

Global transparency report 2018

A focus on quality

March 2018



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A focus on quality



Welcome to the Grant Thornton global transparency report for 2018.

In our profession, reputation and quality lie at the heart of our business. Certainly at Grant Thornton we constantly remind ourselves that quality, across every service line, is fundamental to our business. This report highlights how Grant Thornton is making a difference – how we are investing in improving our global audit approach, methodology and technology as well as our audit quality control procedures and monitoring. I have always believed sustainable business success is built on having the right people, leadership and culture. So we are also investing in learning and development programmes for our people in audit, tax and advisory services. Because improving the quality of our people improves the quality of our work for clients and contributes to the reputation of our profession.

Many member firm managing partners tell me they want us to be leaders in the profession by having the highest level of quality, as recognised by regulators, investors and our clients. This is a long-term commitment and a critical one. We know that by investing in the right resources to achieve this ambition we can create a solid platform for growth, placing both our people and our clients at the heart of our global strategy and creating sustainable growth for our clients and our firms.

As one of the steps on this journey, we have recently formed a Grant Thornton global audit quality steering committee made up of leaders from various member firms. This is just one of many initiatives we have planned to invest in quality, invest in our people and invest in our clients.

I am passionate about what we do at Grant Thornton. As a network with more than 50,000 people in over 135 countries, we work hard to promote transparency, execute high quality audits, manage risks and uphold our independence. We continue to engage and communicate on a regular basis with regulators, investors, businesses, audit committee members, standard setters and other stakeholders. If there is anything in this report you would like to know more about, please get in touch.

Peter Bodin

CEO, Grant Thornton International Ltd.

Common abbreviations used in this report

Advisory steering committee	ASC
Board of Governors	the Board
Chief executive officer of GTIL	CEO
Enterprise risk management committee	ERMC
European collaboration group	ECG
Global audit quality steering committee	GAQSC
Global leadership team	GLT
Global Relationship System	GRS
Grant Thornton Assurance Review	GTAR
Grant Thornton International Ltd	GTIL
International Accounting Standards Board	IASB
International Auditing and Assurance Standards Board	IAASB
International Ethics Standards Board for Accountants	IESBA
International Federation of Accountants	IFAC
International Financial Reporting Standards	IFRS
International Forum of Independent Audit Regulators	IFIAR
International Standards on Auditing	ISA
International Standards on Quality Control	ISQC
Organisation for Economic Co-operation and Development	OECD
Our people and culture values: Collaboration; Leadership; Excellence; Agility; Responsibility; Respect	CLEARR
Tax and advisory risk questionnaire	TARQ
The Grant Thornton network of member firms	'The network' or 'Grant Thornton'

Governance and management

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

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

As of 1 January 2018, GTIL has more than 135-member firms. Each member firm is a separate legal entity. Membership of the global network does not make any firm responsible for the services or activities of other member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

Governance

Board of Governors

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

- approving global strategic direction and policies
- overseeing the implementation of the global strategy
- overseeing membership matters (including approving new member firms, suspending the rights of a member firm, or expelling a member firm)
- appointing and setting the remuneration of the chair of the Board
- appointing, evaluating performance and setting the remuneration of the CEO

- approving the GTIL budget and member firm fees
- overseeing the financial health of GTIL
- overseeing global enterprise risk management
- overseeing general governance matters, such as the composition and performance of the Board.

Chair of the Board

The chair of the Board (the Chair) is a proactive role with a focus on ensuring that the Board functions as a coordinated group in support of the CEO to deliver on the global strategy. Scott Barnes was appointed Chair as of 1 January 2015 for a term of three years. In December 2017, the Board reappointed Scott for an additional term of two years. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board focused on the Grant Thornton network's global strategic development.

