

Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Pakistan Petroleum Limited
Year Ended: June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eleven as per the following:
 - a. Male: Ten (10)
 - b. Female: One (01)
2. The Composition of the Board is as follows:
 - i. Independent directors: Six (06)
 - ii. Non-executive directors: Four (04)
 - iii. Executive director: One (01)
 - iv. Female director: One (01), included in independent directors above.
3. The directors have confirmed that none of them is serving as a director of 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 the significant policies along with their date of approval and/or updating are maintained by the Company;
6. All the powers thereof 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 Companies Act, 2017 (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 meetings of the Board;
8. No remuneration is paid to the directors of the Company. Only the directors' fees are paid in accordance with the Articles of Association of the Company to the non-executive directors of the Company for attending meetings of the Board and Board Committees. The Annual Report of the Company contains the details of the directors' fee paid to individual directors.

9. During the year, a Directors' Training Program was arranged for Mr. Aftab Ahmad who is an independent director of the Company.
10. During the period, no new appointment of the Chief Financial Officer, Company Secretary or the Head of Internal Audit was done.
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed the following committees / comprising of members given below:

a) Audit Committee	
Mr. Imtiaz A.H. Laliwala	Chairman
Mr. Aftab Ahmad	Member
Mian Imtiazuddin	Member
Syed Zakria Ali Shah	Member
b) Nomination Committee	
Ms. Khurshid Bhaimia	Chairperson
Mr. Abid Sattar	Member
Mian Imtiazuddin	Member
Mr. Muhammad Zubair *	Member
Mr. Awais Manzur Sumra	Member
c) Human Resource Committee	
Mr. Abid Sattar	Chairman
Mr. Aftab Ahmad	Member
Mr. Ali Raza Bhutta	Member
Mr. Moin Raza Khan*	Member
Mr. Shahab Rizvi	Member
d) Enterprise Risk Committee	
Mr. Awais Manzur Sumra	Chairman
Mr. Abid Sattar	Member
Mr. Ali Raza Bhutta	Member
Mr. Imtiaz A.H. Laliwala	Member
Ms. Khurshid Bhaimia	Member

* Mr. Muhammad Zubair and Mr. Moin Raza Khan left the Board of Directors subsequent to the year-end.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as follows:
- | | |
|------------------------------|-----------------------|
| a) Audit Committee | Quarterly |
| b) Human Resource Committee | Quarterly |
| c) Nomination Committee | Once during the year |
| d) Enterprise Risk Committee | Twice during the year |
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
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.



SHAHAB RIZVI
Chairman, Board of Directors

Karachi: 20 September 2022.

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: Pakistan Petroleum Limited
Name of Line Ministry: Ministry of Energy (Petroleum Division)
For the year ended: June 30, 2022

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (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.

The Company has complied with the Provisions of the Rules in the following manner:

- The independent directors meet the criteria of independence, as defined under the Rules.
- The Board has at least one-third of its total members as independent directors. As at 30 June, 2022 the Board includes:

Category	Names	Date of Appointment
Independent Directors	i. Mr. Shahab Rizvi	23 rd December 2020
	ii. Mr. Abid Sattar	23 rd December 2020
	iii. Mr. Aftab Ahmad	23 rd December 2020
	iv. Mr. Imtiaz A. H. Laliwala	23 rd December 2020
	v. Ms. Khurshid Bhaimia	23 rd December 2020
	vi. Mian Imtiazuddin	23 rd December 2020
Non-Executive Director	i. Mr. Ali Raza Bhutta	7 th January 2022
	ii. Syed Zakria Ali Shah	26 th August 2021
	iii. Mr. Awais Manzur Sumra	28 th December 2021
	iv. Mr. Muhammad Zubair*	15 th April 2022
Executive Director	i. Mr. Moin Raza Khan	7 th January 2019

* Mr. Muhammad Zubair and Mr. Moin Raza Khan left the Board of Directors subsequent to the year-end.

