

# Transparency report 2020

Grant Thornton (Cyprus) Limited

April 2021



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# Foreword from the CEO

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One of the noteworthy lessons of 2020, has been the ability of businesses and people to adapt, at speed, when compelled to do so. We had to face unprecedented challenges, which have affected every area of our business. For Grant Thornton Cyprus our focus remained on quality and growth as well as on our persistent investment in cultivating a culture of excellence and professionalism.



In light of all the developments over the past few months, our resilience, as for every other business, was challenged as we witnessed change on an unimaginable scale. As time progressed, we felt the full force of the humanitarian, economic and political impact of a global pandemic. The approach and response of our people was the main driver for the firm's ability to demonstrate strength, agility and flexibility in overcoming the difficulties and therefore to continue providing our services, without any compromise on quality.

As a firm, we immediately realised that we would have to face challenges (both from an operational and psychological perspective) resulting from the pandemic, including the overnight shift from being an office based, face-to-face business to a virtual working environment. Among our biggest concerns, was the ability to continue engaging with and supporting our people and clients; we know and appreciate that this has a significant role to play in maintaining our commitment for quality. Along with this realisation, we appreciated that everyone, including our people and clients, were forced to operate in an unfamiliar environment; this was a major disruption but we were able to respond to successfully.

Undoubtedly, there was a rapid acceleration of digital transformation and for Grant Thornton (Cyprus) the investments in technology made over the last 2-3 years have paid off as we were well positioned to respond to the new reality. Our people can now efficiently work remotely with various collaboration tools being introduced to keep us connected and to ensure that everyone is provided with the necessary support and guidance.

In addition, we have made significant efforts in maintaining our learning & development plan unaffected as we believe that, especially during 2020, it was a priority to safeguard that our teams are well prepared on how to deal with the challenges of remote engagements and on how to identify key risks requiring specific focus, as a result of COVID-19 and its economic impact.

For us, at Grant Thornton, the wellbeing of our people has a significant impact on the firm's strategy; therefore, our focus throughout 2020, was on actions that would safeguard this from the constantly evolving situation. We have introduced initiatives and programmes, as part of our ongoing efforts to maintain our culture that promotes professionalism and psychological safety; these have been designed to involve all levels of seniority and provide the skills needed as our people advance through each stage of their careers.

I am proud of the way our firm, and hence our people, have responded to the overall situation, and most importantly of the attitude shown in overcoming the difficulties during these times, demonstrating through our actions that we live up to our values. Despite the uncertainty and anxiety which prevailed, as an echo in the background, we have managed to make solid but significant progress and we continue to make major investments in promoting transparency, delivering high quality engagements, managing risks as well as for upholding our integrity and independence. Operating in a regulated environment, it is imperative, for a professional services firm like ours, to constantly focus on quality across every service line; something which we consider as a fundamental differentiator to our business.

Undeniably, the performance of the team has proven, again, to be robust, and this allows us to plan ahead and to move forward to our strategic goals with confidence and determination. As a member of a network with more than 58,000 people in over 140 countries, we know we are a strong team of professionals, which has expertise across various areas and industries, ensuring an excellent client experience, on a multi-disciplinary basis.

The increased challenges facing our clients, as a result of the pandemic, have again proven the significance of the role as independent auditor, who acts in the public interest, and how critical it is for us to safeguard our commitment to quality, particularly in relation to the necessity for our focus to be on continuously enhancing our integrity and independence..

We, at Grant Thornton Cyprus, recognise that continuous improvement is crucial for securing public confidence in the profession. This report demonstrates that we are strongly positioned, that we are committed to the ongoing enhancement of our systems and that our attention remains on delivering high quality services to our clients.

Despite the challenges, 2020 has proven to be a year of change and lessons, it has forced us to adapt, and it has rapidly advanced our focus to digitalization and innovation.

It has taught us that as we adjust to the new normal, we have to be collaborating more than ever; governments, businesses and society can tackle big challenges together.

Looking forward, I am hopeful that the recent challenges will give rise to even more new innovative solutions and technological advancements across many industries including professional services

Our people are pivotal to our growth and success and I am excited that Grant Thornton empowers its people to put their best selves forward.

If there is anything in this report that you would like to know more about, please get in touch.

I look forward to hearing from you.



**Stavros Ioannou**  
CEO



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# Investing in our people and in quality

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2020 has been a challenging year for all of us, with COVID-19 presenting an unprecedented situation. We were forced to experience a new reality, involving a significant change in the way we do business whilst making immense efforts to support our people and clients through what have often been difficult circumstances.

Our audit business is fundamental to our brand. We continue to strive for the utmost of audit quality. This report discloses how we are performing against key measures of audit quality including our internal inspection findings. We are currently undergoing another round of monitoring from the Cyprus Public Accountants Oversight Board. We are encouraged by the fact that the internal reviews carried out in 2020 demonstrated the progress we are making towards findings identified in previous inspection cycles.

We continue to invest in our digital capabilities with a focus on increasing the use of our current and new digital tools across the audit practice.

During 2020 we rolled out our new firm's global audit methodology LEAP (Leading Effective Audit Practice), where specific training was provided to staff on this new methodology but also new online accreditation programs focused on newly issued ISAs, especially in relation to accounting estimates and professional scepticism. Our teams also received training on the impact of COVID-19 on financial reporting but also impairment of goodwill and intangible assets and going concern.

We have specifically utilised the skills of our advisory team to assist in the assessment of Going Concern and impairment assessments to address COVID-19 challenges on our client's ability to forecast future activity levels. Despite the challenges of COVID-19 we have continued to invest heavily in training with an average for qualified people of approximately 40 hours of structured technical training during the year.

It is particularly challenging to retain newly qualified individuals. We will continue to invest in new technologies in the field of data analytics and training programs during 2021 and offering internships to continue to attract talent with future fit competencies and skills as well as to offer an attractive and inspiring environment to retain such talent. Our commitment to this is evident by accreditation as a 'Great Place to work' during 2020.

I am extremely proud of our audit teams and of how they have adapted to the immense changes in the way we perform our audits. They have shown great resilience in coping with the impact of the pandemic on both their work and home lives. We are extremely grateful for their dedication and commitment to their clients and their fellow team members. More than ever, I am certain that our people are our greatest asset!

**Froso Yiangoulli**  
Head of Audit and Assurance

# Legal structure and ownership

## Legal structure

Grant Thornton (Cyprus) Limited is incorporated in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113, with a registration number 267530. Our professional activities are conducted through the company.

## Ownership

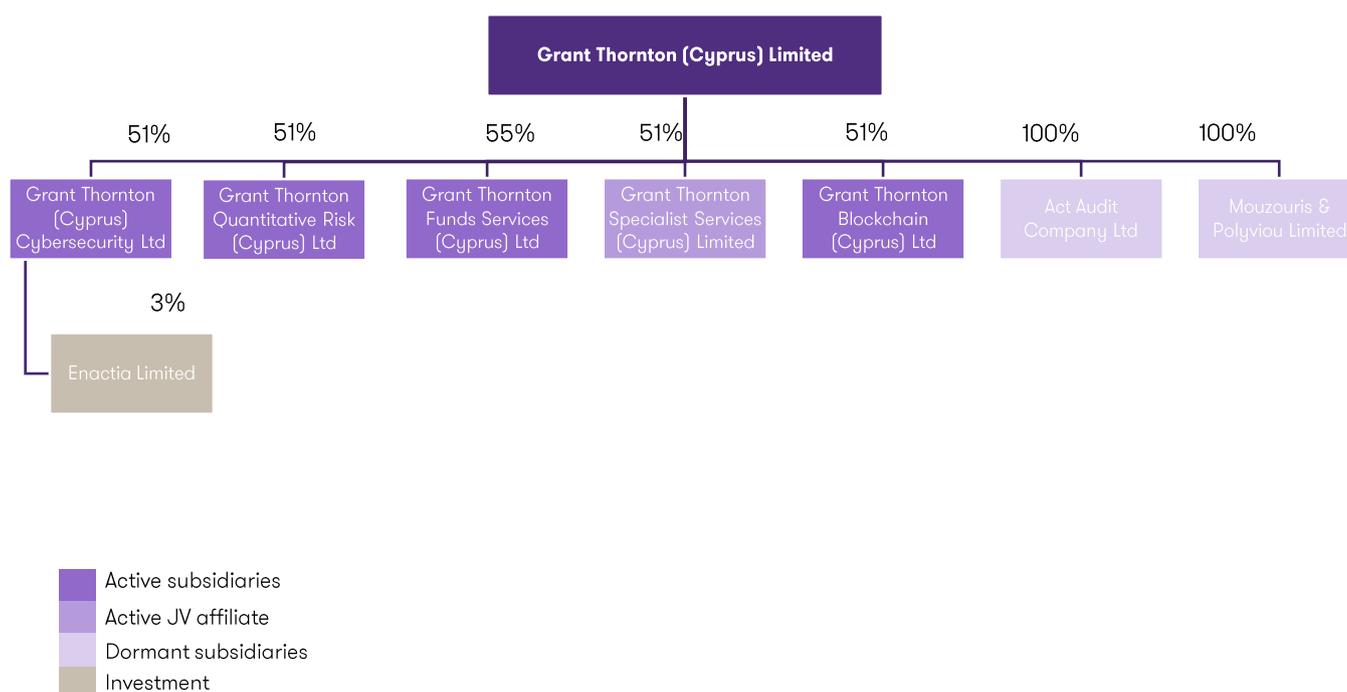
The firm is entirely owned by its members (normally referred to as partners). A list of the members is available for inspection at the registered office: 41-49 Agiou Nicolaou, Nimeli Court, Block C, 2408 Engomi, Cyprus.

## Our business

Our principal services are audit, tax and advisory services. A full list of our services can be found on our [website](#).

During the year 31 December 2020 the average number of employees was 150 (2019:145) and they operated from the offices in Nicosia and Limassol. Our website has a current list of our office addresses.

## Group structure



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# Governance and management

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We are committed to a strong culture of excellence and ethics. Our partners set the tone in the business and inspire our people to commit to the highest standards of behaviour and performance. We continually evaluate developments in corporate governance and benchmark our performance against them.

## Members of the Board of Directors

- Stavros Ioannou, CEO
- George Poulos
- George Karavis
- Stephen Michaelides
- Nicos Mouzouris\*
- Polys Polyviou
- Froso Yiangoulli
- Melpo Konnari
- Dimitrios Chioureas
- Demetra Yipsiotou
- Haroulla Arkade
- Kyriakos Fili \*\*
- Christos Makedonas (Non-Executive Director)
- Yiannos Ashiotis (Non-Executive Director)

\* departed on 28 January 2020

\*\* joined on 1 February 2020

The company's rights and obligations, our governance framework, and the key responsibilities for the management of our business are set out in the company's Memorandum and Articles of Association.

