



Making People the Real Stakeholders

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Before we go any further.....

A Business Enterprise is of course about.....

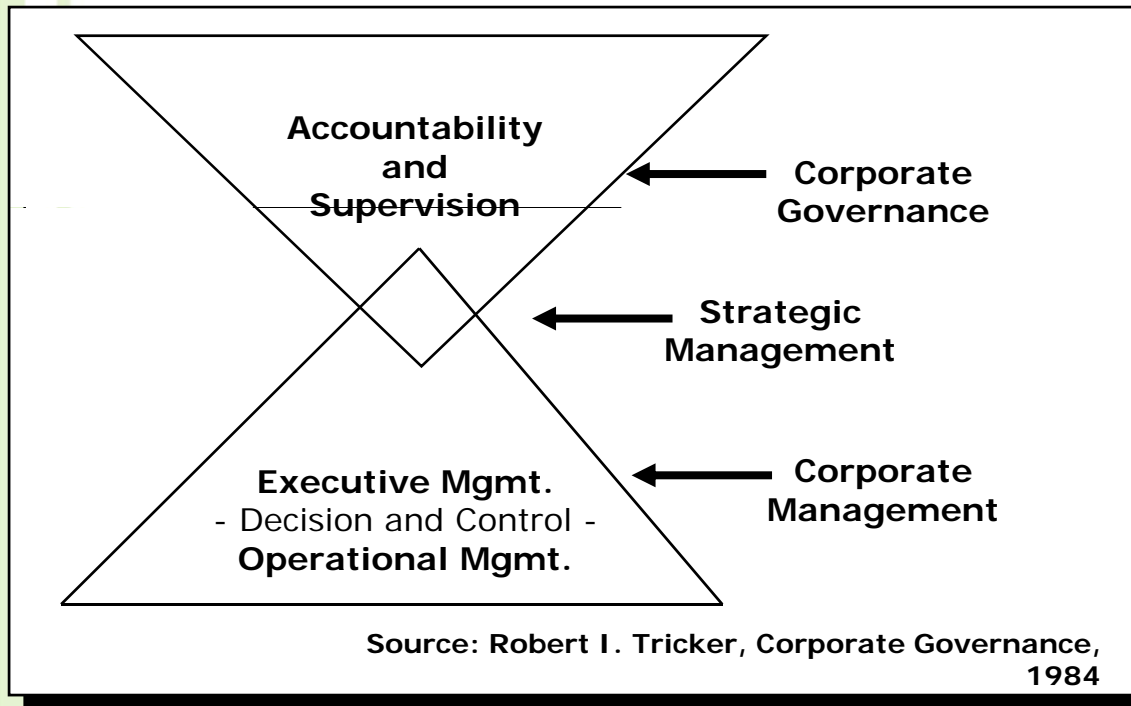
PEOPLE

Often referred as ***HUMAN ASSET***

To be Successful, an enterprise must engage its Human Asset towards:

- Enhancing Shareholder Value
- Corporate & Social responsibility
- National and International contribution
- Business ethics

We must clarify and distinguish Corporate Governance from the other elements.....



- Gov focuses on structure and processes to ensure **right behaviour**
- Management focuses on **tools of operation**
- Overlap is “strategy”

Corporate governance ≠ corporate/financial management

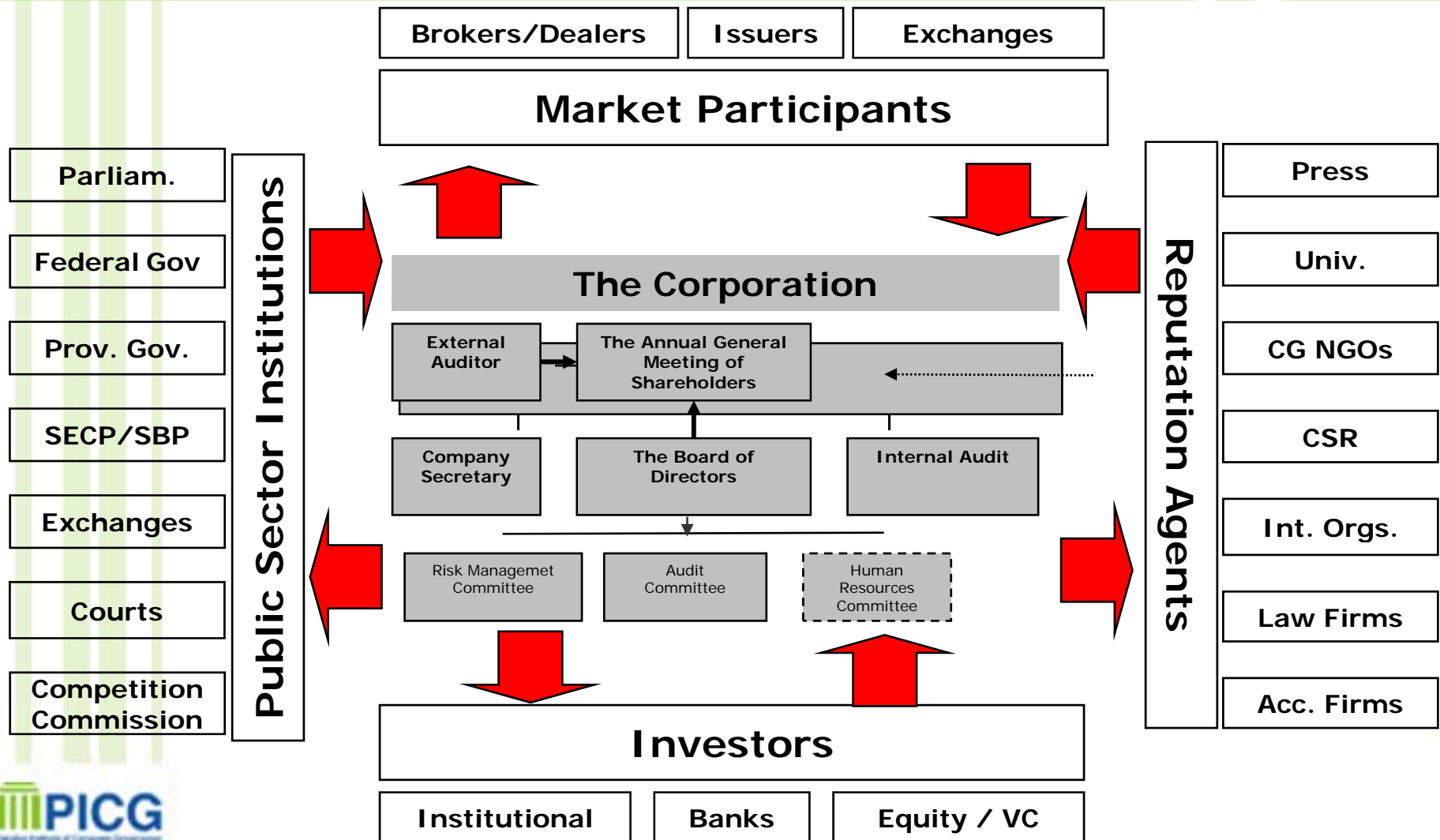
Corporate governance ≠ corporate social responsibility

