

## Independent Auditor's Review Report to the Members of NetSol Technologies Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

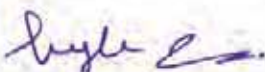
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of NetSol Technologies Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 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 June 30, 2022.



H.Y.K & Co.  
Chartered Accountants  
Lahore  
September 29, 2022

Engagement Partner: Muhammad Yousaf

UDIN: CR202210143freRinOY7

# Statement of Compliance with the Code of Corporate Governance

For the Year Ended June 30, 2022

The statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulation, 2019 for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of Directors are 07 as per the following:

Gender	Number
Male	06
Female	01

2. Composition of the Board is as follows:

Category	Number
Independent Directors	03
Non-executive Directors	02
Executive Directors	02
Female Directors (Non-executive Director)	01

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 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 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Company is fully compliant with the "Directors Training program". All the Board members have completed the Directors Training Program except the following Director who meets the exemption criteria of a minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence is exempt from the Directors' training program.

Name of Director Mr. Naeem Ullah Ghauri

10. During the year, there was no change in the position of CFO, Company Secretary and Head of Internal Audit and their remuneration and terms and conditions of employment. Their appointments, remuneration and terms and conditions were previously approved by the Board of Directors as per requirements of the relevant Regulations;

11. CFO and CEO duly endorsed the financial statements before approval of the Board;

12. The Board has formed following mandatory Committees comprising of members given below:

#### 12.1. Audit Committee

Names of Directors	Designation
Anwaar Hussain	Chairman – Independent director
Vaseem Anwar	Member – Independent director
Hamna Ghauri	Member – Non-executive director

#### 12.2. Human Resource & Remuneration Committee (HR&RC)

Names of Directors	Designation
Zeshan Afzal	Chairman – Independent director
Vaseem Anwar	Member – Independent director
Salim Ullah Ghauri	Member – Executive director

#### 12.3. Risk Management Committee (RMC)

Names of Directors	Designation
Vaseem Anwar	Chairman – Independent director
Zeshan Afzal	Member – Independent director
Omar Ghauri	Member – Executive director

#### 12.4. Nomination Committee (NC)

Names of Directors	Designation
Anwaar Hussain	Chairman – Independent director
Vaseem Anwar	Member – Independent director
Salim Ullah Ghauri	Member – Executive director

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 Committees were as per following:

Committee	Meeting Frequency
Audit Committee	Quarterly
HR&RC	Yearly
RMC	Yearly
NC	Need basis

15. The Board has set up an effective internal audit function, comprising of professionals 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 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 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



**NAEEM ULLAH GHAURI**  
Chairman

Lahore

September 26, 2022