

SLT

During the year the SLT was chaired by David Dunckley, who was our CEO throughout 2023. The CEO is nominated by the PGB for a four-year period with a maximum tenure of two four-year periods. The appointment is subject to an all-partner vote.

The CEO has executive authority for the management of the business whilst being bound by our Statement of Principles. The statement was developed by the PGB and is approved every three years by the partnership, the last approval being in December 2022.

The SLT is appointed by the CEO and is responsible for:

- ensuring the firm operates within our Statement of Principles
- assessing and controlling risk, including protecting the goodwill and reputation of the firm
- developing and implementing our strategy
- ensuring we comply with all relevant regulatory and legal requirements
- ensuring we are a profitable and sustainable firm
- putting quality at the heart of everything we do
- fostering an inclusive culture underpinned by our CLEARR values
- ensuring we participate in the wider economic environment as a responsible employer and contributor to growth.

PGB

The PGB is the highest governance body of the firm and is responsible for the protection of members’ interests and oversight of the SLT. Its role is to oversee the stewardship, accountability and leadership of the firm and to provide counsel on its strategic direction. In carrying out this role the PGB seeks to balance the interests of its various stakeholders to ensure the firm has a successful and sustainable future. Its main duties include:

- developing the firm’s Statement of Principles
- ensuring the firm has an appropriate strategy that is consistent with the public interest
- to oversee good financial and cultural governance (including setting the tone from the top on culture and ethics)
- overseeing profit-sharing
- approving the firm’s leadership structure
- ensuring the firm has the best possible executive leadership.

The PGB consists of partners of the firm, the firm’s INE, and up to three ex-officio non-voting members. Membership for elected partners is determined by an all-partner vote. The Chair of the PGB may in their absolute discretion also co-opt up to two partners to be appointed as members of the PGB. Members are appointed as elected partners or as co-opted partners for three years and no individual may serve for more than two consecutive three-year terms. Individuals who have been elected for two consecutive terms of three years or less are eligible for election after a break of three years. The PGB is chaired by Imogen Joss, one of our INEs. The PGB provides challenge to the SLT and ensures through its activities and our internal policies and processes that no individual has excessive decision-making powers.

There are several subcommittees of the PGB that support its work and allows the INEs and members of the PGB to discharge their responsibilities:



Risk and Audit Committee

The principal role of the RAC is to ensure our quality and risk management framework is in place and operating and to oversee our financial reporting and external audit process. Its specific duties include:

- reviewing and challenging, where necessary, the actions and judgements of management in relation to the annual financial statements
- ensuring management has adequately considered the key risks to the business and has developed appropriate alternative strategies
- monitoring and reviewing the effectiveness of our internal audit function in the context of our overall risk management system
- considering reports from the Head of Audit and our Ethics Partner in respect of quality and reputational matters
- monitoring our relationship with the external auditors.

The RAC consists of elected members of the PGB, the CEO (or nominee) and Deena Mattar as the INE and chair. The RAC meets at least five times a year and the chair reports at each PGB meeting on the RAC's activities.

These activities include:

- reviewing updates from our internal audit team
- providing input to our enterprise risk management processes. This includes the annual review of systemic risks and their mitigation plans
- receiving reports to support their review of the effectiveness of internal controls including ISQM 1.

Remuneration and Profit Share Committee

The RemCo reviews the remuneration of the leadership team, partner profit-share process, associated diversity indicators and partner exit. The committee meets at least four times a year and consists of all INE members of the PGB and at least two elected members of the PGB. It is chaired by Paula Dillon, an INE. During 2023 the committee met three times as the final meeting of the year had to be deferred to January 2024.

Its specific duties include:

- reviewing the profit share process, to witness the output of that process, and to consider outliers
- to consider if the partner exit process is fair and reasonable
- to monitor gender gap and other diversity indicators in the partner group
- SLT remuneration
- to hear appeals not already resolved by the CEO appeals process.

Investment Committee

The primary purpose of the IC is to consider specific circumstances relating to capital and investment expenditure disposals and property matters over £2.5m. The committee agrees with the SLT what constitutes capital and investment. The committee generally meets monthly and has a minimum of the three partner PGB members and/or INEs together with the CEO.

