

Global transparency report 2020

June 2020



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Foreword



The world looks very different from when we began preparations for this year's transparency report.

Business leaders from around the world had gathered in Davos for the annual World Economic Forum in January and talked of a clear shift to a more inclusive form of capitalism under the theme of 'stakeholders for a more cohesive and sustainable world'. There was a recognition that business should be more sustainable, focus on all its stakeholders and actively participate in helping to tackle the big challenges the world was facing.

As that meeting took place, reports of a new virus were emerging in Wuhan, China. As the months passed, we felt the full force of the humanitarian, economic and political impact of a global pandemic and witnessed change on an unimaginable scale. The pandemic is a challenge for every firm and every CEO in the network, as it is for leaders everywhere, as they deal with the operational and psychological challenges. Not least, the rapid acceleration of digital transformation which means the majority of the 56,000 people in the Grant Thornton network, like millions of others, are now successfully working remotely.

If the past few months have shown us one thing, it is the ability of businesses and people to adapt, at speed, when compelled to do so.

The mid-market business sector is often referred to as the engine of the global economy and is a priority for Grant Thornton, alongside the many larger and listed multinational companies we serve. We gain enormous insight through our role as advisors to these widely differing businesses and believe we have a responsibility to share these insights in a balanced and transparent manner to help influence public policy decisions. During this time of unique challenges and opportunities, we also believe we have a role to play in giving mid-market businesses a voice.

We also remain alert to potential intended and unintended consequences of regulatory changes and debate, such as the role of the audit and audit market structure reform in a number of countries, that may affect ambitious privately owned businesses and the mid-market business sector and restrict their access to high quality professional advice.

The business world needs a high performing profession now more than ever, and we will continue our relentless focus on quality and continue to represent the needs of clients in the debate surrounding regulatory reform.

In this report you can learn more about the progress we continue to make to improve processes and how we organise ourselves to help build a better, more sustainable future for all. We are committed to helping to shape a sustainable business environment, and work with our many stakeholders to build the business ecosystems of the future.

My hope is that the lessons we have learned during the past months are not forgotten as the world emerges to a new normal. The collective ability of governments, business and society to tackle the big challenges together will become even more critical and should give us all hope that we can reshape the world in which we operate.

Peter Bodin
CEO, GTIL

Governance and management

Grant Thornton International Ltd (GTIL) is a private company limited by guarantee, incorporated in England and Wales. It is a non-practising international umbrella entity that does not provide services to clients.

Grant Thornton member firms around the world deliver services to clients. References to 'Grant Thornton' in this report are to the brand under which the Grant Thornton member firms provide assurance, tax, advisory, outsourcing and other services to their clients, and/or refers to one or more member firms, as the context requires.

As of 1 January 2020, GTIL has more than 140 member firms. Each member firm is a separate legal entity. Membership in the global network does not make any firm responsible for the services or activities of other member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

Governance

Board of Governors

The Board of Governors (the Board) is the principal and overriding authority in GTIL. The Board exercises governance over GTIL and comprises the chair of the Board; the chief executive officer of GTIL (CEO); managing partners from the largest Grant Thornton member firms; managing partners elected or appointed from other Grant Thornton member firms that are not amongst the largest; and independent Board members. The Board aims for a reasonable balance of diversity and representation from different geographical areas, including emerging markets. The Board's responsibilities include:

- approving and providing input into the global strategic direction and policies
- overseeing the implementation of the global strategy
- overseeing membership matters (including approving new member firms, suspending the rights of a member firm, or expelling a member firm)
- appointing and setting the remuneration of the chair of the Board
- appointing, evaluating performance and setting the remuneration of the CEO
- approving the GTIL budget and member firm fees
- overseeing the financial health of GTIL
- overseeing global enterprise risk management
- overseeing the technology and innovation strategy
- overseeing general governance matters, such as the composition and performance of the Board.

Chair of the Board

The chair of the Board (the Chair) is a proactive role with a focus on ensuring that the Board functions as a coordinated group in support of the CEO to deliver on the global strategy. Judith Sprieser was appointed Chair as of 1 January 2020 for a term of three years, replacing Scott Barnes, who had served two terms of five years total. Judith is GTIL's first independent Chair. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board focused on the Grant Thornton network's global strategic development.

The Board of Governors as of 1 January 2020

- Peter Bodin, CEO
- Mauricio Brizuela, Mexico
- Vishesh Chandiook, India
- Robert Dambo, France
- David Dunckley, United Kingdom
- Martin Geh, independent
- Gagik Gyulbudaghyan, Armenia
- Emilio Imbriglio, Canada
- Anna Johnson, Sweden
- Aliza Knox, independent
- Kevin Ladner, Canada (observer)
- Michael McAteer, Ireland
- Brad Preber, United States
- Victor Sekese, South Africa
- Judith Sprieser, chair and independent
- Xu Hua, China
- Shigeyoshi Yamada, Japan

Independent Board members

Independent Board members bring a valuable external business perspective to the deliberations of the Board, add to the network's profile and increase Board transparency.

Independent Board members support the network's recognition of its public interest responsibilities and its attitude towards quality, risk management and governance, as well as the network's effectiveness in executing its strategic goals and market positioning. GTIL has processes in place to ensure that the appointment of independent Board members and their ongoing services are compliant with relevant independence rules.

In 2019, GTIL added two new independent members to the Board: Martin Geh and Aliza Knox. GTIL now has three independent Board members, which is the maximum allowable by our governing documents.

