



Transparency Report

Dr. Mohammed Al-Amri & Co.

31 August 2021

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Message of the Firm Executives



Welcome to our transparency report

Welcome to the third-year transparency report of Dr. Mohamed Al-Amri & Co, BDO Member Firm in Saudi Arabia.

It has been another year working along side COVID-19. Surviving businesses managed to come out more resistant and agile. They managed to implement and adopt new ways of doing business, the most notable is working remotely. Likewise, audit firms had to adopt to the new way of doing business, while maintaining its audit quality. During this pandemic, fulfilling our commitments toward the safety and health of our people, alongside delivering timely and quality service to our clients were our utmost concern.

Enhancing quality remains to be a priority to regulators, standard setters and audit firms as it has a direct impact on the stakeholders' confidence in capital markets and the economy as a whole. We have been undergoing several global and local initiatives to improve audit quality. With the release of International Standard on Quality Management (ISQM) 1, our global network started to work on ensuring Member Firms readiness to implement the standard as it becomes effective. In parallel, we started upgrading and improving our systems and policies and procedures to ensure compliance with the standard. We are committed to be reputable for delivering quality service.



Honesty and integrity

Be transparent, genuine and fair. Operate with the highest degree of personal and professional integrity. We need and want our clients to trust us. This can only happen if we act with honesty and integrity.



Mutual support and respect

Value and support each other. Maintain an inclusive working environment where teamwork and relationships matter. This allows us to work better together and to deliver better services to our clients as a result.



Professional and personal client relationships

Understand the person as well as the business. Build relationships based on respect, trust and exceptional service. This reflects our commitment to understanding our clients and their businesses and markets.



Empowerment and personal responsibility

Work with confidence, flexibility and freedom. Understand that trust and responsibility go hand-in-hand. There can be no one-size fits all approach and we empower our people to have the flexibility and freedom to deliver what our clients need.

The legal landscape of the profession has been undergoing major improvements in recent years as part of The Regulations Review Program, one of Vision 2030 transformation programs. It started with the release of the new Professional Companies Law few years ago, followed by the Profession Accounting and Auditing Law and the Regulations for The Saudi Organization for Chartered and Professional Accountants (SOCPA). This new regulatory landscape has enabled our firm to change its legal structure from a partnership to a joint stock company starting September 2021. This means stronger governance and better sustainability.

Hope you will find our transparency report informative and enjoyable.

To us, continuance improvement at all aspects is an ever-going activity.



Dr. Mohamed Al-Amri,
Senior Partner



Gihad Al-Amri,
Managing Partner

Our Firm

Dr. Mohamed Al-Amri & Co. is the Member firm of BDO in Saudi Arabia (referred to in this report as "BDO Al-Amri" or "the Firm"). It is a professional Closed Joint Stock Company registered under the number 323/11/66.

The Firm is led by the Senior Partner, Dr. Mohamed Al-Amri, who sets the Firm strategy and ensures its implementation. The Managing Partner, Gihad Al-Amri, along with the other partners assist the senior partner in implementing the strategy and running the day to day operations.



The Firm leadership team and partners consist of:

- **Dr. Mohamed Al-Amri**, the Senior Partner and the one responsible for setting up the Firm strategy and ensuring its implementation.
- **Gihad Al-Amri**, the Managing Partner assisting the Senior Partner on implementing the strategy and running the day to day operations.
- **Jamal Al-Amri**, an equity partner who is working with the Senior and Managing Partner on running the day to day operations.
- **Maher Al-Khatieb**, a partner who is working with the Senior and Managing Partner on running the day to day operations.
- **Ahmed Al-Jumah**, a partner who is working with the Senior and Managing Partner on running the day to day operations.

The firm has an advisory committee consisting of all the partners and directors in the firm. The committee meets frequently to ensure alignment of the practice with the strategy and quality requirements. There are no other committees in the firm.

During the year ended 31 August 2021, the advisory committee discussed the Firm's recruitment plan for 2021, the plan for 2021 annual training, updates to the international standards and regulatory requirements, applications of standards, updates to the Firm's policies and procedures related to audit, the result of 2021 internal inspection program, the use of new audit tools, updates to BDO Audit manual, and future challenges and the strategic direction of the firm.

None of BDO Dr. Mohammed Al-Amri & Co. partners hold any director position or positions in committees of companies under the CMA supervision.

Please refer to Appendix I for The Firm organizational structure



Basis for partners' remuneration

Partner's compensation consists of monthly salaries decided by the senior partner and based on the following:

- ▶ consideration of the partner's role in the Firm, and
- ▶ the quality of work, but is not directly related to the individual's financial performance, and
- ▶ Seniority in the firm



The BDO Network

BDO is an international network of public accounting firms, the BDO member firms, which perform professional services under the name and style of BDO. BDO is the brand name for the BDO network and all BDO member firms. 'BDO' and 'BDO International' are trademarks of Stichting BDO.



Legal and Structural Arrangements in the Network

Each BDO member firm is a member of BDO International Limited, a UK company limited by guarantee, either as a voting member (one per country) or a non-voting member. The network is governed by the Council, the Policy Board and the Executive (or Global Leadership Team) of BDO International Limited.