Corporate governance ≠ business ethics

OECD Principles Define Corporate Governance – Comprehensively 2004

“Corporate Governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders.”

The Board is at the Heart of the Corporation and Corporate Governance

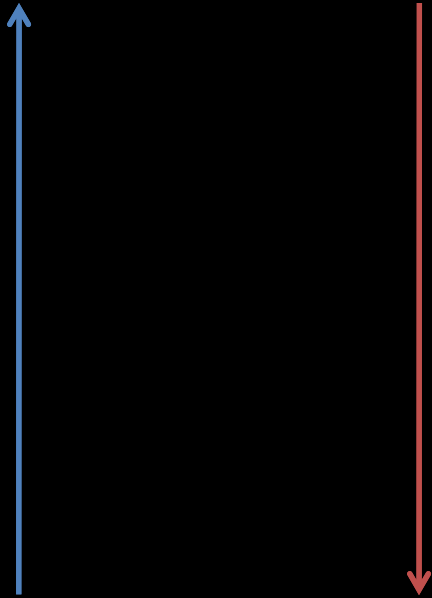


The Internal vs. the External Perspective

Figure 1: Modern corporations are disciplined by internal and external factors

→
Accountability

→
Authority



The Internal Framework



General Governance Framework

- Charter
- Company Governance Code
- Code of Ethics / Conduct/ CSR

Specific Governance Framework

- By-laws on:
 - General Meeting
 - Board of Directors
 - Corporate Secretary
 - Board Committees
 - Management
 - Branches and Rep. Offices
- Policies and Procedures
 - on dividends
 - on information disclosure
 - on internal control
 - on risk management

The External Framework – Laws and Regulations

Source	Applicability	Comments
Civil Code	<ul style="list-style-type: none"> ▪ All commercial entities 	<ul style="list-style-type: none"> ▪ Regulates basic governance framework
Company Law	<ul style="list-style-type: none"> ▪ Companies 	<ul style="list-style-type: none"> ▪ Regulates founding, operation & liquidation/reorganization of Companies
Securities Law	<ul style="list-style-type: none"> ▪ Companies that have publicly issued securities 	<ul style="list-style-type: none"> ▪ Regulates procedures of issuance & circulation of securities; info.
Other	<ul style="list-style-type: none"> ▪ Companies that have publicly issued securities 	<ul style="list-style-type: none"> ▪ Expands upon the Company and Securities Law
Competition Comm	<ul style="list-style-type: none"> • All Commercial Entities 	<ul style="list-style-type: none"> • Regulates specific issues for relating to monop, comp etc
Secondary Regs tax, bankruptcy, etc	<ul style="list-style-type: none"> ▪ All Commercial entities 	<ul style="list-style-type: none"> ▪ Regulates specific issues for commercial entities
Listing Requirements	<ul style="list-style-type: none"> ▪ Companies listed on a stock exchange 	<ul style="list-style-type: none"> ▪ Regulates access to trading for issuers & investors

The External Framework – Codes and Best Practice

Source	Applicability	Comments
<p>Int. Codes (OECD)</p>	<ul style="list-style-type: none"> ▪ All economic entities ▪ International focus 	<ul style="list-style-type: none"> ▪ Drafted for govt. as benchmark to evaluate & improve laws/regulations
<p>CG Guide to Private Sector</p>	<ul style="list-style-type: none"> ▪ Private Sector Companies 	<ul style="list-style-type: none"> ▪ Guidelines of corporate governance
<p>CG Guide to Public Sector</p>	<ul style="list-style-type: none"> ▪ Public Sector Companies 	<ul style="list-style-type: none"> ▪ Guidelines of corporate governance
<p>The Pakistan CG Code</p>	<ul style="list-style-type: none"> ▪ Listed companies 	<ul style="list-style-type: none"> ▪ Part voluntary, part mandatory code, often on 'comply or explain' basis

Annual CSR Report - Disclosure

Disclosure of CSR practices annually – as per latest Securities Law

Code of Corporate Governance

- As per the Code, listed companies deem to get themselves oriented with the best practices in Corporate Governance.
- It does not apply on Un-listed companies though, but there is no reason why these companies shall not do it.
- Total of 114 companies which are publically unlisted have paid-up capital equals to or greater than 1Billion.
- It is encouraging to note that Telecom sector and more specifically mobile service providers are getting themselves listed.