



MAZARS KOSOVO TRANSPARENCY REPORT

2019

Contents

| | |
|---|----|
| Mazars at a glance | 1 |
| Foreword | 5 |
| A vibrant audit market that serves society | 7 |
| Kosovo Governance Council Report | 11 |
| 1 INSPIRING STAKEHOLDER CONFIDENCE IN AUDIT QUALITY | |
| 1.1 Investing in our people to drive purpose, pride and quality | 15 |
| 1.2 Delivering audit quality | 21 |
| 1.3 Quality monitoring | 27 |
| 1.4 Audit quality indicators | 30 |
| 1.5 Investor dialogue | 31 |
| 1.6 Ensuring our objectivity and independence | 33 |
| 2 OUR RISKS | |
| 2.1 Our approach to risk management | 39 |
| 3 STRUCTURE, LEADERSHIP AND GOVERNANCE | |
| 3.1 Our unique business structure | 45 |
| 3.2 Leadership and governance | 53 |

Appendices

| | |
|--|----|
| A1 Mazars group statutory audit firms | 61 |
| A2 Biographies of the Independent Non-Executives | 64 |
| A3 Kosovo and Group Leadership | 65 |
| A4 Public Interest Entity Audit clients of Mazars Kosovo | 69 |
| A5 Kosovo Financial Performance | 70 |
| A6 Group and Kosovo statements of compliance | 71 |
| A7 Glossary of terms | 72 |

MAZARS AT A GLANCE

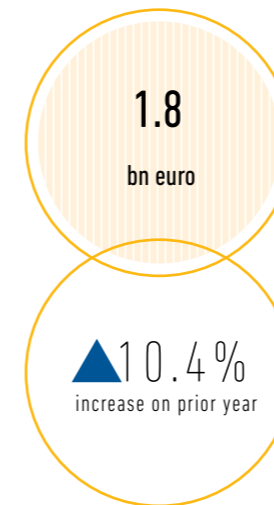
Mazars SCRL (hereafter 'Mazars Group', 'the Group') is an international, integrated and independent organisation, specialising in Audit, Advisory, Accountancy, Tax and Legal services.

Across our 318 offices worldwide, our global partnership brings together over 24,400 international experts who share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community and society as a whole.

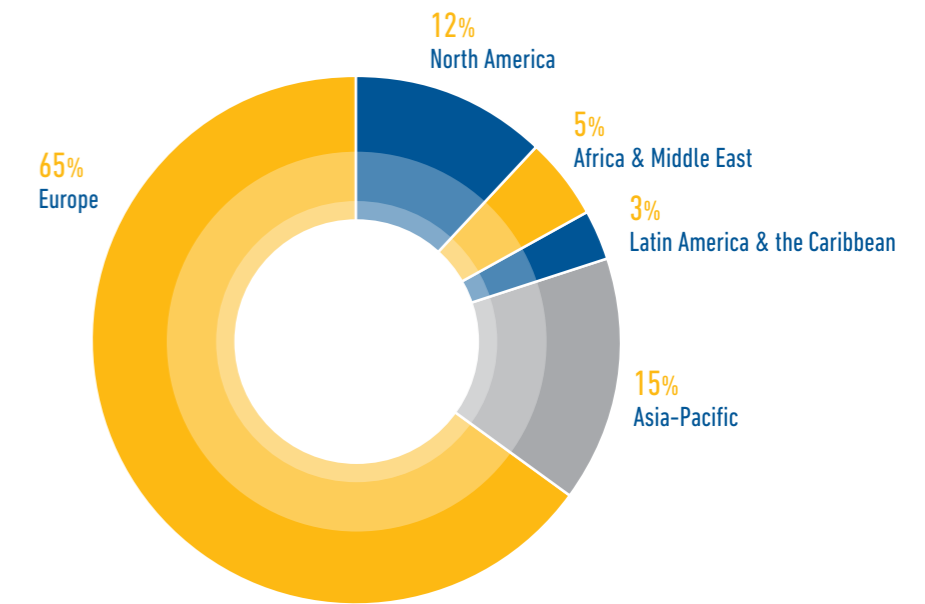
Global coverage



Group global turnover 2018-2019



Turnover by region (%)



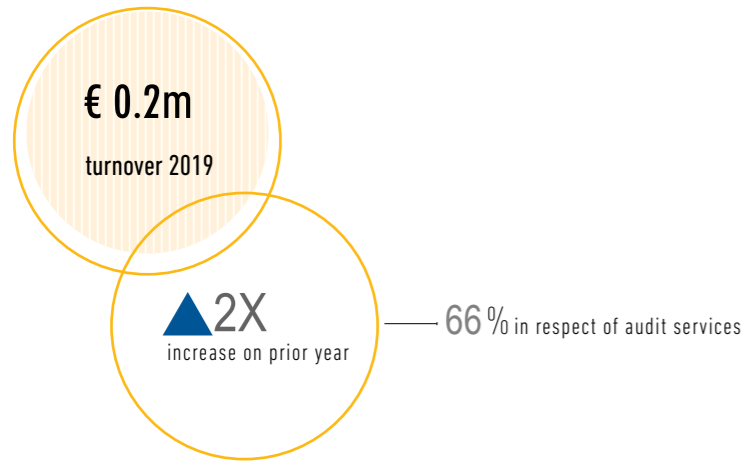
*includes data for the ZhongShen ZhongHuan and ZhongShen Yatai practices.

MAZARS' STORY



MAZARS KOSOVO AT A GLANCE

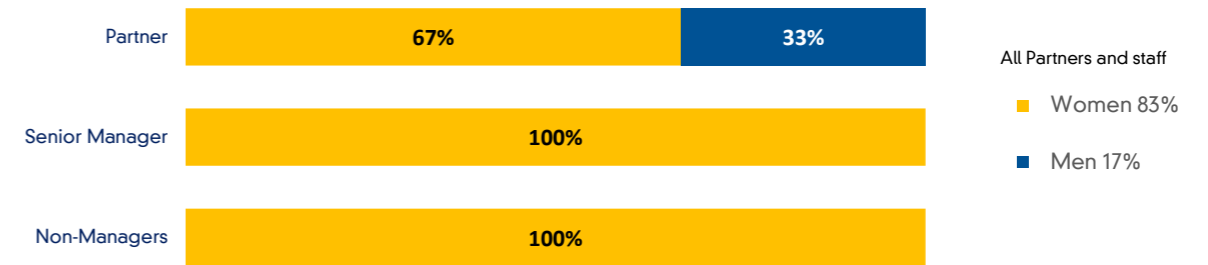
Our firm



Mazars Kosovo operations



Breakdown of Mazars Kosovo by gender



FOREWORD BY TEIT GJINI



Audit has been at the heart of Mazars since inception, and it remains a driving force for the firm both in Kosovo and globally, and will continue to be so in the years ahead.