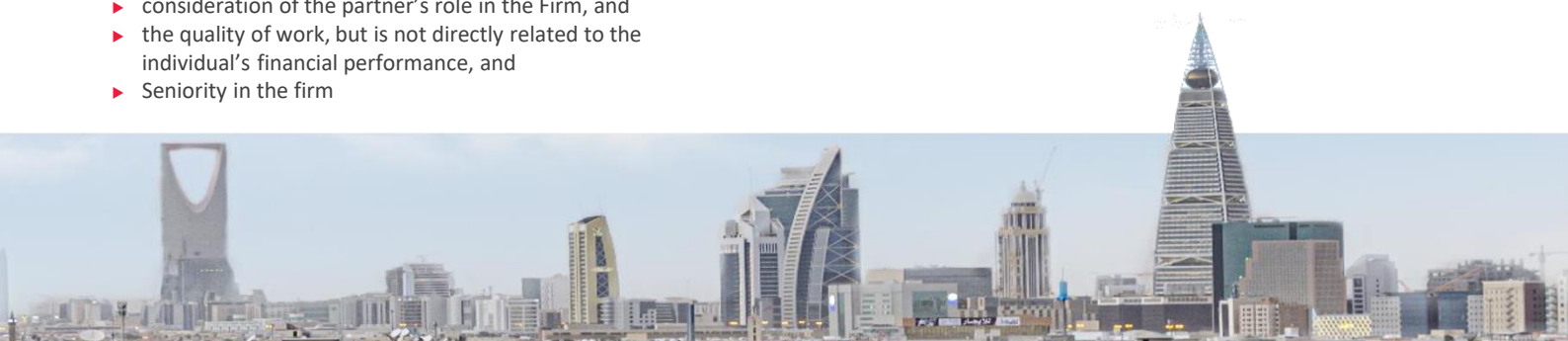
The Council comprises one representative from each voting member and comprises the members of BDO International Limited in general meeting. The Council approves budgets, appoints the Policy Board and approves any changes in the Articles and Regulations of BDO International Limited.

The Policy Board, which is the Board of Directors of BDO International Limited, currently comprises a representative of the network's five largest member firms, whose appointment, each for a three year term, is approved by the Council. The Policy Board sets policies and priorities for the network and oversees the work of the Global Leadership Team. The Policy Board meets at least four times a year and more if required.

The Global Leadership Team is tasked with coordinating the activities of the network on a day-to-day basis. It is headed by the CEO and comprises the Global Heads of Audit & Accounting, Tax, People, Client Service, Network Development and the International Secretary.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a Belgian limited liability company with its seat in Brussels. BDO International Limited and Brussels Worldwide Services BVBA do not provide any professional services to clients. This is the sole preserve of the BDO member firms.

Each of BDO International Limited, Brussels Worldwide Services BVBA and the BDO member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of BDO shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide services BVBA and/or the BDO member firms.



Our Firm



Independence policies

As independence and ethical conduct are the most important pillars of international professional standards and regulatory requirements, we strictly follow our independence policies and we have designated a Head of Risk and Independence to ensure the full compliance with independence and ethical conduct requirements.

Our independence policies have been prepared in accordance with IESBA Code of Ethics requirements, Saudi law, and regulatory requirements and have been effectively followed.



Independence of The Firm, Partners and Staff

Independence of the Firm, partners and staff is governed by the Firm's policies. The robust systems in place and respective procedures are applied to ensure compliance with laws, professional standards and regulations, including the principles and requirements of the Saudi Organization for Chartered and Professional Accountants and the IESBA Code of Ethics for Professional Accountants. The Firm's policies consider independence from various perspectives. This includes, but is not limited to, our relationships with audit clients, the approval of non-assurance services to audit clients, long association of personnel with assurance clients and fee arrangements.



Services Provided to Audit Clients

We have policies and procedures in place to identify and resolve any threat to integrity, objectivity and independence and other fundamental ethical principles if they do arise, so that the professional conduct of the Firm is not compromised. This includes consideration of instance where fees from other services may potentially impact assurance work, whether in reality or in perception. The Firm continually reviews the effectiveness of such policies and procedures and as changes to laws and regulations arise, these are revised accordingly. Before providing any service, the audit engagement partner considers any potential conflict of interest or threat to independence that may arise before approving such service.



Independence Declarations

On commencing employment with BDO, and annually thereafter, partners and staff are required to complete the independence declaration process. This process obtains confirmation from partners and staff that our policies around financial, business, employment and personal relationships have been complied with and requires all such relationships to be declared. All audit engagement team members, including internal experts, are required to confirm and declare their independence prior to commencing the audit. This declaration is documented and maintained in the audit engagement file.



Conflict of Interest and Independence Checks

Our independence management system assists the Firm in demonstrating compliance with professional, regulatory and legal requirements by maintaining documented evidence of conflicts and appropriate resolutions.

A conflict and independence check (CIC) is sent locally and internationally, where appropriate, to all partners and staff prior to a new engagement being accepted.

When a conflict is identified, Firm Risk Administrators and Firm Risk Managers in each location assist with resolving. Where required, this is resolved with direct assistance from the Firm Risk Director or the Managing Partner. When the Firm is unable to reach an appropriate resolution to a threat to independence or conflict through appropriate safeguards then we decline to act.



Global Independence

In order to perform effective enquiries to ensure that our independence on a global basis is not compromised, all partners and staff have access to a worldwide register of BDO's clients that are restricted entities. Such entities comprise those (mainly) assurance clients of which all BDO firms must be independent and include all financial statement audit clients relating to public interest entities as determined by the relevant jurisdiction, at a minimum.

When a proposed engagement involves a client who has operations outside Saudi Arabia, a conflict check is sent using our international conflict checking tool. This tool allows for checks to be targeted to specific countries or regions and for checks to be circulated globally.





Quality Control

There are many drivers to achieving audit quality. These are often categorised in terms of those that are directly relevant to auditor performance (i.e. the performance of the engagement partner and team) and those that are external to the team and outside of our control.

BDO Audit Quality Framework has been developed by BDO Global Audit Steering Committee (ASC) for use by member firms to support the continuous consideration and enhancement of audit quality across the network. In summary the framework provides potential actions that can be undertaken within a member firm to address the factors that influence audit quality.

Moreover, and with consultation with the ASC and the Global Head of Audit and Accounting, Risk Management at the Global Office, a list of audit quality recommendations and reminders for member firms are announced regularly.

The Firm's compliance with quality requirements is assessed during BDO Quality Monitoring Program.

The Firm's system of internal quality control is designed to provide reasonable assurance that the Firm, its partners and staff comply with professional standards and regulatory and legal requirements, work is performed to a consistently high standard and that reports issued by the Firm are appropriate.

The Firm's system of internal quality control can be split into the following elements:

- ▶ Leadership responsibilities for quality within the Firm
- ▶ Ethical requirements
- ▶ Acceptance and continuance of client relationships and specific engagements
- ▶ Human resources
- ▶ Engagement performance
- ▶ Monitoring



Leadership responsibilities for quality within the Firm

Quality control is dependent upon an organisational structure which is inherently sound and which clearly defines the responsibilities of the various levels of management.

