



UK transparency report
2021

mazars



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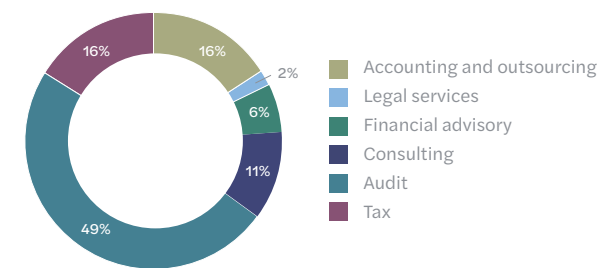


Introduction Mazars at a glance

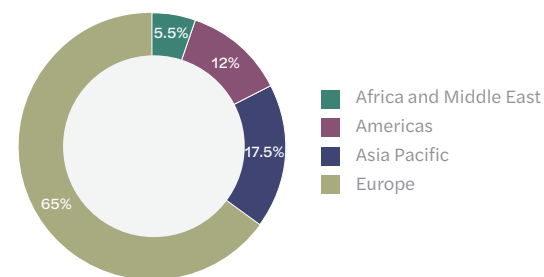
Mazars SC (hereafter ‘Mazars Group’, ‘the Group’) is an international, integrated and independent organisation, specialising in audit, advisory, accountancy, tax and legal services.

On six continents, our global partnership brings together over 28,000 international experts, plus another 16,000 through our North American Alliance. They all share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community and society as a whole.

Global turnover by service lines (%)



Global turnover by regions (%)



Introduction Mazars' story

€100m turnover

1995

1,000 professionals
Creation of the international partnership

€500m turnover
37 countries

2005

5,300 professionals
Growth in Europe and in America

€1.9bn turnover
More than 90 countries and territories

2020

Over 26,000 professionals

€2.1bn turnover
More than 90 countries and territories

2021

Over 28,000 professionals

Global coverage

300+

offices

90+

countries and territories

44,000+*

professionals

* 28,000+ professionals in Mazars' integrated partnership, 16,000+ via Mazars North America Alliance

1,000+

Mazars SC partners

Group global turnover 2020-2021

€2.1bn**

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

12.3%

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

These figures are valid as of 31 August 2021. For current up-to-date information, please visit: www.mazars.com/keydata

Introduction

Mazars UK at a glance

UK coverage

16
offices

2,302
professionals

141
Partners

UK turnover 2020-2021

£234m*
36% in respect of audit services

14%
Turnover increase on prior year

31% in respect of audit services

These figures are valid as of 31 August 2021.
* Unaudited results

Our people

207,000
hours audit training and development

Female RIs and KAPs
25%
2021
as %age of total

Female partners
23%
2021
as %age of total

30+
Mental health first aiders

8
Employee networks

Our conduct

Environmental sustainability
our **1st**

Sustainability Report published, with key emphasis on plastic reduction and digitalising our processes to reduce reliance on paper

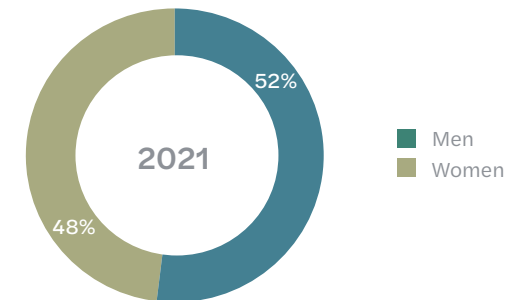
Community involvement days
578
2021

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

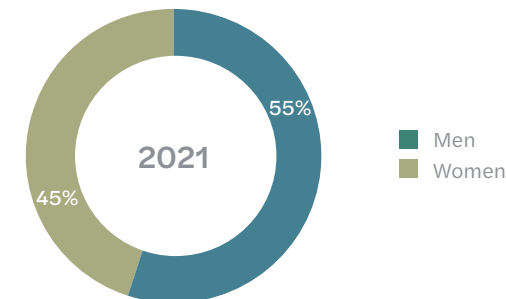
- Charter for Black Talent in Finance and the Professions
- 10,000 Black Interns programme
- Black History Month

Gender

UK firm

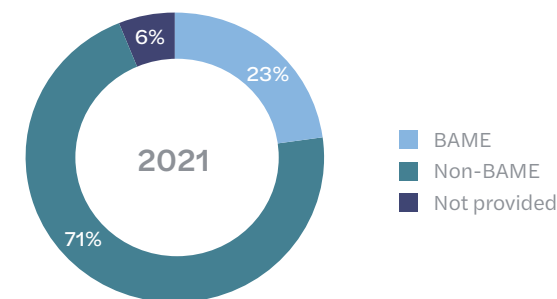


UK audit service line

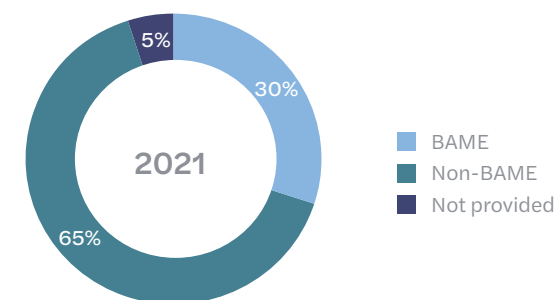


Ethnicity

UK firm



UK audit service line



Audit quality

Our monitoring

Internal inspections

33
Internal monitoring reviews

88%
of which did not identify significant improvements required

External inspections

4 out of 4
of public sector audits did not require more than limited improvements

4 out of 7
of listed and PIE audits did not require more than limited improvements

Introduction

Foreword by Phil Verity, UK National Senior Partner

In the introduction to last year's transparency report I spoke of a challenging and uncertain year like no other.

I shared my pride and gratitude for the adaptability, dedication and positivity of our team and, although much has changed in the subsequent 12 months, that sense of determination and unity remains, along with a strong, positive direction and confidence in our ability to navigate an unpredictable future.

The way we live and work has shifted, and will continue to evolve. But throughout this unprecedented period we continue to be reminded that it is our culture and values that define who we are, what we stand for, and the quality of work we deliver.

The launch of our One24 strategy, built around our purpose of building the economic foundations of a fair and prosperous world, has been a platform to articulate those values and aspirations and set our sights on continually striving to enhance the quality in our work. The result is a clear and consistent strategy across the firm: one which is dedicated to quality without compromise and recognises that a strong, inclusive culture is the foundation of our business.

We have been a proactive and consistent voice in the audit reform debate, advocating for a more resilient, equitable and sustainable market which supports the public interest. There is consensus across the sector that reform is long-overdue and we await the Government's response to the BEIS White Paper with anticipation. Already we see green shoots of change:

the reform debate has spurred some large and complex organisations to broaden their perspectives, and we are encouraged that the listed market is further recognising Mazars' skills and capabilities in audit, tax and advisory. We are committed to playing our part in a reformed market and we have made, and continue to make, significant investments in our teams, technology and processes in anticipation of meaningful change. We are actively building class-leading teams in our chosen sectors and focusing our resources and expertise where they can add the most value and deliver quality for our clients.

We recognise that there is no end point on the road to delivering high quality: it demands considered, consistent and challenging effort across a broad range of areas to make a tangible difference. We were disappointed by the FRC Annual Audit Quality Inspection Results 2020/21: we have learnt from the FRC's feedback in prior years and implemented significant changes to our processes as part of our comprehensive Audit Quality Improvement Plan. We believe that the results of this work will be recognised in future AQR cycles.

The most recent AQR report into Local Authority audits returned positive findings, with no files requiring significant improvement. This is a marked improvement from the previous period. I am pleased that the latest results reflect the systematic and comprehensive approach driven by our team.

In the last year, Mazars has made a difference for clients across a broad range of sectors, and the firm has grown significantly in doing so. We celebrated the largest intake of trainees in the firm's history in September, have launched and embedded our four-year strategy, and made meaningful progress on culture, diversity, inclusion and quality as key pillars of our identity. Recognising our role as a large employer and an agent of change for our clients, our ESG work continues to develop rapidly. We continue to build for the future, and we are proud to do so with a clear trajectory and sense of purpose.



Phil Verity
UK National Senior Partner
23 December 2021



Introduction

Message from the Head of Audit

Ready to take on tomorrow's challenges.

In an environment that remains uncertain, and in the midst of an ongoing pandemic, Mazars' audit teams achieved remarkable results in 2020/21. In the UK and across the world, our team delivered high quality audits despite challenging circumstances. In the last year our audit business grew significantly, and Mazars' position among the world's leading audit firms is attributable to our teams' commitment, resilience and expertise. We are grateful to every member of our team, and each should be proud of their accomplishments over the last 12 months.

We also want to share our recognition for the efforts of the organisations we audit. In a complex and unpredictable scenario, they consistently provided our teams with quality financial information and remained focused on delivering quality results.

Adapting to the needs of a fast-changing world

The way that we live and work has been subject to unprecedented instability and change. In addition to geopolitical upheavals such as Brexit, and to ever-more pressing environmental imperatives, the pandemic has compounded the effect of crises relating to energy and logistics, as companies across the world grapple with raw material cost inflation and supply chain issues.

These challenges bring further complexity to business operations, and they compel organisations to transform and reinvent their models in order to achieve sustainable growth. Social, environmental and societal issues are now firmly situated at the core of business strategy.

Auditors also have to adapt. In an ever more complex environment, the audit profession has to help lay the foundations of an ecosystem that builds trust for the benefit of stakeholders and society. Recent regulatory initiatives on non-financial reporting and the assurance of non-financial information directly address pressing global issues. Auditors have a profound role to play in fulfilling the promise of these worthwhile initiatives in the coming years.

Calling for a comprehensive audit reform

The magnitude of both ongoing and future societal changes demands an audit ecosystem that is fit for purpose: this underscores the case for comprehensive audit reform. In autumn 2020, Mazars surveyed 500 companies, 200 of which were European PIEs, for its "Future of Audit" survey. The message was clear: an overwhelming majority (93%) support meaningful audit reform as a means to increase stakeholder confidence and to help drive future performance.

Walking the walk

Technical expertise, independence and working for the public interest have always been integral parts of who we are. This has been supported by the ability to transform and adapt, while valuing an inquisitive and rigorous approach. These values have underpinned our growth and identity in the market as a credible alternative to the very largest firms, in Europe and beyond.

Within the framework of our global One24 strategic plan, our UK strategy has reinforced the structure of our Audit activities with a clear objective of strengthening quality and accelerating

transformation, in order to help build a more balanced audit market and meet the expectations of all stakeholders.

We have become an even more integrated service line on a global level through our Global Audit Board with the support of our regional and national audit Executives. With our global audit platform, Atlas, we can share knowledge and best practice and deliver seamless, integrated audits with multidirectional interaction between our teams, facilitating the work of multi-skill and multi-jurisdiction teams. With our reinventing audit initiative, we are accelerating our ability to innovate. One successful example is our ability to provide our clients with an augmented audit experience, combining state-of-the-art technologies and the best of our human-centric approach.

More than ever, we are focusing on providing our teams with exceptional learning opportunities. We go far beyond our regulatory requirements to pursue the goal of making Mazars a genuine "school of excellence", in which all team members can benefit from life-long learning opportunities. We aim to provide all our people with the best possible technical and soft skills and allow them to share the benefits of a genuine shared belief in quality throughout our organisation. We place specific emphasis on training our people to better address high impact audit challenges, and have developed a "hybrid" learning model which focuses notably on ESG from a both financial and extra-financial perspective, in addition to accounting and IT. In doing so, we are growing a rounded and capable team, able to deliver audits that will truly meet market expectations.

The trust of our stakeholders, the quality of our teams, and our commitment to quality underpin our determination to establish Mazars as a global leader in audit and, in particular, in the PIE market. We will remain true to our values as we do this, further develop our strengths and accelerate our transformation with the goal of playing our part in a market that rightly demands more choice, both now and in the future.



David Herbinet
Head of Audit

Introduction

Report of the Independent Non-Executives

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

Guy Jubb, Lord Amyas Morse and I are the firm's INEs and members of the PIC. Our backgrounds complement each other:

- Guy brings the shareholders' viewpoints to corporate governance and stewardship gained through a career in a major investment firm;
- Amyas brings in-depth audit, audit quality and audit firm leadership experience acquired in a large audit firm and in government; and
- I bring client experience having served as chief financial officer and chair of audit committees of a number of companies, public and private. I provide a strong connection to Mazars Group where I am a member of its Group Governance Council.

The organisation of the PIC remains unchanged from the prior year, comprising the three INEs and two representatives of the UK Executive: the UK National Senior Partner and the UK Head of Quality.

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

We meet a minimum of four times a year as a PIC. We meet as INEs alone before every PIC meeting, and additionally we hold a number of ad-hoc INEs

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

This year, as in the past several years, we met with circa 100 self-selected partners and members of staff, to understand and evaluate the culture of the firm. These meetings were held within the framework of the Chatham House rules. The meetings gave us valuable insights and enabled us to make recommendations to the executive committee of the firm.

Finally, we met numerous times with the Financial Reporting Council (FRC). We found our meetings with regulators to be constructive and open, enabling us to give clear feedback and challenge to the firm's leadership.

My membership on the Group Governance Council of Mazars which is prioritising quality, risk management and diversity, provides insights which help to inform the PIC discussions and deliberations.

Our areas of focus

Growth

We are pleased the firm continues to be increasingly successful and is winning a significant number of new clients, especially in the PIE market. We are very conscious that rapid growth can present challenges if the growth is not carefully managed and if safeguards are not in place to protect against these challenges. In our discussions with management we focused on the impact of rapid growth on quality and

risk management. At this point we believe that the management is aware of the potential risks involved and is implementing and strengthening mitigating measures, as appropriate.

Quality

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

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

As INEs we were disappointed that the FRC's inspection report into the firm's PIE audits published in July 2021 showed a deterioration in reported audit quality with only four out of seven audits reviewed reported in the top category. This disappointment is heightened given the prior year's report had shown an improving position with four out of five of the audits inspected in the top reported category. In light of this, as INEs, we have strongly continued to challenge the firm's audit leadership, and their Audit Quality Improvement Plan prepared in response to the findings, and we are monitoring the delivery against that plan. Quality is the top focus for us INEs.

In contrast, subsequent to this period under review, in October 2021 the FRC published their inspection report on the seven firms which perform major Local Audits (covering mainly health and local government bodies). In that report 100% of the firm's four audits reviewed were in the top reported category for quality. This is a notable improvement from the prior year where two audits had been found requiring significant improvement. As INEs we are pleased that the Local Audit quality improvement plan, driven by the leadership of the Public Sector audit team,

has made tangible improvements. We will continue to challenge the Public Sector audit leadership to maintain and drive further enhancement in audit quality in this important sector.

While most of our work has been focused on quality in the audit service line, the other service lines are important contributors to the quality and risk management culture of the firm. We recognise the impact that other service lines can have on the overall reputation of the firm. During the culture meetings with partners and staff we had discussions with members of the non-audit service lines. We were pleased to see that this year there is a clear recognition amongst these groups that they need to maintain high quality. We have increased our focus on quality in these service lines during this period and observed that the firm, as well as the Group, is making progress in greater formalisation of risk monitoring and mitigation actions. We will continue to focus on quality in these service lines, and in the whole firm and look forward to seeing quality and risk management strengthened and developed in a best of class manner.

Management informed us that during this period the firm has made progress on its remuneration policies and practices to better reflect individual performance in respect of quality, a focus which we strongly encouraged. Further progress in this area has been made subsequent to the year end with the establishment of a remuneration committee.

Impact of Covid-19

Throughout the period we received regular reports from the UK National Senior Partner and appropriate Executives regarding the firm's strategy and tactics to deal with the ongoing pandemic. We are encouraged that the firm's financial position has remained strong throughout the period. Our focus for the pandemic is therefore on the impact on the firm's people and culture, the impact on quality and most importantly on maintenance of audit quality.

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

Introduction

Report of the Independent Non-Executives

Reputation and risk management

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

To further understand the factors impacting the reputation of the firm the PIC receives reports from the UK Head of Quality and the UK Ethics Partner focusing on litigation and claims, ethical matters, reputational matters including regulatory investigations and whistle blowing. 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 quality and risk committee the Group's Governance Council (GGC). This participation, as well as briefings by management, enhanced our understanding of global reputation and issues.

Further, the four-year plan of Mazars Group approved in December 2020 emphasises quality and risk management as one of the most important drivers.

Culture and talent management

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

As mentioned earlier, in 2021 we again held conversations with some staff members (without the presence of partners) and also with partners who are not members of the leadership team. Our goal for these meetings is to gain a deeper understanding of their perceptions of the firm's culture and how it aligns to the leadership's perception and objectives. The meetings were focused on how the firm's culture impacts quality and ethics, personal progression, remuneration, accountability, diversity and inclusion, and the ability to challenge. The INEs had conducted similar sessions in previous years.

There is a strong sense the firm is committed to making progress in all aspects of diversity and inclusion. During the culture meetings staff reported that they feel progress but not always consistently. There are differences in geographies, sectors and service lines. We shared these findings with the Executive of the firm and will track the progress.

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

Conclusion

We believe that throughout the period under review we have been able to appropriately fulfil our oversight responsibilities. We thank all the 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 have helped increase our visibility into the firm and our understanding of its operating style.

We believe that the firm is focused on quality, especially audit quality, and is building a better firm for both internal and external stakeholders.

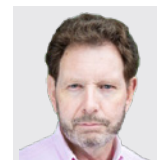
Going forwards, from 1 September 2021 as INEs we will have greater direct visibility of the firm's governance as we will be attending as observers certain meetings: Guy the Audit and Risk Committee, Amyas the Governance Council and myself the Remuneration Committee. We look forward to contributing challenge and debate in these key bodies.

Denise Fletcher

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



Denise Fletcher
Chair, Public Interest Committee



Guy Jubb
Member, Public Interest Committee



Lord Amyas Morse
Member, Public Interest Committee

Introduction

UK Governance Council report

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

UK Governance Council

The UKGC comprises eight members elected from the partnership. The duties and responsibilities of the UKGC are set out in the firm's Members' 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 to, or retirement 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 UK National Senior Partner 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:

- The finance sub-committee, which reviews budget processes and investment performance. Its members are also members of the UKRAC.
- 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 National Senior Partner and Chief Operating Officer (COO) to discuss matters upcoming that will require UKGC intervention

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

Under the terms of the UK Members' Agreement non-voting members can be co-opted onto UKGC. To provide additional governance in relation to the Executive's response to the Covid-19 pandemic, three individuals were co-opted onto UKGC.

