

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

Name of Company

Kot Addu Power Company Limited (the "Company")

Year Ended

June 30, 2023

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 Mohammad Yousaf • Mr. Saad Iqbal • Ms. Mahwish Humayun Khan |
| Non-Executive Directors | <ul style="list-style-type: none"> • Lt. General (Retd.) Sajjad Ghani • Mr. Naveed Asghar Chaudhry • Mr. Jamil Akhtar |
| Executive Director | <ul style="list-style-type: none"> • Mr. Aftab Mahmood Butt (Chief Executive) |
| Female Director | <ul style="list-style-type: none"> • Ms. Mahwish Humayun Khan |

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 Companies Act, 2017 (the "Act"), and the 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 formal policy and transparent procedure for remuneration of Directors in accordance with the Act and the Regulations.
9. The majority of the Directors, General Manager Finance / Chief Financial Officer and the Head of 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:

Audit Committee

| | |
|---|----------|
| Mr. Hafiz Mohammad Yousaf | Chairman |
| Mr. Saad Iqbal | Member |
| Mr. Naveed Asghar Chaudhry ¹ | Member |
| Mr. Jamil Akhtar | Member |

HR Committee

| | |
|--------------------------|------------------------|
| Mr. Aqeel Ahmed Nasir | Chairman |
| Mr. Aftab Mahmood Butt | Member/Chief Executive |
| Ms. Mahwish Humayun Khan | Member |
| Mr. Jamil Akhtar | Member |

Investment Committee

| | |
|---|----------|
| Mr. Hafiz Mohammad Yousaf | Chairman |
| Mr. Saad Iqbal | Member |
| Mr. Jamil Akhtar | Member |
| Mr. Naveed Asghar Chaudhry ² | Member |

13. The terms of reference of the Board Committees have been formed, documented and advised to the Members for compliance.

14. The frequency of Board Committee (year ended June 30, 2023) meetings were as follows:

| | |
|----------------------|-----------|
| Audit Committee | Seven (7) |
| HR Committee | Two (2) |
| Investment Committee | Six (6) |

15. The Board has set-up an effective internal audit function and who are considered suitably qualified and experienced for the purpose and 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 respect.

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.

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

For and on behalf of the Board

Aftab Mahmood Butt
Chief Executive

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

Lahore
September 6, 2023

¹ Mr. Naveed Asghar Chaudhry appointed Member on February 22, 2023.

² Mr. Naveed Asghar Chaudhry appointed Member on October 25, 2022.



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 (the Company) for the year ended June 30, 2023 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, 2023.

A. F. Ferguson & Co.

Chartered Accountants

Lahore

Date: September 25, 2023

UDIN: CR202310118mQqc6en0p

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