The Board of Governors as of 1 January 2018

- Scott Barnes, chair
- Peter Bodin, CEO
- Pascal Boris, independent member*
- Vishesh Chandiook, India
- Maria Victoria C. España, Philippines
- Hisham Farouk, United Arab Emirates
- Gagik Gyulbudaghyyan, Armenia
- Arnaldo Hasenclever, Argentina
- Xu Hua, China
- Emilio Imbriglio, Canada (observer)
- Anna Johnson, Sweden
- Vassilis Kazas, Greece
- Greg Keith, Australia
- Daniel Kurkdjian, France
- Kevin Ladner, Canada
- Mike McGuire, United States
- Joachim Riese, Germany
- Sacha Romanovitch, United Kingdom
- Judith Sprieser, independent member.

*term ended in March 2018

Independent Board members

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

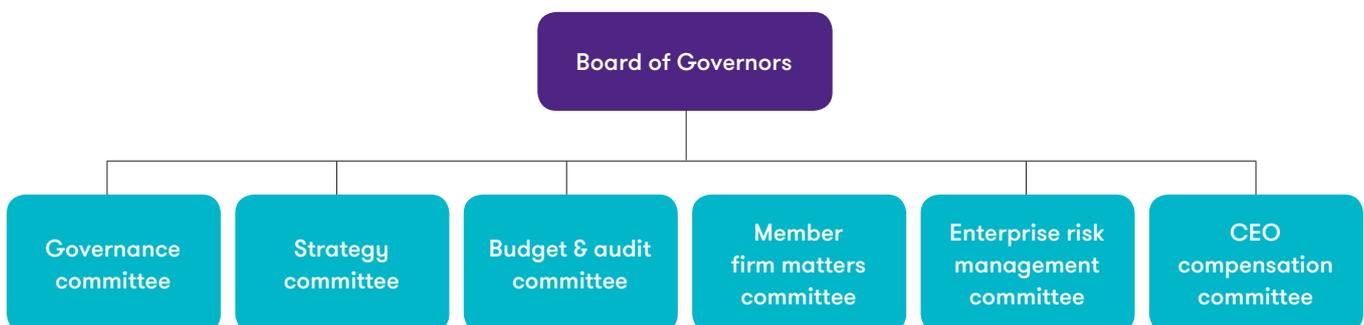
Standing committees

There are six 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. Considerations include 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
- **CEO compensation committee (CEOCC):** executes the Board's responsibilities relating to the annual performance evaluation and related compensation of the CEO, the adoption of policies that govern the CEO's compensation and performance, and the oversight of plans for CEO development.

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



Chief executive officer (CEO)

The CEO is appointed by the Board for an initial term of up to five years renewable once for a further period of up to three years. Ed Nusbaum's role as CEO came to an end as of 31 December 2017. In 2017, the Board appointed Peter Bodin, formerly the CEO of the Swedish member firm, to be the GTIL CEO for a term of five years, as of 1 January 2018.

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

Management

Global leadership team (GLT)

The GLT develops and drives the execution of the global strategy and is chaired by the CEO. It is a full-time management group dedicated to leading the network in the successful execution of the strategy. Between them, GLT members have global development, service lines, functional and regional responsibilities. The diagram below depicts these responsibilities as at 1 January 2018.

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.

