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# Independent Auditors' Review Report

To the members of Feroze1888 Mills Limited

## Review Report on the Statement of Compliance contained in the 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 Feroze1888 Mills Limited (the Company) for the year ended 30 June 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 30 June 2023.

Chartered Accountants  
Place: Karachi  
Date: October 04, 2023  
UDIN Number: CR2023100767lthcLQUZ

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

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner

1. The total number of Directors are eleven including the Chief Executive Officer as a deemed Director as per the following:

As at 30 June 2023		As at 20 July 2023	
a. Male	9	a. Male	9
b. Female	2	b. Female	2

2. The composition of Board is as follows:

As at 30 June 2023		As at 20 July 2023			
Independent Directors	3	Mr. Nasim Hyder Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Independent Directors	3	Mr. Moin M. Fudda Ms. Huma Pasha Ms. Aminah Zahid Zaheer
Non-Executive Directors	7	Mr. Jonathan R. Simon Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Abdul Rehman Yaquub Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty	Non-Executive Directors	7	Mr. Abdul Rehman Yaquub Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Temoor Ashraf Mukaty Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty
Executive Director	1	Mr. Rehan Rahman, CEO	Executive Director	1	Mr. Rehan Rahman, CEO
Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer

Pursuant to Section 159(4) of the Companies Act, 2017, election of Directors were held on 20 July 2023 in Extra Ordinary General Meeting of the Shareholders of the Company and the Board has been reconstituted for a term of three years from the said date.

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 vision and mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that 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 Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Following Directors/Executives have completed Directors' Training Program (DTP) under the CCG:
  1. Mr. Shabbir Ahmed Non-Executive Director
  2. Mr. Khaleequr Rehman Non-Executive Director
  3. Mr. Perwez Ahmed Non-Executive Director
  4. Mr. Zain Ashraf Mukaty Non-Executive Director
  5. Mr. Anas Rahman Non-Executive Director
  6. Mr. Nasim Hyder\* Independent Director
  7. Ms. Huma Pasha Independent Director
  8. Ms. Aminah Zahid Zaheer Independent Director
  9. Mr. Rehan Rahman Chief Executive
  10. Mr. Adeel Yahya Executive (Director Operations)
  11. Ms. Javeria Siddiqui Executive (Chief Financial Officer)

\*Mr. Moin M. Fudda appointed on the Board w.e.f. 20 July 2023 in place of Mr. Nasim Hyder and is exempt from DTP.

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board 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).

Board Audit Committee	30 June 2023	Board Audit Committee	03 August 2023
Mr. Nasim Hyder	Chairman	Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member	Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member	Ms. Aminah Zahid Zaheer	Member

b).

Human Resource & Remuneration Committee	30 June 2023	Human Resource & Remuneration Committee	03 August 2023
Ms. Aminah Zahid Zaheer	Chairperson	Ms. Aminah Zahid Zaheer	Chairperson
Mr. Nasim Hyder	Member	Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	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) Board Audit Committee               | Quarterly |
| b) Board HR and Remuneration Committee | Quarterly |
15. The Board has outsourced the internal audit function to A. F. Ferguson & 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 Directors 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, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
19. Explanation for rounding up the fraction as required under Regulation 6(1) is as under:
- a) Regulation 6(1) of the Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each Listed Company to have at least two or one third members of the Board, whichever is higher, as Independent Directors. In a Board comprising 11 Directors, one third would equate to 3.667 persons. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently.
20. Explanation for non-mandatory provisions is as under:
- a) Regulation 19 of the Companies (Code of Corporate Governance) Regulations, 2019 encourages all the Directors on Board to have acquired the prescribed certification under Director Training Program (DTP) by June 30, 2022. The Board has been re-elected in the EOGM of the Company held on July 20, 2023 and out of the 11 Directors on the Board (including the Chief Executive Officer), 9 of them have completed the DTP while remaining 2 Directors will be trained within due course of time. It is, however, to be noted that all the Directors are well experienced and fully conversant with their duties. Further, one Female Executive has acquired certification under the DTP and considering that the Company has limited female staff at Executive/Senior levels, it is challenging to meet the requirement for DTP by one female executive every year.

- b) The requirement of Nomination Committee is optional in Regulation 29. The Board takes care of the responsibilities prescribed for Nomination Committee, hence, a separate Nomination Committee is not considered necessary.
- c) The requirement of Risk Management Committee is optional in Regulation 30. The Board has approved a Risk Management Framework which guides the overall risk management process. The risk management is carried out at the overall Company's level by the Executive Leadership Team of the Company headed by the CEO and is reviewed by the Board from time to time. The Company's management monitors potential risks and risk management procedures to identify, assess and mitigate any identified or potential risks. Therefore, it not considered necessary to have a separate committee in this respect.
- d) The requirement with respect to disclosure of significant policies on the website is optional in Regulation 35(1) whereby the Company has uploaded relevant information in this respect on the Company's website. However, other significant information related to policies, like risk management etc. is disclosed in the annual report of the Company which is duly uploaded on the website and is available for all accessing the website.

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Chairman

Karachi:  
29 August 2023