

Government of Pakistan
Finance Division
(CF-I Wing)

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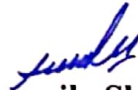
Islamabad the 19th April, 2023

Public Notice

Subject: State Owned Enterprises (SOEs) Policy

Under Section 4(1) of the State-Owned Enterprises (Governance & Operations) Act, 2023, the Government of Pakistan developed the State Owned Enterprises (SOEs) Policy governing the SOEs in the country. The State Owned Enterprises (SOEs) Policy will be prescribed by rules under Section 2(k) of the SOEs Act, 2023, and is published on the website of Finance Division under Section 34(3) of the SOEs Act, 2023 for public information.

2. Any views/comments/feedback over the subject policy may be conveyed at email address: socfiv321@gmail.com within 15 days (i.e. 05th May, 2023) after publication of this policy on the website of Finance Division.



(Sarnaila Sharif)
Section Officer (CF-IV)

Draft SOE Policy

Chapter 1: Background and Overall Diagnostic of State-Owned Enterprises

1. Pakistan has around 200 State Owned Enterprises (SOEs)¹ which are engaged in a diverse range of activities, represent a significant part of Pakistan economy, and provide and manage a significant share in the country's infrastructure, communication and utilities sectors.

2. The optimal performance of SOEs is the requisite crucial factor for our medium to long-term macroeconomic resilience and growth prospects. The optimum performance of SOEs can be attributed to several factors, including:

- (a) A consistent and overarching law that applies to all SOEs.
- (b) An overarching SOE ownership and reform policy.
- (c) Clear commercial mandate under which SOEs may operate.
- (d) Well-defined criteria to appoint capable and well-equipped Boards of Directors govern SOEs.
- (e) Effective centralized SOE ownership monitoring.
- (f) Economic and strategic analysis of SOE performance and financial monitoring
- (g) Transparency and effective accountability system

Chapter 2: Objectives and Scope of SOE Policy

3. The State-Owned Enterprises (Governance and Operations) Act, 2023 (the Act), section 4(1) reads as follows:

The Federal Government shall, at least once in every five years, prepare and prescribe a state-owned enterprise ownership and management policy for giving effect to the objectives of this Act, namely: -

- (a) that the shareholding responsibilities of the Federal Government with respect to its state-owned enterprises are clarified;*
- (b) that the Federal Government acts as an informed and active shareholder; and*
- (c) that fiscal risks associated with state owned enterprises are effectively managed*

4. Consequently, this Policy is hereby notified in order to provide for, inter alia, as stated in section 4(2) of the Act:

- (a) the criteria and rationale for ownership, retention, and establishment of SOEs by the Federal Government;
- (b) the role of the Federal Government in the governance of SOEs;
- (c) the manner and procedure for exercising the rights of the Federal Government as a shareholder in SOEs, including, without limitation, matters enumerated in sub-section 2 of section 29, subject to the principles laid down in the Act;

¹Federal Footprint: Annual AOE's Report 2018-19, Ministry of Finance, Government of Pakistan. .

- (d) clarification of the respective roles and responsibilities of any Division of the Federal Government, under the Rules of Business, 1973, Boards, and other stakeholders involved in the implementation of this Policy;
- (e) the role of and manner of operation of the Central Monitoring Unit (CMU);
- (f) the form and procedure for management and use of the electronic SOE database, including right of access by the public;
- (g) guidelines for board nominations committee while exercising its functions under section 10 of the Act, including with respect to diversity and adequacy of board composition;
- (h) the process for evaluating the performance of ex-officio and independent directors;
- (i) the cooling off period for the appointment of independent directors;
- (j) the manner of regulation of conflict of interest of directors, including procedures for identification and reporting of direct and indirect interests of directors and resolving any conflict of interest thereon (Annexure 7);
- (k) a framework for ensuring competitive neutrality of the State with respect to state owned enterprises;
- (l) a public sector obligation management framework;
- (m) process of monitoring and managing contingent liabilities of SOEs;
- (n) the criteria for excluding a SOE from the ambit of clause (c) of sub-section (1) of section 3 of the Act; and
- (o) any other matter required to give effect to the provisions and objectives of the Act.

5. All words and terms used in this Policy shall have the same meaning ascribed to them under the Act.

6. This Policy shall have application to all SOEs that are included within the scope and ambit of the Act in accordance with section 3 of the Act.

Chapter 3: Ownership and Establishment of SOEs

7. The Federal Government shall own or retain only those SOEs that are determined to be strategic as approved under SOE Triage. Strategic SOEs are those SOEs that:

(a) have such significant strategic, security, or social importance that they cannot be entrusted to only private ownership. Strategic SOEs can be defined as those SOEs undertaking a strategic objective or owning and managing strategic assets.

(b) are a monopoly service provider and there is no effective economic regulatory oversight of their operations. However, in such cases, the Federal Government may explore transformation options such as outsourcing and management transfer options with sufficient safeguards embedded.

8. The following factors will be taken into consideration before establishing a new SOE, plus other factors considered relevant by the Federal Government:

(a) There is no private sector firm operating within the relevant sector providing the goods and/or services that the new SOE will provide;

- (b) The Federal Government needs to establish a particular market in any sector of the economy which will be supported by the creation of an SOE, provided that such SOE shall under no circumstances be given exclusivity in provision of services or goods and shall strictly adhere to the principle of competitive neutrality as required under the Act and this Policy;
- (c) If a new SOE has been formed through the corporatization of an existing government function, the new SOE will be clearly categorized as either commercial or non-commercial;
- (d) Formation of the SOE as required by any law;
- (e) The service cannot be procured through any private sector firm due to a legal restriction;
- (f) The provision of the good and/or service cannot be procured through a public private partnership; or
- (g) The formation of the SOE is required under any Government-to-Government Agreement with another sovereign nation.

9. For the avoidance of doubt, the Federal Government may set up SOEs as agreed by the Federal Government in any Government-to-Government agreement with other countries provided that in future, while entering into any such agreement which requires the Federal Government to establish an SOE, the Government shall attempt to comply with the principles set out in this Policy as far as possible.

