



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

### For the year ended June 30, 2022

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 (CCG / Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

S.G. Power Limited ("the company") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 (Seven) as per the following:

- a. Male : 3
- b. Female : 4

2. The composition of the Board is as follows:

Category	Names
Independent Director	-
Executive Director	Mr. Sohail Ahmed
	Mr. Farhan Sohail
	Mr. Asim Ahmed
Non-Executive Director	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
Female Directors	Ms. Bina Sohail
	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
	Ms. Bina Sohail

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 the 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 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 with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;



9. No Director's Training Program were held during the year .

10. The Board has approved appointment of chief financial officer and company secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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**

Ms. Ghazala Salim	Chairman
Ms. Saba Sohail	Member
Ms. Sana Sohail	Member

**b) HR and Remuneration Committee**

Mr. Asim Ahmed	Chairman
Ms. Ghazala Salim	Member
Ms. Saba Sohail	Member

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:

a) Audit Committee;	4 Quarterly Meetings
b) HR and Remuneration Committee;	2 Half Yearly Meetings

15. The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived;

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, 7, 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 are below:

Reg.	Explanation
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company a chairperson will be appointed in upcoming BOD meeting.
24	Same person holds office of chief financial officer and the company secretary of the company as the company secretary was left and new appointment for the position of company secretary is under process.
28	Since there are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

Chairman

Chief Executive



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF S.G. POWER 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 **S.G. Power 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 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 Director's 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 requires 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.

#### **Note reference Description**

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|----|---|
| 2  | The Company does not have any independent directors.  |
| 2  | The executive directors are more than one third of the Board.   |
| 12 | Since there are no independent directors in the company as stated above, the audit committee does not have at least one independent director, consequently, the Chairman of the audit committee is also not an independent director. Furthermore, no member of the committee falls under the definition of 'financial literate' under regulation 27 of the Regulations. |

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

<b>Reg.</b>	<b>Explanation</b>
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company.
24	Same person holds office of chief financial officer and the company secretary of the company as the company is not operating sufficiently yet and the company believes that there is no need of separate person for both positions.
28	Since there are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

**Muniff Ziauddin & Company**  
**Chartered Accountants**

**Date: October 06, 2022**

**UDIN: CR202210153wKNBeF5Zr**