

**Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG)  
for the Half Year ended December 31<sup>st</sup>, 2023.**

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>, 2023.

**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 (Nominee Directors of Founding Members)**

- a) Dr. Fakhara Rizwan - Pakistan Stock Exchange
- b) Ms. Musarat Jabeen - Securities & Exchange Commission of Pakistan
- c) Mr. Muhammad Akhtar Javed \* - State Bank of Pakistan
- d) Mr. Yousaf Hussain - Pakistan Banks Association
- e) Mr. Ahmed Zahid Zaheer - Overseas Investors Chamber of Commerce & Industry

**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. Muhammad Akhtar Javed replaced Mr. Saleem Ullah on the Board in September 2023.

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

**Board Audit Committee**

- |      |                            |                          |
|------|----------------------------|--------------------------|
| i.   | Mr. Muhammad Ashraf Bawany | (Independent Chairman)   |
| ii.  | Mr. Ahsan Iqbal            | (Independent Director)   |
| iii. | Dr. Fakhara Rizwan         | (Non-executive Director) |
| iv.  | Mr. Muhammad Akhtar Javed* | (Non-executive Director) |

**Human Resource Committee**

- |      |                            |                             |
|------|----------------------------|-----------------------------|
| i.   | Ms. Musarat Jabeen         | (Non-executive Chairperson) |
| ii.  | Dr. Fakhara Rizwan         | (Non-executive Director)    |
| iii. | Mr. Ahmed Zahid Zaheer     | (Non-executive Director)    |
| iv.  | Mr. Muhammad Ashraf Bawany | (Independent Director)      |
| v.   | Mr. Memosh Khawaja         | (Executive Director)        |

**Investment & Resource Mobilization & Business Development Committee**

- |      |                            |                               |
|------|----------------------------|-------------------------------|
| i.   | Mr. Muhammad Akhtar Javed* | (Non-executive Chairperson**) |
| ii.  | Mr. Yousaf Hussain         | (Non-executive Director)      |
| iii. | Mr. Kaiser Haneef Naseem   | (Independent Director)        |
| iv.  | Ms. Musarat Jabeen         | (Non-executive Director)      |
| v.   | Mr. Memosh Khawaja         | (Executive Director)          |

**Nomination Committee**

- |      |                     |                           |
|------|---------------------|---------------------------|
| i.   | Dr. Shamshad Akhtar | (Independent Chairperson) |
| ii.  | Ms. Musarat Jabeen  | (Non-executive Director)  |
| iii. | Mr. Yousaf Hussain  | (Non-executive Director)  |
| iv.  | Mr. Memosh Khawaja  | (Executive Director)      |

\* Mr. Muhammad Akhtar Javed replaced Mr. Saleem Ullah as Non-Executive Director on the Audit & Investment Committee as approved by the Board on November 1, 2023.

\*\* Mr. Muhammad Akhtar Javed was appointed Chair of the Investment Committee during Committee meeting held on November 16, 2023, to replace Mr. Saleem Ullah, who resigned from the Board on September 15, 2023.

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

**Highlights**

- During the half ended under review, the institute delivered a revenue growth of 19% and net profit growth of 95% vs. same period of last year.

### **Operations**

During the half year, the Institute conducted seven Director Training Programs (DTP), eleven specialized governance and ESG workshops, seven Director orientation workshops & completed thirteen Board Evaluations. The institute carried out both on-line and in-person Director Training programs during the period. The directors program for the SOE segment could not be launched as advised by the SECP considering SECP's role in the SOE policy, being finalized during second quarter, which stipulates that the customized program for SOE directors should be collaboratively developed by the SECP in partnership with other stakeholders.

### **Finance**

- Total revenue achieved was 19% higher than the same period previous year. Growth was driven by the Director Training Program, the biggest contributing business segment, which grew by 41% due to more sessions offered and participants attendance as compared to the first half of 2022-23. Specialized workshops and director orientation workshops also grew significantly by 370% as per the plan to revive this revenue segment with high value programming.
- The operating expenses increased by 16% vs. the same period last year due to high inflationary administrative expenses, high training costs due to more in-person sessions, and old receivables write-offs. The operating loss closed at 1.5 Mn compared to last year's loss of Rs. 2.5 million at the same period last year.
- Other income has grown by 60% vs. last year, resulting in a strong net income of 95% vs. last year.

### **External Auditors**

A.F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network) accepted the appointment as external auditors for the period ended June 30, 2024, and we thank them for rendering us their services gratuitously.

We also continue to utilize the valuable services of BDO Ebrahim & Co. as the Internal Auditors of the Institute.

### **Corporate Governance advocacy**

The Institute held an engagement session with its corporate members sharing important updates regarding new membership features and PICG ESG survey results.

PICG held a train-the-trainer session conducted by the Asian Development Bank for capacity building of its' faculty for the state-owned enterprises director training program.

PICG signed an MOU with the Central Depository Company (CDC) for development of central information, knowledge, and services portal for shareholders.

PICG also organized several advocacy sessions including a webinar on Human Rights due diligence, a webinar on new voting framework for independent and female director elections with SECP, an ESG roundtable with the FMCG sector and a focus group on SME corporate governance needs.

PICG Management also participated in a seminar as part of its SME corporate governance project co-managed with Karandaaz.

#### **Future Outlook**

The institute expects a steady level of overall revenue development over the coming quarter. It is expected that a higher number of board evaluation services will be given vs. the first half of the year. Furthermore, national elections in February and Ramadan in March are expected to be key factors impacting revenue generation. PICG aims to hold corporate events in the second half of the year to strengthen its corporate brand value and influence. PICG also aims to publish more research on corporate governance during the coming period. PICG will also focus on developing new corporate governance services for the capital markets and shareholders during the coming period.

#### **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

February 21, 2024



President/CEO & Director