

THE DIRECTORS QUORUM

QUARTERLY

NO. 24 / JAN-MAR'22

WOMEN ON BOARDS

50% DISCOUNT FOR
PICG DIRECTORS
TRAININGS

ESG TASK FORCE

TEXTILE SECTOR
ROUNDTABLE

NEW GOVERNANCE WORKSHOP

LEADING A SUCCESSFUL
WORKPLACE HARASSMENT
INVESTIGATION



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GOVERNANCE TRAININGS

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Chairperson Key Speech

(ON INTERNATIONAL WOMENS DAY EVENT)

“International Women’s Day is a UN global compact initiative that lifts the ambition surrounding SDG5 on gender equality and its reinforcing components from leadership to empowerment.

In recent years, there is a growing recognition that nurturing capital markets ecosystem can facilitate financial inclusion process significantly. An untapped but high potential area, the capital markets ecosystem, if structured effectively, will have high payoffs in terms of reducing gender disparities.”

**“COMPANIES NEED TO BE
REWARDED FOR GENDER
EQUITABLE HIRING.”**

Dr. Sharnshad Akhtar

Chairperson - Pakistan Institute of Corporate Governance
Chairperson - Pakistan Stock Exchange
Co-Founder - National ESG Taskforce



CEO Key Notes

WE NEED MORE WOMEN ON BOARDS. TO ACHIEVE THAT, WE MUST ENSURE THAT WE HAVE A STEADY PIPELINE

As a corporate governance institute, nothing is more important than ensuring that all corporates understand that ESG is holistic governance.

In these unprecedented times where we are still facing the tremors of the pandemic, and feeling the wrath of climate change and inflation, we as thought leaders should be mindful of our actions. How does our business and operational decision impact our environment, our stakeholders, and of course, our bottom line?

Urgent attention on E is required, as we must take climate action with the urgency of now as we have after all, Only one Earth. I'm glad to see this is being pressed to top the global agenda, but alas actions are not sufficiently swift still. At the same time, we cannot overlook the S; people are the prime movers of prosperity and it's their well-being that makes our society and therefore, business sustainable and going concerns in the long term.

Meanwhile an analysis of the companies on the S&P 500 found that age and gender diversity among directors correlated with better financial performance during Covid-19.

Now is the time to take an Affirmative Action to get women on boards (and frankly, women should be in all places where important decisions are to be made). Necessary exposure, training and support for women board members is a critical responsibility of the Corporate.

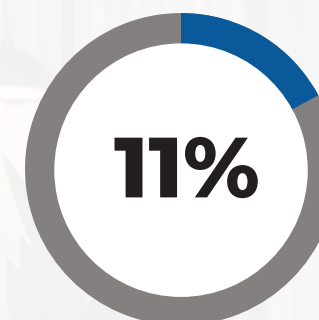
Tokenism must give way to active and genuine support, so more women enter and rise to leadership positions and meet board room challenges. It would go a long way in unlocking real value for all stakeholders, akin to jackpot investing; and will help create pathways to a more balanced, inclusive, and humane society in the long-term.

The UN SDG 17 related to working in partnerships is critical to moving the needle on gender diversity and inclusion; moreover, the UN "HeForShe" campaign calls upon male role models who support women in the journey to gender equity. Just remember 3 key words whenever you are making important decisions...

Planet People Prosperity

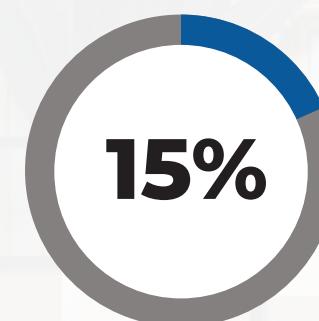
Ahsan Jamil

President and Chief Executive Officer



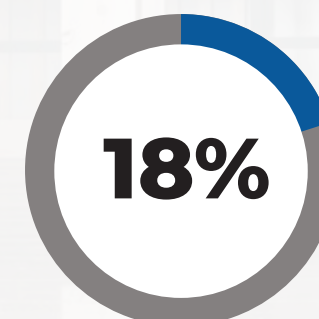
Listed Companies have female representative on their Board of Directors

- A research by PSX (2019)



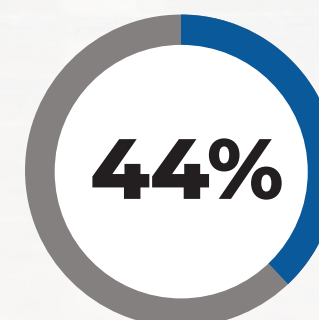
Female Certified Directors in the Independent Director Database. (IDD)

- SECP IDD managed by PICG (2019)



Female who have completed SECP Certified Directors Training Program.

