



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF  
PROGRESSIVE INSURANCE COMPANY LIMITED  
ON THE STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR  
INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2022**

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

The responsibility for compliance with the Code is that of the Board Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquire of the Company's personnel and review of the various documents prepared by the Company to comply with the Code.

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 risk and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedure 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 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 transaction were undertaken at arm's length price or not.

We have highlighted the instances of non-compliances with the Regulations below, as reflected in the corresponding paragraph reference in the Statement of Compliance. These instances of non-compliances are primarily due to the fact that the Company is not in operation due to suspension of license by the Pakistan Stock Exchange.

Reference	Description
1	No female director is appointed at the board as required by regulation 7 of the regulations.
2	No independent director is being appointed on the board as required by regulation 6(1) of the Code.
5	The complete record of particulars of the significant policies along with their date of approval or updating is not being maintained by the company.

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Reference	Description
6	The Company has not prepared a code of conduct as required by the Regulation 10(3) (II) of the Code.
11	The Company has not established a sound system of internal control as required by the regulation 10(3) (II) of the Code.
12	The Company has not arranged the Director's training program as required by the regulation 18 of the regulations.
18	The Company has not established Underwriting Committee, Claim Statement Committee, Reinsurance and Co-Insurance Committee, HR & Remuneration Committee, Nomination Committee, Ethics Committee and Risk Management Committee.
20	The quarterly and half yearly meetings were not held due to the non-existence of the committees stipulated in point 18. Further, the Audit Committee only convened three meetings, failing to fulfill the regulatory requirement of holding the last quarterly meeting as per regulation 27(2)(I) of the Code.
22	The Company has not established an effective internal audit function as per the requirements of regulation of Regulation 31(1) of the Code.
27	The Company has not appointed as Actuary as per the requirement (IXXIII) of the Code.
28	The Company has not prepared an Investment Policy as per the requirement of the Code.
29	The Company has not established a Risk Management Department as per the requirement of the Code.
31	The Company has not set up a Grievance Function as per the requirement of the Code.

Based on our review, except for the above instances of non-compliances with the Regulations, 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 December 31, 2022.

S.M. Suhail

S.M. Suhail & Co.  
Chartered Accountants  
Karachi

Date: April 7, 2023  
Our Ref: SMS-A-06482023

UDIN: CR20221019792Lba76HM

## PROGRESSIVE INSURANCE COMPANY LTD.

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Insurer:** Progressive Insurance Company Limited

**Year Ended:** 31<sup>st</sup> December 2022

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

The Company has applied the principles contained in CCG 2016 and the Regulations in the following manner:

- 1) The total numbers of Directors are Seven as per following:
  - a: Male: Seven
  - b: Female: None
- 2) The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	-
Executive Directors	-
Non-Executive Directors	Mr. Nasir Munir Ahmed Mr. Syed Sabur Rehman Barrister Rashid Munir Ahmed Mr. Kifayat Hussain Kiafi Mr. Abdul Haleem Mr. Syed Ali Sarwar Mr. Aamir Pervaiz

- 3) The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
- 4) 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 a stock exchange, has been declared as a defaulter by a stock exchange.
- 5) No casual vacancy occurred on the Board of Directors during the year.
- 6) The Company is in process of preparing a Code of Conduct.

- 7) The Board has developed a vision/mission statement & overall corporate strategy and Company is in the process of developing significant policies that will be approved by the Board. A Complete record of particulars of significant policies along with the dates on which they are approved or amended will be maintained.
- 8) 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 Companies Act, 2017 (Act) and the Regulations 2019.
- 9) 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 has complied with the requirements of Act and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.
- 10) The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
- 11) The Board is establishing a system of sound internal control, which will be 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.
- 12) The Board has not arranged training programs for its directors during the year, but the directors are well aware of the prevailing laws, rules and regulations.
- 13) The appointment of Company Secretary was approved by the Board whereas there was no change in the Chief Financial Officer and Head of Internal Audit during the year. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit have been approved by the Board of Directors.
- 14) The Directors' report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.
- 15) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
- 16) The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
- 17) The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and the Regulations 2019.
- 18) The Board is in the process of establishing underwriting committee, claim settlement committee, reinsurance and coinsurance committee, HR & remuneration committee, nomination committee, ethics committee and risk management committee as required under the CCG 2016.
- 19) The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

## Audit Committee

Name of Person	Designation
Nasir Munir Ahmed	Chairman (Non-Executive Director)
Barister Rashid Munir	Member (Non-Executive Director)
Abdul Haleem	Member (Non-Executive Director)

20) The meeting of the Committees, except underwriting committee, claim settlement committee, reinsurance and coinsurance committee, HR & remuneration committee, nomination committee, ethics committee and risk management committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code.

The frequencies of meetings of the committees were as per following;

a) Audit Committee 03 meetings

21) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

22) The Board is in process of establishing internal audit function.

23) The Chief Executive Officer, Chief Financial Officer and Company Secretary possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016.

Name of Person	Designation
Syed Sabur Rehman	Chief Executive Officer
Syed Ali Sarwar	Chief Financial Officer
Abdul Wahab	Company Secretary

24) 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 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.

25) The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

26) The Board is in the process of establishing a system of sound internal control, which will be effectively implemented at all levels within the Company.

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- 27) The Board is in the process of appointing an actuary of the Company and will ensure that the appointment of actuary will be as per the requirement of the CCG 2016.
- 28) The Board is in the process of preparing investment policy in accordance of provisions of the Code.
- 29) The Board is in the process of setting up a risk management function/ department as required the CCG 2016.
- 30) After the formation of risk management system, the Company will get itself rated from credit rating agency.
- 31) The Board is in the process of setting up a grievance department/function.
- 32) The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any of the requirements of the Code.
- 33) We confirm that all other material principles enshrined in CCG 2016 and all requirements of the Regulations 2019 have been complied except those as defined above due to ceasing of business operation, toward which reasonable progress has been made by the Company to seek compliance by the end of next accounting year.

For and on behalf of the Board of Directors



**CHIEF EXECUTIVE OFFICER**

**Karachi**

**Date: 20<sup>th</sup> March 2023**