

INDEPENDENT AUDITOR'S REPORT**To the members of Pakistan Institute of Corporate Governance****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Pakistan Institute of Corporate Governance** (the Institute), which comprise the statement of financial position as at June 30, 2026, and the income and expenditure statement, the statement of changes in fund balance, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Institute's affairs as at June 30, 2026 and of the surplus, the changes in fund balance and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Institute as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of changes in fund balance and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Institute's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 6, 2026

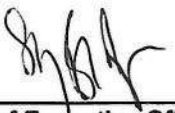
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PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	7	3,626,473	3,378,201
Intangible asset	8	942,279	1,230,237
Right of use assets	9	13,926,067	11,240,275
Security deposits	11	1,540,470	1,540,470
Total non-current assets		20,035,289	17,389,183
Current assets			
Receivables - unsecured	12	11,540,626	2,348,833
Investments	10	275,970,814	216,312,592
Prepayments, advances and other receivable	13	2,170,179	2,370,046
Tax refunds due from Government	14	44,812,474	42,181,553
Cash and bank balances	15	64,067,172	53,555,006
Total current assets		398,561,265	316,768,030
Total assets		418,596,554	334,157,213
FUND BALANCE AND LIABILITIES			
Fund balance			
Accumulated fund		334,089,182	270,304,926
LIABILITIES			
Non-current liabilities			
Lease liability against right of use assets	16	9,096,185	9,667,620
Current liabilities			
Fees in advance	17	17,700,565	17,042,030
Current portion of lease liability against right of use assets	16	6,870,630	2,185,615
Other payables	18	28,892,384	21,253,355
Accrued expenses	19	21,947,608	13,703,667
Total current liabilities		75,411,187	54,184,667
Total liabilities		84,507,372	63,852,287
Total fund balance and liabilities		418,596,554	334,157,213
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer


Director

**PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026**

	Note	2026	2025
		<u>(Rupees)</u>	
INCOME			
Revenue from services	21	202,687,443	166,947,829
EXPENDITURE			
Cost of services	22	124,620,112	118,180,682
Administrative and selling expenses	23	27,510,369	28,064,704
Finance cost on lease liability against right of use assets	16.1	2,698,240	2,131,153
Charge / (reversal) of provision for expected credit losses	12.1	1,255,890	(3,441,400)
TOTAL EXPENDITURE		156,084,611	144,935,139
Operating surplus		46,602,832	22,012,690
Other income	24	23,928,496	29,085,207
Surplus for the year		70,531,328	51,097,897
Taxation	25	(6,747,072)	(1,882,745)
Surplus for the year after taxation		63,784,256	49,215,152
Other comprehensive income		-	-
Total comprehensive income		63,784,256	49,215,152

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2026

	Accumulated fund (Rupees)
Balance as at July 01, 2024	221,089,774
Total comprehensive income for the year ended June 30, 2025	49,215,152
Balance as at June 30, 2025	<u>270,304,926</u>
Total comprehensive income for the year ended June 30, 2026	63,784,256
Balance as at June 30, 2026	<u>334,089,182</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		70,531,328	51,097,897
Adjustments for:			
Depreciation on property and equipment		1,901,415	1,396,743
Amortisation of intangibles		287,958	188,073
Depreciation on right of use assets		5,647,692	5,188,944
Finance cost on lease liability against right of use assets		2,698,240	2,131,153
Charge / (reversal) of provision for expected credit losses		1,255,890	(3,441,400)
Other income		(23,928,496)	(29,085,207)
Surplus before working capital changes		58,394,026	27,476,203
Decrease / (Increase) in current assets			
Receivables - unsecured		(10,447,683)	5,600,459
Prepayments, advances and other receivable		199,867	217,373
		(10,247,816)	5,817,832
(Decrease) / increase in current liabilities			
Fees in advance		658,535	1,589,235
Accrued expenses		8,243,941	1,408,839
Other payables		7,639,029	(200,813)
		16,541,505	2,797,261
Cash generated from operations		64,687,715	36,091,296
Profit received on savings accounts		3,830,064	5,544,037
Withholding tax paid / deducted		(9,478,525)	(17,473,618)
Net cash generated from operating activities		59,039,254	24,161,715
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,149,687)	(315,750)
Addition to intangible asset		-	(1,418,310)
Investments matured during the year		398,293,963	724,423,356
Investments made during the year		(454,529,018)	(717,904,773)
Return on investments received		16,775,797	12,077,464
Net cash (used in) / generated from investing activities		(41,608,945)	16,861,987
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(6,918,144)	(7,726,778)
Net cash used in financing activities		(6,918,144)	(7,726,778)
Net increase in cash and cash equivalents		10,512,166	33,296,924
Cash and cash equivalents at beginning of the year		53,555,006	20,258,082
Cash and cash equivalents at end of the year	26	64,067,172	53,555,006

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 THE INSTITUTE AND ITS OPERATIONS

1.1 Pakistan Institute of Corporate Governance (the Institute) was incorporated in Pakistan as a company limited by guarantee without share capital on December 1, 2004 under section 42 of the Companies Act, 2017 (repealed Companies Ordinance, 1984). It's members include 103 (2025: 102) corporate, 44 (2025: 35) individual and the following founding members:

- Securities and Exchange Commission of Pakistan
- The State Bank of Pakistan
- The Pakistan Stock Exchange Limited
- Institute of Business Administration
- Lahore University of Management Sciences
- Institute of Chartered Accountants of Pakistan
- Institute of Corporate Secretaries of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Overseas Investors Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Insurance Association of Pakistan
- Mutual Funds Association of Pakistan
- Pakistan Banks Association

1.2 The main objective of the Institute is to promote awareness of corporate governance and encourage compliance with good corporate governance practices by corporate bodies and professionals. In this regard, the Institute also conducts directors' training program based on a standard curricula for which the Institute has arrangements with foreign organisations.

1.3 The registered office of the Institute is situated at Office Suite 316, "The Forum", Clifton, Karachi, Pakistan.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed."

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective notes.

3.2 These financial statements are presented in Pakistani Rupees which is the Institute's functional and presentation currency.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

4.1 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There were certain new interpretations and amendments to the published accounting and reporting standards that became mandatory for the Institute's annual accounting period that began on July 1, 2025 but are considered not to be relevant or do not have any significant effect on the Institute's financial statements and, therefore, have not been detailed in these financial statements.

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4.2 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective

There is a new standard and certain interpretations and amendments that are mandatory for the Institute's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or will not have any significant effect on the Institute's operations and therefore are not disclosed in these financial statements except for the following:

- The new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (published in April 2024) with applicability date of January 1, 2027. IFRS 18 when adopted and applicable shall impact the presentation of 'Income and Expenditure Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impact of the new standard and amendments and interpretations on the financial statements of the Institute.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgements / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

In the process of applying the Institute's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

- a) determining the method of depreciation, residual values and useful lives of property and equipment (notes 6.1 and 7);
- b) residual and useful lives of intangible assets (notes 6.2 and 8);
- c) determining the allowance for expected credit loss on trade debts (note 6.10);
- d) right of use assets and their related lease liability (notes 6.5, 9 and 16); and
- e) contingent liabilities (note 6.9).

6 MATERIAL ACCOUNTING POLICY INFORMATION

6.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation on office equipments is charged using the straight-line method, whereby the cost of an asset less estimated residual value, if not insignificant, is written off over its estimated remaining useful life. Depreciation on furniture and fixtures is charged using the reducing balance method. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

On all additions, depreciation is charged from the month in which addition / capitalisation occurs. Similarly, no depreciation is charged in the month in which an asset is disposed of.

Maintenance and repairs are charged to Income and Expenditure Statement as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic lives or the performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gain or loss on disposal is recognised in the Income and Expenditure Statement in the year in which the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

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6.2 Intangible asset

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost is amortised over a period commencing from the month when the asset is available for use and ceases when the asset is derecognised.

Amortisation is charged to the Income and Expenditure Statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to those asset will flow to the Institute and the same is amortised applying the straight line method at the rates stated in note 8 to these financial statements.

