

## IFIAR 2023 Member Profile – H3C

1. Jurisdiction	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>France</p>
2. Member <sup>1</sup>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Haut conseil du commissariat aux comptes (H3C) / High Council for Statutory Audit</p>
	<p><b>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member's website:</b></p> <p>104, avenue du Président Kennedy 75016 Paris FRANCE Tel.: +33 1 80 40 75 00 Email: <a href="mailto:secretariat@h3c.org">secretariat@h3c.org</a> Website: <a href="http://www.h3c.org">www.h3c.org</a></p>
	<p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p>The H3C is a high-level independent public authority, created by the <i>Loi de Sécurité Financière</i> (Financial Security Law) on 1st August 2003. The role and responsibilities of the H3C over the audit profession in France are defined and set out by law and decree in the <i>Code de commerce</i> (Commercial Code).</p> <p>The mission and responsibilities of the H3C, set out in Article L. 821-1 of the Commercial Code, cover the following fields:</p> <ul style="list-style-type: none"> <li>➤ Registration of statutory auditors, including third country auditors and audit firms, and the maintenance of registration lists;</li> <li>➤ Adoption of standards relating to audit, ethics, and internal controls, as well as professional best practices;</li> </ul>

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<ul style="list-style-type: none"> <li>➤ Definition of the general guidelines and various fields for continuing education, as well as overseeing their compliance by statutory auditors;</li> <li>➤ Inspections: definition of the framework and guidelines for inspections, conduct of PIE and non-PIE auditor inspections (possibility to delegate certain non-PIE inspections), with the ability to issue recommendations in the follow-up of inspections;</li> <li>➤ Decisions on specific individual matters relating to the audit mandate and threshold of audit fees for non-audit services;</li> <li>➤ Enforcement: conduct of investigations and adoption of sanctions;</li> <li>➤ Hearings on audit fee disputes;</li> <li>➤ Cooperation with EU and non-EU counterparts;</li> <li>➤ Market monitoring of PIE statutory audits in France.</li> </ul> <p><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></p> <p> <input type="checkbox"/> Licensing  <input checked="" type="checkbox"/> Registration  <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting  <input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors  <input checked="" type="checkbox"/> Inspection  <input checked="" type="checkbox"/> Enforcement  <input checked="" type="checkbox"/> Other: <u>Market monitoring</u> </p>								
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</b></p> <p>The H3C Board is composed of 14 members who are appointed by decree for 6-year terms, as set out in Article L. 821-2 of the Commercial Code:</p> <p><b>Four magistrates:</b></p> <table border="0"> <tr> <td>- a member of the <i>Cour de cassation</i> (French Supreme Court) who chairs the <i>Haut Conseil</i> ("Chair of the Board")</td> <td>- Ms. Florence PEYBERNÈS</td> </tr> <tr> <td>- two magistrates of the judicial order, one of whom chairs the Disciplinary Board formation</td> <td>- Mr. Xavier BLANC (Chair of the Disciplinary Board)</td> </tr> <tr> <td>- a member from the <i>Cour des comptes</i> (French National Audit Office)</td> <td>- Ms. Marie-Laure BÉLAVAL</td> </tr> <tr> <td></td> <td>- Mr. Thierry VUGHT</td> </tr> </table>	- a member of the <i>Cour de cassation</i> (French Supreme Court) who chairs the <i>Haut Conseil</i> ("Chair of the Board")	- Ms. Florence PEYBERNÈS	- two magistrates of the judicial order, one of whom chairs the Disciplinary Board formation	- Mr. Xavier BLANC (Chair of the Disciplinary Board)	- a member from the <i>Cour des comptes</i> (French National Audit Office)	- Ms. Marie-Laure BÉLAVAL		- Mr. Thierry VUGHT
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	<p>The Chairman of the <i>Autorité des marchés financiers</i> (AMF - French Financial Markets Authority) or his representative</p> <p>The Chairman of the <i>Autorité de contrôle prudentiel et de résolution</i> (ACPR - French Prudential Supervision and Resolution Authority) or his representative</p> <p>The Director-General of the Treasury Department of the Ministry of Finance or his representative</p> <p>A university professor specialized in legal, economic or financial matters</p> <p><b>Four experts in economic and financial matters:</b></p> <ul style="list-style-type: none"> <li>- in the field of public offerings and entities whose securities are admitted to trading on a regulated market,</li> <li>- in the field of banking and insurance</li> <li>- in the field of SMEs, private entities with an economic activity and non-profit associations</li> <li>- in the area of national and international accounting matters</li> </ul> <p><b>Two former statutory auditors:</b></p> <p>A Government Commissioner, the Director of Civil Affairs or his/her representative, sits on the Board with consultative powers.</p> <p><b><u>H3C Executive Officers :</u></b></p> <p>Chair of the Board : Ms. Florence PEYBERNÈS</p> <p>Director General : Mr. Eric BAUDRIER</p> <p>Head of Enforcement / <i>Rapporteur Général</i>: Mr. Thierry RAMONATXO</p>	<p>- Ms. Marie-Anne BARBAT-LAYANI</p> <p>- Mr. François VILLEROY DE GALHAU</p> <p>- Mr. Emmanuel MOULIN</p> <p>- Ms. Bénédicte FRANÇOIS</p> <p>- Ms. Florence VINCENT</p> <p>- Mr. Gérard GIL</p> <p>- Mr. Olivier DE LA CHEVASNERIE</p> <p>- Ms. Marie-Pierre CALMEL</p> <p>- Mr. Jean-Jacques DUSSUTOUR</p> <p>- Mr. Yves NICOLAS</p>
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	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</b></p> <p>The composition requirements for the H3C Board are as set out above and within Article L. 821-2 of the Commercial Code. The Board members are subject to a 3-year cooling-off period prior to their appointment from having conducted any statutory audit activities, or having held any voting rights, or having taken part in the administrative or supervisory body or having been employed by an audit firm (<i>Article L. 821-3(I) of the Commercial Code</i>).</p> <p><b>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>There is a recusal process through various safeguards against conflicts of interest. These are implemented through French laws and regulations, such as the Commercial Code and the H3C internal regulations. Article L821-3 requires a 3-year cooling-off period. It is also set out under French law that no Board member may deliberate on any matter which could lead to a conflict of interest.</p>
<p><b>4. Independence safeguards</b></p>	<p><b>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</b></p> <p>French law n°2017-55 of 20 January 2017 sets up a general statute for independent public authorities. Two of its provisions ensure the independence of the members of the H3C Board:</p> <ul style="list-style-type: none"> <li>- Article 9 (members exercise their functions with dignity, probity and integrity ; they ensure that any conflict of interest is prevented or immediately terminated ; they do not receive or seek instructions from any authority in the exercise of their functions),</li> <li>- Article 12 (members may not sit if they have an interest, or had an interest during the three preceding years, within a firm concerned by the deliberation ; if they exercise functions, or have exercised functions during the three preceding years, within a firm</li> </ul>