The audit profession in Kosovo has experienced important developments in the last 12 months, including important regulatory frameworks amendments. Stakeholders are increasing expectations and it now makes codes of conduct a top guidance and require increased professionalism, independence, transparency and higher quality in the delivery of audit and assurance assignments.

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

We invest heavily in enhancing our tools and methodologies. We place focus on making sure our people act with irreproachable ethics and we train them to acquire and maintain top-quality technical skills. We keep boosting innovation, bringing in the IT-expertise we need to fully achieve our digital transformation, and developing our ability to perform extra-financial audits, as we are convinced figures only cannot provide an accurate image of an organization's real value. Is due to the "augmented services" that we provide to our clients, that we have achieved to be in the top 5 auditors for listed companies and public interest entities in Europe, On a global level, our audit service line keeps growing on continents and amounts to 44.2% of our global turnover and 38% of our local turnover.

With each of our clients, large multinational companies and smaller organizations alike, we seek to build long-term relationships based on mutual trust and aimed at helping them focus on their core business and achieve

their own sustainable growth objectives. We look at the future with confidence, as we know we have both the size, the entrepreneurial spirit and the agility to become true leading players.

We also know we can rely on a strong and resilient model and on strong deeply embedded values, with the purpose of contributing to a better-functioning business community and to overall progress in society.

We are pleased to introduce the 2019 Transparency Report for Mazars Kosovo. A leading player in audit, advisory, accountancy, tax and legal services, Mazars in Kosovo draws on the skills of + 6 round shaped professionals, which on the other hand are supported by 23,000 professionals of Mazars Group operating in 86 territories worldwide.

Teit GJINI

Managing Partner of Mazars Albania & Kosovo

31 December 2019



**A VIBRANT AUDIT MARKET
THAT SERVES SOCIETY**

A VIBRANT AUDIT MARKET THAT SERVES SOCIETY



DIANA YLLI
Kosovo Head of Audit



DAVID HERBINET
Global Head of Audit

ACHIEVING CONSISTENT QUALITY, STEERING GLOBAL CHANGE.

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

There is no doubt our profession needs to evolve, and we are playing our full part in steering this change.

[Walking the walk](#)

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

Audit is in our DNA and at the heart of our business and accounts for nearly half of our global turnover. In 2019 we grew by close to 8% globally and 2X in Kosovo, which supports that our model, our values, and our development strategy are robust, reliable and relevant.

Over the last 12 months, we have been trusted by significant large and complex companies to take on their audit at European and/or global level, and have retained many of our largest accounts, which reaffirms and reinforces our position as a firm of choice.

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

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

Data analytics are also changing the way audit is delivered and helping meet the ever-growing expectations of boards, shareholders, regulators and other stakeholders. In this area, we are determined to enhance our capabilities and have set ourselves ambitious goals that include supporting our audit teams to design smarter audit strategies incorporating data analytics and providing tools and solutions to support the delivery of this objective.

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

Year 2019 brought significant amendments to regulatory requirements in Kosovo, and due to our capabilities we managed to adapt quickly and deliver quality services.

As we transform to continuously enhance the way we perform and deliver audits,

we seek to remain true to the values and unique

characteristics that go to the roots of Mazars.

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

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

DIANA YLLI
Head of Audit

DAVID HERBINET
Global Head of Audit

KOSOVO GOVERNANCE COUNCIL REPORT

Kosovo Governance

The Management Committee, being the governance body of Mazars 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. Violeta Haxhillazi (Practicing Audit & Assurance Senior Manager) and Mrs. Daniela Xhako (Practicing Tax and AOS Senior Manager).


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. Management Committee during the year in order to ensure progression of matters noted in the prior detailed review.

Assignment of Management to specific roles are detailed as per 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 |
| Practicing Audit & Assurance | Teit Gjini, Diana Ylli | Managing Partner, Partne |
| Financial Advisory Services | Violeta Haxhillazi | Managing Director |
| Practicing Tax & AOS | Daniela Xhako | Senior Manager |



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

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

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

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

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

Talent acquisition

Our talent acquisition programme aims to recruit high potential individuals mainly with economics, mathematics and IT backgrounds who share our value of delivering outstanding quality, whilst meeting the market's evolving needs.

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

Building a future proofed talent pipeline

Graduates and school leavers

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

Over the last year we have renewed our focus on boosting our employer branding in schools and universities, as well as enhancing our process to identify people who will thrive in the Mazars environment including:

- increasing our local school outreach through developing lasting relationships with schools we have good relations with;
- promoting our recruitment campaigns through social medias, easily accessible from generation Z;
- utilising our new joiners network, as we believe they are our greatest ambassadors;

We believe a high performing team that embodies our values is a diverse team whose strength and experiences complement each other. Our recruitment programme is based on a strength-based assessment approach, which is aimed at enabling greater social mobility through assessing an individual candidate's potential.

In essence our assessment and selection approach supports both school preparation and individual creativity and logic, as we believe a successful professional must have a combination of these elements.

We have in place a culture of welcoming new joiners, where the team members provide continues support and training. In addition, as part of our yearly appraisal process, each individuals is provided with its areas of strength and further development. We see this process as a crucial one for the continues growth of our people and teams.

Experienced hires

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

Talent and performance development

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

In the year, to create a comprehensive and more personalised picture of the development paths available within the Firm, we have incentivised continuous conversations between the team members and their managers or even Partners.

We want our people to be sure that we are supporting every area of the business with its specific development and training needs, and to deliver solutions that are tailored to each Service Line, whilst ensuring it is consistent with the framework of the Firm. This also provides individuals with greater clarity over the development opportunities that are available at each stage of their career, and across all areas of their role.

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

Mazars Kosovo supports financially its team members who are studying towards professional qualifications such as ACCA, SCAAK or other qualifications allowing team members to be accredited in their field of expertise, helping to ensure that they are well equipped to deliver high quality technical expertise to our clients..

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

Our more experienced staff, have regularly attended different trainings and development conferences organized at Mazars Group level which have been a combination between technical and soft skills. Rolling this out to our management group allows us to make a cultural shift in the way our managers view their own and their team members' development and progression,

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

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

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

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

Delivering technical excellence in audit

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

- practical classroom courses delivered by a trained pool of technical experts. These classroom courses are timed to coincide with the relevant stage of the trainee's qualification, and are designed to bring their theoretical learning into the practical environment of their day-to-day work; and

- digital content covering the Firm's audit procedures, methodology and software. Providing the content in a digital format allows us to provide key learning messages to the trainees, as well as delivering something that can be easily revisited when required.

