



GOVERNANCE WITH
SOCIAL IMPACT

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Governance with Social Impact - the future of corporate progress

Young people take action on environmental issues as a matter of course – the same way we breathe. But we need all generations on board.

Akira Sakano
World Economic Forum
Global Shaker, Chair of
the Board of Directors,
Zero Waste Academy,
Japan & part of the
Global Shapers
Community

“CONTRIBUTE
TO SOCIETY,
OR RISK
LOSING OUR
SUPPORT.”

BlackRock
Global Investment
Management
Company

“IT’S NOT AN
INVESTMENT
IF IT’S
DESTROYING
THE PLANET.”

Dr Vandana Shiva
Scholar, Environmental
Activist (Source: 350.org)

“The value at
stake from
sustainability
concerns can
be as high as
70% of earnings
before interest,
taxes,
depreciation,
and
amortization.”

McKinsey
Global Management
Consulting Firm

“Wealthy
millennials are almost
twice as likely as their
grandparents to
regard their
investments as a way
to express social,
political, or
environmental values,
and nearly
three-quarters of
millennials believe
that it is possible to
realize market-rate
returns investing in
companies based on
their social or
environmental
impact. These
opinions matter.
Millennials are poised
to share in the largest
intergenerational
wealth transfer in
human history.”

(Source: U.S. Trust Insights on
Wealth and Worth, Bank of
America Private Wealth
Management)

“The Apologetic
Era is about
restoring. Restoring
confidence.
Restoring trust.
Restoring health.
Restoring faith.
Restoring hope,
mission, quality, and
accountability. It’s
about restoring
transparency and
compassion.”

Dale Partridge, Author
(Source: People Over Profit:
Break the System, Live with
Purpose, Be More Successful)

THE
GREATEST
THREAT TO
OUR PLANET
IS THAT
SOMEONE
ELSE WILL
SAVE IT.

Robert Swan
Historian, Explorer,
Activist

“WHAT GETS
MEASURED
GETS DONE.”

Michael LeBoeuf
Business Author, Former
Management Professor
University of New Orleans
(Source: The Greatest
Management Principles in
the World)

“What
people have
the capacity to
choose, they
have the ability
to change.”

Madeleine Albright
Politician, Diplomat, First
Female United States
Secretary of State

“ALWAYS DO
RIGHT. THIS WILL
GRATIFY SOME
PEOPLE AND
ASTONISH THE
REST.”

Mark Twain
Writer, Humorist, Entrepreneur,
Publisher, Lecturer

“COMPANIES
WITH THEIR EYE
ON THEIR
'TRIPLE-BOTTOM-
LINE'
OUTPERFORM
THEIR LESS
FASTIDIOUS
PEERS ON THE
STOCK MARKET.”

(Source: The Economist)



VISION

PICG envisions becoming the leading provider of knowledge on corporate governance best practices for all key stakeholders involved in or affected by corporate governance, with the objective of bringing about national economic and social transformations by improving the quality of corporate governance in Pakistan.

COMPANY INFORMATION

COMPANY INFORMATION

Board of Directors

Mr. Riyaz T. Chinoy
Mr. Ahsan Jamil*
Dr. Shamshad Akhtar
Mr. Muhammad Ashraf Bawany
Mr. Yousaf Hussain
Mr. Aqeel Ahmed Nasir
Ms. Saima Kamila Khan
Mr. Faisal Akhtar
Mr. Abid Hussain
Dr. Inayat Hussain
Ms. Maheen Rahman
Mr. Ashfaq Yousuf Tola
Dr. Farrukh Iqbal
Mr. Zubair Farid Tufail
Mr. You Hang

Chairman and Independent Director
President & CEO and Executive Director
Independent Director
Independent Director
Independent Director
Independent Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director

Chief Operating Officer

Arjumand Ahmed Shah

Company Secretary

Rana Mustansir

Chief Financial Officer

Sajid Siddiqui

Audit Committee

Mr. Muhammad Ashraf Bawany - Independent Chair
Mr. Ashfaq Yousuf Tola
Mr. Faisal Akhtar
Dr. Farrukh Iqbal

Human Resource & Remuneration Committee

Mr. Yousaf Hussain - Independent Chair
Mr. Abid Hussain
Dr. Inayat Hussain
Mr. Riyaz T. Chinoy
Mr. Ahsan Jamil

Investment Committee

Ms. Maheen Rahman - Non Executive Chair
Mr. You Hang
Mr. Zubair Farid Tufail

Nomination Committee**

Mr. Riyaz T. Chinoy - Independent Chair
Dr. Shamshad Akhtar
Mr. Yousaf Hussain
Mr. Ahsan Jamil

In-House Legal Counsel

Arjumand Ahmed Shah

Bankers

Faysal Bank Limited

External Auditors

EY Ford Rhodes

Internal Auditors

BDO Ebrahim & Co Chartered Accountants

Registered Office

Suite 316, The Forum Clifton, Karachi 75600
Phone: +92-21-35306673-4
Fax: +92-21-35306672

Website

www.picg.org.pk

** Functional from Q1 FY 2020-21

* In their meeting held on July 11, 2020, the Board of Directors resolved to appoint Mr. Ahsan Jamil as the new President & CEO of PICG. Mr. Ahsan Jamil took over as President & CEO with effect from July 16, 2020. During a brief transition period covering Q3 and Q4, Ms. Arjumand Ahmed Shah had been assigned the additional role of Acting CEO of the Institute.

BOARD OF DIRECTORS



RIYAZ T. CHINO

Chairman and Independent Director



AHSAN JAMIL

President & CEO and Executive Director



DR. SHAMSHAD AKHTAR

Independent Director



MUHAMMAD ASHRAF BAWANY

Independent Director



YOUSAF HUSSAIN

Independent Director



AQEEL A. NASIR

Independent Director



SAIMA KAMILA KHAN

Independent Director



FAISAL AKHTAR

Non Executive Director



ABID HUSSAIN

Non Executive Director



DR. INAYAT HUSSAIN

Non Executive Director



MAHEEN RAHMAN

Non Executive Director



ASHFAQ YOUSUF TOLA

Non Executive Director



DR. FARRUKH IQBAL

Non Executive Director



ZUBAIR F. TUFAIL

Non Executive Director



YOU HANG

Non Executive Director



**OUR
MEMBERS**

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

LIST OF MEMBERS

1. A.F.Ferguson & Co.
2. Abbott Laboratories (Pakistan) Limited
3. ACCA Pakistan
4. Acumen Fund Pakistan
5. Adamjee Insurance Company Limited
6. Afzaal Latif Malik
7. Ahsan Mustafa Bajwa
8. AkzoNobel Pakistan Limited
9. Al Shaheer corporation Limited
10. Allied Bank Limited
11. Ali Akbar Abdullah
12. Archroma Pakistan Limited
13. Arif Habib Corporation Limited
14. Arshad Mirza
15. Askari Bank Limited
16. Attock Cement Pakistan Limited
17. Attock Refinery Limited
18. Ava Ardeshir Cowasjee
19. Bank Alfalah Limited
20. Bank Islami
21. BASF Chemicals & Polymers Pakistan (Private) Limited
22. Bushra Naz Malik
23. Byco Petroleum Pakistan Limited
24. Central Depository Company of Pakistan Limited
25. Crescent Steel and Allied Products Limited
26. Dawood Hercules Corporation Limited
27. Deloitte Yousuf Adil Chartered Accountants
28. Descon Engineering Limited
29. EFU General Insurance Limited
30. EFU Life Assurance Limited
31. Engro Corporation Limited
32. Engro Polymer & Chemicals Limited
33. Engro Vopak Terminal Limited
34. Ernst & Young Ford Rhodes Sidat Hyder
35. Faisal Qureshi
36. Faysal Bank Limited
37. Feroze 1888 Mills Limited
38. Habib Bank Limited
39. Habib Metropolitan Bank Limited
40. Hi-Tech Lubricants Limited
41. Hum Network Limited
42. ICI Pakistan Limited
43. IGI Insurance Limited

45. Indus Motor Company Limited
46. Institute of Business Administration Karachi
47. Institute of Business Management
48. Institute of Chartered Accountants of Pakistan
49. Institute of Cost and Management Accountants of Pakistan
50. International Industries Limited
51. Irfan Ali Hyder
52. Jan Ali Khan Junejo
53. Jawwad Shekha
54. Kalim-ur-Rahman
55. Kansai Paint (Private) Limited
56. K-Electric Limited
57. Khyber Tobacco Company Limited
58. Kot Addu Power Company Limited
59. KPMG Taseer Hadi & Co Chartered Accountants
60. Lahore University of Management Sciences
61. Lotte Chemical Pakistan Limited
62. Lucky Cement Limited
63. Macpac Films Limited
64. Magnus Investment Advisors Limited
65. Management Association of Pakistan
66. Marie Stopes Society
67. Meezan Bank Limited
68. Mohsin Safdar
69. M.R. Monem
70. Muhammad Ali Yazdani
71. Murree Brewery Company Limited
72. Mutual Funds Association of Pakistan
73. Nadeem Ahmed Jeday
74. National Bank of Pakistan
75. National Foods Limited
76. National Investment Trust
77. NBF & Modaraba Association of Pakistan (Not-For-Profit)
78. Oil and Gas Development Company Limited
79. Overseas Investors Chamber of Commerce & Industry
80. Packages Limited
81. Pakarab Fertilizers Limited
82. Pak Qatar Family Takaful Limited
83. Pakistan Banks Association
84. Pakistan Cables Limited
85. Pakistan Industrial Development Corporation
86. Pakistan International Airlines Corporation Limited
87. Pakistan International Container Terminal Limited

91. Pakistan Oxygen Limited
92. Pakistan Petroleum Limited
93. Pakistan Poverty Alleviation Fund (Not-For-Profit)
94. Pakistan Refinery Limited
95. Pakistan Revenue Automation (Pvt) Limited
96. Pakistan State Oil Company Limited
97. Pakistan Stock Exchange
98. Philips Pakistan Limited
99. Saif Ali Rastgar
100. Saifuddin N.Zoomkawala
101. Salah Uddin
102. Samba Bank Limited
103. Sanofi Aventis Pakistan Limited
104. Saqib Cheema
105. Shahzad Sarwar
106. Shakailb Arif
107. Shamsul Islam
108. Shell Pakistan Limited
109. Shield Corporation Limited
110. Siemens Pakistan Engineering Co. Limited
111. Sindh Transmission and Dispatch Company (Pvt) Limited
112. Soneri Bank Limited
113. SSGC LPG (Private) Limited
114. Standard Chartered Bank (Pakistan) Limited
115. State Bank of Pakistan
116. State Life Insurance Corporation of Pakistan
117. Sui Northern Gas Pipelines Limited
118. Sukkur IBA University
119. Sui Southern Gas Company Limited
120. Syed Hassan Imam Gardezi
121. Systems Limited
122. Tajamal Hussain Shah
123. Thal Limited
124. The Bank of Punjab
125. The Federation of Pakistan Chambers of Commerce & Industry
126. The General Tyre and Rubber Company of Pakistan Limited
127. The Hub Power Company Limited
128. The Institute of Corporate Secretaries of Pakistan
129. The Insurance Association of Pakistan
130. The Securities & Exchange Commission of Pakistan
131. Tri-Pack Films Limited
132. Unilever Pakistan Foods Limited
133. United Bank Limited
134. Vellani & Vellani
135. Yacoob Suttar
136. Yousuf Hussain Mirza
137. ZIL Limited
138. Zulfiqar Alam



**INTERVIEW WITH
DR. SHAMSHAD
AKHTAR**

GOVERNANCE WITH A BIG G!

DR. SHAMSHAD AKHTAR ON JOINING THE PICG BOARD



Our esteemed Board Member, former Governor of the Central Bank of Pakistan, the first woman to assume this position, and Interim Finance, Economy and Planning Minister. In her capacity as Governor, Dr. Akhtar was also the Chairperson of the Central Bank Board and its affiliates, as well as a Governor of the IMF. Dr. Akhtar has a long and distinguished career with multilaterals rising within the ranks of ADB to Director General, in the World Bank to serve as Vice President Middle East and North Africa, and at the UN as Undersecretary General.

She won two consecutive awards as Asia's Best Central Bank Governor from Emerging Markets and from the Banker's Trust. In 2008, The Wall Street Journal Asia recognized her as one of Asia's top ten professional women.

Q. What motivated you to join the PICG Board? How do you think you might be able to lend impetus to its mission ?

SA: Generally, I have for years advocated good governance both at the economy and corporate level. Good governance enhances growth and its quality as well as promotes inclusiveness, efficiency and equity. At the same time good corporate governance enhances shareholders' and other stakeholders' value. PICG, a nonprofit organization, is geared to support Pakistani companies in building their capacities to enhance corporate governance. This mission resonates with me as it is crucial for our country to have large and small corporates lift the productive capacities and generate the needed job creation.

I propose to work collectively with other Board members and the team of PICG to enhance the scale and quality of PICG services. PICG needs to lift its game not only to reach out to all corners of Pakistan, but to ensure it offers best practice guidance to corporates in all critical areas ranging from promoting fairness and transparency to effective management of finance and high quality audit etc.

Joining the PICG Board has provided me with an excellent opportunity to support an Institute working towards a cause that I am passionate about – good governance. It offers me the chance to provide my financial, nonprofit sector, and sustainable development expertise to an organization that really wants to make a difference through the entire governance ecosystem in Pakistan. Serving on a not for profit board can be a uniquely rewarding experience.

Q. What, in your view, are the best business benefits of good governance practices? How can PICG act as an enabler for these practices?

SA: Pakistan's corporates have great potential but strengthening governance generates value creation, innovation and improved risk management with large stakeholder benefits going beyond shareholders to customers and employees and those involved in a company's value chain. As a partner in development PICG has to further nurture newer value proposition.

PICG's capacity should be enhanced not only for training, but as a research and development institute which serves to analyze the corporate governance practices in the country and ensure its findings are incorporated in the programs offered by PICG. The Institute should serve as the focal point on policy consultations between the private sector, government, and regulators.

PICG has to promote certain policy areas and directions that contribute to company and societal benefits. Among others it should advocate: enhanced focus on the environmental, social, governance (ESG) sphere, entrepreneurship through SME training, particularly for women led SMEs, and play an active role in inclusion to close the gender gap, particularly towards the financial and digital inclusion of women and girls. The implementation of training and awareness programs is essential to shaping gender equality perspectives in the workplace.

Under the umbrella of PICG, stronger endeavors need to be launched to promote women on boards and gender diversity by creating regional and global 'partnerships' - which also happen to be a focus area of the SDGs through SDG 17. As chair of the board of Karandaaz Pakistan, I am proud that this institution has been a role model in promoting gender within the institution as well as promoting women entrepreneurship. This year Karandaaz launched a new financing program called 'Women Ventures' to improve access to finance for women-led businesses. I think we can use PICG platform to raise awareness of these cross-cutting themes so other corporates enhance their gender inclusion.

On ESG, we must create alignment between the government, regulators, and academia to attract the growing volume of global capital that is hugely attracted to ESG practicing companies. Particularly, PICG's efforts to co-create and promote an ESG Index will move the needle on public companies' potential to bid for global asset allocations.

A partnership with regulators is critical to support enhancement in their regulatory frameworks for financial institutions to lift ESG and UN SDGs and climate risk resilience ambitions to leverage better development outcomes.

Q. What does success for PICG look like to you?

SA: PICG ought to groom itself as a role model knowledge based institution which draws on its learning from global practices and its clients and deploys the emerging learning and thinking to inform corporates. Knowledge, information, education and effective communication can play a vital role in capacity building. We need to translate this knowledge into concrete action for corporates that takes environmental, social, governance (ESG), and gender considerations into account.

Our Vision at PICG should be to uplift PICG as a Center of Excellence (CoE) in corporate governance. To become a Center of Excellence the Institute should have a set of clearly defined guiding principles to establish and successfully evolve as a CoE. PICG should promote harmonization and standardization. CoE must learn to leverage its knowledge and human capital assets, learn to measure performance, and to develop subject matter experts. Our faculty should be master trainers in their respective fields.

Most importantly, PICG's thought leadership on corporate governance and ESG, strategy and risk, diversity on boards and the Institute's capability for creating partnerships for 'Governance with Social Impact' agenda can create significant shifts in the way business thinks and acts.

Q. The past few years have seen the world go through a period of inexorable change, where issues such as ESG have dominated. What are some of the greatest focus points that have emerged?

SA: Covid-19 pandemic shook the financial markets initially but regained strength. Post pandemic recovery, as being globally advocated, has to be a green and sustainable recovery. Massive investment funds have floated ESG and green bonds that will be deployed for future sustainable and green development. European sustainable funds continued to record strong inflows in excess of €20 billion while traditional equity markets experienced outflows.

What is causing this change? Firstly, worldwide investors and corporates are becoming increasingly aware of the benefits of ESG. Companies are recognizing the ESG value proposition.

Investors also have reason to believe that companies that demonstrate their awareness and adhere to ESG principles are more likely to have higher standards of corporate governance, which translates to improved resilience in adverse economic conditions. Institutional investors and stock markets are recognizing the value of ESG compliant companies and more and more the investors will cherry pick shares of such companies.

Alongside growing demand from investors, sustainability issues are being prioritized at the highest level. The United Nations' Sustainable Development Goals are described as a 'blueprint to achieve a better and more sustainable future for all'.

The largest asset manager in the world, BlackRock, this year called for CEOs to disclose more clearly how they are managing sustainability and warned that companies who do not respond to sustainability risk will be on the losing side of a significant reallocation of capital. Several Citi initiatives are underway to promote urban sustainable development etc.

This has led to all global investment funds taking an ESG approach, especially sustainable financing which adheres to ESG standards. We have to join this momentum at even the most basic levels of implementation, or we will be left behind.

Q. What do you think are good measures of socio-economic success factors in Pakistan?

SA: The Asia-Pacific region's high economic and export led growth supported by human capital build up and technology is a model for development. United Nations Economic and Social Commission for Asia and the Pacific's (ESCAP) flagship report, Economic and Social Survey of Asia and the Pacific 2017 advocated effective governance and an adjoining piece of equity as critical for the quality of economic growth.

Pakistan has to focus on promoting the traditional 'success factors' such as education, high investment and savings rates. Macroeconomic stability, effective institutions and high class governance, in both public and private spheres plus a policy focus to address rising social inequalities both of income and services and environmental degradation.

For Pakistan, development encompasses improved access to health care, education, water and energy and overall reduction in the number of people living in extreme poverty. The South Asian region is facing significant demographic shifts, rural-urban transitions, technological advances, inequality and most of all climate change.

We have recently witnessed how intense monsoon rains disrupted lives and infrastructure in Karachi which is Pakistan's economic hub. Across the region, sustainability is of paramount significance with focus on resource efficiency and use, harmony with nature and biodiversity to push for environmental sustainability - all of these elements are central to the sustainable development agenda. Increasing energy and water efficiency is also critical for balanced and sustainable growth and development.

Q. You are an advocate for diversity in boardrooms. What value do you think gender diversity brings to an organization?

SA: My advocacy is based on facts. Women's participation has potential to raise economic growth with substantial development dividends. Studies have shown that women seek ways to challenge dominant opinions, and can contribute creatively to board discussions. Further, there is research to prove that in financial institutions with more women there is less fraud. Women are also more likely to raise controversial issues and represent the concerns of a variety of stakeholders. This leads to women rising up for issues like inclusivity and social responsibility.

Their addition to boards just makes more sense. We welcome the regulator's steps to encourage, as a minimum, one woman on corporate boards. To its credit, Asia has promoted much higher proportion of women on their corporate boards.

Women's induction on boards has the potential to catalyze substantial change: greater care for ethics, greater concern for risk management, and greater attention to sustainability. This will translate into the broader change we all want to see in our society that emanates from equality for all, respect for women's rights which will culminate in women's economic empowerment and their social progress.

Q. What is the change you would like to see in Pakistan's corporate world in the next 10 years and is it really possible?

SA: I am a firm believer in institutional capacity building. Capacity building is much more than the transfer of knowledge and skills to individuals. Effective capacity building also improves the performance of the organization itself. Technical assistance is unlikely to translate into stronger performance unless individuals and organizations have the skills and knowledge to execute their mandates.

Ultimately, at both the individual and institutional levels, improved knowledge, skills, resources and working conditions lead to improvements in the performance of key initiatives across a broad range of sectors and issues.

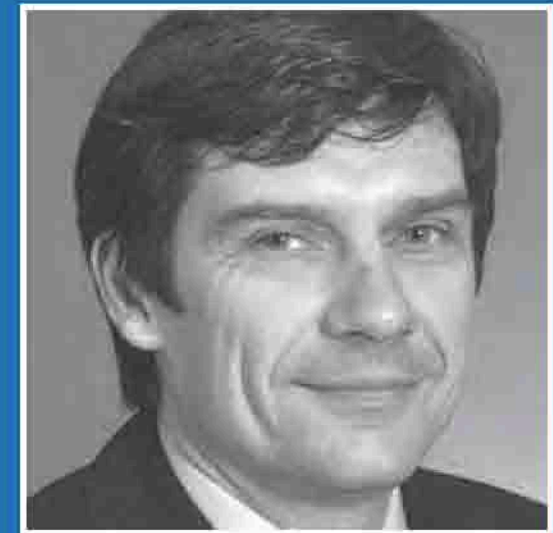
In Pakistan, a sound corporate governance regulatory framework has helped to establish a climate characterized by competitive companies. This owes itself to the Boards and senior management of these companies who have understood and adopted the value addition of corporate governance to their productivity and competitiveness.

