



TRANSPARENCY REPORT 2023

Fahn Kanne & Co. Grant Thornton Israel (GT Israel)
For the year ended December 31, 2023

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TRANSPARENCY REPORT

Transparency Report

Our commitment to quality strengthens all that we do. This report is a public statement of Fahn Kanne & Co. Grant Thornton Israel's commitment to provide high-quality assurance, tax and advisory services to businesses and organisations operating in Israel and throughout the world.

This transparency report demonstrates our commitment to audit quality and the culture of integrity, professional excellence and accountability, and to achieve sustainable business growth in our organization.

This report is published on an annual basis in compliance with the regulatory provision for corporate governance and transparency, as set out in Article 13 of Regulation (EU) 537/2014.

War, changing environment, unplanned events and COVID-19

On October 7, 2023, the State of Israel was attacked by the Hamas terrorist organization, further to which, the State of Israel issued a declaration of war and executed a large-scale mobilization of its military reserves (hereinafter: the "War"). The War is an extraordinary event with security and economic implications, the scope and outcome of which cannot be predicted. Further to the War, the State of Israel has been taking significant steps to maintain the security of the residents of Israel, which steps have a significant impact on the economic and business activity in the country.

Due to the ensuing War, we continue to accommodate remote working via our existing technology platforms and investing in new technologies. Virtual meetings using various platforms still replace many face-to-face meetings, enabling people to continue their working day without too many interruptions.

The strength of our IT infrastructure enables us to continue to deliver high quality work whilst working remotely and adapting to each of our clients' individual circumstances.

There continues to be economic instability including inflation, interest rate fluctuations and the possibility of recession, creating some uncertainty for businesses.

The invasion of Russia into the Ukraine at the beginning of 2022 continues, adding global challenges, causing cost of living challenges and supply chain disruption. As a result of the invasion, GTIL announced that the Grant Thornton member firms in Russia and Belarus were leaving the network with immediate effect.

By the end of 2023, little evidence was left of the global COVID-19 pandemic and in Israel no restrictions remain in place.

About Grant Thornton

Grant Thornton are a global network of independent firms providing assurance, tax, advisory services and industry expertise, made up of over 73,000 people in member firms in over 145 countries, with more than 750 offices worldwide.

The network combines global scale and capability with local insights and understanding.

Grant Thornton people are focused on making a difference to clients, colleagues and the communities in which we live and work.

Grant Thornton International Ltd.

Grant Thornton International Ltd. (GTIL) is a private company limited by guarantee, incorporated in England and Wales. It is a non-practicing international umbrella entity that does not provide services to clients. Each member firm is a separate legal entity. Services are delivered by Grant Thornton member firms around the world. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.

Grant Thornton is one of the world’s leading organizations of independent accounting and consulting member firms which provide assurance, tax and advisory services to privately held businesses, public interest entities, and public sector entities. The growth potential, with its ability to attract and retain clients, top talent employees and great firms to the network, is driven by how people think about Grant Thornton, both rationally and emotionally. These firms “go beyond” and provide meaningful, forward looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names and provide assurance, tax and advisory services to their clients. Member firms have a number of rights and obligations as a result of their membership with Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.

GTIL’s six strategic drivers

Drive a strategic growth agenda' is one of the six strategic drivers of our global strategy. Critical to the network achieving this is ensuring that working across borders is as seamless and frictionless as possible; the international business centres (IBCs) are a fundamental part of driving these efforts.



Drive a strategic growth agenda



Build a stand-out brand



Transform the organisation’s technology



Develop transformational leaders



Build a culture of innovation and collaboration



Focus on quality

Network of International Business Centre Directors (IBCs) and International Liaison Directors (ILDs)

International Business Centre Directors (IBCDs) and International Liaison Directors (ILDs) are seasoned professionals in international business. They act as ambassadors to foster cross-border opportunities for international clients by linking firms with resources and expertise within the Grant Thornton network. In addition to facilitating delivery of specialized services to clients, these directors provide coaching on global processes and protocols to ensure the adoption of best practices within the network.

IBCDs and ILDs also serve as central figures for global communication, strategy, region-specific business development, and technical expertise, contributing to the network's overall effectiveness.

Grant Thornton Diversity + Equity + Inclusion + Psychological Safety Network Definitions

At Grant Thornton, Diversity, Equity, Inclusion, and Psychological Safety are key to ensuring that the network build a sustainable culture to meet the demands of a changing and complex world. We value the fact that our people come from all walks of life and this diversity of experience and perspective makes our organisation stronger as a result.

Diversity, equity, inclusion and psychological safety are priorities across all we do for our clients, our people, and our communities.

Board of Governors

The Board of Governors (the board) is the principal and overriding authority in GTIL, and it exercises governance over GTIL. The board comprises the following people: the chair of the board; the chief executive officer (CEO) of GTIL; 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 balance of diversity and representation from different geographical areas, including emerging markets. The board's responsibilities include the following:

- Approve and provide input into the global strategic direction and policies
- Approve and oversee the implementation of the global strategy
- Oversee membership matters (including approving new member firms, suspending the rights of a member firm, or expelling a member firm)
- Appoint and set the remuneration of the chair of the board
- Appoint, evaluate performance, and set the remuneration of the CEO
- Approve the GTIL budget and member firm fees
- Oversee the financial health of GTIL
- Oversee enterprise risk management
- Oversee the technology and innovation strategy
- Oversee general governance matters, such as the composition and performance of the board.

Grant Thornton International Ltd. (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

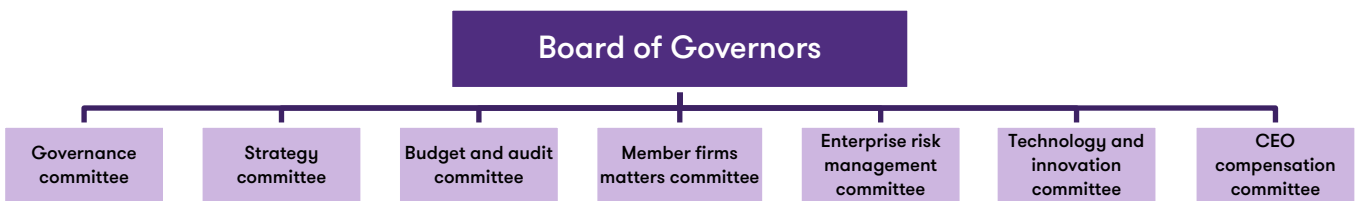
Chair of the board

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. The role of the chair is pivotal to creating the conditions necessary for a highly effective board, focused on the global strategic development of the Grant Thornton network.

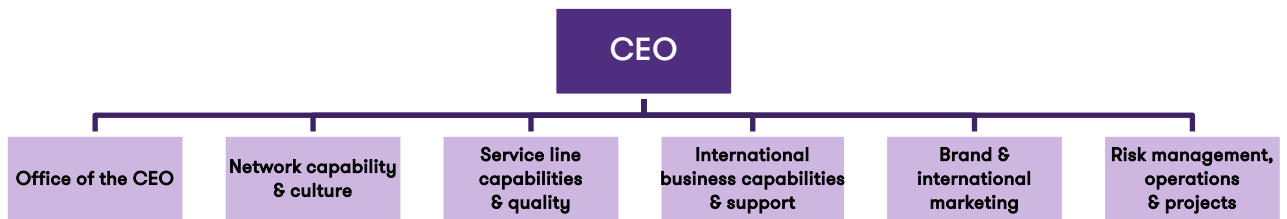
Governance and Management Structure of GTIL

The current governance and management structure of GTIL is designed to enhance global quality, cohesiveness and consistency.

Board of governors structure



Global leadership structure



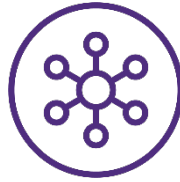
The Growing Together and Go-Beyond global strategy focuses on:



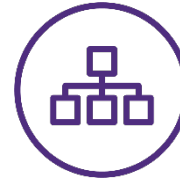
Our people



Our clients



Our markets and
communities



Across our
organization

Our people

Over 390 members of staff.

Our clients

Includes: Ituran Location and Control Ltd (listed on the NASDAQ); Bank HaPoalim BM; Postal Bank Company Ltd.; Joint (JDC) Israel (CC) (registered in Israel as a company for the public benefit); "Mayer's" Cars and Trucks Co. Ltd.; Isrotel Ltd.; Meshulam Levinstein Contracting & Engineering Ltd.; and governmental entities, amongst others.

Our markets and communities

Connecting professionals and investors, no matter their industry or sector.

Across our organization

Operating in many different countries. Common values and strategic focus on diversity, inclusion and psychological safety.

We adapt to our clients culture, language and business operating and regulatory context, wherever they are in the world.

Grant Thornton firms in East Africa have expanded into Rwanda, Burundi, the Democratic Republic of Congo (DRC) and Somalia.

About Fahn Kanne & Co. Grant Thornton Israel

On behalf of Fahn Kanne & Co. Grant Thornton Israel ("GT Israel"), the Israeli member firm of Grant Thornton International Ltd., we are pleased to present our eighth annual transparency report.

This transparency report refers to the fiscal year ended December 31, 2023.

GT Israel is one of the six leading accounting firms in Israel. While the firm's size affords its ability to perform high quality services in a variety of fields, it is not too big and can therefore provide its clients with a personal and friendly touch.

The services rendered are based on an intimate and in-depth knowledge of the client's organization and business environment and on close supervision by a partner and a manager.

Our firm renders assurance services and accounting and business consulting services to public companies in Israel and abroad, private companies, governmental entities, non-profit organizations, etc.

