

# STATEMENT OF COMPLIANCE

with listed companies (Code of Corporate Governance) Regulations, 2019 Kohat Cement Company Limited For the year ended June 30, 2023

**Kohat Cement Company Limited (“the Company”) has complied with the requirements of the Regulations in the following manner:**

1. The total number of directors as at June 30, 2023 is eight (8), as per the following:

|           |   |
|-----------|---|
| a) Male   | 6 |
| b) Female | 2 |

2. The composition of the Board is as follows:

| Category                | Names   |
|-------------------------|---|
| Independent Directors   | Mr. Ahmad Sajjad Khan<br>Mr. Talha Saeed Ahmed  |
| Non-Executive Directors | Mr. Aizaz Mansoor Sheikh<br>Mrs. Hafsa Nadeem<br>Mrs. Hijab Tariq<br>Mr. Muhammad Rehman Sheikh<br>Mr. Muhammad Atta Tanseer Sheikh |
| Executive Director      | Mr. Nadeem Atta Sheikh  |

The current Board of Directors of the Company was elected on June 29, 2022 and has appropriate skills, experience, independence and knowledge of the Company to discharge its duties and responsibilities effectively. Therefore, the Board considers that it is adequately composed with two independent directors and hence, the fractional number of independent directors has not been rounded up.

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. The Board has complied with the requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Detailed as below; six directors have completed their Directors’ Training Certification (DTC) and two directors are exempt from this due to 14 years of education and 15 years of experience on the Board.

## Directors exempt from DTC

- Mr. Aizaz Mansoor Sheikh
- Mr. Nadeem Atta Sheikh

## Directors who have completed their DTC

- Mr. Ahmed Sajjad Khan
- Mr. Talha Saeed Ahmed
- Mrs. Hafsa Nadeem
- Mrs. Hijab Tariq
- Mr. Muhammad Rehman Sheikh
- Mr. Muhammad Atta Tanseer Sheikh

10. The Board has approved appointment of Chief Financial Officer (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

| Category | Names                            |                        |
|----------|----------------------------------|------------------------|
| Chairman | Mr. Talha Saeed Ahmed            | Independent Director   |
| Member   | Mr. Aizaz Mansoor Sheikh         | Non-Executive Director |
| Member   | Mr. Muhammad Atta Tanseer Sheikh | Non-Executive Director |

b) Human Resource and Remuneration (HR&R) Committee

| Category | Names                            |                        |
|----------|----------------------------------|------------------------|
| Chairman | Mr. Ahmad Sajjad Khan            | Independent Director   |
| Member   | Mr. Nadeem Atta Sheikh           | Chief Executive        |
| Member   | Mr. Muhammad Atta Tanseer Sheikh | Non-Executive Director |

c) Nomination Committee

Considering the magnitude and similarity of the nature of terms of reference of this Committee with that of HR&R Committee, the Board of Directors has decided to include the TOR of this committee in the TOR of the HR&R Committee.

d) Risk Management Committee

Considering the magnitude and similarity of the nature of terms of reference of this Committee with that of Audit Committee, the Board of Directors, has decided to include the TOR of this committee in the TOR of the Audit Committee.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

| Committee       | Frequency                               |
|-----------------|---|
| Audit Committee | Four meetings were held during the year |
| HR&R Committee  | One meeting was held during the year    |

15. The Board has outsourced the internal audit function to M/s Crowe Hussain Chaudhury & Co. Chartered Accountants 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 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 of the regulations have been complied with.



**Nadeem Atta Sheikh**  
Chief Executive



**Talha Saeed Ahmed**  
Director

Lahore: August 31, 2023

# INDEPENDENT AUDITOR'S REVIEW REPORT

## To the members of Kohat Cement 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 Kohat Cement Company Limited ("the Company") for the year ended 30 June 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 30 June 2023.

Lahore

Date: 31 August 2023

UDIN: CR202310114V5nmj6XuF

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.  
Chartered Accountants