SOE Reforms and Restructuring

10. (a) Each Division of the Federal Government which has SOEs operating within its administrative control under the Rules of Business, 1973, shall develop a reform plan for SOEs under their oversight and categorize the SOEs according to the following:

- i) Strategic SOEs, as defined at Para 7 above;
- ii) Commercial SOEs to be privatized;
- iii) SOEs required to be restructured/reformed and retained in the medium-term; and
- iv) SOEs required to be restructured/reformed prior to privatization;

(b) The reform plan may include proposals for reforms of SOEs such as listing of SOEs, restructuring and mergers, entering into public-private partnerships (PPPs), contracting out operations and asset sales; and

(c) Include rationale for the categorization and transformation options recommended and a timeline to implement this measure.

(d) The relevant Division shall submit its recommendations for each such SOE to the Cabinet Committee on SOEs within six months of the coming into effect of this Policy,

11. For non-strategic SOEs, line ministries/divisions will develop a plan to transform these SOEs through different options including but not limited to corporate restructuring, management contracts, joint ventures, public private partnerships, and outsourcing under applicable laws.

12.(a) In case of an SOE is facing financial or operational problems, the Federal Government shall require the Line Ministry, in consultation with CMU if so required, to develop a transformation plan for financial and operational improvement of the SOE.

(b) If a SOE is unable to perform satisfactorily financially and operationally after repeated efforts to improve performance, the Federal Government shall:

(i) Declare it a sick company in terms of section 292 of the Companies Act, 2017 and any institution, authority, committee, or person may be authorized thereunder to draw up a plan for the rehabilitation, reconstruction, and reorganization of such SOE.

(ii) Allow the Privatization Commission to determine the next steps for these SOEs, and in this regard, the Federal Government, if it deems appropriate or necessary, may recommend measures to protect the strategic interest of the Federal Government during the transformation process.

Chapter 4: Institutional Arrangements

Federal Government

13.The Federal Government shall:

(a)Exercise all the powers and rights that shareholders have in relation to an SOE;

(b)The Federal Government shall ensure the establishment of a standing committee of the Federal Cabinet - Cabinet Committee of SOEs (CCoSOEs) - whose responsibility shall be to enforce and monitor the Act, this Policy and other related laws on SOEs; and

(c)The Federal Government shall ensure the establishment of a CMU in the Finance Division, whose primary responsibility shall be to monitor operations and performance of SOEs, as is laid out in the State-Owned Enterprises (Governance and Operations) Act, 2023 (the Act).

Cabinet Committee on SOEs

14.The CCoSOEs shall be responsible for:

(a)To enforce and monitor the implementation of the SOEs Act, 2023 and other related laws and policies;

(b) Matters relating to the appointment on the Boards of SOEs;

(c) Reform and restructuring proposals pertaining to SOEs;

(d) Periodical review of financial and operational performance of SOEs;

(e) Coordination and Recommendation to the Cabinet of policies, instructions, guidelines to SOEs;

(f) Proposals for issuance of direction to SOE to perform any public service obligation;

(g) Any other matter envisaged in the SOEs Act, 2023 and other related laws and policies.

The Line Ministries/Divisions

15. The Division to which the business of an SOE has been allocated under the Rules of Business, 1973 shall coordinate with the Board of such SOE to ensure compliance with the provisions of this Policy and the Act, including, without limitation, with respect to the development of the Business Plan, Statement of Corporate Intent

(SCI), the annual and bi-annual Reports, timely establishment of systems of internal controls of the SOE, and reporting to the CMU. The process for developing and approving the business plan and SCI are contained in **Annex-1**. In addition, the concerned Division will also be responsible for:

- (a) ensuring that the plans are in line with sectoral policies and the priorities of the Federal Government;
- (b) assess the fiscal and financial implications of the business plans. The CMU may extend its analytical support if required so by the line ministry/division.
- (c) organize timely meetings of the Board Nominations Committee
- (d) review on a periodic basis the operating results and financial performance of the SOE to ensure that targets are being pursued, and bi-annual reports to the CMU are furnished within time and in the form and manner as required by CMU; and
- (e) establish a rigorous performance monitoring mechanism to evaluate performance of board members (ex-officio and independent). The framework is in **Annex-2**

16. Each Ministry/Division shall identify potential commercial SOEs to be listed on the Stock Exchange and shall prepare a plan to undertake IPOs within a year from the approval of this policy as part of the reform plan.

Central Monitoring Unit

17. The CMU shall provide financial and operational performance analysis along with recommendations to the Federal Government on all matters related to the operation, performance, and governance of SOEs, including:

- (a) the overall performance of SOEs;
- (b) performance of SOEs against their primary objectives, business goals, and financial and non-financial performance targets and benchmarks;
- (c) investment in, loans to, and guarantees of SOEs;
- (d) the risks associated with the SOE sector that could affect the State's investment in SOEs and the State's exposure to explicit and implicit fiscal risks associated with SOEs;
- (e) proposals relating to major transactions² by SOEs as and when required by the Federal Government;
- (f) international and national best practices by SOEs for encouraging and enhancing efficiencies and service delivery, and for improving performance;
- (g) maintaining data on a pool of pre-qualified individuals for consideration as directors by the Board Nomination Committee (BNC);
- (h) input on agreements for public service obligations as and when required by the Federal Government;
- (i) Support to CCoSOEs to ensure compliance by SOEs with this Policy and SOE Law;
- (j) input on privatization, mergers and winding up of SOEs as and when required by the Federal Government;
- (k) analysis of the statements of corporate intent, business plans, annual reports, and semi-annual reports to be submitted to the Federal Government; and
- (l) any other matter which the Federal Government may require.

²Any transaction that has a value exceeding 30% of total assets or 30% of total liabilities (less shareholder funds).

The framework for CMU's role and monitoring processes is at **Annex-3**.

Chapter 5: Appointments and training of directors for the boards of SOEs

18. CMU will maintain a database of all directors of boards of SOEs based on the board approvals by the federal government. At the end of a board member's tenure, the line Ministry/Division will submit a performance evaluation of the board and its members. The said evaluation will be maintained as a record for considering the same members to be appointed to the same or any other SOE in the future provided that such database shall not be an exclusive database for consideration of individuals as independent directors of SOEs, and individuals not included in this database shall also be considered for appointments as independent directors.

