



# Transparency report 2020

Grant Thornton Bedrijfsrevisoren

For the year ended 31 December 2020





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# Quality at the foundation of all we do

## A message from our management

The 2020 financial year ended fairly differently than it began. Like every other business in Belgium, our resilience was put to the test in March 2020 when the first lockdown occurred. The resilience of our business and the response of our people has allowed us to overcome these challenges together.

This year's Transparency Report encompasses a year of unparalleled challenges since our profession has faced the obstacles COVID-19 has caused. As a firm, we tried to respond to the multiple challenges including the overnight move to home working, how we could support our people and continue to engage with and deliver for our clients. In Audit we had the additional challenge of how to maintain and improve our quality when both we, and our clients, were operating in a different environment from ever before.

At the start of the lockdown, we set our clear priorities across the firm to protect our people, our clients and our business. We have maintained this focus throughout the pandemic doing everything we can to create not only a safe environment for our people, but an environment where our people are able to deliver high-quality work. The agility and flexibility of our IT infrastructure enabled us to continue to deliver (audit) quality whilst working remotely and adapting to our clients' individual circumstances.

As a firm, we also boosted our dedication to diversity and inclusion this year through these commitments. Within Audit and in line with these efforts, our leadership team is committed to recruiting, advancing and retaining greater diversity within our engagement teams and making sure our practice is an inclusive and welcoming place to work for all. Diversity supports that striving for quality and excellence within our firm – making sure that all our teams are as strong and inclusive as possible and enabled to deliver the best possible results.

Our Audit team members and leaders are dedicated to continuously improving audit quality, and using each year's findings as fuel for further progress in excellent engagement results. We're gratified to share these updates to our audit

quality and transparency efforts this year, and to highlight the major commitments that made this year's accomplishments possible.

2020 has been a challenging year for everyone but I am proud of the way our firm and our people have responded to these challenges and the continued improvements that we have made. If the past few months have shown us one thing, it is the ability of our business and our people to adapt, at speed, when compelled to do so.

Despite the ongoing uncertainty with the COVID-19 pandemic we have entered 2021 with confidence and strength and are looking forward to the year ahead.

**Ria Verheyen**  
Managing Partner, Grant Thornton Belgium



# Introduction

We are pleased to share our Transparency Report for Grant Thornton Bedrijfsrevisoren (hereafter "Grant Thornton"). We welcome the opportunity to share the information contained in this Transparency Report for the year ended 31 December 2020.

Grant Thornton's Audit & Assurance practice operates with one central principle: to deliver audits of the highest quality for the benefit of our clients and the wider business community.

Transparency and audit quality are cornerstones of Grant Thornton's values and governance practices. This report is a public statement of our commitment to good corporate governance and ongoing, transparent communication with our stakeholders: our people, clients, audit committees, regulators and the wider public. We provide quality assurance services to organizations in Belgium and around the globe. This report sets out how we comply with the requirements of article 23 of the Law of 7 December 2016 to organize the profession of and the public surveillance on the registered auditors, as well as the steps we have taken to drive audit quality across our business.

The company continues to firmly believe that sustainable business success depends on its people and corporate culture. Therefore, we are constantly investing in the professional growth of our executives, as well as adopting new technological

trends and continuing to implement ideas and initiatives with a significant impact on society.

Making the best use of our key competitive advantage, i.e. the experience we offer to our client, and our constant tendency to develop both - our company and our customers - we prioritize improvement of audit procedures, methodology and technology applied by our executives.

At Grant Thornton, we believe that our people constitute our most significant asset. Consequently, we invest in their growth, placing them at the heart of our global strategy.

Focused on the unique experience we offer to our customers and maintaining our commitment to sustaining their trust, we continue to act with transparency and integrity, regularly communicating with the relevant regulatory bodies, investors, businesses and all stakeholders, thus reinforcing our responsibility as far as rendering assurance services is concerned, and helping them to unlock their potential for growth.



**Ria Verheyen**

Head of Independence & Quality Control



**Gunther Loits**

Head of Audit & Assurance

# Legal structure & governance

Grant Thornton Bedrijfsrevisoren is a cooperative limited liability company. Together with Grant Thornton Accountants en Belastingconsulenten it is part of the network of Grant Thornton in Belgium.

## Legal structure and capital

The company is a cooperative limited liability company. Its enterprise number is BE 0439.814.826. The equity is represented by 750 A shares, 18 B shares and 12 C shares.

## Governance

Grant Thornton Bedrijfsrevisoren is part of a national structure organized around the legal entity Grant Thornton Belgium.

The daily management is executed by a Management Committee consisting of 6 members.

The Board of Directors is the body that determines the strategy and the policy rules and that ensures that the necessary corporate governance structures are at hand. The Board of Directors also monitors ethical rules of conduct and promotes a culture of corporate and social responsibility. Furthermore, the Board of Directors assesses the risks faced by

the organization in the course of its operations and ensures that the rules and applicable agreements are properly observed.

The Board of Directors bears the (final) responsibility for the quality control policy, for setting up and observing the quality control system.

### As at 31 December 2020, the Board members of Grant Thornton Bedrijfsrevisoren CVBA were:

- Ria Verheyen
- Steven Pazen
- Gunther Loits
- Nicolas Dumonceau

## 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.

# Grant Thornton International

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

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

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

## Governance

### Board of Governors

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

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

remuneration of the CEO

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

### Chair of the Board

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

### The Board of Governors as of 1 January 2020

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

### Independent Board members

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

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

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

### Standing committees

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

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

GTIL and its member firms

- **Technology and Innovation Committee (TIC):** governs and oversees Grant Thornton's global technology and innovation strategy and ensures that global technology and innovation projects are aligned with Grant Thornton's commercial objectives
- **CEO compensation committee (CEOCC):** executes the Board's responsibilities relating to the annual performance evaluation and related compensation of the CEO, the adoption of policies that govern the CEO's compensation and performance, and the oversight of plans for CEO development

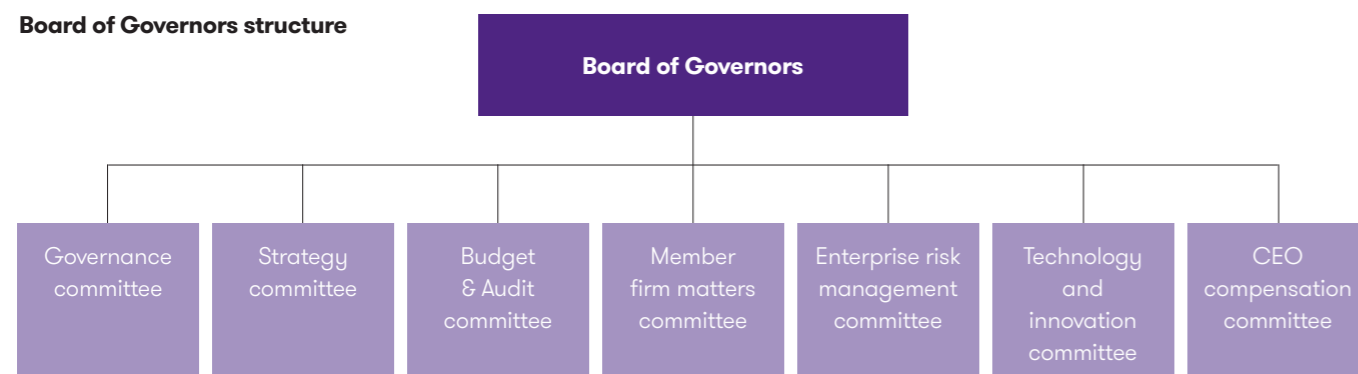
The use of standing committees allows a more efficient and effective discharge of the Board's responsibilities and involves others in the activities of the Board. Committee membership includes, but is not limited to, Board members.

### Chief Executive Officer (CEO)

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

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

### Board of Governors structure



## Management

### Global Leadership Team (GLT)

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

A critical role of the GLT is to work with member firms in driving the execution of the global strategy. Our ambition is to be known throughout the world as the leading adviser to dynamic organisations by 'unlocking the potential for growth' in our people, clients and communities and to become the next generation professional services network.

