

Audit Committee charter
United Development Company (UDC)
(Qatari Public Shareholding Company)

Contents

- A- Definitions
- B- Purposes
- C- Prerogatives
- D- Responsibilities
 1. Financial reporting procedures and external audit of financial reports
 2. Internal control system
 3. Internal audit procedures
 4. Procedures used in companies to monitor compliance with laws and regulations, rules of professional ethics, code of conduct, and anti-fraud policies.
 5. Warning and notification mechanisms for violations
 6. Submitting reports to the Board of Directors
 7. Effective communication
 8. Quality control procedures
 9. Compliance with laws and regulations related to money laundering
- E- Committee Forming
- F- Committee meetings
- G- The effectiveness of the committee
- H- Accreditation and publishing

A- Definitions

Unless otherwise indicated by the context, the following words and phrases shall have the meanings that appear besides each of them:

- 1- Anti-money laundering: means the set of systems, laws and regulations designed to prevent financial wealth from being obtained through illegal means or from illegal sources.
- 2- The Audit Committee: The committee composed of members who are nominated and appointed by the Board of Directors.
- 3- Chairman of the Audit Board: means a member of the Board of Directors appointed by the governing council to chair the committee.
- 4- The Audit Committee charter: means the document that adopts defining the powers, role and responsibilities of the Audit Committee.
- 5- Compliance: means full compromise and the commitment with all policies, procedures, laws, regulations, contracts and other requirements.
- 6- Board Member: Means a Board Member in the United Development Company (UDC).
- 7- Conflict of interest: means any relationship (s) that can be conceived as not being in the interest of the united company. It also means a conflict of interest that leads to a

breach of the objectivity of a person during the performance of his duties and obligation with the responsibilities and goals assigned to any individual.

- 8- Controls: It means any measures taken by management or other persons to control risks and enhance opportunities and possibilities of achieving the goals and objectives of the company. It also means management plans on directing performance in a manner that secures the achievement of goals and objectives.
- 9- The external auditor: means the external auditor who performs the audits who performs audits in a complete independence according to laws and regulations.
- 10- The independent member of the Board of Directors: It means a member of the Board of Directors who enjoys full independence in accordance with the standards of the Corporate and Legal Entities Governance System No. (5) of 2016.
- 11- Global Audit Standards: It means the global professional standards for financial auditing and financial information according to the World Association of Accountants.
- 12- Internal Audit: It means a professional unit that works to help the company achieve its goals, evaluate and ward off risks and ensure the effectiveness of controls and established government systems.
- 13- The internal auditor: means the internal auditor appointed by the company to prepare his reports independently, and functionally followed by the audit committee.
- 14- Managing Director of the Internal Audit: Means the Director of the Audit Department of the United Company or whoever helps him of the internal auditors to succeed him in his absence.
- 15- Management: Means the CEO and the Executive Directors of the United Development Company (UDC).

B- Purposes

The main purpose of the audit committee is to assist the UDC Board of Directors to assume its oversight responsibilities with regard to: The integrity of the financial reports issued by the company and the evaluation of the internal control systems, the company's compliance with the legal and control requirements, the independence and competencies of the financial auditors, also the effectiveness of the internal audit performance of the company and the independent auditors.

C- Prerogatives

The committee is empowered to perform the following tasks:

- Supervise the work of the external auditor designated for the annual audit, and to ensure its independence and objectivity.
- Establishing general rules for the appointment of the external auditor.
- Resolve any disputes that may arise between the management and the external auditor regarding the issuance of financial reports.
- Seek to obtain any necessary information from any employee or from the administration, as necessary or needed, and Call any lawyer, accountant, or other consultant for advice and assistance. The Audit Committee may take decisions to appoint consultants or request consulting services so that the value of any

contract does not exceed 200,000 Qatari riyals (two hundred thousand Qatari riyals). As regards advisory services that exceed this amount, the audit committee shall obtain the approval of the Board of Directors.

