

## **Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the Half Year ended December 31<sup>st</sup>, 2022.**

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the half year ended December 31<sup>st</sup>, 2022.

### **Highlights**

- During the period under review, the Institute went through a management transition, appointing the new CEO, Mr. Memosh Khawaja.
- The Institute delivered during the half year an income growth of 11% vs. the same period of last year.

### **Operations**

During the half year, the Institute conducted eight Director Training Programs (DTP), two specialized governance workshops, four Director Orientation Workshops & completed eighteen Board Evaluations. The Institute carried out both on-line and in-person Director Training programs.

### **Finance**

- Total revenue from services achieved was at parity with same period previous year. Growth was driven in the advisory services, which grew by more than 50% due to new advisory services offered and due to an increase in the number of board evaluations as compared to H1 of 2021-22. The Director Training program, after a sluggish start, was brought back strongly in the latter half of the period concluding with 11% growth for the period. At the same time, specialized workshops saw a lesser attendance and footfall than last year.
- The surplus for the period is Rs. 5.95 million lower compared to the corresponding period last year. This is mainly on account of unallocated employee final settlement expenses, administrative and development costs related to Director Training Program, and CRM/ERP implementation costs.

### **Board Composition and Remuneration**

The composition of the Board is as follows:

#### **i. Independent Directors**

- a) Dr. Shamshad Akhtar (Chairperson)
- b) Mr. Ahsan Iqbal
- c) Mr. Muhammad Ashraf Bawany
- d) Mr. Kaiser Haneef Naseem\*

#### **ii. Non-Executive Directors**

- a) Mr. Faisal Akhtar (Founding Director - OICCI)
- b) Dr. Fakhara Rizwan (Founding Director - Pakistan Stock Exchange)
- c) Ms. Musarat Jabeen (Founding Director - Securities & Exchange Commission of Pakistan)
- d) Mr. Saleem Ullah (Founding Director - State Bank of Pakistan)
- e) Mr. Yousaf Hussain (Founding Director - Pakistan Banks Association)

#### **iii. Executive Director**

- a) Mr. Memosh Khawaja (President & CEO)\*\*

**iv. Female Directors**

- a) Dr. Shamshad Akhtar
- b) Dr. Fakhara Rizwan
- c) Ms. Musarat Jabeen

\* Mr. Kaiser H Naseem joined the PICG Board, as approved in the Board meeting held on October 6, 2022, to replace Mr. Wasif Rizvi (who resigned in August 2022),

\*\* Mr. Memosh Khawaja replaced Mr. Ahsan Jamil as President & CEO in August 2022.

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

**Board Audit Committee**

- i. Muhammad Ashraf Bawany - Chair
- ii. Ahsan Iqbal
- iii. Saleem Ullah
- iv. Fakhara Rizwan

**Human Resource Committee**

- i. Musarat Jabeen - Chair
- ii. Fakhara Rizwan
- iii. Faisal Akhtar
- iv. Muhammad Ashraf Bawany
- v. Memosh Khawaja

**Investment & Resource Mobilization**

- i. Yousaf Hussain - Chair
- ii. Faisal Akhtar
- iii. Musarat Jabeen
- iv. Saleem Ullah
- v. Memosh Khawaja

**Nomination Committee**

- i. Dr. Shamshad Akhtar - Chair
- ii. Yousaf Hussain
- iii. Musarat Jabeen
- iv. Memosh Khawaja

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

**External Auditors**

A.F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network) accepted appointment as external auditors for the period ended June 30, 2023. We also continue to utilize the valuable services of BDO Ebrahim & Co. as the Internal Auditors of the Institute. We thank the above-mentioned audit firms for rendering us their services gratuitously.

**Corporate Governance Advocacy**

The Institute held review sessions with consultants for development of emerging governance issues related to technology and climate change.

PICG Management held consultations with the Asian Development Bank on capacity building development for the State-Owned Enterprises (SOE) sector.

PICG organized a physical event on the “Evolution of Corporate Governance through Scandals”, centered around case studies from the Latin American market presented by an international speaker Mr. Jonathan Callund, former independent director at IFC. The conference also included a presentation by former SECP Commissioner, Ms. Sadia Khan on the journey of corporate governance in Pakistan.

PICG Management also participated in a Roundtable organized by the United Nations Development Program (UNDP) on the importance of ‘Human Rights Risk Management for the Business Sector’.

PICG conducted a workshop on ‘Financial Literacy for Healthcare Leaders’ as part of Agha Khan University’s Dean’s Leadership Program.

PICG additionally participated in various CG and ESG advocacy forums including the Association of Chartered Certified Accountants (ACCA’s) regulatory governance webinar and an ESG event organized by the Centre of Excellence in Responsible Business (CERB) and the Overseas Investors Chamber of Commerce & Industry (OICCI) in partnership with Unilever Pakistan.

### **Future Outlook**

The Institute expects a strong positive development in its services and revenues over the coming period. Current services on offer will undergo a revamp over the next months, including the Director Training Program, the Board Evaluation service, and the membership program. Further, the portfolio of services is being expanded to capture new market needs and opportunities. In addition, PICG will increase its outreach and activation for its services by enhancing its customer database insights and improving quality of its social media presence.

The Institute aims to play a larger role in serving the corporate community under its mission through stronger research, advocacy, and partnerships. In this regard, the Institute is currently strengthening its capability to serve its stakeholders through human resource led and technology-based initiatives.

### **Acknowledgement**

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



**Director**

August 8, 2023



**President/CEO & Director**

