

SCHEDULE-II

[See paragraph 3]

Fit and Proper Criteria for Appointment as Chief Executive of a Public Sector Company

1. In order to determine whether a candidate proposed to be appointed as a chief executive of a public sector company is fit and proper for the position, the following factors shall be taken into consideration:

- (1) **Competence and capability** – he must have the necessary skills, experience, ability and commitment to carry out the role efficiently and effectively.
- (2) **Probity, personal integrity and reputation** – he must possess personal qualities such as honesty, integrity, diligence, independence of mind and fairness, and has the ability to represent a cohesive vision and strategy to all.
- (3) **Financial integrity** – he must be capable to manage his debts or financial affairs prudently.

2. The Board of the public sector company shall also ensure that that the person is not ineligible to act as a chief executive pursuant to section 201 read with section 187 of the Companies Ordinance, 1984.

3. The assessment of the above criteria shall have regard to the considerations set out below:

(1) Competence and Capability:

- (a) Competence and capability are demonstrated by a person who possesses the relevant competence, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role effectively as a chief executive.
- (b) In assessing a person's competence and capability, the appointing authority shall consider matters including, but not limited to the following:
 - (i) whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position; and

- (ii) whether the person has satisfactory past performance or expertise in the nature of the business being conducted.
- (c) To undertake the aforesaid assessment effectively, the following parameters are prescribed for consideration:
 - (i) He must
 - I. Possess a graduate degree from a well-reputed institute or such other professional qualification relating to the principle line of business of the public sector company, including manufacturing, mining, science, technology, agriculture, social science, or any other field commensurate to the job, or
 - II. Be a member of a recognized body of professional accountants, or
 - III. Be a recognized businessman or professional with a postgraduate degree in business administration or public administration or finance or commerce or marketing or equivalent; and
 - (ii) He must possess demonstrated experience of not less than ten years:
 - I. in governance or business administration or public administration or finance or commerce or marketing or any other field commensurate to the job in significant organizations with a commercial orientation, or
 - II. as chief executive or at a senior management level in similar organizations that have commercial attributes, or
 - III. at senior positions in relevant professional areas including, inter-alia, science, technology, finance, law, business, agriculture, social sciences, etc., or
 - IV. in community or professional organizations; or
 - V. at the level of member of governing body of a professional institute or as a head of department.

(2) Probity, Personal Integrity and Reputation:

- (a) Probity, personal integrity and reputation are values that are demonstrated over time. These attributes demand a disciplined and on-going commitment to high ethical standards.
- (b) In assessing a person's level of probity, integrity and reputation to hold a position of a chief executive, the appointing authority shall consider matters including, but not limited to the following:

- (i) whether the person is or has been subject to any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments, formation or management of a company or body corporate, or the commission of financial business misconduct, fraud, financial crime, default in payment of taxes or statutory dues, etc.;
- (ii) whether the person is or has been removed/dismissed in the capacity of an employee, director/chairman or from a position of trust, fiduciary appointment or similar position because of issues arising on account of his misconduct;
- (iii) whether the person is or has, directly or indirectly, i.e. through his spouse or minor children, been engaged in any business which is of the same nature as and directly competes with the business carried on by the company of which he is the chief executive or by a subsidiary of such company;
- (iv) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- (v) whether the person, or any business in which he has a controlling interest or exercises significant influence, has been disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- (vi) whether the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- (vii) whether the person has been associated as a partner or director with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated;
- (viii) whether the person has been a director, partner or chief executive of any company, partnership or other business association which is being or has been wound up by a court or other authority competent to do so within or outside Pakistan, or of any licensed institution, the license of which has been revoked under any law;
- (ix) whether the person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a director or chief executive or member of a governing body which would be disadvantageous to the interest of the public sector company; and

- (x) whether the person is a Pakistani citizen or a foreign national or both.

(3) Financial Integrity:

- (a) Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently.
- (b) In assessing a person's financial integrity, the appointing authority shall consider all relevant factors, including but not limited to the following:
 - (i) whether such person's financial statements or record including wealth statements or income tax returns or assessment orders are available;
 - (ii) whether the latest Credit Information Bureau report of the person shows no overdue payments or default to a financial institution;

Provided that such a person will be treated as a defaulter if he has failed to repay his loan exceeding one million rupees to a financial institution or is a defaulter of a stock exchange.

- (iii) whether the person has been and will be able to fulfil his financial obligations, whether in Pakistan or elsewhere, as and when they fall due; and
 - (iv) whether the person has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Pakistan or elsewhere.
- (c) The fact that a person may be of limited financial means does not in itself, affect the person's ability to satisfy the financial integrity criteria.

4. While making appointment of chief executive to a public sector company, the appointing authority shall conform to a merit-based selection procedure and shall also give due consideration to the following:

- (a) Sectoral expertise
- (b) Organizational awareness;
- (c) An understanding of the role of the government as a shareholder;
- (d) Financial literacy and business acumen, irrespective of the professional background;
- (e) A knowledge of the statutory responsibilities of a chief executive;
- (f) The capability for a wide perspective on issues; and
- (g) Leadership qualities.

Annexure "A"

**APPLICATION FORM FOR THE POST OF CHIEF EXECUTIVE OF
PUBLIC SECTOR COMPANY**



(Photograph)

1. Post applied for _____

2. Name _____

3. Father's Name _____

4. Date of Birth _____

5. Nationality _____

6. CNIC No. _____

7. National Tax No. _____

8. Full Mailing address (with Telephone-landline & Mobile No. and E-Mail address)

9. Educational & Professional Qualification (From Graduation)

| S.No. | Course | Subjects | University/Institute | Year of Passing | Division/Class |
|-------|--------|----------|----------------------|-----------------|----------------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |

10. Work Experience

| S.No. | Organization | Post Held | Period (From - To) | | Nature of Work/ Area of Specialization |
|-------|--------------|-----------|--------------------|--|----------------------------------------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |

11. Fitness and propriety for the job in line with the Fit and Proper Criteria (not more than 500 words):

12. Strategic vision for improving the performance and financial position as the potential chief executive of the public sector company (not more than 500 words):

13. Directorship in other companies:

(a) Past (during last five years) _____

(b) Present _____

Signature:

Full Name (in Block Letters),
Designation, NIC Number,
and Full Address

Date _____

(Note: Any information not provided will render the application incomplete and liable for rejection.)

Annexure “B”

DECLARATION TO ACCOMPANY THE APPLICATION FORM FOR THE POST OF CHIEF EXECUTIVE OF PUBLIC SECTOR COMPANY

i. I son of, holder of CNIC No. hereby declare that I am not ineligible to act as a Chief Executive in terms of the Fit and Proper Criteria issued by the Securities and Exchange Commission of Pakistan vide the Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015 as required in terms of the Public Sector Companies (Corporate Governance) Rules 2013, or any other relevant provisions of the Companies Ordinance, 1984; and

ii. I further declare that I am not suffering from any present or perceived conflict of interests, which would interfere with the exercise of independent judgment when acting in the capacity of chief executive of the company, and would be disadvantageous to the interests of the public sector company.

Signature:

Full Name (in Block Letters),
Designation, NIC Number,
and Full Address

Date:

Place:



Witness to the signature:

Signature:

Full Name, Father's/ Husband's
Name (in Block Letters)
NIC Number, Occupation
Full Address

Note: To be made on stamp paper of requisite amount duly verified by Oath Commissioner

[CLD/RD/ROC/CG/2004]

(Muhammad Siddique)
Registrar of Companies