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

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



### Our 2025 global strategy focuses on:



Our people



Our clients

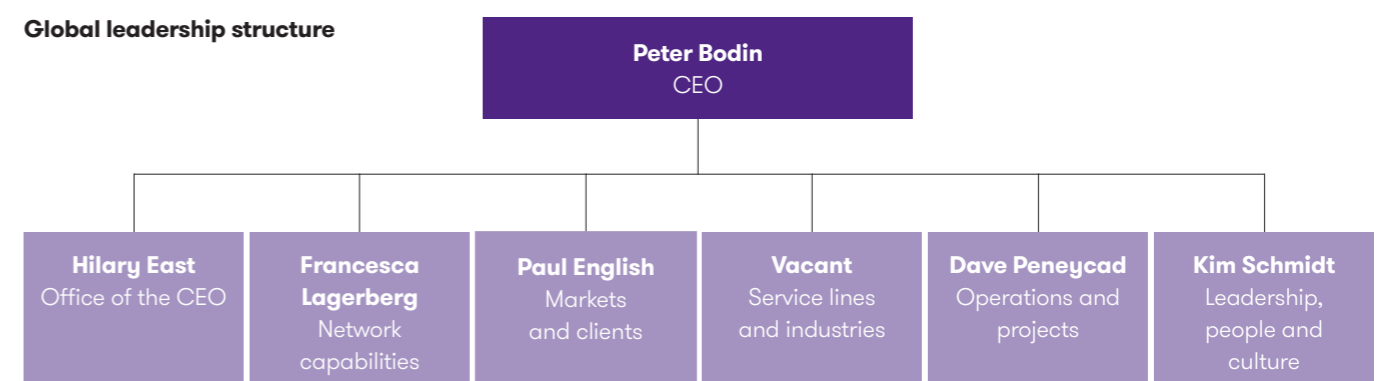


Our markets and communities



Our network

### Global leadership structure





## Global assurance steering committees

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

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

Key projects of this committees during the year included:

### ISQM 1 Implementation

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

### Whistleblowing

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

### Audit Quality Recognition (AQR) Framework

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

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

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

### Root Cause Analysis, Phase two

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

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

# List of the network's statutory auditors in the EU / EEA

This list shows the network's members based in the EU / EEA as at 30.09.2020.

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

# Quality control

## Grant Thornton's ongoing commitment to Audit Quality and Transparency.

Grant Thornton views the core of audit quality as using the best practices, procedures and judgement at our disposal to reach the right audit opinion for our clients and stakeholders. This means maintaining independence, complying with Belgian and global laws and audit standards, and putting forward impartial recommendations and appropriate insights to our clients.

### Our firm's culture

A strong and inclusive organisational culture is the first step to conducting a rigorous, quality audit in which our clients and stakeholders can have confidence.

#### Demonstrating leadership in all we do

Grant Thornton aims to lead the audit and assurance profession in Belgium with its focus on quality.

Our people are leaders in their chosen fields. They do this by contributing to the development of the profession through membership of working groups, as well as through teaching positions at Belgium's leading universities and highschoools.

#### Promoting a consistent culture of excellence

Grant Thornton's six global values – Collaboration, Leadership, Excellence, Agility, Respect, and Responsibility (CLEARR) – form the foundation of our approach to audit quality. Alongside our signature behaviours, this framework inspires our people across our entire business.

#### Uniting through global collaboration

Our firm's global scale allows us to tap into a network of experts from all corners of the world. We have international network agreements in place, giving us the tools to consult widely with:

- Grant Thornton International's global audit methodology team
- Audit specialists in other member firms
- Our financial reporting help desk
- Industry specialists around the world.

A comprehensive internal online network equips our people with information on the latest global developments on auditing, financial reporting, ethics and independence standards, as well as guidance on applying these reforms effectively.

We understand that our clients and wider stakeholders often have differing demands of our Audit & Assurance engagement teams, though all parties have a common need: a demand for excellence.

A consistent culture of excellence is an important element of how we think and what we do. Our culture of excellence involves employing strong client acceptance and continuance systems and processes, aligned with the relevant legislative requirements and Grant Thornton International's protocols.

Our audit consultation and risk monitoring activities help drive quality in our work, ensuring clients and the wider market receive a world-class assurance product from our engagement teams.