Nomination Committee

Under the UK Members' Agreement the maximum period the UK National Senior Partner may be in office is four years.

During the period under review there was an National Senior Partner election and the Nomination Committee met to undertake the election process.

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 CFO 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.

Under the Members' Agreement in force during the period under review, the responsibility for monitoring the firm's processes for assessing, monitoring and mitigating risks sat with the UKGC not the UKRAC. The processes included 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.

New Members' Agreement

A new Members' Agreement was adopted on 1 September 2021 which replaces that reported on in this transparency report. More details will be provided in our 2022 transparency report but in summary:

- The new Members' Agreement (and associated governance handbook) is more clearly mapped across to the Audit firm Governance Code and includes terms of reference for the Governance Council and its new formal subcommittees being Audit and Risk Committee and Remuneration Committee.
- The internal audit function now reports directly into the Chair of the Audit and Risk Committee.
- INEs are now invited to attend a number of Governance Council, Audit and Risk Committee and Remuneration Committee meetings.
- Updated terms of reference have been formalised for the Executive.



Greg Hall
Chair, UK Governance Council



Inspiring stakeholder confidence in audit quality

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

Supporting our team members has been a key focus for us this year. It has been a difficult 12 months for many with the continued pressures of the pandemic, so we have supported our team members with our monthly wellbeing drop-in sessions hosted by our Mental Health First Aiders.

Successfully working in a virtual world

As the world continued to deal with Covid-19 for a second year, we had to continue with our coordinated global response. We became more reliant on virtual interactions than ever before, but never lost sight of the role that mental health and wellbeing play in a virtual world where work-life balance must be maintained.

To support our teams we ran a number of initiatives introduced last year, including:

- Regular all team webinars led by the Executive. These were used to provide regular updates on the impacts that the pandemic was having on the firm, explaining subsequent decisions and new policies alongside any support available.
- Access to Mazarsdoc which provided team members and their immediate families virtual access to a GP when NHS GP surgeries were under pressure.
- Online wellbeing and mindfulness sessions.
- Detailed question and answer guides detailing our approach, Covid-related working policies and the wellbeing support available.
- Flexible working arrangements were introduced, in particular to support team members with parental or caring responsibilities. This included the provision of a carers and wellbeing code, where team members could book 4 hours per week to help them balance work and home lives. This time was paid in the normal way and required no management approval.

Our strategy throughout has been to prioritise the safety and wellbeing of our people whilst ensuring continuity of service to our clients.

Maintaining development and on boarding

Throughout the pandemic we have continued to successfully recruit and onboard new team members. All onboarding and induction training is performed remotely using a variety of digital platforms.

As technical and business skills are key to the quality of our work, we quickly redesigned our face-to-face training courses so they could be delivered digitally utilising bite-size delivery and a more modular pick-and-mix approach.

In audit we used bite-size training sessions to focus on the audit responses needed to client challenges, reflecting government and regulator guidance as it was published.

Our teams continue to respond positively to the new digital approach to training but we expect this will be adapted to include more face-to-face delivery, practice and collaboration sessions to embed learning and complement the digital delivery.

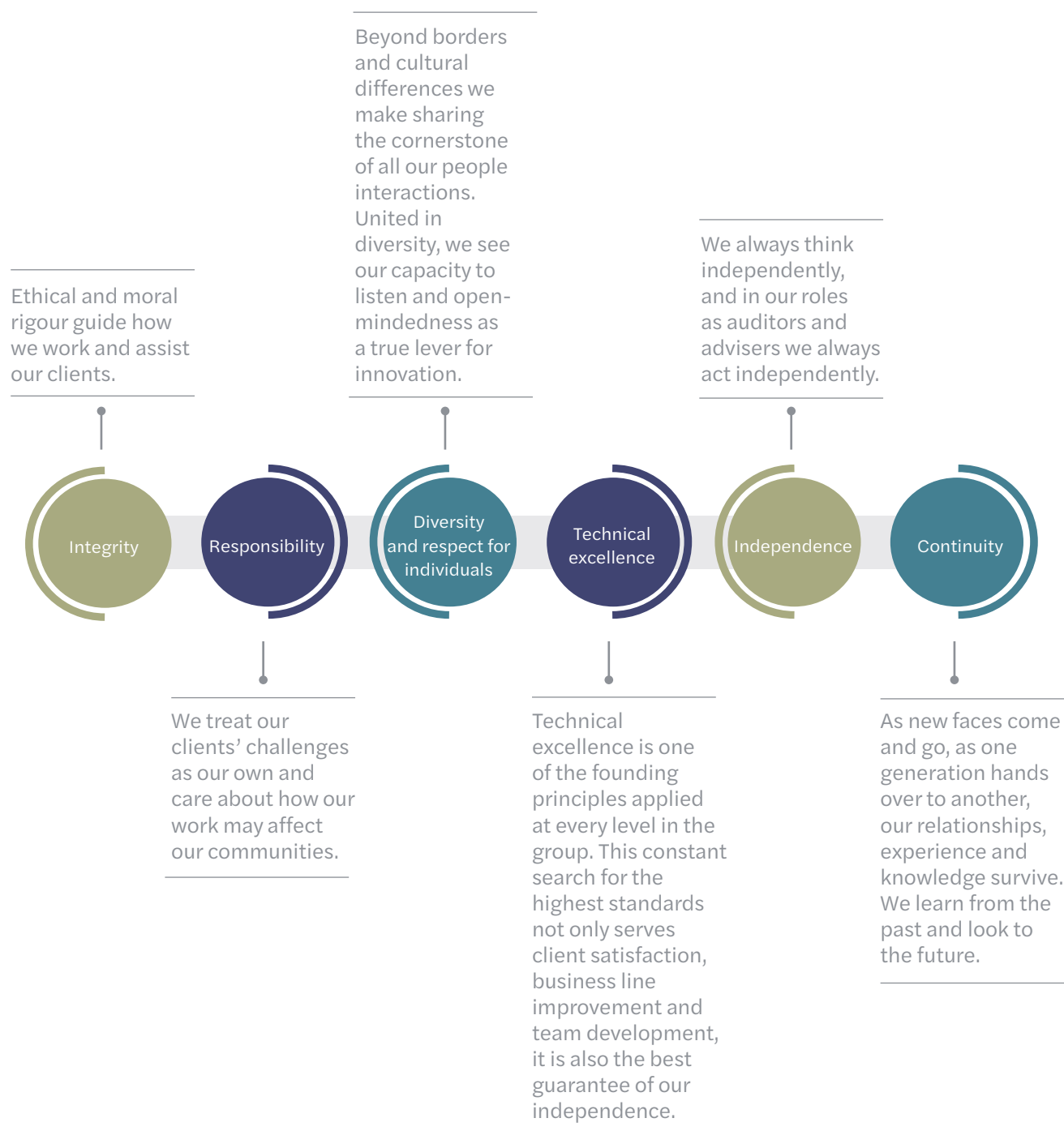
Inspiring stakeholder confidence in audit quality

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

Good people

Our values

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



Talent acquisition

Hiring the right people is key to building the team of the future. Our Talent Acquisition team partners with team members and partners across the firm to ensure that recruitment processes are purposeful and inclusive.

Over the last 12 months we've hired over 900 new joiners into our firm and continue to recruit at high levels, providing meaningful career opportunities for people at all stages of their careers.

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

Inclusive attraction

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

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

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

Through our careers website, social media channels, carefully chosen external partners and broad reach across UK universities, schools and colleges, all roles are widely advertised to ensure that candidates from a diverse range of backgrounds can access our career opportunities.

Inclusive selection

Using detailed data from our Applicant Tracking System, we regularly monitor and review candidate progression on the basis of gender, ethnicity, social mobility, and disability to highlight and minimise any adverse trends within our processes. It's important to us that all candidates are set up to succeed and perform at their best.

In early careers, we contextualise applications using the Rare Recruitment contextual tool to help widen access to our profession. We run CV blind assessment days and have recently made inclusive changes to our online testing. We provide 1:1 candidate coaching, interview feedback and applicant mentors to support candidates throughout their recruitment journey with us, equipping them with transferable skills for future applications.

We support targeted initiatives to address areas of under-representation including our Access Accountancy 'Future Choices' work experience programme and 10,000 Black Interns.

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

Inspiring stakeholder confidence in audit quality

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

Professional and talent development

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

The Education and Learning team partners with service line and strategic market leaders to understand the challenges faced by each area of the business and to develop appropriate solutions tailored to their specific development and training needs. These must also be consistent with the framework for the firm. This 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.

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.

We continue to develop relevant content through our Learning Management System, U-Learn, providing all team members with a single point of access to training content. We continue to develop digital content to support the service lines and provide focused information on hybrid working, innovation, wellbeing and inclusion and diversity, as well as learning hubs to support more traditional offerings. This includes content on supporting early careers, people management, client service and business development.

To strengthen this framework, our HR business partners and the Education and Learning team are developing skills and behaviour matrices with the leadership teams of each service line and strategic market to identify current and future development and skills requirements. The matrices have been developed for several service lines and development for others will continue next year. This helps us identify current skills gaps as well as planning for future needs as our professionals adapt to the evolving environment.

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

Mazars supports over 1,200 team members who are studying towards professional qualifications, so they can be accredited in their field of expertise and well equipped to deliver high quality technical expertise to our clients.

Where appropriate we continue to support qualifications through apprenticeship programmes up to level 7 ensuring that our trainee population is developed, not only in technical excellence, but also in the necessary business skills and behaviours required to reach their potential. The digital skills programme for trainees was rolled out last year and we have already seen development in areas such as data analytics and cyber security. The objective is that this will drive the firm's digital transformation agenda.

Alongside this programme, our existing school leavers run a mentoring programme for new school leavers. They recognise the challenges faced by individuals who didn't attend university and provide support and guidance based on their own experiences.

Each member of our team sets goals for the year under four areas of focus which link to their career pathways. This assessment forms the basis for

promotions and for future goal setting; a key goal is the quality of the work that they deliver. All of our team members set smart goals, receive feedback and have their performance reviewed at least on an annual basis. Every individual is encouraged to understand the importance of their own role and to take ownership of their contribution to the overall success of the firm by playing to their strengths.

We believe 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.

Development of our trainees is also supported through our internal training programme which incorporates a mixture of skills and technical courses to improve our team 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's most appropriate to their growth. This means they can practice what they've learnt before attending the next development course. These programmes continue to be virtual to allow greater flexibility in when they're delivered.

For our more experienced team members, we continue to deliver our Professional Excellence programme. This provides the opportunity to identify individual strengths, then map development needs to their role requirements and curate their own learning path from the interventions on offer. Flexible and relevant modules are added to the programme where development needs are



Inspiring stakeholder confidence in audit quality

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

identified, such as Presenting with Confidence and Everyday Coaching and Feedback. The programme is coupled with a blended approach to development which embraces the 70:20:10 learning model.

We are in the process of launching our 'managing for high performance' series which will support our people managers in motivating and managing their team to reach their potential. Designed for people managers to build the team of the future, we want to empower team members with line management responsibility with further knowledge, resources, tools, and techniques to support, lead and inspire their teams to achieve success.

This year we refreshed our performance review cycle. There is a much greater emphasis on continuous conversation throughout the year between team members and their appraising partners and managers. We upskilled people managers as well as team members to make the most of these conversations and have provided formal and informal opportunities for conversations to take place about expectations and goals, overall

performance, progress against goals, career conversations, development requirements and ongoing feedback.

Every team member and partner in the firm has a mandatory quality goal which they are working towards.

Linked to the above is engagement, which we continue to measure through our 'You Matter' Gallup survey. This allows us to monitor the progress we are making, identify areas for improvement and benchmark ourselves against others in our industry, as well as other organisations more broadly. We pleasingly continue to move on a positive trajectory.

We believe that 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.

Good reward

Good Reward is an important aspect of our approach in ensuring that we can attract and retain the best talent. Following the introduction of Mazars benefits in 2019, we have continued to develop the platform and extend our risk and wellbeing benefits offering.

Under wellbeing we offer access to a wide range of wellness benefits including our virtual GP as well Be.Me. Be.Me provides personalised advice and guidance via a virtual coach called Luke, plus access to a range of online mental wellbeing programmes provided by SilverCloud Health. In recognition of the pressures faced by our team as we came out of lockdown in January 2021, we increased the flexibility of our holiday buy benefit to buy 50% more days than before. These benefits are available to team members throughout the year on the Mazars benefits platform.

We continue to promote sustainability with our benefits offering. Mazars car promotes both electric and hybrid low emission vehicles; the ceiling under

our Cycle2work benefit increased significantly to provide greater choice and further reduce travel emissions.

The partners' version of Mazars benefits was introduced in March 2021.

We have had a firm-wide discretionary bonus plan (the Plan) for a number of years. For FY21 there are two elements to the Plan: a profit share payment and an exceptional bonus award. The profit share element recognises the contribution of everyone to the collective success of the firm and is payable to all eligible team members. The exceptional bonus element recognises the contribution of team members who have demonstrated exceptional performance, exceeded expectation, and made a significant contribution to the firm's success during the financial year.

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



Inspiring stakeholder confidence in audit quality

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

Culture of inclusion and diversity

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

In order to embed a culture of inclusion, we've focused on promoting inclusive practices through all we do, creating:

- A dedicated MS Teams channel to share progress and success.
- An Inclusion Alliance uniting our diversity network leads, Executive Sponsor, HR Director and Diversity and Wellbeing lead.
- An inclusion calendar to support the firm in recognising awareness dates throughout the year.
- Shared more lived experiences of our team members from across the firm.

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

As with last year, we published our gender pay gap report (as required by law), as well as our ethnicity pay gap. The latter is not a legal requirement, but Mazars chooses to publish this information voluntarily. As a firm we're taking action to address our gender imbalance at senior levels by signing up to Her Majesty's Treasury Women in Finance Charter in 2018 which pledges to address the lack of women in senior roles, and our returners programme.

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

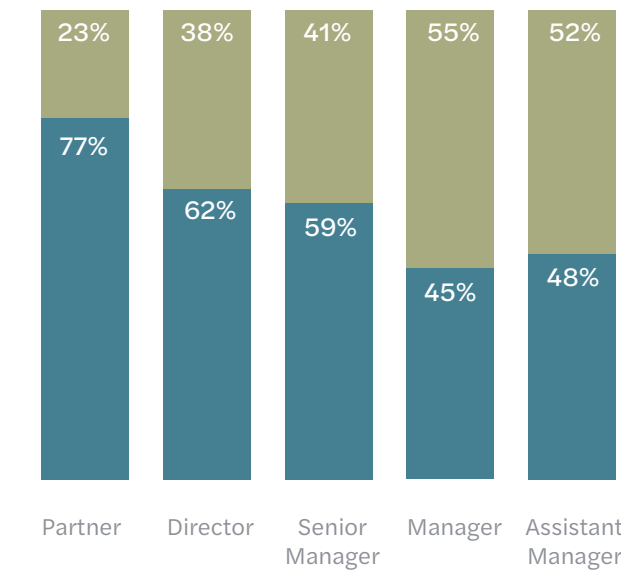
- The Valuable 500.
- The Charter for Black Talent in Finance and the Professions.
- 10,000 Black Interns programme.

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

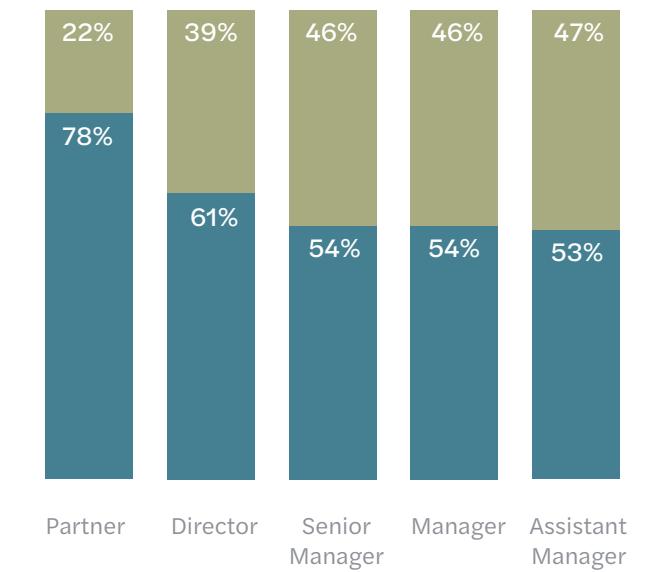


Gender

UK firm



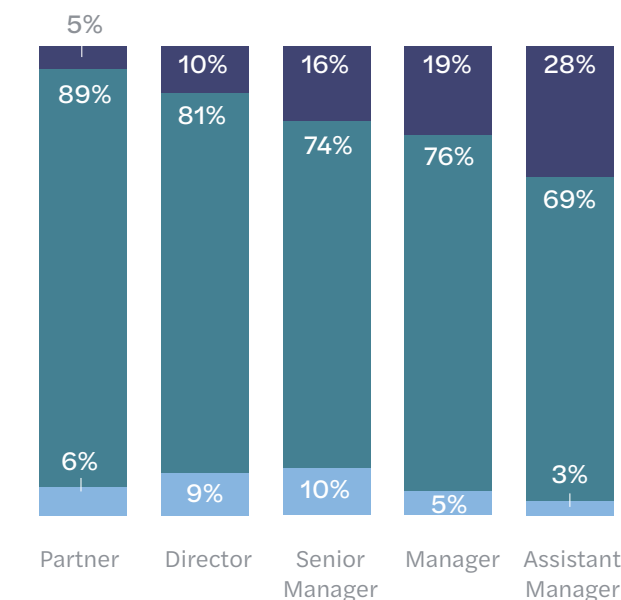
UK audit service line



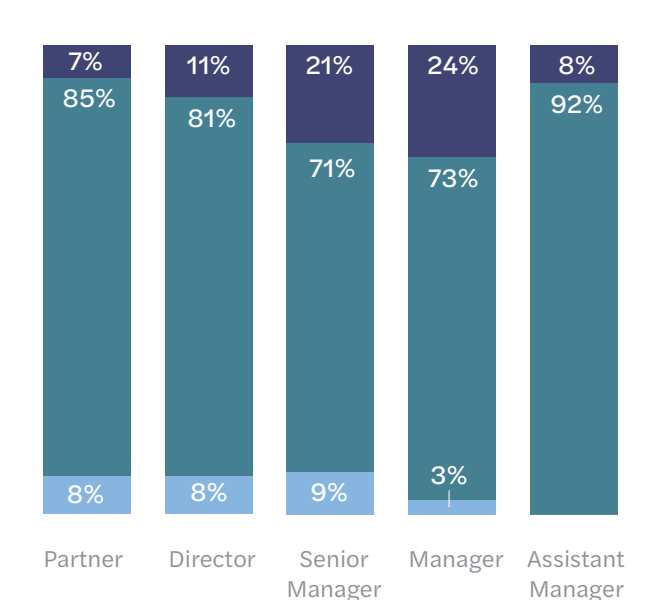
Women Men

Ethnicity

UK firm



UK audit service line



BAME Non-BAME Declined to provide/not provided

Inspiring stakeholder confidence in audit quality

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

Our networks

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

This year we launched a new **Families** network to join our existing seven:

- **Balance** - Gender network
- **Christian**
- **Embrace** - Our ethnic minority network
- **LGBT+ Champions** - Our LGBT+ network
- **Mental Health committee**
- **Muslim**
- **Speakeasy** - Seeing the ability in disability

We have an inclusion awareness calendar and recognise these dates through the year to further embed our culture of inclusion. We do this through external insights and speakers, as well as sharing lived experiences through blogs and personal stories. For **International Women's Day** the Group took part in the 'Choose to challenge' photo campaign. In the UK we also hosted an external speaker and invited everyone to attend and partake in the conversation.

