

TRANSPARENCY REPORT MAZARS SET REVISIONSBYRÅ SWEDEN

2018/2019



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MAZARS AT A GLANCE

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

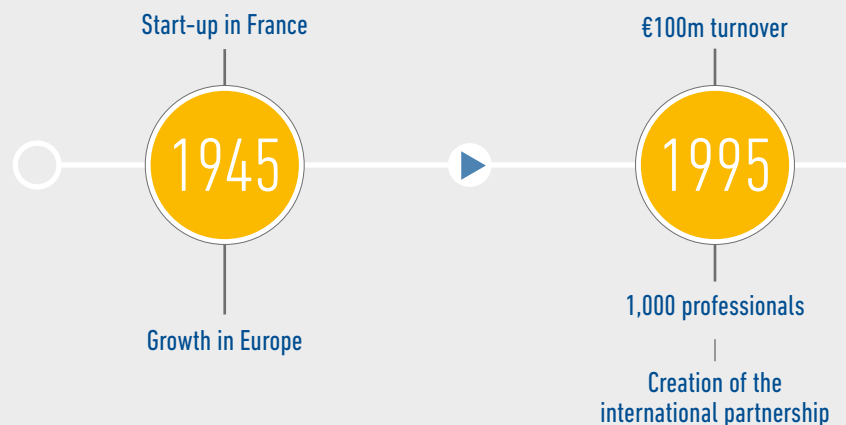
On all continents, our global partnership brings together 24,400 international experts, plus another 16,000 via the Mazars North America Alliance. They all share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community and society as a whole.

Global coverage



*24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance.

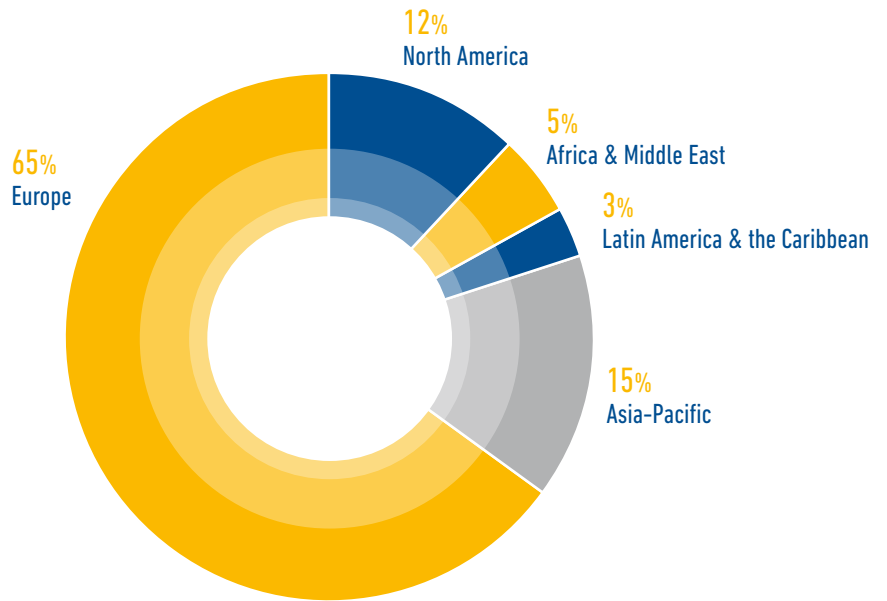
MAZARS' STORY



Group global turnover 2018-2019

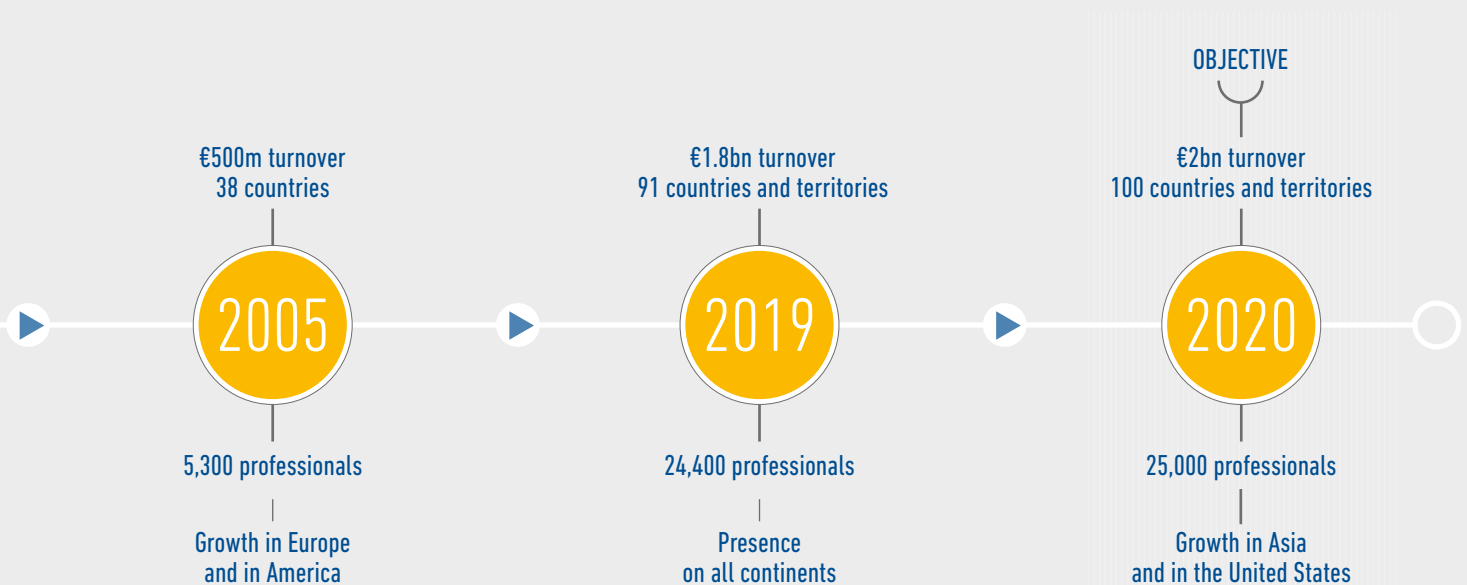


Turnover by region (%)



These figures are valid as of 31 August 2019.
For current up-to-date information, please visit
www.mazars.com/keydata

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



FOREWORD BY HERVÉ HÉLIAS

CEO AND CHAIRMAN OF THE MAZARS GROUP EXECUTIVE BOARD



Maintaining our balanced and multidisciplinary model

Dear readers,

I am pleased to introduce the Mazars Group 2018-2019 Transparency Report. With this report, we seek to demonstrate our unwavering commitment to transparency, accountability and integrity.

A leading player in audit, advisory, accountancy, tax and legal services, Mazars draws on the skills of 40,400 professionals in 91 countries and territories worldwide - 24,400 professionals within our international partnership and 16,000 via the Mazars North America Alliance. In 2018-2019, Mazars' revenue reached 1.8Bn Euros, up 10.4% from 2017-2018. Year after year, our robust growth attests to the relevance of our strategy and development model. With 43% of our revenues, audit still is at the heart of our business and will very much remain so in the future. We will continue to invest in developing our audit services, as we are convinced that with them we contribute to the public interest and to building the foundations of a fair and prosperous world.

We have enjoyed some significant wins in 2018-2019 and are reaffirming our position as Europe's number 1 auditor for Public Interest Entities, outside of the four largest firms. We continue to grow on all continents and keep gaining traction in the promising markets of Asia-Pacific and Africa, thanks to the strengthening of our Australian capabilities and to the reinforcement of our regional platforms.

Developing our coverage in North America was one of the top priorities we had set ourselves for 2020. In July 2019, we took a major step towards achieving of this ambitious goal, with the creation of the Mazars North America Alliance, an alliance agreement we signed with five leading regional audit and consulting firms in the US and Canada. This is a game-changing move for us that considerably increases our ability to serve our international clients around the world, but also for the industry as it provides a highly credible and reliable alternative in a very concentrated audit and advisory market. With the Mazars North America Alliance, we strengthen our critical scale to meet the needs of large international companies and can now rely on the expertise of an additional 16,000 professionals in the US and Canada.

In 2018-2019 we also successfully carried out another major project, with the implementation of our global audit platform named Atlas. Atlas has now been deployed in 64 countries and we are well on track to attain our objective

of performing all our audit engagements via Atlas by the end of 2020. The success of this large-scale change project owes a lot to the quality and dedication of our audit teams all over the world.

This new platform is part of our global transformation strategy, to even better respond to new market demands and fully embrace technology. We especially focus on incorporating data analytics into our audit offers, to make them smarter, provide "augmented" services to our clients and fulfil the expectations of our stakeholders.

Evidently, making the most of innovation requires specific skills and expertise. This is why we keep and ever increase our focus on training our people, enabling them to meet the challenges of technological and regulatory evolutions, while making sure they are given the means to abide by the strictest ethical requirements.

We know that our success and that of our clients hinges on flawless ethics, quality, compliance and accountability. To us, it means looking ahead, always improving our services, striking the right balance between profit and consistency as well as between our audit and our advisory activities, whilst actively contributing to a better, healthier, more open market, creating shared value for all our stakeholders and always keeping in mind that we serve the general interest. This is how we have grown over the last decades, and this is how we will continue to develop in the future.

We have been on an uninterrupted growth trajectory for many years, increasing our global revenues by 80% and almost doubling the number of professionals in our partnership since 2010. Throughout, we have always stayed – and will always stay – true to our values, to our commitment to technical expertise and talent development, to our ambition to remaining a credible global player, and to our dedication to building a fairer, more sustainable society.

And we will continue to do so. We are fully aware of both the exciting opportunities and potentially dangerous challenges that lie ahead, but we are confident in our model, in our people and in our strategy.

Enjoy your reading!

MAZARS SET REVISIONSBYRÅ, SWEDEN



Marianne Sandén Ljungberg

Managing Director, Mazars SET, Sweden

We are pleased to introduce
the 2018/2019 Transparency
Report from Mazars in
Sweden.

During the operation year of 2018/2019 we have had a great focus on consolidation, quality and development. Mazars in Sweden has, since the year of 2013, acquired six different businesses within auditing and accounting. Our ambition is to continue Mazars journey of growth – both organically and through acquisitions. We can clearly see a steady growth within all our business areas and in our local offices, but we can also see a need to establish Mazars in more strategic places in Sweden.

An audit- and consulting firm as Mazars will always have quality as its main focus. Audit is also about reviewing board and CEO's management.

