SUI SOUTHERN GAS COMPANY LIMITED

MINUTES OF THE 65TH ANNUAL GENERAL MEETING (AGM)

HELD ON TUESDAY, 10 AUGUST, 2021 AT 11:00 AM THROUGH VIDEO FACILITY

In accordance with the members' attendance record 50 shareholders attended the 65th Annual General Meeting (AGM) in person or by proxy including the following Directors and other representatives:-

Present:

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Ms. Nida Rizwan Farid	Director
Mr. Hassan Mehmood Yousufzai	Director
Mr. Mather Niaz Rana	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Imran Maniar	Managing Director

In attendance:

Mr. Shoaib Ahmed	Company Secretary
Mr. Amin Rajput	CFO
Ms. Hena Sadiq	External Auditors - M/s. Yousuf Adil, Chartered Accountants (outgoing)
Mr. Zulfqar Ali Causer	External Auditors - M/s. BDO Ebrahim & Co., Chartered Accountants (Incoming)
Mr. Nadeem Ahmed	Legal Advisor - M/s. Orr, Dignam & Co.
Key Management personnel of SSGC	

PROXYHOLDERS / AUTHORIZED REPRESENTATIVES ON BEHALF OF

S. NO	NAME OF SHAREHOLDER	NAME OF PROXY HOLDER
1	THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	MR. HASSAN MEHMOOD YOUSUF ZAI
2	GOVERNMENT OF PAKISTAN (GOP)	
3	SINDH BANK LIMITED	MS. RUKHSANA NAREJO
4	SSGC EMPLOYEES EMPOWERMENT TRUST	MR. IMRAN MANIAR

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5	TRUSTEES OF SSG EXECUTIVE STAFF PROVIDENT FUND	MR. IMRAN MANIAR
6	TRUSTEES OF SSG EXECUTIVE STAFF GRATUITY FUND	
7	TRUSTEES OF SSG NON-EXECUTIVE STAFF GRATUITY FUND	
8	TRUSTEES OF SSG NON-EXECUTIVE STAFF PROVIDENT FUND	
9	STATE LIFE INSURANCE CORP. OF PAKISTAN	MR. WASEEM RAO
10	ISHARES II PUBLIC LTD CO-ISHARES GL INFRASTRUCTURE UCITS ETF	MR. FAISAL HASHMI
11	VANGUARD TOTAL WORLD STOCK INDEX FUND	
12	VANGUARD INV FNDS ICVC-VANGUARD FTSE GL AL CAP IN FD	
13	VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	
14	MERCER UCITS COMMON CONTRACTUAL FUND	
15	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	MR. SALMAN H. CHAWALA
16	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	
17	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	
18	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	
19	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	
20	NATIONAL BANK OF PAKISTAN	MR. BILAL ASIF

Mr. Shoaib Ahmed, Company Secretary introduced himself and welcomed the shareholders in the 65th AGM of Sui Southern Gas Company Limited. He stated that due to prevailing circumstances of COVID-19, the AGM is arranged through electronic means. He requested the Chairperson to formally convene the meeting.

After the recitation from the Holy Quran, the Chairperson welcomed the shareholders and called the meeting in order in accordance with the Quorum's requirements i.e. 10 Members present in person representing not less than 25 percent of the total voting power of the Company either on their own account or as proxies shall be the quorum as

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confirmed by Company Secretary She informed that proxies have been received from the major shareholders.

NOTICE OF THE 65TH ANNUAL GENERAL MEETING (AGM)

The Chairperson informed that the Notice of 65th AGM was published in two leading newspapers (Daily News and Daily Express) on 18th July, 2021 and was circulated to the shareholders along with CD's having Annual Report 2019 on 19th July, 2021 through TCS courier service. The Notice of AGM was also made available on PSX portal 'PUCARS' and Sui southern Gas Company Limited's website for shareholders. She further proposed that with the consent of the shareholders the Notice be taken as read.

The shareholders agreed and given consent to take the notice of the EOGM as read.