All the members vote to confirm the appointment of the CEO, which gives the CEO the authority to exercise strong and effective leadership of the business. The CEO along with the members of the board are empowered to run the firm as an executive function. During 2020, the CEO was reelected for a further term of 5 years.

## Management of our business

Management of the firm is the responsibility of the members of the board, headed by the CEO and includes, amongst other duties:

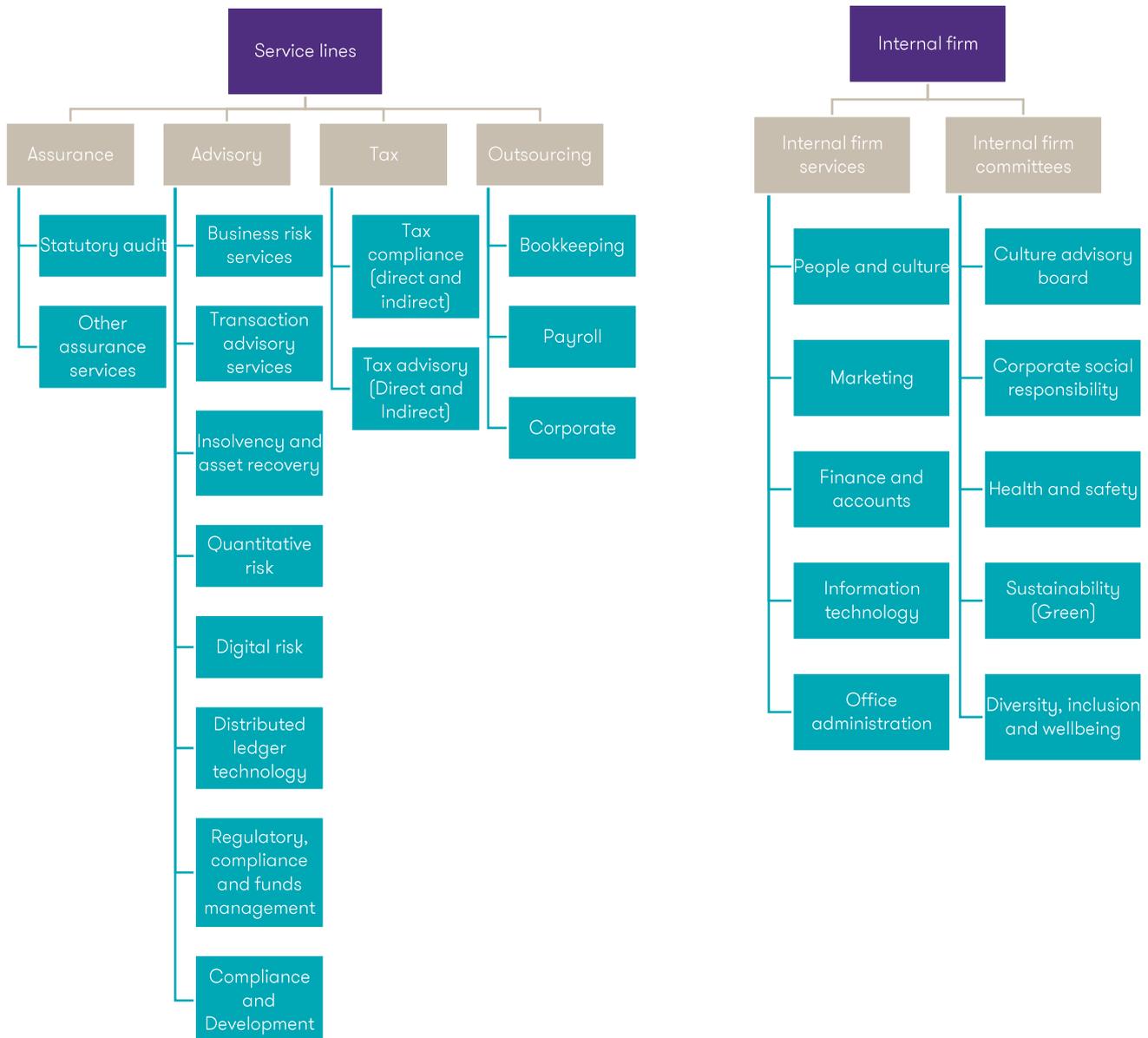
- ensuring that the firm operates within the company's governance framework formulating the firm's strategy and policies
- the profitable management of the firm
- the appointment, appraisal and (where necessary) the removal of partners and staff, and determining their remuneration.

## In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures that our clients have access to excellent technical support and awareness of emerging issues, and that their interests are properly represented as public policy develops. Our partners and senior management are actively involved in various committees regarding the profession. Specifically, we have representatives on various committees of ICPAC, our supervisory body:

- Dimitrios Chioureas as Vice-President of the CSR Committee.
- Froso Yiangoulli as a member of the Audit Committee.
- Stephen Michaelides as a member of the Insolvency Committee.
- Andreas Zachariades as a member of the International Business and Foreign Investments.

The below organisation chart presents Grant Thornton (Cyprus) Limited structure



\* Within the "Ethics, Independence & Compliance", lies ultimate responsibility for client Acceptance / Re-Acceptance, Domestic Checks and International Relationship Checks

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# About Grant Thornton International Ltd (GTIL)

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Grant Thornton (Cyprus) Limited is the Cyprus member firm of GTIL. GTIL is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organisation that does not provide services to clients.

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 Chandiok, India
- Robert Dambo, France
- David Dunkley, 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

## Board of Governors structure



### 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.

## 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. 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.

### 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.



### 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.

# EU Audit Directive

Total revenues attributable to EU/EEA member firms is USD618m (approximately 27% of total global assurance revenues of USD2.3billion).

The table below shows the statutory auditors and audit firms which are members of the Grant Thornton network in the EU or EEA member states and the in which they are registered or have their principal place of business, as at 30 September 2020.

Country	Legal entity	Country	Legal entity
Austria	Grant Thornton Austria GmbH	Iceland	Grant Thornton endurskoðun ehf
Austria	Grant Thornton VERAX Wirtschaftsprüfungs- und Steuerberatungs Gesellschaft mbH	Ireland	Grant Thornton
Belgium	Grant Thornton Bedrijfsrevisoren CV	Ireland	Grant Thornton (NI) LLP
Bulgaria	Grant Thornton OOD	Italy	Ria Grant Thornton S.p.A.
Croatia	Grant Thornton revizija d.o.o.	Latvia	Grant Thornton Baltic Audit SIA
Cyprus	Grant Thornton (Cyprus) Ltd	Lichtenstein	ReviTrust Grant Thornton AG, Schaan
Czech Republic	Grant Thornton Audit s.r.o.	Lithuania	Grant Thornton Baltic UAB
Czech Republic	Fučík & partneři, s.r.o	Lithuania	Grant Thornton Baltic UAB Kauno filialas
Denmark	Grant Thornton Statsautoriseret Revisionspartnerselskab	Lithuania	Grant Thornton Baltic UAB Klaipėdos filialas
Estonia	Grant Thornton Baltic OÜ	Luxembourg	Grant Thornton Audit & Assurance
Finland	Revico Grant Thornton Oy	Malta	Grant Thornton Malta
Finland	Idman Vilen Grant Thornton Oy	Netherlands	Grant Thornton Accountants en Adviseurs BV
Finland	Advico Finland Oy	Norway	Grant Thornton Revisjon AS
France	Grant Thornton	Poland	Grant Thornton Frąckowiak Sp. z o.o sp.k.
France	AEG Finances	Poland	Grant Thornton Polska Sp. z o.o. Sp.k
France	IGEC	Portugal	Grant Thornton & Associados, SROC,Lda
France	Tuillet Audit	Romania	Grant Thornton Audit SRL
France	Cabinet Didier Kling & Associates	Slovak Republic	Grant Thornton Audit, s.r.o.
France	Carib Audit & Conseil	Slovenia	Grant Thornton Audit d.o.o.
Germany	Warth & Klein Grant Thornton AG	Spain	Grant Thornton, S.L.P.
Germany	Warth & Klein Grant Thornton GmbH & Co. KG	Spain	Grant Thornton Andalucia, S.L.P.
Germany	Trinavis GmbH & Co. KG	Spain	Cruces Y Asociados Auditores, S.L.P.
Germany	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH	Sweden	Grant Thornton Sweden AB
Gibraltar	Grant Thornton (Gibraltar) Ltd	United Kingdom	Grant Thornton UK LLP
Greece	Grant Thornton SA		
Hungary	Grant Thornton Audit Kft.		

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# Driving quality

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Audit and Assurance is an important part of our business and plays a critical role in protecting public interest. Our leadership is committed to audit quality – quality in our work, quality in our practices and quality in our people. Critical to our success in achieving and maintaining quality are our structures which underpin our objectives as we continue to grow and develop as a firm.

## Delivering audit quality

### Audit leadership

We understand that everyone can have a different definition of value and this is no different when receiving audit services. To ensure Grant Thornton delivers the value that is most critical to stakeholders, we begin our work by building highly qualified teams. Audit teams comprise of dedicated audit professionals who understand clients' businesses as well as their sectors. Together, these teams not only deliver a high quality audit to stakeholders, they also take the opportunity to provide additional value by providing insights and observations about important and relevant topics - insights which may lead to new ways of thinking, performance improvement or efficiencies.

The firm's audit partners lead from the front and are responsible for driving audit quality. However, it is the day-to-day activities and experiences which bring our quality culture to life and our audit partner group work to embed key practices, disseminate key messages and demonstrate the standards and behaviours we expect in our people.

### Global audit methodology and technology

GTIL assists all Grant Thornton member firms in delivering consistent, robust, rigorous and high quality audits. This is achieved through the provision of a global audit methodology and software, protocols to facilitate consultation with audit specialists in other member firms, a comprehensive intranet service with up to date information on relevant professional standards, a worldwide restricted entity list, an International Financial Reporting Standards (IFRS) help desk and topical alerts. GTIL does not provide any services to clients itself.

GTIL's Methodology and Learning team hold monthly member firm outreach calls to address the information needs of individuals in Grant Thornton member firms who oversee consultations on audit matters, who manage inspections performed by audit regulators or who work in a similar role. In these calls, GTIL communicate methodology concepts and recent releases, providing member firms a forum for questions and enabling everyone to move forward together with consistency. In 2017, GTIL released a revised global audit methodology referred to as LEAP (Leading Effective Audit Practice). Since 2017, a series of global learning programmes has been rolled out across each member firm to drive adoption and engagement of this change. In 2019, a team from the firm attended the Assurance Academy hosted by GT Ireland. The purpose of the Assurance Academy was to provide participants with the knowledge to lead their member firm's LEAP simulation based live training and guide their firm through the understanding of the LEAP methodology.