- The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.
- 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.
- The Chairman of the Board is working separately from the Chief Executive Officer of the Company.

- The Chairman has been elected by the Board of directors.
- No new appointment of the Chief Executive Officer of the Company was made during the year. The incumbent Chief Executive Officer of the Company continued in his position, subsequent to his superannuation on 22nd August, 2021 through two separate six-monthly contracts.
- The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.
 - 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.ppl.com.pk
 - The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.
- The Board has established a system of sound internal controls, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with stakeholders in the manner prescribed in the Rules.
- 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.
- The Board has developed and implemented a policy on anti-corruption, as part of the Code of Conduct, to minimize actual or perceived corruption in the Company.
- The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.
- 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.
- The Board has developed a vision and mission statement and corporate strategy of the Company.

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 by the Company.
16. The Company has not delivered any services or sold any goods as a public service obligation and no requests for compensation were submitted to the Federal Government for consideration.
17. The Board has ensured compliance with policy directions requirements received from the Government.
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 except for the six Board meetings conducted on 8th July 2021, 28th September 2021, 12th October 2021, 17th January 2022, 18th March 2022 and 15th April 2022, which were held at short notice as expressly desired by the Board due to various exigencies that are evident from the agendas and minutes of the respective meetings.
- (c) The minutes of the meetings were appropriately recorded and circulated.
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.
20. The Board has reviewed and approved related party transactions placed before it after recommendation of the Board Audit Committee. A party-wise record of the transactions entered into with the related parties during the year has been maintained by the Company.
21. (a) The Board has approved the statement of profit or loss (formerly profit and loss account) and the statement of financial position (formerly balance sheet) as at the end of the first, second and third quarters of the year as well as the financial year end.
- (b) The Board has prepared half yearly accounts and undertaken limited scope review by the external auditors.
- (c) The Board has placed the annual financial statements on the Company's website.
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.

23. (a) The Board has formed the requisite committees, as specified in the Rules.
- (b) The committees were provided with written term of reference defining their duties, authority and composition.
- (c) The minutes of the meetings of the committees were circulated to all the Board members.
- (d) The committees were chaired by the following non-executive directors:

Committee	Number of Members	Name of Chair
Audit Committee	Four	Mr. Imtiaz A.H. Laliwala
Enterprise Risk Committee	Five	Mr. Awais Manzur Sumra
Human Resource Committee	Five	Mr. Abid Sattar
Procurement Committee	Five	Syed Zakria Ali Shah
Nomination Committee	Five	Ms. Khurshid Bhaimia

24. No new appointment of the Chief Financial Officer, the Chief Internal Auditor or the Company Secretary was done during the year.
25. The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.
26. The Company has adopted the International Financial Reporting Standards notified by the Commission in terms of Sub-section (1) of Section 225 of the Act.
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 matters required to be disclosed.
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.
29. (a) No remuneration is paid to the directors of the Company. Only the directors' fees are paid in accordance with the Articles of Association of the Company to the non-executive directors of the Company for attending meetings of the Board, Board Committees and general meetings.
- (b) The Annual Report of the Company contains the details of the directors' fee paid to individual directors.

30. The financial statements of the Company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the Board Audit Committee and the Board.

31. The Board has formed an audit committee, with defined and written terms of reference, and having the following members:

Name of Member	Category	Professional Background
Mr. Imtiaz A.H. Laliwala	Independent Director	A fellow member of ICAP as well as a member of Chartered Professional Accountants, Ontario, Canada, and has over four decades of rich experience with leading chartered accountancy firms at home and abroad. He remained associated with A.F. Ferguson & Co. Chartered Accountants for almost 28 years. He was also a member in Audit Oversight Board (AOB).
Mr. Aftab Ahmad	Independent Director	He has over 30 years of experience in finance and accounts, strategic business planning, project management and budgeting and management reporting for Oil and Gas sector and Aviation industry. He is a Chartered Accountant and also holds a master's degree in Management Sciences along-with bachelor's degree in Mathematics and Economics. He is currently associated with Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants in Islamabad as a Partner.
Mian Imtiazuddin	Independent Director	He has nearly 50 years of experience in the Oil and Gas industry and is currently working as Managing Director, at Redhill Associates providing consultancy and advisory services in Pakistan. He holds a B.E degree from Peshawar University.
Syed Zakria Ali Shah	Non- Executive Director	A Civil Engineer by profession, he has over 27 years of working experience in the private and public sectors and is currently serving as Joint Secretary, Ministry of Energy (Petroleum Division). He joined Pakistan Civil Services in 1998 and has served in President's Secretariat as

