

# STATEMENT OF COMPLIANCE

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

**Name of Company:** Fauji Fertilizer Company Limited

**Year ended:** December 31, 2022

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

- 1) 1) The total number of Directors are 13 as per the following:

a.	Male:	11
b.	Female:	02

- 2) The composition of the Board is as follows:

i)	Independent Directors* (excluding Female Director)	Mr Saad Amanullah Khan Mr Jehangir Shah
ii)	Non-Executive Directors	Mr Waqar Ahmed Malik Dr Nadeem Inayat Maj Gen Naseer Ali Khan, HI(M) (Retired) Mr Peter Bruun Jensen Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Syed Bakhtiyar Kazmi Mr Shoaib Javed Hussain Mr Iftikhar Ali Sahoo
iii)	Executive Director	Mr Sarfaraz Ahmed Rehman
iv)	Female Directors (Independent Directors)*	Ms Maryam Aziz Dr Ayesha Khan

\*Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company (13) adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (4.33) for independent directors has not been rounded up.

- 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 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;

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- 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 had arranged Directors' Training program as follows;

### **During prior years:**

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Mr Saad Amanullah Khan
- Ms Maryam Aziz
- Maj Gen Naseer Ali Khan, HI(M) (Retired)
- Syed Bakhtiyar Kazmi
- Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
- Mr Shoaib Javed Hussain
- Dr Ayesha Khan

Further, Mr Jehangir Shah meets the exemption requirement of the Director's 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;
- 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**

Mr Saad Amanullah Khan - Chairman (Independent Director)  
Dr Nadeem Inayat - Member  
Syed Bakhtiyar Kazmi - Member  
Mr Jehangir Shah - Member (Independent Director)

#### **b) HR and Remuneration Committee**

Dr Ayesha Khan - Chairperson (Independent Director)  
Maj Gen Naseer Ali Khan (Retired) - Member  
Mr Saad Amanullah Khan - Member (Independent Director)  
Maj Gen Ahmad Mahmood Hayat (Retired) - Member

#### **c) System & Technology Committee**

Mr Peter Bruun Jensen - Chairman  
Dr Nadeem Inayat - Member  
Maj Gen Naseer Ali Khan (Retired) - Member  
Ms Maryam Aziz - Member (Independent Director)

#### **d) Strategy & Investment Committee**

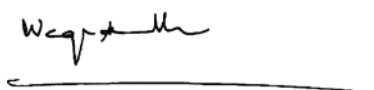
Dr Nadeem Inayat - Chairman  
Ms Maryam Aziz - Member (Independent Director)  
Syed Bakhtiyar Kazmi - Member  
Dr Ayesha Khan - Member (Independent Director)  
Mr Jehangir Shah - Member (Independent Director)

- 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 - Quarterly - 6 meetings held during the year
  - b) HR and Remuneration Committee - On required basis - 2 meetings held during the year
  - c) System & Technology Committee - On required basis - 5 meetings held during the year
  - d) Strategy & Investment Committee - On required basis - 1 meeting 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 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 the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations, 2019 have been complied with; and
- 19) Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

The broad functions of Nomination Committee and Risk Management Committee are already being performed by other committees. The BOD is therefore of the opinion that separate committees for Nomination and Risk Management are not required.

Currently, 11 out of 13 directors have obtained director's training certifications or meet exemption requirements of Director's training program as detailed in clause 9 above. Mr. Iftikhar Ali Sahoo, joined as a Director on September 1, 2022, who is allowed as per regulation no. 19(2) to acquire the said training, within a period of one year from the date of appointment as director. Further, the Company will arrange training for remaining one director in next year to comply with the requirements.

Six (6) directors attended the 44<sup>th</sup> Annual General Meeting (AGM) of the Company. Remaining directors provided reasonable cause for not attending the AGM.



**Waqar Ahmed Malik**  
Chairman



**Sarfaraz Ahmed Rehman**  
Managing Director & Chief Executive Officer  
January 30, 2023

# INDEPENDENT AUDITOR'S REVIEW REPORT

## To the members of Fauji Fertilizer Company 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 Fauji Fertilizer Company Limited (the Company) 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.



Chartered Accountants  
Islamabad  
Date: March 03, 2023

UDIN: CR202210053OascHijFY