Grant Thornton Cyprus adopted the LEAP methodology in later 2020 in a number of its larger clients. By the end of 2021 the firm will have fully sunsetted the old HORIZON methodology and only LEAP methodology will be utilized. Among other benefits, revised methodology:

- provides a clear linkage to auditing standards using International Standards on Auditing (ISA) based terms
- applies an account based approach to address the risk of material misstatement
- allows the tailoring of audit risk and response to each client.

The revised audit platform:

- supports a tailored in approach, a key fundamental of the LEAP methodology
- offers flexibility and scalability to perform audits of all types and sizes.

The Global Learning Team has developed a programme of pre-requisite learning to support the changes brought about by LEAP including the Leadership Engagement Series, ISA Proficiency Series, and Methodology Proficiency Series. The ISA Proficiency Series is a series of online modules that focuses primarily on the professional standards themselves and forms the foundation for all the other learning. The Methodology Proficiency Series builds upon the ISA series by applying key ISA concepts within Grant Thornton's audit methodology. In preparation for the upcoming roll out of the LEAP methodology, and associated Audit 360 Simulation training, GT Cyprus is working through an intensive audit training plan for all audit staff. This covers all the essential GTIL pre-requisite training elements, as well as further audit training tailored to the needs of staff.

## Audit quality

Underpinning our commitment to continuously improve audit quality is a robust system of quality control. Grant Thornton International has developed policies of quality control which apply to all member firms. These policies are based on the requirements set out in International Standard on Quality Control 1 (ISQC1) for firms and the Code of Ethics for Professional Accountants issued by IESBA. These policies and procedures are set out in the firms Ethics and Quality Control Manual. The policies and procedures have been tailored to ensure they also comply our local standards issued by Chartered Accountants Ireland and IAASA.

In addition to our own quality control procedures which comprise robust and frequent peer review of audit files and client financial statements, and as a member of the forum of firms, we are required to abide by a system of quality control. The Global GTIL Audit Review (GTAR) programme reviews the conduct of audit work performed by each member firm. GTAR is a systematic check of the quality of member firms' audit procedures, carried out at least once every three years by independent and suitably qualified partners and managers from other member firms under the overall direction of GTIL. Grant Thornton Cyprus consistently achieves some of the highest ratings in the global network.

Grant Thornton Cyprus is currently regulated by the Cyprus Public Audit Oversight Board (CyPAOB) for its firm wide control procedures and the audit inspection of PIE's and also from the Institute of Certified Public Accountants of Cyprus (ICPAC) for non-PIE audits performed. CyPAOB and ICPAC conduct practice reviews on a three-yearly cycle.

Details of external reviews are given in 'measuring audit quality', see page 22 and 24.

## Supervision, consultation and review

We have a strong culture of consultation, supervision and support, which is embedded throughout the audit methodology. Involvement of the firm's experts and where necessary the Head of Assurance, provide appropriate levels of quality control as well as support for all audit personnel. This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit process. Audit clients of PIEs or entities whose securities are publicly traded are subject to an engagement quality control review (as required by ISQC1) by partners who are approved by the Head of Quality.

Appropriate professional expertise is being dedicated to support audit and non-audit teams within the Assurance practice to meet professional standards, regulatory and legal requirements. Consultation requests should be documented in the assigned working papers, which is the responsibility of the assurance engagement partner.



## 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.

The latest review of the committee in 2019 included:



**277**  
engagement  
submitted for  
review



**219**  
approved with  
no conditions



**42**  
approved with  
conditions



**12**  
withdrawn



**4**  
rejected

A similar process for continuance of engagements is required on an annual basis. If there are any significant changes in circumstances or other risk indicators are present, approval by the Head of Assurance and the Head of Ethics and/or GTIL may again be required.

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.



### COVID-19: Our response

The COVID-19 pandemic brought new challenges and forced us to rethink our approach to maintaining audit quality. Grant Thornton is committed to continuing to deliver the highest quality audits. We had to adopt to new ways of working remotely, including how we conduct audits. Our LEAP audit methodology and audit tool, Voyager, allowed for a flexible and agile response to the challenges and resultant changes in our audit approach requires to mitigate the impact of COVID related risks, including as a result of the challenges being encountered by our clients and the additional difficulties we encountered in obtaining sufficient and appropriate audit evidence.

Our Global firm issued various technical and audit related alerts with additional guidance for our people on COVID related matters. We provided webinar and other updates to our auditors, and to the wider business as applicable, to support them and ensure a consistent approach to dealing with these challenges.

Examples of some key audit areas impacted by the COVID-19 pandemic, and where additional guidance was issued included, but were not limited to, client acceptance/continuance, risk assessment and materiality, responses to new assessed risk (e.g. new or changed revenue models), impairment considerations, financial reporting and financial statement disclosures.

The clear focus throughout was to ensure we exercised enhanced awareness of additional risk factors and that we applied appropriate professional scepticism and judgement in assessing the quantum and quality of audit evidence obtained. We also issued guidance on areas where we had to adapt our procedures/use new technologies to obtain audit evidence, e.g. performing stock counts remotely, remote review of other auditor's working papers and the use of technology for communications with clients.

The firm's IT team responded rapidly after the initial restrictions, to ensure our audit teams were adequately equipped to work and communicate effectively, compliantly and securely in a remote working environment.

Leveraging information technology collaboration tools such as MS Teams and Zoom, we were able to effectively adapt our technical and audit methodology leaning curriculum to a remote, but still instructor-led, environment.

In addition, recordings and other e-learning modules were utilised to supplement and enhance our training offerings. This ensured we were able to continue to deliver our mandatory audit curriculum, along with other focused webinars, virtually and effectively throughout the COVID-19 pandemic, while retaining and enhancing the scope and quality of our training.

## 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:



32

Grant Thornton Assessment and Review (GTARs) during 2019



92

reviewers participated (senior managers and partners)

“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.”

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:

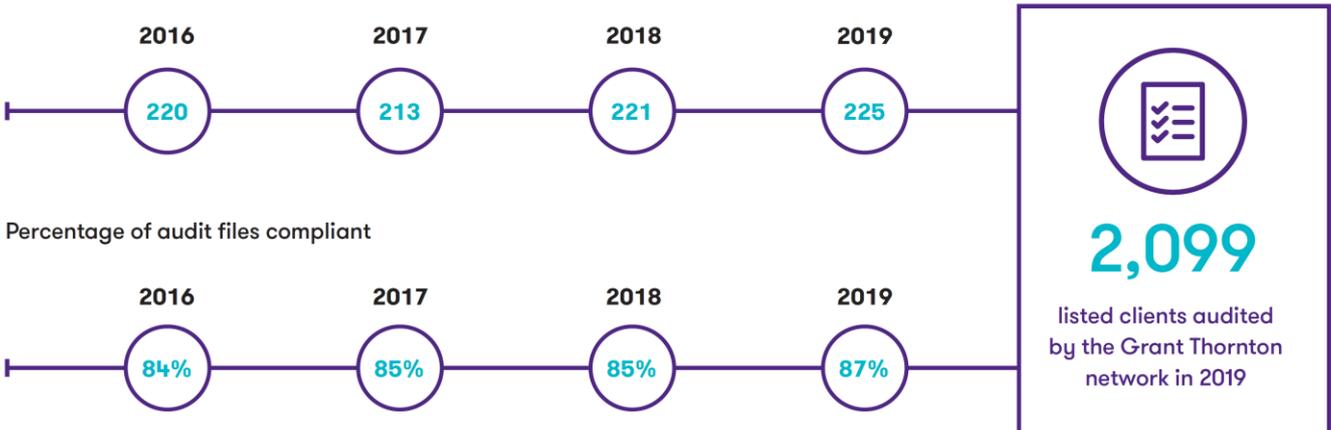
**GTAR opinions issued**

● Satisfactory ● Adverse



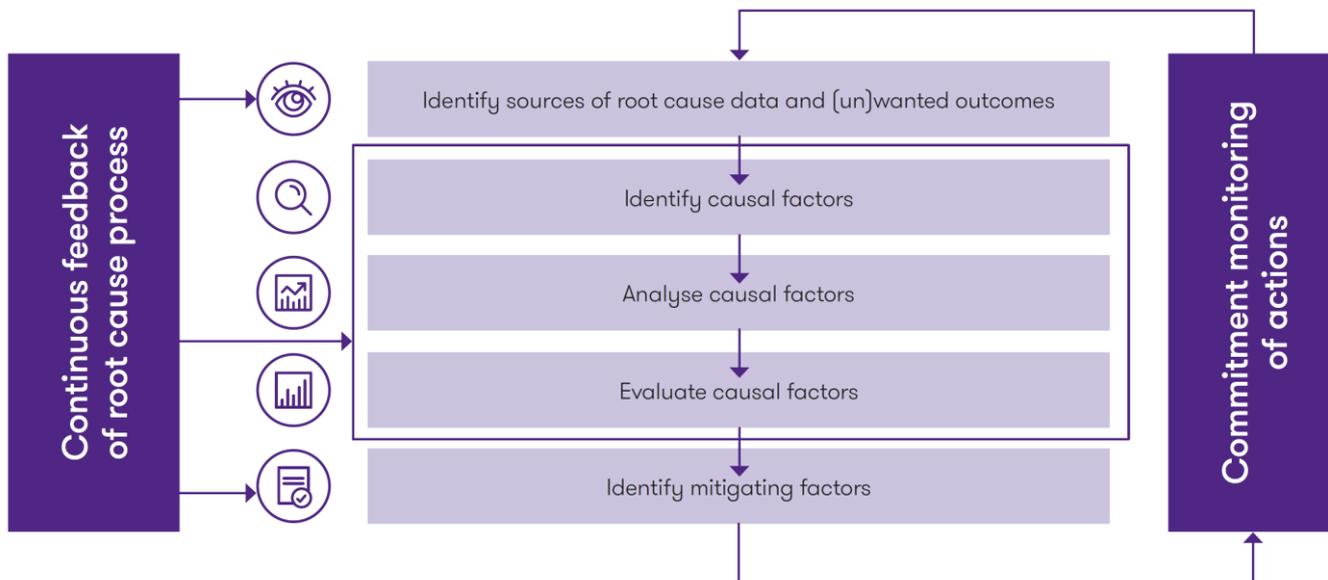
**Audit files reviewed**

Number of public interest entity audit files reviewed internally



## 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.



## 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 site, 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 PIE 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.

## Measuring audit quality

### Audit quality control systems

A rigorous quality management system ensures all our staff understand the role they play in delivering quality work and achieving the high standards we set ourselves – the standards our clients expect. Nowhere is this more important than in the case of audit where our independence and the quality of our work are critical for our clients, the public and professional regulators.

We have established a range of safeguards governing audit appointments and the independence of partners and staff, including:

- technical and procedural manuals, to ensure work is delivered to a consistently high standard
- training and development of all partners and staff (including induction and appraisal)
- quality control procedures, to ensure each assignment meets required standards and quality
- quality assurance processes, including retrospective and hot reviews, to enable management to gain comfort that procedures are in place, are operating and are effective.

