

Statement of compliance with listed companies (code of corporate governance) regulations, 2019

Name of company: **Systems Limited**

Year ending : **December 31, 2023**

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

1. The total number of directors are seven (7) as per the following:

- a. Male: five (5)
- b. Female: two (2)

2. The composition of the Board is as follows:

- i. Independent Directors: Mr. Zubyr Soomro*
Mr. Omar Saeed
- ii. Female Independent Directors: Ms. Maheen Rahman**
Ms. Romana Abdullah
- iii. Other Non-executive Director: Mr. Aezaz Hussain (Chairman)
Mr. Arshad Masood
- iv. Executive Directors: Mr. Asif Peer

**Elected unopposed and replaced Mr. Syed Muhammad Shabbar Zaidi (Independent Director) as an Independent Director on the Board of Directors on 26th December 2023.*

***Elected unopposed and replaced Mr. Asif Jooma (Independent Director) as a Female Independent Director on the Board of Directors on 26th December 2023.*

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 the 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting 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. Seven Directors have either acquired the Directors' Training Program Certificates or are exempt from the requirements of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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:

i.	Mr. Syed Muhammad Shabbar Zaidi*	Chairman	(Independent Director)
ii.	Ms. Romana Abdullah	Member	(Independent Director)
iii.	Mr. Asif Jooma**	Member	(Independent Director)

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Zubyr Soomro (Independent Director) as the Chairman of the Audit Committee on the 8th of January 2024.*

***Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Ms. Maheen Rahman (Female Independent Director) as a Member of the Audit Committee on the 8th of January 2024.*

b. HR, Remuneration and Compensation Committee:

i.	Mr. Asif Jooma*	Chairman	(Independent Director)
ii.	Mr. Arshad Masood	Member	(Non-Executive Director)
iii.	Mr. Omar Saeed	Member	(Independent Director)
iv.	Ms. Romana Abdullah**	Member	(Independent Director)

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Omar Saeed (Independent Director) as the Chairman of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

***Replaced by Ms. Maheen Rahman (Female Independent Director) as Member of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

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:	Quarterly Meetings
b. HR, Remuneration and Compensation Committee:	2 Meetings in the 2nd quarter

15. The Board has outsourced the internal audit function to M/s. Uzair Hammad Faisal & Co. Chartered Accountants, who are 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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below :