



## ◆ YOUSUF ADIL

### **Yousuf Adil**

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of Shaheen Insurance Company Limited Review Report on the Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (together called the 'the Code') prepared by the Board of Directors of Shaheen Insurance Company Limited (the company) for the year ended December 31, 2022 in accordance with the respective requirements of the Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement reflects the status of the Company's compliance with 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 inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As 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 Code 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2022.

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

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S.No	Paragraph Reference	Description
1	19	As per the amended in Code of Cooperate Governance for Insurers 2016, S.R.O.1013(l)/2022 the clause (xixa) of the Code which is non mandatory requirement, the insurer shall ensure that by December 31, 2022 at least 25% of director on their board prescribed certification under any director training program offered by institution, local or foreign that meet the criteria specified by the commission and approved by it. One of director of company has exempt for training under section clause (xixb) whereby a person having a minimum of 14 years of education and 15 years of experience on the Board(s) of insurer shall be exempt from the director training program but we observed that company is not comply with the requirement for the second director.
2	23	As stated in regulation 24, which is a non-mandatory requirement, same person shall not simultaneously hold office of the chief financial officer and company secretary of a listed company. However, we have noticed that chief financial officer is also performing functions of company secretary.
3	33	As per regulation 10(3)(v) which is a non-mandatory requirement, the board of directors shall ensure that formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of the board and its sub-committees. However, we did not find any such formal and effective mechanism regarding evaluation of the performance of the board, its members and sub-committees.



**Chartered Accountants**

**Engagement Partner:**

Hena Sadiq

**Place:** Karachi

**Date:** April 03, 2023

**UDIN:** CR202210057ZGzkgOqWw

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Deloitte Touche Tohmatsu Limited

## Statement of Compliance with the Code of Corporate Governance for Insurers 2016 and with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) and Listed Companies Code of Corporate Governance Regulations 2019 (the Regulations) for the purpose of establishing a framework of good governance, where by Shaheen Insurance Company Limited (the insurer) is managed in compliance with the best practices of Corporate Governance.

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

1. The total number of directors are eight as per the following;
  - a) Male: 7
  - b) Female: 1
2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors ("the Board"). At present all the non-executive directors on the Board except Independent Directors are from Shaheen Foundation. The Board includes:

Category	Names
Independent female director	Ms. Farrah Azeem Khan *
Independent director	Mr. Jehangir Shah*
Executive director	Mr. Syed Rizwan Akhter
Non-executive directors	Air Marshal Muhammad Arif Pervaiz (Retd.)
	Air Vice Marshal Salman Ahsan Bokhari (Retd.)
	Air Commodore Tausif Sadiq (Retd.)
	Air Commodore Wasim Ahmed Khan (Retd.)
	Mr. Adeel Ali Bokhari

\* The independent director meets the criteria in independence as laid down under the Code of Corporate Governance for Insurers, 2016.

Regulation 6: The Board of the Company comprises of seven elected Directors and one-third works out to be 2.33. Presently, two (2) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a third independent Director.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies excluding of listed subsidiaries, 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. One casual vacancy occurring on the Board, in June 2022, was filled up by the directors within 90 days thereof.
6. 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.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, these policies and procedures are being further refined and strengthened gradually. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. 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 Companies Act 2017, the Code and the Regulations.
9. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board has established a system of sound internal control, which is 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 and the Regulations.
11. All the Directors have either attended the orientation course or have been provided appropriate guidelines in this regard and as such they are fully aware of their duties and responsibilities. Company has not arranged director training program during the year. Mr. Jehangir Shah –Independent director appointed during the year was exempt from this requirement due to his professional education and experience.
12. The internal audit function may be performed by the internal audit staff of holding company. During the year the board has approved and appointed Shaheen Foundation (Parent Undertaking) of its internal audit function. No changes in appointment of Chief Financial Officer and Company Secretary were made during the year.
13. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The Company only pay meeting fee for attending the Board of Directors Meeting along reimbursement of actual traveling and lodging expenses.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations 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 that disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.

