TRANSPARENCY REPORT

MAZARS SET REVISIONSBYRÅ
SWEDEN

2 2
0 0
1 1
7 8

CONTENT

MAZARS GROUP AT A GLANCE **P. 03**

FOREWORD **P. 05**

OUR UNIQUE BUSINESS STRUCTURE **P. 10**

LEADERSHIP AND GOVERNANCE **P. 22**

OUR COMMITMENT TO QUALITY, OBJECTIVITY & INDEPENDENCE **P. 29**

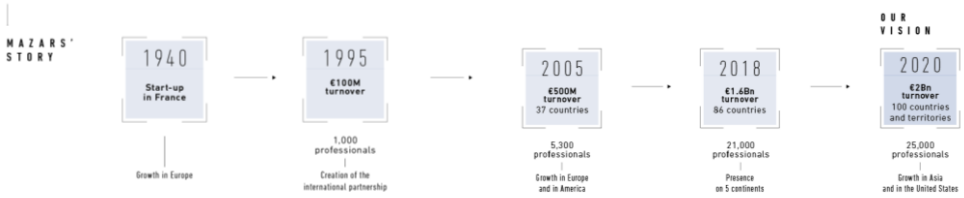
FOSTERING EXCELLENCE IN OUR PEOPLE **P. 44**

APPENDIX 1: AUDITED PUBLIC INTEREST ENTITIES OF MAZARS SWEDEN **P. 50**

APPENDIX 2: MAZARS SET REVISIONSBYRÅ'S STATEMENTS OF COMPLIANCE **P. 51**

MAZARS GROUP AT A GLANCE

We are an international, integrated and independent organisation, specialising in Audit, Advisory, Accountancy, Tax and Legal services. Across our 300 offices worldwide, our global partnership brings together 23,000 international experts who share the same vision, the same entrepreneurial and collaborative mindset, and the same determination to create shared value for all our stakeholders: our staff, our clients, the business community and society as a whole.



GROUP GLOBAL TURNOVER 2017-2018

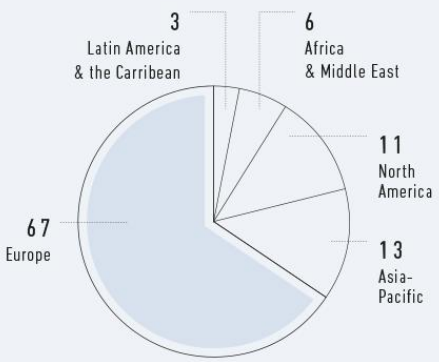
1.6
Bn Euro

TALENTS

23,000
Professionals

954
Partners

TURNOVER BY REGION (%)



2005
€500M turnover
37 countries

5,300 professionals
Growth in Europe and in America

2016
€1,2Bn turnover
77 countries

17,000 professionals
Presence on all 5 continents

2020
€2Bn turnover
100 countries and territories

25,000 professionals
Growth in Asia and in the United States

FOREWORD

Looking at the future with confidence

We are pleased to introduce the 2017-2018 Transparency Report for the global Mazars Partnership. A leading player in audit, advisory, accountancy, tax and legal services, Mazars draws on the skills of 23,000 professionals in 86 countries and territories worldwide. In 2017-2018, Mazars'revenue reached 1.6Bn Euros, up 8.7% from 2016-2017.

Audit remains our core business and the audit market in Europe and beyond has experienced turmoil in the last 12 months. Stakeholders' increasing expectations now make codes of conduct a top guidance and require increased independence and higher quality in the delivery of audit assignments. They have led to reopening the debate on a much-needed market deconcentration, with the emergence of new reliable and relevant international players. We want to bring our contribution to these changes and we believe Mazars is more than ever one of the new forces to be reckoned with. In Europe, we are already in the top 5 auditors for listed companies and public interest entities. In China, we now have more than 200 large clients. Our audit service line keeps growing on all continents and amounts to 44.2% of our global turnover.

We invest heavily in enhancing our tools and methodologies. We place focus on making sure our people act with irreproachable ethics and we train them to acquire and maintain top-quality technical skills. We keep boosting innovation, bringing in the IT-expertise we need to fully achieve our digital transformation, and developing our ability to perform extra-financial audits, as we are convinced figures only cannot provide an accurate image of an organisation's real value.

In a nutshell, we are ready to deliver the "augmented services" our clients, stakeholders and society expect.

We are now halfway through the deployment of our Next20 strategy, and we are on track with most of the objectives we had set. Alongside audit, our advisory services lines are growing as well and we keep increasing our geographical coverage of the world's major markets of today and tomorrow, while maintaining our focus on consistency in the quality of the services we provide. With each of our clients, large multinational companies and smaller organisations alike, we seek to build long-term relationships based on mutual trust and aimed at helping them focus on their core business and achieve their own sustainable growth objectives.

We are well into our 70's and we are still a young organisation at heart. We look at the future with confidence, as we know we have both the size, the entrepreneurial spirit and the agility to become true leading players. We also know we can rely on a strong and resilient model and on strong deeply embedded values. In all we do, we believe in accountability and in growing with the always reaffirmed purpose of contributing to a better-functioning business community and to overall progress in society.

Enjoy your reading!

PHILIPPE CASTAGNAC
Chairman of the Mazars' Group Executive Board

HERVÉ HÉLIAS
Mazars Group CEO

MAZARS SET REVISIONSBYRÅ, SWEDEN

We are pleased to introduce the 2017/2018 Transparency Report for Mazars in Sweden.

