

## 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, 2023

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 30th June 2023, the Board includes:

Category	Names	Date of Appointment
<b>Independent Directors</b>	i. Mr. Shahab Rizvi	23 <sup>rd</sup> December 2020
	ii. Mr. Abid Sattar	23 <sup>rd</sup> December 2020
	iii. Mr. Aftab Ahmad	23 <sup>rd</sup> December 2020
	iv. Mr. Imtiaz A. H. Latiwala	23 <sup>rd</sup> December 2020
	v. Ms. Khurshid Bhaimia	23 <sup>rd</sup> December 2020
	vi. Mian Imtiazuddin	23 <sup>rd</sup> December 2020
<b>Non-Executive Director</b>	i. Mr. Abdul Aziz Uqaili	27 <sup>th</sup> July 2022
	ii. Mr. Awais Manzoor Sumra	28 <sup>th</sup> December 2021
	iii. Capt. (Retd.) Muhammad Mahmood	20 <sup>th</sup> October 2022
	iv. Mr. Shahbaz Tahir Nadeem	30 <sup>th</sup> December 2022
<b>Executive Director</b>	i. Mr. Imran Abbasy	21 <sup>st</sup> September 2022

- 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.

- The Board has evaluated the candidates for the position of the Chief Executive Officer on the basis of fit and proper criteria as well as the guidelines specified by the Commission.
- 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 the Code of Conduct throughout the Company along with its supporting policies and procedures, including posting the same on the company's website [www.ppl.com.pk](http://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.
- 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.
- 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.
- The Board has ensured compliance with policy directions requirements received from the Government.
- The Board has met at least four times during the year.
  - Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for the eight Board meetings conducted on 27<sup>th</sup> July 2022, 2<sup>nd</sup> September 2022, 16<sup>th</sup> September 2022, 8<sup>th</sup> October 2022, 7<sup>th</sup> December 2022, 31<sup>st</sup> January 2023, 18<sup>th</sup> May 2023 and 31<sup>st</sup> May 2023 which were held at short notice due to various operational exigencies that are evident from the agendas and minutes of the respective meetings.
  - 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. During the year, a formal orientation course was scheduled by the Company for the Board members to apprise them of material developments and information as specified by the Rules, however the same was not carried out on the due date. The details are mentioned in the section "Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013".
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	Six	Mr. Aftab Ahmad Mr. Imtiaz A.H. Laliwala *
Enterprise Risk Committee	Five	Mian Imtiazuddin Mr. Awais Manzur Sumra *
Human Resource Committee	Five	Mr. Shahab Rizvi Mr. Abid Sattar *
Procurement Committee	Five	Mr. Imtiaz A.H. Laliwala Syed Zakria Ali Shah *
Nomination Committee	Five	Mr. Abid Sattar Mr. Awais Manzur Sumra * Ms. Khurshid Bhaimia *

\* Changed during the year due to change in the composition of Committees.

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:

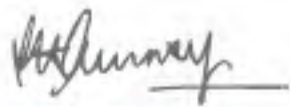
Name of the Member	Category	Professional Background
Mr. Aftab Ahmad	Independent Director	He has over 30 years of experience in finance and accounts, strategic business planning, project management and budgeting and management reporting for Oil and Gas sector and Aviation industry. He is a Chartered Accountant 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 Jeffery & Co. Chartered Accountants in Islamabad as a Partner.
Awais Manzur Sumra	Non-Executive Director	He is a seasoned professional with nearly 30 years of experience in serving the federal and provincial governments as a member of Pakistan Administrative Service. He is currently working as Special Secretary, Ministry of Finance since June 2022.

