SRL
Russia	Mazars Audit LLC
Serbia	AGM Audit LLC
Slovakia	Mazars Slovensko, s.r.o.
Slovenia	Mazzars d.o.o
Spain	Mazars Auditores S.L.P.
Sweden	Mazars SET Revisionsbyrå AB
Switzerland	Mazars SA Suisse Aunexis AG
Turkey	Denge Bağımsız Denetim
Ukraine	Audit firm Mazars Ukraine
United Kingdom	Mazars LLP Mazars Channel Islands Limited

APPENDIX 1 (CONTINUED)

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
Congo (Brazzaville)	M3B Audit & Expertise*
Egypt	Mazars Mostafa Shawki
Ethiopia	Asrat, Gezahegn and Birberssa Audit G.P. (ASGB Partners Auditors)*
Ghana	Mazars Ghana
Israel	Bri, Rotbart, Raz, Mazars Israel
Ivory Coast	Mazars Côte d'Ivoire
Jordan	International Professional Bureau Consulting & Auditing CO.
Kenya	Mazars Kenya
Kuwait	Mazars Hend Abdullah Alsurayea & Co Mazars Kuwait - Consultancy
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
Nigeria	Mazars Coker & Company MNO Nominees
Oman	Mazars Chartered Accountants & co. LLC
Palestine	El Wafa Co. for Financial Consulting and Accounting Services
Qatar	Mazars Ahmed Tawfik & Co. CPA Mazars LLC
Rwanda	Mazars in Rwanda
Saudi Arabia	Alkharashi & Co.
Senegal	Mazars Senegal Mazars Port Elizabeth Mazars Services Trust
South Africa	Mazars Partnership Mazars Central Inc Mazars Durban
Tanzania	Mazars Wiscon Associates
Tunisia	ECC Mazars SBCI
Uganda	Mazars BRJ
United Arab Emirates	Mazars Chartered Accountants
Zimbabwe	KLMCA Audit Services (Private) Limited*

APPENDIX 2

Biographies of the Independent Non-Executives as at 31 August 2019



DENISE FLETCHER – Independent Member

Denise Fletcher is a member of the Group Governance Council of Mazars Group. She serves on the Boards of Unisys Corporation, Inovalon Holdings, Inc. and Enterra Holdings, Ltd. She chairs the Audit 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 Risk Committee. She chairs the Public Interest Committee of Mazars in the UK and the Public Interest Committee of Mazars in Ireland.

She was recognised by the National Association of Corporate Directors for Exemplary Board Leadership. Denise is a member of the US Council on Foreign Relations, the Economic Club of New York, the Harvard Club of New York and the Academy of Women Achievers.

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

Date of first appointment – 2012

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



GUY JUBB – Independent Member

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

Guy serves on the Standing Advisory Group of the PCAOB, the US audit regulator, and the Policy Leadership Board of ICAS, the Institute of Chartered Accountants of Scotland, whose Research Panel he chairs. Also, he is Chair of the European Corporate Governance Institute, and a Senior Advisor to the Conference Board.

Member of the UK Public Interest Committee

Date of first appointment – 2017

Guy's remuneration for the UK PIC is £30,000. Additionally, he receives £5,000 for his attendance at related regulatory INE meetings and for attendance at other audit meetings or conferences with Mazars.

Phil Verity, NSP, was appointed to the PIC post year end. See Appendix 3 for Phil's biography.

APPENDIX 3

UK and Group leadership

As at 31 August 2019 the UK Executive was comprised of:



PHIL VERITY – UK Senior Partner

Date of first appointment 2009

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

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

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



JAC BERRY – Head of Quality

Date of first appointment 2017

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

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.



NIGEL GRUMMITT – Head of Financial Advisory Services

Date of first appointment 2012

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.



ELISABETH MAXWELL – Head of Client and Markets

Date of first appointment 2017

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.



BOB NEATE – Head of Audit

Date of first appointment 2019

Bob is Head of Audit. He has extensive experience advising large and complex international groups and is engagement partner to both full list and AIM clients. He has particular expertise in Transport & Logistics, Aerospace & Defence, Engineering and Manufacturing businesses having worked with some of the world's largest companies in these sectors. In addition to UK and International GAAP Bob also has significant experience in US GAAP. Bob joined the Firm as a Partner in 2004.



