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SHARED  
VALUE

MAZARS  
ALBANIA  
& KOSOVO  
TRANS-  
PARENCY  
REPORT

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7

❖	MAZARS AT A GLANCE	P. 04
❖	FOREWORD	P. 06
❖	OUR UNIQUE BUSINESS STRUCTURE	P. 10
❖	LEADERSHIP AND GOVERNANCE	P. 21
❖	OUR COMMITMENT TO QUALITY, OBJECTIVITY, AND INDEPENDENCE	P. 26
❖	DELIVERING AUDIT QUALITY	P. 28
❖	ENSURING OUR OBJECTIVITY & INDEPENDENCE	P. 35
❖	FOSTERING EXCELLENCE IN OUR PEOPLE	P. 40
❖	APPENDIXES	P. 45

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## CONTENTS

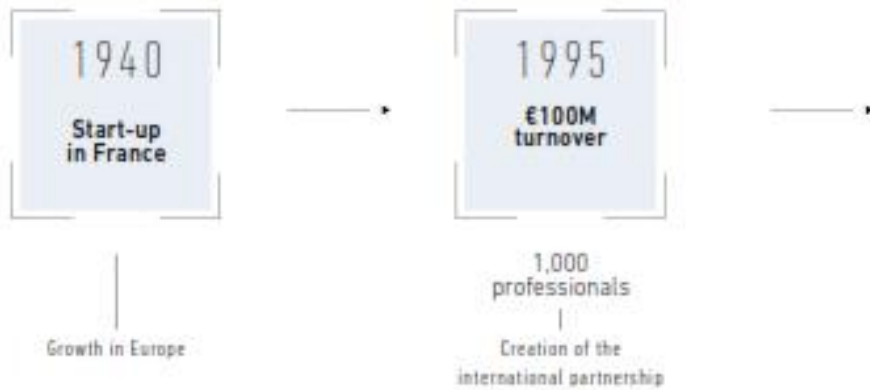
# MAZARS GROUP AT A GLANCE

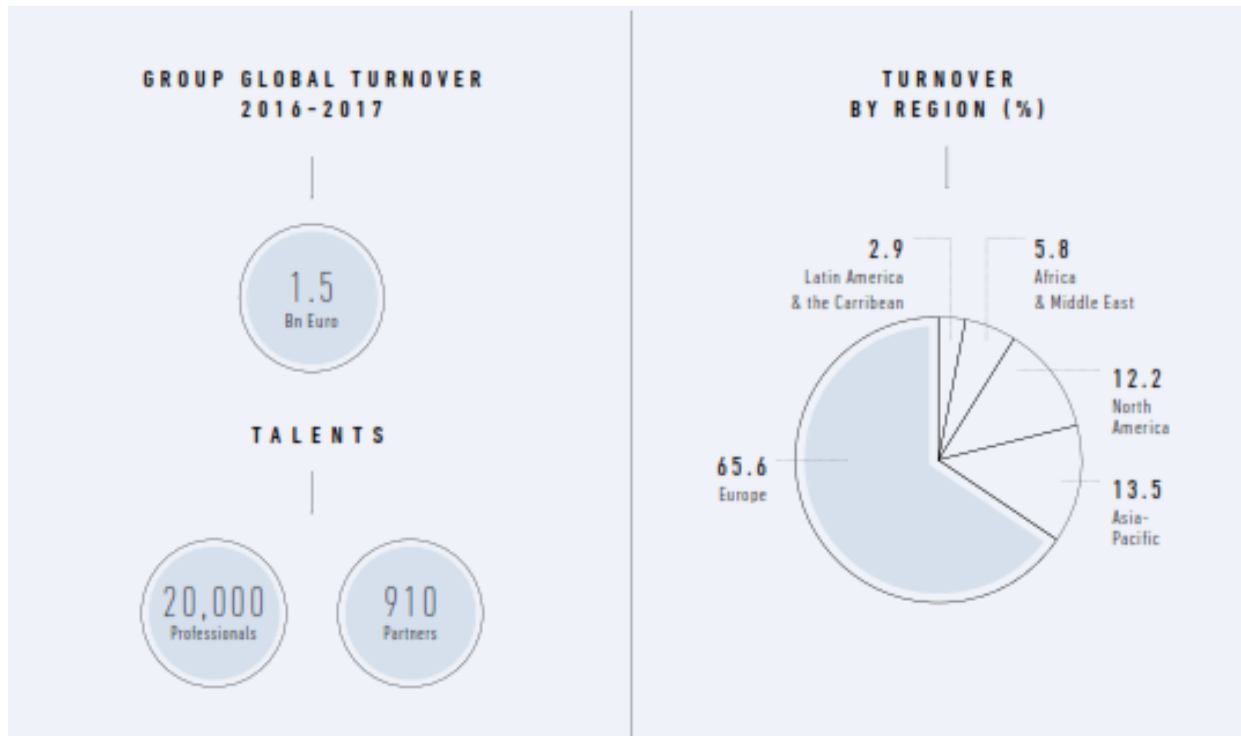
We are an international, integrated and independent organization, specializing in Audit and Assurance, Accounting, Consulting, Financial Advisory, Tax and Legal services. Across our 300 offices worldwide, our global partnership brings together 20,100 international experts who share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community and society as a whole.

## GLOBAL COVERAGE



## MAZARS'S STORY





Figures valid as of 31/08/2017. For always up-to-date information, visit [www.mazars.com/keydata](http://www.mazars.com/keydata)

BY TEIT GJINI

## STEWARDSHIP IS THE KEY TO OUR SUSTAINABLE GROWTH



TEIT GJINI  
Managing Partner of  
Mazars Albania & Kosovo

We are pleased to introduce the [2017 Transparency Report](#) for Mazars in Albania & Kosovo.

A leading player in audit, advisory, accountancy, tax and legal services, Mazars draws on the skills of 20,000 professionals in 84 countries and territories worldwide. In 2017, Audit remains at the heart of our business. Our audit service line keeps growing, and amounts to 44.8% of our global turnover. We serve SMEs around the world and major international corporations.

In Europe, and in Albania Mazars is in the Top 5 audit firms for listed companies. We keep investing in the improvement of our audit tools and methodologies. We are on the frontline to spark the innovations that will shape the audit of tomorrow.

We continue to engage in open dialogue with all our stakeholders on the value of audit for the business community and society as a whole. Our determination to assist our clients in their own development goes hand in hand with the choices we made: have our singular voice heard in the major debates that are shaping our economic and societal environment, nurture and grow our talent and provide those who work with us with an inspired vision and flawless work ethics

With SMEs and large corporations alike, we operate as independent auditors or advisers in order to help executives and boards make informed decisions. We provide thorough analyses and pragmatic solutions to help them grow their businesses. With each of our clients and all our other stakeholders, we strive to build relationships based on mutual trust. This is deeply rooted in our history. Our founder, Robert Mazars, was in many ways a pioneer. In the early 80's, he decided to gift his firm to a group of young partners with one single request: the continuation of Mazars' international development. More than 30 years on, we still safeguard and uphold these notions of stewardship and long-term, which continue to bring our teams together worldwide.

In 2016, we devised our collective strategy, called the Next20, with a view to ensure our firm's sustainable growth. Middle and long-term objectives were set and major priorities reaffirmed:

- Delivering technical excellence in all our service lines and wherever we operate, in order to provide high quality service throughout our organization;
- Building quality relationships with each of our clients;
- Helping our clients develop internationally and achieve their own transformation processes;
- Focusing on work ethics and accountability, both because we serve the general interest and because we consider these as founding values

Our 2017 performance clearly vindicates our strategy, based on our ability to meet the needs of all our clients, our markets and our stakeholders.

Enjoy your reading!

Teit GJINI  
Managing Partner of Mazars Albania & Kosovo



# REFLECTIONS FROM DAVID HERBINET, GLOBAL HEAD OF AUDIT

Audit is at the heart of Mazars. We are proud of the work that our teams deliver day in day out to promote trust and confidence in financial reporting for the good functioning of the capital markets and for the benefit of other stakeholders. It is however our duty to also ensure that our audits remain relevant and continue to serve the public interest, delivering value to the companies we audit, their direct stakeholders and society as a whole. All organizations have to evolve, sometimes radically, if they are to adapt effectively to the environment in which they operate. No business is so important that it cannot be replaced and no business model or sector is immune to the raw energy wrought by fundamental changes in its environment. The audit profession is no exception.

