

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

For the year ended June 30, 2022.

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

- The total number of directors are eight (8) as per the following:

Gender	Number
Male	7
Female	1

- The composition of the Board as at June 30, 2022 is as follows:

Category	Names
Independent Directors	Syed Ahmed Iqbal Ashraf Mrs. Nazia Qureshi
Non-Executive Directors	Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Manzoor Ahmed Mr. Adnan Ahmed Mr. Ahmad Kuli Khan Khattak Mr. Umair Aijaz
Executive Director	Mr. Hussain Kuli Khan - (CEO)

Regulation 6 requires the Company to have at least one-third members of the Board as independent directors. However, up to June 30, 2022, the Board had one independent director on its Board. On June 30, 2022, the Board appointed second independent director, however, the fraction one-third number was not rounded up to one as the two independent directors elected have requisite competencies, skills, knowledge and experience to fulfill their obligations as per the requirements of the applicable laws and regulations.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 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.
- 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.
- 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 these Regulations.
- The meetings of the Board were presided over by the Chairman of the Board Meetings. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. At present, out of eight (8) directors on the Board, five (5) directors have acquired the Directors' Training Program ("DTP") Certifications from SECP recognized institutes. Whereas, two (2) directors are exempted from DTP Certifications. It may be noted that subsequent to the year ended 30 June 2022, arrangements were made by the Company for one of its remaining director to acquire the DTP certification and the same was duly completed by the said director.
10. There was no fresh appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year ended June 30, 2022. The Board has approved the remuneration of Chief Financial Officer, Company Secretary and Head of Internal Audit and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer have 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 (BAC):

Name of the Member	Category
Syed Ahmed Iqbal Ashraf	Chairman
Mr. Manzoor Ahmed	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Umair Aijaz	Member

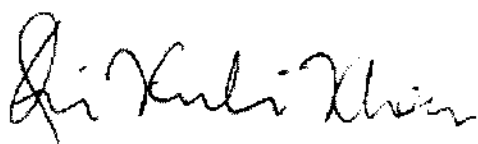
b. Board Human Resource and Remuneration Committee (BHR&RC):

Name of the Member	Category
Syed Ahmed Iqbal Ashraf	Chairman
Mr. Manzoor Ahmed	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Adnan Ahmed	Member
Mr. Hussain Kuli Khan	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 (quarterly/half yearly/ yearly) were as per following:
- (a) Board Audit Committee: Eight (08) meetings held during the year ended June 30, 2022.
- (b) Board HR and Remuneration Committee: Four (04) meetings held during the year ended June 30, 2022
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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- (a) Currently, the Board has not constituted a separate nomination committee and the functions are being performed by Board Human Resource and Remuneration Committee.
- (b) Further, Risk management committee has not been constituted and the risk management areas are discussed and deliberated upon in the Board Audit Committee and subsequent findings are presented to the Board.

The Board was also guided by the fact that the above requirements are not mandatory and the necessary explanation under the Regulations have been included above.



**LT.GEN. (RETD) ALI KULI KHAN KHATTAK**  
**Chairman**

Karachi  
September 1, 2022



A.F. FERGUSON & Co.

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE MEMBERS OF GHANDHARA TYRE AND RUBBER 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 Ghandhara Tyre and Rubber Company Limited (the Company) for the year ended June 30, 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 June 30, 2022.

Further, we highlight an instance of non-compliance with the requirement of the Regulations as reflected in paragraph 2 of the Statement of Compliance which inter alia states that the Company shall have at least one-third members of the Board as independent directors. However, up to June 29, 2022, the Board had one independent director on its Board.

  
A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: September 26, 2022

UDIN: CR202210160PthNloiXg

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