LINDSAY PENTELOW – Head of Tax

Date of first appointment 2019

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



TOBY STANBROOK – Chief Operating Officer and Head of Accounting and Outsourcing Services

Date of first appointment 2019

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

Toby became COO in June 2019, replacing our outgoing COO, Alistair Fraser.



IAN WRIGHTSON – Head of People & Culture

Date of first appointment 2017

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.

As at 31 August 2019 the UK Governance Council was comprised of:



Greg Hall – Chair of the UKGC

Date of first appointment 2009

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

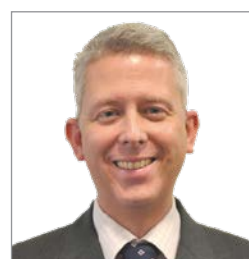
Greg is the Firm's Ethics Partner.



Samantha Russell – Chair of the UKRAC

Date of first appointment 2019

Samantha is an Audit Partner at Mazars, and leads the Retail & Consumer Products team. She has over 20 years' experience and works with both listed and large private companies, both in the UK and international. Samantha is a member of the ICAEW Council.



David Dearman

Date of first appointment 2019

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



Tim Hudson

Date of first appointment 2002

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

In addition to being a member of the UK Governance Council Tim is the Chair of the GGC and is a member of the Audit Committee.



Richard Metcalfe

Date of first appointment 2016

Richard is 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

Date of first appointment 2015

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



Stephen Mills

Date of first appointment 2019

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

Stephen is the firm's lead for our EB Audit business unit.



Ann Nilsson

Date of first appointment 2017

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

APPENDIX 3 (CONTINUED)

Members of the UK Audit Committee

The UK Risk and Audit Committee is a sub-committee of the UKGC and its members as at 31 August 2019 are set out below:

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

Meeting attendance

NAME	UK EXECUTIVE	UKGB	UKRAC
Phil Verity	32/33	n/a	n/a
Jac Berry	32/33	n/a	n/a
Tim Davies ¹	18/21	n/a	n/a
Alistair Fraser ¹	22/25	n/a	n/a
Nigel Grummitt ¹	25/30	n/a	n/a
Elisabeth Maxwell ¹	26/30	n/a	n/a
Bob Neate ^{1,2,3}	11/12	1/1	2/2
Lindsay Pentalow ¹	11/12	n/a	n/a
Toby Stanbrook ¹	12/12	n/a	n/a
Ian Wrightson	30/33	n/a	n/a
Richard Bott ^{2,3}	n/a	2/2	2/2
Lee Cartwright ^{2,3}	n/a	2/2	1/2
David Dearman ²	n/a	2/2	n/a
Greg Hall	n/a	4/4	2/2
Tim Hudson	n/a	4/4	0/0
Richard Metcalfe ³	n/a	3/4	0/0
Steve Miller	n/a	2/4	n/a
Stephen Mills ²	n/a	2/2	n/a
Ann Nilsson	n/a	2/4	n/a
Samantha Russell ^{2,3}	n/a	1/1	0/0

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

² Not a member of the UKGC for the full period

³ Not a member of the UKRAC for the full period

Leadership of the Mazars Group

As at 31 August 2019, the GEB was composed of:



France

HERVÉ HÉLIAS
CEO and Chairman



Spain

ANTONIO BOVER



Italy

PASCAL JAUFFRET



United Kingdom

RUDI LANG



Senegal

TAÏBOU M'BAYE



Germany

DR CHRISTOPH REGIERER



Belgium

VÉRONIQUE RYCKAERT



China

WENXIAN SHI



Netherlands

TON TUINIER



United Kingdom

PHIL VERITY



United States

VICTOR WAHBA

As at 31 August 2019 the Group Governance Council was composed of:



United Kingdom

TIM HUDSON
Chair



France

THIERRY BLANCHETIER
Vice-chair



Germany

GERTRUDE BERGMANN



United States

KATHRYN BYRNE



France

JULIETTE DECOUX



France

FABRICE DEMARIGNY



India

BHARAT DHAWAN



United States

DENISE FLETCHER
Independent member



Singapore

CHRIS FUGGLE



South Africa

MICHELLE OLCKERS



China

LIWEN ZHANG

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 2019 are detailed below. Entities that are not EU public interest entities are marked with an asterisk (*):