I would like to see this trend continuing and enhancing beyond publicly listed companies and into family business, small and medium sized enterprises, and startups.



**PICG SERVICE
OFFERINGS**





INTERVIEW WITH PROFESSOR OLAF WEBER

PROFESSOR OLAF WEBER ON ESG PRACTICE - A PORTAL TO INTERNATIONAL CAPITAL



Research chair sustainable finance and professor School of Environment, Enterprise and Development, University of Waterloo. His research focuses on the impacts of the financial industry on sustainable development, the role of voluntary and regulatory mechanisms for the industry to become more sustainable, social banking and impact investing, and tools to analyse ESG performance.

Q. As you write in *Social Banks and the Future of Sustainable Finance*, the need for social banking has never been greater. How do you think conventional banks in middle income countries like Pakistan can be convinced to integrate a more socially oriented approach towards banking – one that is more value driven and impactful?

OW: I think the good news is that global banks have started addressing environmental and social concerns in their financing activities. The Equator Principles, for instance, are a voluntary code of conduct that integrates the assessment of social and environmental aspects into project finance. However, there is still a long way to go to minimize social and environmental harms, as banks still finance projects that have a negative impact on climate change, other environmental issues, or vulnerable groups. We have to keep in mind that banks mainly do what is good for their financial bottom line. We need case studies and analyses demonstrating that socially oriented approaches contribute to the financial bottom line. At the end, banks thrive if the GDP increases and the number of people in poverty is reduced. Therefore, we need to have a closer link between the financial bottom line and preventing social and environmental harm.

Q. What are the main drivers of ESG gaining prominence in developed countries?

OW: If we want to grow the economy to contribute to development, we have to take environmental, social, and governance issues into account. One major topic is the climate change impact. The climate change impact on economic growth should be as small as possible. Secondly, gender equality is an important topic. Women should have equal opportunities and should be integrated into economic processes. Thirdly, we need strong governance to create trust. Projects that look for investments need to be bankable. That means that the financial risks of these projects should be well governed.

Q. Could creating a Governance/ESG Index be a catalytic tool for attracting capital into Pakistan? What research and evidence is out there to make the business case for ESG?

OW: As I mentioned, only bankable projects attract capital. Currently, ESG indicators are included in most investment decisions. Hence, an index that shows the ESG performance and the governance performance of firms would be an important tool for attracting investments.

The vast majority, including a meta study that analyzed more than 2000 other studies, show a positive correlation between ESG performance and financial performance. Hence, there is a wide acceptance in the academic literature that the inclusion of ESG criteria might increase the quality of the financial decision making process.

Q. Pakistan is a member of the Sustainable Banking Network. What kind of real policy initiatives can central banks in emerging markets roll out to promote sustainable finance?

OW: Central banks can start with issuing guidelines about how the financial industry can integrate ESG into their business practices. Furthermore, they can use key performance indicators to measure the ESG performance of the financial industry and even correlate these indicators with financial risk indicators. Consequently, banks with higher ESG scores might have access to capital with lower interest rates. However, what regulators also should do is offer trainings and capacity building to enable the financial industry to implement ESG strategies into their business. Again, it will be a matter of demonstrating the financial return of this strategy. Probably, more long-term indicators should be used in this regard.

Q. Green financing instruments, most notably green bonds, are gaining global prominence as a tool to create targeted pools of capital. However, the market remains relatively underdeveloped in Africa and South Asia compared with other emerging markets. What reasons do you see?

OW: There might be different reasons. In some countries with high green bond growth rates, green bonds are supported by the financial regulators. One example is China that has a green credit policy that incentivizes banks to issue green products, such as green bonds. Hence, the financial regulator or the central bank might start supporting green bonds. Then, again, bankable projects are needed to attract investors. Transparent and standardized reporting is another way to attract investors. However, in general I think a central government and regulatory support of green bonds might help to increase the number of green bonds in South Asia and Africa.

Q. Do you think some lessons can be learned from the Chinese model?

OW: One lesson that can be learned is that being green does not harm the economic development, but in contrast can even accelerate it. Hence, for projects that issue bonds in Pakistan, it should be always tested whether these projects can be conducted in a way that they have a positive environmental contribution, and consequently qualify for green bonds.



COVID-19 RESPONSE

BOARD'S OVERSIGHT DURING THE COVID-19 CRISIS

In May 2019, PICG conducted a survey on how boards in Pakistan are navigating their companies during the COVID 19 crisis. Here is a summary of the findings – the detailed report may be viewed on our website!

The coronavirus has taken the world by storm – not only in terms of health concerns, social distancing, education, etc., but the effects that it has had on the overall global economy by affecting consumer spending, disrupting supply chains, and placing whole cities and countries under lockdown and quarantine. Corporations have had to reconsider policies, budgets and forecasts, and redefine processes and procedures to ensure business continuity.

PICG conducted a short survey to gain insights about the response of corporate boards in Pakistan to the pandemic, its effects on the overall business environment, and how boards along with management are collaborating and discussing the need to pivot in light of current circumstances.

Open survey ran for a week from May 8, 2020 to May 14, 2020

- **Responses received: 86**
- **Responses accepted: 65**

GENERAL COMMENTS:

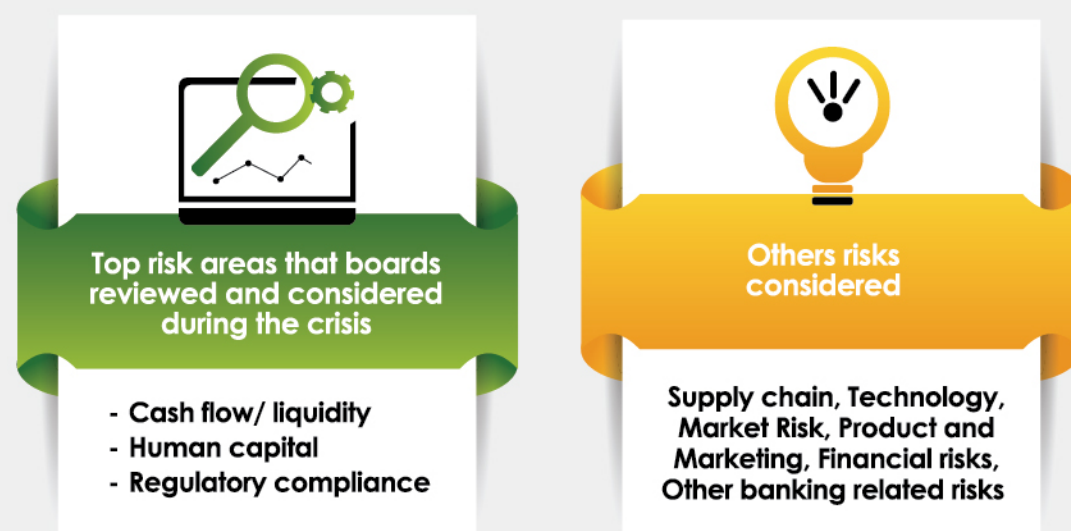
Boards have been quite proactive & responsive to the situation:

- **conducting Increased number of meetings,**
- **Increased communication both within the Board and between the board and management, through frequent virtual meetings, email communication, WhatsApp groups, etc. Bottom to top communication is also being encouraged and facilitated with boards looking to management to provide them with updated Information on which to base crucial decisions.**
- **revisiting risk assessments and forecasts.**
- **Inquiring about technological strengths and weaknesses, etc.**

Areas where a degree of uncertainty existed amongst respondents were:

- **security and confidentiality of company information;**
- **ability to utilize technology and IT infrastructure;**
- **appropriate review of Human Resource policies around flexible working, employee communication and welfare projects; and**
- **whether the business model is resilient enough to recover from the impact of the crisis and manage potential crisis in the future.**





Common key areas identified as being crucial to the continuity of the organization's business operations:

- Sustainable and safe environment for employees
- Uninterrupted access to personnel, qualified human capital, retention of key staff
- Cash flow and liquidity management, tighter credit controls, reduced operating cost
- Financial well-being of customers
- Enhanced IT / digital infrastructure, training of management executives
- Data access management and protection.
- Support from Regulators and Banking System
- Government policies and commitments on revival of economy
- Ability to adapt to change and catering to indigenous business

POSSIBLE OPPORTUNITIES THAT MAY HAVE ARISEN AS A RESULT OF THIS CRISIS

1. Technology

- Expansion of business in digital products, adopting/utilizing technology for the new environment etc.
- Adoption of latest technological tools, greater opportunity for online trainings and remote learning courses, flexible and remote working methodologies
- Online/ digital banking instead of visiting branches.

2. Quality, Health, Safety and Environment Management (QHSE)

- Eco friendly sustainability of products and methods
- New business opportunity in Health Care sector, investments in COVID related initiatives, new product/vaccine development for COVID-19
- Areas of testing and products which facilitate in cleaning, etc., of establishment

3. Construction & Real Estate

- Govt. incentives for the construction & real estate industry, construction sector revival.
- Buy distressed properties
- A boost for our quick construction technology

4. General

- Restructuring existing business, group level synergies, higher flexibility, better access to digital business banking tools, possible tax and finance cost savings and learn to prepare for unexpected.
- Increased focus on exports, volumetric growth through import substitution
- Development of new and refined business models for our hospitality sector
- Rationalization of cost and effective working capital management
- Reduction of fixed costs, better utilization of office space, etc
- Further increase in stakeholder trust by acting as a responsible corporate citizen

The current crises truly showed the need for leadership and the Boards capability of anticipating the situation and making the necessary decisions in a timely manner.



The Board members have to take a proactive role to oversee the management preparedness in this challenging environment. The Board to be kept updated on a periodic basis.

OTHER FACTS:

- 83 % of boards directed management to revise budgets / forecasts.
- Board and Senior Management of 1 respondent company voluntarily took a 50 % pay cut to ensure retainment and payment of salaries to lower and mid management staff.
- Another respondent company availed the special concessional financing offered by the State Bank of Pakistan/Banks (for salaries/wages of employees).
- Just over half of the respondents have a succession plan for senior executives but only 21.5% have such a plan for board members. A respondent stated that although their company had a succession plan for the Executive team, however, it was not necessarily suited in times of emergency.
- Over 80% of the respondents agree that the Board has reviewed Human Resource (HR) policies. Most boards have assigned the HR Committee and HR Departments with the task to come up with plans and policies in light of the need to 'work from home', flexible hours, etc.
- Information technology infrastructure and safeguarding data is one of the biggest challenges being faced by a number of companies at this time. Many are also trying to discover new avenues by which technological tools could be used to their advantage.
- Most respondents felt that their respective companies would recover from the crisis, however, support from the regulators and progressive policies from the Government would also play a key role.
- 40% of the oil and gas companies - neither agreed nor disagreed to whether the businesses would be able to recover from the crisis,
- 30.8% of the Banking and Finance respondents were not sure whether the security and confidentiality of company information being accessed or stored remotely had been ensured.
- The business scenario planning and risk management framework are critical - complemented by effective communication and people engagement.
- Unprecedented times have given every business a new dimension to rethink the way they are doing business and to be flexible enough to sustain such circumstances.
- Business Continuity Plans , risk areas , sustainable and realistic business strategy are to be reviewed on a regular basis.
- Need to rethink human resource deployment and rationalization in the medium term.
- Virtual platforms have facilitated the holding of frequent short meetings to address emerging issues.
- It is just the adjustment of timings and morale boosting of employees which finally pays the dividends.



Launch of the Survey Report on
"Corporate Governance Practices in Pakistan"
Thursday, December 12, 2019



PICG SURVEY ON CORPORATE GOVERNANCE PRACTICES IN PAKISTAN

PICG SURVEY ON CORPORATE GOVERNANCE PRACTICES IN PAKISTAN

PICG launched a survey on Board Composition, Practices and Remuneration (2019) on its 15 year anniversary. Enjoy a brief overview of the survey and its findings – feel free to contact us to obtain a hard copy of the survey!

To gain an insight into current corporate governance practices of companies in the country and update information gathered from our 2016 Survey.

The survey covers the following broad areas:

- Board Composition
- Board Practices
- Board Remuneration
- Respondent feedback on policies & practices

The results of the survey came at the dawn of a new era for listed companies with a change in regulation from a 'compliance based' approach to a 'comply or explain' one as a result of the Listed Companies (Code of Corporate Governance) Regulations, 2019 being issued by SECP on September 25, 2019, while the survey was still in progress.

The timing of our survey could not have been better as it provides a good overview of existing practices, which can later be compared to the impact that the new regulation may have on the overall corporate governance culture of listed companies in the country.

Key Findings:

1. BOARD COMPOSITION

i. Total number of responses received : **213 (2016:54)**

Responses accepted : **133 (2016:55)**

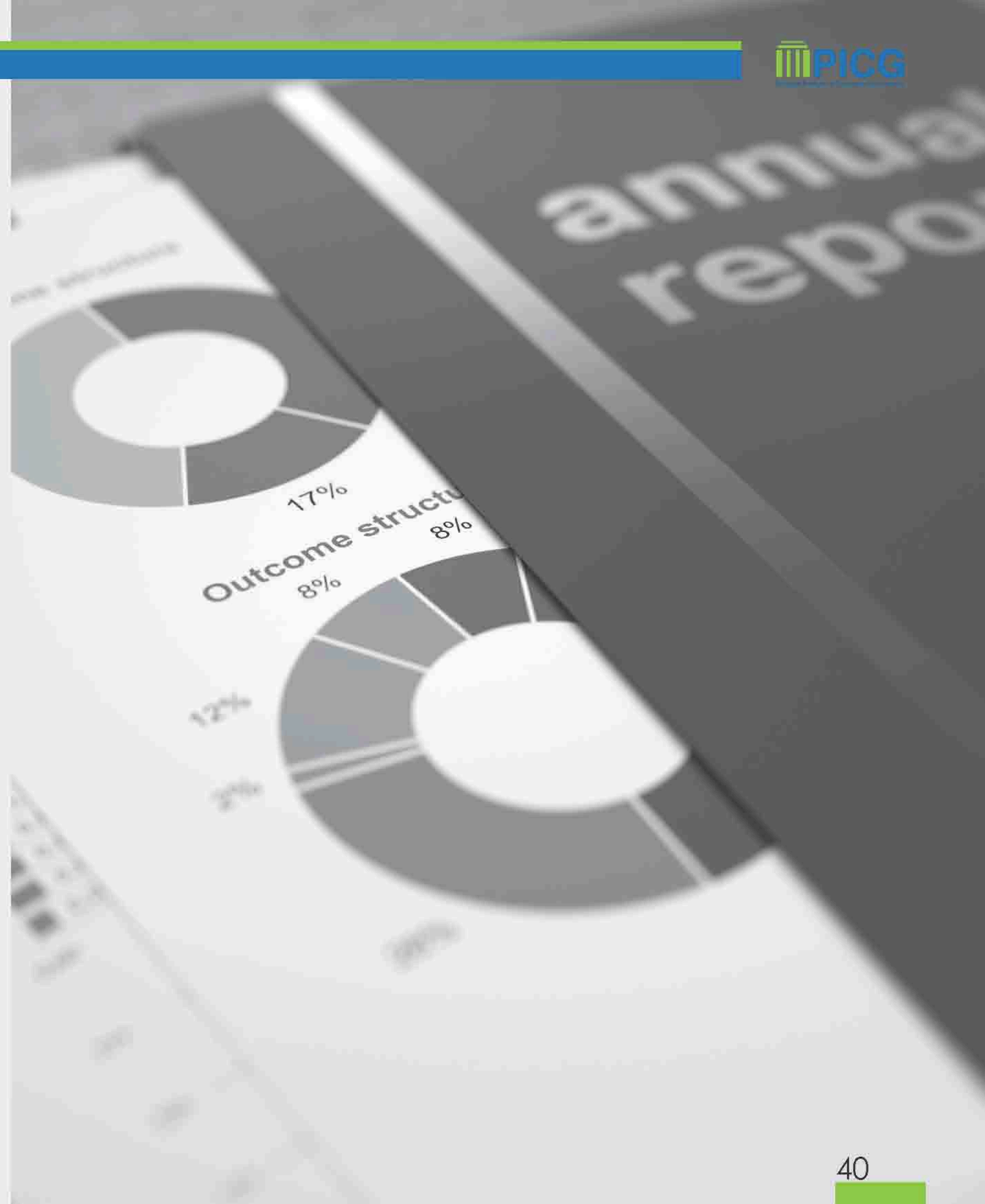
ii.



39

iii. Public Sector Companies(PSCs) have the largest average board size

40



iv. The number of boards with female directors has gone up from

1/3rd in 2016 to **2/3rd**

yet female directors constitute only **10.4%** of the total directors

v. The number of Independent Non-Executive Directors (INEDs) is on the rise, however, a quarter of the listed companies did not have the required number of INEDs as mandated by the Code.

vi. **62%** of respondent companies have no directors aged below **40 years**

vii. Boards generally have directors with skills/ knowledge in finance and general management. This is followed by legal and marketing know-how.

viii. Upward trend in size of the board in listed, unlisted & public sector companies.

2. BOARD PRACTICES

i. Average number of meetings in a year: 4 to 6 meetings of less than 4 hours duration each.

ii. Public Sector Companies have the highest average number of meetings during the year (7 meetings); whereas banks generally have longer meetings (average of 6 hours per meeting)

iii. Most companies make arrangements to ensure that both director orientation and training under an SECP approved director training program (DTP) is conducted for members of the board.

v. **Over 50%** of the total directors in respondent companies have obtained the required certification under approved DTP's

vi. Majority of companies set aside a budget for executive education, however, just over half of the companies maintain a budget for director education and development

3. REMUNERATION:

i. The banking sector is by far the highest average pay master; banks also have the highest 'average number of hours' that Board members spend on attending meetings in a year.

ii. The Chairperson is paid a fee that is higher than other directors in 22% of the companies (ie. from 25% extra to up to twice as much)

iii. **Over 50%** of the companies provide travel allowances/ reimbursement to NEDs to attend board meetings and **1/3rd** provide business class air travel

iv. **Only 38%** of the companies provide liability insurance cover to their NEDs

4. OTHERS:

i. 1/3rd of respondent companies have adopted the Corporate Social Responsibility (CSR) (Voluntary) Guidelines, 2013.

TOP 3:

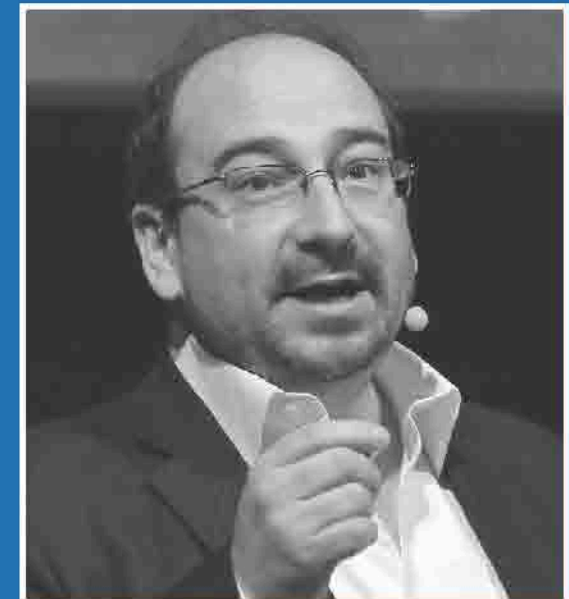
ii. Socio economic problems in the country: corruption, inconsistent policies and political instability.

iii. Corporate risks: regulatory compliance, senior management succession planning and reputational risk.

iv. Technological disruptions expected to impact companies: Artificial intelligence, big data and internet of things.

v. Consideration should be given for different sized companies who cannot bear the administrative expenses of implementation.

vi. Regulators must behave as facilitators, independent of external influences, and appropriate time should be given for compliance with new regulations.



INTERVIEW WITH MICHAEL GREEN

SOCIAL PROGRESS INDEX: PAKISTAN SCORECARD - AN INTERVIEW WITH MICHAEL GREEN - CEO SPI



Michael Green, CEO of the Social Progress Imperative, was interviewed by PICG's CEO, Ahsan Jamil to gain insights into the essence of the Social Progress Index (SPI) and how it has helped to advocate and advance policies on social reforms.

The Social Progress Imperative is a global nonprofit based in Washington, DC providing decision-makers with data on the social and environmental health of their societies. Since it first launched in 2014, it has been embraced by innovative leaders globally, who are applying its detailed framework to navigate today's social challenges and accelerate efforts to drive equitable, inclusive and thriving societies.

An economist by training, he is co-author (with Matthew Bishop) of *Philanthrocapitalism: How Giving Can Save the World* and *The Road from Ruin: A New Capitalism for a Big Society*. Previously Michael served as a senior official in DFID. He taught at Warsaw University in the early 90's. His 2014 TED Talk was chosen by the TED organization as one of the 'most powerful ideas' of 2014 and by The Telegraph as one of the 10 best ever. In 2016, he was named one of "The 100 Most Connected Men in Britain" by GQ Magazine and one of the NonProfit Times's "Power & Influence Top 50."

