



ٹریڈنگ کارپوریشن آف پاکستان (پرائیویٹ لمیٹڈ) Trading Corporation of Pakistan (Pvt) Limited

Phones : 9202947-49 (3 Lines)
Fax : (92-21) 9202722, 9202731 & 9202595
E-mail : tcpkhi@pk.netsoilr.com

4th & 5th Floor,
Finance & Trade Centre,
Sharea Faisal,
Karachi, 75530 (Pakistan)

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

Name of Company: Trading Corporation of Pakistan (Private) Limited
Name of the Line Ministry: Ministry of Commerce
For the year ended: June 30, 2017

I. This statement is being presented to comply 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	N																		
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 :	3(2)	✓																			
	<table border="1"><thead><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr></thead><tbody><tr><td rowspan="2">Independent Directors</td><td>Mr. Khaliq ur Rahman</td><td>March 20, 2014</td></tr><tr><td>Mr. Irfan Qaiser Sheikh</td><td>March 20, 2014</td></tr><tr><td>Executive Director</td><td>Mr. Mushtaq Ahmed Shaikh</td><td>April 26, 2017</td></tr><tr><td rowspan="3">Non-Executive Directors</td><td>Mr. Bilal Khan Pasha</td><td>May 19, 2017</td></tr><tr><td>Mr. Imtiaz Ali Gopang</td><td>July 22, 2016</td></tr><tr><td>Mr. Zahoor Ahmed</td><td>June 17, 2014</td></tr></tbody></table>	Category	Names	Date of appointment	Independent Directors	Mr. Khaliq ur Rahman	March 20, 2014	Mr. Irfan Qaiser Sheikh	March 20, 2014	Executive Director	Mr. Mushtaq Ahmed Shaikh	April 26, 2017	Non-Executive Directors	Mr. Bilal Khan Pasha	May 19, 2017	Mr. Imtiaz Ali Gopang	July 22, 2016	Mr. Zahoor Ahmed	June 17, 2014			
Category	Names	Date of appointment																				
Independent Directors	Mr. Khaliq ur Rahman	March 20, 2014																				
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Non-Executive Directors	Mr. Bilal Khan Pasha	May 19, 2017																				
	Mr. Imtiaz Ali Gopang	July 22, 2016																				
	Mr. Zahoor Ahmed	June 17, 2014																				
3.	A casual vacancy occurring on the Board was filled up by the directors within ninety days.	3A(2)	✓																			
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(4)	✓																			
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Public Sector Companies (Corporate Governance) Rules 2013 in making nominations of the persons for election as board members under the provisions of the repealed Companies Ordinance, 1984.	3(6)		✓																		
6.	The Chairman of the Board is working separately from the Chief Executive Officer of the Company.	4(1)		✓																		
7.	The Chairman has been elected from amongst the independent directors.	4(4)		✓																		



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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. (http://tcp.gov.pk/uploads/files/CODE_OF_CONDUCT.pdf) (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. The Company has maintained Register of Interest of directors	5(5) 5(5)(b) (iv)	✓	✓
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 anti-corruption 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 investigate 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)	✓	
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 on behalf of the Government of Pakistan (GoP) as a public service obligation, and has submitted its request for appropriate compensation to the GoP for consideration.	5(8)	✓	
17.	(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)	✓	✓

2



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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/ half yearly/ quarterly basis.	8		✓															
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		✓															
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		✓															
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		✓															
22.	(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 chairman</th></tr></thead><tbody><tr><td>Board Audit and Risk Management Committee</td><td>3</td><td>Mr. Khaliq-ur- Rahman (Independent)</td></tr><tr><td>Board Human Resource Committee</td><td>4</td><td>Mr. Muhammad Ashraf (Non-executive)* (Relinquished the Charge of Director on 19.05.2017)</td></tr><tr><td>Procurement Committee</td><td>3</td><td>Mr. Irfan Qaisar Sheikh (Independent)</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Mr. Khaliq ur Rahman (Independent)</td></tr></tbody></table>			Committee	Number of members	Name of chairman	Board Audit and Risk Management Committee	3	Mr. Khaliq-ur- Rahman (Independent)	Board Human Resource Committee	4	Mr. Muhammad Ashraf (Non-executive)* (Relinquished the Charge of Director on 19.05.2017)	Procurement Committee	3	Mr. Irfan Qaisar Sheikh (Independent)	Nomination Committee	3	Mr. Khaliq ur Rahman (Independent)
Committee	Number of members	Name of chairman																	
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Procurement Committee	3	Mr. Irfan Qaisar Sheikh (Independent)																	
Nomination Committee	3	Mr. Khaliq ur Rahman (Independent)																	
23.	The Board has approved appointment of Chief Financial Officer during the year, with his remuneration and terms and conditions of employment, and as per his prescribed qualifications. No new appointment of Company Secretary and Chief Internal Auditor were made during the year.	13 / 14	✓																
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of Section 234 of the repealed Companies Ordinance, 1984.	16	✓																