Standing committees

There are seven standing committees with authority and powers for certain matters as delegated to them by the Board:

- **Governance committee (GC):** ensures efficient and effective operation and oversight of GTIL's leadership structures and performance
- **Strategy committee (SC):** advises on the development, alignment and execution of the global strategy
- **Budget and audit committee (BAC):** oversees the GTIL budget and audit processes to ensure the successful execution of the global strategy and adherence to the fiduciary responsibilities of GTIL
- **Member firm matters committee (MFMC):** considers and determines resolution of recommendations made by the global leadership team relating to member firm matters including member firm terminations, complaint handling and proposed changes to the rules and agreements that materially affect member firms



- **Enterprise risk management committee (ERMC):** has oversight responsibility for ensuring an appropriate enterprise risk management framework is maintained for GTIL and its member firms
- **Technology and Innovation Committee (TIC):** governs and oversees Grant Thornton's global technology and innovation strategy and ensures that global technology and innovation projects are aligned with Grant Thornton's commercial objectives
- **CEO compensation committee (CEOCC):** executes the Board's responsibilities relating to the annual performance evaluation and related compensation of the CEO, the adoption of policies that govern the CEO's compensation and performance, and the oversight of plans for CEO development

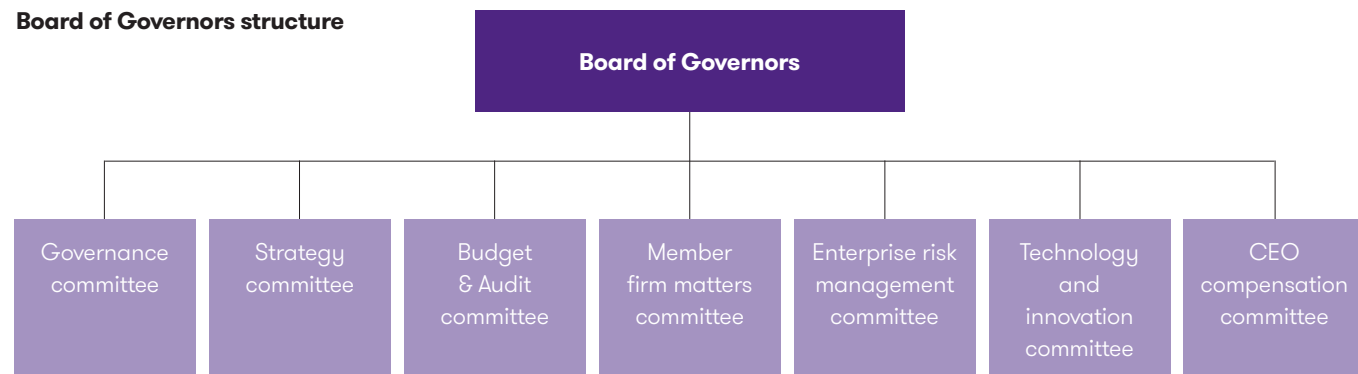
The use of standing committees allows a more efficient and effective discharge of the Board's responsibilities and involves others in the activities of the Board. Committee membership includes, but is not limited to, Board members.

Chief executive officer (CEO)

The CEO is appointed by the Board for an initial term of up to five years renewable once for a further period of up to three years. In 2017, the Board appointed Peter Bodin, formerly the CEO of the Swedish member firm, to be the GTIL CEO for a term of five years, as of 1 January 2018.

The CEO is responsible for the leadership of GTIL. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the global leadership team (GLT), subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO works closely with the GLT in maintaining global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

Board of Governors structure



Management

Global leadership team (GLT)

The GLT develops and drives the execution of the global strategy and is chaired by the CEO. It is a full-time management group dedicated to leading the network in the successful execution of the strategy. Between them, GLT members have global development, service lines, functional and regional responsibilities. The diagram below depicts these responsibilities as at 1 January 2020.

A critical role of the GLT is to work with member firms in driving the execution of the global strategy. Our ambition is to be known throughout the world as the leading adviser to dynamic

organisations by 'unlocking the potential for growth' in our people, clients and communities and to become the next generation professional services network.

It sets out how Grant Thornton will achieve its vision and identifies the actions Grant Thornton will take.

The implementation of the strategy builds on strategic frameworks, prioritised investments and growth strategies that are appropriate for our chosen markets.

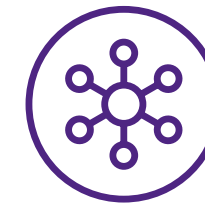
Our Growing Together 2020 global strategy focuses on:



Our people



Our clients

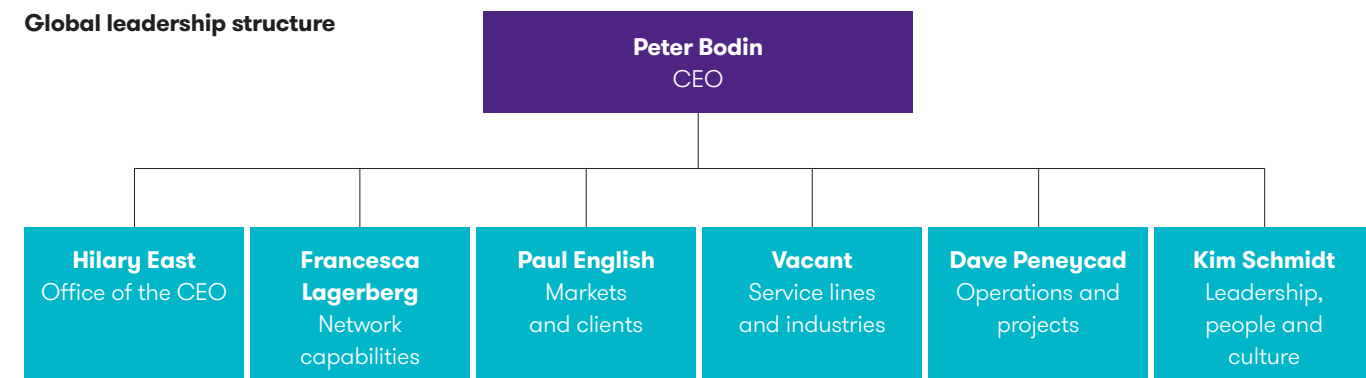


Our markets and communities



Our network

Global leadership structure



Risk management and independence

Risk management is an enterprise-wide activity overseen by the enterprise risk management committee (ERMC). The ERMC is made up of several Board members, including one of GTIL's independent Board members. The ERMC reports on its activities to the Board.

