

STATEMENT OF COMPLIANCE

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

Name of Company: HIGHNOON LABORATORIES LIMITED
 Year ended: December 31, 2023

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

1. The total number of directors are 7 as per the following:

- | | |
|-----------|---|
| a. Male | 7 |
| b. Female | 1 |

2. The composition of the Board is as follows:

- | | |
|---------------------------|---|
| a) Independent Directors* | 2 |
| b) Non-Executive Director | 3 |
| c) Executive Directors | 1 |
| d) Female Directors | 1 |

*Determination of the number of Independent Directors comes to 2.33 (rounded to 2) which is based on Seven elected Directors. Further, the existing two independent directors have the requisite skills, knowledge and experience to discharge and execute their duties competently as per applicable law and regulations.

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 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 complete record of particulars of significant policies along with their dates 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 the Act and the Regulations 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 Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:
 - i) Mr. Tausif Ahmad Khan
 - i) Mr. Tausif Ahmad Khan
 - iii) Mr. Romesh Elapata
 - iv) Dr. Adeel Abbas Haideri
 - v) Ms. Zainub Abbas

10. The Board has approved the appointment of chief financial officer, company secretary and head of internal audit, including the 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
- | | |
|----------------------------|---------------------------------|
| 1. Mr. Tariq Wajid | Chairman /Independent Director |
| 2. Mrs. Zainub Abbas | Member/ Non -Executive Director |
| 3. Mr. Ghulam Hussain Khan | Member/ Non -Executive Director |
- b) HR and Remuneration Committee
- | | |
|----------------------------|---------------------------------|
| 1. Mr. Tariq Wajid | Chairman /Independent Director |
| 2. Mrs. Zainub Abbas | Member/ Non -Executive Director |
| 3. Dr. Adeel Abbas Haideri | Member /CEO/ Executive 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 committees were as per following:
- | | |
|----------------------------------|-----|
| a) Audit Committee | 4** |
| b) HR and Remuneration Committee | 1 |
- **Please refer to clause 19 below.
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and fully 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 the 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 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 3,6,7,8,32, 33 and 36 have been complied with except for section 27, with respect to constitution of the audit committee for specific meetings:
- i) Due to the resignation of Ms. Nael Najam from the Board and as Chair of the Audit Committee on 19 December 2022, a casual vacancy was created on the Board and the Audit Committee. In addition, Mr. GH Khan was also absent from the Audit Committee on the given meeting dates, therefore, the Board of

Directors present at the time took the decision of temporarily appointing Mr. Tausif Ahmad Khan, Non-executive Director, to attend the Audit Committee meetings held on 23 February 2023 and 29 April 2023 in order to conduct the meetings in the rightful manner with a complete quorum. Please note that the other Independent Director, Mr. Romesh Elapata had also requested for a leave of absence on the said meeting dates therefore, the Board was unable to select an independent director for the Audit Committee meetings. Moreover, as Ms. Zainub Abbas, Non-executive Director has been a member of the Audit Committee for a substantial amount of time and has prior experience and knowledge about the TORs of the Audit Committee therefore, she was requested to chair the Audit Committee meetings held on 23 February 2023 and 29 April 2023.

- ii) In accordance with Regulation 15, the details of related parties' transactions have to be placed before the audit committee for review and recommendation to the Board of Directors. All the related parties transactions relating to year ended 31 December 2022 and quarter ended 31 March 2023 were placed before the audit committee and Board in the meetings held on 23 February 2023 and 29 April 2023, respectively. However, as stated in clause 19 above, the quorum of the said meetings and voting was not met due to a casual vacancy and presence of interested director therefore, the procedure for approval of related parties was not met.

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

- i) The Company has not formed Risk Management Committee. However, the Company has Audit Committee which is performing the function of this committee.
- ii) The Company has not formed Nomination Committee. However, the Company has Human Resource and Remuneration Committee which is performing the function of this committee.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Mr. Tausif Ahmed Khan
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Highnoon Laboratories 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 Highnoon Laboratories Limited (the Company) for the year ended 31 December 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 31 December 2023.

Further, we highlight paragraph 19 of Statement of Compliance where instances of non-compliance with the requirements of the Regulations are stated.



Chartered Accountants
Lahore: 08 April 2023
UDIN: CR202310120H8cPWg0J7