Our business is, like so many others, surrounded by a great amount of rules and regulations. During the year we have worked with a very experienced and knowledgeable colleague from FAR – our trade organization, to focus on routines, compliance, surveillance and quality. This work is constant and our focus in these areas will continue.



A VIBRANT AUDIT MARKET THAT SERVES SOCIETY



DAVID HERBINET
Global Head of Audit

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

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

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

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

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

Walking the walk

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

Audit is in our DNA and at the heart of our business and accounts for nearly half of our global turnover. In 2018/19 we grew by close to 8% globally, which supports that our model, our values, and our development strategy are robust, reliable and relevant.

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

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

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

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

Finally, during the last year, we have expanded our capabilities to respond to expectations that the scope of audit needs to evolve, notably to keep pace with the development of non-financial reporting. To us, expanding the scope of audit is an integral part of

providing a more accurate and trustworthy reflection of the real value drivers of any organisation.



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

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

We set ourselves the challenge of performing audits that deliver an augmented experience and real value to stakeholders, whilst 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 credible and leading player.







1. INSPIRING STAKEHOLDER CONFIDENCE IN AUDIT QUALITY

HIGHER QUALITY FOR ENHANCED CONFIDENCE



Jean-Luc Barlet
Group Chief Compliance Officer

As professional auditors, we are fully aware of our responsibilities. We know what is expected of us and we maintain the highest quality standards and processes in all our activities, to ensure that clients, investors, markets, and regulators can trust our work and be confident in our ability to do what is right.

To us, being committed to quality means going beyond legal compliance requirements, making sure we disseminate an ethical culture throughout our organisation. It also means contributing to regulatory debates in order to continuously raise standards and produce better, more reliable and meaningful financial information.

To be credible in our call for audit improvement, we have to be exemplary. This is why we invest in ever strengthening our quality and risk management processes, controls and manuals.

Our dedicated Quality & Risk Management Board monitors the quality of all Mazars services and supervises the full implementation of accounting, tax, financial advisory and auditing standards in each member entity. It reports directly to Mazars' Group Executive Board and to the Group Governance Council's Risk Committee.

Every year, a minimum of **one third of our practices are subject to an internal quality review**. This means, all our locations are examined at least every three years. Moreover, we are also subject to regulatory inspections, yearly to every three years, in two thirds of our locations, the main ones.

We also look seriously at the root causes of our and regulators' findings, as we see it as our mission to properly manage and staff our engagements, to always deliver the utmost quality to our clients. In this regard, we ensure the training and professional development of our people, in order to get them fully acquainted with the most recent technical and regulatory developments. We also make sure they are equipped to respect the most stringent ethics and independence requirements. In 2019, **each of our audit staff and partners underwent 45 hours of training on average**.

Our global code of conduct, which we revisited in 2018, provides the guidelines that help all our people navigate difficult choices and make the right decisions, in line with our values. Much beyond complying with local law and regulation, or professional code of ethics, we wish to enforce the right ethical principles and appropriate professional behaviours that we need to consistently implement and respect, for the sustainability of our role and of our mission.

We pay extreme attention to the relevance and full coverage of our acceptance procedures. With our new global tool for independence checks, we now have a one-stop shop for managing all our new business opportunities. Over 50 countries in our international partnership are now using it on a regular basis, with an end-to-end automated process, as, in all instances, the tool sends automated requests to acceptance officers for a 100% coverage.

We consider it to be a sine-qua-non condition for building trust, transparency and equitable growth.

We strongly believe our stakeholders can also help us improve. Through the global client feedback programme we have implemented, we carefully listen to what they have to say. We engage in ongoing dialogue with regulators, standard setters and other interested parties as well, as we are convinced we will achieve enhanced quality and trust through the joint effort of all those who truly serve the general interest. Be assured we will always be one of them.

“MAZARS AUDITS 1,850 PUBLIC INTEREST ENTITIES WORLDWIDE, 1,000 BEING HEADQUARTERED IN EUROPE, 700 BEING LISTED ON A REGULATED MARKET, AND 400 BEING LISTED IN EUROPE. MAZARS IS THUS RANKED 5TH IN EUROPE, IN THE AUDIT MARKET FOR LARGE LISTED EUROPEAN COMPANIES.”

1.1 OUR CULTURE AND FOSTERING EXCELLENCE IN OUR PEOPLE

As technology advances and societal expectations increase, recruiting, nurturing and developing the best talent is ever more crucial. We dedicate specific resources to find, acquire and grow the expertise that is needed today and that will be needed tomorrow, and to provide our people with the best possible working environment.

Recruiting, training and developing the right people

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

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

Talent and performance management

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

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

- recruit high potential individuals;
- prepare our talent to meet the market's evolving needs through long-term technical and managerial education plans;

- offer attractive career opportunities, including international opportunities;
- improve the diversity of our talents;
- engage our talent through modern work environments and codes

Recruiting High Potential Individuals

As knowledge workers, the quality of the talent pipeline is critical to our business. Since young graduates comprise, by far, the largest volume of candidates we recruit, concentrating on getting the right people through the door at this stage has the greatest leverage effect on the quality of our overall recruitments. As a result, many efforts are made to increase our employer branding awareness amongst the best schools for our profession, as well as to hone the effectiveness and interactivity of the recruitment process to identify the candidates that best match in terms of competency, potential, and cultural fit. In addition, to maintain the attractiveness of the professional services industry in the face of competition for the same graduates from tech companies and startups, Mazars has made great efforts to innovate in its recruitment process. We have won many awards for both the creativity and results of such initiatives.

Key projects include:

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

Long-term Education & Training

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

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

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

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

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

Each member entity's training programme includes a general technical skills syllabus to be followed by all staff. For audit staff, for example, the objective of this programme is to encourage each staff member's development and expertise in auditing standards, accounting standards, corporate governance standards, auditing techniques and engagement management principles.

This can be complemented by external seminars:

- a sector-specific syllabus, particularly for insurance, banking, the public sector and technology;
- a soft skills syllabus to be followed by level of seniority, focused on the areas of communication, team management, innovation, and client care.

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

The Next MBA

In the area of executive education, Mazars has innovated a new model of education for senior leaders. Mazars created The Next MBA, which is a 6-week Executive MBA on cutting-edge business topics ranging from client-centric marketing to digital disruption, talent management to sustainable strategy. It is open to both Mazars partners as well as participants from other organisations.

The Next MBA aims at preparing tomorrow's leaders to be insightful about how today's market transformations will impact business, teams, and industries, and to be agile in identifying new solutions.

Attractive career opportunities

As a global organization, we recognize that gaining international experience is an important element in the development of our teams and leaders. Mazars employees wishing to enhance their careers with an international experience may choose from a range of strategic mobility opportunities, such as: short-term assignments are available through our "MOVE" programme, in which high-potential Seniors and Managers can work abroad on two to six months projects, longer-term high-level projects ranging from three to five years in length, or permanent transfers. These programmes play a key role in fostering the exchange of ideas between member entities of the Mazars Group.

Improve the Diversity of our Talents

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

Gender Diversity

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

Mazars focuses on a better representation of women in the organisation, mainly in management positions.

1.1 OUR CULTURE AND FOSTERING EXCELLENCE IN OUR PEOPLE

Our involvement is carried out through various actions of raising awareness internally, developing an internal female network through a collaborative platform of discussions and a programme to identify female talents who will benefit from specific support and development action plans.

Since Mazars' annual Partners' Conference in Istanbul in 2014, key steps and objectives have been set out.

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

Our guiding principle is no longer to communicate widely on the subject but to work closely with our key 15 countries and follow-up on key development indicators. This decision means that the current GEB and its successors from 2020 will define a detailed plan and promote this objective as part of their Manifesto for election.

A Women Talent Pool has been identified and specific actions have been put in place to support them. A

Women Leaders @ Mazars Seminar has been held on a yearly basis since 2016. This seminar covers a wide variety of topics all essential for the growth and development of high potentials: mentoring, coaching, leadership, public speaking, empowerment, business development...

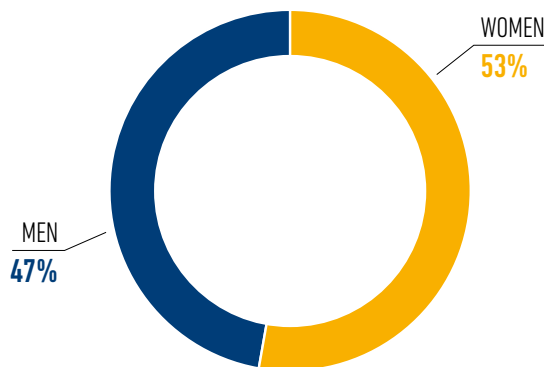
A group-wide gender diversity survey was held in 2016 and since then 4 core areas have been identified and focus groups are working on delivering Diversity & Inclusion guidebooks around:

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

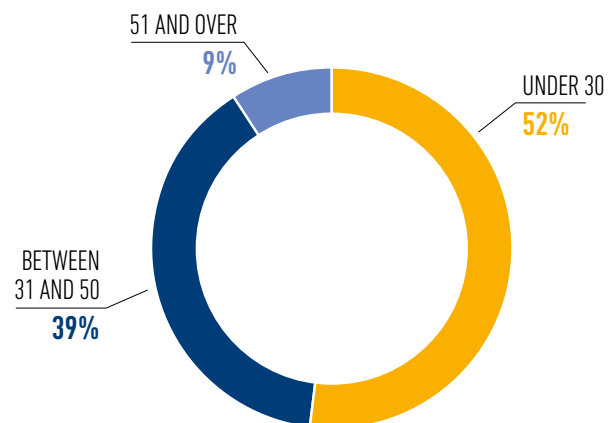
Metrics on gender diversity are included in the global reporting system of Mazars countries. Progress is being made in the form of a "dashboard" format. Parity in recruitment, diversity at managerial level and a female talent pipeline will be explicit KPIs of Group and local Human Resources plans.

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

BREAKDOWN OF WORKFORCE BY GENDER



BREAKDOWN OF WORKFORCE BY AGE



Modern Work Environments & Codes

We continue to promote a strong organisational culture of wellness and health which ensures that Mazars remains an employer of choice. The financial auditor or consultant trades are demanding in terms of time, personal investment or travel, but these are cyclical trades that have more or less intense periods.

At Mazars, we are aware of this difficulty. Our model is by nature decentralised, but we encourage all our offices to put in place local actions that increase employee satisfaction. We place great emphasis on office environment – from closed spaces and attributed workspaces to open plans.

