

# Transparency report 2021

Grant Thornton (Cyprus) Limited

April 2022





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# Foreword from the CEO

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Grant Thornton Cyprus has rallied well from the pandemic, despite the unprecedented challenges that we all had to face. 2021 was a strong year, with our focus remaining on maintaining our high quality standards, as well as on our persistent investment for growth. As always, our top strategic priority is to safeguard our people, therefore we will continue all efforts needed for supporting them, and in cultivating a culture of excellence and professionalism. In light of all the developments over the past few months, I appreciate that we are all confronted with rising uncertainty and another economic shock; eventually, and sadly, a destabilisation of an already fragile global economy will affect further the markets and businesses, but I am confident that we do have the ability to be resilient and to adapt, at speed, when compelled to do so.



Undoubtedly, the world around us continues to transform, with the pace of change accelerating at an unimaginable scale. It has never been more important to have an external perspective and to understand the impact that this disruption is having on our clients, our people, our profession and our communities. We continue to face challenges which have substantially changed the way we live, and as a result had a profound impact on the way we do business; the collective resilience shown by our people, their approach and response to the overall situation, 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. I am confident that Grant Thornton Cyprus is extremely well positioned to respond to the market demands for change, whether regulatory, political, social or economic.

Whilst the manner in which our people work has evolved over the years, the changes which were forced upon us by pandemic have allowed us to reassess working practices in a more holistic way. A hybrid approach to working is the new reality; as a response, we are constantly investing in technology, new tools and techniques, allowing teams to work effectively together to deliver high quality work. 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.

We have particularly seen an increase in the number of analytical applications and tools during the year; this investment and focus on digital transformation will continue as part of our firm wide strategy. The improvements to our processes allow us to respond in a more timely and agile way to the needs of the business whilst still making informed, solid decisions.

For us, at Grant Thornton Cyprus, our culture is built around care for people, clients and communities as well as an attitude towards high quality. Throughout the year we have had a strong focus in introducing further initiatives and programmes which support a hybrid and flexible working environment, as well as in having a robust learning and development plan in place. These have been designed as part of our ongoing efforts to protect our unique culture that promotes professionalism, agility, wellbeing and psychological safety. We understand that each individual has different situations to cope with, and we need to ensure that as a Firm we support everyone, whilst at the same time we provide the skills needed for our people to advance through each stage of their careers. Our teams have access to all the resources needed and are well prepared in dealing with the challenges, including the identification of key risks requiring specific response/treatment.

We are operating in a regulated environment, and we do recognise the significance of the role as independent auditors who act in the public interest.

For a professional services firm like ours, it is imperative to constantly focus on quality across every service line; something which we consider as a fundamental differentiator to our business. We will continue to make major investments in promoting transparency, delivering high quality engagements, managing risks as well as upholding our integrity and independence.

This report demonstrates that we are committed to continuous improvement for securing public confidence in the profession and that our attention remains on delivering high quality services to our clients. Our performance as a team allows us to plan ahead and to move forward towards our strategic goals with confidence and determination. I am proud of the attitude shown by the Grant Thornton people in overcoming the difficulties during these times, demonstrating through our actions that we live up to our values. As a member of a network with more than 60,000 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.

Looking forward, I hope these difficult times will convince us how important it is to promote collaboration across governments, businesses and society. We can learn, we can adapt and we can emerge stronger. Humans are pivotal to growth and success, and I am pleased that Grant Thornton empowers its people to put their best selves forward.

And I'm sure you will join me in hoping for a more secure and stable world as 2022 unfolds.

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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# Report from the Head of Assurance

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2021 has been another challenging year for all of us with COVID continuing to cause disruption and difficulties for everyone. As an audit practice, we remain focused on our commitment to improving audit quality and incorporating digital technology for more efficient and effective audits.



The regulatory environment remains demanding, the expectation of audit quality continues to increase, as it has done for many years now. I am therefore pleased to see that our focus on quality is now being evidenced in our review findings.

2021 has been another difficult year for our people with COVID rules changing on a regular basis across each of the devolved nations. The individual circumstances our people have faced, like many others, include increased complexity in life, physical and emotional challenges. I am proud of our people and the resilience and agility they have shown. I am passionate that we continue to support our people. We have continued to provide people with guidance, individual support and flexibility in a range of different forms. As a firm we have invested in several “Wellbeing” tools and services to help people not only during these current challenging times, but also going forward as we move into a hybrid working model. Our people are critical to our strategy and the delivery of quality. I want our people to have a differentiated experience working in high performing, inclusive and diverse teams. To support this we continue to recruit and promote high calibre individuals. I am particularly proud that we were awarded the “Equality Employer” status in 2021 in recognition for our practices on gender equality and our commitment on building a culture where all our people can thrive in.

Throughout 2021 we maintained our investment in training and education with a particular focus on our new audit methodology training, IFRS update training courses, specific training and support was provided for areas that required clarity for all audit staff in consideration of the new environment and the unprecedented economic effects of the pandemic on many of our clients as well as new digital training in Inflo. This will be continued and developed further in 2022.

In 2021 we invested in Inflo, a data analytics tool. Having a strong audit focused digital capability is critical to our success. I am pleased with the range of new process and the new data analytics tool that we have available; and look forward to 2022 and beyond for the launch of the new LEAP (Leading Effective Audit Practice) tool.

Changes will continue to come in the form of regulatory advancements, different working practices (including remote working and, by extension, working-from-anywhere), innovative use of technology to improve efficiency and quality including robotics, AI and analytics, and greater competition for talent and quality clients. I remain as confident as ever that Grant Thornton is well positioned to deal with these changes successfully in order to strengthen our brand and reputation. I am positive that the changes we have made and will make during 2022 will continue to support the audit practice.

**Froso Yiangoulli**  
Head of Assurance



# **Structure and governance**

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# Legal structure and ownership

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## Leadership

At Grant Thornton, we make business personal. We care for our clients and therefore we invest in listening, building relationships as well as understanding challenges they face and their concerns. We experience a dynamic pace, where markets are fast evolving, and business environments are becoming more demanding and diverse. Our team of professionals are poised to change with the required speed. Our flatter structure and agile approach also enhances any adaptability needed for responding to such changes and developments.

We, as a member firm of a global network, are not limited by geographical borders, and we have replaced silos with relationships. We simplify any complex circumstances, and we provide access to the technical expertise, that exists on a global scale, through successful collaboration between the member firms.