Once qualified, a wide range of technical support is provided to help staff maintain their technical competence and provide the quality service on which the Firm's reputation is built. The objective of these ongoing training programmes is to further each team member's understanding of and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

Audit staff have access to the following resources:

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

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

To ensure audit staff and Partners maintain their technical competence and meet the respective regulatory and professional institute for their continued professional development (CPD) is reviewed on an annual basis, and we ensure suitable personal development plans are in place where required.

In undertaking CPD and development plans, consideration of compliance with International Education Standards (IES) 7 for audit staff, and IES 8 for RIs is also undertaken. During the year ended 31 December 2019, 356 training hours were undertaken by audit service line members.

Reward and recognition

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

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

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

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

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

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

more human-centric approach and enables our staff and Partners to create the spaces they need to work best.

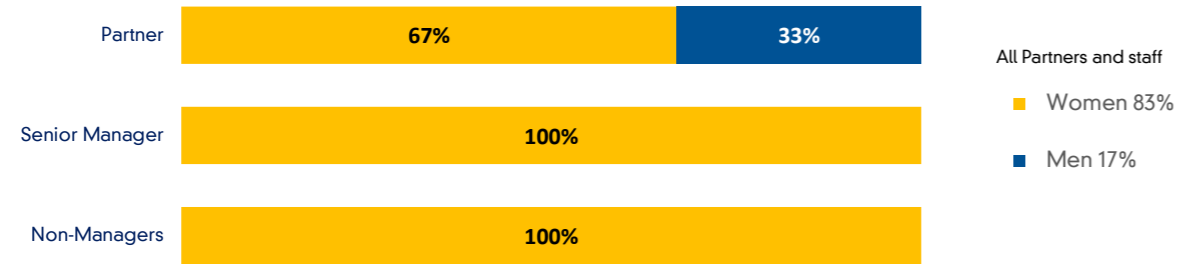
At the same time the managerial codes have changed, from 'command and control' to co-developing solutions. We want our staff to participate in generating and implementing new ideas – from our internal processes to our client offers.

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

Some diversity statistics on Mazars Kosovo

We incentive diversity in our office and people that think differently outside the box.

Breakdown of Mazars Kosovo by gender



Mazars For Good

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

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

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

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

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

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

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

1.2 DELIVERING AUDIT QUALITY

Delivering audit quality is key to us as a global organisation, as it underpins our core values. We are dedicated to improving the audit work we undertake and the reports to and communications with those charged with governance.

We invest time in understanding and participating in the evolution of quality within the profession, developing our methodology, reviewing quality recommendations and themes of regulatory inspections, and improving the skills and knowledge of our professional staff. We are continually raising our expectations of what audit quality is as we believe this is something that is constantly evolving.

Mazars' Audit Manifesto

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continued to be at the heart of Mazars' business in the year ended 31 December 2019, 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 behaviours. We are convinced tone at the top is of paramount importance. To ensure a culture of quality is embedded within

Mazars Kosovo as a core value, the Head of Quality and the Head of Audit are members of Kosovo Executive Members.

Our Audit Quality Assurance Framework

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

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

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

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

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

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

1.2 DELIVERING AUDIT QUALITY (CONTINUED)

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

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

Maintaining and improving audit quality is integral to our profession, as such an 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 Kosovo only Certified Auditors (CAs) can be responsible for an audit and sign a statutory audit report. ACCA 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 Society of Certified Accountants and Auditors of Kosovo (SCAAK).

Licensing

The fulfilment of obligations' and the receipt of Statutory Auditor title is not sufficient for performing sign off engagements. A Statutory Auditor must be registered within SCAAK Public Register and KKRF in order to have signing rights.

Performance management

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

Responsibility for the audit

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

As engagement leaders, the CAs, 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 CA and the engagement team, the Engagement Quality Control Review (EQCR) or technical consultants, procedures are in place to consider the opinions further, including the use of a panel of independent Partners appointed by virtue of their knowledge and experience.

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

Audit policies and methodology

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

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

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

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

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

Our ability to maintain quality is not only dependent

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

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

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

1.2 DELIVERING AUDIT QUALITY (CONTINUED)

Monitoring audit quality

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

Engagement quality control reviews (EQCRs)

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.

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

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

1.3 QUALITY MONITORING

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

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

The approach to Quality Control and reviews in Kosovo

Audit and Assurance department of Kosovo has implemented the group Quality Assurance Manual and customized with the country specific requirement. The Head of Quality Control for Kosovo is Mrs. Irena Pulo. In the audit and assurance department it is required that all listed entities will be subject to EQCR.

Mazars 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.

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 Kosovo" 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

Mazars Group oversight of Quality Monitoring

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

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

bodies in their jurisdictions. Results of such reviews are communicated to the IQCC for their consideration.

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

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

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

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

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

1.3 QUALITY MONITORING (CONTINUED)

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

Kosovo external reviews

Mazars Kosovo undertakes audits which fall within the remit of the National Council of Kosovo Financial Reporting, resulting in the Firm being subject to reviews of our audit work, systems and processes by the Audit Quality Review team.

Due to the increased number of PIE clients, Mazars is subject to annual reviews by the Audit Quality Review.

Mazars Kosovo's audit work is also reviewed by the Quality Assurance of Society of Certified Accountants and Auditors of Kosovo, SCAAK.

The SCAAK's Audit Quality Review team has reviewed our local public audit work in the local government sector and to consider the robustness of our policies and procedures to support auditors delivering this work.

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

1.4 AUDIT QUALITY INDICATORS

Indicators of audit quality are established to enhance transparency and comparability across the industry. Mazars Kosovo reports on the metrics we consider that impact the quality.

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

1) Metrics on external investigations related to audit

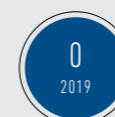
Number of cases in the last 12 months in which the competent authorities has found against the Firm or one of its members



Mazars commentary

There have been no tribunal disciplinary hearings undertaken by the competent authorities concerning the conduct of Mazars Kosovo in relation to audit in either year.

Number of cases in the last 12 months in which regulatory body have found against the Firm.

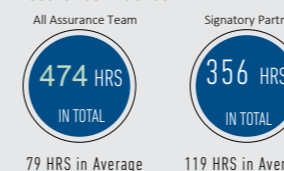


Mazars commentary

There have been no findings against the firm by the quality reviews performed by regulatory bodies in either year.

2) Metrics on investment

Number of hours training undertaken in total and average per person in the Assurance Practice



Mazars commentary

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

1.5 INVESTOR DIALOGUE

Our voice in 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.

1.6 ENSURING OUR OBJECTIVITY AND INDEPENDENCE

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

Our Code of Conduct for Objectivity and Independence

The Mazars Group has adopted a Code of Conduct for Objectivity and Independence (the 'CCOI') which complies with the IESBA Code. This forms an integral part of all member entities' professional training programmes and is distributed to all Partners and staff.

