

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2020

The Baba Farid Sugar Mills Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2020 (“the Regulations”) in the following manner:

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

- a. Male: 05
- b. Female: 02

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

Category	Names
Independent Directors	Mr. Farid-ud-Din Ahmad Mr. Malik Manzoor Hussain Humayoon
Non-Executive Director	Mrs. Qaiser Shamim Khan Mr. Nauman Ahmed Khan Mrs. Sarah Hajra Khan
Executive Directors	Mr. Adnan Ahmed Khan (CEO) Mr. Muhammad Shamim Khan
Female Directors	Mrs. Qaiser Shamim Khan Mrs. Sarah Hajra Khan

There are two Independent directors, however, as required fraction is not rounded up as one as this “clause” was added in the new regulation issued on September 25, 2020, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current terms;

- 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, recordings and circulating minutes of meeting of the board.
- 8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9. The Board arranged orientation courses for its directors (as and when needed) to apprise them of their duties and

responsibilities. One of the directors namely, Miss. Sarah Hajra Khan have already acquired certification under Director training programs conducted by Executive development center of The University of Lahore, a duly approved training institution by Security and Exchange Commission of Pakistan. Four directors are exempted from such training as they have fourteen years of education and fifteen years of experience on the board of the listed company. Two directors have obtained training subsequent to the reporting date.

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:

#### **AUDIT COMMITTEE**

Mr. Farid ud Din Ahmad (Chairman) – Independent Director  
Mrs. Sarah Hajra Khan – Non- Executive Director  
Mr. Malik Manzoor Hussain Hamayoon – Independent Director

#### **HR AND REMUNERATION COMMITTEE**

Mr. Farid ud Din Ahmad (Chairman) – Independent Director  
Mr. Adnan Ahmed Khan – Chief Executive  
Mr. Malik Manzoor Hussain Hamayoon – Independent Director

#### **NOMINATION COMMITTEE**

Malik Manzoor Hussain Humayoon (Chairman)  
Mr. Farid ud Din Ahmed

#### **RISK MANAGEMENT COMMITTEE**

Malik Manzoor Hussain Humayoon (Chairman)  
Mr. Farid ud Din Ahmed

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 aforesaid committees were as per following:
  - a) Audit Committee: (6) meetings held during the year.
  - b) HR and Remuneration Committee: One held during the year.
  - c) Nomination committee – one held during the year
  - d) Risk Management Committee - One held during the year
15. The Board has set up an effective internal audit function supervised by a qualified Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with 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 accountant (IFAC) guidelines on code of ethics as adopted by Institute of chartered accountants of Pakistan and that they and 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, 33, and 36 of the Regulations have been complied with, except for Independent director in which fraction is not rounded up as one as this "clause" was added in the new regulation issued on September 25, 2020, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current terms.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 are below:
- As per regulation 35, "Disclosure of significant policies on website" the Company may post the following on its website:

Key element of its significant policies

Brief synopsis of terms of reference of the Board Committees

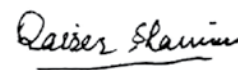
Key element of the directors' remuneration policy

However, these have not been posted on the website as due to COVID 19, Administrative and IT operations at Baba Farid Sugar Mills Limited has been affected during the year, therefore, the updation of website is still in progress.

For and on behalf of Board of Directors,  
**Baba Farid Sugar Mills Limited**



**Mr. Adnan Ahmed Khan**  
Chief Executive



**Mrs. Qaiser Shamim Khan**  
Chairperson

Lahore: 24 December 2020