



KPMG Taseer Hadi & Co.
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Papers 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 **Security Papers Limited** ("the Company") for the year ended 30 June 2022 in accordance with the requirements of Regulation No. 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.

Date: 03 October 2022

Karachi

UDIN: CR2022101061SPRdfNpV

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KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

Name of Company: SECURITY PAPERS 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 ten as per the following:
 - a. Male: 08
 - b. Female: 02
2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	Mr. Muhammad Sualeh Ahmad Faruqi
	Mrs. Uzma Aijaz
	Mr. Munir Ahmed
ii) Non-Executive Directors	Mr. Mohammad Aftab Manzoor
	Mr. Jamal Nasim
	Dr. Abolghassem Jamshidi
	Ms. Figen Caliskan
	Hafiz Mohammad Yousaf
	Mr. Shafqaat Ahmed
iii) Executive Director	Dr. Mohammad Ashraf Butt

Subsequent to the year end, Mr. Imran Qureshi has been appointed as new chief executive officer in lieu of Dr. Mohammad Ashraf Butt.

Explanations for not rounding up the fractional number under Regulation 6 (1) is as follows:

Regulation 6 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 10 members, one-third works out to 3.33. Since the fraction is below half (i.e., 0.5) the fraction contained in such one-third is not rounded up to one. The three elected independent directors have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently, as per applicable laws and regulations under which hereby fulfil the necessary requirements; not warrant the appointment of a fourth independent director.

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.

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

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 dates 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 the meeting of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
9. Directors have obtained the prescribed certification through director training programmes offered by institutions that meet the criteria and approved by the Commission. One of the Directors has met the exemption criteria set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019. Seven Directors have already completed the Directors' Training Program. Whereas for remaining two directors training was planned during the second half of the financial year 2021-22, however, it could not be materialized due to their pre-occupation elsewhere.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their 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 the approval of the Board.
12. The Board has formed the following Committees that are required under the Code.
The Committees comprise of members as given below:
 - a) **Audit Committee:**

Mrs. Uzma Aijaz	-	Chairperson
Mr. Jamal Nasim	-	Member
Dr. Abolghassem Jamshidi	-	Member
Hafiz Mohammad Yousaf	-	Member
Mr. Shafqaat Ahmed	-	Member
 - b) **HR and Remuneration Committee:**

Mrs. Uzma Aijaz	-	Chairperson
Mr. Mohammad Aftab Manzoor	-	Member
Mr. Jamal Nasim	-	Member
Mr. Munir Ahmed	-	Member
 - c) **Board Investment and Risk Management Committee:**

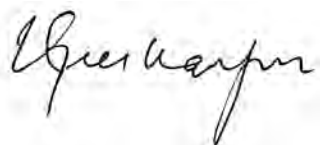
Mr. Muhammad Sualeh Ahmad Faruqui	-	Chairman
Ms. Figen Caliskan	-	Member
Hafiz Mohammad Yousaf	-	Member
Mr. Munir Ahmed	-	Member
 - d) **Nomination Committee** (No separate committee formed, as its issues are deliberated in Board meetings)

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:

a) Audit Committee	07 Meetings were held during FY 2021-22
b) HR and Remuneration Committee	05 Meetings were held during FY 2021-22
c) Board Investment and Risk Management Committee	04 Meetings were held during FY 2021-22

15. The Board has set up an effective internal audit function. The Head of Internal Audit 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 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 (ICAP) 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.



MOHAMMAD AFTAB MANZOOR
Chairman

Karachi

Dated: September 29, 2022