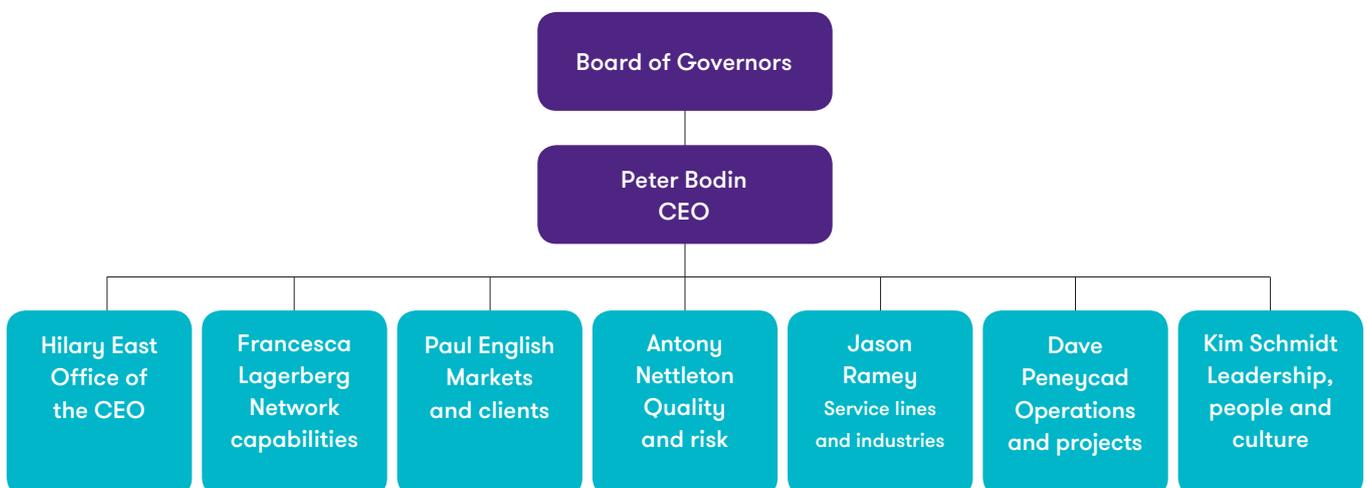
Our *Growing Together 2020* global strategy focuses on:

- our people
- our clients
- our markets and communities
- our organisation.

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.

We care about the work we do for clients, the impact we have in society and the way we treat people. And, as dedicated professionals, our work and influence build trust and integrity in the markets we work in. We help create the commercial and social environments that enable long-term success and growth for businesses and where people flourish. We do this because we are committed to shaping a vibrant economy.

Global leadership structure



Risk management and independence

Risk management

Risk management is an enterprise-wide activity overseen by the enterprise risk management committee (ERMC), which 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 improvements to the quality of service delivery and procedures to monitor quality.

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

Global 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 organisation
- 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 professionals
 - establish minimum 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.

Cybersecurity

One of the most significant risks facing the profession is the risk of a cybersecurity breach. In 2017, we implemented an ongoing global cybersecurity programme to mitigate the network's exposure to cybersecurity threats through an integrated legal, risk, IT and service line approach. The 2017 plan introduced minimum cybersecurity standards to which all member firms are required to adhere. In 2018, the cybersecurity programme will review those mechanisms necessary to continuously protect the network and deliver on the commitments required by our Board and senior leaders.

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
- commitment to adopting GTIL policies, cybersecurity compliance, procedures and methodologies
- maintenance of a system of quality control that meets or exceeds International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Control¹ (ISQC1)
- agreement to the periodic evaluation of their system of quality control by our global quality monitoring teams.

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

Other business combinations can involve GTIL member firms pursuing transactions such as mergers, acquisitions, joint ventures, lateral hires, or other arrangements for sharing of interests.

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



Independence policies, guidance and training

Member firms adopt Grant Thornton's global policies and procedures that are designed to safeguard independence and identify circumstances that could pose a conflict of interest. Our global independence policies and procedures are based on the independence standards of the International Federation of Accountants (IFAC) that are promulgated in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (Code), with supplements to govern compliance with our own global independence policies and processes. If local regulatory requirements are more restrictive, member firms are required to adhere to these.

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

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

The global independence team's responsibilities include providing:

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

In 2017, a new automated global relationship checking tool, the Global Relationship System (GRS), was implemented in all member firms. The GRS provides a robust platform for identifying and assessing potential threats to independence or conflicts of interest as part of the client acceptance process.

Audit quality

Grant Thornton views audit quality as an essential element of our business.