ORIDINARY BUSSINES

AGENDA ITEM NO.1

To review the minutes of the Annual General Meeting (AGM) of the Company held on 05 August, 2020:

The Chairperson informed that the Minutes of the 64th Annual General Meeting held on 05 August, 2020 were uploaded at PUCARS within 60 days from holding of AGM and provided to the shareholders who requested and the same are also available on SSGC website for shareholders. She further proposed that with the consent of the shareholders the Minutes of 64th AGM be taken as read.

The shareholders agreed and given consent to take the Minutes of the 65th AGM dated 05 August, 2020 as read.

AGENDA ITEM NO.2

To consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' Report in English and Urdu version and Auditors' Reports thereon.

The Chairperson stated that the Audited Financial Statements FY 2018-19 of the Company along with the Auditors' and Directors' Report were circulated to the shareholders. She added that the delay in holding of AGM for FY 2018-19 was

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happened as the management was in pursuit of the implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA. Under these guidelines OGRA had been directed to allow UFG to SSGC associated with the supply of RLNG transacted on volume handled basis. She said we had communicated to the Government that the delays in decision and non-implementation of the Policy Guidelines by OGRA on this matter have serious financial impact which would affect the wellbeing of the company and is detrimental to the socio economic agenda of the GoP.

She also informed the shareholders that earlier, ECC took up this issue in its three meetings but without reaching to any decision. Later, in December 2020, OGRA has initiated the process of engaging Experts to technically evaluate the impact of handling RLNG on UFG of both gas utility companies which was not materialized. The process has now been re-initiated in April 2021. In June 2021, SSGC met the newly appointed Chairman OGRA to sensitize gravity of the matter and sought for due resolution of the issue in the Motion for Review Petition for FY 2018-19.

The Chairperson informed that the Board has appointed Mr. Imran Maniar as Managing Director / CEO of the Company who took the charge with effect from 4 February, 2021. Mr. Maniar holds more than 25 years' international exposure of working in oil and gas sector for turnaround and introduction of change management culture. The Board continued to pursue effective implementation of policy and institutional reforms and range of initiatives and action plans in almost all critical areas of SSGC's operations have been formulated, few of them include:

i. Institutionalization and operationalization of dedicated UFG Hub, headed by a Deputy Managing Director with appropriate skill set. Unaccounted for Gas (UFG) reduction strategy is under implementation, though UFG declined somewhat, the bottom line of the company continues to be impacted by UFG disallowance.

ii. Management has been advised to expedite action on 14 SMS's which are yielding highest recorded UFG in order to get quick results for reduction of UFG and a master plan is being devised for Karachi for network segmentation by bifurcating domestic and industrial customers.

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iii. In order to identify in real-time, areas with highest impact on UFG reduction are tagged on GIS system.

iv. Work is under way to drastically reduce lead times for new connections to discourage theft.

v. Management is working to make SSGC lean, efficient and effective organization in compliance with the budget targets set by the Board for FY 2020-21 and FY2021-22 by rationalization and control of revenue expenditures which in any case should not exceed FY 2020-21 actual numbers.

vi. Procurement processes have been revamped and the Board is pursuing for further reduction in time lag involved in the procurement process. The Board is also encouraging the management to work on introducing paper less environment through use of electronic process automation systems.

vii. Sales department is in the process of introducing an online system (without human interactions) for customers.

viii. Accountability of Management and staff is being enhanced and a quality assurance department reporting to Managing Director is envisaged in the revised organizational structure.

ix. A greater emphasis is being made on HSEQA, creating greater awareness amongst all employees and rollout of QHSE Passports.

Furthermore, the Board is of the firm view that high quality performance assessment and results based accountability is the key for ensuring delivery at all levels as per the expectations of the stakeholders. To achieve this, the management is in the process of implementing new performance based assessment criteria backed by rigorous KPI's.