- PICG Alumni Diversity (2021)



Female employees ratio at PICG.

- PICG (2021)

Editors Note

YOUR CONTRIBUTION TO SOCIAL GOVERNANCE REFORMS - IN ANY SHAPE OR FORM - IS A STEP IN MAKING AN INCLUSIVE FUTURE POSSIBLE

Dear Distinguished Readers,

We welcome you to the new edition of PICG Quorum. We are not only changing the layout of the Quorum but also renaming it as the "Directors Quorum Quarterly". This edition has been carefully designed to raise awareness of ESG amongst our esteemed readers, the Directors Quorum Quarterly has been now segmented into three categories: Environment, Social, and Governance respectively.

People are the ones who make the most difference, but if you treat them unfairly, it will not generate positive outcomes. Women in the corporate world have been undervalued to men, due to which women do not progress to reach the C-level nor reach the Boardroom or become Chairpersons. This edition will showcase what PICG and other Industry leaders have done to walk this talk on Women.



This edition is dedicated to our PICG Family, who are committed to bring good governance practices to the corporate world and also contribute to the dream of creating a paradigm shift in our Corporate Governance lens by widening it to ESG one. The PICG Family is small one but growing: and embracing the mantra of Think Big, Start Small, but Act Now! While having co-founded the ESG Task Force with the Pakistan Stock Exchange, ESG 101 has been launched to orient the corporate community as an important small step. Moreover, our inaugural Governance Management Trainee (GMT) program is moving successfully to its closure this fall with an outreach to bring in our second cohort of future Governance/ESG Leaders. It gives me great pleasure to recognize the collective efforts made by them to support the management in their goals. On Behalf of PICG, we wish them the best of luck for the future. Thank you Rameen Aamir Ahmed, Fatima Khayam, and Rameen Talha Downeck, for being part of our family.

Natasha Nisar

Manager Marketing
and Resource Mobilization

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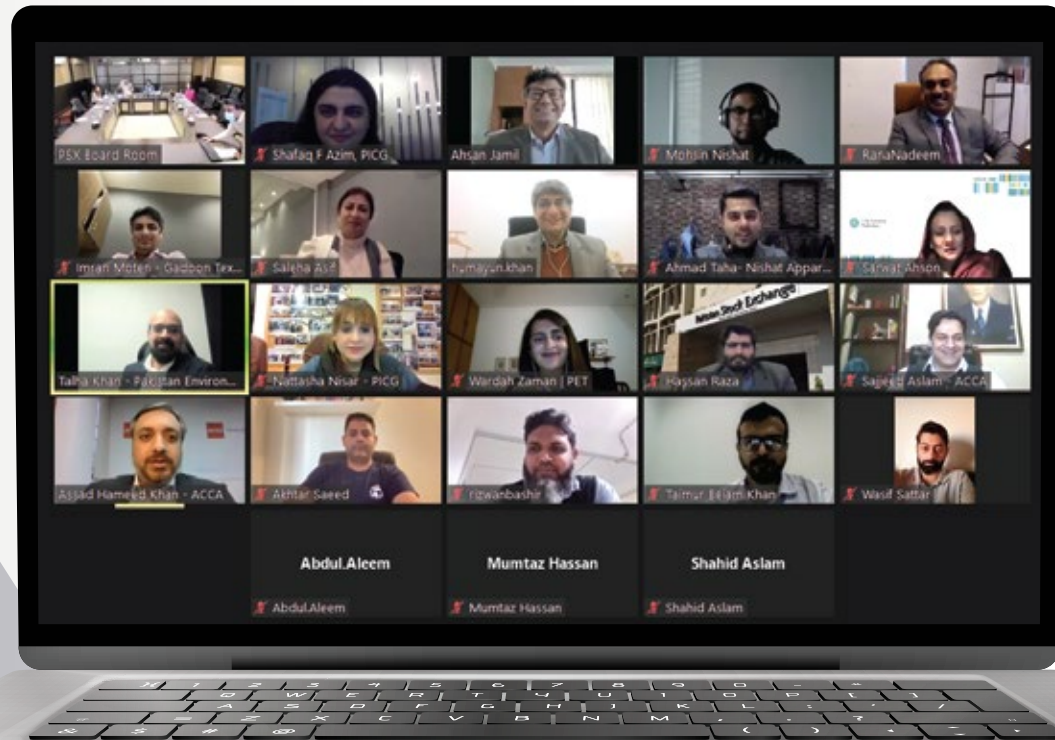
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ENVIRONMENT