Our brand position and reputation, irrespective of how robust these become as the years pass, are never taken for granted; we always aim that our influence in the markets and societies, we operate within, has a positive impact, offering value as well as confidence towards a sustainable growth. There is a strong reliance upon providing independent advice rooted in the highest professional ethics, principles and professional standards. We are committed to delivering consistently high quality, and we are constantly leveraging our technical expertise and technological innovation to support this.

Our partners are closely collaborating with regulators, governmental authorities and professional bodies to help shape the business landscape and to support improve the profession.

Part of our strategic priorities is to maintain the commitment for a strong ethical culture. The tone is set from the top; our partners empower our people to meet their potential. Above all, our people are encouraged to speak out, take responsibility as well as demonstrate integrity and agility. It is an instinct part of our culture.

Our policy is to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are dedicated to acting professionally and with integrity in all our business dealings and relationships. We help create the commercial and social environments, that enable long-term success and sustainable growth, as well as where people flourish.

## Legal structure and ownership

Grant Thornton (Cyprus) Limited (the “Company”) is incorporated in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113, with a registration number 267530. As at 3<sup>1st</sup> of December 2021, the Board of Directors (the “Board”) comprised of thirteen (13) directors, two (2) of which are acting as non-executive directors.

The leadership team comprises of both equity and salaried partners. The Company is owned by its members (referred to as equity partners), whose rights and obligations are set out in the respective partnership agreement. A list of the members is available for inspection at the registered office address which is 41- 49 Agiou Nicolaou, Nimeli Court, Block C, 2408 Engomi, Cyprus.

Our professional activities are conducted through Grant Thornton (Cyprus) Limited and its subsidiaries (together the “Firm”).

We are a full member firm of Grant Thornton International Limited (GTIL) which is a not-for-profit, non-practicing, international umbrella membership entity organised as a private company limited by guarantee not having a share capital, incorporated in England and Wales. GTIL is one of the world’s leading organisations of independently owned and managed accounting and consulting firms.



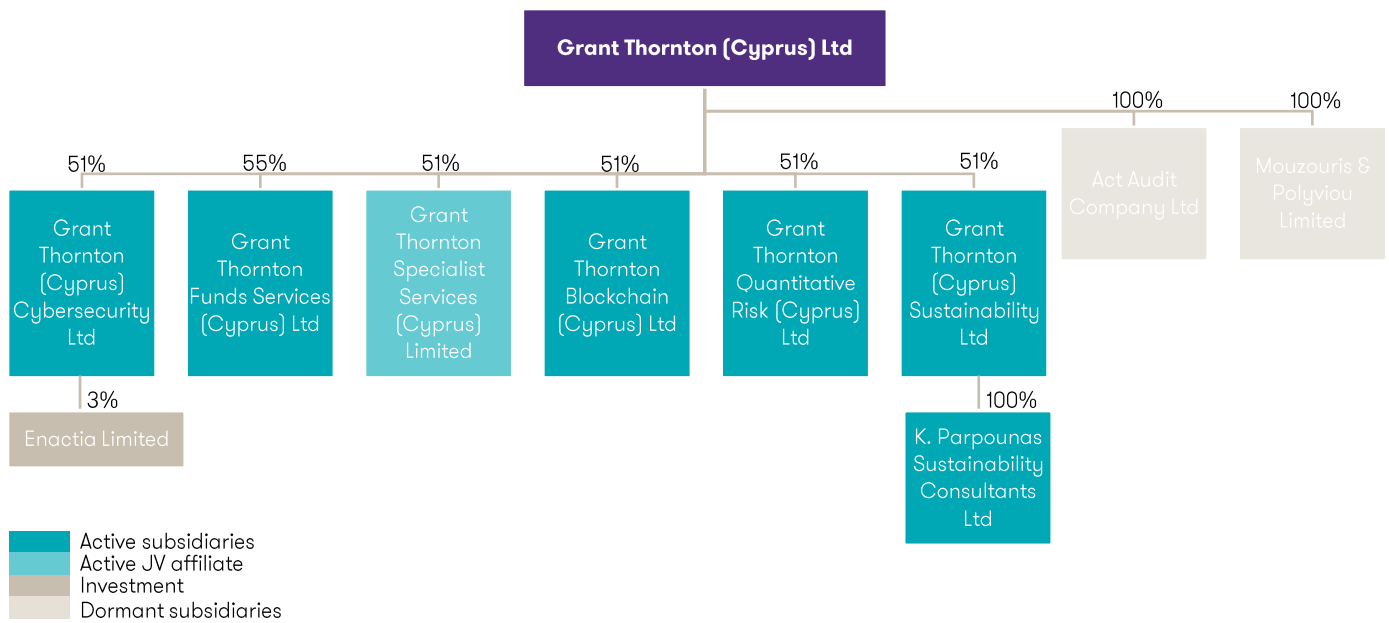


## Our business

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 2021, the average number of employees was 160 (2020:150) and they operated from our 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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## Governance and risk management

Continuous investments are made, both on a local as well as on an international level, for ensuring the highest standards of quality. We strive in maintaining an ethical culture, focused on excellence. This, among other strategic priorities, involves constantly monitoring and evaluating developments in corporate governance, and benchmarking our performance against them.

We are committed to act in accordance with the appropriate professional behaviour and standard expected of us. We adopt best practices and exercise all reasonable and proper skill and attention necessarily required by us in providing our services.

The appointment of the CEO is made by simple majority vote of all members. The term has been set at five (5) years and the CEO can hold office for as many consecutive terms as the members decide to approve. Such term duration gives the CEO the authority to exercise strong and effective leadership of the business. **Stavros Ioannou was re-elected CEO for a further term of 5 years, with effect from 1 January 2020.** The CEO along with the members of the Board are empowered to run the Firm as an executive function.

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

## Management of our business

Management of the Firm is the responsibility of the members of the Board, headed by the CEO. The main responsibilities include the following:

- ensuring that the Firm operates according to its Strategy and Business Plan, both of which have been set out to guide the Firm up to 2025
- safeguarding the smooth efficient and effective management of the business, by sustaining an operating model which supports:
  - the profitable growth of the business
  - strengthening of our quality and ethical standards
  - compliance with the governance framework
  - excellence in service provided to our clients
  - acting according to our values
  - making a difference in the community
  - as well as the successful and fulfilling development of our people

- the appointment, appraisal and (where necessary) the removal of partners and employees, as well as determining their remuneration.