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

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

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

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

Responsibility for maintaining objectivity and independence

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

Systems to safeguard our objectivity and independence

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

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

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

1.6 ENSURING OUR OBJECTIVITY AND INDEPENDENCE (CONTINUED)

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

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

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

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

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

- delivering outstanding quality;
- alignment to the Group and Kosovo strategy;
- delivering sustainable profit;
- maintaining client focus;
- importance and complexity of assignments;
- diversity and respect for people;
- partnership spirit and partnership behaviours; and
- level of managerial responsibility.

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

and partnership spirit.

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

The GGC has established an annual, and four year cycle, bonus program for the GEB.

Independence and Objectivity in Mazars in Kosovo

In Mazars Kosovo 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 Kosovo independence could be threatened in order to instantly take appropriate safeguarding measures. The management of Mazars Kosovo 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.

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 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, supported 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 Kosovo 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 background of the slide is a complex, abstract composition of numerous overlapping, semi-transparent geometric shapes, primarily triangles and polygons, in shades of blue, teal, and purple. These shapes are scattered across the entire frame, creating a sense of depth and movement. In the center of the slide, there is a prominent white rectangular box with a subtle gradient, which serves as a container for the main text. On the far left and far right edges of the slide, there are small, vertical decorative elements consisting of three horizontal lines in blue, yellow, and red, mirroring the colors of the background.

2. OUR RISKS

2.1 OUR APPROACH TO RISK MANAGEMENT

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

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

Identification of risks

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

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

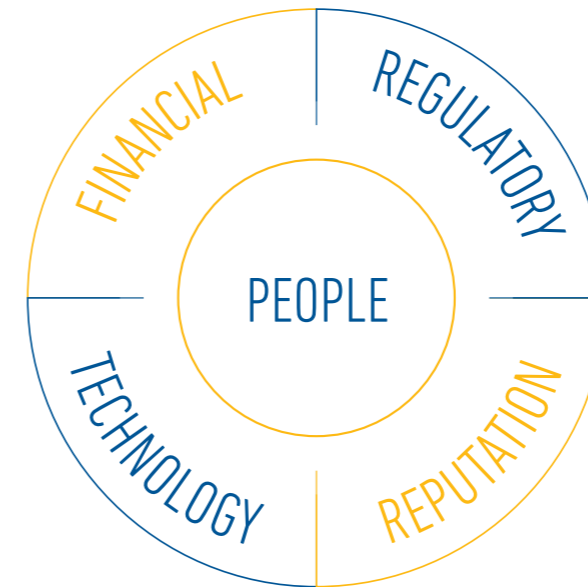
| IDENTIFY | ASSESS | TREAT | MONITOR |
|---|--|--|--|
| New and emerging risks are identified by our business from a range of sources | Assessments consider the potential impact and likelihood of the risk materialising | Risk treatment plans are put in place to help mitigate the identified impact |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

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

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

Categorisation of risk

Our risks are managed under five categories:



Financial:

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

Regulatory:

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

Reputation:

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

Technology:

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

People:

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

Governance

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

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

Overarching governance of risk sits with three key groups:

KOSOVO EXECUTIVE BOARD

The Executive Board owns and oversees Enterprise Risk Management across the business. Risks are monitored and the Board provides feedback to the business, integrating strategic priorities to our processes. Emerging risks will be escalated to the Board in the event they pose a significant threat to our business.

MAZARS GROUP EXECUTIVE BOARD

Our Enterprise Risk Management framework is derived from requirements set by our international Group. High level reporting of our activities and principal risks is incorporated into activities undertaken by our International Group through our Global Risk Manager.

2.1 OUR APPROACH TO RISK MANAGEMENT (CONTINUED)

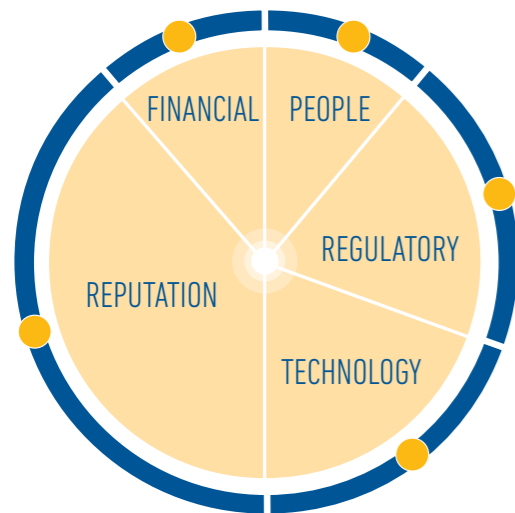
Developments during the period

During the period we have undertaken a review of our enterprise risk management processes to improve their effectiveness within our business. We have looked at our categorisation of risk and how we identify, assess, record and manage risks across all parts of the business.

Further enhancements are anticipated in 2019-20 but during the year this review has resulted in two key changes:

Key risks and uncertainties

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



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

Updated policies and procedures

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

REGULATORY

PRINCIPAL RISKS

Failure to adapt the changing of legislation and regulatory environment, including the sustainability of Kosovo audit practice.

Failure to ensure that we comply with audit independence rules

MITIGATING CONTROLS

- Monitoring of changing.
- Formal governance processes surrounding approvals of specific clients and assignments.
- Ethics Partner and function providing guidance and support throughout the Firm.

- Formalised processes in place for client and engagement acceptance.
- Training.
- Mandatory annual trainings for all.
- Implementation of additional systems and monitoring of independence on an ongoing basis.
- Code of Conduct.
- Monitoring of partner financial interests.

TECHNOLOGY

PRINCIPAL RISKS

Increasing phishing and spear phishing targeted campaigns

Moderate information and cybersecurity effectively

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

MITIGATING CONTROLS

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

FINANCIAL

PRINCIPAL RISKS

Failure to adapt to impact economy.

Firm failure resulting from solvency / liquidity issues

MITIGATING CONTROLS

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

REPUTATION

PRINCIPAL RISKS

Failure to ensure that the Firm only engages with appropriate clients

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


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

Failure to maintain and deliver a quality service to our clients

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

MITIGATING CONTROLS

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

The background is a complex, abstract composition of numerous overlapping, semi-transparent geometric shapes, primarily triangles and polygons, in shades of blue, teal, and purple. These shapes are scattered across the entire frame, creating a sense of depth and movement. In the center, there is a white rectangular box with a subtle gradient, containing the text '3. STRUCTURE, LEADERSHIP AND GOVERNANCE' in a bold, black, sans-serif font. On the far left and right edges of the image, there are small, vertical decorative elements consisting of three horizontal lines in blue, yellow, and red, resembling a stylized flag or logo.