In Sweden we provide services within audit, accountancy, tax and advisory. From our 15 offices we serve our clients based on the motto service – commitment – availability.

During 2017/2018 we have grown our business through some strategic acquisitions, focused on digitalization and recruited personnel to strengthen our back office and quality related functions.

Stockholm, 28 December 2018

Marianne Sandén Ljungberg,

Managing Director

Achieving consistent quality, steering global change

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

There is no doubt our profession needs to evolve, and we are playing our full part in steering this change. In my conclusion to last year's update in our Group Transparency Report, I emphasised Mazars' commitment to keep things moving in the right direction and at the right pace. This year again, I would like to take this same opportunity to provide our insights on the latest developments in the audit market and our ongoing commitment to help to restore the transparency and trust that are needed for the benefit of the business community and society as a whole.

Building muscle, rather than simply gaining weight

To express ideas and recommendations on potential improvements in one's field, one needs to be in a position to implement them if they are introduced. Credibility is key. At Mazars, we have continued to invest in enhancing audit quality, in order to achieve even greater global consistency.

Consistently delivering high standards of audit quality primarily requires embedding the right culture across the firm as a whole and, in particular, its audit practice. Through webinars and e-learning, we strive to reinforce the public interest dimension of auditing and the criticality of undisputable ethics and integrity within our global audit team of over 10,000 professionals, with the support of a strong and united global leadership team and our unique "one team" approach.

We also deliver consistency through our audit methodology, approach and tools. In 2018, we launched our global audit platform, ATLAS, and we will roll it out to all our auditors in the coming months. ATLAS will provide our professionals with one common cloud-based platform, which promotes compliance with ISAs and the Mazars Audit Methodology, while also enabling additional local compliance. ATLAS will free up time for our auditors to focus on key risks and judgement areas, with the help of new data analytics audit tools and an enhanced approach to IT audit. We see it as a critical step in transforming the way we deliver audit, and meet the ever-growing expectations of the boards of companies we audit, their shareholders, regulators and other stakeholders.

Consistency also comes from training. We pay particular attention to both how we train our people and to the content of that training. In order to effectively support the deployment of ATLAS, we rolled out in 2018 a global audit training course which combines both core principles and advanced audit techniques in complex areas.

Last, but certainly not least, we are continuously fostering innovation, in order to meet the challenges of tomorrow's "augmented audit". We are investing in both new and cutting-edge

expertise – with the recent acquisition of data analytics specialist Zettafox, for instance - and in tools and methodologies that will help us provide broader assurance on extra-financial key value drivers, such as culture, human rights and sustainability.

Steering change, for an improved audit market

Some recent corporate failures across the globe have shed even more light on the many serious and immediate challenges that the audit world currently faces. As a genuine international challenger, auditing many large multinational corporations and smaller businesses alike, we believe we can make a valuable contribution to addressing them, for the benefit of all involved.

As society evolves, so do the needs and expectations of our stakeholders. These expectations, however, are still unmet. In particular the framework for corporate reporting needs to be critically reviewed. We know that in many cases most of the actual value of a business is not reflected on its balance sheet. A multitude of other value drivers have to be explored and taken into account, including brand, culture, key client relationships, quality of management and of governance, innovation capability, and diversity. We are keen to engage with companies, investors and their other stakeholders in this debate.

We also ask regulators to reassess their contribution to the delivery of quality audits. Quality is far more complex than mere compliance with a set of standards and this needs to be factored into any thinking on the future of audit regulation. We believe regulation should be proportionate, especially to avoid driving current and future talent out the profession. Equally, as service providers, we must continuously demonstrate our commitment to delivering quality and being held to account, but on the basis of parameters or criteria collectively agreed and conducive to genuine audit quality.

Finally, with regard to audit concentration, there is now unanimous agreement that the overwhelming dominance of just four firms in the global audit market is unhealthy and that reform is required to go from "four to more". Unfortunately, and even though it is still in its early stages, there already are clear signs that the 2016 EU reform is not going to achieve its desired objectives. We are reaffirming our longstanding support for joint-audit, as a tested and proven mechanism to facilitate the emergence of new players. If undertaken in the right spirit of cooperation we believe joint audit also reinforces governance arrangements on the conduct of audits, and delivers real improvements in audit quality. In certain jurisdictions, where concentration is highest and has been so for decades, we also believe that some form of market cap should be put in place, to limit the concentration of audit fees and mitigate the related systemic risk which is not in the public interest.

British philosopher and House of Lords member, Baroness O'Neill of Bengarve once wrote: “We often hear it said that what matters is trust, or that we need more trust (...) We need to focus first on trustworthiness and secondly on the intelligible communication of evidence of trustworthiness to others, without which they cannot place or refuse trust intelligently." To her, trustworthiness is built upon three key pillars: honesty, competence and reliability. We hope our Transparency Report provides an opportunity to continue to engage on these fundamental topics with all our stakeholders, so that they can place their trust in us intelligently.

D A V I D H E R B I N ET , Global head of audit

OUR UNIQUE BUSINESS STRUCTURE

A GLOBAL, INTEGRATED PARTNERSHIP

Since 1995, we have been organised as a global integrated partnership. All our 955 partners and 23,000 professionals in 86 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 16 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.

-

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

-

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

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

-

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

-

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.