19. The Board Nomination Committee in the relevant Ministry/Division shall submit its proposals for the approval of the Federal Government. The Nomination and Appointment Procedure to be following by the BNC is given in **Annexure 6**. The BNC will comprise of:

- (a) the Minister/Advisor of the Division charged with the affairs of the SOE under the Rules of Business, 1973;
- (b) Secretary of the Division of the Division charged with the affairs of the SOE under the Rules of Business, 1973; and
- (c) Representative of Finance Division

20. The BNC committee will ensure the compliance to the following guidelines for making a proposal for SOE Boards unless absolutely necessary or required by law:

- (a) The size of the proposed SOE Board shall range between 5 to 11 members unless otherwise specified in any applicable statute.
- (b) There will be a majority of independent directors (non-ex-officio and non-executive)
- (c) In selecting a candidate, the committee will ensure that, upon appointment, the board shall consist of independent directors, ex-officio directors and the chief executive officer of the SOE where required by law, with the requisite skills, competence, knowledge, experience and approach so the board as a group includes core competencies and diversity required to assist the SOE to achieve its primary objective (section 11(1) SOE Act)
- (d) Adequate gender representation may be considered when making nominations to the SOE Boards.
- (e) The nominees may also reflect a balance in the age of the nominees to the Boards, with a view to developing a second generation of independent directors. At least one member on the Board should be a young private sector individual, preferable below the age of 40 years, with potential to make his/her mark in the future.
- (f) Representation of academia, trade & industry and civil society may be considered.
- (g) Independent director nominations should be made considering the ability of the nominee to devote the required time to effectively undertake the responsibilities of director.
- (h) Chairman of the Board will be appointed by the Federal Government from one of the independent directors.
- (i) The offices of Chairman and CEO must be kept separate.

- (j)Representation from the administrative Ministry/Division on the Boards of SOEs should be restricted to one member per board.
- (k)The representation of any other Ministries/Divisions (other than Ministry of Finance) and any other public sector agency shall be discouraged. This may only be resorted to if absolutely necessary.
- (l)Ministries nominating ex-officio members to the Board will ensure that the officer nominated possesses the required knowledge, skills, and experience to make a meaningful contribution to Board and committees' deliberation.
- (m)Appointment of an individual, to 5 or more Boards simultaneously shall be prohibited.

21.Each director of the SOE will have to satisfactorily complete a Director Training Program for SOEs. This customized program for directors of SOEs will be developed by the SECP in partnership with other stakeholders. The directors will take this training within three months of their appointment unless they have already undertaken the requisite training because of a prior appointment to an SOE board. It is expected that each SOE will develop and pay for an ongoing director training and development program.

22. Each board of a Company will be responsible to select and appoint the CEO under a performance-based contract as per the criteria set by the Board. CEOs will only be appointed and removed by the 3/4th majority resolution of the Board, which shall include the ex-officio nominee directors. The financial compensation for the CEO will be determined by the Board.

Chapter 6: Relationship between the Divisions (Line) Ministries and Boards of SOEs

Divisions (Line) Ministries

23.No direction will be given to a SOE or board of a SOE by any Ministry/Division to perform any public service obligation or to bar the SOE from performing any operational function without the approval of the Federal Government. The process for directing a public service obligation set out in Schedule II of the SOE Act must be followed at all times.

25.The respective line ministries/division shall convey their viewpoint, if any, on the business plan within 2 weeks after receiving the draft business plan.

Finance Division

24.The Ministry of Finance, through the CMU, will establish a central electronic database of information on the financial and non-financial performance of every SOE. The Ministry of Finance will ensure the hiring of professionals in the areas of corporate finance, corporate law, strategic planning and management as CMU staff members. The database developed by the CMU will generate bi-annual reports for the review of CCoSOEs.

25.CMU will analyze SOE business plans and will present their analysis and recommendations to CCoSOEs. CMU may also provide input on the draft SCI, business plan and reports by the SOEs if required. However, such input provided to the line ministries and SOEs will not be binding. CMU will develop a monitoring framework for the SOEs against the financial and non-financial benchmarks agreed in the business plans. The annual consolidated monitoring report of SOEs will be published on the website of the Finance Division at the beginning of the second quarter of each succeeding fiscal or Calendar year (whichever is more appropriate).

26.The Law Division, in consultation with all stakeholders, will develop a mechanism to reduce unnecessary interventions by investigative agencies and frivolous litigations against Directors, CEOs, and Staff of SOEs. The

mechanism to reduce unnecessary interventions by investigative agencies and frivolous litigations will be submitted to CCoSOEs for further instructions on implementing the proposed mechanism, including, without limitation, any amendment in the applicable legal framework to be approved by the Cabinet.

Chapter 7: Financial Governance and Human Resource Management

Competitive Neutrality

27.No SOE (or any subsidiary of a SOE or other Federal Government department) will be granted any special exemption which gives them an unfair competitive market advantage or maintain a dominant market position to the detriment of development of a sector unless notified by the Federal Government on a project-to-project basis. The Federal Government will ensure that SOEs do not enjoy any competitive advantages over their private sector competitors—without objective justification—simply by virtue of their state ownership. Lack of competition weakens SOE incentives to improve in terms of efficiency and profitability. No SOE will carry a cost or gain a benefit simply due to its state ownership. The detailed framework is at Annexure-4.

Issuance, Record, Valuation and Reporting of Guarantees for SOEs

28.The Debt Policy Coordination Office (DPCO) of the Ministry of Finance in consultation with the CMU will issue a risk analysis report on contingent liabilities of SOEs on an annual basis to be presented to the Federal Government and published on the website of the CMU/Ministry of Finance. Every SOE will clearly state and publish in their annual report all contingent liabilities, guarantees provided by the Federal Government, or third parties on behalf of the Federal Government, payables to other SOEs and any loans or other financial support provided by the Federal Government or other SOEs.

Human Resource of SOEs

30.All SOEs shall establish and announce human resource (HR) policies to improve the quality of their human resources and organizational structure after approval from their respective Board of Directors.

31.SOEs will consider following guidelines for developing their HR policies:

- (a)No HR policy/regulations shall be approved, amended, or superseded without approval of the board of directors of that SOE.
- (b) SOEs shall draft non statutory rules/regulations/instructions for hiring, pay, benefits, promotion, transfers within SOEs, disciplinary procedures and for compliance of general SOE policies for the employees. Such non statutory rules shall be approved by the Board of the SOEs.
- (c) SOEs shall carry out processes for hiring/recruitment of contractual employees and recommend issuance of Job Offer letter to successful applicants after due approval of board of directors or as authorized to any forum or office by the board of directors.
- (d) All employees of SOEs shall be recruited/hired on Contractual Basis including termination clause of one month's notice or one month's pay in lieu thereof termination of the contract only except those who may be appointed by the Prime Minister on deputation basis for specific tenure against designated posts in the SOEs, subject to the approval by the Board of the SOE.

