

A baseline survey of environmental, social, and corporate governance practices of listed companies in Pakistan.

Key trends, challenges, and opportunities for improving
sustainable business practices and reporting.



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STUDY PARTNERS

Securities Exchange Commission of Pakistan (SECP)

The Securities and Exchange Commission of Pakistan (SECP) serves as the apex regulatory authority overseeing Pakistan's corporate sector, capital markets, insurance, and non-banking financial institutions. Established to promote fair governance, transparency, and investor protection, SECP plays a pivotal role in strengthening Pakistan's financial ecosystem. In recent years, it has advanced the sustainability agenda by introducing voluntary ESG disclosure guidelines and enhancing the Code of Corporate Governance to align corporate practices with international sustainability standards.

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ACRONYMS

CBA	Collective Bargaining Agreement
CEO	Chief Executive Officer
CO₂e	Carbon Dioxide Equivalent
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GEM Board	Growth Enterprise Market Board
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
KPIs	Key Performance Indicators
LTIFR	Lost Time Injury Frequency Rate
OECD	Organisation for Economic Co-operation and Development
PSX	Pakistan Stock Exchange
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
TCFD	Task Force on Climate-Related Financial Disclosures
TRIR	Total Recordable Incident Rate
UNDP	United Nations Development Programme



1 EXECUTIVE SUMMARY

1.1 KEY FINDINGS ON ESG BASELINE SURVEY

The ESG Baseline Survey assesses Pakistan's listed companies across the core environmental, social, and governance pillars, benchmarking sector and overall performance against international standards and national guidelines. The survey's primary objective was to provide credible benchmarking of ESG practices, assess the maturity of environmental, social, and governance (ESG) integration in Pakistan's capital markets, and identify sector-specific challenges and reporting gaps.

This baseline has been undertaken under the leadership of the Securities and Exchange Commission of Pakistan (SECP) and the International Finance Corporation (IFC) as part of a broader initiative to strengthen ESG adoption and align Pakistan's capital markets with emerging global standards. It complements SECP's ESG Disclosure Guidelines and the ESG Sustain dashboard, which together provide the core regulatory and data infrastructure for sustainability reporting.

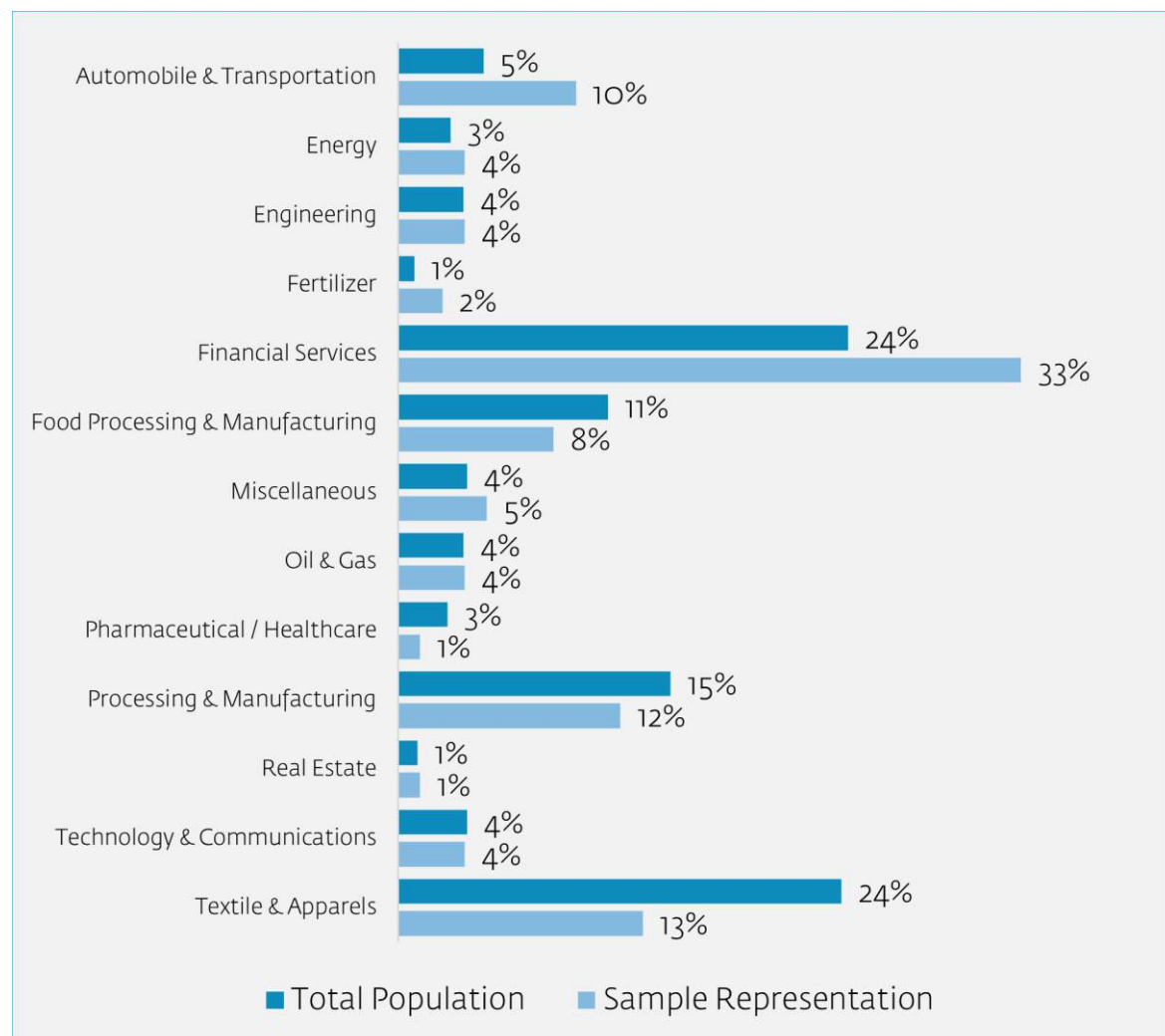
It also forms part of IFC's broader three-year ESG Pakistan Project, which adopts a programmatic approach across regulatory-, market-, and firm-level interventions to deepen ESG integration, expand access to climate finance, and inform future regulatory roadmaps, capacity-building programs, and enhancements to ESG Sustain as the national ESG data hub.



This baseline study covers a total population of 559 companies, including all Pakistan Stock Exchange (PSX)–listed companies (across more than 40 industries) and a few unlisted companies. The survey

sample was systematically stratified to ensure robust representation, achieving an overall 15% representation of PSX-listed companies. A total of 84 companies participated in the survey, exceeding the initial target of 50 and thereby strengthening the reliability of the results across sectors and company sizes.

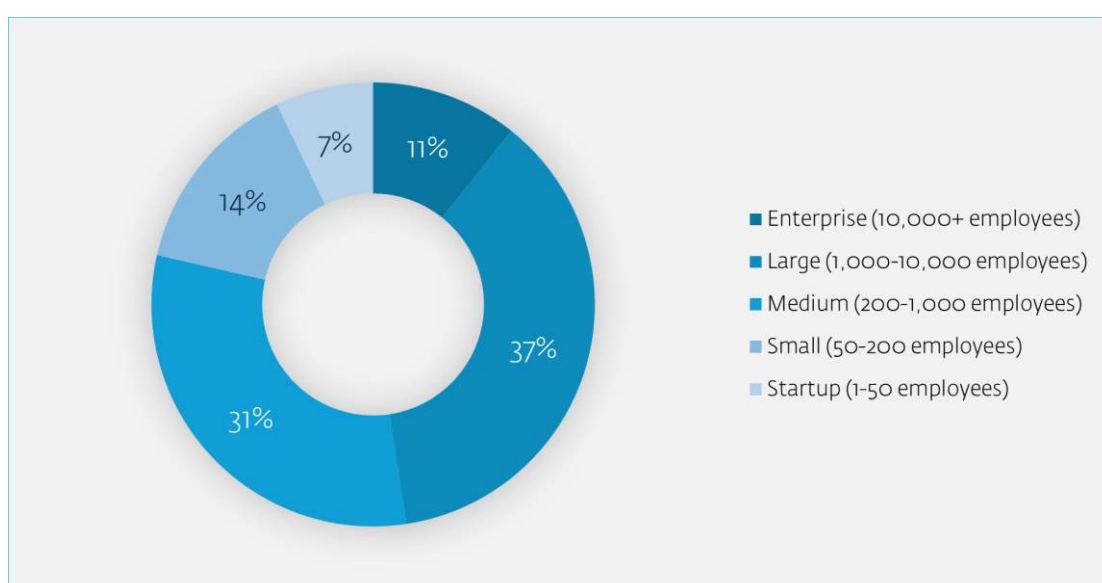
Graph 1.1 : Sectoral Representation in the Total Population and Sample



Graph 1.1 shows that the sectoral representation of the sample is broadly aligned with the underlying population with financial services and textile & apparels being the most prominent sectors overall.

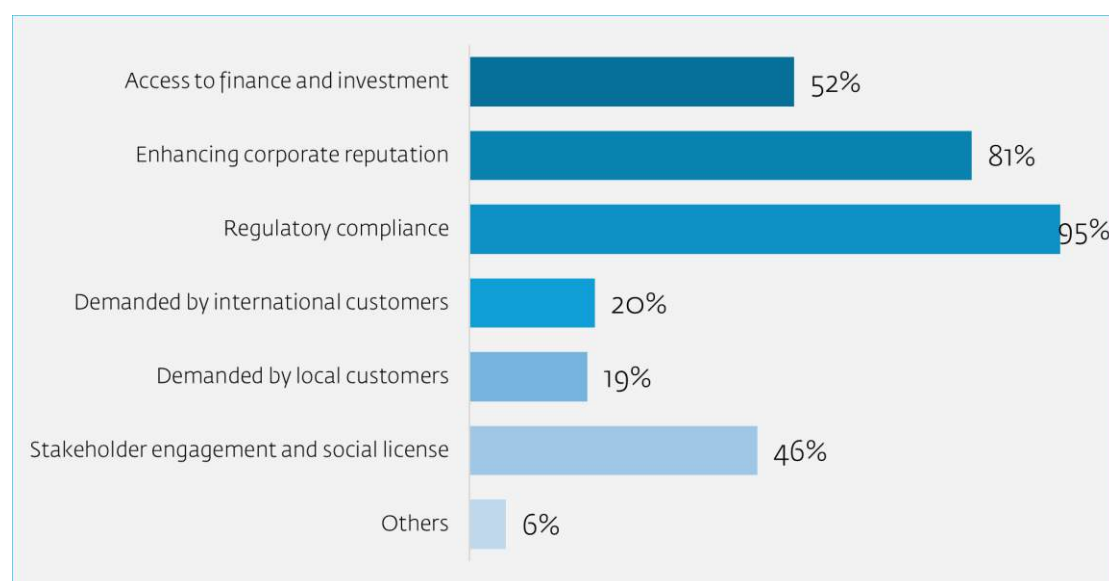
The survey was deployed through a secure digital platform with targeted outreach by SECP and PSX, supported by a dedicated onboarding webinar and helpdesk, which helped increase participation beyond the initial target and ensured coverage of companies at different stages of ESG practice, from early adopters already disclosing via ESG Sustain to first-time reporters. This outreach design means the baseline reflects not only leading practice but also the practical challenges and capacity constraints faced by typical listed companies as they begin to align with SECP Guidelines and emerging IFRS S1/S2 requirements. Sectoral representation largely reflects the PSX population, covering Technology & Communications, Real Estate, Processing & Manufacturing, Oil & Gas, Miscellaneous, Engineering, Energy, Textile & Apparels, and Financial Services. Most respondents are large (37%) or medium-sized (31%) companies (**Graph 1.2**), and 81 of the 84 companies are PSX-listed.

Graph 1.2: Size-wise Distribution of Respondent Companies



Building on this broad and representative sample, the survey results (**Graph 1.3**) indicate that ESG adoption among responding companies is driven primarily by regulatory compliance, which emerges as the most dominant motivation, followed by efforts to enhance corporate reputation and, to a lesser extent, access to finance and investment. Other factors, such as stakeholder engagement, customer demand (both international and local), and social license considerations, play a comparatively secondary role, underscoring that compliance and reputational imperatives are significantly more influential than external stakeholder or market pressures in shaping current ESG practices.

Graph 1.3: Business Objectives by Respondent Percentage



Graph 1.4 : Governance, Strategy, Risk Management Metrics and Targets

Key Metrics	Governance	Strategy	Risk Management	Materiality Assessment	Metrics, Target, Performance Measurement	Transition Plans
Automobile & Transportation	100%	88%	88%	75%	75%	63%
Energy	100%	100%	100%	67%	100%	33%
Engineering	67%	67%	100%	33%	100%	0%
Fertilizer	100%	100%	100%	100%	100%	0%
Financial Services	89%	82%	89%	43%	68%	21%
Food Processing & Manufacturing	86%	100%	100%	57%	86%	29%
Miscellaneous	50%	50%	50%	50%	75%	0%
Oil & Gas	100%	100%	100%	67%	100%	33%
Pharmaceutical / Healthcare	100%	100%	100%	100%	100%	100%
Processing & Manufacturing	80%	90%	90%	50%	80%	20%
Real Estate	100%	100%	100%	0%	100%	0%
Technology & Communications	100%	100%	100%	100%	100%	0%
Textile & Apparels	91%	100%	100%	64%	73%	55%
Industry Average	88%	88%	92%	56%	79%	29%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Consequently, the baseline assessment is underpinned by a structured scoring framework that evaluates governance, strategy, risk management, materiality, metrics and targets, transition plans, talent, and pillar-specific E, S, and G indicators, generating comparable ESG disclosure scores at both company and sector level. Since the ESG scoring focuses on disclosures collected through a survey rather than on independently verified impacts, the scores are best interpreted as an indication of current transparency and ESG readiness rather than a definitive rating of each company's full ESG performance.

Overall, the results indicate that ESG governance and oversight mechanisms are relatively well established across most sectors, with a high proportion of companies reporting board-level responsibility, formal policies, and integration of ESG considerations into risk management processes, as shown in **Graph 1.4**. More than 80% of companies across most sectors fall within the green tier for governance structures and sustainability strategy, reflecting a broad-based commitment to ESG oversight and integration at the policy and management levels. Sectors such as Energy, Oil & Gas, Fertilizer, Real Estate, Pharmaceutical/Healthcare, and Technology & Communications demonstrate comparatively stronger and more consistent governance practices, while some variability persists across Engineering, Miscellaneous, and parts of Processing & Manufacturing.

Although several sectors report progress in measuring and tracking ESG metrics and targets, a meaningful share of companies remains clustered in the amber or red tiers, pointing to gaps in data systems, internal dashboards, and automated monitoring mechanisms. Materiality assessment processes and transition planning emerge as persistent weaknesses: around half of the respondent companies have not yet implemented robust materiality assessments or formalized actionable net-zero transition roadmaps. This indicates that ESG integration in many firms remains compliance-driven rather than outcome-oriented.

Graph 1.5: Environmental Disclosure Data Completeness and Quality

Key Metrics	Policies	Established / Tracking			Quantified			Investment
		Baseline	Actual	Target	Baseline	Actual	Target	
Automobile & Transportation	63%	40%	71%	59%	21%	34%	23%	63%
Energy	58%	0%	83%	27%	0%	10%	0%	67%
Engineering	67%	0%	77%	30%	0%	23%	0%	67%
Fertilizer	38%	20%	65%	15%	20%	25%	20%	100%
Financial Services	40%	11%	30%	14%	5%	8%	5%	61%
Food Processing & Manufacturing	75%	4%	66%	59%	0%	6%	0%	86%
Miscellaneous	50%	0%	38%	40%	0%	3%	0%	25%
Oil & Gas	67%	20%	60%	0%	20%	30%	0%	67%
Pharmaceutical / Healthcare	100%	80%	80%	70%	70%	30%	0%	100%
Processing & Manufacturing	65%	31%	64%	43%	11%	19%	12%	90%
Real Estate	0%	0%	20%	0%	0%	0%	0%	100%
Technology & Communications	58%	3%	33%	23%	0%	3%	7%	33%
Textile & Apparels	93%	20%	67%	41%	5%	24%	4%	91%
Industry Average	59%	17%	52%	32%	8%	15%	6%	70%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Section-wise findings (**Graph 1.5**) show that, in the environmental domain, there has been notable uptake of formal policies for resource and energy management, though substantive challenges remain regarding the tracking and quantification of greenhouse gas (GHG) emissions and water/energy usage.

While many companies indicate that they track GHG emissions and have set reduction targets, only a small subset provides fully quantified baselines, targets, and actual emissions data, indicating a clear gap between stated practice and verifiable performance information. Environmental policies are comparatively well established, but there is a clear lack of emission and energy data, highlighting that environmental performance management across most sectors is still at a relatively early stage.

The Green areas show strong adoption, while the red areas show urgent attention to improving these environmental disclosures, specifically when it comes to quantified data. The RAG chart underscores that environmental disclosure practices remain at an early to emerging maturity level, with most sectors demonstrating higher uptake of policy commitments than of decision-useful, performance-based data. While a few sectors, such as Pharmaceuticals/Healthcare and Automobile and Transportation, are beginning to operationalize environmental management through clearer

baselines and capex allocation, quantified KPIs, targets, and actual performance data are still limited. This infers a strong need to move from policy intent to implementation by institutionalizing ESG data systems, setting time-bound, measurable environmental targets, and scaling investments in climate and resource efficiency to align with international best practices and support sustainable capital mobilization.



Graph 1.6: Social Disclosure Data Completeness and Quality

Key Metrics	Policies	Quantification
Automobile & Transportation	86%	82%
Energy	88%	67%
Engineering	83%	81%
Fertilizer	88%	64%
Financial Services	73%	69%
Food Processing & Manufacturing	73%	69%
Miscellaneous	78%	43%
Oil & Gas	92%	43%
Pharmaceutical / Healthcare	100%	71%
Processing & Manufacturing	80%	60%
Real Estate	75%	0%
Technology & Communications	83%	62%
Textile & Apparels	81%	57%
Industry Average	79%	65%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Like environmental disclosures, quantification of data is again a challenge in social disclosures (**Graph 1.6**). Social disclosure practices are at an emerging to moderate level of maturity, with high uptake of formal social policies across most sectors reflecting strong intent and alignment with good international practice. Social performance is still constrained by gaps in decision-useful data, as

several sectors show weaker quantification, limiting effective benchmarking, portfolio risk assessment, and outcome-focused monitoring.

Graph 1.7: Governance Disclosure Data Completeness and Quality

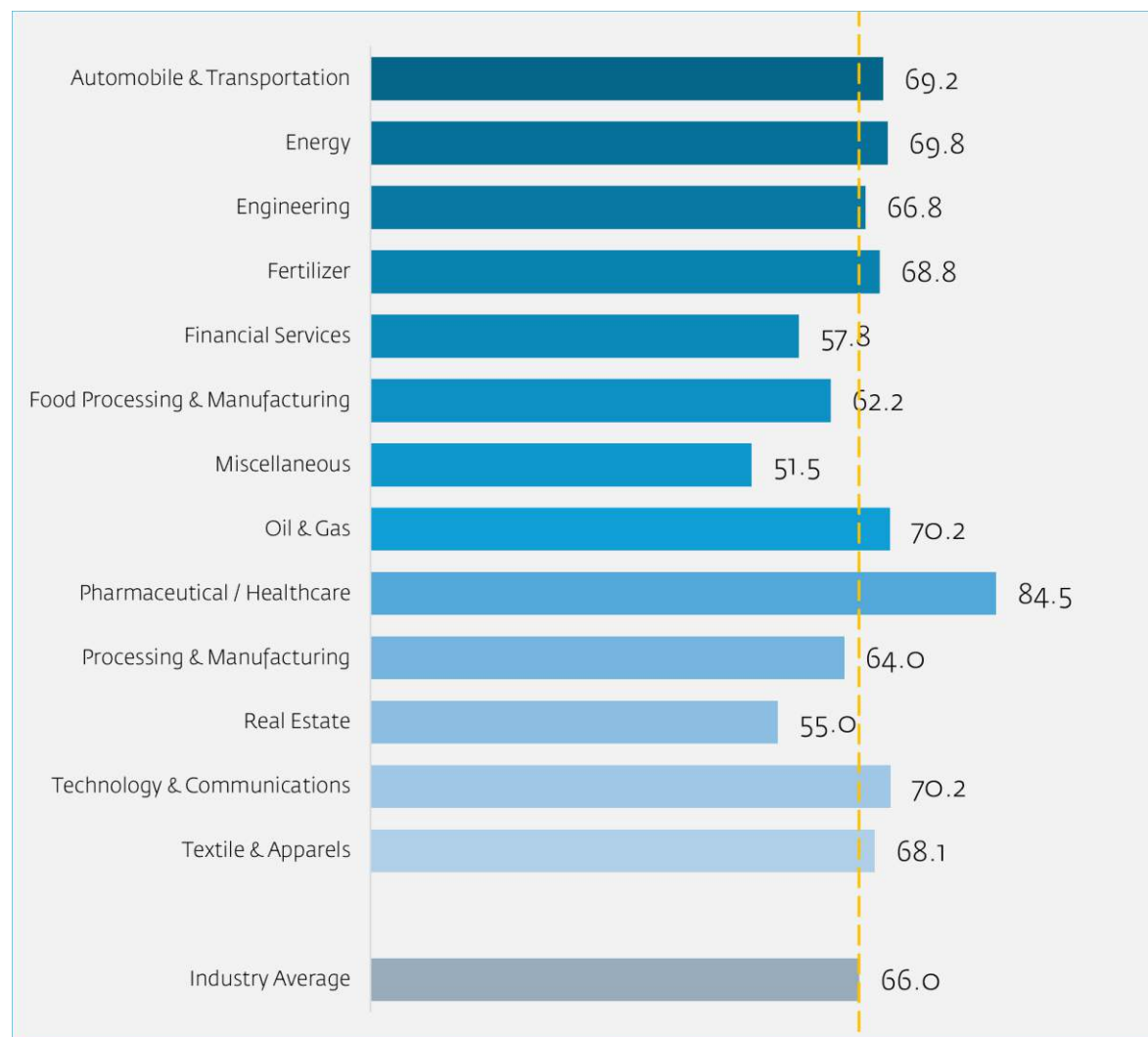
Key Metrics	Governance	Policy	Compliance	Quantification
Automobile & Transportation	88%	92%	90%	50%
Energy	83%	100%	94%	40%
Engineering	72%	100%	67%	20%
Fertilizer	92%	100%	100%	30%
Financial Services	74%	77%	80%	22%
Food Processing & Manufacturing	69%	86%	74%	23%
Miscellaneous	67%	83%	71%	25%
Oil & Gas	83%	89%	83%	40%
Pharmaceutical / Healthcare	83%	100%	100%	60%
Processing & Manufacturing	75%	83%	80%	26%
Real Estate	83%	100%	67%	0%
Technology & Communications	78%	100%	83%	33%
Textile & Apparels	77%	85%	77%	24%
Industry Average	76%	85%	80%	28%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

In governance, there is an overall good quality of disclosures across qualitative data and governance processes, underpinned by Pakistan’s corporate governance reforms and listing requirements, as reflected in **Graph 1.7**. Companies generally disclose board structures, committee responsibilities, and key oversight mechanisms, resulting in higher adoption rates for governance process indicators than for many environmental and social metrics. Nevertheless, quantification remains a strong challenge once again, especially for metrics linking governance to performance (such as ESG-linked remuneration, board-level training on ESG, or quantified governance KPIs), suggesting that governance is more advanced on structure and compliance than on measured, outcome-oriented ESG oversight.

To summarize, governance information is still predominantly qualitative and process-oriented, with limited evidence that ESG responsibilities are systematically translated into measurable performance expectations, incentives, or risk indicators.

Graph 1.8: Overall ESG Score by Sector



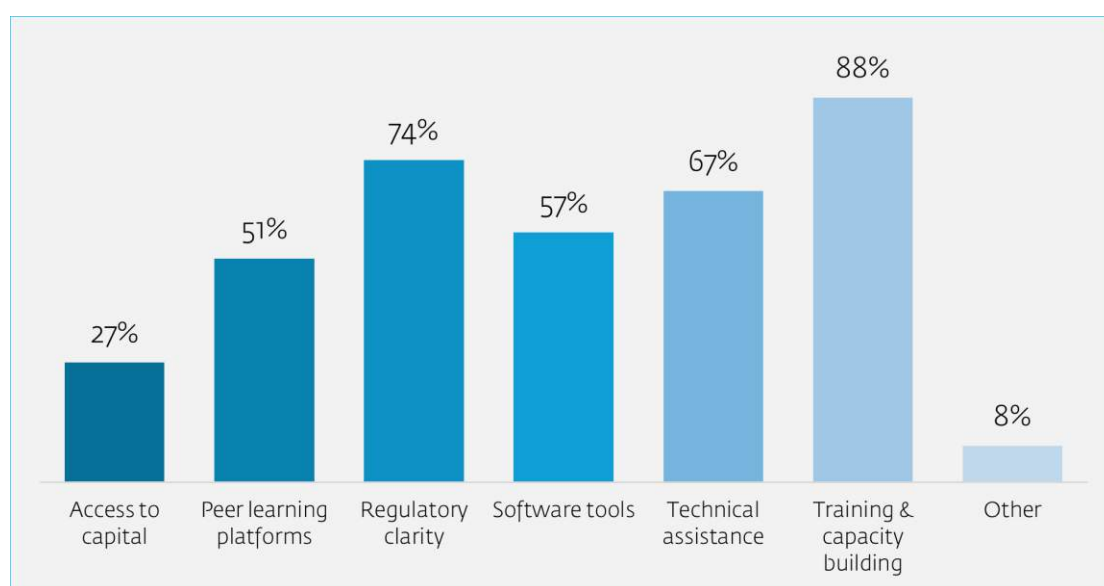
Overall ESG maturity varies significantly across sectors, as summarized in **Graph 1.8**. Pharmaceutical & Healthcare records the highest score (84.5), reflecting comparatively advanced ESG governance, systems, and disclosure practices. Oil & Gas (70.2), Technology & Communications (70.2), Energy (69.8), and Automobile & Transportation (69.2) perform above the industry average of 66, suggesting a relatively higher degree of ESG integration into strategy and risk management. In contrast, Real Estate, Food Processing & Manufacturing, Miscellaneous, and Financial Services post scores below 60, indicating notable weaknesses in ESG implementation, data infrastructure, and transparency that require targeted strengthening.

1.2 PRINCIPLE ESG OPPORTUNITIES AND CHALLENGES

There is a clear opportunity to build on the relatively strong levels of policy adoption and board-level commitment by more fully integrating ESG considerations into corporate strategy and operations. This will require more consistent tracking of key metrics and greater standardization of disclosure practices within and across sectors to strengthen comparability and support more robust ESG decision-making.

Key challenges include: (1) lack of formal transition plans and limited quantification of climate impacts, (2) inconsistent measurement of social indicators such as gender diversity, and (3) shortages of ESG expertise and dedicated departmental resources across many companies.

Graph 1.9: Percentage of Respondent Companies by Requirement of Support



Companies identify several high-impact entry points to accelerate ESG reporting and management, **Graph 1.9**. Training and capacity building are the foremost needs (88%), with a large majority of firms seeking structured regulatory support/clarity to interpret requirements and operationalize ESG systems and controls. There is also strong demand for technical assistance and digital reporting solutions to strengthen data architecture and generate decision-useful disclosures, alongside calls for greater regulatory clarity and peer-learning platforms to enable convergence toward good international practice and support scalable, sustainable finance over time.

1.3 RECOMMENDATIONS AND PROPOSED NEXT STEPS

To effectively address the data quality challenges and capacity gaps, the following recommendations are proposed:

Prioritize Capacity-Building: Scale up capacity development for setting ESG policies, procedures, and disclosures across the four core dimensions of governance, strategy, metrics, and targets, with particular emphasis on sectors and issuers operating below the market benchmark. This will help institutionalize ESG management systems, enhance decision-useful reporting, and support more effective integration of ESG into corporate risk management and capital allocation.

Regulatory Clarity: Provide clearer, sector-specific guidelines to help companies navigate the complexities of ESG reporting and ensure consistent application of global standards. The strong and

near-universal reliance on SECP's ESG Guidelines, together with the growing use of the ESG Sustain dashboard, provides an immediate platform for SECP to phase in clearer sector-specific expectations, minimum data sets, and standard units for key indicators (such as tCO₂e, kWh/MWh, m³), thereby addressing current inconsistencies in units and boundaries highlighted in the emissions and energy sections.

Strengthen ESG Sustain: Strengthen ESG Sustain as the national ESG data hub by upgrading it to enable easier investor access, benchmarking, and API-based data extraction, thereby improving ESG data availability and usability.

Close Gaps in Environmental and Social Metrics: Strengthen institutional capacity by investing in staff training, dedicated ESG functions, and enhanced board oversight, with a particular focus on establishing robust data collection and management systems to generate decision-useful disclosures on key metrics such as GHG emissions, water usage, and gender diversity.

Target Weak Areas in Quantification and Reporting: Strengthen quantification and disclosure of key ESG metrics (e.g. GHG emissions, water, energy, gender) by scaling technical assistance, standardizing units of measure, and enhancing regulatory incentives, underpinned by clear and robust materiality assessment processes that distinguish financial materiality (aligned with ISSB) from impact and double materiality, leveraging local businesses long-standing experience with GRI-based reporting.

Conduct materiality assessments: Develop of robust materiality assessment methodology and conduct a materiality assessment as per a globally recognized standard (IFRS S1&S2, GRI) or a double materiality assessment.

Promote External Assurance and Stakeholder Engagement: Encourage external assurance of ESG reports, strengthen stakeholder engagement, and cultivate a culture of continuous improvement. These steps can enhance transparency, reinforce investor confidence, and contribute to a more credible and resilient ESG reporting environment across Pakistan's capital market.

These recommendations and next steps together set out a practical roadmap for shifting ESG from high-level commitment to measurable, decision-useful practice across Pakistan's capital markets. By combining targeted capacity-building with clearer regulatory expectations, stronger data infrastructure, and progressive assurance and engagement, they aim to move companies from descriptive disclosures toward integrated ESG management that can credibly support transition finance, risk management, and long-term value creation.



2 INTRODUCTION AND STUDY OBJECTIVES

2.1 OVERVIEW

The International Finance Corporation (IFC) has long been a global leader in helping to mitigate environmental, social, and governance (ESG) risks by setting internationally recognized ESG standards. Through the IFC Performance Standards, Equator Principles, Green Bond Principles, and Impact Principles, IFC has worked with private sector actors around the world to embed responsible and sustainable practices into business operations. This leadership is equally evident in Pakistan, where IFC has worked closely with the private sector to strengthen ESG risk management through its investment and advisory services.

Building on this foundation, IFC has developed a **three-year ESG Pakistan Project** aimed at strengthening ESG adoption across Pakistan's banking sector and capital markets, expanding opportunities for companies and financial institutions to access climate finance, and aligning local practices with international ESG standards. The project adopts a programmatic approach across regulatory-, market-, and firm-level interventions.

Under the regulatory-level component of the IFC ESG Pakistan Project, and in support of the Securities and Exchange Commission of Pakistan's (SECP) efforts to enhance corporate ESG reporting, IFC has collaborated with SECP to undertake this Baseline Study. The purpose of this study is to assess the current state of ESG disclosures among companies in Pakistan, evaluate corporate preparedness for emerging ESG requirements, and establish a foundational benchmark that will enable IFC, SECP, and other stakeholders to track progress over time and inform future policy, regulatory, and capacity-building interventions.

2.2 BACKGROUND AND RATIONALE

The Securities and Exchange Commission of Pakistan (SECP) has shown a strong commitment to advancing sustainability reporting and ESG disclosures by issuing voluntary guidelines for listed companies in 2024 and strengthening the Code of Corporate Governance. These regulatory steps are designed to position Pakistan's capital markets closer to global best practices and set the stage for more responsible corporate behavior.