3. STRUCTURE, LEADERSHIP AND GOVERNANCE

3.1 OUR UNIQUE BUSINESS STRUCTURE

Mazars in Kosovo



Within Mazars Kosovo, for the year ended 31 December 2019 our business was structured through our service lines, which were responsible for managing results, developing strategies for growth and supporting our staff.

As at 31 December 2019, there were five service lines, Audit and Assurance, Tax, Accounting and Outsourcing Services, Financial Advisory Services and Consulting.

Details of our service lines are available on our website. Each service line is responsible for:

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

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

Ownership

Mazars Kosovo is owned by shareholders of 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.

The operational structure of Mazars Kosovo

At 31 December 2019, our business operated across 1 office nationwide , with + 6 professionals. Our staff held the following roles:

| PRINCIPAL SUBSIDIARY UNDERTAKINGS | COUNTRY OF INCORPORATION | PERCENTAGE OWNERSHIP | PRINCIPAL ACTIVITIES |
|-----------------------------------|--------------------------|----------------------|-----------------------|
| Companies | | | |
| Mazars Kosovo Shpk | Kosovo | 100%* | Audit Services |
| Mazars Shpk-Kosovo Branch | Kosovo | 100%* | Professional Services |

The partners in Audit and Assurance in Kosovo are Society of Certified Accountants and Auditors of Kosovo with following registration number:

- Mazars Kosova sh.p.k. with registration number 35 date 29.08.2019
- Mazars -Dega Kosove with registration number 31 date 09.03.2017
- Mr. Teit Gjini with registration number 82, registered on 09.03.2017
- Mrs. Diana Ylli with registration number 83, registered on 09.03.2017



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)

A global, integrated partnership

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

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

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

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

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

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

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

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

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

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

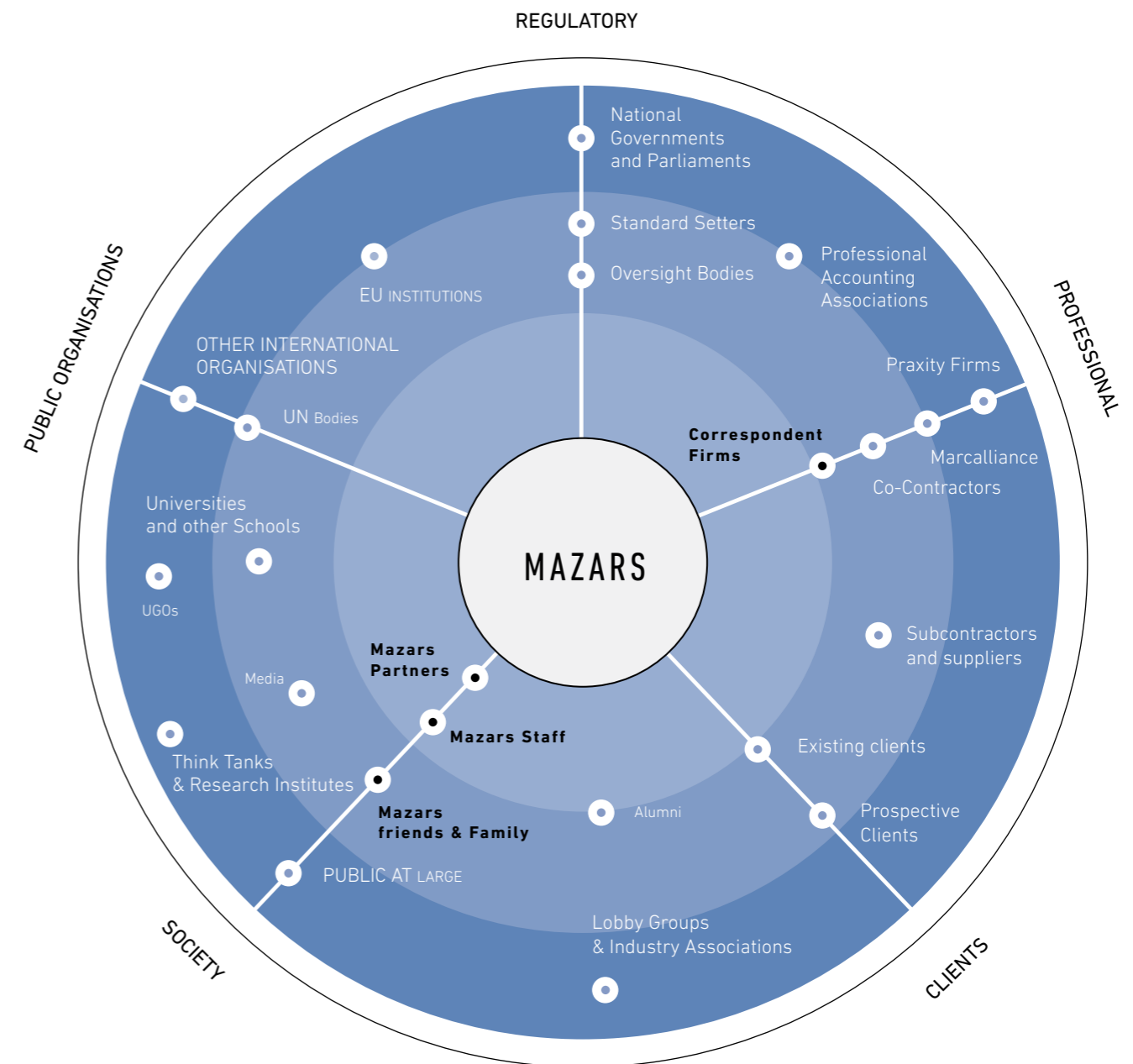
In July 2019, Mazars created its North America Alliance, which substantially enhances its on the ground coverage in North America, giving international clients access to an additional 16,000 professionals from five major accounting and consulting firms in the U.S. and Canada.