Provided that the Federal Government, only on request received from SOE, may forward the names to the SOE for consideration of the Board of Directors and appointment on deputation shall be subject to

approval of the Board of Directors of the respective SOE. A position may be filled on deputation only in case of short-term assignments, not exceeding three months and if a specific skill set required is not readily available within the organization. The person hired on deputation shall meet the job requirements in terms of education, experience, and competency for the position he/she is hired for. The person hired on deputation cannot stay in the same organization in any position for a period exceeding three months from the date of joining the organization.

- (e) Selection of employees shall be made through regularly constituted Selection Committees/Boards after due approval by the Board of Directors of a particular SOE.
- (f) No clause in the Contract or Terms and Conditions of the Service or Job Offer letter shall accrue any right upon any employee for invoking constitutional jurisdiction of courts except for remedies of damages as per Contract/Terms & Conditions.
- (g) The HR department shall maintain a record of the employees of SOEs and measure their performance as per best practices, propose training for the employees for capacity building and to layoff non-performing employees as per Contract/ Terms & Conditions,
- (h) Where the nature of a particular job/vacant position requires contract appointment for a specific period, standing instructions should be issued by the Human Resource Department after approval of the Board of Directors, specifying such posts and the parameters governing appointment on contract basis against such posts.
- (i) SOEs shall include fairness and non-discriminatory provisions in their HR and employment policy, and employment policies shall encourage diversity.
- (j) All SOEs shall carry out annual performance evaluation of their human resources and the decisions for continuation/termination of the contract shall be based on the performance evaluation.

Accounting and other Financial Standards

32. The Ministry of Finance, in consultation with the Auditor General of Pakistan, will issue a detailed framework for financial management of SOEs that are not registered with the SECP. All SOEs, and corporations/bodies will establish internal control mechanisms under the supervision of their respective Boards and as required under sections 19 and 20 of the Act. Details are in Annexure 5.

Public Service Obligation

33. Under section 7(4) of the SOE law, the Federal Government may direct a commercial SOE to undertake a PSO. If undertaking the PSO is not consistent with the SOE's primary objective, the Federal Government must agree in writing to compensate the SOE in a manner that maintains the SOE's commercial viability. The PSO framework is in Annexure-5.

Annexure-1

Process and timeline for development of Business Plan and Statement of Corporate Intent (Section 8 and Schedule 3 of the SOE Act)

When developing the business plan and statement of corporate intent (SCI), board and management must ensure that these are consistent with the primary objective. It is also true for supporting plans such as the asset management plans, debt management policy, risk management plan, and business continuity management procedures.

A. PREPARATION TIMING FOR BUSINESS PLAN AND SCI

The business plan is a detailed planning document containing potentially commercially sensitive information, whereas the SCI is a public summary. The preparation timetable has been developed to factor in the line Ministry's and if required on the request of line Ministry/Division or if so devolved by CCoSOEs. CMU's review of the business plan and SCI before it is adopted by the board so that their feedback can be taken into consideration.

Note: neither the line Ministry or CMU is required to, or has the power to, approve the business plan or SCI. They are consulted on the content of the business plan. **If either the line Ministry and / or CMU do not provide comments on the draft business plan within the 3 weeks the SOE can assume that the line Ministry and / or CMU have no comments and the board can proceed to finalize the business plan and SCI.**

TABLE 1: Preparation of business plan and SCI

Timing	Action
Beginning of month 5 before end of FY - about the time draft semi-annual accounts are available	Board and management map out strategic issues to be covered in business plan
Beginning of month - 4 before end of FY	Management commences drafting business plan and budgets
Beginning of month – 2 months before end of FY	Board and management submit draft business plan to line Ministry for review and comment. SOE management commences drafting SCI. The line ministry if deems appropriate may share the draft Business Plan with CMU for its views/comments.
5 weeks before end of FY	Line ministry and CMU may provide formal feedback on draft business plan.
4 weeks before end of FY	SOE management submit draft SCI to board
Between 3 and 2 weeks before end of FY	Board and management finalize business plan and SCI
At least 1 day before end of FY	Board adopts business plan and approves the SCI
Within one month after the SCI is approved	Board causes to have the SCI published on SOEs website and sends adopted business plan and SCI to the line Ministry and CMU
Within two to four months after the business plan is adopted by the SOE board and SCI approved	CMU submits business plan to the Cabinet Committee on SOEs with CMU's and line Ministry's analytical appraisal of content and impact of adopted Plan.

FY = financial year

B. THE ANNUAL REPORT

The annual report is a key accountability document. SOEs must submit their annual report to the Federal Government within 4 months after the end of the financial year to which the annual report relates. Sections in the SOE Law dealing with the annual reports are sections 25, 26 and 27. Section 28 deals with the semi-annual report.

The annual report of the SOEs:

- a. Must be prepared in accordance with international financial reporting standards (IFRS)³ in the case of companies
- b. Must include subsidiaries.
- c. Must be accompanied by a statement that.
 - a. There are reasonable grounds that the SOE shall be able to pay their debts as they become payable, and
 - b. The financial statements and notes comply with the requirements of the SOE Law and international accounting standards.

The board of an SOE may omit information from the annual report that is commercially sensitive but must then submit a report to Federal Government stating the reasons the information has been omitted.

A summary of the annual report must be published on the SOE's website or another suitable site, such as the line Ministry's website within one month of the report being submitted to the Federal Government and the summary must show how actual performance relates to performance targets in the SCI.

TABLE 2: Timetable for Preparation of Annual and Semi-Annual Reports

Timing	Action
Two months after the end of the first half of the FY	Board adopts semi-annual accounts including report on progress against SCI targets and submits to CMU, and the line Ministry
4 months after the end of the FY	Board adopts audited annual report and submits, line Ministry and CMU
Within one month of adopting the audited annual accounts	Board publishes a summary of audited annual report on SOE's website (or line Ministry's website) with actual performance compared to SCI targets

C. FOCUS AND OUTLINE OF BUSINESS PLAN

The SOE Law establishes the minimum requirements for the business plan. However, to develop an effective business plan it should discuss and cover the following matters:

- Within the context of the primary objective the plan should start with a clear statement of the SOE's main organizational objectives - a statement of its purpose, which is often termed the vision and mission.
- The plan should comment upon the shareholder's or owner expectations of the SOE.
- How the board is going to govern the SOE so that it will achieve the objectives over the period of the plan
- Where does the board see the SOE in three, five or ten years – the longer-term vision
- What does the SOE require to achieve the strategic, operational, and financial objectives

³If a SOE cannot produce accounts in accordance with IFRS, it must do so within 3 years of this Policy being Approved by the Federal Government.