- Full access to company records, internal and external employees and auditors (with or without the presence of a management representative) regarding topics subject to scrutiny.
- Meeting with external auditors, and the outside company consultants, whenever the need arises.
- Submitting the recommendation to the Board of Directors to appoint or dismiss the director of the company's internal audit department, and approve the structure of the internal audit department in consultation with the company's CEO. All employee internal audit unit promotions and bonuses / compensation shall be subject to the company's human resource procedures and policies. The Committee shall, without prejudice to the prerogatives of the Committee on Governance, Remunerations and Nominations, the authority to review and approve the internal audit unit's charter, program, human resource requirements and budget. The committee has further the power to monitor the extent of compliance with the internal audit methodology and approach and the availability of human resources necessary for the implementation of the annual internal audit plan.

D- Responsibilities

The responsibilities of the committee change according to the amendments made to the systems and rules of governance issued by the various regulatory authorities, or according to the recommendation of the Board of Directors if required.

The Audit Committee has the following main responsibilities:

1- Procedures of the preparation of financial reports, and the external audit of financial reports:

- 1-1 Adopting general rules for appointing the external auditor, and submitting reports to the Board of Directors on any matter requiring the Board's intervention in accordance with the opinion of the Audit Committee.
- 1-2 Review the contract of appointment of the external auditor, his work plan, as well as any other important inquiries that the external auditor may request from the senior management of the company regarding accounting records, financial accounts, and control systems, as well as review the responses and comments of the executive management.
- 1-3 Consult with the external auditor on the scope of the audit plans, including adequate human resources, budget and compensation.
- 1-4 Overseeing the independence and objectivity of the external auditors, and discussing with them about the nature of the audit process, its effectiveness and its compatibility with international auditing standards and international financial reporting standards.
- 1-5 Supervising the integrity and accuracy of the annual, semi-annual and quarterly financial reports, as well as reviewing these reports and issues with persons

entrusted with organizing and preparing them within a specified time period consistent with the requirements of the Qatar Stock Exchange or any applicable laws or regulations. In particular, focus on the following:

- 1-5-1 Any changes in accounting policies or account-related applications / practices;
 - 1-5-2 Aspects subject to discretionary provisions established by senior executive management;
 - 1-5-3 Fundamental adjustments arising from the audit process;
 - 1-5-4 Continuity and successfully pursued,
 - 1-5-5 compliance with applicable accounting standards;
 - 1-5-6 Compliance with financial markets listing laws,
 - 1-5-7 Compliance with disclosure laws and other financial reporting requirements.
- 1-6 Ensuring that the external auditor provides an official written statement explaining all the relationships that he has with the company.
 - 1-7 Coordination with the board of directors and financial controller of the company or person who perform and carrying out his duties, and meeting with the external auditors at least once a year.
 - 1-8 Studying any important or exceptional issues that fall within the financial reports or accounts, or that will be included in the financial reports or accounts, and checking any issues raised by the financial controller of the company or the person carrying out his duties, or the compliance officer, or the external auditors.
 - 1-9 Providing prompt and urgent responses to the Board of Directors regarding inquiries and issues raised in documents or reports issued by the external auditor.
 - 1-10 Resolve any disputes that may arise between management and the external auditor and / or the internal auditor regarding the issuance of the financial reports.
 - 1-11 Review of financial and accounting policies and procedures.
 - 1-12 Ensure coordination between the internal and external auditors when required.

2 Internal Control System: -

- 2-1 Review of financial systems, internal control and risk management.
- 2-2 Discussing with the administration about the internal control system, and presenting the internal control system to the board of directors.
- 2-3 Periodic verification that management is carrying out its duties with regard to developing effective internal control systems.
- 2-4 Supervising the company's internal control work, following up the work of the auditor and coordinating between them, and ensuring their commitment to applying the best global systems in auditing and preparing financial reports and in accordance with international accounting and auditing standards (IFRS / IAS) and (ISA) and their requirements. And verify that the auditor's report includes an explicit indication of whether he has obtained all the necessary information, the extent of the company's commitment to the mentioned international standards, and whether the audit was conducted in accordance with international standards.