The scope of audit has not evolved significantly since it was first established. There is a widespread view that audit may not have responded fully adequately to the changes in business and society in recent years and there is a perceived need for improved accountability by audited entities in particular where there is a public interest dimension. The key points at stake. Whilst we remain convinced of the critical importance of audit in today's society, we have worked on seeking to understand the key reasons why concerns have been raised and have identified six areas where, in our opinion, there is great potential for the audit profession to reaffirm and reinforce its purpose:

<p><b>Trust</b></p> <p>The very nature of our role puts us in a unique position to enhance trust in business. However, the perception is that auditors themselves have not been always sufficiently worthy of the trust being placed in them. We therefore face a double challenge to restore trust both in companies and in our profession</p>	<p><b>Scope</b></p> <p>Trust in the opinion that auditors provide is tainted by a number of limitations, the so-called expectations gap notably with respect to fraud. In addition, the financial statements on which the opinion is formed only provide a very partial view of a company's global value as the vast majority of that value is generally nowhere near its balance sheet.</p>
<p><b>Timing</b></p> <p>In a world that moves ever faster, audit is delivered with a significant time lag and at fixed intervals. Stakeholders want to know that the information produced by companies can be trusted at all times. Boards want to know that the information their organizations disclose, whenever that is, is reliable.</p>	<p><b>Signals</b></p> <p>Auditors have been criticized for failing to spot sometimes catastrophic issues before they actually materialized. Stakeholders expect that auditors will tell them about potential significant problems before they crystallize. Finding ways of transforming audit so that it is more proactive, forward-looking, enabling us to anticipate key issues, must be a priority</p>
<p><b>Value</b></p> <p>We see audit as going beyond the offering of our public audit opinion. Auditors, have extensive access to a company's data, people and systems. This, together with our in depth understanding of the business, and not withstanding independence and ethical standards, puts us in a unique position to act as challengers, contributing to the future proofing of the entities we audit</p>	<p><b>Positive impact</b></p> <p>As auditors we serve the public interest and the information and knowledge, we acquire over time from a wide range of audited entities could be used to generate more value for the benefit of wider society</p>

## Committed to helping reshape the audit market

Mazars is actively involved in shaping the audit services it will deliver in the future and ensuring that our professionals remain relevant and bring enhanced value to companies' direct stakeholders and wider society. The need to place emphasis on the development of audit is strongly supported by the Mazars Group Executive Board and is reflected in our firm wide and service line strategy.

### Our contribution to enabling and promoting a sustainable audit market

#### Embedding change in our culture

Mazars has grown and developed on the foundation of a strong and unified culture globally which needs to be nurtured and protected. To achieve meaningful change, however, we recognize the need for embedding innovation in our firm's culture. To this end, we have recently formalized roles in innovation and technology in our organizational structure providing our business with specialist support and direction.

#### A people centric approach to achieving change

We believe that change is to a great extent people centric which for us means it needs to involve our auditors, our clients, the wider business community and the profession more broadly. We hope that change is fully embraced by our auditors. We provide them with appropriate support in the form of training and development, and the provision of new tools, in order to embed new ways of working and to enable team members to provide new or improved audit services. We are reinforcing and diversifying our teams with the specialist skills required to continue to provide our clients the high-quality assurance services that they are used to receiving.

#### Digital transformation

In a world experiencing digital transformation where the ways we live and work are continuously changing, the digital transformation of audit at Mazars is a must. In this area we are progressing with the development of a new global audit platform which will transform the way we deliver our audits whilst continuing to support our unique integrated approach to servicing global clients. The, tomorrow's Audit Hackathon that we hosted in July 2017 marked the acceleration of constructive engagement with companies, technology start-ups and stakeholders in audit to work on solutions which address the main challenges faced by the audit profession.

## Introducing new assurance services

Business. For Good® is Mazars' global initiative that encourages business leaders to "think and act long-term" in order to enhance business performance and pursue proof responsibly for the benefit of companies, their stakeholders and wider society. Under this umbrella, we:

- jointly launched, with Shift, a comprehensive Assurance Guidance for companies seeking to implement the UN Guiding Principles on Business and Human Rights;
- are developing a unique approach and offering on the audit of Corporate Culture;
- are focusing on the sustainability agenda with the development of assurance services covering notably environmental and other issues.

## Promoting the goals of the European Audit Reform

We follow and participate in ongoing profession-wide initiatives seeking to carve out a sustainable future for audit. Building on our active role as campaigners for Audit Reform in Europe we are promoting its overarching goals to reduce market concentration and increase audit quality. This has given us the opportunity to demonstrate to the market, notably through our involvement across the globe in many audit tenders for listed companies, financial institutions generally and public sector bodies that genuine choice exists and that diversity in the audit market is both desirable and virtuous. Our commitment is to take part in all tenders where we are invited to do so and where we consider we can credibly demonstrate that there is genuine choice in the audit market. Audit is at a crossroads and the profession's license to provide statutory audit services faces unprecedented challenges. We believe, however, that Mazars currently has a great opportunity. Our firm is truly global with its origins in a singular vision which places partner-ship, the sharing of core values, and transparency at the heart of our organization. The central importance of audit to Mazars combined with our unwavering determination to enhance its quality and relevance will help us reinforce our position as a global player, for our clients, stakeholders in audit and the public interest. Every day, we work towards enhancing the value we deliver to share-holders, the companies they invest in, other stakeholders, our people and society. Our commitment is to keep things moving in the right direction at the right pace.



## A GLOBAL, INTEGRATED PARTNERSHIP

Since 1995, we have been organized as a global integrated partnership. All our 910 partners and 20,000 professionals in 84 countries and territories in Europe, Africa, the Middle East, Asia-Pacific, North America, Latin America and the Caribbean share the same values and work ethics and the common goal of providing the highest quality client service. Our correspondent firms also enable us to operate in a further 17 countries.

All members of our integrated partnership are member entities of Mazars SCRL (hereafter “Mazars Group”), a Limited Responsibility Cooperative Company incorporated in Brussels, Belgium, through a cooperation agreement setting out the terms of the relationship. The role of the Mazars Group is to “define the strategic objectives of the organization 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 guaranteeing 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, whilst remaining aware of the challenges that both our organization and our stakeholders face. Discerning, knowledge-intensive, agile, sustainable: these are the attributes of the modern firm that we strive to be, in order to better serve our clients.

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

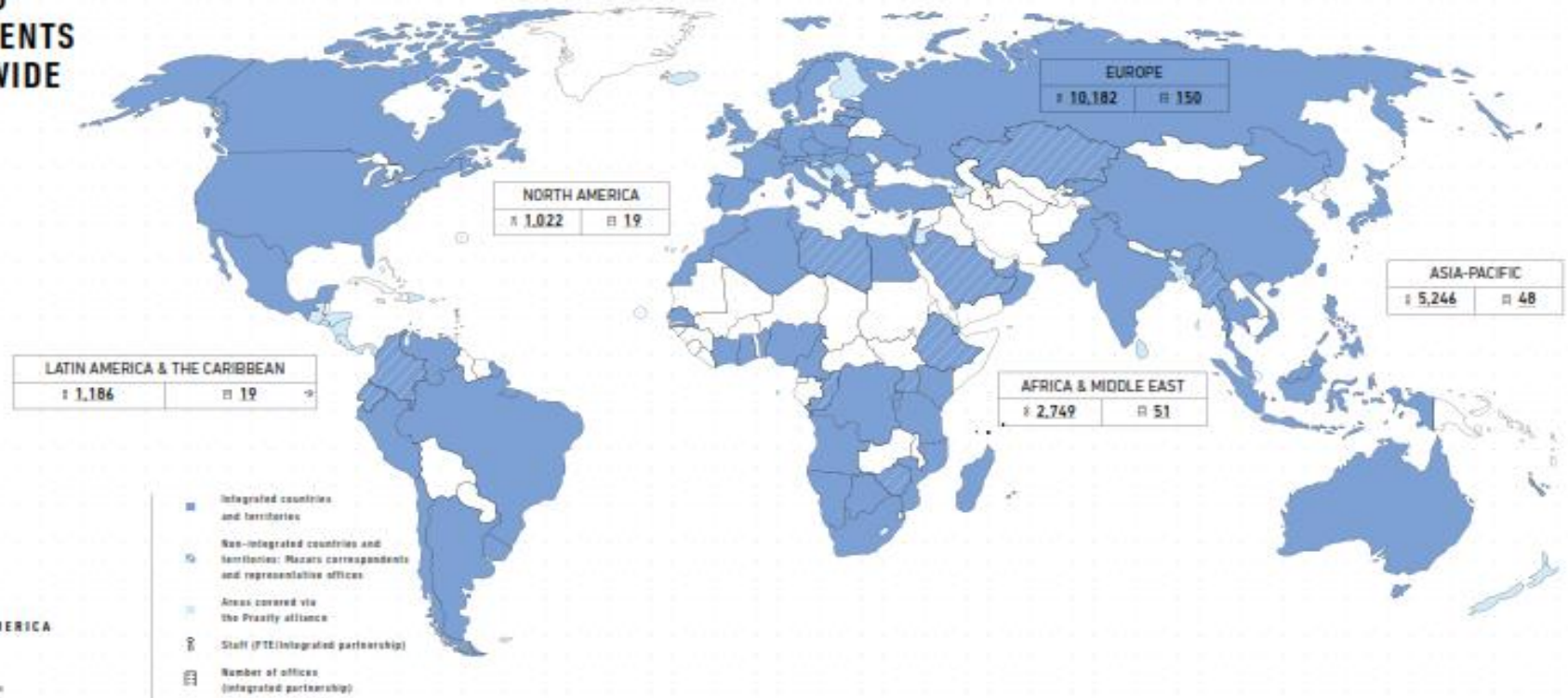
The financial statements of the Mazars Group” are consolidated with the results of the member entities and are prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements of the Mazars Group are jointly audited by two independent audit firms.

