

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the 9 months ended March 31st, 2023.

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the nine months ended March 31st, 2023.

Highlights

- During the nine months under review, the Institute went through a management transition, appointing the new CEO, Mr. Memosh Khawaja.
- The institute updated its flagship director training program in March with updated content, induction of new faculty and enhanced delivery and regional scope.
- The institute delivered YTD March with a revenue growth of 8.5 % versus the same period of last year.

Operations

During the third quarter, the Institute conducted six Director Training Programs (DTP.) This strong activity is based on two online, one customer specific and one program held in a new location at Islamabad. Before the launch of the updated DTP in March, PICG held a two-day Training of Trainers program for its newly inducted faculty, comprising of practicing senior professionals and subject matter experts. A company secretary development program, an audit committee training and a basic training on ESG 101 were also held during the period. The institute also completed eleven Board Evaluations during the quarter. Administratively, the institute outsourced the finance function fully during the third quarter of the year.

Finance

- During the nine months concluded, total revenue achieved was 8% higher than in the same period of the previous year. Growth was driven by the flagship directors training program which grew by 27%, largely due to an increase in accessibility and participation, as compared to the previous year. The board evaluation services revenue also increased by 20% led by increased clientele and activities. At the same time, the scheduling of short training courses contributed less compared to the previous year due to lack of customer interest.
- The operating profit for the nine months is Rs. 2.1 million and is significantly less than previous year due to increased expenses largely owing to administrative and development costs related to the new Director Training Program, development costs related to the new ERP system and unallocated employee final settlement expenses.

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 H Naseem *

ii. Non-Executive Directors

- a) Mr. Faisal Akhtar (nominee Director of Founding Member - OICCI)**
- b) Dr. Fakhara Rizwan (nominee Director of Founding Member – PSX)
- c) Ms. Musarat Jabeen (nominee Director of Founding Member – SECP)
- d) Mr. Saleem Ullah (nominee Director of Founding Member – SBP)
- e) Mr. Yousaf Hussain (nominee Director of Founding Member – PBA)

iii. Executive Director

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

iv. Female Directors

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

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. Saleem Ullah – Chair****
- ii. Faisal Akhtar**
- iii. Musarat Jabeen
- iv. Memosh Khawaja

Nomination Committee

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

* Mr. Kaiser H Naseem replaced Mr Wasif Rizvi after the first quarter, as approved in the Board meeting held on October 6, 2022.

** Mr Faisal Akhtar resigned subsequent to period end on April 14, 2023, and Mr. Ahmed Zahid Zaheer was accordingly appointed on April 19, 2023 in his place.

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

****Mr. Saleem Ullah replaced Mr. Yousaf Hussain as Chair of the Investment Committee on March 3, 2023.

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 organized a webinar on the importance of corporate adoption of ESG with international guest speakers, which was widely attended and appreciated.

The new launched director training program includes new modules on ESG, climate change, cyber - security and Business & Human Rights to provide directors with cutting edge knowledge.

The Institute formed important collaboration agreements with United Nations Development Program (UNDP) and Asian Development Bank (ADB) for development of governance training content taking critical national and international importance.

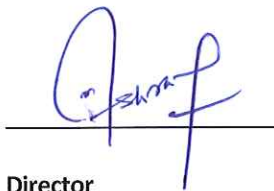
Future Outlook

The institute expects a strong positive development in its services and revenues over the coming quarter to close the year on a strong note. There is a plan to launch new in-demand workshops in the last quarter of the year to continually expand portfolio and fuel further revenue growth. To support this higher level of activation, PICG will increase its outreach 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