Despite this momentum, Pakistan's ESG disclosure landscape is marked by substantial variation in quality and completeness—leading to fragmented and non-comparable data across companies and sectors. Major challenges affecting ESG reporting include:

- **Inconsistent disclosures:** Companies often report ESG data in different formats, units, or omit them entirely, making aggregation and benchmarking difficult.
- **Capacity constraints:** Many organizations lack resources, technical skills, and internal awareness necessary for robust ESG data collection and reporting, especially among small and medium-sized enterprises.
- **Uneven adoption of gender and social metrics:** Social and governance aspects—including gender equality, workforce diversity, and ethical conduct—are inconsistently reflected in disclosures and often rely on fragmented qualitative statements rather than measurable data.
- **Data reliability and comparability issues:** Weak monitoring systems undermine the accuracy, traceability, and credibility of reported ESG data, further increasing investor hesitation.

These challenges restrict transparency, hinder sustainable investment flows, and limit Pakistan's competitiveness in international supply chains, particularly in export-oriented

sectors affected by mechanisms such as the EU Carbon Border Adjustment Mechanism. Thus, there is a pressing need for harmonized standards, strengthened data governance, and enhanced corporate capacity building. This Baseline Survey seeks to empirically assess how prepared companies in Pakistan are to meet emerging ESG obligations and to identify strategic pathways for elevating ESG practice in line with SECP Guidelines and international reporting frameworks.

2.3 GLOBAL AND NATIONAL ESG DISCLOSURE LANDSCAPE

Globally, ESG reporting continues to evolve under major frameworks that guide how companies disclose sustainability-related risks and opportunities. The Global Reporting Initiative (GRI) provides comprehensive metrics for social, environmental, and economic performance. The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board, emphasizes the financial implications of climate-related risks and forms the conceptual basis for newer standards such as the IFRS S2.

In 2023, the International Sustainability Standards Board (ISSB) introduced the IFRS S1 (General Sustainability-related Disclosures) and IFRS S2 (Climate-related Disclosures) as global baseline standards, ensuring comparability and integration of sustainability information with financial reporting.

At the national level, SECP's ESG Disclosure Guidelines encourage Pakistani companies to adopt frameworks compatible with global standards, including the phased adoption of IFRS S1 and IFRS S2 as outlined in SECP's ESG Regulatory Roadmap. Furthermore, the creation of an ESG Dashboard, "ESG Sustain"—launched by SECP in collaboration with UN Women Pakistan in December 2024—provides a centralized and interactive online platform for ESG-related disclosures, climate data, and

corporate gender statistics, aimed at improving the availability, consistency, and accessibility of sustainability-related information for all stakeholders. Together with SECP's ESG guidelines, this evolving framework promotes transparent and responsible business conduct, aligns Pakistan's reporting architecture with the United Nations Sustainable Development Goals (SDGs), and positions the country to attract sustainable investment, improve ESG ratings, and maintain corporate competitiveness within a global marketplace increasingly shaped by sustainability-linked policies and capital flows.

2.4 SAMPLING AND STRATIFICATION BY SECTOR AND SIZE

The sample for this study was selected through a systematic stratification process designed to reflect the diversity of companies listed on the Pakistan Stock Exchange (PSX). The total population for sampling consisted of 549 companies including Normal Counter (454 Entities), GEM Board (7 Entities), and Non-Compliant Segment or Winding Up Segment (98 Entities), across 40+ industries as per PSX classification and further grouped under 13 key sectors representing a diverse population. The total population additionally included 10 non-listed companies to capture ESG maturity levels beyond PSX industries.

The sample was carefully selected with consideration for ESG-related attributes and business scale to ensure broad and representative coverage, and incorporated the following key elements:

- Inclusion of companies listed on the ESG Sustain portal, reflecting a baseline of ESG visibility.
- Inclusion of companies that have published sustainability reports, indicating different stages of ESG practice maturity.
- Categorization by company size to include **Enterprise** (10,000+ employees), **Large**

(1,001-10,000 employees), **Medium** (201-1,000), **Small** (51-200 employees), and **Startup** (1-50 employees), enabling analysis by scale.

- Intentional inclusion of companies from sectors with **high direct & indirect climate impact**, or namely financial services, energy, processing & manufacturing, textile, oil & gas, and fertilizer sectors, to capture critical industry-specific ESG risks and opportunities.

Through these criteria, a final targeted sample of 50 companies was selected. This methodology ensures the sample reflects a broad spectrum of ESG practices and maturity levels among Pakistani corporates, supporting the identification of sector-specific gaps and opportunities for future capacity-building and policy initiatives. **Table 2.1** provides the full sectoral mapping breakdown used for this exercise. Stratification also enables sector-wise comparisons and helps control for industry-specific effects in the subsequent analysis.

Table 2.1: Sectoral Classification of PSX Industries Used for Companies Stratification

SECTOR-LEVEL GROUPING	PSX INDUSTRY CLASSIFICATION
Automobile & Transportation	Automobile Assembler
	Automobile Parts & Accessories
	Transport
Energy	Power Generation & Distribution
Engineering	Engineering
Fertilizer	Fertilizer
Financial Services	Closed-end Mutual Fund
	Commercial Banks
	Exchange Traded Funds
	Insurance
	Investment Banks / Investment. Companies / Securities Companies.
	Leasing Companies
	Modarabas ¹
	Real Estate Investment Trust
Food Processing & Manufacturing	Food & Personal Care Products
	Manufacturing/Packaging
	Sugar & Allied Industries
	Tobacco
	Vanaspati & Allied Industries ²

¹ **Modarabas:** Modarabas in Pakistan are Islamic non-bank financial institutions established under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, operating on profit-and-loss sharing modes such as Ijarah, Musharakah, and Murabaha. They play a key role in providing Shariah-compliant financing, particularly for SMEs and asset-backed transactions, and are therefore classified under financial services.

² **Vanaspati & Allied Industries:** The Vanaspati & Allied Industries sector on the Pakistan Stock Exchange comprises companies involved in the extraction, refining, processing, and sale of edible oils, vanaspati ghee, and related products. These companies are part of the broader

SECTOR-LEVEL GROUPING	PSX INDUSTRY CLASSIFICATION
Miscellaneous	Miscellaneous
Oil & Gas	Oil & Gas Exploration Companies
	Oil & Gas Marketing Companies
	Refinery
Pharmaceutical / Healthcare	Pharmaceutical / Healthcare
Processing & Manufacturing	Cable & Electrical Goods
	Cement / Construction
	Chemical
	Glass & Ceramics
	Jute ³
	Leather & Tanneries
	Paper, Board & Packaging
Real Estate	Property
Technology & Communications	Technology & Communication
Textile & Apparels	Synthetic & Rayon
	Textile Composite
	Textile Spinning
	Textile Weaving
	Woolen

2.5 DATA COLLECTION INSTRUMENTS AND STAKEHOLDER ENGAGEMENT

The ESG Baseline Survey deployed a robust digital survey platform to facilitate ease of access and secure participation among listed companies in Pakistan. After the survey was disseminated between mid-September and the end of October, companies were provided continuous guidance throughout this period on accessing, completing, and submitting their responses, while also being given sufficient time to complete the survey. The companies were guided on how to sign up using their

corporate email address and select or add their business name, ensuring a unique and authenticated response for each organization. The survey could be completed in sections, allowing respondents to save their progress as a draft and return later for completion, with all data transmission secured via OTP-enabled login and careful data privacy protocols. The survey included a detailed navigation system, mandatory completion of required fields, and a Help page to resolve technical or content-related queries promptly.

food processing and manufacturing landscape in Pakistan and play an important role in ensuring the supply of edible oils in a market that is heavily reliant on imports, which is critical to national food security and consumption patterns.

³ **Jute:** The Jute sector in Pakistan comprises a small number of operational mills, both PSX-listed and non-listed, producing jute products such as twine, hessian cloth, and bags primarily for agricultural and packaging uses. The industry is highly dependent on imported raw jute, mainly sourced from Bangladesh, as domestic cultivation is minimal.

A promotional webinar supported the onboarding process by offering practical walkthroughs of the survey platform and demonstrating data-submission procedures. These sessions were designed to build company capacity for high-quality ESG reporting, answer participant questions directly, and create familiarity with the digital survey environment and its confidentiality safeguards.

The stakeholder engagement framework extended beyond the webinar, with SECP and the Pakistan Stock Exchange (PSX) employing direct outreach – including personalized communication with listed companies. Additionally, the survey link was prominently placed on the SECP ESG Sustain webpage, ensuring broad stakeholder awareness and reinforcing the importance of ESG participation for national corporate responsibility. This multi-pronged approach supported comprehensive and diverse participation across sectors and sizes, helping to generate statistically valid and actionable insights to inform future policy and practice.

The survey questionnaire is attached as **Annexure 1**.

2.6 SCORING SYSTEM FOR COMPARABILITY

The ESG disclosure scoring system is designed to evaluate company practices across the three core pillars: Environmental, Social, and Governance (ESG). The framework is operationalized through a set of key metrics structured around the following core ESG themes:

- **Governance, Strategy, Risk Management, and Materiality Assessment:** Companies are scored on the presence of established governance structures, clear sustainability strategies, robust risk management processes, and completion of materiality assessments. These factors indicate a foundational commitment to ESG
- integration at the highest organizational levels.
- **Metrics, Targets, and Performance:** Evaluation assesses whether companies have defined measurable sustainability targets and performance systems.
- **Transition Plans:** Points are allocated for the existence of formal transition plans, indicating proactive efforts to align with sustainability and climate-related goals.
- **Talent:** The presence of a dedicated ESG department is reviewed to reflect the depth of internal resourcing for sustainability.
- **Environmental Metrics:** Companies are assessed on disclosure of environmental policy, emissions tracking, energy and water data, capturing the rigor and transparency of environmental stewardship.
- **Social Metrics:** Criteria include diversity, equity, and inclusion (DEI) policies, senior management gender diversity, child and forced labor policies, and human rights policies, reflecting commitment to social responsibility and fair practices.
- **Governance Metrics:** Additional governance indicators include whether the board is led by a non-executive Chairperson, the level of female board representation, the presence of supplier codes of conduct, anti-corruption measures, and the disclosure of sustainability practices in annual reports.

2.6.1 Scoring Approach

- Each key metric within its respective theme is individually assessed based on disclosure

completeness⁴, quality⁵, alignment with global standards (such as GRI or IFRS S1/S2), and overall data reliability.

- Scores for each metric are normalized on a 0–100 scale to enable transparent benchmarking and comparability across companies and sectors. The score greater than or equal to ≥60 indicates satisfactory disclosure completeness and quality, amber shows moderate disclosure completeness and quality, 40-60, and less than or equal to ≤40 indicates low disclosure results. These are depicted in color codes of Rag charts in the respective disclosure sections.
- Weighting reflects the relative materiality and stakeholder priority of each sub-category and may be customized by sector or company size.

2.6.2 Aggregation and Benchmarking

- Aggregate scores are calculated at both the theme and pillar (E, S, G) level, feeding into a composite ESG Disclosure Score. This methodology enables a direct, quantitative comparison of companies' ESG transparency and disclosure quality.
- The sector-wise disclosure quality graph generated from this method shows each sector's average ESG score, facilitating the identification of sector leaders, laggards, and overall industry averages.

2.6.3 Interpretation

- Higher scores indicate more advanced and comprehensive disclosures, signifying stronger ESG management maturity.
- The ESG scoring system enables diagnostic insights: weaknesses in individual themes/metrics can be addressed, while

best practices can be identified for capacity building and policy guidance.

2.7 DATA QUALITY ASSURANCE AND CONFIDENTIALITY PROTOCOLS

The ESG Baseline Survey applied a range of quality assurance protocols to ensure reliable and accurate data, including mandatory completion of required survey fields, guidance for using verifiable internal documents, and consistency checks throughout the digital platform. Data validation included review opportunities before submission and was reinforced by secure OTP login and encrypted transmission, minimizing the risk of unauthorized access or incomplete responses.

To ensure confidentiality, all survey data were fully anonymized and reported only in aggregate—no Individual company or respondent was identified or shared beyond authorized regulatory, developmental, or policy use. Explicit participant consent and robust technical safeguards further reinforced data protection, ensuring trust and alignment with recognized best practices in ESG data management.

2.8 STRUCTURE OF THE REPORT

This report is organized into clearly defined sections to guide readers through the context, methodology, findings, and implications of the ESG Baseline Survey. It begins with acknowledgments and disclosures about data use and privacy safeguards, followed by an introduction setting out objectives, background rationale, and Pakistan's ESG landscape. The methodology section covers sampling, stratification, data collection approaches, quality assurance, and confidentiality protocols, ensuring transparency in study design.

⁴ Providing complete information.

⁵ Consistency in reporting units and logical values while providing quantified data

The survey results are presented alongside company profiles, sector- and size-based benchmarks, and comparative insights, supported by a standardized ESG maturity scoring system. The analysis highlights key findings, challenges, and sector-specific opportunities, and concludes with actionable recommendations and proposed next steps for improving ESG reporting quality across Pakistan's corporate sector. Detailed annexures include the full survey questionnaire and a list of participating companies for reference.



3 OUTREACH AND SAMPLE PROFILING

3.1 COMPANY PROFILE AND RESPONSE OVERVIEW

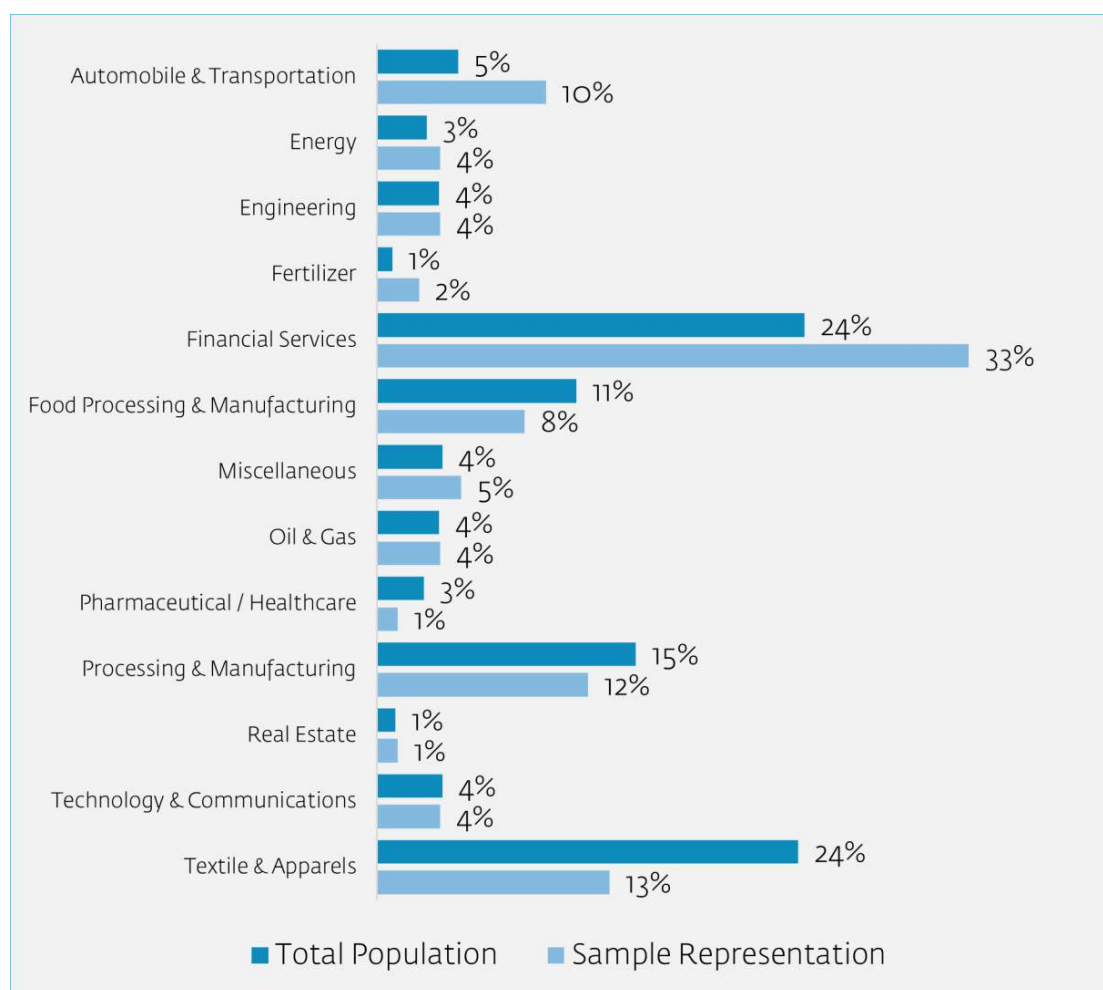
This section details the respondent landscape, reinforcing the credibility of the ESG findings by providing a clear breakdown of response patterns, company demographics, and sectoral participation.

3.1.1 Survey Outreach and Response Rates

Total Survey Responses: 84 companies responded out of a total population of 569 (15% overall coverage). The sector-wise representation is shown in **Table 3.1**.

Table 3.1: Total Population and Sample Size by Sector

Sectors	Population	Sample	%age Sector Representation
Automobile & Transportation	26	8	31%
Energy	16	3	19%
Engineering	20	3	15%
Fertilizer	5	2	40%
Financial Services	137	28	20%
Food Processing & Manufacturing	64	7	11%
Miscellaneous	21	4	19%
Oil & Gas	20	3	15%
Pharmaceutical / Healthcare	15	1	7%
Processing & Manufacturing	83	10	12%
Real Estate	6	1	17%
Technology & Communications	21	3	14%
Textile & Apparels	135	11	8%
TOTAL	569	84	15%

Graph 3.1 : Sectoral Representation in the Total Population and Sample

Graph 3.1 compares the sectoral distribution of the survey sample with the overall population of listed companies, allowing an assessment of how well the sample reflects market reality. Overall, the sample demonstrates a reasonably strong alignment with the total population distribution, though some sector-level deviations are also observed.

Sectors such as Technology & Communications, Real Estate, Processing & Manufacturing, Oil & Gas, Miscellaneous, Engineering, and Energy show very close alignment, with sample representation almost identical to their presence in the total population. Moreover, the sample also includes a higher share of respondents from Textile & Apparels (13% sample vs. 24% population) and Financial Services (33% sample vs. 24% population). Other sectors show either minimal variations or moderate to slightly low representation. While these differences do not materially impact sector-level conclusions, they suggest that findings for these sectors should be interpreted with some caution.

The overall distribution indicates that the sample is sufficiently representative of the listed company population. Despite minor over- or under-representation in a few sectors, the sample provides a credible and balanced basis for analyzing ESG practices across Pakistan's corporate landscape.

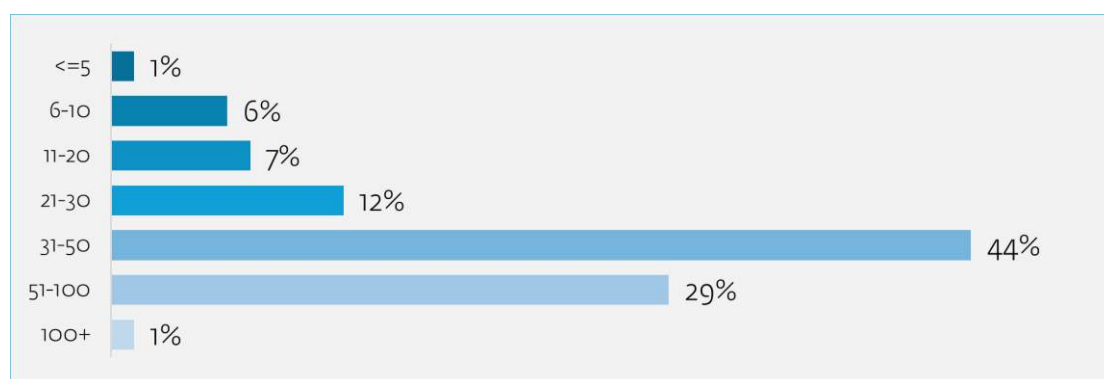
3.1.2 PSX Listed and Unlisted Participation

81 respondent companies are listed on the Pakistan Stock Exchange (PSX), underscoring the PSX's central role in the country's corporate landscape. Additionally, participation from **3** unlisted but ESG-relevant companies extends the scope of insights beyond the listed entities.

3.1.3 Age Distribution of Companies

Respondent companies range from long-established companies with more than five decades of operation to recently established enterprises, enabling trend analysis across different business maturities:

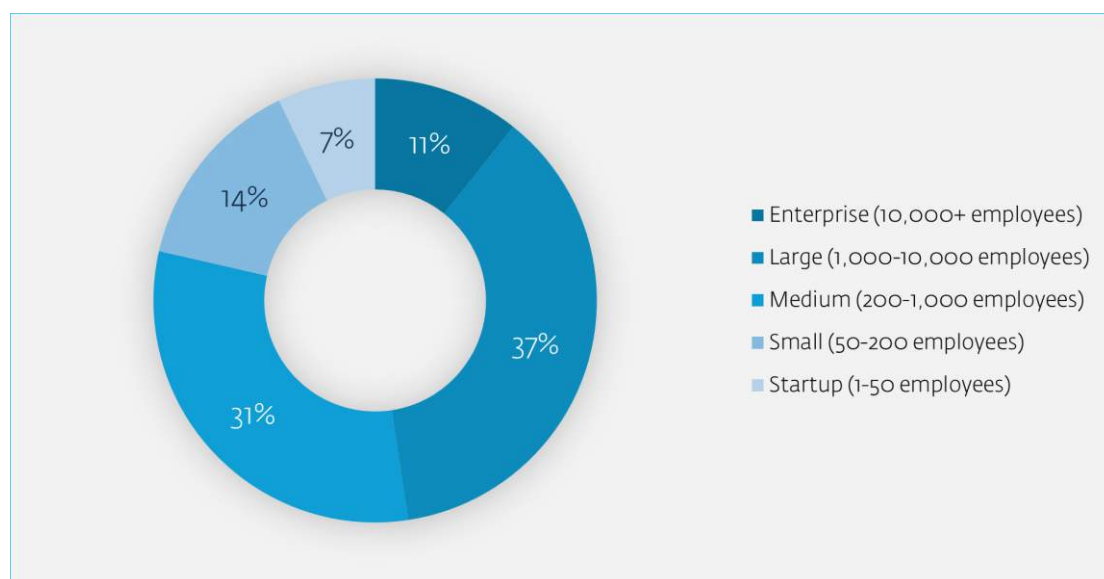
Graph 3.2: Distribution of Respondent Companies by Years Since Establishment



3.1.4 Size-wise distribution

The **Graph 3.3** shows that the survey sample covers a broad spectrum of company sizes, with the majority of respondents falling into either the large (37%) or medium-sized (31%) categories. This balanced distribution aligns with the intended stratified sampling approach, ensuring robust insights into ESG practices across diverse business scales.

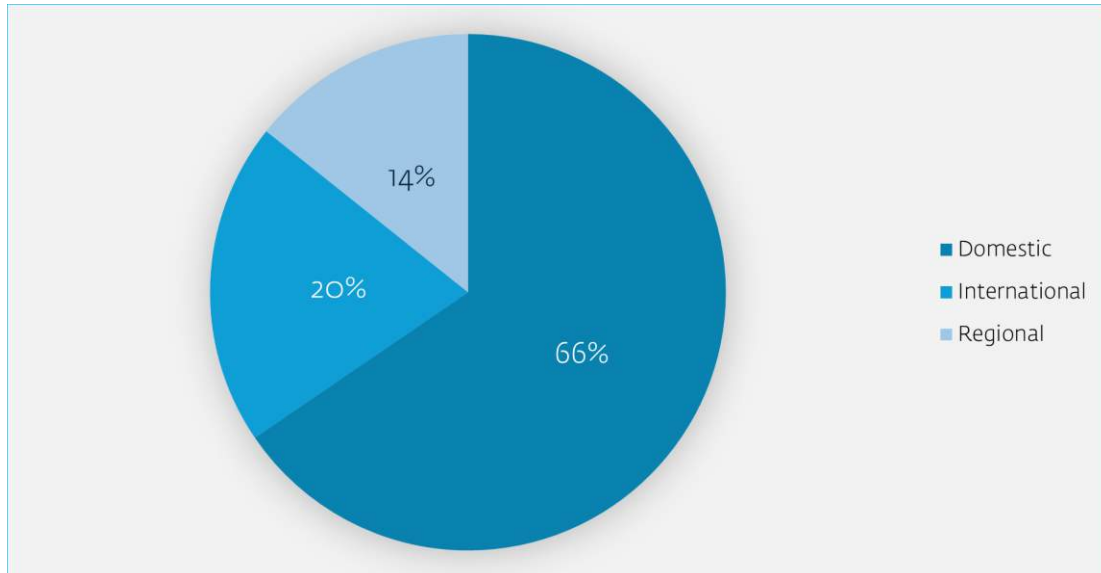
Graph 3.3: Size-wise Distribution of Respondent Companies



3.1.5 Geographical Distribution

Geographical Scope: Most companies operate domestically, with the most significant representation of about 66%.

Graph 3.4: Proportion of Respondent Companies by Domestic, International, And Regional Scope



CONCLUSION

The participation rate surpassed initial projections (84 versus 50), providing a comprehensive and representative dataset. This robust engagement empowers regulators, policymakers, and industry stakeholders with critical insights to inform evidence-based decision-making and to prioritize targeted initiatives for advancing ESG adoption.



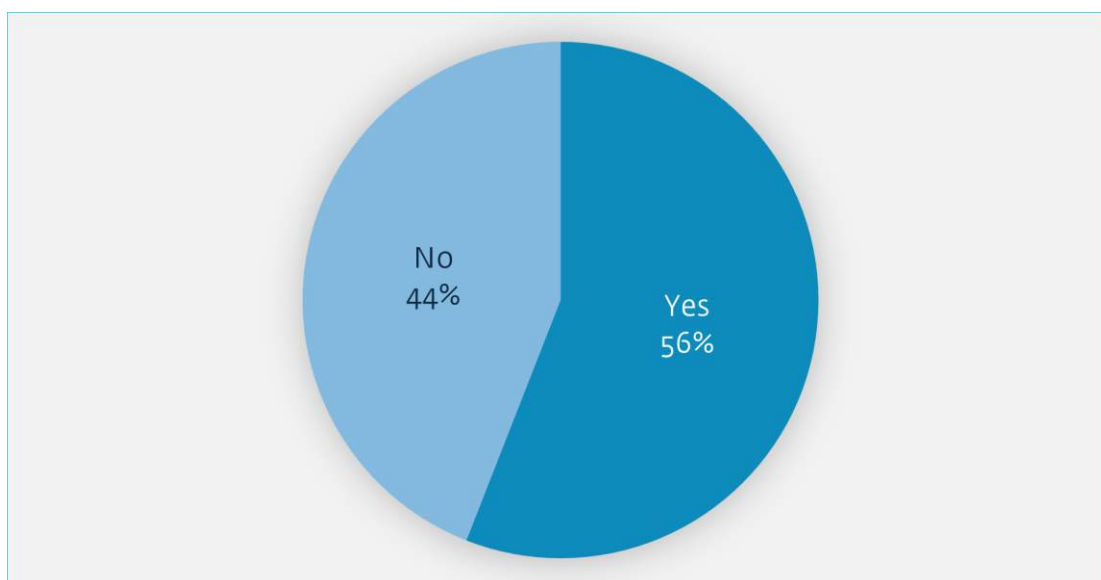
4 ESG DEPARTMENT SIZE AND STANDARDS ADOPTED

Overall, the response pool is diverse and well-stratified, allowing for credible sector-level comparisons. However, the higher participation of larger, listed, or more ESG-engaged companies may introduce an upward bias, with results potentially skewed toward higher ESG maturity.

Graph 4.1 shows that 56% of respondent companies have established a dedicated ESG

or sustainability unit, while 44% do not have such a unit. This split suggests that a slight majority of companies are formalizing their ESG management through specialized teams, reflecting organizational commitment to structured environmental, social, and governance practices. However, a substantial portion of companies are yet to embed ESG with dedicated resourcing, highlighting an ongoing transition phase in mainstreaming sustainability governance within the corporate sector.

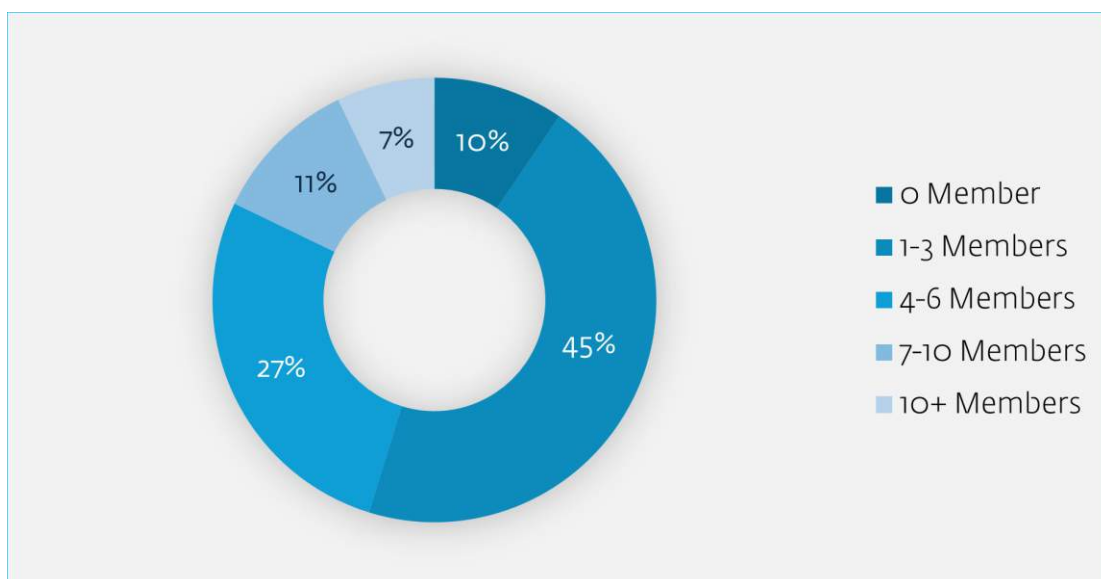
Graph 4.1: Companies with a Dedicated ESG/ Sustainability Unit



The most common structures for ESG responsibilities are compact teams with 1 to 3 members (45%), midsize arrangements with 4 to 6 members (27%), and medium groups of 7 to 10 members (11%). This distribution highlights that either companies are maintaining lean, focused ESG teams or, more frequently, leveraging staff from existing

departments to fulfill ESG duties in addition to their core roles. Formal, large-scale ESG staffing is rare, reflecting a pragmatic approach where sustainability roles are integrated with broader management and operational tasks rather than residing in dedicated, standalone units.