This is not just a question of following trends, but one of leveraging space to enhance our collective intelligence and enforcing new managerial codes that are more collaborative, participative, and open. Mazars offices from Singapore to Rotterdam, Gabarone to Milan, and London to Paris, to name just a few, are revolutionizing their work places with more collaborative work space combined with digitalized tools. The design offers a more human-centric approach, enable our staff and partners to create the spaces they need to work best.

At the same time the managerial codes have changed, from “command and control” to co-developing solutions. We want our staff to participate in generating and implementing new ideas – from our internal processes to our client offers. Therefore, we have made many efforts to both help managers encourage staff to speak up through education and training, as well as develop new tools and processes to support them in this.

One tool to be highlighted is BIM – Mazars’ Idea Box, which is an App where Mazarians can propose their ideas, get like’s and have the opportunity, if liked enough, to present to the Executive Board, and eventually get awarded an investment to put the idea into action.

FOSTERING EXCELLENCE IN OUR PEOPLE IN MAZARS SET REVISIONSBYRÅ

The average number of team members, including Tax staff, Partners and Sub contractors, during 2018/2019 was as follows:

Total staff	286
Full time employed staff	212
Partners and Sub contractors	46

Tailored structure

Mazars structure for education and examination is supervised by the Swedish Inspectorate of Auditors and designed by the Institute for Accountancy profession, called FAR. This means that all audit assistants undergo an approved training plan, it is carried out over a period between five to six years. Qualified Auditors annually plan for his or her need for further training. Both planned and completed training must be documented and registered. Our aim is to secure that all employees get the requested education that fits the needs of our employees as well as the goals of the firm.

MAM education for all

Continuously we implement MAM-training for all employees within the audit area. Mandatory MAM-training with focus on risk-based approach, has been conducted on several occasions. MAM-training for all new employees is mandatory.

Wider choice

Except training within accounting, audit and regulatory issues, Mazars provide training within other areas such as technical skills, business development, mentoring and values. We implement our training in different ways, we use a wider range of formats including digital content, residential work-shops and on-the-job coaching.

Audit staff – delivering technical excellence

Within the Audit & Assurance Service Line, a structured training plan is settled for all audit trainees to support them throughout their training period. During the training period it is important for our trainees to transfer theory into praxis. To fulfil this issue the leader of the assignment has a wide responsibility to give feedback (both oral and written) to the audit trainee.

Once qualified a wide range of technical support is provided to help staff maintain their technical competence and provide the quality service on which our reputation is built. The objective of these programs is to encourage each staff member's development and expertise in auditing & accounting standards, auditing techniques and engagement management principles. This technical content is complemented by a wide range of professional and business skills training programs which are available to all staff and provides an opportunity for staff from different disciplines to build strong working relationship and share best practice.

In Appendix 3 we provide a statement on the effectiveness of these systems.



1.2 DELIVERING AUDIT QUALITY

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

We invest time in understanding and participating in the evolution of quality within the profession, developing our methodology, reviewing quality recommendations and themes of regulatory inspections, and improving the skills and knowledge of our professional staff.

We are continually raising our expectations of what audit quality is as we believe this is something that is constantly evolving.

Mazars' Audit Manifesto

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continued to be at the heart of Mazars' business in the year ended 31 August 2019, and is a key part of our plans for the future.

Responsibility for quality

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

The Group Executive Board (GEB) is ultimately responsible for ensuring the delivery of technical excellence across all our service lines within the global business and this responsibility includes oversight of the quality monitoring processes within the Mazars organisation, including in relation to audit quality. In

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

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

Our Audit Quality Assurance Framework

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

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 or regulations;
- 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;
- conduct in addition, to the extent not conflicting national regulations, regular globally coordinated internal quality assurance reviews;

- 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;
- procedures for dealing with and resolving differences of opinion; complaints, allegations and claims.

Each member entity has put in place the Quality Assurance Manual in its own country and edits it to include country specifics. The policies and procedures in our Quality Assurance Manual are complemented by our audit methodology. Our audit software has been developed to allow a structured audit approach in accordance with the most recent auditing standards.

These are updated regularly to include the evolution of international and national standards and following operational suggestions by users. Our compliance with the Quality Assurance Manual is monitored through internal and external inspections.

Monitoring of audit quality is integral to maintaining and improving quality in our profession. It allows identification of areas for improvement within our

policies and procedures, combined with additional training to allow a consistent quality approach to audit work. The executive of each member entity is responsible for the implementation of the quality monitoring systems.

Furthermore, each Executive is required to:

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

Audit policies and methodology

The Mazars Audit Methodology (“MAM”) is a global methodology that Mazars entities apply, supplemented by local regulatory and legal requirements. Using a common methodology allows us to apply a consistent approach and level of quality globally on all client engagements irrespective of their size and international presence. In an increasingly globalised world, the MAM allows us to give assurance to our multinational clients over the quality of our audits across borders. Specific policies and procedures are in place in respect of group audits, including the use of and reliance on other auditors. These procedures include consideration of the results of quality monitoring.

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

Audit software is used to support the audit teams in applying our risk based approach, from acceptance to completion of the audit. During the last two years, Mazars has been progressing in the development of a new audit software to be rolled out in the 2019/2020

1.2 DELIVERING AUDIT QUALITY

financial year. This software will enhance the quality of documentation produced globally by our teams. We will continue to invest and develop our audit software as new challenges and technology impact the audit of the future. Data analytics is increasingly becoming a key aspect of our standard audit procedures, particularly with respect to the mandatory requirements to address the risk of management override of controls.

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

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available. The MAM details the circumstances when there is a mandatory requirement to consult within the firm.

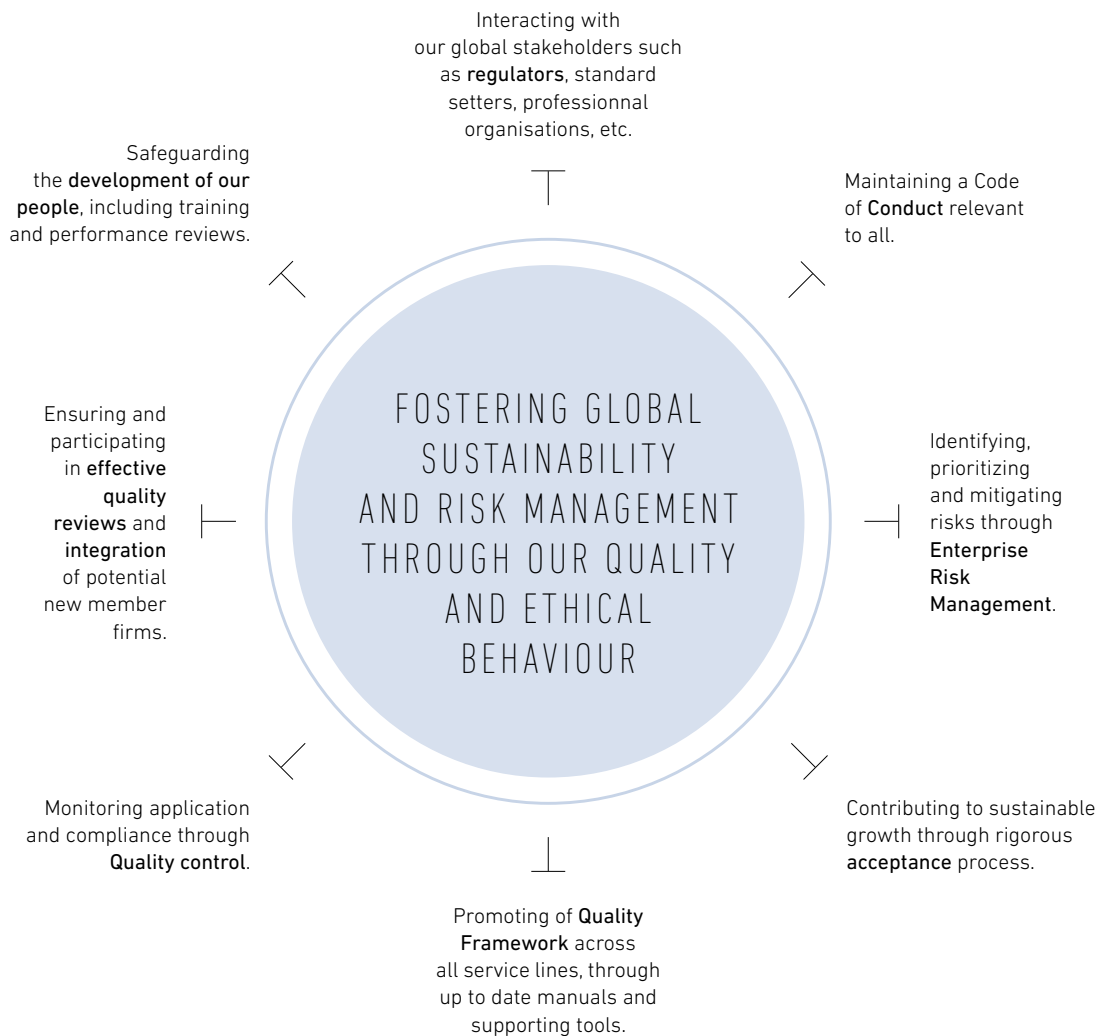
Our technical experts are also available for audit and financial reporting technical consultations when support is required. To aid the audit quality of specific areas of the audit, our core audit teams have access to our specialist auditors and experts, including IT, tax, actuarial and valuation specialists.

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

1.3 QUALITY MONITORING

Through its International Quality Control Committee (IQCC), the Q&RM Board defines the quality monitoring system and the relevant procedures that are required to be implemented across all service lines and monitors their implementation, with the objective to further ingraining quality and ethics into who we are.

The mission statement of the Q&RM Board is as follows:



1.3 QUALITY MONITORING

Monitoring of service line quality is integral to 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, particularly in our main service line, audit, focused to Public Interest and Large Corporate entities' audits.

Our audit quality policies and procedures are embedded as part of our firm's day-to-day activities.

Engagement quality control reviews (EQCR)

An EQCR is required to be performed on all audits of listed or Public Interest Entities. Other engagements may be identified as subject to EQCR, the criteria for determining whether such other assignments require an EQCR are mainly based around the existence of specific risk situations.

The purpose of an EQCR is to provide an objective evaluation of the significant judgements made by the engagement team and the conclusions reached in formulating the opinion. This review must be performed by a partner with sufficient authority to impose their professional judgement upon the engagement team, and who has not recently had any material responsibility for the engagement. The EQCR is licensed internally and is also subject to rotation.

