

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of all the three Stock Exchanges of the Country for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Government of Pakistan holds 74.82% stake in the Company and nominates all the directors. All the directors except the Managing Director / CEO are non-executive directors.
2. The Directors of the Company have confirmed that none of them is serving as a director in ten or more listed companies, including this Company except Mr. Tariq Iqbal Khan for whom relaxation had been obtained by NIT and communicated to us vide NIT Letter No. NIT/SECP/16/CG-09/0929 dated 06 August 2009.
3. All the Directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a Stock Exchange has been declared as defaulter by the Stock Exchange.
4. Vision, Mission statements have been prepared and approved by the Board.
5. Statement of Ethics and Business Practices is in place duly approved by the Board.
6. Significant policies as required under the Code of Corporate Governance have been framed and are under review of the Board.
7. A complete record of particulars of significant policies and Board decisions along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration wherever applicable and terms and conditions of employment of the CEO, CFO, Company Secretary, Head of Internal Audit and other Executive Directors have been taken ratified by the Board.
9. The meetings of the Board were presided over by the Chairman and held at least once in each quarter. The minutes of the meetings were appropriately recorded and circulated.
10. The Directors on the Board have adequate exposure of corporate matters and well aware of their duties and responsibilities. Orientation programs are also arranged for the Directors.
11. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
12. Chief Financial Officer (CFO) and Head of Internal Audit were appointed during the year. Their appointments including their remuneration and terms and conditions of employment are approved by the Board.
13. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters which are required to be disclosed.
14. The CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board. The half yearly and annual accounts were also initialed by the external auditors before presentation to the Board.

15. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Audit Committee comprises five members, including the Chairman of the Committee. All members of the Committee including Chairman are non-executive directors.
18. The terms of reference of the Audit Committee have been formed and duly approved by the Board and advised to the Committee for compliance. The meetings of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company as required by the Code.
19. An independent Internal Audit Department was established even before the incorporation of OGDCL as a public limited company and is functioning in line with the Company's policies and procedures. To augment the internal control function and make it more effective, the Board has approved terms of reference of Internal Audit Department.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors to comply with the requirements of listing regulations of the Karachi Stock Exchange (Guarantee) Limited.
23. We confirm that all other material principles contained in the Code have been complied except for those referred in preceding paragraphs and for that the Company intends to seek compliance during next accounting year.

On behalf of the Board



(Kamran Lashari)  
Chairman

12 August 2010

# Statement of Compliance with the Best Practices on Transfer Pricing for the year ended 30 June 2010

The Company has fully complied with the best practices on Transfer Pricing as contained in the respective Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.



(Shah Mahboob Alam)  
Managing Director / CEO

12 August 2010