

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Al-Noor sugar Mills ("the company") Listed Companies (Code of Corporate Governance) Regulation 2019 ("the regulations") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:-

- a. Male: 6
- b. Female: 1

2. The composition of Board is as follow:

(a) Independent directors:

- I) Mr. Shamim Ahmad
- II) Mr. Farrukh Yaseen

(b) Non-Executive directors:

- I) Mr. Zia Zakaria
- II) Mr. Noor Mohammad Zakaria
- III) MS Munifa Ayoob

(c) Executive directors:

- I) Mr. Yusuf Ayoob
- II) Mr. Suleman Ayoob

Following the election of directors, the Board was reconstituted on April 1, 2020 comprising of 7 directors including two independent directors. One third of 7 comes to 2.33 and the fraction was not rounded upward to one to have 3 independent directors in observance of general mathematic principle.

(The Independent directors meet the criteria of Independence under Section 166(2) of the Companies Act 2017)

3. The directors have confirmed that none of them is serving as 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and 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 Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Since Chairman and all the directors have prescribed education and experience required for exemption under clause 19(2) of the CCG Regulations accordingly they are exempted from attending directors' training program pursuant to clause 19(1) of the CCG Regulations. However, director MS. Munifa Ayoob has acquired the required certification.
10. The Board has approved appointment of Chief Financial Officer (CFO), company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment at the time of employment and complied with relevant requirements of Regulations.



11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below after election held during 2020.
- a) **Audit Committee:**
- | | |
|-------------------|----------|
| Mr. Shamim Ahmad | Chairman |
| Mr. Zia Zakaria | Member |
| Ms. Munifa Ayooob | Member |
- b) **HR and Remuneration Committee:**
- | | |
|--------------------|----------|
| Mr. Farrukh Yaseen | Chairman |
| Mr. Suleman Ayooob | Member |
| Ms. Munifa Ayooob | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
- a) Audit Committee. Four quarterly meetings
b) HR and remuneration Committee. One annual meeting
15. The Board has set up an effective Internal Audit function in the Company managed by qualified and experience professional, who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on full time basis. The head of internal audit department functionally reports to the Board's Audit Committee. The Audit Committee submit the Audit Reports to the chairman of the Committee.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (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, parents, dependent and non-dependent children) of the chief Executive Officer, Head of Internal Audit, the 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.
18. We confirmed that all other requirements of Code of Corporate Governance 2019 and the relevant Regulations have been complied with except the following.
- I. The requirement of Nomination Committee is optional in regulation no 29. The Board takes care of the responsibilities prescribed for nomination committee so a separate nomination committee is not considered necessary.
- II. The requirement of Risk Management Committee is optional in regulation no 30. The risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risk and risk management procedures are carried out to identify, assess and mitigate any identified or potential risk. The Board is also apprised from time to time about the risks and their management. Therefore, it is not considered necessary to have a separate committee in the respect.
- III. Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no 35(1), the company has uploaded only limited information in this respect on the Company's website. However, significant related information in respect of salient policies is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for every one assessing the website. The company will however, review and place key elements of other policies if considered necessary.


ZIA ZAKARIA
CHAIRMAN


YUSUF AYOOB
CHIEF EXECUTIVE OFFICER

Karachi: December 27, 2022



Independent Auditor's Review Report to the Members of Al-Noor Sugar Mills Limited

Review Report on the Statement of Compliance contained in the 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-Noor Sugar Mills Limited (the Company) for the year ended September 30, 2022 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. 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. 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 September 30, 2022.


Chartered Accountants

Karachi

Date: 27th December, 2022

UDIN: CR202210225ZAdr5p8yF

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