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

We are therefore unique; we are not simply a collection of national firms, but an integrated organization of professionals, sharing commitments at global level with respect to investment in technical excellence, serving our clients and developing our teams. New member firms are admitted into the integrated partnership upon criteria of quality of service and human resources, reputation and shared values. All new admissions must be approved by the General Assembly of partners.

# CREATING VALUE THROUGH QUALITY, OBJECTIVITY & INDEPENDENCE

**SERVING  
OUR CLIENTS  
WORLDWIDE**



**NORTH AMERICA**

- Bermuda
- Canada
- United States

**LATIN AMERICA & THE CARIBBEAN**

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

**AFRICA**

- Algeria
- Angola
- Benin
- Botswana
- Cameroon
- Cape Verde
- Congo
- Congo (Kinshasa)
- Djibouti
- Ethiopia
- Ghana
- Ivory Coast
- Kenya
- Lesotho
- Libya
- Madagascar
- Mauritius
- Morocco
- Mozambique
- Namibia
- Nigeria
- Rwanda
- Senegal
- South Africa
- Tanzania
- Tunisia
- Uganda
- Zimbabwe

**EUROPE**

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

**ASIA-PACIFIC**

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

**MIDDLE EAST**

- Bahrain
- Egypt
- Israel
- Jordan
- Kuwait
- Lebanon
- Oman
- Palestine
- Qatar
- Saudi Arabia
- United Arab Emirates

OUR UNIQUE BUSINESS STRUCTURE

## AFRICA

Country	Name of entity
ALGERIA	Mazars Hadj Ali
ANGOLA	Mazars Angola - Auditores & Consultores, S.A.
BENIN	Mazars Benin
BOTSWANA	Mazars
CAMEROON	• Mazars Cameroon • Cabinet L.Riquier
CONGO (BRAZZAVILLE)	M3B Audit & Expertise*
ETHIOPIA	Asrat, Gezahegn and Birberssa Audit G.P. (ASGB Partners Auditors)*
GHANA	Mazars Ghana
IVORY COAST	Mazars Côte d'Ivoire
KENYA	Mazars CPA Kenya
LIBYA	Mazars Libye
MADAGASCAR	Mazars Fivoarana
MAURITIUS	TK Uday Ltd
MOROCCO	Mazars Audit et Conseil SARL
MOZAMBIQUE	Mazars, Lda
NAMIBIA	Mazars Namibia
NIGERIA	Mazars Coker & Company
RWANDA	Mazars in Rwanda
SENEGAL	Mazars Senegal
SOUTH AFRICA	• Mazars Cape Town • Mazars Durban • Mazars East London • Mazars George • Mazars Gauteng • Mazars Port Elizabeth • Mazars Central Inc. (also known as Mazars Bloemfontein)
TANZANIA	Wiscon Associates
TUNISIA	• ECC Mazars • SBCI
UGANDA	BRJ Partners*
ZIMBABWE	KLMCA Audit Services (Private) Limited*

## ASIA-PACIFIC

Country	Name of entity
AUSTRALIA	Mazars Risk & Assurance
CHINA HONG KONG	• Mazars CPA Limited • Mazars Properties Limited
CHINA MAINLAND	• Mazars Shanghai • Mazars Beijing • Mazars Guangzhou • ZhongShen ZhongHuan
INDIA KM	• Kalyaniwalla & Mistry • Kalyaniwalla Mistry & Associates • Mazars Advisory LLP • SN Dhawan & Co.
INDONESIA	Mazars Indonesia
JAPAN	• Mazars WB Audit Corporation • Mazars Japan KK
KOREA	Mazars Sebit Accounting Corporation
KAZAKHSTAN	Mazars
KYRGYSTAN	Mazars
MALAYSIA	Mazars
MYANMAR	U Hla Tun & Associates Limited*
NEW CALEDONIA	OCEA Nouvelle-Calédonie*
PAKISTAN	• Mazars Consulting Pakistan • Mazars MF & Co
PHILIPPINES	Mazars Philippines Inc.
SINGAPORE	• Mazars LLP • Mazars Asia Pacific
THAILAND	Mazars Ltd.
VIETNAM	Mazars Vietnam Co Ltd

## EUROPE

Country	Name of entity
ALBANIA	Mazars sh.p.k
AUSTRIA	Mazars GmbH Wirtschaftsprüfungsgesellschaft
BELGIUM	Mazars Bedrijfsrevisoren - Réviseurs d'entreprises B.C.V
CROATIA	Mazars Cinotti Audit d.o.o.
CYPRUS	• Mazars Limited • Mazars & Co Limited
CZECH REPUBLIC	Mazars Audit s.r.o
DENMARK	Mazars Denmark statsautoriseret revisionspartnerselskab
ESTONIA	DÜ Auditoriteenusus*
FRANCE	<ul style="list-style-type: none"> <li>• Mazars SA</li> <li>• Mazars SA dite "Mazars Lyon"</li> <li>• Mazars SA dite "Mazars Rouen"</li> <li>• Mazars SA dite "Mazars Strasbourg"</li> <li>• Mazars Ourgue SAS</li> <li>• Mazars SA dite "Mazars Reims"</li> <li>• Mazars ACEA SA</li> <li>• Mazars Entrepreneurs</li> <li>• Pluris Audit SARL</li> <li>• Mazars Besançon SAS</li> <li>• Mazars &amp; Sefco SAS</li> <li>• Mazars SA dite "Mazars Toulouse"</li> <li>• Mazars Pigeon SAS</li> <li>• Thomas et Associés SA</li> <li>• Mazars &amp; Associés SAS</li> <li>• Mazars Metz SAS</li> <li>• Mazars Pontarlier SARL</li> <li>• Mazars SPCC SAS</li> <li>• Mazars Fiduco SA</li> <li>• Mazars Dijon SARL</li> <li>• CBA</li> <li>• Mazars Experts et Conseils</li> <li>• Mazars Rodez</li> </ul>
GERMANY	<ul style="list-style-type: none"> <li>• Mazars GmbH Wirtschaftsprüfungsgesellschaft</li> <li>• Roever Broenner Susal Mazars GmbH</li> <li>• RBS BBE GmbH Wirtschaftsprüfungsgesellschaft</li> <li>• Steinberg &amp; Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft</li> </ul>
GREECE	Mazars Certified Public Accountants Business Advisors S.A.
HUNGARY	Mazars Kft.
IRELAND	Mazars
ITALY	Mazars Italia S.p.A.
KOSOVO	Mazars in Albania
LATVIA	Taxlink Audit*
LITHUANIA	Taxlink Audit*
LUXEMBURG	Mazars Luxembourg
MALTA	Mazars Malta
NETHERLANDS	• Mazars Paardekooper Hoffman N.V. • Mazars Paardekooper Hoffman Accountants N.V.
NORWAY	Mazars Revisjon AS
POLAND	• Mazars Audyt • Mazars Polska • Mazars Expertise
PORTUGAL	Mazars & Associados, SMOC, SA
ROMANIA	Mazars Romania SRL
RUSSIA	• Mazars JSC • Mazars Audit LLC
SLOVAKIA	Mazars Slovensko, s.r.o.
SPAIN	Mazars Auditores S.L.R
SWEDEN	Mazars SET Revisionsbyrå AB
SWITZERLAND	<ul style="list-style-type: none"> <li>• Mazars SA, Siège de Genève</li> <li>• Mazars SA, Genève, succursale de Lausanne</li> <li>• Mazars SA, Genève, succursale de Fribourg</li> <li>• Mazars SA, Genève, succursale de Zürich</li> <li>• Mazars SA, Genève, succursale de Sion</li> </ul>
TURKEY	Denge Bağımsız Denetim
UKRAINE	• Mazars Ukraine, LLC • Audit firm Mazars Ukraine
UNITED KINGDOM	• Mazars LLP • Mazars Channel Islands Limited