The Firm has clearly established responsibilities for the Managing Partner, the Senior Partner and other senior personnel. Along with the Firm's top management, the Head of Risk Management reinforces the appropriate "tone at the top" by instilling professional and ethical values in the Firm. The Audit Stream "tone at the top" is set by the Head of Audit.

The Head of Audit is responsible for the following:

- ▶ developing assurance methodology and guidance to ensure compliance with auditing standards;
- ▶ maintaining the Firm's technical manuals and communicating developments to the Firm's partners and staff;
- ▶ helping maintain the Firm's assurance practice at the highest standards prevailing in the profession, including the supervision of the Firm's auditing work;
- ▶ consulting with the partners and other professionals seeking technical advice; and
- ▶ overseeing the Firm's technical continuing professional education programmes

The Head of Risk Management, assists the Audit Partner, who inter alia is responsible for the following:

- ▶ monitoring of independence;
- ▶ monitoring the Firm's auditing work;
- ▶ coordinating the professional performance of the offices and achieving in each of them standards that measure up to the Firm's professional objectives; and
- ▶ evaluating the Firm's quality controls policies and procedures.



Ethical Requirements

The Firm's policies and procedures manual contains the principles and rules relating to ethical conduct. This is supplemented by forms and complemented by a comprehensive training programme designed to ensure compliance with both International and Saudi Ethical Standards. The manual is available to all staff. Annual declarations are made by all partners and staff to ensure compliance with relevant ethical requirements.



Acceptance and continuance of client relationships and specific engagements

Robust client and engagement acceptance procedures play a pivotal role in the Firm's ability to deliver a professional and quality service.

Prior to the acceptance of any new client, certain procedures to assess the risks associated with that client must be carried out. These will include:

- ▶ consideration of the client's business including its geographical spread and the industry it operates in;
- ▶ evaluation of information concerning the client, its management and its owners including Know Your Client procedures;
- ▶ considering information regarding the character and reputation of the prospective client and key personnel;
- ▶ assessment of potential independence risks and potential conflicts of interest;
- ▶ inquiry of the previous auditor regarding the reasons for the change in auditor and if there is any reason why we should not accept the appointment;
- ▶ assessment of our ability to serve the prospective client; and
- ▶ reviewing filings of the company, including prior year financial statements.

The acceptance of all clients requires an approval process that is appropriate to the perceived risk. "High risk" assurance clients require partner's pre-approval.



Quality Control



Human Resources

Human resources is a critical factor in our ability to provide professional services. In order to ensure that the Firm has sufficient personnel with the capabilities, competence, and ethical standards necessary to provide quality audits in accordance with professional and legal requirements we have established clear policies and procedures addressing the following areas:

- ▶ recruitment
- ▶ performance evaluation
- ▶ capabilities and competence
- ▶ career development, promotion and compensation
- ▶ forecasting of personnel requirements.



Recruitment

Policies and procedures for recruitment are designed to provide reasonable assurance that those employed possess the appropriate characteristics to enable them to deliver a high quality service and perform their duties with professional competence. We work actively to ensure that diversity is embedded within the Firm's culture, not just in principle but in practice. Inclusivity within the organisation, whether it is based on age, gender, ethnicity or physical capabilities, strengthens the Firm's values, makes the Firm more representative and more capable of providing a quality professional service.

We seek people with high levels of intelligence, stability, maturity, integrity, motivation, aptitude and leadership qualities appropriate to the role for which they are being hired.

The Management Executive regularly reviews these policies and procedures to ensure that they are appropriate and are operating effectively.



Performance evaluation

All staff members are subject to formal performance appraisal, review and counselling on a regular basis, in order to evaluate the level of competence, monitor training and to help them reach their full potential. Performance appraisal includes a review of each individual's contribution to the quality of service(s) provided by the Firm.

Evaluations are completed on annual basis. The factors evaluated (which may vary by level) include professional and technical competence, management skills and analytical and judgement skills.



Capabilities and competence

Policies and procedures for assigning personnel to engagements are designed to provide a reasonable assurance that only those persons having adequate technical training, proficiency and competence will perform the work.

A current profile of staff's technical proficiency is obtained by personal knowledge and experience. This profile is used to assess the suitability of the staff member for specific subsequent assignments. In addition, consideration is given to ensure that staff have the necessary technical knowledge and other skills appropriate to the size, complexity and nature of the planned work.



Career development, promotion and compensation

Staff career development is a key motive for staff. Generally, there is staff progression from an introductory staff level to supervisor, to manager and then to senior manager. Staff are promoted to the next level only when they are prepared for the increased responsibilities that promotion entails.

Non-compliance with the Firm's policies and professional standards is also recognised. Lack of compliance is reflected through additional training, delays in promotion or through dismissal for serious instances of non-compliance.

In order to be considered for admission to partnership, a candidate's integrity, honesty and moral character must be above reproach. While attributes of individual applicants may differ because of technical specialisation and years of experience, there are three basic attributes that all candidates must possess:

- ▶ technical competence in a chosen field of expertise;
- ▶ pride in self, the Firm and the profession; and
- ▶ professional attitude in work habits.

Partner compensation is reviewed regularly which includes consideration of the partner's role in the Firm, and the quality of work, but is not directly related to the individual's financial performance.



Forecasting of personnel requirements

We recognise that ultimately it is the quality and commitment of the partners and staff that really makes a difference and enables us to deliver a quality audit. Given this, our ability to attract the right number of high quality people is of utmost importance. We predict personnel requirements so as to continue to service the Firm's clients and provide sufficient capacity to enable its partners and staff to develop the business.





Quality Control



Engagement performance in the Audit Stream



Common methodology

Our policies and procedures are designed to ensure that audits meet all applicable professional standards, regulatory requirements and that the Firm issues reports that are appropriate in the circumstances. To achieve this and to ensure consistency in the approach to auditing, BDO International has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Auditing Standards and where appropriate these common processes are used by BDO International member firms.