6.3 Receivables

Receivables are stated at invoice value less provision for uncollectible amounts as detailed in note 12 of these financial statements. Bad debts are written-off when there is no realistic prospect of recovery.

6.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks and short term financial assets with original maturities of three months or less. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value. These are measured at amortised cost.

6.5 Right of use assets and their related lease liability

6.5.1 Right of use assets

On initial recognition, right of use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right of use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

6.5.2 Lease liability against right of use assets

At the commencement date of the lease, the Institute recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institute and payments of penalties for terminating a lease, if the lease term reflects the Institute exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Institute uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

6.6 Deferred grant income

Grants restricted for specific expenditures are recognised as 'deferred grant income' when received on the statement of financial position and are subsequently recognised as income on a systematic basis over the periods that the related costs, for which they are intended to compensate, are expensed.

6.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Institute.

6.8 Provisions

Provisions are recognised in the statement of financial position when the Institute has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

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6.9 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Institute; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.10 Financial instruments - initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Institute classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL");
- at fair value through other comprehensive income ("FVTOCI"); or
- at amortised cost.

The Institute determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Institute's business model for managing the financial assets and their contractual 'cash flow characteristics'.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Institute classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Institute has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

All equity investments are required to be measured in the statement of financial position at fair value except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. Any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income.

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ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Income and Expenditure Statement. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Income and Expenditure Statement in the period in which they arise.

Impairment of financial asset

The Institute recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to be short term in nature or to have low or there was no increase in credit risk since initial recognition as at the reporting date.

- bank balances
- other receivables

Loss allowance for bank balances and other receivables are generally measured using 12 months ECL, since the credit risk is considered to be low.

The Institute considers a financial asset in default when it is more than 150 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Institute expects to receive).

The gross carrying amount of a financial asset is written off when the Institute has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Considering the nature of the financial assets, the Institute has applied the standard's simplified approach in respect of receivable balance from members and has calculated ECL based on life time ECL.

Derecognition

i) Financial assets

The Institute derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised as gain / (loss). In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to "Income and Expenditure Statement". In contrast, on derecognition of an investment in equity instrument which the Institute has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to "Income and Expenditure Statement", but is transferred to accumulated fund in the "Statement of Changes in Fund Balance".

ii) Financial liabilities

The Institute derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Income and Expenditure Statement.

6.10.1 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.11 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in the Income and Expenditure Statement.

6.12 Revenue recognition

The Institute is in the business of provision of services. Revenue from contracts with customers is recognised at a point in time when the services are rendered to the customer at an amount that reflects the consideration to which the Institute expects to be entitled in exchange for those services.

The Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The Institute considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for rendering of services, the Company considers the effects of variable consideration.

Returns on financial assets

- Returns on financial assets are recognised on an accrual basis using the effective interest rate.
- Gains / (losses) arising on sale of investments are included in the Income and Expenditure Statement, on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income and Expenditure Statement in the period in which they arise;
- Dividend income is recognised in the Income and Expenditure Statement when the Institute's right to receive payment has been established; and
- Profit on saving accounts with bank is recognised on an accrual basis.

6.13 Income taxes

The Institute is registered with the Income tax authorities as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220A of the Income Tax Rules, 2002. The Institute, being a non-profit organisation, is allowed a tax credit equal to one hundred percent (100%) of the tax payable, including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, subject to fulfilment of certain conditions stipulated therein. Income earned from sources other than sources mentioned in clause (c) of sub-section 3 of section 100C of Income Tax Ordinance, 2001 are not eligible for tax credit. Accordingly, provision for taxation on such income are recorded in Income and Expenditure Statement.

6.14 Deferred Tax

Deferred tax is recognised using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
7 PROPERTY AND EQUIPMENT			
Operating fixed assets	7.1	<u>3,626,473</u>	<u>3,378,201</u>

7.1 The following is a statement of property and equipment:

	Note	June 30, 2026		
		Property and equipment		Total
		Office equipments	Furniture and fixtures	
		(Rupees)		
At July 1, 2025				
Cost		6,137,861	6,825,404	12,963,265
Accumulated depreciation		(4,797,783)	(4,787,281)	(9,585,064)
Net book value		1,340,078	2,038,123	3,378,201
Additions				
		1,701,290	448,397	2,149,687
Depreciation charge for the year				
	22 & 23	(1,198,145)	(703,270)	(1,901,415)
Closing net book value		1,843,223	1,783,250	3,626,473
At June 30, 2026				
Cost		7,839,151	7,273,801	15,112,952
Accumulated depreciation		(5,995,928)	(5,490,551)	(11,486,479)
Net book value		1,843,223	1,783,250	3,626,473
Depreciation rate (% per annum)		30%	15%	

		June 30, 2025		
		Property and equipment		Total
		Office equipments	Furniture and fixtures	
		(Rupees)		
At July 1, 2024				
Cost		5,822,111	6,825,404	12,647,515
Accumulated depreciation		(3,777,976)	(4,410,345)	(8,188,321)
Net book value		2,044,135	2,415,059	4,459,194
Additions		315,750	-	315,750
Depreciation charge for the year	22 & 23	(1,019,807)	(376,936)	(1,396,743)
Closing net book value		1,340,078	2,038,123	3,378,201
At June 30, 2025				
Cost		6,137,861	6,825,404	12,963,265
Accumulated depreciation		(4,797,783)	(4,787,281)	(9,585,064)
Net book value		1,340,078	2,038,123	3,378,201
Depreciation rate (% per annum)		30%	15%	

7.2 Depreciation charge for the year has been allocated as follows:	Note	2026	2025
Cost of services	22	950,707	698,371
Administrative and selling expenses	23	950,708	698,372
		<u>1,901,415</u>	<u>1,396,743</u>

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	Note	2026	2025	
		(Rupees)		
8	INTANGIBLE ASSET			
Cost				
Opening as at July 1		1,418,310	-	
Addition during the year		-	1,418,310	
Closing as at June 30		1,418,310	1,418,310	
Accumulated amortisation:				
Opening as at July 1		(188,073)	-	
Amortisation charge for the year	22	(287,958)	(188,073)	
Closing as at June 30		(476,031)	(188,073)	
Net book value as at June 30		942,279	1,230,237	
Amortisation rate (% per annum)		20%	20%	
9	RIGHT OF USE ASSETS	2026	2025	
		(Rupees)		
Cost				
Opening as at July 1		31,535,412	38,492,660	
Additions during the year		8,333,484	-	
Terminations during the year		-	(6,957,248)	
Closing as at June 30		39,868,896	31,535,412	
Accumulated depreciation:				
Opening as at July 1		20,295,137	22,063,441	
Termination during the year		-	(6,957,248)	
Charge for the year	22 & 23	5,647,692	5,188,944	
Closing as at June 30		25,942,829	20,295,137	
Net carrying amounts as at June 30		13,926,067	11,240,275	
Lease terms (in months)		36-60	36-60	
9.1	Depreciation charge for the year has been allocated as follows:	Note	2026	2025
Cost of services	22		2,524,111	2,319,084
Administrative and selling expenses	23		3,123,581	2,869,860
			5,647,692	5,188,944
10	INVESTMENTS			
- At amortised cost				
Pakistan Investment Bonds			-	-
GOP Ijarah sukuks			-	21,789,596
			-	21,789,596
- At fair value through profit or loss				
Units of open-ended mutual funds	10.1		275,970,814	194,522,996
			275,970,814	194,522,996
			275,970,814	216,312,592
10.1	Units of open-ended mutual funds			

