

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the 9 months ended March 31, 2025

The Board of PICG is pleased to issue its report on the affairs of your Institute for the nine months ended March 31, 2025.

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* - President & CEO

iv. Female Directors

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

* Ms. Shafaq Fauzil Azim was appointed by the Board as PICG's President & Chief Executive Officer with effect from April 1, 2025.

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)
- v. Mr. Saad Ur Rahman Khan (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)

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 Director)
- ii. Ms. Musarat Jabeen (Non-executive Director)
- iii. Mr. Aftab Ahmed Diwan (Non-executive Director)
- iv. Mr. Saad Ur Rahman Khan (Non-executive Director)
- v. Ms. Shafaq Fauzil Azim (Executive Director)

*The Committee was re-established in September 2025 in the 107th Board Meeting.

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 under review, the Institute delivered revenue growth of 27%, with a resultant overall net profit growth of 24 % vs the same period last year.
- PICG launched two new programs, namely '*ESG & Sustainability for Board Directors & Executives*', in collaboration with the International Finance Corporation (IFC) and '*ESG Tracks*,' a multi-partner executive ESG online training platform to equip companies with the essential knowledge and tools needed to support their ESG integration processes.
- An online ESG Integration Assessment Tool, "FOCUS" was developed with the technical assistance of Corporate L.I.F.E.™ Centre International Inc. (CLCI), a consulting firm based in Canada.
- A Shareholders Awareness Webinar Series has been introduced with the aim of enhancing awareness and empowering shareholders to make informed decisions, ensuring their interests are well-represented and their voices effectively heard within corporate frameworks.
- PICG also 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

Institute's Operations

During the quarter ended March 31, 2025, the Institute conducted 4 conventional Directors' Training Programs (DTP) and 2 in-company DTPs for State-Owned Enterprises (SOEs). Further, 3 specialized governance workshops and a customized ESG Stewardship program for a large public sector company was conducted. These trainings included both in-person and online sessions. The Institute also completed 9 board evaluations for companies in various sectors.

As of March 31, 2025, the total membership stands at 138, including 103 corporate members and 35 individual members, representing a slight increase from the previous year.

Finance

- For the nine months ending March 31, 2025, total revenue saw a 27% increase compared to the same period in the previous year. This growth was driven by sponsorship revenue from the inaugural Directors Summit, a 58% increase in board evaluation revenue, and greater participation in Director Training programs. Additionally, specialized workshops—such as the newly introduced ESG for Board Members & Executives and the ESG Tracks program— also contributed in driving revenue expansion during this period.
- Operating expenses increased by 19% mainly on account of the enhanced number of training courses held, and administrative and selling expenses increased by 9% mainly on account of depreciation and finance cost on lease liability against the right of use assets.
- Other income decreased by 5% due to reduction in interest rates, however there was an overall increase of 24% in net income for the period 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

During the nine months ended March 31, 2025, the Institute introduced the following programs and activities:

- i) **Shareholder Awareness Webinar Series:** to facilitate capital market development through enhanced awareness of shareholders' rights and corporate governance practices affecting their investment decisions. A webinar on "*Board of Directors and General Meetings: Understanding the Process*" was held during the quarter, featuring speakers from SECP & PSX, the dialogue of which focused on the purpose, structure and legal requirements of board and general meetings and the responsibilities of the Board; as well as recommended strategies to enhance shareholder participation and engagement.
- ii) Pakistan's first comprehensive **ESG Certification Program 'ESG Executive Tracks'**: a comprehensive capacity building program for those engaged in the ESG integration process, consisting of 27 online modules, providing participants with the flexibility to attend the courses online and at their own pace.
- iii) **ESG & Sustainability for Board & Executives:** PICG collaborated with IFC through the signing of an MOU to develop and disseminate advanced content aimed at enhancing capacity on ESG & sustainability frameworks and processes. As part of this agreement, PICG's faculty participated in a two-day "Train the Trainers" program designed to deepen their knowledge and teaching skills, enabling them to effectively pass on this expertise. This collaboration further strengthens the well-established relationship between IFC and PICG.
- iv) **ESG FOCUS - an ESG Integration Assessment Tool:** a tool has been developed to assist companies in evaluating the quality and extent of ESG integration within their operations, identifying areas for improvement, and creating a roadmap to strengthen their frameworks and processes.
- v) The Institute also 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. We are grateful to all our esteemed speakers, sponsors, guests and participants including our international speakers who travelled to Pakistan for this milestone event.

Besides the above initiatives, PICG also participated in the following activities:

- i) PICG co-hosted a **Gong Ceremony to celebrate Ringing the Bell for Gender Equality on International Women's Day** in collaboration with the Pakistan Stock Exchange (PSX), IFC, Central Depository Company (CDC), CFA Society Pakistan, UN Women, Women on Board Initiative, and Alfalah AMC. Reaffirming its commitment to promote gender equality and women empowerment in the corporate sector, PICG also participated in the panel discussion at the event discussing strategies to empower women in navigating workplace obstacles and leveraging networking, coaching, and skill-building opportunities.
- ii) PICG collaborated as a **Knowledge Partner at the Global Diversity, Equity & Benchmarks (GDEIB) Awards 2025**, hosted by HR Metrics. The event highlighted the importance of breaking down stereotypes surrounding women in leadership, promoting greater female board representation, and setting quantifiable diversity goals.
- iii) As a Member of the Global Network of Directors Institute (GNDI), PICG 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.
- iv) 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

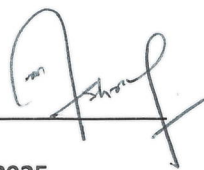
Future Outlook

The Institute anticipates sustained growth in its services and revenues throughout the remainder of the year, despite changes in leadership, driven by DTP participation; an enhanced number of board evaluations; and the implementation of newly developed advisory tools and ESG training programs. These initiatives are projected to attract new business in the final quarter of the year.

The Institute strives to contribute more significantly to advancing the corporate governance agenda by strengthening research efforts, creating platforms for networking and information exchange, and offering improved webinars and advocacy initiatives to enhance capital market development.

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
April 26, 2025



President/CEO & Director