



DAWOOD EQUITIES LIMITED

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

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2022

1. The total number of directors are 07 as per the following:

- a. Male: 06
- b. Female: 01

2. The composition of board is as follows:

Category	Names
*Independent Director	Mr. Muhammad Abbas
	Mr. Junaid Dada
Chief Executive Officer	Mr. Abdul Aziz Habib
Non - Executive Directors	Mr. Khalid Yousuf
	Mrs. Sobia Saif
	Mr. Areeb Shujaat
	Mr. Saifullah

* The requirement of Independent Directors is at least two or one-third of members of the Board, whichever is higher. Two Independent Directors were appointed on the Company's Board and the fraction of 0.33 was not rounded up as one since the two Independent Directors have robustly protected the interests of the minority shareholders. Further, the two elected Independent Directors 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 (excluding the listed subsidiaries of listed holding companies where applicable).
- 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 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 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. The directors of the Company are experienced and seasoned corporate professionals and are well-versed with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with the criteria specified in Clause (xi) of the Code, The remaining directors will acquire the required director's training certification subsequent to renewal of business license.
- 10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their



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remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Chief Financial Officer has also been assigned the responsibilities of Company Secretary.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed following mandatory committees comprising of members given below:

AUDIT COMMITTEE

Mr. Muhammad Abbas - Chairman
 Mr. Khalid Yousuf - Member
 Mrs. Sobia Saif - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Abbas - Chairman
 Mr. Abdul Aziz Habib - Member
 Mr. Areeb Shujaat- 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 the meetings (quarterly/half yearly/yearly) of the committee were as per following:
 - a) Audit Committee - Quarterly meeting
 - b) HR and Remuneration Committee - Yearly meeting
15. 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 registered with Audit Oversight BOD 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 the ICAP.
16. 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.
17. We confirm that all other requirements of Regulations 3,7, 8, 27, 32, 33 and 36 of the regulations have been complied with except requirements in relation to regulation 27.2(c) i.e **"The Chief Financial Officer shall not attend any meeting of the audit committee but should be available to attend its meetings at the invitation of Chairman of Audit Committee."**
18. Explanation for not meeting the certain requirements, other than regulations 3, 7, 8, 27, 32, 33 and 36 are below.

Reg. No.	Requirement	Explanation
24	An individual shall not simultaneously hold the position of Company Secretary and Chief Financial Officer in a listed company.	Appointment of company secretary is in process and the Board of Directors have shortlisted a candidate for company secretary and will be appointed once finalised.
19 (1)(2)(3)	(1) It is encouraged that a) by June 30, 2020, at least half of the directors on their boards;	Out of seven directors, Four (04) director on the Board have already attended the Directors' Training program in prior years, whereas



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Reg. No.	Requirement	Explanation
24	b) by June 30, 2021 at least 75% of the directors on their boards; and	<p>Remaining three (03) directors will pursue the training during the financial year 2022-23 as they could not attend directors training program planned during the year due to business travelling;</p> <p>During the previous year one of Company's head of departments have acquired training under Directors' Training Program. The Company wishes to further pursue the said program for its eligible executives and head of departments in the upcoming years.</p>
19 (1)(2)(3)	c) 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.	
	(2) a newly appointed director on the board may acquire, the directors training program certification within a period of one year from the date of appointment as director on the board, provided that director having a minimum 14 years of education and 15 years of experience on the board of listed company, local and or foreign, shall be exempted from director training program.	
	(3) Companies are also encouraged to arrange training for	
	1. at least one female executive every under the director training program from year July 2020	
	2. at least one head of department every year under the Director training program from July 2022.	
29	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. The nomination committee shall be responsible for considering and making recommendations to the Board in respect of the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary. The terms of reference of nomination committee shall be determined by the board of directors ensuring there is no duplication or conflict with matters stipulated under terms of reference of HR&R committee.	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.
30 (a,b,c)	The board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its	Presently, risk management function is managed at Senior Management Level who appraises the Board accordingly.



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Reg. No.	Requirement	Explanation
35(1)	<p>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. The terms of reference of the committee may include the following:</p> <ol style="list-style-type: none">Monitoring and review of all material controls (financial, operational, compliance)Risk mitigation measures are robust and integrity of financial information is ensuredAppropriate extent of disclosure of company's risk frameworkand internal control system in Directors report. <p>The Company may post on its website key elements of its significant policies including but not limited to the following:</p> <ol style="list-style-type: none">Communication and disclosure policy;Code of conduct for members of board of directors, senior management and other employees;Risk management policy;internal control policy;whistle blowing policy;Corporate social responsibility / sustainability / environmental, social and governance related policy.	<p>As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary have been posted.</p>

Junaid Dada
Chairman

Karachi
Dated: September 29, 2022



DAWOOD EQUITIES LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Equities Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2022

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 (the Board) of Dawood Equities Limited (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's 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 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 instance of non-compliance with the requirements of the Regulations as reflected in the note / paragraph referred below where these are stated in the Statement of Compliance.

S. No.	Paragraph Reference	Description
1	18	<p>Section 24 of the regulation states that "No person shall be appointed as the company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission: Provided, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company."</p> <p>However, during the course of our review we observed that the company secretary and the Chief Financial Officer is the same person.</p>
2	17	<p>Section 27.2 (c) of the regulations states that "Provided that chief executive officer and the chief financial officer shall not attend any meeting of the audit committee but should be available to attend its meetings at the invitation of chairman of audit committee."</p> <p>During course of our review, we noted that Chief Financial Officer attended all audit committee meetings without any invitation from Chairman of the audit committees he is also the Company Secretary.</p>

Chartered Accountants

Place: Karachi

Date: September 29, 2022