Enterprise risk management at Grant Thornton focuses on processes to identify, monitor and manage key risks in a prioritised manner including a strong emphasis on continuous procedures to monitor quality and improvements to the quality of service delivery. Member firms manage their own risks locally.

The GLT monitors professional risks with operational support from the GTIL risk management function under the direction of the global head of risk management and independence.

Risk management includes:

- managing the GTIL risk register including operational support to the GLT, the ERMC and the Board on the assessment and prioritisation of key risks facing the network
- reporting to the ERMC and Board about key risks and risk management activities
- developing, communicating and maintaining global policies and procedures designed to:
 - maintain independence and objectivity of member firms and professionals
 - establish policies and procedures for enhancing and monitoring quality of service delivery
 - establish standards for client acceptance and client continuance activities of member firms

- developing training programmes covering the above
- developing and maintaining technology solutions to facilitate the effective and efficient execution of the procedures referenced above
- monitoring the effectiveness of the design and operation of member firms' systems of quality control over providing high-quality services
- reporting to the ERMC on member firm progress in executing action plans developed in response to quality inspection programme findings.

The global service lines have primary responsibility for the development, communication and maintenance of global policies and procedures regarding the delivery of professional services.

“The GLT monitors professional risks with operational support from the GTIL risk management function under the direction of the global head of risk management and independence.”

Cybersecurity

One of the most significant risks facing the profession is the risk of a cybersecurity breach. GTIL has implemented an ongoing global cybersecurity programme to mitigate the network's exposure to cybersecurity threats through an integrated legal, risk, and technology approach.

Minimum cybersecurity standards must be met by all member firms; annual compliance self-assessments are validated with periodic, risk-based third-party reviews. The network's global monitoring programme also utilises a third-party security ratings service to identify real-time changes in public security vulnerabilities. Member firms are also required to share real-time information regarding cybersecurity incidents which affect more than one member firm, which helps to mitigate the risk of an attack on the wider network.

Finally, incident response is key to preparedness and all firms are required to have incident response plans in place and test their plans regularly. Many large firms have secured cybersecurity insurance to obtain rapid support in the event of an incident which exceeds the capability of a firm's existing resources. All firms also have access to 24/7 expert incident response support.

Crisis management

Given today's age of connectivity and technology, situations can rapidly develop into 'crises', with cross-border implications. It is important to have a common approach for identifying such situations and responding to them. As such, each member firm is required to have its own crisis management plan that, at a minimum, includes a reporting process for employees to follow if an issue is identified (including a process for employees to report issues confidentially), and a list of key internal contacts who comprise the firm's crisis management team.

Member firm admissions and other business combinations

Prospective member firms must meet certain criteria for membership. The criteria for membership include:

- the prospective firm's reputation for quality and its adherence to high standards
- completion of a thorough client review process. The objective is to identify any potential independence and conflict issues and to have them resolved in accordance with applicable professional standards before admittance to the network
- commitment to adopting GTIL policies (including those focused on cybersecurity), procedures and methodologies
- maintenance of a system of quality control that meets or exceeds International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Control¹ (ISQC1)
- agreement to the periodic evaluation of their system of quality control by our global quality monitoring teams.

Admission as a member firm is dependent on the outcome of a due diligence process performed to determine whether the prospective firm meets the criteria for membership. All member firms are subject to obligations set out in the member firm agreements and global policies.

In addition to prospective member firms, other business combinations, such as member firms pursuing transactions such as mergers, acquisitions, joint ventures, lateral hires, or other arrangements for sharing of interests are subject to the above criteria.

1. The ISQC 1 standard is developed by the IAASB. ISQC 1 is the standard of quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements and is issued by the IFAC.



Global quality

Grant Thornton member firms are committed to providing high-quality services, consistently, worldwide. It is one of our core strategic drivers. We invest in our people, tools, processes, culture and monitoring to help ensure we meet professional standards and exceed clients' expectations.

Global Quality Framework

The Global Quality Framework is an overarching standard which applies to all Grant Thornton's member firms. It sets common quality standards across assurance, tax and advisory services.

The framework is a permanent reference point setting the expectations of member firms to deliver services to agreed quality standards. It sets out the global 'tone from the top'. Quality is about making the global network perform for all stakeholders – from improving services, systems and processes, to meeting applicable professional standards. At Grant Thornton, we want to make sure we deliver the right service, to a high standard in a way that makes clients recommend Grant Thornton and improves public trust in the profession.

Independence policies, guidance and training

Member firms adopt GTIL's global policies and procedures that are designed to safeguard independence and identify circumstances that could cause a potential independence impairment or a conflict of interest.

Our global independence policies and procedures are based on the independence standards of the International Federation of Accountants (IFAC) that are promulgated in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (Code), with supplements to govern compliance with our own global independence policies and processes. If local regulatory requirements are more restrictive, member firms are required to adhere to these.

GTIL monitors compliance with these policies. Member firms are required to identify a partner with responsibility for overseeing independence matters, including providing training and obtaining annual confirmations of compliance with independence policies.

The increase in regulations and standards and the growing volume of services provided to international clients by Grant Thornton member firms continue to make compliance with independence requirements a priority. The GTIL independence team (led by the global head of risk management and independence) assists member firms with understanding these requirements.

The independence team's responsibilities include providing:

- member firms with policy, guidance and training relating to independence matters
- guidance to member firms on interpreting, applying and complying with global policy or specific auditor independence rules
- oversight, compliance monitoring and support of the automated global independence system to monitor compliance with financial interest restrictions
- an international relationship checking process which is designed to provide reasonable assurance that services are not provided to a member firm client or its related entities without appropriate consultation with the engagement teams and other parties as warranted
- member firms with appropriate independence consultation when dealing with complex international regulatory and independence matters.



Assurance quality

Grant Thornton views quality as an essential element of the assurance service line. Member firms are focused on delivering high-quality engagements with exceptional client service in an ever-changing environment.