Companies that have issued transferable securities admitted to trading on:

London Stock Exchange

- Anglesey Mining PLC
- Bigdish PLC
- Grand Union Group Funding PLC
- Guardian Royal Exchange PLC
- Hidong Estate PLC
- Highcroft Investments PLC
- Housing Association Funding PLC
- Manchester City Council¹
- Nex Group Limited
- Oldham Metropolitan Borough Council¹
- Sunderland City Council¹
- Thrive Homes Finance PLC
- Unifund PLC
- Wasps Finance Plc

Nex Exchange Growth Market

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

Euronext Dublin

- Public Power Corporation Finance PLC*

Luxembourg Stock Exchange

- LaSer ABS 1017 PLC

The International Stock Exchange

- Barbeck Midco 1 Limited*
- Compre Holdings Limited*
- Edge Orbital Holdings Ltd*

AIM

- Access Intelligence PLC*
- AFH Financial Group PLC*
- Byotrol PLC*
- Hunters Property PLC*
- Minds + Machines Group Limited*

- 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*²
- Trackwise Designs Limited*

Credit institutions

- Bank and Clients PLC
- Bank of Baroda (UK) Limited
- BMCE Bank International PLC
- FCMB Bank (UK) Limited
- R Raphael & Sons PLC
- Sonali Bank UK Limited
- State Bank of India (UK) Limited
- Turkish Bank (UK) Limited
- United National Bank Ltd

Insurance Undertakings

- Agora Syndicate 3268*
- Asta Managing Agency Ltd Syndicate 2525*
- Atlas Capital UK 2018 plc³
- AXA Insurance UK plc
- AXA PPP Healthcare Limited
- Bestpark International Ltd
- British Aviation Insurance Company Ltd
- CX Reinsurance Company Limited
- English & American Insurance Company Limited
- Griffin Insurance Association Limited
- Metropolitan Police Friendly Society Limited
- Mobius Life Limited
- Tesco Underwriting Limited
- The Channel Managing Agency Syndicate 2015*

¹ Relates to PIE entities that are also Public Sector Major Audits.

² Also listed on the NASDAQ

³ Also listed on Euronext Dublin

APPENDIX 4 (CONTINUED)

Public Interest Entity Audit clients of Mazars UK (continued)

Public Sector Major Audits

Bolton Metropolitan Borough Council
 Cheshire East Council
 Chief Constable for Greater Manchester Police
 City of Bradford Metropolitan District Council
 Derbyshire County Council
 Derbyshire County Council Pension Fund
 Durham County Council
 Durham County Council Pension Fund
 East Riding Of Yorkshire Council
 East Riding Pension Fund
 Gateshead Metropolitan Borough Council
 Greater Manchester Pension Fund
 Knowsley Metropolitan Borough Council
 Lincolnshire County Council
 Lincolnshire County Council Pension Fund
 London Borough of Hackney
 London Borough of Hackney Pension Fund
 London Borough of Harrow Pension Fund
 Manchester City Council
 North East Lincolnshire Council
 Oldham Metropolitan Borough Council
 Rochdale Metropolitan Borough Council
 Stockport Metropolitan Borough Council
 Sunderland City Council
 Tameside Metropolitan Borough Council
 West Yorkshire Pension Fund
 Wigan Council
 Leeds Teaching Hospitals NHS Trust
 Mid Yorkshire Hospitals NHS Trust
 NHS Newcastle Gateshead CCG
 NHS Northumberland CCG
 NHS Sunderland CCG

APPENDIX 5

UK financial performance

The following has been extracted from the unaudited financial information for the year ended 31 August 2019, demonstrating the importance of the auditor's statutory audit work to the overall results of the Firm.