Graph 4.2: Number of People with ESG Responsibilities among the Respondent Entities



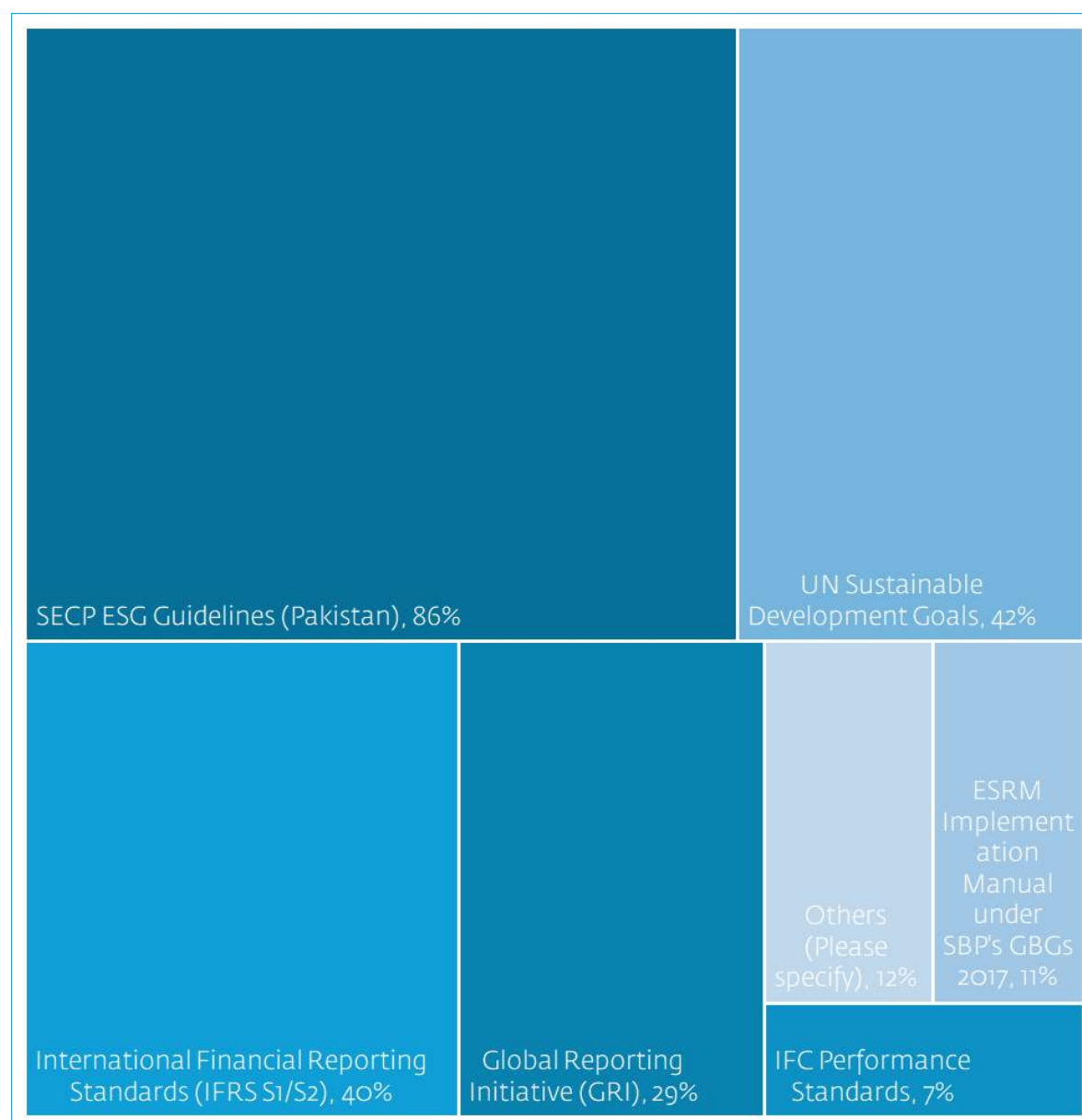
ESG Standards and Reporting Frameworks

Analysis shows that most respondent companies identify the SECP ESG Guidelines (Pakistan) as their primary ESG disclosure reference, with an overall uptake of 86%. Use of the UN Sustainable Development Goals (42%), IFRS S1/S2 (40%), and the Global Reporting Initiative (29%) is also significant but comparatively lower. The remaining frameworks, including the ESRM

Implementation Manual (11%), IFC Performance Standards (7%), and "Others" (12%), are more niche, typically driven by transaction-specific or sectoral ESG requirements. These top four frameworks and standards – SECP, SDGs, IFRS, and GRI – form the core disclosure architecture for Pakistani corporates, reflecting reliance on local regulatory drivers alongside progressive alignment with international ESG reporting norms.



Graph 4.3: ESG Standards and Reporting Frameworks Adoption across the Respondent Companies



Note: Sums are greater than 100% where questions are multi select

Across all market sectors, uptake of the SECP ESG Guidelines (Pakistan) is consistently the highest, positioning it as the principal ESG disclosure reference for domestic companies. GRI and UN SDGs are frequently selected as complementary frameworks, particularly within automotive, energy, oil & gas, fertilizer, and textiles. Application of the IFC Performance Standards and the ESRM

Implementation Manual is specialized, most evident in financial services and select industry subsets. Overall, the dominant sectoral disclosure architecture is grounded in local regulatory requirements, with material integration of globally recognized standards, aligning market-level ESG management with emerging best practice and facilitating reporting convergence.

Table 4.1: ESG Standards and Framework Adoption Sector-wise

Sectors/ Standards	SECP ESG Guidelines (Pakistan)	Global Reporting Initiative (GRI)	IFC Performance Standards	International Financial Reporting Standards (IFRS S1/S2)	UN Sustainable Development Goals	ESRM Implementation Manual under SBP's GBGs 2017	Others
Automobile & Transportation	88%	50%		38%	63%		13%
Energy	100%	67%		67%	67%		67%
Engineering	100%			67%			
Fertilizer	100%	50%			100%		100%
Financial Services	82%	18%	14%	21%	32%	32%	4%
Food Processing & Manufacturing	57%	14%		43%	57%		14%
Miscellaneous	100%	25%		50%			
Oil & Gas	100%	67%		67%	67%		
Pharmaceutical / Healthcare	100%	100%		100%			
Processing & Manufacturing	80%	30%	10%	50%	40%		20%
Real Estate	100%		100%		100%		
Technology & Communications	100%	33%		67%	100%		
Textile & Apparels	91%	27%		55%	27%		9%

The patterns suggest that while the SECP Guidelines serve as the foundational reporting baseline, sectoral variations are evident, with high uptake of international ESG frameworks in pharmaceutical/ healthcare, real estate, energy, and oil & gas, as well as notable use of

GRI in manufacturing and textile and apparels sectors. This is particularly pronounced in sectors where external market requirements, investor due diligence expectations, or material risk profiles drive alignment with globally recognized disclosure standards.

5 BUSINESSES' OBJECTIVES FOR ESG REPORTING

5.1 DRIVERS OF ESG TRACKING AND REPORTING: SECTORAL OBJECTIVES

Based on survey responses, **Graph 5.1** highlights that regulatory compliance, enhancing corporate reputation, and access to finance and investment are the top three drivers for ESG adoption among surveyed companies, with regulatory compliance as the clear lead at 95%, followed by corporate reputation at 81% and finance/investment

access at 52%. While the remaining factors, including stakeholder engagement and social license, customer demand (international and local), and 'Others', play a secondary role, each individually accounting for less than half and combined making up a minority share of the cited motivations, underscoring that compliance and reputational imperatives are far more influential than external stakeholder or customer demands in guiding ESG practices.

Graph 5.1: Business Objectives by Respondent Percentage

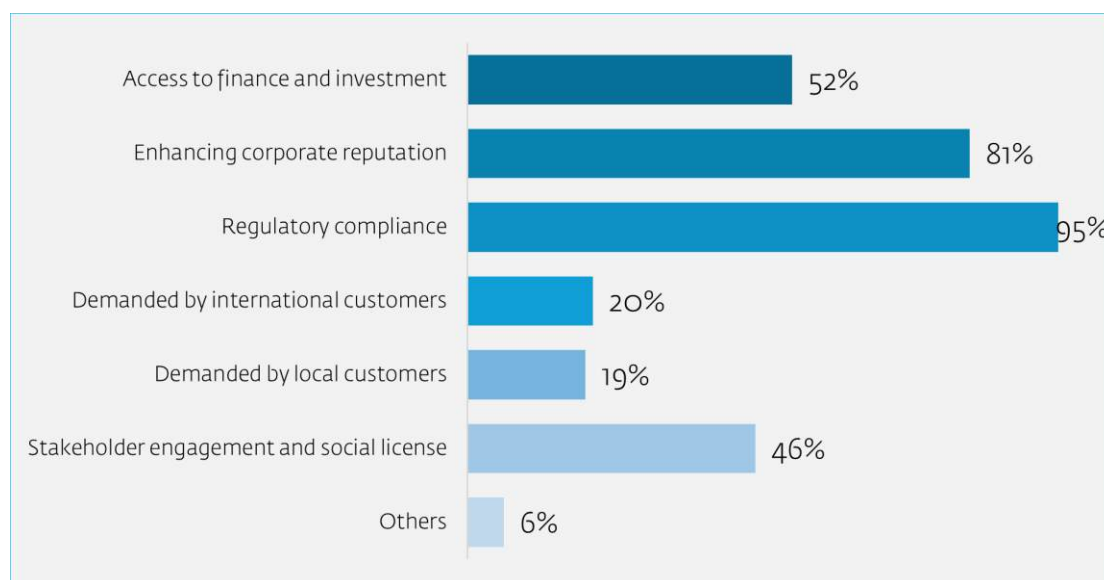


Table 5.1: Business Objectives by Sector Percentage

Sector / Business Objectives	Access to finance and investment	Enhancing corporate reputation	Regulatory compliance	Demanded by international customers	Demanded by local customers	Stakeholder engagement and social license	Others
Automobile & Transportation	38%	100%	100%		13%	63%	13%
Energy	100%	100%	100%		33%	100%	
Engineering	33%	100%	100%				33%
Fertilizer	50%	100%	100%			100%	
Financial Services	57%	68%	100%	7%	21%	46%	
Food Processing & Manufacturing	43%	71%	100%	43%	43%	71%	43%
Miscellaneous	25%	50%	100%				
Oil & Gas	100%	100%	100%			67%	
Pharmaceutical / Healthcare	100%	100%	100%	100%	100%	100%	
Processing & Manufacturing	70%	90%	70%	40%	20%	50%	
Real Estate			100%				
Technology & Communications	67%	67%	67%		33%		
Textile & Apparels	27%	100%	100%	64%	9%	27%	
Average%	59%	87%	95%	51%	34%	69%	30%

Across all sectors, regulatory compliance is universally prioritized, with adoption rates consistently at 100%, establishing it as the principal business objective underpinning ESG reporting and management practices, as presented in **Table 5.1**. Enhancing corporate reputation also achieves full prioritization in most sectors, particularly in Energy, Engineering, Oil & Gas, Pharmaceutical/Healthcare, and Processing & Manufacturing, where companies explicitly align with stakeholder expectations and market norms to maintain a positive corporate profile.

Access to finance and investment emerges as the third critical objective, showing maximal prioritization in Energy, Miscellaneous, Oil & Gas, Pharmaceutical/Healthcare, and Real Estate, signifying a strong link between ESG performance and capital market eligibility. This pattern reinforces IFC's core message: integrating regulatory compliance, reputational enhancement, and financial accessibility within sectoral ESG strategies drives alignment with both host country requirements and international investor expectations.

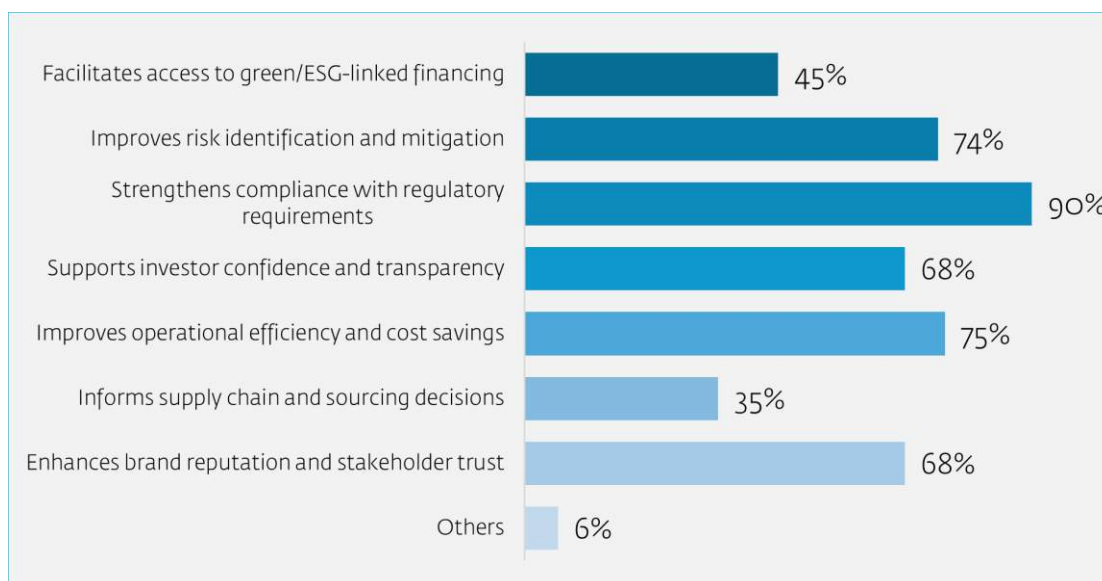
This pattern reflects a maturing ESG environment in which compliance requirements, access to capital, reputation, and broader multi-stakeholder considerations collectively shape the business case for ESG tracking and reporting across Pakistan's diverse industry sectors.

5.2 ESG MEASUREMENT INFLUENCE ON STRATEGIC PLANNING

Graph 5.2 indicates that the most significant perceived benefit of ESG adoption is strengthened compliance with regulatory requirements, reported by 90% of participants. This is followed by improvements in operational efficiency and cost savings at 75%, and enhanced risk identification and mitigation at 74%, indicating that companies perceive clear value in optimizing internal processes and managing potential business risks. Investor confidence and transparency, together with brand reputation and stakeholder trust, are identified as important but not leading impacts, each cited by 68% of respondents. Other factors, such as supply chain decision-making and access to green financing, are mentioned less frequently, reflecting their more limited role within the current ESG value proposition.



Graph 5.2: ESG Measurement Influence on Strategic Planning and Operational Decisions



Sector-specific priorities emerge clearly in the analysis, **Table 5.2**: regulatory compliance, operational efficiency, cost savings, and either brand reputation or risk identification are consistently the most influential drivers of ESG measurement across all sectors. For multiple industries, including Energy,

Fertilizer, Pharmaceutical/ Healthcare, Oil & Gas, and Real Estate, compliance is prioritized at 100%, and operational efficiency and cost savings also reach 100%. Brand reputations or risk management generally occupy the next most important position in these sectors.



Table 5.2: ESG Measurements Influence on Strategic Planning and Operational Decisions by Sectors

Sector / Performance Measurement	Facilitates access to green/ESG-linked financing	Improves risk identification and mitigation	Strengthens compliance with regulatory requirements	Supports investor confidence and transparency	Improves operational efficiency and cost savings	Informs supply chain and sourcing decisions	Enhances brand reputation and stakeholder trust	Others
Automobile & Transportation	50%	75%	100%	88%	100%	75%	88%	13%
Energy	67%	67%	100%	100%	100%	33%	100%	
Engineering	33%	100%	100%	67%	67%		67%	33%
Fertilizer	50%	50%	100%	100%	100%	50%	100%	
Financial Services	50%	75%	93%	50%	71%	18%	57%	4%
Food Processing & Manufacturing	43%	86%	71%	71%	71%	57%	71%	29%
Miscellaneous	50%	50%	100%	75%		25%	50%	
Oil & Gas	67%	100%	100%	100%	100%	67%	100%	
Pharmaceutical / Healthcare	100%	100%	100%	100%	100%	100%	100%	
Processing & Manufacturing	50%	80%	90%	80%	90%	50%	80%	
Real Estate		100%						
Technology & Communications	33%	100%	67%	67%	67%	33%	33%	
Textile & Apparels	18%	45%	91%	64%	73%	18%	64%	



In contrast, in sectors such as Engineering, Technology & Communications, and Textile & Apparels, improvements in operational efficiency and compliance are important but not always at the maximum level; instead, risk identification and mitigation, together with compliance, most strongly influence strategic planning. Here, operational efficiency often scores below other drivers, demonstrating a nuanced prioritization.

Overall, these findings indicate that ESG measurement is primarily leveraged to ensure regulatory alignment, drive cost reductions, and enhance either risk controls or reputational outcomes, with sector-specific variations reflecting different risk exposures, market pressures, and stakeholder expectations.

Board and Senior Management Communication of Sustainability Commitment

95% of the responses showed that board and senior management members actively communicate their sustainability commitment to employees and other stakeholders, while only 5% indicate that they do not. This suggests that leadership in most organizations recognizes the importance of visibly endorsing sustainability agendas and prioritizes clear, consistent messaging as part of their governance and stakeholder engagement practices. Such widespread board-level communication is likely to have a positive impact on organizational alignment, strengthen staff motivation, and positively influence external perceptions of ESG commitment.



CONCLUSION

The responses indicate that there is clear evidence of formalization in ESG management, with more than half of participating companies establishing dedicated units and demonstrating strong uptake of SECP ESG guidelines. While sectoral approaches differ, the findings offer a snapshot of current ESG practices, providing regulators and industry stakeholders with credible, data-driven signals for benchmarking ESG practices. These results can support the design of focused actions, by regulators, industry associations, or companies, to further enhance ESG integration and address remaining gaps.



6 GOVERNANCE, STRATEGY, RISK MANAGEMENT METRICS AND TARGETS

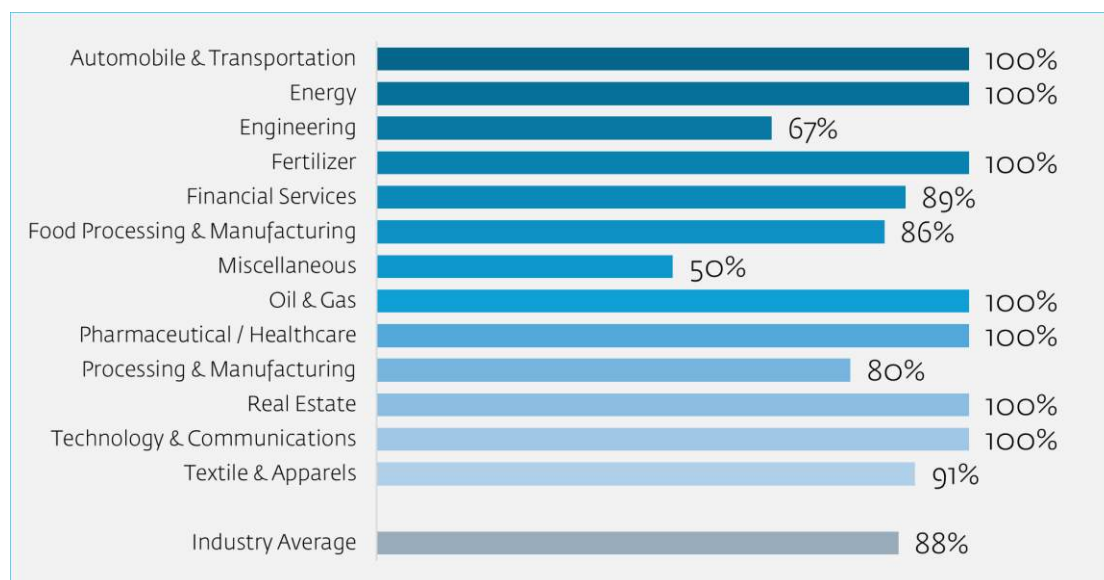
6.1 GOVERNANCE

Graph 6.1 shows that most sectors display strong adoption of governance structures, processes, and controls dedicated to sustainability risk and opportunity management. Automobile & Transportation, Energy, Fertilizer, Oil & Gas, Pharmaceutical/Healthcare, Real Estate, and Technology & Communications all report full coverage at 100%, confirming high implementation of sustainability oversight mechanisms. Textile & Apparels, Financial

Services, and Food Processing & Manufacturing also reflect significant uptake, with 91%, 89%, and 86%, respectively. The overall industry average stands at 88%.

In contrast, the Engineering, Processing & Manufacturing, and Miscellaneous sectors show comparatively lower adoption rates, at 67%, 80%, and 50%. These results highlight a broad commitment to robust sustainability governance, while underscoring the need for targeted support in lagging sectors

Graph 6.1: Percentage of Respondent Companies with Governance Structures, Processes, and Controls, by Sector



Overall, governance of ESG and sustainability is strong and institutionally embedded. Most companies have developed robust structures, with clear board or committee oversight, established policies, and integration of ESG responsibilities into business strategy, risk management, and corporate operations. Regular monitoring practices, audit mechanisms, and cross-functional engagement further reinforce maturity. This concerted approach demonstrates a shared commitment to aligning sustainability objectives with organizational goals and regulatory standards.

The top five common themes across all the industries are:

Board Oversight and Governance

Almost all industries have a dedicated Board or committee responsible for overseeing sustainability and ESG-related matters. The Board ensures that sustainability strategies are aligned with corporate goals, risks, and opportunities, and plays a critical role in approving and monitoring sustainability policies and initiatives.

Integration of ESG into Strategy and Risk Management

Many industries emphasize the integration of Environmental, Social, and Governance (ESG) factors into their overall business strategy and risk management frameworks. This integration ensures that sustainability goals are incorporated into strategic decisions, operational processes, and long-term planning.

Regular Monitoring, Reporting, and Audits

Regular performance monitoring, internal audits, and compliance checks are common across industries to ensure that ESG practices are followed and to identify any risks or opportunities. Many companies use regular reporting mechanisms to keep the Board and senior management updated on sustainability performance.

Sustainability Risk Management

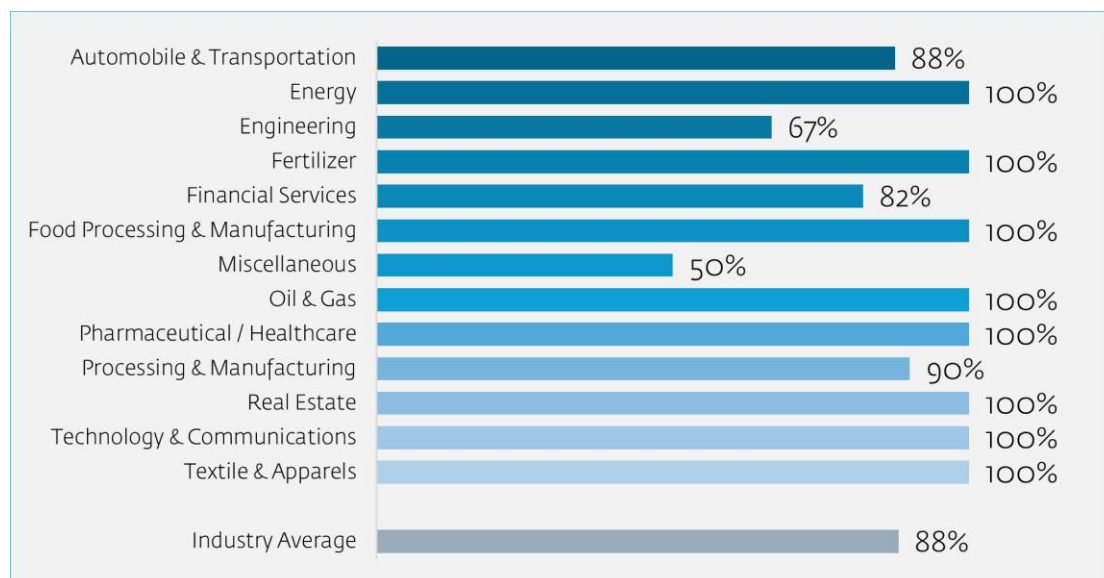
Across all industries, there is a focus on identifying, assessing, and managing sustainability-related risks. Many companies have established risk management frameworks, such as Enterprise Risk Management (ERM) or dedicated sustainability committees, to address ESG risks (e.g., climate risk, regulatory compliance, environmental impact).

Cross-Functional Collaboration and Internal Accountability

Numerous industries have set up cross-functional teams or committees, such as Sustainability Committees or ESG teams, to manage sustainability initiatives. These teams collaborate across departments (e.g., HR, Compliance, Risk, and Operations) to ensure that sustainability is embedded in the company's daily operations and that ESG risks and opportunities are effectively managed.

6.2 STRATEGY

Graph 6.2 demonstrates strong sector-wide adoption of strategies to address and manage sustainability-related risks and opportunities, with most sectors achieving near-universal coverage. Sectors such as Energy, Fertilizer, Oil & Gas, Pharmaceutical/Healthcare, Real Estate, Technology & Communications, Food Processing & Manufacturing, and Textile & Apparels are all reporting full implementation, reporting 100%. Automobile & Transportation, and Processing & Manufacturing also exhibit high engagement, generally above or near the industry average of 88%. In contrast, the Engineering, Financial Services and Miscellaneous sectors lag, reflecting notable gaps in strategy development and integration.

Graph 6.2: Percentage of Respondent Companies with Strategies to Address and Manage Sustainability-Related Risks and Opportunities by Sector

Overall, the sector-wise survey responses indicate that sustainability considerations are for most of the sectors deeply integrated within the strategic planning and operational models of leading Pakistani corporates. Many companies report aligning their long-term business objectives with ESG principles, embedding sustainability into executive decision-making, risk management, and organizational innovation. Industry narratives show a deliberate move toward energy and

operational efficiency, decarbonization, stakeholder engagement, and product or process innovation that upholds both regulatory compliance and competitive advantage. While approaches vary in maturity and scope, the overall trend points toward holistic, forward-looking sustainability integration.

Table 6.1 summarizes the five most common themes observed across all sectors.

Table 6.1: Strategy-related Common Themes across All Sectors

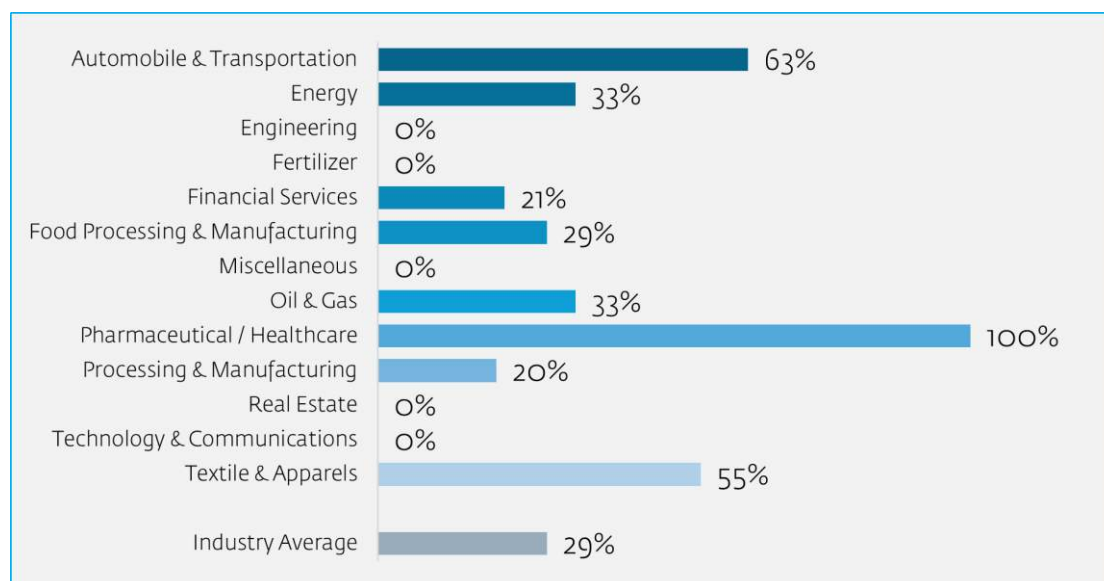
THEME	DESCRIPTION
Climate Resilience and Environmental Responsibility	Industries are focusing on building climate resilience, addressing climate-related risks, and minimizing environmental impacts through strategies such as reducing emissions, adopting eco-friendly technologies, and waste management.
Energy Efficiency and Renewable Energy	Many industries emphasize energy efficiency, adoption of renewable energy sources (solar, wind, etc.), and operational energy improvements as part of their sustainability efforts.

THEME	DESCRIPTION
Stakeholder Engagement and Social Responsibility	Stakeholder engagement, community empowerment, and social inclusion are core to the sustainability strategies. Industries are focusing on diverse areas such as employee welfare, gender diversity, and community support initiatives.
Sustainability Integration into Business Strategy	Every industry integrates sustainability into its core business strategy, with a focus on managing ESG risks, promoting operational efficiency, and aligning business objectives with sustainability goals.
Risk Management and Compliance	Managing sustainability-related risks, ensuring compliance with regulations (such as SECP ESG Guidelines, IFRS S1/S2), and adopting frameworks like Enterprise Risk Management (ERM) are common themes for addressing risks and ensuring long-term sustainability.

Transition Plan

Graph 6.3 shows that only a limited proportion of companies have formal net-zero transition plans in place, with notable uptake in sectors like Automobile & Transportation at 63%, Textile & Apparels at 55%, with smaller pockets of adoption in Energy, Oil & Gas, Food Processing & Manufacturing, and Financial Services—each well below the halfway mark. Most key industries, including Engineering,

Real Estate, Fertilizer, and Technology & Communications, report no formal adoption yet, highlighting a persistent gap between ambition and structured transition planning. The overall industry average stands at just 29%, reflecting the distance between early commitments or strategic actions and the implementation of comprehensive, formalized net-zero roadmaps.

Graph 6.3: Percentage of Respondent Companies with a Formal Transition Plan to Net-Zero

Most respondents remain at an early or preparatory stage in their net-zero journey. Only a limited subset reports having a clearly articulated, time-bound transition plan, while the majority acknowledge either the absence of a formal plan or describe work in progress on baselining emissions, developing KPIs, or aligning with emerging standards such as IFRS S1/S2 and the SBTi. Across companies, however, there is broad recognition of the need to move toward low-carbon operations, reflected in recurring themes such as solarization, energy-efficiency upgrades, waste-heat recovery, process optimization, and the gradual expansion of Scope 1 and 2 (and, in some cases, Scope 3) carbon accounting.

A smaller but steadily growing group of entities has already adopted more advanced transition roadmaps. These include SBTi-validated targets, group-level transition strategies, or climate action plans with defined interim milestones for 2030–2035 and beyond. These leaders are coupling quantified emissions-reduction goals with dedicated governance structures, monitoring systems, and disclosure commitments. This signals a gradual shift from isolated

decreasing decarbonization initiatives toward structured, science-aligned net-zero strategies that can serve as reference points for peers and regulators in the coming years

Attributes of the Transition Plan

In line with ISSB S2 expectations, credible transition plans typically incorporate the following attributes:

- Interim targets linked to long-term net-zero goals
- Decarbonization levers, including energy efficiency, renewable energy adoption, process optimization, and value-chain interventions
- Governance and oversight arrangements
- Investment and capital allocation plans
- Approach to offsets versus direct abatement, prioritizing real emissions reductions and clearly articulating any reliance on carbon credits

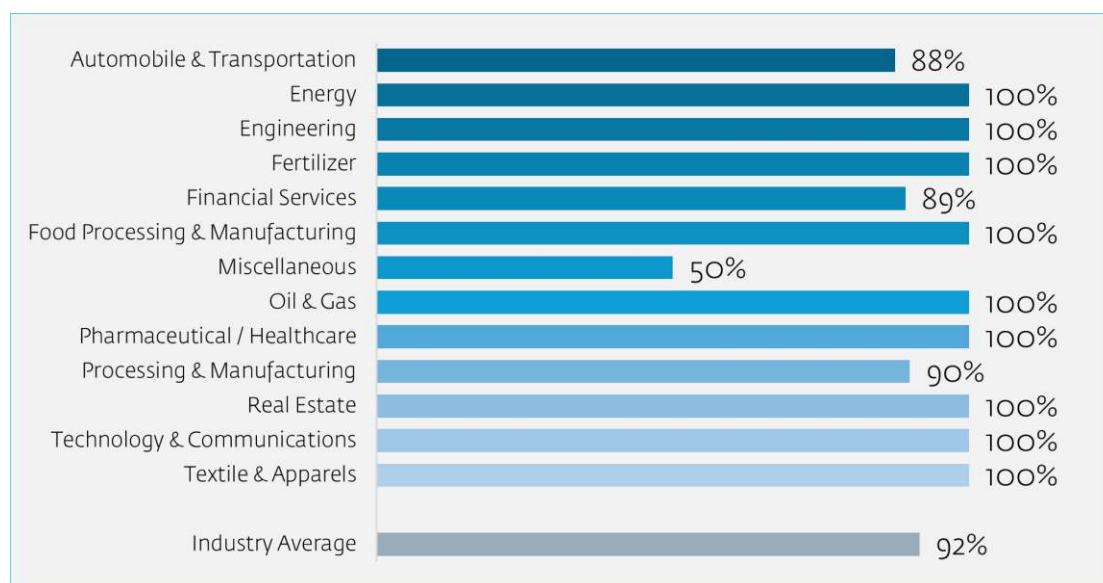
6.3 RISK MANAGEMENT

The graph below shows that a large majority of sectors have incorporated risk management systems to identify, assess, prioritize, and monitor sustainability-related risks and opportunities. Most sectors, including Energy, Engineering, Fertilizer, Oil &

Gas, Food Processing & Manufacturing, Pharmaceutical/Healthcare, Real Estate, Technology & Communications, and Textile & Apparels, report full implementation at 100%. Processing & Manufacturing and Financial Services also display high adoption rates, at 90% and 89%, respectively. Automobile & Transportation and Miscellaneous sectors are less advanced, with coverage at 88% and 50%.