The Board has also advised the management to bring succession planning recommendations for all GMs and above level positions along with amendments in JDs as some members of senior management team will be retiring in next few years. The management is in the process to expedite job rotation process and fill all the vacant middle and senior management level positions. Further, the Board is on course for introducing new and improved employment policy according to need of the organization

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which is aligned with best practices followed in reputable organizations of the private sector.

The Board has requested for enhancement of the capacity of the HR department and its necessary restructuring will be performed by engaging high quality people in key areas of the HR function.

Some other initiatives identified under key reforms agenda of the Board in the area of Human Resource is as follows:

i. Documentation of functions performed and workload analysis of each department.

ii. Evaluation of department wise establishment position of executive and subordinate cadre along with identification of jobs that can be outsourced.

iii. Formalize strategy for roles that could be outsourced and mechanism to monitor productivity analysis of third party workforce without compromising Company's interest from a legal standpoint.

iv. Identify job overlapping, redundancies, and surplus/ shortfall of manpower within functions.

v. Perform Job Evaluation, Job Specification and Job descriptions for all executive cadre positions.

She finally thanked on behalf of the management and the Board to all the shareholders for their continued support in the endeavors.

The Chairperson then invited shareholders for questions on Annual Report 2018-19.

Mr. Usman Ali (CDC account no. 00364-119139) congratulated the Chairperson for chairing SSGC's Board and expected to bring change in the Company with her enrich international and local exposure. He came up with a number of questions which are as follows:

i. The directors in SSGC's Board are high in number consequently their expenses are high too. Moreover, the number of Board and its Committees' meeting are also high. He had asked to control as the Company is already suffering with huge losses?

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ii. Why there is no control over the increase in the number of executives and nearly 80% increase in retirement benefits when the company is suffering losses?

iii. The case of Habibullah Costal Power Company had decided against the Company and the Company was supposed to pay Rs.8 billion. Was the payment made since it's not provided in the annual report's contingencies and commitments disclosure?

iv. What are the current status of the KE and Pakistan Steel Mill cases, and what is the actual amount of receivable from KE?

v. Why is there 16 billion exchange loss when OGRA gives allowance for the same?

vi. In the FY 2018–2019, there were two MDs. What is the cause for this change and instability in the Company?

The Chair asked CFO to respond to the relevant questions.

CFO responded that the Company operates under OGRA tariff regime. The question related to sales is answered on page 120, where summary of sales for 10 years is provided. SSGCL is a highly regulated organization in which the price notifications and the gas allocation are made by the Federal Government. The volumes are regulated and allocated by ECC so SSGCL can only sale based on allocation. Another factor with affect the sales is notified sale prices which also increase or decrease the sale amount.

CFO added that there are 140 billion of receivables of GDS in 2019 and it's because the price of gas didn't increase on time. Further, SSGCL also have receivables from Government organizations i.e. 50 billion from tax refund and huge amount from Pakistan Steel Mill Limited.

The payment is not done to Habibullah Costal Power Company and the amount due is disclosed in other receivables. ECC has allowed SSGC to receive the amount by invoking force majeure over the period of two years.

Company Secretary responded that the frequency of meetings has decreased compared to last few years and there is more decrease in meetings in the current year.

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The Chairperson appreciated Mr. Usman for his interest in the Company and commented that majority of the Board member are appointed by the GoP. The Board of Directors spend hours during and after the meetings and have intensive discussions on matters affecting the Company. The number of Finance Committee's meetings were high because of pragmatic examination of issues for allocation of the company's finances and number of nomination committee's meetings were held to nominate best individual for the position of MD. An adequate individual was not found in the first circle of search and then with the consultation with the Government another hiring process for the MD was initiated Board of Directors spent tremendous time on finding Mr. Imran Maniar as MD of the Company. The company is being run by the management but the policies and regulations are not in the control of the management, they are regulated by the Government. The shareholders need to understand the constraints in which the company operates.