The global network has tools, support and controls in place to help member firms consistently deliver high-quality audits. These include:

- **strategic direction:** an aligned global assurance strategy, *Leading with quality*, focused on delivering high-quality, efficient audits
- **client acceptance and continuance:** established processes and procedures to help member firms only accept high-quality clients
- **global audit methodology and technology:** an audit that complies with the International Standards on Auditing (ISA) delivered using state-of-the-art proprietary software, backed by a commitment to remain industry-leading through ongoing investments
- **International Financial Reporting Standards (IFRS) support:** full-time global IFRS team to provide member firms with training and guidance
- **global audit quality monitoring:** dedicated global monitoring team to review the audit quality of member firms on a regular basis
- **global audit training:** globally developed programmes, such as a three-part online ISA proficiency series and face-to-face sessions on IFRS, audit methodology and independence, to provide member firms with consistent learning
- **global audit quality steering committee:** member firms participate on a steering committee with the goal of enhancing quality and consistency across the global network.

Strategic direction

Our global audit strategy is, *Leading with quality*: quality people, serving quality clients, supported by quality operations.

Responsibility for the global assurance strategy rests with the global leader for quality and enterprise risk and the global head of assurance market development. An assurance advisory committee (AAC) supports with strategy development and implementation.

The committee is composed of the heads of assurance from 14-member firms that occupy a strong geographic and/or demographic position in our target markets. Committee members have the knowledge, experience and authority required to develop and implement the strategy.

National member firm assurance leaders, global IFRS support team, international auditing standards, audit quality control and audit technology teams support global leadership to implement and execute the strategy. Global steering committees comprised of member firm partners and managers who excel in these specific areas, also provide support.

Client acceptance and continuance

Accepting and continuing with the right clients is fundamental for Grant Thornton to deliver high-quality audits. Grant Thornton has global policies and procedures in place to help member firms accept and retain clients who share our objectives of quality and integrity.

Our member firms conduct background and conflict checks to evaluate each prospective client. Member firms also assess if they can perform each engagement. Member firms that want to accept certain large or high-risk clients must seek approval from a global key assurance assignment committee, which considers if such proposed assignments represent an acceptable risk to the global network. A senior member of the global audit quality control team chairs the committee. A diverse group of member firm partners make up the rest of the committee.

Global audit methodology and technology

Grant Thornton uses a global methodology, Horizon, that complies with the international standards on auditing. The Horizon methodology is supported with an audit manual and is executed using our Voyager™ software.

In 2017, we released a revised global audit methodology referred to as LEAP (Leading Effective Audit Practice), delivered through a new service delivery platform developed in partnership with Microsoft. Between 2017-2020, a series of global learning programmes are being run across each member firm to drive adoption and engagement of this change.

Among other benefits, our revised methodology:

- provides a clear linkage to auditing standards using the 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.

Our new audit platform tool:

- offers flexibility and scalability to perform audits of all types and sizes
- puts global and local methodology guidance at auditors' fingertips
- allows for rapid responses to regulatory changes
- enables auditors to perform high-quality audits more efficiently
- gives auditors the ability to provide clients with better insights into their business and operations.

The tool user interface was designed based on extensive feedback gathered from auditors throughout the design and development process.

The global learning programmes developed to support these changes include the ISA proficiency series, methodology proficiency series, tool proficiency series and Audit 360 simulation.

The ISA proficiency series includes various online modules focused primarily on the professional standards themselves. It is methodology agnostic as it is the foundation for all the other learning.

Grant Thornton's cycle for development and quality



International Financial Reporting Standards (IFRS) support

A full-time global 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, free of charge.

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

The team use a collaborative group for sharing IFRS resources and ideas through Yammer, Grant Thornton's global internal social networking platform. Yammer is a powerful two-way communication platform for connecting member firm IFRS people and regularly facilitates the exchange and sharing of IFRS and other knowledge.

