



شركة مزايا للتطوير العقاري ش.م.ع.ق.  
Mazaya Real Estate Development Q.P.S.C.

**Audit Rotation and Independence Policy**

**(External Audit Policy)**

**V1.0**



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## **1. PURPOSE**

The purpose of this policy is to ensure that audit independence is maintained, both in fact and appearance, such that Mazaya Real Estate Development Q.P.S.C. (hereafter referred to as Mazaya) external financial reporting is viewed as being highly reliable and credible.

## **2. BACKGROUND**

Oversight of Mazaya's external audit arrangements is the responsibility of Mazaya's Audit Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal policy on external audit independence has been adopted by the Committee to meet this requirement.

This policy covers the following areas:

- Provision of related assurance services by Mazaya's external auditors;
- External auditor rotation;
- Hiring of staff from the external audit firm; and
- Relationship between the external auditor and Mazaya.

## **3. APPOINTMENT OF EXTERNAL AUDITORS**

The Audit Committee shall review and consider offers of External Auditors registered in the external auditors list of the Authority, and then submit to the Board a recommendation with reasons to choose one offer or more for appointment of the Company's external auditor. Immediately, after the Board's approval of the recommendation, it shall be included in the Company's General Assembly agenda.

The External Auditor requirements:

- Is enrolled in the auditors register as per the rules and regulations applicable in the State.
- Would be regarded as having full knowledge of all relevant facts and circumstances and capable of exercising objective and impartial judgment on all issues within the external auditor's engagement.
- Has not, within two years prior to the commencement of the external audit, had one of its Staff Member as an employee of Mazaya with financial oversight role; and
- Does not allow for direct compensation of its audit partners for selling non-audit services to Mazaya.

## **4. PROVISION OF NON-AUDIT SERVICES BY EXTERNAL AUDITORS**

The general principles to be applied in assessing related assurance services are, as follows:

- The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information;

- The external auditor should not perform any function of management, or be responsible for making management decisions;
- The external auditor should not be responsible for the design or implementation of financial information systems; and
- Separation between internal and external audit should be maintained.

## **5. PERMITTED SERVICES**

The Qatar Financial Markets Authority provides guidance on the role of the external auditor in the “Functions and Responsibilities” section of the Governance Code for Companies and Legal Entities Listed on the Main Markets – Article (24), pursuant to Decision No. (5) of 2016.

The Code prohibits the Company from obtaining any other services or advice from the external auditor. However, if the Company chooses to appoint the external auditor for other services, it will follow the following procedure:

- a) The Audit Committee must pre-approve all statutory and regulatory audit and related assurance services provided by the external auditor.
  - b) Adopt the Comply or Explain rule and, provide appropriate justification in the Annual Corporate Governance report.
- Aside from core audit services relating to the statutory and regulatory audits, the Company may appoint its external auditors to provide the following services, with prior approval from the Audit Committee:
  - Other assurance services (e.g. accounts receivable review, business risk assessment, customer satisfaction survey etc);
  - Accounting policy advice (including opinions on compliance with Qatar and international accounting practices);
  - Listing/delisting advice; and
  - Accounting/technical training.

## **6. PROHIBITED SERVICES**

It is not considered appropriate for Mazaya’s external auditors to provide:

- Book keeping/other services related to accounting records or financial statements;
- The design of financial information systems;
- Appraisal / valuation services / opinions as to fairness;
- Internal audit services;
- Structured finance advice;
- Due diligence services;
- Legal services (these are services that could only be provided by a person who is qualified in law);
- Tax planning, strategy and compliance services;
- Management functions;

- Broker / dealer / investment adviser / investment banking services;
- Actuarial services;
- Provision of temporary staff for specific assignments (such as secondment of personnel to the Finance Directorate);
- Assistance in the recruitment of senior management; and
- Personal tax services to employees of Mazaya who act in a financial reporting capacity.
- For the purposes the above, the following employees are deemed to perform a financial reporting oversight role:
  - Chief Executive Officer;
  - Finance Director/Chief Financial Officer; and
  - Financial Controller
- These prohibitions apply to all offices of the firm of Mazaya's external auditors, including overseas offices and affiliates.

#### **7. BILLING ARRANGEMENTS**

The billing arrangements for services provided by Mazaya's external auditors should not include any contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).

#### **8. OTHER PROCEDURAL REQUIREMENTS**

Regardless of Mazaya's policies, it is expected that Mazaya's external auditors will rigorously comply with their own internal policies on independence and all relevant regulatory and professional guidance.

While this policy does not prescribe any particular ratio of "other" service fees to audit fees, this ratio should be monitored by the Audit Committee. Accordingly, the nature of services provided by Mazaya's external auditors and the level of fees incurred should be reported to the Audit Committee in detail, on a quarterly basis, to enable the Committee to perform its oversight role.

Development of local and overseas practice with regard to related assurance services shall be monitored on an ongoing basis to ensure that Mazaya's policies remain compliant with best practice.

#### **9. EXTERNAL AUDITOR ROTATION**

The continued appointment of Mazaya's external auditors is to be recommended annually by the Board and confirmed by the Annual General Assembly (AGM).

The AGM shall appoint an External Auditor or more for one Year, renewable for a similar period or other similar periods up to a maximum of five consecutive Years, provided that the re-appointment shall not be before passing two consecutive Years

#### **10. RECRUITMENT OF STAFF FROM THE EXTERNAL AUDIT FIRM**

The recruitment of any former audit partner or Audit Manager from the current team of the external audit firm must first be approved by the Chairman of the Audit Committee provided a 2 Year time period had passed.

There are no other restrictions on the hiring of other staff from the audit firm.

#### **11. SERVICES PROVIDED BY FIRMS OTHER THAN THE EXTERNAL AUDITOR**

The Audit Committee must pre-approve all audit and related assurance services by firms other than the external auditor. Any firm providing such services must meet the requirements set out in the Policy, as applicable.

Any waivers from this Policy must be approved by the Audit Committee and minuted.

#### **12. ANNUAL REVIEW**

This Policy is subject to annual review and update (if applicable) by the Secretary to the Audit Committee. It should then be personated to the Audit Committee for approval.