PICG
Pakistan Institute of Corporate Governance

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

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the quarter ended September 30, 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[1]	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 & Risk Management Committee

i.	Mr. Ahsan Iqbal	(Independent Chairman)
ii.	Mr. Abdul Qadir Memon	(Independent Director)
iii.	Dr. Fakhara Rizwan	(Non-executive Director)
iv.	Mr. Muhammad Akhtar Javed	(Non-executive Director)
v.	Mr. Saad Ur Rahman Khan[1]	(Non-executive Director)

[1] *Mr. Saad Ur Rahman Khan resigned from the Board on September 30, 2026.*

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Human Resource, Remuneration & Nomination Committee

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

Investment, Resource Mobilization & Business Development Committee

i.	Mr. Muhammad Akhtar Javed	(Non-executive Chairman)
ii.	Mr. Saad Ur Rahman Khan[2]	(Non-executive Director)
iii.	Mr. Mir Muhammad Ali	(Non-executive Director)
iv.	Mr. Ahsan Iqbal	(Independent Director)
v.	Ms. Shafaq Fauzil Azim	(Executive Director)

Research, Strategy & Advocacy Committee

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

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

Highlights

During the quarter under review, the Institute delivered strong financial performance, with operating revenue increasing by 42.69% to Rs. 56.46 million. The Institute recorded an operating surplus of Rs. 5.92 million and other income of Rs. 7.15 million, resulting in a net profit of Rs. 13 million.

Key activities during the period include:

i. **MOU signed between PICG–Bahria University Islamabad** on Jul 22, 2026, to advance executive education, corporate governance, and professional development through joint training programs, knowledge exchange, and capacity-building initiatives.

ii. **Collaborative Initiatives:**

   a. PICG, in collaboration with 10Pearls Pakistan, hosted an exclusive roundtable on **"Pakistan's Insurance Inflection Point: *Building an AI-Native Path to Growth*"** on August 5, 2026, bringing together CEOs and C-suite leaders from Pakistan's Life, General and Takaful insurance sectors to discuss regulatory and operational challenges, growth opportunities, and the role of AI and digital transformation in enhancing industry competitiveness. The roundtable's discussions have been summarized into a *White Paper*, outlining strategic

[2] *Mr. Saad Ur Rahman Khan resigned from the Board on September 30, 2026.*

priorities for overcoming industry challenges, accelerating AI adoption, and building a more agile, resilient and customer-centric insurance ecosystem. The White paper is available at the following link: Pakistans-Insurance-Inflection-Point-WhitePaper

b. **2nd Family Business Roundtable:** was conducted on the theme ***'Elevating Family Business Governance: From Control to Institutional Continuity'*** virtually on Jul 7, 2026, in collaboration with IBA Centre for Executive Education (IBA CEE) & BSG Leadership. The roundtable emphasized the importance of a family constitution, clearly defined roles, merit-based leadership, effective conflict resolution and structured succession planning. Informed by a pre-event survey, the discussion highlighted how robust governance and a long-term stewardship mindset can strengthen family enterprise continuity and ensure sustainable, intergenerational success. A Roundtable Report based on survey feedback received from session participants is available at the link: Report on 2nd Family Business Roundtable

c. **3rd Family Business Governance Roundtable - *'The Missing Seat: Women, Governance & the Future of Family Enterprise'*** was organized by PICG on August 11, 2026, at IBA, in collaboration with the BSG Leadership and IBA CEE. Discussions highlighted women's representation in business leadership, regulatory initiatives, merit-based succession, next-generation readiness and inclusive governance. Drawing on pre-event survey findings, the dialogue emphasized that women's participation is a governance and business continuity imperative, strengthening decision-making, resilience and long-term value creation across generations.

d. PICG participated in the annual **Global Network of Director Institutes (GNDI) Annual Meeting 2026 and Latin American Summit 2026** held in Argentina from August 18-21, 2026. The event brought together global governance leaders to exchange insights on emerging governance trends, board effectiveness, sustainability, and technology and AI governance, and the challenges of navigating complex business environments. PICG's CEO represented the Institute in a panel on *"Integration of Talent and Board Governance"* and an interactive corner on *"Crisis, Reputation, Trust, and Transparency"*. The event provided valuable learning opportunities, facilitated international collaboration and promoted the sharing of best practices to strengthen corporate governance.

iii. PICG launched its fourth quarterly **Corporate Governance Highlights** for the quarter April - June 2026 covering key local regulatory and international corporate governance developments, along with updates from PICG.

