

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

Lotte Chemical Pakistan Limited Year ended 31 December 2023

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. Rashid Ibrahim Mr. Khurram Rashid
Non-Executive Directors	Mr. Sang Hyeon Lee (Chairman) Mr. IL Kyu Kim Mr. Shabbir Diwan
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. requirements of the Companies Act, 2017 and the 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
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. As at 31 December 2023, seven Directors along with the CFO, have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience as per the Regulations. During the year, no director training program was arranged.
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. Rashid Ibrahim	Chairman
Mr. Il Kyu Kim	Member
Mr. Khurram Rashid	Member

HR and Remuneration Committee	
Mr. Rashid Ibrahim	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 KPMG Taseer Hadi & 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 (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, 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.

19. With regards to compliance of regulation 6, it is noted that two independent directors were elected at the Board of Directors elections held on June 22, 2023. Given the specialized nature of business whereas the Company is the sole manufacturer of Pure Terephthalic Acid (PTA) in the Country, it was critical to have on board the persons with relevant industry experience, knowledge and understanding to oversee the performance of the businesses and guide the strategy of the Company which needs a majority shareholder reasonable representation in the Board having international expertise in the PTA industry.

The Board was also guided by the fact that rounding up is not a mandatory requirement under regulation 6. The Board is confident that it comprises of a sound mix of executive, non-executive, female and independent directors enabling the Board to effectively guide the Company to achieve its strategic objectives.

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

The broad functions of Nomination Committee and Risk Management Committee are already being performed by Board and its sub committees. The Board is therefore of the opinion that separate committees for Nomination and Risk Management are not required.



Sung Soo Bae
Chairman

Date: 21 February 2024
Karachi



Young Dae Kim
Chief Executive



A.F. FERGUSON & Co.

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 for the year ended December 31, 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 December 31, 2023.

Date: 18 March 2024
Karachi
UDIN: CR202310059FZaiQ8uwE

A.F. Ferguson & Co.
Chartered Accountants

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