**Underwriting Committee:**

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Ms. Sumbul Faraz	Head of Underwriting	Member
Mr. Zia Ur Rahim	Deputy Manager Underwriting	Member and Secretary

#### Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Aamir Ghazali	Senior Manager	Member
Mr. Muhammad Imran	Head of Claims	Member and Secretary

#### Reinsurance & Co-Insurance Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
-Mr. Sumbul Faraz	Head of Under Writing	Member and Secretary
Mr. Muhammad Asif Ramzan	Deputy Manager	Member

#### Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Muhammad Imran	Head of Claims	Member
Ms. Sumbul Faraz	Head of Under Writing	Member
Mr. Danish Khalid	Compliance Officer	Member and Secretary

19. The Board has formed the following Board Committees

#### Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Ms. Farrah Azeem Khan	Chairperson - Non Executive Director and Independent Director
Mr Adeel Ali	Member – Non Executive Director
Mr. Rizwan Akhtar	Member –Executive Director
Mr. Nisar Ahmed Almani	Secretary

#### Investment Committee

Name of the Member	Category
Air Marshal Muhammad Arif Pervaiz (Retd.)	Chairman – Non Executive Director
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Member – Non Executive Director
Mr. Adeel Ali	Member – Non Executive Director
Mr. Rizwan Akhtar	Chief Executive Officer and Executive Director
Mr. Nisar Ahmed Almani	Chief Financial Officer
Mr. Muhammad Nasir Jamal	Secretary

The Functions of the Nominations Committee are being performed by the Board

20. The Board has formed an Audit Committee. It comprises of three members and all are non-executive and Chairman of Audit Committee is an independent director. The Composition of the audit committee is as follows:



Name of the Member	Category
Ms. Farrah Azeem Khan	Chairperson – Non Executive and Independent Director
Air Commodore Wasim Ahmed Khan (Retd.)	Member
Mr. Adeel Ali	Member
Mr. Sayyam Maqsood	Secretary

The Functions of the Nominations Committee are being performed by the Board.

21. The Quarterly meetings of audit committee were held prior to the approval of interim and final results of the company. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committee were as follows:

Name of Meeting	Frequency
Ethics Human Resource and Remuneration Committee	Half Yearly
Investment Committee	Quarterly
Audit Committee	Quarterly
Underwriting Committee	Quarterly
Claim Settlement Committee	Quarterly
Reinsurance & Co-insurance Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

22. The board has outsourced its internal Audit to Shaheen Foundation (Parent Undertaking), who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and is involved in the internal audit function on a regular basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Member	Category
Mr. Rizwan Akhter	Chief Executive Officer (CEO)
Mr. Nisar Ahmed Almani	Chief Financial Officer and Company Secretary
Mr. Sayyam Maqsood	Head of Internal Audit (Coordinator)
Mr. Sumbul Faraz	Head of Underwriting and Reinsurance
Mr. Muhammad Imran	Head of Claims and Grievance Function
Mr. Danish Khalid	Compliance Officer and Risk Officer

Due to size of operations of the Company, multiple functions are being performed by single staff. Accordingly, functions of the Company Secretary are being performed by the Chief Financial Officer.

24. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the commission in terms of section 48 of the insurance ordinance, 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 or any of the partners of the firm and their spouses and minor children do not hold shares of the Company and no partners of the firm involved in the audit is 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 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;
26. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
27. The Board ensures that the Appointed actuary complies with the requirements set out for him in the Code.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the risk management system of the insurer is in place as per the requirement of Code of Corporate Governance for Insurers, 2016.
30. The Company has set up a Risk Management function which carries out its tasks as covered under the code.
31. The Board ensures that as part of the risk management system, the Company gets itself rated from Pakistan Credit Rating Agency (PACRA) which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on August 25, 2022 is A+ (Single A plus) with positive outlook.
32. The Board has set up a grievance function which fully complies with the requirement of the Code.
33. The Board is in process to develop and approve the criteria for annual evaluation of its own performance as per the requirement of the Code.
34. The Company during the year, obtained an exemption of three months i.e till August 15, 2022 from Securities and Exchange Commission of Pakistan in respect of appointment of independent Director, who was appointed before the deadline.
35. We confirm that all requirements of the 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
36. We confirm that all material principles contained in the Code have been complied with except for certain matters disclosed above along with reasons and explanations in clause 23 and 33 toward which reasonable progress is being made by the Company to seek compliance by the next accounting year.
37. Explanation of non-compliance of regulations other than clause 3, 6, 7, 8, 27, 32 and 36 are mentioned in clause 23 and 33.



**Rizwan Akhtar**  
Chief Executive Officer



**Air Marshal Muhammad Arif Pervaiz (Retd.)**  
Chairman

March 30, 2023