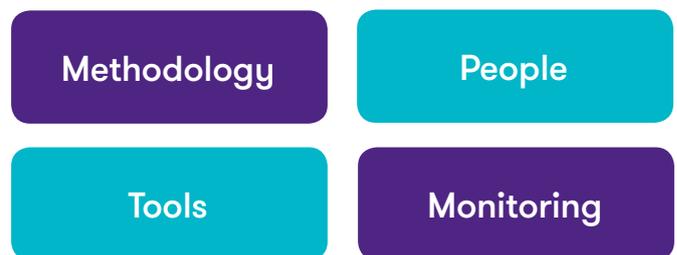
Grant Thornton also actively contributes to the development of IFRS. For example, we submit global comment letters on International Accounting Standards Board (IASB) proposals for new and amended standards, we respond to IASB outreach requests on a wide variety of evolving accounting topics, and we participate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

At the time of writing, Grant Thornton is represented on the IFRS Advisory Council, the IASB's Transition Resource Group for Revenue Recognition, the IFRS Transition Resource Group for Impairment of Financial Instruments, the IFRS Transition Resource Group for Insurance Contracts and the IFRS for SMEs Implementation Group.

Global audit quality monitoring

A dedicated team is responsible for managing our global audit quality-monitoring programme, referred to as the Grant Thornton Assurance Review (GTAR). The GTAR process evaluates each member firm's local quality monitoring system, as well as each firm's compliance with professional standards, global audit policies and procedures, and other risk-based criteria.

Member firms are typically reviewed once every three years. Independent and suitably qualified partners and managers from other member firms, under the overall direction of the global audit quality control leader, also conduct inspections.



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 audit methodology in the right ways.

For example, through GTAR we assess if member firms:

- comply with professional auditing standards
- implement the global audit methodology (and in turn, the ISAs as a minimum)
- issue audit reports that are appropriate in the circumstances
- comply with international ethical and quality control policies
- comply with quality assurance standards during the audit
- produce audit documentation by professional standards
- have designed and implemented an effective system of quality control
- identify root causes for significant findings
- have implemented the requirements of previous action plans
- comply with global risk management policies and procedures.

The global audit monitoring control team, in collaboration with member firm partners, also carry out reviews to evaluate the quality and suitability of firms interested in joining the network.

Global audit quality monitoring



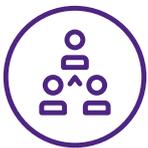
213

Public Interest Entities engagements were reviewed



33

Grant Thornton assurance reviews (GTARs)



92

The number of reviewers who participated. (Reviewers are at least at senior manager level)



3

New member firm reviews

GTAR inspection teams utilise a proprietary software application, Sentinel, to record and track individual findings and root causes and to communicate these results to member firm management. Member firms can also utilise this tool for their internal quality reviews.

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

When a GTAR is completed, the global network issues a report based on the inspection findings. A member firm's quality control system is evaluated as:

- suitably designed and operating effectively (an unqualified report)
- suitably designed and operating effectively except for one or more significant deficiencies
- having material weaknesses in the design or operation of the quality control system (ie an adverse report).

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 submit 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.

Root cause analysis

Grant Thornton's global root cause analysis methodology ensures member firms understand the factors that are driving the quality of their audits.

This methodology has three steps and involves the identification of: (1) a category; (2) an indicator; (3) a root cause(s).

A *category* describes the broad context surrounding a finding. Teams should determine these because the underlying root causes may not be directly apparent or obvious. A decision tree helps teams to identify a range of *indicators*, which explain the circumstance that led to a finding and further helps the team to identify a root cause. The methodology will filter to provide a series of suggested primary root causes once the *categories* and *indications* have been selected.

Regular reviews of findings and root causes from the GTAR programme allow Grant Thornton's global assurance leaders to consider and make timely changes to our methodology, learning programmes, audit tool, or global policies and procedures.



Transparency reporting

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. Through 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.

Engagement with regulators

Grant Thornton maintains open and constructive relationships with regulators and supports effective, independent regulation of the audit profession. We actively show this through our contributions to the public debate on major industry issues and participation in changes affecting our business.