Public Interest Committee

The committee, chaired by the chair of the PGB, comprises the INEs with the CEO, the Ethics Partner and Head of Audit in attendance at meetings. The chair of the AQB is also invited to attend and provide an update on its activities and an elected member of the PGB as observer. The primary purpose of the committee is to enhance stakeholder confidence in the public interest aspects of our activities. As such, the committee oversees our policies and procedures promoting audit quality, ensuring the protection of our reputation and reducing the risk of firm failure. The committee, through its work is responsible for monitoring the firm's compliance with the AFGC. The PIC is also responsible for engaging with our leadership groups, in dialogue with our regulators. The committee:

- at each meeting, receives an update from the audit practice and AQB chair, the Ethics Partner and on whistleblowing and complaints
- at least annually, receives an update on quality matters, a report from the Head of People & Brand and a report from the MLRO
- considers our compliance with the AFGC.

Nominations Committee

The Nominations Committee is primarily responsible for the recruitment, induction and performance evaluation of our INEs. They are also involved in facilitating and reviewing the process to appoint partner members onto the PGB. The committee meets as required and consists of at least four members of the PGB including at least one INE.

Audit Quality Board

The AQB provides independent oversight on all matters of audit quality with the objective of making the production of high-quality audit work sustainable. The board generally meets monthly and during the year was independently chaired by Philip Johnson. In addition to Philip the board members are Faried Chopdat, Head of Audit and Head of National Assurance Services (NAS). There are also four observers from the practice. Both Philip and Faried are independent members of the AQB. On 31 January 2024 Philip Johnson stood down from the AQB at the end of his four-year term and was replaced by Faried Chopdat.

The board has a number of key functions including:

- ensuring the firm's leadership maintains and appropriate "tone at the top" in respect of audit quality and that we have an appropriate strategy for ensuring audit quality
- ensuring adequate investment and resources to deliver quality and the audit strategy
- ensuring audit partner performance is primarily assessed based on quality and that partner remuneration and bonus systems are aligned with quality and the necessary positive leadership messages. This includes ensuring those who are responsible for the highest profile and highest risk engagements are compensated at levels that recognise this contribution
- that the audit practice has access to appropriate specialists
- ensuring we maintain appropriate independence monitoring
- that we anticipate and react to market and regulatory developments appropriately.

INEs

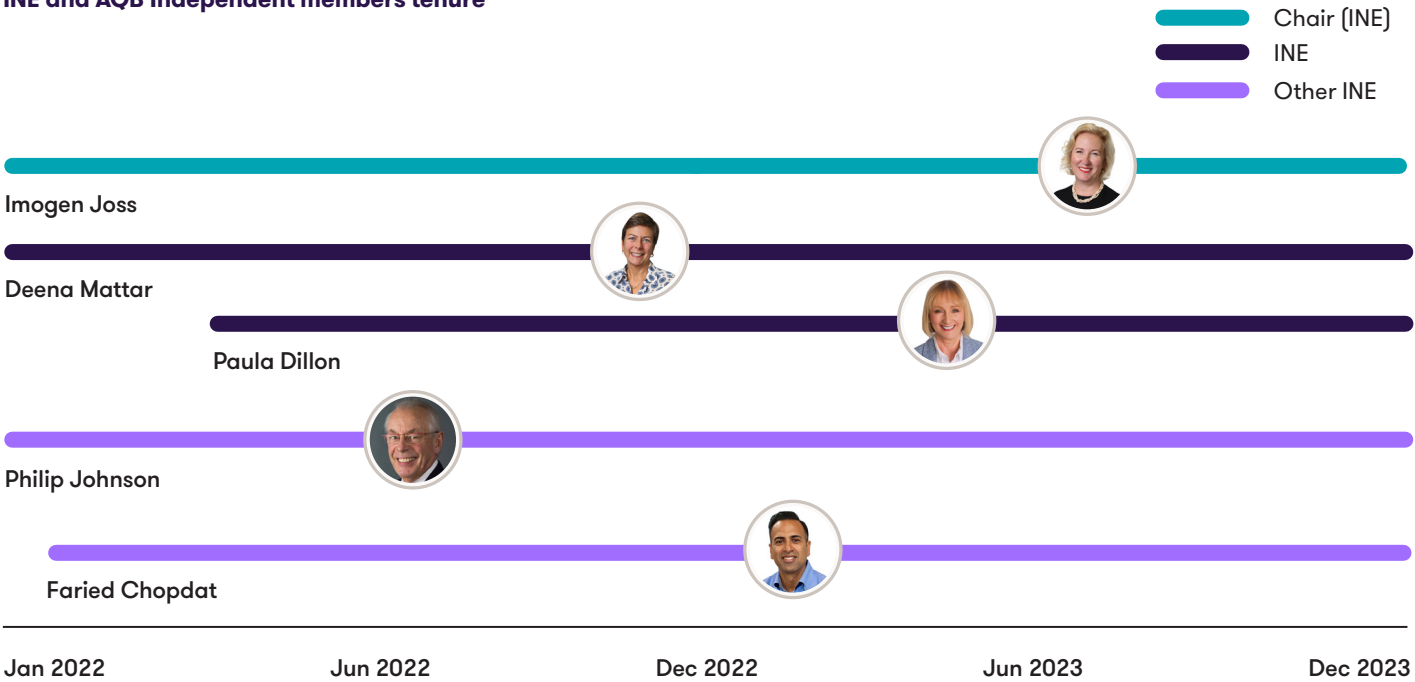
As part of our commitment to operate under best practice guidance and the AFGC we have appointed three INEs. As a matter of policy, all of our key governance groups are chaired by INEs including the PGB, RAC and Remco. We believe that this level of independence from the leadership of the firm best serves the public interest by helping to ensure audit quality. Where required, we have a detailed and comprehensive identification and selection process for the appointment of INEs. No INEs were appointed or ceased appointment in the year.

