

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the half year ended December 31, 2024.

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the half year ended December 31, 2024.

Board Composition and Remuneration

The composition of the Board is as follows:

i. Independent Directors

- a) Dr. Shamshad Akhtar (Chairperson)
- b) Mr. Muhammad Ashraf Bawany
- c) Mr. Ahsan Iqbal
- 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) Dr. Fakhara Rizwan - Pakistan Stock Exchange
- d) Mr. Aftab Ahmed Diwan - Mutual Funds Association of Pakistan
- e) Mr. Saad Ur Rahman Khan* - Pakistan Banks Association

iii. Executive Director

- a) Ms. Shafaq Fauzil Azim** - Acting President & CEO

iv. Female Directors

- a) Dr. Shamshad Akhtar
- b) Dr. Fakhara Rizwan
- c) Ms. Musarat Jabeen
- d) Ms. Shafaq Fauzil Azim (Acting CEO)

* Mr. Saad Ur Rahman Khan replaced Mr. Yousaf Hussain on the Board on January 17, 2025

** Ms. Shafaq Fauzil Azim was appointed by the Board as PICG's Acting President & Chief Executive Officer in place of Mr. Memosh Khawaja with effect from November 13, 2024.

The Board has the following committees with the 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)

HR Remuneration & Nomination Committee

- i. Ms. Musarat Jabeen (Non-executive Chairperson)
- ii. Mr. Muhammad Ashraf Bawany (Independent Director)
- iii. Dr. Fakhara Rizwan (Non-executive Director)
- iv. Ms. Shafaq Fauzil Azim (Executive Director, Acting CEO)

Investment & Resource Mobilization & Business Development Committee

- i. Mr. Muhammad Akhtar Javed (Non-executive Chairman)
- ii. Mr. Aftab Ahmed Diwan (Non-executive Director)
- iii. Mr. Kaiser Haneef Naseem (Independent Director)
- iv. Mr. Ahsan Iqbal (Independent Director)

Research Strategy & Advocacy Committee

- i. Mr. Kaiser Haneef Naseem (Independent Chairperson)
- ii. Ms. Musarat Jabeen (Non-executive Director)
- iii. Mr. Aftab Ahmed Diwan (Non-executive Director)
- iv. Ms. Shafaq Fauzil Azim (Executive Director, Acting CEO)

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 year ended December 31, 2024, the Institute delivered revenue growth of 40% and net profit growth of 34% vs. same period of last year.
- The Institute hosted its inaugural Directors Summit 2024, bringing together corporate leaders, industry experts, regulators, board members, and executives from both the local and international corporate governance community.
- Two significant new initiatives were launched to promote corporate ESG integration: 'ESG Tracks,' a multi-partner executive ESG online training platform, and 'FOCUS,' an online ESG Integration Assessment Tool. These initiatives are designed to equip companies with the essential knowledge and tools needed to incorporate ESG considerations into their operations and decision-making processes.

Institute's Operations

During the half year, the Institute conducted 7 conventional Director Training Programs (DTP) and 2 DTPs for State-Owned Enterprise's (SOEs). Further, 4 specialized governance workshops, 5 customized Directors Orientation Workshops (DOWs) and 7 ESG Stewardship programs were conducted. These trainings included both in person and online sessions. The Institute also completed 16 Board Evaluations and developed the Corporate Governance Framework for a Bank.

As of December 31, 2024, the total membership stands at 132, including 103 corporate members and 29 individual members, representing a slight increase from the previous year.

Finance

- The total revenue achieved was 40% higher than the same period of the previous year. Growth was driven by sponsorship revenue from the first ever Directors Summit, revenue from board evaluation which grew by 108% compared to the first half of 2023-24 and increase in Director Training Program participation. Specialized workshops, including the new ESG Tracks program, also contributed to revenue growth during the period.
- The operating expenses increased by 38% vs. the same period last year due to expenses relating to the Directors Summit, the cost involved in the development of the ESG Tracks Modules and inflationary administrative expenses.
- Other income grew by 26%, resulting in a significant net income increase of 34% vs. the same period 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 ending June 30, 2025, and we thank them for rendering 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 hosted its inaugural Directors Summit 2024 featuring keynote addresses, informative panel discussions, and master classes in collaboration with several esteemed organizations with topics ranging from sustainability to cyber security, progress on implementation of the State-Owned Enterprises Act (SOE Act) to fulfilment of directors' duties and liabilities, innovative tech solutions and much more. The event brought together over 300 corporate leaders, regulators, industry experts, board members, and executives from both the local and international corporate governance community. The Directors Summit not only provided participants with updates on current regulations and best practices but also offered insights into future directions and an excellent networking opportunity. We are grateful to all our esteemed speakers, sponsors, guests and participants including our international speakers who travelled to Pakistan for this milestone event.

The Institute successfully launched Pakistan's first comprehensive ESG Certification Program 'ESG Executive Tracks'. A complimentary webinar was held during the period, which provided a detailed walkthrough of the new program. The program consisting of 26 different modules provides flexibility to participants to avail this opportunity online and at their own pace.

PICG also developed "FOCUS" and ESG Integration Assessment Tool to facilitate companies to review the quality and scope of ESG integration at their companies, identifying gaps and a roadmap to embedding ESG factors into their business plans, unlocking new markets and driving growth.

PICG, as a Member of the Global Network of Directors Institute (GNDI), participated in GNDI's annual Global Corporate Governance Virtual Conference, nominating the DG Central Monitoring Unit of the Ministry of Finance to discuss the progress of SOEs in Pakistan. The event also explored pressing themes such as Digital Transformation and AI, Environmental, Social, and Governance (ESG), People and Leadership & Board Performance Evaluation.

PICG hosted ACCA for a session on 'Sustainability & Business: The Future & The Now' covering latest developments and trends on sustainability, updates on international standards setting, role of businesses in promoting environmental stewardship, social responsibility, & economic prosperity.

Further, PICG signed an MOU with the International Finance Corporation (IFC) to enhance ESG & Sustainability capacity building for Board & Executives and held the first Train the Trainers program to equip our esteemed faculty with the tools to effectively disseminate the training to companies in Pakistan. This partnership builds upon the strong, longstanding relationship between IFC and PICG.

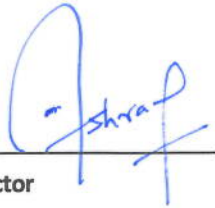
Future Outlook

The Institute expects a continued positive development in its services and revenues over the remaining year through adoption of the newly developed advisory tools and launch of the PICG-IFC ESG training program, which are expected to 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 for networking and information sharing, and enhanced webinars and advocacy. Further, PICG aims to hold corporate events in the second half of the year to strengthen its corporate brand value and influence.

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

February 27, 2025



President/CEO & Director