Institute's Operations

During the quarter, the Institute conducted 4 Director Training Programs (DTP) (comprising of 2 in-person and 2 online programs cumulatively training 77 directors) and 1 DTP for State-Owned Enterprises (SOEs) cumulatively training 6 directors, and 1 Director Orientation Workshop (DOW) for Bank Alfalah Shariah Board with 7 participants. Further, the Institute conducted two Board Evaluations, covering organizations in the capital markets and automotive sectors.

Workshops: the following workshops and programs were organized during the quarter:

- **Workshop on Workplace Harassment** was held on August 11, 2026, at PICG.
- **Sustainability Reporting Masterclass:** PICG has organized its second cohort of "*Sustainability Reporting Masterclass*" on August 18, 2026. The workshop covered compliance and strategic aspects of sustainability disclosures.

- **ESG Executive Tracks program:** During the quarter 27 professionals attended various modules of ESG Tracks, and 11 earned the Certified ESG Professional designation—representing key sectors including oil & gas, manufacturing, services and others.

- As of September 30, 2026, the **Institute's membership** reached 149 from 138 in the same quarter LY, comprising 101 Corporate members, 42 Individual members, 05 Lifetime members and 01 Honorary member.
- The PICG **Independent Directors Databank** grew to 6,669 directors, as of September 30, 2026, compared with 5,970 in the corresponding period last year, representing an increase of 699 directors. The databank comprises 1,085 women and 5,584 men, reflecting the continued expansion of Pakistan's pool of board-ready talent.
- The Institute also expanded its outreach, with its **LinkedIn followers** reaching over 17,0000 with addition of 2,293 followers in Q1 FY26-27, up 171% as compared to similar period of last year.

Finance

- During the quarter, total revenue grew by 42.7% to Rs. 56.88 million, compared with Rs. 39.86 million in the corresponding quarter last year. The successful launch of the Directors' Summit generated revenue of Rs. 20.47 million, with a net contribution of Rs. 5.24 million after direct costs of Rs. 15.23 million.
- Revenue from core services amounted to Rs. 36.40 million, with the Directors' Training Program remaining the largest contributor at Rs. 24.94 million, reflecting growth of 2.4%. Additionally, revenue from ESG Executive Track more than tripled to Rs. 3.08 million, compared with Rs. 0.85 million in the corresponding period last year.
- The Institute reported an operating surplus of Rs. 5.92 million for the quarter. Other income, primarily from investments, increased by 15.4% to Rs. 7.15 million, resulting in an overall surplus of Rs. 13.07 million for the period.

Auditors

We extend our sincere appreciation to A.F. Ferguson & Co., Chartered Accountants, a member firm of the PwC network, for their professional services and contribution as PICG's external auditors over the completion of their five-year statutory term.

On the recommendation of the Board Audit & Risk Management Committee, the Board has recommended the appointment of Grant Thornton Anjum Rahman, Chartered Accountants, as the Institute's external auditors for the financial year ending June 30, 2027, at an annual audit fee of PKR 550,000, subject to approval by PICG's Members at the 22nd Annual General Meeting scheduled for October 27, 2026.

We also acknowledge and appreciate the continued professional support of BDO Ebrahim & Co., who serve as the Institute's Internal Auditors, RSM Pakistan as our tax consultants and Muhammad Faran Khan_as our legal advisor.

Future Outlook

Looking ahead, PICG aims to strengthen its role in advancing corporate governance excellence through tailored advisory, capacity-building and targeted advocacy initiatives that respond to evolving sectoral needs. Key priorities include expanding sector-specific roundtables on governance initiatives, challenges and way forward; delivering workshops on board and executive leadership and conducting

thematic discussions and awareness webinars on emerging regulatory and governance developments.

The Institute will also seek to expand its Board evaluation services to Shariah Boards and State-Owned Enterprises and develop practical, sector-focused solutions in collaboration with regulators, industry associations, professional institutions and business leaders. Progress will be measured through growth in advisory assignments, training outreach, sector-specific programs, institutional collaborations and the implementation of governance recommendations. These initiatives will support improved board effectiveness, more informed shareholder participation and stronger governance practices across Pakistan's corporate sector.

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.

Director

President/ CEO & Director

October 27, 2026