



A.F. FERGUSON & CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AL-GHAZI TRACTORS LIMITED**

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

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 Al-Ghazi Tractors Limited (the Company) for the year ended December 31, 2023 in accordance with the requirements of regulation 26 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. We are only required and have ensured compliance of the requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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.

Chartered Accountants
Karachi

Dated: March 28, 2024

UDIN: CR202310073JL2xGVWmR

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
Bait-ul-Baqi Building 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th
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MEMBERSHIP: KARACHI + ISLAMABAD

Statement of Compliance

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

For the year ended December 31, 2023



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

1. The total number of directors including the Chief Executive are 9 as per the following:

- a. Male 8
- b. Female 1

2. The composition of Board as at the year-end is as follows:

Category	Names
a) Independent Director	Ms. Farah Qureshi
	Mr. Shahid Shahbaz Toor
b) Non-Executive Directors	Mr. Robert McAllister
	Mr. Dmitrii Bogatyrev
	Mr. Malik Ehtisham Ikram
	Mr. Marco Votta
	Mr. Vincent De Lassagne
c) Chief Executive Officer	Mr. Matthieu Séjourné
	Mr. Sakib Eltaff

* One casual vacancy resulting from the resignation of an independent director on September 15, 2021 remained open till the year end. Subsequent to the year end, fresh elections of the Board were held on March 1, 2024, wherein the Company have elected three independent directors for a term of three years starting from March 3, 2024. For the purpose of rounding up of fraction, the Company did not round up the fraction as the Board determined that composition is adequate.

3. The directors have confirmed that none of them is serving as a director of 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has 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 Companies Act, 2017 [the Act] and the Listed Companies (Code of Corporate Governance) Regulations, 2019 [the 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 pertaining to frequency, recording, and circulating minutes of meeting of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
10. The Board has approved the appointment of the Chief Financial Officer (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.
11. The Chief financial officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has approved formation of Audit Committee, Human Resources and Remuneration Committee and Technical Committee. The composition of the said committees as at December 31, 2023 is as follows:

<p>a) Audit Committee Ms. Farah Qureshi (Chairperson) Mr. Marco Votta Mr. Malik Ehtisham Ikram</p>	<p>b) Human Resources and Remuneration Committee Ms. Farah Qureshi (Chairperson) Mr. Marco Votta Mr. Malik Ehtisham Ikram</p>
<p>c) Technical Committee Mr. Shahid Shahbaz Toor (Chairperson) Mr. Robert McAllister Mr. Malik Ehtisham Ikram Mr. Marco Votta Mr. Vincent De Lassagne Mr. Matthieu Séjourné</p>	
13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
14. Six (6) meetings of the Audit Committee were held during the year where at least one meeting was held in each quarter. Six (6) meetings of the Technical Committee were held during the year under review. One meeting of the Human Resources and Remuneration Committee was held during the year under review.

Statement of Compliance

15. The board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. They have further confirmed that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with in all material respects.
19. Explanation for non-compliance with requirements, other than those of regulations 3, 6, 7, 8, 27, 32, 33 and 36, are provided below:

S. No.	Requirement	Explanation	Reg. No.
1.	<p>It is encouraged that:</p> <p>(i) by June 30, 2020 at least half of the directors on their Boards.</p> <p>(ii) by June 30, 2021 at least 75% of the directors on their Boards; and</p> <p>(iii) by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p> <p>A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board:</p> <p>Provided that director having a minimum of 14 years of education and 15 years of experience on the Board of a listed company, local and/or foreign, shall be exempt from the directors training program.</p> <p>Companies are also encouraged to arrange training for:</p> <p>(i) at least one female executive every year under the Directors' Training program from year July 2020; and</p> <p>(ii) at least one head of department every year under the Directors' Training program from July 2022.</p>	<p>Since the requirement is not mandatory now, all the directors are highly qualified and experienced.</p>	19



S. No.	Requirement	Explanation	Reg. No.
2.	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities prescribed for the Nomination Committee are being taken care of at Board level.	29
3.	The Board may constitute the Risk Management Committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has constituted a Risk Management Function of the Company and tasked the Audit Committee to oversee Risk Management related matters of the Company.	30
4.	<p>The Company may post on its website key elements of its significant policies including but not limited to the following:</p> <p>I. Communication and disclosure policy</p> <p>II. Code of conduct for members of Board of Directors senior management and other employees</p> <p>III. Risk management policy</p> <p>IV. Internal control policy</p> <p>V. Whistle blowing policy</p> <p>VI. Corporate social responsibility / sustainability / environmental, social and governance related policy</p>	As the Regulation provides concession with respect to disclosure of significant policies on the website, only key elements of relevant policies are available on the Company's website.	35


Robert Mcallister
 Chairman of the Board


Sakib Eltaff
 Chief Executive Officer

Date: March 22, 2024