Due to recent expansion, the firm currently employs over 390 professional staff, including 25 partners and 24 directors who, over the years, have amassed vast experience in the fields of auditing, accounting, tax and management advisory services, in both the academic and the business worlds.

We continue to strive to make an impact and deliver our distinctive services by the following:

- building trust and integrity in the local market
- unlocking sustainable growth in dynamic organisations
- creating an environment where businesses and people flourish

Objectives and strategy

We are focused on Going Beyond and Growing Together with:

- Our people
- Our clients
- Our markets and communities
- And across our organization



People



Clients



Markets and communities



Organisation

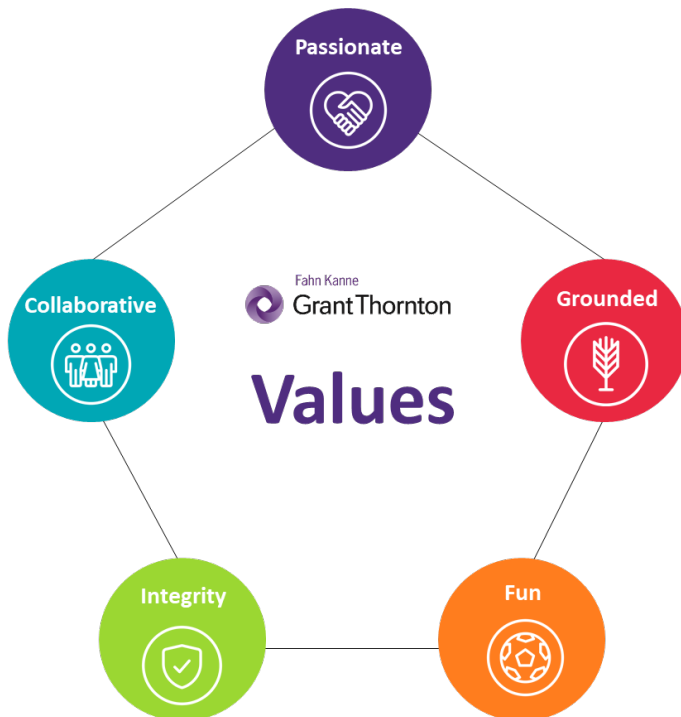
Our aim:

The firm aims at retaining and continually enhancing its position as an innovative and entrepreneurial professional services firm, upholding the highest professional and ethical standards and exceling in its chosen market sectors by:

- acting for high quality clients
- attracting and retaining quality people at all levels who are proud to be part of the firm

Our values:

We promote and expect employees to live our five core values. These values not only underpin our culture but resonate with employees and give them a sense of the best way to approach working in Grant Thornton Israel.



Our distinguishing features

GT Israel is distinguished by its global vision – empowered people providing bold leadership and distinctive client service worldwide.

- **Distinctive client service:** We deliver distinctive, consistent service worldwide. Through the Grant Thornton Client Experience, clients feel that they are being served by a cohesive global organization.
- **Bold leadership:** Through bold leadership in the profession, individually and collectively, our professionals will continue to be seen as leaders by the business world and our market. The views of Grant Thornton and our professionals are in demand, valued and influence change.
- **Confidentiality:** We respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, do not disclose any such information to third parties without proper and specific authority.
- **Empowered people:** Grant Thornton personnel are empowered to accomplish their job responsibilities. Empowered people evolve from putting the right people in the right jobs — a fit that makes them able to deliver a service to our clients that is distinctly Grant Thornton.

We believe that our staff at GT Israel are dedicated to bringing together the highest level of quality and professionalism. We strive to serve our public and private companies, financial institutions, government ministries, local authorities and municipalities and charitable organizations based on an intimate and in depth knowledge we have of our client's organization and their business environments.

We strive at every level to focus on quality, ensuring that the outputs and, more importantly, the outcomes are seen by our clients and our people as being of the highest quality.

Go Beyond

The Go Beyond network strategy states that GTIL's role is to lead and communicate the network strategy and to drive strategy execution by convening and supporting member firms. At the same time, member firms are responsible for participating in relevant convened communities to support the network strategy.

Because the world is changing fast:



Clients expect **more**



Regulations are changing **rapidly**



Competitors are more **diverse**



Competition for talent is **tough**



Sustainability is **re-shaping** markets



Innovation is **transforming** our industry



And a global pandemic has changed the way the world does business – **possibly forever**

Our five brand pillars set us apart:



Care about people and relationships

- **Listen actively ,challenge constructively** – help our client achieve their ambitions
- **Take it personally** – be clear that if something matters to our client ,it matters to us
- **Be connected** – introduce our client to experts inside Grant Thornton and out



Be more agile

- **Work out what the client's real need is** – and keep adapting our response as their needs change over time
- **Bring the right resources together at speed** – use our open culture and personal networks to find the right people and tools for every job
- **Match the client's pace** – be ready to respond quickly and flexibly



Value different perspectives

- **Be curious** – challenge conventional thinking ,asking the questions no one else has
- **Uncover fresh solutions** – seek out diverse skills and perspectives from across our network
- **Collaborate widely** – bring out the best in each other by sharing knowledge and experiences



Show the way

- **Be ahead of the issues** – track business and regulatory changes on the horizon and be the first to help our client respond
- **Guide our client** – give practical advice and timely insights so they can confidently prepare for the future
- **Speak out** – lead the way in shaping the future of their industry ,market and communities



Keep a sharp focus on quality

- **Apply the latest technical expertise** – demonstrate the quality of our thinking
- **Go beyond the brief** – make the brief our starting point ,then find more ways to advise ,challenge and inspire our client
- **Harness new technologies and tools** – keep up-to-date with ideas to make our service even better

Go Beyond network strategy 2025



Our strategy sets out how GT Israel can achieve its vision and identify the actions it takes, including focusing on growing and protecting international business. Everything that we do is aligned around this goal and makes sure that we have the core infrastructure to deliver it.

Our implementation of the network strategy builds on strategic framework, prioritized investments and growth strategies that are appropriate for our chosen markets.

Locations

GT Israel is located across Israel, from the farthest southern town of Eilat to the northern tip of the Upper Galilee. The firm's headquarters are located in Tel-Aviv, with other offices located in Beer Sheva, Jerusalem, Haifa and Kibbutz HaGoshrim in the northern area of Israel.

Through several mergers, we have expanded and strengthened our presence in the north and south of Israel.

Ownership and Governance

Fahn Kanne & Co. was established in 1955 and managed for many years by Messrs. Morris Kanne and Moshe Chaim Fahn. Fahn Kanne & Co. joined the Grant Thornton International network in 1993.

GT Israel is a partnership organized in Israel. It is wholly owned by the partners of the firm.

Our firm had an Administrative Committee which was comprised of three partners, two managing partners, and one audit partner. However, due to the departure of an audit partner, the committee is currently comprised of two members and a process to appoint a third member has been initiated but has not been completed yet. The Administrative Committee is responsible for managing and supervising the management of the business and affairs of the firm. In addition, there are Partners' Meetings, which decides on partner admission and termination, approves changes to the partnership agreement, and appoints partners to the Administrative Committee on an annual basis.

Our firm is a member firm of Grant Thornton International Ltd ("GTIL"), a non-practicing, international umbrella entity. Services are delivered independently by the GTIL member firms. Each GTIL member firm is a separate national firm and governs itself and handles its administrative matters on a local basis. These firms are not members of one international partnership, nor is any one firm responsible for the services or activities of any other. Each member firm adopts GTIL policies, procedures and methodologies and also maintains a system of quality control in accordance with International Standards on Quality Management (ISQM 1), at minimum. Each member firm executes a GTIL Member Firms Agreement and Name Use Agreement, which govern the relationship between the member firm and GTIL.

International Standard on Quality Management 1 (ISQM 1)

International Auditing and Assurance Standards Board (IAASB) International Standard on Quality Management (ISQM) 1

The International Standard on Quality Management 1 (ISQM 1) is applicable to firms that perform audit engagements, reviews of financial statements and other assurance and related services that are subject to International Standards. Non-assurance service lines are required to comply with the standard to the extent that they perform engagements that fall within the scope of ISQM 1. For example, the standard includes non-audit assurance work in its scope, which often sits within advisory.

ISQM 1 was published by the International Auditing and Assurance Standards Board (IAASB) in December 2020 and replaced ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements.

ISQM 1 deals with a firm's responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements.

The ISQM 1 applies to all firms performing audits or reviews of financial statements, or other assurance or related services engagements.

The successful implementation of ISQM 1 across the network is of paramount importance to Grant Thornton, as it is integral to the achievement of the risk management and quality aspect of the network strategy. It is another opportunity to drive consistency and quality across the network. This alignment of goals is reflected in the expectations set out in Grant Thornton's global quality framework. To achieve this, GTIL has actively contributed to supporting member firms with implementation through a dedicated ISQM 1 resource providing oversight and technical webinars, guidance and templates. At the same time, GTIL recognises the importance for member firms to remain responsible for their own systems of quality management.

We recognise the importance of ISQM 1 in enabling the consistent performance of quality engagements, capturing themes identified in root cause analysis and embedding them in a standard. We also appreciate the role it plays in serving the public interest and maintaining trust in the profession.

According to the ISQM 1, a system of quality management addresses the following eight components:

- (a) The firm's risk assessment process;
- (b) Governance and leadership;
- (c) Relevant ethical requirements;
- (d) Acceptance and continuance of client relationships and specific engagements;
- (e) Engagement performance;
- (f) Resources;
- (g) Information and communication; and
- (h) The monitoring and remediation process.

GTIL member firms are grouped into four geographic areas: Asia, America, Europe and the Middle East. The areas comprise of a number of regions, which consist of member firms or representative member firms in 140 countries. GT Israel is considered part of Europe.

Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

Our global scale means that we can meet the changing needs of businesses and provide them with the insight and agility to help them grow.

By December 2022, all member firms must have designed and implemented their system of quality management. This process included the following:

- Establish quality objectives
- Identify and assess quality risks
- Design and implement responses
- Design and implement monitoring activities

GT Israel developed an adapted program that implemented ISQM 1 commencing fiscal 2022. The implementation process was completed in mid-2023. We expect that our first ISQM 1 evaluation process will be completed in 2024.

Services and products covered under ISQM 1

- Audit engagements
- Reviews of financial statements
- Other assurance and related services.

As a result, the standard applies to all member firms.

The objective of the standard is about fulfilling responsibilities in accordance with professional standards and applicable legal and regulatory requirements. Professional standards are defined in the standard as IAASB Engagement Standards and relevant ethical requirements.

Our firm implement ISQM 1 requirements regarding audit and assurance engagements that are conducted in accordance with our local Israeli Standards on Auditing.

Other Assurance or Related Services engagements could include audits of Service Organisations, agreed upon procedures and compilation engagements where these are performed under those standards.

Brief Description of Main Activities

Fahn Kanne & Co. (“Parent Company”)

Sixth¹ largest accounting firm in Israel. Tel-Aviv is the head office. The firm renders professional services in the field of assurance (Israeli GAAP, IFRS and US GAAP), including: audit and accounting; not-for-profit; domestic and international taxation; VAT-related services; business accompaniment and consulting; due diligence; fundraising and capital issuances; information systems; supervision; outsourcing; achieving incentives.

The firm accompanies publicly traded companies on the Tel Aviv Stock Exchange and foreign exchanges, as well as multinationals, private companies, local authorities, government ministries and not-for-profit organizations. The firm handles IPOs of companies on different stock exchanges and is well-known and respected by underwriters, authorities and institutional entities.

Fahn Kanne Control Management Ltd.

One of the leading² internal auditing providers in Israel. Services provided include: internal auditing; Sarbanes Oxley Act implementation; forensic accounting; computerized payroll control; information systems auditing; data leakage prevention; DRP; project management; system development risk assessment; risk management; computerized payroll control and occupational safety and health.

¹ According to the latest available information published by BDi and Dun & Bradstreet in Israel.

² According to the latest available information published by Dun & Bradstreet in Israel.

Fahn Kanne Consulting Ltd.

Deals with business and economic consulting services, including valuations, fair value estimations for financial reporting purposes, transaction advisory services, mergers & acquisitions, legal opinions for use in litigation, business risk management, the government sector, infrastructures, project financing, and recovery and reorganization/rehabilitation of companies.

GoodVision Community Relations Ltd.

Planning and management of corporate social responsibility (CSR) processes in businesses. Perform integrated and holistic assessments regarding a range of corporate social responsibility areas and the interfaces connecting them. Corporate governance, Environmental, Social, and Governance (ESG); draft corporate responsibility reports; prepare assurance reports and codes and ethics programs.

Fahn Kanne Haifa

Assurance, tax and related services; outsourcing. See Fahn Kanne & Co., above, for more details.

Fahn Kanne Trust Ltd.

Accompaniment and supervision over the transfer and allocation of funds, trusts, and management of employee compensation plans. Trusteeship and management of employee compensation plans.

Fahn Kanne Shaarey Ribit Ltd.

Valuations and consulting.

Fahn Kanne Darom & Co. (southern Israel)

Assurance, tax, bookkeeping and related services.

Fahn Kanne Eilat (Eilat, southern Israel)

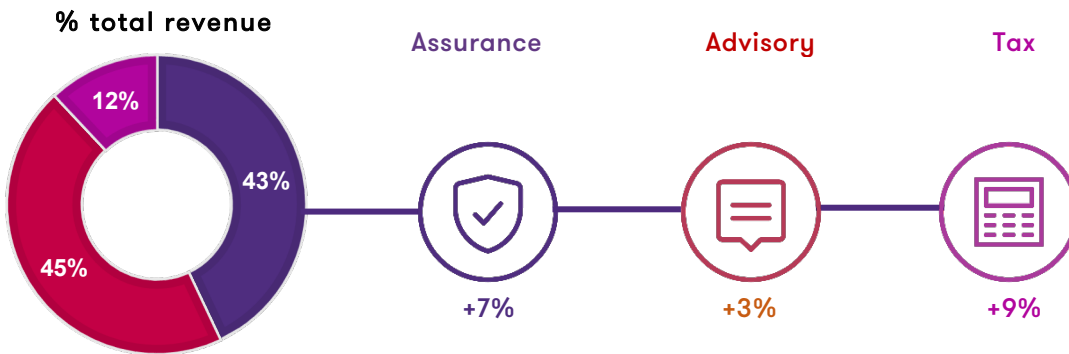
Assurance, tax, bookkeeping and related services.

Fahn Kanne Outsourcing Services Ltd.

Outsourcing services including accounting, bookkeeping, payroll and tax compliance reporting and filing services.

Service Lines

GT Israel growth FY 2023



Heads of Service Lines

Assurance

Izhar Kanne, co-Managing Partner, Fahn Kanne & Co. Grant Thornton Israel

Business Risk Services (BRS)

Yossi Ginossar, CEO, Fahn Kanne Control Management Ltd. (Subsidiary)

Consulting

Shlomi Bartov, Partner, Fahn Kanne Consulting Ltd. (Subsidiary)

Tax

Yigal Rofhe, Tax Partner

Outsourcing

Galit Guli-Adam, Department Manager

Corporate Social Responsibility and Environmental, Social and Governance (ESG)

Ivri Verbin, CEO, Goodvision Community Relations Ltd. (Subsidiary)

Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Sustainability

Corporate Social Responsibility



GT Israel began its sustainability journey some years ago by expanding its activity in the field of corporate social responsibility by entering into a cooperative business and strategic arrangement with "GoodVision", Israel's leading consulting firm in the area of planning and management of corporate social responsibility processes in businesses.

Good Vision is Israel's leading consulting firm for planning and managing corporate responsibility processes in businesses. Since its inception Good Vision operates as a one-stop-shop for corporate social responsibility. It is among the pioneers of the field in Israel, with a holistic view of all areas of corporate responsibility and the interfaces between them. GoodVision offers a wide variety of services, with hundreds of projects managed for dozens of customers operating in all fields of the Israeli economy, as well as cooperative ventures with many global organizations. Inter alia, GoodVision specialize in strategically planning social, environmental and ethical projects, executive project management and process integration within the said organizations.

The three principles of sustainability are made up of: economic, social and environment.

Our four CSR pillars are: community, wellbeing, environment and education; which allow us to consider the true value of what we can contribute.

The staff consists of internal and external consultants, with multi-disciplinary experience, who together strive to achieve tangible and implementable results in generating added value for their clients, all the while ensuring that the services they provide meet high professional standards.

We recognise not just the value of CSR and the positive contribution it can make to our staff and to our local community but also the wider impact we can have on the environment and society in how we conduct all aspects of our business.

Corporate social responsibility services:

Sustainability and ESG – development of advisory services in the GTIL network

- **Ethics** – Drafting and implementing a code of ethics
- **Corporate governance** – Consulting for the board of directors and for the secretariat of the company
- **Environment** – Performance of an environmental survey pursuant to GHGG protocols and compilation of an environmental responsibility program to implement "green company" principles
- **Community** – Planning communal policy and performance of a flagship project that is accompanied by employee volunteerism
- **Stakeholder dialogue** – management of stakeholder dialogues pursuant to standard AA1000SESS
- **Reports and communication** – Drafting corporate social responsibility reports and carrying out a due diligence on internal and external communications

Areas of expertise

- **Reporting** – accompaniment and writing Corporate Social Responsibility reports in accordance with the most advanced standards in the world (GRI, AA10000), consulting for companies as part of rating and performance of rating controls.
- **Controls for corporate social responsibility reports** – performance of assurance process required for the reports.
- **Corporate governance** – drafting a corporate governance code for the Board of Directors of the company.
- **Ethics** – drafting a code of ethics for companies and compiling an implementation plan, including workshops and training sessions for employees and the performance of controls.
- **Training corporate social responsibility departments** – compiling a joint work plan relating to the various components of the area, accompaniment and training for the position, taking into account the special needs of the specific company.
- **Community** – development of a flagship project that addresses the strategic core of the company, accompaniment of the process that combines the various stages, from the thought process through the actual implementation.
- **Environment and sustainability** – calculating the corporate carbon footprint of the company, submission of reports on hothouse gas emissions as part of a voluntary mechanism, drafting the company’s environmental policy, consulting on environmental efficiency measures and carrying out training on this issue.

The UN’s Sustainable Development Goals (SDGs).

10-year goal to achieve the UN’s SDGs



Internal Quality Control System

Ethics

Our independence team provides advice on ethical issues and concerns and enables the firm's partners and staff to obtain advice on sensitive, high-risk or complex issues on a confidential basis.

