

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

**Name of Company: Otsuka Pakistan Limited**

**Year ended: June 30, 2022**

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

1. The total number of directors are 7 (seven) as per the following:

- a) Male: 6 (six)
- b) Female: 1 (one)

2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent directors*	Mr. Abid Hussain** Mrs. Navin Salim Merchant
Non-executive directors	Mr. Mikio Bando - Chairman Mr. Mehtabuddin Feroz Mr. Koichi Okada Mr. Suhari Mukti
Executive director	Mr. Hanif Sattar - Chief Executive Office

\* The requirement of Independent Directors is at least two or one-third of members of the Board whichever is higher, two independent directors were appointed / elected on the Company's Board and the fraction of 0.33 was not rounded up as one since the Board considers that the two Independent Directors have adequately protected the interests of the minority shareholders.

\*\* Mr. Abid Hussain appointed as a director with effect from November 01, 2021.

- 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 Board / shareholders as empowered by the relevant provisions of the Companies Act 2017, 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 Companies Act 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and these Regulations;

9. There was no fresh appointment of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit (HOIA) during the year ended June 30, 2022. The Board has approved appointment of CFO, CS and HOIA, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
10. The following directors have acquired the prescribed Directors' Training Program (DTP) certification:
- a. **Ms. Navin Salim Merchant**
- Two directors are exempt from Directors Training Program as they have the requisite education and experience.*
11. Chief Financial Officer and Chief Executive Officer had duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
- a) **Audit Committee;**
- |                       |          |
|-----------------------|----------|
| Mr. Abid Hussain      | Chairman |
| Mr. Koichi Okada      | Member   |
| Mr. Mehtabuddin Feroz | Member   |
- b) **Human Resource Remuneration & Nomination Committee;**
- |                           |             |
|---------------------------|-------------|
| Mrs. Navin Salim Merchant | Chairperson |
| Mr. Koichi Okada          | Member      |
| Mr. Mehtabuddin Feroz     | Member      |
| Hanif Sattar              | Secretary   |
- c) **Risk Management Committee – Consist of OPL Management Team;**
- |                         |          |
|-------------------------|----------|
| Mr. Hanif Sattar        | Chairman |
| Mr. Sajid Ali Khan      | Member   |
| Mr. Syed Tariq Shahid   | Member   |
| Mr. Muhammad Owais Qazi | Member   |
| Mr. Attique ur Rahman   | Member   |
| Mr. Sunil Julian        | 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 committees were as per following:
- a) **Audit Committee:** Quarterly
- b) **Human Resource Remuneration & Nomination Committee:** Yearly
- c) **Risk Management Committee:** As and when needed
15. The Board has outsourced the internal audit function to M/s. Saud Tariq & Co. Chartered Accountants, who 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. All the directors of the Company had attended the Annual General Meeting.
20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Non-Mandatory Requirement	Reg. No.	Explanation
1.	<b>Directors' Training Program (DTP)</b>  It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19	Currently one director has attained DTP certification and two directors qualify for exemption. The Company is encouraging and planning to arrange DTP certification for the remaining directors

For and behalf of the board



**Hanif Sattar**  
Chief Executive Officer



**Mikio Bando**  
Chairman

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OTSUKA 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 **Otsuka Pakistan 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.



Chartered Accountants

**Place:** Karachi

**Date:** September 12, 2022

**UDIN:** CR202210091oBNPxxTqm