

**Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG)
for the Half year ended December 31, 2025**

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the half-year ended December 31, 2025.

Board Composition and Remuneration

The composition of the Board is as follows:

- i. Independent Directors**
 - a) Mr. Muhammad Ashraf Bawany (Chairman) ¹
 - b) Mr. Abdul Qadir Memon ²
 - c) Mr. Ahsan Iqbal
 - d) Ms. Sadia Khan ³

- ii. Non-Executive Directors (Nominee Directors of Founding Members)**
 - a) Ms. Musarat Jabeen Securities & Exchange Commission of Pakistan
 - b) Mr. Muhammad Akhtar Javed State Bank of Pakistan
 - c) Dr. Fakhara Rizwan Pakistan Stock Exchange
 - d) Mr. Saad Ur Rahman Khan Pakistan Banks Association
 - e) Mr. Mir Muhammad Ali Mutual Funds Association of Pakistan

- iii. Executive Director**
 - a) Ms. Shafaq Fauzil Azim President & CEO

- iv. Female Directors**
 - a) Ms. Musarat Jabeen
 - b) Dr. Fakhara Rizwan
 - c) Ms. Sadia Khan
 - d) Ms. Shafaq Fauzil Azim

¹ Mr. Muhammad Ashraf Bawany replaced (late) Dr. Shamshad Akhtar as the Board Chairman with effect from January 07, 2026.

² Mr. Abdul Qadir Memon replaced Mr. Kaiser Haneef Naseem as Independent Director on the Board with effect from December 01, 2025.

³ Ms. Sadia Khan was appointed as Independent Director to fill the casual vacancy in place of (late) Dr. Shamshad Akhtar, for the remaining term, with effect from January 07, 2026.



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The Board has the following committees with names of members as given below⁴:

Board Audit Committee

- i. Mr. Ahsan Iqbal (Independent Chairman)
- ii. Mr. Abdul Qadir Memon (Independent Director)
- iii. Dr. Fakhara Rizwan (Non-executive Director)
- iv. Mr. Muhammad Akhtar Javed (Non-executive Director)
- v. Mr. Saad Ur Rahman Khan (Non-executive Director)

Human Resource, Remuneration & Nomination Committee

- i. Ms. Musarat Jabeen (Non-executive Chairperson)
- ii. Dr. Fakhara Rizwan (Non-executive Director)
- iii. Mr. Muhammad Ashraf Bawany (Independent Director)
- iv. Ms. Shafaq Fauzil Azim (Executive Director)

Investment, Resource Mobilization & Business Development Committee

- i. Mr. Muhammad Akhtar Javed (Non-executive Chairman)
- ii. Mr. Saad Ur Rahman Khan (Non-executive Director)
- iii. Mr. Mir Muhammad Ali (Non-executive Director)
- iv. Mr. Ahsan Iqbal (Independent Director)

Research, Strategy & Advocacy Committee

- i. Ms. Sadia Khan (Independent Chairperson)
- ii. Ms. Musarat Jabeen (Non-executive Director)
- iii. Mr. Mir Muhammad Ali (Non-executive Director)
- iv. Mr. Abdul Qadir Memon (Independent Director)
- v. Ms. Shafaq Fauzil Azim (Executive Director)

No remuneration is paid to the directors as they serve on the Board *pro bono* except for the President & CEO, who is compensated in line with the Institutes HR Policies.

⁴ The above Board Committees were reconstituted in the 114th Board meeting held on January 07, 2026

Highlights

During the half yearly period under review, the Institute reported robust financial performance, with revenue increasing by 5.5% and net profitability expanding by 33.8%, compared to the same period in the previous year. This growth was primarily driven by stronger operating income and effective cost savings.

Key activities during the period include:

- **Shareholder Agahi Portal:** Launched on August 18, 2025, by PICG in partnership with the Central Depository Company, this platform aims to enhance shareholder awareness and empowerment. It offers bilingual resources, training, and tools to help shareholders understand their rights, engage effectively, and make informed decisions. The platform was formally inaugurated by the Honorable Finance Minister of Pakistan, Senator Muhammad Aurangzeb, in the presence of the Chairperson SECP, the Governor State Bank of Pakistan, Chief Executive Officers of CDC and PICG.

The portal is being updated regularly with current regulatory developments and shareholders awareness webinars, presentations, and governance updates, and research etc. the Pakistan Stock Exchange (PSX) issued a notification encouraging companies to display the Shareholder Agahi logo on their respective websites.

- **ESG for Pakistan Conference:** On August 12-13, 2025, PICG held its 2nd ESG Conference with a theme '*ESG for Pakistan: Achieving Integration*' focusing on ESG implementation. The event highlighted regulatory developments, equitable governance, sectoral benchmarking, and mobilizing climate finance, while addressing progress and ongoing challenges in sustainability integration. The publication of Conference summary can be accessed using link: [ESG Conference Summary](#)
- **Launch of Artificial Intelligence (AI) workshop: '*Revolutionize your Business Productivity with AI*':** PICG launched a new AI workshop on October 29-30, 2025, in Karachi, covering the evolution and applications of AI, its governance and risks, ethical use, and opportunities for business optimization and growth.
- **Members' Events:**
 - a. On September 17, 2025, PICG hosted a hybrid (in-person and online) session titled '*Sustainability Reporting and Beyond*'. The event featured international expert Mr. Sharath Martin, Senior Policy & Insights Consultant, ACCA Asia Pacific, who shared global perspectives on emerging trends in sustainability reporting and corporate transparency.
 - b. PICG-ACCA organized a session on '*Navigating Trade Disruptions – What is the Outlook for the Global Economy?*' featuring Mr. Jonathan Ashworth, Chief Economist, ACCA UK on November 04, 2025, who shared future-forward insights into the global economy and its pathway to recovery for PICG's members.