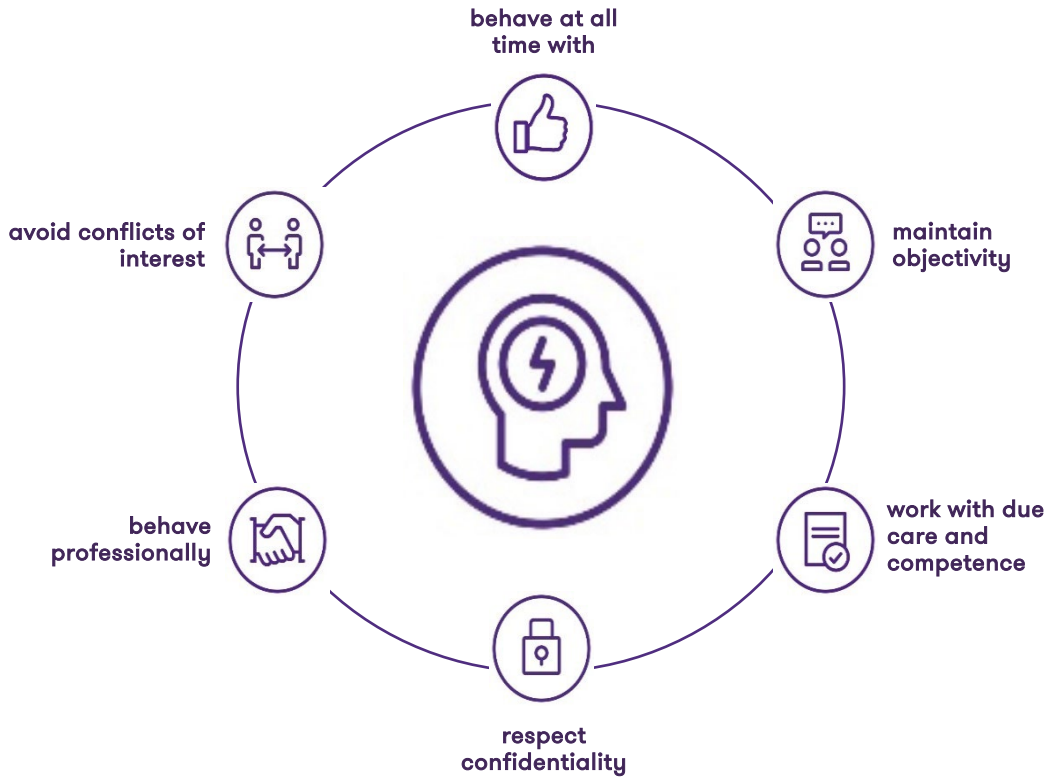
Grant Thornton's culture is built around **CLEARR** values:

Value	Behaviour	Outcome
Collaboration	Think team, not self. Ask for help, give help	Better relationships. Better insights. Better results.
Leadership	Act with integrity. Encourage, inspire and motivate each other. Embrace challenges. Solve problems	A firm that people want to be a part of, client's value and communities respect.
Excellence	Deepen your understanding of the client's business and provide insight. Find the best way every time	A standard of quality and service that is recognised and sought after.
Agility	See the big picture. Embrace change. Be responsive, make it happen.	Tailored solutions delivered with speed and precision.
Respect	Listen and understand each other. Value each other's differences.	Diverse people. Honest relationships.
Responsibility	Decide, act and be accountable. Provide honest feedback. Leave things better than you found them.	We can rely on each other. Our clients can rely on us.



Code of conduct

We expect our partners and people to comply with the fundamental principles for professional accountability:



The code is also based on our **CLEAR**R (see above) principles and structured into six areas:

- 1 a purpose-driven firm
- 2 behaving with integrity
- 3 working with clients and others
- 4 working together
- 5 protecting the business
- 6 getting support

Our People have a commitment to one another to:



Quality

Our firm is 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.

Member Firm Obligations (MFOs)

As a member firm, we need to be able to rely on other firms in the Grant Thornton network and one of GTIL's most important roles is to facilitate this, by safeguarding the network to improve quality and build trust between the firms.

To make this possible, GTIL has issued policies and guidelines over the years to make sure firms can meet the standards that our people, clients and the profession's regulators expect from us. The Member Firm Obligations (MFOs) project consolidates these policies and guidelines – that make up the obligations of Grant Thornton network membership – and help member firms and GTIL monitor and manage compliance with these obligations.

Member Firms are required to adhere to quality control standards relating to Leadership and People, Ethical Requirements, Engagements including acceptance and continuance, and Monitoring across all service lines (Audit, Advisory & Tax). In addition, All Member Firms are responsible for complying with all MFOs.

MFOs exist in order to safeguard the network and promote quality and collaboration.

MFOs are classified as Critical or Standard, where Critical means non-compliance could have a material financial or reputational impact on the network, or another Member Firm, in the short term. All MFOs not classified as Critical are considered Standard.

Critical Obligations include:

- Service lines (audit, advisory & tax)
- Independence
- IT
- Legal
- Marketing
- Finance
- Strategy
- Risk

Standard Obligations include:

- Service lines (audit, advisory & tax)
- Risk
- IT
- Legal
- Finance
- People & culture

Member firms must comply with all relevant external independence standards, the GTIL independence policy and the GTIL independence manual.

The business and regulatory environment are ever-changing and GTIL continue to review the obligations to make sure they are fit for purpose. GTIL also reviews its consequence management processes so firms can be confident that others in the network are compliant with their obligations, particularly important when referring international clients to other member firms.

Risk Management

Global risk management includes:

- 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 our systems of quality control over providing high-quality services
- reporting the firm's progress in executing action plans developed in response to quality inspection programme findings.



Markets

Be the vibrant firm at the heart of growth



Clients

Seize opportunities in a connected world



People

Build an innovation culture that creates value



Operations

Make it easy and rewarding to deliver superior and sustainable results

Cybersecurity

One of the most significant risks facing the profession is the risk of a cybersecurity breach.

The risk of cyber-attacks continues to increase. GTIL has developed a global information security framework with a goal of risk reduction and better management of information and cybersecurity risks at the member firm and network level.

We maintain an ongoing global cybersecurity programme to mitigate our exposure to cybersecurity threats through an integrated legal, risk, IT and service line approach. The plan introduced minimum cybersecurity standards to which all member firms are required to adhere. We constantly review those mechanisms necessary to continuously protect our network and deliver on the commitments required by the Grant Thornton network.

The global cybersecurity risk management programme

We comply with the global cybersecurity risk management programme administered by GTIL in order to safeguard the Grant Thornton network. The following are the four broad areas of focus:

1. Risk and Compliance Monitoring:

Certain minimum cybersecurity standards apply to all member firms. Additionally, GTIL is charged with monitoring the network to identify risk so that firms may take appropriate action if a firm is not compliant or represents high risk. Projects designed to manage risk and increase transparency include:

- The Global Cybersecurity Compliance Review (GCCR) programme. Modelled on the GTAR audit quality review programme.
- Annual self-certification. Required by all member firms to confirm standards are being met.
- Bitsight security ratings and vulnerability information: All member firms have access to Bitsight, a third party, independent security scoring solution which provides firms real-time information about public-facing cybersecurity vulnerabilities, as well as a Cybersecurity Score.

2. Incident Readiness and Response:

We are prepared to respond to an incident. We have an incident response plan in place, and we are required to test it annually. Additional projects which support firm readiness for incident response include:

- **Global Incident Response Portal:** Member firms share information about cybersecurity incidents which impact more than one firm.
- **Cybersecurity Insurance:** Our firm has cyber risk coverage annexed to the professional liability policy. This includes integrated coverage for self-insured to the insured as well as third party liability.

3. Capability development:

We continue to build capability and expertise in this area.

4. Product selection and procurement:

GTIL has a list of global procurement agreements which can be used to support our firm's security product selection process. This includes not only the Microsoft Enterprise Agreement, but also Wombat (Security Awareness Training); and others.

During the latter part of 2022, a Global Cybersecurity Compliance Review (GCCR) was carried out on our IT department. In the final report presented to our firm during 2023, the GCCR report concluded that the firm met the global security standards.

General Data Protection Regulation (GDPR)

The new General Data Protection Regulation ("GDPR") took effect from 25 May 2018 and applies to Grant Thornton International Ltd. ("GTIL") and all Grant Thornton Member Firms in Europe. It also applies to Member Firms outside of Europe in certain circumstances.

In 2019, our firm signed the Inter-Firm Data Sharing Agreement ("IFA") which set out the conditions under which GTIL and its member firms can transfer personal data to each other. It conformed to the requirements of the EU's General Data Protection Regulation, one of the highest standards for protection of personal data.

Since then, significant changes have occurred, including new requirements under the GDPR and the exit of the United Kingdom from the European Union. In light of these changes, GTIL has worked with in-house legal teams at the largest firms and with external counsel to develop a new inter-firm data sharing agreement (2022 IFDSA), which will replace the 2019 IFDSA in its entirety.

The 2022 IFDSA makes it easier for member firms to share personal data with other member firms (leading to greater efficiencies in the exchange of information and ultimately to better client service). All member firms (and any of their "controlled" affiliates that handle personal data) will be required to sign the 2022 IFDSA under the Member Firm Obligations.

These commitments include obligations to:

- only process the personal data in accordance with the instructions of the transferring member firm
- ensure that personnel are subject to confidentiality commitments
- have in place appropriate security measures to protect the personal data (based on the minimum cyber security requirements set by GTIL)
- return or delete the personal data at the end of the arrangement. (upon request of the transferring Member Firm).

We apply appropriate technical and organisational measures, contractual commitments and other guarantees, regularly review the content and scope of implementation and monitor compliance of personnel with the updated GDPR regulations.

Israel are amongst the few recognised countries of the European Commission that provide adequate protection.

Anti-Money Laundering (AML)

Israel Prohibition of Money Laundering (The Business Service Providers Requirements Regarding Identification, Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5775-2014, (hereinafter: the "Order")

This Order was published in December 2014 and became effective in Israel from September 2015.

The Order primarily prohibits any actions involving assets originating in criminal activity, designed to hide the source and the identity of owners of such assets.

In order to combat money laundering attempts, the Order requires providers of financial services to obtain and verify identification of potential clients. Potential clients are then required to undertake a client due diligence procedure pursuant to a specific Client Identification Form.