We position our INEs to be non-voting members of the PGB as this group is our main governance group. This allows our INEs to bring their experience to bear at this key oversight group. Our INEs primary remit is restricted to our public interest responsibilities, approach to quality (particularly, but not exclusively, in audit) and our reputation and risk management. This includes oversight of our policies and processes to:

- promote audit quality
- ensure firms take account of the public interest in their decision-making, particularly in audit
- safeguard the sustainability and resilience of audit practices and of firms as a whole.

Our INEs are also invited to key partner meetings and have regular meetings with the CEO, members of the SLT, our staff via the Employee Insights Group and our regulators. Appointments are for an initial term of three years and our INEs spend a minimum of 30 (50 days for PGB chair) days per annum on matters relating to the role. They can be re-appointed by the PGB members for additional terms up to a maximum of nine years subject to an all-partner vote for the PGB chair.

INEs
INE and AQB Independent members tenure



Our INEs have a right of access to relevant information and people, to the extent permitted by law or regulation, and a right to report a fundamental disagreement with leadership or the wider partnership to our regulators. Where any disagreement cannot be resolved and the INE resigns, we are required to report this resignation publicly. If there had been such a disagreement, this fact would be disclosed within this Transparency Report. No such disagreement has occurred to date.

All our non-executives are subject to our independence requirements; for more information see the [Ethics section](#). Further details of the appointment, role and responsibilities of our INEs can be found on our website: Appointment, role, and responsibilities of Independent non-executives.

Membership of governance groups, attendance at meetings and further information

Details of the members of our governance groups, meeting attendance and length of service can be found in [Appendix D](#). Biographies of the members of our governance groups can be found in [Appendix E](#).

The terms of reference for our governance groups can be found on our website at [Grant Thornton | Leadership and governance](#).

Further information on the remuneration of audit partners and directors is included in [Appendix H](#).

GTIL

The firm is part of the Grant Thornton International global network, we meet the obligations of our membership of the network as well as considering the risks and benefits of our membership. More details can be found in [Appendix G](#).

Complaints and claims

We take all feedback, complaints and allegations seriously. If a client is not satisfied with any aspect of our work, they can discuss this with the engagement leader, head of the relevant service line, or our legal department. We provide training and guidance to our people in relation to our “Speak-up” culture including the use of our Speak up champions. We have internal processes to address both informal and formal matters and complaints. Our confidential whistleblowing phone-line is available to all, including employees, clients and the public. Our internal legal team have access to the RAC, PIC and CEO whenever required and report matters regularly to the SLT in respect of ongoing and potential complaints, claims and regulatory action.