The overall industry average stands at 92 percent. While these results suggest that sustainability risk management is widely reported across most sectors, they also point towards a few industries that still lag and would benefit from further strengthening their frameworks to protect against material ESG risks and seize emerging opportunities

Graph 6.4: Percentage of Respondent Companies with Risk Management in place to Identify, Assess, Prioritize, and Monitor Sustainability-Related Risks and Opportunities by Sector



Based on the responses, most companies across sectors report adopting a comprehensive and systematic approach to sustainability risk management, applying both qualitative and quantitative methods. Companies identify relevant risks primarily through regular assessments, specialized committees, internal audits, and stakeholder engagement. Once identified, risks are assessed using frameworks that consider likelihood, impact, and strategic relevance, often incorporating risk matrices, scenario analysis, and materiality assessments.

Prioritization is typically based on ranking risks by severity, immediacy, business impact, and regulatory obligations. High-priority risks, such as those affecting business continuity, compliance, or reputation, are addressed

through targeted action plans and resource allocation. Continuous monitoring through audits, KPIs, dashboards, and Board-level reviews helps track emerging risks and adjust mitigation strategies as needed.

Although these risk management processes are widely reported across all major sectors, including Automobile & Transportation, Energy, Financial Services, and Manufacturing, there is a considerable variation in the extent to which they are embedded, structured, and consistently applied within individual companies. The consistent reference to specialized risk oversight mechanisms, such as ERM frameworks, sustainability committees, and periodic external reviews, further signals the sectoral commitment to strengthening sustainability risk management, compliance,

and operational resilience. The five key common themes across the sectors, based on the responses, are:

Table 6.2: Risk Management-Related Common Themes across All Sectors

THEME	DESCRIPTION
Risk Identification	All sectors report identifying sustainability-related risks through regular assessments, stakeholder engagements, regulatory reviews, and internal audits. The risks are primarily focused on environmental, social, and governance (ESG) factors that could impact operations, reputation, and regulatory compliance.
Risk Assessment Frameworks	A structured approach is adopted in most industries for risk assessment, where risks are evaluated based on their likelihood, impact, and potential consequences. Common tools include risk matrices, materiality assessments, and scenario analyses to prioritize sustainability-related risks.
Prioritization of Risks	Risks are consistently prioritized based on their severity, likelihood, and alignment with the company's strategic objectives. This prioritization ensures that critical sustainability risks are managed first and that resources are allocated efficiently to mitigate those risks.
Continuous Monitoring	Most sectors emphasize ongoing monitoring of sustainability risks through regular reviews, dashboards, KPIs, and periodic audits. This continuous monitoring allows for the timely identification of emerging risks and ensures that mitigation strategies remain effective.
Stakeholder Engagement and Governance	Stakeholder engagement is a common practice across all industries to ensure a comprehensive understanding of sustainability risks and opportunities.

6.4 MATERIALITY ASSESSMENT

Materiality assessment completion rates show significant variation by sector. Fertilizer, Pharmaceutical/Healthcare, and Technology & Communications report full completion at 100%, indicating that these industries have integrated materiality as a standard element of their sustainability management.

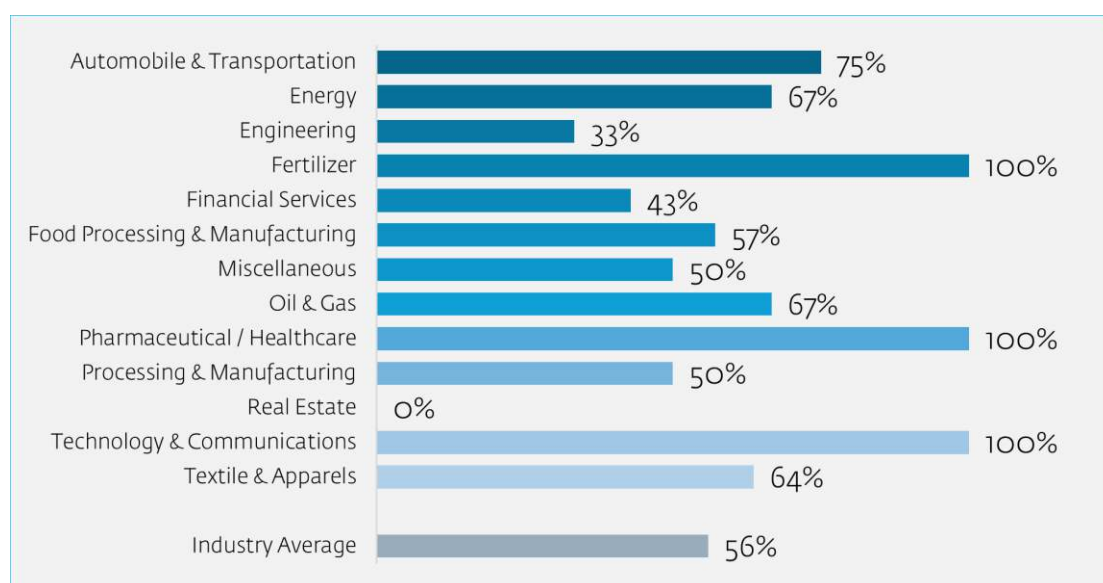
Automobile & Transportation, Energy, and Oil & Gas show moderate uptake, with completion rates ranging from 67 to 75%. Sectors such as Food Processing & Manufacturing, Miscellaneous, and Processing & Manufacturing cluster are around or slightly above the industry average of 56%. Engineering and Financial Services display

relatively low engagement, while Real Estate reports no completion at all.

These patterns point to a pronounced divide: while some sectors have fully embedded materiality assessments into their

sustainability management systems, others are still at an early stage or are yet to formalize the process. This uneven uptake underscores gaps in the systematic identification and prioritization of sustainability issues across the market.

Graph 6.5: Percentage of Respondent Companies with Materiality Assessment completed by Sector



Across sectors, sustainability-related risks and opportunities are increasingly identified and managed through structured processes that combine stakeholder engagement, formal risk frameworks, and alignment with both local and international standards. Most industries now balance internal assessments with external feedback to ensure that material topics remain relevant and forward-looking. There is a clear tendency to draw on global frameworks such as GRI, IFRS, and SASB, alongside regulatory benchmarks like the SECP ESG guidelines, when conducting materiality assessments. Several sectors demonstrate more advanced practices, including the use of double-materiality approaches that integrate financial and impact considerations. Others, however, still rely on more flexible or evolving processes, indicating uneven levels of maturity across the market. Overall, the prevailing trend is toward integration, encompassing both the

process used to engage stakeholders and the methodologies applied to determine material sustainability topics in a structured, decision-useful manner. For companies and banks, this involves institutionalizing processes to identify and assess the perspectives of internal and external stakeholders across the value chain when prioritizing sustainability issues and related disclosures.

In parallel, institutions are expected to adopt clearly articulated assessment methodologies, whether through a single (financial) materiality lens aligned with ISSB/IFRS S1–S2 and SASB’s focus on enterprise value, an impact materiality lens consistent with GRI’s emphasis on significant impacts on the economy, environment and people, or an integrated double materiality approach as operationalized in the ESRS. Although implementation of ESRS under the EU Omnibus package has been deferred by two years, its double materiality concept and

expanded scoping will still influence non-EU companies with substantial EU footprints, reinforcing expectations that materiality

assessments rely on robust, transparent methodologies rather than being treated as a narrow, compliance-driven exercise.

Table 6.3: Approach to Materiality Assessment across the Sectors

SECTOR	APPROACH
Automobile & Transportation	This industry predominantly uses stakeholder engagement and sustainability assessments. The process involves both internal and external input, analyzing issues across environmental, social, and governance dimensions. Global sustainability frameworks such as GRI and IFRS are referenced to align material topics with business strategy.
Energy	Material topics are primarily identified through materiality surveys conducted across various stakeholders. The financial implications of issues are prioritized, with alignment to SECP ESG guidelines and SASB standards. The sector emphasizes stakeholder feedback and regulatory alignment as key pillars in shaping sustainability strategies.
Engineering	Engineering companies rely on formal risk assessments and use frameworks like IFRS S1/S2 for materiality assessments. These processes include stakeholder consultations and regulatory compliance. The focus is on identifying both internal and external risks and evaluating their potential impact on operations.
Fertilizer	The fertilizer industry uses stakeholder engagement combined with internal impact assessments to identify material topics. A structured risk management framework is applied, considering the severity and likelihood of identified issues. This ensures that topics are prioritized based on their impact on business and stakeholders.
Financial Services	The financial services sector employs a wide range of approaches. Some companies are formalizing their materiality assessment processes, while others use stakeholder consultations, internal assessments, and double materiality assessments. Companies are increasingly adopting regulatory frameworks and industry benchmarks to evaluate material topics. This sector shows a growing shift towards understanding both internal and external sustainability impacts.

SECTOR	APPROACH
Food Processing & Manufacturing	This sector identifies material topics through stakeholder engagement, internal impact assessments, and business impact analysis. It emphasizes global sustainability standards and regulatory alignment. Companies are actively analyzing both internal operations and external stakeholder concerns to prioritize topics.
Miscellaneous	Companies in the miscellaneous category often lack formalized processes for materiality assessments. Some are still in the early stages of the process, while others use periodic reviews to identify key sustainability topics. Their approach tends to be flexible, adapting to changing priorities and external requirements.
Oil & Gas	The oil and gas sector follows a double materiality approach where both stakeholder engagement and external risk assessments are key. The sector also refers to industry-specific guidelines, like GRI, for assessing material topics. This industry focuses heavily on risk management and compliance with regulatory standards.
Pharmaceutical & Healthcare	In this industry, bi-annual assessments combined with stakeholder feedback are used to identify material topics. Companies look at internal impact evaluations and align their findings with regulatory frameworks. Patient welfare, data privacy, and ethical governance are the focal points for sustainability reporting.
Processing & Manufacturing	The processing and manufacturing sector uses stakeholder engagement, internal impact assessments, and materiality thresholds based on a risk management framework. This industry emphasizes sustainability across multiple dimensions, like environmental impact, health and safety, and resource efficiency. Many companies are still working on formalizing the materiality assessment process.
Real Estate	In the real estate industry, material topics are identified using management discussions, industry benchmarks, and stakeholder feedback. The approach is more informal compared to other sectors, but evolving to include global standards and sustainability assessments.
Technology & Communications	Companies in the technology sector engage in materiality assessments involving both internal and external stakeholders. They focus on e-waste,

SECTOR	APPROACH
	energy use, and supply chain resilience. The sector is also known for benchmarking and aligning ESG standards to identify material topics.
Textile & Apparels	This sector uses stakeholder engagement, industry benchmarking, and internal consultations to identify material topics. There is a strong emphasis on resource efficiency, labor practices, and environmental impact. The materiality process includes assessments of economic and social risks, aligned with GRI and SASB standards.

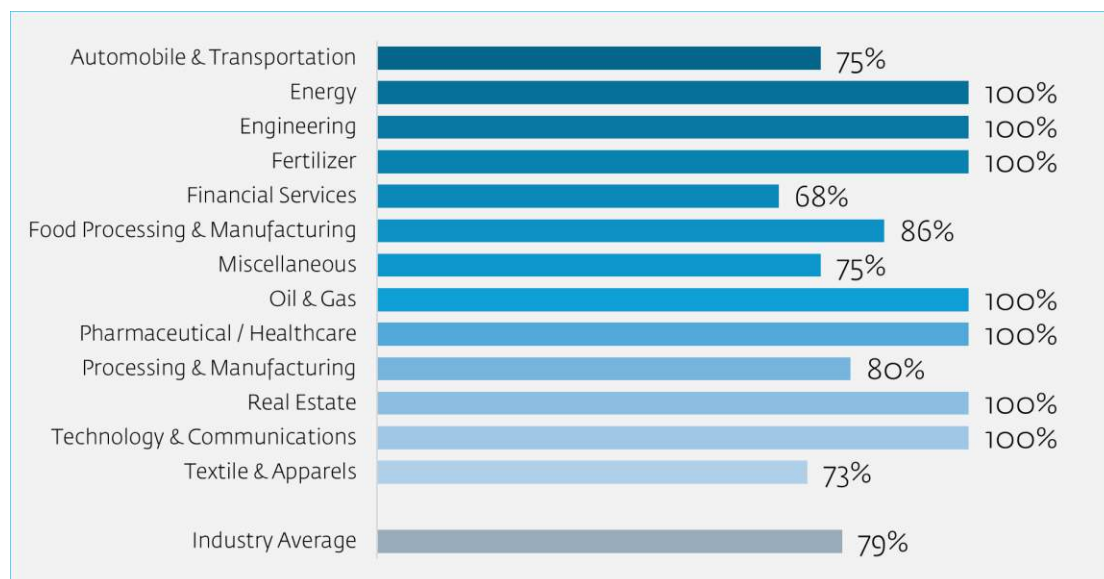
6.5 METRICS & TARGETS

Most sectors have established comprehensive systems for setting ESG metrics, defining targets, and tracking performance. Energy, Engineering, Fertilizer, Oil & Gas, Pharmaceutical/ Healthcare, and Real Estate report full integration. The overall industry adoption is strong at 79%, though a few sectors still need to bridge the gap to reach consistent, market-wide best practices. Responses indicate that companies typically measure and report sustainability performance using structured ESG frameworks that combine internationally recognized standards, such as IFRS S1/S2, SASB, GRI, and UN SDGs, with national

regulatory guidelines, including the SECP ESG requirements.

Metrics are established across environmental, social, and governance domains, covering areas such as GHG emissions, energy and water use, waste management, workplace safety, diversity, and responsible governance. Progress against internal and regulatory targets is monitored through periodic reviews, dashboards, board-level oversight, and public disclosures, typically on a biannual or annual cycle. These mechanisms support transparency, continuous improvement, and operational alignment, with regular updates provided to both management and stakeholders.

Graph 6.6: Percentage of Respondents with Established ESG Metrics, Targets, and Performance Tracking in place



The market shows a varied level of maturity. Leading organizations report progress through clearly defined key performance indicators, structured reporting frameworks, and independent assurance where applicable. Many companies integrate ESG targets into business planning, risk management, and daily operations. Others remain at the stage of developing baseline metrics and aligning methodologies with emerging standards, such as IFRS S1/S2.⁶ A subset tracks qualitative indicators or relies on regulatory compliance reporting. Overall, the trend is convergence towards more data-driven, transparent, and benchmarked sustainability performance management, supporting stronger

ESG metrics, targets, and performance

66%

of the total respondents are tracking ESG metrics, targets, and performance. The analysis of the responses reveals significant variation in robustness, completeness, and measurement methods. It ranges from basic contextual reporting on operational initiatives and their environmental impacts

81%

Formal ESG dashboards

accountability, comparability, and stakeholder confidence across the sector.

Table 6.4: Summary of Sectoral ESG KPI practices

KEY PRACTICE	DETAILS
Alignment with standards	Companies use a mix of global frameworks (GRI, IFRS S1/S2, SASB, UN SDGs) and national guidelines (SECP, SEPA, labor laws) for ESG reporting.

⁶ Adopting minimum unit conventions for key indicators (for example, tCO₂e for GHG emissions, kWh/MWh for energy, and m³ for water) and drawing on the GHG Protocol for Scope 1, 2,

and 3 accounting and SBTi guidance for target-setting will help in addressing current unit inconsistency and align reporting with global best practices.

KEY PRACTICE	DETAILS
Tracking environmental KPIs	Measured metrics include GHG emissions, energy use, carbon footprint, water consumption, and waste reduction. Resource-intensive sectors focus on efficiency and emissions reduction.
Social and governance measurement	KPIs for diversity, inclusion, social outreach, board oversight, risk management, ethics, and compliance are tracked in sectors such as Financial Services, Healthcare, and Microfinance.
Reporting practices	Periodic board reviews, quarterly/annual sustainability reports, internal audits, and dashboards are used. Some companies pursue external assurance for disclosures.
Setting and reviewing strategic targets	Goals for net zero, energy/carbon reduction, and diversity are set and tracked, with progress reviewed by management or sustainability committees.
Developing frameworks	Some companies are in the early stages of formalizing ESG metrics and reporting, with efforts focused on regulatory compliance and systems development

CONCLUSION

Key Metrics	Governance	Strategy	Risk Management	Materiality Assessment	Metrics, Target, Performance Measurement	Transition Plans
Automobile & Transportation	100%	88%	88%	75%	75%	63%
Energy	100%	100%	100%	67%	100%	33%
Engineering	67%	67%	100%	33%	100%	0%
Fertilizer	100%	100%	100%	100%	100%	0%
Financial Services	89%	82%	89%	43%	68%	21%
Food Processing & Manufacturing	86%	100%	100%	57%	86%	29%
Miscellaneous	50%	50%	50%	50%	75%	0%
Oil & Gas	100%	100%	100%	67%	100%	33%
Pharmaceutical / Healthcare	100%	100%	100%	100%	100%	100%
Processing & Manufacturing	80%	90%	90%	50%	80%	20%
Real Estate	100%	100%	100%	0%	100%	0%
Technology & Communications	100%	100%	100%	100%	100%	0%
Textile & Apparels	91%	100%	100%	64%	73%	55%
Industry Average	88%	88%	92%	56%	79%	29%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Most sectors demonstrate strong adoption of governance structures and sustainability strategies, with over 80% achieving a green tier. This reflects a widespread commitment to ESG oversight and integration at the policy and management levels. While several sectors show high performance in measuring and tracking ESG metrics and targets, a notable proportion remains in the amber or red zones. This highlights the need to strengthen data systems, internal dashboards, and automated tracking mechanisms to support continuous improvement. Materiality assessment and transition plan adoption remain key gaps. More than half of respondent companies have yet to implement robust materiality processes or formalize actionable net-zero roadmaps, indicating that deeper ESG integration beyond compliance is still required. The persistent gap between stated ambitions and actual implementation underscores the urgency of evidence-based approaches, continuous improvement, and alignment with evolving regulatory expectations. Overall, the results show progress toward ESG maturity but also signal the need for sustained investment in training, capacity building, and changing management to equip staff and internal champions with the skills required to over ESG practice beyond surface-level reporting.



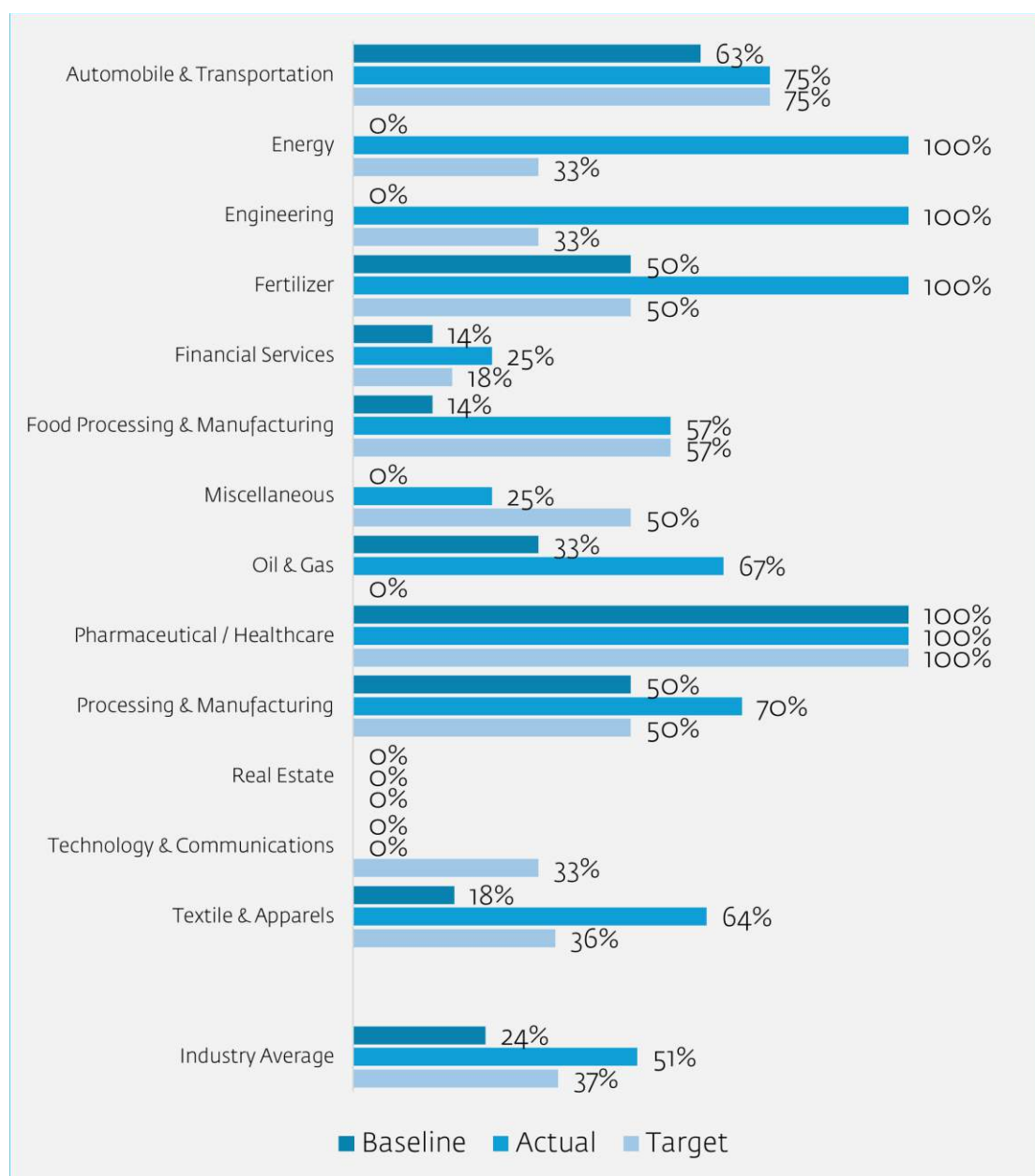
6.6 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE DISCLOSURE ASSESSMENT

6.6.1 Environmental

This section assesses how companies measure and manage their environmental impacts across key areas, including GHG emissions (Scopes 1, 2, and 3), energy consumption, water use, renewable energy adoption, emissions intensity, and waste management.

It evaluates the extent to which organizations are tracking actual performance, establishing baselines, setting reduction targets, implementing formal environmental policies, and investing in climate-related infrastructure, providing a clear picture of current practices and readiness to advance environmental stewardship.

Graph 6.7: Percentage of Respondent Companies with Established Baseline, Target, and Tracking Actual Performance for Total GHG Emission, by Sector



Graph 6.7 shows the percentage of companies in each sector reporting that they have set a GHG baseline, tracking actual

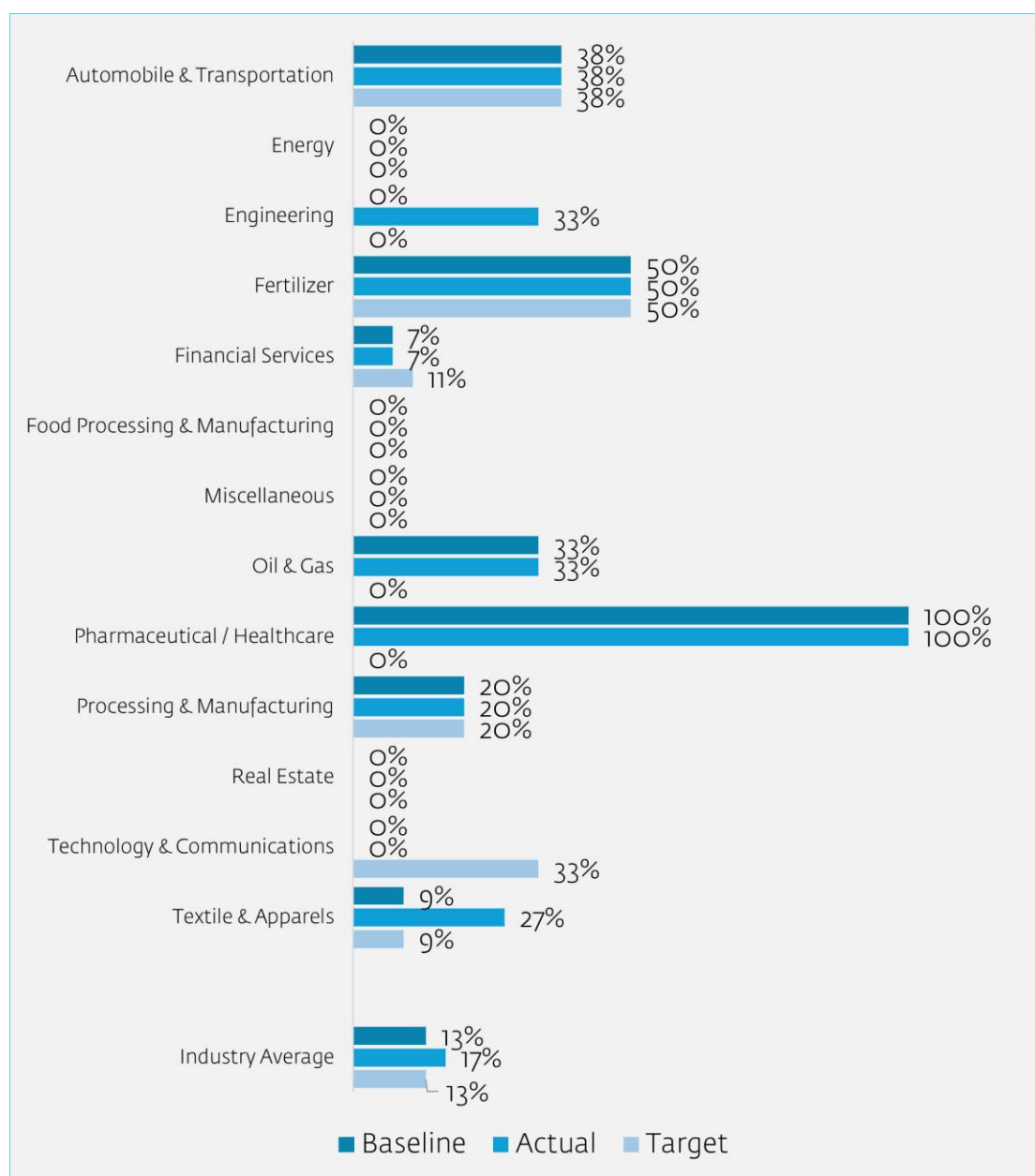
emissions, or have established targets. Top sectors include Automobile & Transportation (63% baseline, 75% actual, 75% target),

Engineering and Energy (100% actual, 33% target), and Fertilizer (50% for all three).

For the Financial Services sector, the tracking is relatively weak, but the sector needs to consider disclosing its financed emissions where material, to comply with ISSB S2 expectations. Across the full sample, the industry averages are 24% for baseline

establishment, 51% for actual tracking, and 37% for target-setting. These responses indicate that while many companies report robust engagement with GHG management and planning, the depth and consistency of practices vary widely. In several sectors, stated commitments may not yet translate into comprehensive or fully quantified emissions-management systems.

Graph 6.8: Percentage of Respondents Providing Quantified Data for the Baseline, Target, and Actual Performance for Total GHG Emissions, by Sector



Graph 6.8 provides a breakdown of the actual submission of quantified GHG data for

baselines, actual emissions, and targets across sectors. The results show a much lower level

of quantified disclosure: Automobile & Transportation reports only 38% for each metric, Fertilizer sustains 50%, and Pharmaceutical/Healthcare achieves 100% (noting the single company caveat). Most other sectors fall below 33%, while several, including Energy, Food Processing & Manufacturing, Real Estate, and Miscellaneous, report 0% quantified data across all categories.

On average, only 13% of companies provided quantified baseline and target data, and just 17% submitted quantified actual emissions data, showing a large gap between what is reported as practice and what is substantiated by verifiable numbers.

This juxtaposition between reported readiness and actual data availability makes clear that the journey towards robust climate governance is still underway. The disparity between what companies claim to have in place and what they can transparently document shows that, although frameworks and commitments are increasingly being adopted, their translation into actionable, audit-quality metrics remains limited for most companies. This challenge is even more pronounced for baseline establishment and target-setting, where internal systems or data-assurance processes are often underdeveloped.

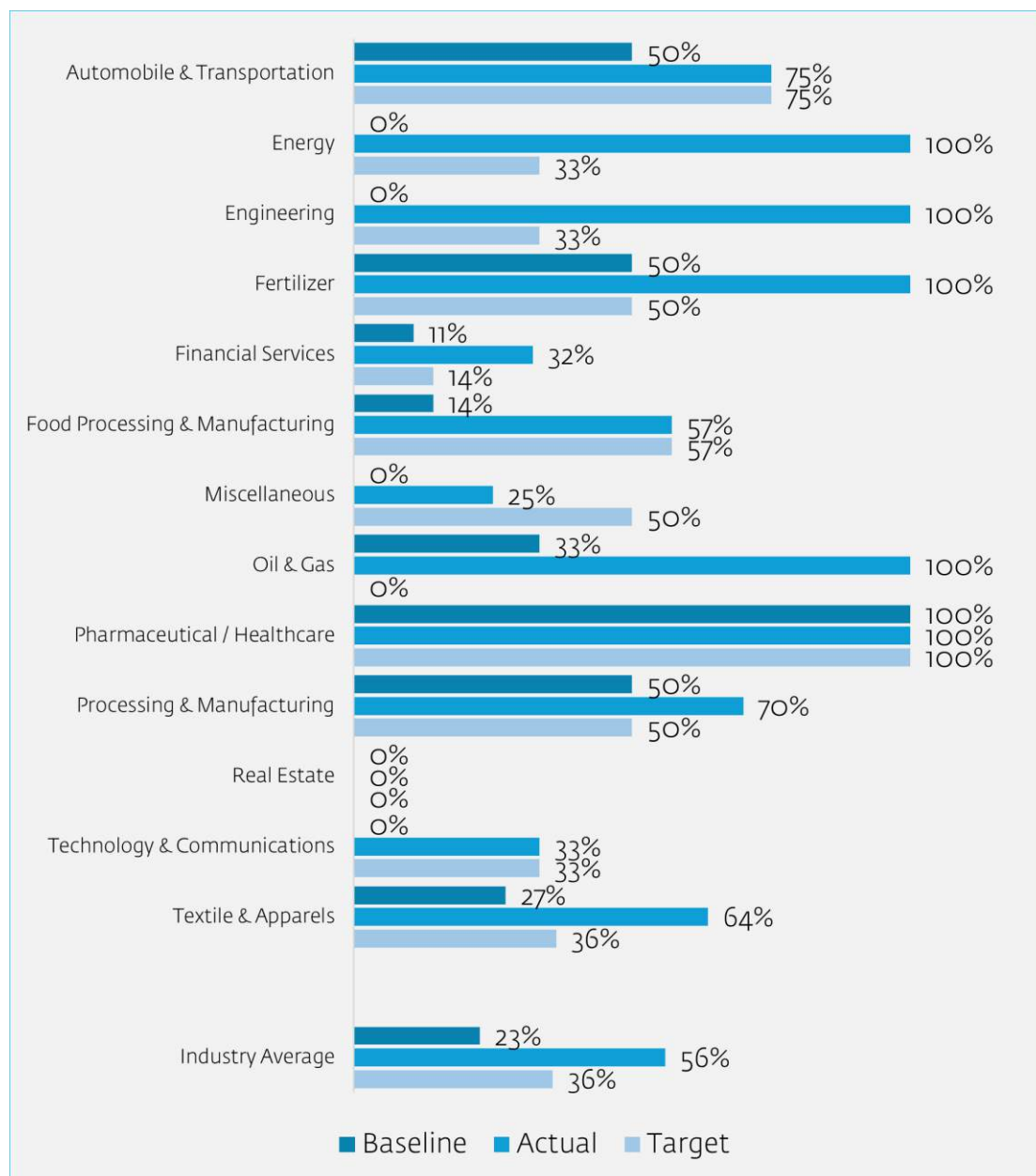
The results imply that ESG and climate-responsibility narratives are becoming more prominent, but practical decarbonization progress is hampered by capacity gaps, inconsistent data infrastructure, and limited use of external assurance. These shortcomings underscore the need for accelerated investment in systems, data transparency, and targeted training. Moving from intent to impact will require not just policy intent but demonstrable commitments, validated by credible, sector-wide, and company-specific data submissions.

