



PAKISTAN STOCK EXCHANGE LIMITED

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PSX/N-607

Dated: May 14, 2020

NOTICE FOR ALL LISTED COMPANIES

Subject: **CRITERIA FOR SELECTION OF TOP 25 COMPANIES FOR THE YEAR 2020**

All listed companies are hereby informed that the following Criteria shall be followed by the Exchange for selecting Top 25 Companies for the year 2020:

Prerequisites for Selection of Top Companies:

- a) Company should be listed for at least 1 full financial year (minimum listing history of at least 12 months).
- b) Top 1/3rd companies will be shortlisted with respect to their Total Shareholder Return (TSR).
- c) The shares of the company should be traded at least 50% of the total trading days of the year.
- d) The company should not be in the Defaulters' Segment of the Exchange or trading in its shares should not have been suspended on account of violation of Listing Regulations / any other applicable law during the year.

The companies that qualify in the above prerequisites will be selected on the basis of highest marks obtained as per the following Criteria:

CRITERIA NO.	CRITERIA	MARKS (%)
1	Capital Efficiency: i) Shareholders' Return on Equity ii) Ratio of Capital Expenditure to Total Assets	15 4
2	Total Shareholder Return	10
3	Growth in Operating Revenue	6
4	Change in EBITDA Margin (Operating Margin) in absolute terms	7
5	Free-Float of Shares Free-Float of shares as a percentage of total shares outstanding	10
6	Turnover of Shares Transactions that are executed on Karachi Automated Trading Systems (KATS)	3
7	Corporate Social Responsibilities Monetary Donation(s) as a percentage of after tax profit disclosed in the Annual Accounts (minimum 1% of after tax profit)	5

8	<p>Reporting on Sustainability Development Goals (SDGs) While there are 17 SDGs, UNDP has highlighted the following 6 SDGs which listed companies are encouraged to report on:</p> <ul style="list-style-type: none"> i) SDG 5 – Gender Equality ii) SDG 6 – Clean Water and Sanitation iii) SDG 7 – Affordable and Clean Energy iv) SDG 8 – Decent Work and Economic Growth v) SDG 9 – Industry, Innovation and Infrastructure vi) SDG 12 – Responsible Consumption and Production <p>A listed company must report against at least 2 SDGs of the 6 SDGs mentioned above.</p>	5
9	<p>Diversity and Inclusion reporting in Annual Report</p> <ul style="list-style-type: none"> i) More than 1 Woman Director on the Board of Directors. 2 ii) Reporting on women employed (permanent / non-contractual) at “C minus 1” and “C minus 2” level in percentage (C – 1 and C – 2 Gender Split) 2 <p>Note:</p> <ul style="list-style-type: none"> i) C – 1 level refers to the HoDs reporting directly to the CEO. ii) C – 2 level refers to the employees directly reporting to the HoDs, which are in turn reporting directly to the CEO. <p>iii) Reporting on differently abled people employed by the company. 1</p>	1
10	<p>Corporate Governance & Investors Relation</p> <ul style="list-style-type: none"> i) Website sections maintained by the company in English and Urdu, in accordance with SECP’s SRO # 1196 (I)/2019 dated October 03, 2019. 3.5 ii) Announcement of half-yearly result within one month 2.5 iii) Holding of Board Meeting for the consideration of accounts within two months of the close of financial year 5 iv) Holding of AGM within 3 months of year-end 2.5 v) Early credit of dividend and bonus shares within 10 days instead of the requirement of 15 and 30 days respectively. 5 vi) Holding of more than 1 corporate briefing program during the year. 2.5 vii) Compliance with the provisions of Code of Corporate Governance. 4 viii) 100% of Directors have completed Director’s Training Program from Institutes approved by SECP by 2020. 2.5 ix) More than 1/3rd or 2 Independent Directors, whichever is higher, on the Board of Directors. 2.5 	2.5
TOTAL		100

Note: Criteria No. 8 to 10 is Binary i.e. companies shall either be given full marks or zero marks. In case of any noncompliance, zero marks shall be given.

This Criteria for Selection of Top 25 Companies is also available on the website of the Exchange: www.psx.com.pk.

Asmaa Saleem Malik

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General Manager – Listing Department

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