

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

Name of Company: National Power Parks Management (Private) Limited

Name of the line Ministry: Ministry of Water & Power, Government of Pakistan

For the year ended: June 30, 2016

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																								
			Tick the relevant Box																									
1.	The Independent Directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																									
2.	<div>The Board has the requisite percentage of independent directors. At present the board includes:</div> <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="4">Independent Directors</td><td>1. Mr. Arif Saeed</td><td>30-04-2015</td></tr><tr><td>2. Mr. Asad Ali Khan</td><td>30-04-2015</td></tr><tr><td>3. Mr. Nauman Ahmad Khan</td><td>30-04-2015</td></tr><tr><td>4. Syed Maratib Ali</td><td>30-04-2015</td></tr><tr><td>Executive Directors</td><td>1- Rashid Mahmood</td><td>30-04-2015</td></tr><tr><td rowspan="4">Non- Executive Directors</td><td>1- Mr. Zafar Abbas</td><td>02-03-2015</td></tr><tr><td>2- Mr. Amer Mehmood Hussain</td><td>30-04-2015</td></tr><tr><td>3- Mr. Shah Jahan Mirza</td><td>30-04-2015</td></tr><tr><td>4- Mr. Amjad Latif</td><td>07-03-2016</td></tr></table>	Category	Names	Date of Appointment	Independent Directors	1. Mr. Arif Saeed	30-04-2015	2. Mr. Asad Ali Khan	30-04-2015	3. Mr. Nauman Ahmad Khan	30-04-2015	4. Syed Maratib Ali	30-04-2015	Executive Directors	1- Rashid Mahmood	30-04-2015	Non- Executive Directors	1- Mr. Zafar Abbas	02-03-2015	2- Mr. Amer Mehmood Hussain	30-04-2015	3- Mr. Shah Jahan Mirza	30-04-2015	4- Mr. Amjad Latif	07-03-2016	3(2)		✓
Category	Names	Date of Appointment																										
Independent Directors	1. Mr. Arif Saeed	30-04-2015																										
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3.	A casual vacancy occurring on the board was filled up by the Directors within ninety days.	3(4)		✓																								
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)		✓																								

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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)	✓	
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)	✓	
8.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of 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. (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 sound system of internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholder in a 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 interest, and the procedures 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 condition of service. (b) A Committee has been formed to investigate the 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 the suppliers of goods and services.	5(5) (c) (iii)	✓	

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15.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of the particulars of significant policies along with the date 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)	N/A	
17.	(a) The Board has met at least four times during the year.	6(1)	✓	
	(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/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 including the pricing methods approved by the Board.	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.	12	✓	
	(b) The Committees were provided with written Term of Reference defining their duties, authority and composition.		✓	

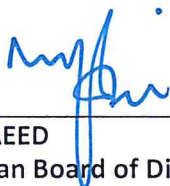
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	<p>(c) The Minutes of the meetings of the Committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>3</td><td>Mr. Syed Maratib Ali</td></tr><tr><td>Risk Management Committee</td><td>3</td><td>Mr. Syed Maratib Ali</td></tr><tr><td>Human Resource Committee</td><td>4</td><td>Mr. Arif Saeed</td></tr><tr><td>Procurement Committee</td><td>4</td><td>Mr. Asad Ali Khan</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Mr. Arif Saeed</td></tr></table>	Committee	Number of members	Name of Chair	Audit Committee	3	Mr. Syed Maratib Ali	Risk Management Committee	3	Mr. Syed Maratib Ali	Human Resource Committee	4	Mr. Arif Saeed	Procurement Committee	4	Mr. Asad Ali Khan	Nomination Committee	3	Mr. Arif Saeed		✓	
Committee	Number of members	Name of Chair																				
Audit Committee	3	Mr. Syed Maratib Ali																				
Risk Management Committee	3	Mr. Syed Maratib Ali																				
Human Resource Committee	4	Mr. Arif Saeed																				
Procurement Committee	4	Mr. Asad Ali Khan																				
Nomination Committee	3	Mr. Arif Saeed																				
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	✓																			
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 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	✓																			

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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.	<div>The Board has formed an Audit Committee, with defined and written Terms of Reference, and having the following members:</div> <table><tr><td>Name of Member</td><td>Category</td><td>Professional Background</td></tr><tr><td>Mr. Syed Maratib Ali</td><td>Independent Director</td><td>BA and Management Diplomas</td></tr><tr><td>Mr. Aamer Mehmood</td><td>Non-Executive director</td><td>CSP Officer</td></tr><tr><td>Mr. Nauman Ahmed Khan</td><td>Independent Director</td><td>Masters in Industrial Engineering</td></tr></table> <div>The Chief Executive and Chairman of the Board are not members of Audit Committee</div>	Name of Member	Category	Professional Background	Mr. Syed Maratib Ali	Independent Director	BA and Management Diplomas	Mr. Aamer Mehmood	Non-Executive director	CSP Officer	Mr. Nauman Ahmed Khan	Independent Director	Masters in Industrial Engineering	21	✓
Name of Member	Category	Professional Background													
Mr. Syed Maratib Ali	Independent Director	BA and Management Diplomas													
Mr. Aamer Mehmood	Non-Executive director	CSP Officer													
Mr. Nauman Ahmed Khan	Independent Director	Masters in Industrial Engineering													

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ARIF SAEED
Chairman Board of Directors



RASHID MAHMOOD
Chief Executive Officer

Dated: 08 OCT 2016