

statement of compliance with listed companies (code of corporate governance) regulations, 2019

year ended december 31, 2023

Engro Polymer & Chemicals Limited (hereinafter referred to as (the "Company")) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, ("Regulations") in the following manner:

1. The total number of directors are eight (8) in the following manner:
 - a. Male: 7*
 - b. Female: 1

*Including the Chief Executive Officer (CEO), who is a Deemed Director.

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Nazoor Ali Balg Mr. Kamran Nishat*
Independent Director - Female	Ms. Ayesha Aziz
Non-Executive Directors	Mr. Ghias Khan Mr. Tariq Nisar Mr. Tomoyo Kondo Mr. Syed Shahzad Nabi
Executive Director - CEO	Mr. Jahangir Piracha

*Mr. Kamran Nishat was appointed on December 29, 2023 in place of Mr. Srabir Hussain Hashmi who resigned as a Director on August 18, 2023.

3. The directors have confirmed that none of them are serving as a director on more than seven (7) 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. Additionally, the Board has ensured that comprehensive record of significant policies, including the date of their 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 the meeting 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. Out of the 8 directors, 6 directors have successfully completed the Director's Training Program. Mr. Tariq Nisar and Mr. Tomoyo Kondo, who were appointed during the year, shall take the training under the stipulated timeline as per the requirement of Regulation 19(2).
10. The Board had approved the appointment of the Chief Executive Officer including his remuneration and terms and conditions of employment and complied with the Regulations in this respect. The Board has also reviewed the remuneration of the existing Chief Financial Officer, Company Secretary and Chief Internal Auditor along with the terms and conditions of their employment.
11. The Chief Executive Officer and the Chief Financial Officer duly endorsed the Company's financial statements, prior to approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Board Audit Committee

Mr. Kamran Nishat - Chairman
Mr. Nazoor Ali Balg
Mr. Tomoyo Kondo

The Committee was reconstituted on December 29, 2023, after resignation of Mr. Shabbir Hussain Hashmi (former Chairman) on August 18, 2023.

b) Board People Committee i.e. HR and Remuneration Committee

Ms. Ayesha Aziz - Chairperson
Mr. Nazoor Ali Balg
Mr. Tariq Nisar

The Committee was reconstituted on July 10, 2023.

13. The terms of reference of the aforementioned committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as follows:
 - a) Board Audit Committee - 6 meetings held during the year; and
 - b) Board People Committee - 3 meetings held during the year.
15. The Board has set up an effective internal audit function 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 (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 ICAP 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 requirements and the auditors have also 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, whereas, for compliance with Regulations 6 and 27, the status has been explained below:

1. Independent Directors [Regulation 6(1)]

On August 18, 2023, the casual vacancy occurred on the Board due to resignation of Mr. Shabbir Hussain Hashmi (Independent Director). Thereafter, the Company made continuous efforts to fill in the casual vacancy, which was filled through appointment of Mr. Kamran Nishat, as an Independent Director on December 29, 2023. Thereafter, the Company stands compliant with the requirements of Regulation 6(1) i.e. the Board comprised of 1/3rd of Directors being Independent Directors.

2. audit committee [regulations 27(1)(i) and 27(1)(ii)]

On appointment of Mr. Kamran Nishat with effect from December 29, 2023, the Board Audit Committee (BAC) was reconstituted. Thereafter, the Company stands compliant with the requirements of aforementioned Regulations i.e. having three member BAC and one financial literate director to be the member of BAC.

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

1. nomination committee and risk management committee (regulations 29 and 30)

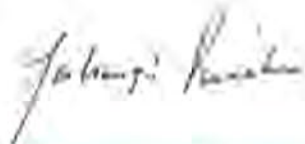
The responsibilities of the Nomination Committee and the Risk Management Committee are currently fulfilled by the Board and Board Audit Committee respectively. Therefore, establishing a separate committee for Nomination and Risk Management is not required.

2. directors training program for female executive and head of department (regulation 19(3))

One female executive who is Head of Department is a certified director under the Directors Training Program. The Company intends to arrange training for another female executive and / or head of department in the ensuing year.



Mr. Ghia Khan
Chairman



Mr. Jahangir Piracha
Chief Executive Officer



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Polymer and Chemicals 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 Engro Polymer and Chemicals Limited (the Company) for the year ended December 31, 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 December 31, 2023.

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

S.No	Reference	Description
(i)	Paragraph 18	On August 18, 2023, a casual vacancy occurred on the Board, which was filled on December 29, 2023. During this period, there were only two independent directors on the Board of Directors, instead of the required minimum three independent directors i.e. 1/3 rd of the total members of the Board of Directors.
(ii)	Paragraph 18	On occurrence of casual vacancy on August 18, 2023, the Audit Committee stood comprised of only two members and there was no financial literate member on the Audit Committee until December 29, 2023.



Chartered Accountants

Karachi

Date: March 6, 2024

Engagement Partner: Waqas Aftab Sheikh

UDIN: CR202310069j0mqzSuec