- What are the main barriers that might frustrate the SOE's efforts to achieve the objectives? How the SOE will overcome the barriers and take advantage of opportunities – this could be dealt with through a SWOT⁴ analysis
- What are the key performance indicators (KPIs) that the SOE will adopt to be able to monitor and measure its success in attaining the strategic, operational, and financial objectives?
- What are the key financial and operational assumptions that have been incorporated into the forward projections? For material assumptions a sensitivity analysis should be included to assess potential impact if the assumption is not realized.

Business Plan content

Section 8 of the SOE Law sets out the general content of the Plan. The Plan must contain cover three financial years and contain information about the operations, strategic direction, and financial and non-financial performance measures and demonstrate how the SOE will achieve its primary objective.

The importance of financial and non-financial measures

Progress against financial performance measures provide the board and external stakeholders with a picture of how the corporation is performing in the present. Non-financial performance measures provide the board and external stakeholders with a picture of the future.

⁴Strengths, opportunities, weaknesses, and threats

Annexure-2

Director Performance Review Framework

The Federal Government of Pakistan requires that all State-owned Enterprise (SOE) directors, independent, nominee and ex-officio undertake periodic evaluation of the board's performance and the contribution made by individual directors.

Within six months of the approval of the Policy the Central Monitoring Unit (CMU) will distribute a default template to be used by all SOEs for director evaluations. The default will set the minimum requirements for director and board performance assessments. Boards may adopt a more robust performance review framework provided it has been approved by the relevant line Ministry and CMU. The assessment questions in the CMU developed template will relate to **Core Competencies** for all directors which will be attached to the CMU performance review framework when shared with SOEs. Directors are encouraged to review the core competencies before completing the self-evaluation.

It is expected that the director performance review will be undertaken by the SOE board once every two years.

The CMU will provide support to BNC in the process of selection of directors if required by the line ministry by sharing its database of Directors.

PROCESS

Director Reviews

- Directors will undertake a self-assessment using the template mentioned at Paras above
- The chairperson will review each individual director using the template mentioned at Paras above

The chairperson and directors will meet and discuss their respective evaluations and agree a final score and insert agreed clarifying comments. The completed review will be forwarded to the BNC and copied to the Central Monitoring Unit (CMU) for record.

Chairperson Reviews

- The chairperson will complete the self-assessment using the template and share with the deputy chair. If there is no deputy chair, then the board shall select a member who has served on the board for a reasonable period to undertake the interview/review with the chair.
- Prior to the review, the reviewer/interviewer should canvass the views of the board as a whole so that the board's collective input can be provided for the chairperson's benefit.
- The chairperson and deputy chair, or nominated director, will meet, and discuss their respective evaluations and agree a final score and insert agreed clarifying comments. The completed chair review will be forwarded to the BNC and copied to the CMU for record..

BOARD MEMBER DEVELOPMENT

The board should develop a plan for the capacity enhancement of the Board.

ABSOLUTE REQUIREMENTS

All directors and chairpersons must meet the Absolute Requirements that will be set out by the CMU as part of the performance review framework to be eligible for reappointment. The BNC may consider reappointment in cases

where there has been non-compliance with one of the Absolute Requirements if the non-compliance has arisen due to circumstances beyond the control of the director. Non-compliance must be disclosed at the time of or prior to the director review.

BOARD SURVEY

A Board Survey is to be completed by each director on an annual basis, the template for which will be issued by the CMU.. It is suggested that it be completed at the last board meeting held in each financial year. The Board Survey will be shared with all board members and the relevant line Ministry with a copy to CMU. **It is intended to provide the board and directors with an opportunity to comment on board processes and areas for improvement and development.** It is not a formal part of the director performance review process.

Annexure-3

CENTRAL MONITORING UNIT

INTRODUCTION

The establishment and functions of a centralised State-owned Enterprise (SOE) monitoring process is detailed in the SOE Act 2023, and in the SOE Management Policy. The SOE Act stipulates that the Federal Government (FG) will establish a Central Monitoring Unit (CMU) within the Ministry of Finance (MOF).

CMU's functions are set out in clause 31 of the SOE Act and in the SOE Management Policy. CMU will also be responsible for timely reports and inputs for consideration of the Cabinet Committee on SOEs (CCoSOEs) in its role.

This Annexure setshow CMU will undertake its functions, its interaction with relevant line Ministries and timelines.

FUNCTION PROCESSES AND TIMELINES

CMU reports to Federal Government

Table 3: Reports to Federal Government

Activity	Timing	Action
Semi-annual report on SOE performance against primary objective and business plan and SCI targets	4 months after the end of the first half of the financial year	CMU will prepare and submit a summary report on SOEs' progress against business plan targets based on analysis of SOE semi-annual reports and other input as required.
Annual report on SOE performance against primary objective and business plan and SCI targets	6 months after the end of the financial year	CMU will prepare and submit a report on SOEs' progress against business plan targets based on analysis of SOE audited annual reports ⁵ and other input as required.
Report on quality of business plans and SCIs, learnings, and feedback	3 months after the commencement of the financial year	CMU will undertake analysis of the content of SOEs' business plans and SCIs against good practice and will advise on quality and relevant of information and whether the key performance indicators are SMART ⁶ and relevant to the SOE's primary objective. The analysis, feedback and recommendations for improvement will be submitted to CCOSOE in its consolidated Report.

⁵Audited annual reports are required to contain actual performance against business plan and SCI targets.

