

STATEMENT OF COMPLIANCE

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

For the year ended December 31, 2023

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: 6 members
 - b. Female: 1 member
2. The composition of the Board is as follows:

i	Independent directors (excluding female director)	Mr. Tariq Jamali
ii	Other Non-executive directors	Mr. Arif Habib Mr. Faisal Ahmed Mukhtar Mr. Muhammad Kashif Habib
iii	Executive directors	Mr. Fawad Ahmed Mukhtar Mr. Fazal Ahmed Sheikh
iv	Female directors (Independent)	Mrs. Julie Jannerup

For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, however, the fraction of 0.33 in such one-third is not rounded up as one since the fraction is below half (0.5). Furthermore, the two independent directors have the requisite skills, knowledge and are capable of protecting the interests of minority shareholders.

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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Two directors of the Company, Mr. Tariq Jamali (Independent / Non Executive Director) and Mr. Muhammad Kashif Habib (Non Executive Director) have already completed the formal Directors Training Program ("DTP"). New Board member, Mrs. Julie Jannerup has also obtained the requisite training during the year 2023 whereas the remaining four directors fall under the exemption from the mandatory requirement for acquiring DTP certification.
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. There is no new appointment of Company Secretary or Head of Internal Audit during the year;
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**
 1. Mr. Tariq Jamali Chairman
 2. Mr. Muhammad Kashif Habib Member
 3. Mr. Faisal Ahmed Mukhtar Member
 4. Mrs. Julie Jannerup Member
 - b) **HR and Remuneration Committee**
 1. Mrs. Julie Jannerup Chairperson
 2. Mr. Muhammad Kashif Habib Member
 3. Mr. Fawad Ahmed Mukhtar Member

c) Nomination and Risk Management Committee

- 1. Mr. Fazal Ahmed Sheikh Chairman
- 2. Mr. Muhammad Kashif Habib Member
- 3. Mr. Tariq Jamali 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 committee were as per following:

a) Audit Committee

Four meetings of the Audit Committee were held during the year prior to approval of interim and final results of the Company during first, second, third and fourth quarter of the financial year.

b) HR and Remuneration Committee

The meeting of the HR and Remuneration Committee was held once during the year.

c) Nomination and Risk Management Committee

There was no meeting of the Nomination and Risk Management Committee 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 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 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.

19. Explanation with respect to compliance with non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 is specified below:

S. No.	Requirement	Explanation	Regulation No.
1.	The board may constitute a separate committee, designed as the nomination committee of such number and class of Directors, as it may deem appropriate in its circumstances.	The board has constituted a joint Nomination and Risk Management Committee and the functions of both these committees i.e., Nomination Committee, and Risk Management Committee are being performed by the joint "Nomination and Risk Management Committee".	29

Place: Lahore
March 21, 2024


Fawad Ahmed Mukhtar
CEO


Arif Habib
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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 Fatima Fertilizer Company 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



Engagement Partner:
Muhammad Sufyan

Lahore

Date: April 01, 2024

UDIN: CR202310180nDMWcjxTP