The members of the Board meet monthly, with additional meetings as and when required.

## In the profession

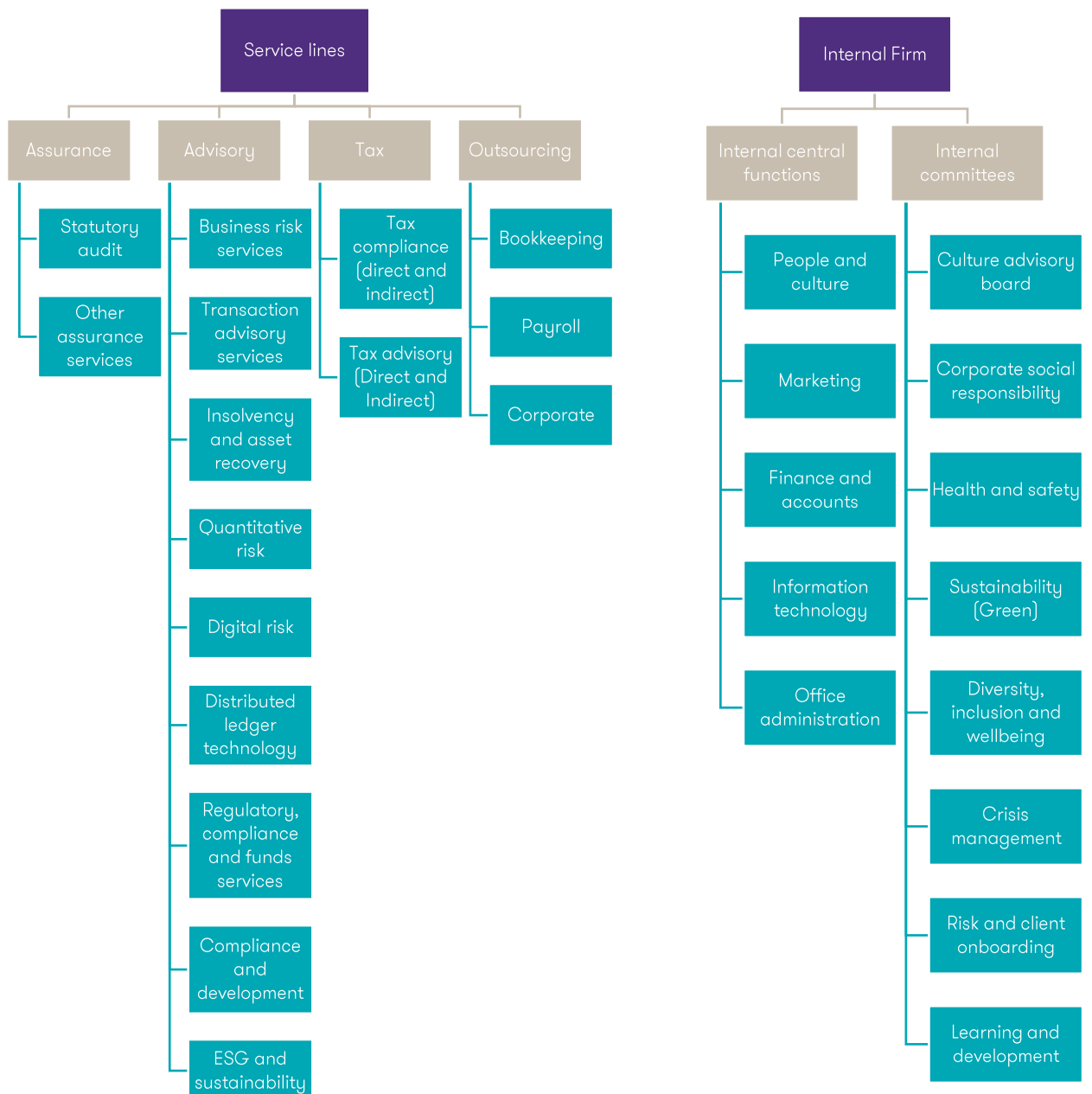
We are committed to investing the time of our senior people in professional leadership positions. This ensures that our clients have access to excellent technical support and awareness of emerging issues, and that their interests are properly represented as public policy develops. Our partners and senior 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.

## Members of the Board of Directors

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

## Organisational structure



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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 at 30 June 2021 the GTIL network had more than 56,000 people in over 140 member firms across the globe with the latest reported revenue of USD5.72bn. 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.

## Board of Governors

The board of governors provides the principal and overriding authority for the network. The board has a number of responsibilities including:

- approving and overseeing the implementation of the global strategic direction and policies
- overseeing member firms including approving new member firms, suspending rights and expelling firms
- overseeing the financial health of GTIL, enterprise risk management, technology and innovation strategy and general governance.

The board has an independent chair Judith Sprieser who was appointed on 1/1/2020 for three years. In addition the board consists of two independent members Martin Geh and Aliza Knoz, the chief executive of GTIL and 13 managing partners member firms. There are several standing committees to assist in the more efficient and effective discharge of the board's responsibilities.

## Independent board members

The role is to support the networks recognition of public interest responsibilities. The networks attitude towards quality, risk management and governance as well as assessing the networks effectiveness in executing its strategic goals and market position.

## 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.

## Chief executive officer (CEO)

The CEO is appointed for an initial five-year term with a potential extension of up to three years. Peter Bodin was appointed CEO from 1 January 2018, as CEO he is responsible for the:

- leadership of GTIL
- development and recommendation of strategy priorities for the board to ratify
- appointment of the global leadership whom he works closely with to implement the strategy including monitoring global policies and procedures.



## 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.

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.

The management group dedicated to leading the Grant Thornton network in the successful execution of the strategy:

- Peter Bodin, CEO
- Hilary East, office of the CEO
- Trent Gazzaway, service line capability and quality
- David Peneycad, risk management, operations and projects
- Kim Schmidt, leadership, people and culture.

## 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.

### 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 Standard on Quality Management 1 (ISQM 1)
- 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.

# EU Audit Directive

Total assurance revenues attributable to EU/EEA member firms is USD513m\* (approximately 19% of total global assurance revenues of USD2.7billion).

All information was collected from the global Grant Thornton annual member firm survey.

Details are correct as of 30 September 2021.

