

Statement of Compliance

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019 OF EMCO INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2022

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

1. The total number of Directors are 11 as per the following:
 - a) Male: 10
 - b) Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors*	Ch. Imran Ali Syed Muhammad Mohsin Mrs. Ayesha Mussadaque Hamid
Executive Directors	Mr. Tariq Rehman Mr. Salem Rehman Mr. Ahsan Suhail Mannan
Non-Executive Directors	Mr. Suhail Mannan Mr. Javaid Shafiq Siddiqi Mr. Pervaiz Shafiq Siddiqi Mr. Usman Haq Mr. Awais Noorani
Female Directors	Mrs. Ayesha Mussadaque Hamid

*The Board has been reconstituted with 11 directors in last elections held on 30th June 2020. Two additional independent directors were added including one female director. The Company is continuously improving its governance structure. The Company could not round up independent director's fraction in last Election of Directors due to challenges in inducting further independent directors. The Company will strive to fill the gap in the next Election of Directors.

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 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following directors during this year:
Mr. Awais Noorani (Non-Executive Director) completed the Course in March 2022.



NOTE:

- Mr. Awais Noorani (Non-Executive Director), completed the Course in March 2022.
- Out of 11 Board Directors, 04 Directors are exempted from DTP (Mr. Tariq Rehman, Mr. Javaid Shafiq Siddiqi, Mr. Suhail Mannan and Mr. Usman Haq) because they have minimum of 14 years of education and 15 years of experience on the Board of a listed Company.
- Out of 11, 06 have completed Directors' Training Program DTP (Mr. Ahsan Suhail Mannan, Syed Muhammad Mohsin, Mrs. Ayesha Mussadaque Hamid, Ch. Imran Ali, Mr. Salem Rehman and Mr. Awais Noorani).
- Overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it.
- Out of 11 directors, only one director has to complete the course and he will attend the course in the ensuing year.

Mr. Riaz Ahmad (Chief Financial Officer of the Company) also completed the Course in December 2021.

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;
11. Chief Financial Officer and two Directors including 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:

The Board has appointed the following members of Audit Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

Ch. Imran Ali	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member

Mr. Ahsan Suhail Mannan is the Committee Secretary as required by Chapter IX, 27 (1) (iv) of Code of Corporate Governance, Regulations 2019.

b) Human Resource & Remuneration Committee:

The Board has appointed the following members of HR & Remuneration Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

Mrs. Ayesha Mussadaque Hamid	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Awais Noorani	Member

c) Risk Management Committee:

The Board has appointed the following members of Risk Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Salem Rehman	Member / Committee Secretary

d) Nomination Committee:

The Board has appointed the following members of Nomination Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

Ch. Imran Ali	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Salem Rehman	Member

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 committees were as per following:
 - a) Audit Committee meetings: (Quarterly).
 - b) HR and Remuneration Committee: (Half Yearly).
 - c) Risk Management Committee: (Yearly).
 - d) Nomination Committee: (Yearly).
15. The Board has set up an effective internal audit functioned by HIA who is also an employee of the Company and also has outsourced the internal audit function to M/S. Zeeshan &Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and 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 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, 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 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 confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and all other requirements of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Reference to clause 9 of Statement of Compliance "Directors' Training Programs (DTP)", overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it. Out of 11 directors, only one director has to complete the course and he will attend the course in the ensuing year.

Except DTP, we confirm that all other requirements of the Regulations have been complied with.



(JAVAID SHAFIQ SIDDIQI)
Chairman





INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF EMCO 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 EMCO Industries 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 contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr.No	Paragraph Reference	Description
1	9	One director out of eleven directors of the Company has not acquired the prescribed certification under the Directors' Training Program as required under Regulation 19 of the Regulations.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: 01 September 2022
UDIN: CR202210051ZlagvFbA4w