TURNOVER BY TYPE	2019 £'m	2018 £'m	2017 £'m
Revenues from the statutory audit of annual and consolidated financial statements of PIE	3.7	3.4	3.0
Revenues from the statutory audit of annual and consolidated financial statements entities whose parent is a PIE	8.0	6.5	7.0
Revenues from the statutory audit of annual and consolidated financial statements of other entities	44.3	37.1	36.5
Total Audit Services*	56.0	47.3	46.5
Non-audit services to audit clients**	19.8	18.6	20.9
Non-audit services to non-audit clients	122.8	115.4	106.2
	198.6	181.3	173.6
<i>*Of which turnover relating to local audit work</i>	6.1	3.3	3.0
<i>**Of which turnover relating to local audit work</i>	0.2	0.1	0.2

Operating profit

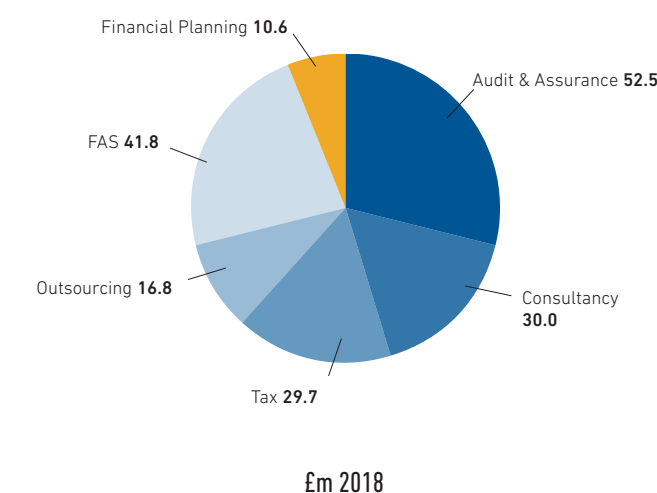
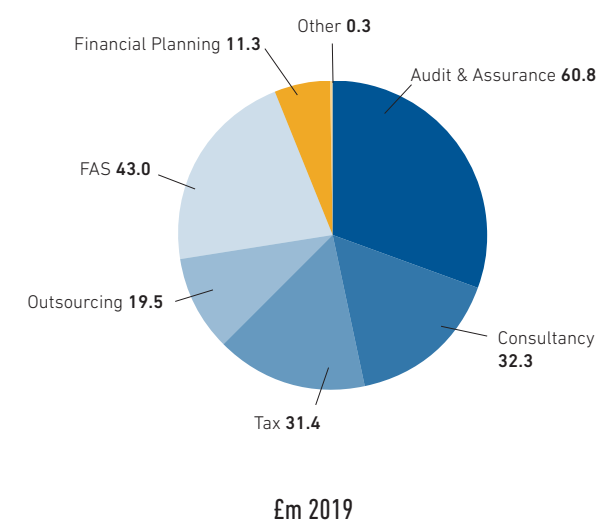
The Consultative Committee of Accountancy Bodies issued the Voluntary Code of Practice on Disclosure of Audit Profitability in March 2009. This sets out the recommended disclosures in respect of the profitability of statutory audits and directly related services (the reportable segment).

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:

	2019 £'m	2018 £'m	2017 £'m
Turnover	56.0	47.3	46.5
Operating profit	10.3	12.3	13.7

A list of the Public Interest Entities in respect of which Mazars UK expressed an audit opinion in 2018/19 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;
 - internal audit reviews;
 - whole of firm compliance reviews; and
 - reporting from our external auditor;
- crisis management and business continuity arrangements;
- the control environment in operation in our finance and other selected central functions;
- regulatory compliance; and
- oversight of the UK at a Mazars Group level.