The global network has established standards, service delivery systems, controls and risk management systems to provide the necessary framework to meet professional standards. Member firms are provided with support and resources to help maintain quality, including:

- an audit methodology, with supporting software
- policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- protocols that enable member firms to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- protocols that enable member firms to consult with an International Financial Reporting Standards (IFRS) help desk
- a comprehensive intranet service that includes up-to-date information for member firms on auditing, financial reporting, ethics and independence standards, and guidance on applying them effectively.

Global audit methodology and technology

Grant Thornton uses a global audit methodology and suite of tools referred to as Leading Effective Audit Practice (LEAP). The LEAP methodology is localised by each member firm for local jurisdictional and regulatory requirements. Having a global methodology enables member firms to provide high-quality audits and apply a consistent methodology to multinational organisations.

The LEAP methodology is clearly linked with the International Standards on Auditing (ISA) and starts with a top down risk assessment to enable a well-focused and effective audit. The risk assessment starts with obtaining an understanding of the entity and its environment, including internal control. This understanding enables the auditor to do an appropriate top down risk assessment focused at the account level and design a relevant response to the identified risk for each client. Each response is tailored for the specific risks of each client.

The Global audit tool has the following functionality:

- specific guidance to assist auditors with the application of the audit methodology
- flexibility and scalability to perform audits of all types and sizes
- enables auditors to perform high-quality audits more efficiently
- provides a secure environment to track changes to documentation and securely store workpapers.

The global learning programmes developed to support auditor's understanding of LEAP include the ISA proficiency series, methodology proficiency series, tool proficiency series and Audit 360 simulation.

The ISA proficiency series, which is a prerequisite to other learning, includes various online modules focused primarily on the professional standards, it is methodology agnostic as it is the foundation for all the other learning.

Client acceptance and continuance

Achieving professional excellence means accepting and retaining clients that share Grant Thornton's values of quality and integrity. Grant Thornton's global client acceptance and continuance procedures are designed to support member firms' acceptance of appropriate clients.

Member firms are required to comply with global policies and procedures relating to client acceptance and continuance. Member firms that want to accept certain large or high-risk clients must seek approval from a global Key Assurance Assignment (KAA) committee, which considers whether these engagements represent an acceptable risk to the global network.

This committee is chaired by GTIL's global head of quality and consists of partners from nine different member firms. The committee members represent a geographically diverse set of member firms. The committee only reviews assurance acceptance and continuance submissions from member firms that meet one or more risk criteria.

These criteria cover a variety of potential key risks, including the size of the potential assurance client, the amount of fees expected to be generated from the assignment, potential reputational issues and the member firm's recent experience with listed entities or with a particular industry. During 2019 the committee reviewed the following:



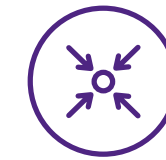
277
engagement
submitted for
review



219
approved with
no conditions



42
approved with
conditions



12
withdrawn



4
rejected

This committee may impose conditions on member firms prior to accepting a new client, such as the appointment of an engagement quality control reviewer from another member firm.

International Financial Reporting Standards (IFRS) support

A GTIL IFRS team is responsible for promoting high-quality consistent application of IFRS throughout the network. An IFRS interpretations group, a financial instruments working group and an insurance working group (made up of IFRS experts from member firms), provide advice, guidance and support to the team. The team promotes consistency across all member firms by:

- offering face-to-face training programmes and e-learning resources
- operating an IFRS help desk service
- providing an IFRS checklist and an IFRS interim reports checklist
- publishing extensive technical, interpretive guidance, newsletters and other tools and resources, internally and externally.

We communicate these materials and updates on IFRS developments to the network of designated IFRS champions in member firms. The IFRS team carefully considers whether training or additional guidance is necessary in response to new IFRS developments and IFRS issues or concerns raised by the member firms.

Grant Thornton also actively contributes to the development of IFRS. For example, we submit global comment letters on International Accounting Standards Board (IASB) proposals for new and amended standards, we respond to IASB outreach requests on a wide variety of evolving accounting topics, and we participate in relevant events such as round-table expert discussions.

Global assurance steering committees

We have established an Assurance Strategy Group of assurance leaders to set and progress the global assurance strategy. Membership includes heads of audit from Australia, Canada, France, India, Japan, the UK and the US.

In addition, we have a Global Assurance Quality Steering Committee chaired by the national managing partner for audit risk management of Grant Thornton LLP (Canada). Membership includes countries such as Australia, Canada, Philippines, China, France, UK Greece and Brazil.

Key projects of this committees during the year included:

ISQM 1 Implementation

In response to the exposure draft of ISQM 1, GTIL developed an initial ISQM 1 strategy to prepare the network for the new standard. The committee's current priorities include developing leadership communications regarding the implications of the new ISQM 1 standard, identifying and recruiting member firm project champions and commencing the project plan. ISQM 1 is further discussed in this document.

Whistleblowing

This is a new requirement of ISQM 1, and all member firms will need have a process in place to address this requirement. It will also provide a high level of protection to whistle-blowers against retaliation and require national authorities to adequately inform citizens and train public officials on how to deal with whistleblowing. We have provided global guidance and a benchmark for minimum standards to all member firms.

Audit Quality Recognition (AQR) Framework:

Guidance to member firms on implementing a framework for linking the compensation of audit partners to quality and ethics for positively recognising and rewarding audit quality through applying 11 positive quality indicators and 14 negative quality indicators. It allows for documentation to satisfy regulatory expectations.

Grant Thornton's AQR framework is a methodology used to assess the quality-related performance aspects of an audit partner. It is designed to ensure reward is materially linked to the quality of work. This framework is designed to be:

- fair and consistent to all audit partners
- simple to understand and administer
- designed to recognise both excellent quality behavior and results, as well as the acceptance of increased personal risk
- designed to effectively incentivise positive change upon the identification of indicators of poor quality
- documented so it is observable by others
- recognises positive results, not just an approach to penalise failure
- gives weighting to different types of results, depending on their importance.