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

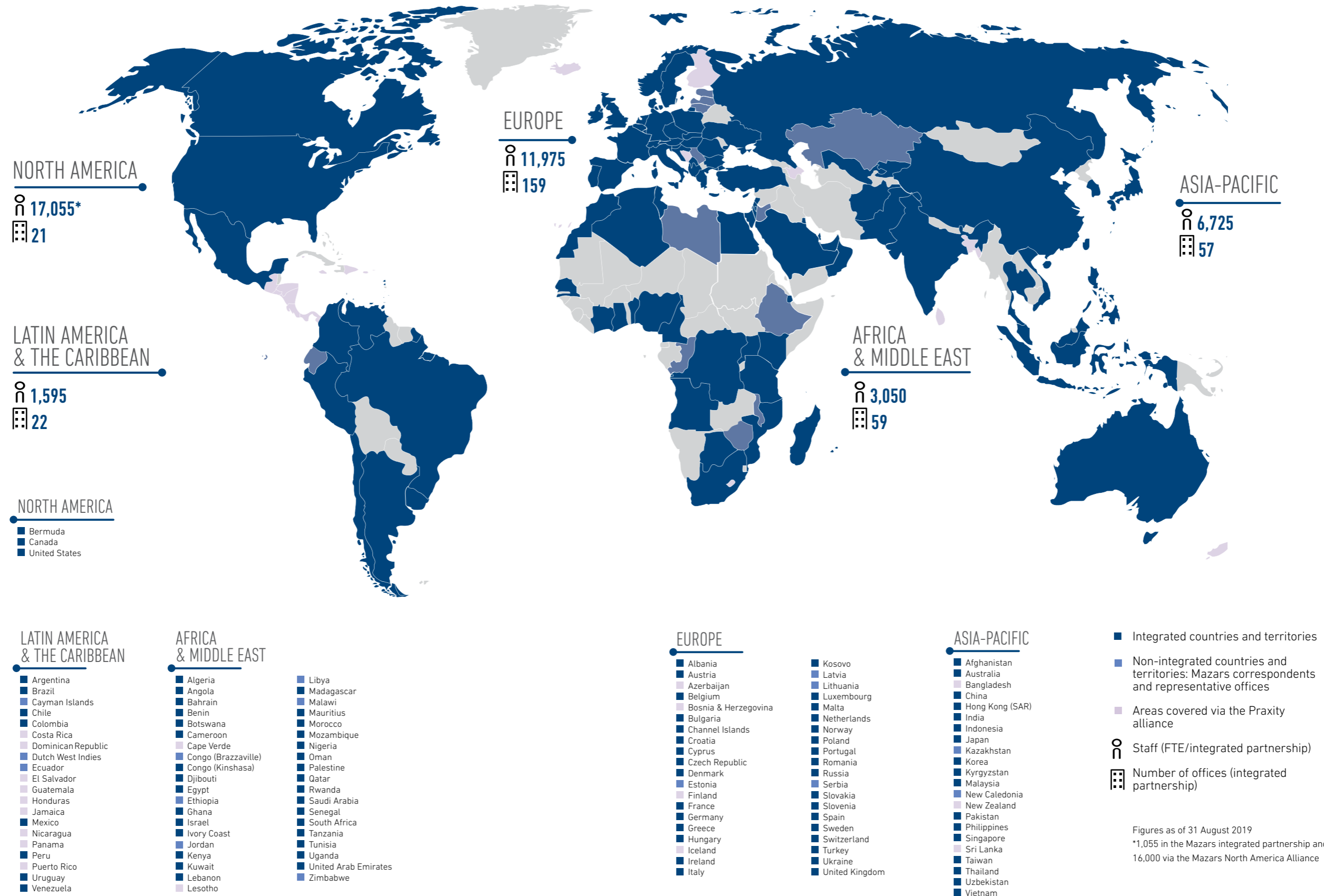
With this Alliance, Mazars now has 40,000 professionals serving clients around the globe: 24,000 professionals across 91 countries and territories in Mazars’ unique integrated partnership, and 16,000 professionals in the

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

Stakeholder map



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)



3.1 OUR UNIQUE BUSINESS STRUCTURE (CONTINUED)

Our global business organisation

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

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

The five key sectors we have identified are:

- Financial Services;
- Industry;
- Services;
- Public Services; and
- Privately Owned Businesses.

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

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

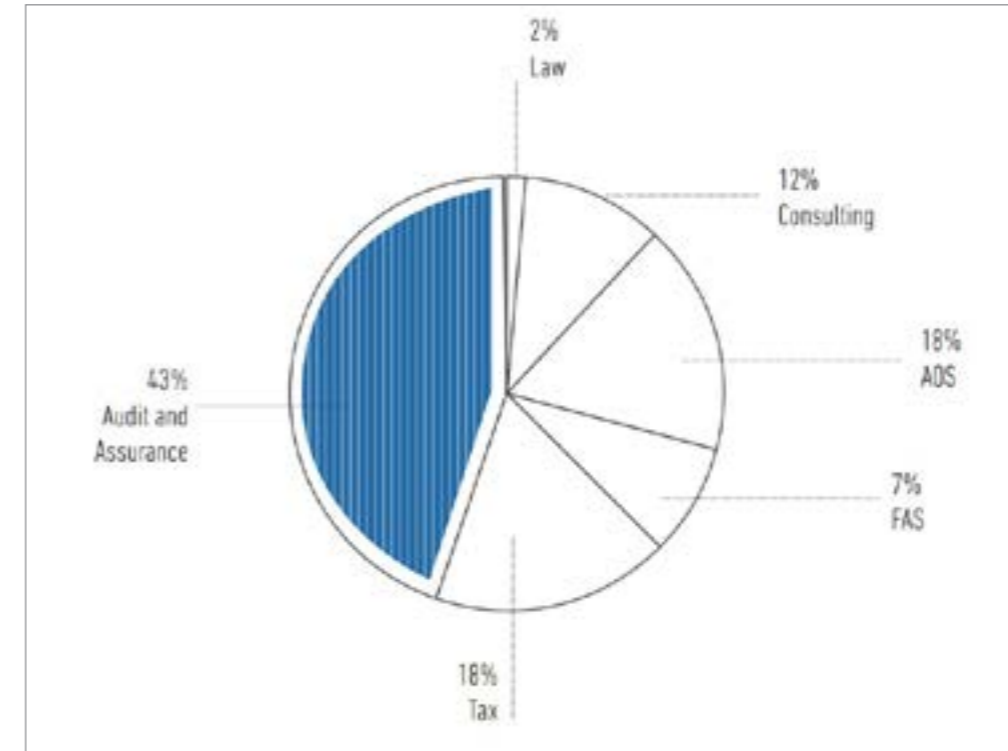
Global Sector & Services Team (GSST) leaders and Global Support Business (GSB) leaders, along with regional leaders, make up Mazars' Global Leadership Team (GLT). The GLT gathers the Group international leaders who carry responsibilities that go across countries, thus requiring coordination of functions,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

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

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

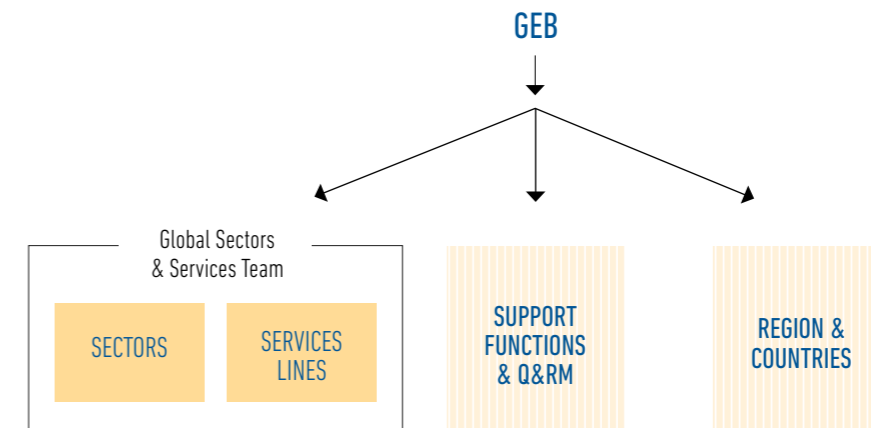
All the entities of the Mazars integrated international partnership are thus committed to enhancing the quality of services provided to large, cross-border groups in an increasingly complex and global environment.