Country	Legal entity
<b>Austria</b>	Grant Thornton Austria GmbH
<b>Austria</b>	Grant Thornton VERAX Wirtschaftsprüfungs- und Steuerberatungs Gesellschaft mbH
<b>Belgium</b>	Grant Thornton Bedrijfsrevisoren CV
<b>Bulgaria</b>	Grant Thornton OOD
<b>Croatia</b>	Grant Thornton revizija d.o.o.
<b>Cyprus</b>	Grant Thornton (Cyprus) Ltd
<b>Czech Republic</b>	Grant Thornton Audit s.r.o.
<b>Czech Republic</b>	Fučík & partneři, s.r.o
<b>Denmark</b>	Grant Thornton Statsautoriseret Revisionspartnerselskab
<b>Estonia</b>	Grant Thornton Baltic OÜ
<b>Finland</b>	Revico Grant Thornton Oy
<b>Finland</b>	Idman Vilen Grant Thornton Oy
<b>Finland</b>	Advico Finland Oy
<b>France</b>	Grant Thornton
<b>France</b>	AEG Finances
<b>France</b>	IGEC
<b>France</b>	Tuillet Audit
<b>France</b>	Cabinet Didier Kling & Associates
<b>France</b>	Carib Audit & Conseil
<b>Germany</b>	Warth & Klein Grant Thornton AG
<b>Germany</b>	Warth & Klein Grant Thornton GmbH & Co. KG
<b>Germany</b>	Trinavis GmbH & Co. KG
<b>Germany</b>	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH
<b>Gibraltar</b>	Grant Thornton (Gibraltar) Ltd
<b>Greece</b>	Grant Thornton SA

Country	Legal entity
<b>Hungary</b>	Grant Thornton Audit Kft.
<b>Iceland</b>	Grant Thornton endurskoðun ehf
<b>Ireland</b>	Grant Thornton
<b>Ireland</b>	Grant Thornton (NI) LLP
<b>Italy</b>	Ria Grant Thornton S.p.A.
<b>Latvia</b>	Grant Thornton Baltic Audit SIA
<b>Lichtenstein</b>	Grant Thornton AG, Schaan
<b>Lithuania</b>	Grant Thornton Baltic UAB
<b>Lithuania</b>	Grant Thornton Baltic UAB Kauno filialas
<b>Lithuania</b>	Grant Thornton Baltic UAB Klaipėdos filialas
<b>Luxembourg</b>	Grant Thornton Audit & Assurance
<b>Malta</b>	Grant Thornton Malta
<b>Netherlands</b>	Grant Thornton Accountants en Adviseurs BV
<b>Norway</b>	Grant Thornton Revisjon AS
<b>Poland</b>	Grant Thornton Frąckowiak Sp. z o.o sp.k.
<b>Poland</b>	Grant Thornton Polska Sp. z o.o. Sp.k
<b>Portugal</b>	Grant Thornton & Associados, SROC,Lda
<b>Romania</b>	Grant Thornton Audit SRL
<b>Slovak Republic</b>	Grant Thornton Audit, s.r.o.
<b>Slovenia</b>	Grant Thornton Audit d.o.o.
<b>Spain</b>	Grant Thornton, S.L.P.
<b>Spain</b>	Grant Thornton Andalucía, S.L.P.
<b>Spain</b>	Cruces Y Asociados Auditores, S.L.P.
<b>Sweden</b>	Grant Thornton Sweden AB

\*EU/EEA revenues exclude the United Kingdom.



**Driving quality**



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# Driving audit 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.

## 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 behaviors 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.

LEAP (Leading an Effective Audit Practice) is an ongoing, collaborative effort led by GTIL to re-energise our audit practice and prepare our global organisation and people for the future audit. The LEAP project has two core streams, a new global audit methodology referred to as 'LEAP' and a suite of centrally developed, globally consistent learning.

In 2017, GTIL released this series of global learning programmes to be delivered by member firms locally. GTIL mandated delivery of these programmes, a mix of classroom based training and e-learning, ahead of the roll out of the LEAP methodology. Since then Grant Thornton Cyprus has been rolling out the global LEAP learning programmes, and found them instrumental in helping drive early engagement and a readiness for the adoption of the LEAP methodology.

Although the pandemic presented new challenges to the ongoing delivery of training, Grant Thornton Cyprus remained committed to the rollout of the new LEAP methodology in 2021 as planned. In 2021 all audit professionals received the final prerequisite training; two days of facilitator led LEAP methodology training 'Audit 360'. GTIL tailored the Audit360 course for virtual delivery and the revised format proved interactive and engaging.

Grant Thornton Cyprus adopted the LEAP methodology in later 2020 in a number of its larger clients and by the end of 2021 the Firm adopted LEAP in a large amount of its engagements. Following guidance from Grant Thornton International the old HORIZON methodology will fully sunset for periods beginning on or after 15 December 2021 and only LEAP methodology will be utilised thereafter.

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.

## Audit innovation

Recognising the relevance of Audit Data Analytics (ADA) in today's audit landscape, Grant Thornton International Ltd have tailored our global audit methodology to allow teams to utilise evidence obtained from ADA as part of risk assessment or as part of substantive procedures.

Exploring meaningful ways to utilise evidence obtained from software tools available for data extraction, visualisation and analysis within our audits was a focus area during 2021. Central to our plans is the aim to:

- enable our auditors to perform high quality audits more efficiently; and
- give auditors the ability to provide clients with better insights into their business and operations.

In 2021, client collaboration tools were introduced to transform the way we work with, and share information with, clients as Grant Thornton Cyprus explored new ways to incorporate innovative techniques, such as Data analytics and collaborative tool. Our audit business partnered with Inflo, with its Data analytics tools as well as a uniform platform to communicate and has added value to the clients we serve by increasing the efficiency, accuracy and speed of the audit process.

## Audit quality

Underpinning our commitment to continuously improve audit quality is a robust system of quality control. Grant Thornton International Ltd 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 Management 1 (ISQM1) for firms and the IESBA Code of Ethics. These policies and procedures are set out in the Firm's Quality Management Manual. The policies and procedures have been tailored to ensure they also comply our local regulatory requirements.

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 23.

## 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.

An engagement quality control review (EQCR) is required for:

- audits of financial statements of listed and PIE entities
- audit engagements, if any, for which the Firm has determined that an EQCR is required and
- any other audit for which an EQCR is required as a result of the GTIL Key Assurance Assignment (KAA) process.

EQC reviewers are persons with technical expertise and experience to carry out the EQCR and be a person of sufficient authority to ensure that issues raised are cleared. EQC reviewers are determined by the Head of Quality and during 2021 were allocated to a designated partner.

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.