Root Cause Analysis, Phase two

The working group has produced a toolkit which explains the requirement for member firms to perform root cause analysis and provides a template for member firms to carry out this process. It will be further discussed in this document. Detailed resources and templates have been prepared for network roll-out. Tools include:

- powerpoint presentation developed to introduce the root cause methodology for member firm roll-out. GAQSC resources will be made available to train member firms adopting a root cause analysis process
- positive/negative root cause interview guides
- potential/example root cause template.



Quality monitoring

Grant Thornton member firms are required to abide by a system of quality control that encompasses, at a minimum, the following standards issued by the standard-setting boards of the International Federation of Accountants (IFAC), including:

- International Standards on Quality Control 1
- International Standard on Auditing 220: Quality Control for Audits of Historical Financial Information
- IESBA Code of Ethics for Professional Accountants.

Each member firm's system of quality control is designed to provide global and national management with reasonable assurance that audit engagements are conducted in accordance with applicable professional standards and global policies and procedures.

Member firms must have an effective internal inspection programme in place that meets the requirements of ISQC 1. To facilitate the adoption of such practices among member firms, member firms are provided with templates that include guidelines, work programmes, forms and examples of reports that have all been benchmarked to ISQC 1.

The Grant Thornton Assessment and Review (GTAR) is a key part of the GTIL global quality framework. It has been the primary mechanism for reviewing member firm quality for many years and has been effective in identifying deficiencies in member firm processes and supporting member firms to improve standards of quality and risk management. Each member firm is obligated to submit to review of its quality control system at least once every three years.

Global monitoring helps to reinforce the requirement that member firms have an effective process for ensuring that the right people are using the right tools to apply the methodology in the right ways. In 2018, the GTAR process was extended to include tax and advisory engagements in addition to assurance.

A dedicated team is responsible for managing this programme. GTARs are coordinated by a member of the GTIL global quality team and includes a team of independent and suitably qualified partners and experienced managers from member firms under the overall direction of the global quality head. The global quality team, in collaboration with member firm partners, also carry out reviews to evaluate the quality and suitability of firms interested in joining the global network.

Summary of global quality monitoring results:



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Grant Thornton Assessment and Review (GTARs) during 2019



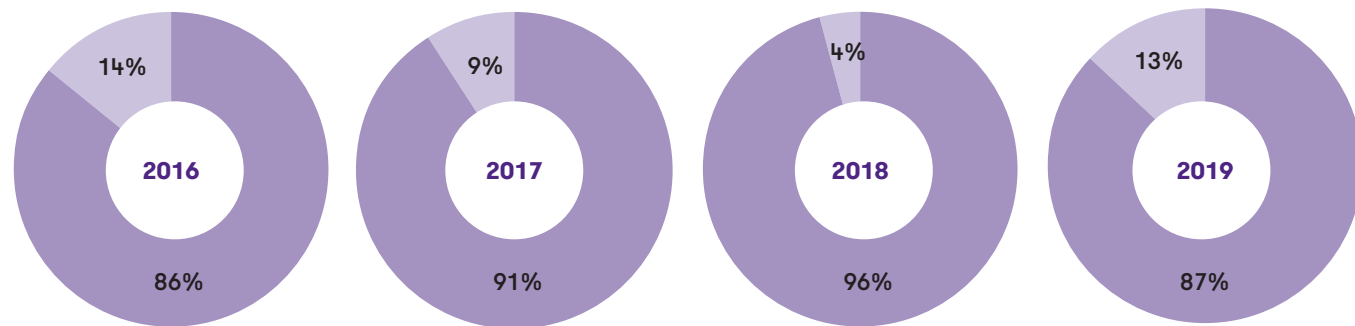
92

reviewers participated (senior managers and partners)

When a GTAR is completed, GTIL issues a report based on the review findings. A member firm's quality control system is evaluated as satisfactory (pass) or adverse (fail). Firms which have a satisfactory report may still require improvements in their quality control system and these reports may include matters to address. The results of GTARs in the last four years are as follows:

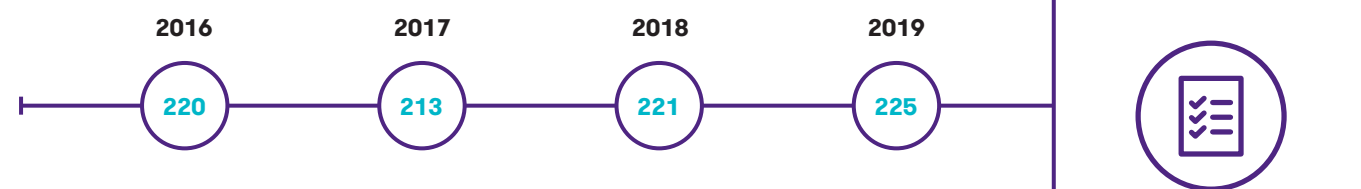
GTAR opinions issued

● Satisfactory ● Adverse

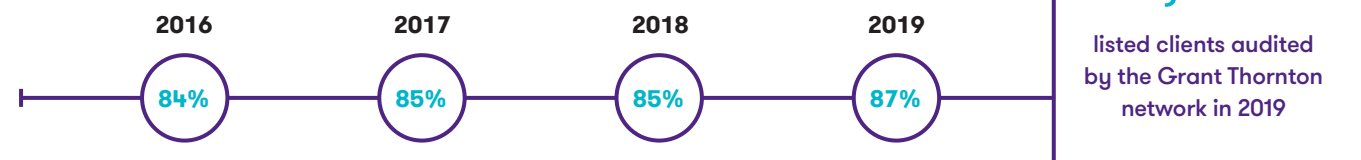


Audit files reviewed

Number of public interest entity audit files reviewed internally



Percentage of audit files compliant



2,099

listed clients audited by the Grant Thornton network in 2019

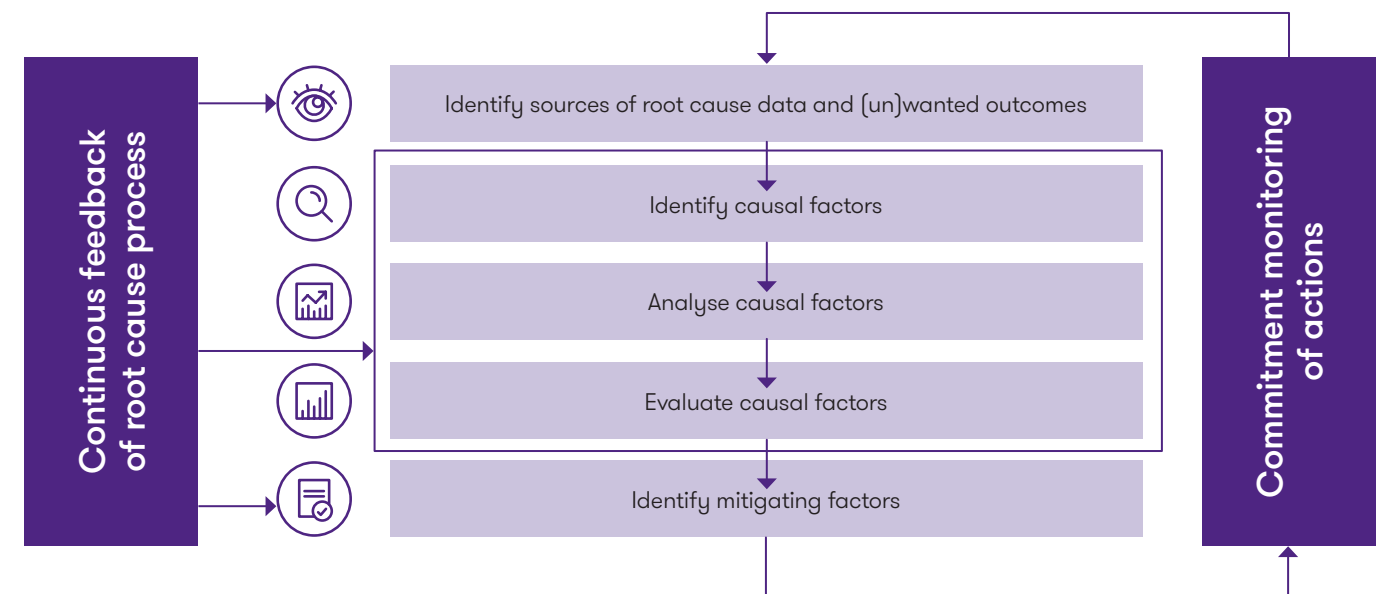
“Global monitoring helps to reinforce the requirement that member firms have an effective process for ensuring that the right people are using the right tools to apply the methodology in the right ways.”

Root Cause Analysis (RCA)

RCA is a process for identifying the causes of problems or events to prevent them from recurring in future. It can be carried out when deficiencies have been identified to help direct remedial actions. It can also be carried out on positive events, such as a good quality file to determine what led to this event.

Many regulators now expect member firms to carry out a RCA as part of their ongoing development. Because of regulatory expectations and the need to continually develop quality, GTIL introduced a global policy on RCA and issued a template for firms to carry out the RCA.

It is critical that firms with any deficiencies in their engagements take time to understand the root causes of these issues and address them in a timely manner.



Tax quality

Remediation

When the GTAR identifies a deficiency, the member firm must address the deficiency within a reasonable period by developing an action plan to address the findings and submitting appropriate documentation. In some instances, further visits to the member firm or remote assessments take place to follow up on the firm's progress toward implementing the required actions. The global quality monitoring team closely monitors the progress of the member firms in addressing the deficiencies noted during the review.

Where the global quality monitoring identifies matters, member firms are given the opportunity to improve quality and are provided with support from the network.

However, if member firms do not improve quality where necessary, GTIL will take remedial action. For example, a number of member firms have been expelled from the global network in recent years due to poor quality.

The GTAR programme aims to protect the brand and reputation of Grant Thornton and its member firms, helps to maintain high standards in the network and provide safeguards for referral work through the promotion of common high standards, as well as to protect investor interests. Through a global intranet sited, designated member firm representatives have access to GTAR reports, which offer an overall review opinion and include a description of any significant deficiencies or material weaknesses in a specific firm's quality control systems.

Engagement with regulators

Grant Thornton maintains an open and constructive relationship with regulators. We contribute regularly to the public debate on major industry issues and participate in changes affecting the business.

As a large global professional services network, Grant Thornton meets several times annually with the International Forum of Independent Audit Regulators (IFIAR) to report on progress in developing and maintaining audit quality. IFIAR comprises of independent audit regulators from over 50 jurisdictions representing Africa, North America, South America, Asia, Oceania and Europe. Its mission is to serve the public interest, including investors, by enhancing audit oversight globally.

In 2015, IFIAR challenged all the large global audit networks to reduce the percentage of public interest entity audits that have inspection findings by at least 25% over a four-year period (2015-2019) using the 2015 survey results as a baseline.

A finding from an inspection of the audit does not necessarily indicate that the financial statements are misstated; therefore, the frequency of findings addressed in this report is not indicative of the frequency of financial statement misstatements.



Tax is a key part of the network and our teams offer a range of solutions, whatever the size of clients' businesses or the challenges they are facing.

Using a combination of reason and instinct, member firms work with clients to develop a strategy that helps them both understand and manage their tax liability in a transparent and ethical way. Member firms have tax specialists whose expertise cover the whole range of tax services and by working with other firms in the global network, we offer detailed, cross border solutions. We have the capability and expertise to advise large multinationals, privately held businesses as well as public interest entities and individuals on a range of services.

Across the globe, companies' tax affairs are facing increasing scrutiny from regulators, communities and clients. At the same time, bodies such as The Organisation for Economic Co-operation and Development (OECD) are working on rules to change the way international business structures work. Grant Thornton provided comment on the discussion drafts issued by the OECD and the European Commission on future tax legislations.

