

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

Lotte Chemical Pakistan Limited Year ended 31 December 2022

The Company has complied with Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'the Regulations') in the following manner:

1. The total numbers of directors are eight (8) as per the following:
 - a. Male: 7
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr Pervaiz Akhtar Mr Adnan Afridi Mr Muhammad Zubair
Non-Executive Directors	Mr Sang Hyeon Lee (Chairman) Mr IL Kyu Kim
Executive Directors	Mr Young Dae Kim Mr Tariq Nazir Virk
Female Director	Ms Jae Sun Park (Non-Executive Director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
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 Companies Act, 2017 and the 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 Companies Act, 2017 and the

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations.

9. The Board has arranged Director's Training Program for Mr. Tariq Nazir Virk (Executive Director) during the year. As at 31 December 2022, six directors along with the CFO have completed the required certification of directors training course from authorised institution while one director Ms. Jae Sun Park has been granted exemption by the Commission.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, no new appointments were made during the year.

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:

Audit Committee

Mr Pervaiz Akhtar	Chairman
Mr Il Kyu Kim	Member
Mr Adnan Afridi	Member

HR and Remuneration Committee

Mr Pervaiz Akhtar	Chairman
Mr Sang Hyeon Lee	Member
Mr Young Dae Kim	Member

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:

Committees	Frequency of meetings
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The Board had outsourced the internal audit function to M/s EY Ford Rhodes, 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 (ICAP) 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 ICAP 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 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 Companies Act, 2017, the 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 Listed Companies (Code of Corporate Governance), 2019 have been complied with from the date of its applicability.



Sang Hyeon Lee
Chairman

Date: 10 February 2023
Karachi



Young Dae Kim
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditors' Review Report

To the members of Lotte Chemical 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 Lotte Chemical Pakistan Limited ("the Company") for the year ended 31 December 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 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 2022.

Date: 27 February 2023
Karachi
UDIN: CR202210096xZk5OAN6Y

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.