10.2	Net unrealised (diminution) / appreciation on revaluation of investments classified as 'financial assets at fair value through profit or loss'	Note	2026	2025
			------(Rupees)-----	
	Market value of investments	10.1	275,970,814	194,522,996
	Less: Carrying value of investments	10.1	(276,039,521)	(194,151,332)
			<u>(68,707)</u>	<u>371,664</u>
11	SECURITY DEPOSITS			
	These represent security deposits paid to "The Forum" in accordance with the rental agreements for office suites 315 and 316.			
12	RECEIVABLES - UNSECURED	Note	2026	2025
			------(Rupees)-----	
	Annual subscription		60,000	600,000
	Directors' training program		3,586,525	1,889,122
	Fee from specialised workshops and others		897,130	150,450
	Receivable against board evaluation		115,000	115,000
	Receivable against Directors Summit		8,510,000	-
	Receivable against ESG tracks		33,600	-
			<u>13,202,255</u>	<u>2,754,572</u>
	Less: provision for expected credit losses	12.1	<u>(1,661,629)</u>	<u>(405,739)</u>
			<u><u>11,540,626</u></u>	<u><u>2,348,833</u></u>
12.1	Movement in allowance for expected credit losses:			
	Balance at beginning of the year		405,739	3,847,139
	Charge / (reversal) of expected credit losses during the year		<u>1,255,890</u>	<u>(3,441,400)</u>
	Balance at end of the year		<u><u>1,661,629</u></u>	<u><u>405,739</u></u>
12.2	Aging of trade debts			
	- 1 to 30 days		4,632,645	1,991,272
	- 31 to 60 days		618,801	-
	- 61 to 90 days		4,229,970	115,000
	- 91 to 120 days		3,720,839	300,000
	- older than 120 days		-	348,000
			<u>13,202,255</u>	<u>2,754,272</u>
13	PREPAYMENTS, ADVANCES AND OTHER RECEIVABLE			
	Prepaid insurance		406,799	342,001
	Other prepayments		1,103,463	485,250
	Advance against expenses		541,802	1,276,233
	Profit receivable		118,115	266,562
			<u>2,170,179</u>	<u>2,370,046</u>
14	TAX REFUNDS DUE FROM GOVERNMENT			
	Tax deducted at source	14.1	<u>44,812,474</u>	<u>42,181,553</u>
14.1	This represents refundable withholding tax deducted from payments made to the Institute. The Institute is in the process of recovering the said balance from the authorities.			
15	CASH AND BANK BALANCES	Note	2026	2025
			------(Rupees)-----	
	Cash in hand		50,000	50,000
	Cash at bank :			
	- savings accounts	15.1	<u>64,017,172</u>	<u>53,505,006</u>
			<u><u>64,067,172</u></u>	<u><u>53,555,006</u></u>
15.1	These represent savings accounts with commercial banks carrying profit rates ranging from 5.81% to 10.00% per annum (2025: 7.00% per annum to 9.50% per annum).			

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	2026	2025
	(Rupees)	
16 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS		
Opening balance	11,853,235	17,448,860
Addition during the year	8,333,484	-
Finance cost for the year	2,698,240	2,131,153
Payments for the year	(6,918,144)	(7,726,778)
Reclassified to rent payable	-	-
Closing balance	<u>15,966,815</u>	<u>11,853,235</u>
Non-current portion of lease liability	9,096,185	9,667,620
Current portion of lease liability	<u>6,870,630</u>	<u>2,185,615</u>
	<u>15,966,815</u>	<u>11,853,235</u>

This represents obligation in respect of right of use assets (premises for office suites 315 and 316) leased through tenancy agreements from various owners for a period of three to five years. The lease liabilities have been calculated at an incremental borrowing rate of 12.23% (2025: 14.00%) per annum for suite 315 and 17.20% (2025: 17.20%) per annum for suite 316 which have been used as a discounting factor. Rentals are payable in quarterly instalments in advance as per terms of the tenancy agreements.

The amount of future payments for the leases and the period in which these payments will become due are as follows:

	2026	2025
	(Rupees)	
Present value of minimum lease payments	15,966,815	11,853,235
Less: current portion	<u>(6,870,630)</u>	<u>(2,185,615)</u>
	<u>9,096,185</u>	<u>9,667,620</u>

	2026		2025	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	Rupees			
Not later than one year	7,455,248	6,870,630	3,919,543	2,185,615
Later than one year and not later than five years	<u>11,193,082</u>	<u>9,096,185</u>	<u>11,988,064</u>	<u>9,667,620</u>
	18,648,330	15,966,815	15,907,607	11,853,235
Finance cost allocated to future periods	<u>(2,681,515)</u>	-	<u>(4,054,372)</u>	-
Present value of minimum lease payments	15,966,815	15,966,815	11,853,235	11,853,235
Less: current portion	<u>(6,870,630)</u>	<u>(6,870,630)</u>	<u>(2,185,615)</u>	<u>(2,185,615)</u>
	<u>9,096,185</u>	<u>9,096,185</u>	<u>9,667,620</u>	<u>9,667,620</u>

	Note	2026	2025
		(Rupees)	
16.1 Movement of lease liability against right of use assets			
At the beginning of the year		11,853,235	17,448,860
Additions during the year		8,333,484	-
Re-assessment during the year		-	-
Finance cost charged during the year		2,698,240	2,131,153
Rentals charged for the year		<u>(6,918,144)</u>	<u>(7,726,778)</u>
At the end of the year		<u>15,966,815</u>	<u>11,853,235</u>
Non-current portion of lease liability		9,096,185	9,667,620
Current portion of lease liability		<u>6,870,630</u>	<u>2,185,615</u>
		<u>15,966,815</u>	<u>11,853,235</u>

17 FEES IN ADVANCE			
Entrance fee		-	250,000
Advance fee for board evaluation		4,289,565	8,139,000
Advance fee for directors' training program		1,261,000	142,890
Advance fee for specialised workshops		150,000	7,481,320
Advance fee for ESG executive track		-	1,028,820
Director's Summit	17.1	<u>12,000,000</u>	-
		<u>17,700,565</u>	<u>17,042,030</u>

17.1 This pertains to advance received in respect of Director's Summit which is to be held in the month of September 2026.

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	Note	2026	2025
		------(Rupees)-----	
18 OTHER PAYABLES			
Withholding income tax payables		951,584	315,621
Trade creditors - services		124,743	124,743
Sales tax payables		3,047,246	2,434,189
Other liabilities	18.1	24,768,811	18,378,802
		<u>28,892,384</u>	<u>21,253,355</u>

- 18.1 This includes amount in respect of provident fund payable amounting to Rs. 24.22 million (2025: Rs. 16.42 million). Subsequent to the year end, Rs. 19.88 million has been transferred on July 27, 2026. The remaining balance amounting to Rs. 4.34 million is expected to be transferred by October 31, 2026.

		2026	2025
		------(Rupees)-----	
19 ACCRUED EXPENSES			
Bonus		13,317,200	10,153,442
Payable to SECP		5,020,000	-
Other accrued expenses		3,610,408	3,550,225
		<u>21,947,608</u>	<u>13,703,667</u>

20 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

	Note	2026	2025
		------(Rupees)-----	
21 REVENUE FROM SERVICES			
Entrance fee from members		790,000	740,000
Annual subscription fee		18,210,000	15,865,000
Fee from director's training program	21.1	120,196,646	83,403,042
Fee from specialized workshops		18,565,000	17,792,000
Advisory services and board evaluation	21.2	38,998,076	34,514,000
ESG executive track		5,927,721	4,616,810
Event sponsorship income		-	10,016,977
		<u>202,687,443</u>	<u>166,947,829</u>

- 21.1 This represents fee against directors' training programs conducted for individuals and various corporate entities.

- 21.2 This mainly includes fee against board evaluations performed for various corporate entities.