#### Acting with agility and ensuring deep respect for people

The audit and assurance landscape is changing, with advancements in technology and the rapid emergence of disruptive industries. In line with the transformations around us, Grant Thornton has shown the commitment to the continued professional education and training of all our people, fostering a culture of agility, adaptability, innovation and respect for each team member's strengths. We do this by making full use of our resources, including:

- Global, national and local training, delivered both face-to-face and online
- Regular firm-wide and industry and/or service line-specific communications
- National support staff and industry experts sharing knowledge across offices.

#### Taking responsibility for our actions

Grant Thornton recognises our wider impact on our clients and stakeholders. We act with integrity, openness and accountability to stay true to our purpose and behave in a way that is consistent with our values. In Audit & Assurance, we demonstrate this commitment to our responsibilities through strong ethical practices promoted with consistent messages, including:

- Annual ethics and independence training
- Our Audit and Risk & Compliance 'Alert' programs
- National bulletins and technical training.

## Delivering and measuring audit quality

Audit quality is an essential element of Grant Thornton's business. We pride ourselves on our commitment to continuous improvement in quality and service delivery. We respect the trust that our clients place in Grant Thornton. To maintain this trust, we have a stringent quality control system in line with the high bar of legal and professional requirements both in Belgium and abroad.

## Supervision, consultation and review

A strong culture where our people can exchange feedback and consult with one another on challenging issues is essential to a successful and high-quality audit engagement. We embed this throughout our audit methodology, to provide the right level of quality control and support for audit engagement teams.

We make use of our extensive resources, in line with the requirements of the International Standards of Quality Control (ISQC1), including:

- Engagement quality control reviewers (EQCR) on listed and other Public Interest Entities and other specified engagements
- Experienced support partners on higher-risk engagements
- Technical specialists (e.g. valuations, IT audit, taxation)
- Industry specialists (international)
- The Audit Quality team
- The Client Acceptance team.

This synergy of experience and technical ability – coupled with our culture of constructively challenging each other – ensures quality and rigour in all stages of the audit.

## Professional development as a priority

Our Audit & Assurance practice prioritises maintaining and improving the skills and technical competencies of all our people, ensuring we meet all professional and legal benchmarks. We take pride in reinforcing the need for broad business insights, technical excellence, audit quality, critical thinking, and ethical behaviours in all team members, from induction through to continuous learning programs.

Applying technical expertise is a key competency which is reviewed during our six-monthly Performance Inspiring Conversations, together with team members' personal development plans.

Within Audit & Assurance, our people have access to firm-delivered and external learning on financial reporting, company law, ethics and auditing matters. This is in addition to the annual and quarterly technical updates the entire team receives.

**We make full use of the resources at our disposal to maintain a culture of robust client acceptance, and quality of work at all stages of an audit. These resources include:**

- Client continuance systems aligned with Belgian legislative and regulatory requirements as well as Grant Thornton International's stringent protocols and audit methodology, supported by a globally utilised state-of-the-art software suite
- Policies and procedures in our audit guidance material benchmarked against stringent international auditing regulations and standards
- Regular ethics and independence training, Audit and Risk & Compliance 'Alert' programs and national bulletins and technical training
- Mechanisms to monitor quality and our supporting risk management methodology

## Before the audit – engagement acceptance and continuance

An important part of audit quality is the right choice of clients. Grant Thornton employs a rigorous client engagement acceptance and continuance policy, taking into account risk, complexity and specialised experience requirements.

### Looking at potential and new engagements

We assess each potential and current audit engagement, assigning them to a risk category to help drive additional quality control procedures where required.

In the case of high-profile engagements, such as listed and other Public Interest Entities, the Client Acceptance team, headed by the Independence and Quality partner, must review and approve the proposed engagements. In certain exceptional circumstances, we will also consult with and obtain approval from our colleagues at Grant Thornton International.

### Solutions following client acceptance

If we identify weaknesses in governance and internal control systems during the audit, we work with clients to identify and recommend actions for improvement.

We run through a similar annual process for continuance of an engagement. If we identify significant changes in circumstances (such as intention to become a listed entity) or if other risk indicators are present, we require the Client Acceptance team to review and approve the engagement before our teams proceed with the audit.