SERVING OUR CLIENTS WORLDWIDE

- 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)

NORTH AMERICA

- Bermuda
- Canada
- United States

LATIN AMERICA & THE CARIBBEAN

- Argentina
- Brazil
- Cayman Islands
- Chile
- Colombia
- Costa Rica
- DominicanRepublic
- 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
- Israël
- Ivory Coast
- Jordan
- Kenya
- Kuwait
- Lebanon
- Lesotho
- Libya
- Madagascar
- Malawi
- Mauritius
- Morocco
- Mozambique
- Namibia
- Nigeria
- Oman
- Palestine
- Qatar
- Rwanda
- Saudi Arabia
- Senegal
- South Africa
- Tanzania
- Tunisia
- Uganda
- United Arab Emirates
- Zimbabwe

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
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

ASIA-PACIFIC

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

Mazars' audit entities

AFRICA

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

ASIA-PACIFIC

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

EUROPE

Country	Name of entity
ALBANIA	Mazars sh.p.k
AUSTRIA	Mazars GmbH Wirtschaftsprüfungsgesellschaft
BELGIUM	Mazars Bedrijfsrevisoren - Réviseurs d'entreprises B.C.V.
BULGARIA	Mazars O.O.D
CROATIA	Mazars Cinotti Audit d.o.o.
CYPRUS	Mazars Limited Mazars & Co Limited
CZECH REPUBLIC	Mazars Audit s.r.o
DENMARK	Mazars Denmark statsautoriseret revisionspartnerselskab
ESTONIA	OÜ Audiitorteenuse*

FRANCE	Mazars SA Mazars SA dite “Mazars Lyon” Mazars SA dite “Mazars Rouen” Mazars SA dite “Mazars Strasbourg” Mazars Gourgue SAS Mazars SA dite “Mazars Reims” Mazars ACEA SA Mazars Entrepreneurs Pluris Audit SARL Mazars Besançon SAS Mazars & Sefco SAS Mazars SA dite “Mazars Toulouse” Mazars Figeor SAS Thomas et Associés SA Mazars & Associés SAS Mazars Metz SAS Mazars Pontarlier SARL Mazars SPCC SAS Mazars Fiduco SA Mazars Dijon SARL CBA Mazars Experts et Conseils Mazars Rodez
GERMANY	Mazars GmbH Wirtschaftsprüfungsgesellschaft
GREECE	Mazars Certified Public Accountants Business Advisors S.A.
HUNGARY	Mazars Kft.
IRELAND	Mazars
ITALY	Mazars Italia S.p.A. Mazars Audit & Consulting S.r.l. P.A.S.S.
KOSOVO	Mazars in Albania
LATVIA	Taxlink Audit*
LITHUANIA	Taxlink Audit*
LUXEMBURG	Mazars Luxembourg
MALTA	Mazars Malta
NETHERLANDS	Mazars Paardekooper Hoffman N.V. Mazars Paardekooper Hoffman Accountants N.V.
NORWAY	Masars Revisjon AS
POLAND	Mazars Audyt Mazars Expertise
PORTUGAL	Mazars & Associados, SROC, SA
ROMANIA	Mazars Romania SRL
RUSSIA	Mazars JSC Mazars Audit LLC
SLOVAKIA	Mazars Slovensko, s.r.o.
SPAIN	Mazars Auditores S.L.P.
SWEDEN	Mazars SET Revisionsbyrå AB
SWITZERLAND	Mazars SA, Siège de Genève Mazars SA, Genève, succursale de Lausanne Mazars SA, Genève, succursale de Fribourg Mazars SA, Genève, succursale de Zürich Mazars SA, Genève, succursale de Sion
TURKEY	Denge Bağımsız Denetim
UKRAINE	Mazars Ukraine, LLC Audit firm Mazars Ukraine
UNITED KINGDOM	Mazars LLP Mazars Channel Islands Limited

NORTH AMERICA

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

LATIN AMERICA & THE CARIBBEAN

Country	Name of entity
ARGENTINA	Estudio Urien S.R.L.
BRAZIL	Mazars Auditores Independantes Sociedade Simples Mazars Rio de Janeiro Mazars Campinas Mazars Curitiba
CHILE	Mazars Audaitores Consultores Ltda.
COLOMBIA	Mazars Colombia SAS
DUTCH WEST INDIES	MPHC Accountants & Advisers N.V.*
ECUADOR	Hansen-Holm*
MEXICO	Mazars Auditores, S. de R.L. de C.V. Mazars Mexicali, S. de R.L. de C.V. Mazars Guadalajara, S. de R.L. de C.V.
PERU	Contreras y Asociados S.Civil de R.L
URUGUAY	Mazars Uruguay
VENEZUELA	Adrianza, Rodríguez, Céfalo & Asociados, Contadores Públicos - Consultores Gerenciales Mazars Venezuela

MIDDLE EAST

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

*Correspondent firms

OUR UNIQUE BUSINESS STRUCTURE

STAKEHOLDERS MAP

OUR GLOBAL 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.

The three key sectors we have identified are:

Financial Services;

Industry, Services and Public Sector;

Entrepreneurial Businesses.

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

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

In 2019, we will also finalize the creation of 5 regional platforms: Europe, Asia-Pacific, Africa & the Middle East, Latin America and the Caribbean, and North America. Europe will include 4 clusters: Northern, Central, Southern and Western Europe. Africa will include 3 or 4 clusters.