	Note	2026	2025
		------(Rupees)-----	
22 COST OF SERVICES			
Training programs		45,587,386	35,098,784
Board evaluation		6,902,500	7,510,000
Sponsorship event		-	8,715,333
ESG executive track		2,500,000	5,017,678
Salaries, allowances and benefits		61,512,467	54,624,178
Depreciation on property and equipment	7.2	950,707	698,371
Depreciation on right of use assets	9	2,524,111	2,319,084
Travelling and conveyance		686,683	249,044
Utilities		657,684	591,494
Amortisation of intangibles	8	287,958	188,073
Printing and stationery		52,260	52,120
Insurance		406,515	513,358
Marketing expenses		701,417	672,998
IT expenses		1,850,424	1,930,167
		<u>124,620,112</u>	<u>118,180,682</u>

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23 ADMINISTRATIVE AND SELLING EXPENSES	Note	2026	2025
		----- (Rupees) -----	
Salaries, allowances and benefits		15,048,817	14,613,846
Professional expenses	23.1	2,493,063	4,545,227
Depreciation on property and equipment	7.2	950,708	698,372
Depreciation on right of use assets	9	3,123,581	2,869,860
Travelling and conveyance		1,017,086	-
Utilities		657,684	591,494
Printing and stationery		296,137	335,481
Insurance		271,010	320,850
Repair and maintenance		1,921,670	1,848,544
Canteen supplies		212,602	501,751
IT expenses	23.2	1,518,011	1,739,279
		<u>27,510,369</u>	<u>28,064,704</u>
23.1 Professional expenses			
Finance outsourcing		1,292,671	3,110,400
Human resource outsourcing		319,437	421,838
Out of pocket expenses		172,422	-
Subscription fee		457,097	558,300
Internal audit fee		251,436	185,760
Others		-	268,929
		<u>2,493,063</u>	<u>4,545,227</u>
23.2 This mainly includes IT related expenses pertaining to website maintenance, licensing fee and internet charges.			
24 OTHER INCOME	Note	2026	2025
		----- (Rupees) -----	
Return / profit on:			
- Savings accounts		5,990,130	7,329,300
- GoP Ijarah sukuks		158,290	3,938,672
- Pakistan Investment Bonds		-	2,349,202
Dividend income on units of open-ended mutual funds		13,335,036	57,838
Unrealised (diminution) / appreciation on units of open-ended mutual funds	10.2	(68,707)	371,664
Grant income		-	3,299,748
Capital gain on disposal of units of open-ended mutual funds		6,822,260	12,352,463
Other income		-	1,716,664
Less: Income credited to provident fund balance		<u>(2,308,513)</u>	<u>(2,330,344)</u>
		<u>23,928,496</u>	<u>29,085,207</u>
25 TAXATION	Note	2026	2025
		----- (Rupees) -----	
Current	25.1	(1,782,214)	(1,882,745)
Prior years	25.2	<u>(4,964,858)</u>	<u>-</u>
		<u>(6,747,072)</u>	<u>(1,882,745)</u>
25.1 The Institute is a non-profit organisation approved under clause (36) of section 2 of the Income Tax Ordinance, 2001 (the Ordinance) and is entitled to a tax credit equal to one hundred percent of the tax payable, including minimum and final taxes, under section 100C of the Ordinance as more fully explained in note 6.13 to these financial statements. Accordingly, no tax expense has been charged on the income of the Institute other than tax on capital gains charged on disposal of securities.			
25.2 This represents difference between tax refundable as per taxation authorities and the financial statements, representing non-verifiable amounts which have been charged off in these financial statements			
26 CASH AND CASH EQUIVALENTS		2026	2025
		----- (Rupees) -----	
Cash and bank balances		64,067,172	53,555,006
		<u>64,067,172</u>	<u>53,555,006</u>

27 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Institute comprise of associated companies, directors and key management personnel. All the transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Institute. Balances outstanding with related parties have been disclosed in the respective notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2026	2025
	(Rupees)	
Key management personnel		
Managerial remuneration	38,081,448	20,602,064
Bonus charged	9,577,848	3,877,554
	<u>47,659,296</u>	<u>24,479,618</u>

27.1 Key management personnel includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

28 FINANCIAL INSTRUMENTS BY CATEGORY

Note

		2026		
		At amortised cost	At fair value through profit or loss	Total
		(Rupees)		
Financial assets				
Investments	10	-	275,970,814	275,970,814
Security deposits	11	1,540,470	-	1,540,470
Receivables - unsecured	12	11,540,626	-	11,540,626
Profit receivable	13	118,115	-	118,115
Cash and bank balances	15	64,067,172	-	64,067,172
		<u>77,266,383</u>	<u>275,970,814</u>	<u>353,237,197</u>
Financial liabilities				
Lease liability against right of use assets	16	15,966,815	-	15,966,815
Other payables	18	24,893,554	-	24,893,554
Accrued expenses	19	16,927,608	-	16,927,608
		<u>57,787,977</u>	<u>-</u>	<u>57,787,977</u>

Note

		2025		
		At amortised cost	At fair value through profit or loss	Total
		(Rupees)		
Financial assets				
Investments	10	21,789,596	194,522,996	216,312,592
Security deposits	11	1,540,470	-	1,540,470
Receivables - unsecured	12	2,348,833	-	2,348,833
Profit receivable	13	266,562	-	266,562
Cash and bank balances	15	53,555,006	-	53,555,006
		<u>79,500,467</u>	<u>194,522,996</u>	<u>274,023,463</u>
Financial liabilities				
Lease liability against right of use assets	16	11,853,235	-	11,853,235
Other payables	18	18,503,545	-	18,503,545
Accrued expenses	19	13,703,667	-	13,703,667
		<u>44,060,447</u>	<u>-</u>	<u>44,060,447</u>

29 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Institute is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

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29.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Institute to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2026 and June 30, 2025, the Institute holds the following financial instruments measured at fair values:

2026			
Level 1	Level 2	Level 3	Total
(Rupees)			
Financial assets - measured at fair value			
Units of open-ended mutual funds	275,970,814	-	275,970,814
-	275,970,814	-	275,970,814
2025			
Level 1	Level 2	Level 3	Total
(Rupees)			
Financial assets - measured at fair value			
Units of open-ended mutual funds	194,522,996	-	194,522,996
Financial assets - disclosed but not measured at fair value			
GOP Ijarah sukuks	20,800,000	-	20,800,000
-	215,322,996	-	215,322,996

Valuation techniques used in determination of fair values

Units of open-ended mutual funds	The market prices of mutual fund units have been obtained from Mutual Funds Association of Pakistan respectively.
GOP - Ijarah Sukuks	The fair value of GoP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.

There were no transfers between levels 1 and 2 during the year ended June 30, 2026.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Market Risk

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Institute holds balance with banks which expose the Institute to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the surplus for the year of the Institute would have been higher / lower by Rs. 0.65 million (2025: Rs. 0.75 million).

Interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

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The Institute's interest rate sensitivity related to financial instruments as at June 30 can be determined as follows:

2026					
Effective interest rate	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(Rupees)					

(Rupees)

On-balance sheet financial instruments

Financial assets

Investments		-	-	-	275,970,814	275,970,814
Security deposits		-	-	-	1,540,470	1,540,470
Receivables - unsecured		-	-	-	11,540,626	11,540,626
Cash and bank balances	5.81% to 10.00%	64,017,172	-	-	50,000	64,067,172
Profit receivable		-	-	-	118,115	118,115
		64,017,172	-	-	289,220,025	353,237,197

Financial liabilities

Lease liability against right of use assets	12.23% to 17.20%	1,863,812	5,006,818	9,096,185	-	15,966,815
Other payables		-	-	-	24,893,554	24,893,554
Accrued expenses		-	-	-	16,927,608	16,927,608
		1,863,812	5,006,818	9,096,185	41,821,162	57,787,977

On-balance sheet gap (a)

	62,153,360	(5,006,818)	(9,096,185)	247,398,863	295,449,220
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	62,153,360	(5,006,818)	(9,096,185)		
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Cumulative interest rate sensitivity gap

	62,153,360	57,146,542	48,050,357		
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2025					
Effective interest rate	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(Rupees)					

(Rupees)

On-balance sheet financial instruments

Financial assets

Investments	9.88% to 11.60%	21,789,596	-	-	194,522,996	216,312,592
Security deposits		-	-	-	1,540,470	1,540,470
Receivables - unsecured		-	-	-	2,348,833	2,348,833
Cash and bank balances	7.00% to 9.50%	53,505,006	-	-	50,000	53,555,006
Profit receivable		-	-	-	266,562	266,562
		75,294,602	-	-	198,728,861	274,023,463

Financial liabilities

Lease liability against right of use assets	14.00% to 17.20%	491,530	1,694,085	9,667,620	-	11,853,235
Other payables		-	-	-	18,503,545	18,503,545
Accrued expenses		-	-	-	13,703,667	13,703,667
		491,530	1,694,085	9,667,620	32,207,212	44,060,447

On-balance sheet gap (a)

	74,803,072	(1,694,085)	(9,667,620)	166,521,649	229,963,016
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	74,803,072	(1,694,085)	(9,667,620)		
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Cumulative interest rate sensitivity gap

	74,803,072	73,108,987	63,441,367		
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30.2 Credit risk

Credit risk represents the risk of financial loss being caused if the counter parties fail to discharge an obligation. The Institute's credit risk is primarily attributable to its receivables, balances with banks and profit receivable thereon. The credit risk on liquid funds is limited because the counter parties include banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of the financial assets excluding cash in hand balance of Rs. 50,000 (2025: Rs. 50,000).