Wellbeing

Supporting our team members this year has been a key focus. It has been a difficult year for many with the Covid-19 pandemic, and we have put support in place for our team members. This has included monthly wellbeing drop-in sessions hosted by our Mental Health First Aiders. These sessions are a safe space to share tips and tools and experiences. The monthly sessions vary in content from external speakers to interviews with members of our Executive on how they look after their mental health and wellbeing. Alongside this, we trained another

cohort of Mental Health First Aiders taking us to over 30 across the firm. Team members all have access to the Headspace app and are invited to join wellbeing sessions hosted across the firm run throughout the year.

Mazars for Good

At Mazars we recognise our duty as responsible citizens to make sustainable business decisions through our Mazars for Good strategy. Sitting within this agenda are our strategic pillars: community involvement; reducing climate and environmental impacts; people at the heart of our development; doing business for good; and integrity and responsibility.

Community involvement

We invest in the communities in which we live and work through volunteering days and charitable donations and focus on raising awareness for the charities that we partner with. This includes the Mazars Charitable Trust, where the firm contributes a proportion of its profits to good causes.

In December 2020 we celebrated Mazars Communities Month by partnering with Sue Ryder and On the Mend. Focusing on the theme of loneliness, team members across the UK offered support to those most affected by the pandemic. Over 300 team members took part in our Notes of Positivity campaign, sharing thoughtful words or drawings with those receiving hospice care who couldn't spend the festive period with friends and family.

Reducing climate and environmental impacts

Our aim is to implement a progressive environmental program with the aim to minimise our negative impact on the environment. As a professional services organisation we do not engage in processes or activities that have a major direct environmental impact, however, we can play an important part in combating climate change through addressing areas such as digital transformation, travel management, and waste/emissions across the estate.

While the pandemic posed multiple challenges, it also highlighted the importance of technology and the opportunities that come with access to systems and devices. As part of our move to MS Teams, Mazars removed 63 telephone lines, containing 3,630 telephone numbers, and decommissioned 1,739 desk phones and 10 fax machines. In line with our commitment to reducing waste, the desk phones were donated to fund SocialBox.Biz's 'Laptops for the Elderly and Vulnerable Campaign', with each donated item having a positive impact on community social empowerment, education, and crime reduction, amongst other areas.

People at the heart of our development

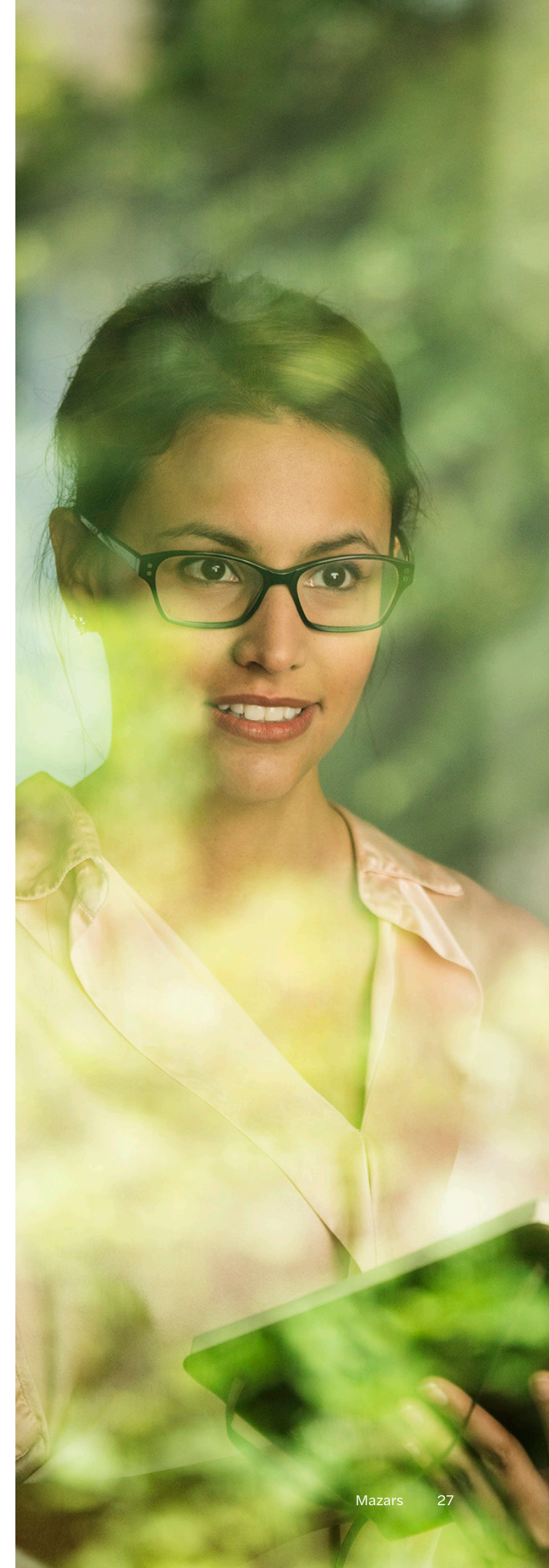
Good people are at the heart of our business. Their wellbeing is our priority, as is providing a healthy environment where they can develop, grow and reach their full potential. We need to bring our whole selves to work, and to do that we need to ensure we create an inclusive work environment. Our team should be reflective of our clients, the communities in which we operate, and society as a whole.

Doing business for good

We believe that businesses have a central role in shifting sustainability from a choice to a societal imperative. Mazars are proud to help our clients build a sustainable approach into their businesses and fully believe that, over time, a business which embraces sustainable practices will improve its corporate resilience, create economic value, and contribute to a healthy economy.

Integrity and responsibility

Integrity and responsibility are at the core of our operating model. They are the foundations on which we build our approach to our clients, our team and to society.



1.2 Delivering audit quality

We encourage our audit teams to become leaders of quality and to go beyond regulatory compliance. The goal is to encourage people at all levels to be part of the movement to change the culture, to show that their ideas matter and that there will be actions put in place as a result of ‘No Compromise’ and that they have the backing of the firm to implement these actions.

Covid-19 continued to bring challenges to the way we deliver our audits as we have continued to deliver most our audits remotely.

Reflecting the additional challenges and risks faced due to the pandemic, we delayed signing a number of audits over the past year. We used MS Teams as a key platform to work collaboratively with our clients as well as our teams. Our training platforms continue to evolve further, using both Adobe as well as MS Teams to deliver all our audit technical training in a timely manner. Furthermore, we had a year where the entire graduate induction process as well as experienced hire onboarding was remotely conducted, yet achieved some great collaboration. We continue to invest in new initiatives to improve quality and are committed to performing and delivering high quality audits.

Through its series of workshops over the summer, the Financial Reporting Council (FRC) continued to highlight the importance of a ‘culture of challenge and scepticism’ in audit. This is even more important in a time where we work and perform our audits remotely. We continued our efforts and investment in cultural change through our ‘No Compromise’ initiative discussed below in detail.

Our wheel, our operating model

Our overall focus for the firm’s One24 strategy has reinforced the importance of ‘deliver with excellence’ where quality is the central pillar of the programme. Our ethos is our ‘wheel’, those core values on how we operate as a firm strongly support our commitment to continually invest in our people and audit quality.



Our audit quality plan and strategy

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

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

As highlighted by our regulator, the FRC, in its most recent inspection report issued in July 2021, we enhanced the process to embed our AQP into the management of the audit practice but this needs to be fully embedded in the way we operate our audit service line. We revisit our AQP on a monthly basis, together with our key priorities, to ensure they are aligned with the audit service lines core strategy of delivering audit quality.

Our objective is to further develop a culture of challenge, scepticism and tone at the top that contributes further to our ‘No Compromise’ audit quality initiative. Some of the key initiatives undertaken this year to improve quality are:

- The roll out of the first phase of ‘No Compromise’.
- Developing a more independent approach to Root Cause Analysis (RCA), introducing further enhancement, including significantly expanding the scope and coverage of RCA.

- Development of phases 1 and 2 of ‘Audit Quality Indicators’ (AQIs) and start embedding these into the day-to-day operations of the audit service line.
- Further investment in digital transformation and innovation.
- Developing a more streamlined process for our coaching.
- Achieving further milestones in our ISQM1 implementation plan.
- Increasing the number of training sessions provided in addition to annual audit masterclasses.
- Introducing a more rigorous post-course assessment process.
- Increasing the number of consultation requirements on going concern.

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

Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

Our quality priorities

Our quality priorities are driven by a number of factors, such as findings from internal quality monitoring reviews, external regulatory reviews, RCA findings and an in-flight coaching review process.

Some of our key priorities for next year include:

- Improving the robustness of the quality control systems in response to growth and recent regulatory review findings.
- Continue our investment in development and deployment of Atlas.
- Full roll out of our 'No Compromise' Programme.
- 'Centre of excellence for Impairment reviews' to improve 'the challenge of management's impairment assessments' in relation to goodwill and other assets.
- Roll out of the pilot to 'Milestone Programme'.
- Using RCA outcomes as a key tool supporting enhancement to quality of our audit work.
- Effective implementation of ISQM1.
- More streamlined process for EQCR to monitor risks and enhance the quality of some of our most complex audits.
- Continue to develop the suite of Audit Quality Indicators (AQIs) and the way in which these are monitored to enable us to have more real-time information in relation to audit quality.

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

Quality with no compromise

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

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

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

'No Compromise': our culture movement

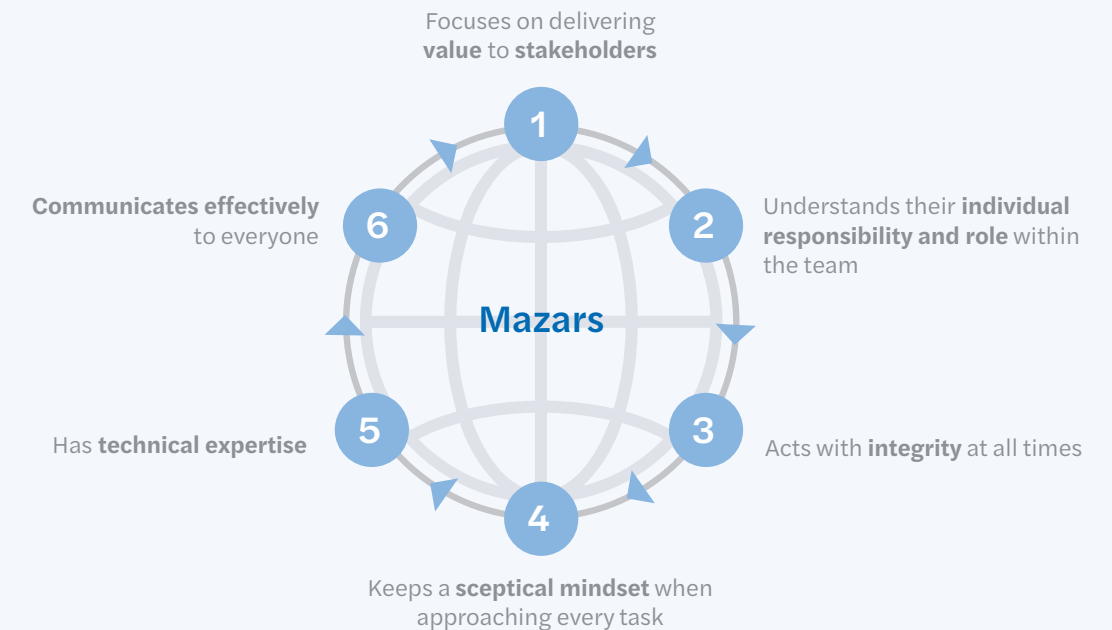
With this movement, our aim is to transform Mazars' audit culture to embed quality as the focus.

We believe that we need to have an attitude towards quality where we have 'No Compromise', and this attitude is now the core of Mazars' audit culture globally.

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

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

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



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

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

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

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

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

Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

Root Cause Analysis

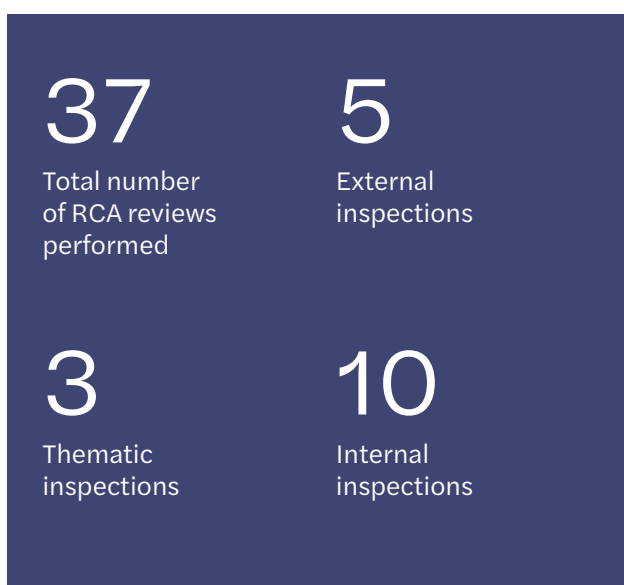
At Mazars quality is central to our work and we take all the audit findings from our internal and external reviews seriously. The journey to improvement requires learning from 'what went wrong'. Therefore, we conduct root cause analysis (RCA) on internal and external reviews in order to determine the underlying causes for audit quality findings.

A formal RCA review is conducted with the engagement teams by dedicated RCA team members. The RCA team identifies potential causal factors by evaluating self-assessment completed by audit team members, analysing key measurement points, and carrying out in-depth interviews with key members of the audit team. This includes the engagement partner, engagement manager, the Engagement Quality Control Review partner and, in some instances, members of the wider audit team (where relevant).

Examples of key measurement points include: time spent by the engagement team members; number of years that they have been associated with the engagement; and timing of the audit. Self-assessment provides the engagement team members an opportunity to reflect on what led to the quality finding and identify the issues they think contributed to it.

RCA learnings are then evaluated in order to determine improvements that need to be made. These are then incorporated into an audit quality action plan.

2020-21 cycle overview



In the 2020-21 RCA review cycle, we introduced a robust method of identifying root causes from potential causal factors by assigning weights to them and establishing links between them and the findings. Our revised approach to RCA allowed us to gain deeper insight into the factors that drove quality findings.

We also performed RCA thematic reviews on audits where there were no quality issues, but potential stressors to audit quality had been identified. Learnings from our RCA process are reported to the Audit Executives and the FRC.

Our RCA process was reviewed by the regulator as part of its review of firm-wide procedures in the current year. The key findings and the good practice observations are discussed in the public report available on the FRC website. In the 2021-22 cycle, we will integrate feedback from the FRC and increase our focus on learning from the good practices identified, as well as the negative findings.

Audit Quality Indicators

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

Refer to section 1.4 for details of our reported AQIs.

Other areas of focus

Financial Services Sector

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

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

Our revised methodology provides teams with additional guidance with a focus on significant

increase in credit risk (SICR) and the level of involvement of our economist to support testing of multi-economic scenarios (MES). Further, we have delivered a series of banking-specific training this summer incorporating the above.

Maintaining quality in a virtual world

2021 has been another challenging year due to the impact of the global pandemic for the second year running. The Audit Executive Committee, along with the rest of the firm, continued with effective response to emerging nature of this crisis and to manage the impact.

Our responses included:

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

Audit methodology, policies and processes supporting high-quality audits

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

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

2021 has been another challenging year due to the impact of the global pandemic for the second year running. The Audit Executive Committee, along with the rest of the firm, continued with effective response to emerging nature of this crisis.

The MAM is continually enhanced as we seek to apply a systematic risk-based audit approach, focusing on the things that matter and adjusting the areas of focus and effort based on the level of risk. Our methodology and associated application guidance are also designed to encourage challenge and professional scepticism in our audits.

Audit software is used to support the audit teams in applying our risk-based approach, from acceptance to completion of the audit. Over recent years, Mazars has been developing a new audit software, Atlas. In the UK the rollout of Atlas commenced in 2018 with a sample of non-PIE entity audits. The expectation is that for Mazars UK the full implementation of Atlas, including for PIE audits, will commence with 31 December 2022 year ends. The deployment of Atlas will enhance the quality of audit documentation, ensure global consistency in the application of the MAM, strengthen the oversight of international group audits and provide our teams with access to enhanced technology and tools. We will continue to invest and develop our audit software as new challenges and technologies impact on the audits of the future.

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

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff,

Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

it also relies on the appropriate support being available. The MAM details the circumstances when there is a mandatory requirement to consult within the firm. Our technical experts are also available for audit and financial reporting technical consultations when support is required.

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

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

Our coaching review process undertaken for a sample of higher risk engagements acted as a tool to support the delivery of audit quality on these engagements. Feedback from these reviews also contributed some positive initiatives such as 'library of good practice examples' and 'clarification of some of our application guidance'. We noted that coaching style reviews are beginning to promote positive cultural behaviours, therefore we believe that this new approach will continue to promote positive cultural behaviours that will support our 'No Compromise' culture movement. Coaching reviews will remain one of our audit quality priorities to support our most complex audits.

