

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Hercules Corporation 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 Dawood Hercules Corporation Limited for the year ended December 31, 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 December 31, 2022.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 4, 2023

UDIN: CR202210160dL4cfP9G0

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/ 32426771-5; Fax: +92 (21) 32415007/32427938/ 32424740; <www.pwc.com/pk>

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

Dawood Hercules Corporation Limited
For the year ended December 31, 2022

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

1. The total number of directors are ten (10) as per the following:
 - a. Male: Nine (9)
 - b. Female: One (1)
2. The composition of Board as at December 31, 2022, was as follows:

Category	Names
Independent Directors	Mr. Hasan Reza Ur Rahim Mr. Shabbir Hussain Hashmi Mr. Kamran Nishat
Non-executive Directors	Mr. Hussain Dawood (Chairman) Mr. Abdul Samad Dawood (Vice Chairman) Mr. Shahzada Dawood Ms. Sabrina Dawood (Female Director) Mr. Parvez Ghias Mr. Zamin Zaidi
Executive Director	Mr. Mohammad Shamooun Chaudry (Chief Executive Officer - CEO)

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 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 Companies Act, 2017 (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 the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
9. All Directors are duly certified or exempted, from the Directors' Training Program;
10. The Board has approved appointment of 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;

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11. Chief Financial Officer and Chief Executive Officer duly endorsed the unconsolidated and consolidated financial statements before approval of the Board;
12. The Board has formed following committees comprising of members given below:

a) Board Audit Committee:

Name	Designation	Category
Mr. Shabbir Hussain Hashmi	Chairman	Independent Director
Mr. Hasan Reza Ur Rahim	Member	Independent Director
Mr. Kamran Nishat	Member	Independent Director

b) Human Resource and Remuneration Committee

Name	Designation	Category
Mr. Hasan Reza Ur Rahim	Chairman	Independent Director
Mr. Abdul Samad Dawood	Member	Non-Executive Director
Mr. Parvez Ghias	Member	Non-Executive Director
Ms. Sabrina Dawood	Member	Non-Executive Director

c) Board Investment Committee:

Name	Designation	Category
Mr. Abdul Samad Dawood	Chairman	Non-Executive Director
Mr. Shabbir Hussain Hashmi	Member	Independent Director
Mr. Hasan Reza Ur Rahim	Member	Independent Director
Mr. Kamran Nishat	Member	Independent Director

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 (quarterly/half yearly/yearly) of the committees were as follows:
 - a) Board Audit Committee: Four (04) meetings held during the financial year ended on December 31, 2022.
 - b) HR and Remuneration Committee: Three (03) meetings held during the financial year ended on December 31, 2022.
 - c) Board Investment Committee: Five (05) meetings held during the financial year ended on December 31, 2022.
15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who are 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 Institute of Chartered Accountants of Pakistan are 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 close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

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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; and
18. We confirm that all requirements of Regulation 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With respect to the compliance with Regulation 6, the Board has appointed three independent directors and the fraction one-third number was not rounded up to one as the three independent directors elected had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of fourth independent director was not warranted.

The Board was also guided by the fact that as per Regulation 6 rounding up is not mandatory and the necessary explanation for not rounding-up as required under the Regulations have been included above.

Mohammad Shamoony Chaudry,
Chief Executive Officer

Hussain Dawood
Chairman

Karachi
Date: March 02, 2023