Scope 1 GHG Emissions

The graph shows companies' self-reported establishment of baselines, actual tracking, and target-setting for Scope 1 emissions (direct emissions from owned or controlled sources). Some sectors, such as Engineering, Energy, and Oil & Gas, report full actual tracking rates (100%). Automobile & Transportation and Processing & Manufacturing report between 50-75% across all categories, while Fertilizer and Pharmaceutical/Healthcare show 100% for all metrics among their respective respondents.

Overall, industry averages stand at 23% for baseline establishment, 56% for actual tracking, and 36% for target-setting. These results indicate that a sizable percentage of companies recognize the need to address their direct emissions footprint.

Graph 6.9: Percentage of Respondent Companies that have Established Baseline, Target, and Tracking Actual Performance for Scope-1 GHG Emissions, by Sector

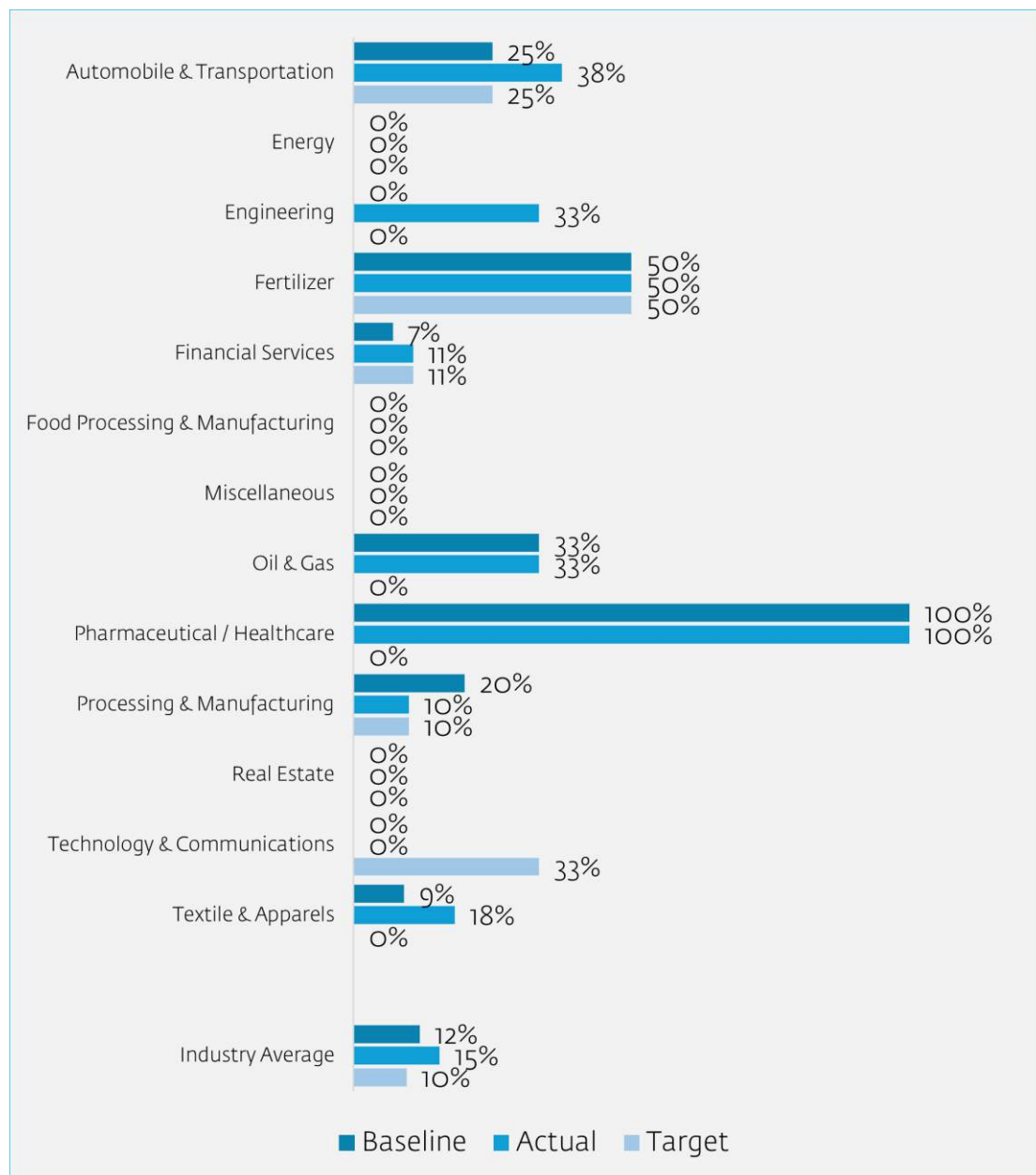


Data submission rates for Scope 1 emissions reveal a significant shortfall compared to company claims. For instance, Automobile & Transportation drops from a reported 50% baseline and 75% actual tracking to just 25% for baseline and only 38% for actuals submitted, with the same decrease for targets. Fertilizer is a notable exception, maintaining 50% across all three metrics, while Pharmaceutical/Healthcare remains at 100%, but this is based on a single company.

Most other sectors, such as Energy, Food Processing & Manufacturing, and Miscellaneous, submitted little to no quantified Scope 1 data. Industry-wide, submission rates fall to just 12% for baselines, 15% for actuals, and 10% for targets. This pronounced discrepancy indicates that, while many organizations claim to be managing their direct emissions, few are currently able to offer verifiable, quantified results, demonstrating that practical, data-driven

climate management remains limited in most sectors.

Graph 6.10: Percentage of Respondent Companies Providing Quantified Data for the Baseline, Target, and Actual Performance for Scope-1 GHG Emissions, by Sector



A pronounced discrepancy exists between companies' self-reported management of Scope 1 emissions and the availability of supporting data. While more than half of respondents claim they are tracking actual Scope 1 emissions, very few have provided verified baselines, performance, or target figures. Consistent, evidence-backed reporting is observed in only a few sectors,

notably Fertilizer and Pharmaceutical/Healthcare.

This pattern indicates that for most companies, Scope 1 emissions management remains at a formative stage: organizations appear aware of regulatory requirements and stakeholder expectations and may be investing in the necessary infrastructure, but

are not yet positioned to disclose robust, audit-ready data regularly. For industry stakeholders and policymakers, this gap highlights the need for enhanced technical training, improved assurance processes, and targeted investment in data management systems to facilitate credible and transparent climate disclosures.

Scope 2 GHG Emissions

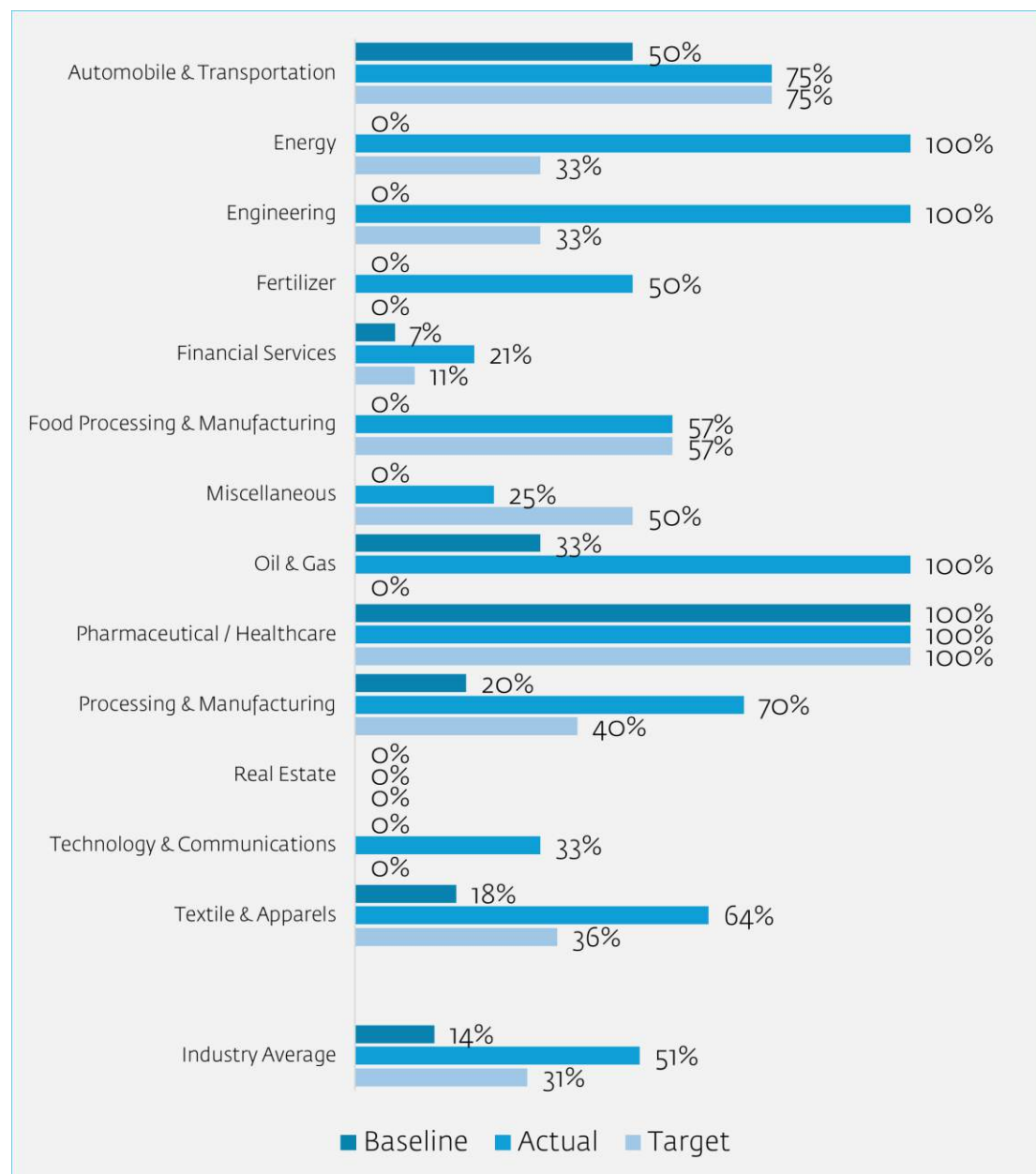
The review of Scope 2 emissions management reveals a moderate level of self-reported progress among companies, with industry averages of 14% for baseline establishment,

51% for actual tracking, and 31% for target setting. Sectoral leaders include Processing & Manufacturing (20% baseline, 70% actual, 40% target), Automobile & Transportation (50% baseline, 75% actual and target), and Pharmaceutical/Healthcare (100% across all three, noting the single-entity sample).

In contrast, several sectors, including Real Estate, Food Processing & Manufacturing, and Miscellaneous, still register low or zero percentages, indicating that structured Scope 2 emissions management is still uneven across the market.



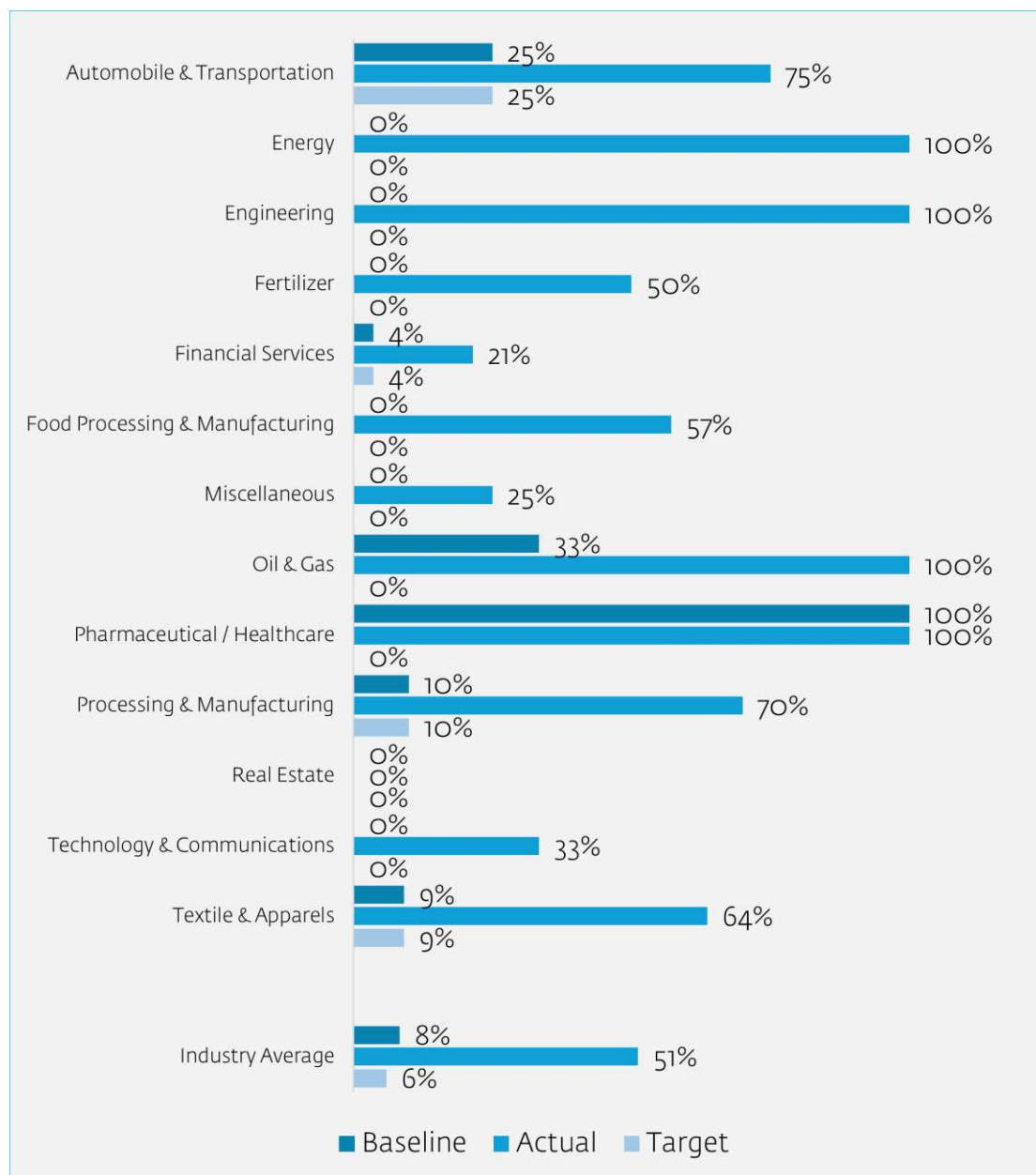
Graph 6.11: Percentage of Respondent Companies Establishing Baseline, Target, and Tracking Actual Performance for Scope-2 GHG Emissions, by Sector



In contrast, the provision of supporting quantifiable data remains considerably lower. On average, only 8% of companies were able to supply a Scope 2 baseline, 15% provided actual performance data, and 10% submitted targets. Even the best-performing sectors, such as Processing & Manufacturing, reported just 10% for data on baseline and targets and

70% for actuals, while most sectors, including Energy, Real Estate, and Textile & Apparels, were unable to report quantitative figures for any Scope 2 metric. These results further underscore the reporting gap between perceived progress and the availability of verifiable evidence of Scope 2 emissions management.

Graph 6.12: Percentage of Respondent Companies providing Quantified Data for the Baseline, Target, and Actual Performance for Scope-2 GHG Emissions, by Sector

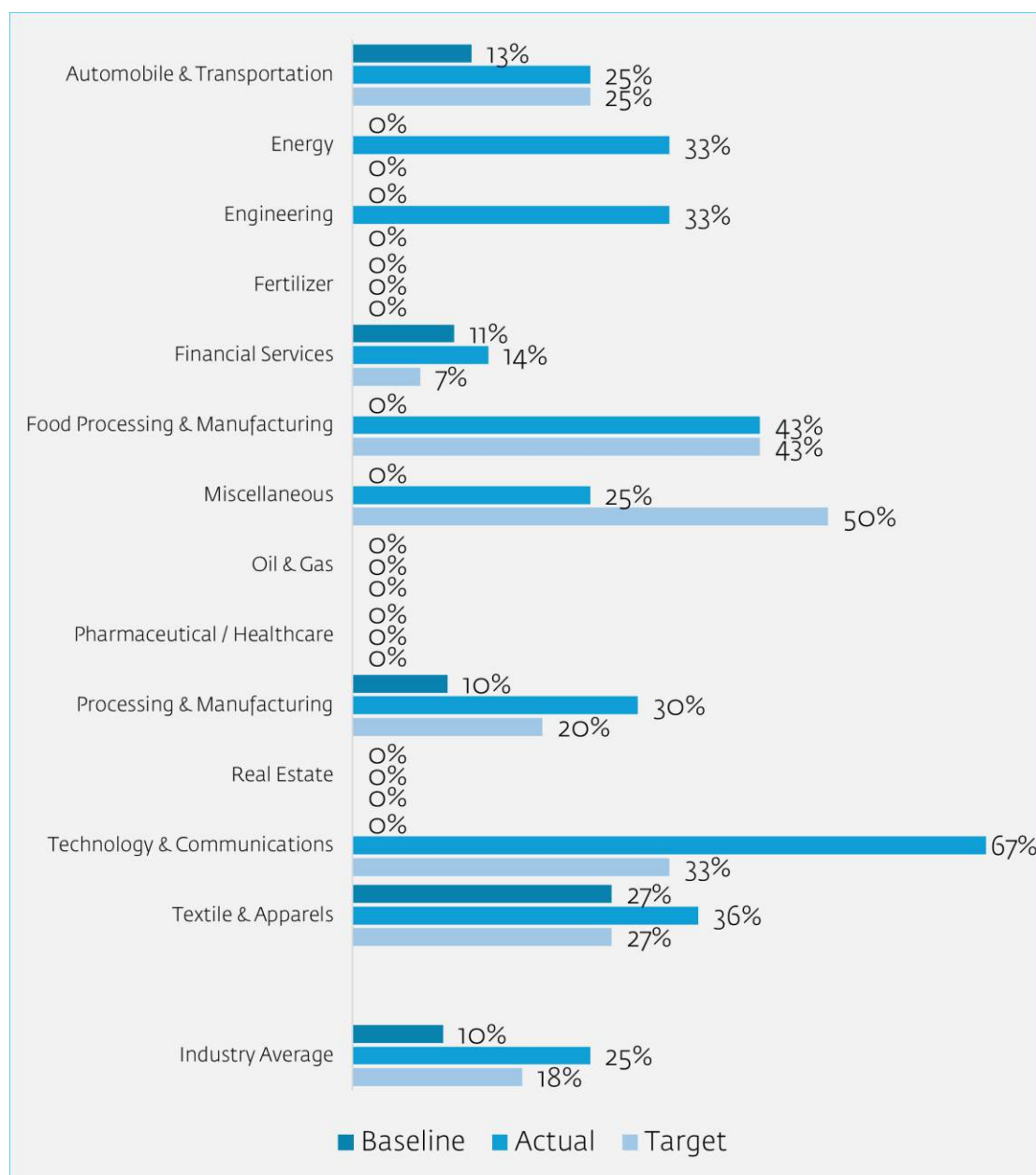


The overall pattern indicates that while awareness of Scope 2 emissions is rising and more companies report greater engagement, the ability to systematically measure and disclose energy-related emissions performance, at a level that can withstand

external scrutiny, remains limited. Strengthening digital reporting systems, data assurance processes, and technical upskilling will be critical for translating these commitments into credible, consistent, and market-ready climate disclosures.

Scope 3 GHG Emissions

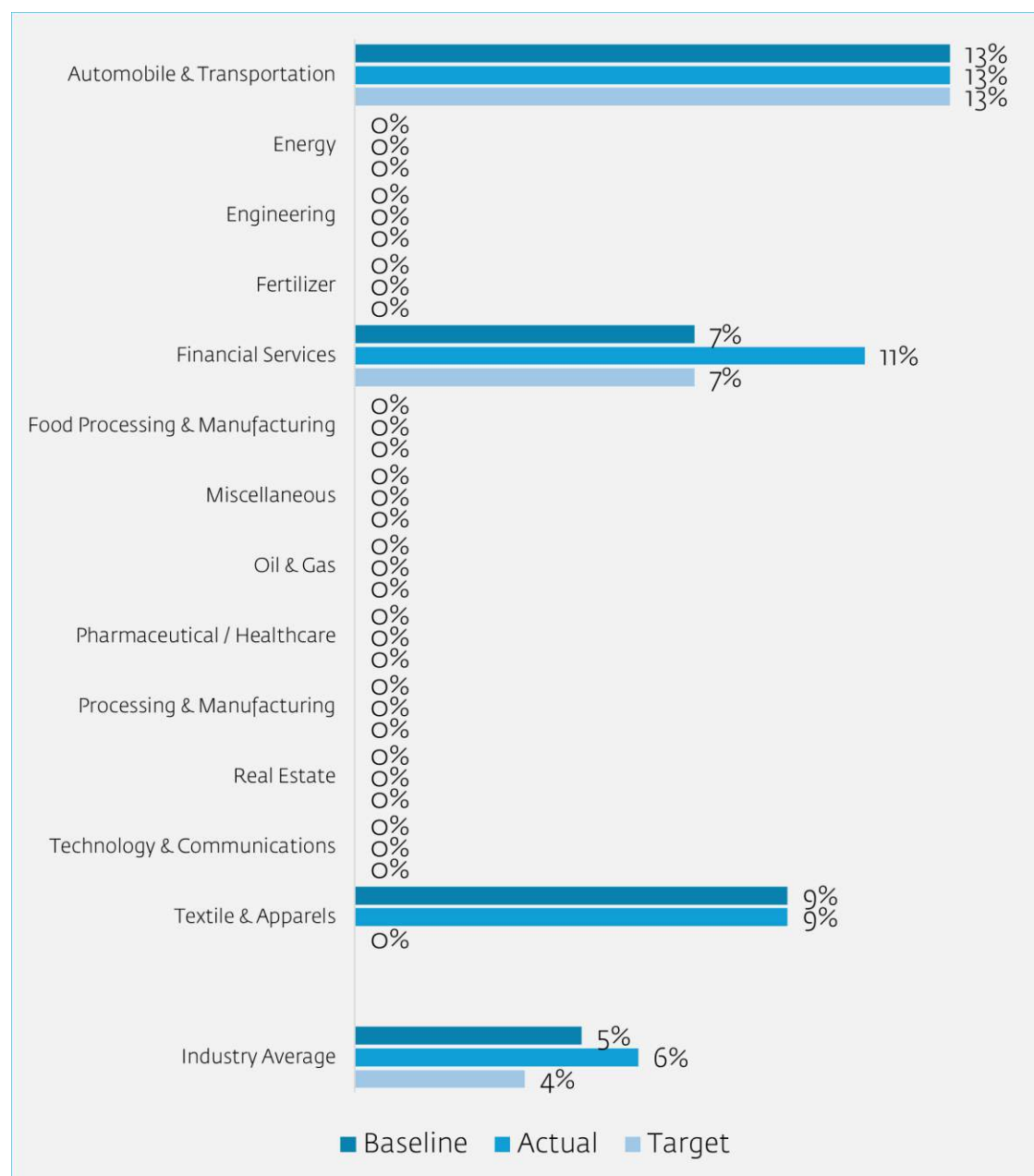
Graph 6.13: Percentage of Respondent Companies Establishing Baseline, Target, and Tracking Actual Performance for Scope-3 GHG Emissions, by Sector



The sectoral review of Scope 3 emissions shows that, even at the level of self-reported activity, industry engagement is still emerging. On average, just 10% of companies report having established a Scope 3 baseline, 25% are tracking actual values, and 18% have set targets. A few sectors, such as Food Processing & Manufacturing, Miscellaneous, and Technology & Communications (all with

tracking rates above 40%), show comparatively stronger activity. However, most sectors, such as Energy, Engineering, Fertilizer, Oil & Gas, and Pharmaceutical/ Healthcare, report minimal to zero activity. Only Textile & Apparels and Financial Services show moderate activity, with up to 36% tracking actual and 27% setting targets.

Graph 6.14: Percentage of Respondent Companies Providing Quantified Data for the Baseline, Target, and Actual Performance for Scope-3 GHG Emissions, by Sector



When examined for actual data submissions, the shortfall becomes pronounced. Industry-wide, just 5% of companies provided a Scope 3 baseline, 6% submitted actual performance data, and 4% reported targets. Quantitative disclosures were limited to a small group, mainly within the Automobile & Transportation, Financial Services, and Textile & Apparels sectors, while nearly all other

sectors were unable to provide any formal data on value chain emissions.

Although 10% of companies claim to have established a Scope 3 GHG baseline, 25% report tracking actual performance, and 18% indicate setting targets, the drop in verified data underscores a significant credibility and disclosure gap. The availability of supporting quantitative data is just 5% for baselines, 6%

for actuals, and 4% for targets. This gap reinforces that, despite growing recognition of the importance of measuring and reducing Scope 3 emissions, practical implementation is in its infancy. Challenges linked to value chain complexity, limited supplier data, and system readiness are evident. For sector transformation, there is a need for coordinated capacity building, robust digital systems, and shared frameworks to scale reliable Scope 3 accounting and disclosure practices.

Water

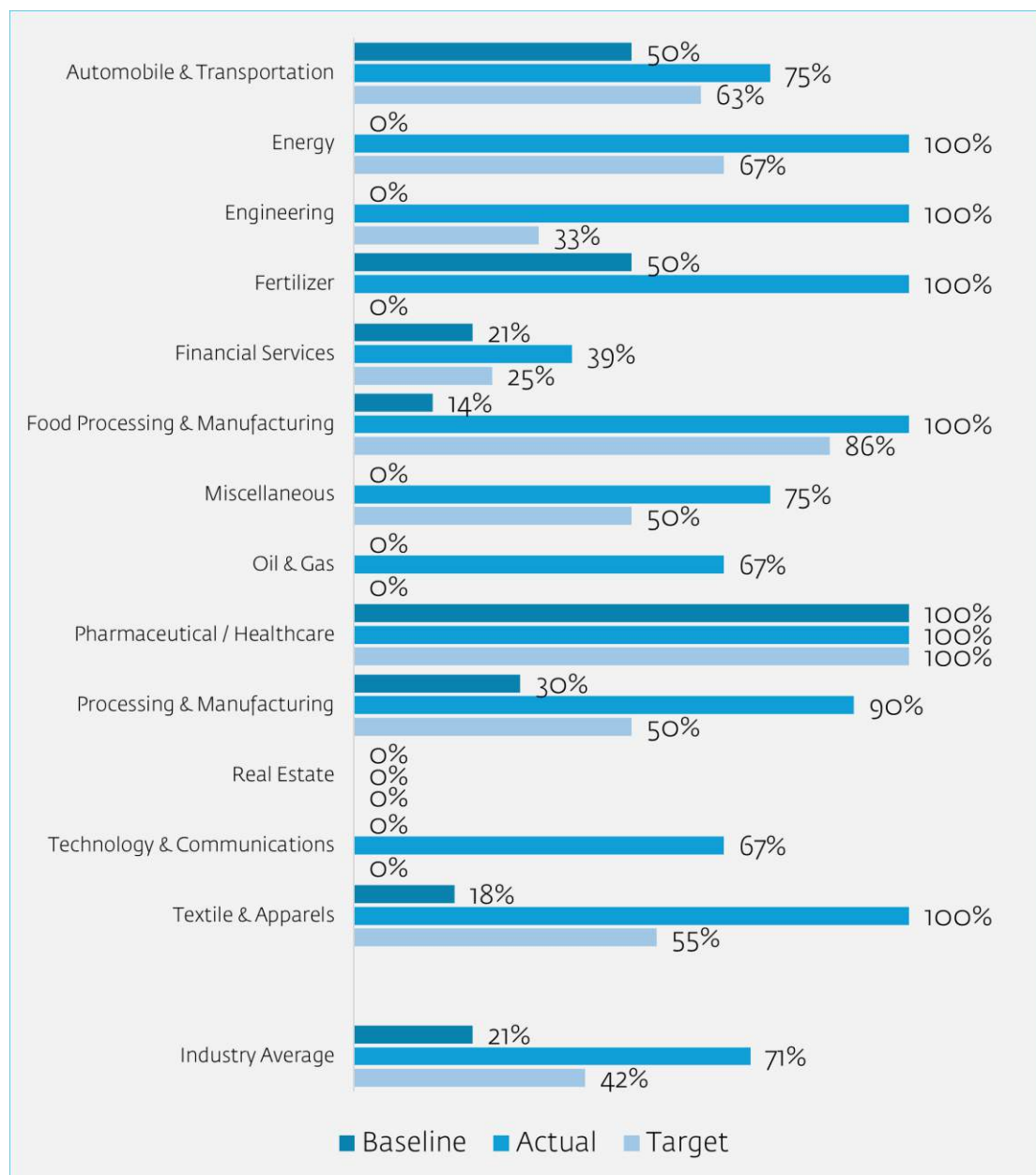
Sectoral reporting for water management demonstrates relatively strong self-reported

progress, especially in tracking the actual water usage. Industry averages indicate that 21% of companies have established a baseline, 71% are tracking actual usage, and 42% have set targets.

Sectors such as Food Processing & Manufacturing, Textile & Apparels, and Processing & Manufacturing report the highest tracking rates for actual water data—100%, 100%, and 90%, respectively—while Automobile & Transportation, Energy, and Financial Services also report robust levels of activity, with baseline and targets often exceeding 20–50%.



