

STATEMENT OF COMPLIANCE

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

Name of Company: **SITARA CHEMICAL INDUSTRIES LIMITED**

Year Ended: **June 30, 2024**

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

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

Gender	Number
Male	6
Female	1

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

Category	Names
Independent Director	Mr. Ahmad Hassan Mr. Haroon Ahmad Zuberi
Executive Directors	Mr. Muhammad Adrees Mr. Haseeb Ahmad
Non-Executive Directors	Mr. Ahmed Nawaz Mr. Najm ul Hoda Khan
Female Director	Mrs. Shala Waheed Sher

The Company did not round up independent director's fraction, as the Company is confident that two independent directors are sufficiently qualified and have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations.

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 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. All directors have completed the directors training program.
10. The board has approved 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 approval of the board;
12. The board has formed committees comprising of members given below:
 - a. **Audit Committee**
 - Mr. Haroon Ahmed Zuberi, Independent Director (Chairman)
 - Mr. Najmul Hoda Khan, Non-Executive Director (Member)
 - Mr. Ahmad Nawaz, Non-Executive Director (Member)
 - b. **Human Resource & Remuneration Committee**
 - Mr. Ahmad Hasan, Independent Director (Chairman)
 - Mr. Muhammad Adrees, Chief Executive Officer (Member)
 - Mrs. Shala Waheed Sher, Non-Executive Director (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 (quarterly/half yearly/yearly) of the committee were as per following:
 - a. **Audit Committee:** Four meetings during the financial year ended June 30, 2024
 - b. **HR and Remuneration Committee:** One meeting during the financial year ended June 30, 2024.
15. The board has set up an effective internal audit function which is 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 the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Regulation No.
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
2	Risk Management Committee The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and appraises the board accordingly.	30(1)
3	Sustainability Risks and Opportunities The Board is responsible for governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations, within the Company by setting the Company's sustainability strategies, priorities and targets to create long-term corporate value. In this regard, the Board is also encouraged to adopt of SECP's ESG Disclosure Guidelines. The Board may constitute the Sustainability committee of such number and class of directors, as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the specific strategies, priorities and targets to oversight the sustainability risks and opportunities have not been adequately developed. In this regard, as per recommendation of SECP, the matters will be discussed with in the Board to establish a Sustainability Committee for setting strategies, priorities and targets to oversight the risks and opportunities associated with Sustainability reporting.	10A(1&5)

On behalf of the Board

Ahmad Hasan

Ahmad Hasan
Chairman

Faisalabad

Dated: September 26, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SITARA CHEMICAL INDUSTRIES 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 Sitara Chemical Industries Limited (the Company) for the year ended June 30, 2024, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Company's Board of Directors. 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, 2024.



Chartered Accountants

Engagement Partner:
Muhammad Sufyan

Place: Lahore
Date: September 26, 2024
UDIN: CR202410180Uu6xoWmSL