### Corporate governance and engagement continuance

A client's corporate governance and the robustness of its financial reporting system are critical to an effective audit.

Any concerns we identify about a client's corporate governance through our client acceptance and continuance procedures need careful consideration to determine whether or not we act for that client.

# Independence and regulatory compliance

Independence from an audit and assurance client is paramount to a successful engagement, both in legal and ethical terms.

When accepting an audit client, Grant Thornton's strict policies and processes safeguard us from providing prohibited services.

Grant Thornton people assigned to an engagement must adhere to:

- The independence rules prescribed by Article 23 of the Law of 7 December 2016, and Article 13 of the Regulation (EU) N° 537/2014
- Professional standards and codes
- Relevant foreign legislation and regulations
- Grant Thornton's internal policies, including declarations that team members are free from prohibited financial interests in – and relationships with – a client, its management, partners and significant owners.

### Using Grant Thornton International's independence framework

In keeping with best practice, we adopt Grant Thornton International's global policies, designed to safeguard independence on assurance engagements and identify circumstances that could pose a conflict of interest.

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

We tailor our global independence policies to fit with local requirements, including those outlined in Article 23 of the Law of 7 December 2016, and Article 13 of the Regulation (EU) N° 537/2014.

### Personal independence monitoring

We monitor personal independence through our Risk & Compliance Group and web-based Global Independence System (GIS). Controls are also built into our acceptance and continuance tool for non-audit services to make sure we consult and seek approval to provide these services. In cases where a conflict may arise, we consult the Engagement Partner on the audit to determine the appropriate safeguards and remove threats to independence or ethical concerns.

### Partner rotation and other compliance monitoring

Where clients are registered organizations, we ensure that rotation and independence provisions are in line with the law.





# Independence practices

Maintaining objectivity and independence of thought is vital to conserving Grant Thornton Belgium's reputation.

Grant Thornton has a strong 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.

Independence has particular meaning in the audit environment, but is equally relevant throughout the whole firm. Independence standards are clearly defined in our Independence Policy and Guidelines and in our Assurance Quality and Control Manual.

Independence compliance is monitored actively, and the firm, Partners and client facing managers are required to record their financial interests (and those of their immediate family members) in our automated tracking system, the Global Independence System (GIS).

Financial interests of the firm and its affiliated entities are also recorded in GIS. A list of the firm's audit clients with publicly-traded securities is maintained and can be accessed on the firm's intranet by all Grant Thornton people. Compliance with the independence policy by all of the firm's personnel is checked formally on an annual basis.

To maintain our objectivity when delivering services to clients, we have policies and procedures in place to identify any existing client, vendor, or business relationship with a prospective client or its affiliate prior to accepting the appointment. The nature and effectiveness of the firm's procedures for maintaining independence are under constant review. We obtain assurance about their operation from annual audits of user accounts in GIS, cold reviews of audit files and internal reviews of non-audit practice areas of the firm. Where weaknesses or breakdowns are revealed, appropriate corrective action is taken.

Our procedures are designed effectively and are generally operating as intended.

We have joined other Grant Thornton member firms in adopting the Global Relationship System (GRS) – Grant Thornton International's independence system – an automated solution to aid collection and assessment of individual independence declarations. We have also enhanced our vendor risk assessment program which incorporates independence considerations, and delivered a new training format for all independence training.

Grant Thornton's GRS is a global web application that streamlines the International Relationship Check (IRC) process between Grant Thornton member firms and provides insight into client and business relationships worldwide, supporting the identification of cross border business development opportunities. This global relationship checking tool was rolled out to all Grant Thornton member firms during FY2018. It has facilitated the preparation, communication and workflow for international relationship check requests.

It provides a robust platform and includes regular processes for assessing potential threats to independence or conflicts of interest identified during client acceptance.

Continued or repeated failure by any GIS user to comply with their obligations will be subject to escalation to the CEO; this is in addition to the mandated sanctions for GIS non-compliance by Grant Thornton International. Breaches are also taken into account during Partner and team member performance evaluations.

# Our audit methodology

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

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

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

## Global audit methodology and technology

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

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

Each response is tailored for the specific risks of each client.