## NORTH AMERICA

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

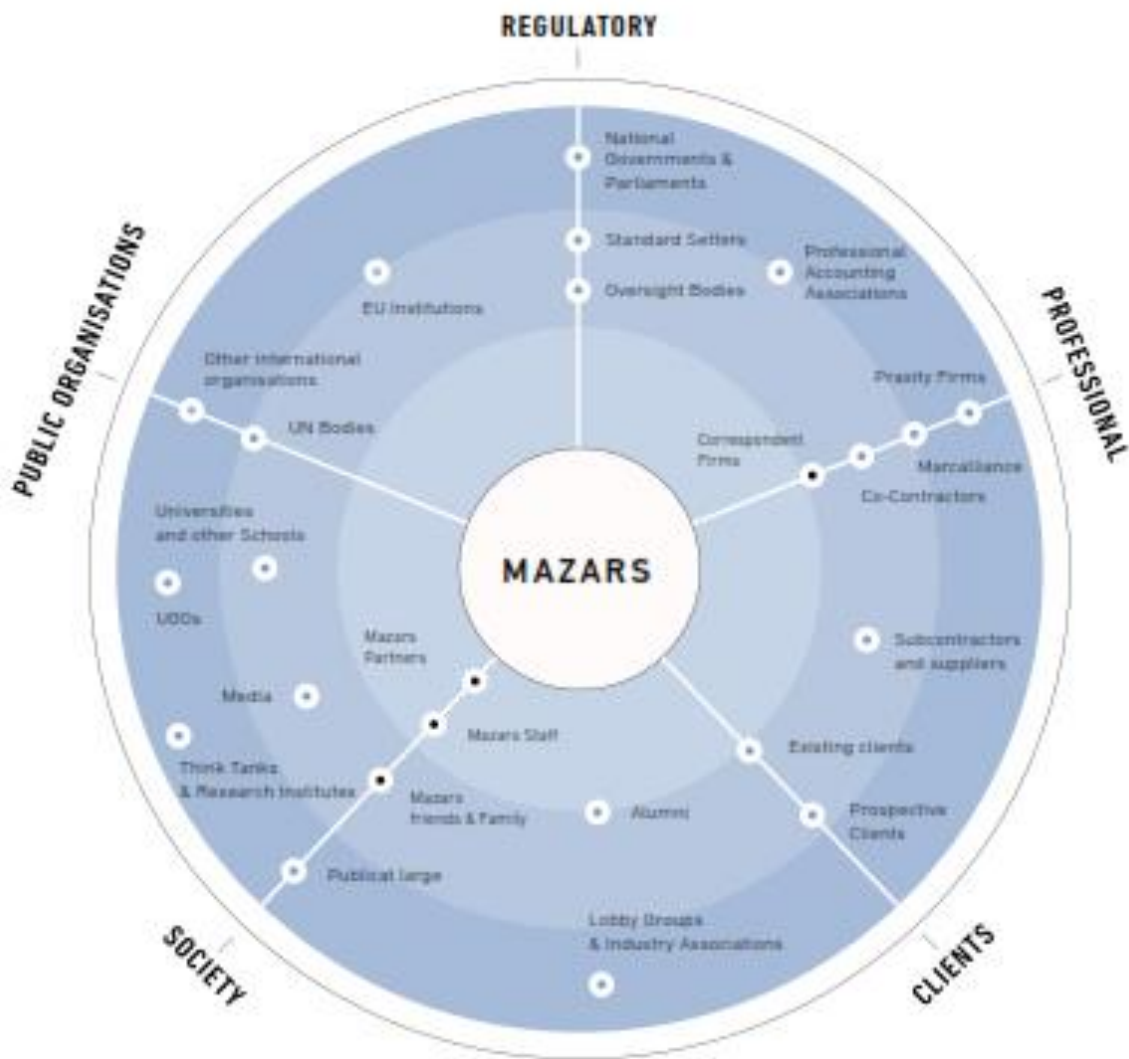
## LATIN AMERICA &amp; THE CARIBBEAN

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

## MIDDLE EAST

Country	Name of entity
BAHRAIN	Mazars Chartered Accountants
EGYPT	Mazars Mostafa Shawi
ISRAËL	Bri. Motbari, Raz. Mazars Israel
KUWAIT	Mazars Hani Abdullah Alsurayea & Co
LEBANON	Mazars Saade
OMAN	Mazars Chartered Accountants & co. LLC
PALESTINE	El Wafa Company for Financial Consulting and Accounting Services*
QATAR	Mazars Ahmed Tawfik & Co. CPA
SAUDI ARABIA	AlKharashi & Co.*
UNITED ARAB EMIRATES	Mazars Chartered Accountants

# STAKEHOLDERS MAP



# OUR GLOBAL BUSINESS ORGANISATION

During our last General Assembly of Partners, in December 2016, a new Group Executive Board was elected, on the basis of a strategic platform, called the Next20. The business organization described below is aimed at fully implementing this new platform.

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

The three key sectors we have identified are:

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

To organizations of all sizes in each of these sectors, we deliver high quality services via our 6 service lines:

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

In 2018, we will also finalize the creation of 5 regional platforms: Europe, Asia-Pacific, Africa & the Middle East, Latin America and the Caribbean, and North America. Europe will include 4 clusters: Northern, Central, Southern and Western Europe. Africa will include 3 or 4 clusters.

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

Our Global Leadership Team (GLT) includes the Global Sector & Services Team (GSST), regional leaders, Quality & Risk Management, Communications and Marketing, Information Systems, Talent Management, Finance and General Secretary (including group projects). GSST and GLT are led by the GEB.

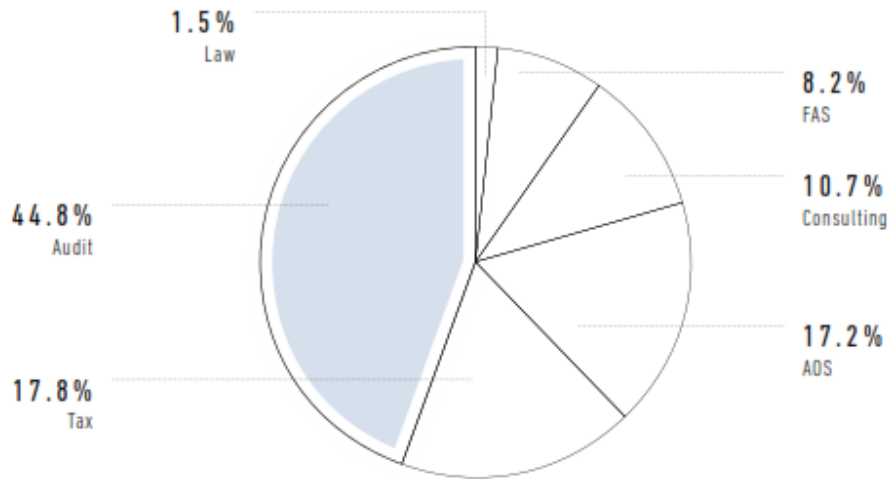
This structure ensures coordination of member entities within the Mazars Group. Our integrated international structure permeates every aspect of our operations:

- Partners and their member entities are linked by a series of agreements intended to achieve maximum consistency and standardization 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 the client;

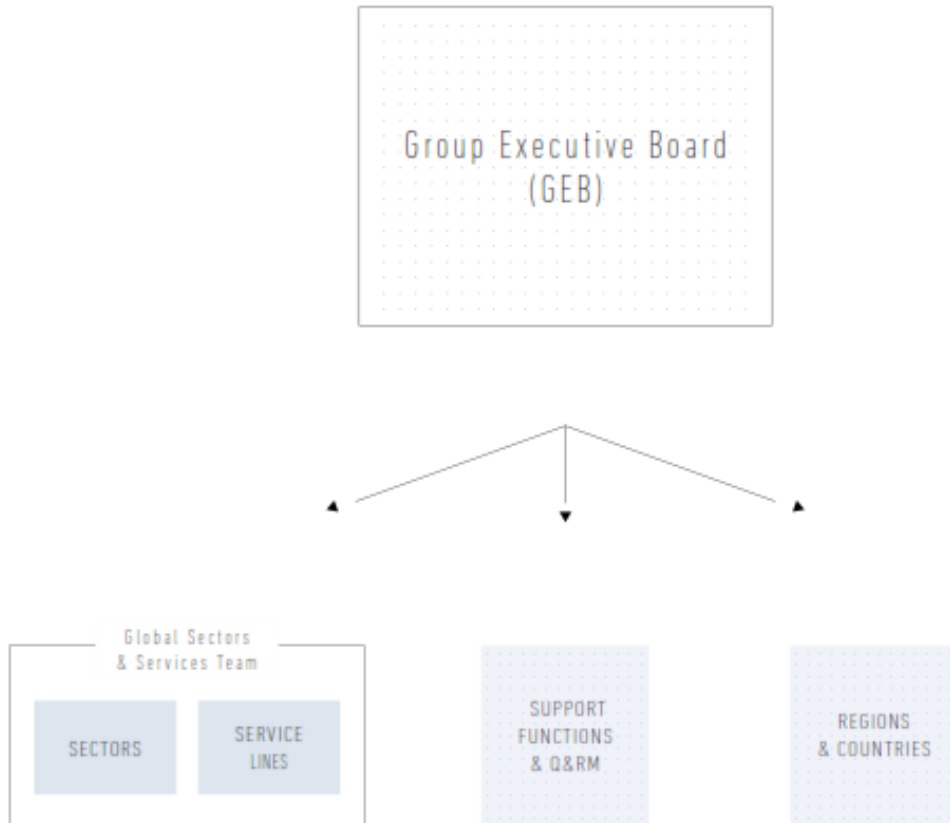
- Partners and national member entities in which they work are linked by a series of agreements intended to achieve maximum consistency within the Group. They all report to the elected representatives of the Group.

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

TURNOVER OF THE MAZARS GROUP IN 2016-2017



# OUR OPERATIONAL ORGANISATION



## THE MEMBER ENTITY IN ALBANIA & KOSOVO

Mazars sh.p.k. was integrated to Mazars Group in January 2015 following the reorganization of its predecessor firm, Gjini Consulting, which itself had been established in February 2000 in Albania. We provide services to big companies and multi-national corporations across a wide range of industries including media, IT, real estate, manufacturing, financial and insurance services.