Name of the Member	Category	Professional Background
		<p>He has served on various key fields staff and secretariat assignments, including Additional Secretary - Ministry of Finance, Additional Secretary - Establishment Division, Joint Secretary - Ministry of Finance, Finance Secretary - Gilgit-Baltistan, Director - Earthquake Reconstruction and Rehabilitation Authority, and Deputy General Manager - Pakistan Electronic Media Regulatory Authority. He also served as Senior Advisor to Executive Director at the World Bank Group in Washington D.C (USA) as well as Commercial Counsellor- Embassy of Pakistan, Athens (Greece).</p> <p>He earned his master's degree in Finance from London Business School and MBA from Stockholm University. Earlier, he studied at UET, Lahore to earn a bachelor's degree in Civil Engineering. He also did his Bachelor of Art from University of Punjab.</p>
Mr. Imtiaz A.H. Laliwala	Independent Director	<p>A fellow member of ICAP as well as a member of Chartered Professional Accountants, Ontario, Canada, and has nearly four decades of rich experience with leading chartered accountancy firms at home and abroad. He remained associated with A.F. Ferguson &amp; Co. Chartered Accountants for almost 28 years. He was also a member in Audit Oversight Board (AOB).</p>
Khurshid Bhaemia	Independent Director	<p>She is a seasoned lawyer with extensive corporate experience, especially with the banking sector. She started her career with Surridge and Beechens and later joined Orr Dignam and Co as Senior Associate. She joined Citibank (NA) Pakistan in 1999 as Corporate Banking Counsel and was Senior Vice President and Country Counsel Pakistan when she left. Currently she provides legal services on non-exclusive retainer to her clients including Citi bank N.A. Pakistan.</p>

Name of the Member	Category	Professional Background
		<p>She is a Director on the Board of Pak Grease Manufacturing Company (Private) Limited, an Associated company of Pakistan State Oil Limited and Pakistan Refinery Limited. She was also a member of the Board of Directors of Shell Gas (LPG) Pakistan Limited now Burslane LPG (Pakistan) Limited from 1992-2004.</p> <p>Ms. Bhaemia has done her Bachelor of Laws (LLB) from University of Karachi.</p>
Mian Imtiazuddin	Independent Director	<p>He has over 46 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.</p>
Shahbaz Tahir Nadeem	Non-Executive Director	<p>He is a member of Pakistan Administrative Service and currently working as Joint Secretary (Investments/ IVs/ Development) in Petroleum Division, Ministry of Energy, Government of Pakistan. He leads the international cooperation segment of Petroleum Division.</p> <p>His educational qualifications include Commonwealth Master's in Business Administration, LLB and BSc in Computer Sciences besides various professional trainings both inland and abroad.</p> <p>He has vast experience in public sector management working at all the three tiers of government: federal, provincial and local. He has been Project Director Khyber Pakhtunkhwa (KP) Investment in Human Capital (World Bank). He has broad experience in social sector, development authorities (CDA and PDA) and discharged duties as Director General, KP Revenue Authority (Finance Department).</p> <p>Earlier, he performed general administrative functions as Deputy Commissioner in Gilgit, Diamer and Hunza districts. His corporate experience includes Board of Director at Pakistan Refinery Limited, Saindak Metals, Government Holdings (Private) Limited, Inter State Gas Systems (Private) Limited, and PMDC.</p>

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, during the year, in the absence 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, during the year, in the absence of the 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.



**IMRAN ABBASY**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER  
Karachi: 20 September 2023



**SHAHAB RIZVI**  
CHAIRMAN  
BOARD OF DIRECTORS



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sixth Floor, State Life Building, Blue Area  
Islamabad, Pakistan  
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, 2023 in accordance with the requirements of regulation 36 and rule 24 of Listed Companies (Codes of Corporate Governance) Regulations, 2019 (the Regulations) and 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.

The Codes require the Company to place before the Board Audit Committee, and upon recommendation of the Board 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 Board 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 best practices contained in the Codes as applicable to the Company for the year ended June 30, 2023.



KPMG Taseer Hadi & Co.

Further, we highlight below instances of non-compliance with the requirements of 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 (Corporate Governance) Rules, 2013'.	Annual orientation course for the directors was scheduled in a Board meeting held on 26th June 2023, however the same was not carried out during the meeting due to paucity of time.

KPMG Taseer Hadi & Co  
Chartered Accountants  
Islamabad

Date: October 2, 2023  
UDIN: CR2023102022aROtbQgT