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

Rewarding contribution to high-quality audits

We recognise that the responsibility for audit quality does not just sit with the 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.

We recently made further changes to our performance management system where all audit and assurance staff are now required to set quality

objectives at the start of the year, and evaluate through a self-assessment process how well they achieved these objectives prior to the formal performance review.

Investing in innovation

Innovation is a key driver in our ability to deliver higher quality audits as complex business environments require our audits to be more dynamic and focus on more innovative and technology driven solutions. As a firm we are committed to investing in innovation as is evident through our ongoing investment in our in-house audit software Atlas, as explained above. Continued investments in innovation will be critical to enable us to continue to bring the best technology into the heart of our future audit approach.

All audit and assurance staff now required to set quality related objectives.

Responsibility for the delivery of audits

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

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

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

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.

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.

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

Engagement quality control reviews (EQCRs)

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

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



Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

Responsibility for quality

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

To ensure a culture of quality is embedded within Mazars as a core value, the UK Head of Quality and the UK Head of Audit are members of the UK Executive. A sub-committee of the UK Executive, the Quality and Risk Committee (QRC), chaired by the UK Head of Quality, assists the UK Executive in fulfilling this ultimate responsibility for quality monitoring.

The Audit Executive Committee (AExeco) was effective from -1 February 2021 and replaced the former Audit Board (AB) from that date. The AExeco reports to, and is overseen by, the UK Executive. The AExeco is led by the Head of Audit and includes leaders nominated by the Head of Audit with responsibility for Operations, Audit Quality Support, Transformation and Quality monitoring.

The role of the AExeco is to promote and ensure delivery of a high level of audit quality and risk management in the audit practice. In fulfilling its role, the AExeco assists the firm, including the PIC, in meeting the expectations of the Audit Firm Governance Code (2016). The terms of reference for the Audit Executive Committee include:

- Responsibility for the governance and leadership of the audit service line reporting to the UK Executive;

- Delivering the strategic objectives of the UK firm insofar as they relate to audit work
- To develop and support an audit culture in line with the firm's values (as set-out in the Code of Conduct) which aligns with:
 - the delivery of quality work;
 - support, development and growth of the firm's people; and
 - current and future sustainability, profitability and growth of the business.
- Identifying and managing risk that may impact on the wider firm, the audit service line, its people and clients in relation to the activities and environment of audit.

The 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 Management and Compliance Committee.

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.

- Agree to submit to the Secretary of the Forum an annual report, in an approved format, indicating that it meets the membership obligations set forth above.

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

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

- responsibility and leadership;
- independence and objectivity;
- acceptance and continuance of engagements;
- human resources;
- audit methodology and engagement performance;
 - planning and supervision of engagements;
 - technical consultation; and
 - audit documentation;
- professional confidentiality and risk management;



Inspiring stakeholder confidence in audit quality

1.2 Delivering audit quality

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

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

Both our audit methodology and software are updated, as required, to 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 only Responsible Individuals (RIs) can be responsible for an audit and sign a statutory audit report. A RI has to hold an 'appropriate qualification' commonly known as an audit qualification and be competent to conduct audit work. An appropriate qualification can be gained by holding a recognised audit qualification awarded by, inter alia, one of the Institutes (England and Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants (ACCA). In Mazars UK 55 individuals held RI status at 31 August 2020, and a further eight were Key Audit Partners (KAP) authorised to sign Public Sector audit opinions.

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



1.3 Quality monitoring

Through its international quality control committee (IQCC) the Group's Quality and Risk Management Board (Q&RM board) defines the quality monitoring system and the relevant procedures that are required to be implemented across all service lines as well as monitoring their implementation.

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

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

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

Audit quality monitoring in the UK

ISQC1 requires each RI's work to be subject to a cold file review at least once every three years. In Mazars our aim is to review every RI and KAP at least once every two years. These reviews are supervised by the Director of Audit Standards, and conducted by experienced audit partners and senior staff, or our dedicated audit quality monitoring team. All our reviewers are specifically selected for this role because of their knowledge and skill set, and are appropriately briefed on our QM approach and requirements. We allocate our reviewers to file reviews to reflect their knowledge and skills. We also ensure reviewer independence which we ask reviewers to confirm as part of the file allocation. Reviewers are also supported by a technical consultant when required.

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

This plan should be presented by the Partner responsible for Quality Monitoring to the firm's Audit Executive Committee which includes the UK Head of Audit and Audit Compliance Principal. 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 audit service line to ensure our people understand and are engaged in the process.

Audit files are selected for review based on a number of criteria, including risk and public interest, with the basis for file selection recorded along with the risk assessment. Each review starts with an opening meeting between the reviewer and RI or KAP and an opportunity to provide a self-assessment. At the

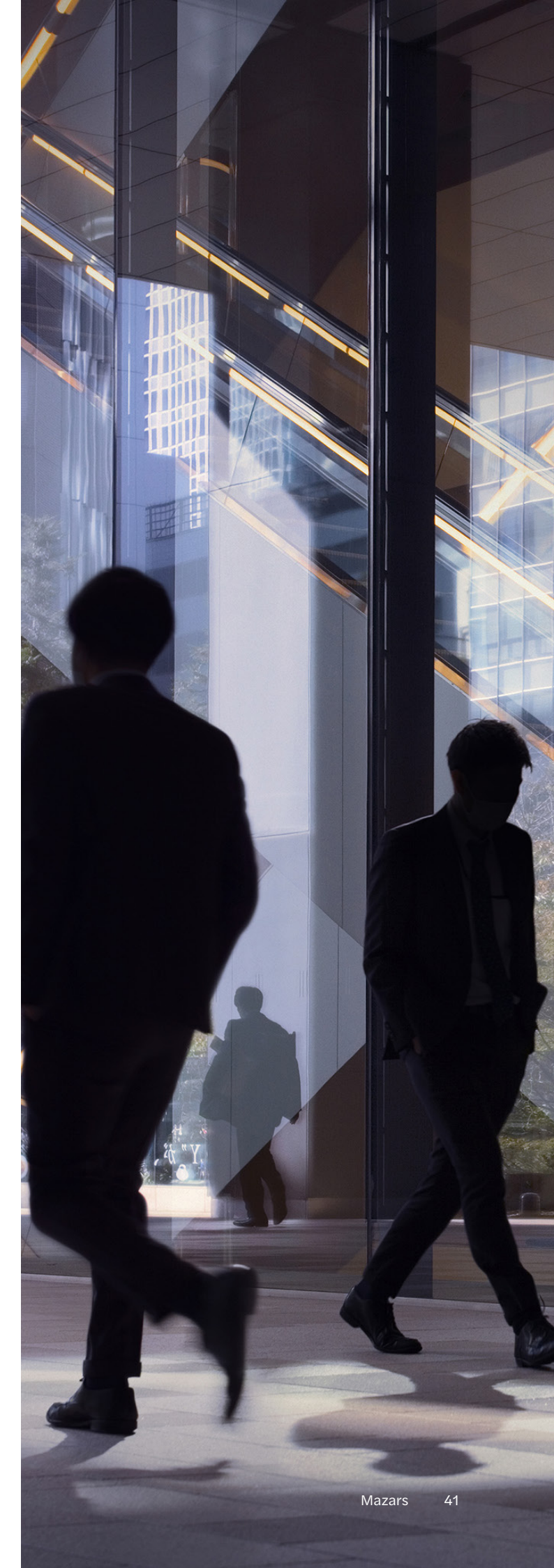
closing meeting any findings from the review are discussed and when agreed the RI or KAP is required to respond to the findings in writing, this response considers the 'cause' of the findings as well as the 'action' to address. The files are then graded in terms of overall quality. The findings and responses along with the file grade are included in a final findings letter which is sent by the UK Head of Audit Quality to the RI or KAP, and copied to the RI or KAP's appraising partners. Similar letters are sent to the Head of Audit Quality to the engagement EQCR and by the Director of Audit Standards to engagement manager.

Findings and grades for these reviews are presented to members of the UK Executive and taken into account in the partner performance review process and in decisions on partner remuneration.

A summary report is prepared and presented to the Audit Executive Committee for review and approval of the proposed actions to be taken in response to the key findings recorded. 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.

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

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



Inspiring stakeholder confidence in audit quality

1.3 Quality monitoring

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

- Self-assessment of the entity's audit methodology, ethics and the quality assurance system.
- Internal monitoring of the effectiveness of the internal procedures and of the quality of the audit files. This is performed by each entity on an annual basis and constitutes the basis for the completion of the self-assessment.
- Mazars international inspections: these are undertaken by experienced reviewers from other member entities within the organisation, generally every three years, and they aim to take an independent view on the results of the self-assessments and the internal monitoring whilst helping to spread best practices; and
- Consideration of finding from external inspections: entities are periodically subject to reviews by the audit regulators or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the IQCC for consideration.

The self-assessment includes the entity's compliance with the IFAC standards as well as reporting on the results of its internal and external audit quality monitoring reviews. This can be the basis for an action plan relating to all areas identified as requiring improvement including those identified through any Mazars international inspections. Entities are required to communicate internally the results of their audit quality monitoring reviews to their Executive, partners and audit managers. This communication is provided in sufficient detail to enable the necessary corrective measures to take place, both for the partner in question, and the overall level of the entity.

As a minimum, the results of the audit quality monitoring reviews include: a description of the procedures applied and of the scope of the quality monitoring review; the results and conclusions of the reviews of the entity's procedures and audit engagements; and detailed action plans, where required.

Entities that are applying to join the Mazars organisation are subject to an inspection organised by the IQCC. The report setting out the results of the review is included in the admission file submitted to the GEB and the GCC for consideration before the vote at the General Assembly of Partners. The report may be accompanied by an action plan, progress against which would be monitored by the IQCC.

During the year 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. An inspection by Mazars Group is currently in progress. The last completed review 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 undertakes audits which fall within the remit of the FRC, resulting in the firm being subject to reviews of its audit work, systems and processes by the FRC.

Due to the increased number of PIE clients, Mazars is subject to annual reviews by the AQRT of the FRC. The results of our 2020 review were published in July 2021 and are disclosed in section 1.4.

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

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

At Mazars we are passionate about audit quality, so the results of the independent reviews challenge us to revisit our technical training and tools to ensure they support our audit teams to deliver quality audits. We are committed to the continuous improvement of the quality of our audit work to address findings from external reviews as discussed above.



1.4 Audit quality indicators

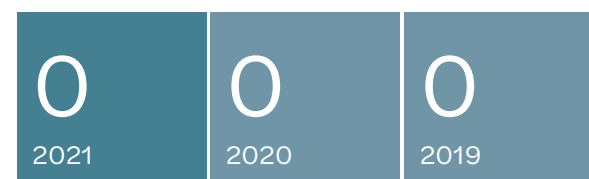
In 2014 the firms that then comprised the Policy and Reputation Group (PRG) identified certain key audit quality indicators (AQIs) that contributed to audit quality. As recommended by the FRC these AQIs have been reported annually by those firms in their transparency reports. As a member of PRG, we have disclosed the same AQIs to ensure consistency of reporting across firms.

In 2021, we developed a set of 16 AQIs to help us view audit quality holistically and for management information purposes. These AQIs are monitored and reported to the Audit Executive Committee on a monthly basis in order to assess risks to audit quality and take proactive steps to mitigate those risks. During the next phase of AQI development, we will

establish benchmarks and processes for outliers, and we will enhance monitoring of AQIs so we can intervene when higher levels of risk are identified. As monitoring processes are embedded to the operations of the audit service line, we expect AQIs will continue to evolve.

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

Number of cases in the 12 months to the 31 August 2021 in which the FRC Conduct Committee has found against the firm or one of its members.



Subsequent to the 31 August 2021 reporting period, the FRC has announced that they have commenced an investigation under the Audit Enforcement Procedure (AEP) in relation to the audit of the consolidated financial statements of French Connection Group plc for the year ended 31 January 2020 as announced [here](#).

Audit quality indicator 2 - Metrics on audit quality reviews

Results of external inspection (FRC reviews)

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

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

The FRC published its report on its latest inspection of Mazars in July 2021. A summary of the results is set out below.

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

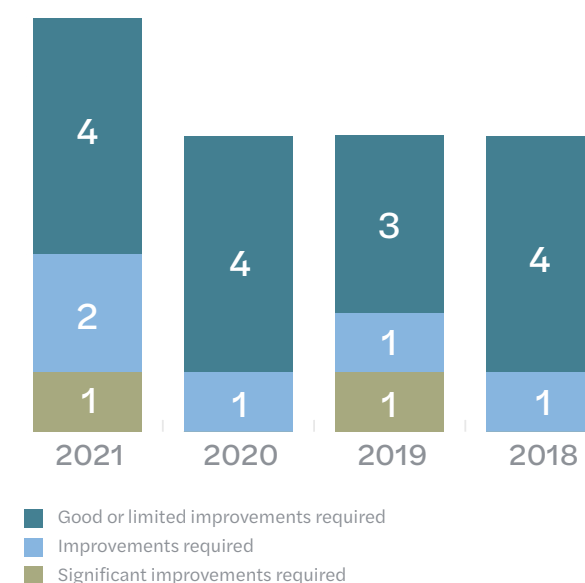
The FRC inspected 7 of our audits covering listed and public interest entities, of which 4 out of 7 were assessed as requiring no more than limited improvements. We were disappointed by the results of the individual audit engagement inspections, and noted that improvements are required in the quality of our work and ability to consistently deliver audits of the high quality we strive for. The firm is committed to ensure that appropriate action plans are implemented through our independent Root Cause Analysis (RCA) process to address the matters arising from this review cycle.

The FRC also reported on its inspection of firm-wide areas. We note that FRC has recognised improvements following the actions and programmes for the previous year and welcomed the good practice points raised, including delaying signing off and our approach to inventory existence testing considering the challenges relating to Covid-19.

The FRC highlighted the good practices from its review of firm-wide areas:

- **Audit quality initiatives** – The clear link from inspection findings and RCA to the AQP at an engagement level; and the inclusion of impact assessment in the AQP.
- **RCA process** – The use of key measurement points; a mechanism to assign weight to causal factors identified; and an impact assessment to assess effectiveness of actions.

All reviews



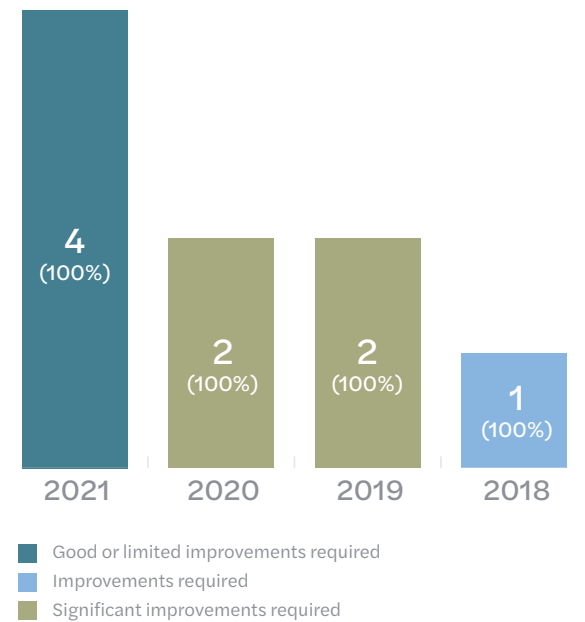
Inspiring stakeholder confidence in audit quality

1.4 Audit quality indicators

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

The FRC is also responsible for monitoring the quality of major local audits as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. During FY21, the FRC inspected four of our March 2020 year-end public sector audits. The results are set out below:

Public sector appointments



The audit quality results for our inspection of the four audits showed significant improvement compared to the prior years, with all audits assessed as requiring no more than limited improvements.

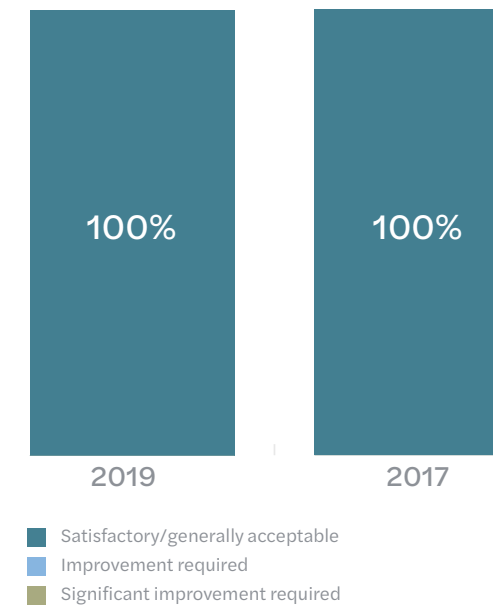
It is also pleasing to report that on each of the four audits inspected, FRC identified an area of good practice, these included:

- demonstrating the robustness to delay issuing an audit report until appropriate evidence was obtained;
- detailed consideration of how the risk of revenue recognition manifested; and
- evaluation and challenge of property valuations including comparison to third party data.

In addition to the financial statement reviews, FRC reviewed the Value for Money (VFM) conclusion for the engagements where this applied. All VFM conclusions were rated 'Good'.

The results of these inspections are included in the FRC's public report Major Local Audits – Audit Quality Inspections published in October 2021. The [full report is available here on the FRC's website](#).

All audits



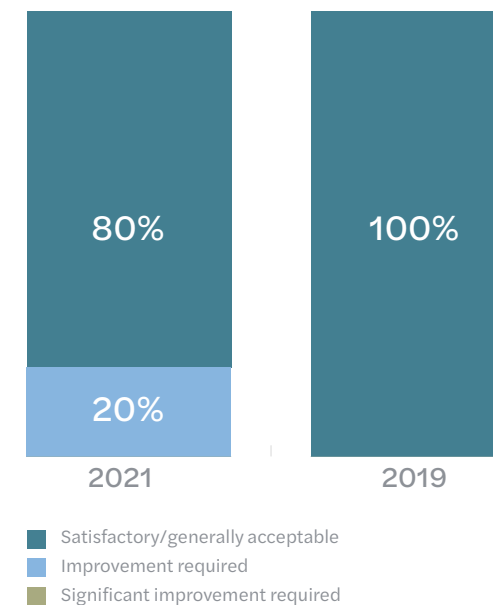
Results of external inspection (ICAEW QAD reviews)

The QAD undertakes a full review every two years. In their most recent report following the 2019 inspection the QAD concluded that the firm's audit work was of a good standard and all files were satisfactory or acceptable. We were pleased with the results of the review and believe that they demonstrate our firm-wide commitment to audit quality. The 2021 review cycle is currently in progress and we expect the results to be published in early 2022.