3



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25.	The directors' report for this year has been prepared in compliance with the requirements of the repealed Companies Ordinance, 1984 and the Rules and fully describes the salient matters required to be disclosed.	17	✓													
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	✓													
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.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table border="1"><thead><tr><th>Name of member</th><th>Category</th><th>Professional background</th></tr></thead><tbody><tr><td>Mr. Khaliq ur Rahman</td><td>Independent Director</td><td>Chartered Accountant and experience of working as Deputy Managing Partner in Anjum Asim Shahid Rahman - a member firm in Pakistan of Grant Thornton.</td></tr><tr><td>Mr. Muhammad Ashraf</td><td>Non-Executive Director</td><td>Joint Secretary, Ministry of Finance</td></tr><tr><td>Mr. Zahoor Ahmed</td><td>Non-Executive director</td><td>Joint Secretary, Ministry of Finance.</td></tr></tbody></table> The Chief Executive and Chairman of the Board are not members of the audit committee.	Name of member	Category	Professional background	Mr. Khaliq ur Rahman	Independent Director	Chartered Accountant and experience of working as Deputy Managing Partner in Anjum Asim Shahid Rahman - a member firm in Pakistan of Grant Thornton.	Mr. Muhammad Ashraf	Non-Executive Director	Joint Secretary, Ministry of Finance	Mr. Zahoor Ahmed	Non-Executive director	Joint Secretary, Ministry of Finance.	21	✓	✓
Name of member	Category	Professional background														
Mr. Khaliq ur Rahman	Independent Director	Chartered Accountant and experience of working as Deputy Managing Partner in Anjum Asim Shahid Rahman - a member firm in Pakistan of Grant Thornton.														
Mr. Muhammad Ashraf	Non-Executive Director	Joint Secretary, Ministry of Finance														
Mr. Zahoor Ahmed	Non-Executive director	Joint Secretary, Ministry of Finance.														
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		✓												
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 International Federation of Accountants (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 Rules.		✓													

MUSHTAQ AHMED SHAIKH
Chairman / Chief Executive
5/3/2018

Maria Kazi
6/3/2018

4

MARIA KAZI
Joint Secretary
Ministry of Commerce & Textile
(Commerce Division)
Government of Pakistan
Islamabad



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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 year ending June 30, 2018.

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1.	3(6), 4(1), 4(4), 5(2)	Ministry of Commerce (MoC) is the governing authority, under the Articles of Association, to oversee the matters related to the appointment of the Board members or make nominations for election as Board member. Accordingly, the responsibility to apply fit and proper criteria along with the aforesaid matters rest with MoC, rather than the Board.	The management has taken up these matters with the Ministry of Commerce to seek guidance for compliance in future.
2.	5(5)(b) (iv)	The Board members have confirmed in writing that they have no personal, financial and business interest, including holding of political office, elected positions, public appearances and candidature for election. However, the Company has not maintained such records in the form of Register of Interest.	Noted for future compliance.
3.	6(1)	The Board has met 4 times in a year, however the compliance relating to meeting once in every quarter was not complied with.	Noted for future compliance
4.	8	The Board has developed criteria for performance evaluation of the Board members. However, no performance evaluation was carried out during the year. In addition, criteria to monitor and assess the performance of senior management, is required to be developed.	Noted for future compliance. The management will develop criteria to monitor and assess the performance of the senior management in due course.



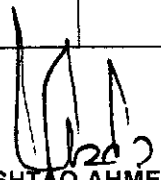
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Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
5.	9	Transactions with related parties were approved on the recommendation of Board Audit and Risk management committee, while approving the annual financial statements of the Company. However, the same is not presented separately and approved on quarterly basis. In addition, a separate party-wise record of transactions entered into with related parties was also not maintained	Noted for future compliance.
6.	10	Annual financial statements were prepared by the Company and approved by the Board. However, the financial statements for first, second and third quarter were not prepared and presented to the Board for its approval. Further, the monthly accounts were not prepared and circulated amongst the Board members.	Noted for future compliance.
7.	11	Due to non-availability of directors, orientation courses could not be arranged this year.	The management will plan an orientation course for the Directors in due course.
8.	19	Board meeting fee is fixed by the Board and paid by the Company, whereas, the pay and other emoluments are fixed and paid by concerned ministries.	Noted for future compliance
9.	22	The Company is in process of hiring the services of Chief Internal Auditor/ Chartered Firm in order to comply with the requirements of the Rules.	Noted for future compliance


MUSHTAQ AHMED SHAIKH
Chairman/ Chief Executive
Date: 5/3/2018


MARIA KAZI
Joint Secretary
Ministry of Commerce & Textile
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