Q. What is the motivation for creating the Social Progress Imperative and the index?

MG: The Social Progress Imperative was a product of the last global financial crisis of 2008. We had a period of long economic growth, low unemployment, low inflation and everything seemed to be fine. Until, suddenly it wasn't. That really showed us that there was something missing in the way that we were thinking about the success of our societies.

We know that economic growth has played a huge role in lifting people out of poverty, so it is not about throwing out the idea of economic growth, but rethinking it. The SPI we created was designed not to replace GDP, but as a complement to GDP. It is built based entirely on social and environmental indicators - outcome indicators - that can measure people's real quality of life and we can then look at how economic growth can drive social progress or why it doesn't. That is the mission of what we have been trying to do with the index over the last 7 or 8 years.

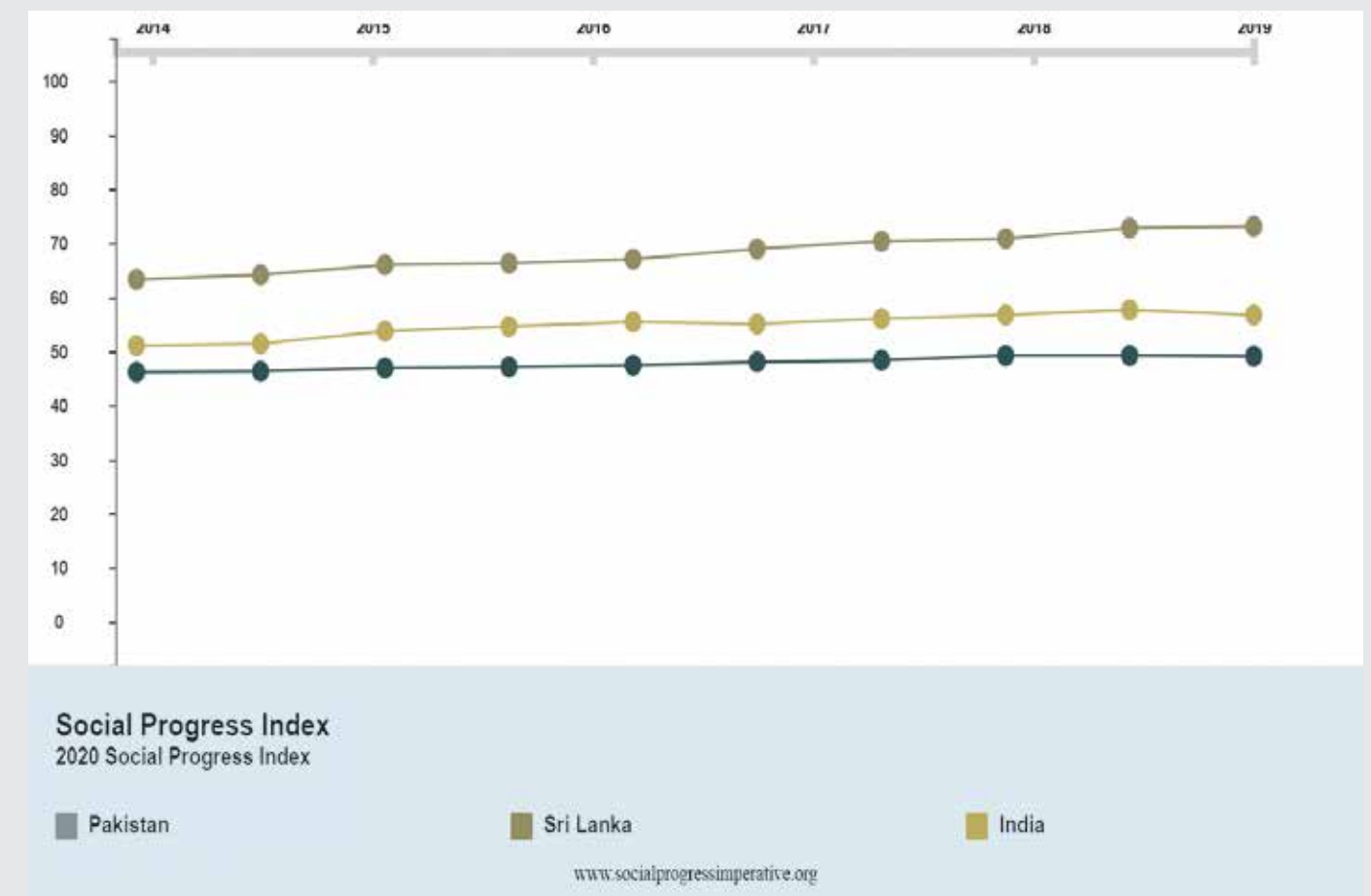
SPI really interrogates and understands questions such as: when and how can we prioritize so we can get more of the 'good inclusive growth', and less of the bad empty growth? Also, to make the case for social progress. Investing in education or water or health is not a cost, it's actually an investment in future economic success that will pay for itself. Because we have constructed the index in this way, as a complement to GDP, we can do the robust analytics to really explore those issues.

Q. What are your views on social progress globally and in Pakistan based on the latest assessment you have done and particularly of Pakistan's social progress standing?

MG: The global SPI covers 163 countries, so that's more than 95% of the world's population, and the SPI fundamentally measures the same concepts as the UN's Sustainable Development Goals (SDGs). So let me say, first of all, something about the state of the world. The good news is that the world is making some progress - over the last 10 years, we've seen some steady progress for the world. Not every country. Some countries like the United States and Brazil have gone backwards over that

period but most countries are progressing. Progress isn't always in every area - we see that issues like rights and inclusiveness have gone backwards. Issues like the environment are stagnating but we are seeing improvements in health and education and particularly things like access to information and communications, driven by mobile phones. But that progress in total is nowhere near fast enough to get us towards the SDGs. Based on current trends, we think the world is going to hit the SDG targets for 2030 in 2082; so there is a big wakeup call in this data that the SDGs are massively off track and something has to be done and that has to be done by rich and poor countries alike. It's not just about poverty. It's about a whole set of issues affecting rich and poor countries.

In terms of Pakistan's performance, what we see is that Pakistan overall ranked 141st in the world out of 163 countries on social progress. Is that good or bad? Well, if you look at GDP per capita, Pakistan ranks 122nd. So Pakistan's social progress performance is lower than its GDP performance. Hence, we would say Pakistan is an underperformer on social progress. It is not doing a good job of turning the wealth it has into social progress. Now, that might be bad news but it's also an opportunity. It means that there are probably some quick wins, some solvable problems where Pakistan can make quick progress. Pakistan's progress over the last 10 years has been about 3 points, which is okay but not nearly fast enough to get to where Pakistan wants to get to. So there's a real challenge in accelerating social progress in Pakistan.



Q. In peer countries of Pakistan where you have seen faster acceleration of progress, what is it that they have done and what insights do you have to share with us that might be helpful for policymakers and decision makers in Pakistan?

MG: We can look at this through a lens of: where are Pakistan's particular areas of strengths and weaknesses? The SPI is built around 12 components and we see a number of areas where Pakistan's performance is significantly worse than you'd expect of a country with this GDP. We're not comparing Pakistan to Denmark. We're saying compared to countries having a similar GDP, where is Pakistan's performance? Not as good as it should be.

First of all, personal safety. It is very striking to know that the area of Pakistan's biggest weakness on personal safety is traffic deaths. It is a big killer around the world and Pakistan is doing particularly badly on traffic deaths and that is a very solvable problem.

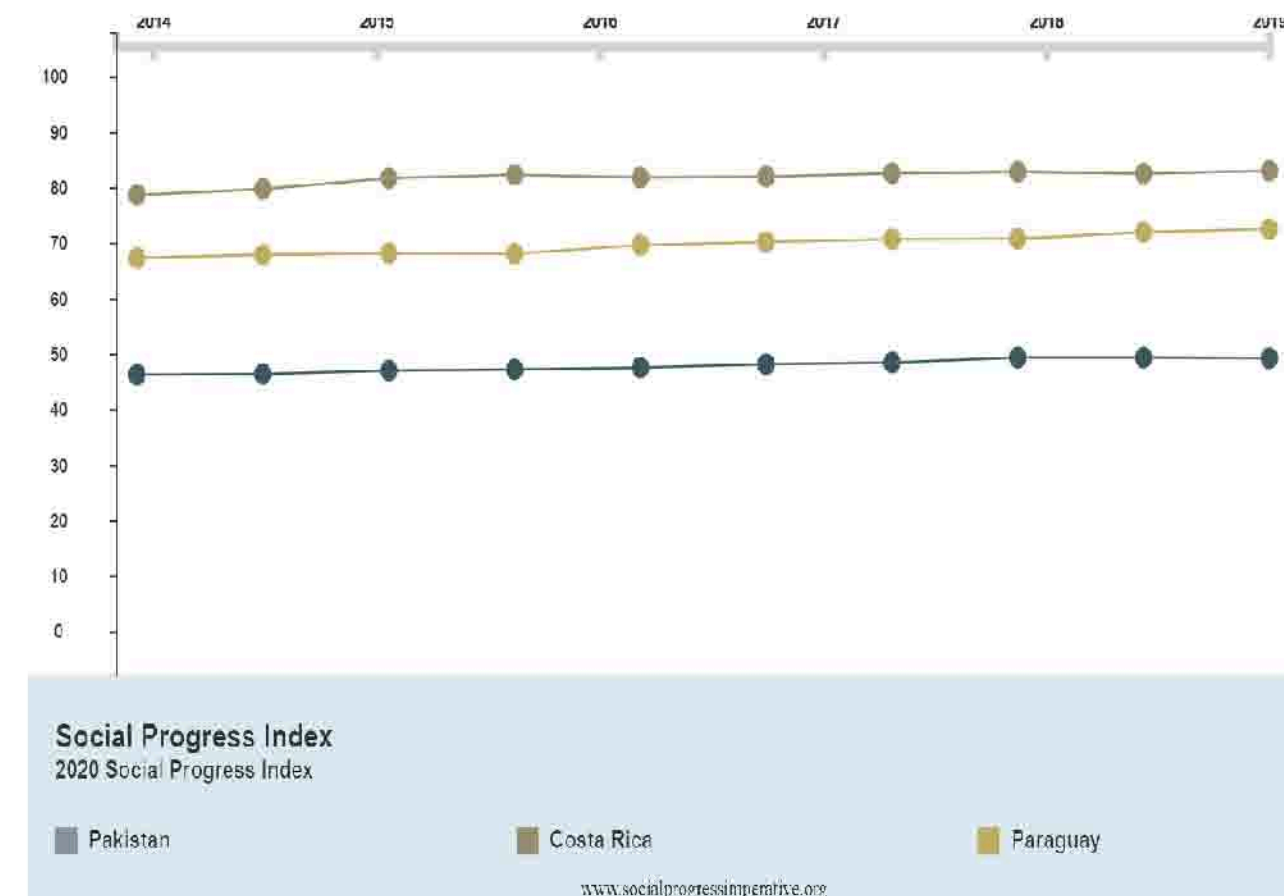
The second area is one familiar to many, and that is access to basic knowledge and school age education: the quantity of kids in school and gender parity of kids going to school; and also the quality of their education.

Pakistan is weak on access to information communications, including issues like internet users and mobile phone subscriptions. This seems to be a very solvable problem where Pakistan could make progress very quickly and obviously a lot business can do. Likewise, Pakistan is weak in terms of health and wellness: not maternal mortality, etc, but matters such as life expectancy and quality health care. Further, it is particularly weak on environmental quality, particularly around air pollution and particulate matter air pollution as well as greenhouse gases.

We also see that areas around 'rights' is a challenge in Pakistan, including freedom of expression and property rights for women and finally – inclusiveness, which includes things like discrimination, and violence against minorities. There are a number of areas to be addressed and some of those are going to be easier than others.

Q. COVID has brought certain issues to the forefront. How do you think that is changing the discourse between social priorities and the social imperative?

MG: It is striking that no one is safe from this disease, given that the President of the United States and the President of Brazil, etc can get the disease, but I think that shouldn't obscure the fact that the impacts of COVID are founded in the inequalities in our societies.



The poor are more vulnerable to this disease- both in terms of catching it and in terms of it having a bad effect on their health directly. They are more vulnerable to the economic spillover effects. It is important to see that this is not just about the impact of the disease directly as a virus, but that it has grown on the back of the inequalities in our societies and lack of social progress is making us more vulnerable to this. Lack of access to water and sanitation makes it hard for people to be clean. Lack of education makes it harder to respond. Studies were done about the impacts of the 2005 earthquake in Pakistan, and the impact it had on school attainment in the affected areas. Again, particularly for the poorest households who at that time were out of school, there was a huge effect- actually setting kids back on learning about two or three years.

Analysis we have done shows how a lack of freedom and transparency in society is actually hindering the fight against the disease because you need an open society that can share information freely to actually be able to respond to this.

It is important to note that we don't yet see the impacts of COVID in this data, as the crisis is too recent. We think that if the impact of COVID is as bad for social progress as it is for economic development, then actually COVID could set the SDGs back by a further decade to 2092. A lot is going to depend on how we respond to this to see how significant the impacts are going to be.

Q. Different countries and different markets have evolved in the appreciation of SPI and the ecosystem of ESG alignment with SDGs. Then there is the challenge of assessing whether those are being implemented and what the outcome is. In that context, what would you advise policymakers in Pakistan who want to strengthen or build this ecosystem?

MG: SPI was always created to be a practical tool - by applying the global SPI but also building local SPI's for states and cities and regions to really help policymakers in government and in business make better decisions.

We are proud of the partnerships we have had with groups like the European Commission and other governments who are taking this data and using it as a tool to set budget priorities and drive better outcomes or make better use of limited resources. Indeed, it is a great way to save money because it has helped them reorient spending towards prevention rather than cure, and prevention often is cheaper. For example, a local authority in London was telling us how they've used this to do early intervention to prevent homelessness that saves them huge amounts of money.

Having data to understand real community needs, to define interventions, to build partnerships with other actors, and to track progress can be an incredibly powerful tool. By giving a richer picture about a country or region, we can help investors make better decisions, whether it's about where to locate or which bonds to buy.

Q. What type of 'shadow' SDG-set-of-goals can the Social Progress Imperative come up with?

MG: SPI measures the fundamental concepts within the SDGs so it can provide that proxy measure which also can be applied at the sub national level. The SDG measurement challenge is enormous for countries and is almost impossible at the sub national level so we, and our partners around the world, are using SPI as an SDG measurement tool for states or regions or cities or communities. We can take advantage of our freedom as an independent nonprofit to do some things that it would be impossible for the UN system to do.

In every country, even small countries, there are regional differences so an average score is going to be hiding things. We can dig behind that. Obviously, for a country of the size and diversity of Pakistan, there'll be huge variation. For example, when we built SPI for the regions of the European Union with the European Commission, one of the surprising findings was that actually some of the poorer regions, like Poland, did not have a bad SPI because they did not have some of the problems that the more industrialized regions had. Richer, more industrialized regions were not doing so well on social progress because they had problems related to pollution that linked to health and a whole set of other issues. It helps you think a bit more about that development process as well.

Q. What are the lessons we can learn from the top performing SPI countries? Why do you think they are doing so well?

MG: Countries that have really committed to development for all are those that are doing the best. Those that have not left people behind.

By comparing the United States (28th in the world) to some of the top performing Scandinavian countries, we see that you can have the best health care in the world but huge numbers of the population with no health care at all. In the US, you can go to the best schools in the world but so many there are failing schools. This is one thing that Scandinavian countries have done very well in making sure that development has been inclusive and encompassing for everyone ranging through the social safety nets but also through things around gender equity and other such matters that they've pushed very, very hard.

When you think about the best performing countries, it is not just those on top as the absolute richest but which of those countries are doing a particularly good job relative to their wealth. One of the star performers in that regard is Costa Rica. Costa Rica has a modest level of GDP, around the world average in fact, but its level of social progress is close to that of some European countries. How has Costa Rica done that? Essentially it is because they have consistently, over a long period of time, focused on certain things. They focused on educational equity in the 19th century and introduced universal primary education and the first higher education institution for women, so they've had a strong generation of women leaders coming through for a very long time. Then, since the Second World War, they had strong social systems and even got rid of their army so they have not had that cost on the budget and really pushed such matters through.

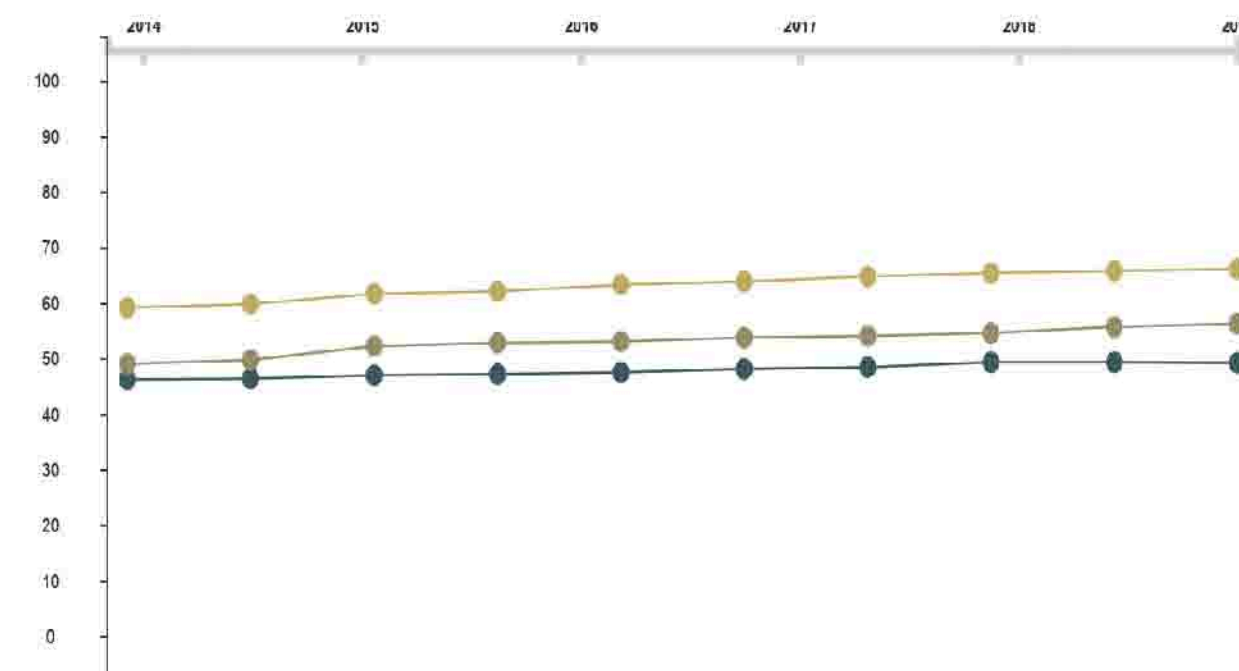
Q. As a corporate governance Institute in Pakistan gender is one of our key priorities, alongside environment, health, safety and mental health for businesses. What is your advice for a governance Institute like PICG to bring social priorities into the prism of a boardrooms lens?

MG: The conversation about the contribution of business to our societies is one that is still too unstructured. If you look at the way companies are talking about their contribution to the SDGs or their contribution to society, it's often a mix of defensive actions because this is where they are being criticized; it is where the NGO voices are the loudest; or where PR opportunities are the biggest with charismatic causes. Thinking in a more constructive and holistic way about the way that companies contribute to social progress in the SDGs is really important.

Recognizing that so much of the conversation is about the bad things and not doing bad things but we need to talk more about the positives. For example, in the last 20 years, there has been a huge step forward in social progress because of the telecommunication sector. If we had left that to government or the World Bank, there would still be one in 1000 of us carrying a mobile phone around the size of a brick. That's a huge victory for the private sector. The private sector can also make huge contributions in the area of rights. Businesses thrive in rule bound, consistent, effective legal systems. Businesses make huge contributions around inclusion, not just on who they put on their boards, but who they hire and the practices within those. Thinking holistically in a more rigorous way about the total contribution of business society, not just defending against the negative, is really important.

In terms of ESG, I think the 'S' bit is often the most spongy as often it's such a number of different indicators that companies tend to throw out, what seems to be the easiest for them, rather than thinking really consistently and then establish the link between why governance matters. For the 'E' and the 'S', I think strong corporate governance is going to be tied into better outcomes as well; and always back to this point of: this is not a cost, this is an investment in long term success. This is actually going to make you stronger and more resilient for the long term.

This is where I think COVID in a sense can be helpful to us as a wake-up call. Here is a health social issue that has had a massive economic cost. If we could have our time again and step back five years, it would have been a fantastic investment if the world had put a bit more investment into global public health systems and other ways of making ourselves more resilient. With a time machine, we would say this is one of the best investments we can make but we didn't make it. This is proof of the case that we all - government and business- need to be better at managing the social risks, otherwise it's going to cost us financially.



Social Progress Index
2020 Social Progress Index

Pakistan

Cambodia

China

www.socialprogressimperative.org

Q. Long term thinking, as you mentioned, is not incentivized. COVID has made the government and businesses sit up which is important. How do we continue to incentivize social progress?