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The Institute monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as follows:

	2026		2025	
	Balance as per statement of financial position	Maximum exposure to credit risk	Balance as per statement of financial position	Maximum exposure to credit risk
	(Rupees)			
Investments	275,970,814	-	216,312,592	-
Security deposits	1,540,470	1,540,470	1,540,470	1,540,470
Receivables - unsecured	11,540,626	11,540,626	2,348,833	2,348,833
Cash and bank balances	64,067,172	64,017,172	53,555,006	53,505,006
Profit receivable	118,115	118,115	266,562	266,562
	<u>353,237,197</u>	<u>77,216,383</u>	<u>274,023,463</u>	<u>57,660,871</u>

Difference in the balance as per the statement of the financial position and maximum exposure is due to the fact that investments in mutual funds are measured at fair value through profit or loss (FVTPL). Such investments are outside the scope of the IFRS 9 expected credit loss model and, accordingly, are not included in the credit risk exposure.

The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. The credit quality of the Institute's bank balances and investments in units of open-ended mutual funds can be assessed with reference to external credit rating as follows:

Banks / Funds	Rating agency	Rating	
		Short term	Long term
Faysal Bank Limited	PACRA	A1+	AA
Askari Bank Limited	PACRA	A1+	AA
Faysal Islamic Cash Fund	VIS	-	AA(f)
Faysal Islamic Sovereign Plan - I	VIS	-	AA(f)
Meezan Rozanan Amadni Fund	VIS	-	AA(f)
Faysal Islamic provident fund	VIS	A1+	AA

All other financial assets are unsecured.

30.3 Liquidity risk

Liquidity risk is the risk that the Institute may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Institute.

The Institute manages liquidity risk by maintaining sufficient cash and cash equivalents.

The table below summaries the maturity profile of the Institute's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	2026			
	Total	Up to three months	More than three months and up to one year	More than one year
	(Rupees)			
Financial liabilities				
Lease liability against right of use assets	18,648,330	1,863,812	5,006,818	11,777,700
Other payables	24,893,554	24,893,554	-	-
Accrued expenses	16,927,608	16,927,608	-	-
	<u>60,469,492</u>	<u>43,684,974</u>	<u>5,006,818</u>	<u>11,777,700</u>
	2025			
	Total	Up to three months	More than three months and up to one year	More than one year
	(Rupees)			
Financial liabilities				
Lease liabilities against right of use assets	15,907,607	955,986	2,963,557	11,988,064
Other payables	18,503,545	18,503,545	-	-
Accrued expenses	13,703,667	13,703,667	-	-
	<u>48,114,819</u>	<u>33,163,198</u>	<u>2,963,557</u>	<u>11,988,064</u>

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30.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2026, the Institute does not have any financial instrument that is denominated in foreign currency and as such has no exposure to currency risk.

30.5 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Institute holds units of open-ended mutual funds which expose the Institute to the risk of changes in market price.

In case of 1% increase / decrease in the applicable net asset values (NAVs) on June 30, 2026, with all other variables held constant, the total surplus of the Institute for the year would increase / decrease by Rs. 2.76 million (2025: Rs. 1.95 million) and the net assets of the Institute would increase / decrease by the same amount as a result of gains / losses on units of open-ended mutual funds classified as financial assets at fair value through profit or loss.

30.6 Capital risk management

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern and to generate funds to meet the primary objective of the Institute. The capital structure of the Institute consists of a general fund balance raised through operating surplus and income on investments.

31 NUMBER OF EMPLOYEES

31.1	Number of employees at June 30	2026	2025
-	Permanent	19	12
-	Contractual	3	4
		<u>22</u>	<u>16</u>
31.2	Average number of employees during the year	2026	2025
-	Permanent	18	14
-	Contractual	4	4
		<u>22</u>	<u>18</u>

32 REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive and Other Executives of the Institute are as follows:

	Chief Executive		Other Executives	
	2026	2025	2026	2025
(Rupees)				
Managerial remuneration	14,562,000	15,705,436	35,791,916	33,747,724
Bonus charged	3,900,000	1,731,410	8,478,740	4,504,043
	<u>18,462,000</u>	<u>17,436,846</u>	<u>44,270,656</u>	<u>38,251,767</u>
Number of persons	<u>1</u>	<u>2</u>	<u>8</u>	<u>8</u>

32.1 'Executive' means an employee other than the Chief Executive whose basic salary exceeds Rs. 1,200,000 in a financial year.

33 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year.

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34 GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Institute in their meeting held on October 05, 2026.

APR



Chief Executive Officer



Director

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the year ended June 30, 2026

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the year ended June 30, 2026.

Board & Board Committees Meetings

The following meetings of the Board and Committees were held during the year:

Sr.	Details	Number of Meetings
1	Board Meetings	5
	Board Committee Meetings:	
1	Audit Committee (BAC)	4
2	Human Resource Remuneration & Nomination Committee (HRRNC)	1
3	Investment & Resource Mobilization Committee (IRM)	1
4	Research Strategy & Advocacy Committee (BRSAC)	-

Attendance of Directors at meetings was as follows:

Sr.	Directors	Board	BAC	BHRNC	BIC
1	Dr. Shamshad Akhtar* ¹	2/2	-	-	
2	Mr. Muhammad Ashraf Bawany* ¹	4/5	2/4	1/1	
3	Dr. Fakhara Rizwan	3/5	2/4	1/1	
4	Mr. Ahsan Iqbal	3/5	2/4	-	1/1
5	Ms. Musarat Jabeen	5/5	-	1/1	
6	Mr. Muhammad Akhtar Javed	3/5	2/4	-	1/1
7	Mr. Mir Muhammad Ali	5/5	-	-	1/1
8	Mr. Kaiser Haneef Naseem* ²	0/1	-	-	
9	Mr. Abdul Qadir Memon* ²	3/3	1/2	-	
10	Ms. Sadia Khan* ³	2/2	-	-	
11	Mr. Saad Ur Rahman Khan	2/5	4/4	-	0/1
12	Ms. Shafaq Fauzil Azim	5/5	-	1/1	1/1

*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, with effect from January 07, 2026.

Board Composition and Remuneration

The composition of the Board is as follows:

i. Independent Directors

- a) Mr. Muhammad Ashraf Bawany (Chairman)
- b) Mr. Abdul Qadir Memon
- c) Mr. Ahsan Iqbal
- d) Ms. Sadia Khan

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. Sadia Khan
- b) Ms. Musarat Jabeen
- c) Dr. Fakhara Rizwan
- d) Ms. Shafaq Fauzil Azim

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

Board Audit Committee

- i. Mr. Ahsan Iqbal⁴ (Independent Chairman)
- ii. Mr. Abdul Qadir Memon⁵ (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 Azim⁶ (Executive Director)

⁴ Mr. Ahsan Iqbal replaced Mr. Muhammad Ashraf Bawany as the BAC Chairman with effect from January 07, 2026.

⁵ Mr. Abdul Qadir Memon was appointed as independent member of BAC to fill the casual vacancy in place of Mr. Muhammad Ashraf Bawany.

⁶ Ms. Shafaq Fauzil Azim was appointed as member of HRRNC with effect from May 11, 2026.

