

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

FOR THE YEAR ENDED JUNE 30, 2022

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

- The total number of directors are eight (8) as per the following:

a.	Male	Eight
b.	Female*	None

* The Company has filed a constitutional petition before the Honorable High Court of Sindh challenging, inter alia, the compliance of clause No. 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 relating to appointment of female director, which is pending adjudication. The law officer of Securities and Exchange Commission of Pakistan has undertaken that no action contrary to the law would be taken against the Company.

- The composition of board is as follows:

	Category	Names
a)	Independent Directors*	Mr. Shamim Ahmad Khan Mr. Khondamir Nusratkhujaev
b)	Non-Executive Directors	Mr. Laith G. Pharaon Alternate Director: Mr. Shuaib A. Malik Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Shuaib A. Malik Mr. Abdus Sattar Mr. Sajid Nawaz
c)	Executive Director	Mr. Jamil A. Khan Chief Executive Officer
d)	Female Directors	None

* Best practices in Corporate Governance imply that not only the individual directors be qualified and independent but collectively they should add value through their diverse skills, governance experience and industry related expertise. The current composition of the Board adequately meets the requirements, therefore, the fraction i.e. 0.33 contained in one third of 7 elected directors was not rounded up as one.

- 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. The Directors were apprised of their duties and responsibilities from time to time. The directors either have already attended the directors' training program as required in previous years or meet the exemption or relaxation criteria as contained in 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

Mr. Shamim Ahmad Khan - Chairman

Mr. Abdus Sattar

Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)
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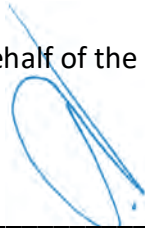
b) HR and Remuneration Committee

Mr. Shamim Ahmad Khan - Chairman
Mr. Shuaib A. Malik
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)
Mr. Jamil A. Khan

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: Quarterly
 - b) HR and Remuneration Committee: Yearly;
15. The Board has set up an effective internal audit function 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 the 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 (non-mandatory requirements) are below:

S. No.	Requirement	Explanation	Reg. No
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	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.	29
2	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 Board has not constituted a risk management committee as risk management framework is managed at Company's level by the executive committee which is headed by the CEO and the CEO apprises the Board accordingly.	30
3	The Company may post on its website key elements of its significant policies including but not limited to the following: i. Communication and disclosure policy; ii. Code of conduct for members of board of directors, senior management and other employees; iii. Risk management policy; iv. Internal control policy; v. Whistle blowing policy; vi. Corporate social responsibility / sustainability / environmental, social and governance related policy.	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.	35(1)

On behalf of the Board



Jamil A. Khan
Chief Executive Officer

August 16, 2022



Shuaib A. Malik
Chairman



A.F. FERGUSON & CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NATIONAL REFINERY 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 National Refinery 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 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.

Further, we highlight content of paragraph 1 of the statement where the matter of representation of female director on the Board of Directors of the Company has been explained.

**Chartered Accountants
Karachi**

Dated: August 23, 2022

UDIN: CR202210073ijmcwRzPM

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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