#ONLYONEEARTH
#DONTCHOOSEEXTINCTION

ESG Taskforce

ROUNDTABLE: TEXTILE SECTOR



The Pakistan Institute of Corporate Governance (PICG) and Pakistan Stock Exchange (PSX)'s, together as the ESG Taskforce, brought together some of the biggest companies in the textile sector of Pakistan for an Exploratory Round Table session about ESG practices. In efforts to spread awareness about ESG practices within listed corporates, thought leaders, and business owners of Pakistan's leading companies attended the session, where they discussed matters of business sustainability and the criticality of ESG.

Participants discussed the urgency of ESG action required from the textile sector, challenges in prioritizing long-term resilience over short-term returns, key ESG indicators for the textile sector, and how formal ESG training, as well as meticulous data collection, can push this agenda forward.

RoundTable Participating Companies

Hosted By:
Pakistan Institute of Corporate Governance
Pakistan Stock Exchange

Participants:
Pakistan Textile Council
Gul Ahmed
Gadoon textiles

Inter loop
Nishat Apparel mills
Sapphire

PET: Net Zero pakistan
KPMG
ACCA

Net Zero

CLIMATE ACTION SIMULATION

The Pakistan Institute of Corporate Governance's Management Trainees attended the first in-person town hall Climate Action Simulation with Net Zero Pakistan. The event was hosted at Artistic Milliners, organized by Pakistan Environment Trust (PET). Net Zero Pakistan is an initiative taken by organizations, public institutions, and sectoral experts to achieve net zero carbon emissions by 2050. The event was a mock UN Climate Summit, with participants divided into groups representing sectors of the population with different environmental interests. The event was a beneficial exercise for organizations, as it demonstrated what short-term and long-term climate goals should look like as well as methods to execute them.



SOCIAL

**#WERISE
#DIVERSITY
#INCLUSION
#SOCIALISGOOD**

Womens Day

CO-HOSTED BY: PSX, PICG, IFC, UN WOMEN & WOMEN ON BOARD



The Pakistan Institute of Corporate Governance (PICG) co-hosted the International Women's Day Event at Pakistan Stock Exchange (PSX) with UN Women, Women on Board (WOAB), and International Finance Corporation (IFC).

The importance of this day was brought forward through the ceremony by speeches done by the corporate sector's most notable champions for women's rights, including PICG and PSX's Chairperson Dr. Shamshad Akhtar, and PICG's CEO Ahsan Jamil.

The ceremony also included striking of the gong by several distinguished women of Pakistan, including Shafaq Fauzil Azim, Head of Advisory at PICG. The ceremony was followed by a Panel Discussion and a Q&A session about how to support women in becoming future leaders.

New Workshop

Leading a Successful Workplace Harassment Investigation

The Pakistan Institute of Corporate Governance held an online workshop for ICI Pakistan Limited, on How to Lead a Successful Workplace Harassment Investigation.

The workshop focused on how to have an impartial, transparent and reliable process in a company, that can provide the best outcome despite unique challenges and situations, and the best approaches to investigate if need be.

Our faculty, Ms. Sara Malkani, conducted the successful 3-day workshop, via Zoom, with 27 participants present from ICI.



Pushing for the Stars:

REPERCUSSIONS OF NOT DEVELOPING THE PIPELINE ON EMPLOYEE MENTAL HEALTH

According to WHO, 450 million people of the population live with mental health issues. Employee mental health has deteriorated globally, with more people than ever quitting their jobs and many taking longer leaves and career breaks. It has been observed that numerous employees are no longer productive or as engaged in the workplace as they once were.

World related stressors coupled with pre-existing mental health issues in employees result in low productivity, low morale, experiencing extreme levels of anxiety and high staff turnover. The pandemic has only added to the issue with years of uncertainty and constant change, due to which mental health is and should be a top priority for any conscious employer and HR leader.

The post COVID anticipated bounce back isn't what had been expected initially. With the world turning towards a new normal, companies are in a hurry to get back on the bandwagon, while being blind to the internal gaps organizations now face, including the absence of a stable human resource pipeline. The need to expand one's business shouldn't trump the need to initially build upon a tailored workforce for the company. It has been noted that employers, especially those in smaller to medium sized companies, have increasingly adopted a tendency to set a multitude of tasks within unrealistic deadlines without acknowledging the limited resource, thereby increasing the stress levels of existing employees. It is therefore of utmost significance for leaders to build and develop a workforce tailored to the needs of the business.