### Firm wide audit methodology:

- proprietary audit software used throughout international network; and
- complies with international audit standards.

### Audit client services review:

- independent review; and
- benchmark our delivery with our promises.

### National file review programmes:

- across all disciplines and offices.

### International review programme:

- independent peer review of GTIL firms; and
- regular rotational review programmes.

### Peer review process:

- all working papers reviewed by more senior staff than originator; and
- review partner process.

### Investment in technical excellence:

- continued investment in training; and
- dedicated technical department.

## Client acceptance and continuance

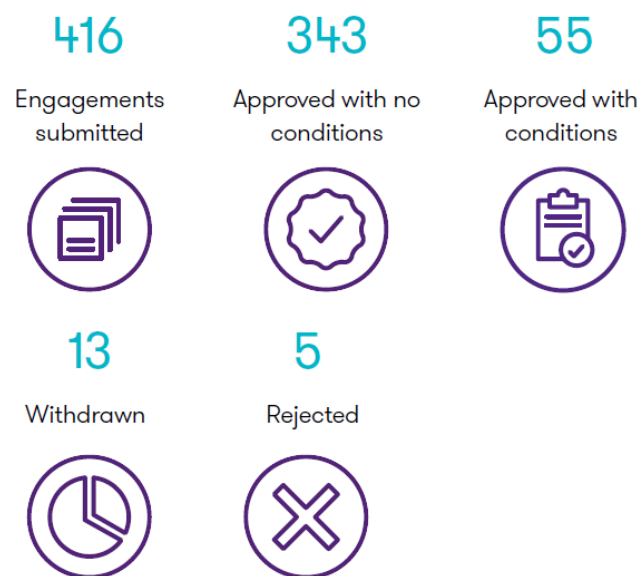
Achieving professional excellence means accepting and retaining clients that share Grant Thornton's values of quality and integrity. Grant Thornton's global client acceptance and continuance procedures are designed to support member firms' acceptance of appropriate clients.

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 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 2021 included:



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.

GTIL communicates 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

As the impact of the COVID-19 pandemic is still present, we continue to prioritise the wellbeing of our people and focus on the delivery of quality engagements.

Since the outset of the pandemic, our global firm issues 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. We continue to accommodate flexible work circumstances.

A number of challenges were faced in our audit work both in communication with our clients and the collection of sufficient appropriate audit evidence. Our LEAP audit methodology and audit tool, Voyager as well as our investment in technology solutions such as MS Teams and Zoom, allowed for a flexible and agile response to such challenges.

## 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 Standard on Quality Management 1
- International Standard on Auditing 220: Quality Management for an Audit of Financial Statements
- 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 ISQM 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 ISQM 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.

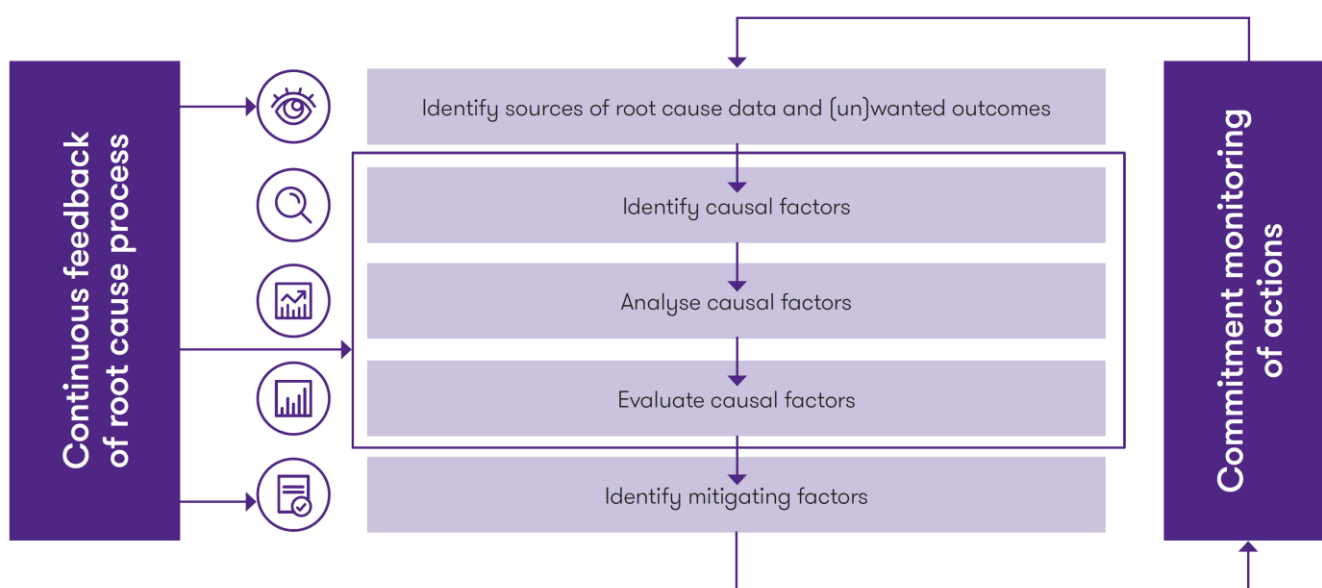
When a GTAR is completed, GTIL issues a report based on the review findings. A member firm's quality control system is evaluated as satisfactory (pass) or adverse (fail). Firms which have a satisfactory report may still require improvements in their quality control system and these reports may include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

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



## Root Cause Analysis (RCA)

RCA is a process for identifying the causes of problems or events to prevent them from recurring in future. It can be carried out when deficiencies have been identified to help direct remedial actions. It can also be carried out on positive events, such as a good quality file to determine what led to this event. Many regulators now expect member firms to carry out a RCA as part of their ongoing development. Because of regulatory expectations and the need to continually develop quality, GTIL introduced a global policy on RCA and issued a template for firms to carry out the RCA. It is critical that firms with any deficiencies in their engagements take time to understand the root causes of these issues and address them in a timely manner.



## 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.

## 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 Management (ISQM1) – ‘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 5 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, by selecting 1 engagement from each service line.

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 optimise 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 2019 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.

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# Risk management, ethics and compliance

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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.

## Onboarding committee

As of the beginning of 2021 the Firm has set up an 'onboarding committee' which is made up of the Firm's CEO and the partners, Stephen Michaelides, George Poulos and Haroulla Arkade. The purpose is for the Firm's Compliance Officer to present clients with High AML risk where enhanced due diligence procedures that will be required are discussed or where other external or reputational matters should be taken into account before onboarding a client. This will cover continuation of clients in the same manner.