Our quality management approach for auditing and financial reporting assignments has several key elements:

- ethics and integrity – we only accept and continue to act for clients we judge to show integrity and for whom we consider the risks of acting to be acceptable
- a robust and rigorous risk-based audit approach, with significant resource committed to ensuring audit quality, consultation, on-the-job and technical training
- the skills and personal qualities of our partners and staff
- a consultative culture, where partners and staff are always encouraged and in certain circumstances, required to consult
- objectivity and independence – absolute understanding throughout the firm that our hard won reputation is dependent on the quality of our work and the quality of the decisions that we take.

These processes are assessed annually as part of our internal quality review processes.

Our system on quality control is conducted in accordance with the International Standard on Quality Control (ISQC1) – ‘quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements’.

This system provides our clients, GTIL, other member firms and our local regulators, with reasonable assurance that our personnel comply with applicable professional standards and GTIL policies and procedures.

In addition to periodic external quality reviews by GTIL, under the GTAR programme, our audits are subject to regular external inspection as part of our obligations to ICPAC and CYPAOB. The review findings and observations are communicated to the Audit practice and directly to the individual teams so that any learning points can be addressed and taken into account in the drive continuous improvement.

The most recent GTAR review for Grant Thornton Cyprus was conducted in October 2018. The results of GTAR are evaluated and communicated to improve quality. Management takes measures to resolve audit quality matters noted from GTAR. Their inspection did not identify any audit performance issues that, in sufficient appropriate audit evidence to support an audit opinion in any of the four audit engagements reviewed or fulfil the objectives of its role in other engagements.

We measure the quality of our audits through:

- internal monitoring
- external monitoring

## Internal Audit Review process

Our quality monitoring programme is robust and key features include:

- use of a standard approach developed by GTIL
- each Engagement Partner is reviewed at least every three years
- Engagement Partner with files reviewed falling below expected standards are reviewed again within 12 months
- all new Engagement Partners are reviewed within a year of appointment
- engagements for review are selected with a bias towards more complex or higher risk assignments
- reviews are undertaken by experienced auditors, using standard methodology developed by GTIL and under the direction of the Audit Quality Monitoring Team to ensure integrity and consistency of the process
- the setting of file grades is moderated by the Head of Quality to ensure consistency between reviewers and with the approach of external reviewers
- the Head of Assurance develops and implements a targeted action plan to address the findings of the review
- on an annual basis the Internal Audit Review findings are summarised and reported to the Board of Directors
- themes arising from the Internal Audit Review are communicated to the audit practice through training events and other technical update channels
- root cause analysis is completed on all significant deficiencies arising and appropriate action plans are developed.

The results of our Internal Audit Review are disclosed to both GTIL and the firm's external audit regulatory bodies, who scrutinise the review process and results during their review and ensure our processes are sufficiently robust.

Serious consideration is given by management to any recommendations made as a result of internal reviews and action is taken to implement appropriate changes.

## Engagement Quality Control Review

A Quality Control Review Partner is appointed on engagements with:

- listed entities
- other high risk clients where deemed necessary by the Head of Assurance & Quality Partners.

The appointed Quality Control Review Partner is an experienced Partner who is independent of the core engagement team. She is appointed in this role based on her expertise.

The Quality Control Review Partner is involved throughout the audit process so that her input is timely.

She is responsible for reviewing key aspects of the audit, including independence, significant risks and their responses, judgments made, uncorrected misstatements, documentation of work done in the areas reviewed, the

financial statements, communication with those charged with governance and the appropriateness of the audit report to be issued. She also seeks to challenge the audit team in the judgments made and work prepared.

## Differences of opinion

Grant Thornton Cyprus has policies in place regarding difference of opinion. In the case that a difference of opinion arises between the Engagement Leader and the Engagement Quality Control Reviewer on a technical or ethical issue, or between any individuals concerning an ethical issue, the authority to take the ultimate decision has been assigned to specific individuals based on their expertise. In the case that the assigned individual for the relevant consultation area is one of the parties to the difference of opinion the firm's CEO has the authority to resolve the difference of opinion.

Where there is a difference of opinion that affects a report, conclusions reached are required to be documented and implemented and the report to be dated after the matter has been resolved.

## Engagement documentation

The engagement team following the completion of an engagement is required to assemble and archive the audit file, which comprises of both the electronic and hard copy paper file and archive these files within 60 days from the date that the audit report was issued.

Engagement files are retained as a minimum for the period specified by the law.

## Transparency throughout our network

The GTAR programme is a key component of Grant Thornton's global system of monitoring quality control. It provides important information to member firms relying on the quality work of other member firms within our network.

Via our global intranet, designated member firm representatives have access to summarised GTAR reports, which offer an overall inspection opinion and include a description of any significant deficiencies or material weaknesses in a specific firm's quality control systems.

## External monitoring results

Every external inspection review is a valuable and beneficial experience for us. These exercises are valuable in enabling us to benchmark to current practice, highlighting areas of particular strength and provide constructive discussion on areas we could develop our practices. Our firm's policies and procedures have been updated to incorporate the findings arising from the most recent external reviews.

Further to the Internal and Global reviews, Grant Thornton Cyprus is monitored by the Cyprus Public Audit Oversight Board (CyPAOB) for its firm wide control procedures and the audit inspection of PIE's and also from the Institute of Certified Public Accountants of Cyprus (ICPAC) for non-PIE audits performed. CyPAOB and ICPAC conduct practice reviews on a three-yearly cycle.



Our firm is also subject to periodical reviews by the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW) as part of their Approved Employer Programmes.

The last external quality assurance review of Grant Thornton took place in February 2015, by ICPAC. The overall outcome of the visit was assessed as satisfactory, since the majority of the audit files inspected was considered to be generally satisfactory.

The latest completed inspection of the firm by the Cyprus Public Audit Oversight Board took place in 2018 and we are currently undergoing another inspection cycle. On the basis of the results of this inspection, the firm continues to be registered to conduct statutory audit work in Cyprus. Areas for improvement identified as part of the regulatory inspection have been taken into consideration and formed part of an action plan, the implementation of which is monitored by the firm's Directors.

## Our internal quality control systems

The Board of Directors has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, to eliminate the risk of material misstatement of our financial statements.

The firm has carried out a review of the effectiveness of the internal quality control systems through a review of a representative sample of audit files (IQCR) during the year and has taken into account:

- the findings from regulatory inspections
- reports from GTIL on the firm's quality control systems and
- the findings of the firm's internal audit reviews on the operation of quality management systems and the management of risk across the firm.

This year's review has also taken into account the tax and advisory practice of the firm.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements.

Accordingly, they provide only reasonable and not absolute assurance against such failure or material misstatement. The review did not identify any failings and any significant findings are addressed as follows:

- presentation to the Board of Directors
- root cause analysis
- action plan approved by the CEO.

The Board considers that the firm's internal quality control systems are operating at an effective level.

At the same time, findings identified by the reviews are seriously considered and any necessary steps are taken to address them.

## Tax quality

At Grant Thornton Cyprus, 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 PIEs 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 crossborder 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.

### Reviewing member firms

The tax and advisory risk questionnaire (TARQ) acts as a self-help tool for member firms to ensure they meet the global standards required for quality and risk management, people development and leadership.

All member firms are reviewed regularly for quality. The 2017 TARQ was issued in November and member firms were conducted in 2018 to discuss their review. This guides our formal face-to-face review process of member firms.

During 2018, a tax review was conducted as part of the GTAR review, the results of which were satisfactory.

## Advisory service quality

Our advisory services help clients create, transform and protect value. As well as helping clients to finance growth and optimize operations, we advise clients on how to manage risk and regulation. We take these same principles on managing risk and regulation and apply them to our own operations.

Advisory services differ from assurance services provided by Grant Thornton as they are not regulated to the same extent or provided according to templates fixed by regulators or legislators. GTIL's quality processes are designed to allow member firms the flexibility to meet local market requirements and to ensure that, wherever possible, common working practices are observed internationally.

As our cross-border and international client list expands, so too does the need to ensure that the client experience does not differ from one territory to another. This requires greater standardisation of working practices, as well as training in joint working between member firms.

Quality is intrinsic to the value that we bring to clients, and there is no single solution or control that by itself will ensure that quality standards are maintained. We have a multi-faceted approach to quality control which encompasses:

- risk management
- mandating standard methodologies for service lines
- the provision of service line and industry support groups and managers
- service line technical training
- a member firm review programme
- improved connectivity between firms.

A core part of Grant Thornton International Ltd approach is to ensure that member firms and front-line staff undertaking client work are connected to other parts of the network that are best able to support them. In October 2017, Grant Thornton International Ltd launched a quality framework which, for the first time, brought together a guiding principles framework for all service lines, including tax, advisory and audit.

This quality framework specifies the standards that member firms are required to uphold across all their operations.

### Authorisation

Before a member firm can offer advisory services, it is required to apply for authorisation for each service it intends to provide.

The application process includes the submission of evidence of relevant experience, a commitment to learning, and the adoption of GTIL's advisory risk management and quality control processes.

The authorisation process was significantly strengthened in 2017 to allow it to provide greater transparency between member firms as to the advisory resources and capabilities available in each country.

### Assignment acceptance and consultation

All member firms must have processes in place to ensure that clients and assignments are reviewed before acceptance. GTIL service line support managers help member firms find access to the best skills and experience across the network for specific categories of work. These include all clients who are located or headquartered in another country; those requiring specialist skills or experience; and those assignments with the potential to affect Grant Thornton's brand internationally.

### Review

Authorised member firms are subject to periodic review to assess their compliance with risk management and quality control processes. Member firms are selected for review according to the perceived level of risk. The results of reviews are communicated to firms with timelines for any corrective actions or development points identified.

The methodology for reviewing member firms' advisory practices was revised in 2017 to ensure that it addresses the requirements of the new quality framework and that the respective responsibilities of individual member firms and GTIL are understood.

During 2018, an advisory review was contacted as part of the GTAR review, the results of which were satisfactory.

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# Risk management

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The firm has established business unit risk working groups to specifically address the risk issues impacting each function in the firm. Areas covered by risk management policies and procedures include independence, client acceptance, client re-acceptance and Anti-Money Laundering (AML) procedures.

Acceptance and re-acceptance of assurance clients in particular, is considered a cornerstone of the enterprise wide risk management approach. Given this importance, certain member firm assurance engagements that meet one or more defined criteria are submitted to a global review team for approval.

Overall, there is a continuous focus on enhancing the risk management framework, for example, the development of proprietary software that will centralise the client acceptance/re-acceptance global review and approval process.

## Ethics and independence

Our global independence policies and procedures are based on the International Ethics Standards Board's Code of Ethics for Professional Accountants with supplements to govern compliance with our global independence and international relationship checking processes.