As a large global professional services network, Grant Thornton meets several times annually with the International Forum of Independent Audit Regulators (IFIAR) to report on progress in developing and maintaining audit quality. IFIAR, who considers Grant Thornton as one of the six global audit networks, met with representatives from these networks to agree to an initiative aimed at improving global audit quality with a measurable target of reducing inspection findings by 25% over five years.

Grant Thornton's global assurance services are firmly committed to achieving this objective by making considerable investments in tools and technologies that will enable us to deliver efficient, high-quality audits to our clients.

Grant Thornton also cooperates with the Committee of European Auditing Oversight Bodies to support the development of audit quality in our profession within Europe.

Global audit quality steering committee

In 2017, GTIL created a global audit quality steering committee (GAQSC) with the aim of enhancing quality and consistency across the global organisation. This committee is made up of representatives from Grant Thornton's eight largest member firms.

The GAQSC provides oversight and direction on key projects, initiatives and global policy to further maintain and enhance audit quality across the network. Key projects include the development of a global set of Audit Quality Indicators designed to give insights into the performance of an audit and its quality.

It has also provided a forum to share knowledge and best practice among committee members, for example in areas such as regulatory inspections, audit quality initiatives and root cause analysis.

Tax service quality

Grant Thornton plays an active role in helping steer clients through this volatile and politically charged environment. Our monitoring and reporting on tax reforms around the world are important in helping member firms and their clients understand the impact. Grant Thornton spokespeople actively speak out on significant tax issues as an informed and trusted voice to the relevant debates and conversations in the media and beyond.

Grant Thornton participates in many broader groups on tax policy issues. For example, we are an essential voice on the tax working group in the EU European Contact Group (ECG)², where we participate in constructively helping to shape the regulatory environment. Brexit is a critical topic on the group's agenda.

We regularly respond to consultations on tax issues, such as those issued by the Organisation for Economic Co-operation and Development (OECD). We were invited to present to the OECD in Paris last year.

We have created three new internal committees that will focus on the tax best practices that will help serve our clients globally:



- 1. Global compliance reporting and business process solutions**
- 2. Tax technology**
- 3. Tax innovation**

Quality and risk

Quality is at the heart of our tax strategy. During 2017, GTIL integrated its approach to quality and risk of the network's audit and advisory services. In 2018, all member firm tax reviews will be integrated with the audit and advisory approach. As a pre-requisite, all member firms will be required to have implemented an internal quality control review programme covering their tax practice. The purpose of this is to share best practice and to take a more holistic view of our risk management.

Quality framework

In October 2017, we 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. We will publish a new principles-based tax manual in 2018.

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 we will contact member firms in the first quarter of 2018 to discuss their review. This guides our formal face-to-face review process of member firms.

An authorisation process will be launched in early 2018, initially for our transfer pricing services. Authorisation of additional tax services will continue to be developed and implemented as required.

Growing the right skills and behaviours

GTIL's tax learning programme focus is on the international tax service lines. The purpose of our learning programmes is to help improve the people and client experience across Grant Thornton.

In 2017, global learning academies and masterclasses took place in Asia Pacific, Europe, South America and Africa.

Guest internal and external expert speakers were invited to talk about current and future issues that will directly impact our global tax practice. A strategic priority in 2018 will be on high-quality technical, web-based learning solutions.

Also, in 2018 our global heads of tax will come together to promote greater cross-border collaboration and strengthen our well-established global capability further.

² The EU European Contact Group (ECG), is an informal regulatory and policy working group of six large audit networks in the EU (BDO, Deloitte, EY, Grant Thornton, KPMG and PwC).

Advisory service quality

Advisory services differ from assurance services provided by Grant Thornton as they are not usually regulated or supplied according to templates fixed by regulators or legislators.

Grant Thornton member firms' advisory services help clients create, transform and protect value. As well as helping clients to finance growth and to optimise operations, member firms advise clients on how to manage risk and regulation. We apply the same advice on managing risk and regulation to our own operations globally.