- 2-5 Supervising and auditing the validity and accurateness of the financial statements and the annual, semi-annual and quarterly reports.
- 2-6 Review the company's dealings with related parties, and the extent of their submissiveness and compliance with the controls related to these transactions.
- 2-7 Review the management's assessment of the effectiveness of the internal control system related to the financial reports for the last fiscal year, as well as review the report of the external auditor to assess the management at the same time.
- 2-8 Continuous review with management about the internal control system, including the company's risk management system.
- 2-9 Review the results of the basic investigations in the internal control cases decided by the board of directors or implemented by the committee on its own initiative and with the approval of the board.
- 2-10 Review the company's financial and accounting policies.
- 2-11 Receive reports from the director of the internal audit department or the financial manager about any fraud, whether material or not, related to the administration or any employee who has a role in the company's internal control.
- 2-12 Periodical developing and discussing company risk assessment and risk management policies as well as fraud risk policies, supervising the training programs related to risk management prepared by the company, and nominating them. Risk management policies should take into account the nature of the company's business, changes in the market, and future plans.
- 2-13 Reporting to the Board of Directors (at a rate determined by the Board) on risk management, including recommendations and reports on specific risks, according to the Board's request.

- 2-14 Discussing the financial risks to which the company is exposed and following up the steps taken by the administration in controlling the risks to which the company is exposed.

3 Internal audit procedures: -

- 3-1 Supervising the work of the Internal Audit management.
- 3-2 Consult with the Director of the Audit Department on the scope of the audit plans, including adequate human resources, budget and compensation.
- 3-3 Review the charter, goals, plans, activities, employees, budget, qualifications and structure of the internal audit department, with the CEO and director of the internal audit department.
- 3-4 Ensure that there are no unjustified restrictions or limitations that hinder the internal audit department from accessing information and security personnel.
- 3-5 Discuss when needed with the Director of the Internal Audit Department about the internal control system.
- 3-6 Ensure the complete independence of the internal audit procedures through the organizational structure of the company or any other means, and maintain this independence.
- 3-7 Approving the annual audit plan.

4 Company procedures for monitoring compliance with regulations and laws, professions code of ethics, codes of conduct, and anti-fraud policies: -

- 4-1 Supervising the company's compliance with the laws of the Qatar Stock Exchange and the Qatar Financial Markets Authority.
- 4-2 Supervise and control compliance with professional codes of conduct and conflicts of interest policies.
- 4-3 Ensure the proper implementation of the work rules related to the duties and powers delegated to the Board of Directors.

5 Mechanisms for warning and reporting violations: -

- 5-1 Establishing systems that enable company employees to report confidentially any doubts they have regarding any suspicious or suspicious issues in financial reports, internal control procedures, or any other matter, ensure that appropriate arrangements are in place to allow impartial and independent investigations of these cases. The mechanisms should provide the employee with an assurance of his confidentiality and protection from any negative reaction or damage, and propose these rules to the Board of Directors for approval.
- 5-2 Examine any issue raised by the governing council.

6 Submitting Reports to the Board of Directors: -

- 6-1 Submit regular reports to the company's board of directors on all committee activities as well as related issues and recommendations. The report should highlight deficiencies in the internal control system and areas for improvement in the performance of departments. Further to demonstrating to the Board of Directors, whenever possible, any other aspects, and the Committee must submit to the Board of Directors its necessary recommendations that would redress the imbalance.
- 6-2 Review and evaluate the effectiveness of this charter periodically, request the approval of the Board of Directors of any proposed amendments to this charter, and properly disclose these amendments as stipulated in the applicable laws and regulations.
- 6-3 Providing immediate and prompt responses to the Board of Directors regarding inquiries and issues raised in the documents of the external auditors.
- 6-4 Submit reports to the Board of Directors regarding the issues stipulated in this Charter, upon the request of the Board of Directors.

7 Effective Communication: -

Providing an open means of communication between the internal auditors, the external auditors accredited for financial reports, and other external auditors, as well as members of the members of the Board of Directors.

8 Quality Control Procedures: -

The Audit committee shall annually receive and review the external auditors report relating to:

8-1 Quality control related to internal procedures as well as that which related to quality control.

