

## STATEMENT OF COMPLIANCE WITH THE 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 7 as per the following:
  - a. MALE : 04
  - b. FEMALE : 03
2. The composition of board is as follow:

Category	Names
Independent Director	<input type="radio"/> Sheikh Ghulam Mustafa
Executive Directors*	<input type="radio"/> Mr. Faisal Khan <input type="radio"/> Mrs. Durray Zara Butt <input type="radio"/> Mr. Ali Maqsood Butt
Non-Executive Directors	<input type="radio"/> Dr. Aruj Butt <input type="radio"/> Mr. Muhammad Sajjad Hussain <input type="radio"/> Miss Ammara Javed

\* Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 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 Act and the 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. No director have attended director's training program during the year.
10. No appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been made during the year.

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:
- a) **Audit Committee**
    - Mr. Muhammad Sajjad Hussain - Chairman
    - Mr. SH. Ghulam Mustafa - member
    - Miss Ammara Javed - member
  - b) **HR and Remuneration Committee**
    - Mr. Muhammad Sajjad Hussain - Chairman
    - Dr. Aruj Butt - member
    - Miss Ammara Javed - member
13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
- a) Audit Committee (4)
  - b) HR and Remuneration Committee (1)
15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
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 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 the 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, these regulations or any other regulatory requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements (except of non-compliances stated in serial # 3 above) of regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with;and.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32,33 and 36 are below (if applicable):

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES**  
(Code of Corporate Governance ) Regulations, 2019

<b>Non-Mandatory Requirement</b>	<b>Reg. No.</b>	<b>Explanation</b>
<p><b>Regulations are partially complied. Nomination Committee:</b></p> <p>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.</p>	29(I)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
<p><b>Risk Management Committee:</b></p> <p>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.</p>	30(I)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.

(Mr. Ali Maqsood Butt)  
**(Chairman)**

Lahore

**Dated:** November 05, 2023

(Mr. Faisal Khan)

**(Chief Executive)**

Lahore

**Dated:** November 05, 2023

## Independent Auditor's Review Report to the Members Of ARUJ INDUSTRIES 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 Aruj Industries Limited (the Company) for the year ended June 30, 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. 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 June 30, 2023.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Codes as reflected in the note/ paragraph reference where it/these is/are stated in the Statement of Compliance:

Paragraph Reference	Description
2	*Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

Lahore  
November 06, 2023  
**UDIN:** CR202310706P7fbBuxJA

**QADEER AND COMPANY**  
CHARTERED ACCOUNTANTS  
ENGAGEMENT PARTNER  
TAHIR RAZZAQUE KHAN, FCA