The company's policies and procedures have been designed in order to ensure independence of the company and its members while rendering services.

All personnel are under obligation to examine, every time they undertake the conduct of an audit, whether their independence is threatened in any possible way. In particular, the members of the staff shall examine whether their relations (financial, professional, personal) with every client or an associate or an entity might lead a knowledgeable, objective and prudent third party to arrive at the conclusion that the independence of a partner or that of the Company is threatened. In such a case, they are under obligation to inform the Head of Ethics about such relationships who will take action in line with GTIL policies.

The particular company policies that serve the above objectives of independence are analytically described in "Assurance Quality Control Manual" that are annually reviewed and revised by the Ethics Leader and Head of Quality Control. Haroulla Arkade, as Ethics Leader has the responsibility for overseeing independence matters, including providing training and obtaining annual confirmations of compliance with independence policies. GTIL monitors compliance with these policies.

The reviews are conducted based on specially configured

review plan in line with audit standards, developed by the Ethics Leader and Head of Quality Control and revised whenever this is necessary.

## Basic principles for independence

According to the requirements of GTIL and with a view to complying with the quality assurance and ethical policy the objectives were formed by the Ethics leader and the Head of Quality:

- prepare, update and disclose to our people the Quality Management Manual (QMM). QMM is the manual comprising the total of policies and procedures defining the company operation
- establish policy for undertaking or rejecting clients
- estimate the risk of undertaking/ retaining clients including the AML/TF procedures
- communicate with GTIL on risk management issues
- monitor and implement the principles, regulations and procedures prescribed by GTIL for Key Assurance Assignments (KAA). The issue pertains to assignments of the company that are to comply with specific criteria
- establishes the quality management system & quality control procedures.

## Relationship checking

Maintaining integrity and objectivity of thought is vital to maintaining our reputation. We have a robust system of independence and conflict checks, which is designed to identify potential conflicts of interest at the earliest possible juncture and deal with them appropriately. Sources of potential conflict will range from providing additional services to existing audit clients and acceptance of new clients, to investments by the firm and staff.

For audit and similar engagements, where independence is a matter of public interest, our procedures are even more stringent. We ensure that partners carry out a check of whether other services have been provided that might impact on our independence before engaging with new audit clients and obtain approval from the audit Engagement Partner and the Head of Ethics. As mentioned above, we also require the engagement team to confirm their independence on each audit file. Furthermore, for all PIE clients, we obtain approval for other services provided from the audit committee and the Head of Ethics. In addition to our own independence practices, GTIL requires member firms to adopt policies and procedures to safeguard the independence of all member firms.

These policies and procedures include a requirement for member firms to maintain a listing of companies considered 'restricted' as a result of an audit relationship. Details of these restricted companies are maintained on a global restricted list through a system maintained by GTIL. Professional personnel in member firms have access to this global restricted list via the GTIL intranet.

The global restricted list serves as a point of reference for member firms considering providing non-audit services to public companies. When the prospective client appears on the global restricted list, consultation is required with the audit partner to ensure that any threats to independence created by the proposed non-audit service can be adequately safeguarded and that the proposed non-audit service is permitted. The global restricted list is also reviewed by GTIL on a regular basis.

GTIL has also adopted an automated independence tracking system, the Global Independence System (GIS). Partners and client-facing managers in member firms are required to maintain a portfolio in GIS of those publicly traded securities in which they have a financial interest and update it on a monthly basis.

The GIS monitors these financial interests against the global restricted list and is designed to alert the member firm or the individual professional and a national compliance officer, in the event that a security held also appears on the global restricted list. The GIS provides a mechanism to assist the individual and the national compliance officer in determining whether the security may continue to be held, based upon the facts and circumstances.

The manager of GIS also updates, on a monthly basis, the Global Restricted List (GRL), on which GIS is based, making entries of listed companies and their subsidiaries (public interest companies), that constitute the "audit clients" of the company. This way, the companies in question are presented as "RESTRICTED" throughout all GTIL network.

The implementation of this procedures ensures that no member of Grant Thornton network can hold shares of any company marked as restricted by another member firm.

The aforementioned systems and procedures are followed within the frame of the general plan of Global Independence & Risk Management of GTIL and are aimed at providing further assurance that member firms and executives comply with all applicable independence requirement.

As part of monitoring the effectiveness of its quality control system in managing compliance with independence requirements, we perform the following:

- compliance testing of independence controls and processes
- personal independence compliance testing of a random triennial selection of Partners, Directors, Senior Managers, Managers and Supervisors to monitor compliance with independence policies.

The results of the firm's monitoring and testing are reported to the firm's management on an annual basis.

During 2020, we confirm that, we conducted an internal review of our independence practices.

### Conflicts of Interests

In providing services to clients, situations may arise that could be viewed as a conflict of interest. For instance, in cases where the firm competes directly with a client or the firm performs services for clients whose interest are in conflict such as through competition or dispute.

Potential conflict of interests pertaining to an assignment undertaken in Cyprus as well as at the global level are monitored.

Conducting reviews for potential conflicts of interest and/or threats to independence (jointly referred to as 'relationship checks') prior to proposing on an engagement are important safeguards against threats to objectivity.

GTIL has instituted a policy that establishes a standardised approach to conducting these checks for potential relationships, where the client or prospective client has international operations.

### Identifying conflicts of interest and/or threats to independence

The firm uses a search tool to interrogate a suite of databases where potential relationships could be identified. Individuals are asked about relationships where the database search identifies a possible match. In support of this approach, databases have been created to ensure that all relevant relationships are identified.

The international network also maintains an electronic Global Independence System to match the investment holdings of all relevant personnel with restricted entities to avoid personal investments threatening audit independence.

### Potential clients with international operations

If potential clients have international operations, an international relationship check is performed to identify any relationships of other member firms of GTIL that may present a conflict of interest and/or a threat to independence.

The international network maintains databases of restricted entities and other relationships that could create a conflict. These are searched as part of the International relationship checking process.

When the prospective client is already an audit client of a member firm of GTIL, consultation is required with the relevant audit Engagement leader to ensure that the proposed non-audit service is permitted, and that any perceived threats to independence created by the proposed non-audit service can be adequately safeguarded.

Where required, the circumstances are communicated to the audit client's audit committee and, in the case of PIEs, are approved by them prior to commencement of work.

### **Potential clients with international operations**

If potential clients have international operations, an international relationship check is performed to identify any relationships of other member firms of GTIL that may present a conflict of interest and/or a threat to independence.

The international network maintains databases of restricted entities and other relationships that could create a conflict. These are searched as part of the International relationship checking process.

When the prospective client is already an audit client of a member firm of GTIL, consultation is required with the relevant audit Engagement leader to ensure that the proposed non-audit service is permitted, and that any perceived threats to independence created by the proposed non-audit service can be adequately safeguarded. Where required, the circumstances are communicated to the audit client's audit committee and, in the case of PIEs, are approved by them prior to commencement of work.

### **Dealing with potential conflicts of interests**

If a potential conflict is identified, appropriate procedures are put in place to obtain the informed consent of the interested parties, to protect confidential information and to ensure potential conflicts are, and are seen to be, effectively managed. In exceptional circumstances the relevant head of service line and the Ethics Partner must be consulted. To the extent that conflicts cannot be adequately safeguarded or where we believe that an objective, reasonable, informed third party might query our objectivity, we either do not undertake the non-audit service or withdraw from the audit, the decision being made with the full involvement of the client(s) concerned.

### **Client take-on process**

The firm continues to invest in enhancing its take-on processes. The audit teams undertake client identification and due diligence for AML and TF purposes for all new and existing clients. It also conducts family tree research for international operations and database searches that underpin our relationship checking processes.

### **Non-audit services to audit clients**

Every member firm of GTIL, prior to provision of any kind of non-audit service to a client is under obligation to ascertain whether another GTIL member firm conducts an audit for the very same client or to a client's related party (parent or subsidiary).

In such a case, it shall contact the GTIL member firm conducting this audit in order to estimate the compliance with independence requirements in the particular case and ensure that the non-audit services required do not threaten the independence of the member firm, conducting the audit.

Should it be considered necessary, the international partner of GTIL in charge of compliance with International Standards on Auditing and Code of Ethics shall participate in the evaluation procedures.

### **Client Confidentiality**

The relations with the clients are confidential and all the protective measures are taken in order to avoid breach of confidentiality.

During the conduct of an engagement, the audit team might become aware of confidential information about the client, such as future business plans, current operations results, procedures pertaining to pay rolling or personnel issues etc. Particular attention shall be paid to keeping the required confidentiality.

The tool facilitates the preparation, communication and clearing the workflow for international relationship check requests. It provides a more robust platform and include regular processes for assessing potential threats to independence or conflicts of interest identified during client acceptance.

### **Client acceptance and continuance**

All of our statutory audit clients are subject to categorization policies to ensure that appropriate risk management procedures are applied and this categorization is used to drive key procedures including the:

- requirement to consult and obtain specific, GTIL key assurance assignment approval before accepting and continuing with certain new clients
- need for the audit partner role and 'on-site' roles to be performed by team members with relevant experience
- need to appoint an appropriately experienced review partner for certain categories of audit
- requirement for technical reviews for certain categories of audit.

We only engage with clients where we have the necessary capacity, skills and expertise to offer the highest possible standards of service and care, to meet client expectations and ensure that the acceptance does not prejudice our independence, objectivity or integrity.

## Global client acceptance/ continuance procedure



All new assignments require approval before the appointment is confirmed with a formal contract and before the assignment starts. This approval is by the appropriate lead partner and in cases of identification of potential conflicts approval is required by the Ethics Leader. In certain circumstances consultation with the CEO or Grant Thornton International Limited is required.

A key part of the client acceptance and continuance process is ensuring we have the right people involved in assignments. For certain audit assignments we specify levels of experience and completion of specific learning programmes to make sure that the individuals are competent to undertake those audits.

### Engagement Letters

Conduct of all kinds of assignments requires prior written expression of acceptance by the client. Grant Thornton uses the so called “engagement letters”. The engagement letters include the description of the assignment that the company is required to undertake each time as well as written statement, issued by client representatives, certifying that they accept all the relative terms and conditions. The content of “sample” Engagement Letters is conducted by the Head of Quality in full compliance with International Standards on Auditing and the Institute of Certified Public Accounts in Cyprus and varies depending on the type of engagement involved.

### Engagement Performance

#### Assignment of individuals to engagement teams

Assignment of members of every engagement team requires prior assessment and estimation of professional skills and experience of the team as well as those of every individual team member. The assessment takes into account factors, such as the size and the complexity of the particular audit, professional skills required, available time of the members and the partner-in-charge, audit conduct deadlines, etc.