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

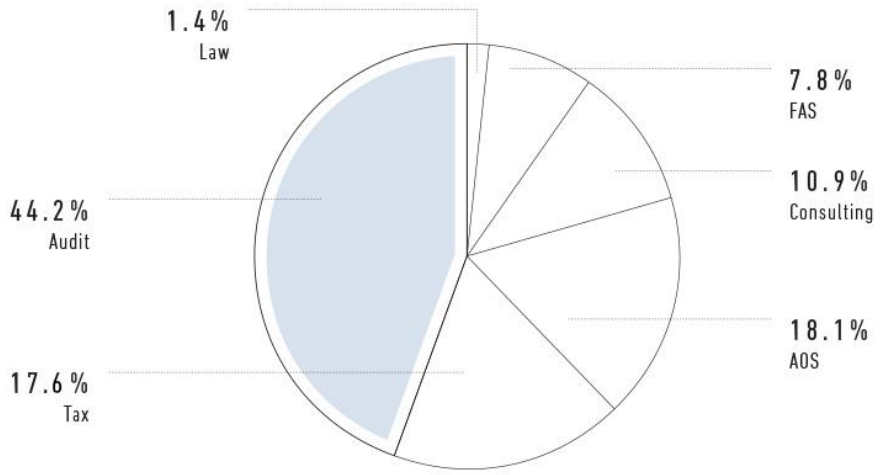
This structure ensures coordination of member entities within the Mazars Group. Our integrated international structure permeates every aspect of our operations:

- 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.

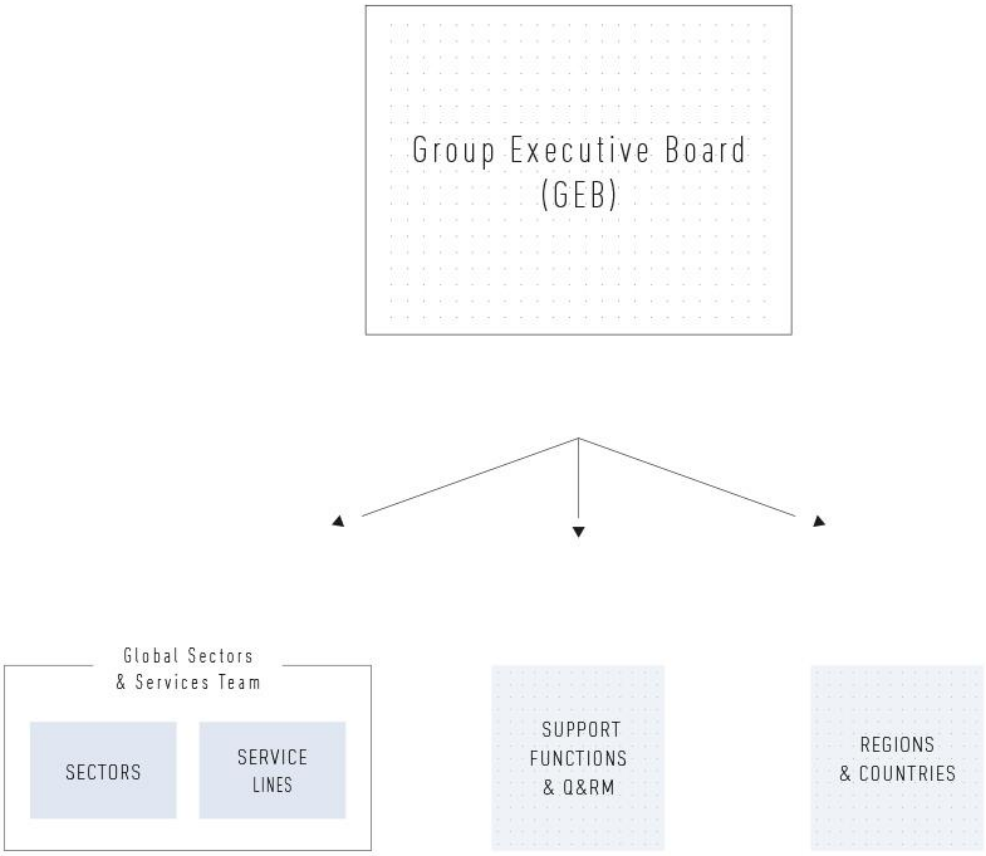
- each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to the client;
- partners and the national member entities in which they work are linked by a series of agreements 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.

TURNOVER OF THE MAZARS GROUP IN 2017-2018



OUR OPERATIONAL ORGANISATION



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 2018, Mazars SET Revisionsbyrå is owned by 32 partners. In addition there are 12 local partners (salary partners) and around 280 professionals working in 15 offices across Sweden. The 32 partners in Mazars SET Revisionsbyrå are shareholders in Mazars Scrl, in Belgium. Mazars Skatt is owned by 3 internationl partners.

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

Mazars is one of the founding members of the Praxity network which employs more than 40,000 professionals in over 100 countries.

Our approach to operating in Sweden

The activities are organized in the following business segments;

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

The turnover of Mazars SET Revisionsbyrå 2017/18 can be summarized as follows:

Business segments	**2017/18**
Audit	26,3 M€
Accounting	6,8 M€
Corporate Finance	0,1 M€
GRIC	0,2 M€
Tax	1,7 M€

Mazar SET Revisionsbyrå's income divided in different client segments:

Client segments	**2017/18**
Audit public Interest Entities	0,57 M€
Audit other companies	25,77 M€
Other income from audit clients	0,07 M€
Other income from other clients	8,7 M€

A list of the Public Interest Entities in respect of which Mazars SET Revisionsbyrå has expressed an audit opinion in 2017/18 is set out in Appendix 1.