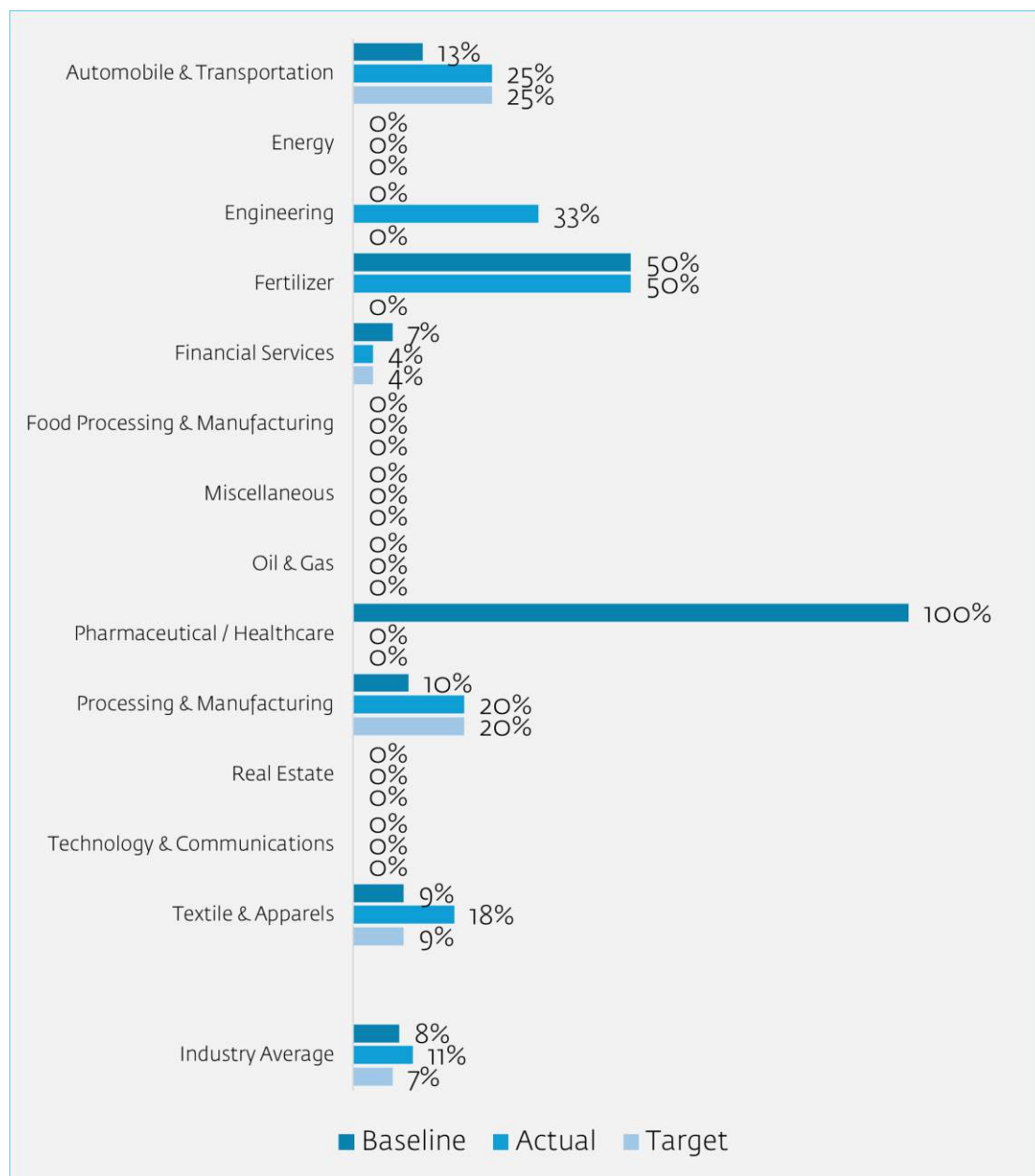
Graph 6.15: Percentage of Respondent Companies Establishing Baseline, Target, and Tracking Actual Performance for Water, by Sector



However, this positive picture becomes far less convincing when validated against the actual data provided. The overall industry average for submitted baselines is only 8%, 11% for actuals, and 7% for targets. Even among the leading sectors, such as Processing & Manufacturing, performance reported

drops sharply from 90% claiming to track actual water usage to just 20% submitting quantified data. Other sectors—including Energy, Food Processing & Manufacturing, and Textile & Apparels—display similar gaps between perceived and practiced measurement.

Graph 6.16: Percentage of Respondent Companies providing Quantified Data for the Baseline, Target, and Actual Performance for Water, by Sector



This analysis points to a recurring theme across ESG disclosures: actual quantification and evidence-based reporting on water use, like other ESG indicators, is consistently weaker than self-reported intentions. While many organizations indicate that they monitor water consumption, far fewer can substantiate those claims with quantified, verifiable data. To close this gap, companies will require targeted technical support, reliable digital reporting systems, and

stronger internal controls that enable a shift from commitment to credible disclosure, ensuring transparent and comparable progress in water resource management across the market.

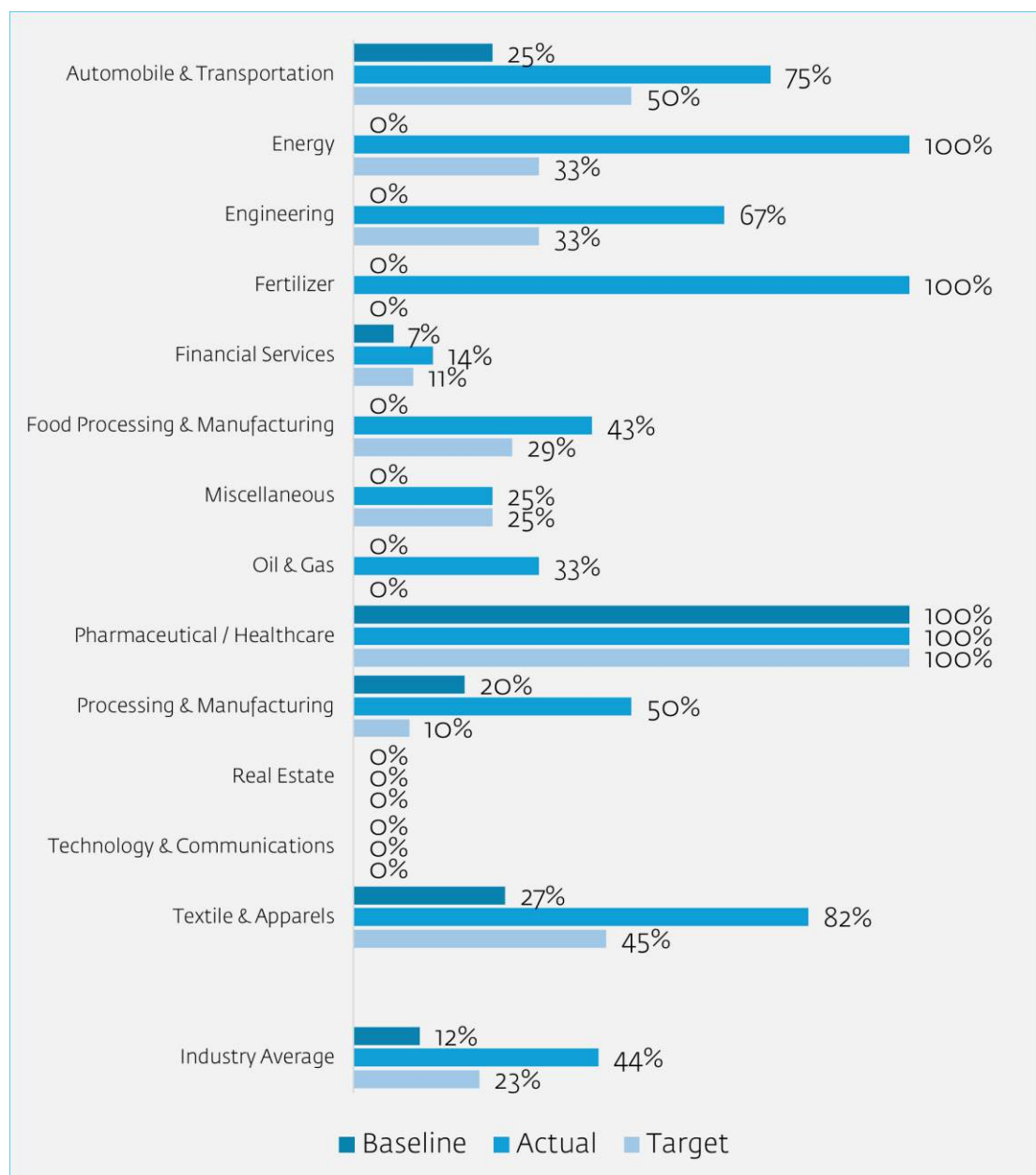
Furthermore, the units used by companies to report water consumption, cubic meters (m³), US and imperial gallons, mega liters, million gallons, million liters, and ML, highlight a lack of standardization. This inconsistency makes benchmarking, aggregation, and cross-sector

comparability difficult, underscoring the need for harmonized disclosure guidelines and targeted capacity building to support

consistent and transparent water data reporting across sectors.

Water Retreatment/ Recycling

Graph 6.17: Percentage of Respondent Established Baseline, Target, and Tracking Actual Performance for Water Retreatment/Recycling, by Sector

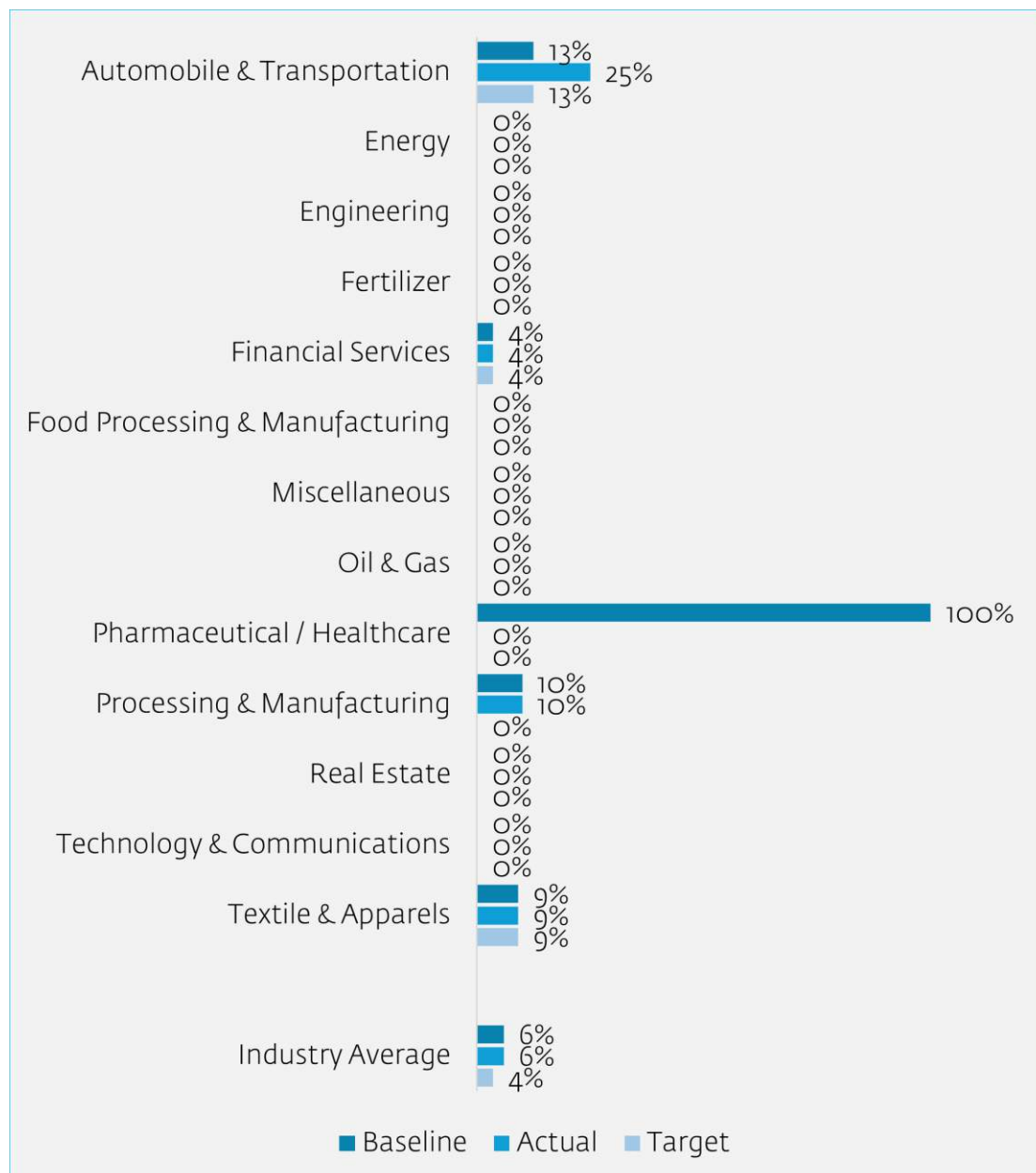


Sectoral responses on establishing baselines, tracking performance, and setting targets for water treatment and recycling vary considerably. The industry average stands at 12% for baseline establishment, 44% for actual tracking, and 23% for target setting. Leading sectors, particularly Textile &

Apparels (27% baseline, 82% tracking, 45% target), Processing & Manufacturing (20%, 50%, 10%), and Automobile & Transportation (25%, 75%, 50%) report the highest tracking rates. These patterns suggest increasing private-sector attention to water recycling

and circularity, even though formal baselines and target-setting remain uneven.

Graph 6.18: Percentage of Respondent Companies Provided Quantified Data for the Baseline, Target, and Actual Performance for Water Treatment/Recycling, by Sector



However, the actual provision of quantitative data falls considerably short of these self-reported claims. Industry averages drop to just 6% for both baseline and actual figures, and 4% for targets. Even among comparatively higher-performing sectors, only Textile & Apparels, Processing & Manufacturing, and Automobile & Transportation exceed 9% for any metric.

Across most sectors—including Energy, Food Processing & Manufacturing, and Financial Services—no quantitative data is reported at all, or figures remain extremely low.

This stark discrepancy underscores the most significant challenge in water management: formal commitments and public claims remain far ahead of organizations' ability to

report robust, validated numbers. Systematic upskilling, deploying digital measurement tools, and institutionalizing real-time reporting mechanisms will be essential to closing this gap and enabling credible, traceable progress in industrial water stewardship and circularity.

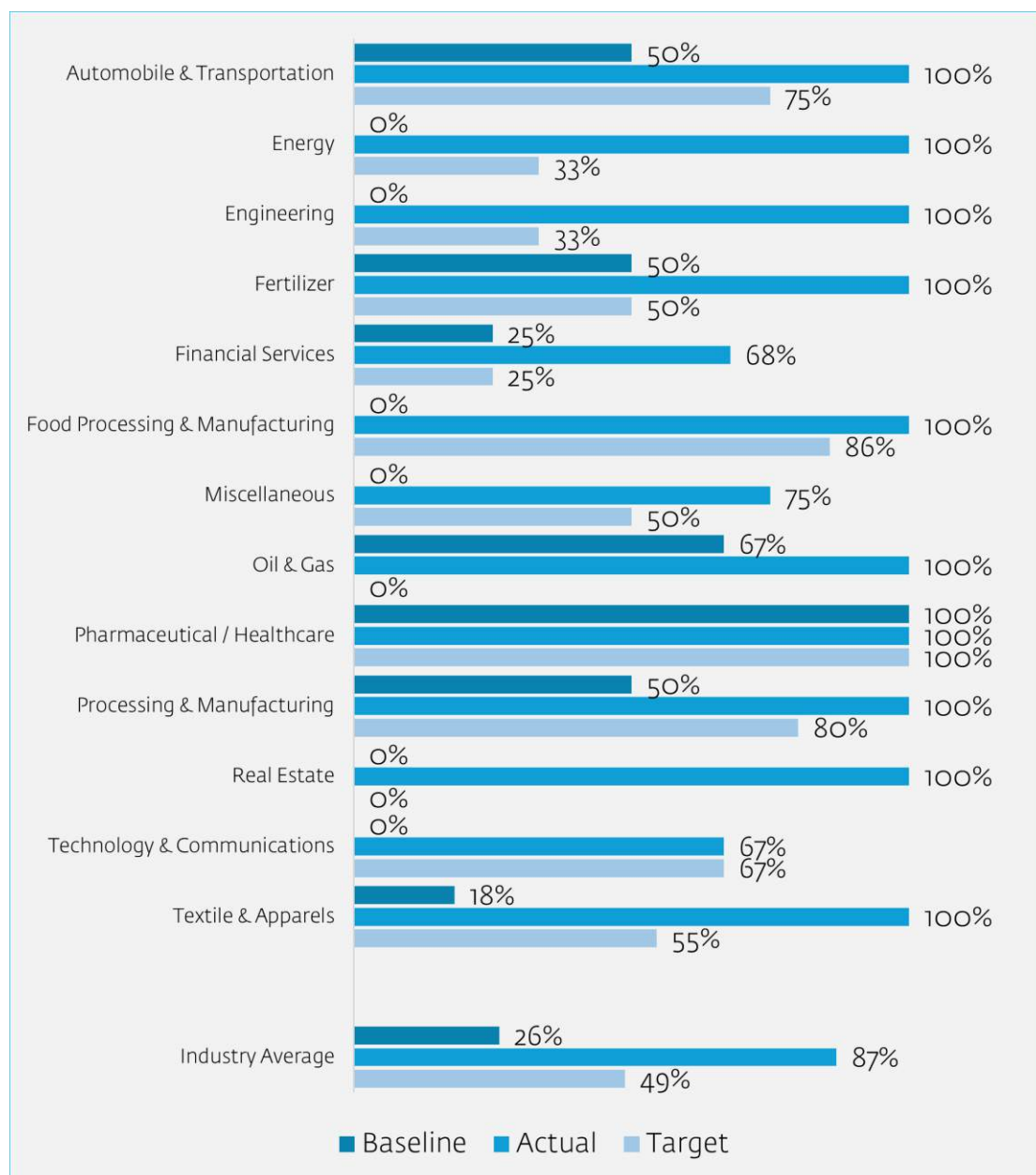
Moreover, companies reporting treated or reused water from operations have used a wide range of units, including gallons per day (Gal/day), cubic meters (m³), megaliters, million gallons, and million liters. This variety in unit selection reflects significant inconsistency, with no predominant standard across respondents. The use of both volume-based units (m³, million liters) and flow-rate units (Gal/day) further complicates data comparability and aggregation, pointing to the need for standardized measurement protocols in sustainability disclosures.

Energy

The overall reported progress on energy management is relatively high across sectors, with an industry average of 26% for baselines, 87% for tracking actual energy use, and 49% for target setting. Sectors such as Automobile & Transportation, Fertilizer, Processing & Manufacturing, Textile & Apparels, and Pharmaceutical/Healthcare stand out for robust tracking rates—many reaching or approaching 100% for actual energy use—and several report ambitious levels of planning and target setting (e.g., Processing & Manufacturing at 80%, Textile & Apparels at 55%). Financial Services, Food Processing & Manufacturing, and Oil & Gas also show notable progress, especially in monitoring ongoing consumption.



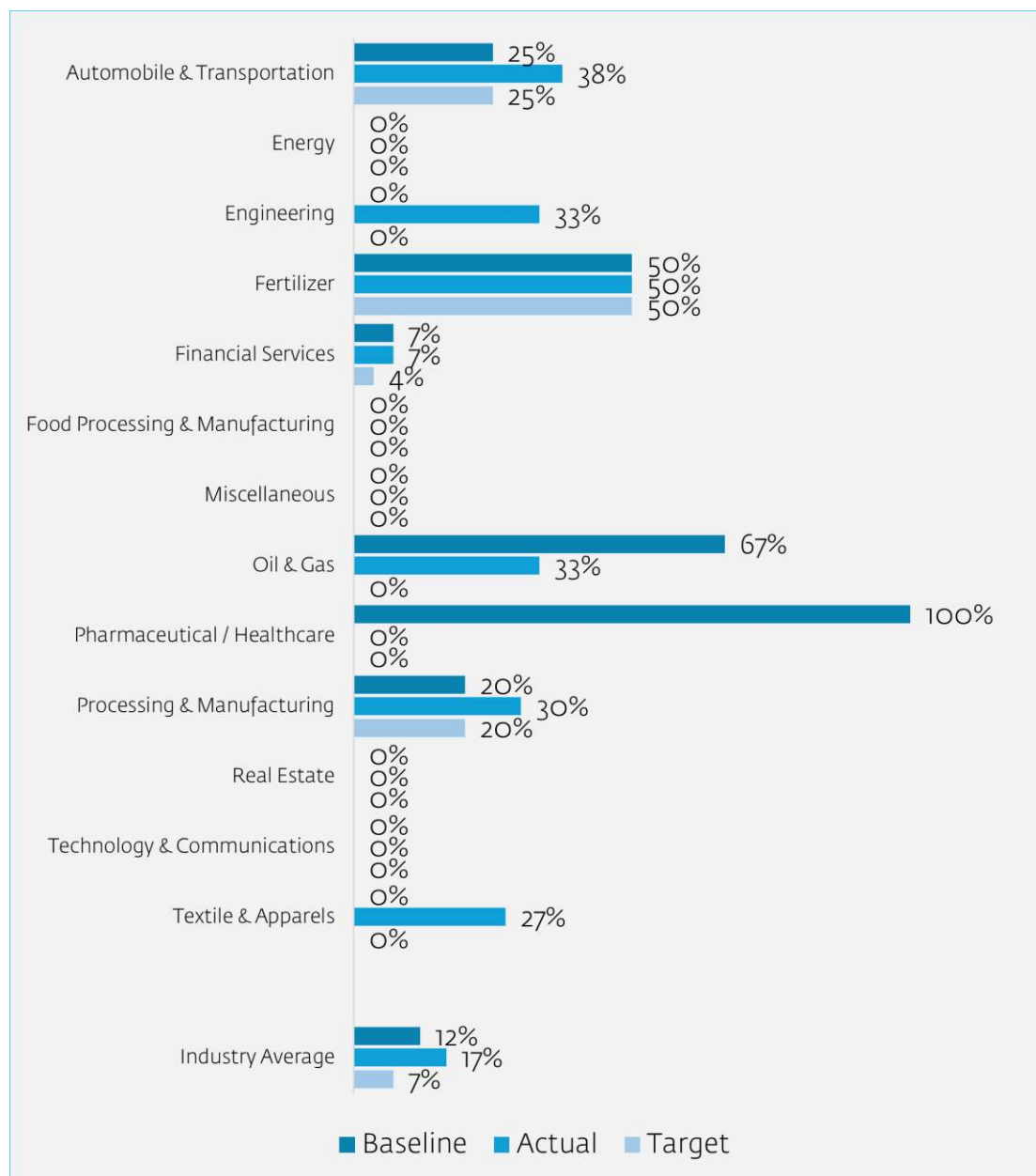
Graph 6.19: Percentage of Respondent Companies with Established Baseline, Target, and Tracking Actual Performance for Total Energy, by Sector



The proportion of companies that provide supporting quantitative data is significantly lower. The industry average for data provision is 12% for baselines, 17% for actual performance, and just 7% for targets. Only the Fertilizer sector maintains a 50% reporting rate across all metrics. Most other sectors,

including prominent ones such as Automobile & Transportation, Processing & Manufacturing, and Textile & Apparels—fall to 30% or less when it comes to submitting verifiable figures. In several sectors, no quantitative data is reported at all.

Graph 6.20: Percentage of Respondent Companies provided Quantified Data for the Baseline, Target, and Actual Performance for Total Energy, by Sector



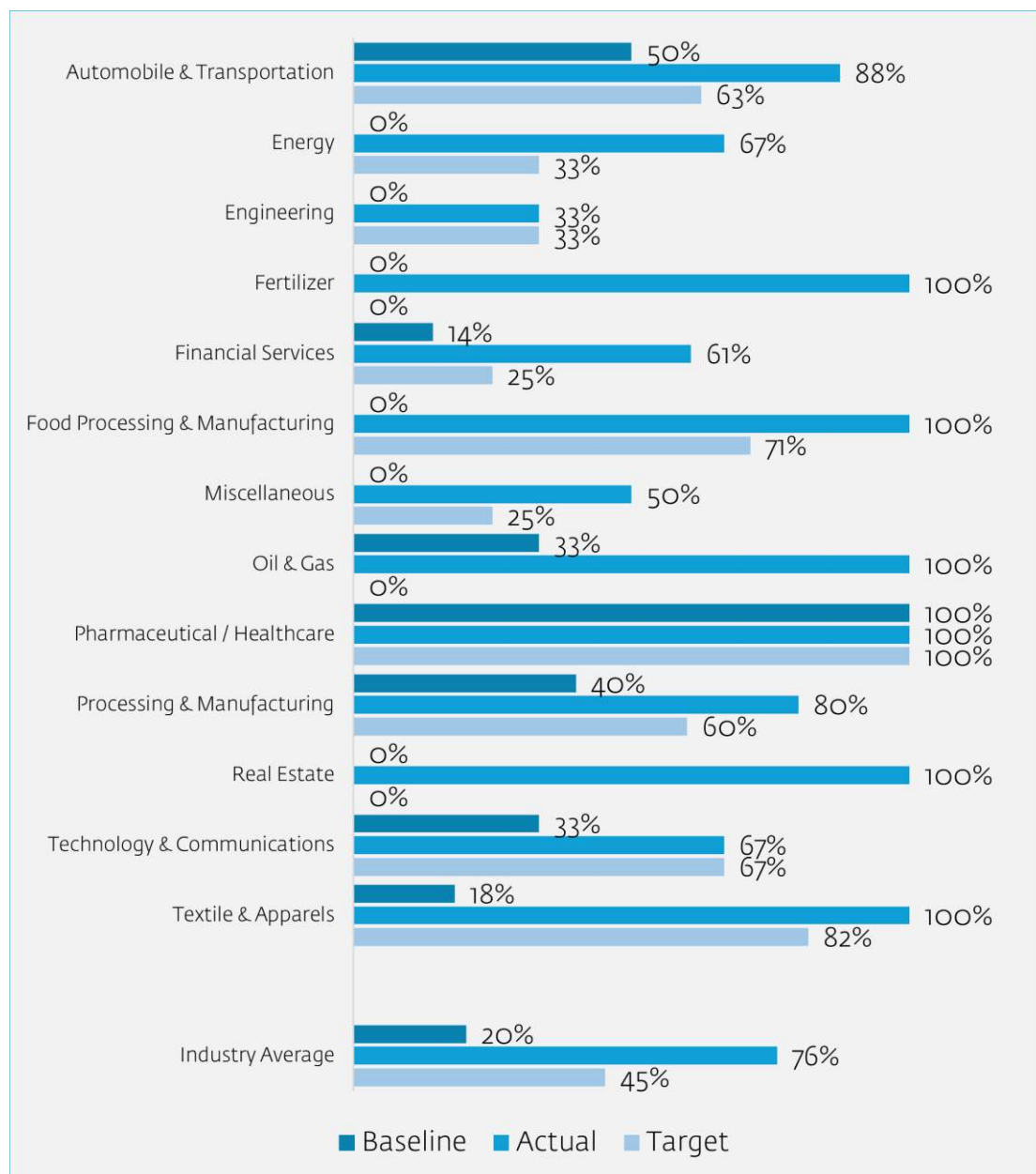
The overall analysis highlights a persistent discrepancy between aspirational narrative progress and verifiable reporting. Although companies may have systems in place to informally track or discuss energy efficiency and management, few have institutionalized rigorous data collection, digital verification, and public disclosure practices commensurate with international best practice. Rectifying this credibility gap will require substantive investment in integrated monitoring

solutions, external assurance, and coordinated benchmarking to align reported achievements with validated, actionable evidence. Furthermore, companies reported energy consumption using diverse units, including kWh, MWh, GWh, kW, MW, million gigajoules, MMBTU, liters (with kWh), and metric tons, a factor highlighting a lack of standardization. This variation impeded cross-company and cross-sector comparability,

underscoring the critical need for harmonized guidance in energy monitoring and reporting.

Renewable Energy

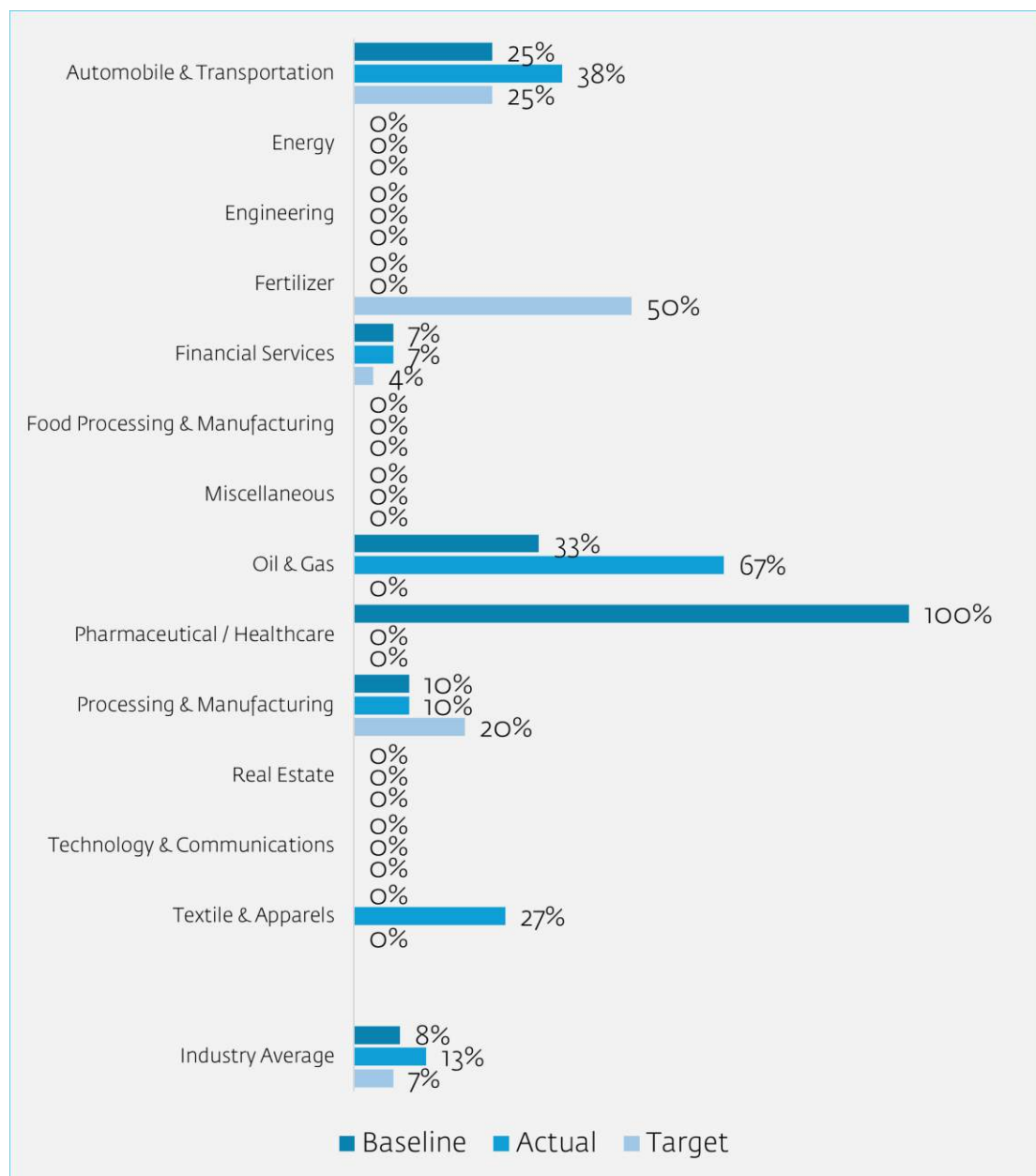
Graph 6.21: Percentage of Respondent Companies Establishing Baseline, Target, and Tracking Actual Performance for Renewable Energy, by Sector



Across all sectors, the measurement of renewable energy is being increasingly tracked, with respondents reporting significantly greater participation in current performance monitoring than in establishing baselines or formal target-setting efforts. Industry averages indicate that only 20% of

companies have established a baseline, while 76% are actively tracking their current renewable energy use, and 45% have set targets. This trend reflects a growing recognition of the corporate energy mix as a material ESG factor and as an integral component of climate transition strategies.

Graph 6.22: Percentage of Respondent Companies providing Quantified Data for the Baseline, Target, and Actual Performance for Renewable Energy, by Sector



Several sectors demonstrate notably advanced engagement: Textile & Apparels (18% baseline, 100% tracking, 82% target), Processing & Manufacturing (40%, 80 percent, 60%), and Food Processing & Manufacturing (100% actual, 71% target). Pharmaceutical/Healthcare also shows 100% consistency though this is derived from only one company. Automobile & Transportation, Financial Services, and Oil & Gas display strong actual figures, frequently above 60

percent, signaling broader private sector efforts to diversify their energy mix and advance decarbonization.

This self-reported momentum is undermined upon scrutiny of verifiable disclosure. The proportion of companies able to provide quantifiable baseline, current (actual), and target information is much lower: with averages of only 8 % for baseline, 13% for actuals, and 7% for targets. Even among energy-leading sectors, no more than a third

of companies typically submit the requisite evidence, and some, like Energy, Engineering, Miscellaneous, and Food Processing & Manufacturing, report no current performance data or targets at all. In most cases, the disparity remains wide between stated ambition and validated progress.