MG: We have to appreciate that CEOs are under a lot of pressure because they have to deliver on their quarterly earnings. That is one of the big distortions that we have. One globally leading-socially responsible- CEO, Paul Polman, from Unilever has made this point that he was only allowed to do these other things because he kept delivering on the quarterly earnings. It is very hard for businesses to trade off the short term and the long term, when actually the long term is where the real value is. That is why I think the change has got to come from the capital markets: from investors and from fund managers. If we can make better informed choices, we will get more sensible rational economic growth and be better societies collectively and individually.

It is starting to come. If we look at what we're hearing from Larry Fink in the US and other investors, there is a growing recognition about the fact that long term does matter and investors are willing to think differently. If they give permission and pressure CEOs to act differently, we may see quite a radical change in corporate behavior. It'll be good for all of us.

Pakistan Score Card

Social Progress Index GDP per Capita PPP

BASIC HUMAN NEEDS

Score/Value
59.49
Rank
125
Strength/Weakness

Nutrition & Basic Medical Care

Score/Value
68.07
Rank
147
Strength/Weakness

Undernourishment (% of pop.)

Score/Value
12.30
Rank
111
Strength/Weakness

Child mortality rate (deaths/1,000 live births)

Score/Value
69.31
Rank
166
Strength/Weakness

Maternal mortality rate (deaths/100,000 live births)

Score/Value
297.33
Rank
167
Strength/Weakness

Child stunting (% of children)

Score/Value
43.22
Rank
177
Strength/Weakness

Deaths from infectious diseases (deaths/100,000)

Score/Value
152.21
Rank
128
Strength/Weakness

Water & Sanitation

Score/Value
58.53
Rank
134
Strength/Weakness

Deaths attributable to unsafe water, sanitation and hygiene (per 100,000 pop.)

Score/Value
42.97
Rank
139
Strength/Weakness

Populations using unsafe or unimproved water sources (%)

Score/Value
71.23
Rank
159
Strength/Weakness

Populations using unsafe or unimproved sanitation (%)

Score/Value
32.16
Rank
110
Strength/Weakness

Shelter

Score/Value
60.47
Rank
133
Strength/Weakness

Access to electricity (% of pop.)

Score/Value
71.09
Rank
144
Strength/Weakness

Household air pollution attributable deaths (deaths/100,000)

Score/Value
100.65
Rank
153
Strength/Weakness

Usage of clean fuels and technology for cooking (% of pop.)

Score/Value
44.00
Rank
128
Strength/Weakness

Personal Safety

Score/Value
50.89
Rank
142
Strength/Weakness

Homicide rate (deaths/100,000)

Score/Value
3.88
Rank
88
Strength/Weakness

Perceived criminality (1=low; 5=high)

Score/Value
4.00
Rank
88
Strength/Weakness

Political killings and torture (0=low freedom; 1=high freedom)

Score/Value
0.21
Rank
153
Strength/Weakness

Traffic deaths (deaths/100,000)

Score/Value
28.81
Rank
162
Strength/Weakness

FOUNDATIONS OF WELLBEING

Score/Value
46.88
Rank
165
Strength/Weakness

Access to Basic Knowledge

Score/Value
47.23
Rank
160
Strength/Weakness

Women with no schooling

Score/Value
0.31
Rank
162
Strength/Weakness

Primary school enrollment (% of children)

Score/Value
75.29
Rank
154
Strength/Weakness

Secondary school attainment (% of population)

Score/Value
37.20
Rank
126
Strength/Weakness

Gender parity in secondary attainment (distance from parity)

Score/Value
0.44
Rank
144
Strength/Weakness

Access to quality education (0=unequal; 4=equal)

Score/Value
0.34
Rank
165
Strength/Weakness

Access to Information & Communications

Score/Value
46.46
Rank
144
Strength/Weakness

Mobile telephone subscriptions (subscriptions/100 people)

Score/Value
72.56
Rank
158
Strength/Weakness

Access to online governance (0=low; 1=high)

Score/Value
0.52
Rank
103
Strength/Weakness

Media censorship (0=frequent; 4=rare)

Score/Value
1.66
Rank
129
Strength/Weakness

Internet users (% of pop.)

Score/Value
15.51
Rank
163
Strength/Weakness

Health and Wellness

Score/Value
41.62
Rank
162
Strength/Weakness

Life expectancy at 60 years

Score/Value
17.67
Rank
138
Strength/Weakness

Premature deaths from non-communicable diseases (deaths/100,000)

Score/Value
624.61
Rank
167
Strength/Weakness

Access to essential services (0=none; 100=full coverage)

Score/Value
53.08
Rank
147
Strength/Weakness

Access to quality healthcare (0=unequal; 4=equal)

Score/Value
0.41
Rank
163
Strength/Weakness

Environmental Quality

Score/Value
52.22
Rank
172
Strength/Weakness

Outdoor air pollution attributable deaths (deaths/100,000)

Score/Value
60.70
Rank
175
Strength/Weakness

Greenhouse gas emissions (total CO2 equivalents)

Score/Value
456.00
Rank
172
Strength/Weakness

Particulate matter

Score/Value
58.51
Rank
170
Strength/Weakness

Bioome protection

Score/Value
10.55
Rank
111
Strength/Weakness

OPPORTUNITY

Score/Value
49.25/100
\$4,690
Rank
141/163
Strength/Weakness

Personal Rights

Score/Value
44.09
Rank
144
Strength/Weakness

Political rights (0=no rights; 40=full rights)

Score/Value
16.00
Rank
134
Strength/Weakness

Freedom of expression (0=no freedom; 1=full freedom)

Score/Value
0.49
Rank
133
Strength/Weakness

Freedom of religion (0=no freedom; 4=full freedom)

Score/Value
1.71
Rank
158
Strength/Weakness

Access to justice (0=non-existent; 1=observed)

Score/Value
0.26
Rank
153
Strength/Weakness

Property rights for women (0=no right; 5=full rights)

Score/Value
2.91
Rank
147
Strength/Weakness

Personal Freedom & Choice

Score/Value
52.12
Rank
133
Strength/Weakness

Vulnerable employment (% of employees)

Score/Value
55.48
Rank
126
Strength/Weakness

Early marriage (% of women)

Score/Value
13.31
Rank
120
Strength/Weakness

Satisfied demand for contraception (% of women)

Score/Value
50.10
Rank
134
Strength/Weakness

Corruption (0=high; 100=low)

Score/Value
32.00
Rank
119
Strength/Weakness

Inclusiveness

Score/Value
24.07
Rank
156
Strength/Weakness

Acceptance of gays and lesbians (0=low; 100=high)

Score/Value
0.15
Rank
93
Strength/Weakness

Discrimination and violence against minorities (0=low; 10=high)

Score/Value
9.10
Rank
160
Strength/Weakness

Equality of political power by gender (0=unequal power; 4=equal power)

Score/Value
1.55
Rank
128
Strength/Weakness

Equality of political power by socioeconomic position (0=unequal power; 4=equal power)

Score/Value
0.93
Rank
152
Strength/Weakness

Equality of political power by social group (0=unequal power; 4=equal power)

Score/Value
0.97
Rank
145
Strength/Weakness

Access to Advanced Education

Score/Value
45.27
Rank
106
Strength/Weakness

Expected years of tertiary education

Score/Value
0.45
Rank
131
Strength/Weakness

Women with advanced education (%)

Score/Value
0.24
Rank
149
Strength/Weakness

Quality weighted universities (points)

Score/Value
63.00
Rank
20
Strength/Weakness

Citable documents

Score/Value
0.11
Rank
118
Strength/Weakness

Strengths and weaknesses are relative to 15 countries of similar GDP PPP per capita:

- Bangladesh
- Myanmar
- Papua New Guinea
- Côte d'Ivoire
- Mauritania
- Kenya
- Kyrgyzstan
- Nigeria
- Sudan
- Cambodia
- Ghana
- Djibouti
- Honduras
- Nicaragua
- Cameroon

Notes

1. On some components and indicators, there are more ranked countries than the number of countries for which a full index score could be calculated.
2. Overall index, component and dimension scores are on a 0-100 scale; indicators scores are raw values.

Comparing Countries

Over- and underperformance is relative to 15 countries of similar GDP per capita: Bangladesh, Myanmar, Papua New Guinea, Côte d'Ivoire, Mauritania, Kenya, Kyrgyzstan, Nigeria, Sudan, Cambodia, Ghana, Djibouti, Honduras, Nicaragua, Cameroon

Key

- Overperforming by 1 or more pts.
- Overperforming by less than 1 pt.
- Performing within the expected range
- Underperforming by less than 1 pt.
- Underperforming by 1 or more pts.
- No data available.

SOCIAL
PROGRESS
IMPERATIVE

Notice Of 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the Pakistan Institute of Corporate Governance will be held on Tuesday, October 27, 2020 at 4:30 P.M. at its Center for Governance in Suite # 315 adjacent to the registered office of the Institute, Suite # 316, The Forum, Khayaban-e-Jami, Block - 9, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 15th Annual General Meeting of the Institute held on October 25, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Institute for the year ended June 30, 2020 together with the Directors' and Auditor's Reports thereon.
3. To re-appoint EY Ford Rhodes as Auditors of the Institute for the year ended June 30, 2021.

OTHER BUSINESS

4. Any other business with the permission of the Chair.

By Order of the Board


Rana Mustansir
Company Secretary

Karachi: October 5, 2020

Notes:

1. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as her/his proxy to attend, speak and vote on her/his behalf.
2. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been produced earlier) at the time of meeting.
3. Duly completed forms of proxy must be deposited at the Registered Office of the Institute or email scanned copy at info@picg.org.pk not later than 48 hours before the time appointed for the meeting.
4. Members are requested to notify any changes in their addresses immediately.
5. Members are requested to provide their email addresses to enable the Institute to send notices, Financial Statements etc. via email at the following email address: info@picg.org.pk

نوٹس برائے 16th سالانہ جنرل اجلاس

یہاں یہ نوٹس دیا جاتا ہے کہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کا 16 سالانہ جنرل اجلاس منگل 27 اکتوبر 2020 کو 4:30:45 پی ایم (دوپہر) اس کے سینٹر فار گورننس سویٹ نمبر 315، انسٹی ٹیوٹ کے رجسٹرڈ آفس کے برابر، سویٹ نمبر 316، دی فورم (بلڈنگ) خیابان جامی، بلاک -9، کلپٹن کراچی مندرجہ ذیل بزنس ٹرانز ایکٹ کرنے کے لیے منعقد ہو گا۔

آرڈینری (عوامی) بزنس

- 1- 25 اکتوبر 2019 کو انسٹی ٹیوٹ کے ہونے والے 15ویں سالانہ جنرل اجلاس کے منیٹس کو کنفرم کرنا۔
- 2- انسٹی ٹیوٹ کے 30 جون 2020 کو ختم ہونے والے سال کے آڈٹ شدہ فنانشل اسٹیٹمنٹس کو ڈائریکٹرز اور آڈٹرز کی رپورٹس کے ساتھ، موصول کرنا، ان پر غور کرنا اور اپنلنا۔
- 3- ای وائے رھوڈز کو انسٹی ٹیوٹ کے آڈیٹرز تعینات کرنا 30 جون 2021 کو ختم ہونے والے سال کے لئے۔

دوسرا بزنس

- 4- چیئر کی اجازت سے کوئی دوسرا بزنس۔

بورڈ کے حکم پر اسے



رنا مستنصر
کمپنی سیکریٹری

کراچی: 5 اکتوبر 2020

نوٹس:

- 1- کارپوریٹ انٹانٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف اٹارنی نامینی کے سپیمین دستخط کے ساتھ اجلاس کے وقت پیش کیے جائیں (یا وہ پہلے پیش کیے گئے ہیں)۔
- 2- ممبران سے درخواست ہے کہ وہ اپنے ایڈرس میں تبدیلی کی فوری اطلاع دیں/نوٹیفائی کریں۔
- 3- ممبران سے درخواست ہے کہ وہ اپنے ای میل ایڈریسز فراہم کریں تاکہ انسٹی ٹیوٹ ان کو نوٹسز، فنانشل اسٹیٹمنٹس بذریعہ ای میل بھیج سکے۔ ممبران اپنے ای میل ایڈریسز: info@picg.org.pk پر ارسال کریں۔

Chairman's Review

On behalf of the Board of Directors, I am pleased to present to you my review of the performance of Pakistan Institute of Corporate Governance (PICG) for the financial year 2019-20. The Board has strived to ensure that the management remains responsive towards changing environment which is of particular relevance and importance due to unprecedented economic challenges posed by COVID-19. The Institute has proactively started to offer on line training programs as it endeavours to strategically manage changing economic realities, heightened amid COVID-19.

Finance

The Board has reviewed the Annual Report and Financial Statements and is pleased to confirm that it considers that the report and financial statements, taken as a whole, are fair, balanced and understandable.

Board Performance

As the Institute of Corporate Governance, the Board is fully cognizant of its stewardship role and the responsibilities it must assume in addition to the minimum legal obligations imposed on the Institute as a section 42 company.

The Board oversees the development and implementation of the Institute's strategic, financial and operating and investment plans, audit and internal control framework, and management succession and management development plans. The Board has effectively delegated this work to its Audit, Human Resource and Remuneration, and Investment sub-committees.

In keeping with the provisions of the Code of Corporate Governance, the Board conducts an annual formal performance evaluation of itself, its committees and individual board members. The Board periodically reviews its mandate through the Board Charter to ensure that it remains appropriate to the circumstances of the Institute. Each sub-committee has its own terms of reference.

Overall effectiveness of the Board was assessed as satisfactory. The overall assessment by the Board was based on an evaluation of the following integral components:

1. **Vision, mission and values:** The Board members are familiar with the current vision, mission and values and supported them and found them appropriate for the Institute.
2. **Engagement in strategic planning:** The Board has a clear understanding of the stakeholders whom the organization is meant to serve. The Board also has the strategic vision of how the organization should be evolving over the next ten years and steadily inching its progress with due tracking.
3. **Formulation of policies:** The Board has established Terms of Reference for all Committees and policies that cover all essential areas of board responsibility and operations of the Institute.
4. **Monitor the operating activities:** The Board is knowledgeable about the Institute's operations, and has an effective process for tracking various programmes and activities per various parameters.

5. **Adequacy of financial resources management:** The Board is knowledgeable about key aspects relating to managing the financial resources of the Institute and provides appropriate direction and oversight on a timely basis.
6. **Provide effective fiscal oversight:** The Board ensures that the budget reflects the priorities established in the annual strategic plan and it complies with regulations governing the audit or independent examination of financial statements and considers appropriately all recommendations made in the management letter.
7. **Act as a responsible employer:** The Board has created necessary policies in order to ensure that the organization behaves in an equitable and legal manner towards staff, contractors, vendors and any other individual working on its behalf.
8. **Relationship between Board and staff:** Roles and Responsibilities of the Board and management staff are clearly defined and understood and a climate of mutual trust and respect exists between the Board and the Management.
9. **Public image:** The Board members promote positive image of the Institute in their respective circles.
10. **Review of the CEO's performance:** The Board assesses the performance of the CEO in a fair and systematic manner and ensures that CEO's pay is properly aligned with the Institute's performance, stakeholders' interest and sustainable success.
11. **Board structure and dynamics:** The size and composition of the Board is adequate and consists of a good mix of new and old directors, a Board framework is in place to govern Board procedures, and the members are actively engaged in the work of the Board. The Board meets frequently enough to adequately discharge its responsibilities.

The strategic direction of the organization for the long term is clear and appropriate. We remain committed to being accountable in a fair and transparent way to all our stakeholders, employees, supporters and regulators.

Board Changes

During the year a casual vacancy occurred on the Board which was filled by the appointment of Dr. Shamshad Akhtar. Dr. Shamshad's Immense experience in policy development will help guide the Institute's policy advocacy and her advisory expertise in governance and public-private partnerships will help set the Institute's strategic direction. Dr Shamshad underwent a formal orientation session in which she was introduced to the CEO and his direct reports and was given a briefing on the workings of the Institute.

Your Institute has been at the forefront of driving gender parity on boards and we now have three highly accomplished women members on the Board. They not only bring to bear their experience, competence, and integrity to the Institute's advantage but help us authentically role model what we institutionally preach!

New Chief Executive Officer

During the year our CEO Sadia Khan resigned in order to pursue a career with the apex regulator following her appointment as a Commissioner of SECP.

While the Board underwent a process to hire a new CEO, Ms. Arjumand Ahmed Shah a senior and long serving member of PICG was given the responsibility to run the Institute as its Acting President & CEO with effect from March 6, 2020. The BOD would like to acknowledge the exemplary services of Arjumand and congratulate her on her appointment as the new COO of PICG.

This year the Board also set up a separate **CEO Search Committee** for a transparent selection and appointment process for the new CEO. This Committee met several times to interview several suitable candidates and after due process recommended the selection of Ahsan Jamil who took over as CEO with effect from July 16, 2020.

Ahsan Jamil has 30 years of extensive experience of both the business and not-for-profit sectors as CEO, and has a social and impact investing background in areas of education and health. He understands the challenges of not-for-profit management, and brings with him a wide network of corporate relationships that would align to achieve the Institute's vision, mission and objectives.

On behalf of the Board I welcome Ahsan to the Institute.

The Board normally meets at least once in every quarter to consider operational results, once a year to consider the budget for the following year while one meeting is reserved to focus on corporate strategy.

The Board agreed that the sub-committees were essential for supporting the functioning of the Board in line with best practices of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Companies Act, 2017. The Board Audit Committee, Human Resource and Remuneration Committee and the newly constituted Nomination Committee are all chaired by independent directors. The Board has approved a Board Charter and Terms of Reference for each of these sub-committees.

The Board Audit Committee was formed under the Chairmanship of Mr. Ashraf Bawany, an Independent Director. This committee met four (4) times during the year.

The Human Resource and Remuneration Committee was established under the Chairmanship of Mr. Yousaf Hussain. This committee met twice (2) during the year.

The Board Investment Committee is chaired by Ms. Maheen Rahman and had one (1) meeting during the year.

The Board has initiated an important conversation around constituting a nomination committee to regularly review the structure, size and composition of the Board, and to consider succession planning keeping in mind the skills which will be needed on the Institute's Board to address challenges in the future. The terms of reference of the **Board Nomination Committee** have already been approved and the committee will be functional in the first quarter of 2020-21. Its first priority will be to identify and review qualifications of board candidates from a wide range of backgrounds to stand for the Institute's upcoming elections in an EoGM in November 2020.

The Board of Directors met six (6) times during the year. Aside from dealing with normal routine functions and providing oversight to the management, the Board focused this year on succession planning and selection and appointment of the CEO in addition to risk management. In light of the direction received from the regulator. During the meetings it was agreed that a sharper focus was required on diversifying and reducing reliance on the Flagship Director Training programme.

The Board recognizes that well-defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholder value and more. All Directors, including Independent Directors, fully participated and contributed to the decision-making process of the Board.

As Chairman of your Institute, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensure that the Board hears from an appropriate range of senior management. I will remain firmly committed to ensuring that your Institute complies with all relevant codes and regulations and that the management continues to make decisions that create value for you in the short, medium and long term.

The Institute has outsourced its Internal Audit function to BDO Pakistan, an external audit firm.

This year as per best practices of the Code of Corporate Governance AF Fergusson Chartered Accountants retired after having served PICG since inception. The Board and the management extend their appreciation to the outgoing auditors, AF Fergusson Chartered Accountants for their services to PICG.

I have had the privilege of serving with the highest quality professionals on the Board. My sincere thanks to my fellow board members for their very constructive and professional participation at Board meetings and I offer my sincerest thanks to my colleagues on the Board for their guidance and support.

On behalf of the Board, I would especially like to thank the two apex regulators, the Securities and Exchange Commission of Pakistan for its unwavering support, and the State Bank of Pakistan for its invaluable guidance, and our faculty, alumni, bankers and business partners, and vendors for their confidence and support. I would also like to appreciate the Institute's management team and staff for getting through the COVID crisis and continuing to achieve the Institute's goals.

The Board looks forward with confidence to the year ahead.