- Engagement Performance; consistently applied audit methodology, firm-wide policy documents and procedures; and
- Monitoring; quality controls

Management's responsibility for quality is implemented in our Quality Manual. The Manual applies to all employees working with audit and assurance services in the organization. Specific sections also govern the work of other employees, as the Manual includes guidance on independence and ethics, training, staffing, consultations and audit documentation.

An Engagement Quality Reviewer is appointed to all higher-risk engagements (audits of listed and financial entities) to review the audit documentation as well as other key aspects of the audit, such as independence, significant risks and their responses, critical judgments, before the audit opinion is issued.

In addition, staff working on these higher-risk engagements is subject to specific experience and training requirements.

SWEDISH EDITION

Audit quality monitoring reviews

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

- self-assessment of the entity's audit methodology, ethics and the Quality Assurance System;
- internal monitoring of the effectiveness of the internal procedures and of the quality of the audit files. This is performed by each entity on an annual basis and constitutes the basis for the completion of the self-assessment;
- Mazars international inspections: these are undertaken by experienced reviewers from other member entities within the organisation, generally every 3 years, and they aim to take an independent view on the results of the self-assessments and the internal monitoring whilst helping to spread best practices;
- external inspections: entities are periodically subject to reviews by the audit regulators or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the IQCC.

The self-assessment includes the entity's compliance

SWEDISH EDITION

Responsibility for audit quality and the quality assurance framework in Sweden

Compliance with international auditing standards requires that audit firms have implemented an internal system for quality control of their activities. These controls are embedded in the daily activities.

IFAC's ISQC 1 quality standard states six components of a quality control system;

- Leadership responsibility for quality within the firm;
- Relevant ethical requirements: Integrity, independence;
- Acceptance and Continuance of client relationships and specific engagements;
- Human Resources; competent staff, professional development and monitoring and governance;

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

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

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

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

At Mazars we are passionate about audit quality so this positive feedback was rewarding and reflects the investment we have made in technical training and tools to support our audit teams deliver consistent quality audits.

Quality control system

Internal quality control

The internal quality control within Mazars SET is organized as a separate function and led by the Authorized Public Accountant Katarina Ljungqvist. This function is staffed with a team of qualified auditors with long experience. Their work is governed by detailed review plan and subject to a rotation schedule under which all auditors are to be subject to the quality control over a three-year period. Mazars SET Revisionsbyrå has developed tools to ascertain that the quality review fulfils the ISQC 1 and ISA 220 requirements. The Board has appointed a Quality Committee to ensure independent decisions in internal control matters.

The internal quality control for certified accounting consultants is designed in a similar fashion. All certified accounting consultants are subject to the quality review over a three-year period.

The internal quality control function reports their findings on the quality levels to the Quality Committee on regular basis, together with any failures identified with accompanying suggestions for remediating programs and training requirements. The Quality Committee reports directly to the Board.

Mazars regularly conducts system reviews of the member firms. A review of Mazars SET Revisionsbyrå was performed in September 2019. Furthermore, the member firms submit annual self-appraisals and quality reports to the international Quality Unit. These self-appraisals are actively followed-up on through inquiries and updates of the current action plans.

Effectiveness of the system

The firm's system of internal quality control is designed to provide reasonable assurance that the firm, its partners and staff comply with professional standards and regulatory and legal requirements, that the work is performed to a high standard and that reports issued by the firm are appropriate.

During 2019, a comprehensive review of Mazars SET Revisionsbyrå's procedures regarding compliance with the guidelines stated in the ISQC 1 was carried out. During the review, a special focus was placed on

Section 1 Leadership responsibility for quality within the firm and Section 6 Monitoring; quality controls.

The management of Mazars SET Revisionsbyrå has concluded that the system is effective in the maintenance and improvement of audit quality.

Regulatory monitoring reviews

Mazars SET Revisionsbyrå is a registered audit firm and thus subject to supervision by the Swedish Inspectorate of Auditors, the recognized public supervisory body in Sweden. The Inspectorate's supervisory responsibilities are exercised through systematic and field-work based reviews, quality controls, disciplinary measures and advance rulings.

Their field-work based reviews purports to ascertain that the audit firms' activities are of high quality. Audits of public interest entities are subject to more frequent quality controls. The review sample of auditors and audit firms is risk-based and systematic. The Swedish Inspectorate of Auditors performed a review of Mazars Revisionsbyrå in November 2019.

In Appendix 3 we provide a statement on the effectiveness of these systems.

SWEDISH EDITION

Our contribution to the profession

We believe that the voice of the audit profession brings value to the standard setting process. therefore, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example: Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as IFAC, AE, IASB, EFRAG, or the European Commission, or regulators such as CEAOB, PCAOB; actively participates in the working group of these organisations, when member or invited; its entities are active in the professional organisations in their countries.

Our voice in Sweden

Our Mazars firms are active in the professional accounting consultants and auditing organisations present in their countries. In Sweden, Mazars SET Revisionsbyrå is represented by partners and senior professional staff in:

FAR; board member

FAR; member of policy group for etic

FAR; member of policy group for audit

FAR; member of the audit quality board

FAR; member of disciplinary board

FAR; member of the nomination committee

FAR; member of the reference group for Public Interest

Entities (audit)

FAR; supervisor accounting

FAR; quality control, accounting

FAR; work group accounting

FAR is the institute for the accountancy profession in Sweden.

FAR's members are authorized and approved public accountants, authorized accounting consultants, tax consultants and payroll consultant and play a leading role in the development of professional standards, education and information for the accountancy profession in Sweden.

1.4 AUDIT QUALITY INDICATORS



45 hours of audit training on average per auditor



Staff/Manager ratio:

4/1



Staff/Partner ratio:

11.4/1



All PIE clients underwent an Engagement Quality Control Review in the last year.



Independent Audit Oversight in place in **62** countries of the Mazars integrated partnership, of which **23** countries were subject to regulatory inspections in 2019.

100%

of Group turnover covered by WeCheck

Our new tool for independence check – WeCheck – already covers more than **80%** of group turnover. The tool also manages the missing **20%** by sending automatic requests to acceptance officers in all countries which are not yet fully on board.

During the last quarter of 2019, **44** countries launched almost **6,500** independence checks generating more than **12,000** notifications all over the world.



1.5 ENSURING OUR OBJECTIVITY AND INDEPENDENCE

We have devised and implemented policies to ensure all our staff and partners do comply with the strictest objectivity and independence requirements, as these are the cornerstones of our profession. We are fully aware of what is at stake and are determined to play our role in increasing the 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 considered by the organisation.

Systems to safeguard our objectivity and independence. The systems implemented by the Mazars Group and adopted by member entities comprise the following:

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

SAFEGUARD	HOW THIS SAFEGUARDS OUR OBJECTIVITY AND INDEPENDENCE
Non-audit services to audit clients	<p>A complete list of non-audit services rendered to audit clients must be maintained.</p> <p>For group audits, this list must be communicated in response to the instructions circulated by the audit co-ordination team</p>
Annual declaration of independence	<p>All Partners and staff are required to provide an annual declaration of their independence. In this respect:</p> <ul style="list-style-type: none"> • Mazars Partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client; • Personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and • Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (or beyond normal financial relations with a banking or other credit institution audit client).
Mandatory rotation	<p>In relation to audits of PIEs, the audit RI is required to rotate after five years, 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.</p>
Transparency of information	<p>All Mazars staff have access to the list of our audit clients subject to specific ethical requirements.</p>
Training	<p>All audit staff are required to undertake training on ethical rules and the Mazars' ethical procedures.</p>
Consultation	<p>Audit staff and Partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary.</p>
Limits on client fees	<p>Limits on client fees are imposed in order to avoid financial dependence on one or several clients.</p>
Impact of an identified threats to independence	<p>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.</p>
Performance based remuneration	<p>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).</p>
Independent non-executives	<p>Our independent non-executives must comply with appropriate independence requirements as do our Partners and staff.</p>

1.5 ENSURING OUR OBJECTIVITY AND INDEPENDENCE

We are currently finalising the implementation of our Global Independence Check tool, already covering 50 countries representing 80% of Group turnover. This one-stop-shop IT tool speed up the process of acceptance throughout the Mazars Group.

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

Except in specific situations which are approved by the entity's Executive Committee, large engagements are placed under the responsibility at least two partners, one of whom naturally assumes leadership of the engagement.

Having a team of partners strengthens independence and brings broader technical expertise to the engagement. The responsible partners assist with key stages of the engagement and remain the key contacts for all parties and professional staff, whether internal or external.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate, in compliance when applicable with the domestic transposition of the European Directive on Statutory Audit or of the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence.

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

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

responsibility as well as in responding effectively to each client's specificities.

Partner compensation policy

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

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

- Professionalism, technical contributions and adherence to business practice norms;
- Partnership spirit;
- Importance and complexity of assignments;
- Contribution to the general development of local entities and the Group;
- Level of managerial responsibility.

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

Global whistleblowing procedures

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

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

These group-wide whistleblowing procedures for our staff, our clients and our stakeholders reflect our zero-tolerance policy for unethical behaviours. They have been deployed since 2014 and both external and employee complaint forms are available on our Mazars websites (on the Group website: <http://www.mazars.com/Complaint-form>). All claims are directly processed through the Group's Chief Compliance Officer (CCO) except when stated otherwise by the local regulation.

Confidentiality and information security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and may also adversely impact our reputation. The Group's Chief Information Security Officer is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters. He directly reports to the Chief Compliance Officer and to the Group Executive Board.

Independence and Objectivity in Mazars Sweden

The firm's reputation is contingent upon the independence and integrity of the employees. Management monitors compliance with the code of conduct within Mazars SET Revisionsbyrå. There are procedures to ascertain that Mazars SET Revisionsbyrå client relationships fulfil external and internal independence requirements.

Client and engagement acceptance and continuance are subject to risk assessment procedures in order to determine whether the risks associated with them are acceptable from an independence perspective and in line with our ethical guidelines. Engagements with unacceptable risk exposures are declined.

In relation to audits of Public Interest Entities (PIEs), the audit partner is required to rotate after seven years and to not return to the audit team for at least four years.

If the company is elected, rotation is required after ten years, though the key persons (engagement partners and engagement quality control reviewer) shall be rotated every 7 years. The engagement partners cannot return to the audit team for at least three years and the engagement quality reviewer for at least two years.

Mazars SET Revisionsbyrå has an independence monitoring system to ascertain the firm's independence at the national level as well as from a global perspective before an engagement is accepted. Furthermore, there is a system to monitor compliance with rotation requirements. The Board of Directors has approved guidelines for employee independence confirmation. All employees are required to confirm that they have read, understood and complied with these guidelines on an annual basis.