Appropriate resource planning needs to be a top priority for companies that should hire experienced employees based on the demands of the tasks at hand, and the extent to which the company is planning to branch out. Thereafter, development of an internal talent pool and an effective succession planning is critical. This stability would only allow for the business to become more successful and help to avoid quick turnovers that result from employees being overburdened by the senior management's lack of consideration.

Businesses try to remain ahead of their competitors, prioritizing on business growth. However, none of this is achieved and sustainable unless the right individuals are hired in the suitable positions, rather than weighing down the limited workforce available on hand. The idea of double and triple hatting on the workload has become an increasingly problematic occurrence. The glorification of double and triple hatting tends to ignore the impact on employee stress levels, which eventually leads to burnout. This, when ignored or unaddressed can lead to serious health consequences; physical, mental and emotional. It is often assumed that occupational burnout is mainly caused by over-working, but it is also imperative to understand as to how people experience their workload, and how that influences their reactions.

A major consequence of burnout in employees is that it leads to active job hunting and a certain degree of desperation to leave their current companies, where they are no longer motivated to continue with their employment, due to the degree of stressful workload they have to manage. This only leads to the collapse of the already unstable human resource pipeline in the company that merely adds on to the load of the remaining employees, narrowing their capacity.

Excessive amounts of tasks, coupled with unrealistic deadlines can lead to employees feeling overwhelmed and experiencing a lack of control in their routine. It is crucial for managers to monitor staff tasks, and be aware of the impact on mental health and well-being. It is often difficult for employers to gauge the mental health needs of their employees, mainly due to the stigma that exists related to mental health conditions and how it may impact company performance.

Since mental health issues are often misunderstood, many employees don't feel comfortable disclosing their concerns, due to the fear of being stigmatized, or being judged by their employer or colleagues. Some may also avoid being candid as they don't want to receive any special treatment in the workplace and wouldn't want to avoid losing out on any opportunity of a promotion. This fear of facing discrimination from coworkers and superiors prevents employees from seeking the help they need, which can have a negative impact on their productivity levels, well-being in the workplace, and increased absenteeism.

Employers must be more efficient at understanding the role mental wellbeing plays in productivity and turnover. Prioritizing it may help foster psychological safety in the workplace.

ABOUT THE AUTHOR

Rameen Aamir Ahmed is one of PICG's most talented Governance Management Trainees. She graduated with a Bachelors in Psychology, from Sabanci University, Turkey. She has previously worked at Ascend Consulting as a Talent Acquisition Specialist & interned at the Aga Khan University Hospital and Parents Voice Association.



GOVERNANCE

#RISKMANAGEMENT
#BOARDOFDIRECTORS
#CORPORATEGOVERNANCE

Signing Ceremony

PICG AND COMPETITION COMMISSION OF PAKISTAN SIGN AN MOU



Mr. Ahsan Jamil - CEO for Pakistan Institute of Corporate Governance & Ms. Rahat Kaunain Hassan - Chairperson for CCP, signed an MoU to strengthen Corporate Governance and Competition Compliance in Pakistan. This collaboration aligns both organization in their efforts to promote good governance, fair play, and sustainable business practices.

The MoU signing in Islamabad was honored by Dr. Shamshad Akhtar, Chairperson for Pakistan Institute of Corporate Governance, who emphasized the importance of partnerships in public and private sectors.

The MoU is set out to improve advocacy, research, and training, as well as to promote the Competition Act and the Listed Companies (Code of Corporate Governance) Regulations.

New Webinar

COMPETITION LAW COMPLIANCE

Pakistan Institute of Corporate Governance (PICG) and the Competition Commission of Pakistan (CCP) held an exclusive Webinar on Competition Law Compliance and its' Governance implications.

The webinar focused on building awareness of competition laws. Presenters, Ahmed Qadir and Bulent Sohail shared practical guidance on building a suitable competition compliance culture that can enhance innovation and global competitiveness while preventing penalties and reputational damage.



Directors Training

PICG CONDUCTS AN EXCLUSIVE DTP FOR MULTAN WASTE MANAGEMENT COMPANY



The Pakistan Institute of Corporate Governance (PICG) traveled to Multan and successfully conducted an in-house Directors Training Program (DTP) for Multan Waste Management Company (MWMC), at Faletti's Hotel, Multan.

The 5-day module program was focused to provide the Top Management of MWMC with a complete customized Director's Training led by the Top Faculty of PICG.