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



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

Our global operational organisation



3.2 LEADERSHIP AND GOVERNANCE

Leadership in Kosovo

The Management Committee, being the governance body of Mazars Kosovo is chaired by the Managing Partner, Mr. Teit Gjini.

Other members of the Management Committee are provided under section 1.1 above.

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 Kosovo Management Committee during the year in order to ensure progression of matters noted in the prior detailed review.

The Management Committee provides strategic and operational leadership to the Firm, with a specific mandate to:

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

Performance of the governance system

| GOVERNANCE KPI | PERFORMANCE DURING 2019 |
|---------------------|--|
| Board effectiveness | The effectiveness of the Executive Board is optimised through, for example: <ul style="list-style-type: none"> • sufficient time and weighting being given to key issues to meet objectives and strategy; • information flow is sufficient for consideration prior to meetings; • quality and content of the board paper is sufficient to meet objectives; and • actions are documented and addressed. |
| Values | Our key values are in line with our internal Code of Conduct and best practice. |
| Dialogue | Meetings and dialogue with investors and other stakeholders is considered a key performance indicator. |

3.2 LEADERSHIP AND GOVERNANCE (CONTINUED)

Mazars Group

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

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

Procedures are in place to ensure that the members of the PIC are independent from the Firm and its

audit clients. PIC members must satisfy the following missions are clearly defined in our Charter of Association. Together with our national, regional and functional leaders, both our Group Executive Board and our Group Governance Council are working to ensure the sustainable development of our partnership and of the Mazars Group.

independence criteria:

- the independent non-executives are unrelated to any

Mazars member firm;

- the independent non-executives are not, and will not, become an executive director or member of the audit committee in any of Mazars' audit clients and not have any significant shareholdings or other interests in them unless approved by both parties; and

- the independent non-executives are not, and will not, be in any other executive officer position, member of an advisory board, a governance board or a Council

of a competing organisation.

Independence

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

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

Other matters

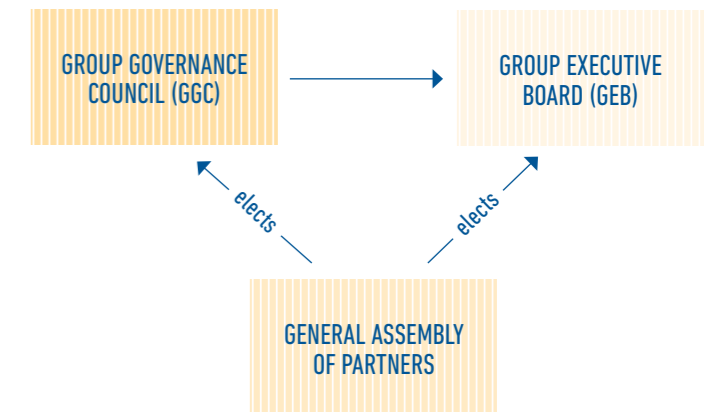
Appropriate indemnity insurance is in place in respect of any legal action against any member of the PIC

and sufficient resources are provided to enable each member to perform their duties.

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

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

Our strategic leadership ecosystem



The general assembly of partners

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

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

3.2 LEADERSHIP AND GOVERNANCE (CONTINUED)

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

Group Executive Board

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

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

The GEB is supported in its role by:

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

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

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

Group Governance Council

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

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

The GGC is required to meet at least quarterly. It may comprise between eight and 16 members including two non-executive independent members. The actual number is determined by the General Assembly of Partners at the time of election. Any Partner can nominate themselves for candidature. As of 31 December 2019, there were eleven members of the GGC, two of whom are independent. Elected every four years, the next GGC elections are due in December 2020.

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

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

The background is a dense field of 3D geometric shapes, primarily triangles and quadrilaterals, in shades of blue, teal, and purple. The shapes are scattered and appear to be floating or falling, creating a sense of depth and movement. In the center, there is a semi-transparent white rectangular box containing the word "APPENDICES" in a bold, black, sans-serif font. On the far left and right edges of the image, there are small, vertical decorative elements consisting of three horizontal lines in blue, yellow, and red.

APPENDICES

APPENDIX 1

Mazars Group statutory audit firms

NORTH AMERICA

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

LATIN AMERICA & THE CARIBBEAN

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

*correspondent firms

ASIA-PACIFIC

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

EUROPE

| Country | Name of entity |
|----------------|--|
| Kosovo | Mazars Kosovo sh.p.k |
| Austria | Mazars GmbH Wirtschaftsprüfungsgesellschaft |
| Belgium | Mazars Bedrijfsrevisoren - Réviseurs d'entreprises B.C.V. |
| Croatia | Mazars Cinotti Audit d.o.o. |
| Cyprus | Mazars Limited Mazars & Co Limited |
| Czech Republic | Mazars Audit s.r.o |
| Denmark | Mazars Denmark statsautoriseret revisionspartnerselskab |
| Estonia | Auditorteenuse OÜ* |
| France | Mazars SA Mazars SPCC Franex Mazars Uniconseils CBA Mazars aCéa Mazars (Rouen) Mazars (Bezannes) Mazars (Labège) Mazars (Strasbourg) Mazars Bourgogne Franche-Comté Mazars et Associés Mazars Figeor Mazars Data Mazars Dijon Mazars Pontarlier Mazars Lons Pluris Audit MAZARS & SEFCO Sud Est Expertises financières comptable et d'organisation SEFCO Mazars Gourge MAZARS-FIDUCO Mazars experts-on-line Mazars Saint Exupery Mazars Metz Mazars Entrepreneurs (Villeurbanne) Mazars Rodez Mazars Immobilier Thomas & Associés Mazars ASC D.D.A. Mazars CPA Mazars Inreco AGEC |

EUROPE

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

APPENDIX 1 (CONTINUED)