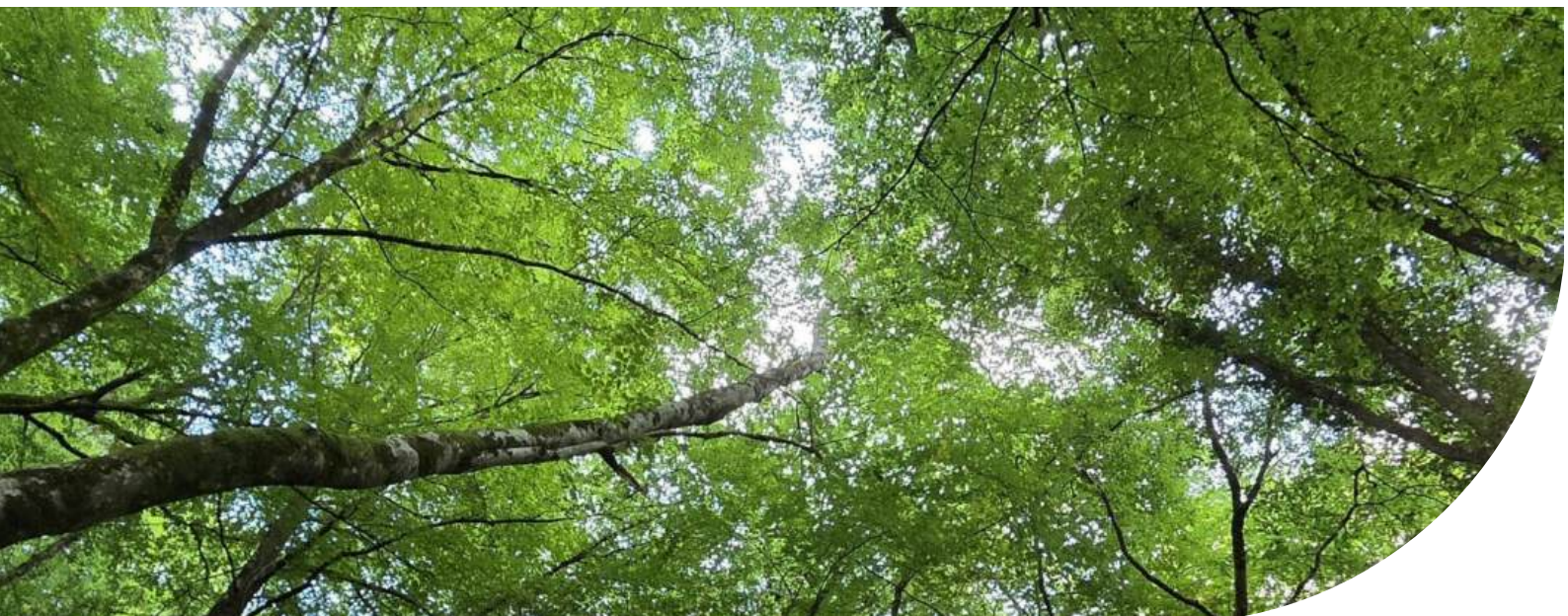
Consequently, this pattern mandates a critical next step for the market: credible transition to a renewables-focused energy mix will require companies to build out reliable digital systems, enhance traceability, and integrate third-party assurance so that ambitious reporting is underpinned by actionable, audit-ready performance data.

Moreover, companies report renewable energy using varied units, kW, kWh, MWh, GWh, MW, million gigajoules, or descriptive

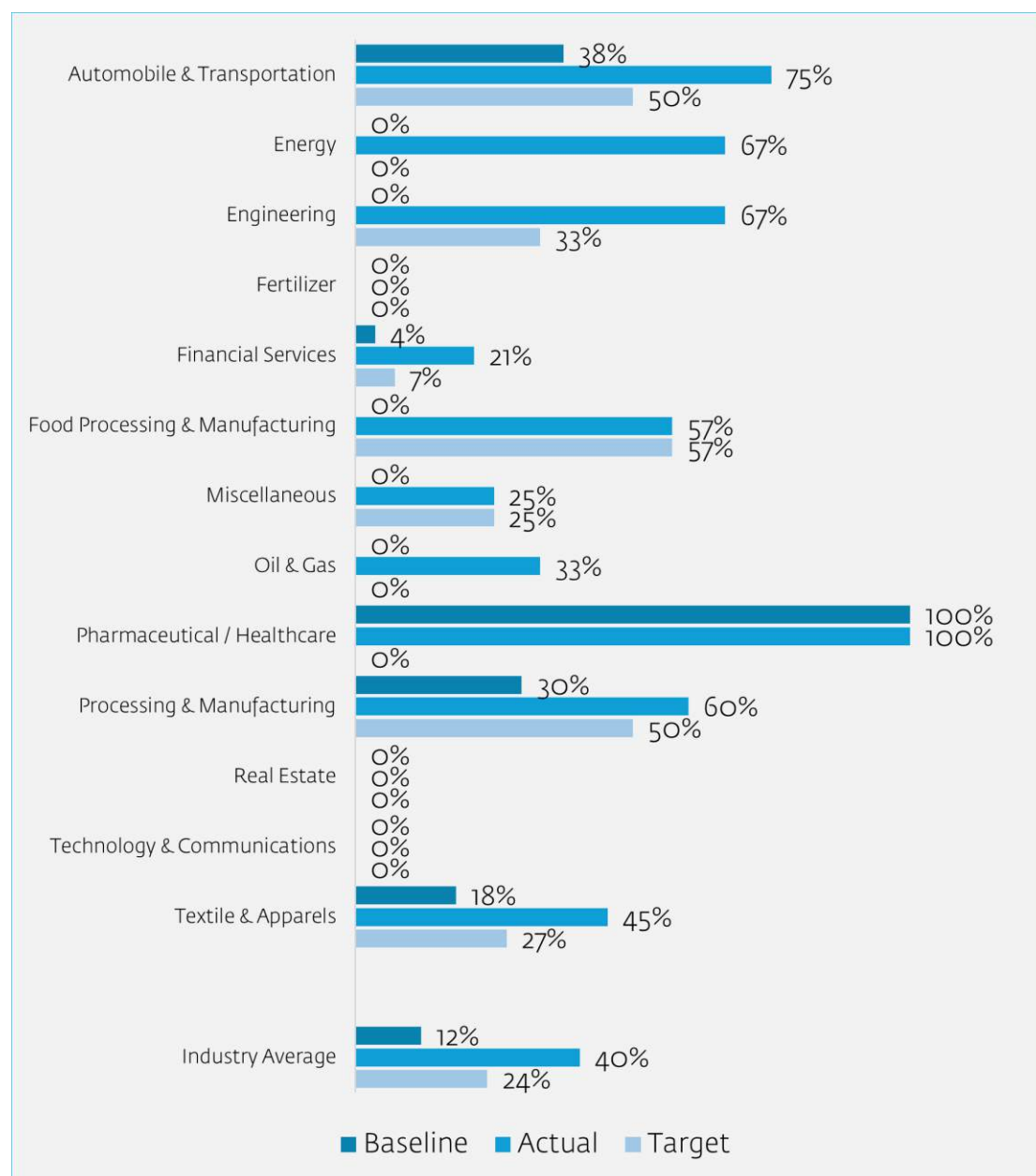
terms like “solar power,” reflecting a significant lack of standardization. This heterogeneity severely hinders cross-company comparability and underscores the need for unified reporting conventions.

GHG Emission Intensity

The analysis of corporate GHG emission intensity management across sectors highlights significant ambition but demonstrates limited evidence of systematic implementation. Industry-wide, only 12% of companies report having established a baseline, 40% are tracking actual emission intensity, and 24% have set targets. Crucially, however, a majority of sectors remain well below 30% in any dimension, and more than half of companies have not moved beyond declarative intent.



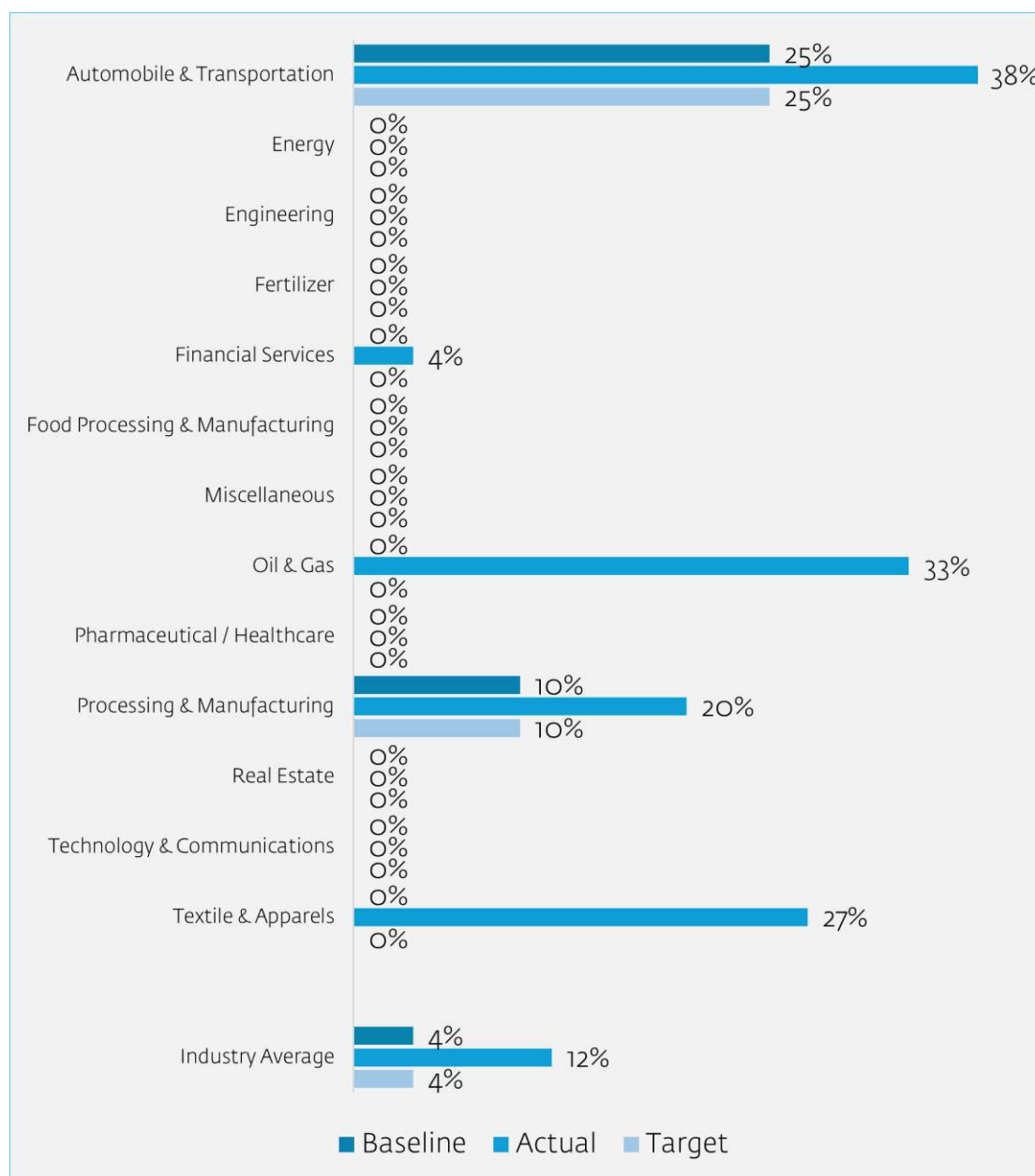
Graph 6.23: Percentage of Respondent Companies Established Baseline, Target, and Tracking Actual Performance for GHG Emission Intensity, by Sector



The verifiable disclosure rate paints a significantly weaker empirical picture. On the industry average, only 4% of companies provided a baseline, 12% submitted actual performance data, and 4% provided target data. Even the more responsive sectors, namely Automobile & Transportation and

Processing & Manufacturing demonstrate substantial decline, with actual performance data falling to 38% or lower for actuals and baseline/target provision dropping to 10–25%. Crucially, a significant proportion of sectors provided no quantifiable data whatsoever.

Graph 6.24: Percentage of Respondents Providing Quantified Data for the Baseline, Target, and Actual Performance for GHG Emission Intensity, by Sector

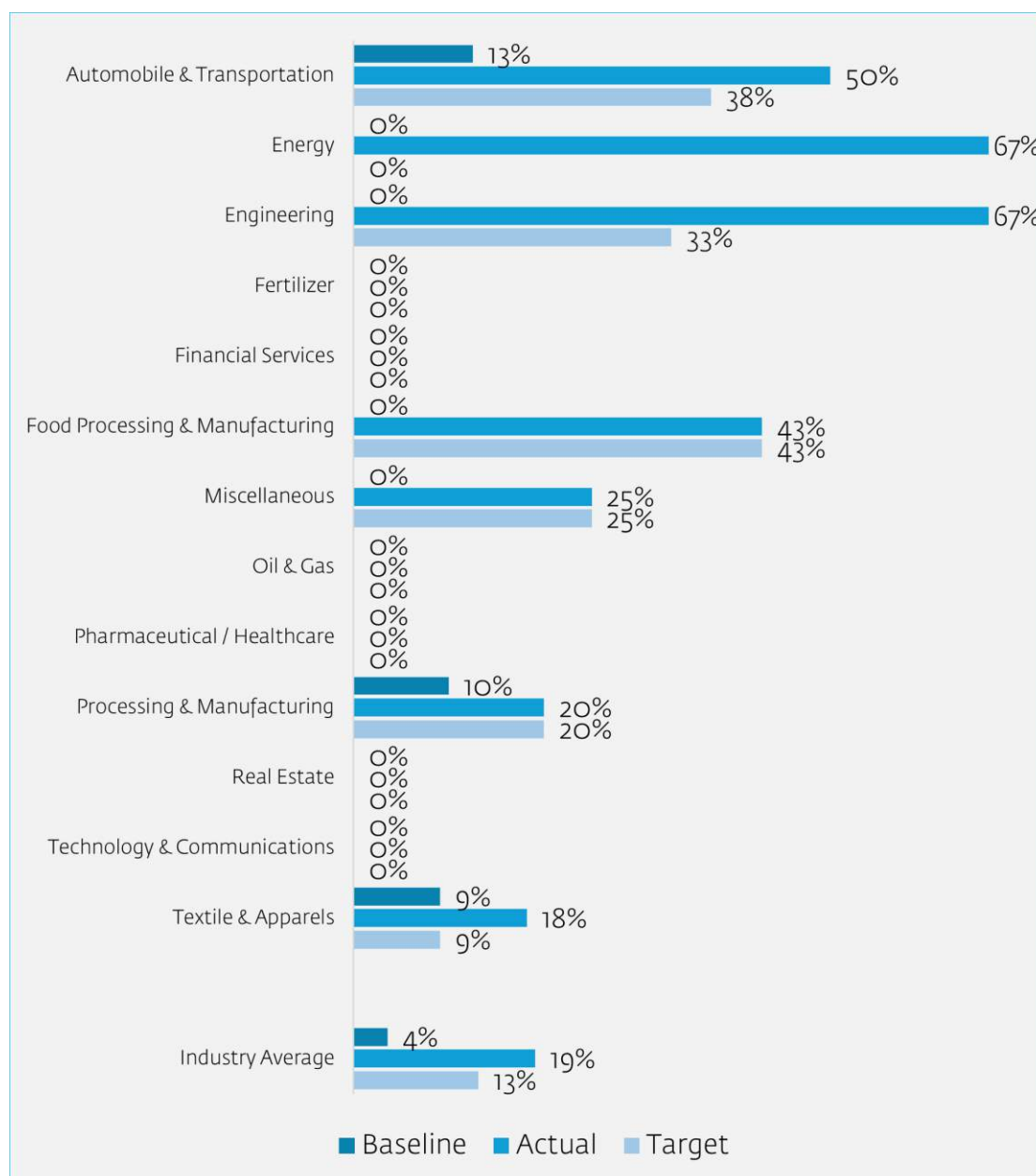


The disparity suggests that while senior management and sustainability lead frequently cite the intention to manage and reduce GHG intensity, comprehensive baselining, transparent tracking, and target setting remain infrequent practices, and are even more rarely supported by validated, audit-ready data. Therefore, substantial strengthening of analytics infrastructure, mandated third-party assurance, and technical upskilling is paramount to convert current ambition into verifiable climate performance that can withstand investor and regulatory scrutiny.

Furthermore, the pronounced heterogeneity in reported GHG intensity units—ranging from kWh/ton and tCO₂e/tonne to kg CO₂/kg, GWh, CO₂ per revenue, and MMbtu/bbl, underscores the absence of established reporting methodologies. This lack of consistency significantly impedes benchmarking, cross-company comparability, and sector-wide aggregation, reinforcing the need for harmonized reporting frameworks complemented by robust analytics and verification mechanisms.

Non-GHG Emission Intensity

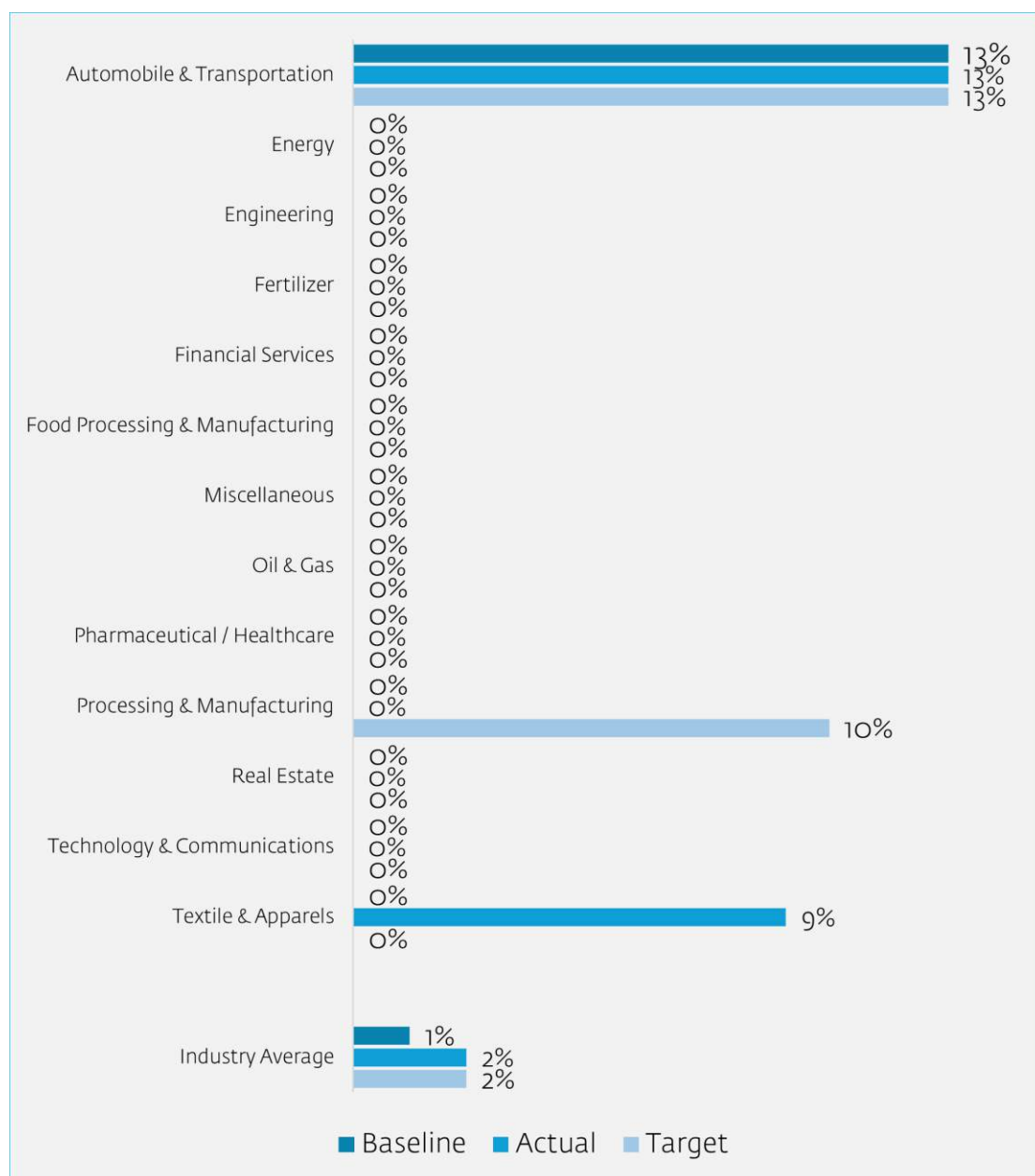
Graph 6.25: Percentage of Respondent Companies with Established Baseline, Target, and Tracking Actual Performance for Non-GHG Emission Intensity by Sector



The analysis of the non-GHG emission intensity reporting indicates that most companies have yet to incorporate systematic monitoring, target-setting, or quantitative disclosure for these material air, water, and soil pollutants. While the overall industry self-

reports a modest 4% baseline, 19% actual tracking, and 13% target-setting, the submission of verifiable concrete data demonstrates a significantly steeper decline: just 1% for baseline data, and 2% each for submitted actuals and targets.

Graph 6.26: Percentage of Respondent Companies Providing Quantified Data for the Baseline, Target, and Actual Performance for Non-GHG Emission Intensity, by Sector



Only a limited number of sectors demonstrate measurable activity, such as Automobile & Transportation (13% baseline, 50% actual, 38% target), Engineering and Energy (each reporting 67% actuals among a small sample size), and Food Processing & Manufacturing (43% actual, 43% targets), show noteworthy activity. Conversely, most sectors, including Financial Services, Technology & Communications, and Real Estate, report zero disclosure across all key indicators, underscoring a profound implementation gap.

This systemic failure reveals that non-GHG emissions, despite their acute relevance for

public health and regulatory compliance, have not yet been integrated into corporate sustainability programs or boardroom metrics. Practical barriers likely include severe resource constraints, inadequate regulatory pressure, and a significant absence of standardized reporting tools and benchmarks. For tangible improvement, companies will require focused technical assistance, reliable digital platforms, and sector-specific guidance on non-GHG impact accounting so that elevated stakeholder trust and regulatory alignment can advance alongside GHG management.

Finally, non-GHG emissions intensity reporting is negligible, with companies primarily using only generic “tonnes” or “tons,” a factor that severely limits the data available for meaningful cross-company comparison.

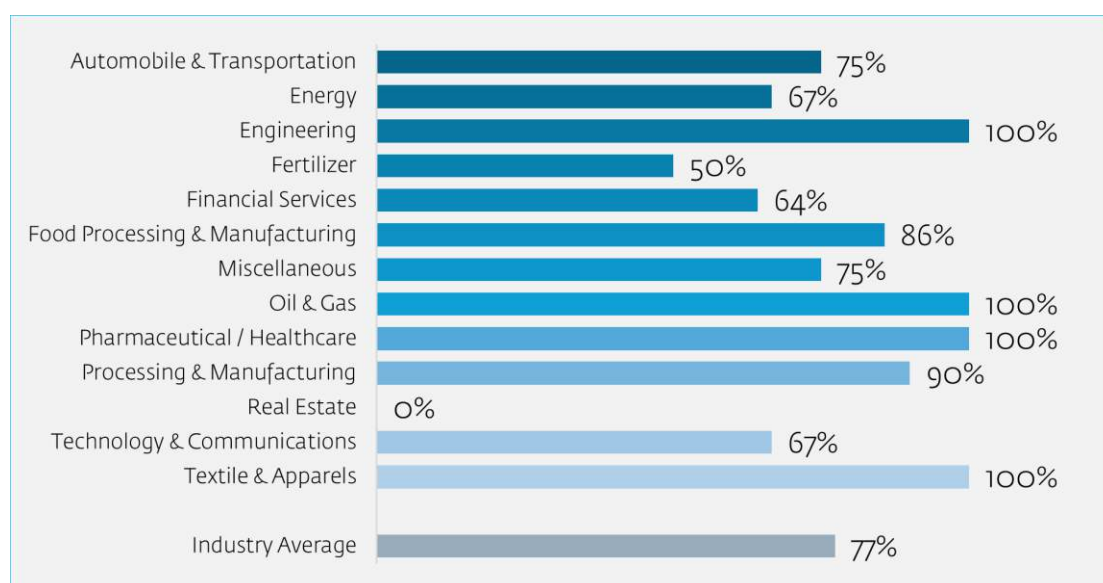
Formal Environment Policy

The formalization of corporate environmental policy is relatively strong across sectors, with an industry average of 77% of companies reporting established policies. The strongest performers—Pharmaceutical/ Healthcare, Engineering, Oil & Gas, Processing & Manufacturing, and Textile & Apparels—show full adoption at 100%. Food Processing & Manufacturing (86%), Miscellaneous (75%), and Automobile & Transportation (75%) also demonstrate commendable progress. In

comparison, Fertilizer (50%), Financial Services (64%), and Real Estate (0%) show lower levels of policy adoption.

These patterns indicate that large, high-profile, or export-driven sectors place greater emphasis on formal environmental governance, driven by regulatory expectations, international standards, or reputational considerations. The high adoption levels in manufacturing, healthcare, and textile industries reflect strong alignment with emerging ESG requirements. Conversely, sectors with comparatively lower adoption would benefit from targeted capacity building and strengthened regulatory direction to enhance environmental governance across the broader market.

Graph 6.27: Percentage of Respondent Companies with Formal Environment Policy, by Sector



Specific Policies for Waste, Water, Energy, and Recycling Management

The analysis of formal policy adoption for waste, water, energy, and recycling shows a mix of strong progress but notable variability across sectors. Textile & Apparels leads with 91% of respondents reporting formal policies in all four areas, reflecting a comprehensive approach influenced by international buyer requirements and sustainability certifications.

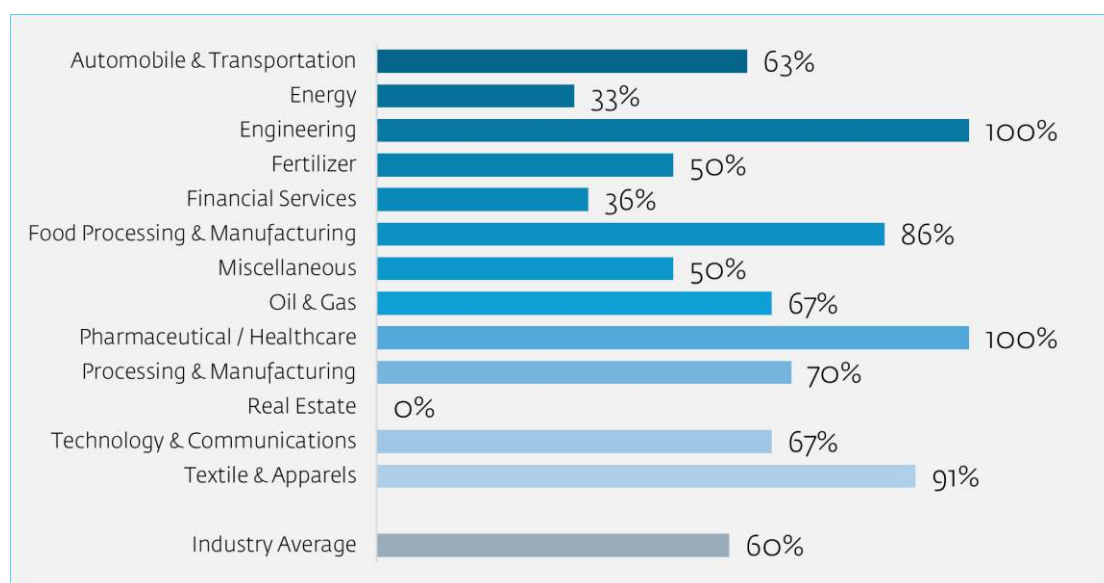
Pharmaceutical/Healthcare and Engineering also report full adoption at 100%, although these figures are based on smaller respondent groups. Food Processing & Manufacturing (86%) and Processing & Manufacturing (70%) demonstrate similarly integrated approaches, primarily driven by compliance needs and operational efficiency considerations.

Market-wide, the industry average stands at 60%, indicating that while many companies

have formalized resource-related commitments, systematic adoption remains inconsistent. Financial Services (36%), Fertilizer (50%), and Real Estate (0%) show comparatively lower levels of policy development—often in sectors perceived as less resource-intensive or less connected to international supply chain pressures. In conclusion, the results point to a maturing

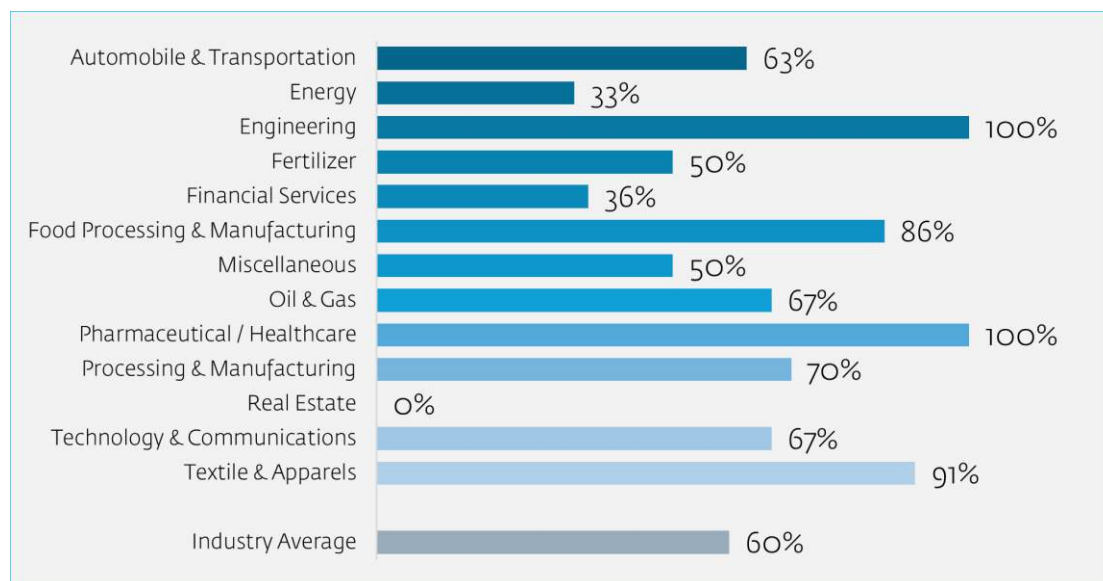
regulatory and market environment: leading sectors are integrating resource circularity and waste reduction into governance structures, while others—particularly those outside export-driven value chains—require targeted awareness efforts, technical support, and strengthened regulatory signals to advance policy development and implementation.

Graph 6.28: Percentage of Respondent Companies with Specific Policies for Waste, Water, Energy, and Recycling Management, by Sector



Energy Management System

Graph 6.29: Percentage of Respondents with a Recognized Energy Management System, by Sector



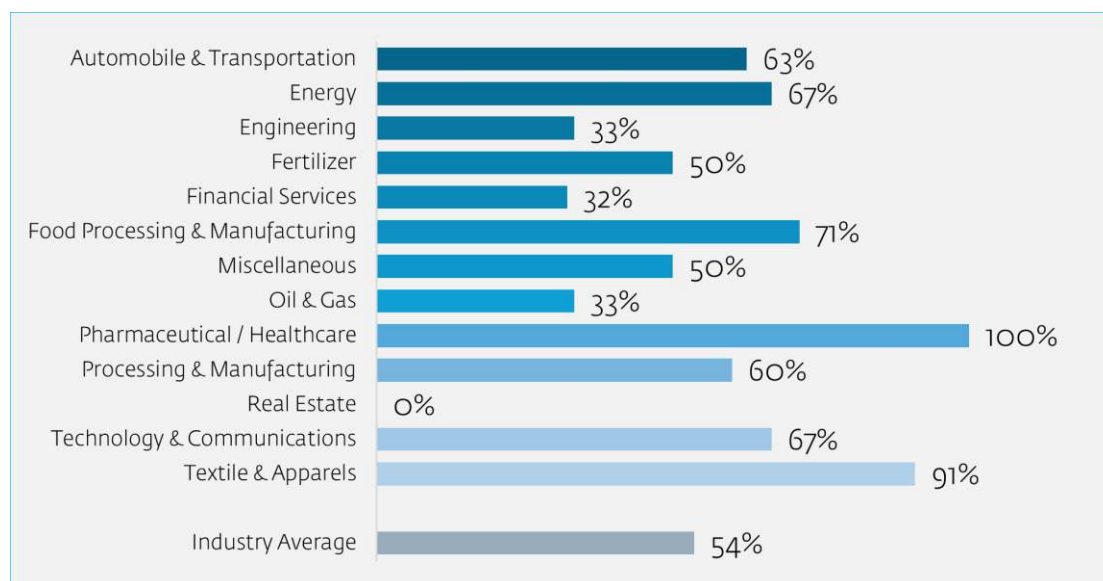
The prevalence of formal energy management policies remains highly variable across sectors, with an industry average of 45%.