In their most recent review of public sector appointments, QAD concluded that audit work continues to be of a good standard in most areas. Four of the five reviews were either satisfactory or generally acceptable. One audit required improvement.

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

Public sector appointments



Inspiring stakeholder confidence in audit quality

1.4 Audit quality indicators

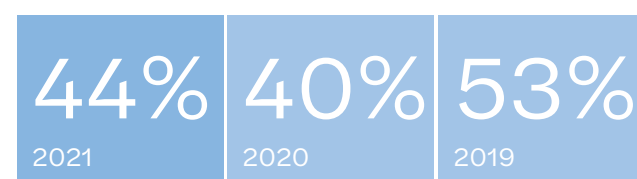
Number of engagements reviewed



% of files that did not identify significant improvements required

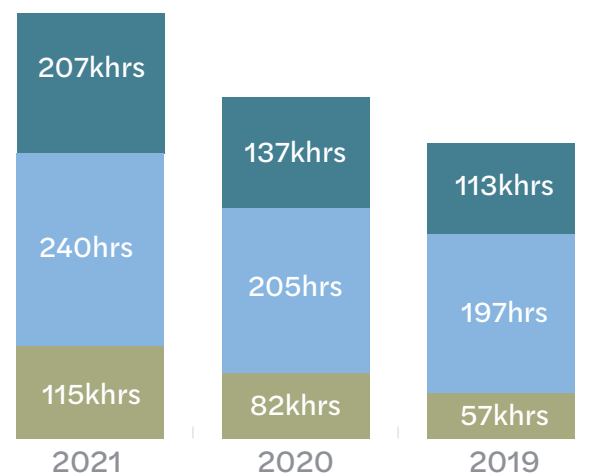


Annualised % of RIs and KAPs subject to review



Audit quality indicator 3 – Metrics on investment

Investment in training



Hours
Per person
Excluding training for professional exams

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

Each year we review a sample of our audit engagements through our internal Quality Monitoring process. The details of the process have been set out in Section 1.3.

Within the numbers presented, six files reviewed related to Key Audit partners of which five did not require significant improvements.

In 2021, four engagements were rated as requiring significant improvement (rated D). We performed a RCA for all engagements rated requiring improvements (rated C) or significant improvements (rated D) to identify causes that led to these failures. The significant findings which led to quality failings are addressed and monitored through our Audit Quality Action Plan. We continue to monitor and innovate our quality monitoring programme to ensure it remains robust and fit for purpose to respond to the needs of our internal and external stakeholders.

Investment in training

The introduction of remote delivery methods during the past year has allowed us to see a significant increase in the amount of time each individual has been able to dedicate to development. We have been able to deliver effective learning through a variety of different mediums, including eLearning and virtual breakout rooms in order to improve learner engagement. In addition, delivering virtual learning on a national scale has improved accessibility; learners can select the most suitable sessions to meet their requirements. The other added advantage this year for remote delivery is the ability to record live sessions allowing attendees to refresh their knowledge at the point of need. We store all recorded learning in U-Learn, our Learning Management System, for point-of-need access in the future.

In addition to the increase in learning hours, there has been an increase in actual delivery of training. We saw the introduction of Audit Quality Bitesize sessions, which was mandated to all those qualified individuals in the service line. In these bitesize sessions, we covered current and relevant updates to support our teams. The number of Financial Reporting courses also increased and new joiners into the service attended a more in-depth technical induction programme. We also introduced mandatory technical assessments this year in order to ensure our teams fully understand changes in methodology, audit and accounting standards, as well as embed learning into the process. Our financial services team also increased learning interventions such as IFRS17 as well as enhanced banking training covering IFRS9.

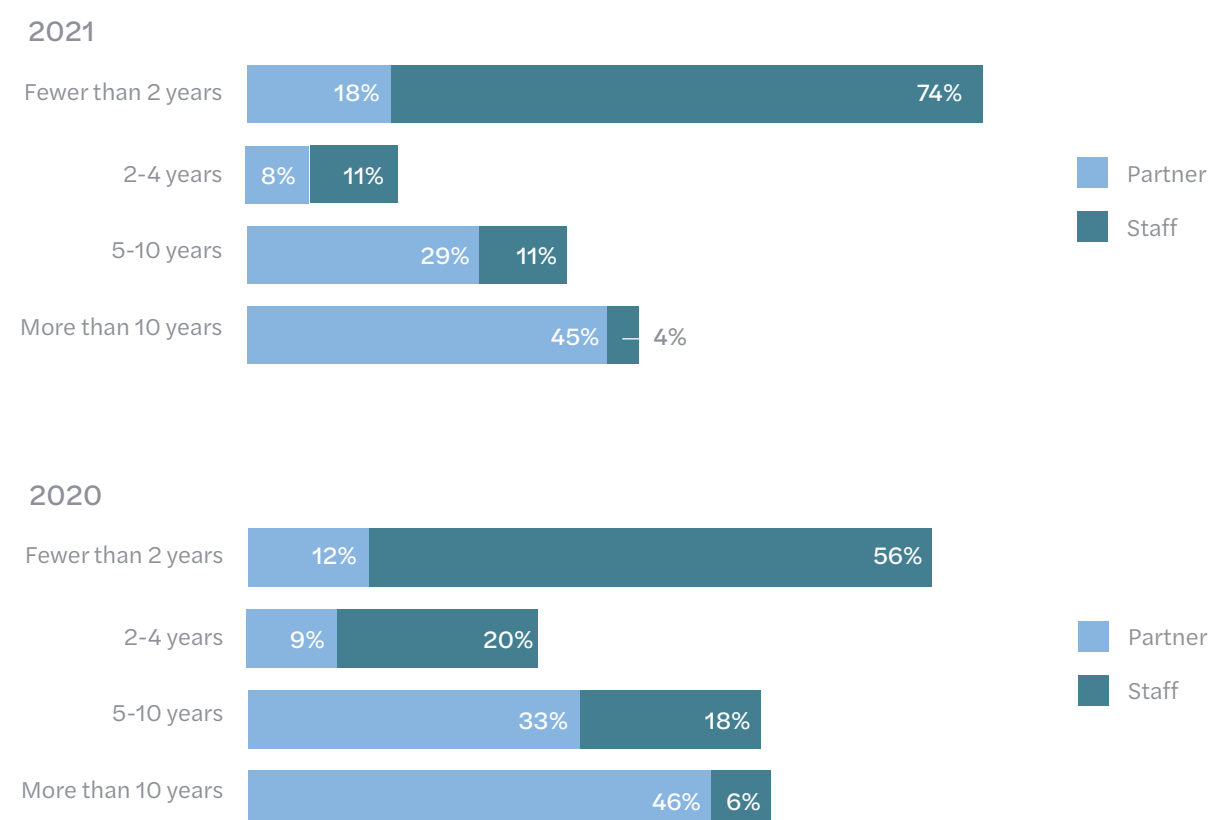
Investment in research and development in audit service line

Our investments in innovation and quality are transforming the way audits are delivered. Globally our key investment in the year has been in the new audit software as discussed in section 1.2 in which Mazars has significantly contributed.

Mazars also contributes to the global Mazars Audit Methodology (MAM) and tools including sharing training materials developed by our team members.

We have also invested in a number of tools that can directly interact with client accounting system to extract information for audit purposes, providing efficiency in smaller audits and roll-out of our audit template automation process.

Audit quality indicator 4 – Metrics on partner and staff tenure





Inspiring stakeholder confidence in audit quality

1.4 Audit quality indicators

The tenure rate statistics suggest a significantly higher proportion of personnel have been with the firm for less than two years. For the most part, our attrition rates have been consistent with or lower than pre-pandemic levels, and therefore the tenure rate largely reflects the significant investment in headcount across all teams in the audit and assurance service line, including those at the partner level. 52.5% of those at Assistant Manager grade or above have been with the firm for more than five years, which is a testament to our culture and a positive audit quality indicator as these individuals are able to share their knowledge and experience of the firm's culture and methodology with the wider team, accelerating the acquisition and development of the skills, expertise, and mindset necessary to conduct high quality audits. To this end, we are welcoming lateral hires with varying perspectives and experiences who will complement our existing teams

While it is expected within the profession that a number of our trainees will consider other options outside of Mazars at the expiration of their training contracts, retention of our team members has never been more important. To help our people continue to develop and enhance their skills post qualification, we have enhanced the provision of technical learning and training, as well as demonstrating the benefits and reasons for a long-term career with the firm within audit. The fact that our attrition rate has remained within expected levels despite an extremely competitive 'war for talent' is an important contributor to delivering high quality audits."

Our ratio of staff to each RI/KAP has grown in the year from 9.9 to 11. This is principally a function of the evolution of our client base towards a greater number of larger/PIE businesses than in the past and hence we are satisfied that the balance and gearing of our team remain appropriate."

Number of staff to each RI/KAP

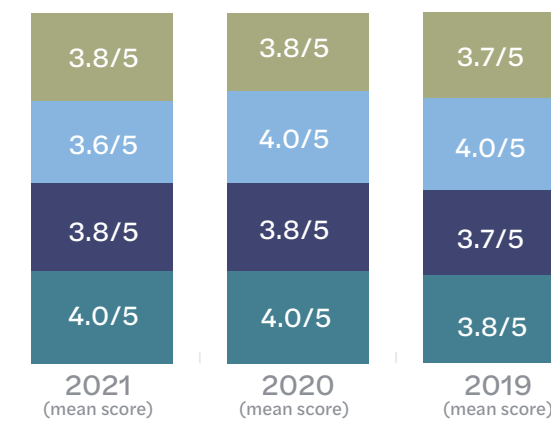


Audit quality indicator 5 – Metrics on investor liaison

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

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

Staff survey



- Level of engagement
- I have had opportunities at work to learn and grow
- My coworkers or fellow employees are committed to doing quality work
- I have the materials and equipment I need to do my work right

We continue to use the Gallup 'You Matter' Engagement Survey to help understand and measure the level of engagement of team members and partners across the firm. We started working with Gallup in 2017 and have seen an increase in engagement scores year on year, moving from the 13th percentile in 2017 to the 30th percentile in 2021. It has been a challenging year due to the pandemic and adjusting to remote working, but overall there are a higher proportion of engaged

team members and less disengaged team members in the audit service line, as we continue to move in the right direction.

We continue to implement changes in the audit service line to drive engagement. Through the successful introduction of 'Magic Mondays' and the 'People Management' programme in audit, we expect to see a continual improvement in our Gallup scores going forward, which are linked to quality, particularly in 'I have the opportunity at work to learn and grow' where there has been a slight decline this year. In addition, the firm has committed significant investment in key resources across the service line, which will positively impact quality, including investment and growth in the audit quality support teams and continued investment and growth in resource across all grades.

As above we have launched a new people management framework, where we have dedicated People Managers who will act as role models and promote the delivery of high-quality audits. They will set the tone and drive development of an inclusive, high performance and high engagement culture. As part of this new framework there will be more structure, guidance and targeted training in how to be an effective people manager.

Although there is a great deal of focus on improving engagement across the audit service line for all team members, and the recent initiatives highlighted is expected to go some way to improving this, there is still some way to go and we will continue to work closely with our team members on this.

Inspiring stakeholder confidence in audit quality

1.5 Investor and audit committee dialogue

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

As part of our commitment, Mazars hosts events for the Centre for Audit Committee and Investor Dialogue which it has run for a number of years in association with a group of leading investors. Covid-19 has had an impact on the number and format of events but in June 2021 it hosted a panel session on 'Restoring trust in audit and corporate governance', on the Government's White Paper which at the time was out on consultation. The panel was chaired by Michael O'Dwyer of the Financial Times and the panellists were Catherine Bradley, a senior audit committee chair, Jeanette Andrews from Legal and General Investment Management and David Herbinet, Mazars' Global Head of Audit. Participants attended on a virtual basis and included listed company directors.

Also in June 2021, Mazars hosted its first Annual Audit Firm Review for audit committee chairs of the PIEs it audits across the firm. The virtual session was in two parts. The first part focused on a review

of developments in the audit practice in the UK and the wider firm, nationally and internationally, and was followed by a discussion of audit quality and an introduction to the work of the Public Interest Committee. The second part focused on the White Paper on 'Restoring trust in audit and corporate governance' and included consideration of proposed audit market reforms and other proposals of relevance to audit committees. Presenters included Phil Verity, Senior Partner; David Herbinet, Global Head of Audit; Jac Berry, Head of Quality; and Denise Fletcher, INE and chair of Mazars' Public Interest Committee.

We have also held a number of meetings with investors and investor groups subsequent to the year end. Engagement has included meetings with the Investor Forum and the Investment Association. We would like to express our thanks to everyone who has participated in the engagement programme.



1.6 Ensuring our objectivity and independence

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

Our code of conduct for objectivity and independence

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

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

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

Our new code of conduct clearly states who we are, what we expect from our people and how we deal with our clients, stakeholders and communities at large. In an intricate and fast-evolving environment, we use it as a moral compass for our daily activities, drawing the line between what is recommended or acceptable and what would put our reputation and other people's trust at risk. We handle all breaches seriously and take appropriate action to uphold this code wherever necessary.

Responsibility for maintaining objectivity and independence

The Group Independence and Acceptance Committee (GIAC) is responsible for oversight of independence and acceptance for Mazars worldwide. It provides guidance for acceptance personnel in each country, approves first time appointments for PIE audit clients, and manages the annual independence reporting process, reporting the results to the group Executive board. It adjudicates on any independence or acceptance issues brought to its attention, including any proposed departures from the CCOI by country and ensuring that all changes in international ethical standards are communicated to all countries in the organisation.

Systems to safeguard our objectivity and independence

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

Safeguard	How this safeguards our objectivity and independence
Acceptance and continuance of audit engagements	Procedures exist that require an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and conflicts of interest.
Additional services	The provision of additional services to an audit client is subject to prior authorisation from the lead audit partner and, in some cases, the ethics partner. In certain circumstances this provision is also subject to authorisation by the client's audit committee, for example when required by auditing standards or when the client has put in place procedures for the prior approval of non-audit services by the auditor.
Non-audit services to audit clients	A complete list of non-audit services rendered to audit clients must be maintained. For group audits, this list must be communicated in response to the instructions circulated by the audit co-ordination team.
Annual declaration of independence	All partners and staff are required to provide an annual declaration of their independence. In this respect: <ul style="list-style-type: none"> Mazars partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client; Personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (or beyond normal financial relations with a banking or other credit institution audit client).
Mandatory rotation	In relation to audits of PIEs, the audit RI is required to rotate after five years, and to not return to the audit team for at least five years. Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The Audit Board ensures appropriate allocation of partners to audit engagements.
Transparency of information	All Mazars staff have access to the list of our audit clients subject to specific ethical requirements.
Training	All audit staff are required to undertake training on ethical rules and the Mazars' ethical procedures.
Consultation	Audit staff and partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary.
Limits on client fees	Limits on client fees are imposed in order to avoid financial dependence on one or several clients.
Impact of an identified threats to independence	Clear rules regarding conflicts of interest have been communicated. Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented.
Performance based remuneration	Mazars Group has adopted a method of remunerating partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics).
Independent Non-Executives	Our Independent Non-Executives must comply with appropriate independence requirements as do our partners and staff.

Inspiring stakeholder confidence in audit quality

1.6 Ensuring our objectivity and independence

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

We have completed the implementation of our Global Independence Check tool, WeCheck, designed as a one-stop shop, with a view to protecting our independence throughout the Mazars Group. All countries within our partnership now have access to WeCheck. As at 31 August 2021, 76 of them, amounting for 96% of our global turnover, frequently uploaded and refreshed client data into WeCheck's data management system.

In Appendix 7 we provide a statement on the effectiveness of the systems to safeguard our objectivity and independence.

Rotation to strengthen both independence and quality

Within Mazars, rotation is applied to PIE audit engagements on which key audit partners rotate, in compliance with country specific laws and regulations (being driven by the Ethical Standard 2019 in the UK), including for EU countries, the European Directive on Statutory Audit or the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence.

It enables the auditor to have greater independence of mind in dealing with client issues and in expressing an opinion on financial statements. The allocation of partner responsibilities on recurring audit engagements and major special engagements is decided by the entity's executive committee and ensures that partners can effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the partner's situation or when any difficulties have been encountered.

In the rare case of a disagreement with the technical department's position, the Head of Quality would convene a risk review panel to arbitrate. The RI in charge remains the final decision maker within the context of the organisation's quality assurance and procedures. This point is of paramount importance

in preserving each RI's personal commitment and sense of responsibility as well as in responding effectively to each client's specificities.

Partner compensation policy

Profits are divided amongst partners according to the number of "base points" they are allocated. Two criteria are used to calculate the value of the base points: the overall performance of the Mazars Group and the performance of the national entity to which they contribute. Each factor is measured equally. Several countries, including the United Kingdom, have opted to add a bonus system founded on individual performance.

Partners receive a portion of a global envelope based on his/her country's performance. Under the supervision of the GGC and based on the recommendation received from the country Executive, based points are allocated to partners according to the overall performance of the country and the individual performance of each partner. This performance is assessed through various criteria:

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

None of these criteria are evaluated in isolation, but the greatest weight is placed on technical competence and partnership spirit. Financing business activity depends exclusively on each national member entity and follows the same proportionality as the division of profits.

Partner remuneration

The firm's partner assessment framework assists in providing clarity to each partner as to what is expected of them and also the UK Executive as a body in approaching quality issues in a consistent manner.

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

procedures. One of the ways we demonstrate our 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 SC are allocated a fixed profit share and may be allocated a further profit share based on particular performance criteria.

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

Independence and objectivity

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

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

All staff have access to 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.

The firm's partner assessment framework assists in providing clarity to each partner as to what is expected of them and also the UK Executive as a body in approaching quality issues in a consistent manner.



Our risks

2.1 Our approach to risk management

Effective management of risk underpins our day-to-day activities to ensure we provide a consistently high quality service 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 people, services, clients and financial performance. We make every effort to ensure that risks are appropriately identified, assessed and managed to enable us to readily respond in the event they materialise.