8-2 Any substantive issues that were monitored in the reports of the quality control of internal procedures, or the reports of the executive directors on each other's performance, or any inquiries or investigations from a professional or governmental body that have taken place during the past three years and the steps taken to address those issues.

8-3 The relationship between the independent auditors and the company to verify the extent of independence.

9 Comply with money laundering laws and regulations: -

9-1 The audit committee shall periodically and regularly monitor the systems and procedures of the United Company and ensure compliance with the regulations and laws related to combating money laundering applicable to the United Development Company (UDC), and also examine the system for controlling money laundering.

9-2 The audit committee should supervise the process of contacting the relevant government agencies and follow up on any procedures or instructions related to combating money laundering. The committee should submit to the board of directors an annual report on compliance with anti-money laundering laws and regulations.

E- Forming the committee: -

- 1- The committee consists of at least three members, and the majority of them shall be independent members. The audit committee shall include at least one member with financial experience in the audit field. In the event that the number of independent board members available is insufficient to form the membership of the audit committee, the board of directors may appoint non-independent members of the committee, provided that the chairman of the committee shall be independent.
- 2- The chairman of the audit committee shall be an independent member, and the chairman of the audit committee may not be a member of any other committee emanating from the company's board of directors.
- 3- The Chairman of the Board of Directors may not be a member of the Audit Committee.

- 4- The members of the committee and its chairman are appointed every 3 years through the recommendation mechanism followed by the Board of Directors.
- 5- The term of membership of the Audit Committee shall be 3 years, extendable for two similar periods. In the event of a continuous or permanent interruption of a member of the committee, the Chairman of the Audit Committee nominates a member of the Board to be a member of the Committee until the approval of that by the Board of Directors or the nomination of an alternate member by the Board.
- 6- The quorum is legal in the presence of the majority of the members and its decisions shall be taken by the majority. The committee can take its decisions by passing.
Existing employees or those employed by the external auditor during the past two years are not allowed to be members of the committee.

F- Committee Meetings

1. The Audit Committee meets, when needed, periodically at least six times a year, and keeps records of all of its meetings. The parties concerned shall be provided with the details of the meeting in accordance with the laws, regulations, customs and practices in force.
2. The committee may, whether through the CEO or directly invite any of the managers and executives, the director of financial management, the external auditors, the internal auditors, and others to attend the meetings and provide the relevant information, and a meeting agenda shall be prepared in advance for members, along with appropriate summaries.
3. If the chairman of the committee does not attend the appointment of an alternate chairman and if this cannot be done, the members of the audit committee shall nominate an alternate chairman who will be eligible to hold the session of the audit committee concerned.
4. The committee member can invite another person to attend, provided that he informs the committee chairman and the other members at least two days in advance. The approval of other parties attending shall be at the discretion of the committee chair.
5. A committee member can request a meeting, taking care to inform the other members of this. The committee may meet separately with the internal and external auditors as request.
6. Each of the company's CEO, finance manager, external auditors and internal audit manager, may request a meeting if necessary, subject to approval by the committee chairman.
7. A Secretary is appointed to the audit committee and the minutes shall be recorded for each meeting.
8. The minutes of the audit committee meeting will be approved at the subsequent meeting of the committee, and then presented to the board meeting at the nearest meeting.
9. In the event of a dispute regarding the construal of the provisions of this Charter or the application of any of its provisions, the Board of Directors shall decide on this dispute and its decision shall be final and enforceable.

G- Effectiveness of the committee: -

The committee should conduct an annual evaluation of its performance and the effectiveness of its members and submit any proposals related to the change to the Board of Directors. The committee shall determine whether the support provided to it is sufficient to fulfill its role and achieve its tasks. It takes into account that it receives appropriate and sufficient support to fulfill its role and that it is able to manage its business.

H- Approval and publishing: -

- A. The United Development Company Board of Directors approved this charter in its meeting No. (1) for the year 2018.

- B. The committee publishes this charter on the official website of the company, in a way that contributes to clarifying its role and the powers vested to it.

- C. The committee regularly reviews and updates the charter.

Issued by the Board of Directors on 1/4/2019 AD, in its meeting No. 3 of 2019 AD.