LEADERSHIP & 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.

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 Cannes in December 2018.

THE GROUP EXECUTIVE BOARD

The Group Executive Board ("GEB") is Mazars' executive body. It is in charge of operational management of the partnership with regards to collectively-defined key strategic objectives, under the supervision of the Group Governance Council. It focuses first and foremost on pursuing and accelerating growth, while ensuring the quality and sustainability of our activities. The GEB may comprise between three and nine members. As at August 31st, 2018 there were nine members of the GEB. The current GEB was elected in December 2016 and with an election every four years, the next one is due in 2020.

The GEB is supported in its role by:

- 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.

As at 31 August 2018, the GEB was composed of:

France

PHILIPPE CASTAGNAC
Chairman of the Group
Executive Board

France

HERVÉ HÉLIAS
CEO of the Group

Spain

ANTONIO BOVER
Member of
the Group Executive Board

United Kingdom

RUDI LANG
Member of
the Group Executive Board

Germany

CHRISTOPH REGIERER
Member of
the Group Executive Board

China

WENXIAN SHI
Member of
the Group Executive Board

Netherlands

TON TUINIER
Member of
the Group Executive Board

United Kingdom

PHIL VERITY
Member of
the Group Executive Board

United States

VICTOR WAHBA
Member of
the Group Executive Board

Biographies of the members of the GEB are available at www.mazars.com/GEB

THE GROUP GOVERNANCE COUNCIL

Elected for the same term as the GEB, the Group Governance Council ("GGC") is the Group's supervisory body. The GGC has decision-making powers in three specific areas as set out in the partnership's Charter of Association: the approval of partnership candidates and external growth operations; the compensation of the members of the Group Executive Board; the approval of disciplinary action decided by the latter.

The GGC is required to meet at least every four months. It may comprise between eight and sixteen members including two non-executive independent members; as of August 31st 2018, 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 Ireland.

As at 31 August 2018 the Group Governance Council was composed of:

United Kingdom

TIM HUDSON
Chair

France

THIERRY BLANCHETIER
Vice-chair

United States

KATHRYN BYRNE

France

JULIETTE DECOUX

France

FABRICE DEMARIGNY

India

BHARAT DHAWAN

United States

DENISE FLETCHER
Independent member

Singapore

CHRIS FUGGLE

Germany

GREGOR KUNZ

South Africa

MICHELLE OLCKERS

China

LIWEN ZHANG

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.

Bengt Ekenberg, Michael Asplund, Åsa Thelin, Michael Olsson, Tomas Ahlgren, Madeleine Bratt

The Board of Directors in Sweden

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 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/compliance-function, 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.

OUR COMMITMENT TO QUALITY, OBJECTIVITY & INDEPENDENCE

TECHNICAL EXCELLENCE AND QUALITY MANAGEMENT CULTURE

The success of an organization is all about values and DNA, two key topics I would like to specifically underline this year.

First, the development of the partnership and stewardship culture has always been high on Mazars' agenda. It is monitored twice a year, via our Country Forums, one of which is held regionally, the other globally. They bring together all country managing partners.

In terms of measurement of progress, this topic is also part of the inspection program, globally coordinated, and is progressively being expanded to all service lines.

In addition, regional boards and associated resources, including technical ones, have recently been implemented in order to roll out our Tone at the Top to all the partners, directors and senior managers in our Partnership.

This year, we have specifically launched new e-learning modules on Ethics and « introduction to audit », which highlight the public interest role of audit. We have also designed a global Code of Conduct, which has been implemented since the end of 2018, to further embed the key dimensions of the Mazars culture.

Second, we are reinforcing our coordination throughout the partnership, with an action plan to increase consistency across Europe and beyond.

Last year, we concluded the first part of our journey through innovation, increased expertise and rigorous methodologies, to create more shared value and more trust in our business ecosystem, via excellence and ethics in all our activities. We will continue on that path.

Mazars is playing its full part in steering change. Not only in the audit debate, but also in the continuous improvement of methodologies and tools, for the consistent development of our people's technical excellence and quality management skills.

We ensure consistency in how people are trained and what they are trained on, invest in new tools for the delivery of "augmented services". We thus hope to be in a better position to keep attracting talent (current or future) into the profession.

We continued to progress on trainings for all staff throughout our partnership, on the Root Cause Analysis in the major countries that were inspected in 2018, and on building action plans to make sure the root causes that have been identified are properly addressed and monitored.

The Quality & Risk Management board's mission is to foster this sustainable development, in close interaction with regulators and stakeholders, and to contribute to the works of international accounting, tax and audit bodies. The Q&RM board assumes responsibility for quality control, training, and the regular assessment and consistent development of Mazars' partners and staff.