The Global audit tool has the following functionality:

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

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

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



# Communicating our audit findings

## The Audit Planning Report and Audit Findings Report

Grant Thornton's audit process is not merely about issuing a standard audit report. We strive to enhance our clients' businesses – within regulatory guidelines – working to bridge the expectation gap between our audit process and how Audit Committees, Boards and those charged with governance understand those processes.

To succeed in this, we use tools such as the Audit Planning Report and Audit Findings Report, which provide clarity about topics including:

- The scope of our audit
- Identified threats and mitigations
- Key risks and judgements
- Emerging issues
- Regulatory changes
- Any other findings that must be communicated.

## Factors affecting audit quality outside the control of auditors

On many occasions there are factors the engagement team cannot anticipate or control.

Making use of the engagement team's knowledge of the client's we can pinpoint factors outside the control of our audit process as risks within our audit tools. Our collaborative culture and internal processes ensure that engagement teams put in place the right responses to address these risks throughout the audit.

Some examples of factors outside the control of auditors that have the potential to affect audit quality include:

- The client's culture and their focus on financial reporting.
- The resources of the client's internal finance team and their Audit Committee.
- Quality, timeliness and availability of the client's financial information.
- Changes in the regulatory environment in which the client operates, including reporting deadlines.

## Reporting to clients – the Audit Findings Report

Following extensive testing, analysis and use of professional judgement, our engagement teams report to clients using both the formal audit report (the audit report) – which is made public, and an internal Audit Findings Report.

This report outlines the primary considerations, judgements and results of our audit. The content and format is tailored to each client's needs, but all include:

- The scope and approach of our audit
- An explanation of any ethical or independence matters (including safeguards in place)
- Principal audit judgements
- An outline of any control weaknesses identified
- Insight into upcoming changes in reporting requirements or other relevant legislative/regulatory changes.

The audit reports for listed client engagements also contain a description of Key Audit Matters (KAMs) identified during the audit and procedures to address them.

As part of the drafting and finalisation of audit reports for listed entities, a qualified team conducts a comprehensive quality review of the description of identified KAMs and the ways in which the audit addressed each issue. This process ensures our Extended Audit Reports are comprehensive and understandable to investors, including those without a technical accounting background.



# Monitoring activities

It is a common adage that continuous improvement is better than delayed perfection. Grant Thornton Belgium's Audit & Assurance practice takes on board the recommendations of all reviews – both internal and external – incorporating them into our plans for continually improving audit quality. We also monitor and respond to ongoing regulatory, industry and other developments in financial reporting and audit, further delivering improvements in the quality of our work.

## Internal reviews

The National Assurance Quality team drives the Internal Quality Control Reviews (IQCR) process to assess the quality of completed audit work and its compliance with the firm's quality and risk management framework. The IQCRs are conducted over a two year rotation period to capture each Partner. The review teams are comprised of experienced Partners, Directors and Managers from other offices and the engagements selected are those that the Review Team Leader consider to be more complex or of higher risk.

The IQCR process tests the effectiveness of our quality controls in areas such as client acceptance, training, compliance with ethical standards and independence.

The findings from the IQCR process are then collated in our Root Cause Analysis to form part of our Audit quality action plan.

The NAQ team communicates thematic findings from the root cause analysis to the entire Audit & Assurance team through regular training sessions, workshops and technical updates. We make sure that areas for improvement are built into audit quality action plans.

During FY2020, Grant Thornton's internal quality inspection reviewed 8 engagement files.

## Internal monitoring

Grant Thornton Belgium engages in ongoing monitoring programs, all with the aim of continually ensuring the strength of our quality framework and performance in addition to our IQCR process. These stringent internal monitoring policies include:

- Grant Thornton International Audit Review (GTAR) – last inspection, December 2017. Grant Thornton International reviewed 11 engagement files.

## Internal Quality Control Review program

The firm's IQCR review program extends beyond the review of individual engagement files. The program assesses the design and implementation of firm policies and procedures, and how effectively they serve their purpose. It comprises a compliance review component to assess performance against relevant legislation, regulatory standards, industry codes and our own policies.

As an example, Grant Thornton member firms use the standardised Grant Thornton International ISQC 1 reporting mechanism to form a basis for internal reviews. Each member firm submits a final inspection report of its quality control system to Grant Thornton International for monitoring and follow-up.