Legal structure and ownership of Mazars shpk are three certified public accountants registered with the Albanian Institute of Certified Public Accountants. We are a limited liability company incorporated in Albania and owned by the partners of the firm, who hold respectively:

- Teit GJINI, Partner holds 50% of shares
- Diana YLLI, Partner holds 45% of shares
- Irena Pulo, Partner holds 5% of shares

In December 2016 Mazars sh.p.k. has opened a branch office in Kosovo.

Service arrangements Mazars shpk offers the following comprehensive range of services to public interest entities, privately-held businesses and high-net-worth individuals:

- Audit and assurance
- Accounting and Outsourcing
- Tax compliance and consulting services
- Transaction services

A client service team is set up to serve each of our clients' needs. The team is closely involved in the execution of the assignment and is able to respond quickly and effectively to co-ordinate the work and minimize inefficiencies. Each Service Line is responsible for setting the service line strategy; quality, standards and risk management; talent management and development, technical training, and innovation.

The allocation of 2017 turnover by service line is as follows:

Year 2017 (in Lek)	Albania	Kosovo	Consolidated
<b>Audit</b>	<b>54,142,278</b>	<b>2,857,932</b>	<b>57,000,210</b>
Financial audit	43,247,511	1,569,555	44,817,066
Other assurance	10,894,767	1,288,377	12,183,144
<b>Advisory</b>			
<b>AOS</b>	<b>57,096,279</b>	<b>1,287,840</b>	<b>58,384,119</b>
<b>Tax</b>	<b>33,723,898</b>		<b>33,723,898</b>
<b>Total revenues</b>	<b>144,962,455</b>	<b>4,145,772</b>	<b>149,108,227</b>

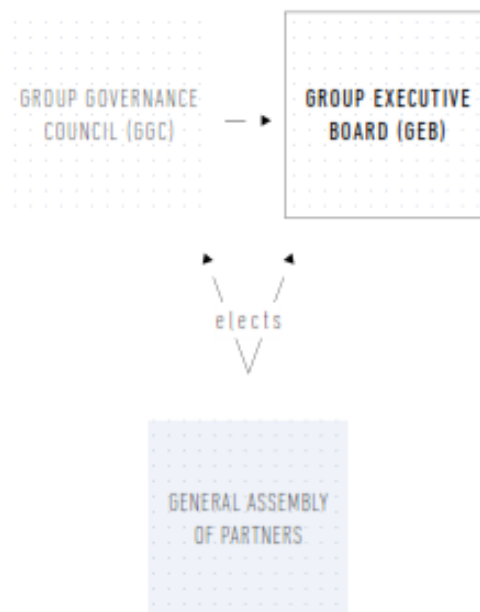
A list of the Public Interest Entities in respect of which Mazars in Albania & Kosovo has expressed an audit opinion in 2017 is set out in Appendix 1.



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

## OUR STRATEGIC LEADERSHIP ECOSYSTEM

28 / 33



## THE GENERAL ASSEMBLY OF PARTNERS

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

The General Assembly of Partners is a pivotal point in the governance and decision-making processes of the Mazars Group. The Assembly elects the Group Executive Board and the Group Governance Council, approves major strategic and operational decisions, the admission of new partners and the audited financial statements of the Mazars Group.

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

## THE GROUP EXECUTIVE BOARD

The Group Executive Board (“GEB”) is Mazars’ executive body. It is in charge of operational management of the partnership with regards to collectively-defined key strategic objectives, under the supervision of the Group Governance Council. It focuses first and foremost on pursuing and accelerating growth, while ensuring the quality and sustainability of our activities. The GEB may comprise between three and nine members. As at August 31st, 2017 there were nine members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in 2020.

The GEB is supported in its role by:

- A global leadership team (GLT), which comprises all Group business leaders (sectors and service lines, including our audit activity), Group Quality & Risk Management leaders, and Group support function leaders.
- Executives in each member entity.
  - These executives, led by a Senior or Managing Partner, have the responsibility for managing that member entity, for leading the business on a day-to-day basis, and for providing strategic and operational coordination.
  - The executives are elected by the partners of the particular member entity, with their candidacy being subject to the consideration of the GEB.

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

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

## THE GROUP GOVERNANCE COUNCIL

Elected for the same term as the GEB, the Group Governance Council ("GGC") is the Group's supervisory body. The GGC has decision-making powers in three specific areas as set out in the partnership's Charter of Association:

- the approval of partnership candidates and external growth operations;
- the compensation of the members of the Group Executive Board;
- the approval of disciplinary action decided by the latter.

The GGC is required to meet at least every four months. It may comprise between eight and sixteen members including two non-executive independent members; as of August 31st, 2017, there were twelve members of the GGC. Elected every four years, the next GGC elections are due in December 2020.

The two non-executive independent members also constitute the Public Interest Committee ("PIC"), which has specific responsibility in addition to the GGC for matters arising in relation to Mazars in the United Kingdom and Ireland.

# LEADERSHIP AND GOVERNANCE IN MAZARS ALBANIA & KOSOVO

## Governance structure

The Management Committee, being the governance body of Mazars sh.p.k., (Albania and Kosovo) is chaired by the Managing Partner, Mr. Teit Gjini. Other members of the Management Committee include Mrs. Diana Ylli (Practicing Partner, Head of Audit & Assurance), Mrs. Irena Hoxha (Practicing Partner, in charge of Quality Control), Mrs. Joana Pano (Practicing Audit & Assurance Senior Manager) and Mrs. Daniela Xhako (Practicing Tax Senior Manager) Mrs. Violeta Haxhillazi (Executive Director of Kosovo branch, Practicing Advisor)

The Management Committee is responsible for the firm's development strategy, the implementation of business decisions as well as the operational, functional and administrative organization.

Directly reporting to the Management Committee is the Risk Manager.

The Risk Manager is responsible for making final recommendations to mitigate the risks, answering (or approving answers to) risk issues when required identified by the firm.

Ms. Irena Pulo (Practicing Partner) is the head of Quality Control. She carried out a high-level review of the effectiveness of the Mazars sh.p.k. Management Committee during the year in order to ensure progression of matters noted in the prior detailed review.

Assignment of Partner to specific roles are detailed below:

Technical function	Person in Charge	Position
Country Executive	Teit Gjini	Partner
Risk Manager	Diana Ylli	Partner
Accounting Standards	Diana Ylli	Partner
Professional Standards	Diana Ylli	Partner
Ethics and Acceptance	Diana Ylli	Partner
Quality Control	Irena Hoxha	Partner
Training	Diana Ylli	Partner

The partners in Audit and Assurance in Albania are certified by Institute of Authorized Chartered Auditors of Albania with following registration number:

- Mazars sh.p.k. with registration number 110 date 06.11.2006
- Mr. Teit Gjini with registration number 68, registered on 31.01.2000
- Mrs. Diana Ylli with registration number 9, registered on 11.01.2000
- Mrs. Irena Pulo with registration number 20, registered on 12.01.2000

The partners in Audit and Assurance in Kosovo branch are certified by Kosovo Financial Reporting Council of Kosovo with following registration number:

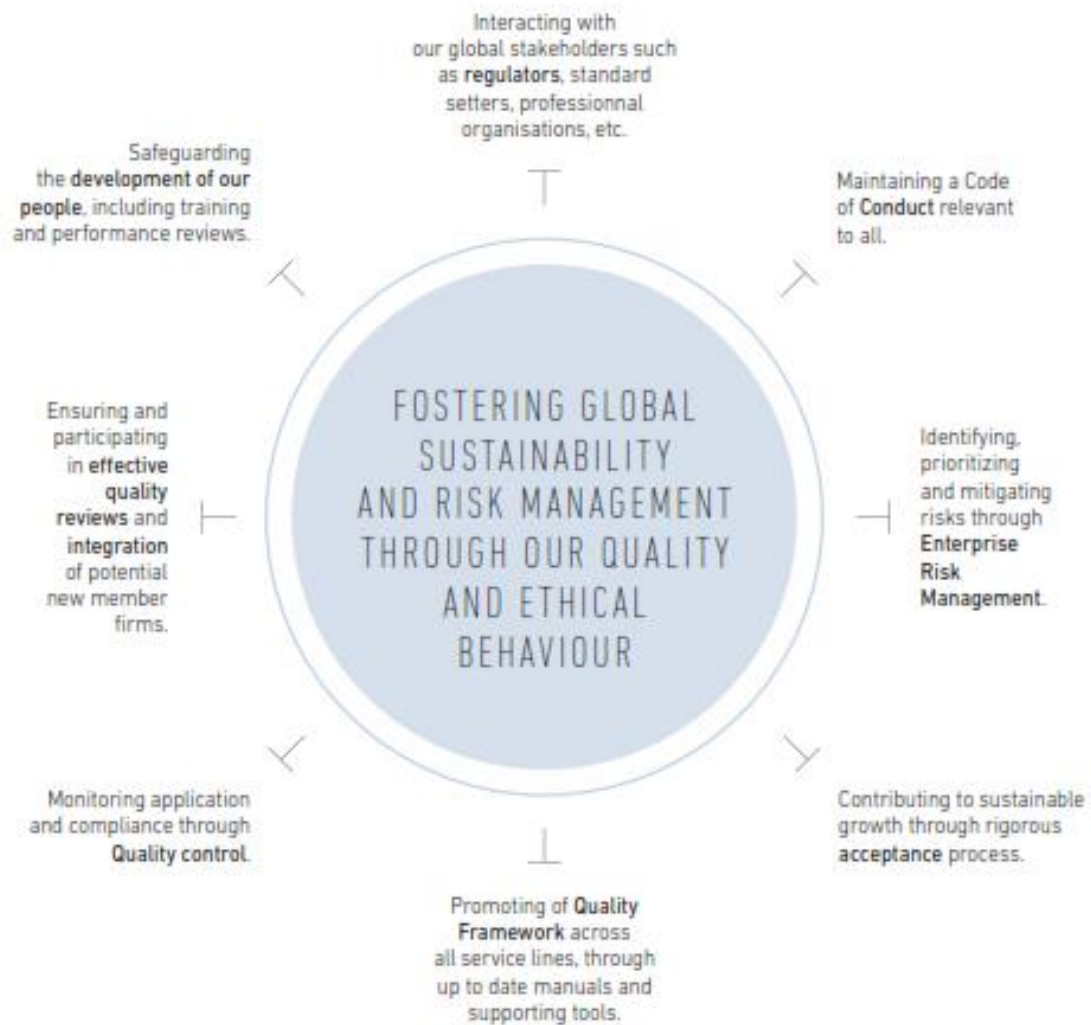
- Mazars -Dega Kosove with registration number 09.03.2017
- Mr. Teit Gjini with registration number 82 registered on 01.03.2017
- Mrs. Diana Ylli with registration number 83, registered on 01.03.2017