### Supervision

Supervision involves monitoring and controlling the operations of audit team members by the project manager or partner throughout the audit. In all cases, the responsible partner shall supervise the implementation of the Company’s professional standards, regulatory requirements, policies and operating procedures. This way, the necessary procedures adjustments can be evaluated in time to make appropriate changes/modifications to the audit approach in the audit program. Furthermore, the project manager or partner reviews the audit team’s capabilities as well as whether there is sufficient time to perform their work, and identifies issues that are subject to consultation with more experienced members.

### Review

A review of the audit work is carried out by the responsible partner in order, inter alia, to examine whether the audit has been carried out in accordance with professional standards and supports the arising conclusions, appropriate consultations have been conducted and evidence obtained is adequate and appropriate to verify the report. EQCR reviews are also conducted when necessary in line with our policy.

### Rotation of Key Audit Partners

Key Audit Partners responsible for audits are required to rotate off the engagement after specified periods of time that depends on their role and the type of entity. The term, “Key Audit Partner” includes the engagement partner and the individual responsible for the engagement quality control review on the engagement. In the case of a group audit it also includes the statutory auditor of a significant subsidiary. Rotation in respect of listed and PIEs is initially recorded when individuals are first assigned to a client. This record is maintained on a central database. The firm’s policy concerning the rotation of partners requires that: “Key Audit Partners for public-interest entities” can act for seven years and then must rotate off the engagement for at least two years. For EU PIEs the Key Audit Partner tenure is the same, followed by a three-year period within which they may have no involvement in the audit.



### Withdrawal from an engagement

Grant Thornton Cyprus has in place policies and procedures, in accordance with legal and professional obligations, for circumstances in which we determine that we should or are required to withdraw from an engagement. Appropriate consultations both within the firm and with those charged with governance of our clients are being held. Circumstances where we become aware of information after accepting an engagement which, had we been aware of that information earlier, would have led us to decline it, are also included in these policies and procedures. Our AML/TF policies and procedures are also consulted accordingly.

## Other ethical considerations

### Rotation of senior audit team members

Once an audit engagement partner or engagement quality review partner has held the position for a continuous period of 10 years, the engagement partner is required to give careful consideration, in consultation with the Head of Ethics, to whether a reasonable and informed third party would consider independence to be impaired. Appropriate safeguards including rotation must be put in place to ensure independence is maintained.

Rotation in respect of listed and certain other PIEs is initially recorded when individuals are first assigned to a client. The firm requires the use of the partner rotation tracking spreadsheet in order to track the length of service of senior personnel on assurance engagements. The firm's policy concerning the rotation of partners and people requires that:

- other (non-key) audit partners may serve on the audit of a PIE or other listed entity should not act for more than seven years in that role unless safeguards are put in place. The normal safeguard is rotation off the engagement but a change of role within the engagement team or an independent review of the individual's work are other available safeguards
- other people who serve in a senior position on the audit of a PIE or other listed entity should not act for more than seven years in that role unless safeguards are put in place.

Rotation of the responsible individual for other public interest assurance engagements is dependent on the entity type and is a maximum of either 7 or 10 years, based on a risk

assessment. In certain circumstances an extension may be granted for audit quality purposes by the firm's Ethics Partner.

### Gifts, favours and hospitality

The firm's policy on gifts, favours and hospitality is not to accept any gifts or hospitality from a client of the firm or any other party with whom the firm and its partners and employees have dealings unless the value is clearly insignificant. Partners and employees are not permitted to accept from, or give to, audit clients, suppliers or third parties any gifts, favours or hospitality that might, or might be seen to, prejudice our integrity and objectivity in relation to our audit clients.

Gifts and hospitality with a value of less than €100 will be assumed to be insignificant. If a client or other party attempts to offer a gift or hospitality in excess of this amount the individual must follow the firm's consultation procedures.

### Monitoring

We monitor our people's compliance with ethical and independence requirements through:

- the firm's Annual Declaration process. All of our people are required to confirm that they understand and have complied with the firm's policies relating to independence, confidentiality, market abuse, gifts, favours and hospitality, and whistleblowing
- quality control and quality assurance reviews of assignment files across service lines to check compliance with internal controls and specifically engagement acceptance procedures and independence policies
- enhanced monitoring with regard to client take-on and ethics during the course of the year, specifically around work in progress of assignments, as part of our continuous improvement of monitoring compliance with regulation
- review of the Global Independence System accounts of all new partners, against evidence to support their recorded financial interests
- an annual review (audit) of our independence practices
- encouraging our people to consult with others when faced with a difficult decision or to speak up on areas of concern.

### Complaints and Allegations policy

We have robust procedures in place for dealing with complaints. As documented in the Quality Management Manual (QMM), Partners and staff are encouraged to speak up when dealing with behaviour or facing a situation that does not seem right. Our firm has a policy pursuant to which any Partner or staff can report inappropriate business conduct or unethical behaviour. Reporting is made to the Ethics Leader; who will investigate and resolve the issue that has been raised. Our firm has procedures in place to protect individuals raising an issue against retaliation which also enables anonymous reporting. We are committed to deal responsibly and professionally with any genuine concerns raised about possible malpractice. Partners and staff have a responsibility to report and express concerns in good faith, honestly and respectfully.

### Protection of whistle-blowing

We do not permit reprisals or retaliation against someone who raises a concern, reports suspected misconduct or provides information for a related investigation. We encourage our colleagues who believe that they or someone else has been retaliated against, to report this matter to the firm's Ethics Leader. The firm has adopted an internal policy on whistle-blowing in line with the EU Whistle-blowers' Directive. Our policy aims at introducing effective, confidential and secure reporting channels and takes on the legal environment which prohibits reprisals and introduces safeguards against whistle-blowers being suspended, demoted, intimidated or other forms of retaliation.

A designated email address (ethicsleader@cy.gt.com) has been communicated to all colleagues. Any communication coming to this email is treated as highly confidential by the firm's Ethics Leader. Our People Handbook refers to the firm's reporting policies concerning other disciplinary matters including harassment and grievances.

### Anti-corruption

Grant Thornton's policies as documented in the QMM make it clear that it is unacceptable for our people to solicit, accept, offer, promise, or pay bribes. Policies, procedures with respect to anti-corruption are in place.

### Information protection

Grant Thornton is continually working on its Data Protection and Privacy (GDPR) compliance. The majority of the work was completed in 2018 in accordance to the guidelines issued by the Office of the Cypriot Commissioner for Personal Data Protection as well as the European regulation.

### Supplier relationships

Our independence requirements extend to our relationships with suppliers. Checks are carried out before we enter into a supplier contract to establish whether they are an audit client, and if they are, special consideration is given to whether a threat to independence might arise.

Where applicable, the Ethics Leader must be consulted.

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# People and culture

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2020 has been a challenging year for all due to the covid-19 pandemic. Going through unprecedented and turbulent times, our top priority was and remains, the health and wellbeing of all our people and their families. From day one, we proceeded with proactive measures to ensure the safety of everyone, whilst continuing addressing every colleague's needs individually, sensitively and confidentially. Management has been transparent, providing regular updates through companywide virtual meetings, confirming at the same time immediate availability both to our people and our clients.

## Our People Strategy

While responding to the new reality, we continued to work in support of our "People Strategy", that is: to develop our people experience further and create physical and virtual environments that promote health and wellbeing as well as psychologically safe places where people can be themselves, are able to speak out, challenge, contribute fully and can expect to be treated with respect and fairness.

We are committed to creating a distinctive people experience for all Grant Thornton people, at every step of their career, through value added practices always with a focus on quality. Our commitment to our people is also evident in our recent success, receiving the prestigious Great Place to Work accreditation.

**Our CLEARR values** serve as a foundation to creating a consistent people experience across the whole of Grant Thornton. Our goal is to ensure that all our people, at every level, share and live our values. Our values are also embedded in all our policies and procedures.



## Creating an exceptional 'People Experience' succeeding in creating an exceptional 'Client Experience'

Our People and Culture has a fundamental role to play in creating an exceptional people experience for all Grant Thornton people, that starts even before joining enabling everyone to fulfil their ambitions making the greatest contribution in their time with the firm:

- **Win:** Brand, Attract, Select, Recruit
- **Engage:** Orientation / Global on boarding program, Buddy system, Working Environment, Culture, Employee Engagement, People Survey, Days of Listening, Focus Groups, Culture Advisory Board (CAB), Wellness Programs
- **Grow:** Learning & Development, Performance Management, Global mobility, Internal transfer opportunities, Continuous Feedback, Coaching, Group Mentoring, GTIL global milestone programs and other learning opportunities, joining one of our internal teams taking an active role in shaping our future together (CAB, Green Team, GT Foundation)
- **Keep:** Recognition and Reward, Retention, Career progression, Talent Management

We are committed to:

- creating a high-performance culture where people with passion for their work, dedicated and committed to make a difference, know their role and are supported towards fulfilling it
- empowering everyone to achieve their aspirations ensuring high quality learning, continual support for development and the best possible preparation for the future
- creating an environment of success and empowerment, providing our people the tools to make a difference every day, regardless of their role, seniority or years of experience
- cultivating a culture where everyone is encouraged to contribute their ideas and suggestions.

### Growing with our People

Our goal is to shape the Grant Thornton of tomorrow where all people are happy to work here and have fun while contributing to the success of our organization.

We do it in support of our CLEARR values while activating our 'People Promise' that is 'why our people love to work and choose to stay with us' ultimately differentiating our organization from our competitors':

<b>AUTONOMY</b>		<p><b>I am free to be authentic</b></p> <p>Our culture enables and encourages each of us to be honest to our personal values and purpose in our work lives. Being recognised and respected for the unique perspective that we each bring</p>	<b>MEANING</b>
<b>RELATEDNESS</b>		<p><b>We are better together</b></p> <p>Collaboration with each other, with clients and with other professionals broadens our thinking and improves our approach. We enjoy learning about other people and applying that learning in our work</p>	<b>MASTERY</b>
		<p><b>I am inspired to make a difference</b></p> <p>We know that each of us directly contributes to clients' growth, to the development of our colleagues, and to the communities where we work and live</p>	
		<p><b>My growth is continuous</b></p> <p>Development is achieved through stretch and challenge, offered with support and coaching that enables our people to be better than they believe they can be</p>	

## Continuous Professional Development (CPD)

Grant Thornton Cyprus is committed to establishing learning as a strategic imperative and invests accordingly, providing its people with high quality learning programs that enhance individual and organization potential. Our 'Learning and Development Policy' is integral to our People strategy and to the achievement of our Company strategy and ambition. Enhancing everyone's ability to contribute today and prepare for the future is the key to our success.

We are a learning organization and continuous improvement is our way of life, enabling us to provide quality services to our clients. We encourage each of our people to take charge of their personal development, including the firm's own risk management, ethical and independence requirements, to always be alert and seize opportunities for learning.

We are committed to ensure that our people take part in appropriate programs of continuing personal development to maintain their technical knowledge, professional skills and values while we meet CPD requirements being a platinum approved employer awarded by ACCA (Association of Chartered Certified Accountants), ICPAC (Institute of Certified Public Accountants of Cyprus) and an approved employer by ICAEW (Institute of Chartered Accountants in England and Wales).