This is in line with the requirements of the following standards:

- International Standard on Quality Control (ISQC 1), Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- International Standards on Auditing (ISA 220), Quality Control for Audits of Historical Financial Information.
- IESBA Code of Ethics for Professional Accountants.



# Embracing external monitoring of Audit & Assurance activities

## Engagement with regulators

The changing audit regulatory environment has a clear effect on the quality of audit and assurance work. Given this, Grant Thornton member firms maintain an open and constructive relationship with their national regulators, consistent with our global policy of embracing external oversight, along with our support of balanced public reporting of external inspection programs.

As a leading international network of independent professional services firms, Grant Thornton meets several times each year with the International Forum of Independent Audit Regulators (IFIAR) and regularly contributes to the public debate on major industry issues.

## Grant Thornton's leading role

Grant Thornton's people actively participate in various boards, committees, working groups and forums across a diverse range of bodies and topics, and provide commentary and feedback on the firm's view of planned developments and issues.

## External reviews

In keeping with our legislative and regulatory requirements, Grant Thornton is subject to a program of scheduled monitoring of its audit quality, as well as monitoring of compliance with independence rules.

The final quality control, carried out by the Belgian Audit Oversight College (College van Toezicht op de Bedrijfsrevisoren), was performed in 2019. The final report has been issued beginning of 2021.

# Responding to reviews



## Risk mitigation

Grant Thornton assesses all risk issues identified through review and monitoring activities, determining appropriate remedial and Improvement Actions (IA) for issues identified.

Results are communicated to the firm's management teams through all levels, up to and including the Board. The results of our quality monitoring and risk assessment programs are used to effectively allocate resources where needed to maintain or improve quality performance.

All compliance breaches are carefully considered on a case-by-case basis and an investigation conducted to determine the impact, extent and reasons the breach occurred, and then the appropriate action to address it.

The goal of our compliance program is to minimise the chance of a breach occurring and mitigate the impact if one does occur.

During the last 12 months, no issues have been raised which we believe have had – or have the potential to result in – a material negative impact on the quality of our statutory audits.

# Statement of the firm's internal quality control systems

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

The policies and procedures that serve as the basis for the system of quality management for Grant Thornton Belgium and Grant Thornton Bedrijfsrevisoren 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.

Through the activities during the year, the Board reviewed:

- The design and operation of the quality management systems as described in this report.
- The findings from regulatory inspections and subsequent follow up and/or remedial actions.
- Reports from the firm's external auditors.
- Reports from Grant Thornton International and various compliance programs operated by our firm on the firm's quality control systems.
- Assessment of the impact of non-compliance on the Partners balance scorecards.

The review by the Board has not identified any failings or weaknesses that it deems to be significant, but identified actions which it believes will strengthen controls to mitigate significant risks. On the basis of the review, the Board is satisfied that the firm's internal quality control systems are operating effectively. In addition, the Board confirms an internal review of our internal independence processes has been conducted during the year.

We continually seek to improve all aspects of our business and use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.

# Financial information

Consolidated turnover	2020	2019
	21.437.214	20.270.823
Turnover Grant Thornton Bedrijfsrevisoren	2020	2019
Revenue received for the statutory audit of annual financial statements and consolidated financial statements of public-interest entities and entities belonging to a group of entities of which the parent is a public interest entity	51.706	52.000
Revenue received for the statutory audit of annual financial statements and consolidated financial statements of other entities	5.312.312	5.049.642
Revenue received for permitted non-audit services provided to entities audited by the statutory auditor or audit firm	689.285	969.650
Revenue received for non-audit services provided to other entities	2.546.228	2.794.519
<b>Total turnover</b>	<b>8.599.531</b>	<b>8.865.811</b>
Consolidated number of employees	2020	2019
In FTE	181	159
Head count	189	167

# Public interest entities

The following is a list of Public Interest Entities where we performed statutory audits in the financial year ended December 31, 2020:

- smartphoto group NV (RPR 0405.706.755)



# Contact us

Find out how Grant Thornton can help you unlock the potential for growth in your business.

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**Grant Thornton**

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