		Director General, Establishment Division as Joint Secretary (Discipline & Litigation), Economic Affairs Division as Deputy Secretary (United Nations), Embassy of Pakistan in Morocco as Commercial Counselor, Federally Administered Tribal Areas (FATA) Development Authority as General Manager Planning and Development and United States Agency for International Development as Team Leader (Infrastructure) for USD 150 million FATA Livelihood Development Program. He also served as the first CEO of China Pakistan Economic Corridor Authority (CPEC-A) and District Administrator Afghan Refugees at Dir, Khyber Pakhtunkhwa.
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The Chief Executive and the Chairman of the Board are not members of the Audit Committee.

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 auditors.
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.

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.
35. The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.



ABID ASHFAQUE MALICK
CHIEF EXECUTIVE OFFICER

Karachi: 20 September 2022



SHAHAB RIZVI
CHAIRMAN
BOARD OF DIRECTORS

Explanation for the Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that material requirements of the Rules have been fully complied with except the following matter:

Sr. No	Rule No	Reason for Non-Compliance	Future Course of Action
01	3(A)	Three casual vacancies occurred on the Board on 14 th April 2021, 23 rd April 2021 and 30 th Dec 2021 due to resignation by Mr. Iftikhar Amjad, Mr. Abdul Saboor Kakar and Mr. Saleh Muhammad Baloch respectively, were filled on 28 th December 2021, 3 rd August 2021 and 15 th April 2022 respectively. Above mentioned casual vacancies were required to be filled within ninety days as per Rule 3 (A) of the Rules.	The casual vacancies could not be filled in within the prescribed period of 90 days due to non-receipt of nomination from the Majority shareholder. The Company vigorously follows up with the GoP for timely receipt of nominations and shall continue to do so in future.



ABID ASHFAQUE MALICK
CHIEF EXECUTIVE OFFICER

Karachi: 20 September 2022



SHAHAB RIZVI
CHAIRMAN
BOARD OF DIRECTORS



KPMG Taseer Hadi & Co.
Chartered Accountants
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Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Petroleum Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statements of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein after referred to as 'Codes') prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 and rule 24 of Listed Companies (Codes of Corporate Governance) Regulations, 2019 (the Regulations) and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review whether the Statements 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 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.

We highlight below instances of non-compliance with the requirements of the Codes as reflected in the Paragraph / Section reference where these are stated in Statements of Compliance:

Paragraph/Section

Sr. No	Reference	Description
01	Paragraph 1 of the last section to the statement of compliance with the Rules, under the heading 'Explanation for the non-compliance with the Public Sector Companies	Three casual vacancies occurred on the Board on April 14, 2021, April 23, 2021 and December 30, 2021 due to resignations by Mr. Iftikhar Amjad, Mr. Abdul Saboor Kakar and Mr. Saleh Muhammad Baloch



KPMG Taseer Hadi & Co.

Sr. No	Reference	Description
	(Corporate Governance) Rules, 2013.	respectively, were filled on December 28, 2021, August 03 2021 and April 15, 2022 respectively. Above mentioned casual vacancies were required to be filled within ninety days as per Rule 3(A) of the Rules.

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 best practices contained in the Codes as applicable to the Company for the year ended June 30, 2022.

Islamabad

Date: October 03, 2022
UDIN: CR202210202HWJ3LkJ2P

KPMG Taseer Hadi & Co
Chartered Accountants