

Review Report to the Members

on the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013



We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Oil and Gas Development Company Limited for the year ended 30 June 2022 to comply with the requirements of regulation 36 of Listed Companies (Code of Corporate Governance) Regulations, 2019 and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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.

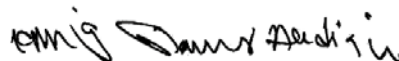
The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Codes as applicable to the Company for the year ended 30 June 2022.



A. F. Ferguson & Co.
Chartered Accountants
Islamabad

Date: 3 October 2022
Engagement Partner: Muhammad Imtiaz Aslam
UDIN: CR202210050qIK9eLOFE



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: 3 October 2022
Engagement Partner: Riaz Akbar Ali Pesnani
UDIN: CR202210115MN4YSqGOQ

Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: Oil and Gas Development Company Limited
Name of the Line Ministry: Ministry of Energy (Petroleum Division)
For the year ended: 30 June 2022

I. This statement presents the overview of the compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both here in after referred to as "Codes") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the provisions of Public Sector Companies (Corporate Governance) Rules, 2013 ("Rules") shall prevail.

II. The Company has complied with the provisions of the Rules in the following manner:

| Sr. No. | Provision of the Rules | Rule No. | Y | N | Remarks | | | | | | | | | | | |
|-------------------------|--|--|-----------------------|---------------------|---|--|--|--------------------|--|----------|-------------------------|---|--|--|--|--|
| | | | Tick the relevant box | | | | | | | | | | | | | |
| 1. | The independent directors meet the criteria of independence, as defined under the Rules. | 2(d) | ✓ | | | | | | | | | | | | | |
| 2. | The Board has at least one-third of its total members as independent directors. As at 30 June 2022 the Board includes: | 3(2) | ✓ | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td> <ul style="list-style-type: none"> Mr. Akbar Ayub Khan Mr. Muhammad Riaz Khan Mrs. Shamama Tul Amber Arbab Mr. Jahanzaib Durrani </td> <td> 17.03.21 17.03.21 17.03.21 17.03.21 </td> </tr> <tr> <td>Executive Director</td> <td> <ul style="list-style-type: none"> Syed Khalid Siraj Subhani * * Syed Khalid Siraj Subhani was appointed on 17 March 2021 as an independent director. Thereafter he was assigned the acting charge of MD/CEO w.e.f 20 October 2021. </td> <td>20.10.21</td> </tr> <tr> <td>Non-Executive Directors</td> <td> <ul style="list-style-type: none"> Mr. Ali Raza Bhutta Mr. Zafar Masud Mr. Hamed Yaqoob Sheikh Mr. Abdul Aziz Uqaili Mr. Muhammad Haroon-ur-Rafique Dr. Muhammad Sohail Rajput (All Independent Directors are also Non-Executive Directors) </td> <td> 24.12.21 17.03.21 17.12.21 26.04.22 17.03.21 19.05.22 </td> </tr> </tbody> </table> | Category | Names | Date of Appointment | Independent Directors | <ul style="list-style-type: none"> Mr. Akbar Ayub Khan Mr. Muhammad Riaz Khan Mrs. Shamama Tul Amber Arbab Mr. Jahanzaib Durrani | 17.03.21 17.03.21 17.03.21 17.03.21 | Executive Director | <ul style="list-style-type: none"> Syed Khalid Siraj Subhani * * Syed Khalid Siraj Subhani was appointed on 17 March 2021 as an independent director. Thereafter he was assigned the acting charge of MD/CEO w.e.f 20 October 2021. | 20.10.21 | Non-Executive Directors | <ul style="list-style-type: none"> Mr. Ali Raza Bhutta Mr. Zafar Masud Mr. Hamed Yaqoob Sheikh Mr. Abdul Aziz Uqaili Mr. Muhammad Haroon-ur-Rafique Dr. Muhammad Sohail Rajput (All Independent Directors are also Non-Executive Directors) | 24.12.21 17.03.21 17.12.21 26.04.22 17.03.21 19.05.22 | | | |
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| Independent Directors | <ul style="list-style-type: none"> Mr. Akbar Ayub Khan Mr. Muhammad Riaz Khan Mrs. Shamama Tul Amber Arbab Mr. Jahanzaib Durrani | 17.03.21 17.03.21 17.03.21 17.03.21 | | | | | | | | | | | | | | |
| Executive Director | <ul style="list-style-type: none"> Syed Khalid Siraj Subhani * * Syed Khalid Siraj Subhani was appointed on 17 March 2021 as an independent director. Thereafter he was assigned the acting charge of MD/CEO w.e.f 20 October 2021. | 20.10.21 | | | | | | | | | | | | | | |
| Non-Executive Directors | <ul style="list-style-type: none"> Mr. Ali Raza Bhutta Mr. Zafar Masud Mr. Hamed Yaqoob Sheikh Mr. Abdul Aziz Uqaili Mr. Muhammad Haroon-ur-Rafique Dr. Muhammad Sohail Rajput (All Independent Directors are also Non-Executive Directors) | 24.12.21 17.03.21 17.12.21 26.04.22 17.03.21 19.05.22 | | | | | | | | | | | | | | |
| 3. | The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries. | 3(5) | ✓ | | | | | | | | | | | | | |
| 4. | The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act. | 3(7) | | | All the nominations on the Board of Directors are made by the Government of Pakistan (GoP). | | | | | | | | | | | |
| 5. | The chairman of the Board is working separately from the Chief Executive of the Company. | 4(1) | ✓ | | | | | | | | | | | | | |
| 6. | The Chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government. | 4(4) | ✓ | | | | | | | | | | | | | |

Statement of Compliance

| Sr. No. | Provision of the Rules | Rule No. | Y | N | Remarks |
|---------|---|----------------------|-----------------------|---|--|
| | | | Tick the relevant box | | |
| 7. | The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive has been nominated by the Government). | 5(2) | | | During the year ended 30 June 2022, acting charge of MD/CEO was given to Syed Khalid Siraj Subhani. However, the process to evaluate the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission was in process as at 30 June 2022. |
| 8. | a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the Company's website www.ogdcl.com c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices. | 5(4) | ✓ | ✓ | |
| 9. | The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules. | 5(5) | ✓ | | |
| 10. | The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest. | 5(5) (b) (ii) | ✓ | | |
| 11. | The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company. | 5(5) (b) (vi) | ✓ | | |
| 12. | The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. | 5(5) (c) (ii) | ✓ | | |
| 13. | The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services. | 5(5) (c) (iii) | ✓ | | |

| Sr. No. | Provision of the Rules | Rule No. | Y | N | Remarks |
|---------|--|----------|-----------------------|---|--|
| | | | Tick the relevant box | | |
| 14. | The Board has developed a vision or mission statement and corporate strategy of the Company. | 5(6) | ✓ | | |
| 15. | The Board has developed 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. | 5(7) | ✓ | | |
| 16. | The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration. | 5(8) | | | None |
| 17. | The Board has ensured compliance with policy directions requirements received from the Government. | 5(11) | | | OGDCL is a public listed company and its Global Depository Receipts (GDRs) traded at the London Stock Exchange. Hence, the Company operates purely on commercial consideration |
| 18. | a) The Board has met at least four times during the year. | 6(1) | ✓ | | |
| | b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. | 6(2) | ✓ | | |
| | c) The minutes of the meetings were appropriately recorded and circulated. | 6(3) | ✓ | | |
| 19. | The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. | 8(2) | ✓ | | |
| 20. | The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained. | 9 | ✓ | | |
| 21. | a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. | 10 | ✓ | | |
| | b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the Auditors. | | ✓ | | |
| | c) The Board has placed the annual financial statements on the Company's website. | | ✓ | | |

Statement of Compliance

| Sr. No. | Provision of the Rules | Rule No. | Y | N | Remarks | | | | | | | | | | | | | | | | |
|--|---|------------------------------|-----------------------|------------------|--|---|---------------------|---------------------------|---|-----------------------|---------------------------------------|---|------------------------------|--|---|------------------------|----|---|---|---|---|
| | | | Tick the relevant box | | | | | | | | | | | | | | | | | | |
| 22. | All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules. | 11 | ✓ | | During the year, the Company arranged an orientation workshop which was attended by seven (7) directors. | | | | | | | | | | | | | | | | |
| 23. | <p>a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="276 1028 933 1305"> <thead> <tr> <th>Committee</th> <th>No. of Members</th> <th>Name of Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>4</td> <td>Mr. Akbar Ayub Khan</td> </tr> <tr> <td>Risk Management Committee</td> <td>5</td> <td>Mr. Jahanzaib Durrani</td> </tr> <tr> <td>Human Resource & Nomination Committee</td> <td>5</td> <td>Mrs. Shamama Tul Amber Arbab</td> </tr> <tr> <td>Business Development & Operation Committee</td> <td>5</td> <td>Mr. Muhammad Riaz Khan</td> </tr> </tbody> </table> <p><i>Syed Khalid Siraj Subhani chaired Human Resource & Nomination Committee meetings till assumption of acting charge as MD/CEO i.e., 20 October 2021. An independent director was selected by the committee members in subsequent meetings held during the year to chair the Committee.</i></p> | Committee | No. of Members | Name of Chairman | Audit Committee | 4 | Mr. Akbar Ayub Khan | Risk Management Committee | 5 | Mr. Jahanzaib Durrani | Human Resource & Nomination Committee | 5 | Mrs. Shamama Tul Amber Arbab | Business Development & Operation Committee | 5 | Mr. Muhammad Riaz Khan | 12 | ✓ | ✓ | ✓ | ✓ |
| Committee | No. of Members | Name of Chairman | | | | | | | | | | | | | | | | | | | |
| Audit Committee | 4 | Mr. Akbar Ayub Khan | | | | | | | | | | | | | | | | | | | |
| Risk Management Committee | 5 | Mr. Jahanzaib Durrani | | | | | | | | | | | | | | | | | | | |
| Human Resource & Nomination Committee | 5 | Mrs. Shamama Tul Amber Arbab | | | | | | | | | | | | | | | | | | | |
| Business Development & Operation Committee | 5 | Mr. Muhammad Riaz Khan | | | | | | | | | | | | | | | | | | | |
| 24. | The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment. | 13 | ✓ | | | | | | | | | | | | | | | | | | |
| 25. | The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules. | 14 | ✓ | | | | | | | | | | | | | | | | | | |
| 26. | The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act. | 16 | ✓ | | | | | | | | | | | | | | | | | | |
| 27. | The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed. | 17 | ✓ | | | | | | | | | | | | | | | | | | |
| 28. | The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company. | 18 | ✓ | | | | | | | | | | | | | | | | | | |

| Sr. No. | Provision of the Rules | Rule No. | Y | N | Remarks | | | | | | | | | | | | | | |
|-------------------------|--|-------------------------|-----------------------|-------------------------|---------------------|----------------------|--------------------|-----------------------|------------------------|---------------|-------------------------|------------------------|---------------|------------------------|----------------------|------------------|--|--|--|
| | | | Tick the relevant box | | | | | | | | | | | | | | | | |
| 29. | a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. | 19 | ✓ | | | | | | | | | | | | | | | | |
| | b) The Annual Report of the Company contains criteria and details of remuneration of each director. | | | ✓ | | | | | | | | | | | | | | | |
| 30. | The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board. | 20 | ✓ | | | | | | | | | | | | | | | | |
| 31. | The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at 30 June 2022: | 21 (1) and 21(2) | ✓ | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Mr. Akbar Ayub Khan</td> <td>Independent Director</td> <td>Business Executive</td> </tr> <tr> <td>Mr. Abdul Aziz Uqaili</td> <td>Non-Executive Director</td> <td>Civil Servant</td> </tr> <tr> <td>Mr. Hamed Yaqoob Sheikh</td> <td>Non-Executive Director</td> <td>Civil Servant</td> </tr> <tr> <td>Mr. Muhammad Riaz Khan</td> <td>Independent Director</td> <td>Senior Executive</td> </tr> </tbody> </table> | Name of Member | Category | Professional background | Mr. Akbar Ayub Khan | Independent Director | Business Executive | Mr. Abdul Aziz Uqaili | Non-Executive Director | Civil Servant | Mr. Hamed Yaqoob Sheikh | Non-Executive Director | Civil Servant | Mr. Muhammad Riaz Khan | Independent Director | Senior Executive | | | |
| Name of Member | Category | Professional background | | | | | | | | | | | | | | | | | |
| Mr. Akbar Ayub Khan | Independent Director | Business Executive | | | | | | | | | | | | | | | | | |
| Mr. Abdul Aziz Uqaili | Non-Executive Director | Civil Servant | | | | | | | | | | | | | | | | | |
| Mr. Hamed Yaqoob Sheikh | Non-Executive Director | Civil Servant | | | | | | | | | | | | | | | | | |
| Mr. Muhammad Riaz Khan | Independent Director | Senior Executive | | | | | | | | | | | | | | | | | |
| | The Chief Executive and Chairman of the Board are not members of the Audit Committee. | | | | | | | | | | | | | | | | | | |
| 32. | a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. | 21(3) | ✓ | | | | | | | | | | | | | | | | |
| | b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives. | | | ✓ | | | | | | | | | | | | | | | |
| | c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors. | | | ✓ | | | | | | | | | | | | | | | |
| 33. | a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. | 22 | ✓ | | | | | | | | | | | | | | | | |
| | b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. | | | ✓ | | | | | | | | | | | | | | | |
| | c) The internal audit reports have been provided to the external auditors for their review. | | | ✓ | | | | | | | | | | | | | | | |
| 34. | The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan. | 23(4) | ✓ | | | | | | | | | | | | | | | | |
| 35. | The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services. | 23(5) | ✓ | | | | | | | | | | | | | | | | |

Statement of Compliance

CERTAIN ADDITIONAL DISCLOSURES AS REQUIRED UNDER LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

- The total number of Directors as on 30 June 2022 are eleven as per the following:
 - Male: 10
 - Female: 1
- 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.
- 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 formed Committees comprising members given below:

Human Resource & Nomination Committee

| | |
|----------|------------------------------|
| Chairman | Mrs. Shamama Tul Amber Arbab |
| Member | Mr. Ali Raza Bhutta |
| Member | Syed Khalid Siraj Subhani |
| Member | Mr. Jahanzaib Durrani |
| Member | Mr. Zafar Masud |

Syed Khalid Siraj Subhani chaired Human Resource & Nomination Committee meetings till assumption of acting charge as MD/CEO i.e. 20 October 2021. An independent director was selected by the committee members in subsequent meetings held during the year to chair the Committee.

Risk Management Committee

| | |
|----------|--------------------------------|
| Chairman | Mr. Jahanzaib Durrani |
| Member | Dr. Muhammad Sohail Rajput |
| Member | Mr. Hamed Yaqoob Sheikh |
| Member | Mr. Muhammad Haroon ur Rafique |
| Member | Mrs. Shamama Tul Amber Arbab |

Audit Committee

| | |
|----------|-------------------------|
| Chairman | Mr. Akbar Ayub Khan |
| Member | Mr. Abdul Aziz Uqaili |
| Member | Mr. Hamed Yaqoob Sheikh |
| Member | Mr. Muhammad Riaz Khan |

Business Development & Operations Committee

| | |
|----------|--------------------------------|
| Chairman | Mr. Muhammad Riaz Khan |
| Member | Mr. Akbar Ayub Khan |
| Member | Mr. Abdul Aziz Uqaili |
| Member | Mr. Muhammad Haroon ur Rafique |
| Member | Dr. Muhammad Sohail Rajput |

- The frequency of meetings (quarterly/half yearly/yearly) of the Committee were as per following:

| Committee | Frequency |
|--|-----------|
| Audit Committee | Quarterly |
| Risk Management Committee | Annually |
| Human Resource and Nomination Committee | Quarterly |
| Business Development & Operation Committee | Quarterly |



- 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;
- 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;
- We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except where the requirements are inconsistent with the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.



Syed Khalid Siraj Subhani
Managing Director/CEO

Zafar Masud
Chairman

22 September 2022