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

Group and UK statements of compliance

Statement of compliance with the Audit Firm Governance Code 2016

This is the third 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 3.2
A.1.1	The Firm should establish a board or equivalent governance structure, with matters specifically reserved for its decision, to oversee the activities of the management team.	See section 3.2
A.1.2	The Firm should state in its transparency report how its governance structures and management operate, their duties and the types of decisions they take. In doing so the Firm should explain how its governance structure provides oversight of both the audit practice and the Firm as a whole with a focus on ensuring the Code's purpose, is achieved. If the management and/or governance of the Firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code's purpose achieved in the UK.	See section 3.2
A.1.3	The Firm should state in its transparency report the names and job titles of all members of the Firm's governance structures and its management, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details.	See Appendices 2 and 3
A.1.4	The members of a firm's governance structures and management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.	Section 3.2
A.2	Management principle	
	A firm should have effective management which has responsibility and clear authority for running the Firm.	See section 3.2 and the "Our Managing Team" pages of our website.
A.2.1	Management should have terms of reference that include clear authority over the whole firm including its non-audit businesses and these should be disclosed on the Firm's website.	See section 3.2 and the "Our Managing Team" pages of our website.
B	Values	
	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 1.6
B.1.1	The Firm's governance structures and management should establish and promote throughout the Firm an appropriate culture, supportive of the Firm's public interest role and long term sustainability. This should be achieved in particular through the right tone from the top, through the Firm's policies and practices and by management publicly committing themselves and the whole firm to quality work, the public interest and professional judgement and values.	See section 1.6 for our code of conduct which embeds a culture of quality. See sections 3 and 1.2 for the tone at the top from the leadership.
B.1.2	Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their transparency reports.	See section 3
B.1.3	The Firm should have a code of conduct which it discloses on its website and requires everyone in the Firm to apply. The Board and independent non-executives should oversee compliance with it.	See section 1.6 for the Code of Conduct, the "Our Values and Culture" pages of the website and the Public Interest Committee Report.

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 1.6 for the Code of Conduct and the "Our Values and Culture" pages of the website.
B.3	Openness principle	
	A firm should maintain a culture of openness which encourages people to consult and share problems, knowledge and experience in order to achieve quality work in a way that properly takes the public interest into consideration.	See section 1.6
C	Independent non-executives	
	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 3.2
C.1.1	Independent non-executives should number at least three and be in the majority on a body that oversees public interest matters; and/or be members of other relevant governance structures within the Firm. They should also meet as a separate group to discuss matters relating to their remit. They should have full visibility of the entirety of the business but should pay particular attention to and report on risks to audit quality and how they are addressed. If a firm considers that having three INEs is inappropriate given its size or number of public company clients, it should explain this in its transparency report and ensure a minimum of two at all times. Where the Firm adopts an international approach to its management it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this market; or explain why it regards a smaller number to be more appropriate, in which event there should be a minimum of two.	See Report from the Public Interest Committee and section 3.2
C.1.2	The Firm should disclose on its website and in its transparency report information about the appointment, retirement and resignation of independent non-executives; their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the Firm to support them. The Firm should report on why it has chosen to position its independent non-executives in the way it has (for example, as members of the main Board or on a public interest committee). The Firm should also disclose on its website the terms of reference and composition of any governance structures whose membership includes independent non-executives.	See section 3.2, Appendix 2 and "Our Managing Team" pages of our website.
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
C.2	Characteristics of independent non-executives principle	
	The independent non-executives' duty of care is to the Firm. They should command the respect of the Firm's owners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise. They should have a balance of relevant skills and experience including of audit and a regulated sector. At least one independent non-executive should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function, as an investor or at an audit firm.	See section 3.2 and Appendix 2
C.2.1	The Firm should state in its transparency report its criteria for assessing the impact of independent non-executives on the Firm's independence as auditors and their independence from the Firm and its owners.	See section 3.2

APPENDIX 8 (CONTINUED)

Disclosure required by the Audit Firm Governance Code

How Mazars LLP complies with the code

C.3	Rights and responsibilities of independent non-executives principle Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the Firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.	See section 3.2 and "Our Managing Team" pages of our website.
C.3.1	Each independent non-executive should have a contract for services setting out their rights and duties.	Each INE has an appropriate contract in place.
C.3.2	Independent non-executives should be appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation.	See section 3.2 and Appendix 2
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 3.2
C.3.4	The Firm should ensure that appropriate indemnity insurance is in place in respect of legal action against any independent non-executive in respect of their work in that role.	See section 3.2
C.3.5	The Firm should provide each independent non-executive with sufficient resources to undertake their duties including having access to independent professional advice at the Firm's expense where an independent non-executive judges such advice necessary to discharge their duties.	See section 3.2
C.3.6	The Firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non-executives and members of the Firm's management team and/or governance structures.	See section 3.2
D	Operations	
D.1	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.	See section 1.2 and section 1.6
D.1.1	The Firm should establish policies and procedures for complying with applicable legal and regulatory requirements and international and national standards on auditing, quality control and ethics, including auditor independence.	See sections 1.2 and 1.3
D.1.2	The Firm should establish policies and procedures for individuals signing group audit reports to comply with applicable standards on auditing dealing with group audits including reliance on other auditors whether from the same network or otherwise.	See section 1.2
D.1.3	The Firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest.	See section 1.6
D.1.4	The Firm should take action to address areas of concern identified by audit regulators in relation to the Firm's audit work.	See section 1.4
D.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 3.2
D.2.1	The Firm should, at least annually, conduct a review of the effectiveness of the Firm's system of internal control. Independent non-executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the Firm.	See section 3.2, and Appendix 6

