

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

Clover Pakistan Limited

Year ending June 30, 2022

Clover Pakistan Limited Year ended June 30, 2022 (hereinafter referred to as 'The Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

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

- | | | |
|----|---------|---|
| a) | Male: | 5 |
| b) | Female: | 2 |

2. The composition of the Board is as follows:

i. Independent directors*: Ms. Shaista Khan
Ms. Koshak Irum Fazali

ii. Non-Executive Directors: Ms. Shahzad Mohsin
Mr. Nousherwan
Mr. David Cyril Paul

iii. Executive Directors: Mr. Javed Iqbal
Mr. Khawar Jamil Butt

iv. Female Directors: Ms. Shaista Khan
Ms. Koshak Irum Fazali

* During the year, the Company appointed the following independent Directors on its board:

1. Mr. Nousherwan
2. Mr. David Cyril Paul
3. Mr. Koshak Irum Fazali
4. Ms. Shaista Khan

However, subsequent to the year end, the Company identified that out of the above 4 Directors, Mr. David Cyril Paul and Mr. Nousherwan did not meet the necessary criteria for being an independent director. Accordingly, the Company has classified Mr. David Cyril Paul and Mr. Nousherwan as Non-Executive Directors instead of Independent Director. The Company has also disclosed this fact to the SECP against its show cause notice via letter CSD/ARN/590/2020-1 dated August 18, 2022.

Further, Ms. Koshak Irum Fazali and Ms. Shaista Khan who were appointed as independent Director during the year were not appearing in the data bank maintained by PICG in respect of independent Director. However, the said Directors have been included in the data bank subsequent to year end dated August 30, 2022.

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. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is 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 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 the meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors under the Act and these Regulations;
9. The Board is actively pursuing to schedule Directors' Training program (DTP) subsequent to year end for its below specified directors:
 - Ms. Shaista Khan
 - Ms. Koshak Irum Fazali
 - Mr. David Cyril Paul
 - Mr. Nousherwan
 - Mr. Javed Iqbal
10. The Board has approved the appointment of a Chief Financial Officer, Company Secretary and *Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

*During the period from July 1, 2021 to October 29, 2021 Mr. Muhammad Bilal acted as the Head of Internal Audit. With effect from October 29, 2021 he was given the responsibility of the company secretary and accordingly the position of Head of Internal Audit remained vacant till May 31, 2022. On June 01, 2022 the Company has appointed Mr. Waqar Razzaq as Head of Internal Audit.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee:

Ms. Koshak Irum Fazali	Chairman*
Mr. Shahzad Mohsin	Member
Mr. Nousherwan	Member
Mr. David Cyrill Paul	Member

b) HR and Remuneration Committee:

Ms. Koshak Irum Fazali	Chairman*
Mr. Shahzad Mohsin	Member
Mr. Nousherwan	Member

During the year Mr. Zohaib Yaqoob acted as a chairman of Audit Committee till February 11, 2022. Upon his resignation the board appointed Ms. Koshak Irum Fazali as chairperson of the Audit Committee.

Further, during the year Mr. Asadullah Azizi acted as chairman of Human Resources and Remuneration Committee till September 23, 2021. Upon his resignation the board appointed Ms. Koshak Irum Fazali as chairperson of HR Remuneration Committee.

Further Ms. Koshakh Irum Fazali was not appearing in the Data bank maintained by the PICG as highlighted in note 2.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half-yearly/yearly) of the committee was as per the following, -

a) Audit Committee	Quarterly*
b) HR and Remuneration Committee	Yearly

*The Company was unable to held the first quarter Audit committee meeting due to late finalization of last year financial statements.

15. The Board set up an effective internal audit function comprising of suitably qualified and experienced except as mentioned in note 10 of the Statement of Compliance.

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 Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners comply with the 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 under 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 confirm that all requirements of regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with unless wherever specified in the Statement of Compliance.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Non Compliance	Explanation	Subsequent to reporting date
As per the Chapter IX Section 28 (1) There shall be a human resource and remuneration committee of at least of three members comprising a majority of non-executive directors of whom at least one member shall be an independent director. The chairman of the committee shall be an independent director	The Chairperson Ms. Koshakh Irum Fazali was not appearing in the Data bank maintained by the PICG.	The Company has registered the Ms. Koshakh Irum Fazali in Data bank maintained by the PICG subsequently to the year end.
Chapter X Section 31 (5): The company shall ensure that head of internal audit is suitably qualified, experienced and conversant with the company's policies and procedures	The position of Head of Internal audit was vacated from October 29, 2021. On June 01, 2022, the Company appointed Mr. Waqar Razzaq as Head of Internal Audit	


SHAHZAD MOHSIN
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Clover Pakistan Limited

**Grant Thornton Anjum
Rahman**

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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 Clover Pakistan Limited (the Company) for the year ended June 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 Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:



S.No.	Reference	Description
1	<p><i>As per Chapter II section 6 (1) and (3):</i></p> <p>“It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.” And “It is mandatory that the independent director shall submit his consent to act as director, along with declaration to the company that he qualifies the criteria of independence notified under the Act and such declaration shall be submitted to chairman of the Board at first meeting which is held after election of directors as well on an event of any change affecting his independence.”</p>	Independent directors are not in accordance with the required Regulations. Refer note 2 of the Statement of Compliance.
2	<p><i>As per Chapter IX Section 27 (1)(i)(ii):</i></p> <p>“It is mandatory that the audit committee shall be constituted by Board keeping in view the following requirements.”</p> <p>“The Board shall establish an audit committee of at least of three members comprising of non-executive directors and at least one independent director;”</p> <p>“Chairman of the committee shall be an independent director, who shall not be the chairman of the Board.”</p>	Audit Committee has not been constituted as per the required Regulations. Refer note 2 and 12 of the Statement of Compliance.
3	<p><i>As per Chapter IX Section 27 (2) (i):</i></p> <p>“The Audit Committee of a company shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the company by its Board and after completion of external audit.”</p>	During the year, the Company has failed to held the meeting of the audit committee in accordance with the required Regulations. Refer note 14 of the Statement of Compliance.
4	<p><i>As per the Chapter IX Section 28 (1)</i></p> <p>“There shall be a human resource and remuneration committee of at least of three members comprising a majority of non-executive directors of whom at least one member shall be an independent director. The chairman of the committee shall be an independent director”</p>	The human resource committee is not constituted as per required Regulations. Refer note 2 and 12 of the Statement of Compliance.



S.No.	Reference	Description
5	<p><i>Chapter X Section 31 (5):</i></p> <p>“The company shall ensure that head of internal audit is suitably qualified, experienced and conversant with the company's policies and procedures”</p>	The Company has appointed Mr. Waqar Razzaq as Head of Internal Audit at June 01, 2022 after the last vacated date. Refer note 10 and 15 of the Statement of Compliance.

Grant Thornton

Chartered Accountants

Place: Karachi

Date: October 14, 2022

UDIN: CR2022101544E6tRyVn8