Riyaz Chinoy
Chairman

بورڈ اور اسٹاف کے درمیان تعلقات: بورڈ اور مینیجمنٹ اسٹاف کے رولز اور ذمہ داریوں کا واضح تعین ہوتا ہے اور ان کو سمجھا جاتا ہے اور بورڈ اور مینیجمنٹ اسٹاف کے درمیان ایک باہمی اعتماد اور احترام کی فضاء قائم ہے۔

عوامی تاثر: بورڈ کے ممبران اپنے حلقوں میں اسٹی ٹیوٹ کے ایک مثبت امیج کو فروغ دیتے ہیں۔

سی ای او کی پرفارمنس کا ریویو: بورڈ سی ای او کی پرفارمنس کا موزوں اور منظم انداز میں جائزہ لیتا ہے تاکہ یہ یقینی بنایا جائے کہ سی ای او کا معاوضہ انسانی ٹیوٹ کی پرفارمنس، اسٹیک ہولڈرز کے مفاد اور قائم رہنے والی کامیابی کے مطابق ہو۔

بورڈ کی سلفٹ اور ڈائنامکس: بورڈ کا سائز اور بناوٹ کافی ہے اور اس میں پرانے اور نئے ڈائریکٹرز کا ایک اچھا امتزاج ہے۔ بورڈ کے پروجیکٹس کو گورن کرنے کے لیے ایک فریم ورک موجود ہے اور ممبران بورڈ کے کلم میں بھرپور مصروف عمل ہیں۔ بورڈ کے اجلاس اس کی ذمہ داریاں موزوں طور پر نبھانے کے لیے مناسب روانی میں ہوتے ہیں۔

ادارے کی لمبی مدت کی اسٹریٹیجک سمت بالکل واضح اور مناسب ہے۔ ہم اپنے تمام اسٹیک ہولڈرز، ملازمین، سپورٹرز اور ریگولیٹرز کے سامنے احتسابدہ کے عمل سے مکمل وابستہ ہیں۔

بورڈ میں تبدیلیاں

دوران سال بورڈ پر خالی ایک ویکسیسی کو ڈاکٹر شمشاد اختر کی تعیناتی سے مل کیا گیا۔ ڈاکٹر شمشاد کا پالیسی ڈیولپمنٹ میں بہت تجربہ ہے جس سے انسانی ٹیوٹ کی پالیسی ایڈوکیسی میں فائدہ ہوگا اور ان کی مشاورتی مہارت سے گورننس اور پبلک پرائیوٹ پارٹنرشپ میں انسانی ٹیوٹ کی اسٹریٹیجک سمت طے کرنے میں مدد ملے گی۔ ڈاکٹر شمشاد کے لیے ایک تعارفی میشن کا انعقاد کیا گیا جس میں ان کو سی ای او سے متعارف کرایا گیا اور انسانی ٹیوٹ کی ورکنگ پر بریفنگ دی گئی۔

آپ کا بورڈ خواتین کی نمائندگی کو پروموٹ کرنے میں پیش پیش رہا۔ اب ہمارے بورڈ پر تین انتہائی قابل خواتین ممبران ہیں۔ وہ انسانی ٹیوٹ کے فائدے کے لیے نہ صرف اپنے ساتھ تجربہ، قابلیت اور دیانداری لاتی ہیں بلکہ ہمیں ادارے کو ٹھیک طور پر ایک رول ماڈل بنانے، جس کا ہم ہمیشہ پرچار کرتے ہیں، ان کی ہمیں مدد حاصل ہے۔

نیا چیف ایگزیکٹو آفیسر

دوران سال ہماری سی ای او معالیہ خان کو بطور کمیشنر اسکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان تعینات کیا گیا جس کے بعد وہ ہمارے ادارے سے مستعفی ہو گئیں۔

جبکہ بورڈ نے سی ای او کی تعیناتی کے عمل میں مصروف تھا، 6 مارچ 2020 سے مس ارجمند احمد شاہ جو کہ پی آئی سی جی ایک سینئر اور ایک لمبے عرصے سے ممبر ہیں کو بطور ایکٹنگ پریزیڈنٹ اور سی ای او کی ذمہ داری سونپی۔ بورڈ مس ارجمند کی مثالی خدمات کو سہراتا ہے اور ان اکی پی آئی سی جی کے بطور نئے سی او کی تعیناتی پر ان کو مبارک دیتا ہے۔

دوران سال بورڈ نے نئے سی ای او کی شفاف سلیکشن اور تعیناتی کے لیے ایک سی ای او سرچ کمیٹی تشکیل دی۔ کمیٹی کے مناسب امیدواروں کے انٹرویوز کے لیے کئی اجلاس ہوئے اور اس نے متعلقہ پراسس پورا کرنے کے بعد احسن جمیل کا نام تجویز کیا جنہوں نے بطور نئے سی ای او 16 جولائی 2020 کو چارج سنبھالا۔

احسن جمیل کے پاس بزنس اور مذاقہ نا کمالے والے ادواروں میں بطور سی ای او کام کرنے کا بہت وسیع تجربہ ہے اور ان کی سماجی اور امپیکٹ انوسٹمنٹ کی ہیلتھ اور ایجوکیشن سیکٹرز میں ایک تاریخ ہے۔ ان کو منافع نہ کمانے والے اداروں کی مینیجمنٹ کی سمجھ ہے اور وہ اپنے ساتھ کارپوریٹ ریلیشن شپس کا ایک بڑا نیٹ ورک لائے ہیں جس کو انسانی ٹیوٹ کے ویژن، مٹن اور مقاصد کے حصول کے ساتھ جوڑا جائے گا۔

میں بورڈ کی جانب سے میں احسن کو انسانی ٹیوٹ خوش آمدید کہتا ہوں۔

بورڈ آپریشنل نتائج کا جائزہ لینے کے لیے عام طور پر ہر سہ ماہی میں کم از کم ایک دفعہ ملتا ہے۔ سال میں ایک اجلاس اگلے سال کے بجٹ پر غور کرنے کے لیے مختص ہوتا ہے اور ایک اجلاس کارپوریٹ اسٹریٹیجی پر فوکس کرنے کے لیے منعقد ہوتا ہے۔

بورڈ متفق ہے کہ اس کی فنکشننگ کی اسپورٹ کے لیے سب کمیٹیاں ضروری ہیں اور یہ عمل لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اینڈ کمپنیز ایکٹ 2017 کے بہترین پریکٹسز کے مطابق ہے۔ بورڈ کمیٹی، ایومن ریسورس کمیٹی اور نئی قائم کی گئی نامی نیشن کمیٹی آزاد ڈائریکٹرز کی سربراہی میں ہیں۔ بورڈ نے بورڈ کے چارٹر اور ہر کمیٹی کے ٹرمز آف ریفرنس کی منظوری دی ہے۔

بورڈ آڈٹ کمیٹی آزاد ڈائریکٹر جناب اشرف باوانی کی سربراہی میں قائم کی ہے۔ اس کمیٹی کے سال میں چار اجلاس ہوئے ہیں۔ ایومن ریسورس اینڈ ری میونریشن کمیٹی جناب محمد یوسف کی سربراہی میں قائم کی گئی ہے۔ اس کے سال میں دو اجلاس ہوئے۔ بورڈ انوسٹمنٹ کمیٹی محترمہ مابین رحمن کی سربراہی میں قائم ہے۔ اس کی سال میں ایک میٹنگ ہوئی۔ بورڈ نے ایک نامی نیشن کمیٹی بنانے پر ایک اہم بحث کا آغاز کیا ہے۔ یہ کمیٹی بورڈ کے ڈھانچے، سائز اور ساخت کا بقاعدہ جائزہ لے گی اور مستقبل کی مشکلات سے نمٹنے کے لیے بورڈ کو مطلوب مہارتوں کو مد نظر رکھتے ہوئے سیکسیشن پلاننگ پر غور کرے گی۔ بورڈ نے نامی نیشن کمیٹی کی ٹرمز آف ریفرنس کو منظور کر لیا ہے اور یہ کمیٹی 2020-21 کی پہلی سہ ماہی سے اپنا کام شروع کرے گی۔ اس کمیٹی کی پہلی ترجیح بورڈ کے امیدواروں کے ماضی کے وسیع تجربے کی بنیاد پر ان کی کوالیفیکیشنز کا جائزہ لینا اور نشانہ بنی کرنا ہے۔

دوران سال بورڈ آف ڈائریکٹرز کے 6 اجلاس ہوئے۔ بورڈ کا اس سال روٹین کے نارمل کاموں اور مینیجمنٹ کو آور سائٹ فراہم کرنے کے علاوہ سیکسیشن پلاننگ، سی ای او کے انتخاب اور تعیناتی اور ریگولیٹرز سے موصول ہدایات کے مطابق رسک مینیجمنٹ پر فوکس رہا۔ اجلاس کے دوران اتفاق کیا گیا کہ انسانی ٹیوٹ کے جیٹا بردار ڈائریکٹر ٹریننگ پروگرام پر انحصار کم کرنے اور اس میں تنوع پیدا کرنے کے لیے زیادہ فوکس درکار ہے۔

بورڈ اس سے باخوبی آگاہ ہے کہ کارپوریٹ احتساب کے عمل کو آگے بڑھانے کے لیے صبح واضح شدہ کارپوریٹ گورننس پراسس بہت اہمیت رکھتا ہے اور اسٹیک ہولڈرز کی قدر کو برقرار رکھنے کے لیے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کی کمیٹیٹ پر قائم ہے۔ تمام ڈائریکٹروں، جن میں آزاد ڈائریکٹر شامل ہیں، نے بورڈ کے فیصلوں کے عمل میں بھرپور حصہ لیا اور شراکت کی۔

آپ کے انسانی ٹیوٹ کے چیئرمین کے طور پر میں اپنی ذمہ داری نبھاتا رہوں گا۔ اور مفید بحث اور آزادی کے کلچر کو ترقی دوں گا جس میں تمام خیالات کو سنا جائے اور یقینی بنایا جائے کہ بورڈ کی سینئر مینیجمنٹ کو مناسب سطح پر رسائی ہو۔ میں اس بات کو یقینی بنانے کے عمل سے وابستہ رہوں گا کہ آپ کا انسانی ٹیوٹ تمام متعلقہ کوئز اور ریگولیشنز پر عمل کرتا ہے اور مینیجمنٹ ایسے فیصلے کرتی ہے جو کم، ذمہ داری اور لمبی مدت تک آپ کے لیے ویلیو پیدا کرتے ہیں۔

انسانی ٹیوٹ نے انٹرنل آڈٹ کے کام کو بیرونی آڈٹ فرم بی ڈی او پاکستان کو آؤٹ سورس کیا ہے۔

اس سال اے ایف فرگوسن چارٹرڈ اکاؤنٹنٹس کوڈ آف کارپوریٹ گورننس کی بہترین پریکٹسز کے تحت انسانی ٹیوٹ کو اس کی ابتداء سے خدمت کرنے کے بعد ریٹائرڈ ہو گئے ہیں۔ بورڈ اور مینیجمنٹ نے اے ایف فرگوسن چارٹرڈ اکاؤنٹنٹس کی پی سی آئی جی کو خدمات پر ان کی تعریف کی ہے۔

مجھے بورڈ پر بہترین پروفیشنلز کے ساتھ کام کرنے کا اعزاز ہے۔ میں بورڈ پر تمام ساتھی ممبران کا مخلصانہ شکریہ ادا کرتا ہوں کہ انہوں نے بورڈ کے اجلاس میں بہت تعمیری اور پیشہ وارانہ شراکت کی ہے اور بورڈ پر تمام کولیکٹرز کا ان کی رہنمائی اور اسپورٹ پر انتہائے مخلصانہ شکریہ ادا کرتا ہوں۔

میں بورڈ کی جانب سے خاص طور پر دو بڑے ریگولیٹرز: اسکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اس کی مسلسل اسپورٹ اور اسٹیک بینک آف پاکستان کی قابل قدر رہنمائی پر، فیکلٹی، الیمنٹائی، بینکرز اور بزنس پارٹنرز اور وینٹرز کا ان کی اسپورٹ اور اعتماد پر ان کا شکریہ ادا کرتا ہوں۔ میں انسانی ٹیوٹ کی مینیجمنٹ کا بھی شکریہ ادا کرتا ہوں کہ انہوں نے انسانی ٹیوٹ کو کو وی اینڈ کے بحران سے نکالا اور اس کے مقاصد حاصل کیے۔

بورڈ بھرپور اعتماد کے ساتھ اگلے سال کی طرف دیکھتا ہے۔



ریاض چٹاے
چیئرمین

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG)

for the Year Ended 30 June 2020

The Board of Directors of PICG is pleased to issue its report on the affairs of your Institute for the year 2019 - 2020.

BOARD COMPOSITION AND REMUNERATION

The PICG Board is composed of fifteen members, including three accomplished women directors. There are six Independent directors, eight are Non-executive, and the CEO is the only Executive Director. The Board has three sub-committees – Audit, Human Resource and Remuneration, and Investment. The Board has recently finalized the constitution of a Board Nomination sub-committee which is scheduled to commence work in the first quarter of 2020-2021. This is particularly important in the context of the recently amended Articles of Association which amongst other changes reduce the board size to a maximum of nine members and redefine Class-B members as life-long members (see annexure-A for all amendment details) applicable from the up-coming elections which are due to be held in November, 2020.

The names of members of the current Board and of its sub-committees are given in the Statement of Compliance with the Listed Companies (Code of Corporate Governance Regulations) 2019. No remuneration is paid to the directors as they all serve on the Board pro bono except for the CEO.

MACROECONOMIC OUTLOOK

The impact of the global pandemic COVID-19 outbreak was felt throughout the country; while sadly taking many lives it also disrupted livelihoods and the economy, including the activities of the Institute. The Board was constantly monitoring the situation and, mindful of employees' health and safety, ensured that the Institute's staff worked from their homes. In the midst of the pandemic, with imposed limitations on both in-person business activities and travel, the Institute successfully launched its first virtual Director Training Program in April through Skype and later through Zoom.

INSTITUTE'S OPERATIONS

During the year ended 30 June 2020, the Institute conducted 11 Directors Training programs compared to 24 programs last year. The withdrawal of the mandatory requirement of Director Training from the Code of Corporate Governance has resulted in higher attrition rates for the Director Training program. Moreover, the COVID pandemic further disrupted training activities; though the team rallied and pivoted to quickly resume training by going online. The Institute has also made a promising start, diversifying its revenue sources through multiple specialized training workshops on related topics.

چیرمین رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کے مالی سال 2019-20 کا میرا پرنامنس رپورٹ پیش کرنے پر مسرت ہے۔ بورڈ نے انتہک کوشش کی ہے کہ اس کی مینجمنٹ کرونا 2019 کی وجہ سے پیدا ہونے والی معاشی مشکلات سے تیزی سے نکلنے والے ماحول کا باخوبی جواب دے سکے۔ انسٹی ٹیوٹ نے پرو ایکٹیو طور پر آن لائن تربیتی پروگراموں کا آغاز کیا ہے تاکہ کرونا کی وجہ سے پیدا ہونے والی لٹی معاشی حقیقتوں سے ایک حکمت عملی کے تحت نمٹا جائے۔

فنانس

بورڈ نے انسٹی ٹیوٹ کی سالانہ رپورٹ اور مالی گوشواروں کا جائزہ لیا ہے اور اس کو یہ کنفرم کرنے پر خوش ہے کہ رپورٹ اور مالی گوشوارے، مجموعی طور پر، موزوں، متوازن اور فہم رسیدہ ہیں۔

بورڈ کی کارکردگی

پی آئی سی جی کا بورڈ اپنے دیکھ بھال کے رول اور ذمہ داریوں سے باخوبی آگاہ ہے جو کہ اس نے انسٹی ٹیوٹ کی کمپنی کی دفعہ 42 کے تحت قانونی فرامین کے علاوہ اضافی طور پر نبھائی ہوئی ہیں۔

بورڈ کو انسٹی ٹیوٹ کے اسٹریٹجک، مالی اور آپریٹنگ اور اینڈ انوسٹمنٹ پلانز، آڈٹ اور داخلی کنٹرول فریم ورک، مینجمنٹ کے سسٹمز اور ٹیوبیلیمنٹ پلانز کی ڈیولپمنٹ اور ایمپلیمینٹیشن کے منصوبوں کو دیکھنا ہوتا ہے۔ بورڈ نے مؤثر طریقے سے ان ذمہ داریوں کو آڈٹ، ایومن ریسورس اینڈ ری مینوریشن اور انوسٹمنٹ سب کمیٹیوں کو سونپا ہے۔

بورڈ کارپوریٹ گورننس کوڈ کے قوانین کے تحت اپنی، سب کمیٹیوں اور اپنے انفرادی ممبران کی پرنامنس کا سالانہ جائزہ لیتا ہے۔ بورڈ اپنے مینٹیننس کا بھی جائزہ لیتا ہے تاکہ یہ یقینی بنایا جائے کہ یہ مینٹیننس انسٹی ٹیوٹ کے حالات کے موزوں ہے۔ ہر سب کمیٹی کی اپنی ٹرم آف ریفرنس ہے۔

بورڈ کی مجموعی کارکردگی تسلی بخش ہے۔ بورڈ کا مجموعی جائزہ مندرجہ ذیل حصوں کی ایویلیویشن پر مشتمل ہے۔

ویژن، مشن اور اقدار: بورڈ ممبران موجودہ ویژن، مشن اور اقدار سے واقف ہیں۔ انہوں نے ان کو اسپورٹ کیا ہے اور ان کو انسٹی ٹیوٹ کے لیے مناسب سمجھتے ہیں۔

اسٹریٹجک پلاننگ سے وابستگی: بورڈ تمام اسٹیک ہولڈرز سے باخوبی آگاہ ہے جن کی خدمت پر یہ ادارہ معمور ہے۔ بورڈ کا ایک اسٹریٹجک ویژن ہے کہ اس ادارے کو اگلے دس سال میں کس طرح ترقی کرنی چاہیے اور اس ترقی کو کس طرح آہستہ اور تسلسل کے ساتھ ایک ٹریکنگ کے ساتھ آگے بڑھانا ہے۔

پالیسی سازی: بورڈ نے تمام کمیٹیوں اور ہا لیسوں کے لیے ٹرمز آف ریفرنس تیار کی ہیں جو کہ بورڈ کے اہم ذمہ داریوں اور انسٹی ٹیوٹ کے آپریشنز کا احاطہ کرتی ہیں۔

آپریٹنگ سرگرمیوں کی مانیٹرنگ: بورڈ انسٹی ٹیوٹ کے آپریشنز سے باخوبی آگاہ ہے اور مختلف پراگراموں اور سرگرمیوں کو ان کے پیرامیٹرز کے تحت ٹریک کرنے کا ایک مؤثر طریقہ رکھتا ہے۔

مناسب فنانشل ریسورس مینجمنٹ: بورڈ انسٹی ٹیوٹ کے فنانشل ریسورسز کی مینجمنٹ سے متعلق بنیادی پہلوؤں سے باخوبی آگاہ ہے اور بروقت مناسب سمت اور نگہبانی فراہم کرتا ہے۔

مؤثر فیکل اور سالٹ کی فراہمی: بورڈ یقینی بناتا ہے کہ بجٹ میں انسٹی ٹیوٹ کے سالانہ اسٹریٹجک پلان کی ترجیحات کی عکاسی ہوئی ہے اور اس میں آڈٹ کو گورن کرنے والے ریگولیشنز یا فنانشل گوشواروں کی آزاد اگزامینیشن پر عمل درآمد کیا گیا ہے اور مینجمنٹ ایئر کی تمام سفارشات پر مناسب طور پر غور کیا گیا ہے۔

پہلوریک ذمہ دار امپلائر ایکٹ کرنا: بورڈ نے ایسی ضروری پالیسیاں بنائی ہیں تاکہ یہ یقینی بنایا جائے کہ ادارہ اسٹاف، کنٹریکٹرز، وینڈرز اور اس کے لیے کام کرنے والے تمام دوسرے افراد سے منصفانہ اور قانونی رویہ اپنایا جائے۔

Training Programs

In the COVID-19 scenario, the Institute not only successfully launched its first ever virtual Directors Training Program but successfully transitioned its entire training schedule including its specialized workshops to the new online world. In keeping with its efforts towards program diversification, the Institute continued to develop other programs in addition to those held in previous years. These included a specialized governance training program for insurance companies, Companies Act 2017, and a Board Committees Series which is a set of four separate focused workshops on the Audit, Human Resource, Risk, and Strategy sub-committees. The aim of the committee series is to help Directors understand how their oversight is enhanced by the effective use of well-structured board sub-committees. The Institute is also conducting pro bono webinars on corporate governance, the current regulatory environment, and different areas of business management.

Board Evaluations Service

The number of board evaluations completed this year were 25, the same as last year. Board Evaluations is a well-received service promoting the effectiveness of directors and board as a whole as well as a good source of revenue generation for the Institute; especially as the assessment measures boards' performance against established criteria, and generates a comprehensive results report focusing on critical areas of board competence.

Databank of Independent Directors

As PICG has been assigned to develop and maintain the Independent Directors Databank by the Securities and Exchange Commission, the Institute has become the point of contact for individuals interested in board appointments as independent directors and companies seeking to enhance their Boards' capabilities through experienced, independent board members. In furtherance of its mission to promote good governance and to raise the bar for corporate boards in Pakistan the Institute provided this as a pro bono service this year.

As of June 30, 2020, total registrations on the Databank increased to 2,505 Individuals and 400 companies i.e. an increase of 142% and 185% respectively over last year; both sharp increases reflecting the response to the pro-bono pricing and the growing appreciation of the Databank.

Memberships

This year the Institute inducted 10 new members; 3 corporate and 1 full member along with 6 individual members compared to 7 last year; 5 corporate and 2 individual members. The approval criteria for members has been significantly enhanced by SECP vide SRO No 733 (1)/2018, applicable to charitable organizations and not for profit companies. This requires companies to ensure that their members comply with the fit & proper criteria as laid down in the regulations.

FINANCIAL REVIEW

The total revenue for the year from operations dropped by Rs.34.5m (40%) to Rs.52.60m from last year. The main reasons for the drop in revenue is the decrease in Director Training Program revenues (Rs.31m) and the discontinuation of charges for the Databank of Independent Directors which reduced revenues by another Rs.11.4m. Income from investments increased to Rs.11.07m compared to Rs.7.01m last year, an increase of 58%. The surplus for this year, after charging all expenses reduced by 73% to Rs.8.08m compared to Rs.30.29m last year. A surplus has meant an increase of 8% in the Institute's fund size which is now Rs.108m.