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- **Collaborative Initiatives:**

- PICG-BSG MoU Signing:** On December 16, 2025, PICG and Balkhi Strategy Group (BSG) signed an MOU to collaborate on initiatives promoting corporate governance, sustainability, and leadership development for boards and senior professionals. The partnership will focus on roundtables, research and publications, leadership consulting, executive coaching, and capacity-building programs in key areas such as family office, succession planning, talent & board dynamics, and women on board development etc.
- Webinar:** A webinar on '*Leadership in the Digital Era – Building Agility Across the Organization*' was held on August 5, 2025, a collaborative initiative of Diskus with PICG as knowledge partner. The session focused on organizational transformation, featuring insightful discussions with subject matter experts.
- Orientation Session: ESG for Startups:** PICG presented a case study at the '*Orientation Session: ESG for Startups*' organized by the National Incubation Center Karachi held on September 30, 2025. The session highlighted the role of ESG best practices as a key driver of sustainable growth for startups.
- Global Network of Director Institutes (GNDI) Annual Meeting 2025:** PICG participated in the annual GNDI meeting held in Singapore in September 2025. The event convened global governance leaders to discuss emerging boardroom priorities, including geopolitics, cybersecurity resilience, AI governance, and evolving sustainability expectations.
- ICAP's Conference on Building a Resilient Public Financial Management System:** The ICAP's Conference, held on August 27, 2025, in Islamabad, featured participation from PICG at a roundtable on '*Enhancing Governance of SOEs*'. The session brought together experts and policymakers to discuss the SOE Act, public sector governance reforms, ESG and Sustainability in SOEs.

- **PICG Research & Surveys**

During the period, PICG has published a survey on Corporate Governance Trends – Trends Shaping Corporate Governance in Pakistan. Further two new surveys have been launched on 'Remuneration Survey 2025–26: Practices for Board of Directors & Executives' and 'Pakistan Boardroom Outlook 2026: Directors' Survey on Emerging Corporate Governance Trends', which are in process.

Institute's Operations

- During the half year period, the Institute conducted 9 Director Training Programs (DTP) (comprising of 6 in-person and 3 online program), 2 DTP for SOEs (cumulatively trained 164 directors), 4 Director Orientation Workshop (DOW), 1 customized ESG Stewardship program, 1 PICG-IFC's flagship workshop on ESG & Sustainability for Boards Members and Senior Executives and other workshops on '*Effective Minute Taking*' & '*Company Secretary Development*'.

- The Institute carried out 14 Board Evaluations across diverse sectors including Banks, microfinance banks, cement, pharmaceuticals, and automotive.
- We concluded the first cohort of ESG Executive Tracks, with a total of 8 modules delivered to 45 participants.
- As of December 31, 2025, PICG had 143 members: 102 Corporate, 38 Individual, 1 Honorary, and 2 Lifetime members. Further, the membership framework was revised, reclassifying “Individual Members” into Fellow and Associate Members with updated fee structures and introducing a new Entrepreneurs subcategory.

Finance

- During the half year, revenue increased by 5.5% compared to the same period last year. This growth was primarily driven by a 50.72% rise in revenue from the Directors’ Training Program.
- Operating profit increased to Rs. 17.2 million from a loss of Rs. 0.77 million in the same period last year. Profit before tax grew by 42%, while net profit increased by 33.8%, driven by strong revenue growth and improved cost efficiencies.
- Investment income declined by 44.27% compared to the same period last year. Previously, investments were held in debt securities and PIBs and recognized on an accrual basis. Currently, all investments are in mutual funds, with income recognized only upon declaration of distributions.
- During the period, the Board approved the transfer of employees’ retirement benefits from the Provident Fund (PF) scheme to the Voluntary Pension Scheme (VPS).

Auditors

We gratefully acknowledge A.F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network), for accepting the appointment as external auditors for the period ended June 30, 2026, on a pro bono basis.

We also appreciate the continued professional support of BDO Ebrahim & Co., who serve as the Institute’s Internal Auditors.

Future Outlook

The Institute anticipates strong growth through tailored corporate governance and sustainability advisory and capacity-building services, aligned with the sector-specific needs of its clients. Engagement will be deepened via themed discussions, knowledge-sharing and awareness webinars and roundtables on regulatory developments.

Further the PICG flagship Director’s Summit 2026 is scheduled to be held on April 30, 2026. The theme ‘*Showcasing Best Corporate Governance Practices and Their Impact on Pakistan’s Corporate Sector*’ will bring together board directors, business leaders, and policymakers to explore how strong governance is transforming the economy—from the trading floors of the PSX



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to family-owned enterprises, and from the frontiers of AI to the evolving landscape of Islamic finance.

Looking forward, we are enhancing our role in shaping the corporate governance landscape through innovative platforms and targeted advocacy, supporting the effectiveness of both boards and shareholders.

Acknowledgement

The Board wishes to acknowledge the contribution made by all stakeholders including Directors, employees, members, faculty and the apex and frontline regulators, Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Pakistan Stock Exchange.

A handwritten signature in black ink, appearing to be 'M. Shah', is written over a horizontal line. A vertical line extends downwards from the end of the signature.

Director

A handwritten signature in blue ink, appearing to be 'S. Khan', is written over a horizontal line.

President/CEO & Director

April 13, 2026