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 3.2, and Appendix 6
D.2.3	The Firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK.	See section 3.2
D.3	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 1.1 and 1.6
D.3.1	The Firm should disclose on its website how it supports its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement.	See sections 1.1 and 1.6 and the website where this Transparency Report sits
D.3.2	Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected.	See Report from the Public Interest Committee
D.4	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 1.6
D.4.1	The Firm should report to independent non-executives on issues raised under its whistleblowing policies and procedures and disclose those policies and procedures on its website.	See sections 1.6 and 3.2
E	Reporting	
E.1	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
E.2	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 7
E.2.1	The Firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1.	See this report on the "Corporate Publications" pages of our website.
E.2.2	In its transparency report the Firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure.	N/A
E.3	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 3.1 and 3.2
E.3.1	The Firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The Firm should describe those risks and explain how they are being managed or mitigated.	See section 2

Disclosure required by the Audit Firm Governance Code

How 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 3.2
E.4.1	The Firm should establish an audit committee and disclose on its website information on the committee's membership and terms of reference which should deal clearly with its authority and duties, including its duties in relation to the appointment and independence of the Firm's auditors. On an annual basis, the audit committee should publish a description of its work and how it has discharged its duties.	See UKGC report, section 3.2 and the "Our Managing Team" pages of the website.
E.5	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 sections 1.5 and 3.2 for the level of dialogue. We welcome further dialogue with investors, listed companies and their Audit Committees.
F.1.1	The Firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of independent non-executives in such dialogue.	See section 3.2
F.2	Shareholder dialogue principle Shareholders should have dialogue with audit firms to enhance mutual communication and understanding.	See sections 1.5 and 3.2
F.3	Informed voting principle Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to touch recommendations.	We consider that the principle is directed at shareholders and therefore not applicable to the Firm.

Statutory Auditors (Transparency) Instrument 2008

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

Disclosure required by the Statutory Auditors (Transparency) Instrument 2008

How Mazars LLP complies with the instrument

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

APPENDIX 8 (CONTINUED)

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

EU Directive 2014/56/EU Article 13

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

Disclosure required by EU Directive 2014/56/EU Article 13		How Mazars LLP complies with the directive
1	A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm.	See this report on the "Corporate Publications" pages of our website.
2	The annual transparency report shall include at least the following:	
2 (a)	a description of the legal structure and ownership of the audit firm;	See section 3.1
2 (b)	where the statutory auditor or the audit firm is a member of a network:	See section 3.1
2 (b) (i)	a description of the network and the legal and structural arrangements in the network;	See section 3.1
2 (b) (ii)	the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network;	See Appendix 1
2 (b) (iii)	the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business;	See Appendix 1
2 (b) (iv)	the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements;	See section 3.1
2 (c)	a description of the governance structure of the audit firm;	See section 3.2
2 (d)	a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;	See Appendices 6 and 7
2 (e)	an indication of when the last quality assurance review referred to in Article 26 was carried out;	See section 1.2
2 (f)	a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year;	See Appendix 4
2 (g)	a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	See Appendix 7
2 (h)	a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC;	See Appendix 7
2 (i)	information concerning the basis for the partners' remuneration in audit firms;	See section 1.6
2 (j)	a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	See section 1.6
2 (k)	where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories:	See Appendix 5
2 (k) (i)	revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity;	See Appendix 5
2 (k) (ii)	revenues from the statutory audit of annual and consolidated financial statements of other entities;	See Appendix 5
2 (k) (iii)	revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and	See Appendix 5
2 (k) (iv)	revenues from non-audit services to other entities.	See Appendix 5
3	The transparency report shall be signed by the statutory auditor or the audit firm.	See Foreword

APPENDIX 9

Glossary of terms

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



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