The staff is also charged with preparing annual self-assessments to confirm their compliance with applicable rules and guidelines.

Any discrepancies are fed back to the firm's Risk Management Committee and the Board of Directors. Disciplinary actions are taken, as deemed appropriate.

The internal systems described above were established to identify circumstances where Mazars SET Revisionsbyrås independence could be impaired and to take appropriate safeguarding measures in these instances. The operation and effectiveness of these procedures form part of the quality control system review.

Based on all the evidence collected, the management of Mazars SET Revisionsbyrå 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.

Remunerations to partners of Mazars SET Revisionsbyrå

Compensation to the partners is based on the contribution margin on the assignments that are linked to the respective partner. Evened out between the years and adjusted from an evaluation based on specific criteria such as client relationship management, leadership, business development and technical skills, among which quality issues are an important aspect. During 2019 a new remuneration model has been developed. The new model will come into force from September 1, 2019.







2. OUR RISKS



OUR RISKS

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.

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.

Analysis of potential risks and opportunities

RISKS/OPPORTUNITIES	KEY PERFORMANCE INDICATORS
<p>Service offering</p> <p>We provide innovative, tailored and global solutions to our clients. Combining the reliability of our methodologies with our ability to think 'outside the box', we deliver value to our clients and our communities. Our consulting and advisory business lines have grown significantly over the last few years, and we have now achieved the right balance between audit and expert non-audit services.</p>	<p>We have reached the right balance between audit and non-audit activities, with audit fees representing 43% of our global turnover.</p>
<p>Efficiency and performance</p> <p>The quality standards of our services are not negotiable. We offer integrated solutions adapted to our clients' markets and needs, always striving to best anticipate the changes that will impact our stakeholders. We have learnt from past challenges to increase the stability of our organisation. We ensure the consistency of our services in all the 91 countries and territories that make up our international partnership. We nurture the Mazars DNA and guarantee business continuity through genuine integration and the establishment of strong and stable regional hubs.</p>	<p>We have identified three key sectors (Financial Services; Industry, Services and Public Sector; Entrepreneurial Businesses), and six service lines (Accounting and Outsourcing Services, Audit and Assurance Services, Consulting; Financial Advisory Services (FAS), Law, and Tax services) which we have consistently deployed throughout our international partnership.</p>

RISKS/OPPORTUNITIES	KEY PERFORMANCE INDICATORS
<p>Reputation</p> <p>Our internal quality management systems, which are designed to maintain and enhance quality, include, among other things:</p> <ul style="list-style-type: none"> • Client engagement and acceptance processes and standards supported by methodologies and tools: we are currently implementing our Global Independence Check tool. This one-stop-shop IT tool will speed up and further secure the process of acceptance throughout the Mazars Group, helping us steer clear of any relationship that could distract us from acting to the highest professional standards. • Continuous technical and soft-skills training of staff and Mazars' partners: we strongly believe in lifelong learning and have designed an education –based strategy to help our people acquire the best expertise. • Quality reviews of Mazars' offices: our internal quality reviews cover all our service lines. On average, we perform quality controls in 30 countries every year. <p>Furthermore, we train our staff and partners to adhere to ethical standards in their daily use of social media.</p>	<ul style="list-style-type: none"> • 92% of our global staff followed at least on training session in 2018-2019 • On average each of our auditors underwent 45 hours of training in 2018-2019 • Every year, a minimum of one third of our practices are subject to an internal quality review
<p>Ethics and Independence</p> <p>We have implemented risk management procedures that ensure the independence of our two core professions as auditors or advisers. We have recently refreshed an updated our global code of conduct, clearly drawing the line between what is recommended or acceptable and what would put our reputation and other people's trust at risk. We handle any breaches seriously and take appropriate action to uphold this code whenever necessary. Our Audit, Tax, AOS and FAS service lines also each have their own specific code of conduct.</p>	<p>Our new tool for independence check – WeCheck- already covers more than 80% of group turnover. The tool also manages the missing 20% by sending automatic requests to acceptance officers in all countries which are not yet fully on board.</p> <p>During the last quarter of 2019, 44 countries launched almost 6,500 independence checks generating more than 12,000 notifications all over the world.</p>
<p>Compliance with regulations</p> <p>We comply with all regulation, in all the services we provide. We keep up-to-date with the latest changes in regulation, incorporate them in our codes of conduct, and inform our clients in a timely manner. We undergo regular reviews by our oversight bodies and regulators. We take part in the evolution of the regulation and anticipate potential impacts for the benefit of our clients and prospects.</p>	<p>23 countries subject to regulatory inspections in 2019.</p>



OUR RISKS

RISKS/OPPORTUNITIES	KEY PERFORMANCE INDICATORS
<p>Quality</p> <p>We continuously invest in enhancing the quality of our services. We promote a culture of technical excellence, strive to achieve consistency in our approaches, methodologies and tools and foster innovation in order to be able to provide the “augmented services” that our clients expect.</p> <p>As quality is also about resources, we can rely on the skills of a team of over 600 technical experts worldwide, to build, implement and maintain the highest quality standards, under the oversight of our international Quality and Risk Management Board.</p> <p>Mazars’ top 20 countries are engaged in the global NPS (Net Promoter Score) project, aimed at measuring client satisfaction and improving client service</p> <p>Confidentiality and Data Protection</p> <p>In all we do, confidentiality and information security are key elements of our professional responsibilities. Our Group Chief Information Security Officer is responsible for providing oversight, policy and strategic direction on information risks and cyber security matters. He directly reports to the Chief Compliance Officer and to the Group Executive Board.</p>	<p>Our European offices are GDPR-compliant and we have, since 2014, implemented whistleblowing procedures for our staff, our clients and our stakeholders. Both external and employee complaint forms are available on all our Mazars websites (on the Group website: http://www.mazars.com/Complaint-form). All claims are directly processed through the Group Chief Compliance Officer except when stated otherwise by the local regulation.</p>
<p>Talent</p> <p>As a professional services firm, we develop a dynamic human resources policy, valuing excellence and a strong sense of ethics. We invest in our people, train them to make their years with Mazars a profitable experience and prepare them to be future leaders inside or outside our firm. We strongly believe in lifelong learning, and have created our own corporate university which offers state-of-the-art on-site and online programmes, for our staff and partners.</p>	<ul style="list-style-type: none"> • We devised our online platform MazarsU as the go-to hub for all best learning materials and practices across the Group, both in the areas of technical expertise as well as the other skills now required to perform the profession: soft skills, digital skills, and leadership skills. We aim to train top-notch technicians, as all as professionals who can abide by the strictest ethics and independence requirements. • For our audit activities, we have a Partner leverage of 11.4 staff per Partner, and a Technical staff ratio leverage (Directors, Senior Managers, Managers vs. Seniors, Assistants, Interns) of 20-80% or 1 to 4.

RISKS/OPPORTUNITIES	KEY PERFORMANCE INDICATORS
<p>Mazars strengthened its competency matrix as to embed IT and digital aspects into our core audit and advisory trainings. The profiles we seek are increasingly diverse, with AI experts and data scientists becoming primary targets, in order to steer change, pioneer the digital transformation of our professions and offer the augmented services our clients and the market expect.</p>	<ul style="list-style-type: none"> • 92% of staff followed at least 1 training session • 71 Countries used LinkedIn Learning in 2018-2019.
<p>Our model is by nature human-centric and decentralised. In all of our offices, we encourage the implementation of new ways of working which foster cooperation and collective intelligence, increase efficiency and enhance employee satisfaction. We also want our people to generate and implement new ideas to improve both our internal processes and our offering. Local internal satisfaction surveys are carried out on a regular basis and action plans put in place to continuously improve life-work balance.</p>	<p>Internal satisfaction survey, absenteeism, long-term leaves.</p>
<p>Building a diverse talent pool is one of our top priorities. Both and Group and local levels, we have implemented initiatives to fight against discriminations and promote gender diversity.</p>	<p>Women account for over 50% of our staff, 29% of our Leadership Team and 55% of our Group Governance Council.</p> <p>We have set ourselves the objective of having 25% of women as partners in 2025.</p>
<p>International integrated partnership structure</p> <p>International expansion has been, is, and will be one of the keys to our development.</p> <p>We never fear to venture into new territories and discover new cultures, and we have faith in our unique partnership model. We have steadily grown our coverage in the last 20 years, and in the last 6 years only, have gone from 73 to 91 countries and territories where we now have fully-fledged integrated Mazars offices. We are a truly multicultural group, with 24.400 professionals worldwide and 1,015 partners.</p>	<p>According to the latest IAB survey, we rank:</p> <ul style="list-style-type: none"> • 14th Worldwide according. • 14th in Audit worldwide. • 12th in Advisory. 15th in Tax. • 16th in North America • 14th in Latin America • 15th in the Middle East • 8th in Europe • 6th in Africa (staff data) • 15th in Asia Pac (staff data)

OUR RISKS

RISKS/OPPORTUNITIES	KEY PERFORMANCE INDICATORS
<p>Digital transformation</p> <p>Clients</p> <p>Achieving our digital transformation is about improving our quality of service, and helping our clients solve their own challenges. As we become more digital, we help them harness and use the power of new technologies to gain efficiency and foresight, make the best of vast amount of data available for analysis, and set up increasingly agile and virtual organisational structures. We created our own Innovation Lab, a physical space in which clients, innovators and Mazars experts can gather, share and fully realise new initiatives. Because, if mastering and understanding technology are prerequisites, without a human element this innovation cannot occur.</p>	<p>We are running an ongoing client feedback programme, which ensures we are continuously listening to the views of our clients and working to improve our service. So far, 25 countries are involved in the programme.</p>
<p>Business Model</p> <p>We fully embrace technological evolutions. We hire technology-savvy professionals and foster innovation in all our service lines. Under the guidance of our Chief Technology and Innovation Officer, we bring together Mazars' professionals, external experts and cutting-edge entrepreneurs to reflect on and prototype the ideas that will shape audit and consulting in a near future. A majority of our offices worldwide have now appointed innovation ambassadors, who serve as catalysts to boost new ideas and creativity across the Group.</p>	<ul style="list-style-type: none"> • 50% of all "Mazarians" were given the opportunity to participate in a hackathon • 78% of all "Mazarians" work in offices that have appointed an innovation ambassador
<p>Communication Volatility</p> <p>Mazars implemented a proactive digital media strategy as well as formal social media policies and guidelines for all staff. Over the last few years, we have focused on employee advocacy, to encourage staff to act as brand ambassadors on social media. Through our Group Communications & Marketing Department, we provide social media trainings to staff and partners alike.</p>	<p>Since 2011, we have provided over 400 social media trainings to our partners and staff</p>
<p>Sustainability</p> <p>Contributing to better and healthier ecosystems and societies is at the heart of the Mazars adventure, as we strongly believe performance and responsibility go hand in hand. We encourage our staff to engage in CSR initiatives and pro-bono work, and over 20 countries in our partnership now report on their ESG performance. Under the "Sustainability Services" umbrella, we have developed a full array of services aimed at reengineering trust in business, empowering people and nurturing collective responsibility, ranging from non-financial audit to anti-corruption, governance or CSR consulting.</p>	<ul style="list-style-type: none"> • Sustainability services are offered in 19 countries, representing 64% of our global headcount. • 23 countries, representing 56% of our global headcount, engage in CSR/ESG reporting







3. OUR STRUCTURE, LEADERSHIP AND GOVERNANCE



3.1 OUR UNIQUE BUSINESS STRUCTURE

Since 1995, we have been organised as a global integrated partnership. Today, our more than 1,000 partners and 24,400 professionals in 91 countries and territories in Europe, Africa, the Middle East, Asia-Pacific, North America, Latin America and the Caribbean share the same values and work ethics and the common goal of providing the highest quality client service. Our correspondent firms also enable us to operate in a further 15 countries.

