



PGI

Statement Of Compliance With The Code Of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 For the Year Ended December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019).

The Company has applied the principles contained in the Code and CCG 2019 in the following manner:

- The total number of Directors are seven as per following:

	Fixed	Approved by SECP
Male	6	3
Female	1	1

- The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names	Elected/Appointed	Approved by SECP
Independent Director	Malik Ejaz Nazir	Appointed	Pending
	Ch. Habib Ullah	Appointed	Pending
Non Executive / Female	Nasira Raees	Elected	Approved
	Muhammad Haroon	Elected	Approved
Non Executive / Male	Muhammad Iqbal	Elected	Approved
Executive	Ch. Mazhar Zahoor (CEO)	Appointed	Pending
	Sajid Rabbani	Elected	Approved

The independent director meets the criteria of independence as laid down under the code and CCG 2019.

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
- 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 development financial institution or a non-banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- Three casual vacancies occurred on the Board during the year which was duly filled but approval under Fit & Proper Criteria of Insurance Companies (Sound & Prudent Management) Regulations, 2012 was not granted by SECP.
- The Company has prepared a "Statement of Ethics and Business Practices" as 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.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company.
- All 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 CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer and key Officers have been taken by the Board.
- 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 met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of Board meetings, along with agenda and working papers were circulated at least seven days before the meeting.
- The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
- The Board of Directors of the Company consist of seven directors, out of which no Director is certified under the Director's Training Program.
The management is conscious of its responsibilities and is hopeful that the training of remaining directors shall be completed before December 31, 2023.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the code.



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13. Orientation of the Board of Directors was conducted to appraise them of their duties and responsibilities including the fiduciary duties as contained in the Companies Act, 2017.
14. There was a change of Chief Financial Officer due to death of Mr. Javed Iqbal Khan, which was filled through appointment of Mr. Abdul Rasheed as Chief Financial Officer. There was no Change of Company Secretary and Head of Internal Audit during the year. The Board had approved the remuneration of Chief Financial Officer, Company Secretary and the Head of Internal Audit Department.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2019 and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the code and CCG 2019.
19. The approval of three directors is still pending from Securities and Exchange Commission of Pakistan (SECP) under Fit & Proper Criteria of Insurance Companies (Sound & Prudent Management) Regulations, 2012. Since the Board has not requisite quorum accordingly no management Committees were formed.
20. The approval of three directors is still pending from Securities and Exchange Commission of Pakistan (SECP) under Fit & Proper Criteria of Insurance Companies (Sound & Prudent Management) Regulations, 2012. Since the Board has not requisite quorum accordingly no board Committees were formed.
21. The Board has not formed an Audit Committee due to the reason as disclosed above.
22. The meetings of the Committees were held in accordance with the requirements of the Code and the Regulations. The meetings of the Audit Committee were held at least once in every quarter and prior to approval of interim and final results of the Company as required by the Code. The Company inadvertently had not disseminated the minutes of the meetings of investment committee to the SECP within 30 days of the meeting. However, in future the same shall be sent to SECP on due time.
23. In the absence of quorum, the committee meetings (other than Audit committee) were not held after April 30, 2022.
24. The Board has set up effective internal audit function which is staffed with the resources who are suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company and they are involved in the internal audit function on regular basis.
25. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code (except for CFO and Head Internal Audit). Moreover, the persons heading the Underwriting, Claim, Reinsurance, Risk Management and Grievance 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).

Name	Designation	Qualification	Experience
Ch. Mazhar Zahoor	Chief Executive	MBA	Working in PGI since 2000
Abdul Rasheed	Chief Financial Officer	BA	35 Years
Nadeem Ashraf	Head Internal Audit	BA	23 Years
M. Tariq	Compliance Officer	BA	15 Years
Ch. Mohsin Ali	Company Secretary	LLB	Working in PGI since 2018
Zahid Iqbal Zia	Head of Underwriting	Graduate	Working in PGI since 1988

All the key officers of the Company meet the qualification criteria of the Code applicable to insurance companies, except the Chief Financial Officer and Head of Internal Audit.



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For the Year Ended December 31, 2022**

26. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the 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.
27. 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 requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
28. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the Risk Management System of the Company is in place as per the requirements of the Code.
30. The Company has set up a Risk Management function which carries out its tasks as covered under the Code.
31. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by its Risk Management Function and the respective Committee as a risk monitoring tool. However, due to cessation of underwriting operations by the Securities and Exchange Commission of Pakistan (SECP) the PACRA has suspended the rating of the Company.
32. The Board has set up a Grievance Function which fully complies with the requirements of the Code.
33. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of requirements of the Code.
34. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG 2019 have been complied with.
35. We confirm that all other requirements of the Code and Regulations have been complied with except for certain matters as disclosed in above paragraphs towards which reasonable progress in being made by the Company to seek compliance.

On behalf of the Board of Directors

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Ch. Mazhar Zahoor
Chief Executive Officer
Lahore:
Date: April 05, 2023

-sd-

Sajid Rabbani
Director



PGI

Sarwars

Chartered Accountants

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Independent Auditor's Modified Review Report To the Members of The Pakistan General Insurance Company Limited Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Pakistan General Insurance Company Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations and provision of Ixxvii of the Code of Corporate Governance for Insurers, 2016.

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 and also ensure compliance with the requirements 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 Regulations were observed which are not stated in the Statement of Compliance:

- i. The company does not have the required number of independent directors on its Board of Directors;
- ii. Three (03) out of seven (07) directors of the Company has not been approved by the SECP under Fit and Proper Criteria of Insurance Companies (Sound & Prudent Management) Regulations, 2012.
- iii. The Board of Directors has not established a system of sound internal control;
- iv. No orientation courses were carried during the year for the directors of the Company;
- v. The Board of Directors has not formed the Nominations Committee, Ethics and Compliance Committee and Risk Management Committee;
- vi. Restructuring of HR and Remuneration Committee is made without the approval of the Board;
- vii. The Company has not devised significant policies including investment policy, risk management policy, underwriting policy, claims management policy, reinsurance policy, IT back policy and remuneration policy;
- viii. The Board of Directors has not established and effective internal audit function;
- ix. The Board of Directors has not set up Grievance function; and
- x. The Chief Executive of the Company have not been duly approved by SECP under the Insurance Companies (Sound and Prudent Management) Regulations 2012.

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 Regulations as applicable to the Company for the year ended December 31, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
i. Para 11	Directors' training program
ii. Para 19	Formation of management committees
iii. Para 20	Formation of board committees
iv. Para 21	Formation of Audit committee
v. Para 22	Intimation to SECP about the decisions taken by the investment committee
vi. Para 25	Qualification of the Chief Financial Officer and Head of Internal Audit
vii. Para 31	Rating from credit rating agency

Chartered Accountants

Engagement Partner: Rasid Sarwar (FCA)

Place: Lahore

Date: April 05, 2023

UDIN: CR202210208xpcHPQnaG