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 Grant Thornton's 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. We are working towards greater standardisation of working practices and improving collaboration between member firms.

Quality is intrinsic to the value we bring to clients. 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 our approach is to ensure that member firms and front-line staff undertaking client work are connected to other parts of the international network best able to support them.

Member firms are required to complete the tax and advisory risk questionnaire (TARQ) on an annual basis. This questionnaire allows firms to benchmark their own risk and quality processes against GTIL's standards.

Quality framework

In October 2017, we launched a quality framework which, for the first time, brought together a guiding principles framework for all service lines, including tax, advisory and audit. This quality framework specifies the standards that member firms are required to uphold across all their operations.

Authorisation

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

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

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

Assignment acceptance and consultation

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

Review

Authorised member firms are subject to periodic review to assess their compliance with risk management and quality control processes. Member firms are selected for review

according to the perceived level of risk. The results of reviews are communicated to firms with timelines for any corrective actions or development points identified.

The methodology for reviewing member firms' advisory and tax 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.

Methodologies and technical support

Certain advisory services are supported by global methodologies and software packages, including business risk services, transaction advisory services, and forensic services. GTIL support managers support all service lines.

TeamMate supports our business risk services solutions for clients by providing standardised risk assessment and reporting on internal audit engagements. It enables the sharing of work papers across borders and allows the sharing of best practices between client groups.

Relativity and *Nuix* are used by our forensics practice to manage data efficiently for e-discovery, investigations and analysis.

Mercury is Grant Thornton branded software which helps firms deliver standardised reports, incorporating data and commentary from supporting files.

Peer review programme

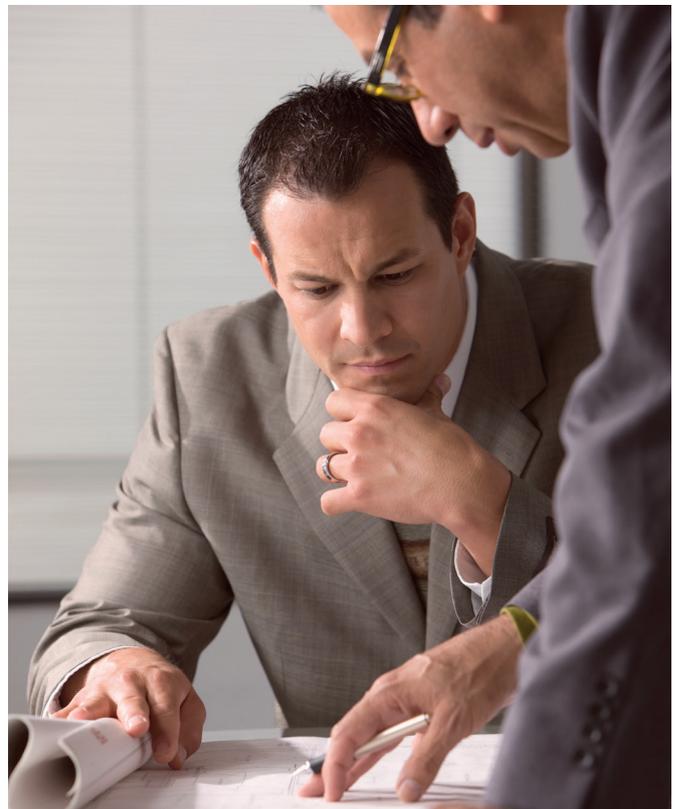
Certain member firms are invited to participate in regional or service line peer review programmes, to help standardise working practices and to improve the client experience.

Service line steering committees

Advisory policy and protocols are approved by the advisory steering committee (ASC), the membership of which is drawn from the larger advisory practices around the world. Reporting to this committee are the service line steering committees, which in turn are supported by regional working groups. These committees ensure that quality control processes are up-to-date and meet emerging needs.

Growing the right skills and behaviours

Technical training is made available according to the needs of each service line. Our learning programme includes regional training academies, service line masterclasses, and online learning.



