

STATEMENT OF COMPLIANCE

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

Name of Company: KHYBER TOBACCO COMPANY LIMITED

Year Ended: June 30, 2023

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

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

Gender	Number
Male	5
Female	2

2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	Ms. Sonia Farooq Mr. Shahzad Javed Panni
Executive Directors	Ms. Samera Irfan
Non-Executive Directors	Mr. Zia Ur Rehman Mr. Pir Waris Shah Mr. Khalil Ur Rehman Mr. Rahat Ullah
Female Director	Ms. Sonia Farooq Ms. Samera Irfan

The Company couldn't round up independent director's fraction as one because 0.33 is not equal to one. Further, the existing independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws 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 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 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 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 meeting of board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The following five (05) directors have obtained certification under the Directors' Training Program;

- 1- Mr. Zia Ur Rehman
- 2- Ms. Sonia Farooq
- 3- Ms. Samera Irfan
- 4- Mr. Pir Waris Shah
- 5- Mr. Khalil Ur Rehman

As the election of directors was held as at February 16, 2023, the remaining two (02) director shall obtain certification under the DTP in due course of time.

10. Position of CFO remained vacant during the year. The board has approved appointment of Head of Internal Audit, including its remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The financial statements of the Company were duly endorsed by the Company Secretary in place of CFO, before approval of the Board;

12. The board has formed committees comprising of members given below:

a. Audit Committee

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|---|------------|
| • Mr. Shahzad Javed Panni, Independent Director | (Chairman) |
| • Mr. Rahat Ullah ,Non-Executive Director | (Member) |
| • Mr. Zia Ur Rehman, Non-Executive Director | (Member) |
| • Mr. Khalil Ur Rehman, Non-Executive Director | (Member) |

b. Human Resource & Remuneration Committee

- | | |
|--|------------|
| • Ms. Sonia Farooq, Independent Director | (Chairman) |
| • Mr. Pir Waris Shah, Non-Executive Director | (Member) |
| • Mr. Zia Ur Rehman, Non-Executive Director | (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 were as per following:

a. Audit Committee: Four meetings during the financial year ended June 30, 2023

b. HR and Remuneration Committee: One meeting during the financial year ended June 30, 2023.

15. The board has outsourced the internal audit function to Shahid Ahmed & Co. 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

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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 the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Regulation No.
1	Nomination Committee 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 its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
2	Risk Management Committee The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)
3	Chief Financial Officer The position of Chief Financial Officer has remained vacant during the year and the board has not made appointment there against as required by the Regulations.	Currently, the board has not appointed any CFO as per the Requirement who shall perform duties as per the Code	20, 25, 26



Mr. Rahat Ullah
Chairman

Mardan
October 06, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KHYBER TOBACCO 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 Khyber Tobacco Company 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. 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, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note reference where these are stated in the Statement of Compliance.

S. No.	Note Reference	Description
i.	10,11	The position of Chief Financial Officer has remained vacant during the year and the board has not made appointment there against as required by the Regulations.

Yousuf Adil

Chartered Accountants

Engagement Partner: Rana M Usman Khan

Lahore

Date: October 06, 2023

UDIN: CR202310088cQUCoMIqN