

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Frontier Ceramics Limited (the Company) complied with the requirements of the Regulations, 2019 in the following manner:

1. The Total number of directors are seven as per following:
  - a. Male: 4
  - b. Female: 3
2. The composition of Board of Directors (the Board) is as follows:

Category		Name
i.	Independent Directors *	Mrs. Shabina Anjum
		Muhammad Riaz Khan
ii.	Non-Executive Directors	Mr. Omer Khalid
		Mr. Javaid Khalid
		Mrs. Shazia Khalid
iii.	Executive Directors	Mr. Zia Khalid
		Ms. Numrah Khalid

\* In a board comprising of 7 members, one third works out to be 2.33 in which fraction is below half (i.e.0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibility diligently.

3. The Directors have confirmed that none of them is serving as a director in 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. A complete record of particulars of the significant policies along with their date on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 Chairperson and in her 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 the minutes of meeting of the Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. As at June 30. 2023, four members of the existing Board have completed the Director's Training Program (DTP). One director is exempt from this requirement by virtue of her qualification and experience.

10. The Board has approved appointment of CFO, 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. CFO and CEO 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. Muhammad Riaz Khan	Chairman
Mr. Omer Khalid	Member
Mr. Javid Khalid	Member
  - b) **HR and Remuneration Committee**

Ms. Shabina Anjum	Chairperson
Ms. Numrah Khalid	Member
Mr. Javid Khalid	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 of the committees were as per following:
  - a) Audit Committee: Four quarterly meetings were held during the year ended June 30, 2023.
  - b) HR and Remuneration Committee: One meeting was held during the year ended June 30, 2023.
15. The Board has set up an effective internal audit function.
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 except:

Régulations	Explantations
6(1)	Regulation 6(1) of the Regulations 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 of 7 directors, one third would equate 2.333 persons. Since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

19. Explanation of non-compliance with the requirements, other than regulations 3,6,7, 8,27,32,33 and 36 are below.

Régulations	Explantations
18 & 19	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining six directors have obtained DTP certification. Remaining two directors have more than 11 & 14 years of experience as directors of the Company. By virtue of their experience, they will also not require for DTP once they complete the remaining term of qualification.



**Nadeem Khalid**  
**Chief Executive**  
**Date: October 07, 2023**  
**Peshawar**



**Javid Khalid**  
**Director**

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 Frontier Ceramics Limited (the Company) for the year ended June 30, 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2023.

Further, we highlight below instances of non-compliance with the requirements of the code as reflected in note 19 in the statement of compliance.

*rehab*

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18 & 19	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining six directors have obtained DTP certification. Remaining two directors have more than 11 & 14 years of experience as directors of the Company. By virtue of their experience, they will also not require for DTP once they complete the remaining term of qualification.

ISLAMABAD

DATED: 07 OCTOBER 2023  
UDIN: CR202310060713kn2VLhCHARTERED ACCOUNTANT  
Engagement Partner: Atif Riaz