

FAQ for BCR Criteria 2019

Paragraph	Question	Answer
3.01	What is meant by Capital in this paragraph?	Here, Capital means Financial Capital, Human Capital, Manufactured Capital, Intellectual Capital and Social & Relationship Capital.
4.04	What format is to be followed for Shariah Advisor Report?	Its provided under SBP Shari'ah Governance Framework for Islamic Banking Institutions (IBI)
4.36	Chairman's significant commitments and any changes thereto". Clarification is requested for word "commitments."	Chairman's significant commitments means if the Chairman is also engaged as board member and/ or in any other role e.g. Trustee, CFO, running business including consultancy etc. in any other company, then, the Company should provide name of such company and the designation of Chairman in that company along with his brief responsibility.
5.02	What is the Formula for Economic Value Added and Free Cash flow?	<p>Economic Value Added $EVA = \text{Net Operating Profits after tax} - (\text{WACC} * \text{capital invested})$</p> <p>Free Cash flow: Cash flow from operations less Capital Expenditure</p>
5.11	"Market share information preferably from an independent source including share price sensitivity analysis." Are these two separate or same disclosures?	<p>These are two separate disclosures. In both the cases, providing the information from independent source is preferable but not mandatory.</p> <p>For share price sensitivity analysis, self-determined sensitivity analysis can be provided.</p> <p>However, we have observed that Companies provide factors affecting the share price in the market which is completely irrelevant. Companies should provide the impact of x% change in market price on its market capitalization.</p>

11.01	Rationale for Statement by management of unreserved compliance of IFRS issued by IASB,	The purpose of providing it in the Criteria is to encourage best practices which are beyond our legal requirement.
11.03	Give some examples for “Disclosures beyond BCR criteria”	1-Disclosure of indirect ownership 2-Information on the rules, including voting procedures that govern the AGM 3-SWOT analysis 4-SECP’s SRO 634 dated July 10, 2014 for information that must be placed on company website. This could include company documents and policies e.g. articles of incorporation, remuneration policies, related party transaction policies, company meeting procedures, and board charters).
Annexure II (1)	Its not mandatory as per IFRS to disclose Fair value of Property, Plant and Equipment (PPE).	As per Paragraph 79(d) of IAS 16, “ <i>Property, Plant & Equipment</i> ” companies are encouraged to provide the fair value of plant and equipment when this is materially different from the carrying amount, as users of Financial Statements may find this information relevant to their needs. To enhance the good practices, this information is specifically included in the criteria.
Annexure III	Annexure III Assessment based on Qualitative factors- kindly elaborate this section	It is noted that some participants follow the “Tick the Box “approach which is not fair and do not serve the purpose of transparency.
General	After introduction of BCR Criteria 2018, Will the ICAP BSR criteria 2017 continues to be applicable for sustainability report 2018 or it is now made redundant due to incorporation of sustainability elements in ICAP BCR criteria 2018?	BSR criteria 2017 continues to be applicable for sustainability report 2018 and separate BSR award will be distributed as per precedent.

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