All members of our integrated partnership are member entities of Mazars SCRL (hereafter “Mazars Group”), a Limited Responsibility Cooperative Company incorporated in Brussels, Belgium, through a cooperation agreement setting out the terms of the relationship. The role of the Mazars Group is to “define the strategic objectives of the 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 guaranteeing consistent quality in our service to our clients.

Our international integrated partnership allows us to provide a high standard of service to our clients, with a level of agility and understanding that is unique to Mazars. We can also heavily rely on the quality and diversity of our talent, the robustness of our values, our determination to fully embrace the digital revolution, and our commitment to creating shared value, whilst remaining aware of

the challenges that both our organisation and our stakeholders face. Discerning, knowledge-intensive, agile, sustainable: these are the attributes of the modern firm that we are in order to better serve our clients.

Throughout the countries where Mazars is present, there may be one or more separate legal entities, and each one is a member entity of the Mazars Group. All Mazars Group shareholders are partners in the Group’s member entities. As part of being a shareholder of Mazars SCRL, each partner acknowledges the Charter of Association, which governs the operation and governance of the Mazars Group. In certain countries there are partners or shareholders of their local member entity, who are not shareholders of the Mazars Group.

The financial statements of the Mazars Group’ are consolidated with the results of the member entities and are prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements of the Mazars Group are jointly audited by two independent audit firms. We are therefore unique; we are not simply a collection of national firms, but an integrated organisation of professionals, sharing commitments at global level with respect to investment in technical excellence, serving our clients and developing our teams. New member firms are admitted into the integrated partnership upon criteria of quality of service and human resources, reputation and shared values. All new admissions must be approved by the General Assembly of partners.

In July 2019, Mazars announced the creation of the Mazars 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.

The 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 40,400 professionals serving clients around the globe: 24,400 professionals across 91 countries and territories in Mazars' unique integrated partnership, and 16,000 professionals in the U.S. and Canada via the 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.

3.1 OUR UNIQUE BUSINESS STRUCTURE

NORTH AMERICA

1,055
21

16,000 additional professionals
via the Mazars North America Alliance

EUROPE

11,975
159

LATIN AMERICA & THE CARIBBEAN

1,595
22

NORTH AMERICA

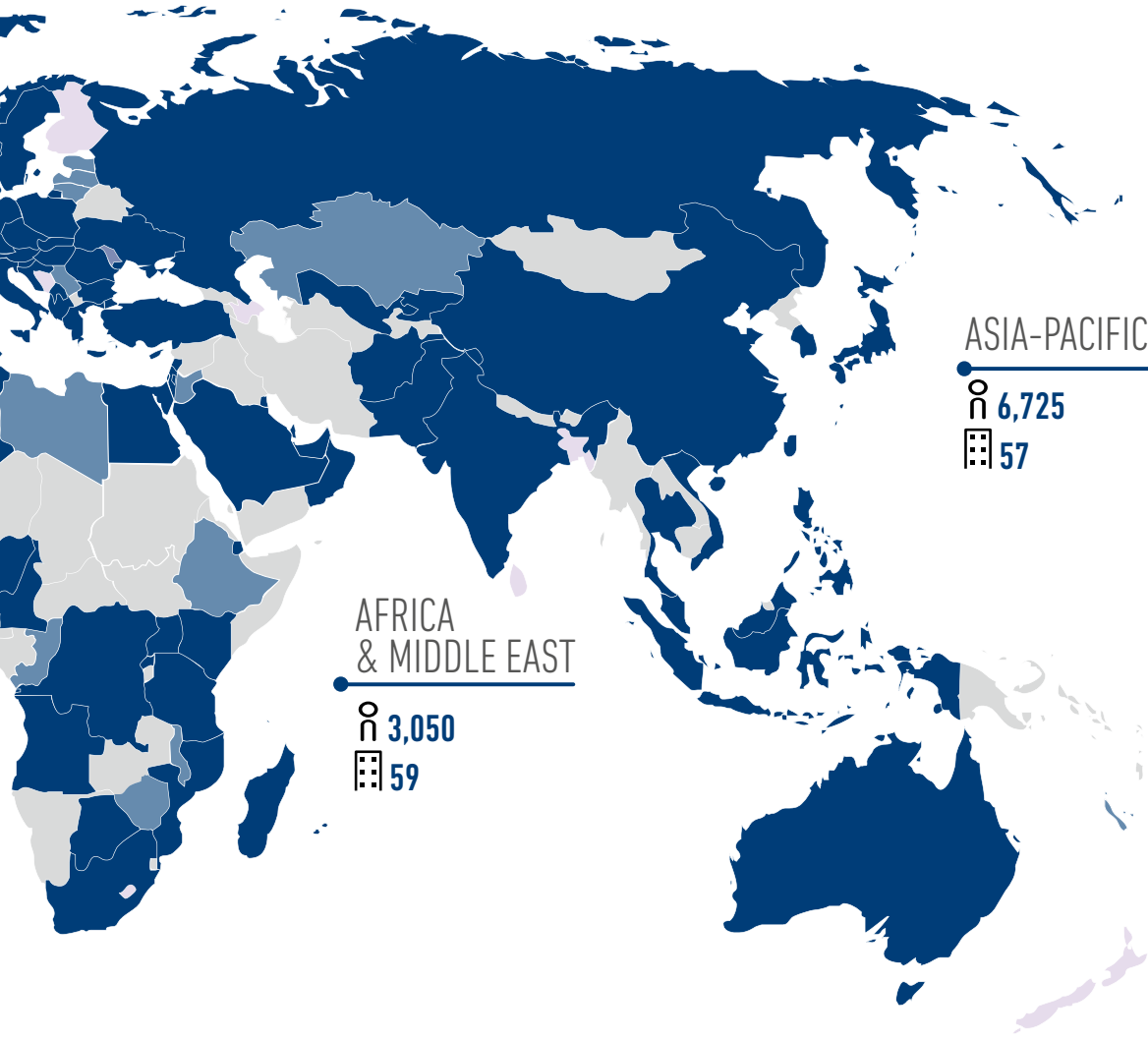
- Bermuda
- Canada
- United States

LATIN AMERICA & THE CARIBBEAN

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

AFRICA & MIDDLE EAST

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



ASIA-PACIFIC

👤 6,725

🏢 57

AFRICA & MIDDLE EAST

👤 3,050

🏢 59

EUROPE

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

ASIA-PACIFIC

- Afghanistan
- Australia
- Bangladesh
- China
- Hong Kong (SAR)
- India
- Indonesia
- Japan
- Kazakhstan
- Korea
- Kyrgyzstan
- Malaysia
- New Caledonia
- New Zealand
- Pakistan
- Philippines
- Singapore
- Sri Lanka
- Taiwan
- Thailand
- Uzbekistan
- Vietnam

■ Integrated countries and territories

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

■ Areas covered via the Praxity alliance

👤 Staff (FTE/integrated partnership)

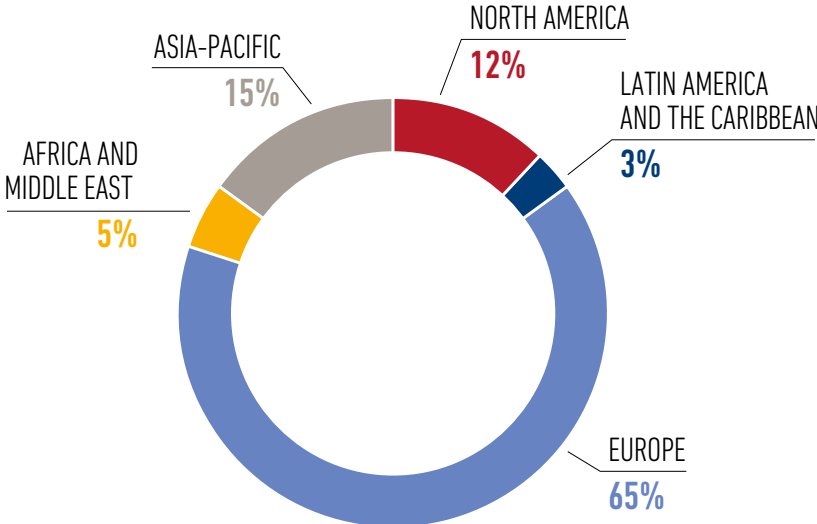
🏢 Number of offices (integrated partnership)

Figures as of 31 August 2019



3.1 OUR UNIQUE BUSINESS STRUCTURE

Turnover by region



Mazars Group statutory audit firms

AFRICA & THE MIDDLE EAST

Country	Name of entity
Algeria	Mazars Hadj Ali
Angola	Mazars Angola - Auditeurs & Consultores, S.A.
Bahrain	Mazars Chartered Accountants
Benin	Mazars Benin
Botswana	Mazars
Cameroon	Mazars Cameroon
Djibouti	Mazars (Sofracor S.A.R.L.)
Egypt	Mazars Mostafa Shawki
Ghana	Mazars Ghana
Israël	Bri, Rotbart, Raz, Mazars Israel
Ivory Coast	Mazars Côte d'Ivoire
Kenya	Mazars Kenya
Kuwait	Mazars Hend Abdullah Alsurayea & Co Mazars Kuwait - Consultancy
Lebanon	Mazars Saade
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
South Africa	Mazars Port Elizabeth Mazars Services Trust Mazars Partnership Mazars Central Inc Mazars Durban
Tanzania	Mazars Wiscon Associates
Tunisia	ECC Mazars SBCI
Uganda	Mazars BRJ
United Arab Emirates	Mazars Chartered Accountants