J E A N - L U C B A R L E T

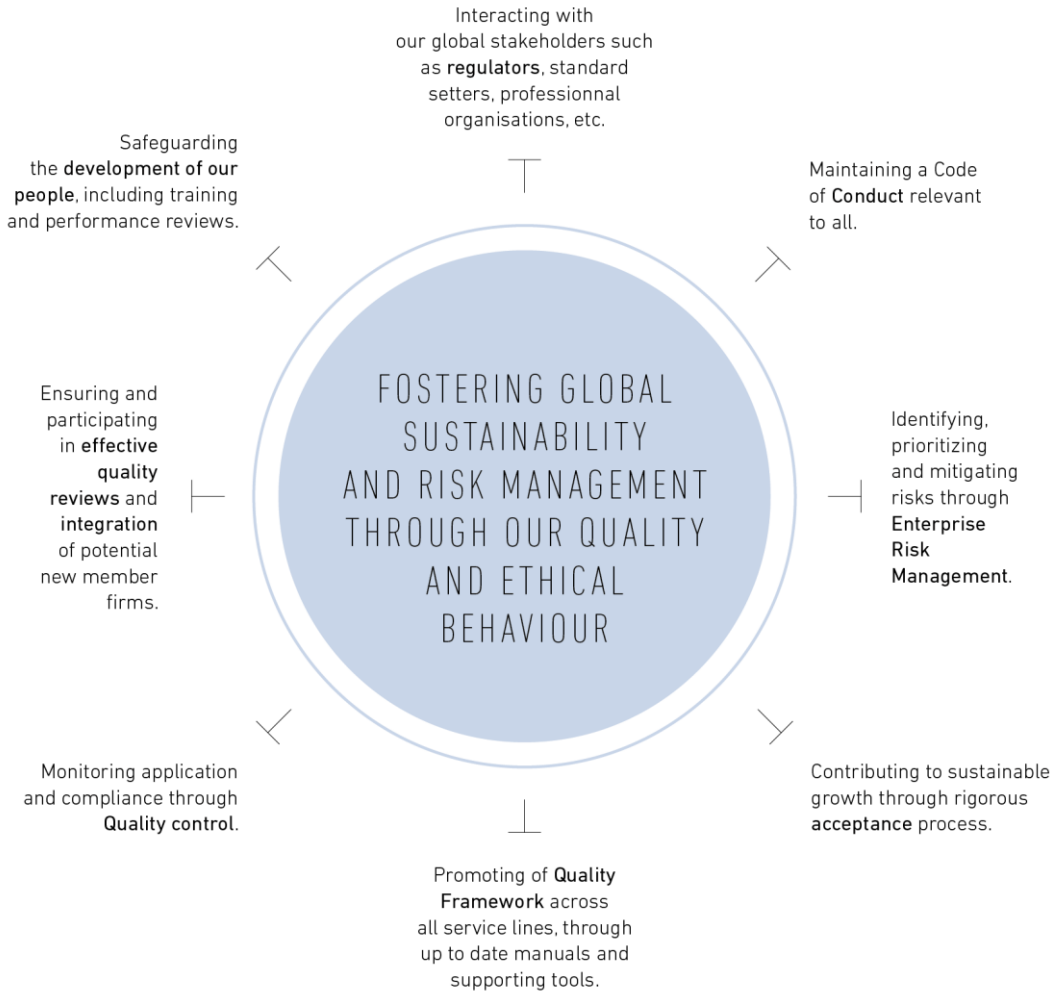
Mazars Group Chief Compliance Officer

-

MAZARS IS THE AUDITOR OF MORE THAN 1,700 PUBLIC INTEREST ENTITIES WORLDWIDE, INCLUDING 900 IN THE EUROPEAN UNION

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

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



DELIVERING AUDIT QUALITY

Delivering and improving audit quality is one of our daily priorities. The public interest is at the heart of everything we do and we continuously strive to update and enhance our tools and methodologies, as we believe it benefits our entire ecosystem. We invest time in understanding and participating in the evolution of quality within the profession, quality recommendations and themes of regulatory inspections, and improving the skills and knowledge of our professional staff. We are continually raising our expectations of what audit quality is as we believe this is something that is constantly evolving.

OUR APPROACH, OUR TOOLS AND OUR METHODOLOGY

Mazars' Audit Manifesto

We challenge ourselves to make our audit and assurance offerings relevant, bring value to companies and their many stakeholders and have our assignments delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continues to be at the heart of Mazars' business in the year ended 31 August 2018, 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 GEB is ultimately responsible for ensuring the delivery of technical excellence across all our service lines and this responsibility includes oversight of the quality monitoring processes within the Mazars organization, including in relation to audit quality.

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

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

The executive of each member entity is thus responsible for the implementation of the quality monitoring systems. This quality monitoring system applies both to member and correspondent firms.

Our Audit Quality Assurance framework

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

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

Mazars is also a member of IFAC's Forum of Firms ("FoF"), an association of international networks of accounting firms that perform transnational audits.

As members of the FoF we commit to:

- maintaining 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;
- conducting, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- implementing 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;

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

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

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

This Framework covers the following:

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

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

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

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

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

Our compliance with the Quality Assurance Manual is monitored through internal and external inspections. Monitoring of audit quality is integral to maintaining and improving quality in our profession. It allows the 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 skepticism in our audits.

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

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

Additional training and tools have been developed in the year to further enhance the skills of our team in this area to drive quality in their work.

This was supported by further training and tools to aid the understanding and testing of our clients' IT environments.

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available.

The QAM details the circumstances when there is a mandatory requirement to consult within the firm.

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

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

Monitoring audit quality

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

Engagement quality control reviews (EQCR)

An EQCR is required to be performed on all audits of listed 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.

