

Grant Thornton Business Services

Corporate governance statement for the year ended 31 December 2021

Grant Thornton UK LLP ('the firm'), the ultimate parent undertaking, complies with the Audit Firm Governance Code (2016) ('AFGC') which informs the UK governance arrangements for the Grant Thornton UK LLP group. Further details of the firm's governance can be found in its Transparency report, published annually.

The corporate governance arrangements of the Company are aligned to the high standards of governance set out in the AFGC, which guides how Grant Thornton UK LLP and its UK subsidiaries operate. The Company has therefore decided not to adopt any additional corporate governance frameworks, such as the Wates Principles.

While the Company has not adopted the Wates Principles, the groupwide governance arrangements based on the AFGC address all of the same areas to the extent they are relevant, and the reporting below on those arrangements is structured in line with the six sections of the Wates Principles.

Principle 1 – Purpose and leadership

The Company's principal activities are to provide employees and other services to the Grant Thornton UK LLP group ("the LLP"). The group's principal activities are the provision of audit, tax and advisory services, primarily through the UK LLP and predominantly in the UK. The Company is aligned to Grant Thornton UK LLP's CLEARR values being Collaboration, Leadership, Excellence, Agility, Respect and Responsibility. The directors consider the LLP's purpose and values to be appropriate and relevant to the Company and apply them throughout the business.

People

The Company's number one priority throughout the pandemic has been to support its people. To best understand how to support colleagues as the pandemic stretched on, regular wellbeing check-ins were introduced. In addition, the group responded to people feedback and:

- introduced a Health Boost programme to bring teams together and encourage healthy habits (like daily exercise) during periods of restriction
- gave all our people two 'wellbeing' days off because they told us they needed to rest
- introduced a 'Reconnect' programme to help people transition back to the office as restrictions lifted
- implemented a soft closure at the end of the year to give everyone the opportunity to take a proper break.

Whilst the manner in which our people work has evolved over the years the changes which were forced upon the Company by the pandemic have allowed working practices to be reassessed in a more holistic way, bringing benefits of a new "hybrid" approach to working.

Inclusion and diversity

A key aspect of the firm's strategy is inclusion. The Company operates within the same strategy and priorities and so plays a key part in striving to ensure that each and every person feels included in each and every interaction with colleagues and with clients. We firmly believe that when our people feel included, the quality of our work improves.

We have a firmwide strategy, again which the Company operates within, to create a culture where barriers to progression are understood and removed. Some examples of this are:

- we created an Inclusion Advisory Board (IAB) to make sure we make more inclusive decisions
- we were the first major firm to give our people the flexibility on how they use their statutory holiday entitlement allowing them to align these days at times that reflect their lifestyles and beliefs.

Independence and reputation

We continue our journey towards our vision of having a digitally enabled Ethics Function respected by regulators and trusted by our partners and people. We have added significant new senior resource including our Deputy Ethics Partner. We are challenging ourselves to do things differently, work smarter and adopt a digital mindset. Our investments in digital tools and the improvements to our processes allow us to respond in a more timely and agile way to the needs of the business whilst still making informed, quality decisions in respect of independence and reputation.

Principle 2 – Board composition

The Board of Grant Thornton Business Services comprises of three members of the Strategic Leadership Team (SLT) of Grant Thornton UK LLP, being the CEO, COO and the Head of UK Markets and Clients, and also the firm's finance partner. The directors consider the size and composition of the Board to be proportionate to the scale and complexity of the business. All directors have equal voting rights.

The Company's directors continue to keep their knowledge, skills and familiarity with the business current and up to date by engaging with senior management of the firm and attending appropriate internal and external training courses and seminars as part of their wider role within Grant Thornton UK LLP.

Principle 3 – Director responsibilities

Accountability

The Board is mindful of the duties of the Committees and individuals which oversee the Grant Thornton UK LLP group. This allows those with the appropriate knowledge and industry experience to make effective decisions whilst Board oversight is maintained.

Committees

The Board is mindful of the duties of Grant Thornton UK LLP's SLT, and the governance of its Partnership Governance Board (PGB), which contains a number of sub-committees, including but not limited to the Risk and Audit Committee (RAC) and Remuneration and Profit Share Committee (RemCo). These committees all operate under clearly defined terms of reference and the committees are chaired by Independent Non-Executives. Further details of the firm's governance can be found in its Transparency report, published annually.

Integrity of information

The Board receives reports from management at its meetings. It reviews the information provided and provides appropriate enhancements and challenges. Key financial information is collated from its accounting system. Grant Thornton UK LLP's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is externally audited on an annual basis, and financial controls are reviewed by the internal audit function which reports into the RAC.

Principle 4 – Opportunity and risk

The Board is mindful of the duties the firm's two principal leadership and governance groups, the SLT and PGB with regards to opportunities and risks applicable to the Company.

The Company's success is closely connected to the success of the Grant Thornton UK LLP group as its sole principal activities are to provide employees and other services to the group. As such, the Company's activities are aligned to the strategy of Grant Thornton UK LLP, which is agreed by the SLT and PGB in conjunction with all of the members of the LLP.

Risk management

The Company has adopted the group's approach to risk management which the Board is confident is appropriate for the Company. Each service line and business function of the firm is responsible for the ongoing identification, mitigation and monitoring of their risks. 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 three primary risk levels reflecting our operating model.

This approach continued to be strengthened during 2021, through the formation of a Group Risk and Resilience Board, which includes two of the Company's directors as well as the Head of Information Security, Audit Quality and Risk Director, Head of Risk and Resilience and the Operations Resilience Lead.

The Group Risk and Resilience Board is positioned between the Central Risk Team and the SLT and meets quarterly. At the highest level the purpose of this Board is to support the SLT in meeting their responsibilities in relation to enterprise risk management and operational resilience including:

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

Principle 5 – Remuneration

The Directors are not remunerated by the Company. Each is a member of the Grant Thornton UK LLP and as such is entitled to a share of the LLP's profits as determined by the partnership's profit-sharing agreement.

Principle 6 – Stakeholder relationships and engagement

The Board understands that good governance and effective communication are critical factors to ensure our brand, reputation and relationships with all stakeholders are effective.

Employees

Details of the Company's engagement with its employees is included within the Section 172(1) statement. The Company measures employee satisfaction as key non-financial KPI, as detailed in the Strategic report.

Environmental and sustainability

Mitigating our impact on the environment and reducing waste and pollution is an ongoing focus that the Company and firm takes seriously. We were the first accountancy firm in the world to set science-based targets to reduce our environmental impact, and our commitment is to reach real net-zero following the SBTi Net-Zero Corporate Standard. The Grant Thornton UK LLP group has committed to reducing emissions by 21% by 2023. The group's Energy and carbon report is included within the Grant Thornton UK LLP annual report which does not form part of these financial statements.