Our inhouse annual training plan is determined considering but not limited to areas of development of our people defined through on going formal and informal evaluation and feedback (knowledge, skills, competencies, attitudes, behaviours for current and future roles, findings identified through hot and cold financial statement reviews, findings identified during IQCR, GTARs, and other quality reviews, common queries and consultations requested, new market developments, law and government regulations, Grant Thornton International requirements, technological and other new developments. It is revised when this is necessary ensuring the best possible development of our people on job related technical knowledge and capabilities.

We have set up a list of mandatory inhouse trainings to ensure consistent and ongoing learning and development with emphasis on quality, risk management, ethics, independence, compliance and more. Compulsory yearly training programs are monitored to confirm completion by all assigned colleagues and include programs on Ethics and Independence, Inspection Findings, Anti-Money Laundering (AML), International Standards on Auditing (ISA), International Financial Reporting Standards (IFRSs), Tax & Vat, a series of soft skills development programs (Professional and Personal Leadership, Managing People and Performance for success, New Managers coaching skills).

To support the firm's commitment for all our people to perform in a more effective and efficient manner and to deliver quality and success in their roles, all new colleagues and interns joining the firm are invited to attend an onboarding program.

Our training plan is satisfied through many training mediums all sponsored by the Company, through in-house programs and 'Learning Nuggets', external open seminars in Cyprus and abroad, on the job training, coaching, mentoring, being part of the 'Buddy scheme' for newcomers, shadowing, continuous feedback, technical alerts and circulars, professional memberships, participation in external and internal committees internal meetings etc.

Being a member firm of GTIL gives us access to a wide range of learning opportunities for forums and conferences to online trainings, workshops, mentoring programs and a dedicated intranet named 'GTConnect' etc.

A great development in 2020 for Grant Thornton Cyprus was the introduction of GTLearnConnect learning management system (LMS) and the access granted to all our people. The platform includes GTIL learning materials, technical training (e.g., ISA, IFRS, LEAP), and over 1000 off-the-shelf courses on both technical and soft skills available to access at any time from any place.

Grant Thornton's global learning goal is to provide world class learning on leadership, business development, client management and technical subjects. And as a member firm, we are fully committed to sponsoring participation of our people in all learning opportunities provided by our network.

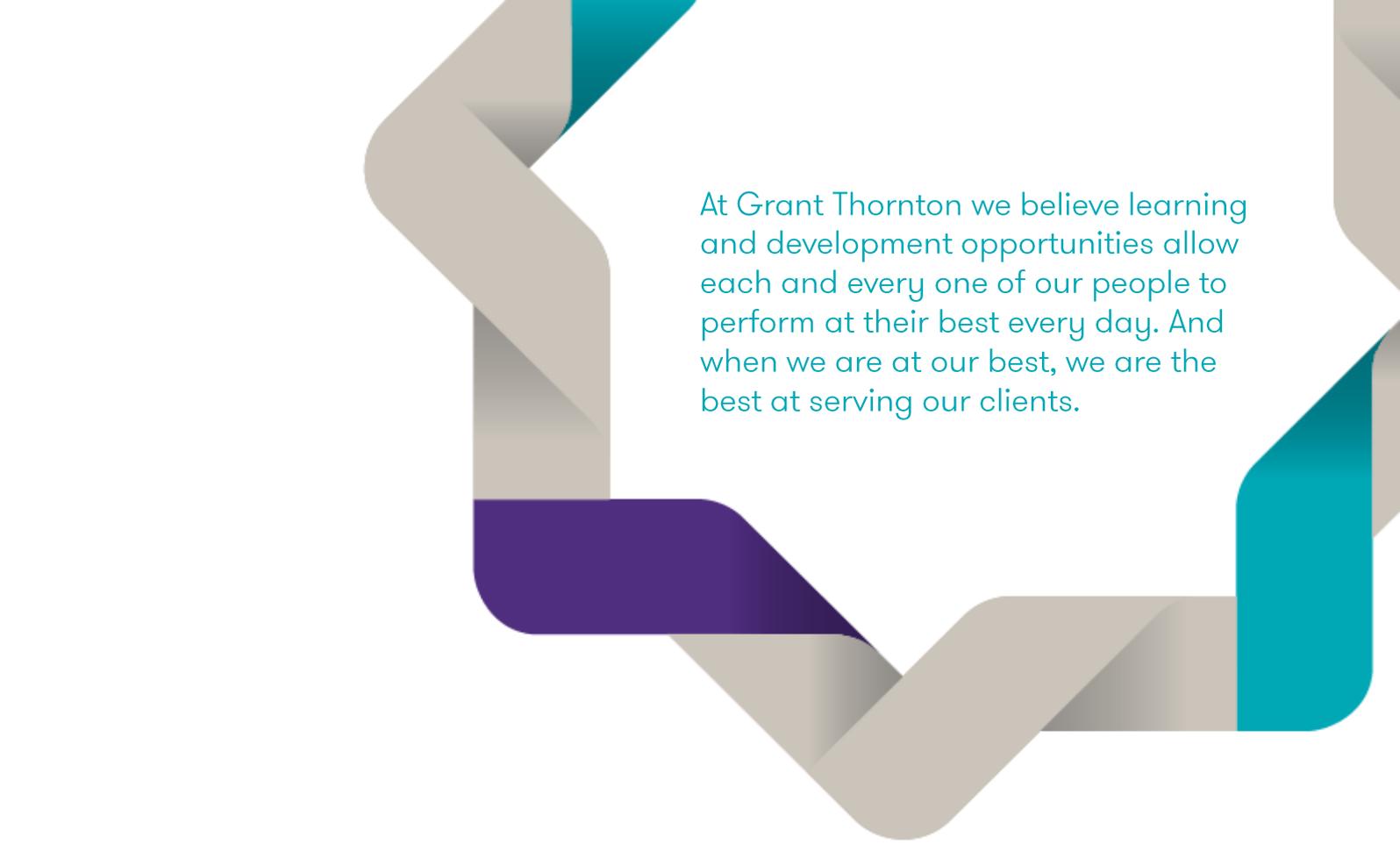
## GTIL Service line technical and client service excellence

Significant client service-related learning is offered that equips Grant Thornton people with the knowledge and skills to support clients in achieving their operational and strategic goals. Service line learning is also available both within member firms and through global training on an ongoing basis.

## Developing managers and partners

Programs to help managers and partners reach their leadership potential are also available:

- **Senior Leadership Programme (SLP):** The programme is for CEOs and leaders in senior strategic positions or those who are starting a firm wide leadership role. It is also ideal for those leaders who have been identified as high potential Partners who are increasingly playing an important leadership role in Grant Thornton. The SLP provides the opportunity for leaders to have access to thought-provoking new thinking, leadership theory, and strategic frameworks from Harvard Business School.
- **Advanced Leadership Programme (ALP):** The programme is for Senior Managers, Directors and New Partners. It is a year long programme that takes place in strategic growth markets around the world providing participants with access to global clients, senior leaders, colleagues and thought Leaders. Designed for nominated by member firms Grant Thornton people and focuses on expanding their global perspective, deepening their engagement and leadership skills while building a professional network within the global organization.



At Grant Thornton we believe learning and development opportunities allow each and every one of our people to perform at their best every day. And when we are at our best, we are the best at serving our clients.

- **Emerging Leaders Programme (ELP):** ELP is a foundation programme for high performing managers and senior managers who are recognised as future leaders. The programme provides participants an opportunity to develop the knowledge, skills and confidence to maximise collaboration and impact across the region. It is three days in-person training, based regionally, to support cross border and cross service line collaboration.
- **Exceptional Coach Programme:** Addressed to all senior managers, including CEOs, with an interest in growing their firm and clients through developing others. This 12-month programme develops leader's skills in supporting and inspiring others to achieve their potential and results in an international recognised coach accreditation.

Equal importance is the opportunities provided through global mobility programs for working abroad on short- or long-term secondments to other member firms. To date, we have supported numerous global assignments in various locations, including the US, UK and Ireland.

Finally, one of the biggest attractions of a career with Grant Thornton is the opportunity to work on cross-border projects all over the world. Through global assignments, our people have the chance for both professional and personal development to work with colleagues around the world.

### **Sponsorships towards both ACA and ACCA professional qualifications**

Grant Thornton Cyprus is a platinum approved employer for ACCA and an approved training office for ACA offering training contracts to successful candidates committed towards a professional qualification.

The Company fully finances both qualifications. At the same time, gaining high standards of knowledge and ability in the workplace is an everyday effort enabling our trainees to receive practical experience as well. This, will enable everyone to apply the knowledge and techniques they learn while studying for their exams and develop the skills, attitudes and behaviours required for becoming successful professionals and qualified accountants.

The Company actively supports all Grant Thornton people to gain additional academic or professional qualifications and accreditations inspiring each person to find their talent and create value for themselves and others. Examples include but not limited to: Master's degrees, CFA, ADIT, CISA qualifications etc.

The People and Culture Department is responsible for the successful and effective organization of all in-house training programs and the participation in other external learning initiatives on behalf of our people, keeping training records electronically in our HR system including participation records for each program. Running evaluations for in-house programs is an additional responsibility providing feedback to all our colleagues assuming the trainer role, enabling all of us as a team to constantly improve the quality of our training programs.

# Corporate social responsibility (CSR)

At Grant Thornton, we recognise the contribution that our activities, could have on our people, our customers, our suppliers, the environment and the wider community. Corporate Social Responsibility represents an integral part of our strategy, with significant and conscious efforts being made collectively by all our people, securing that we, through our actions, have a positive impact and demonstrate our responsibility and respect.

Grant Thornton's CLEARR values combined with its holistic approach towards CSR, reinforces what Grant Thornton is striving to achieve as a firm, along with the attention on quality at the heart of what we do. Strategy is always about making the right choices and success in CSR is no different.

At Grant Thornton, we are committed in actively promoting best practices and making a difference through our involvement in and contribution to various integrated social initiatives, which are in line with our strategic goals as a business.

Our CSR pillars are based on the ten internationally approved principles of the UN Global Compact, through which, as presented below, we explain how people of Grant Thornton embrace, support and enact, in the areas of Human Rights, Labour, Environment, and Anti-Corruption, with the main driver being our shared culture and values.