In accordance with the requirements of the Order, it was determined that a **business service provider** (i.e. an accountant or a lawyer) that was requested by a potential customer to give a **business service** (as such term is defined under the Order, see below) is firstly required to identify the customer and to undertake a customer due diligence procedure pursuant to a specific form as included in the First Schedule of the order.

The definition of a '**business service**' as specified in the Order, includes, inter alia, purchasing and selling a business. Moreover, the language of the Order refers to the definition obligations with respect to active actions of buying, selling or management of such acquired business. Therefore, accountants (or lawyers) who are involved with advising or assisting their clients in carrying out such actions, might be subject to the scope of the order.

Given the above, commencing September 2016 our firm implements, in certain circumstances, a customer recognition procedure (in addition to any customer due diligence measures required under GTIL member firm obligations), in accordance with the provisions of the order.

Amendment to Israel's Anti-Money Laundering Law

An updated money laundering prohibition which applies to all financial services providers, including those dealing with virtual assets, entered into force in November 2022.

The Money Laundering Prohibition Order of 2018 (which includes the obligations to identify, report, and maintain records of financial asset service providers and credit service providers to prevent money laundering and terrorist financing) amended the 2014 Money Laundering Prohibition Order which applied only to credit providers. In addition, it replaced the order that applied to financial asset service providers (which included obligations to identify, report, and maintain records of currency service providers to prevent money laundering and terrorist financing).

The amendment establishes uniformity in the money laundering regulations, making it applicable to financial asset service providers, and creates the proper environment to prevent money laundering as part of the activities of those engaged in the financial sector. The goal is to allow entities, such as banks and institutions, to open accounts and provide credit and additional services to financial service providers. In addition, the State of Israel is taking a step forward regarding virtual assets. While virtual assets are included in the clear directives for the purpose of preventing money laundering, their inclusion in the amended order also makes it possible to invest more legitimately in virtual assets, and it enables banks to engage in this activity.

Below are the main amendments contained in the updated order:

- Obligation to register customer details starting from "the first shekel."
- Assessing the obligation to identify, verify, and report so that it applies only to a steady customer and not an occasional customer (an occasional customer whose cumulative activity in six months totals 50,000 NIS or who deals in virtual assets in the amount of 5,000 NIS – with exceptions.)
- Exclusion of ATM services from the provisions of the order.
- Expanding the exemption of registering controlling owners to include corporations traded on foreign stock exchanges in OECD countries.

- Distinguishing between registration of details based on the presentation of an ID card and the necessity to keep the ID in order to comply with identification, verification, and reporting requirements.
- Expanding the Commissioner's authority to issue alternative directives regarding identification options (the order allows the application of the "remote identification" notice distributed by the Capital Market Authority).
- Expanding the exemption regarding the registration of a private beneficiary to include a client who is a financial services provider.
- Expanding the definition of a transfer in a closed and semi-closed system (for which exemptions from fulfilling part of the obligations were granted by order) to include drawing a check from the service provider to the service recipient and vice versa.
- Expanding the obligation to register identification details of the transferee and transfer beneficiary in transfer documents, including the registration of digital wallet address details when transferring virtual assets.
- Obligation to request information, explanations, and references from clients in case money laundering is suspected.
- Expanding regular reporting requirements to include details about virtual asset activity such as wallet addresses, the type of wallet, the IP address from which the activity was performed, etc.
- Obligation to receive a statement from someone who appears to be a financial services provider to the effect that he/she is not required to be licensed.

The above is not inclusive, however intended to provide general information.

In addition to the Israel's Anti-Money Laundering Law, GTIL has a process to enable a member firm cooperation with other firms on requests regarding compliance procedures. Our firm comply with the Anti-money Laundering (AML) Requirements Policy (MFO) of the network.



Leading Effective Audit Practice (LEAP)

Audit technology

Keeping quality at the centre of our global, digital audit approach

Grant Thornton is committed to keeping quality at the centre of everything we do. This includes modernising our global audit approach with LEAP. LEAP is the Grant Thornton global assurance technology platform.

We are enhancing the quality of our audits through our investment in Digital solutions. This starts with the application of our LEAP global audit methodology, delivered on our new LEAP audit engagement tool introduced in 2023 which replaced our previous audit software - Voyager, including the Voyager tracking tool (VIS) that was replaced by the Engagement Portal in the LEAP.

During the year we implemented the new GTIL audit software "LEAP" (which was launched in July 2022). We believe strongly that this is helping us to enhance quality, give our people a better working environment and improving delivery. All our audits from 31 December 2023 year ends onwards now use LEAP.

The proprietary, cloud-based tool delivers greater value to clients, people and member firms. Seamlessly operationalising our global audit methodology, the platform empowers higher-quality audits; enables flexibility to perform an efficient and effective audit; and enhances both the people and client experiences.

LEAP has a new quality monitoring tool that performs quality control monitoring activities including reviews of quality control systems and engagements, as well as identification and analysis of root causes from identified quality events

The core objectives of LEAP are rooted in keeping quality at the centre of everything we do and supporting the execution of the Grant Thornton network strategy by taking advantage of new technologies and efficiencies. It does so by enabling consistent, seamless operation across borders; efficient delivery of all audits; and deeper insights into client businesses.

Rigorous focus on quality across our network

The LEAP platform brings a more proactive and tailored approach to managing quality, with more rigorous oversight of systems of quality monitoring and effective remediation of deficiencies. It also enables monitoring of the implementation of our global audit methodology more effectively, allowing for a more seamless people and client journey across borders.

LEAP showcases built-in project management features to help manage the lifecycle of an engagement, with an efficient review process that minimises administrative tasks. It also has the ability to scale and grow as member firm clients' businesses scale and grow.

The vision of LEAP

The LEAP platform delivers on a three-part vision with a goal of driving efficiency, security, scalability and global consistency.

Enhance quality

LEAP facilitates consistent execution of our global audit methodology, allowing for timely updates to the methodology that can be implemented, as necessary, on engagements. It provides our network with increased visibility around quality by performing real-time and post-archive monitoring of engagements and facilitating continuous improvement for engagements.

Improve delivery

LEAP allows the largest and most complex audits to be performed efficiently and effectively via a stable, trusted cloud platform that can scale down for less complex engagements. It reduces administrative burdens and provides a user interface that is easy to navigate, use and understand. Leap also allows for the ability to develop and integrate additional functionality and future innovations into the platform.

Enrich people and client experience

LEAP enables engagement teams to plan and execute the appropriate audit plan for each engagement, reducing time spent on non-value-added tasks and thus promoting a better user experience. It also delivers on the Grant Thornton commitment to continuously enhance audit quality, demonstrating to clients that the network's firms operate seamlessly across borders, providing better insights.

In line with the Grant Thornton network strategy to become a digitally driven business, LEAP is 100% online which means that engagement teams can work in the same file from multiple locations.

LEAP offers real-time update to files and the ability to review, edit and share data while collaborating across teams and geographies.

LEAP leads the way in Grant Thornton's digital journey and represents our network's continuing commitment to quality, consistency and the people and client experience.

"Tone-at-the-Top" Culture

Firm leadership reinforces the importance of compliance with audit, independence and related quality control standards, thereby setting the appropriate "tone-at-the-top" and instilling its importance into the professional values and culture of the firm. Procedures to communicate the importance of independence to partners, professional staff and support staff have been adopted, emphasizing each individual's responsibility to understand the independence requirements.

Rigorous quality standards include: leadership tone at the top, skills and competence, clear and efficient procedures and quality control.

People and Culture

Growing together with our people



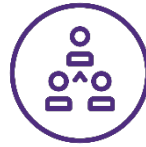
Training



Personal development



Guidance



Leadership



Engagement performance



Mentors

Personnel development

- Managing partner
- Partner
- Senior director
- Director
- Senior manager
- Manager
- Senior
- Associate

Our firm employs certified public accountants (Isr.), graduates holding BAs in accounting, lawyers, legal experts, holders of MBAs and other vocations.

As today's working environment includes working remotely, we have moved to establish a hybrid model that works for all. We continue to focus on the wellbeing of our staff.

At GT Israel, you will find a warm and family-like work environment, in which each employee is treated with the personal touch. You will be in a constant learning environment which will help you develop your professional capabilities. We provide a structured training framework, a unique work method and tools that will assist partners and staff alike, in making long-range professional decisions.

Our firm provides professional training sessions throughout the year, in various forums and in a variety of fields. We make a serious investment in training our employees and in keeping them abreast of the latest professional developments, in conformity with our commitment to comply with high local and international standards and to render high quality service.

We continue to design the best training, ensuring that the tools and resources we provide are the best they can be. This is in compliance with the GTIL guidelines.

As part of our ongoing auditing activity and additional projects in the fields of consulting and taxation, we make trips abroad to perform work at the clients' sites. GTIL, the international network of which we are the Israeli member firm, encourages a close relationship among its member firms by seconding employees around the world.

Throughout the year, our firm provides a variety of social events which are enjoyed by all the employees. These social events are an integral part of our organizational culture.

PeopleVoice

People metrics

In October 2022, our firm conducted an annual anonymous survey amongst all personnel, providing a key opportunity for us to understand our people's experiences.

The annual survey included several quality related questions. The responses were in respect of people in our group practice who agree or strongly agree, with the following statements.

Four key elements were measured:



eNPS (Employer Net Promoter Score)

How likely are you to recommend Grant Thornton Israel as a place to work?

Our firm scored relatively similar to the overall score of Grant Thornton International Ltd.