## Crisis management

A crisis management policy and plan has been developed as a fundamental aspect of effective crisis management and is critical for dealing with intrusions before they occur. It falls into the Firm's overall risk assessment framework and allows Management to respond to the suspected and detected crisis incidents in a consistent and comprehensive manner.

The crisis management team is led by the Firm's CEO, Stavros Ioannou and the following persons have been appointed as members of the team:

- Haroulla Arkade, Partner, compliance and development, head of ethics
- Froso Yiangoulli, Partner, head of assurance
- Dimitrios Chioureas, Partner, head of quality
- Christos Makedonas, Leader, Digital risk leader
- Michalis Michael, Manager, information technology
- Jenny Hadjicosta, Manager, marketing
- Panagiota Victoros, Chief operations officer

The crisis management team will coordinate with other key functions of the Firm, such as People and Culture which might play a key part in crisis management.

## 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 Firm has a designated partner, Haroulla Arkade known as the head of Ethics who has the overall responsibility for implementation of the global independence policies and procedures.

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

All the Firm's partners and are required to complete annual 'independence' and 'fit and proper' confirmations, whereby they confirm their compliance with the Firm's independence policy, including their own personal independence, business relationships and/or interests.

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 reach a conclusion that the independence of a partner or that of the Firm 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 policies that serve the above objectives of independence are analytically described in our QMM and are reviewed/ revised annually by the Ethics Leader and Head of Quality Control.

## 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 QMM. QMM is the manual comprising the total of policies and procedures defining the Firm's operation
- establish policy for undertaking or rejecting clients
- assess 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 Firm that are to comply with specific criteria
- establishes the quality management system & quality control procedures.

## Tone at the top and compliance culture

Creating a culture of compliance and doing the right thing are becoming center to the way organisations operate. At the same time the emphasis on quality is core, regulation is tighter and the importance of ethical behavior is paramount, all of which make the work of any professional an even bigger challenge.

The development of a compliance culture within the Firm is the strongest and most important safeguard we can have, and only if we have the right tone at the top will the Firm be able to support such a culture.

The tone at the top defines management's leadership and commitment towards its strategy and for maintaining the brand and quality.

During 2021, all partners and managers participated in a related workshop with the aim of enhancing culture and tone at the top.

## Ethics survey

During 2021 the Firm conducted an anonymous ethics survey amongst all personnel in the form of a questionnaire on the Firm's ethical decision making. In particular, the survey was used as part of our evaluation of compliance with relevant ethical requirements throughout the Firm as well as to how clearly ethical values have been communicated to all Grant Thornton People.

## 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 all traded securities in which they have a financial interest.

These financial interests are monitored against the Firm's client base. GIS 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 the Global Restricted List (GRL). 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 GRL, on which GIS is based, making entries of listed companies and their subsidiaries (public interest companies), that constitute the “audit clients” of the Firm. 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 2021, we confirm that we have conducted an internal review of our independence practices, with no exceptions identified.

### 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’s interests are not in line with those of the client, or the Firm offers services for clients whose interests 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 the 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.

### Domestic checks

In the case of any potential client (audit or non audit) a ‘domestic check’ is run by asking any partner or client facing manager to identify any relationship [personal or other] with the potential client or any other related party appearing in the structure. If such a relationship is identified, an assessment if carried out by the Head of Ethics to ensure that appropriate safeguards are implemented where appropriate, otherwise the engagement is rejected.

### Potential clients with international operations

If potential clients have international operations [including international beneficial owners, subsidiaries, branches] 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.

Furthermore, the international network maintains databases of restricted entities (GRL) 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 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).

### **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 categorisation policies to ensure that appropriate risk management procedures are applied and this categorisation 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 Firm 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 Firm’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 and mandatory firm rotation

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.

The Firm has adopted the new EU Audit regulation and Auditors Law 2017 regarding mandatory firm rotation for the auditors of PIEs.

The engagement period for a statutory audit should not exceed 10 years.





### 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 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.

## Code of Conduct and complaints reporting

We have developed our Code of Conduct based on Global guidance. It sets forth the standard we expect from our people, for their actions and behaviours. We believe in conducting business and serving our clients following the highest ethical standards of conduct and behaviour. Grant Thornton Cyprus follows the network's effort to foster an environment in which people feel safe to report perceived unethical behaviour without the fear of retaliation or retribution. There are multiple channels available within the Firm to report violations, and people are encouraged to use them. If any person feels that any laws have been violated, or any policies or principles breached, this should be reported immediately. Grant Thornton will make all efforts to protect the confidentiality of those who raise concerns. No retaliation will be permitted against employees who report a concern in good faith, or who assist with an investigation. If you see something, say something.

The Grant Thornton Cyprus Code of Conduct and complaints reporting policy is available on-line for all internal and external stakeholders at <https://www.grantthornton.com.cy/About-us/code-of-conduct/>. Moreover, the anonymous and confidential means of communication as shown on our website act as a basis for external parties to express any complaints or concerns they have.

Training in relation our Code of Conduct has been offered to Grant Thornton Cyprus people on an annual basis and will be part of induction training for any new joiners.

## 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](mailto:ethicsleader@cy.gt.com)) and hotline 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 with 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 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.

## Situation in Ukraine

As the war in Ukraine has changed during the past few weeks our risk management processes have led to a number of changes. These have involved not only the Cyprus firm but also the wider network and take into account the new and changing sanction regimes particularly in the UK, and across the world.

On 1 March 2022 GTIL announced that, FBK, the Grant Thornton member firm in Russia was leaving the network with immediate effect. Our Compliance and Development department has supported a detailed project to understand any potential sanctioned entities/ individuals with whom we have relationships. We have considered our audit client base in detail and made necessary changes considering ownership, client operations and trading in Russia and Belarus as well as any audit reporting requirements. We have also considered any of our clients with significant trading/engagement with the area.

## Ongoing impact of COVID-19 on Quality

COVID-19 continued to be a challenge during 2021 both for us and our clients. We have sought to support our people by allowing flexibility in working arrangements, subject to the relevant legal requirements in Cyprus. This has included working with our clients to determine the best location and method to deliver their audit.

We have had a strong focus on wellbeing all through training and group sessions as well as access to external support and guidance. Our training programmes have been tailored to meet the specific issues we are seeing at our clients, a number of which are COVID-19 related.