	<p>concerned by the deliberation ; if they represent, or have represented during the three preceding years, one of the parties).</p> <p>More, a procedure to ensure the independence of the members of the H3C Board is set up by the H3C rules of procedure:</p> <ul style="list-style-type: none"> <li>- Article 1.1.4 (the members of the H3C Board shall exercise their functions in complete independence, without bias of any kind, or desire to promote any particular interest),</li> <li>- Article 1.1.7 (the members of the H3C Board shall not solicit or accept, for themselves or for third parties, any advantage which could influence or appear to influence their independence, their impartiality or the way in which they exercise their functions).</li> </ul> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input type="checkbox"/> Same set of requirements    <input checked="" type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <p>Article 3.2.1 of the H3C rules of procedure provides that prior to the appointment of the Director General of the H3C, the Chair of the H3C examines whether the activity exercised by the nominee before his appointment may call into question the independence or neutrality of the H3C.</p> <p>A procedure to ensure the independence of the H3C staff is set up by the H3C rules of procedure:</p> <ul style="list-style-type: none"> <li>- Article 3.3.5 (declaration to the ethics referent of the H3C of any situation that may to affect the independence or the objectivity),</li> <li>- Article 3.3.8 (no acceptance of any advantage that may exert an influence on the independence and impartiality),</li> <li>- Article 3.3.10 (no interests that may compromise the independence in an entity whose activity is related to the missions of the H3C),</li> </ul> <p>Article 3.3.18 (inspectors sign a declaration of independence vis-à-vis the inspected audit firm and undertake, for a period of one year following the end of the inspection, not to not accept, directly or indirectly, from the inspection audited firm, a position of manager or employee or to be a partner or shareholder).</p> <p><b>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
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	<p><b>If yes, please describe:</b></p> <p>Article 1.1.8 of the H3C rules of procedure provides that former members of the H3C Board may not carry out any activity for the firms they were in contact with within the exercise of their functions, for a period of three years from the termination of their functions. This provision is criminally sanctioned (Article 432-13 of the French Penal Code).</p> <p>H3C staff is binding by the same rules and sanctions.</p>
<b>5. Funding Arrangements</b>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</b></p> <p>The H3C is financially independent and adopts its budget on the basis of a proposal from the Chair of the Board. The funding arrangements of the H3C, as well as the fee levels, are set out under Art. L821-5 and Art L821-6-1 of the Commercial Code which provide that proportional levies are collected from the audit profession.</p>
	<p><b>5.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>The H3C funding system and fee levels are fixed by law and decree.</p>
<b>6. Audit Market</b>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</b></p> <p>The term "auditor" used below encompasses both individuals and audit firms. Figures are those of the 2021 H3C annual report published in May 2022.</p> <p>Number of audit firms: 6.411 in total Number of individuals auditors: 11.448</p> <p><b>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member's jurisdiction.</b></p> <p>In 2021, the 5 largest networks (Big 4 + Mazars) in France held 24,8% of the engagements (total PIE and non-PIE) and 67,2% of the PIE audit engagements in France (Source : H3C 2022 market monitoring report).</p>