Investment, Resource Mobilization & Business Development Committee

- i. Mr. Muhammad Akhtar Javed (Non-executive Chairman)
- ii. Mr. Saad Ur Rahman Khan⁷ (Non-executive Director)
- iii. Mr. Mir Muhammad Ali (Non-executive Director)
- iv. Mr. Ahsan Iqbal (Independent Director)
- v. Ms. Shafaq Fauzil Azim⁸ (Executive Director)

Research, Strategy & Advocacy Committee

- i. Ms. Sadia Khan⁹ (Independent Chairperson)
- ii. Ms. Musarat Jabeen (Non-executive Director)
- iii. Mr. Mir Muhammad Ali (Non-executive Director)
- iv. Mr. Abdul Qadir Memon¹⁰ (Independent Director)
- v. Ms. Shafaq Fauzil Azim (Executive Director)

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

Highlights

During the year under review, the Institute underwent a leadership transition with the appointment of Mr. Muhammad Ashraf Bawany as the new Chairman of the Institute, after the demise of our former Chairperson, Dr. Shamshad Akhtar.

- i. The Institute delivered a robust financial performance, with revenue increasing by 21.41%, representing a increase of Rs. 35.74 million, primarily driven by higher revenue from Director Training Programs, ESG Track, Advisory services & Board Evaluation and cost efficiency.
- ii. **2nd ESG for Pakistan Conference:** PICG held its 2nd ESG Conference on a theme '*ESG for Pakistan: Achieving Integration*' on August 12-13, 2025, with local and international speakers, environmental-social-governance experts and regulators. The conference covered ESG implementation in Pakistan, regulatory developments, governance, climate finance, and sustainability challenges and progress. The post Conference Summary Report can be accessed at the following link: [ESG Conference Summary](#)
- iii. **Launch of Shareholder Agahi Portal:** the portal launched in August 2025 in collaboration with Central Depository Company of Pakistan Limited (CDC), promotes investor awareness through bilingual resources, training, and guidance on shareholder rights, and was inaugurated by the Honorable Finance Minister, Senator Muhammad Aurangzeb, Chairperson SECP, Governor SBP, and the CEOs of CDC and PICG. Listed companies have been encouraged via notification by PSX to display the Shareholder Agahi logo on their respective websites to promote investor engagement.
- iv. **PICG-BSG MoU Signing:** PICG and Balkhi Strategy Group (BSG) signed an MoU on December 16, 2026, to collaborate on corporate governance, sustainability, and leadership development through roundtables, research, advisory, executive coaching, and capacity-building programs

⁷ Mr. Saad Ur Rahman Khan replaced Mr. Kaiser Haneef Naseem as member of IRMBDCC, with effect from January 7, 2026.

⁸ Ms. Shafaq Fauzil Azim was appointed as member of IRMBDCC with effect from May 11, 2026.

⁹ Ms. Sadia Khan was appointed as Chairperson of RSAC in place of (late) Dr. Shamshad Akhtar, with effect from January 07, 2026.

¹⁰ Mr. Abdul Qadir Memon Khan replaced Mr. Kaiser Haneef Naseem as member of RSAC

focused on family offices, succession planning, board dynamics, talent, and women on boards.

v. **New Workshops:** The following new workshops were launched to enhance Board effectiveness through AI-enabled tools, structured decision-making, and stronger strategic judgment:

- o *'Revolutionize your Business Productivity with AI' - October 29-30, 2025*
- o *'Smart Decision Making – Enhanced with AI' (organised by faculty of the London School of Economics and Political Science) - May 12, 2026*
- o *'Boardroom Intelligence' - June 08, 2026*

vi. PICG launched its quarterly **"Corporate Governance Highlights"** covering key local regulatory and international corporate governance developments, along with updates from PICG. The first issue was launched for the quarter October–December 2025, and a total of three issues have been published during the period.

vii. **Members' Events:**

- a. PICG hosted a hybrid (in-person and online) session titled **'Sustainability Reporting and Beyond'** on September 17, 2025. 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?'** on November 04, 2025, featuring Mr. Jonathan Ashworth, Chief Economist, ACCA UK who discussed future-forward insights into the global economy and its pathway to recovery for PICG's members.

viii. **Collaborative Initiatives:**

- a. A webinar on **'Leadership in the Digital Era – Building Agility Across the Organization'** was held on August 5, 2025, as a collaborative initiative of Diskus with PICG as knowledge partner. The session focused on organizational transformation and featured insightful discussions with subject-matter experts.
- b. PICG participated in **ICAP's Roundtable on 'Enhancing Governance of SOEs'**, as part of its conference on **'Building a Resilient Public Financial Management System'**, held on August 27, 2025, in Islamabad. The session brought together experts and policymakers to discuss the SOE Act, public sector governance reforms, ESG and sustainability in SOEs.
- c. PICG participated in the annual **Global Network of Director Institutes (GNDI) Annual Meeting 2025** 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.
- d. PICG presented a case study at the **'Orientation Session: ESG for Startups'** organized by the National Incubation Center Karachi, on September 30, 2025. The session highlighted the role of ESG best practices as a key driver of sustainable growth for startups.

ix. **PICGs Research & Surveys**

- a. During the period, PICG has published a survey on **'Corporate Governance Trends – Trends Shaping Corporate Governance in Pakistan'**.
- b. 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 the process of finalization.

Corporate Governance Advocacy Initiatives

During the year ended June 30, 2026, the Institute organized the following:

i. PICG & BSG Roundtable on Succession Planning in Family Business

Under the MoU, PICG and BSG held their first roundtable, “*Succession Planning in Family Business: Multigenerational Boards That Work*,” on January 29, 2026, bringing together family principals and business owners. The discussion highlighted succession risks in founder-led structures and emphasized family constitutions, clear role separation, merit-based succession, next-generation development, and structured conflict resolution. A Report on the key takeaways from the Roundtable is available at the link: [Report on 1st Family Business Roundtable](#)

ii. Shareholder Awareness Webinar Series: A total of 3 webinars were held during the year to facilitate capital market development through enhanced awareness of shareholders' rights and corporate governance practices affecting their investment decisions:

- a. **Webinar on ‘SECP’ Proposed Amendments to the Companies Act, 2017’** (February 17, 2026) – Mr. Shahzad Afzal Khan outlined key amendments with their rationale, while Commissioner SECP Mr. Muzzafar Ahmed Mirza appreciated participants’ valuable feedback. PICG submitted its comments on the proposed changes along with the comments received from the participants of the webinar, to SECP for its consideration.
- b. **Webinar on ‘Key Reporting & Disclosure Requirements – PSX Listing Regulations’** (March 05, 2026). The keynote speaker, Mr. Ajeet Kumar, Chief Regulatory Officer, Pakistan Stock Exchange, discussed significant regulatory requirements for listed companies including timely disclosures to PSX, shariah reporting, corporate briefing session, regulatory reforms and enforcement actions.
- c. **Webinar on ‘PSX Growth Enterprise Market (GEM) Board’** (June 30, 2026), provided insights into capital raising, growth opportunities for emerging enterprises, and key regulatory requirements. The Pakistan Stock Exchange’s, Head of Business Development & Listing, Mr. Abbas Syed Ahmad, was the keynote speaker.

Institute’s Operations

During the year, the Institute conducted 23 Director Training Programs (DTP), 16 conventional DTPs (comprising of 09 in-person, 07 online program, cumulatively training 262 directors); and 07 DTPs for State-Owned Enterprises (SOEs) (comprising 05 in-person and 02 online program, cumulatively training 78 directors), with standard and customer specific programs held in Karachi, Lahore and Islamabad.

Further, 10 Director Orientation Workshops (DOWs) were conducted for various sectors (including Banks, microfinance companies, oil and gas etc.) and 03 ‘Company Secretary Development programs were held. These sessions were designed to enhance governance standards by equipping directors and executives with critical regulatory knowledge and tailored sectoral insights.

Other customized workshops organized are as follows:

- o A series of three one-day **customized Governance and Internal Controls Workshop** was organized for Pak Suzuki Motor Company, attended by a total of 80 participants across all organizational levels, from senior management to operational staff.
- o A two-day **specialized Corporate Affairs workshop** was conducted for corporate secretarial staff of Mari Energies Limited. The workshop was attended by 14 participants, focusing on strengthening corporate affairs and secretarial practices.