-

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

-

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

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;

1. Leadership responsibility for quality within the firm;
2. Relevant ethical requirements: Integrity, independence;
3. Acceptance and Continuance of client relationships and specific engagements;
4. Human Resources; competent staff, professional development and monitoring and governance;
5. Engagement Performance; consistently applied audit methodology, firm-wide policy documents and procedures; and
6. Monitoring; quality controls

Management's responsibility for quality is implemented in our Quality Manual. During the year we have worked on translating and modifying the Mazars Quality Assurance Manual (QAM) to Swedish circumstances (cultural differences, firm organization and specific national rules and guidelines) and as from October 2018, 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.

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. The results of such reviews are communicated to the IQCC.
-

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

Entities are required to communicate internally the results of their audit quality monitoring reviews to their Executive, partners and audit managers.

This communication is provided in sufficient detail to enable the necessary corrective measures to take place, both for the particular partner in question, and the overall level of the entity.

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

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

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

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

THE APPROACH TO QUALITY CONTROL AND THE QUALITY CONTROL REVIEWS IN SWEDEN

Quality control system

Internal quality control

The internal quality control within Mazars SET Revisionsbyrå 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 a 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 of time.

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

Mazars regularly conducts system reviews of the member firms. A thorough review of Mazars SET Revisionsbyrå was performed in 2016. 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 consistently high standard and that reports issued by the firm are appropriate. As a consequence of the criticism from the Swedish Inspectorate of Auditors (*Sw: Revisorsinspektionen*) related to earlier years we have implemented an improvement program which have led to enhanced quality.

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 purport 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.

In June 2017 the Swedish Inspectorate of Auditors continued their inspection of Mazars SET Revisionsbyrå and as a consequence thereof opened a disciplinary matter. In February 2018 the Inspectorate gave Mazars SET Revisionsbyrå AB a warning as a disciplinary sanction. As a consequence of the warning, action programs have been introduced where routines and processes are reviewed, and training has been intensified. Further, the level of internal financial sanctions has been increased. The fact that we have received a warning shows that we need to continue our quality improvement work.

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

Our contribution to the profession

We believe that the voice of the audit profession brings value to the standard setting process. As a consequence, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example: Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as IFAC and is committees and boards, FEE, EAIG, PCAOB, IASB; actively participates in the working group of their international bodies; its entities are active in the professional and auditing 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 ethics

FAR; member of the audit quality board

FAR; member of disciplinary board

FAR; deputy of the nomination committee

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 consultants. FAR plays a leading role in the development of professional standards, education and information for the accountancy profession in Sweden.

ENSURING OUR OBJECTIVITY & 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.

POLICIES, PROCEDURES AND TOOLS

Our Code of Conduct for Objectivity and Independence

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

Responsibility for maintaining objectivity and independence

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

Systems to safeguard our objectivity and independence

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

ACCEPTANCE AND CONTINUANCE OF AUDIT ENGAGEMENTS

Procedures that require an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and conflicts of interest.

ADDITIONAL SERVICES

The provision of additional services to an audit client is subject to prior authorisation from the lead audit partner and, in some cases, the Head of Ethics.

In certain circumstances this provision is also subject to authorization by the client's audit committee, for example when required by auditing standards or when the client has put in place procedures for the prior approval of non-audit services by the auditor.

NON AUDIT SERVICES TO AUDIT CLIENTS

A complete list of non-audit services rendered to audit clients must be maintained.

For group audits, this list must be set out in the instructions circulated by the audit co-ordination team.

ANNUAL DECLARATION OF INDEPENDENCE

All Partners and staff are required to provide an annual declaration of their independence. In this respect:

- The following are not allowed to hold a direct or material indirect financial interest in an audit client:
    - the partners working on the engagement and their immediate family and team members,
    - the other partners in the office (and their immediate family) in which the engagement partner practices in connection with the audit engagement,
    - other partners and managerial employees in the office (or their immediate family members) providing non-audit services to an 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;
- Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (for example beyond normal financial relations with a banking or other credit institution audit client).

MANDATORY ROTATION

In relation to audits of Public Interest Entities (PIEs), the audit partner is required to rotate after seven years (or more frequently if required by local regulations) and to not return to the audit team for at least two years (or longer is required by local regulations). Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The executive of a member entity ensures appropriate allocation of Partners to audit engagements and an annual review of appointments takes place.

TRANSPARENCY OF INFORMATION

All Mazars staff have access to a list of our audit clients subjected to specific ethical requirements.

TRAINING

All audit staff are required to undertake training on the Mazars Group and of the relevant member entity's ethical rules and procedures.

CONSULTATION

Audit staff and partners are encouraged to consult with experts on technical matters, ethics and other areas where necessary.

LIMITS ON CLIENT FEES

Limits on client fees are imposed in order to avoid financial dependence on one or several clients.

IMPACT OF AN IDENTIFIED THREAT TO INDEPENDENCE

Clear rules regarding conflicts of interest have been communicated.

Where there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented.

PERFORMANCE BASED REMUNERATION

The Mazars Group has adopted a method of remunerating Partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics).

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

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

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate, in compliance when applicable with the domestic transposition of the European Directive on Statutory Audit or of the IESBA Code of Ethics. This rotation reduces the risk of "closeness" to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of partner responsibilities on recurring audit engagements and major special engagements is decided by the entity's Executive Committee and ensures that partners have the ability to effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the partner's situation or when any difficulties have been encountered. In the rare case of disagreements with the technical department's positions, the Executive Committee is called upon to arbitrate. The two-partner team in charge remains the final decision maker within the context of the organisation'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.