Our people are clear that quality is key and they have worked with our clients to ensure that we can achieve the highest audit quality. On some occasions due to our client's inability to deliver the necessary level and quality of evidence because of COVID-19, we have had to delay our audit work and final opinion dates.

For several of our clients the ongoing uncertainty has required us to issue "material uncertainty on going concern" paragraphs, issuing qualified audit opinions or even disengaging with a client where appropriate.

# People and culture

In 2021 the world around us continued to transform, with the pace of change accelerating because of the challenges and the ongoing impact of the pandemic. Evidenced by the disruption on all aspects of our lives, it has never been clearer to us that our people remain our focus and top priority. As a professional services organisation, our people are our key asset and strength, and we appreciate that they have a central role in achieving consistent audit quality.

As with 2020, we were continually assessing the way we work, taking a holistic view as an organisation and envisioning the way we wish to “transform” ourselves, making necessary changes for supporting our people. Throughout the year we have kept engaging in proactive measures and new ways of working to ensure the protection and wellbeing of everyone.

We continued to be close to all our people confirming immediate availability and addressing colleague’s needs individually, sensitively, and confidentially. At the same time, we took conscious efforts for every one of our people to feel connected to our Firm and be happy to work from anywhere, helping them create a positive life for themselves and their loved ones.

### Our purpose

We remain loyal to our overall purpose which unifies and motivates our people: to put humanity back into business by demonstrating genuine care for our people, clients and communities and helping them create a positive, sustainable impact in the world. And we do it in support of our CLEARR values.

### Our values

Our values build around collaboration, agility, and care for our people, clients, and communities and serve as a foundation in everything we do. Our values are embedded in all our practices, and they define how we behave. They form the basis for developing trust and confidence and creating a consistent experience for everyone, internally with our fellow colleagues and externally with our clients and the communities we operate and live in.

For us, people are our top priority, that is why everything we do is focused on developing professionals, who demonstrate leadership in all their actions, who respect others, who support and champion equal opportunities.



# Creating an exceptional People Experience and guaranteeing the success of an exceptional Client Experience.

## Our People strategy

Responding to the new reality with flexibility and a learning mindset we are continuously striving to develop our people experience further and nurture physical and virtual environments that promote health and wellbeing as well as psychologically safe places. Environments where our people can be themselves, are able to speak out, can challenge, are treated with respect, and have equal access to opportunities and resources to contribute fully to their own personal success and ultimately to the success of our organisation.

Our “go beyond” commitment is focused on the following pillars:

- build a culture of collaboration, innovation, trust, and confidence
- encourage a diverse workforce at every level where everyone feels included
- create 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.
- empower everyone to achieve their aspirations ensuring high quality learning, coaching, mentoring, continual support for development and the best possible preparation for the future
- cultivate a culture of belonging where everyone is encouraged to contribute their ideas and suggestions.

We have seen a number of very positive developments during the year, including:

- supporting individuals through their COVID journey
- maximising the benefits of moving to a hybrid working model to allow people to choose how they work
- continued focus on Diversity, Inclusion and Wellbeing
- flexibility for people to choose the dates they take their public holidays so that they can be taken when they are most meaningful to them, rather than on the fixed bank holiday dates.

## Award winning culture

We are an award-winning recognised Firm.

Here are some of our awards:

- ISO 1400:2015
- Great Place to Work
- Sound Industrial Relations 2014
- Equality Employer.



## Diversity and inclusion

At Grant Thornton we are intentional about creating an inclusive environment where each colleague is valued for their unique differences and supported to develop their career and grow both professionally and personally. “Diversity and Inclusion” (D&I) represent a fundamental part of our strategic agenda, with priority given on initiatives which ensure that everything we do is underpinned by respect, psychological safety, acceptance, as well as healthy working environment conditions where the development of everyone is supported.

Diversity of thought, background and experience is vital to us. It brings better decision-making, improves the quality of our delivery and helps us to meet the needs of our clients. Building an inclusive culture, where we value difference and respect our colleagues, is the right thing to do, helps our people to perform at their best and grow to their full potential.

In December of 2021 we were certified as an Equality Employer by the National Certification Body of Ministry of Labour, Welfare and Social Insurance. We were awarded for our comprehensive commitment regarding the fair treatment between men and women, on hiring and advancement procedures, the opportunity to receive professional training, on fair evaluation and fair payment that reconciles professional and family life, the active participation of people in decision making and the compliance in all matters of harassment or/and sexual harassment with zero tolerance policies in practice.

In support of our D&I mission and creating a sustainable business we are continually investing in the education of our people. A very important strategic initiative is our collaboration with the ‘Equality Allies at work’ programme, led by the University of Cyprus. As a start, our Head of People and Culture was supported by the Firm and completed the programme which aims to support participants in developing themselves into honest allies for individuals who belong in groups that are socially less valued or privileged and specifically for women and LGBTQ+ individuals, while reinforcing them to gradually develop as an ally for other groups as well. Our desire is to continuously progress and be acknowledged as a supporting equality ally at an organisational level. To this end, we are excited to start working on an additional milestone: to build our own community of allies. Allyship has proved to be very powerful in contributing to having a positive, sustainable impact.

## Wellbeing

Wellbeing is an integral part of our efforts for nurturing a caring environment, one that supports the overall well-being and happiness of our people, taking a comprehensive approach and focusing on three pillars that will enable us to safeguard our greatest asset and unlock our full potential:

- promoting an inclusive, supportive, and collaborative culture. One that actively promotes and contributes to wellbeing, mental resilience and addressing/preventing stress and burnout
- helping our people be stronger themselves (physical, mental, social & emotional)
- everyone helps each other – collective responsibility - to be stronger and more capable; creating a sense of belonging and ensuring all our people are engaged.

In 2021 a plethora of initiatives have been implemented including but not limited to: wellbeing-survey, follow up actions and workshops “Building skills for life” (work life balance and self-care, stress management, switching off from work, building resilience), free well-being day, wellbeing check-in meetings, adventure day, awareness / education virtual hours for taking care our physical health, weekly stretching online sessions and more.

## 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 organisation potential. Our Learning and Development Policy is integral to our People strategy and to the achievement of our 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 organisation 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, always be alert and seize opportunities for learning.

Our people take part in appropriate programs of continuing personal development for maintaining their technical knowledge, professional skills, soft skills and values. Being an approved employer by ICAEW (Institute of Chartered Accountants in England and Wales) as well as a platinum approved employer awarded by ACCA (Association of Chartered Certified Accountants) and ICPAC (Institute of Certified Public Accountants of Cyprus), we always ensure that we meet CPD requirements.

