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## **INDEPENDENT AUDITORS' REVIEW REPORT**

### **To the members of Pakistan National Shipping Corporation**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Pakistan National Shipping Corporation ("the Corporation") for the year ended June 30, 2023 in accordance with the requirements of Regulation No. 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Corporation. Our responsibility is to review whether the Statement of Compliance reflects the status of the Corporation'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 Corporation's personnel and review of various documents prepared by the Corporation to comply with the Regulations.

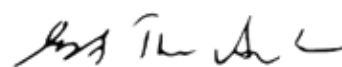
As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Regulations require the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance with this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

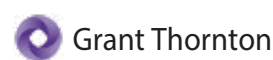
Based on our review, nothing has come to the attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Corporation for the year ended June 30, 2023.



**Yousuf Adil**  
Chartered Accountants  
Karachi  
Date: October 04, 2023  
UDIN: CR202310186KZJMf0gED



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Karachi  
Date: October 04, 2023  
UDIN: CR202310093c4BOEJhHq



# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

## PAKISTAN NATIONAL SHIPPING CORPORATION Year ended June 30, 2023

The Corporation has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:

- |             |   |
|-------------|---|
| a) Male :   | 6 |
| b) Female : | 1 |

2. The composition of the Board of Directors (the Board) is as follows:

Category*	Names
Chairman & Chief Executive	Rear Admiral Jawad Ahmed HI(M)
Non-Executive Directors (appointed by Federal Government under the PNSC Ordinance, 1979).	Mr. Qumar Sarwar Abbasi Additional Finance Secretary (Corporate Finance) Finance Division Islamabad Mr. Hassan Mehmood Yousufzai Additional Secretary Ministry of Maritime Affairs, Islamabad Ms. Alia Shahid The Director General (Ports & Shipping) Ministry of Maritime Affairs, Karachi. Mr. Muhammad Ali
Non-Executive Directors (elected by shareholders under the PNSC Ordinance, 1979).	Mr. Ahsan Ali Malik Captain Sarfaraz Inayatullah Qureshi
Female Director (appointed by Federal Government under the PNSC Ordinance, 1979).	Ms. Alia Shahid The Director General (Ports & Shipping) Ministry of Maritime Affairs, Karachi.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Corporation.

4. The Corporation has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Corporation along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Corporation. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Corporation.

6. 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 PNSC Ordinance 1979, Companies Act, 2017 (the Act) and the Regulations.
7. The meetings of the Board were presided over by the Chairman and in his absence any one of the director after reaching to a consensus presided the meeting. The Board has complied with the requirements of the PNSC Ordinance 1979, the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the PNSC Regulations, 2004 framed under the PNSC Ordinance 1979, the Act and the Regulations.
9. As at June 30, 2023, all members of the Board have been appropriately certified under the Directors' Training Program from SECP approved institutions well ahead of the stipulated timeframe except for three, who are scheduled to acquire the certification within the current year as allowed by the Code of Corporate Governance.
10. No new appointment of Company Secretary, Chief Financial Officer (CFO) has been made during the year except their remuneration and terms and conditions of employment which was approved by the Board and the Board complied with relevant requirements of the Regulations. However, an acting CIA was appointed during the year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

(a) Audit and Finance Committee:

<b>Names</b>	<b>Designation</b>
Mr. Muhammad Ali	Chairman of Committee
Mr. Qumar Sarwar Abbasi	Member
Mr. Hassan Mehmood Yousufzai	Member
Ms. Alia Shahid	Member
Mr. Ahsan Ali Malik	Member
Chief Internal Auditor	Secretary of the Committee

(b) HR, Nomination and CSR Committee:

<b>Names</b>	<b>Designation</b>
Mr. Ahsan Ali Malik	Chairman
Rear Admiral Jawad Ahmed HI(M)	Member
Ms. Alia Shahid	Member
Captain Sarfaraz Inayatullah Qureshi	Member
Mr. Atique Sultan Raja	Secretary of the Committee

(c) Strategy and Risk Management Committee:

<b>Names</b>	<b>Designation</b>
Captain Sarfaraz Inayatullah Qureshi	Chairman
Mr. Qumar Sarwar Abbasi	Member
Mr. Hassan Mehmood Yousufzai	Member
Mr. Muhammad Ali	Member
Mr. S. Jarar Haider Kazmi	Secretary of the Committee

(d) Vessels Procurement Committee:

<b>Names</b>	<b>Designation</b>
Rear Admiral Jawad Ahmed HI(M)	Chairman
Mr. Muhammad Ali	Member
Mr. Qumar Sarwar Abbasi	Member
Captain Sarfaraz Inayatullah Qureshi	Member
Mr. Khurram Mirza	Secretary of the Committee

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings: Audit & Finance Committee is held at least once in every quarter and HR, Nomination and CSR Committee, Strategy and Risk Management Committee and Vessels Procurement Committee are held as and when needed.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Corporation.
16. The statutory auditors of the Corporation 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 firms involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer / chairman, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 7, 8, 27, 32, 33 and 36 are below.
- a) Section 505 (1) (d) of the Companies Act, 2017 (the Act) allows companies governed by any special enactments to follow the provisions of their special enactments in case of any inconsistencies arising between the Act and their respective enactments. As the Corporation was established under PNSC Ordinance 1979, certain requirements of the PNSC Ordinance 1979 relating to composition of Board and its Committees prevail over the provisions of the Act as follows:
  - b) Section 14 of PNSC Ordinance, 1979 states that five directors are appointed by the Federal Government and two directors are elected by the Shareholders other than Federal Government.
  - c) Section 19 of PNSC Ordinance, 1979 inter alia, states that the Chairman shall direct and control, on behalf of the Board, the business and affairs of the Corporation, as its Chief Executive.

**REAR ADMIRAL JAWAD AHMED HI(M)**  
**CHAIRMAN / CHIEF EXECUTIVE**

**DIRECTOR**