

# Independent Auditor's Review Report

To the Members of Pakistan Oilfields Limited

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 Oilfields Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight content of paragraph 1 of the statement where the matter of representation of female director on the Board of Directors of the Company has been explained.



**Chartered Accountants**

Islamabad

Date: August 30, 2023

UDIN: CR202310053KQTOCwSMd

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

For the year ended June 30, 2023

The Company has complied with the requirements of the regulations in the following manners:

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

- a. Male: 7
- b. Female: None

The regulation related to representation of female director on the Board is not yet applicable as the manner and terms and conditions are not specified by the Securities and Exchange Commission of Pakistan at the time of election of Directors of the Company.

2. The composition of the Board is as follows:

Category	Names
i. Independent Directors ***	Mr. Shamim Ahmad Khan Mr. Agha Sher Shah
ii. Other Non-Executive Directors	Mr. Laith G. Pharaon * Mr. Wael G. Pharaon** Mr. Abdus Sattar
iii. Executive Directors	Mr. Shuaib A. Malik Mr. Sajid Nawaz

\* Alternate Director Mr. Shuaib A. Malik, Chairman & Chief Executive Pakistan Oilfields Limited

\*\* Alternate Director Mr. Babar Bashir Nawaz

\*\*\* Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution. Therefore, the fraction (2.3) has not been rounded up.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a “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;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. 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;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Out of seven directors, five directors meet the exemption requirement of the Directors’ Training Program and two directors have obtained the Directors’ Training Program certification in prior years;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Company Secretary and Chief Financial Officer is the same person, however, duties of both positions are distinct and clearly spelled out. Since long both these positions are handled by one person who has in-depth knowledge required by both positions and the Company is very much satisfied. Further, it has less financial burden on the Company.

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

For the year ended June 30, 2023

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 Committee

Name	Role
Mr. Shamim Ahmad Khan	Chairman
Mr. Abdus Sattar	Member
Mr. Babar Bashir Nawaz	Member
Mr. Agha Sher Shah	Member

b) HR and Remuneration Committee

Name	Role
Mr. Babar Bashir Nawaz	Chairman *
Mr. Shuaib A. Malik	Member
Mr. Abdus Sattar	Member

\* Chairman of HR & Remuneration Committee is a non-executive director having vast experience of management and the Board considers him the most suitable for this position who has the required knowledge and experience.

A constitutional petition filed by the Company is currently pending in the Sindh High Court challenging compliance with below mentioned requirements and to declare that the impugned provisions, namely Section 166, proviso to Section 154 of the Companies Act 2017; Regulations 6,7,9,16,28 and 29 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 [which are now replaced by Regulation 6, 7, 9, 27, 28 (Regulation 16 of 2017 Regulations deleted) of the Listed Companies (Code of Corporate Governance) Regulations, 2019]; S.R.O 556(i)/2018; and S.R.O 73(i)/2018 relating to appointment of independent directors on the Board of Directors, appointment of independent director as Chairman of the Audit Committee and HR & Remuneration Committee, appointment of female director on the Board and appointment of separate persons as Chairman of the Board and Chief Executive of the Company are illegal and unconstitutional

and to strike them down; and to further declare that shareholders are lawfully entitled to elect Directors and to elect a Chairman of the Board of Directors without reference to the impugned provisions. The law officer of Securities and Exchange Commission of Pakistan has undertaken that no action contrary to the law would be taken against the Company.

The Chairman and Chief Executive is the same person. The duties of both positions are distinct and clearly spelled out. These positions are handled by one person since long who is managing the affairs of the Company successfully. He has exhaustive knowledge and experience of the Company's business and the Board is very much satisfied and considers him the most suitable person for these positions.

The Board itself has constituted Audit Committee and HR & Remuneration Committee and also feels that there is no need to have separate Nomination Committee.

The Board itself and through its Audit Committee continuously reviews business risks facing the Company to ensure that a sound system of risk identification, risk management and implementation of related systemic and internal controls exists. Major risks and mitigating factors are also published in annual report of the Company. The Board feels that there is no need to have separate Risk Management 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 (quarterly/half yearly/ yearly) of the committee were as per following:

Committee	Frequency
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function.
16. 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;
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, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Also refer paragraph 1 of the Statement.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been given in paragraph 10 & 12.



**SHUAIB A. MALIK**  
Chairman & Chief Executive

**Rawalpindi**  
August 29, 2023



**ABDUS SATTAR**  
Director