

HALLMARK COMPANY LIMITED

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 Regulations in the following manner:

1. The total numbers of directors are Seven (7) as per the following combination:
There are 5 Male Directors and 2 Female Directors in the Company.
2. The composition of the board is as follows:
 - i. Independent Directors: Mr. Muhammad Ashfaq
Mr. Jawad Rauf
 - ii. Other Non-executive Director: Ms. Wanda Dolores Fajardo
Ms. Medina Zafar Sheikh
Mr. Kamran Ahmed
Mr. Owais Ali Khan
 - iii. Executive Director: Mr. Irtaza Zafar Sheikh
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. A complete record of particulars of significant policies along with the dates 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 the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.
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 the Companies Act, 2017, and Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to frequency, recording, and circulating minutes of the meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.
9. In accordance with the criteria specified in the Listed Companies (Code of Corporate Governance) Regulations, 2019, all directors of the Company are exempt from the requirement of the Director Training Program.

10. The board has approved the appointment of the CFO and the Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
11. The CFO and the CEO duly endorsed the financial statements before approval of the Board. However, the head of Internal Audit is not yet been appointed due to the heavy cost involved in his appointment as the business has recently commenced.
12. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Muhammad Ashfaq, FCA	Chairman, and Member
Ms Wanda Dolores Fajardo	Member

HR and Remuneration Committee

Ms. Wanda Dolores Fajardo	Chairman, and Member
Ms. Medina Zafar Sheikh	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 quarterly meetings of the committee was as per following:

Audit Committee	6 meetings were held during FY 2022
HR and Remuneration Committee	6 meetings were held during FY 2022
15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is 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 the Audit Oversight Board of Pakistan, that they and their partners are in compliance with the 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 (spouses, parent dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and 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.

On behalf of the Board of directors.


Wanda Dolores Fajardo
Chairman

Karachi
Date: November 7, 2022



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HALLMARK COMPANY LIMITED
FOR THE YEAR ENDED JUNE 30, 2022**

**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 **HALLMARK 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 with 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 that 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 below instances of non-compliance with the requirement of the Regulations as reflected in the note reference, where it is stated in the Statement of Compliance:

Note Reference	Description:
2	As per the regulations, at least 1/3 rd of the Board should comprise of Executive Director, which wasn't the case for the Company.
11	There was no appointment of the head of Internal Audit during the year.

S.M. Suhail +2

S.M. Suhail & Co.
Chartered Accountants
Karachi

Engagement Partner: S.M. Suhail, FCA.

Ref: SMS-A-02792023
Date: November 7, 2022

UDIN: CR202210197znr0ys38J