The 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 quality control 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 Compliance officer 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 Revisionsbyrå's 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.

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, 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 ong-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, for example, Mazars has made great efforts to innovate in its recruitment process. We have many awards for both the creativity and results of such initiatives. Key projects include:

Mazars 360°: encouraging transparency of the employee experience through virtual reality;

Nothing to Hide: a free website for young grads who wish to “audit” their online footprint to ensure that it is professional;

Looking for Talent: an engaging interactive video for young grads to send their CVs.

Long-term Education & Training

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

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

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

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

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

a general technical skills syllabus to be followed by all staff. For audit staff, for example, the objective of this programme is to encourage each staff member’s development and expertise in auditing

standards, accounting standards, corporate governance standards, auditing techniques and engagement management principles; and which can be complemented by external seminars;

a sector-specific syllabus, particularly for insurance, banking, the public sector and technology;

a soft skills syllabus to be followed by level of seniority, focused on the areas of communication, team management, innovation, and client care.

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

The Next MBA

In the area of executive education, Mazars has innovated a new model of education for senior leaders. Mazars created The Next MBA, which is a 6-week Executive MBA on cutting-edge business topics ranging from client-centric marketing to digital disruption, talent management to sustainable strategy. 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 organisation, we recognize that gaining international experience is an important element in the development of our teams and leaders.

Mazars employees wishing to enhance their careers with an international experience may choose from a range of strategic mobility opportunities, such as:

short-term assignments are available through our "MOVE" programme, in which high-potential Seniors and Managers can work abroad on two to six months projects;

longer-term high-level projects ranging from three to five years in length;

permanent transfers. These programmes play a key role in the flow of ideas with other member entities of the Mazars Group.

Improve the Diversity of our Talents

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

Gender Diversity

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

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

Our involvement is carried out through various actions of raising awareness internally, developing an internal female network through a collaborative platform of discussions and a programme to identify female talents who will benefit from specific support and development action plans. Since Mazars' annual Partners' Conference in Istanbul in 2014, key steps and objectives have been set out.

A steering committee was set-up and Gender Diversity is championed by Antonio Bover, GEB member and Managing Partner of Mazars in Spain. Antonio is helped by a committee composed of a representative variety of partners, numbering 2/3 of female partners and 1/3 of male partners, but also managers and support functions.

Focus is on significantly increasing the number of female partners and executives among our firm by 2020. Our 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 yearly leadership seminar is held: the Women Leaders @ Mazars Seminar was held in September 2016, 2017 and 2018. This seminar covers a wide variety of topics all essential for the growth and development of high potentials: mentoring, coaching, leadership, public speaking, empowerment, business development…

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

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

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

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

Modern Work Environments & Codes

We continue to promote a strong organisational culture of wellness and health which ensures that Mazars remains an employer of choice. The financial auditor or consultant trades are demanding 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 revolutionising their work places with more collaborative work space combined with digitalized tools. The design offers a more human-centric approach and enables our staff and partners to create the spaces they need to work best.

At the same time the managerial codes have changed, from “command and control” to co-developing solutions. We want our staff to participate in generating and implementing new ideas – from our internal processes to our client offers.
Therefore, we have made many efforts to both help managers encourage staff to speak up through education and training, as well as develop new tools and processes to support them in this. One tool to be highlighted is BIM – Mazars’ Idea Box, which is an App where Mazarians can propose their ideas, 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.

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.

“TOWARDS A MORE HUMAN-CENTRIC APPROACH”

FOSTERING EXCELLENCE IN OUR PEOPLE IN MAZARS SET REVISIONSBYRÅ

The average number of team members during 2017/2018 was as follows:

Total staff*	232
Full time staff	216
Partners	32

*Tax staff and Partners are employed in separate entities.

Tailored structure

We have developed a structure which we feel best fits the needs of our staff and the goals of the firm. Our goal in Sweden is to make sure that all employees get the right kind of education so that they can become Certified Accountants and Certified Accounting Consultants. The Swedish Inspectorate of Auditors’ new education and examination regulations took effect on July 1, 2018. The new recommendation is something Mazars is going to implement in its structure of training.

MAM education for all

This year we have carried out MAM-education for all audit employees. A mandatory MAM training took place on several occasions at our different offices. It was also recorded for the ones that could not attend. MAM-training was also included in our education of new employees.

Wider choice

We all learn in different ways, so increasing the number of ways in which we deliver our training is paramount to successful development. As such we are investing more time to deliver courses in a wider range of formats including digital content, residential work-shops, and on-the-job coaching. Employees can then receive the training they want in the format that best suits their learning style.

Audit staff – delivering technical excellence

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

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

APPENDIX 1

Appendix 1: 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, 2017 to August 31, 2018):

Shares:

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

Other securities:

- Kvalitena AB
- 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, 2017 to August 31, 2018):

- Ekobanken
- Sparbanken Tranemo
- Mjöbäcks 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, 2017 to August 31, 2018):

- Sweden RE – branch to SCOR Global Life Se
- Erika FörsäkringsAB
- Bohlinsgruppen i Sverige Försäkring AB

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

APPENDIX 2

MAZARS SET REVISIONSBYRÅ'S 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.

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.

On the basis of 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.