We would like to thank our prestigious Faculty members; Bulent Sohail, Syed Yusra Gilani, Zafar Sobhani, Moiz Ahmed, Feroz Rizvi, Tariq Ikram, and Sharjeel Ahmed, for leading this enriching experience for the participants.

Corporate Governance Workshops

Designed for

Directors, C-Suite and Action Leaders



July 2022

23rd - 30th
Directors Training Program
9am - 5pm
Online

August 2022

4th
Effective Minute Taking
9am - 1pm
Online

11th
Communication Skills for Directors
9am - 1pm
Online

12th
AML for Board & Executives
9am - 1pm
Online

13th & 20th - 27th
Directors Training Program
9am - 5pm
Online

16th
Board Audit Committee
9am - 1pm
Online

17th
Board HR Committee
9am - 1pm
Online

18th
Board Strategy Committee
9am - 1pm
Online

19th
Board Risk Committee
9am - 1pm
Online

22nd - 24th & 29th - 30th
Directors Training Program
9am - 5pm
In-Person

25th
ESG 101: The Path to Sustainability
2pm - 5pm
Online

September 2022

1st
Board Evaluation
9am - 1pm
Online

6th
Ethical Dilemmas
9am - 1pm
Online

7th - 8th
Company Secretary Development
9am - 5pm
In-Person

9th
ESG 202: People, Planet, Profit
2pm - 5pm
Online

15th
Governance for NPOs
9am - 1pm
Online

15th
Governance for SMEs
9am - 1pm
Online

16th
AML for General Compliance
2pm - 6pm
Online

17th & 24th
Directors Training Program
9am - 5pm
Online

19th - 23rd *
Directors Training Program
9am - 5pm
In-Person

Inspiring Governance
for a Sustainable Tomorrow

Minority Shareholder Rights

THE RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS AND KEY OWNERSHIP FUNCTIONS

According to OECD Principles of Corporate Governance, minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress. Abusive self-dealing should be prohibited.

Many publicly traded companies have a large controlling shareholder. While the presence of a controlling shareholder can reduce the agency problem by closer monitoring of management, weaknesses in the legal and regulatory framework may lead to the abuse of other shareholders in the company. Abusive self-dealing occurs when persons having close relationships with the company, including controlling shareholders, exploit those relationships to the detriment of the company and investors. The potential for abuse is marked where the legal system allows, and the market accepts, controlling shareholders to exercise a level of control that does not correspond to the level of risk that they assume as owners through exploiting legal devices to separate ownership from control, such as pyramid structures or multiple voting rights. Such abuse may be carried out in various ways, including the extraction of direct private benefits via high pay and bonuses for employed family members and associates, inappropriate related party transactions, systematic bias in business decisions, and changes in the capital structure through special issuance of shares favoring the controlling shareholder.

In addition to disclosure, a key to protecting minority shareholders is an articulated duty of loyalty by board members to the company and all shareholders. Indeed, abuse of minority shareholders is most pronounced in those countries where the legal and regulatory framework is weak in this regard. A particular issue arises in some jurisdictions where groups of companies are prevalent and where the duty of loyalty of a board member might be ambiguous and even interpreted as to the group.

In these cases, some countries have developed sets of rules to control negative effects, including by specifying that a transaction in favor of another group company must be offset by receiving a corresponding benefit from other companies of the group.

Other common provisions to protect minority shareholders, which have proven effective, include preemptive rights concerning share issues, qualified majorities for certain shareholder decisions, and the possibility to use cumulative voting in electing members of the board. Under certain circumstances, some jurisdictions require or permit controlling shareholders to buy out the remaining shareholders at a share price that is established through an independent appraisal.

This is particularly important when controlling shareholders decide to de-list an enterprise. Other means of improving minority shareholder rights include derivative (including multiple) and class action lawsuits. Some regulators have established complaint facilities, and some can support lawsuits through disclosure of relevant information and/or funding. With the common aim of improving market credibility, the choice and ultimate design of different provisions to protect minority shareholders necessarily depend on the overall regulatory framework and the national legal system.

To read more on Minority Shareholder Rights, click here to access [G20/OECD Principles of Corporate Governance](#) published by OECD. It helps policy makers evaluate and improve the legal, regulatory, and institutional framework for corporate governance, with a view to supporting economic efficiency, sustainable growth and financial stability

ABOUT THE AUTHOR

Fatima Khayam is one of PICG's most talented Governance Management Trainees, working primarily on ESG research & projects. She holds a degree in Global Liberal Studies from New York University. Her previous endeavors include product design, human rights research and activism. She has a keen interest in Arts & Environment initiatives, and is pursuing a career in Law.

