

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 Line Ministry MINISTRY OF COMMERCE (GoP)
For the year ended DECEMBER 31, 2023

- 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 independent directors. At present the Board includes: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Independent Directors</td> <td>Dr. Masleh-ud-Din</td> <td>16-03-2017</td> </tr> <tr> <td>Mr. Shoaib Mir</td> <td>17.08.2022</td> </tr> <tr> <td>Mrs. Zara Shabeen Awan</td> <td>29.10.2021</td> </tr> <tr> <td rowspan="3">Non-Executive Directors</td> <td>Mr. Mumtaz Ali Rajپر</td> <td>31.12.2019</td> </tr> <tr> <td>Mr. Muhammad Rashid</td> <td>20.09.2021</td> </tr> <tr> <td>Dr. Kausar Ali Zafri</td> <td>04.09.2020</td> </tr> <tr> <td>Executive Directors</td> <td>Mr. Farman Ullah Zafkoon</td> <td>18.08.2022</td> </tr> </tbody> </table>	Category	Name	Date of Appointment	Independent Directors	Dr. Masleh-ud-Din	16-03-2017	Mr. Shoaib Mir	17.08.2022	Mrs. Zara Shabeen Awan	29.10.2021	Non-Executive Directors	Mr. Mumtaz Ali Rajپر	31.12.2019	Mr. Muhammad Rashid	20.09.2021	Dr. Kausar Ali Zafri	04.09.2020	Executive Directors	Mr. Farman Ullah Zafkoon	18.08.2022	3(2)	Y	
Category	Name	Date of Appointment																						
Independent Directors	Dr. Masleh-ud-Din	16-03-2017																						
	Mr. Shoaib Mir	17.08.2022																						
	Mrs. Zara Shabeen Awan	29.10.2021																						
Non-Executive Directors	Mr. Mumtaz Ali Rajپر	31.12.2019																						
	Mr. Muhammad Rashid	20.09.2021																						
	Dr. Kausar Ali Zafri	04.09.2020																						
Executive Directors	Mr. Farman Ullah Zafkoon	18.08.2022																						
3	The directors have confirmed that none of them is serving as a director on more than five public sector / 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. (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.	6(1)	Y	
	(b) Written notices of the Board meetings, along with agenda duly approved by the Chairman, were circulated at least seven days before the meetings.	6(2)	Y	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	Y	
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:						
S.No	Committee	No. of Directors	Name of Chair			
1	Audit Committee	Four	Dr. Masleh-ud-Din			
2	Investment Committee	Five	Mr. Shoaib Mir			
3	* Ethics, Human Resource & Remuneration / Nomination Committee	Five	Mr. Muntaz Ali Rajper			
4	Procurement Committee	Four	Dr. Kausar Ali Zaidi			
5	Underwriting / Reinsurance Committee	Two	Dr. Kausar Ali Zaidi			
6	Claim Settlement Committee	Three	Mr. Muntaz Ali Rajper	12	Y	
7	Risk Management, Compliance and Legal Committee	Four	Mr. Muhammad Rashid			
*The Board has assigned the responsibility and functions of Nomination Committee to the Ethics, HR & Remuneration Committee as per guidelines provided in COCG for Insurers, 2016.						
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 qualifications 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:	21(1)	Y																								
	<table border="1"> <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>Dr. Muschi-ud-Din</td> <td>Non-executive/Independent</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&FCMA</td> </tr> <tr> <td>4</td> <td>Mr. Sheehab Mir</td> <td>Non-executive/Independent</td> <td>MBBS</td> </tr> <tr> <td>5</td> <td>Mr. Asif Kamal, Chief Internal Auditor</td> <td>Secretary of the Committee</td> <td>AFA, CICA & MIPA</td> </tr> </tbody> </table>	S.No.	Name of Member	Category	Professional Background	1	Dr. Muschi-ud-Din	Non-executive/Independent	Ph.D(Economics)	2	Dr. Kausar Ali Zaidi	Non-executive	MBBS	3	Mr. Muhammad Rashid	Non-executive	CIA&FCMA	4	Mr. Sheehab Mir	Non-executive/Independent	MBBS	5	Mr. Asif Kamal, Chief Internal Auditor	Secretary of the Committee	AFA, CICA & MIPA		
S.No.	Name of Member	Category	Professional Background																								
1	Dr. Muschi-ud-Din	Non-executive/Independent	Ph.D(Economics)																								
2	Dr. Kausar Ali Zaidi	Non-executive	MBBS																								
3	Mr. Muhammad Rashid	Non-executive	CIA&FCMA																								
4	Mr. Sheehab Mir	Non-executive/Independent	MBBS																								
5	Mr. Asif Kamal, Chief Internal Auditor	Secretary of the Committee	AFA, CICA & MIPA																								
	The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	21(2)	Y																								
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)	Y																								
	(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.	21(3)	Y																								
	(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)	Y																								
33	(a) The board has set up an effective internal audit function which has an audit charter, duly approved by the audit committee,	22	Y																								
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.	22	Y																								
	(c) The internal audit reports have been provided to the external auditors for their review.	22	Y																								
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with the 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 regards to provision of non-audit services.	23(5)	Y																								

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

- 36 The total number of directors are Seven (7) as per the following:
 a. Male: **Six**
 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 the 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:

Name of the Committee	Frequency of Meeting
Board Audit Committee	1. January 6, 2023 2. April 3, 2023 3. April 27, 2023 4. August 25, 2023 5. October 23, 2023 6. December 19, 2023
Ethics, Human Resource & Remuneration/Nomination Committee	1. February 23, 2023 2. April 14, 2023 3. May 18, 2023 4. June 8, 2023 5. August 7, 2023 & August 8, 2023 6. October 10, 2023 7. November 6, 2023
Investment Committee	1. February 24, 2023 2. May 19, 2023 3. October 2, 2023 4. December 19, 2023

Procurement Committee	1. June 7, 2023 2. December 20, 2023
Underwriting Committee	1. June 2, 2023 2. December 18, 2023
Claims Settlement Committee	1. April 4, 2023 2. August 9, 2023 3. October 20, 2023

- 41 We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
- 42 The Statutory Auditors of the Bank 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 directors of the Bank
- 43 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.
- 44 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27,32, 33 and 36 are below (if applicable):

Further disclosures, required under the 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 No casual vacancy occurred on the Board during the year which required to be filled up by the Directors.
- 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

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

Claim Settlement Committee

Name of the Member	Category
Mr. Muntaz Ali Rajper	Chairman
Mr. Shoaib Mir	Member
Chief Executive Officer	Member
Head of Claims Department	Secretary

Risk Management, Compliance and Legal Committee

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

47. The Board has formed the following Board Committees:

Audit Committee

Name of the Member	Category
Dr. Musleh-ud-Din	Non-executive / Independent
Mr. Shoaib Mir	Non-executive / Independent
Dr. Kausar Ali Zaidi	Non-executive
Mr. Muhammad Rashid	Non-executive
Mr. Asif Kamal, Chief Internal Auditor	Secretary

Ethics, Human Resource & Remuneration/Nomination Committee

Name of the Member	Category
Mr. Muntaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member

Dr. Musleh-Ud-Din	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of HR Department	Secretary

Investment Committee

Name of the Member	Category
Mr. Shoaib Mir	Chairman
Mr. Muhammad Rashid	Member
Mr. Mumtaz Ali Rajper	Member
Dr. Musleh-ud-Din	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

Procurement Committee

Name of the Member	Category
Dr. Kausar Ali Zaidi	Chairman
Mr. Mumtaz Ali Rajper	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Administration	Secretary

- 48 All Meetings of the Board Committees were held twice in the year except that of Audit Committee which met as per the requirements of clause (liv) of the Code 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

Name of the Person	Designation
Mr. Farmanullah Zarkoon	Chief Executive Officer
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Ms. Hina Gul	Regional Director
Syed Aamir	Chief Financial Officer
Mr. Muhammad Asif Kamal	Chief Internal Auditor
Mr. Sumeet Kumar	Company Secretary
Mr. Tameezuddin	General Manager (Internal Audit)
Mr. Muhammad Naveed Iqbal	General Manager (Investment)
Mr. Arham Rahim	HOD (Human Resource)
Mr. Muhammad Rizwan Sharif	HOD (Underwriting Property)
Mr. Inayatullah	HOD(Administration)
Mr. Muhammad Rafiq	HOD (Information Tech)
Mr. Hans Hussain Soomro	HOD (Accounts)
Mr. Bashir Ahmad	HOD/ Compliance Officer
Mr. Yousuf Hassan Rana	HOD(Treaty)
Mr. Muhammad Amin	HOD (Underwriting Non-property)
Mr. Zafar Ahmed	HOD(Retrocession)
Mr. Muhammad Ahmed	HOD (Window Retakaful Operation)
Mr. Uneeb Aslam Chaudhry	HOD(Claims)

- 51 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.
- 52 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.
- 53 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.
- 54 The Board ensures that as part of the risk management system, the Company gets itself rated from the VIS Credit Rating Company Limited (VIS) which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on February 27, 2024, is AA+ with stable outlook.

- 55 The Board has set up a grievance department/function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
- 56 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

Independent Auditor's Review Report to the Members of Pakistan Reinsurance Company Limited

Review Report 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

We have reviewed the enclosed 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 (referred to as 'the Codes') prepared by the Board of Directors of Pakistan Reinsurance Company Limited (the Company) for the year ended December 31, 2023 to comply with the requirements of the Codes.

The responsibility for compliance with the Codes 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 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 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 and also ensure compliance of this requirement of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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:

Listed Companies (Code of Corporate Governance) Regulations, 2019(Listed Co. COCG-2019), Public Sector Companies (Corporate Governance) Rules, 2013(Public Sector Co. CG-2013), & Code of Corporate Governance for insurers , 2016 (COCG for insurer-2016)		
S.NO	REFERENCE	DESCRIPTION
1	28(2)-Listed Co. COCG-2019	The Chairman of the HR committee is not an independent director.
2	12(2)-Public Sector Co. CG-2013	Majority of independent directors are not presented in the (i)Procurement committee (ii) Ethics, Human Resource & Remuneration/Nomination Committee (iii) Investment Committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Codes as applicable to the Company for the year ended December 31, 2023. V



Chartered Accountants

Karachi

Date : April 04, 2024

UDIN : CR202310222ANr6mydOQ