Speak up

We are focused on creating an environment where people feel comfortable to raise issues or concerns to colleagues, despite the level of seniority, without fear of judgement. Speaking up, therefore, comes hand in hand with psychological safety and this is critical when it comes to producing quality work.

Listen up

We are focused on ensuring that people are listened to when raising such concerns and these are taken seriously.

Follow up

It's not enough just to listen. We need to follow up on what action has been taken. If no action has been taken, we should follow up as to why. This goes both ways, so if you have not heard back following speaking up, seek the follow-up yourself.

Investor and external dialogue

People within Grant Thornton, including where appropriate our INEs, actively engage with regulators, standard setters and investor groups to help shape and influence the drive for better reporting and regulatory change where it is necessary. Several of our partners and people participate in various boards, committees, working groups and forums across a diverse range of bodies and subjects relating to our profession and the wider market. They provide comments and feedback on our views of planned developments and issues.

We participate in events and consultations organised by the FRC, the Institute of Chartered Accountants in England and Wales (ICAEW), the Policy and Reputation Group (PRG), the International Forum of Independent Audit Regulators (IFIAR) and the International Auditing and Assurance Standards Board (IAASB). We hold regular meetings with our regulators. Our Transparency Report is available for all to read via our website. We also provide it to the Audit Committee chairs for our PIE, listed and Major Audit clients. Whilst we continue to seek to engage with the wider investor committee, getting engagement is challenging as noted by the FRC “evidence suggests limited appetite, in particular among investors, for engagement on governance matters with Firms or their INEs.”³



3. FRC consultation on Proposed Revisions to the Audit Firm Governance Code August 2021 – page 11

People and culture

Our people are key to all we do. We put people first in a culture that is collaborative, inclusive and agile. Our People Deal brings to life what we offer our employees and what we look for and expect from them. It underpins how people experience their career at Grant Thornton.



Our people are our business

As a professional services organisation our people are our key asset and strength. We have seen a number of positive developments in working with our people during the year, including:

- further development of “How we work” our framework that ensures people have the support and tools to do the right thing when making choices about how, where or when to work and where
- embedding flexibility including allowing individuals when to use their public holiday allowance supporting those who do not find the traditional days right for them
- development of our “Employee Insights Group” this is a group of 30 individuals across the firm at various grades who provide feedback to the SLT on what is going on “on the ground”. This group also acts as a sounding board for various matters.

We have a range of mechanisms to engage with our people:

- Individual people managers
- Regular “GT Live” calls
- Training and development sessions
- Regular message cascades
- Access to guidance and practical support
- Employee surveys
- Sharing from specialist interest groups

Culture

Our CLEARR values express the behaviours we expect from everyone in the firm. Our competencies describe in more detail how our values apply to what we do. Each person is expected to take responsibility for their performance, development and career.

From senior leadership downwards we promote to all our people the expected behaviours and reasons for these actions especially in respect of:

- delivering high quality and compliant audits
- managing risk in our client base
- the importance of audit and working in the public interest especially for our listed and public sector audits
- maintaining professional judgement and values.

We monitor our culture through conversations with teams, employee surveys, file reviews and root cause reviews and the QME, reporting on various matters is presented to the INEs.

Our engagement with our people supports us to ensure our decision take their interests into account.

Speak Up

We continue to develop our Speak-Up culture to ensure that our people are aware of how to Speak Up and gain support when they raise concerns about internal or client matters. This includes training and guidance which is provided to all our people including examples of speaking up seen across the practice. This is where individuals within the team have spoken up about a concern/issue and this has been listened to and followed up, resulting in significant changes to the work to be done and as a result, an increase in the quality of work produced. We provide support to individuals and teams who raise concerns, this is delivered through a variety of means but can include support from our risk and legal teams.

Inclusion & Diversity

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. 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.

Our Inclusion Advisory Board (IAB) consists of 12 of our people. The IAB provides robust, structured support and challenge to the SLT to help ensure that the decisions they make are informed by a diverse range of views. Each of the strands of work are led by a partner.

