

**PAKISTAN SOFTWARE EXPORT BOARD  
(GUARANTEE) LIMITED**

**STATEMENT ON COMPLIANCE WITH PUBLIC  
SECTOR COMPANIES (CORPORATE  
GOVERNANCE) RULES, 2013**

**FOR THE YEAR ENDED 30 JUNE 2015**

**REVIEWED BY**




**MUNIFF ZIAUDDIN & CO**  
Chartered Accountants

**Review Report to the Members  
On Statement of Compliance with the Public Sector Companies (Corporate  
Governance) Rules, 2013**

We have reviewed the statement of compliance with the Public Sector Companies (Corporate Governance), Rules 2013 for the year ended June 30, 2015 prepared by the Board of Directors of Pakistan Software Export Board (Guarantee) Limited to comply with the provisions of the Rules.

Based on our review, nothing has come to our attention except the instance of non-compliance as reflected in Schedule-II to the statement of compliance, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material aspects with the Public Sector Companies (Corporate Governance), Rules 2013, as applicable to the Company for the year ended on June 30, 2015.

Islamabad. 07-12-2015

  
**MUNIFF ZIAUDDIN & CO**  
Chartered Accountants  
(Sardar Shahid Farid, FCA)



## SCHEDULE I

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

Name of the Company: Pakistan Software Export Board (Guarantee) Limited  
 Name of the Line Ministry: Ministry of Information Technology  
 For the year ended: 30<sup>th</sup> June 2015

- i. This statement is being presented to comply with 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:

Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks																				
			Tick the relevant box																						
1	The independent directors meet the criteria of independence, as defined under the rules.	2(d)	✓																						
2	The Board has the requisite percentage of independent directors. At present the board includes: <table border="1" style="width: 100%; margin-top: 5px;"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="2"><i>Independent Directors</i></td> <td><i>Mr. Salim Ullah Ghauri</i></td> <td><i>07-05-2009</i></td> </tr> <tr> <td><i>Dr. Shoab Ahmed Khan</i></td> <td><i>16.09.2014</i></td> </tr> <tr> <td><i>Executive Directors</i></td> <td><i>Mr. Asim Shahryar Husain</i></td> <td><i>14-07-2014</i></td> </tr> <tr> <td rowspan="4"><i>Non-Executive Directors</i></td> <td><i>Ms. Anusha Rahman</i></td> <td><i>08-06-2013</i></td> </tr> <tr> <td><i>Mr. Azmat Ali Ranjha</i></td> <td><i>10-06-2014</i></td> </tr> <tr> <td><i>Dr. Waqar Masood Khan</i></td> <td><i>16-04-2013</i></td> </tr> <tr> <td><i>Mr. S.M. Muneer</i></td> <td><i>18-03-2014</i></td> </tr> </tbody> </table>	Category	Name	Date of Appointment	<i>Independent Directors</i>	<i>Mr. Salim Ullah Ghauri</i>	<i>07-05-2009</i>	<i>Dr. Shoab Ahmed Khan</i>	<i>16.09.2014</i>	<i>Executive Directors</i>	<i>Mr. Asim Shahryar Husain</i>	<i>14-07-2014</i>	<i>Non-Executive Directors</i>	<i>Ms. Anusha Rahman</i>	<i>08-06-2013</i>	<i>Mr. Azmat Ali Ranjha</i>	<i>10-06-2014</i>	<i>Dr. Waqar Masood Khan</i>	<i>16-04-2013</i>	<i>Mr. S.M. Muneer</i>	<i>18-03-2014</i>	3(2)		✓	Since all the nominations in Board of Directors (BoD) are made by Government of Pakistan (GoP), the company has, therefore, applied for exemption to SECP.
Category	Name	Date of Appointment																							
<i>Independent Directors</i>	<i>Mr. Salim Ullah Ghauri</i>	<i>07-05-2009</i>																							
	<i>Dr. Shoab Ahmed Khan</i>	<i>16.09.2014</i>																							
<i>Executive Directors</i>	<i>Mr. Asim Shahryar Husain</i>	<i>14-07-2014</i>																							
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	<i>Mr. S.M. Muneer</i>	<i>18-03-2014</i>																							
3	A casual vacancy occurring on the board was filled up by the directors within ninety days.	3(4)		✓	Casual vacancy is filled by GoP, therefore, the company has applied for exemption to SECP.																				
4	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)		✓	Majority of the directors are senior officials of GoP and hold directorship in the company in their ex-officio position, therefore, the company has applied for exemption to SECP.																				



Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks
			Tick the relevant box		
5	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.	3(7)			All nominations on Board of Directors are made by GoP.
6	The chairman of the board is working separately from the chief executive of the company.	4(1)	✓		
7	The chairman has been elected from amongst the independent directors.	4(4)		✓	GoP has nominated Minister of IT as Chairman of the Board; therefore, the company has applied for exemption to SECP.
8	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.	5(2)	✓		
9	(a) 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, including posting the same on the company's website at www.pseb.org.pk.  (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓		
10	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)	✓		
11	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)	✓		
12	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the company.	5(5) (b) (vi)	✓		
13	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.  (b) A Committee has been formed to investigating deviations from the company's code of conduct.	5(5) (c) (ii)	✓		
14	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)	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
	in accordance with the PPRA Rules.				
15	The board has developed a vision or mission statement, corporate strategy and 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(6)	✓		
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)			None
17	(a) The board has met at least four times during the year.	6(1)		✓	Three (3) Board Meetings were held during the year. The company could not hold fourth meeting of the Board due to busy schedule of Board members.
	(b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓		
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓		
18	The board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it. The board has also monitored and assessed the performance of senior management on annual basis.	8		✓	All the nominations in Board of Directors of the company are made by GoP & majority of them are senior officials of the government who hold directorships in the company and other government owned & controlled corporations are well versed with government rules and regulations including corporate governance rules as they regularly undergo high level trainings, courses, seminars, workshops etc. within and outside Pakistan as part of their careers. Government of Pakistan



Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks
			Tick the relevant box		
					monitor & carry out performance of their officials throughout their services.
19	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			None
20	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, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members.	10		✓	The Company would be able to get approved its quarterly accounts by the Board of Directors and also circulation of monthly accounts regularly immediately after approval of audited financial statements of the company for the FY2014-15, which are expected to be completed till end of September 2015.
21	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.	11		✓	All the nominations in Board of Directors of the company are made by GoP & majority of them are senior officials of the government who hold directorships in the company and other government owned & controlled corporations are well versed with government rules and regulations including corporate governance rules as they regularly undergo high

Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks																	
			Tick the relevant box																			
					level trainings, courses, seminars, workshops within and outside Pakistan as part of their careers. Government of Pakistan monitor & carry out performance of such officials throughout their services.																	
22	<p>(a) The board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td><i>Audit Committee</i></td> <td>3</td> <td><i>Mr. Azmat Ali Ranjha</i></td> </tr> <tr> <td><i>Risk Management</i></td> <td>N.A.</td> <td></td> </tr> <tr> <td><i>Human Resource</i></td> <td>3</td> <td><i>Dr. Shoab Ahmed Khan</i></td> </tr> <tr> <td><i>Procurement Committee</i></td> <td>Varies</td> <td><i>Mr. Asim Shahryar Husain</i></td> </tr> <tr> <td><i>Nomination Committee</i></td> <td>N.A.</td> <td></td> </tr> </tbody> </table>	Category	Number of Members	Name of Chair	<i>Audit Committee</i>	3	<i>Mr. Azmat Ali Ranjha</i>	<i>Risk Management</i>	N.A.		<i>Human Resource</i>	3	<i>Dr. Shoab Ahmed Khan</i>	<i>Procurement Committee</i>	Varies	<i>Mr. Asim Shahryar Husain</i>	<i>Nomination Committee</i>	N.A.		12	✓	<p>Risk management committee and nomination committee are not applicable to the company; therefore, the company has applied for exemption to SECP.</p> <p>Procurement committee is chaired by executive director.</p>
Category	Number of Members	Name of Chair																				
<i>Audit Committee</i>	3	<i>Mr. Azmat Ali Ranjha</i>																				
<i>Risk Management</i>	N.A.																					
<i>Human Resource</i>	3	<i>Dr. Shoab Ahmed Khan</i>																				
<i>Procurement Committee</i>	Varies	<i>Mr. Asim Shahryar Husain</i>																				
<i>Nomination Committee</i>	N.A.																					
23	The board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13 / 14	✓	Complied except for appointment of Chief Internal Auditor. As approved by Board, the joining of Chief Internal Auditor from the office of the Auditor General of Pakistan is awaited.																		
24	The company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of section 234 of the Ordinance.	16	✓																			
25	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be	17	✓																			



Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks												
			Tick the relevant box														
	disclosed.																
26	The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.	18			Not Applicable												
27	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.	19	✓														
28	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20	✓														
29	<p>The board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td><i>Mr. Azmat Ali Ranjha</i></td> <td><i>Non-Executive Director</i></td> <td><i>Secretary, IT</i></td> </tr> <tr> <td><i>Dr. Nadeem Shafiq Malik</i></td> <td><i>Non-Executive Director</i></td> <td><i>Financial Advisor, IT</i></td> </tr> <tr> <td><i>Dr. Shoab Ahmed Khan</i></td> <td><i>Independent Non-Executive Director</i></td> <td><i>Chairman PASHA</i></td> </tr> </tbody> </table> <p>The Chief Executive &amp; Chairman of the Board are not the members of the audit committee.</p>	Name of Member	Category	Professional Background	<i>Mr. Azmat Ali Ranjha</i>	<i>Non-Executive Director</i>	<i>Secretary, IT</i>	<i>Dr. Nadeem Shafiq Malik</i>	<i>Non-Executive Director</i>	<i>Financial Advisor, IT</i>	<i>Dr. Shoab Ahmed Khan</i>	<i>Independent Non-Executive Director</i>	<i>Chairman PASHA</i>	21	✓		<p>The audit committee is chaired by Federal Secretary Ministry of Information Technology who is non-executive director.</p>
Name of Member	Category	Professional Background															
<i>Mr. Azmat Ali Ranjha</i>	<i>Non-Executive Director</i>	<i>Secretary, IT</i>															
<i>Dr. Nadeem Shafiq Malik</i>	<i>Non-Executive Director</i>	<i>Financial Advisor, IT</i>															
<i>Dr. Shoab Ahmed Khan</i>	<i>Independent Non-Executive Director</i>	<i>Chairman PASHA</i>															
30	The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.	22	✓		As approved by Board, the joining of Chief Internal Auditor from the office of the Auditor General of Pakistan is awaited.												
31	The company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓														
32	The external auditors of the company have confirmed that the firm and all its partners are in compliance with IFAC guidelines on Code of Ethics as applicable in Pakistan.	23 (4)	✓														
33	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23 (5)	✓														
34	The company has complied with all the corporate and financial reporting requirements of the rule.				Except for the instances of non-compliances as specified above; the company has												



Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks
			Tick the relevant box		
					complied with the corporate & financial reporting requirements of the rule.

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*Asim Husain*

**ASIM SHAHRYAR HUSAIN**  
(Managing Director & CEO)

Date:  
Islamabad

*Syed Ahmad*

**SYED AHMAD**  
(Independent Director)

## SCHEDULE II


### 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.	Reason for non-compliance	Future course of action
1	3(2)	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
2	3(4)	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
3	3(5)	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
4	4(4)	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
5	6(1)	Three (03) Board Meetings were held during the year. The Company could not held fourth quarter meeting due to busy schedule of Board Members	In future company will ensure compliance with this rule.
6	8	All the nominations in Board of Directors of the company are made by GoP & majority of them are senior officials of the government who hold directorships in the company and other government owned & controlled corporations are well versed with government rules and regulations including corporate governance rules as they regularly undergo high level trainings, courses, seminars, workshops etc. within and outside Pakistan as part of their careers. Government of Pakistan monitor & carry out performance of their officials throughout their services.	No action specified.
7	10	The annual general meetings of the Company for the prior years could not be held within prescribed time limit and hence overdue AGMs have been convened with the permission of the SECP. This caused delay in appointment of auditors for the subsequent FY 2013-14 and completion of audited accounts and eventually approval of audited financial statements of the company by the Board of	Once the audited accounts for the FY 2014-15 are approved, thereafter immediately PSEB would be able to regularly present and get approved quarterly accounts by the Board as well as circulation of monthly accounts.



Sr. No.	Rule / Sub rule No.	Reason for non-compliance	Future course of action
		Directors and also by the Members in the AGM. The Company would be able to get approved its quarterly accounts by the Board of Directors and also circulation of monthly accounts regularly immediately after approval of audited financial statements of the company for the FY2014-15, which are expected to be completed till September 2015.	
8	11	All the nominations in Board of Directors of the company are made by GoP & majority of them are senior officials of the government who hold directorships in the company and other government owned & controlled corporations are well versed with government rules and regulations including corporate governance rules as they regularly undergo high level trainings, courses, seminars, workshops etc. within and outside Pakistan as part of their careers. Government of Pakistan monitored & carry out performance of such officials regularly throughout their services.	Subject to desire of the board members, orientation course will be arranged by the company for the designated board members.
9	12	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
10	18	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.
11	21	Not practical for the company to comply with this rule and hence, the company has applied to SECP for exemption under rule 24(3).	Further action will be taken as per response of SECP.

  
 ASIM SHAHRYAR HUSAIN  
 (Managing Director & CEO)

  
 SYED AHMAD  
 (Independent Director)

Date: 7-12-2015  
 Islamabad.