EI: Engagement Index

Analysing our key engagement drivers

The Engagement Index is comprised of key engagement drivers and is primarily influenced by people's feedback on firm wide policies and initiatives that are typically driven by the central People&Culture function.

The firm scored 88% when asked if their "role has a real purpose" and 87% when questioned if they "feel motivated to go beyond".



PXI: People Experience Index

Measuring elements of the People Promise

Statements included, amongst others: "I am free to be authentic"; "I am inspired to make a difference"; "my growth is continuous"; "we are better together".

The firm scored 75% for being free to be authentic; followed closely behind with 71% for being inspired to make a difference.



PSI: Psychological Safety Index

Analysing the diversity and inclusion drivers

The Psychological Safety Index is comprised of key drivers and is primarily influenced by the shared belief that the individual and/or team is safe for interpersonal risk taking and team members feel accepted and respected.

When asked if it is easy to ask my team members for help, 88% replied yes. And 87% said that they feel like they belong on their team.

We are currently in the processes of conducting the firm's annual anonymous survey for 2024.

Rotation

GT Israel complies with the audit partner rotation requirements of the code of the International Ethics Standards Board for Accountants (IESBA) for listed companies in Europe, as well as the U.S. Securities and Exchange Commission (SEC), where required. GT Israel supports audit partner rotation as it provides an additional and new perspective and promotes independence from company management while retaining expertise and knowledge of the business.

For audit clients that are public interest entities, engagement partners are required to rotate after seven years. In the case of SEC clients, engagement partners are required to rotate after five years. After rotation, engagement partners

are not permitted to be a member of the engagement team or a key audit partner for the client for five years ("Cooling-off Period").

During the Cooling-off period, the individual may not:

- Be an engagement team member;
- provide quality control for the audit engagement;
- consult with the engagement team or the client regarding technical or industry specific issues, transactions, or events affecting the audit engagement;
- Be responsible for leading or coordinating the professional services provided by the firm (or a network firm to the audit client) or overseeing the relationship of the firm (or a network firm with the audit client); or
- Undertake any other role or activity not referred to above with respect to the audit client, including the provision of non-assurance services, that would result in exerting directly influence the outcome of the audit engagement

Quality Assurance Review

Grant Thornton Assessment & Review (GTAR)

Some important changes to the scope of the Grant Thornton Assessment & Review (GTAR) programme have taken place. The process has been expanded to include tax and advisory services.

As a GTIL member firm, GT Israel is required to undergo a periodic inspection under the Grant Thornton International Assessment & Review (GTAR) on a regular basis (in most cases, every three years).

The GTAR programme is a key part of the Grant Thornton International Ltd. (GTIL) global quality control framework and has been the primary mechanism for reviewing member firm quality for many years. GTARs review the design and operation of a member firm's system of quality control and are designed to reaffirm and support the collective expectations of all member firms that other member firms are providing high-quality services that meet professional standards. Each GTIL member firm is obligated to submit to a review of its quality control system typically around once every three years.

The GTAR programme helps to reinforce the expectation that member firms have an effective process for ensuring that the right people are using the right tools to apply the methodology in the right ways.

For example, through GTAR we are assessed for the following:

- 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.

Scope of the GTAR programme

In recent years, GTIL began examining the quality of tax and advisory services, in addition to assurance services. For these GTARs, the review was expanded to include:

- The member firm's compliance with GTIL's revised advisory policies covering authorisation, client acceptance and consultation.
- An evaluation of the member firm's tax and advisory policies, benchmarking them against the international organization (including review of tax and advisory technical support to assess whether this is sufficient).
- A review of selected tax and advisory engagements work papers and files and any related reports issued interviews with tax and advisory partners and staff.

GTAR inspections evaluate policies and procedures of the member firm applicable to its assurance practice, benchmark those policies and procedures against relevant policies and procedures of the international organization, inspect financial statements and audit reports that have been issued, and involve interviews with partners and staff on various matters.

Member firms are expected to have their own systems of quality control that provide GTIL, other member firms and the member firm itself with reasonable assurance that its personnel comply with applicable professional standards and GTIL's policies and procedures. All member firms are affected by international quality and ethical expectations, and the GTAR programme enables member firms to be confident that they, and their fellow member firms, are working to match their assurance practice with the profession's evolving standards and with the quality and ethical values that clients of member firms traditionally associate with the Grant Thornton brand name. At a minimum, the firm's policies and procedures should address all matters included in the GTIL ethical and quality control policies as well as International Standards on Quality Control (ISQC) 1 (and in the near future, as well as ISQM 1).

The new GTAR reports will now contain the results of the assurance, tax and advisory reviews.

This reflects GTIL's commitment to help safeguard against risks arising from our fast-growing tax and advisory service lines.

GTAR Inspection

The last review conducted by GTIL in Israel took place in June 2023. Their inspection did not identify any audit performance issues that, in the inspection team's view, resulted in the firm failing to obtain sufficient appropriate audit evidence to support an audit opinion in any of the four audit engagements reviewed or to fulfill the objectives of its role in other engagements.

The next GTAR inspection is expected to take place during 2026.

External Inspections

GT Israel's audit practice is subject to quality inspections by the Peer Review Institute (a subsidiary of the Institute of Certified Public Accountants in Israel). GT Israel were last subject to an inspection by the Peer Review Institute during July-August 2023.

Regarding the Professional Activity (including ethics and independence), the review team found an orderly and improved set of controls in all the subjects reviewed, including the existence of written procedures. The review team positively indicated the correction of all comments that were reported in previous report (2016). In addition, the review team mentioned several minor deficiencies (none of them considered as 'significant deficiency' or 'material weakness').

Regarding the Audit Engagement review, the review team reviewed 4 audit engagements of public entities with a focus on the implementation of new Israeli auditing standards. None of the findings raised by the review team was considered as 'significant deficiency' or 'material weakness'.

GT Israel is a public accounting firm registered in the US with the Public Company Accounting Oversight Board (PCAOB) and in the UK with the Financial Reporting Council (FRC), and therefore is subject to inspections by these regulators.

Our registration with the Canadian Public Accountability Board (CPAB) was re-approved and we remain to be listed as a participating audit firms. At the time of this Transparency Report, the firm does not currently have any Canadian reporting issuer clients. We expect this is change in the near future.

In August 2022, GT Israel was subject to an inspection by the PCAOB. The review focused on the performance of two audit engagements of US public registrants. The review also included assessing the firm's practices, policies and procedures concerning audit performance and other functional areas as follows: practices for partner evaluation, assignment of responsibilities, independence implications and practices for client acceptance and retention, business ventures, contingent fees, the firm's internal inspection programme, methodologies and work performed by foreign affiliates.

In the final report published by the PCAOB inspection team, they noted that they did not identify any audit performance issues that, in the inspection team's view, resulted in the firm failing to obtain sufficient appropriate audit evidence to support an audit opinion in any of the two audit engagements reviewed or to fulfill the objectives of its role in other engagements.

GT Israel is subject to an inspection by the PCAOB at least once every three years. Further to our inspection in August 2022, the next PCAOB inspection is expected to take place sometime during the summer of 2025.

Public Interest Audit Clients

During the period covered by this Transparency Report, January 1, 2023 – December 31, 2023, we have no UK registered client that is considered "relevant audit client". However, we currently have one audit client trading on the AiM market, "Ethernity Networks Ltd."

Independence Procedures and Practices

Professional Department

We are committed to ensuring that our people have the skills and expertise necessary to provide the range of quality services and technical excellence required by our clients. All partners and qualified staff are required to keep up to date with professional guidance, including the firm's own risk management, ethical and independence requirements. All those within specialist disciplines or serving specialist markets, including statutory audit, must comply with mandatory training requirements, which are actively monitored.

Internally, we provide access to technical resources and support which include technical updates, training workshops, professional and personal development courses.

Independence Policies, Guidance and Training

All GTIL member firms utilise international relationship checks to identify potential conflicts of interest or independence issues across the network.

GT Israel has adopted the 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.

In addition, as a member firm, we are also required to follow the independence requirements of the location we operate in, and those that may be required with respect to engagements that we perform. When the rules of more than one authoritative body apply, the most restrictive rules are applied.

We strictly monitor compliance with regulatory, professional and GTIL independence requirements related to financial interest and, business and vendor relationships with clients.

We diligently monitor compliance with these policies. GT Israel has a partner, head of the quality control department and risk management who is responsible, together with the independence team for implementing and 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 GT Israel continue to make compliance with independence requirements a priority.

The independence team's responsibilities include providing:

- policies, guidance and training relating to independence matters
- 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

GT Israel use the automated global relationship checking tool, the Global Relationship System (GRS). The GRS platform provides a robust platform for identifying and assessing potential threats to independence or conflicts of interest as part of our client acceptance process.

Maintaining the independence of our firm, its audit teams and other professionals is critical to sustaining public confidence in the audit profession. We are committed to ensuring that our independence policies and procedures are robust and provide clients, other users of audit reports and the investment community with confidence that we are independent and objective.

The international network (Grant Thornton International Limited) maintains databases of restricted entities and other relationships that could create a conflict. These are searched as part of the international relationship checking process.

International Independence Standards

As mentioned, we are required to comply with all applicable independence and ethics requirements that meet or exceed those set out in the IESBA Code of Ethics and those required by other applicable regulatory bodies. In order to assist us in complying with applicable independence and ethics standards, Grant Thornton has included the independence and ethics guidance from various independence standards setters and regulators.

Conflicts of Interest

Our firm's independence and objectivity in providing audit services is ensured through our business process to check that we do not enter situations with real or perceived conflicts of interest. These include our new client acceptance procedures, acceptance of non-audit assignments and entering into certain business or financial relationships with another entity.