Supervision and review

We require all professional work to be supervised by staff members who have appropriate knowledge and experience. It is the responsibility of the relevant partner or director to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority. The relevant partner or director must also ensure that professional work is carried out efficiently and that it meets the Firm's standards in all respects.

Our review procedures are designed to ensure effective control of the audit as it progresses. At a granular level these policies are designed to ensure that:

- ▶ the work is performed in accordance with applicable standards and regulations;
- ▶ significant matters have been raised for further consideration and appropriately addressed;
- ▶ appropriate consultations have taken place;
- ▶ the planned work has where necessary been reviewed and that the objective of all planned work has been achieved;
- ▶ the work performed and evidence obtained supports the conclusions reached; and
- ▶ the documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the procedures undertaken, the results of those procedures and the evidence obtained.

An engagement quality control review (EQCR) is performed for audits of public interest entities and other high risk engagements. The EQCR reviewer will be familiar with the auditing and reporting practices used during the engagement, and be knowledgeable and familiar with the client's industry, but will be independent from the client's audit team. They will be an experienced audit director and not likely to be unduly influenced by the views of a particular engagement partner. The EQCR must be objective and cannot be actively involved in making ongoing decisions relating to the engagement and will not be involved in performing the engagement. EQCR reviewers are selected by the Head of Audit or the Managing Partner, or an independent partner where the Managing Partner is also the Engagement Partner.



Consultation

Our culture encourages consultation with experienced partners/directors and other specialists where appropriate. According to the Firm's policy, when a team member requires consultation during the performance of his/her work, he/she should raise the technical issue with nominated team members, including the engagement partner.

Where there is a difference in opinion on the technical issue raised during the consultation process, or it can be interpreted differently, the partners and the directors shall jointly discuss the issue and conclude. If the partners and directors could not reach to a conclusion, the issue should be raised to BDO International and/or SOCPA for the consultation.





Quality Control



Monitoring of the Audit Stream

Our policies and procedures concerning monitoring activities are designed to give the Firm reasonable assurance that the Firm's internal quality control system is operating effectively and is being complied with in practice.

Our leadership sets examples which significantly influence the internal culture of the Firm. Clear, consistent and frequent actions and messages from all levels of the Firm's management play a significant role to promote a quality-oriented internal culture that emphasizes the Firm's quality control policies and procedures, and the requirement to:

- ▶ perform work that complies with professional standards and applicable legal and regulatory requirements; and
- ▶ issue reports that are appropriate in the circumstances.

Such actions and messages encourage a culture that recognizes and rewards high-quality work. These actions and messages are communicated by, training seminars, periodic meetings, formal or informal dialogue, or briefing memoranda. They are incorporated in the Firm's policies and procedures related to the quality management system and training materials, and in partner and staff appraisal procedures such that they will support and reinforce the Firm's view on the importance of quality and how, practically, it is to be achieved.

The Firm's leadership promotes the internal culture of quality and ensures that it is applied consistently in all the Firm's engagements. Promoting such an internal culture includes:

- ▶ Establishment of policies and procedures that address performance evaluation, compensation, and promotion about Firm's personnel, in order to demonstrate the Firm's overriding commitment to quality;
- ▶ Assignment of management responsibilities so that commercial considerations do not override the quality of work performed; and
- ▶ Provision of sufficient resources for the development, documentation and support of our quality control policies and procedures.

In addition to that, our quality control system also includes a periodic Internal Inspection Programme (IIP) to assess the quality of audits performed on various assignments. The IIP is conducted at least once every three years and its frequency depends on whether an inspection is carried out by BDO International as Quality Assurance Review (QAR) of the Firm, by SOCPA or CMA. The program extends across all offices and engagement partners.

The review process is undertaken by senior staff independent of the selected audit client. Selection is made by the Head of Audit Quality and approved by the Managing Partner. The sample selected is weighted to include an appropriate number of Public Interest Entities (PIE), including listed clients, as well as non-PIEs clients. All external audit engagement partners and directors were selected in 2021 IIP.

Independence of the reviewers is ensured through having each partner reviewed by a team independent from the engagement. Instructions are issued to the reviewers in advance of the review setting out the objectives of the process, a checklist, appropriate guidance and reporting templates. Each review considers all matters from client take on, through planning and executing the assignment, to reporting and the role of the EQCR.

The review report details the results of the review and includes the grading for the engagement reviewed. The report highlights common findings noted for improvement. A root cause analysis is carried, combining all findings from all reviews and action plans are prepared and implemented for root causes identified from the IIP.

Results from the IIP feed into senior staff appraisals. We perform a root cause analysis for all common and significant findings noted from the IIP.

In the same manner, we receive regular inspections by BDO International in the form of QAR inspections. Inspections are usually carried out on a 3-year cycle. The last was completed in December 2019. The QAR inspections adopt a similar format to the IIP but with enhanced independence as experienced overseas reviews, taken from an international pool, are used.



Quality Control



Result of last quality review

The most recent review carried out by BDO International in December 2019, where a sample of four audit engagements was selected and resulted in the following, as per BDO International's rating criteria:

The inspection program identifies four possible results:

- ▶ satisfactory
- ▶ satisfactory with minor comments for improvement
- ▶ significant improvement needed
- ▶ unsatisfactory

The review resulted in two selected files as satisfactory and the remaining two files as satisfactory with minor comments for improvement.

The most recent IIP was conducted in the period of August – October 2021. The review was conducted by a team of two partners and five senior directors. This process has been carried out under the surveillance of Head of Audit and Assurance Quality Management and Head of Risk. During this review, nine samples of audit engagements were chosen, four of which are ESASs. The sample covers the firm's all offices, partners, and directors.

The inspection program identifies four possible results, same as used by BDO International described above.

The result of the review showed that three samples rated as "satisfactory", four samples rated as "satisfactory with minor comments for improvement", and two samples rated as "significant improvement needed".

The review identified some root causes and recommendation, such as the need to improve documentation of control testing, improving conduct of SAPs and IPE testing, sampling, house keeping issues, staff trainings on specialized areas and staff appraisals etc.

