

## Chairperson's Review

### FY 2023-24

On behalf of the Board of Directors, I am pleased to present my review of the performance of the Pakistan Institute of Corporate Governance (PICG) for the financial year 2023-24.

The global and local economic landscape remained complex this year. Global inflationary pressures persisted, with energy and food prices continuing to strain developing economies, including Pakistan. While there were areas of growth, particularly in agriculture, the overall economic environment was challenged by political instability, high inflation, and significant poverty levels. These factors combined to create a complex and often difficult business climate requiring heightened risk management reviews and resilience-building efforts by businesses and corporate leaders.

With Pakistan facing significant environmental and social challenges that are increasingly being recognized as business challenges, the focus is fast- zooming in on the governance of E&S issues. Companies are increasingly expected to adopt sustainable practices to mitigate their environmental impact on climate change and resource management; and manage social issues such as gender equality, labor rights and community engagement. In September 2023, the OECD Principles of Corporate Governance were revised and endorsed by G20 leaders. The key changes made included the emphasis on the need to enhance reporting on sustainability-related information, board responsibilities regarding sustainability matters, and improve dialogue between companies and their shareholders and stakeholders on sustainability issues to ensure that companies are responsive to the expectations and concerns of their stakeholders. In line with the global focus on sustainability, local regulators have also prioritized the integration and reporting of sustainability issues by issuing guidelines and directives to ensure dedicated Board oversight.

Consequently, PICG was pleased to hold its first ever online ESG Conference for Pakistan, bringing renowned local and international speakers, regulators, practitioners and investors together to provide insights, updates and suggestions on the business case for ESG; Corporate ESG stewardship; current standards, regulations and capital market practice covering investor inclinations and needs. We are happy to note that the conference was very well attended and appreciated, highlighting the importance of the topic and the need for more awareness and guidance.

Pakistan is also experiencing rapid technological adoption, via a growing tech ecosystem, increased mobile connectivity, government initiatives supporting the tech sector, and a growing freelance market. Corporate Boards and Executives therefore must ensure they keep abreast with technological advancements, to direct investment in IT infrastructure that is essential for sustainable growth and

resilience and must be made aware of their duties related to oversight of cyber risks and disruptions associated with such technological enhancement and innovative processes. PICG has included this topic in its flagship Directors Training Program and other specialized workshops to facilitate Boards in understanding their responsibilities in this regard.

## **Board**

In May this year, an Extra Ordinary Meeting of PICG's Members was held to elect its new Board. The new board transition has been seamless, ensuring continuity in our strategic direction. The elections were held with both hybrid and physical attendance options available, as well as both e-voting and physical balloting options to facilitate participation. I welcome the newly appointed Board consisting of continuing members and a new Member and look forward to continued cooperation therefrom to guide and steer the Institute to further heights.

## **Business Activity**

In the area of capacity building, PICG took significant strides being the first to introduce the Directors Training Program for State-Owned Enterprises (SOEs) in Pakistan in collaboration with the Asian Development Bank and in alignment with the Securities and Exchange Commission of Pakistan to provide further clarity and awareness to Directors and Executives on the new SOE Act and SOE Policy recently notified.

Further, to promote stronger capital market practices in the country, PICG signed a Memorandum of Understanding (MOU) with the Central Depository Company of Pakistan Limited in October 2023 to establish an online one-stop centralized portal for accessing corporate governance related information, best practices data and services, aimed to empower shareholders to participate and make informed decisions in CG processes through the provision of easy access to comprehensive resources, training, and learning modules and other services catering to shareholders roles, responsibilities and rights.

PICG also continued its advocacy efforts through the conduct of various internal and collaborative webinars, research papers and a survey and involvement in various Committees and forums to further corporate governance best practices.

## **Finance**

The Institute's financial health has remained strong. With prudent management of resources and ongoing oversight by the Board Audit Committee, as well as both the Institute's Internal Auditors (BDO) and External Auditors (AFF & Co), PICG continues to operate from a position of financial stability, ensuring that our strategic goals are met without compromising the quality of our services.

## **Outlook**

In the coming year, PICG aims to expand its presence, both through the provision of more ESG capacity building initiatives and advisory services, provision of the online digital platform for shareholder education and enhanced networking opportunities for members and corporate leaders.

We will also continue to prioritize the promotion of diversity in terms of skill sets, gender and generational diversity to drive enhanced innovation, efficiency and decision-making abilities of the boards of companies across Pakistan, both listed and otherwise; and continue to work with companies to advise on how they can improve their corporate governance frameworks.

The Board is optimistic as we look ahead to the coming year, and as the Chairperson, I appreciate the contribution of Board Members to the Institute.



**Dr Shamshad Akhtar**

Chairperson