Identification of risks

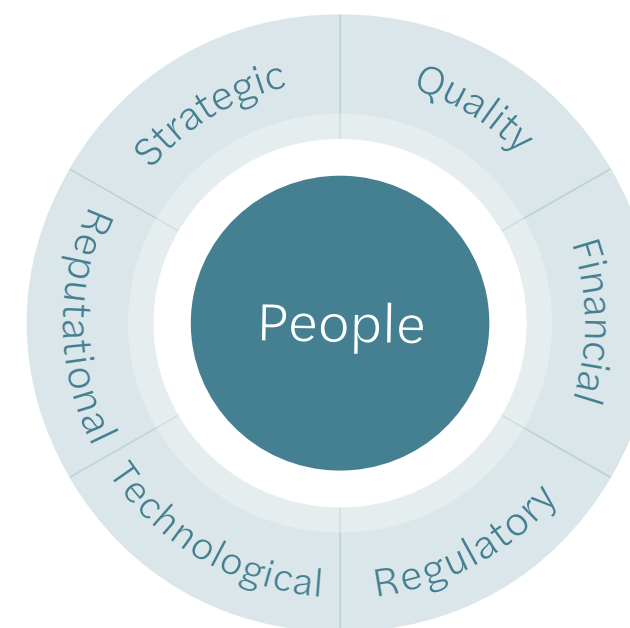
In some cases, risks have the potential to affect Mazars holistically; others are unique to individual services.

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

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

Categorisation of risk

Our risks are managed under seven categories:



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

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

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

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

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

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

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

Our risks

2.1 Our approach to risk management

Governance

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

Overarching management and responsibility of risk first rests with the UK Executive with oversight from the UK Governance Council (Board).

At an international level, management of risk rests with the Group Executive Board with oversight from the UK Group Governance Council.

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

Key risks and uncertainties

We have recorded the following key risks and uncertainties within our business:

Principal risks	Description	Mitigating controls
People		
Governance and leadership	Failure to adopt an appropriate culture and leadership, resulting in poor quality, reducing reputation and loss of staff.	<ul style="list-style-type: none"> Updated Members' Agreement and constitutional documents. Formal terms of references across key governance bodies.
Team and culture	Failure to recruit and retain sufficiently skilled resource to achieve the firm's strategy whilst maintaining our values-based culture.	<ul style="list-style-type: none"> Formalised recruitment procedures. Resource planning, talent management and career pathways. Wellbeing, Inclusion and Diversity strategy and Code of Conduct compliance.
People development	Failure to develop sufficiently the skills of our teams to achieve the firm's strategy.	<ul style="list-style-type: none"> Enrolment and support to complete professional accreditations. Mandatory CPD requirements as part of professional accreditations achieved. Career pathways. Formalised technical and non-technical training programmes, including service line specific.

Principal risks	Description	Mitigating controls
Quality		
Quality service	Failure to deliver quality service to our clients.	<ul style="list-style-type: none"> Quality Assurance Frameworks and technical resource implemented for service lines. Technical training for staff. Licensing of principal activities. Internal Quality Control Reviews. Implementation of findings following reviews undertaken by internal and external regulatory bodies.
Client expectation and experience	Failure to monitor and manage client expectations leading to poor client experience and loss of existing or failure to attract new clients.	<ul style="list-style-type: none"> Formalised complaints process with a direct link to the Head of Quality. Client feedback and client centricity programmes.
Financial		
Macroeconomic environment	Failure to adapt to the changes in the macroeconomic environment and regulatory developments on the economy and firm.	<ul style="list-style-type: none"> Established means of ongoing forecasting, performance review and associated mitigation planning. Business continuity plans at service line and firm level. On-going assessment of emerging risks.
Financial failure	Firm failure as a result of solvency and/or liquidity issues.	<ul style="list-style-type: none"> Regular reviews of financial performance against targets at Executive level. Management information to guide business decisions, with lead and lag KPIs. Service line engagement with markets to maintain knowledge of current trends affecting services.

Our risks

2.1 Our approach to risk management

Principal risks	Description	Mitigating controls
Regulatory		
Regulatory environment	Failure to adapt to the impact of changing legislative and regulatory environment across the whole firm, including the sustainability of the UK audit practice.	<ul style="list-style-type: none"> Monitoring of changing regulatory requirements. Enhanced governance in respect of client approval, including Executive oversight and Group Independence and Acceptance Committee (GIAC). INEs provide relevant challenge and objectivity. Ethics Partner and team providing guidance and support throughout the firm.
Independence and Ethics	Failure to ensure we comply with ethical and independence rules.	<ul style="list-style-type: none"> Client and engagement acceptance processes, including conflict checking procedures. GIAC approvals for specific assignments. Independence training and confirmations. Mandatory annual independence certification for all. Monitoring of partner financial interests.
Technological		
Information governance	Failure to effectively govern information and data in line with appropriate regulations, resulting in data loss, reputational damage and non-compliance with appropriate regulations.	<ul style="list-style-type: none"> Adherence to national and international regulations and legislation including data protection laws. Information governance policies with ongoing testing. Mandatory information governance training. Reporting of risk events to the Executive.
Cyber security	Failure to manage cyber security effectively.	<ul style="list-style-type: none"> IT technical solutions including monitoring of networks, usage of systems, and formalised reporting process. IT security policies with ongoing testing. Network intrusion monitoring and suspicious activity reporting. Mandatory cyber training along with test campaigns.
IT alignment with firm's strategy	Failure of our IT systems and infrastructure to support and align with our current and future business operations, including offering sufficient resilience for the scale of operations.	<ul style="list-style-type: none"> Governance in place to align IT to business plans. Monitoring of IT systems and providers to identify and resolve issues and identify further improvements. IT disaster recovery plans implemented. Testing of IT infrastructure against industry standards.

Principal risks	Description	Mitigating controls
Reputational		
Client acceptance and continuance	Failure to ensure that the firm only engages with appropriate clients, including potential impact of clients of the wider Mazars Group.	<ul style="list-style-type: none"> UK client acceptance and continuance procedures including Acceptance Committee and ethical considerations. GIAC oversight. Systems and processes to ensure appropriate AML and KYC procedures. Group Executive Board involvement where appropriate.
External brand	The firm is unable to promote or maintain a positive brand image, resulting in loss of business, stagnant growth, and financial impact.	<ul style="list-style-type: none"> Development of global initiatives to standardise our delivery model internationally. Executive responsibility for culture and enhancing a firmwide approach to quality and risk. Crisis communications playbook.
Business continuity and operational resilience	Insufficient business continuity planning and testing may result in the firm being unable to rapidly or sufficiently recover from an adverse issue affecting any aspect of its operations.	<ul style="list-style-type: none"> Implementation of the business continuity and crisis management plans, including mass notification system to effectively communicate with the full team. Ongoing assessment of enterprise-wide risks and mitigating controls. Annual testing of disaster recovery and continuity plans. Resiliency inbuilt into operations, including through remote working capabilities.
Claims and non-compliance with obligations	Pressure on resources, availability of appropriate IT solutions, training and education standards may adversely impact quality, exposing Mazars to the risk of claims, reputational damage and liability of non-compliance with legal and regulatory obligations.	<ul style="list-style-type: none"> Monitoring of claims and potential liabilities including at UK Executive level. Investment plans in respect of team and technology. Improvements in supporting team engagements and wellbeing.
Sustainability	Failure to effectively adopt sustainability into our activities and therefore not delivering on our ability to manage our firm for the benefit of future generations.	<ul style="list-style-type: none"> Monitoring and disclosure of KPIs, such as carbon emissions, printing levels, and travel emissions. Group sponsored sustainability training across the UK firm. Executive sponsored targets on sustainability, including climate, wellbeing, social mobility, and community.

Our risks

2.1 Our approach to risk management

Principal risks	Description	Mitigating controls
Strategic		
Strategy development	Failure to develop our business strategy in line with the changing demands of clients, the market or innovative advancements, including dynamic monitoring and identification of strategic changes.	<ul style="list-style-type: none"> • Executive ownership of strategy, four-year plan and targeted priorities and actions. • Monitoring of market and regulatory changes to support identification of changes required to strategy. • Development of global initiatives to standardise our delivery model internationally.
Support structures	Failure to invest in a robust infrastructure to support the wider firm in meeting its overall strategy.	<ul style="list-style-type: none"> • Ongoing review of and continuing investments in systems and team. • Governance structure includes boards to provide further strategic focus in key areas. • Chief Operating Officer and UK Head of Quality are members of the UK Executive.



Chapter 3

Our structure, leadership and governance



Our structure, leadership and governance

3.1 Our unique business structure

A global, integrated partnership

Since 1995, Mazars Group has been organised as a global integrated partnership. All our 1,000 partners and 28,000 professionals across the 90 countries and territories of the world share the same values and work ethics and share a common goal of providing the highest level of quality in our work.

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

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

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

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

Each country of our unique integrated partnership has one or more separate legal entities that 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 SC, each partner acknowledges the Charter of Association, which governs the operation and governance of the Mazars Group. In certain countries there are partners or shareholders of their local member entity who are not shareholders of the Mazars Group.

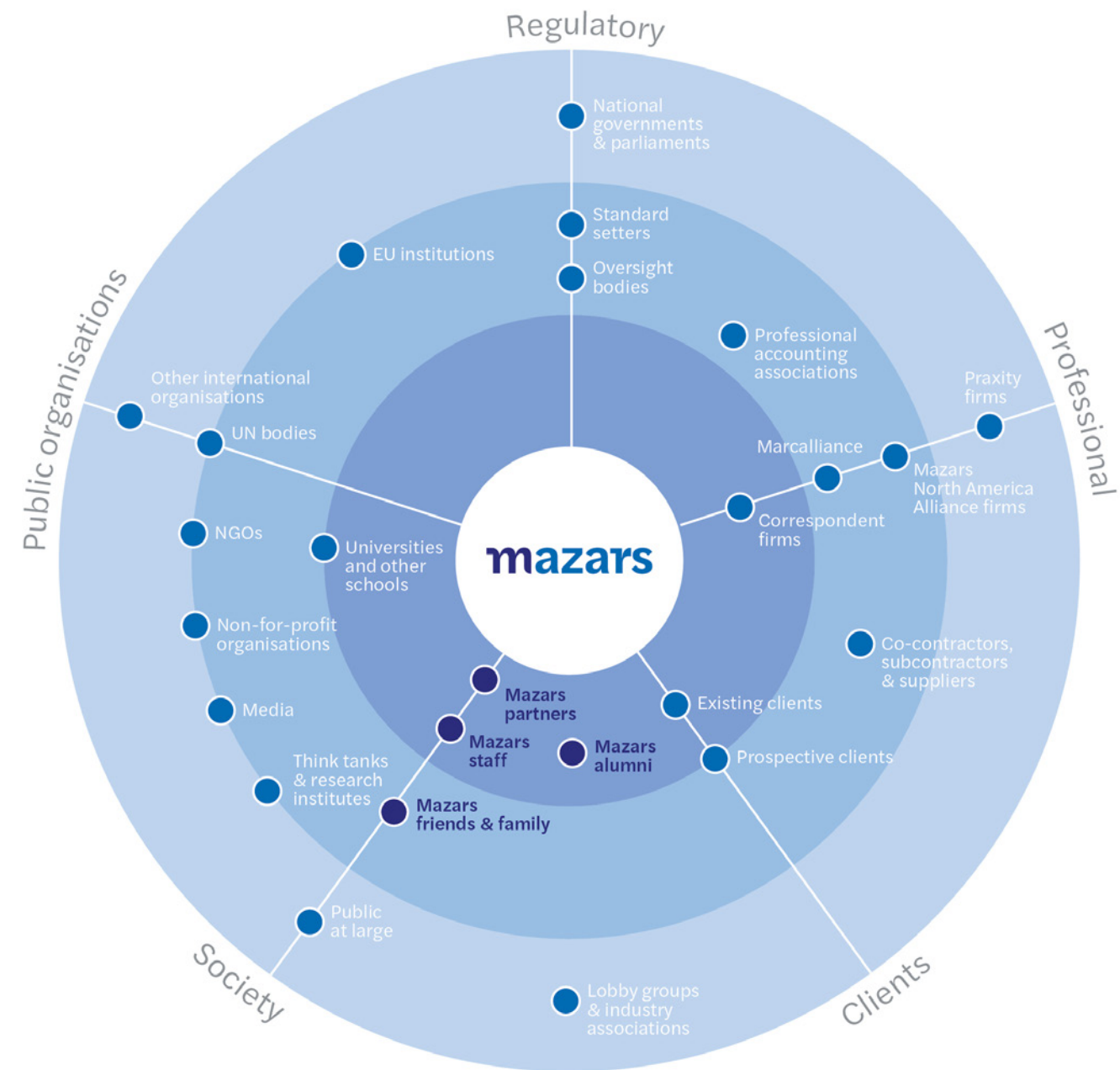
We are not simply a collection of national firms, but an integrated organisation of professionals.

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

In 2019, Mazars created a North America Alliance enhancing the on the ground coverage in North America, giving international clients access to an additional 16,000 professionals from five leading accounting and consulting firms in the U.S. and Canada, being BKD, Dixon Hughes Goodman, Moss Adams, Plante Moran (U.S. firms) and MNP (Canadian firm). Geographically, these five Alliance firms complement Mazars USA and Mazars Canada, enabling Mazars to achieve full national coverage across North America. Including this Alliance, Mazars now has over 44,000 professionals serving clients around the globe: 28,000 professionals across over 90 countries and territories in Mazars’ unique integrated partnership, and 16,000 professionals in the U.S. and Canada via Mazars North America Alliance. With this scale and breadth of talent, Mazars offers tailored, consistent and high-quality services to its clients wherever they are in the world.

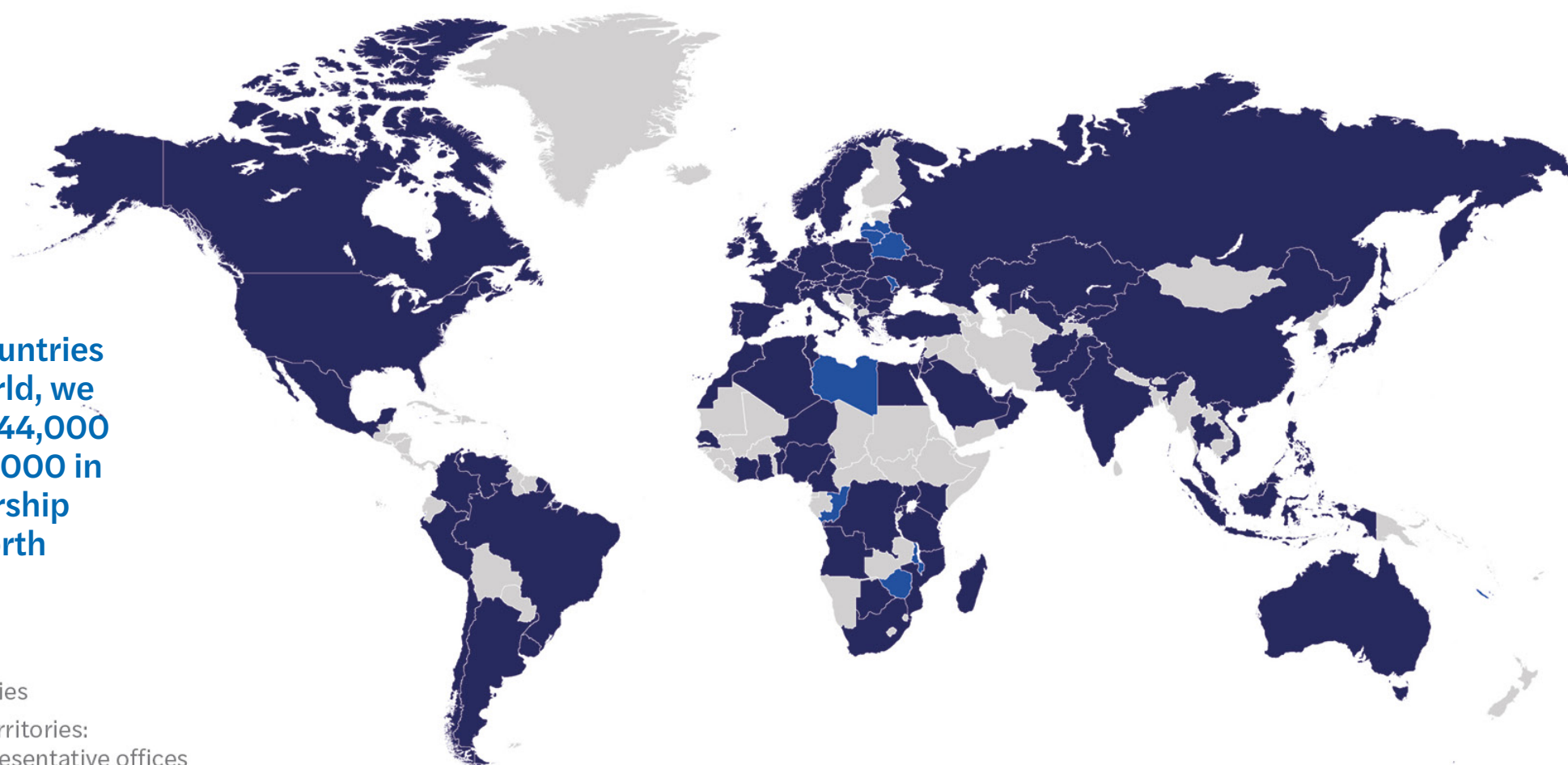
Our structure, leadership and governance
3.1 Our unique business structure

Stakeholder map



3.1 Our unique business structure

Operating in more than 90 countries and territories around the world, we draw on the expertise of over 44,000 professionals – more than 28,000 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance.



Valid as of 31 August 2021

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

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

Our structure, leadership and governance

3.1 Our unique business structure

Our global business organisation

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

The four primary sectors we have identified are:

- financial services;
- industry & services;
- privately-owned business; and
- public sector.

