

# DIFFERENCE BETWEEN CODE FO CORPORATE GOVERNANCE & PUBLIC-SECTOR CODE OF CORPORATE GOVERNANCE

<b>Difference Between Codes</b>		
<b>Main Topic</b>	<b>Code of Corporate Governance (Listed Companies)</b>	<b>Code of Corporate Governance (Public Sector Companies)</b>
Composition of board	At least 1 and preferably 1/3 <sup>rd</sup> of total members as independent directors	40% of total members as independent directors
Maximum Number of directorships	No person shall be a director of more than 7 listed companies except directorship in subsidiaries	No person shall be a director of more than 5 public sector company's companies except directorship in subsidiaries
Financial Statements	Every listed company shall prepare quarterly FS and 2 <sup>nd</sup> quarterly FS subject to limited scope review by statutory auditors	Every public-sector company shall within 1 month of its 1 <sup>st</sup> , 2 <sup>nd</sup> % 3 <sup>rd</sup> quarter prepare profit & Loss Ac and Balance Sheet, shall also prepare monthly accounts for circulation among board members
Orientation Courses	At least half members of the board shall be certified. After June 30 ,2018 every new director shall certify within 6 months from the date of appointment ( <b>Exception</b> ) Individual with 15 years of Experience and 14 years of qualification shall be exempted	Every public-sector company shall arrange at least 1 course for their directors annually
Committees to the Board	<p><b>Audit Committee</b> At least 3 members comprising of non-executive directors and at least 1 independent director</p> <p><b>HR &amp; R Committee</b> At least 3 members comprising majority of non-executive directors including preferably 1 independent director. The CEO may be included but not as a Chairman</p>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Risk Management Committee (Only if Public sector company in financial sector of having assets over 5 Billion Rupees)</li> <li>• Human Resource Committee</li> <li>• Procurement Committee</li> <li>• Nomination Committee</li> </ul> <p>All committees shall be chaired by non-executive directors and majority of their members shall be independent.</p>
Qualification of CFO	Has at least 3 years' experience of in public practice and a member of	Member of recognized body of professional accountants with at least 5

	body of professional accountants and has post graduate degree in finance from HEC recognized university	years' experience if public sector company have assets over 5 billion rupees (or) a person having master degree in finance from a HEC recognized university with at least 10 years' experience of public sector company
Qualification of Chief internal audit	Has 3 years of relevant experience and a member of; Recognized body of professional accountants A certified internal auditor A certified fraud examiner A certified internal control auditor	Has been appointed as per fit and proper criteria with relevant experience of 5 years and a member of; Recognized body of professional accountants A certified internal auditor A certified fraud examiner A certified internal control auditor
Qualification of Company Secretary	Not Provided	A member of; Recognized body of professional accountants Recognized body of corporate or chartered secretaries having master degree in business administration or commerce or being a law graduate from a HEC recognized university with 5 years relevant experience
Disqualification of chief executive. CFO, CIA, or director	Not Specifically provided	No person shall be appointed as a chief executive, CFO, Chief internal auditor or director of a public-sector company who was a partner of a firm of its external auditors (or an employee involved in the audit of public sector company) at any time during the two preceding years.

**Other Things to Consider:**

- All other sections are same except differences provided above so just memorized the code of corporate governance of listed companies and above given exceptions of code of corporate governance of public sector companies
- Definition of Public Sector Company is important so it should be memorized
- NO Fit and proper criteria in Code of corporate governance of listed companies so it must be memorized as it is only available in code of corporate governance of public sector companies