
Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE 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 eight as per the following details:
 - a. Male seven
 - b. Female one
2. The composition of the board is as follows:

| | |
|-------------------------------|--------------------------------------|
| Independent Directors | four (including one female Director) |
| Executive Director | two |
| Other Non-Executive Directors | two |
3. The Directors have confirmed that none of them is serving as a Director in 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 Companies Act, 2017 ['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 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six out of eight members of Board of Directors comply with the requirements of Directors' Training as required under clause 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

10. No new appointment or change in terms and conditions of Chief Financial Officer and Company Secretary took place during the year. The Board has approved the appointment of Head of internal audit including his remuneration and terms and conditions. The Board has 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 following Committees as required under CCG, 2019 which comprises of members given below:

| Name of Members | Audit Committee |
|------------------------------|-----------------------|
| 1. Mr. Ali Kamal | Chairman of Committee |
| 2. Mr. Faraz Younus Bandukda | Member |
| 3. Mr. Mubbashir Amin | Member |

| Name of Members | Human Resource and Remuneration Committee |
|------------------------------|---|
| 1. Mr. Faraz Younus Bandukda | Chairman of Committee |
| 2. Mr. Mubbashir Amin | Member |
| 3. Mr. Noman Yakoob | 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 of Committee | Number of Meetings held during year from July 1, 2021 to June 30, 2022 |
|---|--|
| Audit Committee | Four |
| Human Resource and Remuneration Committee | One |

15. The Board has set up an effective Internal Audit function 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;

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

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 the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

| S.No | Requirement | Explanation | Reg. No. |
|----------|---|--|----------------|
| <u>1</u> | No person shall be appointed as the head of internal audit unless he/she has five years of relevant experience in audit or finance or compliance function and: (a) is a Certified Internal Auditor; or (b) is a Certified Fraud Examiner; or (c) is a Certified Internal Control Auditor; or (d) has a post graduate degree in business, finance from a university or equivalent recognized and approved by the Higher Education Commission of Pakistan and is a member of a professional body relevant to such qualification, if applicable; | The Head of Internal Audit is qualified Associated Chartered Certified Accountant (ACCA) and in the process of obtaining his membership from the relevant professional body. | <u>23 (ii)</u> |
| <u>2</u> | It is encouraged that: (i) by June 30, 2020 at least half of the directors on their Boards; (ii) by June 30, 2021 at least 75% of the directors on their Boards; and (iii) 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. | Currently, 6 out of 8 directors have obtained DTP certification and one director is exempt. The Company will arrange training for the remaining director to comply with the requirement. | <u>19 (1)</u> |



YAKOOB HAJI KARIM
Chief Executive



KHURSHID AKHTAR
Chairman

Karachi

Date: September 20, 2022



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Synthetics 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 **Pakistan Synthetics 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.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi
Date: 23 September 2022

UDIN: CR2022101022EISpW83B