The root causes identified were included in an improvement action plan and are being implemented accordingly as per the set timelines.



External review

The Firm is registered with the CMA to carry out the audit of Entities Subject to the Authority's Supervision "ESASs". Registered firms are inspected to ensure compliance with the Rules for Registering Auditors of Entities Subject to the Authority's Supervision.

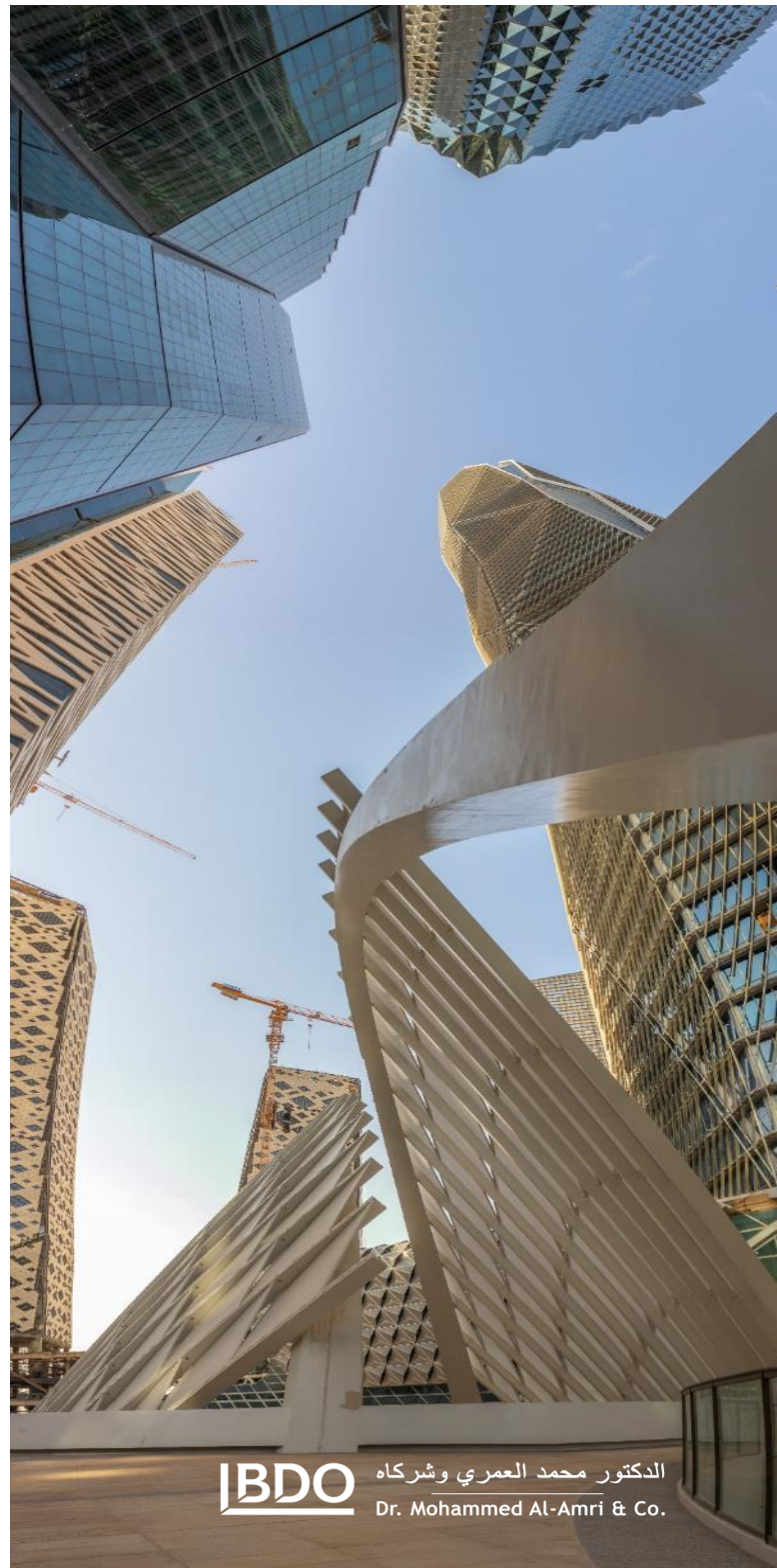
The first inspection conducted by CMA was in January 2021. the inspection covered a sample of seven ESASs, in addition to the Firm's system of quality control. The review identified some comments in the performance of the audit in which the Firm has identified the root causes and worked on remediation plan.

The Firm is also under the supervision of the Saudi Organization for Chartered and Professional Accountants "SOCPA". In the last year, SOCPA inspected the Firm's Anti Money Laundry System (AML). There was no other inspection conducted by SOCPA in the last year.



Management Executive statement on effectiveness of functioning

These policies, procedures and monitoring activities have provided the Firm's Management Executive with reasonable assurance that the Firm, its partners and staff have materially complied with applicable professional, regulatory and legal requirements, that work has been performed to a consistently high standard and that appropriate reports have been issued.





Quality Control



Implementation of ISQM 1 and ISQM 2

International Standard on Quality Management (ISQM) 1 was issued by the International Auditing and Assurance Standards Board in December 2020. ISQM 1 requires a firm to design, implement and operate a system which is comprised of eight connected components. For each component, the firm is to have stated quality objectives, identify and assess risks to achieving those objectives and put in place responses to address those risks.

ISQM 1 requires that a compliant system of quality management be designed and implemented no later than December 15, 2022 and that the first annual evaluation be performed within one year of that date. We are currently in the process of readying our firm to comply with ISQM 1 no later than these dates. Our activities include, among other things, assessing the requirements laid out in ISQM 1, analyzing our current system of quality management to identify changes and improvements necessary to comply, identifying and assessing quality risks, and designing responses to address those risks. We are also working with BDO International to appropriately integrate processes deployed at a global level including use of tools and practice aids into our system of quality management and providing trainings to our staff assigned for this task.