APPOINTMENT OF AUDITORS

The statutory auditors of the Institute EY Ford Rhodes have completed their audit of the financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ending 30 June 2020. M/s EY Ford Rhodes were appointed to act as external auditors of the Institute for the financial year ending June 30, 2020 in the AGM held on October 25, 2019. M/s AF Fergusson Chartered Accountants had served PICG very well as external auditors for many years, and though not mandatory the Board in compliance with best practices of the Code of Corporate Governance had recommended that new auditors be appointed in their place.

HUMAN RESOURCE MANAGEMENT AND SUCCESSION PLANNING

Separation of Roles and Responsibilities

The Institute's success is based on a strong partnership between the Board and the Chief Executive and his management team, and the clear separation of their roles and responsibilities. To this end a change in the Articles of the Institute was made this year whereby the words "stewardship" and "oversight" were used for the board and "managing" removed for good delineation of their role and responsibilities and thereby moving to formalize another important best practice.

New Chief Executive Officer

The Board has appointed Mr. Ahsan Jamil as Chief Executive Officer with effect from July 16, 2020. Ahsan has diverse professional experience working in MNCs, private industry and the not-for-profit philanthropic sector. He is a co-founder of Ecopack Limited and The Aman Foundation serving at both as CEO for seven years each. He has a strong track record in setting up and growing businesses as well as social and impact investing in areas of health and education. The Board welcomes the incoming CEO and wishes him the best in leading the organization through its challenges and onwards to new heights.

Board Nomination Committee

The newly approved and constituted Board Nomination Committee will review board composition, new board member nominations, and take recommendations for succession planning to the full Board for approval.

INTERNAL CONTROLS, RISK PROFILE AND RISK MITIGATION

The Board has an effective Internal Control framework in place whereby the Board ensures that accounting information and financial reporting is accurate, and the Institute is in compliance with laws and regulations. The Institute's internal auditors evaluate the effectiveness of the internal controls and address internal and external risks. The Board actively discusses and implements recommendations from the Board Audit Committee.

The main strategic risks to the Institute's sustainability are business risk and financial risk. Business risk arises from the regulatory challenges for the Institute, the foremost being the provision in the Code pertaining to Director Training which is now 'encouraged' as opposed to previously being 'mandatory' which has given companies flexibility in terms of having their boards certified. This has resulted in reduced number of participants for the Institute's DTP. The other risk is the extension allowed in directors certification up to FY2022 which will affect the uptake for the Director Training Program. In addition, the elimination of registration fee for access to the Independent Directors Databank has further constrained the Institute's financial resources. However, the Management in consultation with the Board of Directors has decided to develop a risk mitigation strategy through a continuous dialogue with regulators, new program scheduling, and expenditure on technology to get maximum benefit from online trainings. The Board expects this strategy to take shape in the coming year.

STRATEGY

The Institute's next 3-year strategy, driven by the Strategy Plan 2019 – 2022 approved by the Board, is to enhance long term value creation and performance for all the participants in the corporate governance ecosystem. With the Securities and Exchange Commission of Pakistan's approval of the Growth Enterprise Market (GEM) Listing Regulations to enable SMEs, green field projects, not for profits, and other companies to conveniently raise capital through the capital markets the Institute will be working strategically to create a governance ecosystem for small and medium sized businesses, family businesses, not for profits, and startups.

The greatest impact of financial risk on the Institute's performance is in terms of its service-based business model, and its competitive positioning with low entry barriers for competitors which impact financial sustainability. To mitigate these risks, the Board has approved the Institute's strategic plan to expand the scope for technical alliances to create new programs, and to reach out beyond the Institute's primary market of corporate board membership to small and medium sized companies, family owned businesses, not for profits, and startups.

STAKEHOLDER ENGAGEMENT

An important part of the Institute's strategy is to engage and work closely with regulators, international corporate governance bodies and development institutions to advance the good governance agenda in Pakistan. In this regard, the Securities and Exchange Commission of Pakistan has recently assigned the Institute the task of developing a capital market implementation roadmap under the Asian Development Bank's Capital Market Development Project (CMDP). PICG is also a member of the International Corporate Governance Network (ICGN) and the Global Network of Director Institutes (GNDI) and has regular engagements with these international networks for survey based research and policy advocacy.

BUSINESS CONTINUITY

Despite the pandemic and ensuing lockdown, the Board is pleased to report that the Institute coped well with the situation and operations did not shut down for a single day. Although an effective audit, risk and reporting framework is in place at your Institute, the COVID-19 situation has presented the Board and Management with the additional opportunity to address a formal business continuity plan, and to discuss and update it regularly. As the Institute is a lean, knowledge-based organization, this plan would also ensure that the Institute actively recruits, retains and develops future leaders, and has a robust leadership pipeline in place.

CORPORATE SOCIAL RESPONSIBILITY

The Board has adopted corporate social responsibility into the Institute's programming by providing a discounted fee structure for women aspiring for board positions as well as for board members of not for profit organizations to enable them to obtain PICG's Director certification. This CSR policy is embedded in the Institute's agenda for increased inclusivity and for enhancing PICG's ability to influence policy making.

IMPLICATIONS OF COVID-19

During the year, the Institute has adopted IFRS-16 for its financial statements for the year ended June 30, 2020 as PICG has lease contracts for its head office in The Forum, Karachi. After evaluation, it has been concluded that there are no material implications of COVID-19. Accordingly, in compliance with SECP's requirement vide Circular No. 26 of 2020, this fact has been disclosed in the financial statements.

Moreover, in compliance with the Commission's recommendations to consider and evaluate the risks for the health, safety and wellbeing of all stakeholders, the Board held all of its meetings via video conferencing. In view of the Institute's upcoming AGM and elections, the Board is fully cognizant of its responsibility to ensure the health and safety of our members and will act in accordance with established SOPs to facilitate members.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As required under the Listed Companies (Code of Corporate Governance) Regulations 2019 the Directors are pleased to state as follows:

- The financial statements of the Institute present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Institute have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. Proper accounting records have been maintained by the Institute.
- International Financial Reporting Standards, as applicable to the Institute, have been followed in preparation of financial statements and deviation, if any, from these have been adequately disclosed and explained.
- The Chief Executive Officer and the CFO have reviewed the financial statements and the Chairman's Review and Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards.
- The system of internal control is sound in design and effectively implemented and monitored.
- There are no significant doubts about the Institute's ability to continue as a going concern.

- The Institute has issued a statement of compliance with the Code of Corporate Governance which has also been reviewed by the auditors of the Institute.
- There has been no material departure from the best practices of corporate governance.
- The Board of Directors of the Institute is committed to good corporate governance and appropriate steps are taken to comply with best practices.

FUTURE OUTLOOK

As the premier platform for good corporate governance, PICG intends to promote a wider Governance model that includes ESG and the new responsible business agenda. Purposeful collaborations and partnership will be leveraged to create greater momentum by promoting accelerated board diversity, a more inclusive and productive workforce, and business alignment with the United Nations' Sustainable Development Goals; and to undertake a collaborative development of an Environmental, Social, and Governance (ESG) framework that would attract responsible international capital into Pakistan.

At the same time the focus of our efforts will not only be on our member corporations, but small and medium enterprises, not for profits, and start-ups to enable the early seeding of good governance practice and building the governance culture for longer term impact and returns.

As the impact of corporate governance on business practices and public policy becomes stronger, the Institute will enhance its policy advocacy role through a concerted strategy in FY 2020-2021.

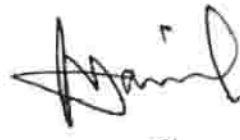
At a more functional level, the Institute continues to adapt the Directors Training Program curriculum to evolving international practices and innovations in corporate governance by adding new modules and revising existing ones to keep our DTP at par with the best global director training programs. A new modular structure will reflect the latest thinking in corporate governance and include content on how boards can meaningfully engage with issues like technology governance, cybersecurity, and dispute resolution as they enter the new decade. We are confident that directors will continue to find the new curriculum both rigorous and relevant.

ACKNOWLEDGEMENT

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



Chairman Audit Committee
September 18, 2020



President/CEO & Director

انسٹی ٹیوٹ آف کارپوریٹ گورننس پر عمل درآمد کی ایک اسٹیٹمنٹ جاری کی ہے جس کا انسٹی ٹیوٹ کے آئٹرز نے بھی جائزہ لیا ہے۔
کارپوریٹ گورننس کی بہترین پریکٹسز سے کوئی مادی انحراف نہیں ہے۔
انسٹی ٹیوٹ کی بورڈ آف گورننس کی اچھی کارپوریٹ گورننس سے مکمل وابستگی ہے اور اس نے بہترین پریکٹسز پر عمل کرنے کے اقدامات لیے ہیں۔

فیوچر آؤٹ لک

اچھی کارپوریٹ گورننس کے ایک پریمیر پلیٹ فارم کے بطور پی آئی سی جی گورننس کے ایک وسیع مائل کو فروغ دینا چاہتا ہے۔ اس میں ای ایس جی اور نیا ذمہ دارانہ بزنس ایجنڈا شامل ہے۔ بورڈ ڈائریکٹرز، زیادہ پیداواری ورک فورس، یونائیٹڈ نیشنز سسٹمز ایبل ٹیویلیمنٹ گولز اور ایک مشترکہ اینوائرنمنٹ، سوشل اینڈ گورننس (ای سی جی) فریم ورک کے ذریعے ایک بڑی تحریک پیدا کرنے کے لیے ہامقصد شراکت داری اور پارٹنرشپ سے فائدہ اٹھایا جائے گا۔ اس سے ملک انٹرنیشنل سرمایہ آنے گا۔

اس کے ساتھ ہماری توجہ نہ صرف ہمارے کارپوریٹ ممبران پر ہوگی بلکہ ہم چھوٹے اور درمیانی سائز کی کمپنیوں، منافع نہ کمانے والے اداروں اور اسٹارٹ اپس پر بھی توجہ دینگے تاکہ شروع سے ہی ایک اچھی گورننس کا بیج بو یا جایا جائے اور لمبی مدت کے اثرات اور ریٹرنز کے لیے ایک گورننس کا کلچر تعمیر کیا جائے۔

جوں جوں کارپوریٹ گورننس کا اثر بزنس پریکٹسز اور پبلک پالیسی پر مضبوط ہوتا ہے، انسٹی ٹیوٹ 2020-2021 میں ایک مربوط کوشش کے ذریعے اپنے پالیسی ایڈوکیسی کے رول کو مضبوط کرے گا۔

فنکشنل سطح پر انسٹی ٹیوٹ اپنے ڈائریکٹر ٹریننگ پروگرام کے سلیبس میں مسلسل تجدید کرتا ہے تاکہ اس کو کارپوریٹ گورننس میں بدلتی ہوئی انٹرنیشنل پریکٹسز اور انویشنز کے مطابق کر سکے۔ اس کے لیے وہ نئے مانیولز متعارف کرائے گا اور موجودہ مانیولز کا پھر سے جائزہ لیتا رہے گا۔ اس کا مقصد اپنے ڈائریکٹر ٹریننگ پروگرام کو بہترین گلوبل ٹریننگ پروگراموں کے ہم پلہ کرنا ہے۔ نئی مانیولز اسٹریکچر کارپوریٹ گورننس میں نئی سوچ کی عکاسی کرے گی اور اس میں یہ مواد شامل ہو گا کہ بورڈز آگے دس سال میں کس طرح بامعنی طور پر ٹیکنالوجی گورننس، سائبر اسکیورٹی اور ٹیمپوٹ ریزولوشن کے معاملات کو حل کر سکتے ہیں۔ ہم پر امید ہیں کہ ڈائریکٹرز نئے سلیبس کو ان کے متعلق اور مربوط پائیں گے۔

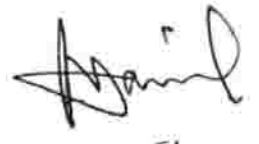
اکتالچ منٹس

بورڈ تمام اسٹیک ہولڈرز، ڈائریکٹرز، ملازمین، ممبران، فیکلٹی اور دو بڑے ریگولیٹرز - اسکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کے کردار کو مہرانا ہے۔



چیرمین آڈٹ کمیٹی اینڈ ڈائریکٹر

ستمبر 18، 2020



پریذیڈنٹ/سی ای او

دی امن قانونیشن کے مشترکہ ہائی ہیں اور دونوں اداروں میں بطور سی ای او سات سات سال کام کر چکے ہیں۔ ان کا کاروبار شروع کرنے اور اس کو ترقی دینے اور بڑھانے اور ایجوکیشن میکنگز میں سوشل اور ایمپیکٹ انوسٹمنٹ کا شاندار ٹریک ریکارڈ ہے۔

بورڈ نئے سی ای او کو خوش آمدید کہتا ہے اور ان سے ادارے کو نئے چیلنجز سے نکلنے اور نئی بلندیوں کی طرف لے جانے کے لیے نیک خواہشات کا اظہار کرتا ہے۔

بورڈ نامی نیشن کمیٹی

نئی قائم شدہ بورڈ نامی نیشن کمیٹی بورڈ کی ساخت کا جائزہ لے گی۔ نئے بورڈ ممبران کی نامی نیشن اور سیکسیشن پلاننگ کی سفارشات کو حل بورڈ کی منظوری کے لیے لے کر جائے گی۔

انٹرنل کنٹرولز، رسک پروفائل اور رسک مٹگیشن

بورڈ نے انٹرنل کنٹرول کا ایک مونٹر فریم ورک قائم کر رکھا ہے جو یقینی بناتا ہے کہ اکاؤنٹنگ انفارمیشن اور فنانشل رپورٹنگ درست ہے اور انسٹی ٹیوٹ تمام قوانین اور ریگولیشنز کی پابندی کرتا ہے۔ انسٹی ٹیوٹ کے انٹرنل کنٹرول انسٹی ٹیوٹ کے اندرونی کنٹرول کو ای ویلیو کرتے ہیں اور اندرونی اور بیرونی رسک کا حل نکالتے ہیں۔ بورڈ، بورڈ آف کمیٹی کی سفارشات پر متحرک انداز میں بحث کرتا ہے اور ان پر عمل درآمد کرتا ہے۔

انسٹی ٹیوٹ کی مستقل ایبلٹی کو بنیادی اسٹریٹجک، بزنس اور فنانشل رسک ہیں۔ بزنس رسک انسٹی ٹیوٹ کو پیش ریگولیٹری چیلنجز سے پیش ہیں، جن میں سب سے پہلے ڈائریکٹر ٹریننگ کے متعلق کوڈ کی دفعہ ہے، جو کو اب "مینڈیٹوری" سے تبدیل ہو کر "ان کرچڈ" ہو گئی ہے۔ اس سے کمپنیوں کو اپنے بورڈ کو سرٹیفائیڈ کرانے میں بہت رعایت ملی ہے۔ اس کے نتیجے میں انسٹی ٹیوٹ کے ڈائریکٹر ٹریننگ پروگرام میں شریک ہونے والے ڈائریکٹر کی تعداد میں بہت کمی ہوئی ہے۔ دوسرا رسک ڈائریکٹر کی سرٹیفیکیشن میں دی گئی چھوٹ کو 2022 تک بڑھایا جانا ہے۔ اس سے بھی ڈائریکٹر ٹریننگ پروگرام میں شمولیت متاثر ہوئی ہے۔ مزید برآں انسٹی ٹیوٹ کے اینٹیپینڈنگ ڈائریکٹر ڈیٹا بینک کی رسائی کے لیے ٹیم کے خاتمے سے انسٹی ٹیوٹ کی فنانشل ریسورسز میں کمی ہوئی ہے۔ تاہم مینیجمنٹ نے بورڈ آف ڈائریکٹر سے مطلوبہ کے ساتھ ایک رسک مٹگیشن اسٹریٹجی تیار کرنے کا فیصلہ کیا ہے۔ اس کے لیے ریگولیٹر کے ساتھ مسلسل ڈائیلاگ کرنا، نئے پروگرام شیڈول کرنا اور ٹیکنالوجی مین سرمایہ کاری فیصلہ کیا گیا ہے۔ ٹیکنالوجی میں سرمایہ کاری سے آن لائن ٹریننگ سے زیادہ فائدہ حاصل کرنا مقصود ہے۔ بورڈ پراسید ہے کہ یہ حکمت عملی اگلے سال ایک باقاعدہ شکل اختیار کرے گی۔

اسٹریٹجی

بورڈ نے انسٹی ٹیوٹ کی اگلے تین سال کی اسٹریٹجی جو کہ 2019 کے اسٹریٹجی پلان کے تحت تیار کی گئی ہے منظوری دی ہے۔ اس میں کارپوریٹ گورننس کے ایکو سسٹم میں تمام شراکاء کے لیے پرفائس اور ویلیو پیدا کرنے کے عمل کو پروان چڑھانا ہے۔ اسکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے گروٹھ انٹرپرائز مارکیٹ (جی ای ایم) لیسٹنگ ریگولیشنز کی منظوری دے دی ہے تاکہ اسی ایم ایز، گرین فیلڈ پروجیکٹس، منافعہ نہ کمانے والے ادارے اور دوسری کمپنیوں کو اس قابل کیا جائے کہ وہ با آسانی کیپیٹل مارکیٹ سے سرمایہ اکٹھا کر سکیں۔ انسٹی ٹیوٹ اب چھوٹے اور درمیانی سائز کے بزنسز، فمیلی بزنسز، منافعہ نہ کمانے والے اداروں اور نئے اسٹارٹ اپس کے لیے گورننس کا ایک ایکو سسٹم تیار کرنے کے لیے ایک حکمت عملی کے ساتھ کام کرے گا۔

انسٹی ٹیوٹ کی پرفارمنس کو سب سے بڑا خطرہ اس کے سروس پر بنیادی اور فوکسڈ بزنس ماڈل سے ہے۔ اور اس کے ساتھ انسٹی ٹیوٹ کی اس کے مقابل اداروں کے مقابلے میں کم داخلی بیرنرز میں تقابلی پوزیشن ہے، جو کی اس کی فنانشل سسٹین ایبلٹی پر اثر انداز ہوتی ہے۔ ان تمام خطرات کی مٹگیشن کے لیے بورڈ نے ایک اسٹریٹجک پلان کی منظوری دے دی ہے جس میں نئے پروگرام تیار کرنے کے لیے ٹیکنیکل آلاتس کی اہلیت کو بڑھانا ہے تاکہ انسٹی ٹیوٹ اپنی پرائمری کارپوریٹ بورڈ ممبرشپ کی مارکیٹ سے باہر نکل کر چھوٹے اور درمیانی سائز کی کمپنیوں، فمیلی بزنسز، منافعہ نہ کمانے والے اداروں اور اسٹارٹ اپس تک رسائی حاصل کرے اور اس کو آگے بڑھائے۔

اسٹیک ہولڈر کی انگیجمنٹ

انسٹی ٹیوٹ کی اسٹریٹجی کا اہم پہلو ریگولیٹرز، انٹرنیشنل کارپوریٹ ہالڈرز اور ڈیولپمنٹ انسٹی ٹیوٹس کے ساتھ مل کر کام کرنا ہے تاکہ پاکستان میں اچھی گورننس کے ایجنڈے کو ترقی دی جائے۔ اس سلسلے میں اسکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے ایشن ڈیولپمنٹ بینک کے کیپیٹل مارکیٹ ڈیولپمنٹ پروجیکٹ (سی ایم ڈی پی) کی تحت انسٹی ٹیوٹ کو حل ہی میں کیپیٹل مارکیٹ ایمپلی منٹیشن روڈ میپ تیار کرنے کا ٹاسک سونپا ہے۔ پی ای سی جی انٹرنیشنل کارپوریٹ گورننس نیٹ ورک (آئی سی جی این) اور گلوبل نیٹ ورک

آف ڈائریکٹر انسٹی ٹیوٹ (جی این ڈی آئی) کا ممبر ہے اور ان انٹرنیشنل نیٹ ورکس کے ساتھ سروے ریسرچ اور پالیسی ایڈوکیسی پر باقاعدہ کام کرتا ہے۔

بزنس کنٹو نیوٹی

بورڈ کو یہ بتاتے ہوئے خوشی ہے کی کو وی آئی آئیڈ اور اس کے نتیجے میں ہونے والے لاک ڈاون کے باوجود انسٹی ٹیوٹ نے ساری صورت حال سے باخوبی نمٹا ہے۔ اس کے آپریشنز ایک دن کے لیے بھی بند نہیں ہوئے۔ اگرچہ انسٹی ٹیوٹ میں ایک مونٹر آڈٹ، رسک اور رپورٹنگ کا فریم ورک موجود ہے کووی آئیڈ 19 سے پیدا ہونے والی صورت حال نے بورڈ اور مینیجمنٹ کو ایک موقع فراہم کیا ہے کہ وہ باقاعدہ بزنس پلان تیار کرے، اس کا تسلسل کے ساتھ جائزہ لے اور اس کو اپ ڈیٹ کرتا رہے۔ انسٹی ٹیوٹ ایک علمی بنیاد رکھنے والا ادارہ ہے۔ اس پلان میں یہ یقینی بنایا جائے کہ انسٹی ٹیوٹ متحرک طور مستقبل کے لیڈرز کو ریکروٹ اور ریٹین کرے اور ان کی ڈیولپمنٹ کرے اور ایک متحرک لیڈرشپ کی پائپ لائن تیار رکھے۔