- PICG launched its **ESG Executive Tracks** program in collaboration with seven leading partner organizations. The initiative offers a globally benchmarked curriculum of over 20 customizable courses, supported by AI-enabled selection tools. To date, 88 professionals from Pakistan and beyond, have engaged with various modules, with 36 earning the Certified ESG Professional designation—representing key sectors including banking, mining, oil & gas, automotive, state-owned enterprises, insurance and others
- PICG conducted 3 customized **ESG Stewardship Workshops** for EFU and PNSC, with 12 participants each, and ENGRO with 19 participants. In addition, 1 customized session on **ESG Materiality & Target Setting** was conducted for Gandhara, attended by 22 participants.
- The Institute conducted 43 **Board Evaluations** across diverse sectors, including banking, investment, microfinance, pharmaceuticals, FMCG, and insurance. This included a tailored Board Evaluation for a State-Owned Enterprise (SOE), aligned with the Directors Appointment and Evaluation Guidelines under the new SOE Act and Policy.
- PICG provided **Corporate Governance Advisory Services**, including the review and development of Board and Board Committee Terms of Reference and governance policies, such as Directors' Remuneration and ESG Policies. Sector-specific Board remuneration surveys and Board Skills Matrices were also developed to support clients in strengthening Board effectiveness, governance alignment and decision-making
- As of June 30, 2026, the Institute's total **membership** reached 147, comprising 05 Lifetime, 100 corporate members and 41 individual members and 01 Honorary member. The Institute also expanded its outreach during the year, with its LinkedIn following increasing by 44.8%, from nearly 11,000 to approximately 15,000 followers as compared to last year.
- The 1st ever **PICG Members' Handbook** was developed and published by the Institute. It celebrates the organizations and individuals that form its community and their contributions to advancing corporate governance and sustainable business practices in Pakistan. The Handbook showcases members' profiles, vision statements, leading ESG practices and initiatives, providing a platform for PICG to highlight and share their contributions, experiences and commitment to good governance, innovation, accountability, resilience and responsible business.
- The **PICG Independent Directors Databank** grew to 6,461 directors, up from 5,839 last year, reflecting an increase of 622 directors (10.7%). A key milestone achieved this year was reaching **1,000 women directors** in the Databank, celebrated by the first female director of the Databank presenting a memento to the 1,000th woman director. As of June 30, 2026, the databank comprises 1,038 women directors and 5,423 men directors, highlighting continued expansion of the pool of board-ready talent.

Financial Overview

- For the year ended June 30, 2026, the Institute recorded total revenue of PKR 202.69 million, reflecting a 21.41% increase over the prior year. This growth was primarily driven by a 44.12% rise in revenue from DTP, 28.39% rise in ESG track and 13% rise in board evaluation and advisory services. Accounts receivables were increased by 9.19 million, mainly because of the sponsorship amount receivable for the Director's Summit 2026. Despite inflationary pressures and economic uncertainty, the Board maintained disciplined financial oversight, containing the overall increase in expenditure to a modest 7.7%.
- Operating profit increased by Rs. 24.6 million, while profit before tax and net profit also increased

by 38.03% and 29.6%, respectively, supported by strong revenue growth and improved cost efficiency.

- Other income declined by 17.73%, largely due to a reduction in prevailing interest rates and because of shift in investment mix from debt securities and PIBs (accrual-based income) to mutual funds, where income is recognized only upon distribution.

Future Outlook

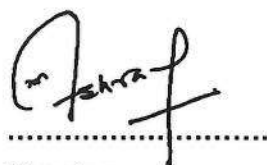
The Institute anticipates strong growth through tailored corporate governance advisory and capacity-building services aligned with the sector-specific needs of its clients. Engagement will be further strengthened through more frequent sector-specific roundtables, including family business governance, themed discussions, workshops on board and executive leadership, awareness webinars and focused dialogues on emerging regulatory and governance developments. PICG will also expand its Board evaluation services for Shariah Board, while deepening engagement with regulators, industry bodies, professional institutions, business leaders and other stakeholders to identify evolving governance needs and develop practical, sector-focused solutions.

PICG's flagship Director's Summit 2026 will now be held on September 10, 2026 (originally scheduled for April 30, 2026). Under the theme "*The Showcase: Your Leadership, and Your Impact*" PICG provides a platform to all stakeholders including directors, business leaders, regulators and senior executives to explore the evolving role of corporate boards in strengthening governance, resilience and long-term value creation. The Summit aims to equip boards to navigate economic uncertainty, technological disruption, cybersecurity, sustainability and succession challenges, while promoting agile, accountable and forward-looking leadership and highlighting emerging trends shaping Pakistan's corporate governance landscape.

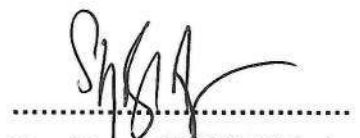
Looking ahead, the Institute is further strengthening its role in shaping the corporate governance landscape through innovative platforms and targeted advocacy, while supporting the effectiveness of both boards and shareholders.

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 for their continued support and collaboration.



Director



President/ CEO & Director

October 05, 2026



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Institute of Corporate Governance

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Institute of Corporate Governance (the Institute) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Institute. Our responsibility is to review whether the Statement of Compliance reflects the status of the Institute's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Institute's personnel and review of various documents prepared by the Institute to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Institute's corporate governance procedures and risks.

The Regulations require the Institute to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Institute's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Institute for the year ended June 30, 2026.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: October 6, 2026
UDIN: CR202610611fj6htlJq

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

For the year ended: June 30, 2026

This Statement is presented on a voluntary basis to benchmark the governance framework of the Pakistan Institute of Corporate Governance ("the Institute") against the principles and requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. While the Institute is not legally subject to the Regulations applicable to listed companies, the Board of Directors remains committed to promoting and adhering to leading corporate governance practices.

In furtherance of this commitment, the Board has undertaken an assessment of the Institute's governance framework against the relevant provisions of the Code issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Institute endeavors to comply with those provisions of the Code that are relevant and applicable to its nature, activities and operations, thereby fostering transparency, accountability and effective governance practices.

The company has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors is 10 as per the following:

- a. Male: 6
- b. Female: 4

2. The composition of the Board is as follows:

i. Independent directors: 4

- 1. Muhammad Ashraf Bawany
- 2. Ahsan Iqbal
- 3. Abdul Qadir Memon
- 4. Sadia Khan

ii. Non-executive directors (Nominee Directors of Founding Members): 5

- 1. Muhammad Akhtar Javed - State Bank of Pakistan
- 2. Musarat Jabeen - SECP
- 3. Dr. Fakhara Rizwan - Pakistan Stock Exchange
- 4. Saad Ur Rahman Khan - Pakistan Banks Association
- 5. Mir Muhammad Ali - Mutual Funds Association of Pakistan

iii. Executive director: 1

- 1. Shafaq Fauzil Azim (CEO)

iv. Female director: 4

- 1. Musarat Jabeen
- 2. Dr. Fakhara Rizwan
- 3. Shafaq Fauzil Azim
- 4. Sadia Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Institute has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholder as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board does not have a formal policy and transparent procedures for remuneration of directors as they work on a pro bono basis;
9. During the year orientation programs were held the two new directors elected on the board .It may also be noted that all the directors are certified directors from SECP recognized institutes;.
10. The Board has approved appointment of Chief Financial Officer, and Company Secretary , including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;

a) Audit Committee:

- Ahsan Iqbal
- Muhammad Akhtar Javed
- Dr. Fakhara Rizwan
- Saad Ur Rahman Khan
- Abdul Qadir Memon

b) HR and Remuneration Committee:

- Musarat Jabeen
- Muhammad Ashraf Bawany
- Dr. Fakhara Rizwan
- Shafaq Fauzil Azim

c) Research , Advocacy and Strategy Committee:

- Sadia Khan
- Musarat Jabeen
- Abdul Qadir Memon
- Mir Muhammad Ali
- Shafaq Fauzil Azim

d) Investment and Resource Mobilization Committee:

- Muhammad Akhtar Javed
- Saad Ur Rahman Khan
- Mir Muhammad Ali
- Ahsan Iqbal
- Shafaq Fauzil Azim

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

- a. **Audit Committee:** Quarterly (*4 meetings took place in the fiscal year*)
- b. **Human Resource, Remuneration & Nomination Committee:** As and when required (*1 meeting took place in the fiscal year*)
- b. **Investment, Resource Mobilization & Business Development Committee:** As and when required (*1 meeting took place in the fiscal year*)
- c. **Research Strategy & Advocacy Committee:** As and when required (*none*)

15. The Board has outsourced the internal audit function to BDO Pakistan, which possesses the requisite qualifications, experience and expertise to effectively perform the internal audit responsibilities. BDO Pakistan is also familiar with the Institute's operations, policies and procedures, enabling it to discharge the outsourced internal audit function in accordance with applicable requirements.