We believe in 'Everyday Inclusion' and creating an inclusive environment to grow is central to our strategy. We want to promote and embed positive equality, equity, diversity and inclusive practices where belonging is prioritised and every person feels valued: it aligns with our purpose of "doing what is right ahead of what's easy". By 2025, we want to be the best firm at valuing diversity through everyday inclusion.



Our approach to I&D focuses on five strands:

We believe in the importance of authentic networks to promote belonging and share similar lived experiences. Our people have set up, in collaboration with the Head of Inclusion and Diversity; a number of networks to encourage positive interaction, provide a safe space for people to share their lived experiences while educating and raising awareness and to work together to enable better awareness and inclusive practices.

Recruitment

Having the right people with the right skills is fundamental for consistently achieving our CLEARR values and audit quality. We utilise a blend of competency, strength, and skills assessment tools, which cover all entrants from trainee to partner. All our people are subject to detailed vetting and, where applicable, are required to confirm their independence and "fit and proper" status on joining. From a quality perspective, in our audit practice all experienced hires at assistant manager and above are required to sit a technical assessment prior to joining us.

We have continued to recruit throughout the year at all levels, including experienced auditors. We are increasingly focused on digital skills, including our digital qualification in conjunction with BPP University. We have seen positive results in recruitment around I&D, with our new hires continuing to be more diverse year on year. This helps to contribute to the wider shift we are working towards across the firm as a whole.

Promotion, development, and remuneration

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.

We have clear promotion processes, which for manager, senior manager and director promotes, in audit, includes a financial reporting assessment and quality interview prior to promotion. Individuals, including partners, in the audit service line receive quality gradings, which in the case of partners, is used positively or negatively to influence their profit share. We continue to provide a flexible benefits package that is regularly benchmarked against the market. During the year we have continued to promote individuals within Audit, across all grades based on their capabilities and business requirements. We have also recruited across the market experienced hires, graduates and school leavers.

Audit Training

Training for our qualified people in 2023 included:



Mandatory training

- Annual three-day audit simulation
- Monthly digital awareness calls
- Monthly technical update calls
- Firmwide compliance training including financial crime, sanction, IS Security
- Quarterly ethical training
- Annual sector specific training



Areas of focus

- Revenue – audit & financial reporting
- Impact of Climate considerations on audit risk
- Financial statements – review process, front end and disclosure requirements
- Controls work including ITGC
- Digital Skills
- Fraud and Compliance with wider duties
- Ethics

We have also included “softer” skills training including

- Coaching and Feedback
- Project Management
- Professional Judgement & Professional scepticism
- Speaking Up & Difficult Conversations



Testing

- Financial reporting multiple choice assessment
- Core technical training workshops include assessments
- Firm wide compliance training include multiple choice assessments



Training for our trainees includes

- Professional qualifications
- Firmwide compliance training including financial crime, sanction, IS Security
- Monthly technical update calls
- Monthly digital awareness calls
- Associate learning pathway both technical and behavioural training

Learning

Our Business School is focused on developing our people to be well-rounded professionals. We are committed to creating environments where our business and people can flourish and to do this, we pay particular attention to our professional development. This includes, for most of our people, the need to undertake appropriate Continuing Professional Development (CPD). To support this, all those working in audit have access to a wide range of learning and development opportunities to build their technical capability, leadership skills and commercial acumen.

Our people's development is supported through virtual face to face sessions, e-learning, webcasts, guidance, classroom content, coaching and on the job learning. Within audit we continue to invest in our training programmes throughout the year with several both mandatory and recommended training modules.

During the year, the average number of training hours for partners and qualified people was 99 (2022 – 107).

People metrics

We carry out several surveys of our people during the year which provides a key opportunity for us to understand our people’s experiences, especially in relation to wellbeing. We use the results to help shape actions and activities. Our annual survey includes several quality related questions including three which are asked by all audit firms applying the AFGC (as marked by an *). The responses are in respect of people in our audit practice who agree, or strongly agree, with the following statement.

