

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the year ended June 30th, 2024.

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the year ended June 30th, 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. Aftab Ahmed Diwan - Mutual Funds Association of Pakistan

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 above Board of Directors have been elected in the Extra Ordinary General Meeting (EOGM) held on May 8, 2024, for a term of three years.

*Mr. Memosh Khawaja reappointed as President & CEO by the Board on May 9, 2024.

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. Muhammad Ashraf Bawany (Independent Director)
- iv. Mr. Memosh Khawaja (Executive Director)

Investment & Resource Mobilization & Business Development Committee

- i. Mr. Muhammad Akhtar Javed (Non-executive Chairman)
- 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)

*The Board Committees are subject to be reconstituted in the upcoming 108th meeting of the Board of Directors.

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.

Board & Board Committee Meetings

The following meetings of the Board and Committees were held during the year:

Sr	Details	Number of meetings
	Board Meetings	7
	Board Committee Meetings	
1	Audit	5
2	Human Resource	3
3	Investment, Resource Mobilization & Business Development	1
4	Nomination	0
	Total	16

Attendance of Directors at meetings was as follows:

Sr	Director	Board	BAC	HRC	IRM&BD
1	Dr. Shamshad Akhtar	4/7	-	-	-
2	Dr. Fakhara Rizwan	7/7	4/5	3/3	-
3	Mr. Ahsan Iqbal	6/7	5/5	-	-
4	Mr. Muhammad Ashraf Bawany	7/7	5/5	3/3	-
5	Mr. Muhammad Akhtar Javed*	1/5	0/3	-	1/1
6	Mr. Saleem Ullah**	1/2	1/1	-	-
7	Mr. Yousaf Hussain	5/7	-	-	0/1
8	Ms. Musarat Jabeen	5/7	-	3/3	1/1
9	Mr. Kaiser Haneef Naseem	6/7	-	-	1/1
10	Mr. Memosh Khawaja	7/7	-	3/3	1/1
11	Mr. Ahmed Zahid Zaheer**	6/7	-	2/2	-

*Mr. Muhammad Akhtar Javed joined the Board in September 2023.

** Mr Saleem Ullah left the Board in September 2023, and Mr. Ahmed Zahid Zaheer left in May 2024, respectively.

Highlights

- During the full year under review, the institute achieved a sound financial performance, recording operating revenue growth of 8% and net profitability growth of 52%, driven by investment income.
- The institute advanced its ESG advocacy agenda by conducting and publishing an ESG corporate survey and by launching Pakistan's first ESG conference in the third quarter of the year.
- The institute introduced a director training program for State-owned enterprises in May 2024 based on the new SOE Policy 2023 and in line with SECP's recommended curriculum.

Institute's Operations

During the full year, the Institute conducted 19 Director Training Programs (DTP) comprising of in-person and online programs, general and customer specific programs, and programs held in person in both Islamabad and in Karachi. Additionally, the total includes two focused State-owned enterprises Directors Training Program launched in the last quarter of the year with one training held each in Islamabad and in Karachi. The training was preceded with extensive preparation in terms of content development and on-boarding of faculty in collaboration with the Asian Development Bank.

The institute also conducted ten governance Director Orientation Workshops (DOWs) during the year.

A particular highlight and success of the year was its focus on workshops programming on relevant and high interest topics, including 8 customer-specific ESG workshops. A total of 25 specialized workshops were held in the year.

The institute also completed 30 Board Evaluations comprising five clients including a self-regulatory body. This year also marked the addition of advisory services delivered to clients in the telecom and Fintech sector, comprising of development of corporate governance policies and plans, terms of reference for board committees, remuneration survey and a research project. Furthermore, the Institute developed corporate governance framework for a Fintech start-up.

This year membership criteria remained under review by the board.

The institute also increased its outreach over the year to its stakeholders, increasing both its' Linked In following and website traffic growth by +50%.

Finance

- During the full year concluded, total operating revenue achieved was 8% higher than previous year. Growth was driven by the largest revenue contributing activity, the directors training program, which grew by 25%, and notably by the specialized workshops activities, a stream which grew by 156% contributing 14% to overall revenue in this year.
- The revenue mix for this year changed considerably vs. the previous year on account of lower activity of the high profitability service of board evaluations contributing 15% to revenue vs. 29% in previous year. Administrative expenses were controlled at below inflationary levels at 8%. The total operating profit for the full year as a result was consistent with the previous year.
- Accounts Receivables were reduced significantly by 73% vs. the previous year.
- Investment income increased by 51% to bolster the net surplus for the year.

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, 2024. 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 pursued enhancements in corporate governance practices by engaging in several topics such as: joining the SECP committee on recommending improvements in conduct of AGMs, conducting webinars on seeking market feedback on category-based voting structure for board elections, and publishing a guide on the right of minority shareholders. Furthermore, PICG signed an MOU with CDC to develop a digital platform dedicated to shareholders to provide them comprehensive knowledge, learning and ability to participate in governance activities.

The institute also pursued scaling up the good corporate governance agenda by initiating full-scale research and developing case studies on the Small and Medium Enterprises (SME) sector in collaboration with Karandaz.

PICG's leadership in driving ESG integration was enhanced as it conducted the first multi-stakeholder ESG conference for Pakistan, conducted large-scale local corporate research on ESG integration status, participated in a regional research in partnership with Stewardship Asia Centre, and took the stage to engage with ESG stakeholders on several platforms.

The Institute also participated in ICGN's annual conference, engaging with several international stakeholders on critical corporate governance issues.

Future Outlook

The institute expects a continued positive development in its services and revenues over the coming year. PICG has developed new advisory and training services related to ESG integration which are expected to be launched and bring new business in the second half of the new year.

The institute also aims to play a larger role in enhancing the corporate governance agenda through stronger research, developing platforms and carrying advocacy. The focus of developments will be on both the board of directors and the shareholders.

Acknowledgement

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



Director

September 30, 2024



President/CEO & Director