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

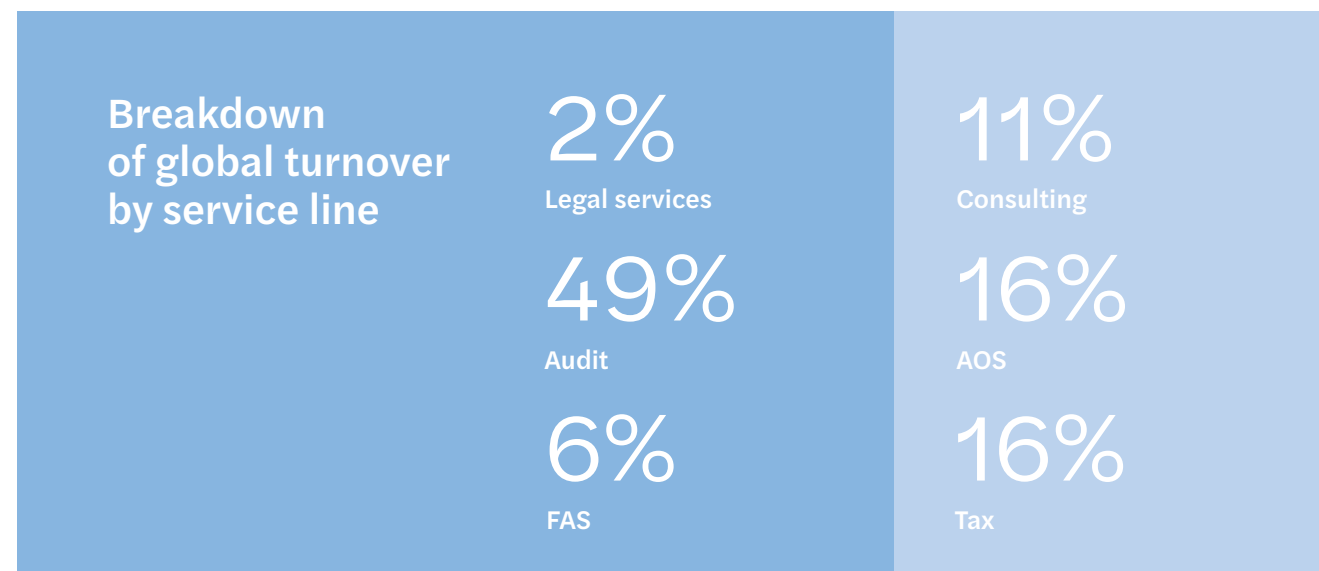
- accounting and outsourcing services (AOS);
- audit and assurance services (AASL);
- consulting;
- financial advisory services (FAS);
- law;
- tax services (TAX); and
- ESG services.

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

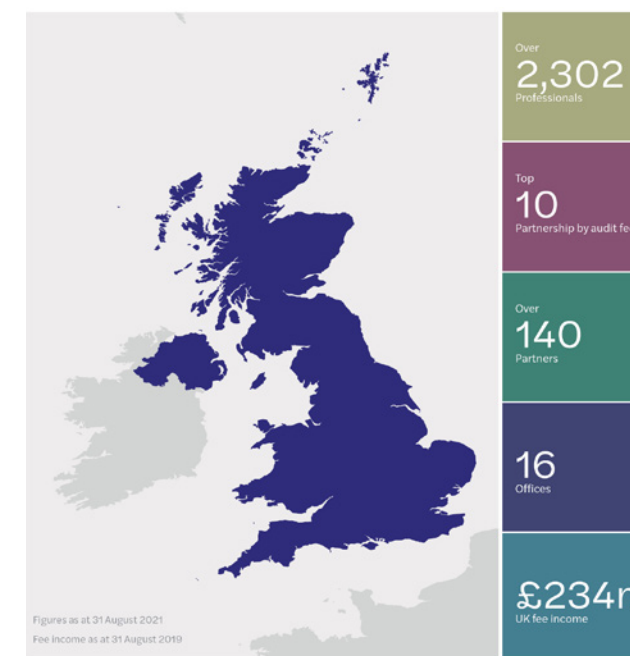
This structure ensures coordination of member entities within Mazars. The integrated international structure permeates every aspect of our operations:

- Partners and their member entities are linked by a series of agreements that achieve maximum consistency and standardisation within the Mazars Group.
- Sectors and service lines are represented in member entities, enabling coordination of assignments and cross-border relations between countries.
- Each assignment requiring an international team is managed and carried out by an integrated team sharing common standards and procedures.
- Each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to clients.
- Partners and the national member entities in which they work are linked by a series of agreements intended to achieve across consistency across the Group. They all report to the elected representatives of the Group.

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



Our UK business organisation



For the year ended 31 August 2021, Mazars was structured through service lines and strategic markets, each responsible for managing results, developing growth strategies, and supporting our staff. As at 31 August 2021 there were six client service lines; Audit and Assurance, Tax, Accounting and Outsourcing, Financial Advisory Services, Financial Planning, and Consulting. All are supported by a central business services team (BST).

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

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

Our four strategic markets are financial services, industry and services, privately owned business (including private clients), and public and social sector.

Each physical location has a local office managing partner (OMP) responsible for local execution of our national growth and client-centricity strategies.

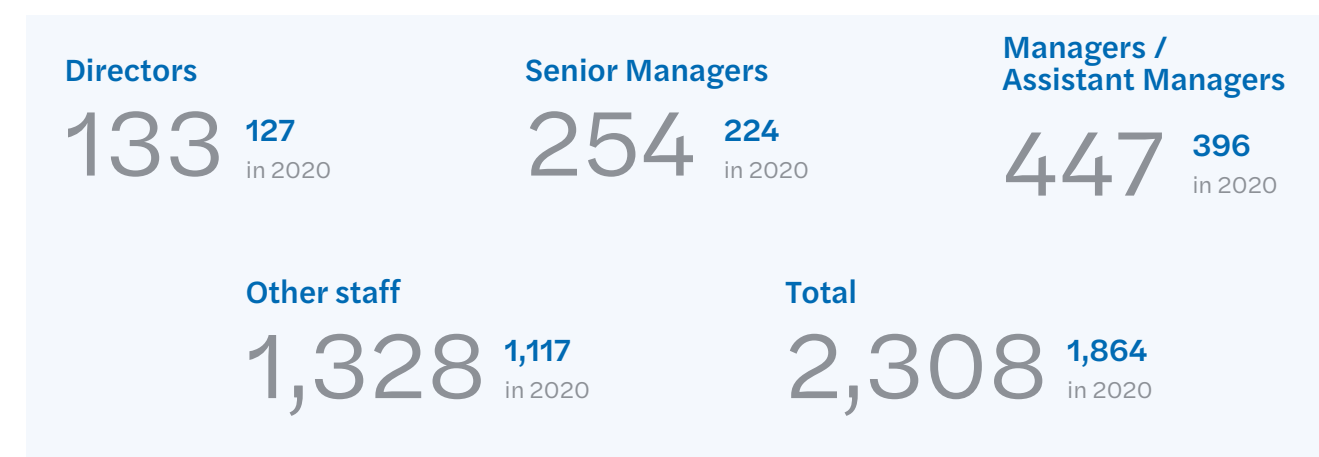
Ownership

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 2021, there were 140 members (2020: 131) and 92 partners who are shareholders in Mazars SC (2020: 91).

The operational structure of Mazars in the UK

At 31 August 2021, our business operated across 16 offices nationwide (2019: 17), with 2,302 professionals (2019: 1,863). Our staff held the following roles:



Our structure, leadership and governance

3.1 Our unique business structure

Principal subsidiaries

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

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

* held via a subsidiary

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



Our structure, leadership and governance

3.2 Leadership and governance

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

Leadership in the UK



As set out in the UK Governance Council report on page 14, a new Members' Agreement was adopted on 1 September 2021. The updated terms of reference for the UK Executive, UK Governance Council and Public Interest Committee can be found on the firm's website.

The below sets out the leadership and governance structure for the period covered by this Transparency Report, being the year to 31 August 2021.

Mazars is led by the UK National Senior Partner, who is elected every four years. The last election was January 2021 with the next election due in January 2025. 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 National Senior Partner is decided upon by a vote among the partners of Mazars in the UK.

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

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

The UK Executive 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 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.

- With the UKGC, keep the Members' Agreement up-to-date and fit for purpose.

The BST Leaders Committee is chaired by the COO and the members are the functional leaders of the business services team. This committee is the link between the UK 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 Executive Committee (AExeco) is responsible for the governance and leadership of the Audit and Assurance Service Line, reporting to and overseen by the Executive Board. AExeco is led by the Head of Audit and supported by leaders nominated by the Head of Audit.

The principal objectives of the AExeco are to:

- Deliver the strategic objectives of the UK firm insofar as they relate to audit
- Work to develop and support an audit culture in line with the firm's values which aligns with:
 - the delivery of quality work;
 - support, development and growth of the firm's people; and
 - current and future sustainability, profitability and growth of the business
- Identify and manage risk that may impact on the wider firm, the audit service line, its people and clients in relation to the activities and environment of audit.
- The AExeco had four groups each with a leader from within the AExeco nominated by the Head of Audit. These groups and an overview of their main objectives and responsibilities are:

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

Our structure, leadership and governance

3.2 Leadership and governance

Governance in the UK

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

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

UK Governance Council

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

The UKGC:

- Approved the process for the appointment of new partners and for the determination of partner remuneration.
- Has power to require the UK Executive to report on its strategy and budget and on the implementation of its strategy and the financial status and performance of Mazars.
- Refuse the annual budgeting process and report to the partners in the event they consider the process deficient.
- Reviews the process for setting the firm strategy and management structure and reports the partners in the event that the UK Executive have 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 setting the firm strategies deficient.
- Ensure that the UK Executive has appropriate management structures in place.
- Shows that the UK Executive has identified and is managing the major risks to the partners and the partnership.
- Appoints the members of the UKRAC.
- Approves or declines various defined matters including proposals for the merger disposal acquisition or reconstruction of Mazars and its associated companies.
- Has power to require the National Senior Partner 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 former partner and Mazars or the UK Executive except whether 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.
- Settle any disagreement about amount due to a former partner.
- Ensures that their activities are aligned with those of the GGC.
- With the UK Executive discharge, the responsibility of the partners in relation to the maintenance of proper accounting records and the preparation of accounts.
- With the UK Executive keeps the members agreement and fit for purpose (see above) a new Members' Agreement was adopted on 1 September 2022.

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

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

The members of the UKGC as at 31 August 2021, their biographies and meeting attendance throughout the year are provided in Appendix 3.

UK Risk and Audit Committee

UKGC is supported in its role by the UKRAC. The UKRAC and its chair are appointed by the UKGC from among its partners who have no direct Executive responsibility for the management of Mazars. At least two members of the UKRAC or required 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 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 for the UKRAC are drawn up in accordance with the 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 or 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 when necessary).
- To consider elements of the annual financial statements in the presence of the external auditors including the auditor's formal opinion the statement of responsibility and any statement of internal control
- To ensure compliance with requirements of the 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 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 finding 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 resource is made available for any internal audit or sufficient to meet the firms needs (or make 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.
- 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 four times during the year to receive the audit planning report and audit report of the external auditors.

The members of the UKRAC as at 31 August 2021, their biographies and meeting attendance throughout the year are provided in Appendix 3.

The UK leadership and governance structure has been enhanced and strengthened in the year.

Our structure, leadership and governance

3.2 Leadership and governance

Performance of the governance system

Governance KPI	Performance during 2020/21
Board composition and attendance	We consider that diversity, including of gender, skills and experience, assists in optimising performance. The membership of the Executive and Governance Council has been updated to further facilitate this. The membership at 31 August 2021 is set out in Appendix 3 along with the attendance at meetings. Attendance by the INEs at meetings with the Executive and the Governance Council is considered important and these have taken place during the year.
Board effectiveness	Board effectiveness reviews were performed in respect of the PIC, UK Executive and the Governance Council, with relevant findings considered for development of the boards going forwards.
Values	Our key values have been under consideration during the period, with the revised Code of Conduct being issued in 2019. For the fifth 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. As in prior years, the firm held all staff surveys to assess the culture within Mazars and acted upon the findings.
Dialogue	Meetings and dialogue with investors and other stakeholders is considered a key performance indicator. Further details are set out in section 1.5.

During 2021/22 we will further develop our KPIs in respect of the performance of our governance system.

Public Interest Committee

Role

The principal role of the public interest committee (PIC) is to enhance confidence in the public interest aspects of the firm's activities with particular reference to high-level general oversight of the firm's decision-making, stakeholder dialogue, risk management and quality control remuneration policy and the issue of selected annual reports to stakeholders. During the year this role has been primarily exercised through reports by the UK and global Heads of audit and the ethics partner in addition to other key management supplemented when necessary through information obtained through membership at the GGC.

Terms of reference

During the year the PIC endeavoured to provide oversight of Mazars UK in the following areas:

- Decision-making by management based upon meetings and discussions with UK management.
- The systems for quality control based upon the reports of the UK Head of Audit and the UK Head of Quality and the UK Executive.
- Risk management including consideration of potential or actual reputational risks based upon the reports of the relevant UK Executive members.
- The UK firm's process is for monitoring complaints related to the firm's work including issues raised under whistleblowing policies and procedures based upon UK reports to the PIC pertaining to reporting and monitoring.

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 annual reports required under the relevant governance codes in the UK (being the transparency report) and with the acknowledgement of the UK CEO as 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 with updates of the key elements of the governance codes including actual or expected changes or amendments.

The PIC forms part of the firm's performance assessment regime under the Audit Firm Governance Code. Aiding this oversight the revised terms of reference of the PIC provide for one of the INEs to attend selected meetings of the Remuneration Committee going forward.

Membership

Procedures are in place to ensure that 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 have not got significant share holdings or other interests in them unless approved by both parties.
- The independent Non-Executives are not and will not be in any other Executive officer position member of any 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 normally appointed for a term of four years to align with the Mazars Group Executive mandate period unless or until terminated by either the PIC members themselves or by the firm. Denise Fletcher, Guy Jubb and Lord Amyas Morse were reappointed during the period for a term of two years which commenced on 1 May 2021 and which shall automatically continue for a further period of two years until 30 April 2023, unless terminated at any time earlier by either party giving to the other party three months' written notice or such lesser period as may be agreed between the INE and the firm.

Phil Verity, UK National Senior Partner and Jac Berry, UK Head of Quality were members of the PIC during the year.

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.

Meetings

The PIC determines its frequency of meetings as required. While the new terms of reference provides that there would normally be at least six meetings in a year with at least two being for physical meetings given the impact of Covid-19, all meetings of the PIC during the year have been held remotely.

The remote meetings were shorter than standard meetings and in the year under review the PIC met eight times. The members of the PIC may at their discretion invite partners or staff of Mazars to attend

Our structure, leadership and governance

3.2 Leadership and governance

part or all of the meeting but for an appropriate part of meetings the PIC meet on their own without other present and in addition there are a number of independent Non-Executives only meetings as they determine required.

Independence

The firm's Ethics Partner attends PIC meetings.

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

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

Other matters

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

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

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

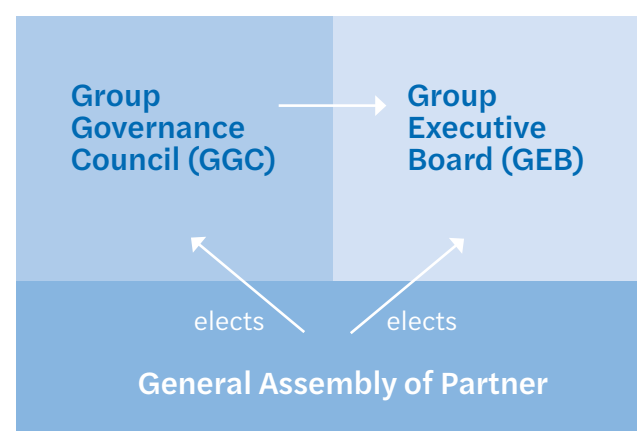
Procedures are in place to ensure that members of the PIC are independent from the firm and its audit clients.

As at 31 August 2021 the PIC consists of three Independent Non-Executives, Phil Verity as UK National Senior Partner and Jac Berry as a UK Head of Quality. The biographies of the independent members of the PIC are provided in Appendix 2.

Mazars Group

Our global leadership and governance framework is clearly defined in the Charter of Association. Together with the Country, Regional and Functional leaders across the Mazars Group, the Group Executive Board and Group Governance Council operate together to ensure the sustainable development of the global partnership and firm.

Our strategic leadership ecosystem



The general assembly of partners

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

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

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

Since the last transparency report, we have held a remote General Assembly in December 2021.

Group Executive Board

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

As at 31 August 2021, there were 11 members of the GEB. The current GEB was elected in December 2020 for a four year term through to December 2024.

The GEB is supported in its role by:

- Group leadership of service lines, sectors and functional areas, that work together to provide operational leadership across the Mazars Group.
- Country Executives in each member firm, led by a managing partner, have the responsibility of leading and managing the member firm on a day-to-day basis, and for providing strategic and operational leadership.
- Mazars partners, who elect country Executives and provide local leadership and governance.

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

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

Group Governance Council

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

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

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

In the last year, the GGC has met at least every four months. The current GGC comprises ten members, of whom eight members are CARL partners and two members are Independent Non-Executive members. Further details of the GGC members are shown in Appendix 3.



Appendix 1 Mazars Group statutory audit firms

Africa and Middle East

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

Africa & Middle East

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

Appendix 1

Mazars Group statutory audit firms

Asia-Pacific

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

Europe

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

Europe

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

Europe

Country	Legal name
Sweden	BSM Revisionsbyrå AB KlöverRevision i Limhamn AB Körö Revisionsbyrå AB Dagermark Revision AB Grebncke Advisory AB M F Revision AB Anders SportsMan AB Accretio Revision AB MBO Revision AB SPA Revisionsbyrå AB Anders Persson Revisionsbyrå Ystad AB Tegelvikens Revision AB Stenskottet AB Saltsjökvärns Revision AB Norrhagens Revision AB Optimus Ekonomikonsult AB Flora Revision AB Ö Rev i Hbg AB Himmelsblå Revision AB Himmelstorparen AB MBR Revision AB Helleklint Revisionsbyrå AB Revisio Jan Håkansson AB Mak Revision AB Persson Audit AB eMeMeM AB Mazars AB Mazars KB Endeavour Auditing AB HMAB Konsult AB Mazars Ekonomi AB
Switzerland	MAZARS SA Suisse Aunexis AG
Turkey	Denge Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş.
Ukraine	"Audit Firm "Mazars Ukraine" LLC
United Kingdom	Mazars LLP Mazars Channel Islands Limited

Appendix 1 Mazars Group statutory audit firms

Americas

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

Appendix 2 Biographies of the Independent Non-Executives



Denise Fletcher, Independent Member

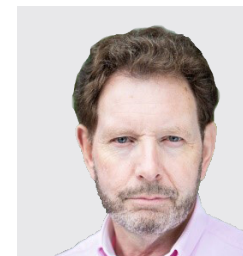
Date of first PIC appointment 2013

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

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

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

Denise's annual remuneration for the UK PIC was €40,000, amended to £75,000 effective May 2021. In addition, Denise receives remuneration in respect of her role as Group Governance Council Member.