	2023	2022	2021
I am encouraged and supported by my team to deliver high-quality work*	90%	93%	93%
I have sufficient time and resources to deliver high quality*	61%	53%	46%
The training and development I receive from the firm has prepared me to do high quality work*	69%	79%	74%
Producing quality work is a top priority in our firm	94%	97%	94%
I feel able to challenge or speak up when something doesn’t feel right in my work	83%	89%	76%

Risk management, quality and internal control



Risk management

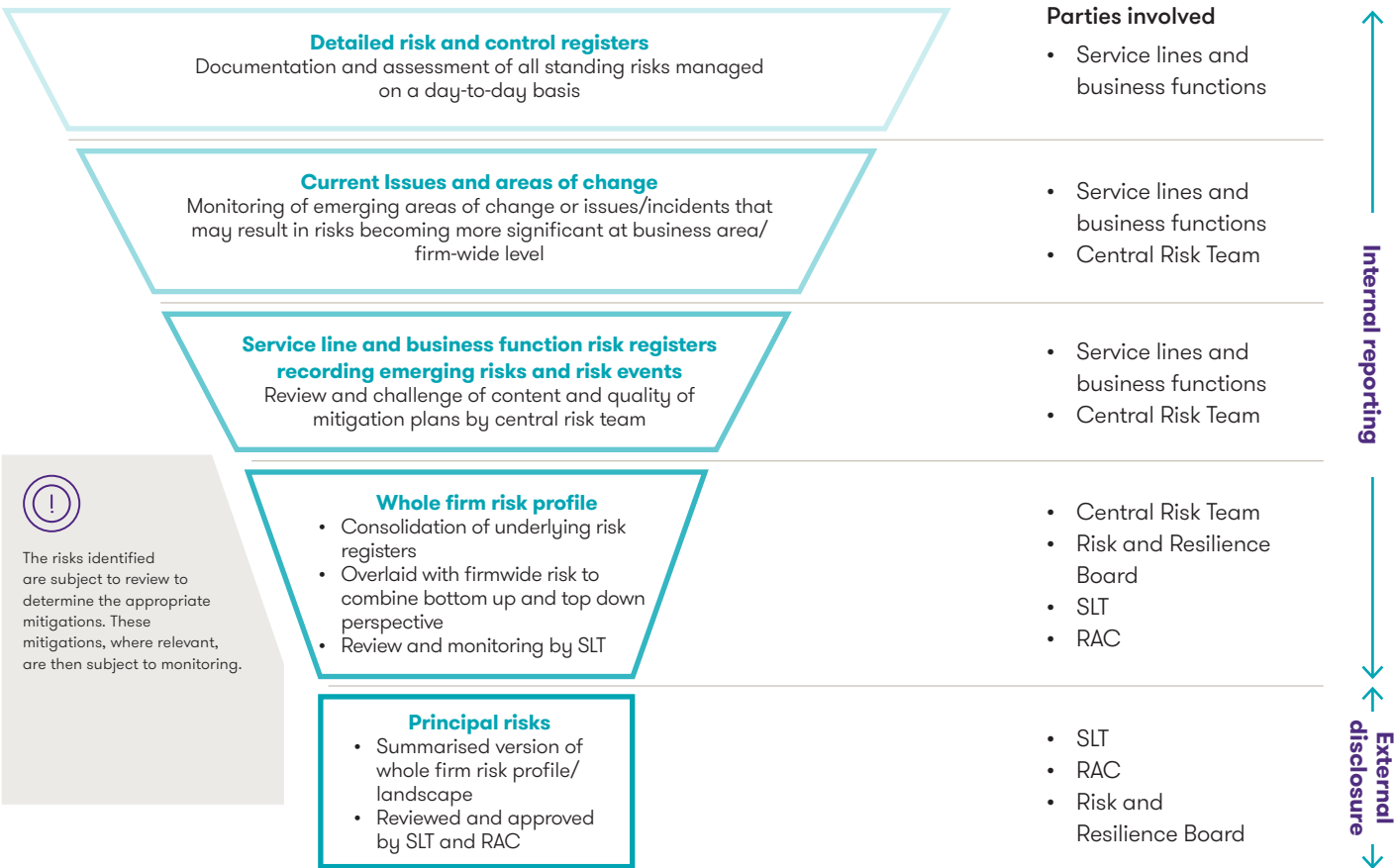
Each service line and central function is responsible for the ongoing identification, remediation and monitoring of their risks which cover the whole range of risks impacting the firm including regulatory and legal matters. Risks are reported in a consistent manner against set criteria considering the likelihood of occurrence and potential impact on the business. These risks are categorised in accordance with our risk taxonomy which establishes six primary risk levels reflecting our operating model. The Risk and Resilience board is positioned between our Central Risk Team and the SLT and meets quarterly. The board’s purpose is to support the SLT in relation to enterprise risk management and operational resilience. The membership includes three members of the SLT, our Finance Partner, Head of Information Security, Head of Risk and Resilience and the Operational Resilience Lead.