Area	Principles	Description
Human Rights	Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights; and	Principles 1 and 2 are embedded/reflected in the core values of Grant Thornton. The company has assured that justice, objectivity, goodwill and meritocracy in all of its activities are well protected, while the working environment is free of discrimination and harassment and that there are equal opportunities for everyone.
	Principle 2 – make sure that they are not complicit in human rights abuses.	Diversity and Inclusion represent a fundamental part of the strategic agenda with priority given on initiatives ensuring healthy working environment conditions where the development of everyone can be supported, with respect, psychological safety and acceptance underlying everything we do.  Our People & Culture department has the responsibility in establishing and maintaining HR policies and procedures, which comply with international standards of conduct and related laws and regulations for Human Rights. These relate to non-discrimination reflected during the recruitment and promotion process as well as to respect to a healthy life balance for everyone reflected through the various initiatives such as “Flexible Working Schedule” and “Working from Distance”.
Labour	Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Our company respects and is committed towards all its stakeholders to protect the internationally declared human rights, establishing a safe working environment of equal opportunities, meritocracy and respect for diversity.  The company strictly applies the local and European legislation.
	Principle 4 – the elimination of all forms of forced and compulsory labour	Grant Thornton is conscious with the efforts being made for the abolition of injustice in any action against human rights:
	Principle 5 – the effective abolition of child labour;	<ul style="list-style-type: none"> <li>▪ we have developed policies and procedures that aim in promoting ethical practices – these are being updated by management on a frequent basis and are implemented by all our people</li> <li>▪ we value our relationship with our clients and business partners, and we conduct unbiased and ethical business focused on quality. There are processes in place, for everyone to apply prior entering into agreements with our clients and business partners, in an effort to ensure our compliance with the code of ethics and that we are not engaged in any way with actions going against human rights.</li> </ul>
	Principle 6 – the elimination of discrimination in respect of employment and occupation.	

Environment

Principle 7 – Businesses should support a precautionary approach to environmental challenges

Our priority is to spread the awareness with regards to the immense efforts made in minimising the adverse effect of climate change and the impact that modern economic activity has on the natural environment.

Principle 8 – undertake initiatives to promote greater environmental responsibility

We, collectively, promote an agile mindset, responsible and sensitive towards the current developments on matters affecting our environment and we are constantly evaluating options through which we can assist in achieving Sustainability and reducing our Environmental Footprint. Our conduct of business is based on the following environmental policy:

Principle 9 – encourage the development and diffusion of environmentally friendly technologies.

- minimise waste generated by our operations and our work. Providing our people with branded reusable tumblers in order to minimise plastic cups use
- reuse and recycle, wherever possible
- maximise recovery and recycling of our waste output, purchase, wherever possible products, especially office consumables and stationery, containing recycled materials
- evaluate and utilise technologies that could assist in becoming a more environmentally friendly firm. Effective from 2019, our firm has proceeded with various actions in order to eliminate the use of paper. As of 2020, colleagues use the M-Files platform - an Intelligent Information Management System. All documents and our work are saved on this platform, which was designed and installed, based on our internal policies and procedures.
- encourage and promote awareness for all people to behave in an environmentally friendly manner.

Anti-Corruption

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

For us, the development of practices that promote transparency and the consistent commitment focused on eliminating corruption, are key elements of our activities.

Every year, we organise various training programs for awareness purposes and updating our people on changes in the relevant laws and regulations (i.e. Anti-Money Laundering).

We value our relationship with our clients and business partners, and we conduct unbiased and ethical business, focused on quality. In addition, there are processes in place, for everyone to apply prior entering into agreements with our clients and business partners, in an effort to ensure our compliance with the code of ethics.

In 2019, Grant Thornton Cyprus was awarded with a certificate of participation in the Business Integrity Forum (BIF), established in Cyprus by the Cyprus Integrity Forum (CIF). Our membership in the Business Integrity Forum is a significant milestone for us, as it recognises our efforts and demonstrates our appreciation for all the actions and initiatives of BIF, aimed at encouraging Cypriot businesses to contribute to the efforts in diminishing corruption, enhancing accountability and transparency. The Business Integrity Forum (BIF) members publicly demonstrate support for the mission and values of CIF and are openly committed to high anti-corruption and ethical standards in business practices.





### Charitable contributions

Throughout the year, we have raised money, contributed time, resources and became actively involved in numerous good causes. Some of the charities involved include:

- financial donation towards Sophia For Children Foundation
- financial donation towards Cyprus Association of Cancer Patients and Friends “PASYKAF”
- financial donation towards One Dream One Wish
- financial donation towards Nicosia Heart Patients' Association.

### Growing Together in the community

Founded on our six guiding principles, Growing Together in the community is Grant Thornton's commitment to community engagement. It advocates the impact each person can make by being passionately involved in their community. Every year, Grant Thornton hosts a global event called 'Growing Together in the community'. Grant Thornton Cyprus participates in GTIL's global CSR initiative, which takes place in September and encourages people to take part in a community-based project.

In 2020, we partnered with Sophia For Children Foundation and took part in their initiative called 'Giraffes for Hope', by adopting one of the 20 giraffes that were crafted voluntarily by Cypriot artists. Sophia Foundation for Children is a charitable, non-governmental organization dedicated in helping to fight poverty. The goal of the organization is to provide substantial assistance to children in need in Cyprus and Kenya with a focus on children's right to education, health and dignity.

### Grant Thornton (Cyprus) Foundation

Volunteers from our firm formed a team and founded the Grant Thornton (Cyprus) Foundation. The aim of our Foundation is to help at least one underprivileged person pursue his or her educational dream. In order to raise money for this cause we organise internal and external events.

### Supporting a young athlete

We have signed a sponsorship agreement with the Cypriot athlete Milan Trajkovic; the current European Indoor Champion in the 60 meters sprint hurdles, who will represent our country at the 2021 Olympics.

The young athlete appeared in our 2020 campaign with an empowering, motivational message for all viewers.

### Wellness initiatives

We invest in the wellness of our people with various activities throughout the year in an effort to promote a healthy lifestyle.

The company offers complimentary seasonal fruits, while twice per month massage sessions take place at both of our offices. Also, in 2020 we launched the 'Run for fun' initiative, to help our people bond outside the office space and stay active. In addition, we organize speeches and sessions with experts such as yoga instructors, nutrition specialists, personal trainers and motivational speakers to promote a healthy lifestyle.

### Mentoring sessions

Since early 2018, mentoring sessions open to our people are offered by our CEO, Stavros Ioannou.

These mentoring gatherings are designed for the development and well-being of the mentees as individuals, and not just as employees.

The discussions are being mainly focused on the following:

- sharing of thoughts and experiences
- discussions around articles focusing on topics such as emotional intelligence, authenticity, the importance of being grounded, etc.
- expressing concerns and possible ways to overcome them
- sharing of ideas.

# Financial information

The European Communities Regulations requires disclosure of financial information including audit, non-audit, tax advisory services and other services. The following information has been extracted from Grant Thornton Cyprus annual accounts and financial records for the period ending 31 December 2020.

## Revenues 2020

The financial information given is based on unaudited figures for current year:

Service line	2020 total revenue €' 000	2019 total revenue €' 000
Assurance	3.538	3.511
Tax	1.262	951
Advisory	2.960	2.697
Outsourcing	820	867
<b>Total revenue</b>	<b>8.580</b>	<b>8.026</b>

Assurance services revenue includes fees for statutory audit, audit work for group engagements and other assurance work.

Tax services revenue includes fees from providing business and personal tax advice, VAT services, customs duty, international tax, relevant contract tax and revenue audits and investigations.

Advisory and other services revenue includes fees from consulting, advisory, valuation, insolvency, restructuring, transaction support, forensics and investigation services, financial counselling, security programme strategy and planning, security governance and security awareness.

Outsourcing services revenue include fees from assisting international clients in setting up and administering companies within tax efficient structures so as to take full advantage of the beneficial Cyprus tax environment, providing payroll, bookkeeping, accounting and other support services to local companies looking to outsource part or all of their administration/back-office functions and corporate compliance services,

## Responsibility for financial reporting

The financial information is prepared by Grant Thornton's finance department for presentation to the partner group. Their reporting responsibilities include:

- compiling and recording all financial information; and
- preparing reports for review by the partners.

## Going concern

The Board consider the firm to be a going concern as it has appropriate financial resources to meet its operational requirements for the foreseeable future.

Services	2020 revenue €' 000
Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity*	384
Revenues from statutory audit of annual and consolidated financial statements of other entities	3.154
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm**	1.336
Revenues from non-audit services to other entities	3.706

\* If an entity met the definition of an EU PIE (or subsidiary of) as at 31 December 2020, we have included related revenues in this category.

\*\* Non-audit services to audit clients are only provided were permitted by GTIL and Grant Thornton Cyprus policies and applicable laws and regulations.

## Partner remuneration

Partners receive a base salary per year. Additionally, partners receive dividends according to their share interest in the firm.

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# Public Interest Entities (PIEs)

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The list of public interest entity audit clients for which Grant Thornton (Cyprus) Limited has signed an audit opinion in the year ended 31 December 2020 is given below.

The definition of a public interest entity for this purpose is that given under Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, being:

- a. entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC
- b. credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council, other than those referred to in Article 2 of that Directive
- c. insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC
- d. entities designated by Member States as public interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees.

## Public interest entity audit client

- Rolandos Enterprises Public Ltd
- Interfund Investment Plc

## In addition, a list of our audit clients which are traded on unregulated markets including AIM:

- Livermore Investments Group Limited
- Reconstruction Capital II Limited

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# Appendix 1: Compliance with transparency regulations

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## Compliance with EU Regulation 537/2014 Article 13

The below outlines the requirements of the Regulation and where these are included in this report.

	<b>Requirement</b>	<b>Page</b>
1	A description of the legal structure and ownership	6
2	Where the subject belong to a network, a description of the network and the legal and structural arrangements of the network	9
3	A description of the governance structure of the subject	7
4	A description of the internal quality control system of the subject, and a statement by the administrative or managerial body on the effectiveness of its functioning	24
5	An indication of when the last quality review referred to in chapter 2 of part 8 took place (quality review of statutory auditors by competent authority)	24
6	A list of Public Interest Entities (PIEs) for which the subject has carried out statutory audits during the preceding financial year	41
7	A statement concerning the subject's independence practices which also confirms that an internal review of independence compliance has been conducted	27-28
8	A statement on the policy followed by the subject concerning the education of statutory auditors referred to in Regulation 39, namely: <ul style="list-style-type: none"><li>• requiring the person to take part in appropriate programmes of continuing education in order to maintain his or her theoretical knowledge, professional skills and values at a sufficiently high level.</li></ul>	35-36
9	Financial information showing the significance, from the perspective of the market, of the subject, such as the total turnover divided into fees from the statutory audit of annual and group accounts, and fees charged for other assurance services, tax advisory services and other non-audit services	40
10	Information concerning the basis for the remuneration of the principals or partners	40
11	A description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff	30-31
12	Information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: <ol style="list-style-type: none"><li>revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity</li><li>revenues from the statutory non-audit of annual and consolidated financial statements of other entities</li><li>revenues from the permitted non-audit services to entities that are audited by the statutory auditor or the audit firm</li><li>revenues from non-audit services to other entities.</li></ol>	40