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

We have introduced mandatory inhouse trainings to ensure consistent and ongoing learning and development with emphasis on quality, risk management, ethics, independence, compliance and more. The successful completion of these compulsory yearly training programs, is closely monitored. These include programs on Ethics and

Independence, Inspection Findings, Anti-Money Laundering (AML), International Standards on Auditing (ISA), International Financial Reporting Standards (IFRS), as well as Tax & Vat. Our inhouse training plan also includes series of soft skills development programs (e.g. Professional and Personal Leadership, Managing People and Performance for success, New Managers coaching skills).

Within audit we have, and will, continue to invest in our training programmes throughout the year with several both mandatory and recommended training modules.

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 supported through many mediums, all sponsored by the Firm. There is a wide range of learning and development opportunities available for our people to build their technical capability, leadership skills and commercial acumen; these include inhouse face to face sessions and "Learning Nuggets", external seminars in Cyprus and abroad, on the job training, coaching, mentoring, being part of the "Buddy scheme" for newcomers, virtual courses, e-learnings materials, shadowing, continues feedback, technical alerts and circulars, professional memberships, participation in external and internal committees, internal meetings for guidance etc.

Being a member firm of Grant Thornton International Ltd we have access to great learning opportunities, like forums, conferences, online trainings, workshops, mentoring programs, the GTConnect dedicated website and more.

A great milestone (2020) is our GTLearnConnect learning management system (LMS) through which our people have access to more than 1000 courses. The platform includes GTIL learning materials, technical training (e.g., ISA, IFRS, LEAP and 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.

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.

## 2021 training hours achieved



## Mandatory Trainings

International Standards of Auditing Methodology

Anti-Money Laundering

Digital Awareness/Information Security/Data Protection/Cybersecurity Awareness

Ethics, Independence & Compliance training

Quality Management Training

## Areas of Focus

Audit of accounting estimates

Responding to assessed risks

Data analytical tools: Infos

Mental Health and resilience training

## Testing

Test at the end of certain training programs

### Leadership programmes

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. It focuses on expanding their global perspective, deepening their engagement and leadership skills while building a professional network within the global organisation.
- **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, Cayman Islands, 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.



Everyone has a people manager to support them in developing their skills, confidence and experience to progress with us. We have clear learning pathways that detail the skills required at each grade and the development available to support individual progression.

### **Feedback and continuous development**

End of 2021 we transitioned to a new performance management system called “Clear review”. The system allowed us to move to a more continuous performance development approach where performance management processes take place throughout the year. We have chosen “Clear review” as its philosophy is perfectly aligned with our people strategy and what we want to achieve, focusing on ongoing coaching & developmental conversations around creating a supportive, wellness-focused environment where we encourage and recognise accomplishments.

The system allows our people to set short term goals, arrange regular check-ins between managers and their team and gives everyone the ability to leave and receive real-time feedback to everyone in the Firm. In support of everyone’s personal development, our new system, further encourages instant, quality & transparent conversations ensuring that everyone is empowered and able to take ownership over their work, career, and daily experiences. As a result, increasing happiness, engagement, and productivity.

Our team members obtain feedback on their overall performance and contribution, including audit quality such as exhibition of technical knowledge, professional exams, professional conduct, ethics, compliance with quality control policies and procedures.

### **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 Firm 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 Firm 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.



# 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.

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 Firm 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 Firm 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 Firm 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, 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.	<ul style="list-style-type: none"> <li>• minimise waste generated by our operations and our work. Providing our people with branded reusable tumblers and mugs for eliminating plastic from the workplace</li> <li>• reuse and recycle, wherever possible</li> <li>• maximise recovery and recycling of our waste output, purchase, wherever possible products, especially office consumables and stationery, containing recycled materials</li> <li>• 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.</li> <li>• encourage and promote awareness for all people to behave in an environmentally friendly manner.</li> </ul>
Anti-Corruption	Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	<p>For us, the development of practices that promote transparency and the consistent commitment focused on eliminating corruption, are key elements of our activities.</p> <p>Every year, we organise various training programs for awareness purposes and updating our people on changes in the relevant laws and regulations (e.g. ethics, anti-money laundering).</p> <p>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, to ensure our compliance with the Code of Ethics.</p>



### Charitable contributions

Throughout the year, we have raised money, contributed time, resources and became actively involved in numerous good causes. In 2021, we supported the Association “One Dream, One Wish” with a significant financial contribution in an effort to fulfil wishes of cancer-affected children.

Other charitable contributions include:

- financial donation towards Cyprus Association of Cancer Patients and Friends “PASYKAF”
- financial donation towards “Association of heart disease patients”
- financial donation towards “Red Cross”.

### 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 2021, we partnered with the non-for profit organisation Reaction-SupportCY in an effort to support their Regional Crisis and Disaster Management Center. The Center is often the mechanism for dealing with crisis in Cyprus and Greece and we helped them equip it with firefighting uniforms, masks and protective gear.

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

The young athlete appeared in our 2020-2021 advertising campaign with an empowering, motivational message for all viewers.

### 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 2021.

## Revenues 2021

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

Service line	2021 total revenue €' 000	2020 total revenue €' 000
Assurance	3.828	3.538
Tax	1.169	1.262
Advisory	2.956	2.960
Outsourcing	770	820
<b>Total revenue</b>	<b>8.723</b>	<b>8.580</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	2021 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*	386
Revenues from statutory audit of annual and consolidated financial statements of other entities	3.442
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit Firm**	950
Revenues from non-audit services to other entities	3.945

\* If an entity met the definition of an EU PIE (or subsidiary of) as at 31 December 2021, 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 2021 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 clients

- Rolandos Enterprises Public Ltd
- Interfund Investment Plc
- Cablenet Communication Systems 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.



# Appendices

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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	7-8
2	Where the subject belong to a network, a description of the network and the legal and structural arrangements of the network	12
3	A description of the governance structure of the subject	10-11
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	25
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)	25
6	A list of Public Interest Entities (PIEs) for which the subject has carried out statutory audits during the preceding financial year	45
7	A statement concerning the subject's independence practices which also confirms that an internal review of independence compliance has been conducted	30
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>	38-39
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	44
10	Information concerning the basis for the remuneration of the principals or partners	44
11	A description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff	32
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>	44



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