

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Pakistan Institute of Corporate Governance For The Year Ended June 30, 2024

This statement is being presented to voluntarily comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 and establishes that the Pakistan Institute of Corporate Governance (“the Institute”) is managed in compliance with the best practices of corporate governance. The Institute is not required to comply with the provisions of the Code of Corporate Governance which are applicable to listed companies. However, to ensure the implementation of best practices in its own operations, the Board of Directors of the Institute have decided to measure its governance against the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Institute complies with such provisions of the Code that specifically relate to its activities and operations.

1. The total number of directors are 10 comprising the following:

Males : 7
Females : 3

2. 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) Ms. Musarat Jabeen - Securities & Exchange Commission of Pakistan
 - b) Mr. Muhammad Akhtar Javed - State Bank of Pakistan
 - c) Mr. Aftab Ahmed Diwan - Mutual Funds Association of Pakistan
 - d) Mr. Yousaf Hussain - Pakistan Banks Association
 - e) Dr. Fakhara Rizwan - Pakistan Stock Exchange Limited

- iii. Executive Director**

- a) Mr. Memosh Khawaja - President & CEO

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

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.

iv. Female Directors

- a) Dr. Shamshad Akhtar
 - b) Dr. Fakhara Rizwan
 - c) Ms. Musarat Jabeen
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Institute.
 4. The Institute has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Institute along with its supporting policies and procedures.
 5. The Board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Institute. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Institute.
 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / members as empowered by the relevant provisions of the Act and these Regulations.
 7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
 8. No remuneration is paid to the Directors except for the Executive Director for whose remuneration the Board has a formal policy and transparent procedure in accordance with the Act and these Regulations.
 9. The Board is in compliance with the requirement of Directors' Training program as the following Directors have completed their Directors Training or have been exempted from the requirement under provisions of the Code:
 - i. Dr. Shamshad Akhtar
 - ii. Mr. Ahsan Iqbal
 - iii. Mr. Memosh Khawaja
 - iv. Mr. Aftab Ahmed Diwan
 - v. Dr. Fakhara Rizwan
 - vi. Mr. Muhammad Ashraf Bawany
 - vii. Ms. Musarat Jabeen
 - viii. Mr. Kaiser Haneef Naseem
 - ix. Mr. Yousaf Hussain
 - x. Mr. Muhammad Akhtar Javed
 10. The Board has approved the outsourcing of the finance function (outsourced to RSM Avais Hyder Liaquat Nauman), appointment of the Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. The Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The following Board committees existed during the year*:

i. Audit Committee

- Mr. Muhammad Ashraf Bawany (Independent Chairman)
- Mr. Ahsan Iqbal (Independent Director)
- Dr. Fakhara Rizwan (Non-executive Director)
- Mr. Muhammad Akhtar Javed (Non-executive Director)

ii. Human Resource and Remuneration Committee

- Ms. Musarat Jabeen (Non-executive Chairperson)
- Dr. Fakhara Rizwan (Non-executive Director)
- Mr. Muhammad Ashraf Bawany (Independent Director)
- Mr. Memosh Khawaja (Executive Director)

iii. Nomination Committee

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

iv. Investment Resource Mobilization & Business Development Committee

- Mr. Muhammad Akhtar Javed (Non-executive Chairman)
- Mr. Yousaf Hussain (Non-executive Director)
- Mr. Kaiser Haneef Naseem (Independent Director)
- Ms. Musarat Jabeen (Non-executive Director)
- Mr. Memosh Khawaja (Executive Director)

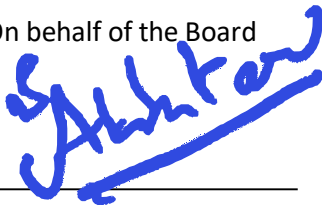
*The Board Committees are subject to be reconstituted in the upcoming 107th meeting of the Board of Directors.

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
14. The Board has outsourced the internal audit function to BDO Pakistan who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Institute.
15. The statutory auditors of the Institute have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Institute.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
18. Explanation for the non-mandatory requirements, i.e., those other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are given below:

Matters	Regulation No.	Explanation
<p><u>Frequency of Board Evaluation</u></p> <p>The Board of the company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.</p>	10 (3) (v)	The last evaluation was concluded in October 2023. The reconstituted Board has approved in its meeting held on September 30, 2024, to revise the existing 'Policy on Board Evaluation', that requires a review once in 3 years, to an annual review as per best practice requirements for listed companies.
<p><u>Chairman Letter to Directors</u></p> <p>The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement.</p>	10 (5)	All Directors except one have continued from the previous term. The new Director was oriented on the roles and responsibilities and issued the Code of Conduct for Directors for review and agreement via signing.
<p><u>Director's Training</u></p> <p>Companies are also encouraged to arrange training for:</p> <p>(i) at least one female executive every year under the Directors' Training program from year July 2020; and</p> <p>(ii) at least one head of department every year under the Directors' Training program from July 2022.</p>	19 (3)	The existing single female executive is already certified. The Head of Director and Training Development could not attend the DTP in the current year due to timing differences, although he is very well versed with all the content as he was involved in its development.
<p><u>Environmental, Social and Governance (ESG) matters</u></p> <p>The board is responsible for setting the company's sustainability strategies, priorities, and targets to create long term corporate value. The board may establish a dedicated sustainability committee having at least one female director.</p>	10A	As this requirement was introduced via an amendment to the COCG 2019 notified on June 12 ,2024, the Board will address this matter in its upcoming 108 th meeting, subsequent to year end. The Board is committed to diligently overseeing and addressing sustainability matters and shall consider either establishing a separate committee or designate this responsibility to an existing Board committee.
<p><u>Significant Policies</u></p> <p>The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the company.</p>	10 (4)	The Institute is in process of developing a policy on "Transactions or contracts with associated companies and related parties" and expects to finalize the same subsequent to year end.

<p><u>Human Resource and Remuneration Committee – Composition</u></p> <p>There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.</p> <p>(2) The chairman of the committee shall be an independent director and the chief executive officer may be included as a member of the committee.</p>	28 (1)	Chair of the Human Resource and Remuneration Committee, not being an Independent Director as per Regulation 28, owes to the Institute’s commitment to having a woman chair for gender balance in committee leadership which was deemed more important by the Board.
<p><u>Approval</u></p> <p>The Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of chief financial officer, company secretary and head of internal audit of the company.</p>	20	The Board approved the outsourcing of the whole of the finance function to M/s RSM Avais Hyder Liaquat Nauman & Co Chartered Accountants, and consequently the Institute does not have a Chief Financial Officer. The decision was taken by the Board to outsource regular business functions and avail the benefits of a professional firm due to the size and structure of the Institute, and so that existing management could focus on strategic core business functions in line with the strategic direction of the Institute.
<p><u>Risk Management Committee</u></p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	30 (1)	This is not a mandatory Committee. Further, the Board itself and through its Audit Committee annually reviews business risks facing the Institute to ensure that a sound system of risk identification, risk management and related systemic and internal controls is being maintained to safeguard assets. Further, BDO has been appointed as Internal Auditors to ensure that all material controls (financial, operational, compliance) are monitored and reviewed. The Board ensures that risk mitigation measures are robust.

On behalf of the Board



DR. SHAMSHAD AKHTAR

CHAIRPERSON