AFRICA & THE MIDDLE EAST

| Country | Name of entity |
|---------------------|--|
| Algeria | Mazars Hadj Ali |
| Angola | Mazars Angola - Auditores & Consultores, S.A. |
| Bahrain | Mazars Chartered Accountants |
| Benin | Mazars Benin |
| Botswana | Mazars |
| Cameroon | Mazars Cameroon |
| Congo (Brazzaville) | M3B Audit & Expertise* |
| Egypt | Mazars Mostafa Shawki |
| Ethiopia | Asrat, Gezahegn and Birberssa Audit G.P. (ASGB Partners Auditors)* |
| Ghana | Mazars Ghana |
| Israel | Bri, Rotbart, Raz, Mazars Israel |
| Ivory Coast | Mazars Côte d'Ivoire |
| Jordan | International Professional Bureau Consulting & Auditing CO. |
| Kenya | Mazars Kenya |
| Kuwait | Mazars Hend Abdullah Alsurayea & Co Mazars Kuwait - Consultancy |
| Lebanon | Mazars Saade |
| Libya | Mazars Libye |
| Madagascar | Mazars Fivoarana |
| Mauritius | TK Uday Ltd |

AFRICA & THE MIDDLE EAST

| Country | Name of entity |
|----------------------|--|
| Morocco | Mazars Audit et Conseil SARL |
| Mozambique | Mazars, Lda |
| Nigeria | Mazars Coker & Company MNO Nominees |
| Oman | Mazars Chartered Accountants & co. LLC |
| Palestine | El Wafa Co. for Financial Consulting and Accounting Services |
| Qatar | Mazars Ahmed Tawfik & Co. CPA Mazars LLC |
| Rwanda | Mazars in Rwanda |
| Saudi Arabia | Alkharashi & Co. |
| Senegal | Mazars Senegal |
| | Mazars Port Elizabeth |
| | Mazars Services Trust |
| South Africa | Mazars Partnership Mazars Central Inc Mazars Durban |
| Tanzania | Mazars Wiscon Associates |
| Tunisia | ECC Mazars SBCI |
| Uganda | Mazars BRJ |
| United Arab Emirates | Mazars Chartered Accountants |
| Zimbabwe | KLMCA Audit Services (Private) Limited* |

APPENDIX 2

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



DENISE FLETCHER – Independent Member

Denise Fletcher is a member of the Group Governance Council of Mazars Group. She serves on the Boards of Unisys Corporation, Inovalon Holdings, Inc. and Enterra Holdings, Ltd. She chairs the Audit Committee of Mazars Group and the Audit Committees of each of the three above Boards.

At Mazars Group she is the Chair of the Remuneration Committee and a member of its Risk Committee. She chairs the Public Interest Committee of Mazars in the UK and the Public Interest Committee of Mazars in Ireland.

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

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

Date of first appointment – 2012

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



GUY JUBB – Independent Member

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

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

Member of the UK Public Interest Committee

Date of first appointment – 2017

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

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

Leadership of Mazars Kosovo

As at 31 December 2019 the Kosovo Executive was comprised of:



TEIT GJINI – Managing Partner

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.

He has 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 Financial Services (Banking and Insurance), Energy & Utilities, Extractive, Industries, Technology & Telecommunications, Media, Construction, Manufacturing, Trade, Distribution, Public Sector, International Donor's Funded Projects and NGO-s. etc.



RENA PULO – Partner

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, Tax Laws and Regulations.

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.



DIANA YLLI – Partner

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.

She has 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, 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 Financial Services (Banking and Insurance), Energy & Utilities, Extractive, Industries, Technology & Telecommunications, Media, Construction, Manufacturing, Trade, Distribution, Public Sector, International Donor's Funded Projects and NGO-s. etc.

Leadership of the Mazars Group

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



France

HERVÉ HÉLIAS
CEO and Chairman



Spain

ANTONIO BOVER



Italy

PASCAL JAUFFRET



United Kingdom

RUDI LANG



Senegal

TAÏBOU M'BAYE



Germany

DR CHRISTOPH REGIERER



Belgium

VÉRONIQUE RYCKAERT



China

WENXIAN SHI



Netherlands

TON TUINIER



United Kingdom

PHIL VERITY



United States

VICTOR WAHBA

APPENDIX 3 (CONTINUED)

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



United Kingdom

TIM HUDSON
Chair



France

THIERRY BLANCHETIER
Vice-chair



Germany

GERTRUDE BERGMANN



United States

KATHRYN BYRNE



France

JULIETTE DECOUX



France

FABRICE DEMARIGNY



India

BHARAT DHAWAN



United States

DENISE FLETCHER
Independent member



Singapore

CHRIS FUGGLE



South Africa

MICHELLE OLCKERS



China

LIWEN ZHANG

APPENDIX 4

Public Interest Entity Audit clients of Mazars Kosovo

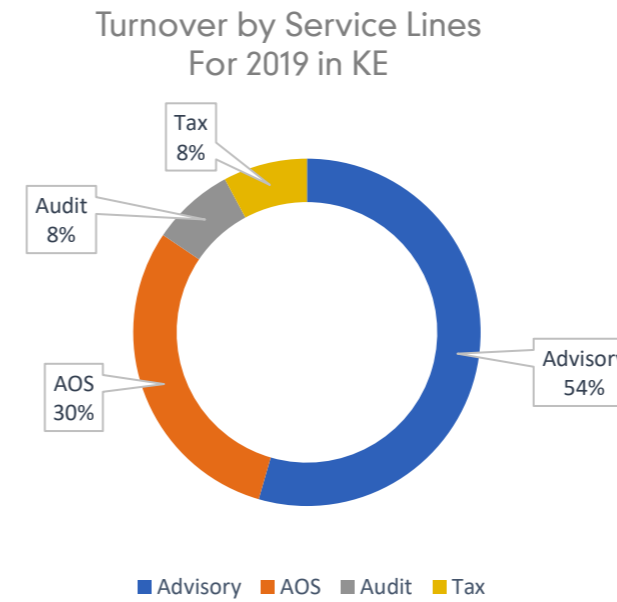
Mazars Kosovo Shpk has not expressed any audit for Public Interest Entities as defined in current legislation in respect in the year to 31 December 2019.

APPENDIX 5

Kosovo financial performance

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

| Year 2019 (in '000 Eur) | Kosovo |
|-------------------------|----------------|
| Financial Audit | € 15.4 |
| Advisory | € 109.08 |
| AOS | € 60.02 |
| Tax | € 15.69 |
| Total Revenue | € 200.2 |



APPENDIX 6

Group and Kosovo statements of compliance

Statement of compliance with the Audit Firm Governance Code

2016

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

Statement on the effectiveness of the quality control system

Mazars Group's and Mazars 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. 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 professional training obligations

Mazars in Albania & Kosovo complies with Continuing Professional Development policies of SCAAK, 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 7

Glossary of terms

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

CONTACT

Mazars Kosova Shpk
Ukshin Hoti Str.
45/6 Building

Pristina, Kosovo

Tel: +381 38 609 029

www.mazars.al