**Biographies of the members of the Mazars shpk Partners are provided in Appendix 3**



# THE MISSION STATEMENT AND THE NEXT20 Q&RM AREAS OF ACCOUNTABILITY

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





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

## OUR APPROACH, OUR TOOLS AND OUR METHODOLOGY

40 / 44

### **Mazars' Audit Manifesto**

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continues to be at the heart of Mazars' business in the year ended 31 August 2017, and is a key part of our plans for the future.

### **Responsibility for quality**

The quality and effectiveness of our audit services is critical to all our stakeholders and is an integral part of our commitment to building trust in society. We believe in accountability and our approach to audit quality is driven by our culture, values and behaviors. We are convinced that at the top is of paramount importance. The GEB is ultimately responsible for ensuring the delivery of technical excellence across all our service lines and this responsibility includes oversight of the quality monitoring processes within the Mazars organization, including in relation to audit quality.

To this respect, at Group level, we dedicate specific resources to the building and maintaining of high standards in quality, independence, ethics and professional competency, under the supervision of the Quality and Risk Management Board (Q&RM).

Through its International Quality Control Committee ("IQCC"), the Q&RM Board defines the quality monitoring system and the relevant procedures that are required to be implemented across all service lines and monitors their implementation. The executive of each member entity is thus responsible for the implementation of the quality monitoring systems. This quality monitoring system applies both to member and correspondent firms.

## 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 is actively involved in IFAC with a presence on a number of its boards and committees.

Mazars 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;
- audit documentation;
- technical consultation;
- professional confidentiality and risk management;
- engagement quality control reviews;
- quality monitoring;
- procedures for dealing with and resolving differences of opinion;
- complaints, allegations and claims;
- differences of opinion.

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

The policies and procedures in our 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.

These are updated regularly to include the evolution of international and national standards and as a result of operational suggestions by users.

Our compliance with the Quality Assurance Manual is monitored through internal and external inspections. **Monitoring of audit quality is integral to maintaining and improving quality in our profession.** It allows identification of areas for improvement within our policies and procedures, combined with additional training to allow a consistent quality approach to audit work.

The executive of each member entity is responsible for the implementation of the quality monitoring systems. Furthermore, each Executive is required to:

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

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

### Audit policies and methodology

The Mazars Audit Methodology (“MAM”) is a global methodology that Mazars entities 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 globalized world, the MAM allows us to give assurance to our multinational clients over the quality of our audits across borders. Specific policies and procedures are in place in respect of group audits, including the use of and reliance on other auditors. These procedures include consideration of the results of quality monitoring.

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

Audit software is used to support the audit teams in applying our risk-based approach, from acceptance to completion of the audit. During the year, Mazars globally has been progressing the development of a new audit software expected to be rolled out in the 2017/2018 financial year. This software will enhance the quality of documentation produced globally by our teams.

[We will continue to invest and develop our audit software as new challenges and technology impact on the audit of the future.](#) Data analytics is increasingly becoming a key aspect of our standard audit procedures, particularly with respect to the mandatory requirements to address the risk of management override of controls.

Additional training and tools have been developed in the year to further enhance the skills of our team in this area to drive quality in their work. This was supported by further training and tools to aid the understanding and testing of our clients’ IT environments.

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available. The QAM details the circumstances when there is a mandatory requirement to consult within the firm. Our technical experts are also available for audit and financial reporting technical consultations when support is required. To aid the audit quality of specific areas of the audit, our core audit teams have access to our specialist auditors and experts, including IT, tax, actuarial and valuation specialists.

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

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

### Monitoring audit quality

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

### Engagement quality control reviews (EQCR)

An EQCR is required to be performed on all audits of listed entities. Other engagements may be identified as subject to EQCR, the criteria for determining whether such other assignments require an EQCR are mainly based around the qualification in Public interest entities and 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 partner with sufficient authority to be capable of imposing their professional judgement upon the engagement team, and who has not recently had any material responsibility for the engagement. The EQCR is performed internally and is also subject to rotation.

### **Audit quality monitoring reviews**

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 organization, generally every 3 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;
- external inspections: entities are periodically subject to reviews by the audit regulators or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the IQCC.

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

Entities are required to communicate internally the results of their audit quality monitoring reviews to their Executive, partners and audit managers. This communication is provided in sufficient detail to enable the necessary corrective measures to take place, both for the particular partner in question, and the overall level of the entity.

As a minimum, the results of the audit quality monitoring reviews include:

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

Entities that are applying to join the Mazars organization are subject to an inspection organized 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. At Mazars we are passionate about audit quality so this positive feedback was rewarding and reflects the investment we have made in technical training and tools to support our audit teams deliver consistent quality audits.

## The approach to Quality Control and reviews in Albania & Kosovo

Audit and Assurance department of Albania and Kosovo has implemented the group Quality Assurance Manual and customized with the country specific requirement. The Head of Quality Control for Albania and Kosovo is Mrs. Irena Pulo.

In the audit and assurance department it is required that all listed entities will be subject to EQCR. Mazars Albania and Kosovo have not audited any listed entity during this year.

The criteria for determining whether other engagements require an EQCR are mainly based around either the public interest profile of the client or the existence of specific risk situations or other criteria including: the existence of a large number of shareholders or potential investors, the size of the client, etc. EQC reviewers are assigned at partner level taking in consideration the independence requirements. The review is documented through a questionnaire which is archived within the engagement. Any disagreements between the engagement partner and the EQCR is resolved prior to the engagement partner signing the audit opinion.

Every partner is subject to an independent review performed by the group every three years depending on the portfolio of clients. A summary report is prepared at the end of the reviews and actions are proposed to address the findings resulting from the reviews. Actions may include immediate remedial action, changes in the firm's guidance or procedures, or additional training and support. Findings and actions required are communicated to partner and staff on a timely basis.

During 2017 Mazars Albania and Kosovo was part of the review from the Group which resulted in a good rating with low risk recommendations.

Within Mazars sh.p.k. the audit quality control reviews operate in line with Mazars Group requirements. An internal monitoring review is carried out on a yearly basis. In addition to engagement file review, which is mentioned in "Responsibility for audit quality and the quality assurance framework in Albania" section above, firm-wide controls in respect of the following elements are evaluated:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Monitoring

During the period 2010-2017 Mazars Albania has been inspected by the IEKA and BMP for the practice which included reviews of engagements and the quality control system of the firm.

This reviews positively concluded on Mazars' system of internal control, compliance with International Standards on Auditing, the Code of Ethics for Professional Accountants and ISQC1 and their local equivalents.

In Appendix 2 we provide a statement on the effectiveness of these systems.

## WE BELIEVE THAT THE VOICE OF THE AUDIT PROFESSION BRINGS VALUE TO THE STANDARD SETTING PROCESS.

### **Our contribution to the profession**

As a consequence, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example: Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as IFAC and its committees and boards, FEE, EAIG, PCAOB, IASB; Actively participates in international bodies, such as the IFAC, FEE, ESMA, EFRAG, IASB; Its entities are active in the professional and auditing organizations in their countries.

### **Our voice in Albania & Kosovo**

The Partners are active members on round tables and part of panel discussion organized for comments on newly issued standards as well active member on the chamber of auditors.



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

## POLICIES, PROCEDURES AND TOOLS

46 / 49

### Our Code of Conduct for Objectivity and Independence

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

This forms an integral part of all member entities' professional training programmes and is distributed to all Partners and staff. We also strongly promote ethical culture and values.