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
India	Kalyaniwalla Mistry & Associates Kalyaniwalla & Mistry LLP Mazars Advisory LLP S. N. Dhawan & Co LLP
Indonesia	KAP Aria Kanaka & Rekan PT Mazars Consulting Indonesia
Japan	Mazars Audit LLC
Korea	Mazars Sebit Korea
Kyrgystan	Mazars LLC Mazars Audit LLC
Malaysia	Mazars PLT Mazars Risk Management Sdn Bhd
Pakistan	Mazars MF & Co
Philippines	Yu Villar Tadeja and Co
Singapore	Mazars LLP Mazars Asia Pacific
Thailand	Mazars Ltd.
Uzbekistan	Mazars
Vietnam	Mazars Vietnam Co Ltd

EUROPE

Country	Name of entity
Albania	Mazars sh.p.k
Austria	Mazars GmbH Wirtschaftsprüfungsgesellschaft
Belgium	Mazars Bedrijfsrevisoren - Réviseurs d'entreprises B.C.V.
Bulgaria	Mazars OOD
Channel Islands	Mazars
Croatia	Mazars Cinotti Audit d.o.o.
Cyprus	Mazars Limited Mazars & Co Limited
Czech Republic	Mazars Audit s.r.o
Denmark	Mazars Denmark statsautoreret revisionspartnerselskab 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 Gorge 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
France	

EUROPE

Country	Name of entity
Germany	MAZARS GmbH Wirtschaftsprüfungsgesellschaft Roever Broenner Susat Mazars GmbH RBS BBE GmbH Wirtschaftsprüfungsgesellschaft Steinberg & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
	Mazars Certified Public Accountants Business Advisors S.A.
	Mazars Kft.
	Mazars Mazars NI Ltd
	Professionisti Associati Società Semplice (P.A.S.S) Mazars Italia S.p.A
Kosovo	Mazars in Albania
Luxembourg	Mazars Luxembourg
Malta	Mazars Malta
Netherlands	Mazars Accountants N.V. Ten Kate Huizinga Audit N.V.
	Mazars Revisjon AS
Poland	Mazars Audyt Mazars Polska Mazars Expertise
	Mazars & Asociados, SROC, SA
	Mazars Romania SRL
Russia	Mazars 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
	Denge Bağımsız Denetim
Ukraine	Audit firm Mazars Ukraine
United Kingdom	Mazars LLP Mazars Channel Islands Limited

LATIN AMERICA & THE CARIBBEAN

Country	Name of entity
Argentina	Estudio Urien & Asociados Estudio Urien S.R.L
	Mazars Cabrera Assessoria, Consultoria E Planejamento Empresarial Ltda. Mazars Auditores Independentes - Sociedade Simples Mazars Auditores Ltda.
Chile	Mazars Chile Ltda Mazars Auditores Consultores Spa
Colombia	MCA Auditing & Accounting SAS
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.
	Contreras y Asociados S.Civil de R.L
	Mazars Uruguay
Venezuela	Adrianza Rodriguez Cefalo & Asociados Mazars Venezuela

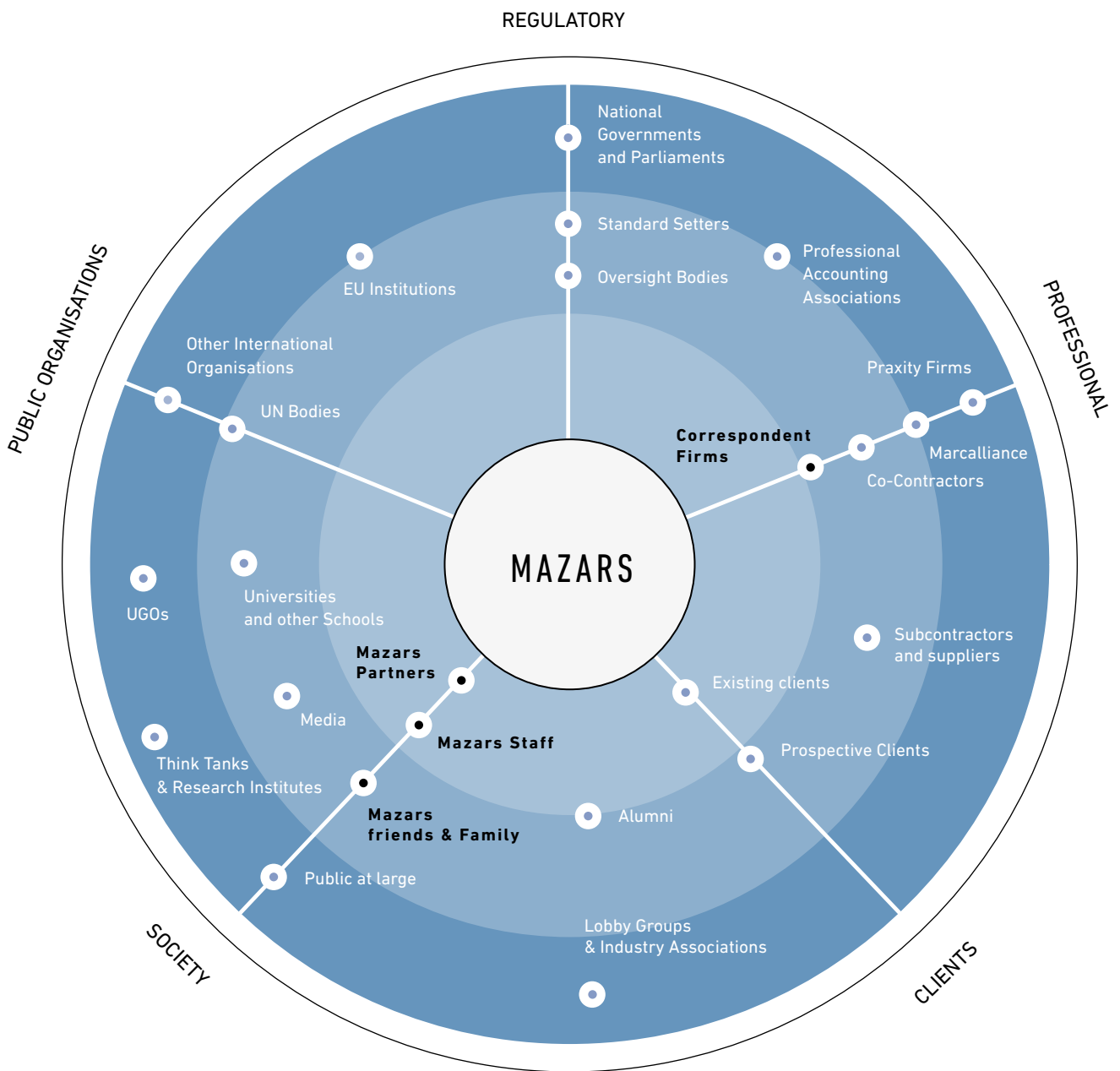
NORTH AMERICA

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

LIST OF CORRESPONDENT FIRMS

Regions	Country	Name of entity
Africa/Middle East	Congo Brazzaville	M3B Audit & Expertise
	Ethiopia	ASGB Consulting
	Jordan	International Professional Bureau Consulting & Auditing CO.
	Libya	Mazars Libye
	Malawi	AMG Global Chartered Accountants
Asia Pacific	Zimbabwe	KLM Chartered Accountants
	Khazakhstan	Nurteam Audit LLP
	New Caledonia	OCEA Nouvelle-Calédonie
Europe	Estonia	OÜ Audiitorteenuse
	Latvia	SIA TaxLink
	Lithuania	Persense Audit UAB
	Serbia	AGM Audit d.o.o
	Caymen Islands	Mazars Cayman
Latin America & Caribbean	Dutch West Indies	MPHC Accountants & Advisers N.V.
	Ecuador	Hansel Holm Partners S.A.

Stakeholder map





3.1 OUR UNIQUE BUSINESS STRUCTURE

Our business organisation

During our 2016 General Assembly of Partners, a new Group Executive Board (GEB) was elected, on the basis of a strategic platform, called the Next20. The business organisation described below is aimed at fully implementing this platform. In order to deliver the best services to our clients, our international structure focuses on sectors and service lines.

Our go-to-market strategy focuses on three key areas:

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

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

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

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

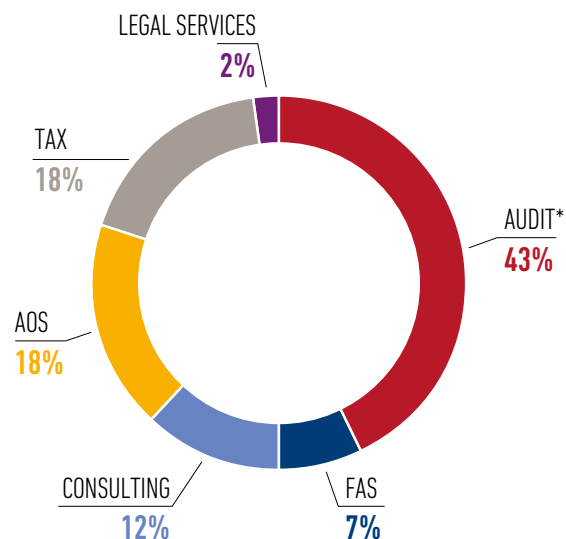
This structure ensures coordination of member entities within the Mazars Group. Our integrated international structure permeates every aspect of our operations:

- partners and their member entities are linked by a series of agreements intended to achieve maximum consistency and standardisation within the Mazars Group;
- sectors and service lines are represented in member entities, enabling coordination of assignments and cross-border relations between countries;

- each assignment requiring an international team is managed and carried out by an integrated team sharing common standards and procedures.
- each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to the client;
- 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.

Breakdown of turnover by service line*



* Comparative figures. With Zhongshen Zhonghuan and Zhongshen Yatai figures, audit would be at 47%.

The member entity in Sweden

Mazars SET Revisionsbyrå AB is a limited liability company, incorporated in Sweden, with registration number 556439-2099. It has six subsidiaries.

