

## **Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the 9 months ended March 31<sup>st</sup>, 2024.**

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the nine months ended March 31<sup>st</sup>, 2024.

### **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 nine months ended under review, the institute delivered a revenue growth of 17% and net profit growth of 54% vs. same period of last year.
- The institute organized a Pakistan-first virtual ESG conference engaging prominent global and local ESG experts and professionals.

### Operations

During the third quarter, the Institute conducted five Director Training Programs (DTP.) This activity is based on three in-person and two online programs including one held during Ramadan. The institute held five customized Director Orientation programs for companies, including two on ESG. One of the ESG workshops was an extensive training program for a financial sector client. PICG's customized ESG orientation and training workshops are aimed at boards, senior executive management and working committees. The institute also held four open workshops, including two for the financial sector focusing on digitalization and ESG respectively. The institute also completed nine Board Evaluations and one advisory project during the quarter.

### Finance

- During the nine months concluded, total revenue achieved was 17% higher than same period previous year. Growth was driven by the flagship directors training program, the biggest contributing business segment, which grew by 23% due to more participants attendance and price increase as compared to the same period of 2022-23. Furthermore, Specialized workshops and director orientation workshops grew substantially by 360%, adding approximately PKR 10mn revenue over a small revenue base of PKR 3.6mn during same period last year. At the same time, board advisory revenue services contributed less as compared to previous year due to macro-economic conditions leading to slow down in projects commissioning.
- The operating expenses increased by 19% vs. the same period. The primary reason for comparative expenses increase is the timely provision for provident fund, which were provisioned last year in total at the end of the financial year. Furthermore, higher inflationary administrative expenses, and higher provisions for old receivables were reasons for overall increase in expenses.
- The institute reported positive operating profit for the nine months.
- Other income has grown by 64% resulting in a strong net income of 54% 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

In the quarter ended March 31, 2024, the institute organized a Pakistan-first ESG virtual conference which invited several global and local ESG leaders to create awareness about the importance and state of progress on ESG matters. More than 800 participants attended the landmark 3-day event.

During the quarter, the Institute was represented by its management in other corporate governance events like the ACCA Leadership Conversation and the SECP ESG Symposium in January. The institute was also instrumental as a member of the committee formed by SECP on recommending improvements towards conduct of AGMs, which submitted its report in February.

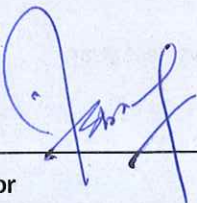
### Future Outlook

The institute expects continued robust progress in its services and revenues over the coming quarter to close the year on a strong note. There are several projects in the pipeline plan which are expected to be launched in the last quarter of the year to continually expand its portfolio of services and fuel further revenue growth.

The institute also aims to play a larger role in serving the corporate governance agenda under its mission through new research and advocacy-based initiatives.

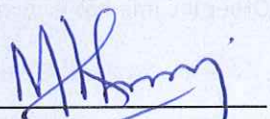
### Acknowledgement

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

May 2, 2024



President/CEO & Director