Professionals across the global network are working with governmental and non-governmental organisations, clients and industry groups to create better regulatory and economic environments in which to do business. Experts, notably in transfer pricing, have taken part in tax policy committees and are engaging global organisations such as OECD to help shape the future tax landscape. We are creating global content and media touch points using both the International Business Report survey (IBR) for statistics to comment on and following key announcements from bodies such as the European Commission and G20.

Training and development

GTIL's primary objective is to support the development of Grant Thornton tax people so that they can achieve their personal best and through them, as a network, we can deliver the global strategy. There are two main areas of focus in our tax learning and development strategy:

- Develop foundational level international e-learning and virtual learning technologies to enhance technical knowledge in international tax areas
- Design and deliver regional tax learning academies, to develop technically strong business advisors who also have the skills to be able to talk to clients and win cross-border assignments

The continuing development of the technical skills of Grant Thornton people is a fundamental part of the global tax strategy. Regional tax learning academies is an opportunity for people to develop their technical skills, participate in sessions around our client and people experiences and also to meet their colleagues from other member firms in their region. In 2019, global learning academies took place in Asia Pacific and Europe and online training modules were made available to the whole network. A partner conference for global tax sub service line leaders was also held in Dublin and representatives from every region attended. Guest internal and external experts were invited to talk about current and future issues that will directly impact our global tax practice. Also, in 2019, the tax leaders came together to promote greater cross-border collaboration and strengthen global capabilities further.

Advisory quality

Grant Thornton member firms offer a comprehensive range of advisory services to help clients achieve their goals.

From finding ways to finance growth to understanding how to manage risk and regulation; from identifying opportunities to optimise operations, to getting the best from talent, the global network provides the expert support they need to thrive in a fast-changing world.

Advisory Steering Committee (ASC)

The ASC is the most senior global committee for growth and advisory services and meets at least two to three times a year. It is modelled on the Strategy Committee of the Board of Governors and is comprised of representatives from the six largest advisory firms.

The core objectives for the ASC are:



Develop, approve and own the Advisory strategic objectives



Approve global and regional service line objectives and review progress



Support the time commitment required of service line steering committees and their regional working groups



Provide oversight, steer, input and guidance into the successful completion of advisory strategic projects



Provide regular communications to the global community



Advisory quality policies

As part of our continuing drive to support firms to develop high-quality services and sustainable advisory practices, we have introduced advisory policies covering authorisation, client acceptance and consultation. These policies give transparency on member firm capability and seek to manage risk more effectively when working cross-border or for international clients.

- **Authorisation:** Member firms require an approval from GTIL to perform specific types of advisory services. Firms need to apply to GTIL in order to achieve authorisation. Firms are assessed for authorisation to provide general advisory services and a certain number of restricted advisory services. For each service, firms are categorised according to their level of experience, capability and ability to support other firms and international assignments on a regional and global basis. All firms, whether or not they are authorised, as subject to the Advisory Client Acceptance and Consultation policy, which requires firms undertaking work categorised as higher risk to consult with GTIL prior to undertaking work.
- **Client acceptance and consultation policy:** Member firms must be knowledgeable and diligent about risks that may threaten to impair the firm, the Grant Thornton brand or another firm's reputation. Once identified, these risks require appropriate and timely consultation with GTIL, prior to client acceptance. Assignments where there is an unacceptable risk of reputational damage, or where the engagement does not correlate with the strategic direction will not be accepted. However, if a member firm does not possess all the skills required to undertake an assignment, they can involve another member firm in the network to service a client.

Training and development for advisory services

The continuing development of people's technical skills is at the core of the advisory global strategy. The objectives for advisory learning and development are to help build a global advisory community where people feel empowered and supported to deliver a great client experience. We complement and enhance the learning and development activities of member firms by:



Facilitating the design and delivery of training to support global methodologies



Helping to improve the technical and critical skills required for the winning and execution of international assignments



Supporting our member firms in developing and growing their capabilities in globally strategic service lines

Our learning programme includes regional training academies. The syllabus for the academies varies depending on the learning needs of the region but consists of a variety of workshops. The workshops are led by subject matter experts, most from within the network but we also involve external experts if that provides the better learning environment for people.

Global financial information

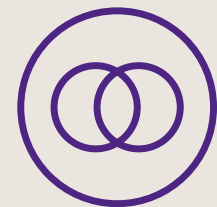
The Grant Thornton network recorded growth of 5.1% in US dollar terms with total combined member firm revenues of USD5.72bn (6.4% growth on revenues of USD5.80bn in constant currency).

Results for year ending 30 September 2019 in summary:



The number of people in the Grant Thornton network grew to 56,028 (+6.3% on 2018).

