

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

Name of the company: MACPAC FILMS LIMITED
Year ended: Year ended June 30, 2022

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') in the following manner:

1. The total number of Directors are 6 as per the following:
 - a. Male: 6
 - b. Female: 0
2. The composition of Board is as follows:

Category	Name
a) Independent Director	1. Mr. Muhammad Omer Sabir
b) Non-Executive Director	1. Mr. Naeem Ali Muhammad Munshi 2. Mr. Shariq Maqbool Elahi 3. Mr. Fahad Munshi
c) Executive Director	1. Mr. Najmul Hassan 2. Mr. Ehtesham Maqbool Elahi
3. The directors have confirmed that none of them is serving as 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 the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decision on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has arranged Directors' Training program for the following:

Ehtesham Maqbool Elahi – Executive Director
Najmul Hassan – Executive Director
Shariq Maqbool Elahi – Non-Executive Director
10. 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. 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:

a) Audit Committee of the Board

S. No.	Name	Title
1	Mr. Naeem Ali Muhammad Munshi	Member
2	Mr. Shariq Maqbool Elahi	Member

b) HR & Remuneration Committee

S. No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Ali Muhammad Munshi	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 of the committee were as per following:

Name	Title
Audit Committee	4 meetings were held during the year. The meetings of the Audit Committee are held on a quarterly basis
HR and Remuneration Committee	1 meeting was held during the year. The meeting of the HR and Remuneration Committee is held on a yearly basis.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is 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 ICAP and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners 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 regulation 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulation have been complied with, other than those listed below:

Regulation 6(1) and 7

Regulation 6(1) states that it is mandatory that each listed company shall have at least two or one third of its members of the Board, whichever is higher, as an independent directors and Regulation 7 states that the Company shall have at least one female director.

Explanation:

An Independent female director was elected in the 26th Annual General Meeting dated 28th October 2021 but resigned during the year. The casual vacancy has been filled subsequent to the year end in the Board of Directors' meeting dated 20th September 2022.

After filing of the casual vacancy, among other directors now the Company has one female director and two independent directors. Moreover, the number of independent directors has not been rounded up since the two (2) elected independent directors have requisite competency, knowledge and experience to discharge and execute their responsibilities as per applicable laws and regulations.

Regulation 27(1)(i) and (ii)

Regulation 27 (1) and (2) states that the Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director; the chairman of the committee shall be an independent director, who shall not be the chairman of the Board.

Explanation:

This non-compliance arise due to the casual vacancy on the board occurred during the year. However, subsequently, the board has reconstituted the committee by appointing independent director Mr. Omer Sabir as chairman of the committee.

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

Regulation 11(2)

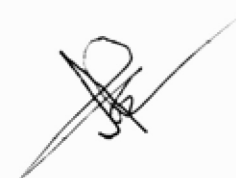
Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting. The Company has complied with the said regulation except in two instances where the notice was circulated six days prior to meeting due to error.

Regulation 20

Chief Financial Officer and Company Secretary resigned during the year dated 10th December 2021 and 27th December 2021 respectively. Currently, the Company has acting Chief Financial Officer and Company Secretary. The Company is in the process of hiring the persons in their place.

Regulation 28(2)

Regulation 28 (1) and (2) states that there shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director and the Chairman of the Human Resource and Remuneration Committee (HRRC) shall be an independent director. The HR and remuneration committee comprises of a majority of non-executive directors. However, the compliance has been made after filling the casual vacancy of independent director in Board of Director's meeting dated 20th September 2022, by reconstituting HRRC.



NAEEM ALI MUHAMMAD MUNSHI
Chairman



NAJMUL HASSAN
Chief Executive Officer



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Chartered Accountants
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INDEPENDENT AUDITOR’S REVIEW REPORT

To the Members of MACPAC Films 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 MACPAC Films Limited (“the Company”) for the year ended 30 June 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 30 June 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note/paragraph reference where it is stated in the Statement of Compliance:



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Note / paragraph:

S. No.	Regulation #	Explanation
1	Regulation 6(1) and 7	Regulation 6(1) states that it is mandatory that each listed company shall have at least two or one third of its members of the Board, whichever is higher, as an independent directors and Regulation 7 states that the Company shall have at least one female director. An Independent female director was elected in the 26th Annual General Meeting dated 28th October 2021 but resigned during the year. The casual vacancy has been filled subsequent to the year end in the Board of Directors' meeting dated 20th September 2022.
2	Regulation 27(1)(i) and (ii)	Regulation 27 (1) and (2) states that the Board shall establish an audit committee of at least three members comprising of non -executive directors and at least one independent director; the chairman of the committee shall be an independent director, who shall not be the chairman of the Board. This non-compliance arise due to the casual vacancy on the board occurred during the year. However, subsequently, the board has reconstituted the committee by appointing independent director Mr. Omer Sabir as chairman of the committee.
3	Regulation 11 (2)	Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting. The Company has complied with the said regulation except in two instances where the notice was circulated six days prior to meeting due to error.
4	Regulations 20	Chief Financial Officer and Company Secretary resigned during the year dated 10th December 2021 and 27th December 2021 respectively. Currently, the Company has acting Chief Financial Officer and Company Secretary. The Company is in the process of hiring the persons in their place.



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5	Regulations 28 (2)	Regulation 28 (2) states that there shall be a human resource and remuneration committee of at least three members comprising a majority of non - executive directors of whom at least one member shall be an independent director and the Chairman of the Human Resource and Remuneration Committee (HRRC) shall be an independent director. The HRRC comprises of a majority of non -executive directors. However, the compliance has been made subsequent to year end after filling the casual vacancy of independent director in Board of Director's meeting dated 20th September 2022, by reconstituting HR RC.
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Date: 23 September 2022

Karachi

UDIN: CR202210106XStz8Cnql

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants