



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

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

1. The total number of directors is seven (07) as per following;

a. Male: 06

b. Female: 01

2. The composition of board, on the date of this report is as follows:

Category	Number	Names
Independent Director	01	– Mr.Ahmed Jalali
Non-executive Directors	03	– Dr. Muhammad Shoaib Ahmed – Mr. Azeem Ahmed – Mr. Nayyer Ahmed
Executive Directors	02	– Mr.M. Saleem Ahmed – Mr.Umer Ahmed
Female Director (Non-executive)	01	– Ms. Rubina Saleem

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 (the Act) and the Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose.

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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 these Regulations.
9. Directors have been apprised and are well conversant of their duties and responsibilities. Four out of seven directors, have minimum of 14 years of education and 15 years of experience on the board of listed company and therefore exempt from Directors' Training Program. The remaining directors will undertake directors' training program in due course.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the board.
12. The board has formed following committees comprising of members given below:

a) Audit Committee:

Ahmed Jalali	Chairman
Dr. M. Shoaib Ahmed	Member
Azeem Ahmed	Member

b) HR & Remuneration Committee:

Umer Ahmed	Chairman
Nayyar Ahmed	Member
Azeem Ahmed	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 is as follow:
  - a) Audit Committee: Quarterly
  - b) HR and Remuneration Committee: Yearly
15. The board has set up an effective internal audit function and the staff 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



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registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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 mandatory requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with except the following;
  - The requirement of number of independent directors under Regulation 6 will be met in the next election of directors of the Company which is to be held on October 2022.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are given below;
  - Training for remaining three directors will be arranged in due course.
  - In view of the size of the company and its operations, the management believes that internal audit function is being effectively performed by a single person being head of internal audit.
  - Formation of nomination committee and risk management committee is under consideration.
  - CFO and the Company Secretary is one and the same person due to small size of the Company.
  - An Independent director will be appointed as chairman of Human Resource Committee after next election of directors.
  - Manual of significant policies will be uploaded on the Company's website in due course as the website is currently under updation.
  - Materiality level will be defined by the Board in due course.

**RUBINA SALEEM**  
**CHAIRPERSON**

October 07, 2022

**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE MEMBERS OF PAK LEATHER CRAFTS LIMITED (THE COMPANY)  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED  
IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

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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 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.

Further, we highlight below instances of non-compliance with certain requirements of the Regulations, other than Regulations 3,6,7,8,27,32,33 and 36 as reflected in the paragraph references mentioned below where these are stated in the Statement of Compliance.

<b>Sr. No.</b>	<b>Paragraph reference</b>	<b>Description</b>
1	18	Less number of independent directors (Regulation 6)
2	19	Non compliances with certain Regulations other than Regulation 3,6,7,8, 27,32,33 and 36 as detailed in the said paragraph.

**RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS**

**Place:** Lahore

**Date:** October 7, 2022

**UDIN:** CR202210226M0EkayWhR