The Global Relationship System (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.

Global Independence System

GTIL have in place an automated tracking system, the Global Independence System (GIS). This system automates much of the manual effort that would otherwise be required by member firms and personnel to monitor compliance.

GT Israel's partners, directors, and managers maintain an investment portfolio of all publicly traded securities held by themselves and their immediate family members including spouses, domestic partners, cohabitant or spousal equivalent, and dependents. The information recorded is limited to the identity of investments held and dates of acquisition/disposal. No information regarding the number of shares or any monetary value is included. Strict security safeguards are built into the GIS to ensure access to this information is limited to independence compliance personnel within our member firm.

The GIS compliance officer of the firm is responsible for updating, when necessary, the Global Restricted List (GRL), on which the GIS is based, making entries of listed companies and their subsidiaries (public interest companies), that constitute the "audit clients" of the firm. Thereby, these companies are presented as "Restricted" throughout the GTIL

organization. The implementation of this procedure ensures that no member firms of GTIL can hold shares of any company marked as “Restricted” by another member firm.

An updated independence audit policy that introduces new requirements when performing Global Independence System (GIS) audits of reporting personnel accounts has been approved by the GTIL Risk team and went into effect 1 November 2023.

The new requirements include:

- mandatory sample sizes for partners and managers to be included in the annual GIS audits
- documentation of member firm audit findings and conclusions resulting from the GIS audit process
- record retention of member firm GIS audit documentation for seven years
- a consequence framework for non-compliance of reporting personnel

The policy also establishes a new definition for reporting personnel and new monitoring procedures for GTIL to conduct periodic reviews of member firm GIS audit process using a risk-based approach.

Existing guidance has been updated to include information and best practices for performing the GIS audits. It also includes a consequence framework fit for global purpose.

Complying with the policy on independence audit requirements of reporting personnel accounts in the GIS is a member firm obligation (MFO) and a core activity that prevents and detects inadvertent violations of financial interest independence requirements. Member firms are required to establish audit procedures to test reporting personnel certifications in the GIS. Performing GIS audits also tests the completeness, accuracy and timeliness of the information reported in the system.

Client Acceptance and Continuance Process

Achieving professional excellence means accepting and retaining clients that share Grant Thornton's objectives of quality and integrity. Grant Thornton's global acceptance/reacceptance procedures integrate with our firm policies. They provide us with information to judge whether the entity meets or exceeds necessary standards of integrity and whether we have the capacity to perform a high quality audit.

Client acceptance and continuance accepting and continuing with the right clients is fundamental for GT Israel to deliver high-quality audits. Grant Thornton has global policies and procedures in place to help member firms accept and retain clients who share the same objectives of quality and integrity. GT Israel conduct background and conflict checks to evaluate each prospective client. 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.

The Key Assurance Assignment (KAA) Acceptance and Reacceptance Policy continues to be an important part of the acceptance and reacceptance process. Assignments are considered key when they have characteristics that meet specified criteria (quantitative or qualitative). This policy requires us to submit client engagements meeting the KAA criteria to an international review committee for consideration.

Engagement acceptance



This committee is chaired by the executive director – quality control and is comprised of risk management/quality control partners from a diverse group of selected member firms.



Continuing Professional Education of Partners and Staff Eligible for Appointment as Statutory Auditors

To support and keep staff and partners' knowledge up to date, partners and staff receive regular communications on technical and regulatory topics as they arise.

Partners and staff are provided access to training materials covering: GT Israel' audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and areas of focus for improved quality.

Training

Training programmes and e-learning resource sessions in accounting, auditing, taxation and legislation, in various forums and also other varieties of topics take place throughout the year, either in-house, via MS teams or Webinars. Other ethics modules transmitted by the firm include core audit, tax and advisory training.

Since the beginning of 2022, the firm has been conducting most of the in-house training programmes on site. Our personnel are also offered access to remote training (mostly via MS teams or ZOOM) and most sessions are recorded and uploaded to our local internal SharePoint site for future use on a demand basis (VOD).

Employees doing their practical experience requirement for the Israeli CPA exam, during the fourth year of supplementary accounting studies – at least 15 hours per annum.

Employees doing their practical experience requirement for the CPA exam, after the fourth year of supplementary accounting studies – at least 25 hours per annum.

Employees after completing their practical experience requirement – at least 40 hours of training per annum and at least 120 hours over a three-year period.

Technical training is made available according to the needs of each service line.

During 2023, we continued our investment in training.

Grant Thornton LearnConnect

LearnConnect is GTIL's web-based learning platform. Subscription to the LearnConnect platform provides access to over 1,000 courses and also provides firms with the ability to create and share their own digital content.

LearnConnect includes GTIL's learning materials, technical training (eg, ISA, IFRS, LEAP, PCAOB/SEC, US GAAP updated etc.), and offer a vast number of off-the-shelf courses on topics such as organisational strategy, personal well-being, and leadership.

All audit staff are familiar and registered with the new audit platform and carry out their training via the assigned modules.

LearnConnect includes, among others, the following learning materials:

- ISA proficiency series
- Risk management and independence
- Recent IFRS's
- Methodology proficiency series
- US PCAOB/SEC Virtual Learning Series
- Quarterly Financial Reporting Updates (US GAAP)
- Leap Tool Learning

Methodology & Learning SharePoint site includes additional learning materials such as:

- Audit 360
- Leader engagement series
- Tool proficiency series
- Methodology proficiency series



Low
Cost



Global
Sharing



Unlimited
Access



1000+
Courses

Organization-Wide Seminars

During the year, seminars were held remotely and in-house, at which the employees are exposed to new information and information that is constantly updated since the previous seminars, in the fields of accounting, auditing and regulatory issues – approximately 8 – 12 hours (such seminars which are conducted by the firm's technical department

are held in at least two sessions). These seminars are required for all employees of the firm. An auditing employee who misses a firm training session for whatever reason has to make it up at alternative sessions in accounting, auditing or independent study, with the make-up session documented and reported to the HR department in coordination with the technical department.

Training is also carried out by using the firm's new LearnConnect platform (see above), in respect of which the technical department issues periodic updates. Any such self-study has to be done with the knowledge and approval of the partner in charge and it is recommended that the self-study be coordinated with the technical department (regarding content and number of hours).

Webinars

The popularity of webinars has been steadily rising since the COVID pandemic; they're a powerful tool for showcasing thought leadership and increasing brand visibility. It has now become common practice to host webinars. One of the biggest benefits of a webinar is that it enables the firm to reach a large audience anywhere in Israel and in the world.

The firm continues to conduct webinar platforms for their internal and external meetings. This is the best way to stay connected to the firm's clients and their audience. Informative group forums have been set up and are led by the engagement partner responsible for each of the specialized sectors.

Grant Thornton International

Webinars are conducted on a regular basis covering a range of topics. Each session is recorded and the slides used during the broadcast become available for downloading from the GTIL's intranet, GTConnect.

The subject of these sessions can range between updates of the GTIL brand, to global industries update, to risk management and independence.

These online events provide member firms with the opportunity to share and exchange information, interact with one another and have Q&A sessions.

Training for New Employees

All new employees are required to attend a new employee orientation conference which is held at the beginning of each year, usually in the form of a three-day seminar. The conference includes training sessions on the following topics:

- Review of the areas of activity of the firm
- Organizational culture, including the connection and membership with GTIL
- LEAP, online training platform
- LEAP Methodology
- Ethical procedures
- The firm's quality control
- Auditing and accounting standards
- Other Grant Thornton related issues, etc.

All new employees are provided with a "Guide for New Employees" manual, which includes amongst others, an introduction to the working environment of GT Israel. The manual also includes issues relating to the company's Code of Ethics, quality assurance policies and procedures. Furthermore, all employees receive training on any significant changes in GT Israel's policies and procedures (policies updates) on an annual basis.

Training for Employees Handling International Clients

Employees that handle international clients (public and private corporations) must undergo the following training: independence requirements and ethics requirements for the relevant countries and rules and standards that apply to public and private corporations in the countries in which the client operates. In addition, they are given International Financial Reporting Standards (IFRS) training and guidance.

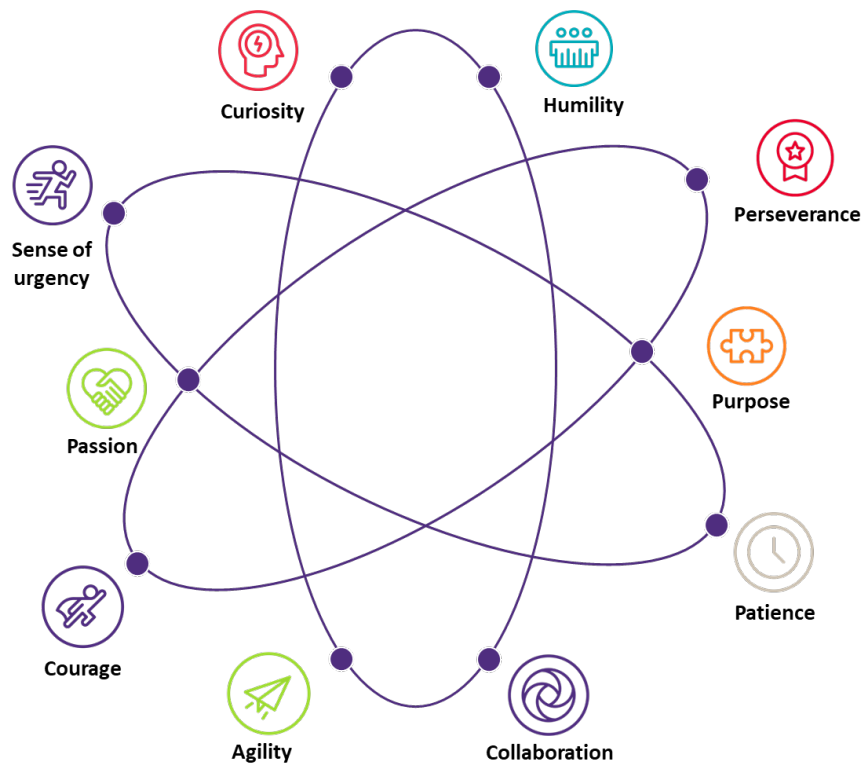
Employees who handle U.S. audit clients – are required to take additional study sessions on US GAAP and related issues, as well as standards, publications and guidelines of the PCAOB and SEC. In addition, senior employees handling SEC clients have to undergo qualification-related requirements and rotation. In order to comply with the requirements regarding staffing of partners and senior employees on audit teams of clients who are subject to the SEC, all audit staff members of SEC clients have to complete, in computerized format through the LearnConnect self-study training that includes basic courses on SEC-related topics.

