

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019.**

**Ashfaq Textile Mills Limited
For the year ended June 30, 2020.**

The company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

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

Gender	Number
Male	6
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Saad Zubair Mr. Aqeel Idrees
Other Non-Executive Directors	Mr. Muhammad Idrees Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Femail Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

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 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 Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings 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. Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Waseem Ashfaq was assigned the responsibilities of Company Secretary of the Company in addition to his other responsibilities of the Company.
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**
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|------------------------|----------|
| 1) Mr. Saad Zubair | Chairman |
| 2) Mrs. Shazia Amjad | Member |
| 3) Mr. Muhammad Idrees | Member |
- b) HR and Remuneration Committee**
- | | |
|---------------------|----------|
| 1) Mr. Saad Zubair | Chairman |
| 2) Mrs. Nazia Irfan | Member |
| 3) Mr. Aqeel Idrees | 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:
- | | |
|-----------------------------------|-----------------------------|
| a. Audit Committee: | 4 (four) quarterly meetings |
| b. HR and Remuneration Committee: | 1 (one) annual meeting |
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 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 other requirements of Regulations 3, 6, 7, 8, 27, 32, and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors

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Waseem Ashfaq
Chairman

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Ashfaq Ahmad
Chief Executive Officer