کارپوریٹ سوشل رسپانسبلٹی

بورڈ نے سوشل رسپانسبلٹی کو بطور ایک پالیسی اپنے پروگرامنگ میں شامل کیا ہے۔ اس کے تحت ان خواتین کو جو بورڈ پوزیشنز میں دلچسپی رکھتی ہیں اور اس کے ساتھ ساتھ منافع نہ کمانے والے اداروں کو رعایتی فیس اسٹرکچر دی ہے تاکہ ان کو پی آئی سی جی کی ڈائریکٹر سرٹیفیکیشن حاصل کرنے میں آسانی ہو۔ یہ سوشل رسپانسبلٹی کی پالیسی انسٹی ٹیوٹ کے ایجنڈے میں مضمر کی گئی ہے تاکہ پی ای سی جی کی شرکت اور اثر و سربو کو پالیسی سازی کے عمل میں بڑھایا جائے۔

کووی آئیڈ 19 کے اثرات

دوران سال انسٹی ٹیوٹ نے 30 جون 2020 کو ختم ہونے والے سال کی فنانشل اسٹیٹمنٹس کے لیے آئی ایف آر ایم-16 کو اپنایا ہے کیونکہ پی آئی سی جی کے دی فورم پلاننگ کراچی میں ہیڈ آفس کے لیے ایز کنٹریکٹس ہیں۔ ایویلیویشن کے بعد، اس نتیجہ پر پہنچا گیا ہے کہ کووی آئیڈ کی کوئی میٹریئل اثرات نہیں ہیں اور اس حقیقت کو ایم ای سی پی کے سرکولر نمبر 26 2020 کے مطابق فنانشل اسٹیٹمنٹس میں بیان کیا گیا ہے۔

مزید برآں کمیشن کی تمام اسٹیک ہولڈرز کی صحت، حفاظت اور دیگر بھال پر سفارشات کو ملحوظ خاطر رکھتے ہوئے تمام اجلاس ویڈیو کانفرنسنگ کے ذریعے منعقد کیے گئے ہیں۔ انسٹی ٹیوٹ مستقبل قریب میں ہونے والی اے جی ایم اور انتخاب سے بورڈ ممبران کی صحت اور حفاظت کو یقینی بنانے کی ذمہ داری سے پوری طرح آگاہ ہے اور قائم شدہ ایس او بیز پر عمل کرتے ہوئے تمام ممبران کی سہولت کاری کرے گا۔

کارپوریٹ گورننس کوڈ پر عمل درآمدگی

جیسا کہ یہ لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں مطلوب ہے، ڈائریکٹر کو مندرجہ ذیل بیان کرنے میں خوشی ہے:

- انسٹی ٹیوٹ کی فنانشل اسٹیٹمنٹس اس کے معاملات، آپریشنز کے نتائج، کیش فلوہ اور ایکویٹی میں تبدیلیوں کو موزوں طور پیش کرتی ہیں۔
- انسٹی ٹیوٹ کی بکس آف اکاؤنٹس کو مناسب طور پر میٹین کیا گیا ہے۔
- فنانشل اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تمام اندازے مناسب اور محتاط جمنٹ پر مبنی ہیں۔ انسٹی ٹیوٹ نے اکاؤنٹنگ کا مناسب ریکارڈ رکھا ہے۔
- فنانشل اسٹیٹمنٹس کی تیاری میں انسٹی ٹیوٹ پر لاگو تمام انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے۔ اور ضرورت پڑنے پر ان سے کیے گئے انحراف کو موزوں طور بیان اور واضح کیا گیا ہے۔
- چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے فنانشل اسٹیٹمنٹس، چیئرمن ریویو اور ڈائریکٹر رپورٹ کو جائزہ لیا ہے۔ وہ فنانشل اسٹیٹمنٹس کی سچی اور مناسب پیش کش، رپورٹنگ کی درستگی، ریگولیشنز اور اکاؤنٹنگ اسٹینڈرڈز پر عمل درآمد کے متعلق اپنی ذمہ داریوں سے باخوبی آگاہ ہیں۔
- اندرونی کنٹرول کا نظام اپنے ڈیزائن میں کافی ٹھوس ہے اور اس پر مونٹرطور پر عمل درآمد کیا گیا ہے اور اس کو مونٹر طور پر مانیٹر بھی کیا جاتا ہے۔
- انسٹی ٹیوٹ کی بطور موجودہ ادارہ جاری رہنے کی اہلیت میں کوئی شعبات نہیں ہیں۔

پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کے ممبران کو 30 جون 2020 پر ختم ہونے والے سال کی بورڈ آف ڈائریکٹرز کی رپورٹ

پی آئی سی جی کے بورڈ آف ڈائریکٹرز کو انسٹی ٹیوٹ کے معاملات پر برائے سال 2019-2020 کی رپورٹ پیش کرنے پر خوشی ہے۔

بورڈ کی سلفٹ اور ری میوٹریشن

بورڈ 15 ممبران پر مشتمل ہے۔ اس میں تین انتہائی قابل خواتین ممبران شامل ہیں۔ چھ آزاد ڈائریکٹرز اور آٹھ نان ایگزیکٹو ڈائریکٹرز ہیں۔ سی ای او واحد ایگزیکٹو ڈائریکٹر ہے۔ بورڈ کی تین سب کمیٹیاں: آئٹ، ایومین ریسورس اینڈ ری میوٹریشن اور انوسٹمنٹ کمیٹی ہے۔ بورڈ نے حال ہی میں بورڈ نامی نیشن کمیٹی کی تشکیل کو فائنلائز کیا ہے جو کہ 2020-2021 کے پہلی سہ ماہی سے کام شروع کرے گی۔ یہ حال ہی میں تبدیل کئے گئے آرٹیکلز آف ایسو سی ایشن کے تناظر میں بہت اہم ہے۔ ان آرٹیکلز میں دوسری تبدیلیوں کے علاوہ بورڈ کے سائز میں کمی درکار ہے۔ بورڈ کا اب سائز زیادہ سے زیادہ 9 ممبران پر مشتمل ہے اور کلاس پی کے ممبران کی بطور لائف ٹائم ممبران تصدیق کی گئی ہے۔ (انیکسچر اے کو ان تبدیل شدہ تفصیلات کے لیے دیکھیں)۔ ان کا اطلاق نومبر 2020 کو ہونے والے الیکشن سے ہو گا۔

بورڈ کے موجودہ اور اس کی سب کمیٹیوں کے ممبران کے نام اسٹیٹمنٹ آف کمپلائنس ایسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز) کے ساتھ بٹائے گئے ہیں۔ سی ای او کے علاوہ بورڈ کے تمام ممبران کو کوئی معاوضہ نہیں دیا گیا کیونکہ کہ وہ بورڈ پر بطور پرو بوتوممبران خدمات سر انجام دیتے ہیں۔

ماکرو اکنامک آؤٹ لک

ملک بھر میں عالمی وبا کووی آئیڈ-19 کا اثر مرتب ہوا ہے۔ قیمتوں جانوں کے نقصان کے علاوہ اس نے تریع روزگار اور معیشت کو تباہ کیا ہے۔ اس سے انسٹی ٹیوٹ کی سرگرمیاں بھی متاثر ہوئی ہیں۔ بورڈ نے مسلسل صورت حال کا جائزہ لیا ہے اور اسٹاف کی صحت اور حفاظت کو ملحوظ خاطر رکھتے ہوئے ان سے گھر سے کام لیا ہے۔ وبا کے دوران جبکہ بزنس سرگرمیوں اور سفر پر پابندیاں تھیں، انسٹی ٹیوٹ نے اپریل 2020 سے پہلے اسکاٹپ اور پھر روم کے ذریعے اپنے پہلے ورچوئل ڈائریکٹر ٹریننگ پروگرام کا آغاز کیا ہے

انسٹی ٹیوٹ کے آپریشنز

30 جون 2020 کو ختم ہونے والے سال میں انسٹی ٹیوٹ نے 11 ڈائریکٹرز ٹریننگ پروگرام منعقد کیے۔ پچھلے سال ان کی تعداد 24 تھی۔ کوڈ آف کارپوریٹ گورننس سے ڈائریکٹر ٹریننگ کی میٹروٹری ضرورت کی دفعہ کا خاتمہ اس میں بہت زیادہ کمی کی وجہ بنی ہے۔ کو وی آئیڈ سے پیدا ہونے والی صورت حال سے ڈائریکٹر ٹریننگ پروگرام میں مزید کمی آئی ہے۔ تلم ہماری ٹیم نے بہت جلد آن لائن ٹریننگ کا آغاز کیا ہے۔ انسٹی ٹیوٹ نے ٹریننگ کے موضوعات پر ورکشاپ کے ذریعے ریونیو پیدا کرنے کے ذرائع میں تنوع پیدا کرنے کی طرف بہت حوصلہ افزاء آغاز کیا ہے۔

ٹریننگ پروگرام

کووی آئیڈ کے حالات میں انسٹی ٹیوٹ نے نہ صرف ورچوئل ڈائریکٹرز ٹریننگ پروگراموں کا کامیابی سے آغاز کیا بلکہ اپنے تمام ٹریننگ شیڈیول جس میں اسپیشلائزڈ ورکشاپ شامل ہیں کو نئی آن لائن دنیا میں منتقل کیا ہے۔ اپنے ٹریننگ پروگراموں میں تنوع پیدا کرنے کی کاوشوں کو جاری رکھتے ہوئے انسٹی ٹیوٹ نے پچھلے کئی سالوں میں منعقد ہونے والے پروگراموں کے علاوہ نئے ٹریننگ کے پروگراموں کو تیار کیا اور متعارف کرایا ہے۔ ان میں انشورنس کمیٹیوں کے لیے ایک مخصوص ٹریننگ پروگرام، کمپنیز ایکٹ 2017 اور ایک بورڈ سٹریٹجی کے پروگرام شامل ہیں۔ بورڈ سٹریٹجی میں فوکسڈ ورکشاپ آئٹ، ایومین ریسورس، رسک اور اسٹریٹجیز سب کمیٹیوں کے پروگرام ہیں۔ سب کمیٹی سٹریٹجی کا مقصد ڈائریکٹرز کو یہ آگاہی دینی ہے کہ یہ کمیٹیاں کس طرح ان کی اوور سائٹ بڑھانے میں معاون ہوتی ہیں۔ انسٹی ٹیوٹ نے کارپوریٹ گورننس، موجودہ ریگولیٹری ماحول اور بزنس مینیجمنٹ کے مختلف موضوعات پر پروبوں ویبنارز بھی منعقد کیے ہیں۔

بورڈ ایویلیوشن سروس

انسٹی ٹیوٹ نے اس سال 25 بورڈ ایویلیوشن کیے ہیں جو کہ پچھلے سال کے دوران کی جانے والی ایویلیوشن کی تعداد کے برابر ہیں۔ بورڈ ایویلیوشن ایک بہت مقبول سروس ہے جو کہ ڈائریکٹرز اور بورڈ کو مجموعی طور پر مزید فعال بنانے کے عمل کو پروموت کرتی ہے۔

اس کے ساتھ ساتھ انسٹی ٹیوٹ کے لیے ریونیو کمانے کا ایک اضافی سروس ہے۔ اس میں خاص طور پر بورڈ کی پرفارمنس کے قائم معیار کے مقابلے میں جائزہ لیا جاتا ہے اور بورڈ کی انتہائی اہمیت کے حامل حصوں پر فوکس شدہ ایک مربوط رپورٹ تیار کی جاتی ہے۔

آزاد ڈائریکٹرز کا ڈیٹا بینک

جیسا کہ اسکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے پی آئی سی جی کو آزاد ڈائریکٹرز کا ایک ڈیٹا بینک بنانے کا کام سونپا ہے، یہ ڈیٹا بینک ان افراد جو کہ بورڈز پر تعیناتی کے خوشامد ہیں اور کمپنیاں جو کہ تجربہ کار اور آزاد ممبران کے ذریعے اپنے بورڈز کی اہلیت بڑھانا چاہتی ہیں۔ کے رابطے کا ایک اہم مرکز ہے۔ اچھی گورننس کے مشن کو پروموت کرنے اور کارپوریٹ کی بار کا بڑھانے کے عزم سے انسٹی ٹیوٹ نے اس سال یہ سروس بطور پرو بوتوممبران کی۔

30 جون 2020 ڈیٹا بینک میں کل رجسٹریشن بڑھ کر 1471 افراد اور 264 کمپنیاں ہو گئی ہے۔ یہ اضافہ 42 اور 85 فیصد ہے۔ یہ تیز اضافہ اس سروس کا بطور پرو بوتوممبران اور ڈیٹا بینک کی پریذرائی کی عکاسی کرتا ہے۔

ممبر شپس

اس سال انسٹی ٹیوٹ میں 10 نئے ممبران کو شامل کیا گیا۔ اس میں 3 کارپوریٹ ایک فل ممبر اور 6 انفرادی ممبران ہیں۔ پچھلے سال 7 ممبران، 5 کارپوریٹ اور 2 انفرادی ممبران، شامل کیے گئے تھے۔ ایس ای سی پی نے پٹریعہ ایس آر او 2018/1733 ممبران کی منظوری کے معیار کو بہت بہتر کیا ہے۔ یہ ایس آر او رضاکار اور منافع نہ کمانے والے اداروں سے متعلق ہے۔ اس کے تحت کمپنیوں کو یہ یقینی بنانا ہوتا ہے کہ ان کے ممبران ایک فلٹ اور بقاعدہ معیار جیسا کہ ریگولیشنز میں واضح ہیں، پر عمل پیرا ہیں۔

فنانشل ریویو

دوران سال آپریشنز سے حاصل ہونے والے کل محاصل 34-5 ملین روپے (40%) فیصد کم ہو کر 52-60 ملین روپے ہو گئے ہیں۔ ڈائریکٹر ٹریننگ پروگرام کی تعداد میں کمی محاصل میں کمی کی بڑی وجہ ہے۔ آزاد ڈائریکٹرز کے ڈیٹابینک کے چارجز ختم کرنے سے محاصل 11-4 ملین روپے مزید کم ہوئے ہیں۔ سرمایہ کاری سے موصول ہونے والی آمدنی پچھلے سال کے 7-01 ملین روپے سے بڑھ کر 11-07 ملین روپے ہو گئی ہے۔ اس سال کا سرپلس تمام اخراجات کی کٹوتی کے بعد کم ہو کر 8-08 ملین روپے ہو گیا ہے پچھلے سال سرپلس 30-29 ملین روپے تھا۔ سرپلس کی وجہ سے انسٹی ٹیوٹ کے فنڈ میں 8 فیصد اضافہ ہوا ہے، جو کہ اب 108 ملین روپے ہے۔

آئٹرز کی تعیناتی

انسٹی ٹیوٹ کے اسٹریٹجی آئٹرز ای وائی فورڈ رپورٹ نے فنانشل اسٹیٹمنٹس اور کوڈ آف کارپوریٹ گورننس پر اسٹیٹمنٹ آف کمپلائنس کا 30 جون 2020 کو ختم ہونے والے سال کے لیے اپنا آئٹ مکمل کر لیا ہے۔ انسٹی ٹیوٹ کی 25 اکتوبر 2019 کو ہونے والی اے جی ایم میں ایم/ایس ای وائی فورڈ رپورٹ کو 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے آئٹرز تعینات کیا گیا تھا۔ ایم/ایس اے ایف فرگوسن چارٹرڈ اکاؤنٹنٹس نے پی آئی سی جی کو بطور بیرونی آئٹرز کئی سال تک بہت اچھی خدمات فراہم کی ہیں۔ اگرچہ یہ مینیٹوری نہیں ہے، بورڈ نے کارپوریٹ گورننس کی بہترین پریکٹسز پر عمل کرتے ہوئے نئے آئٹرز کی تعیناتی کی سفارش کی ہے۔

ایومین ریسورس مینیجمنٹ اینڈ سیکسٹن پلاننگ

رولز اور ذمہ داریوں کی علیحدگی

انسٹی ٹیوٹ کی کامیابی کی بنیاد بورڈ اور چیف ایگزیکٹو اور اس کی مینیجمنٹ ٹیم کے درمیان مضبوط پارٹنرشپ اور ان کے رولز اور ذمہ داریوں کی واضح علیحدگی پر ہے۔ اس کے لیے اس سال آرٹیکلز آف انسٹی ٹیوٹ میں تبدیلی کی گئی ہے۔ جس میں الفاظ "اسٹوریٹشپ" اور "اور سائٹ" بورڈ کے لیے استعمال کیے گئے ہیں اور لفظ "مینیجنگ" کو ختم کیا گیا ہے تاکہ ان کے رولز اور ذمہ داریوں کی صیح تفریق ہو۔ اس طرح اس تبدیلی سے ایک اہم اور اچھی پریکٹس کو بقاعدہ شکل دی ملی ہے۔

نیا چیف ایگزیکٹو آفیسر

بورڈ نے جناب احسن جمیل کو 16 جولائی 2020 سے بطور چیف ایگزیکٹو آفیسر تعینات کیا ہے۔ احسن کا پاس بہت پیشہ وارانہ تجربہ ہے جو کہ انہوں نے ملٹی نیشنل کمپنیوں، پرائیویٹ انٹسٹری اور منافع نہ کمانے والے سیکٹرز میں کام کر کے حاصل کیا ہے۔ وہ ایکوپاک اور

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Pakistan Institute of Corporate Governance (PICG)

Year Ended 30 June 2020

This statement is being presented to voluntarily comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 and establishes that PICG is managed in compliance with the best practices of corporate governance. PICG is not required to comply with the provisions of the Code of Corporate Governance which are applicable to listed companies. However, in order to ensure the implementation of best practices in its own operations, the Board of Directors of PICG decided to measure its governance against the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, it complies with such provisions of the Code that specifically relate to its activities and operations.

The Institute has complied with the requirements of the Regulations applicable to the activities and operations of PICG in the following manner:

1. The total number of directors are 15 as per the following:

Male: 12

Female: 3

2. The composition of the Board is as follows:

i. Independent Directors	<ol style="list-style-type: none"> 1. Mr. Riyaz T. Chinoy (Chairman) 2. Dr. Shamshad Akhtar 3. Ms. Saima Kamila Khan 4. Mr. Aqeel A. Nasir 5. Mr. Muhammad Ashraf Bawany 6. Mr. Yousaf Hussain
ii. Non-executive Directors	<ol style="list-style-type: none"> 7. Ms. Maheen Rahman (Founding Director) 8. Mr. Abid Hussain (Founding Director) 9. Mr. Ashfaq Yousuf Tola (Founding Director) 10. Mr. Faisal Akhtar (Founding Director) 11. Mr. Farrukh Iqbal (Founding Director) 12. Mr. Inayat Hussain (Founding Director) 13. Mr. Zubair F. Tufail (Founding Director) 14. Mr. You Hang (Founding Director)

iii. Executive Directors	15. Mr. Ahsan Jamil (Chief Executive Officer)
iv. Female Directors (2 Independent & 1 Non-executive)	Dr. Shamshad Akhtar Ms. Saima Kamila Khan Ms. Maheen Rahman

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies.
4. The Institute has prepared a "Code of Conduct" for its visiting faculty, employees and Board and has ensured that appropriate steps have been taken to disseminate it throughout the Institute along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Institute. 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 Institute.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board 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 meetings of the Board.
8. No remuneration is paid to the directors except for the executive director for whose remuneration the Board has a formal policy and transparent procedures in accordance with the Act and these Regulations.
9. The Board is in compliance with the requirement of Directors' Training program as nine Directors have completed the Directors Training.
 - Mr. Riyaz T. Chinoy Independent Director
 - Mr. Aqeel A. Nasir Independent Director
 - Mr. Muhammad Ashraf Bawany Independent Director
 - Mr. Yousaf Hussain Independent Director
 - Ms. Saima Kamila Khan Independent Director
 - Mr. Faisal Akhtar Non-Executive Director
 - Ms. Maheen Rahman Non-Executive Director
 - Mr. Inayat Hussain Non-Executive Director
 - Mr. Ahsan Jamil Executive Director
10. New appointment of company secretary was made during the year. The Board has approved appointment of company secretary and the terms of continued service of the chief financial officer and internal audit coordinator, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The internal audit function has been outsourced to BDO Ebrahim & Co. Chartered Accountants.

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	<ol style="list-style-type: none"> 1. Mr. Muhammad Ashraf Bawany (Independent Chairman) 2. Mr. Ashfaq Yousuf Tola (Non-executive Director) 3. Mr. Faisal Akhtar (Non-executive Director) 4. Mr. Farrukh Iqbal (Non-executive Director)
b) Human Resource & Remuneration Committee	<ol style="list-style-type: none"> 1. Mr. Yousaf Hussain (Independent Chairman) 2. Mr. Riyaz T. Chinoy (Independent Director) 3. Mr. Abid Hussain (Non-executive Director) 4. Mr. Aqeel A. Nasir (Independent Director) 5. Mr. Inayat Hussain (Non-executive Director) 6. Mr. Ahsan Jamil (Executive Director; President & CEO)
c) Investment Committee	<ol style="list-style-type: none"> 1. Ms. Maheen Rahman (Non-executive Chairperson) 2. Mr. You Hang (Non-executive Director) 3. Mr. Zubair F. Tufail (Non-executive Director)
d) Nomination Committee (with effect from Q1 FY2020-2021)	<ol style="list-style-type: none"> 1. Mr. Riyaz T. Chinoy (Independent Chairman) 2. Dr. Shamshad Akhtar (Independent Director) 3. Mr. Yousaf Hussain (Independent Director) 4. Mr. Ahsan Jamil (Executive Director; President & CEO)

13. The terms of reference of the Audit Committee, Human Resource & Remuneration Committee, Investment Committee and Nomination Committee have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

- a. Audit Committee: Four (4) quarterly meetings were held during the year ended June 30, 2020.
- b. Human Resource & Remuneration Committee: Two (2) meetings were held during the year ended June 30, 2020.
- c. Investment Committee: One (1) meeting was held during the year ended June 30, 2020.