56,028 people
140+ countries



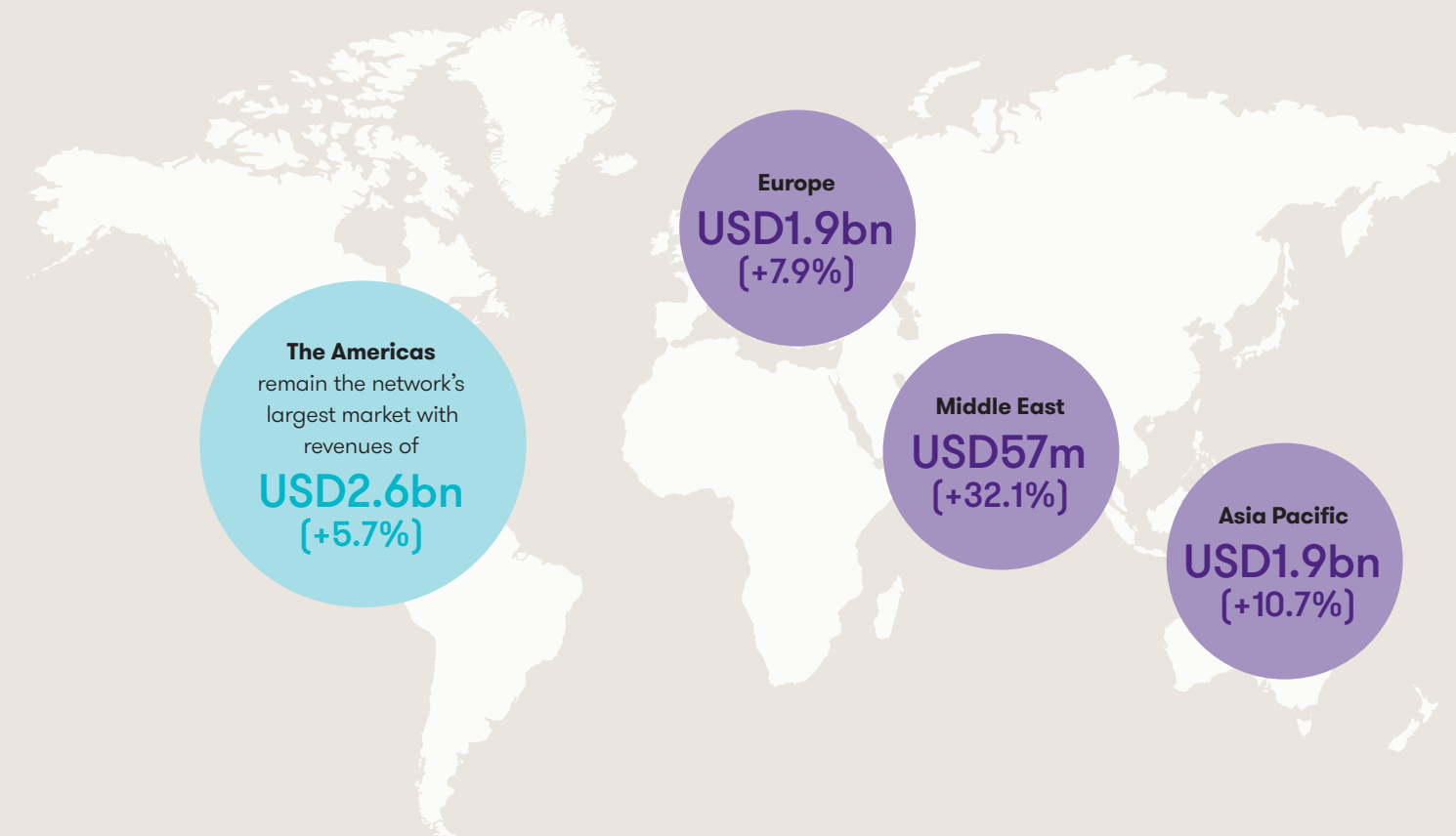
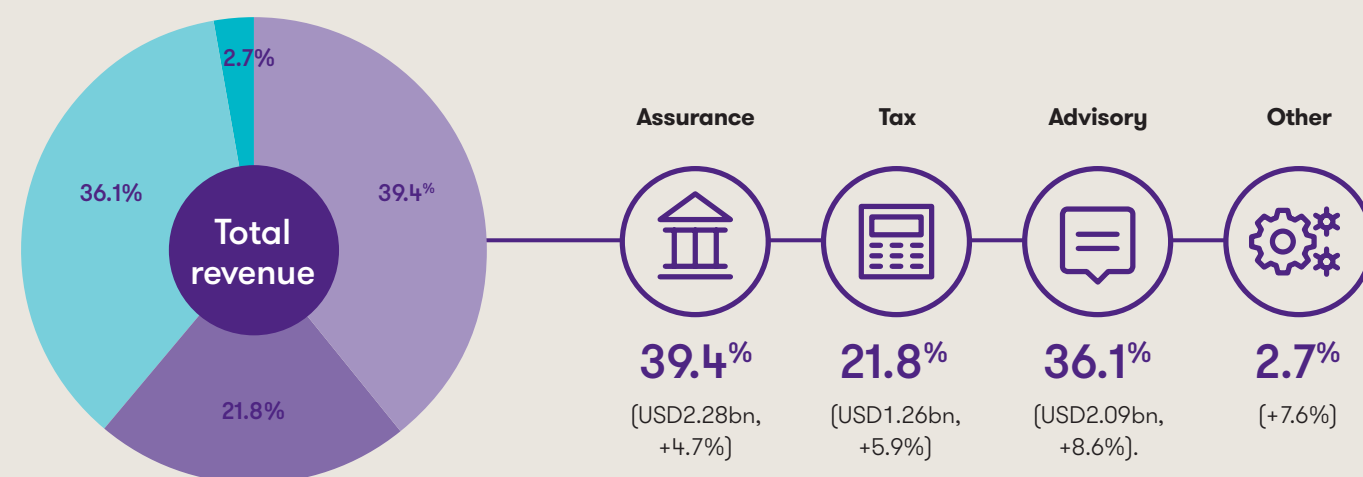
Merger and acquisition

8% of the growth (USD90.42m) in 2019 has come from mergers and acquisitions - more than in the previous three years

In total, there were

34 deals with the German firm's merger with Trinavis being the largest by value and English-speaking Canada being the most active by number completed.

Service line growth



Revenue 2018 v 2019

Analysis by region

Region	2019 Total revenue (USDm)	% of 2019 revenues	2018 Total revenue (USDm)	% growth in USD
Africa	125	2.2%	176	-28.8%
Americas	2,618	45.8%	2,494	5.0%
Asia Pacific	1,051	18.4%	947	10.9%
CIS	36	0.6%	34	6.3%
Europe	1,834	32.1%	1,752	4.7%
Middle East	57	1.0%	43	32.3%
Total revenue	\$5,720	100%	\$5,445	5.1%

Analysis by service line

Service line	2018 revenue	2019 revenue	% Change 2019 v 2018	% of 2019 revenues
Assurance	2,180	2,253	3.4%	39.4%
Tax	1,193	1,250	4.8%	21.8%
Advisory	1,927	2,063	7.0%	36.1%
Other	145	154	6.3%	2.7%
Total revenue	\$5,445	\$5,720	5.1%	100%



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