

PRESS RELEASE

Seminar on Corporate Governance Beyond Listed Companies

ISLAMABAD – 6 May 2004: The Federal Minister for Finance and Economic Affairs Mr. Shaukat Aziz has said that the time is ripe to contemplate whether the corporate governance reform process should be extended beyond listed companies and if so, how and when.

Mr. Aziz said this while addressing the participants as Chief Guest at the seminar on Corporate Governance Beyond Listed Companies organized by the Securities and Exchange Commission of Pakistan (SEC) in Islamabad on Thursday. The seminar, which aimed to encourage dialogue amongst non-listed and public sector firms on promoting good governance practices, was attended by over 100 participants which hailed from the non-listed and listed corporate sector, representatives of the multilateral organizations as well as the public sector enterprises.

Stressing on the importance of good corporate governance, the Minister said that the principles of good governance needed to be observed by all companies, irrespective of their nature. "Management of public sector companies must take extra effort to achieve the best possible performance of the organization while at the same time holding it accountable, both financially and ethically", he added.

The Minister also highlighted several principles that public sector companies needed to follow in order to effectively apply the elements of corporate governance so as to achieve better practice governance. "On one hand, leadership, integrity and commitment are important elements for this purpose that relate to personal qualities of those in the organization. On the other hand, accountability, integration and transparency are mainly a product of strategies, systems, policies and processes in place", he said.

Mr. Aziz urged public sector organisations to be transparent, responsive and accountable for their activities. "The public is entitled to know whether public resources are being used in an efficient way. Consistent, clear reports of performance and publication of results are important to record progress and create pressure for improvement. Transparency, which is the key to good governance, is essential to help ensure that public bodies are fully accountable", he said.

In his concluding address at the seminar, Dr. Tariq Hassan, Chairman, SEC strengthened his resolve to ensure that investors remain protected and that our markets become the strongest in the world. "It is the consumer sovereignty that determines the fate of companies in the long run. If an entity has to thrive successfully, it must be honest to all its stakeholders and win their confidence; this is the gist of all enactments and all codes on corporate governance", he said.

He said that the seminar "marked a new beginning in the corporate governance reforms in the country." He further said that the SEC believed that due compliance

with good corporate governance practices would be crucial in giving the economy the much needed push through a more vibrant corporate sector. "We recognize that growth creation in the era of global capitalism requires a corporate governance system that has the ability to efficiently raise external equity capital, to increase corporate competitiveness and to stimulate corporate growth", he added.

Other speakers at the seminar included Mr. Tariq Kirmani, Managing Director, Pakistan State Oil Company Limited; Mr. Yusuf H. Shirazi, Chairman, Atlas Group of Companies; Mr. Riaz Malik, former Chairman, Central Board of Revenue; and Mr. Waqar Malik, CEO, Pakistan PTA Limited. They spoke, respectively, on: 'Comparing Private and Public Sector Corporate Governance'; 'Corporate Governance in Non-listed Entities'; 'Importance of Good Governance in Public Sector Enterprises'; and 'Impact of the Code of Corporate Governance'.