### Responsibility for maintaining objectivity and independence

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

### Systems to safeguard our objectivity and independence

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

#### ACCEPTANCE AND CONTINUANCE OF AUDIT ENGAGEMENTS

Procedures 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 authorization from the lead audit partner and, in some cases, the Head of Ethics.

In certain circumstances this provision is also subject to authorization 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 set out in the instructions circulated by the audit co-ordination team.

<p style="text-align: center;">ANNUAL DECLARATION OF INDEPENDENCE</p>	<p>All Partners and staff are required to provide an annual declaration of their independence. In this respect:</p> <ul style="list-style-type: none"> <li>- The following are not allowed to hold a direct or material indirect financial interest in an audit client: <ul style="list-style-type: none"> <li>• the partners working on the engagement and their immediate family and team members</li> <li>• the other partners in the office (and their immediate family) in which the engagement partner practices in connection with the audit engagement.</li> <li>• other partners and managerial employees in the office (or their immediate family members) providing non-audit services to an audit client</li> </ul> </li> <li>- Personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and</li> </ul> <p>Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (for example beyond normal financial relations with a banking or other credit institution audit client).</p>
<p style="text-align: center;">MANDATORY ROTATION</p>	<p>In relation to audits of Public Interest Entities (PIEs), the audit partner is required to rotate after seven years (or more frequently if required by local regulations) and to not return to the audit team for at least two years (or longer if required by local regulations). Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The executive of a member entity ensures appropriate allocation of Partners to audit engagements and an annual review of appointments takes place.</p>
<p style="text-align: center;">TRANSPARENCY OF INFORMATION</p>	<p>All Mazars staff have access to a list of our audit clients subjected to specific ethical requirements.</p>
<p style="text-align: center;">TRAINING</p>	<p>All audit staff are required to undertake training on the Mazars Group and of the relevant member entity's ethical rules and procedures.</p>
<p style="text-align: center;">CONSULTATION</p>	<p>Audit staff are encouraged to consult with experts on technical matters, ethics and other areas where necessary.</p>

LIMITS ON CLIENT FEES	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.
IMPACT OF AN IDENTIFIED THREAT TO INDEPENDENCE	Clear rules regarding conflicts of interest have been communicated. Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented.
PERFORMANCE BASED REMUNERATION	Mazars Group has adopted a method of remunerating Partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics).

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

#### **Two-partner teams and rotation to strengthen both independence and services quality**

Except in specific situations which are approved by the entity's Executive Committee, large engagements are placed under the responsibility at least two partners, one of whom naturally assumes leadership of the engagement. Having a team of partners strengthens independence and brings broader technical expertise to the engagement. The responsible partners assist with key stages of the engagement and remain the key contacts for all parties and professional staff, whether internal or external.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate, in compliance when applicable with the domestic transposition of the European Directive on Statutory Audit or of the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of partner responsibilities on recurring audit engagements and major special engagements is decided by the entity's Executive Committee and ensures that partners have the ability to effectively conduct and supervise engagements under their responsibility.

This allocation is reviewed annually as well as when there are any changes in the partner's situation or when any difficulties have been encountered.

In the rare case of disagreements with the technical department's positions, the Executive Committee is called upon to arbitrate. The two-partner team in charge remains the final decision maker within the context of the organization's quality assurance and procedures. This point is of paramount importance in preserving each partner'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 France, 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;
- Level of managerial responsibility.

None of these criteria is evaluated in isolation, but the greatest weight is placed on technical competence and Partnership spirit.

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

## Global whistleblowing procedures

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

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

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

In Appendix 2 we provide a statement on the effectiveness of these systems.

These group-wide whistleblowing procedures for our staff, our clients and our stakeholders reflect our zero-tolerance policy for unethical behaviors. They have been deployed since 2014 and both external and employee complaint forms are available on our Mazars websites (on the Group website: <http://www.mazars.com/Complaint-form>). All claims are directly processed through the Group’s Chief Compliance Officer (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. He directly reports to the Chief Compliance Officer and to the Group Executive Board.

## Independence and Objectivity in Mazars in Albania & Kosovo

In Mazars sh.p.k., objectivity and independence are regulated by the Quality Assurance Manual and Code of Conduct. Acceptance and continuance procedures are performed for every engagement and approved by the engagement partner and Risk Partner if necessary. Conflict checks for international clients are performed by the acceptance officer in line with Quality Assurance Manual (QAM). Annual independence declarations are required by each partner and staff member. Independence is confirmed also at engagement level. Internal systems described in various Mazars manuals, IFAC Code of Ethics and the local equivalent have been established to identify circumstances where Mazars sh.p.k. independence could be threaten in order to instantly take appropriate safeguarding measures. The management of Mazars sh.p.k. confirms that the independence procedures and practices have been implemented and the systems are effective in maintaining independence. Furthermore, management confirms that the application of the independence procedures and practices have been subject to internal review. The Country Specific Provisions addendum to the CCOI is held by the Ethics Manager.



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

## RECRUITING, TRAINING, DEVELOPING THE RIGHT PEOPLE

52 / 56

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

- recruiting, training, developing and retaining the right people;
- our means of operating and rewarding;
- our conduct.

### Talent and performance management

In order to deliver the high-quality service that our clients expect, our engagement policies and procedures are designed to attract, support and retain the highest quality team members. Based on our common values, management principles and a fulfilling work environment, our Global Talent and Performance Management Programme aims to:

- recruit high potential individuals;
- prepare our talent to meet the market's evolving needs through long-term technical and managerial education plans;
- offer attractive career opportunities, including international opportunities;
- improve the diversity of our talents;
- engage our talent through modern work environments and codes.

### Recruiting High Potential Individuals

As knowledge workers, the quality of the talent pipeline is critical to our business. Since young graduates comprise, by far, the largest volume of candidates we recruit, concentrating on getting the right people through the door at this stage has the greatest leverage effect on the quality of our overall recruitments. As a result, many efforts are made to increase our employer branding awareness amongst the best schools for our profession, as well as to hone the effectiveness and interactivity of the recruitment process to

identify the candidates that best match in terms of competency, potential, and cultural fit.

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

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

### Long-term Education & Training

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

In 2008, the Group created Mazars University to harmonize training practices across all Mazars offices. In 2014, Mazars University received the top accreditation for Corporate Universities, awarded by the European Foundation for Management Development, the same body which awards the EQUIS accreditation to top business schools. The focus of the University is to act as a hub for all best learning materials and practices across the group, both in the areas of technical expertise as well as the other skills now required to perform the profession: soft skills, digital skills, and leadership skills.

The goal is to have excellent technicians, but enforce the objectivity of our teams, the professional independence and ethical conduct of each individual, and their overall capacity to effectively perform the work we have engaged.

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

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

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

### **The Next MBA**

In the area of executive education, Mazars has innovated a new model of education for senior leaders. Mazars created The Next MBA, which is a 6-week Executive MBA on cutting-edge business topics ranging from client-centric marketing to digital disruption, talent management to sustainable strategy, which is open to both Mazars partners as well as participants from other organisations. The Next MBA aims at preparing tomorrow's leaders to be insightful about how today's market transformations will impact business, teams, and industries, and to be agile in identifying new solutions.

Our guiding principle is no longer to communicate widely on the subject but to work closely with our

### **Attractive career opportunities**

As a global organization, we recognize that gaining international experience is an important element in the development of our teams and leaders. Mazars employees wishing to enhance their careers with an international experience may choose from a range of strategic mobility opportunities, such as:

- short-term assignments are available through our "MOVE" programme, in which high-potential Seniors and Managers can work abroad on two to six months projects;
- longer-term high-level projects ranging from three to five years in length;
- permanent transfers. These programmes play a key role in the flow of ideas with other member entities of the Mazars Group.

### **Improve the Diversity of our Talents**

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

### **Gender Diversity**

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

A steering committee was set-up and Gender Diversity is championed by Antonio Bover, GEB member and Managing Partner of Mazars in Spain. Antonio is helped by a committee composed of a representative variety of partners, numbering 2/3 of female partners and 1/3 of male partners, but also managers and support functions. Focus is on significantly increasing the number of female partners and executives among our firm by 2020.

our collective intelligence and enforcing new managerial codes that are more collaborative,

key 15 countries and follow-up on key development indicators. This decision means that the current GEB and its successors from 2016 will define a detailed plan and promote this objective as part of their Manifesto for election.

A Women Talent Pool has been identified and specific actions have been put in place to support them. A yearly leadership seminar is held: The Women Leaders @ Mazars Seminar was held in Milan in September 2016 and will be held in 2017. This seminar covers a wide variety of topics all essential for the growth and development of high potentials: mentoring, coaching, leadership, public speaking, empowerment, business development...

A group-wide gender diversity survey was held in 2016 and since then 4 core areas have been identified and focus groups are working on delivering Diversity & Inclusion guidebooks around:

- Promoting with Fairness
- Mazars as a great place to work
- Mentoring & Networking
- Measuring Gender diversity at Mazars

Metrics on gender diversity will be included in the global reporting system of Mazars countries. Progress is being made in the form of a "dashboard" format. Parity in recruitment, diversity at managerial level and a female talent pipeline will be explicit KPIs of group and local Human Resources plans. Finally, ambassadors are being identified in each country to support progress on these initiatives and to become positive role models.

