

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the transitional period from January 1, 2025 to June 30, 2025

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

1. The total number of directors are seven (7) as per the following:
 - a. Male: 6 directors
 - b. Female: 1 director

2. The composition of board is as follows:

CATEGORY		NAMES	
a)	Independent Directors	1)	Mr. Muhammad Ashfaq
		2)	Mr. Ahmed Masood
b)	Non-Executive Directors	3)	Mr. Shehzad Hussain
		4)	Mr. Muhammad Rehan Alam
c)	Female Non-Executive Director	5)	Mrs. Erum Bilwani
d)	Executive Director	6)	Mr. Wajid Hussain
		7)	Mr. Syed Raza Haider Jafri

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 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.
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 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 the board.
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. In this respect, all directors except Executive Directors are paid a board meeting attendance fee of Rs. 100,000/- for the quarterly meetings they attend.
9. The Company encourages its directors to attend the Directors' Training Program. To date, two directors and one executive completed the prescribed training. As per regulations, newly appointed directors are allowed one year to complete the training, i.e., by December 20, 2025. Accordingly, the Company intends to nominate the remaining directors to complete the program within this timeframe. It is also noted that the fourth director, Mr. Syed Raza Haider Jafri, resigned on July 21, 2025.
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 Ashfaq	Chairman
Mr. Shehzad Hussain	Member
Mr. Rehan Alam	Member
Mr. Ahmed Masood	Member

b) **HR and Remuneration Committee**

Mr. Muhammad Ashfaq	Chairman
Mr. Shehzad Hussain	Member
Mr. Rehan Alam	Member
Mr. Wajid Hussain	Member
Mr. Raza Jafri	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 committee was as per following:
- | | |
|---|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |
15. The board has outsourced the 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 other requirements under Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Code of Corporate Governance have been duly complied with. During the period under review, the designation of Mr. Shehzad Hussain was changed from Independent Director to Non-Executive Director as he becomes ineligible to be an independent director upon becoming a director in an associated private limited company. As per Regulation 6 of the Code, the Company is required to have at least two (02) or one-third of the total number of directors, whichever is higher, as Independent Directors. With a Board size of seven (07), one-third equates to 2.33. The Company has currently two (02) Independent Directors, deemed to be sufficient to enable the Board and its Committees to effectively discharge their functions. However, the company shall induct an additional Independent Director, if and when considered necessary. Further, subsequent to the reporting period, Mr. Raza Jafri, one of the Executive Directors, resigned from the Board and said casual vacancy shall be filled within the stipulated timeframe in accordance with the applicable regulations.
19. Explanation for non-compliance (non-mandatory provision) with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;
- 1) In respect of Regulation 10A, which requires the establishment of a Sustainability Committee, compliance with this requirement is under process. The matter is scheduled to be placed before the Board for consideration and approval in the forthcoming meeting, after which the a dedicated Committee will be constituted to assume and discharge all responsibilities prescribed under Regulation 10A.
 - 2) The Company has not yet constituted a separate Nomination Committee. However, the Board currently comprises members with relevant expertise in areas covered under Regulation 29(2) of the Code of Corporate Governance. The formation of a dedicated Nomination Committee is under consideration and is expected to be approved in the upcoming Board meeting.
 - 3) The Company has not yet constituted a separate Risk Management Committee. However, the Board currently includes members with relevant expertise in areas specified under Regulation 30(2) of the Code of Corporate Governance. The formation of a dedicated Risk Management Committee is under consideration and is expected to be approved in the upcoming Board meeting.

Signature (s)
ERUM BILWANI
Chairperson

Karachi: September 01, 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Intermarket Securities Limited (Formerly EFG Hermes Pakistan 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 Intermarket Securities Limited (Formerly EFG Hermes Pakistan Limited) for the transition period from January 01, 2025 to June 30, 2025 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 transition period from January 01, 2025 to June 30, 2025.

Further, we highlight below instances of non-compliance with the non-mandatory requirements of the Regulations as stated in the below-referred paragraphs of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Explanation for non-compliance is required (Non-Mandatory)	9	As per Regulation 19, it is encouraged that all directors serving on the Board obtain the prescribed certification under a Directors' Training Program offered by institutions, whether local or foreign, that meet the criteria specified and approved by the Commission. A newly appointed director may obtain the certification within one year from the date of appointment to the Board. To date, two directors and one executive have successfully completed the prescribed training. In accordance with the regulations, newly appointed directors are required to complete the Directors' Training Program within one year of their appointment, i.e., by December 20, 2025. The Company therefore intends to nominate the remaining directors to complete the program within the stipulated timeframe. It may be noted that one of the Director Syed Raza Haider Jafri resigned on July 21, 2025 and the Company intends to fill the casual vacancy within the stipulated timeframe in accordance with the relevant provisions.

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(2)	Mandatory	18	<p>As per Regulation 6(1) of the Regulations, a listed company is required to have at least two independent directors or one-third of the total board members, whichever is higher. Furthermore, where one-third of the board results in a fraction, the company must provide an explanation in its statement of compliance if such fraction has not been rounded up to the next whole number.</p> <p>Based on the seven members on the Board of the Company, it is mandatorily required to have one-third thereof as independent directors, which comes to 2.33 members out of seven. As of December 31, 2024, there were 3 independent directors on the Company's Board. One of the said directors is now a non-executive director, which reduces the said members to 2. The company explained that its existing strength of two independent directors is, however, considered sufficient to fulfill the responsibilities of the respective committees and the Board and it shall appoint an independent director as and when it is considered necessary by it.</p>
(3)	Explanation for non-compliance is required (Non-Mandatory)	19	<p>As per the Regulation 10A, the Board is responsible for governance and oversight of sustainability risks and opportunities and, for this purpose, is required / encouraged to take a number of measures including, in particular, implementation of policies to promote diversity, equity and inclusion (DE&I); taking steps to proactively understand and address the principal as well as emerging sustainability risks and opportunities; ensuring that the Company's sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored; and establishment of dedicated sustainability committee having at least one female director, or assignment of additional responsibilities to an existing board committee.</p> <p>In respect of Regulation 10A, which requires the establishment of a Sustainability Committee, compliance with this requirement is in process. The matter is scheduled to be presented to the Board for consideration and approval in the forthcoming meeting, after which a dedicated Committee will be constituted to assume and discharge all responsibilities prescribed under Regulation 10A.</p>
(4)	Explanation for non-compliance is required (Non-Mandatory)	19	<p>As per the Regulation no. 29 of the Regulations, the Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in the circumstances.</p> <p>As stated in paragraph 19 of the Statement of Compliance, The Company has not yet constituted a separate Nomination Committee. However, the Board currently comprises members with relevant expertise in areas covered under Regulation 29(2) of the Code of Corporate Governance. The formation of a dedicated Nomination Committee is under consideration and is expected to be approved in the upcoming Board meeting.</p>

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(5)	Explanation for non-compliance is required (Non-Mandatory)	19	<p>As per the Regulation no. 30 of the Regulations, the Board may constitute a separate committee, designated as the Risk Management Committee, of such number and class of directors, as it may deem appropriate in the circumstances.</p> <p>As stated in paragraph 19 of the Statement of Compliance, The Company has not yet constituted a separate Risk Management Committee. However, the Board currently includes members with relevant expertise in areas specified under Regulation 30(2) of the Code of Corporate Governance. The formation of a dedicated Risk Management Committee is under consideration and is expected to be approved in the upcoming Board meeting.</p>

Karachi.

Date : September 02, 2025
UDIN : CR202510213N9fFX4q0A

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants