

**Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019, and Code of Corporate Governance for Insurers, 2016.**

**Name of company** PAKISTAN REINSURANCE COMPANY LIMITED  
**Name of the Line Ministry** COMMERCE (GoP)  
**For the year ended** DECEMBER 31, 2021

i. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) 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.

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															
			Tick the relevant box																
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	Y																
2.	The Board has at least one-third of its total members as in dependent directors. At present the Board includes: <table border="1" style="margin: 10px auto; width: 60%;"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>MsZara Shaheen Awan</td> <td>29.10.2021</td> </tr> <tr> <td rowspan="4">Non-Executive Directors</td> <td>Mr. Mumtaz Ali Rajper</td> <td>31-12-2019</td> </tr> <tr> <td>Mr. Musleh-ud-Din</td> <td>16-03-2017</td> </tr> <tr> <td>Mr. Muhammad Rashid</td> <td>20.09.2021</td> </tr> <tr> <td>Dr. Kausar Ali Zaidi</td> <td>04.09.2020</td> </tr> </tbody> </table>	Category	Name	Date of Appointment	Independent Directors	MsZara Shaheen Awan	29.10.2021	Non-Executive Directors	Mr. Mumtaz Ali Rajper	31-12-2019	Mr. Musleh-ud-Din	16-03-2017	Mr. Muhammad Rashid	20.09.2021	Dr. Kausar Ali Zaidi	04.09.2020	3(2)		N
Category	Name	Date of Appointment																	
Independent Directors	MsZara Shaheen Awan	29.10.2021																	
Non-Executive Directors	Mr. Mumtaz Ali Rajper	31-12-2019																	
	Mr. Musleh-ud-Din	16-03-2017																	
	Mr. Muhammad Rashid	20.09.2021																	
	Dr. Kausar Ali Zaidi	04.09.2020																	
3	The directors have confirmed that none of them is serving as a director on more than five public sector / Listed companies and listed companies simultaneously, except their subsidiaries.	3(5)	Y																
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)	Y																
5	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	Y																
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)	Y																
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)	Y																
8	(a) The Board has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.	5(4)	Y																

	(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.pakre.org.pk)  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	Y	
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)	Y	
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)	Y	
11	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	Y	
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)	Y	
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)	Y	
14	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	Y	
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)	Y	
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)	Not applicable	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	Y	
18	(a) The Board has met at least four times during the year.  (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.  (c) The minutes of the meetings of the Board of Directors were appropriately recorded and circulated.	6(1)  6(2)  6(3)	Y  Y	  N
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)	Y	
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	Y	

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	Y																																	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.	10	Y																																	
	(c) The Board has placed the annual financial statements on the company's website.	10	Y																																	
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	Y																																	
23	(a) The Board has formed the requisite committees, as specified in the Rules.	12	Y																																	
	(b) All the committees were provided with written terms of reference defining their duties, authority and composition.	12	Y																																	
	(c) The minutes of the meetings of the committees were circulated to all the board members.	12	Y																																	
	(d) The committees were chaired by the following non-executive directors:																																			
	<table border="1"> <thead> <tr> <th>Sr.No</th> <th>Committees</th> <th>No. of Directors</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Audit Committee</td> <td>Three</td> <td>Mr. Musleh-ud-Din</td> </tr> <tr> <td>2</td> <td>Investment Committee</td> <td>Three</td> <td>Mr. Muhammad Rashid</td> </tr> <tr> <td>3</td> <td>* Ethics, Human Resource &amp; Remuneration Committee</td> <td>Four</td> <td>Mr. Mumtaz Ali Rajper</td> </tr> <tr> <td>4</td> <td>Underwriting / Reinsurance Committee</td> <td>One</td> <td>Dr. Kausar Ali Zaidi</td> </tr> <tr> <td>5</td> <td>Claim Settlement Committee</td> <td>One</td> <td>Mr. Mumtaz Ali Rajper</td> </tr> <tr> <td>6</td> <td>Risk Management and Compliance Committee</td> <td>Three</td> <td>Mr. Muhammad Rashid</td> </tr> <tr> <td>7</td> <td>Procurement Committee</td> <td>Three</td> <td>Dr. Kausar Ali Zaidi</td> </tr> </tbody> </table>	Sr.No	Committees	No. of Directors	Name of Chair	1	Audit Committee	Three	Mr. Musleh-ud-Din	2	Investment Committee	Three	Mr. Muhammad Rashid	3	* Ethics, Human Resource & Remuneration Committee	Four	Mr. Mumtaz Ali Rajper	4	Underwriting / Reinsurance Committee	One	Dr. Kausar Ali Zaidi	5	Claim Settlement Committee	One	Mr. Mumtaz Ali Rajper	6	Risk Management and Compliance Committee	Three	Mr. Muhammad Rashid	7	Procurement Committee	Three	Dr. Kausar Ali Zaidi	12	Y	
Sr.No	Committees	No. of Directors	Name of Chair																																	
1	Audit Committee	Three	Mr. Musleh-ud-Din																																	
2	Investment Committee	Three	Mr. Muhammad Rashid																																	
3	* Ethics, Human Resource & Remuneration Committee	Four	Mr. Mumtaz Ali Rajper																																	
4	Underwriting / Reinsurance Committee	One	Dr. Kausar Ali Zaidi																																	
5	Claim Settlement Committee	One	Mr. Mumtaz Ali Rajper																																	
6	Risk Management and Compliance Committee	Three	Mr. Muhammad Rashid																																	
7	Procurement Committee	Three	Dr. Kausar Ali Zaidi																																	
	<i>*The Board has assigned the responsibility and functions of Nomination Committee to the Ethics, HR &amp; Remuneration Committee as per guidelines provided in COCG for Insurers, 2016.</i>																																			
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	Y																																	
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	Y																																	
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	Y																																	
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 features required to be disclosed.	17	Y																																	
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	Y																																	

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.  (b) The annual report of the company contains criteria and details of remuneration of each director.	19	Y																					
30	The financial statements of Company were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the audit committee and the Board.	20	Y																					
31	The board has formed an audit committee, with defined and written terms of reference and having the following members with the Chairman as an Independent Director:  <table border="1" data-bbox="326 520 1024 741"> <thead> <tr> <th>S.No.</th> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mr. Musleh-ud-Din</td> <td>Non-executive</td> <td>Ph.D (Economics)</td> </tr> <tr> <td>2</td> <td>Dr. Kausar Ali Zaidi</td> <td>Non-executive</td> <td>MBBS</td> </tr> <tr> <td>3</td> <td>Mr. Muhammad Rashid</td> <td>Non-executive</td> <td>CIA&amp;FCMA</td> </tr> <tr> <td>4</td> <td>Mr. Tameez-ud-Din, Chief Internal Auditor</td> <td>Secretary of the Committee</td> <td>FCCA, M.A (Eco.), CII</td> </tr> </tbody> </table> The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	S.No.	Name of Member	Category	Professional Background	1	Mr. Musleh-ud-Din	Non-executive	Ph.D (Economics)	2	Dr. Kausar Ali Zaidi	Non-executive	MBBS	3	Mr. Muhammad Rashid	Non-executive	CIA&FCMA	4	Mr. Tameez-ud-Din, Chief Internal Auditor	Secretary of the Committee	FCCA, M.A (Eco.), CII	21(1)  and  21(2)	Y	N
S.No.	Name of Member	Category	Professional Background																					
1	Mr. Musleh-ud-Din	Non-executive	Ph.D (Economics)																					
2	Dr. Kausar Ali Zaidi	Non-executive	MBBS																					
3	Mr. Muhammad Rashid	Non-executive	CIA&FCMA																					
4	Mr. Tameez-ud-Din, Chief Internal Auditor	Secretary of the Committee	FCCA, M.A (Eco.), CII																					
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.  (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 auditor.	21(3)  21(3)  21(3)	Y  Y  Y																					
33	(a) The board has set up an effective internal audit function which has an audit charter, duly approved by the audit committee,  (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.	22  22  22	Y  Y  Y																					
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)	Y																					
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	Y																					

**Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019:**

- 36 The total number of directors are Five (5) as per the following:  
a. Male: Four  
b. Female: One

37 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

38 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 board.

39 The Board has arranged Directors' Training program for all its members.

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

S.No.	Committees	Meeting Date
1	Audit Committee	February 22, 2021
		March 12, 2021
		April 6, 2021
		April 16, 2021
		April 29, 2021
		August 24, 2021
		October 28, 2021
2	Ethics, HR & Remuneration Committee	December 17, 2021
		February 22, 2021
		May 25, 2021
		August 23, 2021
		September 27, 2021
3	Investment Committee	October 28, 2021
		December 6, 2021
		June 4, 2021
4	Risk Management and Compliance	August 24, 2021
		December 20, 2021
		March 31, 2021
5	Claims Settlement	June 24, 2021
		December 17, 2021
		February 23, 2021
		April 29, 2021
6	Underwriting / Reinsurance Committee	October 16, 2021
		December 20, 2021
		March 12, 2021
7	Procurement Committee	October 2, 2021
		December 17, 2021
		January 22, 2021
		July 3, 2021
		October 15, 2021
		December 25, 2021

\*Chairman of Ethics, HR & Remuneration Committee is not an Independent Director

41 We confirm that all other requirements of the Regulations 3, 6, 7, 8, 32, 33 and 36 of the Regulations have been complied with; and

42 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 32, 33 and 36 are below (if applicable):

**Further disclosures, required under Code of Corporate Governance for Insurers, 2016:**

- 43 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Developing Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
44. A casual vacancy occurred on the Board for nominee Director on 1<sup>st</sup> October 2020, was filled up by the BOD on 29<sup>th</sup> October 2021.
45. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
46. The Board has formed the following Management Committees:

**Underwriting / Reinsurance Committee**

<b>Name of the Member</b>	<b>Category</b>
Dr. Kausar Ali Zaidi	Chairman
Chief Executive Officer	Member
Executive Director (Underwriting)	Secretary

**Claim Settlement Committee**

<b>Name of the Member</b>	<b>Category</b>
Mumtaz Ali Rajper	Chairman
Chief Executive Officer	Member
Head of Claims Department	Secretary

**Risk Management & Compliance Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Rashid	Chairman
Dr. Kausar Ali Zaidi	Member
Ms. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Risk Management Officer	In Mandatory Attendance
Company Secretary / Compliance Officer	Secretary

47. The Board has formed the following Board Committees:

**Audit Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Musleh-ud-Din	Non-executive
Dr. Kausar Ali Zaidi	Non-executive
Mr. Muhammad Rashid	Non-executive
Mr. Tameez-ud-Din / Chief Internal Auditor	Secretary of the Committee

**Ethics, Human Resource & Remuneration Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Mumtaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member

Mr. Musleh-Ud-Din	Member
Ms. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Department	Secretary

#### **Investment Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Rashid	Chairman
Mr. Mumtaz Ali Rajper	Member
Mr. Musleh-Ud-Din	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

#### **Procurement Committee**

<b>Name of the Member</b>	<b>Category</b>
Dr. Kausar Ali Zaidi	Chairman
Mr. Mumtaz Ali Rajper	Member
Ms. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Administration	Secretary

- 48 The Committees Meeting of Audit were held in every quarter but the Meetings of Investment Committee, Underwriting / Reinsurance Committee and Risk Management & Compliance Committee were not held in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters respectively while 3<sup>rd</sup> quarter Meeting of Claims Settlement and Underwriting / Reinsurance were held in the 4<sup>th</sup> quarter. Prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.
- 49 The Chief Financial Officer and the Head of Internal Audit possess such qualifications and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the following persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No.XXXIX of 2000).

#### **Key Officers in Management**

<b>Name of the Person</b>	<b>Designation</b>
1. Mr. Farmanullah Zarkoon	Chief Executive Officer
2. Mr. Muhammad Junaid Moti,	Head of Underwriting/ Reinsurance
3. Mr. Muhammad Naveed Iqbal	Acting CFO / Head of Investment
4. Mr. Tameez-ud-Din	Chief Internal Auditor
5. Mr. Sumeet Kumar	Company Secretary/ Compliance Officer
6. Mr. Arham Raheem	Head of Administration & HR
7. Mr. Zohaib Hasan	Head of Information Technology Deptt.
8. Ms. Erum Nadeem	Head of Legal Department
9. Ms. Hina Gul	Head of Northern Zonal Office
10. Mr. Zaffar Iqbal	Head of Retrocession
11. Ms. Rana Munir Ahmed	Head of Claims
12. Mr. Prince Danish Maqsood	Head of Risk Management
13. Mr. Muhammad Ahmed	Head of Re-takaful

- 50 The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
- 51 The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
- 52 The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
- 53 The Board ensures that as part of the risk management system, the insurer gets itself rated from JCR-VIS(credit rating agency) which is being used by its risk management function / department and the respective Committee as a risk monitoring tool/ The rating assigned by the said rating agency on December 28, 2021 is AA (rating) with Positive outlook.
- 54 The Board has set up a grievance department/function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
- 55 We confirm that all other material principles contained in the Code of Corporate Governance for Insurer, 2016 have been complied with.

CHIEF EXECUTIVE OFFICER

CHAIRMAN



**Review report to the members on the statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019 And Code of Corporate Governance for Insurers, 2016 (“the Codes”)**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013, Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (referred to as ‘the Codes’) prepared by the Board of Directors of Pakistan Reinsurance Company Limited for the year ended December 31, 2021 to comply with the Codes.

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 Rules 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.

Following instances of non-compliance with the requirements of the Codes were observed which are not stated in the Statement of Compliance:

**Public Sector Companies (Corporate Governance) Rules, 2013**

S.No	Reference	Description
1	21(9)	The minutes of Audit Committee meeting # 94, 95, 97 & 98 were not circulated within fourteen days of meeting.

Based on our review, except for the above instances of non-compliance, 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 December 31, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Codes as reflected in the 2<sup>nd</sup>, 18<sup>th</sup>, 31<sup>st</sup>, 40<sup>th</sup> & 48<sup>th</sup> paragraph where these are stated in the Statement of Compliance:

**Public Sector Companies (Corporate Governance) Rules, 2013**

S.No	Reference	Description
1	3(2)	The Board does not have one third of its total members as Independent Directors.
2	6(3)	The minutes of the meeting of Board of Directors were not circulated within 14 days.
3	21(1)	The chairman of audit committee is not an independent director.

**Listed Companies (Code Of Corporate Governance) Regulations, 2019**

S.No	Reference	Description
1	28(2)	The chairman of HR & Remuneration Committee is not an independent director.

**Code of Corporate Governance for Insurers, 2016**

S.No	Reference	Description
1	XLIII	All committees (whether management committees or the Board committees) did not meet at least once in every quarter.

Date:  
Karachi:

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement partner