### Modern Work Environments & Codes

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

We place great emphasis on office environment – from closed spaces and attributed workspaces to open plans. This is not just a question of following trends, but one of leveraging space to enhance

participative, and open. Mazars offices from Singapore to Rotterdam, Gabarone to Milan, and London to Paris, to name just a few, are revolutionising their work places with more collaborative work space combined with digitalised tools. The design offers a more human-centric approach, enable our staff and partners to create the spaces they need to work best.

At the same time the managerial codes have changed, from "command and control" to co-developing solutions. We want our staff to participate in generating and implementing new ideas – from our internal processes to our client offers.

Therefore, we have made many efforts to both help managers encourage staff to speak up through education and training, as well as develop new tools and processes to support them in this. One tool to be highlighted is BIM – Mazars' Idea Box, which is an App where Mazarians can propose their ideas, get like's and have the opportunity, if liked enough, to present to the Executive Board, and eventually get awarded an investment to put the idea into action.

Each year Mazars organizes tailored training programs according to:

- Core professional requirements (ISA's, etc.)
- Staff level per service line
- Personal needs mainly deriving from the staff performance evaluation process
- Market and product expansion strategies

Especially concerning the audit staff, a structured program is in place for all audit trainees to support them throughout their training period. Once qualified a wide range of technical support is provided to help staff maintain their technical competence and provide the quality service on which our reputation is built. The objective of these programs is to encourage each staff member's development and expertise in auditing & accounting standards, auditing techniques and engagement management principles. This technical content is complemented by a wide range of professional and business skills training programs which are available to all staff and provides an opportunity for staff from different disciplines to build strong working relationship and share best practice. To ensure audit staff and Partners maintain their technical competence and meet the respective regulatory and professional institute requirements their continued

professional development (CPD) is reviewed on an annual basis, and we ensure suitable personal development plans are in place where required.

Ordinance, issued by the IEKA Institute, provides for the minimum professional training requirements for the registered auditors and the training programs are structured accordingly. Training includes both internal and external courses, including professional qualification training. The ultimate responsibility for staff training belongs to the firm's Manager which has authorized the Training Committee to develop the appropriate training programs in cooperation with the HR Committee

In Appendix 2 we provide a statement on the effectiveness of these systems.

### **Mazars in Albania & Kosovo**

Professional service provided by professional individuals are the core of our business. Human capital is thus at the heart of our business, and we need to make sure we attract, retain and develop the best talent. As result the recruitment, development, promotion and retention of talents follows the group strategy and is in the focus of management of Mazars sh.p.k.

Within Mazars we strive to foster excellence by enabling our team to give their best through establishment specific procedures in the Quality Assurance Manual which regulate the process of:

- Recruitment.
- Performance evaluation.
- Capabilities and competence.
- Career development and promotion
- The assessment of personnel needs

Structured core training that follows the Mazars learning path is conducted on an annual basis respecting the minimum requirements of 40 hours per year. Apart from this, Mazars sh.p.k. also holds a number of routine training courses, such as annual update sessions that cover changes in accounting standards, auditing standards, and other relevant local regulations; tax updates that discuss recent developments in Albania. In Mazars sh.p.k. we recognize that also soft skills are essential to the audit profession.

Training are organized at international and national level.

We financially support ACCA, Certified Accountant and Certified Auditor and encourage the enrollment of our staff in these certifications.

The average number of team members at Mazars Shpk during 2017 was 29 for Tirana office and 1 in Pristina office.

In Appendix 2 we provide a statement on compliance with the professional training obligations



# APPENDIX 1

The Public Interest Entities in respect of which Mazars in Albania & Kosovo has expressed an audit opinion in 2017 are as follows:

- Posta Shqiptare sh.a.
- AK-Invest sh.a.
- Albanian Financial Institution sh.p.k.



## APPENDIX 2

### **Statement on the effectiveness on the Quality Control System**

Mazars Group's and Mazars in Albania & Kosovo 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.

The management of Mazars Group and Mazars in Albania & Kosovo are content that the system is effective in the maintenance and improvement of audit quality. They considered the results of the relevant regulatory inspections in reaching this opinion.

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

The operation and effectiveness of Mazars Group's and Mazars in Albania & Kosovo systems to safeguard our objectivity and independence form part of the review of the Quality Control System.

Based on the evidence identified in this review, the management of Mazars sh.p.k. confirms, with a reasonable level of assurance, that the independence procedures and practices have been implemented and the system is effective in maintaining independence. Furthermore, management confirms that the practices have been subjected to internal review.

### **Statement of compliance with the professional training obligations**

Mazars in Albania & Kosovo complies with Continuing Professional Development policies of IEKA, ACCA and QAM which are, in turn, compliant with IES 7.

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

Registered auditors are required to complete at least 40 hours or equivalent learning units of relevant professional development activity in each year, of which 20 hours or equivalent units should be verifiable. They also have to complete at least 20 hours or equivalent learning units of relevant professional development activity each year.



## APPENDIX 3

### Mazars in Albania & Kosovo's Legal Chartered Auditors CVs:

#### Teit GJINI

Chartered Auditor of Albania & Kosovo  
IFRS Trainer



#### POSITION

Managing Partner

#### QUALIFICATION

Tax Advisory, Tax Planning, Audit, Independent, Business Reviews, Business Plans & Project Developments.

#### EXPERIENCE

Teit has 25 years of professional experience in providing high quality service in Tax, Accounting and Audit, with local and international firms operating in Albania & Kosovo market.

6 years' successful experience leading the Institute of Chartered Auditors of Albania

20 years of successful experience in management and leading the Mazars firm. Ability to steer firm's activity guaranteeing to provide services of high-quality ethics standards and professional ones. Business development and management of a large number of entities and organizations inside the public and private sector.

A highly successful chartered accountant with extensive experience in financial reporting and accounting having expertise on different industries starting from start-ups, to financial management up to complex matters related to entity development.

His extensive experience includes industry sectors such as Energy & Utilities, Extractive Industries, Technology & Telecommunications, Media, Construction, Manufacturing, Trade, Distribution, Public Sector, International Donor's Funded Projects and NGO-s.

Teit speaks fluently English, Italian and Albanian (native).

#### ACADEMICS AND PROFESSIONAL AFFILIATIONS

- Authorized Chartered Auditors of Albania
- Authorized Chartered Auditors of Kosovo
- IFRS Trainer

#### OFFICE :

MAZARS IN ALBANIA & KOSOVO  
Emin Duraku Str., "Binjaket" Build.,  
No.5, Tirana, Albania

#### OTHER

Teit acted as a court expert of justice in different tax cases.

#### CONTACT :

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## Diana YLLI

Chartered Auditor of Albania & Kosovo  
IFRS Trainer



### POSITION

Audit Partner

### QUALIFICATION

Tax Advisory, Audit, Independent, Business Reviews, Business Plans & Project Developments.

### EXPERIENCE

Diana has 30 years of professional experience in providing high quality service in Tax, Accounting and Audit, with local and international firms operating in Albania & Kosovo market.

20 years leading the management and strength of the firm.

6 years successful experience leading as Chairman of the Institute of Chartered Auditors of Albania

Hand on extensive knowledge and experience in ISA, IFRS, NAS, Albanian Tax Laws and Regulations, etc.

Sector clients audited by the team that Diana led, represent the largest operating entities in Albanian & Kosovo market. Her extensive experience includes industry sectors such as Energy & Utilities, Technology & Telecommunications, Media, Construction, Manufacturing, Trade, Distribution, Public Sector, International Donor's Funded Projects and NGO-s.

Diana speaks English, Italian and Albanian (native).

### ACADEMICS AND PROFESSIONAL AFFILIATIONS

- Authorized Chartered Auditors of Albania
- Authorized Chartered Auditors of Kosovo
- IFRS Trainer

### OFFICE:

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No.5, Tirana, Albania

### CONTACT:

Phone: +355 42 278 015  
E-mail: [diana.ylli@mazars.al](mailto:diana.ylli@mazars.al)

## Irena PULO

Chartered Auditor of Albania



### POSITION

Partner

### QUALIFICATION

Audit, Tax, Accounting.

### EXPERIENCE

Irena has 30 years of professional experience in providing high quality service in Tax, Accounting and Audit, with local and international firms operating in Albania & Kosovo market.

Hand on extensive knowledge and experience in ISA, IFRS, NAS, Albanian Tax Laws and Regulations, etc.

Sector clients audited by the team that Irena led, represent the largest operating entities in Albanian & Kosovo market. Her extensive experience includes industry sectors such as Energy & Utilities, Technology & Telecommunications, Media, Construction, Manufacturing, Trade, Distribution, Public Sector, International Donor's Funded Projects and NGO-s.

Irena speaks English and Albanian (native).

### ACADEMICS AND PROFESSIONAL AFFILIATIONS

- Authorized Chartered Auditors of Albania

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