

**STATEMENT OF COMPLIANCE WITH PUBLIC  
SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

**Name of Bank** **Zarai Taraqati Bank Limited**  
**Name of the line ministry** **Finance Division, GoP**  
**For the year ended** **December 31, 2024**

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby the Bank is managed in compliance with the best practices of public sector governance.

II. The Bank has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	√																			
2	<div>The Board has at least one-third of its total numbers as independent directors. At present the Board includes:</div> <table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td rowspan="4">Independent Directors</td><td>1. Mr. Naeemuddin Khan</td><td>24.08.2023</td></tr><tr><td>2. Mr.Sahibzada Rafat Raoof Ali</td><td>11.10.2024</td></tr><tr><td>3. Dr.Ayesha Waqar</td><td>11.10.2024</td></tr><tr><td>4. Dr.Talat Naseer Pasha</td><td>11.10.2024</td></tr><tr><td>Executive Directors</td><td>1. Mr. Tahir Yaqoob Bhatti</td><td>31.08.2023</td></tr><tr><td>Non-Executive Directors</td><td>1. Mr. Ahmed Taimoor Nasir</td><td>05.05.2023</td></tr></table>	Category	Names	Date of appointment	Independent Directors	1. Mr. Naeemuddin Khan	24.08.2023	2. Mr.Sahibzada Rafat Raoof Ali	11.10.2024	3. Dr.Ayesha Waqar	11.10.2024	4. Dr.Talat Naseer Pasha	11.10.2024	Executive Directors	1. Mr. Tahir Yaqoob Bhatti	31.08.2023	Non-Executive Directors	1. Mr. Ahmed Taimoor Nasir	05.05.2023	3(2)	√	
Category	Names	Date of appointment																				
Independent Directors	1. Mr. Naeemuddin Khan	24.08.2023																				
	2. Mr.Sahibzada Rafat Raoof Ali	11.10.2024																				
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Executive Directors	1. Mr. Tahir Yaqoob Bhatti	31.08.2023																				
Non-Executive Directors	1. Mr. Ahmed Taimoor Nasir	05.05.2023																				
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	√																			
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	√																			
5	The Chairman of the Board is working separately from the Chief Executive of the Bank.	4(1)	√																			


6	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	√	
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive have been nominated by the Government)	5(2)	N/A	
8	(a) The Bank has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.  (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website (www.ztbl.com.pk)  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	√  √  √	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	√	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(iii)	√	
11	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the Bank.	5(5)(b)(vi)	√	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	√	


13	The Board has ensured compliance with the law as well as Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	√	
14	The Board has developed a vision or mission statement and corporate strategy of the Bank.	5(6)	√	
15	The Board has developed significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	√	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	√	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	√	
18	(a) The Board has met at least four times during the year.  (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.  (c) The minutes of the meetings were appropriately recorded and circulated.	6(1)  6(2)  6(3)	  √  √	√
19	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	√	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained	9	√	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.  (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.	10	√	

	(c)The Board has placed the annual financial statements on the Bank's website		√																			
22	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	√																			
23	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The Committees were chaired by the following non-executive directors:</p> <table><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>03</td><td>Syed Javed</td></tr><tr><td>Risk Management Committee</td><td>03</td><td>Mr. Zaigham Mahmood Rizvi</td></tr><tr><td>Human Resource Committee</td><td>04</td><td>Mr.Naeemuddin Khan</td></tr><tr><td>Procurement Committee</td><td>03</td><td>Mr. Haaris Mahmood Chaudhary</td></tr><tr><td>Nomination Committee</td><td>04</td><td>Mr.Ahmed Taimoor Nasir</td></tr></table>	Committee	Number of Members	Name of Chair	Audit Committee	03	Syed Javed	Risk Management Committee	03	Mr. Zaigham Mahmood Rizvi	Human Resource Committee	04	Mr.Naeemuddin Khan	Procurement Committee	03	Mr. Haaris Mahmood Chaudhary	Nomination Committee	04	Mr.Ahmed Taimoor Nasir	12	√  √  √  √	
Committee	Number of Members	Name of Chair																				
Audit Committee	03	Syed Javed																				
Risk Management Committee	03	Mr. Zaigham Mahmood Rizvi																				
Human Resource Committee	04	Mr.Naeemuddin Khan																				
Procurement Committee	03	Mr. Haaris Mahmood Chaudhary																				
Nomination Committee	04	Mr.Ahmed Taimoor Nasir																				
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment.	13	√																			
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	√																			
26	The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act	16	√																			
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	√																			

28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Bank except those disclosed to the company.	18	√													
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the Bank contains criteria and details of remuneration of each director.	19	√													
30	The financial statements of the Bank were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the approval of the Audit Committee and the Board.	20	√													
31	<p>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:</p> <table><tr><th>Name of Member</th><th>Category</th><th>Professional background</th></tr><tr><td>Mr.Sahibzada Rafat Raoof Ali</td><td>Independent</td><td>Business/Banking</td></tr><tr><td>Dr.Ayesha Waqar</td><td>Independent</td><td>Economics/ Business</td></tr><tr><td>Mr.Ahmed Taimoor Nasir</td><td>Non-Executive</td><td>Finance/Accounts/ Computer Science</td></tr></table> <p>The Chief Executive and Chairman of the Board are not members of the Audit Committee.</p>	Name of Member	Category	Professional background	Mr.Sahibzada Rafat Raoof Ali	Independent	Business/Banking	Dr.Ayesha Waqar	Independent	Economics/ Business	Mr.Ahmed Taimoor Nasir	Non-Executive	Finance/Accounts/ Computer Science	21 (1) and 21 (2)	√  √	
Name of Member	Category	Professional background														
Mr.Sahibzada Rafat Raoof Ali	Independent	Business/Banking														
Dr.Ayesha Waqar	Independent	Economics/ Business														
Mr.Ahmed Taimoor Nasir	Non-Executive	Finance/Accounts/ Computer Science														
32	<p>(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.</p> <p>(b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.</p> <p>(c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</p>	21(3)	√  √  √													
33	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.	22	√													

	(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.		√	
	(c) The internal audit reports have been provided to the external auditors for their review.		√	
34	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	√	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services	23(5)	√	

  
 PRESIDENT/CEO  
 TAHIR YAQOOB BHATTI

  
 CHAIRMAN BOARD  
 NAEEMUDDIN KHAN





## SCHEDULE II

### Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

S. No.	Rule/ sub-rule No.	Reasons for non-compliance	Future course of action
1	6(1)	Although four meetings of the Board were held during the year 2024, however in 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters, Board meetings could not be held as three Directors retired in March 2024 on completion of their three years term. Owing to the reason, the Board fell below its minimum requirement.	Three Directors have been appointed on the Board in October 2024 in place of retiring ones. It will be ensured that meetings are held as per regulatory requirements.

  
PRESIDENT/CEO  
TAHIR YAQOOB BHATTI

  
CHAIRMAN BOARD  
NAEEMUDDIN KHAN