Guy Jubb, Independent Member

Date first PIC appointment 2017

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

Guy serves on the Policy Leadership Board of ICASA, the Institute of Chartered Accountants of Scotland, whose Research Panel he chairs. Also, he is Vice Chair of the Board of the ECGI, the European Corporate Governance Institute. In recent years he has been a member of the Global Advisory Panel of Standard Life Aberdeen plc, and a Senior Adviser to the Conference Board. He also served two terms as a member of the Standing Advisory Group of the PCAOB, the US audit regulator.

Member of the UK Public Interest Committee

Guy's annual remuneration for the UK PIC was £35,000, amended to £62,500 effective May 2021

Appendix 2 Biographies of the Independent Non-Executives



Lord Amyas Morse, Independent Member

Date of first PIC appointment 2019

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

The NAO also carried out the audit of all central Government. During that time, he also served on the board of audit of the United Nations, including a spell of three years as chair. More recently he acted as Independent reviewer of the Loan Charge, his report was published by the Chancellor of the Exchequer in December 2019, and all but one of the far-reaching recommendations were accepted. Amyas had recently become chair of two NHS foundation trusts and became a member of the House of Lords in May 2021.

Member of the UK Public Interest Committee

Amyas' annual remuneration for the UK PIC was £35,000, amended to £62,500 effective May 2021.

Appendix 3 UK and Group leadership

As at 31 August 2021 the UK Executive was comprised of:



Phil Verity – UK Senior Partner

Date of first appointment 2009

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

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



Jac Berry, Head of Quality

Date of first appointment 2017

Jac is an audit partner and UK Head of Quality.

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

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



David Herbinet, Head of Audit

Date of first appointment 2021

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

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

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

Appendix 3

UK and Group leadership



James Gilbey, Head of Financial Advisory Services

Date of first appointment 2020

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

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



Elisabeth Maxwell, Deputy CEO

Date of first appointment 2017

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

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



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

Date of first appointment 2019

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

Toby became COO in June 2019.



Ian Wrightson, Head of Partner Matters and Financial Performance

Date of first appointment 2017

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

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



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

Date of first appointment 2021

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

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

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



Mark Kennedy, Head of Sector Development

Date of first appointment 2021

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

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

Appendix 3 UK and Group leadership

As at 31 August 2021 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.



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 senior partner of the Manchester office.

Tim chairs the UK Remuneration Committee. In addition Tim is the Chair of the GGC.



Richard Metcalfe

Date of first appointment 2016

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



Stephen Mills

Date of first appointment 2019

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



Ann Nilsson

Date of first appointment 2017

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



Amy Reynolds

Date of first appointment 2020

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



Stephen Skeels

Date of first appointment 2021

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



Stephen Lewis

Date of first appointment 2020

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

Appendix 3 UK and Group leadership

Members of the UK Risk and Audit Committee

The UKRAC is a sub-committee of the UKGC and its members as at 31 August 2021 are set out below:

- Richard Metcalfe (Chair)
- Ann Nilsson
- Stephen Lewis
- Stephen Mills

Meeting attendance

Name	UK Executive*	UKGC	UKARC
Phil Verity	40/40	n/a	n/a
Ian Wrightson	37/40	n/a	n/a
Bob Neate ²	19/40	n/a	n/a
Lindsay Pentelow ²	19/40	n/a	n/a
Toby Stanbrook	37/40	n/a	n/a
Elisabeth Maxwell	35/40	n/a	n/a
Jac Berry	39/40	n/a	n/a
James Gilbey	34/40	n/a	n/a
David Herbinet ¹	20/40	n/a	n/a
Margaret Laidlaw ¹	18/40	n/a	n/a
Mark Kennedy ¹	18/40	n/a	n/a
Greg Hall (GC Chair) ⁴	n/a	4/4	2/6
Stephen Miller ⁶	n/a	2/4	n/a
Amy Reynolds	n/a	4/4	n/a
Stephen Lewis ³	n/a	4/4	4/6
Stephen Mills ³	n/a	4/4	4/6
Ann Nilsson ³	n/a	4/4	0/6
Tim Hudson ⁴	n/a	4/4	2/6
Richard Metcalfe	n/a	4/4	6/6
Stephen Skeels ¹	n/a	2/4	4/6

¹ Effectively appointed to UK Executive from Feb 2021

² Effectively resigned from UK Executive from Feb 2021

³ Effectively appointed to UKARC as at 3 June 2021

⁴ Effectively resigned from UKARC as at 2 June 2021

⁶ Effectively resigned from UKGC as at 26 February 2021

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

As at 31 August 2021, the GEB was composed of:



France
Hervé Hélias
CEO and Chairman



China
Julie Laulusa



Italy
Pascal Jauffret



United Kingdom
Rudi Lang



Senegal
Talbou M'Baye



Germany
Dr Christoph Regierer



Belgium
Véronique Ryckaert



United Kingdom
Mark Kennedy



Netherlands
Ton Tuinier



United Kingdom
Phil Verity



United States
Victor Wahba

Appendix 3 UK and Group leadership

As at 31 August 2021 the Group Governance Council was composed of:



United Kingdom
Tim Hudson
Chair



France
Frank Bournois



Germany
Gertrude Bergmann



United States
Kathryn Byrne



France
Juliette Decoux



France
Fabrice Demarigny



Sweden
Asa Andersson Eneberg



United States
Denise Fletcher
Independent member



Singapore
Chris Fuggle



South Africa
Michelle Olckers



China
Liwen Zhang



Spain
Maria Cabodevilla

Appendix 4 PIE audit clients of Mazars UK

PIEs 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 2021 are detailed below. Entities that are not EU PIEs are marked with an asterisk (*).

For the purposes of this list, companies that have issued transferable securities admitted to trading on a UK regulated market are included in the definition of EU PIEs.

Companies that, at the time we expressed an audit opinion, had issued transferable securities admitted to trading on:

London Stock Exchange

Anglesey Mining plc
Carclo plc
Castings plc
City of Lincoln Council¹
Creightons plc
French Connection Group plc
Henderson Diversified Income Trust plc
Hidong Estate plc
Highcroft Investments Plc
Housing Association Funding plc
JPMorgan Asia Growth and Income plc
Kingston upon Hull City Council
Manchester City Council
Menhaden plc
Northern 2 VCT plc
Northern 3 VCT plc
Okyo Pharma Limited*
Oldham Metropolitan Borough Council
Photo-Me International plc
Poplar HARCA Capital plc
Studio Retail Group plc
Sunderland City Council
Tiziana Life Sciences plc
Unifund plc
Wasps Finance plc

Aquis Stock Exchange (formerly NEX) - Growth Market

Hydro Hotel, Eastbourne plc*

Bermuda Stock Exchange

Baltic PCC Limited

Bourse de Luxembourg

LaSer ABS 2017 plc
Chrome Funding Limited*

Cayman Islands Stock Exchange

Project Leopard AcquireCo Limited*

Euronext Dublin Global Exchange Market

Atlas Capital UK 2018 plc
Atlas Capital UK 2019 plc
PBR Kyiv Finance plc*

Euronext Dublin Main Securities Market

TC Dudgeon OFTO Plc

AIM

Access Intelligence plc*
Arbuthnot Banking Group plc*
Christie Group plc*
FRP Advisory Group plc*
Midatech Pharma PLC*
Minds + Machines Group Limited*
NAHL Group PLC*
Northamber plc*
Pennant International Group plc*
Portmeirion Group plc*
Reabold Resources plc*
Robinson plc*
Rotala plc*
Symphony Environmental Technologies plc*
Telit Communications plc*
Trackwise Designs plc*

The International Stock Exchange

Barbeck Midco 1 Limited*
Compre Holdings Limited*
Cooper Coated Coil Investments Limited*
Dover Fluids UK Limited*
Frontier Finance plc*
Rhombi Holdings Limited*
States of Jersey*
Studio Financing Limited*

Appendix 4 PIE audit clients of Mazars UK

Credit institutions

Arbuthnot Latham and Co., Limited
Bank and Clients plc
Bank of Baroda (UK) Limited
Bank of the Philippine Islands (Europe) plc
Cambridge Building Society
Chorley Building Society
FCMB Bank (UK) Limited
Furness Building Society
Habib Bank Zurich plc
Harpenden Building Society
Penrith Building Society
State Bank of India (UK) Limited
Turkish Bank (UK) Limited
United National Bank Limited
Vernon Building Society
Wyelands Bank plc

Insurance undertakings

AXA Insurance UK plc
AXA PPP Healthcare Limited
British Reserve Insurance Company Limited
English and American Insurance Company Limited 1994
Exeter Friendly Society Limited
Metropolitan Police Friendly Society
River Re Limited
Scor UK Company Limited
Syndicate 2525*
Syndicate 3268*
The Channel Syndicate 2015*
The Exeter Cash Plan
The Griffin Insurance Association Limited
The Wren Insurance Association Limited
Tesco Underwriting Limited

*Relates to PIE entities that are also local audits

²Also listed on the NASDAQ

Major Local Audits

Bolton Metropolitan Borough Council
Bury 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 Combined Authority
Greater Manchester Pension Fund
Hounslow London Borough Council
Hounslow London Borough Council Pension Fund
Kingston upon Hull City Council
Knowsley Metropolitan Borough Council
Lincolnshire County Council
Lincolnshire County Council Pension Fund
Liverpool City Region Combined Authority
London Borough of Harrow
London Borough of Lambeth
London Borough of Lambeth Pension Fund
Manchester City Council
Northumberland County Council
Oldham Metropolitan Borough Council
Rochdale Metropolitan Borough Council
Salford City Council
Stockport Metropolitan Borough Council
Sunderland City Council
Tameside Metropolitan Borough Council
Trafford Metropolitan Borough Council
West Yorkshire Pension Fund
Wigan Council
Barts NHS Health Trust
East Lancashire Hospitals NHS Trust
Hull University Teaching Hospitals NHS Trust
Leeds Teaching Hospitals NHS Trust
Mid Yorkshire Hospitals NHS Trust
United Lincolnshire Hospitals NHS Trust
NHS East Riding of Yorkshire CCG
NHS Hull CCG
NHS Newcastle Gateshead CCG
NHS North Yorkshire CCG
NHS Northumberland CCG
NHS Sunderland CCG
NHS Vale of York CCG
Northumberland County Council Pension Fund

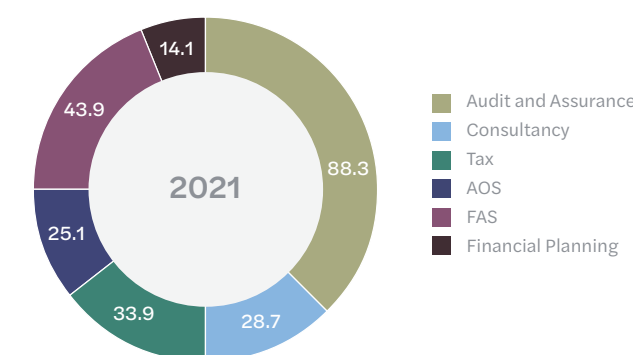
Appendix 5 UK financial performance

The following has been extracted from the unaudited financial information for the year ended 31 August 2021, demonstrating the importance of statutory audit work to the overall results of the firm.

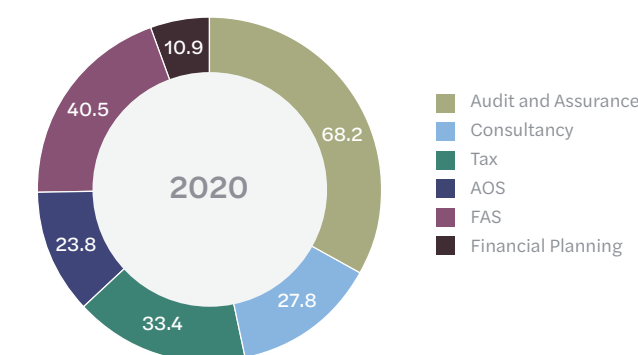
Turnover by type	2021 £'m	2020 £'m	2019 £'m
Revenues from the statutory audit of annual and consolidated financial statements of PIEs	12.2	4.9	3.7
Revenues from the statutory audit of annual and consolidated financial statements entities whose parent is a PIE	12.1	11.1	8.0
Revenues from the statutory audit of annual and consolidated financial statements of other entities	58.8	47.4	44.3
Total statutory audit services*	83.1	63.4	56.0
Non-audit services to audit clients**	21.4	20.4	19.8
Non-audit services to non-audit clients	129.5	120.8	122.8
	234.0	204.6	198.6
*Of which turnover relating to local audit work	8.2	6.0	6.1
**Of which turnover relating to local audit work	0.6	0.6	0.2

A list of the PIEs in respect of which Mazars UK expressed an audit opinion in 2020/21 is set out in Appendix 4.

Income by service line (£m)



Income by service line (£m)



Appendix 6

Effectiveness of the system of internal controls

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

This review included a consideration of:

- the firm's structures and boards;
- the enterprise risk management framework;
- internal and external reviews, including:
 - compliance with ISQC1;
 - internal audit reviews; and
 - reporting from our external auditor;
- crisis management and business continuity arrangements;
- the control environment in operation in our finance and other selected central functions;
- regulatory compliance; and
- oversight of the UK at a Mazars Group level.

As a result of the reviews above, we have identified improvements which either have been actioned or are being actioned by the firm. It is not considered that any of the areas for improvement highlighted by these reviews represent a significant failure or weakness, either which requires disclosure or which undermines the current systems of internal control.

In addition, there have also been external reviews of certain of the firm's processes during the year which have been valuable in identifying further areas for improvement.

Appendix 7

Group and UK statements of compliance

Statement of compliance with the Audit Firm Governance Code 2016

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

Statement on the effectiveness of the quality control system

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

On the basis of its Quality Control monitoring conclusions, Mazars positively confirmed in December 2020 that it met the membership obligations of the FoF in all material respects.

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

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

The operation and effectiveness of Mazars Group's and Mazars UK's systems to safeguard our objectivity and independence form part of the review of the Quality Control System. Furthermore, management confirms that the practices have been subjected to internal review. Based on the evidence obtained in these reviews, the management of Mazars Group and Mazars UK confirms, with a reasonable level of assurance, that the independence procedures and practices, including those relevant to our work as a local public auditor, have been implemented and the system is effective in maintaining independence.

Statement of compliance with professional training obligations

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

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

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

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

Appendix 8

Audit Firm Governance Code and other disclosure requirements

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

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

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

Appendix 8

Audit Firm Governance Code and other disclosure requirements

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
C.1.3	<p>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)</p> <p>Promoting audit quality.</p> <p>Helping the firm secure its reputation more broadly, including in its non-audit businesses.</p> <p>Reducing the risk of firm failure.</p>	See Report from the Public Interest Committee
C.1.4	Independent Non-Executives should have regular contact with the ethics partner, who should under the ethical standards have a reporting line to them.	See Report from the Public Interest Committee
C.2	<p>Characteristics of Independent Non-Executives principle</p> <p>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.</p>	See section 3.2 and Appendix 2
C.2.1	The firm should state in its transparency report its criteria for assessing the impact of Independent Non-Executives on the firm's independence as auditors and their independence from the firm and its owners.	See section 3.2
C.3	<p>Rights and responsibilities of Independent Non-Executives principle</p> <p>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.</p>	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	<p>The responsibilities of an Independent Non-Executive should include, but not be limited to, oversight of the firm's policies and processes for:</p> <p>Promoting audit quality.</p> <p>Helping the firm secure its reputation more broadly, including in its non-audit businesses.</p> <p>Reducing the risk of firm failure.</p>	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

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
C.3.6	The firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the Independent Non-Executives and members of the firm's management team and/or governance structures.	See section 3.2
D	Operations	
D.1	<p>Compliance principle</p> <p>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.</p>	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	<p>Risk management principle</p> <p>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.</p>	See section 3.2
D.2.1	The firm should, at least annually, conduct a review of the effectiveness of the firm's system of internal control. Independent Non-Executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.	See section 3.2, and Appendix 6
D.2.2	The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary.	See section 3.2, and Appendix 6
D.2.3	The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK.	See section 3.2

Appendix 8

Audit Firm Governance Code and other disclosure requirements

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
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

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
E2.2	In its transparency report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure.	N/A
E.3	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
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 and on our website
E.5.1	The firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities, preferably in accordance with the extended audit report standards.	This is disclosed in our financial statements, available at Companies House and on our website
E.5.2	The firm should state whether it considers it appropriate to adopt the going concern basis of accounting and identify any material uncertainties to its ability to continue to do so, with supporting assumptions or qualifications as necessary.	This is disclosed in our financial statements, available at Companies House and on our website

Appendix 8

Audit Firm Governance Code and other disclosure requirements

Disclosure required by the Audit Firm Governance Code		How Mazars LLP complies with the code
F	Dialogue	
F.1	<p>Firm dialogue principle</p> <p>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.</p>	<p>See sections 1.5 and 3.2 for the level of dialogue</p> <p>We welcome further dialogue with investors, listed companies and their audit committees</p>
F.1.1	<p>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.</p>	<p>See section 3.2</p>
F.2	<p>Shareholder dialogue principle</p> <p>Shareholders should have dialogue with audit firms to enhance mutual communication and understanding.</p>	<p>See sections 1.5 and 3.2</p>
F.3	<p>Informed voting principle</p> <p>Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to recommendations.</p>	<p>We consider that the principle is directed at shareholders and therefore not applicable to the firm</p>

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

Audit Firm Governance Code and other disclosure requirements

The Local Auditors (Transparency) Regulation 2020

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

The Local Auditors (Transparency) Regulation 2020		How Mazars LLP complies with the instrument
1.	A description of the legal structure, governance and ownership of the transparency reporting Local Auditor.	See section 3.1
2.	Where the transparency reporting Local Auditor belongs to a network, a description of the network and the legal and structural arrangements of the network.	See section 3.1
3.	A description of the internal quality control system of the transparency reporting Local Auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to Local Audit work.	See Appendix 6
4.	A description of the transparency reporting Local Auditor's independence procedures and practices including a 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 referenced 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

Appendix 8 Audit Firm Governance Code and other disclosure requirements

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

Appendix 9 Glossary of terms

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

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 44,000 professionals – 28,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy organisation, and is a limited liability partnership registered in England with registered number OC308299. A list of partners' names is available for inspection at the firm's registered office, 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

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