Mazars SET Revisionsbyrå AB is the partner with unlimited liability (Sw: komplementär) in Mazars SET Revisionsbyrå KB. The services to the clients are provided and invoiced from Mazars SET Revisionsbyrå AB and the staff is employed in Mazars SET Revisionsbyrå KB.

Mazars SET Revisionsbyrå provides audit, advisory, accounting and to some extent tax services. Tax services are mainly provided by Mazars Skatt KB, a separate Mazars entity with which Mazars SET Revisionsbyrå has a cooperation agreement.

As at 31 August 2019, Mazars SET Revisionsbyrå is owned by 35 partners. In addition there are 12 local partners (salary partners) and around 260 professionals working in 13 offices across Sweden. The 35 Partners in Mazars SET Revisionsbyrå are shareholders in Mazars Scrl, in Belgium. Mazars Skatt is owned by 3 international partners.

Mazars SET Revisionsbyrå has a co-operation agreement with Mazars Scrl which sets out the terms of its relationship with Mazars Scrl.

Our approach to operating in Sweden

The activities are organized in the following business segments;

Segment	Responsible
Audit	Samuel Bjälkem
Accounting	Pernilla Magnusson
IT-audit/internal audit	Annika Wallin
Tax	Jenny Stenesjö Wöhrman (Mazars Skatt KB)

The turnover of Mazars SET Revisionsbyrå 2018/19 can be summarized as follows:

	PIE and their subsidiaries	Other
Statutory Audit	0,6 M€	23,9 M€

	Entities audited by the firm	Other entities
Permitted NASs	3,6 M€	5,5 M€

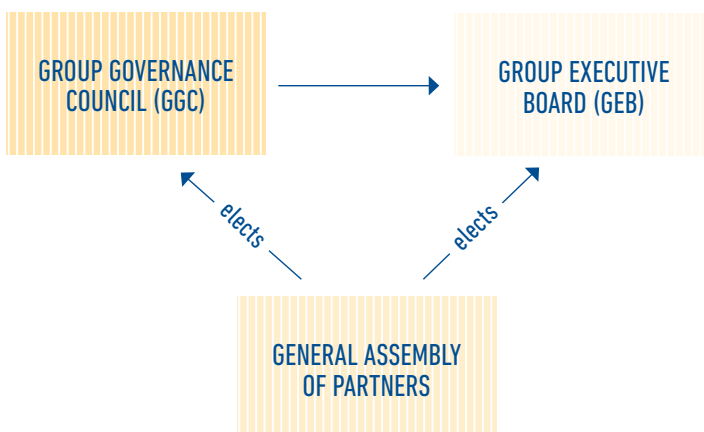
A list of the Public Interest Entities in respect of which Mazars SET Revisionsbyrå has expressed an audit opinion in 2018/19 is set out in Appendix 2.



3.2 OUR LEADERSHIP AND GOVERNANCE

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

Our strategic leadership ecosystem



The General Assembly of Partners

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

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

The last General Assembly of Partners was held in London in December 2019.

3.2 OUR LEADERSHIP AND GOVERNANCE

The Group Executive Board

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

As at August 31st, 2019 there were eleven members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in 2020. The GEB is supported in its role by:

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

The GEB meets at least monthly; it also meets twice a year with the Country Managing or Senior Partners at “Country Forums”. Each GEB member is entrusted with specific geographical responsibilities, functional roles and the sponsorship of key strategic projects, such as innovation, diversity, quality and risk management, business development or integration processes for new additions to the partnership.

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'BAÏE



☐☐ Germany

DR CHRISTOPH REGIERER



☐☐ Belgium

VÉRONIQUE RYCKAERT



☐☐ China

WENXIAN SHI



☐☐ Netherlands

TON TUINIER



☐☐ United Kingdom

PHIL VERITY



☐☐ United States

VICTOR WAHBA

3.2 OUR LEADERSHIP AND GOVERNANCE (CONTINUED)

The Group Governance Council

Elected for the same term as the GEB, the Group Governance Council (“GGC”) is the Group’s supervisory body.

The GGC has decision-making powers in three specific areas as set out in the partnership’s Charter of Association:

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

The GGC is required to meet at least every four months. It may comprise between eight and sixteen members including two members who are not Mazars’ partners. As of August 31st, 2019, there were eleven members of the GGC. Elected every four years, the next GGC elections are due in December 2020.

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



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

3.2 OUR LEADERSHIP AND GOVERNANCE (CONTINUED)

LEADERSHIP AND GOVERNANCE IN MAZARS SET REVISIONSBYRÅ

Leadership in Sweden

Mazars SET Revisionsbyrå is led by Managing Director Marianne Sandén Ljungberg. The Managing Director is appointed by the board of directors. Marianne is responsible for leading the firm's operating activities (Sw: löpande förvaltningen). The day-to-day routine is handled by the office managers.

Governance in Sweden

The Consortium ("The General meeting")

Mazars SET's highest decision-making body is the Consortium. The partners have the right to vote proportionally to their base points.

Nämnden ("The Committee")

The Committee is charged with the managing of partner-issues and for preparing the elections to board appointments and of new Carl partners. The board has the option to delegate cases of partner quality failures to the Committee for further actions. The Committee is appointed by and accountable to the Consortium.

The Board of Directors ("The Board")

The Mazars SET Revisionsbyrå's Board of Directors is responsible for developing and complying with the firm's governing documents and strategies and for leadership and governance. The strategies are communicated within the firm through guidelines and instructions.

The Board is also responsible for promoting a culture of quality within the firm, for the Quality Control System and for monitoring the effectiveness of these controls.

The Chairman of the Board is Bengt Ekenberg who is appointed for a one-year term by the partners.

According to their instruction, the Board shall convene on at least four occasions per year. The Managing Director and the Chairman are responsible for summoning the board meetings and for preparing the meeting agendas.

Bengt Ekenberg, the Chairman and partner, is responsible for leading the Board's work and the General meetings.

Marianne Sandén Ljungberg, Managing Director and partner is responsible for leading the firm's operating activities.

The Board of Directors



BENGT EKENBERG
Chair



MICHAEL OLSSON



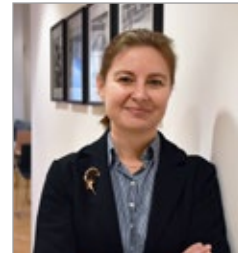
ANDERS O PERSSON



MICHAEL ASPLUND



TOMAS AHLGREN



ÅSA THELIN



3.2 OUR LEADERSHIP AND GOVERNANCE (CONTINUED)

Risk management in Sweden

The Board of Directors is charged with the overall responsibility for designing an internal control system and for reviewing and evaluating control design and effectiveness. The Board of Directors has delegated responsibility for the design and implementation of the risk management process to the Risk Management Committee. The Risk Management Committee meets monthly and is chaired by the Risk Management Partner. The Committee is made up of appointed individuals with different responsibility areas. The committee has particular responsibility to ensure that the quality, objectivity and independence of client service is maintained through well managed client acceptance and engagement procedures and that guidance is updated regularly. All partners and staff are required to submit annual confirmations of regulatory compliance which include statements of independence.

The Risk Management Committee is also responsible for handling professional claim and complaints.

The responsibility for the day-to-day functionality of these systems, the risk assessments and the system effectiveness lie with senior management (the MD and the office managers). All employees are responsible for keeping themselves updated on current firm policies and guidelines and for conducting the client engagements in accordance with them.

Mazars SET Revisionsbyrå's internal control system has been in place throughout the entire year and until the annual accounts were approved. It encompasses;

- The Risk Management Committee, which is responsible for ethical issues. It monitors the compliance of applicable policies within Mazars SET Revisionsbyrå, identifies the risks that Mazars SET Revisionsbyrå is exposed to and evaluates to which extent these risks are managed and aligned with the board's risk appetite.
- The internal Quality Control function reviews engagements to ascertain that they have been conducted in accordance with ISA.
- The Quality Committee reviews the Quality Control function's proposals and decide on approval or non-approval of the auditor.

APPENDICES



APPENDIX 1

Glossary of terms

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

APPENDIX 2: AUDITED PUBLIC INTEREST ENTITIES OF MAZARS SWEDEN

Companies that have issued transferable securities admitted to trading on a regulated market

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2018 to August 31, 2019):

Shares:

- Novotek AB
- Lifeassays AB
- NeuroVive Pharmaceutical AB
- AB Traction

Other securities:

- Fastighetsaktiebolaget Trianon
- Stillfront Group AB

Credit Institutions (other than already stated in above, when applicable according to local transposition of the directive)

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2018 to August 31, 2019):

- Ekobanken
- Sparbanken Tranemo
- Mjölback's Sparbank

Insurance companies (other than already stated above, when applicable according to local transposition of the directive)

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2018 to August 31, 2019):

- Erika FörsäkringsAB
- Medicov FörsäkringsAB

Mazars Sweden also audits companies listed on other other trading platforms.



APPENDIX 3 MAZARS SET REVISIONSBYRÅS STATEMENTS OF COMPLIANCE

Statement on the effectiveness on the Quality Control System

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

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

It is not considered that any of the areas for improvement highlighted by these reviews represent a significant failure or weakness, either which requires disclosure, or which undermines the current systems of internal control. We will continue the quality improvement work that we have initiated.

Statement of compliance with the professional training obligations

The **qualified auditors'** training requirements encompass 100 verifiably hours of relevant professional training over a five-year period. Auditors are required to submit supporting documentation to prove that this requirement is fulfilled upon request. Additionally, FAR requires that at least 120 hours of training over a three-year period of which 20 hours must be verified each year. For auditing of financial companies, i.e. companies that are under the supervision of SFSA, the Swedish Financial Supervisory Authority, at least one elected auditor or the person designated as responsible auditor must be licensed. A licensed auditor will have additional 60 hours of training per three-year period.

The professional training requirements for **Authorized Accounting Consultants** are stated in FARs professional ethics guidelines and should encompass at least 120 hours over a three-year period, and at least 20 hours per year. At least 60 hours over a three-year period are to be verifiable.

Mazars SET Revisionsbyrå has a detailed training schedule for the auditors so that they are eligible to take the Auditor examinations. All employee and partner training seminars completed are documented and retained. There are annual reviews to identify the individual training requirements for all staffs.

Partners and all audit personnel have to make an annual declaration that they have complied with the relevant requirements. Follow up is made by the internal control and HR.

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

Based on these requirements described above, Mazars SET Revisionsbyrå has the ability to ascertain at any given time, that all of its partners and professional staffs meet the professional training requirements.





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