

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

Name of Company

Kot Addu Power Company Limited

Year Ended

June 30, 2022

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

1. The total number of directors are eight (8) as per the following:
 - a) Male: Seven (7)
 - b) Female: One (1)
2. The composition of the Board of Directors (the "Board") is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none">• Mr. Aqeel Ahmed Nasir• Mr. Hafiz Muhammad Yousaf• Mr. Saad Iqbal• Ms. Mahwish Humayun Khan
Executive Director	<ul style="list-style-type: none">• Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	<ul style="list-style-type: none">• Lt. General (Retd.) Muzammil Hussain¹• Mr. Naveed Asghar Chaudhry• Mr. Jamil Akhtar

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been 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 Companies Act, 2017 (the "Act"), the Company's Articles of Association 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 meetings of the Board.
8. The Board has a policy and transparent procedure for remuneration of Directors in accordance with the Act and these Regulations.
9. The majority of the Directors, Chief Financial Officer and the General Manager Engineering have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.
10. The Board has approved the appointment of the 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. The Company Secretary was appointed prior to the listing of the Company.
11. The Chief Executive and Chief Financial Officer duly endorsed the financial statements before approval by the Board.
12. The Board has formed Board Committees comprising of following:

¹ Lt. General (Retd.) Muzammil Hussain resigned from the Board of Directors on May 24, 2022. The casual vacancy was filled-in by the appointment of Lt. General (Retd) Sajjad Ghani on August 17, 2022 as Director under section 155(3) of the Companies Act, 2017. Lt. General Ghani was on the same date elected Chairman, Board of Directors.

Audit Committee

Mr. Hafiz Muhammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Naveed Asghar Chaudhry ²	Member
Mr. Jamil Akhtar	Member

HR Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Naveed Asghar Chaudhry ³	Member
Ms. Mahwish Humayun Khan	Member
Mr. Jamil Akhtar ⁴	Member

Investment Committee

Mr. Hafiz Muhammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Jamil Akhtar	Member

13. The terms of reference of the aforesaid committees have been formulated, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as follows:

Audit Committee	Seven (7)
HR Committee	Four (4)
Investment Committee	Five (5)

15. The Board has outsourced the internal audit function to EY Ford Rhodes, 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 programme 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 close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors 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, the Regulations or any other regulatory requirements 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.

For and on behalf of the Board

Aftab Mahmood Butt
Chief Executive

Lt. General (Retd.) Sajjad Ghani⁵
Chairman, Board of Directors

Islamabad
September 16, 2022

² Ceased to be Member of Audit Committee on June 1, 2022

³ Ceased to be Member of HR Committee on June 1, 2022

⁴ Appointed member of HR Committee on June 1, 2022

⁵ Lt. General (Retd.) Muzammil Hussain resigned from the BoD on May 24, 2022; and his vacant position was filled-in on August 17, 2022 by Lt. General (Retd.) Sajjad Ghani.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kot Addu Power Company 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 Kot Addu Power Company Limited 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 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, 2022.

A. F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Date: September 30, 2022

UDIN: CR202210118JmEV27gHj

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