

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED JUNE 30, 2022

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

- The total number of Directors including Executive Director are eleven (11) as per the following categories:

Category		Number
a.	Male	Ten
b.	Female	One

- The composition of Board is as follows:

Category	Names
Non-Executive/Independent Directors	Tariq Kirmani Abid Shahid Zuberi Mohammad Abdul Aleem Nadeem Safdar
Non-Executive Directors	Aftab Husain *
Non-Executive Directors (PSO Affiliated)	Mohsin Ali Mangi Hassan Mehmood Yousufzai Syed Jehangir Ali Shah Syed Muhammad Taha
Executive Directors	Zahid Mir
Female Director	Tara Uzra Dawood

\* Board considers Mr. Aftab Husain as Independent Director; however, he has been shown as Non-Executive Director as he remained Managing Director & CEO of the Company from November 2011 to July 2019.

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
- 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;
- 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 or updating is maintained by the Company, except for the non-compliances explained below;
- 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;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency of meetings, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
- The Directors were apprised of their duties and responsibilities from time to time. The Directors either have already attended the Directors' training as required in previous years or meet the exemption criteria as contained in the Regulations, except for three directors;

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;
11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed statutory committees comprising members whose names are given below:

**a) Audit & Risk Committee**

1.	Mohammad Abdul Aleem	Chairman Committee
2.	Abid Shahid Zuberi	Member
3.	Hassan Mehmood Yousufzai	Member
4.	Mohsin Ali Mangi	Member
5.	Syed Muhammad Taha	Member
6.	Tara Uzra Dawood	Member

**b) Human Resources and Compensation Committee**

1.	Tariq Kirmani	Chairman Committee
2.	Aftab Husain	Member
3.	Nadeem Safdar	Member
4.	Syed Muhammad Taha	Member
5.	Syed Jehangir Ali Shah	Member
6.	Zahid Mir	Member (MD & CEO)

**c) Project Steering Committee**

1.	Mohsin Ali Mangi	Chairman Committee
2.	Aftab Husain	Member
3.	Hassan Mehmood Yousufzai	Member
4.	Syed Muhammad Taha	Member
5.	Zahid Mir	Member (MD & CEO)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The minimum frequency of meetings of the committee were as per following:
  - a) Audit Committee: Quarterly
  - b) HR and Remuneration Committee: Bi-Annually
15. The Board has set up an effective internal audit function experienced for the purpose and are 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 (ICAP) 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 ICAP 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 any 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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of the regulations 3, 6, 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, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are mentioned below:

S.No.	Requirement	Explanation	Regulation No.
1	The Board is responsible for the governance of risk and determining the Company's level of risk tolerance by establishing risk management policies.	The Company has a framework of periodic risk assessment which is in the process of being formalised at Board level.	10 (1) & (2)
2	The Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of Board and of its committees.	Annual evaluation of the Board has not been carried out during the year	10 (3) (v)
3	It shall be mandatory for all companies to ensure that by June 30, 2021 all the Directors on their Board have acquired the prescribed certification under any Director Training Program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Three Directors are in the process of doing the Directors Training Certification.	20
4	The Board may constitute a separate committee designated as the Nomination Committee, of such number and class of Directors as it may deem appropriate.	The responsibilities as prescribed for the Nomination Committee are being taken care at Board level.	29
5	The Board may constitute the Risk Management Committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Audit Committee to oversee Risk Management related matters of the Company	30
6	The Company may post on its website key elements of its significant policies including but not limited to the following: <ul style="list-style-type: none"> <li>i. Communication and disclosure policy</li> <li>ii. Code of conduct for members of Board of Directors, senior management and other employees;</li> <li>iii. Risk management policy;</li> <li>iv. Internal control policy;</li> <li>v. Whistle blowing policy;</li> <li>vi. Corporate social responsibility/sustainability/ environmental, social and governance related policy.</li> </ul> <p>Brief synopsis of terms of reference of the Board's committees including:</p> <ul style="list-style-type: none"> <li>(i) Audit Committee</li> <li>(ii) HR and Remuneration Committee</li> <li>(iii) Nomination Committee</li> </ul>	As the Regulation provides concession with respect to disclosure of significant policies on the website, only key elements of relevant policies are available on the Company's website.	35 (1)



**Tariq Kirmani**  
Chairman



**Zahid Mir**  
Managing Director & CEO  
August 20, 2022



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## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Refinery 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 Refinery Limited** (the Company) for the year ended June 30, 2022 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, 2022.

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Islamabad  
14 September 2022  
UDIN:CR202210202DKJhLlxRI