

**UDC**  
**CORPORATE**  
**GOVERNANCE**  
**REPORT 2011**

---

# CORPORATE GOVERNANCE REPORT 2011

Esteemed Shareholders,

In accordance with the requirements of the Corporate Governance code issued for listed companies under the supervision of the Qatar Financial Markets Authority, I am pleased to submit to you United Development Company's Corporate Governance Report for the fiscal year 2011, which can be summarized as follows:

Since its incorporation, UDC has remained committed to a complete separation between the Chairman's and the Executive Managing Director's posts. The company has adhered to the Board of Directors resolution issued at its meeting held on 23/02/2010 following the General Assembly meeting, to elect Mr. Hussein Ibrahim AlFardan as Chairman of the Board, and Mr. Khalil Sholy as Managing Director and President of the company. The two directors have effectively executed their responsibilities under the supervision, and with full cooperation, of the company's Board of Directors.

Pursuant to the Board of Directors Code issued by the Board on 10/6/2010, which comprises our core governance rules and objectives, the code of conduct, the guidelines identifying the duties of the Board, as well as indicators to assist the Board of Directors in fulfilling their responsibilities, UDC's Board of Directors continued to hold its meetings on a regular basis, and held a total of eight meetings. This reflects UDC's strict commitment to the provisions of Qatar's Commercial Companies Law, as well as the company's awareness of the vital role that the Board of Directors plays in the Company. Furthermore, it is noteworthy that the Board of Directors remained committed to its strict policy of non-involvement of its members in any transaction or deal of any nature with the company, taking all necessary precautions prohibiting any such member to participate in the related discussions or voting, as well as presenting such cases during the General Assembly Meeting.

In the process of activating the responsibilities of the Governance Committees that have been established in accordance with the Corporate Governance Code, the Committees have convened their meetings, and maintained their efficient involvement in the Company. The achievements of the Committees may be summarized as follows:

---

---

### **a. The Nomination Committee:**

A meeting of the Nomination Committee was held on Monday 10/10/2011, and the members discussed the nature of their duties and responsibilities in accordance with the Charter. By applying the guidelines of the Charter on UDC Board Members, the Committee has established that all UDC Board Members possess all the qualifications necessary for the fulfillment of their duties in the Board, and highlighted their long experience as Board Members in other public shareholding companies. Furthermore, the Committee has examined the number of meetings held by the Board, and the regularity of those meetings. It has also reviewed the attendance records, highlighted the seriousness and discipline of the Members, and submitted its corresponding report to the Board. The Committee has unanimously elected H.E. Board Member Sheikh Ahmed Bin Nasser Bin Faleh Al Thani as its President.

### **b. The Remuneration Committee:**

A meeting of the Remuneration Committee was held on 6/10/2011, and the Members discussed in detail the Committee's Charter, pinpointed the duties assigned to them, and confirmed that the Committee's role is not executive, and that it is limited only to

reviewing and determining the remuneration policy. In order to set the pace of its work, the Committee has unanimously elected Mr. Mohammed Hamad Abdulla Almaná as its President. It has also discussed the policy submitted by the Managing Director/President on remuneration, including its policy regarding bonuses, and unanimously approved it after examining some standard cases. Additionally, the Committee has emphasized its commitment to the criteria in its Charter regarding bonuses.

### **c. The Audit Committee:**

The Audit Committee has held three consecutive meetings, the most recent of which was on 13/12/2011. In its first meeting, the Committee discussed the Internal Audit Department's report on the Company, and highlighted some deficiencies in UDC's performance, while emphasizing that the role of Internal Audit is limited to assessing the company's commitment to the rules and regulations, and not its overall qualitative performance. The meeting also addressed the need to adjust the terms used for the preparation of technical reports, and pay tribute to the role of the Executive Management for their immediate cooperation in addressing any deficiencies put to their attention. The second meeting discussed the Internal Audit Department's report and the development of the internal control system, and reviewed what has been executed of the audit plan for the year 2010. It also addressed the 2011 plan in detail, and analyzed what was accomplished during this year, in

---

---

addition to defining the priorities and the issues to be tackled according to the current rules and regulations. In its third meeting, the Audit Committee reviewed a third report submitted by the Internal Audit Department, and examined the level of commitment by the Company's various departments with the recommendations of the department. The Committee concluded that the level of compliance was high, which reflects the support and active cooperation of the Executive Management. The meeting also addressed the audit plan for the coming year 2012, which was unanimously approved by the present members. The Internal Audit Department also presented auditing reports for specific departments and wholly-owned subsidiaries of UDC, referring to signs of weak coordination between some departments which was addressed by the Executive Management immediately after being notified of them. It is important to note that the Committee has unanimously elected H.E. Board Member Sheikh Ahmed Bin Nasser Bin Faleh Al Thani as its President.

It is perhaps worth noting that UDC, long before the issuance of the Corporate Governance regulations, has established an Executive Committee to play both monitoring and supervisory roles. UDC did more than establishing the above Committees, and added another Follow-up Committee and entrusted it with specialized functions. This reflects UDC's belief in the importance of the Board of Directors Committees and their role in developing and improving the performance of the Company, in order to achieve its strategic objectives.

It is well known that the Board of Directors of UDC, from which the above-mentioned committees have emerged, is composed of the following Board Members:

**Mr. Hussain Ibrahim Alfardan**

**Chairman**

H.E. Abdulla Bin Khalifa Al-Attayah

Deputy Chairman

H.E. Abdul Rahman Bin Hamad Al-Attayah

H.E. Sheikh Ahmed Bin Nasser Bin Faleh Al Thani

Mr. Khalifa Abdulla Turki Al-Subai

Mr. Mohammed Hamad Abdulla Almana

Mr. Omar Hussain Alfardan

Mr. Abdulrahman Abdullah Abdulghani

Mr. Khalil P. Sholy

Managing Director

The General Assembly of the Company held on 16/02/2011 appointed Messrs. "KPMG" as external Auditors. As of the date of this report, no financial irregularities of any kind were reported whether by the Department of Internal Audit or by the External Auditors. It has been clearly established that the Company is taking all necessary measures in accordance with international accounting standards. Furthermore, the Company manages its risks by means of coordination and successful cooperation between all concerned departments such as Finance, Legal and Internal Audit, as well as the Insurance and Risk Management Department. This has been performed under the direct supervision of the Board of

---

---

Directors and its elected Committees, especially the Audit Committee carrying out its functions in line with the provisions of its Charter published according to the regulations of the Qatar Financial Markets Authority.

UDC has demonstrated full compliance with the disclosure rules, and exhibited high levels of transparency in its relation with Qatar Exchange. Additionally the Company grants its shareholders access to information within the limits set by the law, and encourages its employees to report suspicious transactions under the protection of the Board of Directors according to its open door policy. The company also grants its shareholders, holders of a certain percentage of shares, the right to call for convening the Ordinary General Meeting of the Company.

The foregoing briefly summarizes the actions taken by UDC during the last period with respect to Corporate Governance regulations for listed companies subject to the control of the Qatar Financial Markets Authority. It also proves the seriousness of UDC to comply with the Corporate Governance Code, which is undoubtedly an ongoing commitment of a sustainable and progressive nature, in line with the continuous cooperation between the Company and Qatar Financial Markets Authority.

Yours sincerely,

**Hussain Ibrahim Alfardan**  
**Chairman**