16. The statutory auditors of the Institute have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm engaged in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Institute.

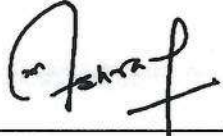
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No	Regulation No.	Requirement	Mandatory/non-mandatory	Explanation for not meeting requirements
1	Regulation 28(2)	The chairman of the Human resource committee shall be an independent director and the chief executive officer may be included as a member of the committee.	It is not a mandatory clause	Chair of the Human Resource, Remuneration and Nomination Committee, not being an Independent Director as per Regulation 28, owes to the Institute's commitment to having a woman chair for gender balance in committee leadership which was deemed more important by the Board.

On behalf of the Board



 Muhammad Ashraf Bawany
 Chairman



 Shafaq Fauzil Azim
 President/ CEO

Date: October 05, 2026

Chairman's Review

FY 2025-26

On behalf of the Board of Directors, I am pleased to present the annual review of the Pakistan Institute of Corporate Governance (PICG) for the financial year 2025-26.

The global and domestic business environment remained challenging, shaped by geopolitical tensions, economic uncertainty, climate-related risks and rapid technological disruption. At the same time, heightened expectations around sustainability, transparency, cybersecurity, artificial intelligence (AI) and stakeholder engagement are reshaping the role of corporate Boards. These developments reinforce the importance of agile, resilient and forward-looking governance to enable organizations to manage emerging risks, seize opportunities and create sustainable long-term value.

Against this backdrop, PICG continued to broaden and deepen its contribution to governance excellence. The year under review marked further progress in strengthening the Institute's role within Pakistan's corporate governance ecosystem. PICG expanded its role beyond traditional governance training by introducing new initiatives in AI and technology governance, ESG and sustainability, shareholder awareness, family business governance, research and thought leadership, while further strengthening its established Director Training, Board Evaluation and Advisory Services.

These initiatives reflect PICG's commitment to equipping Boards and business leaders with the capabilities, knowledge and insights required to navigate an increasingly complex and dynamic governance landscape. The Institute also continued to deepen its engagement with professional institutions, business leaders and international governance networks.

BOARD

The year witnessed a leadership transition following the sad demise of our former Chairperson, Dr. Shamshad Akhtar, in December 2025. An eminent economist and policymaker, she left a lasting mark on Pakistan's economic and institutional development and brought to PICG exceptional leadership. At the Directors' Summit 2026, PICG recognised her distinguished legacy and commitment to public service by presenting a Tribute to her family and naming a commemorative plaque in her honor. Her vision and leadership will continue to inspire PICG and the wider governance community.

After her demise, I was honored to assume the Chairmanship of the Board with effect from January 7, 2026.

The Board also welcomed Ms. Sadia Khan as an Independent Director to fill the resulting casual vacancy. Mr. Abdul Qadir Memon also joined the Board as an Independent Director to fill the casual vacancy arising from the resignation of Mr. Kaiser Haneef Naseem.

The Board remains committed to providing strategic direction, ensuring continuity and strengthening the institutional foundations necessary to advance PICG's mission and objectives.

BUSINESS ACTIVITY

Strengthening PICG's Institutional Leadership

During 2025-26, the Board remained focused on strengthening PICG's institutional position, relevance and long-term impact. I am pleased to note that the Institute achieved its highest-ever financial performance alongside a significant expansion in its outreach and stakeholder engagement through webinars, roundtables and thought-leadership publications. These platforms enabled PICG to engage a wider cross-section of the governance community, share knowledge, and reinforce its role in advancing better governance practices across Pakistan.

Under the Board's strategic oversight, PICG further strengthened its position as a trusted governance and advisory institution, supporting improvements in Board effectiveness, accountability and decision-making through targeted governance advisory assignments. We also maintained a strong focus on ESG, sustainability and other emerging governance priorities. The 2nd ESG for Pakistan Conference brought together regulators, experts and stakeholders to advance the national dialogue on ESG integration and its relevance to Pakistan's corporate sector.

New initiatives aimed at building capacity in AI-enabled productivity, smart strategic decision-making and boardroom intelligence further positioned PICG to respond to the evolving demands placed on Boards and senior leadership.

The launch of the Shareholder Agahi Portal, in collaboration with CDC, was an important step towards strengthening shareholder awareness, engagement and access to relevant corporate information. PICG also continued to contribute constructively to regulatory dialogue, including by providing stakeholder feedback to the Securities and Exchange Commission of Pakistan (SECP) on proposed amendments to the Companies Act, 2017.

The Board remains equally committed to strengthening PICG's thought leadership and influence. Our engagement with international governance networks, including the Global Network of

Director Institutes (GNDI), has enhanced PICG's contribution to the wider governance ecosystem and enabled greater exposure to international practices and perspectives.

Our growing reach is equally encouraging, reflected in increasing membership, greater visibility across digital and social media platforms, and expanding engagement with stakeholders. We also celebrated the significant milestone of crossing 1,000 women on PICG's Independent Databank, further strengthening the pool of qualified women available for Board and leadership opportunities.

As Chairman, I view these achievements not simply as indicators of growth, but as evidence of PICG's growing institutional impact and leadership in advancing corporate governance in Pakistan.

FINANCE

Under the Board's strong and disciplined oversight, PICG achieved its highest-ever revenue growth of 21.41%, while expenditure increased by only 7.7%, resulting in a 29.6% increase in net profit.

As Chairman, I remained focused on financial discipline, sustainable growth and prudent stewardship of the Institute's resources, supported very ably by the Board Committees. The appointment of a new Chief Financial Officer further reinforced our financial controls, reporting integrity and accountability.

The Board affirms that the Financial Statements present a fair, balanced and transparent view of the Institute's financial position and performance. The Board remains committed to maintaining high standards of financial governance, accountability and responsible stewardship of PICG's resources.

OUTLOOK

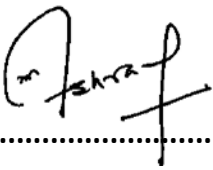
Looking ahead, the Board will continue to provide clear strategic direction to further strengthen PICG's contribution to Pakistan's corporate governance landscape.

Our priorities will include scaling high-impact governance advisory and capacity-building programs, deepening sector-specific dialogue, and strengthening our programs in leadership, family business governance and emerging areas of governance.

The Directors' Summit 2026, held under the theme "*The Showcase: Your Leadership, Your Impact,*" further positioned PICG as a platform for practical boardroom insights and meaningful dialogue on technology, cybersecurity, sustainability, succession, leadership and economic resilience.

Going forward, the Board remains committed to ensuring that PICG continues to set higher governance standards, bring leading international and regional governance practices to Pakistan through its programmes and advisory work, shape the national governance agenda, and deliver measurable impact.

Our ultimate objective is clear: to strengthen Boards, build stronger institutions and contribute to a more resilient, responsible and prosperous business environment in Pakistan.



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Muhammad Ashraf Bawany
Chairman

**Grant Thornton Anjum
Rahman**

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Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

T +92 21 35672951-56

BAS/C992/26/1002

02 October 2026

The Board of Directors (the Board)
Pakistan Institute of Corporate Governance (the Institute)
Karachi

CONSENT TO ACT AS STATUTORY AUDITORS

Dear Board Members

We are pleased to confirm our willingness to act as the statutory auditors of the Institute for the year ending 30 June 2027.

Yours sincerely