In ISQM 2, the performance of an EQ review is undertaken at the engagement level by the EQ reviewer on behalf of the firm. Accordingly, ISQM 2, Engagement Quality Reviews, addresses:

- The appointment and eligibility of the EQ reviewer; and
- The EQ reviewer's responsibilities relating to the performance and documentation of an EQ review.

ISQM 2 is effective for:

- Audits and reviews of financial statements for periods beginning on or after December 15, 2022; and
- Other assurance and related services engagements beginning on or after December 15, 2022.

We are currently working to align our existing policies in line with the new requirements of ISQM 2 and will be able to fully implement both ISQM 1 and ISQM 2 by the end of Q3 2022.





Sanctions and Litigations



Sanctions and Violations

There has been no punishments, penalties, or restrictions imposed against our firm, partners, and employees in the last fiscal year.



Litigation and Claims

There has been no litigation, claims, or on-going investigation against our firm that might have a material impact on our business in the last fiscal year.





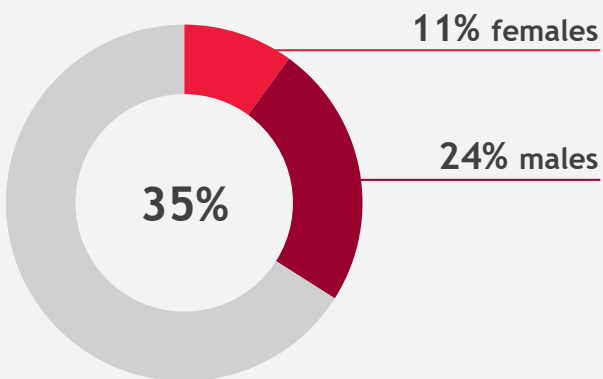
Saudization

Enabling and empowering Saudi nationals is a top priority for BDO Al-Amri. We work with youngsters from their later years in university where we participate in co-op programs. Student are allocated to the different service lines based on their interests and a designated senior is held responsible for his/her training. Some of the co-op students continue with the Firm after graduation in addition to other university graduates.

Fresh graduates are provided with practical training as soon as they join. This enable them to be in the field right after joining and apply what they have learned in real life. They are provided with full support and guidance to allow them to understand what they are practicing.

In addition, we have a mentoring-coach programme to guide and assess staff towards meeting their career goals and aspirations. The programme is a powerful force for developing employees and the organization, from helping new hires feel welcomed to building staff loyalty and retention. Under this programme BDO Al-Amri help establish a career plan, offer insight and advice about potential challenges, and serve as a sounding board for ideas and career- related decisions.

We are proud that our Saudization rate has reached 35%, out of which 11% females and 24% are males.



Our goal is to reach 50% over the coming 5 years.





Professional Education and Training

The Firm has a policy of facilitating and encouraging continuing education as an important means of developing knowledge and maintaining and improving the quality of its services and of motivating and retaining its personnel.

The continuing education program is comprised of training sessions organised by the Firm specifically designed to meet its needs, by the BDO International network as well as external training by relevant professional bodies. Certain courses are mandatory and others are optional. The CPE requirements for professional auditors in Saudi Arabia are also factored in to the program.

Extensive training is given to all new recruits on the BDO audit methodologies, tools and processes.

More experienced personnel and partners are encouraged to constantly update and deepen their technical knowledge.

Continuing professional education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their career potential within the Firm. We are committed to developing and maintaining the highest possible standards of technical competence through our own development programmes.

We have developed a curriculum providing technical training for our professionals throughout their careers. For all new assurance professionals, there is an orientation programme covering the Firm's audit approach and procedures and its organisational structure.

All qualified audit staff, including managers and partners, attend regular technical update courses. These courses are complementing by on the job coaching which provides a significant aspect of their professional development.

As part of an individual's performance appraisal, professional development needs are assessed and courses or other training opportunities are identified

Our Professional Education and Training program for the year ended 31 August 2021 covered the following topics:

- ▶ Updates to BDO Audit manual
- ▶ Training on specific ISAs
- ▶ Training on IFRS for SMEs
- ▶ Advanced IFRSs training
- ▶ Anti Money Laundering
- ▶ Independence

The training was facilitated through the following channels:

- ▶ BDO Global training portal
- ▶ BDO Global virtual training sessions
- ▶ BDO Al-Amri & Co. in-house training sessions

Below is the average hours of training taken by our professionals participating in the audit of ESAs for the year ended 31 August 2021:

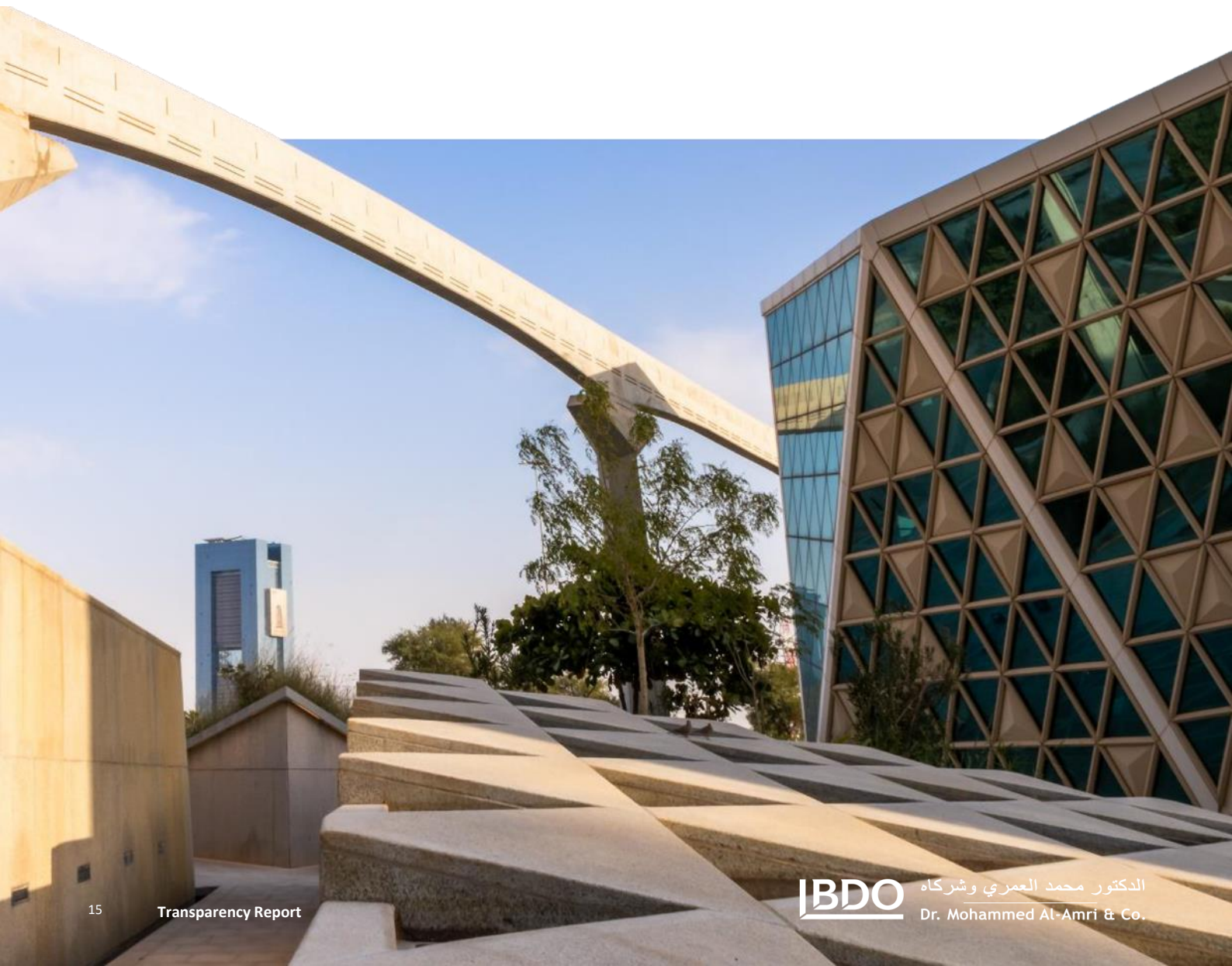
Position	Average Hours
Partner	49
Director	49
Manager	38
Technical; Staff	38





Financial Information

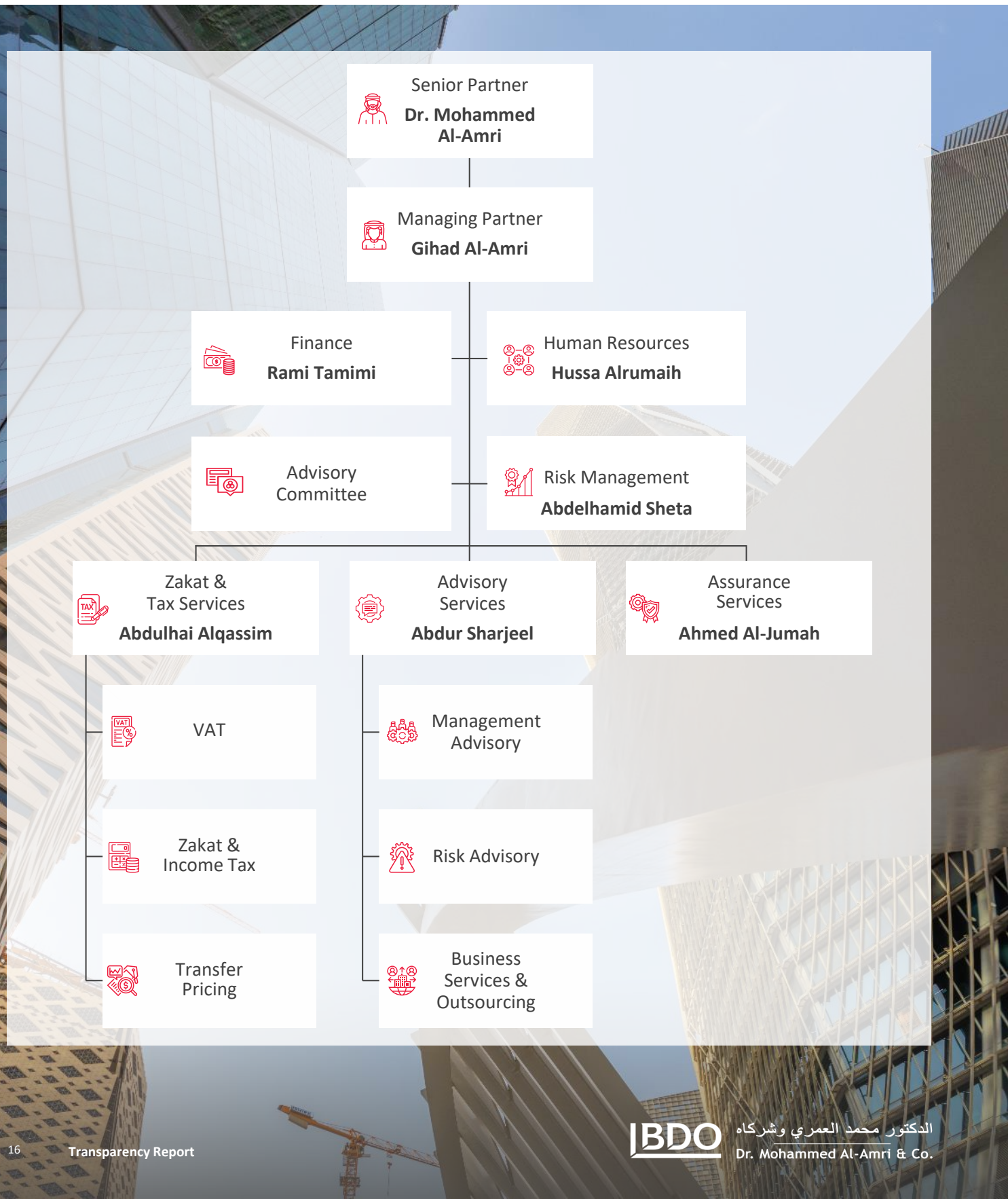
	SAR (million)
Total Revenue	77.2
Total revenues from audit engagements for ESAS	10.4
<u>Total revenue from non-audit services for ESAS:</u>	
ESAS audit clients	0.8
ESAS none audit clients	1.6





