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**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF
COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE
GOVERNANCE) RULES, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 ('the Rules') prepared by the Board of Directors of **National Power Parks Management Company (Private) Limited ('the Company')** for the year ended 30 June 2022.

The responsibility for compliance with the Rules is that of the Board of 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 Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. 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 Rules.

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 Rules 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 Rules as applicable to the Company for the year ended 30 June 2022.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 07 October 2022

UDIN: CR202210183XRBoUKpsM

SCHEDULE I
[See paragraph 2(1)]

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of Company:	National Power Parks Management Company (Private) Limited
Name of the Department:	Ministry of Energy, Power Division, Government of Pakistan
For the Year Ended:	June 30, 2022

- (i) This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “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.
- (ii) The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y Tick the relevant box	N																								
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																									
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	✓																									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Names</th> <th style="text-align: center;">Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="5" style="text-align: center;">Independent Directors</td> <td>1. Mr. Shaheryar Arshad Chishty</td> <td>January 03, 2020 to June 06, 2022</td> </tr> <tr> <td>2. Mr. Mahfuz-ur-Rehman Pasha</td> <td>January 03, 2020</td> </tr> <tr> <td>3. Mr. Tabrez Aslam Shami</td> <td>January 03, 2020</td> </tr> <tr> <td>4. Mr. Nasir Gulzar</td> <td>January 03, 2020</td> </tr> <tr> <td>5. Mr. Muhammad Irfan Akram</td> <td>January 03, 2020</td> </tr> <tr> <td rowspan="3" style="text-align: center;">Other Non-Executive Directors</td> <td>6. Mr. Shah Jahan Mirza</td> <td>January 03, 2020</td> </tr> <tr> <td>7. Mr. Muhammad Asif</td> <td>February 04, 2021</td> </tr> <tr> <td>8. Mr. Asim Iqbal</td> <td>August 26, 2021</td> </tr> <tr> <td style="text-align: center;">Executive Director (Chief Executive Officer)</td> <td>9. Mr. Dhanpat Kotak</td> <td>Re-appointment: September 04, 2021</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	1. Mr. Shaheryar Arshad Chishty	January 03, 2020 to June 06, 2022	2. Mr. Mahfuz-ur-Rehman Pasha	January 03, 2020	3. Mr. Tabrez Aslam Shami	January 03, 2020	4. Mr. Nasir Gulzar	January 03, 2020	5. Mr. Muhammad Irfan Akram	January 03, 2020	Other Non-Executive Directors	6. Mr. Shah Jahan Mirza	January 03, 2020	7. Mr. Muhammad Asif	February 04, 2021	8. Mr. Asim Iqbal	August 26, 2021	Executive Director (Chief Executive Officer)	9. Mr. Dhanpat Kotak	Re-appointment: September 04, 2021			
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3	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.	3(5)	✓																									
4.	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.	3(7)		N/A																								
	Note: Government of Pakistan, being sole sponsor of the Company, has nominated all members of the Board of Directors of the Company.																											
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓																									

S. No.	Provision of the Rules	Rule No.	Tick the relevant box	
			Y	N
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. Note: Government of Pakistan, being sole sponsor of the Company, has nominated all members of the Board of Directors including CEO of the Company.	5(2)		N/A
8.	a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website: www.nppmcl.com) c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity, and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	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.	5(5) (b) (ii)	✓	
11.	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	
13.	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.	5(5)(c) (iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	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.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		N/A
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	a) The Board has met at least four times during the year. b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓	✓
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.	8 (2)	✓	

S. No.	Provision of the Rules	Rule No.	Tick the relevant box																			
			Y	N																		
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓																			
21.	a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. c) The Board has placed the annual financial statements on the company's website.	10	✓	NA																		
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules. Note: Although the orientations were imparted to the Board on every important matter. However, a formal orientation course was not conducted.	11		✓																		
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:	12	✓																			
	<table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>4</td> <td>Mr. Nasir Gulzar</td> </tr> <tr> <td>Risk Management Committee</td> <td>4</td> <td>Mr. Mahfuz-ur-Rehman Pasha</td> </tr> <tr> <td>Human Resource Committee</td> <td>4</td> <td>Mr. Shaheryar Arshad Chishty</td> </tr> <tr> <td>Procurement Committee</td> <td>4</td> <td>Mr. Tabrez Aslam Shami</td> </tr> <tr> <td>Nomination Committee</td> <td>3</td> <td>Mr. Muhammad Irfan Akram</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	4	Mr. Nasir Gulzar	Risk Management Committee	4	Mr. Mahfuz-ur-Rehman Pasha	Human Resource Committee	4	Mr. Shaheryar Arshad Chishty	Procurement Committee	4	Mr. Tabrez Aslam Shami	Nomination Committee	3	Mr. Muhammad Irfan Akram		✓	✓
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24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																			
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																			
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																			
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.	17	✓																			
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.	18	✓																			
29.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The annual report of the company contains criteria and details of remuneration of each director.	19		N/A																		
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓																			
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21 (1)	✓																			

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	The chief executive and chairman of the Board are not members of the audit committee.	and 21(2)	✓																
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.	21(3)	✓																
	b) The audit committee met the external auditors, at least once a year, without the presence 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, at least once a year, without the presence of 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.	22	✓																
	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.	23(4)	✓																
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓																

Chairman Board of Directors

Chief Executive Officer

October 5, 2022

SCHEDULE II

See Paragraph 2(3)


Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]

Sr. No.	Rule /sub -rule no.	Reasons for non- compliance	Future course of action
18	6(3)	Minutes of board meetings were not circulated within fourteen days of the date of the meeting.	Non-circulation of minutes was due to delayed finalization of minutes on account of availability of the Chairman. Further, the Company would circulate minutes in accordance with the rules.
22	11	No orientation course has been conducted by the Company for the year ended on 30 June 2022 for its directors to enable them to better comprehend the specific context in which it operates, including its operations and environment, awareness of Public Sector Company's values and standards of probity and accountability as well as their duties as directors.	Company is continuously arranging orientation for the Board members on various issues related to the company's operations. However, formal course will be arranged for directors to enable them to better comprehend the specific context in which company operates, including its operations and environment, awareness of Public Sector Company's values and standards of probity and accountability as well as their duties as directors.



Chairman Board of Directors



Chief Executive Officer

October 5, 2022