Global financial information and growth

The number of people in the network grew by 5.5% in 2017 to nearly 50,000 people in more than 135 countries.

The combined global revenues of Grant Thornton member firms for the year-end 30 September 2017 was USD5.0billion. This is an increase of 4.5%* from 2016 (6.3% when measured on a local currencies basis).



Growth across service lines

- Assurance services revenues accounted for approximately 41% of the total revenues or USD2.1billion** (up by 1.8% from 2016)
- Advisory services accounted for 35% or USD1.7billion (up by 4.1%)
- Tax services accounted for 21% or USD1.0billion (up by 2.1%)
- Other services accounted for 3% or USD156million (up by 87.7%).



Regional growth

- Africa region grew by 15.2%, underpinned by strong performances in South Africa and Zimbabwe, which grew by 16% and 41% respectively.
- Americas region grew by 5.6%
- Asia Pacific region grew by 15.7%, mostly driven by China and India which both grew by more than 25% during the year
- CIS region saw growth of over 14.2%.



Mergers and acquisitions (M&A)

- Total M&A accounted for USD24.6million (41% taking place in the Asia Pacific, followed by 35% in the Americas and 24% in Europe)
- Capabilities added to the network during the year through M&A or other combinations in Australia; Canada; Costa Rica; Denmark; India; Italy; Israel; Poland; St. Lucia; and Sweden.

*The depreciating value of currencies such as the Pound, Euro, Swedish Krona and Chinese Yuan have adversely impacted the global revenue figures when computed at 2017 exchange rates.

**The percentage growth figures have all been rounded up to the nearest decimal.

Revenue 2016 v 2017**

Region	2017 total revenue (USDm)	% of 2017 revenues	2016 total revenue (USDm)	% growth in USD	% growth in local currency
Africa	114	2%	99	15%	10%
Americas	2,388	48%	2,261	6%	6%
Asia Pacific	798	16%	690	16%	16%
CIS	36	0.7%	31	14%	8%
Europe	1,627	33%	1,669	-3%	3%
Middle East	42	0.8%	40	5%	9%
Total revenue	5,005	100%	4,790	5%	6%

Service line	2017 total revenue (USDm)	% of 2017 revenues	2016 total revenue (USDm)	% growth in USD	% growth in local currency
Assurance	2,053	41%	2,016	2%	3%
Tax	1,045	21%	1,024	2%	4%
Advisory	1,736	35%	1,667	4%	6%
Other	156	3%	83	88%	90%
Total revenue	5,005	100%	4,790	5%	6%

**The percentage growth figures have all been rounded up to the nearest decimal.

Appendix 1 – Our global CLEARR values

As well as a distinctive global culture, we have developed six core principles, known as our CLEARR values.

Our global CLEARR values framework

Value	Behaviour	Outcome
Collaboration Work together, act as one	Think team, not self. Make other people better. Ask for help, give help. Bring the best resources to every situation.	Better relationships. Better insights. Better results.
Leadership Build trust, make a difference	Live our values. Act with integrity. Encourage, inspire and motivate each other. Embrace challenges. Solve problems.	A firm that people want to be a part of, clients value and communities respect.
Excellence Deliver quality, pursue greatness	Continuously grow your personal brand. Deepen your understanding of the client's business and provide insight. Relentlessly focus on improving the way we do business.	A standard of quality and service that is recognised and sought after.
Agility See with clarity, act with purpose	Expand your perspective. See the big picture. Anticipate and adapt. Embrace change. Be responsive. Make it happen.	Tailored solutions delivered with speed and precision.
Respect Care deeply, listen intently	Discover what is important to others and make it important to you. Do great things for each other. Value our differences.	Great talent. Diverse people. Best place to work.
Responsibility Own your action, be aware of your impact	Decide, act and be accountable. Seek, accept and give honest feedback. Be a steward; leave things better than you found them.	We can rely on each other. Our clients can rely on us.

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