⁶Smart, Achievable, Meaningful and Measurable, Relevant, and Time bound

Report on quality of annual reports generally – content relevance etc., learnings, and feedback to line ministries and FG	4 months after the end of the financial year covered by the annual report	CMU will undertake analysis of the content of SOEs' annual report against good practice and accounting standards and will advise on quality and relevant of information. The analysis, feedback and recommendations for improvement will be submitted to FG, line Ministries, MOF and SOEs
Report on Risks	1 month after the commencement of the financial year	Following analysis of the SOEs' business plans and SCI, CMU will submit to FG, line Ministries and MOF a report on the risk associated with the SOEs and sectors that could impact state's investment in SOEs

CMU Aggregate report to FG and Public

Activity	Timing	Action
Annual aggregate report on SOE performance	6 months after end of the financial year	CMU prepare draft aggregate report for SOEs covering at least the following: progress with implementation with SOE management policy; compliance with SOE law, aggregate financial performance, key financial and non-financial performance indicators, portfolio size and sector distribution, board composition, report on individual SOEs, budget support and PSOs provided to SOEs. Draft to be submitted to line Ministries, Ministry of Finance and CCoSOEs
	7 months after end of financial year	Report shared with relevant stakeholders and the feedback is received
	8 months after the end of the financial year	CMU submit final report to CCoSOEs for consideration
	9 months after the end of the financial year	The Report is published on the website of CMU/Finance Division

INSIDER TRADING

From time-to-time CMU staff may receive information from listed SOEs that is not in the public domain and may or may not be price sensitive. For example, a listed SOE will provide CMU with a draft business plan which may contain inside information. CMU staff must abide by the inside information rules contained in the Securities Act

2015, which are contained in sections 127 to 130 of the Act. The rules are summarised below. It is up to each CMU staff member to ensure that they are familiar with the rules. If there is any doubt regarding their application to a particular circumstance, legal advice should be obtained.

ENSURING THE INTEGRITY OF INFORMATION SUBMITTED TO CMU

INTRODUCTION

Information submitted to, or sourced by CMU, will come from the following primary sources

- SOEs monitored by CMU,
- Line ministries that are responsible for SOEs monitored by CMU,
- Federal Government and government committees,
- Ministry of Finance, and
- CMU's own research.

These guidelines will ensure that information held by CMU will be secure and information provided to or sourced by CMU can be relied upon to the extent that CMU can control the accuracy of information provided to it.

Information provided to CMU by SOEs, line ministry and government (including Ministry of Finance and CCoSOE

- CMU will maintain a list of names, positions and email addresses for persons authorized by SOEs, line ministries to provide CMU with information as part of CMU's monitoring and analytical activities.
- CMU will update the list at least annually by requesting SOEs, line ministries and government to confirm currency of the list.
- CMU will not be required to validate the accuracy of information provided to it by SOEs, line ministries and government if they are submitted by an authorised person.

Information sourced by CMU

Any information sourced by CMU to enable it to undertake its functions under section 31 of the SOE Act shall be referenced as to source.

INFORMATION PROTECTION

- All commercially sensitive information held by CMU in electronic form shall be password protected.
- Designated persons only will be able to gain access to password protected information.
- Information that is not in the public domain, such as price sensitive information received from a listed SOE, must require two-person password protection as joint signatories until the information is publicly available and then it can be stored in the normal storage / filing system without password protection.
- Information that is not in the public domain, such as price sensitive information received from a listed SOE, that is in hard copy or non-electronic form must be locked in a secure cabinet requiring two keys to unlock. Keys must be held by two different staff members. When the information is publicly available it can be stored in the normal storage / filing system without password protection.

- IT systems' security and processes must be reviewed at least semi-annually by an external security expert.
- All information relating to potential SOE director candidates must be held in password protected electronic files or in secure locked cabinets. Access to locked cabinets will be limited to designated staff.
- Wherever possible information will be stored in electronic format with password protection as provided herein.

INSIDER TRADING AND RELATED PARTY TRANSACTIONS

All CMU staff must make themselves familiar with the policies on insider trading and related party transactions and must sign an agreement to be bound by the policy upon appointment to CMU. As part of CMU staff employment contracts, staff will agree to keep all CMU information confidential unless the information has been made publicly available either through a formal CMU report or by another body, such as the SOE, line ministry of Federal Government.

Annexure-4

FRAMEWORK FOR ENSURING COMPETITIVE NEUTRALITY OF THE STATE WITH RESPECT TO SOEs

This Framework is designed to avoid undue regulatory and financial advantages granted to commercial SOEs therefore ensuring competitive neutrality.

Scope of the Framework

The objective of the Framework is to ensure a level playing field both between state-owned and privately-owned enterprises, and between different privately-owned enterprises.

The Framework provides that the Federal Government of Pakistan should ensure that rules applied to enterprises within domestic markets are neutral. For example, the rules should maintain competitive neutrality in the enforcement of competition and bankruptcy law, so that competing enterprises are subject to equivalent rules, irrespective of their ownership, location, or legal form. In addition, the Federal Government will ensure that competing activities are subject to the same regulatory environment and that commercial SOEs are not responsible for regulating the markets in which they compete.

The Framework requires the Federal Government to preserve competitive neutrality when designing measures that may enhance a SOE's market performance and distort competition. For example, the Federal Government shall avoid offering undue advantages that distort competition and selectively benefit SOEs over private competitors.

Definitions

The following definitions are used in this Framework:

- **Competitive Neutrality:** a principle according to which all Enterprises are provided a level playing field with respect to a state's (including central, regional, federal, provincial, county, or municipal levels of the state) ownership, regulation, or activity in the market.
- **Enterprise:** any entity engaged in offering goods or services on a market, irrespective of its legal form - companies, limited liability companies and partnerships limited by shares.
- **Commercial SOE** as defined in the SOE Policy and SOE Law.
- **Public Policy Objectives:** objectives benefitting the public interest within Pakistan.
- **Public Service Obligations:** as defined in the SOE Policy and SOE Law

Framework

The Federal Government shall ensure Competitive Neutrality, to the maximum extent practicable and unless overriding Public Policy Objectives require otherwise, by:

1. Ensuring that the legal framework applicable to markets in which Enterprises currently or potentially compete is neutral and competition is not unduly prevented, restricted, or distorted. To this effect, the Federal Government will:
 - a) Adopt or maintain, as appropriate, a competitively neutral competition law that addresses anti-competitive conduct and includes merger control.
 - b) Maintain Competitive Neutrality through the creation and enforcement of effective competition, and enforcement of bankruptcy law, so that competing Enterprises are subject to equivalent competition and bankruptcy rules, irrespective of their ownership, location, or legal form, and that the enforcement of those laws does not discriminate between commercial SOEs and their private competitors, or between different types of privately owned Enterprises. However, the above would not rule out measures aimed at safeguarding competitive neutrality.
 - c) Maintain Competitive Neutrality in the regulatory environment. In particular, the Federal Government shall:
 - i. Subject competing activities to the same regulatory environment and enforce regulations with equal rigor, appropriate deadlines and equivalent transparency with regard to all current or potential market participants;
 - ii. Ensure that Enterprises, regardless of their ownership, location, or legal form, are not ultimately responsible for regulating the market(s) in which they currently or potentially compete (especially regarding entry or expansion of existing players); and
 - iii. Carry out competition assessments that identify and revise existing or proposed regulations that unduly restrict competition.
 - d) Establish open, fair, non-discriminatory, and transparent conditions of competition in government procurement processes to ensure that no Enterprise, regardless of its ownership, nationality, or legal form is granted any undue advantage.
2. Preserving Competitive Neutrality when designing measures that may enhance an Enterprise's market performance and distort competition. To this effect, the Federal Government shall:
 - a) Avoid offering undue advantages that distort competition and selectively benefit some Enterprises over others. Such advantages would for example include exclusive licensing regimes, loans, loan guarantees and state investment in capital, at conditions not in line with market principles, as well as favorable tax treatment, grants and goods or services provided by government at favorable prices. Where achieving an overriding Public Policy Objective requires an exception, this should be transparent to all, proportionate and periodically reviewed. It is recognized that commercial SOEs may be subject to more stringent specific rules which limit the provision of government support to such entities.
 - b) Set compensation for any public service obligation placed upon a commercial SOE so that it is

appropriate and proportionate to the value of the services. In particular, the Federal Government shall:

- i. Transparently and specifically identify any public service obligation placed upon a commercial SOE;
 - ii. Impose high standards of transparency, account separation and disclosure on commercial SOEs with public service obligations around their cost and revenue structures to ensure that compensation provided for fulfilling public service obligations is not used to cross-subsidize the offering of goods or services on another market; and
 - iii. Establish or maintain independent oversight and monitoring to ensure that remuneration for public service obligations is calculated based on clear performance targets and objectives and based on efficiently incurred costs, including capital costs.
- c) Adopt structure and governance rules for commercial SOEs that do not provide them with an undue advantage that distorts competition.
3. Take steps to put in place suitable accountability mechanisms to support and monitor the implementation of the principles set forth in this Framework.

Annexure-5

Public Service Obligation Framework

1. The Federal Government may in writing require a commercial state-owned enterprise to:
 - (a) provide a specified service or perform specified activities; or
 - (b) cease providing a specified service or performing specified activities.
2. Within one month of receiving the written proposal from the Federal Government, the State-owned enterprise must respond to the notice in writing, stating, with reasons, whether the State-owned enterprise:
 - (a) agrees to give effect to the proposal; or
 - (b) finds the request to be inconsistent with the primary objective of the State-owned enterprise.
3. If the commercial state-owned enterprise gives a notice under clause (2)(b), the Federal Government and the commercial state-owned enterprise must enter into good faith negotiations with a view to agreeing arrangements under which the commercial state-owned enterprise can give effect to the Federal Government proposal without acting inconsistently with its primary objective.
4. If an agreement is reached under clause (3), the arrangements for giving effect to Federal Government proposal shall be incorporated in a Public Service Obligation Agreement which:
 - (a) must be in writing;
 - (b) must be approved by the Federal Government and the Board of the commercial state-owned enterprise;
 - (c) may include provision for funding or other resources to the commercial state-owned enterprise;
 - (d) if it provides for the commercial state-owned enterprise to provide goods or services, must—
 - specify the goods or services, including any particular quantities;
 - specify an estimate of the annual total cost to the commercial state-owned enterprise for providing the goods or service, and an estimate of the annual total revenue to be received by the commercial state-owned enterprise for doing so; and
 - specify how the performance of the commercial state-owned enterprise in providing the goods or services will be monitored and assessed;
 - (e) may include any other matter, not inconsistent with this Act, that is agreed between the Minister in Charge and the commercial state-owned enterprise.
5. For the avoidance of doubt, if the Federal Government directs a commercial state-owned enterprise to provide specified services or perform specified activities through cross-subsidizing the cost between different groups of users and the revenue collected by the commercial state-owned enterprise from the cross-subsidization does not cover the costs, the Federal Government and commercial state-owned enterprise will agree the short-fall to be funded by the Federal Government and enter into a public service obligation agreement as provided in clause (4). However, a cross subsidy between different groups of users which is in accordance with a tariff determined by a regulator or the commercial state-owned enterprise's own pricing mechanism, is not a public service obligation and will not require a public service obligation agreement as provided in clause (4).
6. The obligations under a public service obligation agreement shall be binding.

PSO framework process

Step	Activity	Timing	Action
1	Discussions between line Ministry, Ministry of Finance (MOF) and SOE on possible PSO activities	When possible PSO identified	Either SOE or line Ministry or FG identify possible PSO. PSO is defined in broad terms – high-level description of desired outcomes / outputs and high-level costings based on the framework developed by the CMU.
2	PSO proposal submitted to FG	Following line Ministry and MOF assessment of high-level PSO description and costing	Line Ministry or MOF submit paper to FG recommending PSO with high-level costing and description of desired outcomes / outputs and explanation of social / economic benefits sought. SOE is consulted on content of paper.
3	Federal Government requires SOE to undertake PSO	FG approves line Ministry / MOF paper	FG writes to SOE and requires SOE to undertake PSO (or cease undertaking an activity as the case may be).
4	SOE responds to PSO direction	Within 1 month after step 3	SOE responds in writing, with reasons, stating that it (a) agrees to provide the PSO, or (b) determines that providing the PSO is inconsistent with the SOE's primary objective and declines the direction.
5	Negotiation	Within 2 months after step 3	SOE and line Ministry enter negotiations with a view to agreeing arrangements under which the SOE could provide the PSO in a manner consistent with the SOE's primary objective
6	Agreement	At conclusion of negotiations	If agreement cannot be reached negotiations end. If agreement is reached line ministry and SOE will enter into agreement with the approval of the government.
7	PSO agreement documented	Within 1 month after step 6	Agreement must be in writing; include provision for funding the PSO, or other resources to be provided to the SOE; specify the goods and / or services and qualities (where relevant); the net cost to the SOE in providing the goods and / or services (cost to provide PSO less any direct revenue received); and specify performance criteria and how monitored.
8	Submit agreement to FG	Within 1 month after step 7	Line Ministry submit PSO agreement to FG for approval
9	Submit agreement to SOE board	Within 1 month after step 7	SOE management submit PSO agreement to board for approval
10	Binding agreement concluded	Within 6 weeks after step 7	Binding agreement executed
11	Monitoring schedule agreed	Within 1 month after step 10	Line Ministry and SOE document and implement monitoring procedure and timeline established in the PSO agreement

12	Reporting	When drafting business plan and SCI	SOE includes all PSOs in the draft business plan and SCI and all agreed PSOs in the adopted business plan and SCI, including net cost and description, in accordance with requirements in SOE Act and Policy
13	Reporting	When drafting semi-annual and annual reports	SOE includes all PSOs in the draft semi-annual and annual accounts and all PSOs in the adopted semi-annual and annual accounts, including net cost and description, in accordance with requirements in SOE Act and Policy

Annexure 6

Audit Committee and Systems of Internal Control

Section 21 of the SOE (Governance and Operations) Act 2023 (the SOE Act) requires every State-owned Enterprise (SOE) to establish an Audit Committee. Section 20 of the SOE Act requires every board to develop systems of internal control and ensure their enforcement.