Appendix I

Below is the Firm's organizational structure:





Appendix II

ESAS Audit clients during the reporting period are listed below. The total hours spent auditing those clients are 40,216 hours of which the partners spent 818 (represents approximately 2% of total hours spent on ESAS audit engagements)

Client Name	Partner In charge
Seera Holding Group	Dr Mohamed Al-Amri
City Cement Company	Jamal Al-Amri
Aseer for Trading, Tourism, Industry, Agriculture, Real estate and Contracting Company	Gihad Alamri
National Metal Manufacturing and Casting Company	Gihad Alamri
Saudi Cement Company	Dr Mohamed Al-Amri
Saudi Marketing Company (Farm Superstores)	Gihad Alamri
Tabuk Agricultural Development Co.	Jamal Al-Amri
Fitahi Group Holding Company	Dr Mohamed Al-Amri
Aljouf Agricultural Development Co.	Jamal Al-Amri
Salama Cooperative Insurance Company	Jamal Al-Amri
Halwani Brothers Company	Jamal Al-Amri
Yanbu Cement Company	Jamal Al-Amri
Allied Cooperative Insurance Group Company - ACIG	Maher Alkhatieb
AL Jouf Cement Co.	Maher Alkhatieb
Najran Cement Co.	Maher Alkhatieb
Mobile Telecommunication Company	Gihad Alamri
Eastern Province Cement Company	Dr Mohamed Al-Amri
Abdullah Al Othaim Markets Company	Gihad Alamri
Dallh Healthcare Company	Dr Mohamed Al-Amri
Al Rajhi Company for Cooperative Insurance	Gihad Alamri
SABB Takaful Company	Gihad Alamri
National Medical Care Company	Gihad Alamri



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Client Name	Partner In charge
Alinma Investment Company	Gihad Alamri
Al Wasatah Almaliah Company	Gihad Alamri
Swicorp Company	Gihad Alamri
Morgan Stanley Saudi Arabia	Gihad Alamri
Amwal Financial Consultants Company	Gihad Alamri
Middle East Financial Investment Company (MEFIC Capital)	Gihad Alamri
Malaz Capital Company	Jamal Al-Amri
FALCOM Financial Services	Gihad Alamri
Alinma IPO Fund	Gihad Alamri
Alinma Saudi Equity Fund	Gihad Alamri
Alinma Saudi Riyal Liquidity Fund	Gihad Alamri
Alinma Multi Assets Balanced Fund	Gihad Alamri
Alinma Multi Assets Defensive Fund	Gihad Alamri
Alinma Wareef Endowment Fund	Gihad Alamri
Alinma Enayah Endowment Fund	Gihad Alamri
Alinma Orphan Care Endowment Fund	Gihad Alamri
Alinma Mosques Endowment Fund	Gihad Alamri
Alinma Makkah Real Estate Fund	Gihad Alamri
Wasatah Saudi Equity Fund	Gihad Alamri
MEFIC Real Estate Income Fund	Gihad Alamri
MEFIC Saudi Freestyle Fund	Gihad Alamri
MEFIC Saudi Riyal Murabaha Fund	Gihad Alamri



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Client Name	Partner In charge
MEFIC Murabaha Plus Fund	Gihad Alamri
MEFIC REIT Fund	Gihad Alamri
FALCOM PETROCHEMICAL ETF FUND	Gihad Alamri
FALCOM IPO FUND	Gihad Alamri
FALCOM SAR MURABAHA FUND	Gihad Alamri
FALCOM SAUDI EQUITY FUND	Gihad Alamri
FALCOM SAUDI EQUITY ETF FUND	Gihad Alamri
FALCOM GOLD FUND	Gihad Alamri
Alinma Danat Al Hada Real Estate Fund	Gihad Alamri
Alinma Durrat Al Hada Real Estate Fund	Gihad Alamri
Alinma Ewan Real Estate Fund	Gihad Alamri
Alinma Real Estate Fund	Gihad Alamri
Dahiat Al Somou Real Estate Fund	Gihad Alamri
Daniyat Makkah Hospitality Fund	Gihad Alamri
Al Qairawan Logistic Real Estate Fund	Gihad Alamri
Alinma First Income Generating Fund	Gihad Alamri
Alinma Althoraya Real Estate Fund	Gihad Alamri
Alinma Alakaria Real Estate Fund	Gihad Alamri
Alinma Logistic Park Fund	Gihad Alamri
Alinma Jeddah Economic City Real Estate Fund	Gihad Alamri
Alinma Masharif Al Awali Fund	Gihad Alamri
Alinma Makkah 1st Development Fund	Gihad Alamri



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Client Name	Partner In charge
Alinma Makkah 2nd Development Fund	Gihad Alamri
Meta Med Fund 1	Gihad Alamri
Wasatah Food and Beverage Private Equity Fund	Gihad Alamri
Alinma Al Mohamadiya Real Estate Fund	Gihad Alamri
Alinma Logistic Disctrict Fund	Gihad Alamri
Al Diyafa Makkah Fund	Jamal Al-Amri
Middle East Financial Investment Company Fund 2	Gihad Alamri
MEFIC Tower Fund	Gihad Alamri
MEFIC Private Equity Opportunities Fund	Gihad Alamri
MEFIC Private Equity Opportunities Fund 2	Gihad Alamri
MEFIC Private Equity Opportunities Fund 3	Gihad Alamri
MEFIC Private Equity Opportunities Fund 5	Gihad Alamri
MEFIC Private Equity Food and Beverage Opportunities Fund	Gihad Alamri
MEFIC Porto Development Fund	Gihad Alamri
The Saudi SME Fund	Gihad Alamri
The Industrial Fund	Gihad Alamri
FALCOM MURABAHA FINANCING FUND	Gihad Alamri
FALCOM ARAR HILLS FUND	Gihad Alamri



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