15. The Board has outsourced the internal audit function to BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Institute.

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 involved 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 company.

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 with.

The above statement was approved for issuance by the Board of Directors in its meeting held on September 18, 2020.

On behalf of the Board



RIYAZ T. CHINYOY
Chairman

Review Report to the Members



EY Ford Rhodes
Chartered Accountants
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Pakistan

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Tel: +9221 3565 0007-11
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DRAFT

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 30 June 2020 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 30 June 2020.



Chartered Accountants

Place: Karachi

Date:

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 30 June 2020, the income and expenditure statement, the statement of cash flows and the statement of changes in fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 or expenditure statement, the statement of cash flows and the statement of changes in fund balance 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 30 June 2020 and of the profit or loss and other comprehensive income, or the surplus, the changes in accumulated fund 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.

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 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

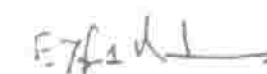
Based on our audit, we further report that in our opinion:

- 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 cash flows and the statement of changes in fund balance 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).

Other matter

The financial statements of the Institute for the year ended 30 June 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 25 September 2019.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants
Date: 24 September 2020

Place: Karachi

Statement of Financial Position

As at June 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property and equipment	3	5,227,461	2,296,489
Right of use asset	4	17,292,440	-
Financial assets at amortised cost - Long-term	5	14,581,240	8,007,296
Security deposits	6	1,540,470	1,540,470
		38,641,611	11,844,255
Current assets			
Receivable from members	7	2,007,345	3,713,376
Short-term prepayments and advances	8	287,505	1,402,928
Financial assets at amortised cost - Short-term	9	66,735,057	74,024,259
Other receivables		3,105,776	7,762,944
Tax refunds due from Government	10	12,246,937	11,244,959
Cash and bank balances	11	10,699,626	1,589,945
		95,082,246	99,738,411
Total assets		133,723,857	111,582,666
FUND BALANCE & LIABILITIES			
Fund balance			
Accumulated fund		105,606,404	97,524,244
Non-current liabilities			
Lease liability	12	10,200,712	-
Current liabilities			
Fees in advance	13	9,721,397	5,850,333
Current portion of lease liability	12	5,819,798	-
Other payables		1,568,590	2,186,345
Accrued expenses		806,956	6,021,744
		17,916,741	14,058,422
CONTINGENCIES AND COMMITMENTS	14		
Total Fund Balance and Liabilities		133,723,857	111,582,666

The annexed notes from 1 to 25 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive


Director

Income And Expenditure Statement

For the Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Revenue from services	15	52,604,385	87,118,900
EXPENDITURE			
Salaries, allowances and benefits		27,142,502	32,975,898
Professional service fee	16	11,818,000	13,500,149
Rent		-	7,455,876
Depreciation on property and equipment		1,135,821	582,604
Depreciation on right of use asset		4,323,110	-
Travelling and conveyance		953,641	1,362,357
Utilities		1,049,605	869,724
Printing and stationery		1,038,848	1,079,216
Insurance		229,313	198,837
Repair and maintenance		1,033,866	1,006,773
Expected credit loss		952,625	-
Conference cost		974,725	-
Other expenditure	17	2,667,390	4,808,313
		53,319,446	63,839,747
Operating (deficit) / surplus		(715,061)	23,279,153
Other income	18	11,043,470	7,010,306
Finance cost		(2,246,250)	-
Surplus for the year		8,082,160	30,289,459
Other comprehensive income		-	-
Total comprehensive income		8,082,160	30,289,459

The annexed notes from 1 to 25 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive


Director

Statement of Changes in Fund Balance

For the Year Ended June 30, 2020

	Accumulated Fund Rupees
Balance as at July 01, 2018	67,234,785
Total Comprehensive Income for the year ended June 30, 2019	30,289,459
Balance at June 30, 2019	97,524,244
Total Comprehensive Income for the year ended June 30, 2020	8,082,160
Balance at June 30, 2020	105,606,404

The annexed notes from 1 to 25 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Statement of Cash Flows

For the Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		8,082,160	30,289,459
Adjustment for:			
Return on bank balances and investments		(11,070,009)	(7,010,306)
Depreciation		1,135,821	582,604
Depreciation on lease		4,323,110	-
Interest cost on lease		2,240,559	-
Loss on disposal of fixed asset		26,539	-
Expected credit loss		952,625	-
Surplus before working capital changes		5,690,805	23,861,757
Decrease / (increase) in current assets:			
Receivable from members		1,079,281	(1,745,501)
Short term prepayments and advances		1,115,424	(108,431)
Other receivables		4,331,291	(7,141,600)
		6,525,996	(8,995,532)
(Decrease) / Increase in current liabilities:			
Fees in advance		3,871,064	(129,345)
Accrued expenses		(5,214,788)	3,509,750
Other payables		(617,755)	1,565,435
		(1,961,479)	4,945,840
Cash generated from operating operations		10,255,322	19,812,065
Withholding tax paid		(1,001,978)	(695,727)
Net cash generated from operating activities		9,253,344	19,116,338
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(4,123,232)	(248,521)
Proceeds from maturity of PIB's		8,733,334	-
Purchase of PIB's		(5,922,003)	(7,946,943)
Proceeds from disposal of operating fixed asset		29,900	-
Return on bank balances and investments received		10,916,819	6,949,953
Net cash generated from / (used in) investing activities		9,634,818	(1,245,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(7,835,598)	-
Net cash used in financing activities		(7,835,598)	-
Net increase in cash and cash equivalents		11,052,564	17,870,827
Cash and cash equivalents at beginning of the year		66,382,119	48,511,292
Cash and cash equivalents at end of the year	19	77,434,683	66,382,119

The annexed notes from 1 to 25 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Notes to and Forming Part of the Financial Statements

For the Year Ended June 30, 2020

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 01, 2004 under Section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). Its members include 94 (June 30, 2019: 90) corporates, 27 (June 30, 2019: 21) individual and the following founding members:

- Securities & 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes

2.1.3 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.1.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

The Institute has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current year:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Lease - IFRS 16	January 01, 2019
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material - Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	January 01, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application except for IFRS 16. The impact of adoption of IFRS 16 are described in note 2.1.5 below:

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

2.1.5 IFRS 16 - Leases

During the current year, the Institute has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Institute has lease contracts for its head office in The Forum, Karachi. Before the adoption of IFRS 16, the Institute classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in income and expenditure statement. Any prepaid rent was recognised under short term advances and prepayments.

After the adoption of IFRS-16, the Institute has accounted for the lease contract of its head office as per the requirements of the new standard for lessee and recognized a right-of-use asset against a lease liability. Any advance receipts are net off against the right-of-use asset as disclosed in the table below.

As permitted by the transitional provisions of IFRS 16, the Institute elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustments to the carrying amount of assets and liabilities has been recognised in the current year.

The impact of adoption of IFRS 16 are described below:

Impact on Unconsolidated statement of financial position as at July 01, 2019

	----- (Rupees) -----
Assets	
Right-of-Use (RoU) asset	21,615,550
Liabilities	
Lease liability	21,615,550
Weighted average discount rate at 01 July 2019	13 - 14%

Impact on statement of profit or loss for the year ended June 30, 2020

Depreciation on right-of-use asset	(4,323,110)
Finance cost	(2,240,558)

Had this standard not been applied, assets and liabilities would have been lower by Rs. 17.2 million and Rs.16 million respectively. Rent expense would have been higher by Rs.6.8 million and depreciation charge and mark-up expense would have been lower by Rs.4.2 million and Rs.2.2 million respectively.

2.2 Summary of new accounting policies

Set out below are the new accounting policies of the Institute upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Institute recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Institute is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

Lease liabilities

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.

Short-term leases and leases of low-value assets

The Institute applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Institute determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2.3 Accounting policies

2.3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation on office equipment 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 and vehicles 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 expenditure 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 losses on disposal of assets, if any, are recognised in the period in which they are incurred.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value 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.

2.3.2 Receivables from members

Receivables are stated at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of member's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

2.3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cashflows, cash and cash equivalents comprise cash in hand, balances with banks and short term financial assets with original maturities of three months or less.

2.3.4 Trade and other payables

Trade and other payables are carried at fair value of the consideration to be paid for goods and services. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

2.3.5 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.3.5 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, amortised cost or 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

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

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, and in the case of financial assets, less any impairment.

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
- receivable from members
- other receivables

Loss allowance for receivable from members 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 90 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 Company 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 Company has applied the standard's simplified approach 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 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.

2.3.6 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Institute intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.3.7 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.

2.3.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognised as follows:

Revenue from services

- Entrance fee from new members is recognised as revenue when no significant uncertainty as to its collectability exists.
- Subscription fees is recognised on an accrual basis.
- Income from advisory is recognised upon rendering of services.
- Income from courses is recognised upon rendering of services.
- Income from databank is recognised on receipt basis.
- Income from conferences is recognised on receipt basis.
- Other revenue is recognised on an accrual basis.

Returns on financial assets

Return on financial assets are recognised on an accrual basis using effective rate of interest.

2.3.9 Income Taxes

The Institute is exempt from Income Taxes under the Income Tax Ordinance, 2001 and therefore has made no provision for income taxes in the financial statement.

3 PROPERTY AND EQUIPMENT

	Cost			Accumulated depreciation			Net book value	
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	Charge for the year	On disposals	As at June 30, 2020	Rate %
Vehicles	-	3,694,200	-	3,694,200	615,700	-	3,078,500	20%
Office equipment	1,929,292	142,455	-	2,071,747	200,043	-	2,271,790	30%
Furniture and fixtures	5,259,319	286,577	(190,315)	5,355,581	320,078	(133,876)	5,541,783	15%
2020	7,188,611	4,123,232	(190,315)	11,121,528	1,135,821	(133,876)	10,123,473	
	Cost			Accumulated depreciation			Net book value	
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	Charge for the year	On disposals	As at June 30, 2019	Rate %
Vehicles	-	-	-	-	-	-	-	20%
Office equipment	1,745,692	183,600	-	1,929,292	238,293	-	2,167,585	30%
Furniture and fixtures	5,194,398	64,921	-	5,259,319	344,311	-	5,603,630	15%
2019	6,940,090	248,521	-	7,188,611	582,604	-	7,771,215	

4.	RIGHT OF USE ASSETS	Note	2020 Rupees	2019 Rupees
	Cost:			
	At 01 July		21,615,550	-
	At 30 June		21,615,550	-
	Accumulated depreciation:			
	At 01 July		-	-
	Charge for the year		4,323,110	-
	At 30 June		4,323,110	-
	Net carrying amounts as at 30 June		17,292,440	-
5.	FINANCIAL ASSETS AT AMORTISED COST - LONG-TERM			
	Pakistan Investment Bonds	5.1	14,581,240	8,007,296
5.1	These carry profit yield @ 7.25% - 9.00% per annum (June 30, 2019: 7.25% per annum) payable at six month interval and are carried at amortised cost maturing on July 12, 2021 & September 19, 2022.			
5.2	These instruments are held by the Institute's banker on behalf of the Institute.			
6.	LONG TERM SECURITY DEPOSITS			
	These represent security deposits paid to The Forum in accordance with the Rental agreements for office suites 315 and 316.			
7.	RECEIVABLE FROM MEMBERS - UNSECURED		2020 Rupees	2019 Rupees
	Annual subscription		652,500	-
	Director's Training Program		819,000	3,613,376
	Fee from specialised workshops and others		1,162,595	100,000
			2,634,095	3,713,376
	Less: Expected credit loss		(626,750)	-
			(626,750)	-
			2,007,345	3,713,376

The age analysis of receivable from members is as follows:

	2020 Rupees	2019 Rupees
Not yet due (1 to 30 days)	285,600	1,088,000
Past due but not yet impaired		
- 31 to 60 days	-	2,625,376
- 61 to 90 days	273,000	-
- 91 to 120 days	273,000	-
- older than 120 days	1,802,495	-
	2,634,095	3,713,376

8. SHORT-TERM PREPAYMENTS AND ADVANCES

Prepaid Insurance	45,734	160,652
Other prepayments	241,771	1,240,905
Advance against expenses	-	1,371
	287,505	1,402,928

9.	FINANCIAL ASSETS AT AMORTISED COST - SHORT-TERM	Note	2020 Rupees	2019 Rupees
	Pakistan Investment Bonds		-	9,232,085
	Market treasury bills	9.1	66,735,057	64,792,174
			66,735,057	74,024,259

9.1 These carry interest rate of 8.09% - 13.02% (June 30, 2019: 10.95% - 11.00%) per annum. These securities have an aggregate face value of Rs.70 million (June 30, 2019: Rs.65.15 million) and are carried at amortised cost maturing on July 30, 2020 and December 17, 2020.

9.2 These instruments are held by the Institute's banker on behalf of the Institute.

10.	TAX REFUNDS DUE FROM GOVERNMENT	Note	2020 Rupees	2019 Rupees
	Tax deducted at source	10.1	12,246,937	11,244,959
10.1	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. Subsequent to the year end, the Institute has recovered Rs. 8,823,892.			

11.	CASH AND BANK BALANCES	Note	2020 Rupees	2019 Rupees
	Cash in hand		40,000	29,625
	Cash at bank:			
	- saving account	11.1	10,659,626	1,560,320
			10,699,626	1,589,945

11.1 Represents savings account with a commercial bank carrying profit of 6.5% per annum (2019: 10.25% per annum).

	Note	2020 Rupees	2019 Rupees
12. LEASE LIABILITIES			
At the beginning of the year	2.1.5	21,615,550	-
Borrowing cost		2,240,558	-
Payments		(7,835,598)	-
Receipts		-	-
As at June 30, 2020		16,020,510	-
Non-current portion of lease liability		10,200,712	-
Current portion of lease liability		5,819,798	-
		16,020,510	-

13. FEES IN ADVANCE

Annual Subscription Fee	645,000	125,000
Board evaluation fee	7,093,960	4,313,560
Advance fee for Directors' Training Program	1,899,769	1,361,769
Others	82,668	50,004
	9,721,397	5,850,333

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

	Note	2020 Rupees	2019 Rupees
15. REVENUE FROM SERVICES			
Entrance fee from members		780,000	455,000
Annual subscription and application fee		8,952,496	8,567,000
Fee from Director's Training Program		29,854,832	59,931,950
Fee from specialized workshops		7,456,947	3,318,960
Advisory services for board evaluation	15.1	3,599,480	3,349,640
Sale of publication		244,000	14,850
Conference fee		1,716,630	-
Other income		-	74,000
Databank for independent directors		-	11,407,500
		52,604,385	87,118,900

15.1 This mainly includes fee against Board evaluations performed for various corporate entities.

16. PROFESSIONAL SERVICE FEE

	2020 Rupees	2019 Rupees
Director's Training Program	8,920,000	12,445,000
Specialised workshops	2,680,000	840,000
Others	218,000	215,149
	11,818,000	13,500,149

17. OTHER EXPENDITURE

Marketing and advertisement	116,700	546,047
Publication expenses	388,948	385,385
Resource development	-	25,000
Boarding and Lodging	818,846	2,614,014
Canteen supplies	759,229	581,839
Membership fees	224,262	398,096
Others	359,405	257,932
	2,667,390	4,808,313

18. OTHER INCOME

Return / interest on:		
- Profit / loss saving account	2,658,991	833,041
- Market Treasury bills	6,483,536	5,075,644
- Pakistan Investment Bonds	1,927,482	1,101,621
- Loss on disposal of fixed assets	(26,539)	-
	11,043,470	7,010,306

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	10,699,626	1,589,945
Short term investments	66,735,057	64,792,174
	77,434,683	66,382,119

20. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transaction	2020 Rupees	2019 Rupees
Key management employees compensation	Salaries and other employee benefits	13,697,357	20,031,360

20.1 Key management personnel includes Chief Executive Officer and Manager Accounts.

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial assets and liabilities

	Interest / mark-up bearing		Non-interest / mark-up bearing		Total
	Total		Total		
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Rupees					
Financial Assets					
Financial assets at amortised cost	66,735,057	14,581,240	81,316,297	-	81,316,297
Long-term security deposits	-	-	-	1,540,470	1,540,470
Receivable from members	-	-	-	2,007,345	2,007,345
Other receivables	-	-	-	3,105,776	3,105,776
Cash and bank balances	10,659,626	-	10,659,626	-	10,659,626
2020	77,394,683	14,581,240	91,975,923	5,113,121	98,629,514
2019	75,584,579	8,007,296	83,591,875	11,505,945	96,638,290
Financial Liabilities					
Lease liability	5,819,798	10,200,712	16,020,510	-	16,020,510
Accrued expenses	-	-	-	806,956	806,956
Other payables	-	-	-	1,568,590	1,568,590
2020	5,819,798	10,200,712	16,020,510	2,375,546	18,396,056
2019	-	-	-	3,132,904	3,132,904

21.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As per the requirements of the IFRS 13, the Institute shall classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and
- Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

Currently, the Institute does not hold any assets which are either being carried or disclosed at fair value

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID-19 outbreak, COVID-19 has impacted the businesses in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cybersecurity threat.

The Institute's management and Board is fully cognizant of the business challenges posed by the COVID-19 outbreak and constantly monitoring the situation and believe that its current policies for managing credit, liquidity, market and operational risk are adequate in response to the current situation.

22.1 Market Risk

(i) 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, 2020 the Institute does not have any financial instrument that is denominated in foreign currency and as such has no exposure to currency risk.

(ii) Interest rate risk

The 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. The Institute does not have any short and long term borrowings from banks and is exposed to Interest rate risk on its short term investments and bank balances. At the balance sheet date, the interest rate risk profile of the Institute's interest bearing financial instruments is:

	2020 Rupees	2019 Rupees
Profit bearing financial instruments		
Bank balance - profit / loss savings account	10,659,626	1,560,320
	10,659,626	1,560,320

Had the interest rate been higher / lower by 100 basis points with all the other variables held constant, interest income on profit / loss savings account for the year would have been higher / lower by Rs. 106,596 (2019: Rs. Nil).

(iii) Other 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 does not face any risk as none of the financial assets or liabilities face the risk of change in market price.

22.2 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 receivable from members. The credit risk on liquid funds is limited because the counter parties are 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. 40,000. 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:

	2020 Rupees	2019 Rupees
Financial assets at amortised cost	81,316,297	82,031,555
Long-term security deposits	1,540,470	1,540,470
Receivable from members	2,007,345	3,713,376
Other receivables	3,105,776	7,762,944
Cash and bank balances	10,659,626	1,560,320
	98,629,514	96,608,665

The credit quality of advances 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 can be assessed with reference to external credit rating as follows:

Bank	Rating agency	Rating	
		Short term	Long term
Faysal Bank Limited	PACRA	A1+	AA

22.3 Liquidity risk

Liquidity risk reflects the Institute's inability in raising funds to meet obligations associated with financial liabilities.

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

22.4 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.

23. NUMBER OF EMPLOYEES

23.1 Number of employees at June 30

- Permanent	12	11
- Contractual	-	-
	12	11

23.2 Average number of employees during the year

- Permanent	13	11
- Contractual	-	-
	13	11

24. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

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

	Chief Executive		Executives	
	2020	2019	2020	2019
Managerial remuneration	10,712,957	13,839,360	13,017,867	11,476,800
Bonus	-	3,000,000	-	1,912,800
	<u>10,712,957</u>	<u>16,839,360</u>	<u>13,017,867</u>	<u>13,389,600</u>
Number of persons	<u>2</u>	<u>1</u>	<u>6</u>	<u>5</u>

25. 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 September 18, 2020.

FORM OF PROXY

I _____ a member of the Pakistan Institute of Corporate Governance, do hereby appoint Ms./Mr. _____ D/o S/o _____ or in her/his absence, Ms./Mr. _____ D/o S/o _____ both as members of the Institute to act as my proxy at the 16th Annual General Meeting of the Institute to be held on the 27th day of October 2020 and at every adjournment thereof.

Dated this _____ day of _____ 2020.

Signed: _____

Pakistan Institute of Corporate Governance
Suite # 316, The Forum, Khayaban-e-Jami, Block-9, Clifton, Karachi – 75600.



Chief Financial Officer



Chief Executive



Director

پاکستان انٹرنیٹ ٹیوٹ آف کارپوریٹ گورننس کے بطور ایک ممبر، یہاں

کی غیر موجودگی میں، جناب/محترمہ _____ ولد _____ کہ لونوں

بطور انٹرفیوٹوٹ کے ممبران میرے پرائیویسی کے طور پر انٹرفیوٹوٹ کے 16 سالانہ جنرل اجلاس جو 27 اکتوبر 2020 کو

ہوگا اور اس کی ہر ایئر جنمنٹ میں شامل ہوں/ایکٹ کریں۔

2020 — آف — بتاریخ

المخطوط



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