1. The audit committee shall be responsible for
 - recommending to the board the appointment of external auditors, their removal, audit fees and provision of any additional service
 - determination of appropriate measures to safeguard the SOE's assets;
 - all reports and communications with external auditors;
 - review of half-yearly and annual financial statements;
 - ensuring coordination between the internal and external auditors; and
 - investigating any deviation from or violation of the SOE's code of conduct or other systems of internal control.

The Audit Committee shall meet at least every quarter of a financial year. All board members are entitled to attend Audit Committee meetings and minutes of meetings must be submitted to the board at the next scheduled board meeting.

2. Audit Committee must meet prior to the approval of interim results by its board of directors and after completion of external audit.
3. The SOE's annual report shall describe the work of the audit committee (including a copy of its terms of reference), with specific points that must be addressed for full disclosure and transparency.
4. The board of directors shall evaluate the performance of the audit committee through a formal review mechanism. And assess whether its terms of reference require amendment. The fact that a review has taken place must be disclosed in the SOE's annual report. A review questionnaire for this purpose will also be prepared.
5. To understand the risks the SOE needs to identify the potential events that could impair its ability to realize its goals, estimate the magnitude of the consequence/impact on the company if such a risk event materializes, and estimate the probability of such an event materializing. This should be carried out through a comprehensive risk assessment that includes recommendations on how to manage unacceptable risks.

Internal Audit

6. Internal Audit will deal with following issues:
 - a) Compliance audits,
 - b) Financial audits,
 - c) IT systems audits,
 - d) Financial cycle and project audits, and
 - e) Operational audits.

7. The internal audit function should report, through the audit committee, on recommended improvements in the SOE's management and activities covered by the internal audit function. All internal audit reports must be submitted to the Audit Committee.
8. The Audit Committee will consider the report and submit at least a summary to the full board. The board and Audit Committee shall determine and delegate to the Chief Executive what his or her role will be in the internal audit selection, function, and reporting.
9. The internal audit function department must not become involved in operational matters, such as payments or selection of vendors, as that would compromise their independence when undertaking internal audits.

Regulations to be issued.

10. The detailed framework for audit committee, internal controls and risk management will be issued by the Central Monitoring Unit (CMU) as regulations under this policy.
11. The SOEs shall comply with applicable regulatory requirements, if any, in this regard

Annexure 7

1. This Nomination and Appointment Procedure has been prepared to support the implementation of the State-owned Enterprise director selection and appointment process contained in the State-owned Enterprise Act. It is the purpose of this SOE director selection and appointment process to ensure that independent directors are selected that will assist the SOE to achieve the primary objective and meet the requirements of the SOE Act.
2. The board will be responsible for submitting the terms of reference, identified skill-gap, and brief explanation supporting the skill-gap to the Board Nominations Committee (BNC) for the selection of independent directors.
3. The board will be responsible for ensuring each newly appointed director receives adequate induction training.
4. Every SOE shall establish a register of all interests declared by directors in accordance with a specified framework. The process for selection and appointment of directors will also be clarified.
5. In case of a new vacancy in the board during the tenure of the board, a director of a State-owned Enterprise must be appointed or reappointed by the Federal Government in the case of independent directors and Division or public sector organization in the case of an ex-officio director.
6. CMU will assist the BNC through developing and maintaining database of potential independent directors prepared based on the history of board appointments, skills, knowledge, and experience, gender, and their performance evaluation, to be shared by line Ministries/Divisions with CMU in a manner
7. The BNC is responsible for identifying and recommending candidates to Federal Government for appointment as independent directors.
8. The BNC is responsible for recommending ex-officio positions to be held by the relevant Division or public sector organization of the Federal Government, or where necessary, a Provincial Government.
9. A detailed framework for Board appointment process, recording interests, director induction, and BNC processes will be issued by CMU

Annexure 8

Manner of Regulation of Conflicts of Interest, including procedures for Identification and Reporting of Direct and Indirect Interests

1. Unless expressly stated otherwise the requirements regarding interest, conflicts of interest and related party transactions contained in the Companies Act 2017 will apply to all SOEs.
2. Directors must not involve themselves in a situation in which he or she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company / SOE. Directors must not achieve or attempt to achieve any undue gain or advantage to himself or herself, any relative, partner or associates.
3. Any gain proven must be paid back. Directors must disclose any interest in writing to the board as soon as the interest is created or known. Interests must be recorded in an interests register, the template for which will be provided, as well as a disclosure form. Both forms will be provided by CMU
4. Guidance will also be provided by CMU to describe when a director must disclose an interest and what an interested director may do, in accordance with the requirements in the Companies Act.
5. SOEs may enter into any contract or arrangement with a related party only in accordance with the policy approved by the board but where the majority of directors are interested, the matter must be put before a general meeting, or in the case of non-company SOEs, submitted to the Federal Government for approval.
6. The related party transaction policy approved by the board must be subject to the minimum requirements contained in the Security and Exchange Commission of Pakistan Companies Act (Related Party Transactions and Maintenance of Related Records) 2018. Details of all related party transactions must be placed before the audit committee and, upon recommendation of the audit committee, the SOE board.
7. Declaration by directors and managers
 - a. Every SOE director, independent and non-independent, and managers, shall upon appointment sign a declaration that they
 - i. Have received a copy of the approved policy on conflicts of interest and related party transactions.
 - ii. Have read and understand the Policy,
 - iii. Shall not offer or accept any payment, bribe, favour, or inducement which might influence, or appear to influence, their decisions and actions, and
 - iv. Shall abide by the SOE's policies on conflict of interest and related party transactions, and
 - v. Shall abide by the SOE's code of conduct.
8. Further guidelines will be issued by the CMU.