At the highest level, the purpose of this group is to support the SLT in meeting their responsibilities in relation to enterprise risk management and operational resilience including:

- considering our policies and strategy for both risk and resilience and providing strategic direction and overseeing the effective operation of these two frameworks
- reviewing, monitoring and moderating our whole firm risk profile, appetite and risk exposure.

Our Whole Firm Risks and Principal Risks ([Appendix C](#)) are reviewed and approved by the SLT and RAC.

Our approach to risk management



Quality

We're committed to delivering consistently high quality which is key to all that we do. Quality is impacted and influenced by many factors and it remains the key responsibility of everyone to deliver quality in everything they do.

Quality Components

Our quality components provide clarity to everyone based on our shared expectations around quality.



Culture

We create a culture where quality is embedded in everything people do



Reputation

We behave ethically and meet the expectations of our regulators and society



Leadership and governance

We ensure that we have appropriate accountable leadership and governance structures to support quality



Technology and data

We have a digital mindset. We manage our information and records to protect confidentiality, maintain their integrity, ensure accessibility and support work done



People

We recruit, develop and nurture people from all backgrounds. We ensure they have the skills, ability, confidence, and enthusiasm to deliver quality work across the business



Take on

We only accept and continue (onboarding) work with clients aligned to our purpose, where we can deliver quality and only once all legal, commercial and ethical requirements have been met



Risk assessment, mitigation and resilience

We manage risk and build our resilience to support the firm's strategy and deliver quality in all our work



Delivery

We provide clear and easy to understand policies and procedures to guide and support our people to deliver quality assignments. We challenge each other, prior to providing assignment delivery, to ensure our work meets our high-quality standards



Operating environment and new initiatives

We monitor our operating environment for changes impacting quality. We consider quality, risk and legal requirements for new initiatives, including digital solutions, services and market offerings



Monitoring, reporting and root cause analysis

We monitor processes and controls on an ongoing basis. Reporting and root cause analysis allow us to take appropriate actions to address issues and focus on continuous quality improvement

Quality Management Approach (QMA)

The QMA is our approach to quality management that ensures we deliver quality work and meet the requirements of various regulations including International Standard on Quality Management (UK) 1 (ISQM 1) as well as other audit related standards including the AFGC and Audit Regulations. The QMA was implemented and in operation from 15 December 2022, during the year we completed our first annual testing through our Quality Evaluation (QME) process.

The objectives we have set for the QMA, are:

- to deliver a risk-based approach to continually improving quality
- for individuals to see quality is more than just basic “tick box” compliance. That quality is at the centre of everything we do and allows us to meet our stakeholder’s expectations
- to design, implement and operate a system of quality management that provides the firm with reasonable assurance that
 - the firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
 - engagement reports issued by the firm or engagement partners are appropriate in the circumstances
- to establish and maintain a robust monitoring, reporting, root cause and remediation programme
- to ensure the firm is resilient and can identify and respond to changes in the regulatory environment.

The implementation and monitoring of the QMA is led by a steering group which has been chaired by Fiona Baldwin as Head of Audit. Other members are:

- Chief Operating Officer – SLT member
- Head of People and Brand – SLT member
- Head of Quality and Reputation
- Ethics Partner
- Head of NAS
- Head of Audit risk
- Head of Risk & Resilience

The QMA based on a series of components that cover all the areas of the business that we believe impact quality.