MD commented that all the company costs are being scrutinized and the management is working on evaluating the costs which are not justified and working on their alternatives. Focus is on UFG as it's the most critical area for survival of future's operation. Return on asset is the only source of income of the Company, therefore the management is working on three areas first to increase the assets infrastructure, second to decrease the UFG and third to increase the income from non-operating activities. MD also explained the cost cutting measures taken by the Company to reduce the cost i.e. medical expenses of Rs. 150 – 200 million has been saved, HR cost 11% less than the OGRA allowance, it is expected to save Rs. 150 – 200 million from decrease in use of paperwork, decreased the overtime, hiring is on halt and no increment to the employees since last 3 years.

Mr. Muhammad Siddique Khokhar (CDC account no. 05348-2076) congratulated Mr. Imran Maniar for coming on board as Managing Director and said that the shareholders expect that he will bring drastic change in the progress of the company. He also requested for the increase of number of customers' facilitation centers.

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Mr. Bilal Asif (CDC account no. 03889-44) came up with a number of questions which are as follows:

i. What is the current quantum of gas sector circular debt?
ii. What new decisions have been made by the government, given that the government has already paid off the circular debt in the power sector?

CFO responded that according to SSGC, we have a total amount of roughly Rs. 500 billion in receivables and payables. On these figures, we are collaborating with the Federal Government and the Secretary Petroleum has already enlisted the participation of all E&P and Sui Companies in the committee, which is working on a daily basis to tackle the issue. The circular debt include receivables/payables of all Government related SOEs including K.Electric, Pakistan Steel Mill, Sui Northern RLNG issue, WAPDA, sales tax refunds as well as OGDCL, the quantum of which from the SSGC perspective comes around Rs. 500 billion. Mr. Hanif (CDC account no. 06601-30677) congratulated and appreciated Mr. Imran for joining and working hard to bring changes in the Company and he expects him to lead the company to a position where shareholders start getting dividends. He added that other shareholders have already asked a good number and quality questions which answered to his concerns also

After detailed deliberations and question / answer session the following resolution has been passed by the shareholders:

"RESOLVED THAT the Audited Accounts for the year ended 30 June 2019 along with report of External Auditors and Directors' Report be and are hereby adopted."

AGENDA ITEM NO.3

To appoint Auditors for the year ended 30 June, 2020 and fix their remuneration. The Board of Directors has recommended appointment of M/s. BDO Ibrahim & Co, Chartered Accountants in place of retiring auditors M/s. Yousuf Adil, Chartered Accountants, to be the auditors of the company.

The Chairperson informed the shareholders that the retiring auditors M/s. Yousuf Adil, Chartered Accountants, was engaged with SSGC since 12 years and rotation of engagement partners were done in compliance with regulatory requirement. The Board

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after considering the best practices suggested changing of the retiring auditors M/s. Yousuf Adil, Chartered Accountants.

The Chairperson also informed that the Board on recommendation of the Board Audit Committee unanimously decided to recommend to the shareholders for appointment of M/s. BDO Ebrahim & Co., as External Auditors for FY 2019-20 to provide External Audit services in relation to audit of Unconsolidated and Consolidated Financial Statements for FY 2019-20, Limited Review of Unconsolidated Condensed Interim Financial Information, Review of Compliance with Public Sector Code of Corporate Governance 2013 & Compliance with Companies (Code of Corporate Governance) Regulations, 2017 as well as other SECP and OGRA related Certifications.

The Chairperson requested the shareholders to propose and second the resolution in connection with the appointment of auditor FY 2019-20:

The following resolution was unanimously passed as proposed by Mr. Usman Ali (CDC account no. 00364-119139) and seconded by Miss Sadaf Narejo (CDC account no. 00364-119139):

"RESOLVED THAT the appointment of M/s. BDO Ebrahim & Co., as auditors of the Company for the year ending June 30, 2020 be and is hereby approved at a remuneration of Rs. 4 million plus out of pocket expenses as Auditor Remuneration."

The Resolution was carried unanimously.

AGENDA ITEM NO. 4

To transact any other business with the permission of the Chair.

There being no other business, the meeting concluded with a vote of thanks to the Chair.

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