

CORPORATE GOVERNANCE

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven as per the following:

Gender	No.s
Male	6
Female	1

2. The Composition of Board is as follows:

Category	Names
Independent Directors	Mr. Asim Murtaza Khan
	Ms. Sarwat Salahuddin Khan
Non-Executive Directors	Mr. Shahid Iqbal Choudhri
	Mr. Asim Jilani
	Mr. Ghazzanfar Ahsan
	Mr. Hassan Raza
	Mr. Osman Malik

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company, which have been approved by the Board and record of such approvals and amendments have been maintained;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of Board;
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged a refresher of Director's Training Program for Mr. Asim Jilani (Director), Mr. Asim Murtaza Khan (Director) and for Ms. Asma Irfan (Company Secretary/Head of Legal) during the year. Besides, the other Board members have already participated in the Directors' Training Program in the past;
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations; Moreover, the Board has appointed Mr. Moeez ur Rehman as Chief Financial Officer in place of Syed Taneem Haider with effect from June 21, 2023. The Board has outsourced the internal audit function to Messer's EY Ford Rhodes Chartered Accountants. Syed Shakir Ali resigned from the position of Manager Internal Audit on 16 August, 2023 and w.e.f. 18 March 2024, the Board has appointed Mr. Shoaib Roomy Salih, a fulltime employee, as its Head of Internal Audit.
11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Asim Murtaza Khan	Chairman
Mr. Ghazzanfar Ahsan	Member
Mr. Asim Jilani	Member
Mr. Hassan Raza	Member
Mr. Osman Malik	Member

Human Resource and Remuneration Committee

Ms. Sarwat Salahuddin Khan	Chairperson
Mr. Asim Jilani	Member
Mr. Ghazzanfar Ahsan	Member
Mr. Osman Malik	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The Board has outsourced the internal audit function to Messer's EY Ford Rhodes Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
15. The number of meetings of the committees were as follows:

Meetings	Frequency
Audit Committee	Six meetings including four quarterly meetings were held during the financial year ended December 31, 2023.
Human Resource and Remuneration Committee	Four meetings were held during the financial year ended December 31, 2023.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 have been complied with.
19. Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that "each listed company shall have at least two or one third members of Board, whichever is higher, as independent directors". At the time of election of Directors, the Company assessed its compliance with this Regulation. One third of the Company's total member of Directors results in a fractional number i.e. 2.33. The fraction has not been rounded up, therefore, the Board of Directors currently has 2 independent directors.



Shahid Iqbal Choudhri
Chairman of the Board

27 March 2024



Muhammad Faisal Muzammil
Chief Executive Officer

27 March 2024

CORPORATE GOVERNANCE

Report of the Audit Committee

on compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Composition

The Audit Committee of AGL Board of Directors comprises of five (5) Non-Executive Directors. Chairperson of the Committee is independent.

All the Committee members are financially literate and the Committee as a whole possesses significant economic, financial and business acumen.

Names of the Audit Committee members are as follows:

- | | |
|-------------------------|-------------|
| • Mr. Asim Murtaza Khan | Chairperson |
| • Mr. Hasan Raza | Member |
| • Mr. Asim Jilani | Member |
| • Mr. Ghazzanfar Ahsan | Member |
| • Mr. Osman Malik | Member |

The Head of Internal Audit attends all Audit Committee meetings, whereas, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company attend the meetings by invitation to elaborate on operational matters. The Audit Committee also separately meets the external auditors at least once in a year without the presence of CFO and Head of Internal Audit. Meetings of the Audit Committee are held at least once every quarter. During the year, six (6) Audit Committee meetings were held. The Head of Internal Audit also functions as the Secretary of the Committee.

Charter of the Committee

The Terms of Reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- Review of annual and interim financial statements of the Company including Director's Report, prior to their approval by the Board of Directors.
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.
- Review of the scope, terms of reference and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review the annual business plan/budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.
- Facilitating the Board for effectiveness of risk management procedures.
- Ensuring effectiveness of whistle blowing mechanism.
- Monitoring compliance with laws and regulations.

Role of the Audit Committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, and internal & external audit functions of the Company. The Committee believes that it has fulfilled its responsibilities, in accordance with Terms of Reference.

The Committee, based on its annual review of the Company's performance, financial position and cash flows, reports that:

- The financial statements of the Company for the year ended December 31, 2023 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The auditors have issued modified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- No trading of Company shares by Directors and executives or their spouses and dependent children was undertaken during the year. As a practice, trading and holding of Company's shares by Directors & executives or their spouses and dependent children are notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction, if any, which are notified by the Company Secretary to the Board. All such holdings, if any have been disclosed in the Pattern of Shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent Risk and Control function.
- The Risk and Control function is responsible for monitoring of controls, inherent and other risks associated with operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Annual Report. The types and detail of risks along-with mitigating measures are disclosed therein.

Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Audit Committee. Further, the Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.
- The Internal Audit function is outsourced to M/s. EY Ford Rhodes, Chartered Accountants who have ensured the staffing of personnel with sufficient internal audit acumen. The Head of Internal Audit appointed by the Company has direct access to the Chairperson of the Audit Committee. The function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Audit Committee reviewed the procedures established for receipt, retention and treatment of concerns including anonymous complaints. Effective whistle blowing mechanism is in place and is being handled in a fair and transparent manner while providing protection to the complainant against victimization.

External Audit

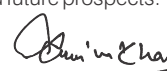
The Audit Committee without interfering with the independence of external and internal auditors encouraged coordination between them in the discharge of their respective duties.

- The external auditors of the Company, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, have completed their audit assignment of the financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" of the Company for the year ended December 31, 2023 and shall retire on the conclusion of the upcoming Annual General Meeting.
- The Audit Committee has reviewed and discussed the modifications, Key Audit Matters and observations with the external auditors.
- M/s. Grant Thornton Anjum Rahman, Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The Audit Committee has recommended the re-appointment of existing auditors as External Auditors of the Company for the year ending December 31, 2024.

Annual Report 2023

The Company has issued a comprehensive Annual Report which besides presentation of the financial statements and the Directors' Report of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.

The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2023 gives a detailed view of how the Company evolved, its state of affairs and future prospects.



Asim Murtaza Khan
Chairperson Audit Committee
27 March 2024

CORPORATE GOVERNANCE



Independent Auditors' Review Report

To the members of Agritech Limited

Review Report on the Statement of Compliance
contained in Listed Companies (Code of Corporate
Governance) Regulations, 2019

Grant Thornton Anjum Rahman

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Pakistan.

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We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Agritech Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

A handwritten signature in blue ink that reads "Grant Thornton Anjum Rahman".

Grant Thornton Anjum Rahman
Chartered Accountants
Lahore.

Date: 27 March 2024

UDIN Number: CR202310212dmtv56nPJ