In order to continuously improve audit quality and meeting expectations of the SEC, PCAOB and other regulators, all member firm partners performing work on a US domestic public issuer or a Foreign Private Issuer (FPI) audits are required to attend a US PCAOB/SEC training programme.

The Regional US PCAOB/SEC training is a critical component in continuously improving audit quality and meeting expectations of the SEC, PCAOB and other regulators. Attendance is monitored and considered during the GTAR process. Our managers performing significant work are also required to attend.

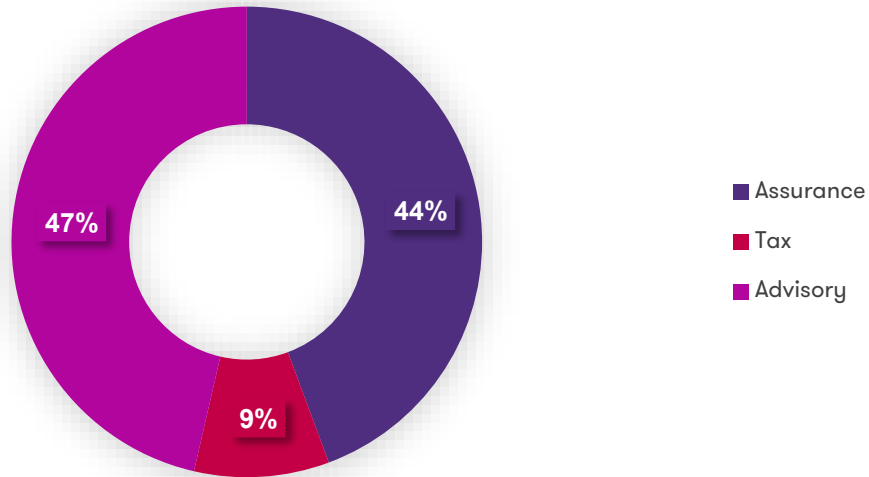
Training for Employees Dealing with Clients in Unique Industries

Employees dealing with unique industries such as: Not-for-Profit (third sector, institutional entities, government companies, etc.), have to undergo special training for the industry to which they provide services. Employees also participate in training sessions arranged by the Institute of Certified Public Accountants in Israel.



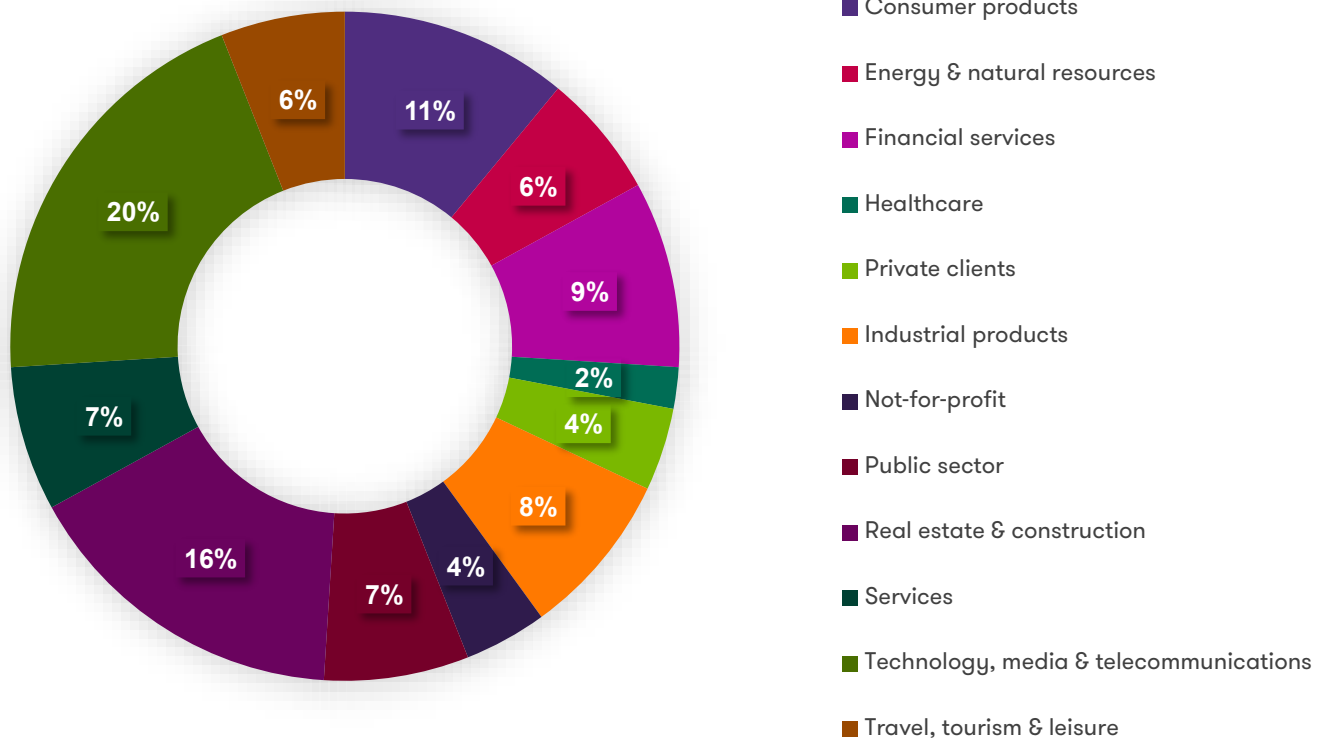
Revenue and Remuneration

The work that we do with clients can be broken into five broad areas, as follows:



* Includes: supervisory and trustee services.

The industries that we serve can be broken down as follows:



APPENDIX 1

Financial Information

The financial information presented below for GT Israel, in accordance with Article 13.2(k) (i)-(iv) of the EU Audit Regulation:

Financial information for the year ended December 31, 2023, expressed in ILS millions:

Service	Revenue in ILS millions
Revenues from audit services for audits of financial statements of non-EU companies with transferable securities admitted to trading on regulated markets in the EU	0
Revenues from permitted non-audit services of non-EU companies with transferable securities admitted to trading on regulated markets in the EU	0.01
Total	0.01

(*) GT Israel currently have no public interest entity audit clients listed on a regulated market in the EU/EEA (European Economic Area) member states. We do however, expect this to change in the future.

Partners' Remuneration

Partners' remuneration consists of various components, as follows: a fixed component; a variable component based on the partner's profit-sharing ratio in accordance with the partnership agreement; and an amount distributed to certain partners for their achievements based on qualitative criteria.

APPENDIX 2

Auditing Firms in EU and EEA

Transparency Report EU disclosure: a list of EU/EEA Grant Thornton member firms who perform statutory audits of annual and consolidated annual financial statements:

Total assurance revenues attributable to EU/EEA member firms is USD 621m* (approximately 20% of total global assurance revenues of USD 3.2bn).

Country	Legal entity	Country	Legal entity
Austria	Grant Thornton Austria GmbH	Hungary	Grant Thornton Audit Kft.
Austria	Grant Thornton ALPEN-ADRIA Wirtschaftsprüfung GmbH	Iceland	Grant Thornton endurskoðun ehf
Belgium	Grant Thornton Bedrijfsrevisoren BV	Ireland	Grant Thornton
Bulgaria	Grant Thornton OOD	Ireland	Grant Thornton (NI) LLP
Croatia	Grant Thornton revizija d.o.o.	Italy	Ria Grant Thornton S.p.A.
Cyprus	Grant Thornton (Cyprus) Ltd	Latvia	Grant Thornton Baltic Audit SIA
Czech Republic	Grant Thornton Audit s.r.o.	Lichtenstein	Grant Thornton AG, Schaan
Denmark	Grant Thornton, Godkendt Revisionspartnerselskab	Lithuania	Grant Thornton Baltic UAB
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 SAS	Poland	Grant Thornton Frąckowiak PSA
France	AEG Finances Audit Expertise Gestion SAS	Poland	Grant Thornton Polska PSA
France	IGEC SAS	Portugal	Grant Thornton & Associados, SROC,Lda
France	Tuillet Audit SAS	Romania	Grant Thornton Audit SRL
France	Grant Thornton Audit SAS	Slovak Republic	Grant Thornton Audit, s.r.o.
France	Carib Audit & Conseil	Slovenia	Grant Thornton Audit d.o.o.
Germany	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH	Sweden	Grant Thornton Sweden AB
Greece	Grant Thornton SA		

All information was collected from the global Grant Thornton annual member firm survey. Details are correct as of 30 September 2023.

Above information can be found at:

<https://www.gtconnect.global/sites/assurance/guide/299770/transparency-report-eu-disclosure-2023>