<b>7. Inspection System</b>	<b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b>  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b>  <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight  <p>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</p> <p>The H3C has a dedicated team to the inspection of the PIE audit firms (ie. audit firms with at least one PIE engagement). For non-PIE audit firms, the H3C has the responsibility for the inspections and may delegated in their performance to the professional body or may decide on H3C direct inspection of a non-PIE audit firm at any moment, for any reason.</p>
	<b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b>  <p>The 5 largest audit networks operating in France are inspected on an annual or biennial basis. Other PIE audit firms are inspected at least one time every 3 years (or 6 years for smaller firms), and non-PIE audit firms are inspected at least one time every 6 years. Due to a risk bases approach, the periodicity of inspection can be increased if necessary.</p>
	<b>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</b>  <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> Employees of the Member   <input type="checkbox"/> Third Parties         </div> <div style="width: 45%;"> <input checked="" type="checkbox"/> Professional body   <input type="checkbox"/> Other         </div> </div> <p>Please explain below:</p>

	<p>The H3C employs its own inspection staff, for the performance of PIE and certain non-PIE audit firms inspections. A large part of non-PIE audit firms inspections is delegated to the professional body under H3C supervision.</p>
<b>8. Licensing</b>	<p><b>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</b></p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p>
<b>9. Registration</b>	<p><b>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>The H3C is legally responsible for the registration of statutory auditors and audit firms, including third country auditors, as well as the maintenance of the registration lists. H3C dedicated staff is in charge of preparing the H3C decisions.</p>
<b>10. Audits and/or Ethics Standard Setting</b>	<p><b>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a</p>



	<p><b>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The H3C holds the responsibility for the adoption of standards relating to audit, ethics and internal controls, as well as professional best practices, which are officially approved by the Minister of Justice.</p> <p>The H3C Board adopts, under Article L. 821-1 of the Commercial Code, the auditing, ethics and internal control standards. A commission established alongside the H3C and composed of an equal number of H3C Board members and statutory auditors is in charge of the preparation of the draft standards. Yet, the commission does not have any decisional authority nor control authority. The decisional and control authority for the adoption of the standards lies on the H3C Board.</p>
<b>11. Permanent Education / Continuous Training of Auditors</b>	<p><b>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The H3C is responsible for defining and ensuring compliance with the general policies relating to continuing education. The monitoring of continuing education of auditors have been delegated to the National Company of Statutory Auditors (<i>Compagnie nationale des commissaires aux comptes</i>, CNCC).</p>
<b>12. Enforcement</b>	<p><b>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p><b>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</b></p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description</b></p>

	<p><b>of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The H3C Enforcement division, led by a <i>Rapporteur Général</i> (Head of Enforcement), is responsible for investigations conducted on statutory auditors and audit firms. The H3C Board, through its Disciplinary Board (<i>Formation restreinte</i>), may adopt sanctions against statutory auditors and their audited entities.</p>
<b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b>	<p><b>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</b></p> <ul style="list-style-type: none"> <li>- The H3C, through the “Bureau” formation, may adopt decisions on individual cases on specific matters relating to the duration and starting date of the audit mandate and threshold of audit fees for non-audit services;</li> <li>- The H3C, through the dedicated Board formation, is the appeal body for audit fee disputes;</li> <li>- The H3C is responsible for monitoring of PIE statutory audits market as set out under Article 27 of the EU Regulation 537/2014.</li> </ul> <p>The H3C may also be called upon to provide its input and comments on various audit-related matters, including on draft legal texts with regards audit supervision.</p>
<b>14. Main Other Responsibilities of the Member outside the area of Audit Oversight or Audit Regulation</b>	<p><b>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</b></p> <p style="text-align: center;">N/A</p>
<b>15. Member Update for public information (if any)</b>	<p><b>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</b></p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>