Demonstrable leadership is visible in the Textile & Apparels sector (91%), Pharmaceutical/Healthcare (100%), and Processing & Manufacturing (40%), which underscores that energy efficiency and structured consumption management are steadily gaining traction in high-impact, export-driven, or regulatory-sensitive industries. Conversely, many sectors, including Financial Services (29%), Miscellaneous (25%), and Real Estate (0%), exhibit significant lags, highlighting ongoing challenges in mainstream energy management practices across the broader corporate landscape. This indicates that while the market is moving toward greater alignment with energy-related ESG expectations, there remains a substantial mandate for new policy development, broader adoption, and integration of best practice standards.

Policy and Procedures for Sustainable Sourcing

Formal policies for sustainable sourcing are increasingly being integrated into corporate governance, though significant discrepancies persist across sectors. Textile & Apparels leads with 91% of respondents reporting established sustainable sourcing policies, reflecting extensive supply chain exposure and alignment with international market expectations. Food Processing & Manufacturing (71%) and Automobile & Transportation (63%) also perform robustly, driven by buyer requirements and closer exposure to sustainability-related operational risks.

In contrast, sectors such as Financial Services (32%), Engineering (33%), and Real Estate (0%) report significantly lower adoption levels, contributing to a moderate overall industry average of 54%. This variation highlights both the positive momentum in sectors with strong market or compliance pressures and the critical requirement for targeted capacity-building in areas where global due diligence expectations and supplier-level engagement are rapidly becoming mandatory regulatory and reputational priorities.

Graph 6.30: Percentage of Respondents with a Formal Policy for Sustainable Sourcing,

Climate-related Infrastructure Investments

The leading sectors for climate-related infrastructure investment are Fertilizer (100%), Pharmaceutical/Healthcare (100%), and Real Estate (100%), all reporting full participation; however, the 100% adoption rate in the latter two sectors is derived from a single respondent each. Textile & Apparels (91%), Processing & Manufacturing (90%), and Food Processing & Manufacturing (86%) closely follow, indicating strong momentum among high-impact, export-driven, or regulatory-sensitive industries. The overall market average is robust at 70%, reflecting a broad shift toward tangible climate action. Nevertheless, sectors such as Miscellaneous (25%) and Technology & Communications (33%) illustrate that significant gaps persist in less resource-intensive domains. Overall, the data demonstrates that climate adaptation and mitigation investments are increasingly

integrated into core business strategy, positioning market leaders to align with global decarbonization agendas and effectively address regulatory and stakeholder expectations.

Key Investment Themes

Common themes across sectors include:

- Renewable energy generation and integration (with solar photovoltaic installations being the most predominant)
- Energy efficiency enhancement and waste heat recovery
- Water resource management and advanced treatment systems
- Emission control and air quality improvement projects
- Capacity building and disaster risk reduction initiatives in the microfinance-related sector

Table 6.5 Summary of Climate-Related Infrastructure Investments

SECTORS	THEME	TYPICAL INVESTMENTS
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Engineering, Food Processing, Textile, Finance	Renewable Energy (Solar/Wind)	Solar PV plants, windmills, off-grid installations
Fertilizer, Processing & Manufacturing, Finance	Energy Efficiency	LED retrofits, resource optimization, waste heat recovery
Processing & Manufacturing, Fertilizer	Water Management & Recycling	RO systems, water treatment plants, and leakage repairs
Engineering, Oil & Gas, Textile	Emission Control & Air Quality	Emission control equipment, pollution abatement
Financial Services (microfinance), Miscellaneous	Capacity Building & Resilience	Training, disaster risk programs



CONCLUSION

Key Metrics	Policies	Established / Tracking			Quantified			Investment
		Baseline	Actual	Target	Baseline	Actual	Target	
Automobile & Transportation	63%	40%	71%	59%	21%	34%	23%	63%
Energy	58%	0%	83%	27%	0%	10%	0%	67%
Engineering	67%	0%	77%	30%	0%	23%	0%	67%
Fertilizer	38%	20%	65%	15%	20%	25%	20%	100%
Financial Services	40%	11%	30%	14%	5%	8%	5%	61%
Food Processing & Manufacturing	75%	4%	66%	59%	0%	6%	0%	86%
Miscellaneous	50%	0%	38%	40%	0%	3%	0%	25%
Oil & Gas	67%	20%	60%	0%	20%	30%	0%	67%
Pharmaceutical / Healthcare	100%	80%	80%	70%	70%	30%	0%	100%
Processing & Manufacturing	65%	31%	64%	43%	11%	19%	12%	90%
Real Estate	0%	0%	20%	0%	0%	0%	0%	100%
Technology & Communications	58%	3%	33%	23%	0%	3%	7%	33%
Textile & Apparels	93%	20%	67%	41%	5%	24%	4%	91%
Industry Average	59%	17%	52%	32%	8%	15%	6%	70%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Most sectors demonstrate solid progress in the establishment and adoption of governance policies and strategic ESG frameworks. A significant proportion of companies are achieving higher maturity tiers, a finding that indicates a widespread and foundational commitment at the managerial and structural level. This positive trend, however, contrasts sharply with performance on quantified targets and public reporting, which remains the most critical systemic weakness across all sectors.

Most industry segments remain in the lowest-maturity tier (red zone) for key quantification metrics, underscoring sector-wide weaknesses in data collection, baseline measurement, and KPI development. The gap between policy adoption and the ability to quantify, disclose, and target ESG impacts shows that companies must move beyond basic compliance and reporting. Addressing this requires immediate action, including automated data collection and integration of strong ESG metrics into corporate management dashboards. Overall, the industry landscape shows increasing ESG maturity at the intent and structural levels, but manifests underperformance in material impact assessment and transition planning. Accelerating progress will necessitate strategic investment in data management infrastructure, specialized staff training, the development of internal champions, and effective change management to successfully shift the focus from stated ambition to validated, verifiable action that meets evolving regulatory and stakeholder demands.



6.6.2 Social

Social disclosure in this report examines how companies publicly communicate their performance, policies, and impacts on workforce well-being, diversity, and broader societal issues. This section highlights both the maturity and the ongoing gaps in transparency and measurement of key social indicators across respondent companies.

Table 6.6: Percentage of CEO Pay Ratio

Sector	1.0-2.0	2.1-5.0	5.1-10.0	10.1-15.0	15.1-20.0	20.1-30.0	30.1-50.0	50.1-100.0	100.1-200.0	200.1+
Automobile & Transportation	25%	13%			25%	13%	13%			
Energy				33%						
Engineering						33%		33%	33%	
Fertilizer										
Financial Services		11%		4%	4%	7%	14%	11%	7%	
Food Processing & Manufacturing		14%						14%		14%
Miscellaneous					25%		25%			
Oil & Gas	33%									
Pharmaceutical / Healthcare										
Processing & Manufacturing	10%		10%			30%				
Real Estate										
Technology & Communications								33%		
Textile & Apparels	36%	9%					9%			9%
Industry Average	10%	7%	1%	2%	5%	8%	8%	7%	4%	2%

The calculated ratio of CEO compensation to median employee compensation (CEO Pay Ratios) displays a broad cross-sectoral dispersion. The industry average is clustered predominantly in the lower to moderate ranges (10.0–20.0 and 30.1–50.0). Automobile & Transportation demonstrates a relatively balanced distribution across both the lowest and mid-level bands. Conversely, Engineering stands out for a pronounced concentration in higher ratios, with a third of observations falling into each of the 20.1–30.0, 30.1–50.0,

and 50.1–100.0 bands. Textile & Apparels has the largest representation at the lowest band (36% in 1.0–2.0), while still reporting material shares in higher compensation intervals. Food Processing & Manufacturing and Financial Services demonstrate a more distributed profile but still lean towards lower to mid ranges. Sectors like Oil & Gas, Miscellaneous, and Technology & Communications also exhibit significant clustering at specific ratio intervals, notably Oil & Gas with 33% situated at the 1.0–2.0 ratio.

Table 6.7: Percentage Gender Pay Ratio

Sector	1.0-2.0	2.1-5.0	5.1-10.0	10.1-15.0	15.1-20.0	20.1-30.0	30.1-50.0	50.1-100.0	100.1+
Automobile & Transportation	25%			13%		13%	25%	13%	
Energy	67%	33%							
Engineering			33%			33%			33%
Fertilizer	100%								
Financial Services	18%	4%		18%	4%	11%	14%	18%	
Food Processing & Manufacturing	14%			14%	29%			14%	14%
Miscellaneous		25%						25%	
Oil & Gas	33%		33%						
Pharmaceutical / Healthcare				100%					
Processing & Manufacturing	40%			10%				10%	10%
Real Estate									
Technology & Communications	33%	33%							
Textile & Apparels	9%	27%	36%			9%		9%	
Industry Average	23%	8%	7%	11%	4%	7%	7%	12%	4%

The gender pay ratio across sectors indicates that most companies maintain relatively low disparities in compensation between male and female employees. The industry average distribution is concentrated primarily in the 1.0–2.0 band (23%), with only 4% of reporting entities showing a ratio in the 100+ coverage. Fertilizer and Pharmaceutical/Healthcare stand out for achieving full reported pay parity (100% in the lowest band). Energy exhibits similarly strong performance (67% in 1.0–2.0 and 33% in 2.1–5.0), reflecting significant compression of the gender pay gap.

A second cohort of sectors—including Engineering, Food Processing & Manufacturing, Financial Services, and Textile & Apparels— demonstrates mixed distributions with a gradual spread into the mid- or higher bands, which suggests that a subset of companies within these sectors continues to exhibit moderate compensation discrepancies. Notably, sectors such as Financial Services and Textile & Apparels report that up to 18% of their companies fall into pay bands above the 30 ratios.

Table 6.8: Percentage Total Headcount

Sector	<100	101-500	501-1000	1001-3000	3001-5000	5001-10000	10001-20000	20001-30000	30000+
Automobile & Transportation		38%	13%	38%	13%				
Energy		33%	33%				33%		
Engineering		67%	33%						
Fertilizer				50%	50%				
Financial Services	21%	25%	11%	14%	7%	11%	7%	4%	
Food Processing & Manufacturing		57%	14%	14%	14%				
Miscellaneous	25%	25%							
Oil & Gas			33%				33%		
Pharmaceutical / Healthcare			100%						
Processing & Manufacturing	10%	30%	30%	30%					
Real Estate									
Technology & Communications	33%	67%							
Textile & Apparels	9%	9%		9%	9%	18%	9%		9%
Industry Average	12%	29%	14%	15%	7%	6%	6%	1%	1%

The total headcount distribution reveals that most companies operate on a small to medium-sized enterprise (SME) scale. The industry average is clustered predominantly in the smaller workforce segments: less than 100 employees (12%), 101–500 employees (29%), and 501–1000 employees (14%). The limited number of sectors characterized by sizable, large-scale employers includes Textile & Apparels (with 18% in the 5,001–10,000 band and 9% in the 10,001–20,000 bands), Fertilizer (split equally between the 1,001–3,000 and 3,001–5,000 bands, each at 50%), and Automobile & Transportation, showing a balanced profile between very small and mid-

sized organizations (38% in the smallest segment and 38% in the 501–1,000).

Pharmaceutical/Healthcare and Engineering exhibit a strong bias toward the smallest company sizes, with 100% and 67%, respectively, reporting headcounts of less than 100. Financial Services and Miscellaneous show a dispersed profile across several small to mid-size ranges, with only negligible representation in the largest headcount categories. In summary, these results reflect a sector landscape predominantly composed of SMEs, with only a few industries characterized by the presence of large-scale corporate entities

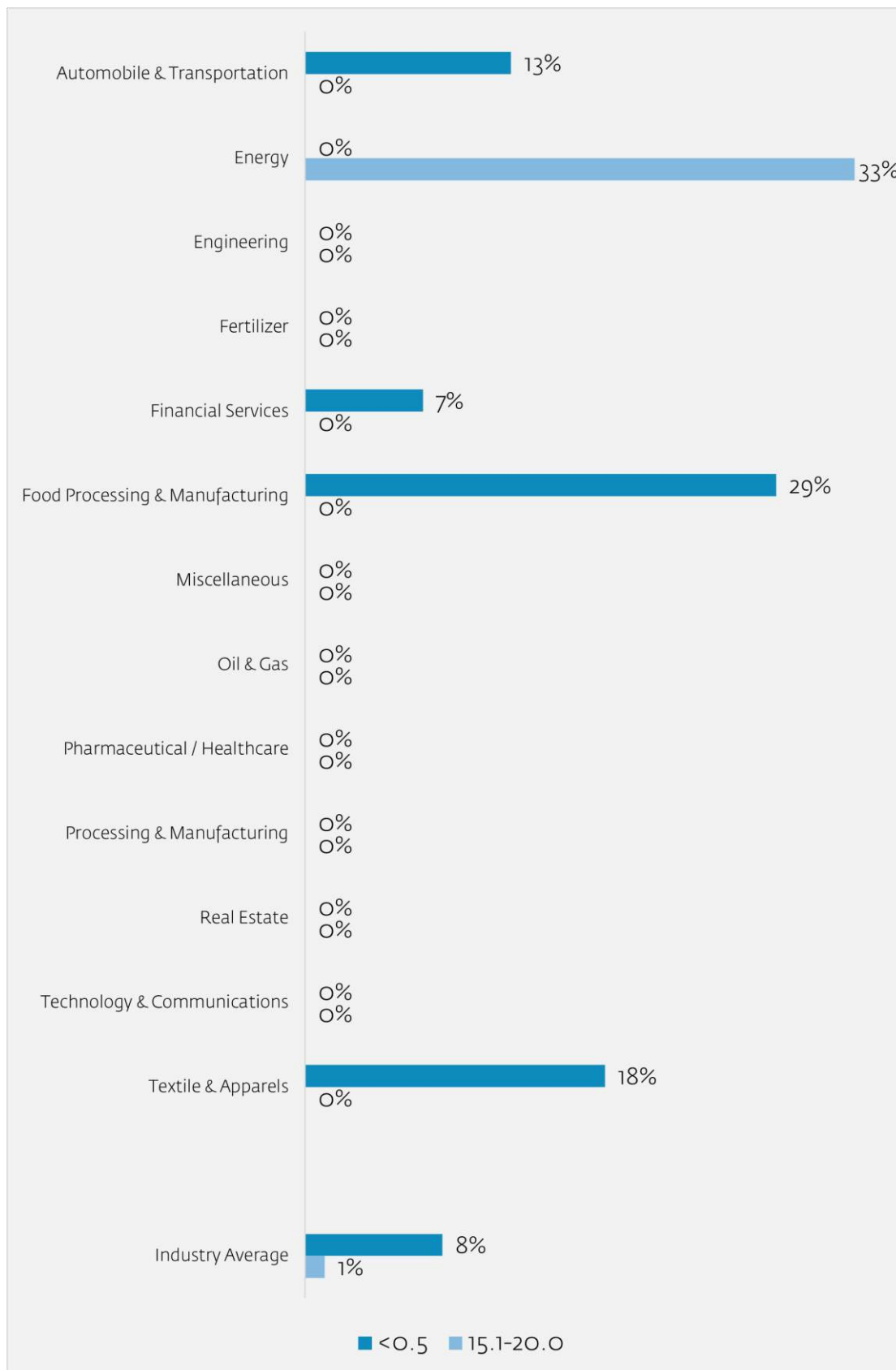
Table 6.9: Percentage of Female Employees

Sector	<0.5	.51-1.0	1.01-2.0	2.1 - 5.0	5.1-10.0	15.1-20.0
Automobile & Transportation	88%				13%	
Energy	100%					
Engineering	67%		33%			
Fertilizer	100%					
Financial Services	89%	4%	4%			
Food Processing & Manufacturing	71%			14%		
Miscellaneous	25%					25%
Oil & Gas	67%					
Pharmaceutical / Healthcare	100%					
Processing & Manufacturing	90%					
Real Estate						
Technology & Communications	100%					
Textile & Apparels	82%					
Industry Average	82%	1%	2%	1%	1%	1%

The analysis of female staff ratios reveals that most organizations across sectors exhibit a female headcount ratio below 0.5, resulting in an industry average of 82% concentrated in this lowest segment. Sectors such as Energy, Fertilizer, Pharmaceutical/ Healthcare, and Technology & Communications report 100% of companies with a female staff ratio below 0.5, highlighting a severe gender imbalance. Financial Services and Textile & Apparels also contribute significantly to this trend, with 89% and 82%, respectively, falling into the lowest range.

Across almost all categories, representation in ratios above 1.0 is negligible, indicating that women are systematically underrepresented in most corporate workforces, especially in manufacturing, healthcare, and industrial sectors. This consistently low ratio substantiates a persistent female participation gap that remains a significant impediment to achieving genuine diversity and inclusion across industries.

Graph 6.31: Percentage Part-Time Employee Ratio



The percentage of part-time employees is very low across all sectors. Most sectors—including Engineering, Fertilizer, Miscellaneous, Oil & Gas, Pharmaceutical and Healthcare, Processing and Manufacturing, Real Estate, and Technology and Communications—report 0% part-time employment, indicating a strong reliance on full-time employment contracts and limited use of non-standard work arrangements.

This employment structure suggests that respondent companies largely favor stable,

long-term employment relationships, which is broadly consistent with international good practice on job security and access to employee benefits under recognized labor and working-conditions standards. However, a consistently low share of part-time employment may also indicate limited workforce flexibility, particularly for groups that often depend on reduced-hour arrangements, including women, students, and older workers. This consideration is especially relevant within the broader labor-market context of Pakistan.

Table 6.10: Contractors/Consultants Ratio

Sector	<0.5	.51-1.0	1.01-2.0	2.1-5.0	5.1-10.0	50.1-100.0
Automobile & Transportation	25%	38%	13%	13%		
Energy	33%					
Engineering				33%		33%
Fertilizer	100%					
Financial Services	46%		4%			
Food Processing & Manufacturing	29%				14%	
Miscellaneous					25%	
Oil & Gas	33%					
Pharmaceutical / Healthcare	100%					
Processing & Manufacturing	40%					
Real Estate						
Technology & Communications		33%				
Textile & Apparels	18%					
Industry Average	33%	5%	2%	2%	2%	1%

The utilization ratio of external contractors and consultants is low across the majority of sectors, with approximately one-third of companies reporting minimal engagement (a

ratio of \$<0.5\$). This trend is particularly pronounced in Fertilizer and Pharmaceutical/Healthcare, where the low utilization rate is universal (100%). Conversely, sectors such as

Engineering and Automobile & Transportation report comparatively higher reliance on external contractors.

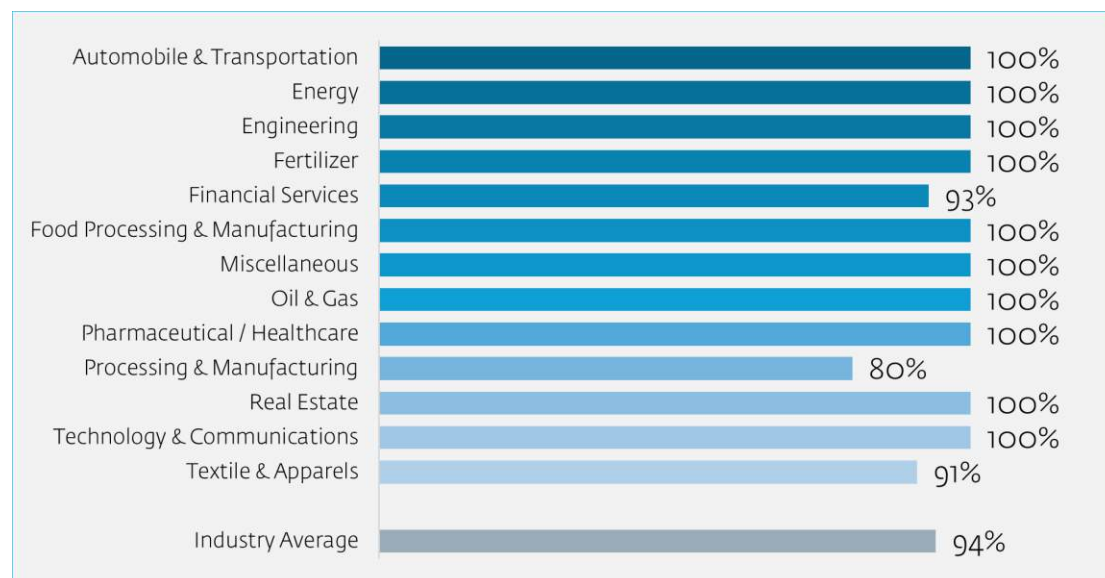
Table 6.11: Percentage of Entry and Mid-Level Positions by Gender Male

Sector	<0.5	.51-1.0	1.01-2.0	2.1-5.0	5.1-10.0	10.1-15.0	15.1-20.0	20.1-30.0	50.1-100.0
Automobile & Transportation			25%	25%	25%	25%			
Energy					33%				33%
Engineering				67%	33%				
Fertilizer					50%				
Financial Services	18%	14%	14%	14%	7%	4%		4%	11%
Food Processing & Manufacturing	14%	57%	14%		14%				
Miscellaneous	50%		25%						
Oil & Gas				33%					
Pharmaceutical / Healthcare					100%				
Processing & Manufacturing	10%		10%	20%	10%		10%	10%	
Real Estate									
Technology & Communications	33%		33%	33%					
Textile & Apparels	9%	27%					9%		9%
Industry Average	13%	13%	12%	14%	12%	4%	2%	2%	6%

The male representation ration at both entry and mid-level seniority is most concentrated in the lower brackets across all sectors. The industry average distribution is spread mainly predominantly from the <0.5 ratio up to 5.0, with only a limited number of sectors—such as Engineering and Processing &

Manufacturing—exhibiting higher percentages in the 2.1–5.0 band or marginally higher intervals. Pharmaceutical/Healthcare stands out for reporting all values at 100% in the lowest band, substantiating a high degree of male dominance at the foundational and intermediate levels across most sectors.

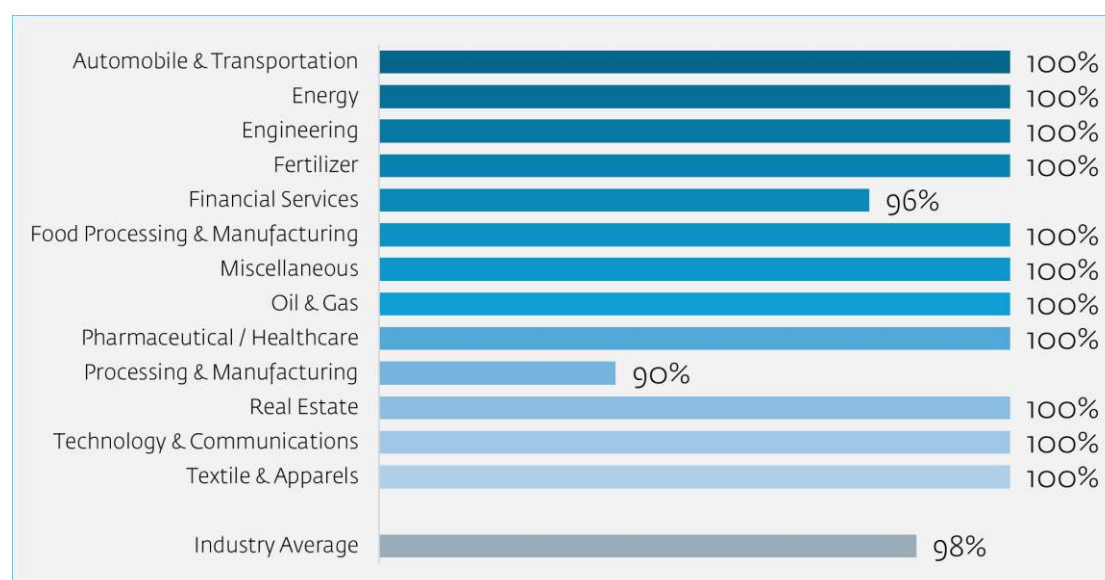
Graph 6.32: Percentage of Sexual Harassment and/or Non-Discrimination, Diversity, Inclusion Policy



Overall, approximately 94% of respondent companies reported having a formal policy covering sexual harassment and/or diversity, non-discrimination, and inclusion. Only a few

specific sectors, notably Financial Services, Processing & Manufacturing, and Textile & Apparel sectors, reported the absence of such a policy.

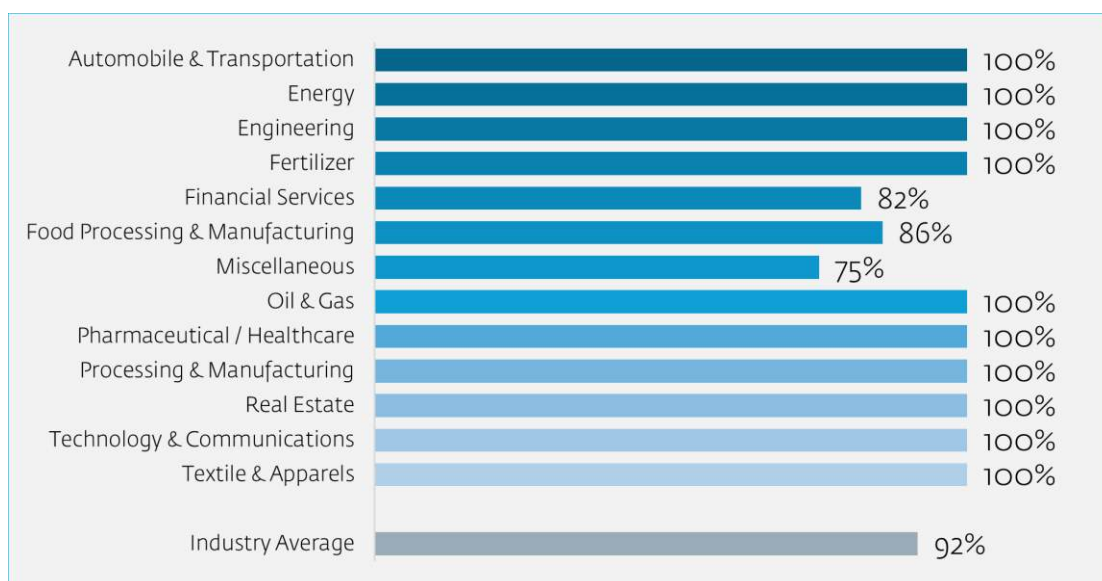
Graph 6.33: Percentage Adoption of Confidential Grievance, Reporting, Resolution, and Non-Retaliation Mechanism



Overall, 98% of respondent companies report having an established mechanism for confidential grievance submission, reporting, resolution, and a non-retaliation mechanism to address incidents of harassment and violence. This demonstrates near-universal

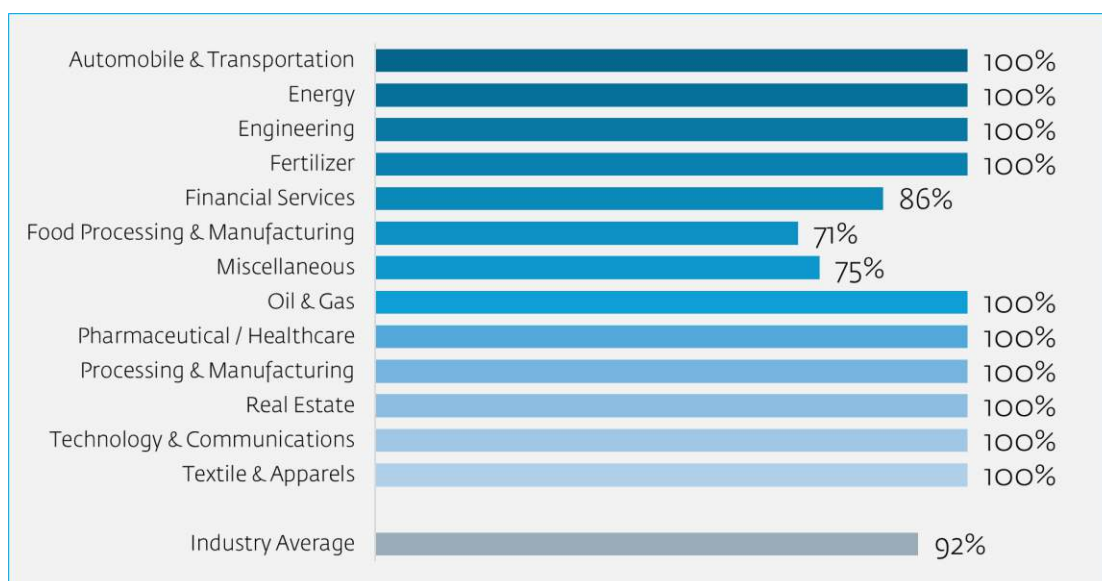
commitment to due process in handling workplace social risks. Only 2% of the respondent companies reported the absence of such a formal policy, with these companies belonging specifically to the Financial Services and Processing & Manufacturing sectors.

Graph 6.34: Percentage of Occupational Health and/or Global Health & Safety Policy

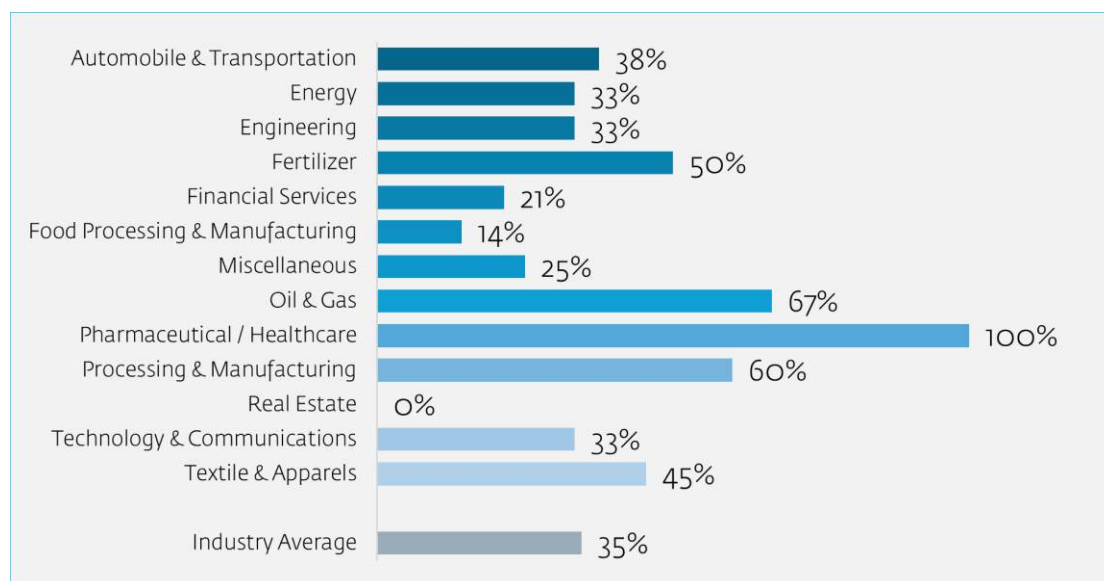


About 92% of companies reported having a formal occupational health and/or global health & safety policy.

Graph 6.35: Percentage of Child and Forced Labor Policy

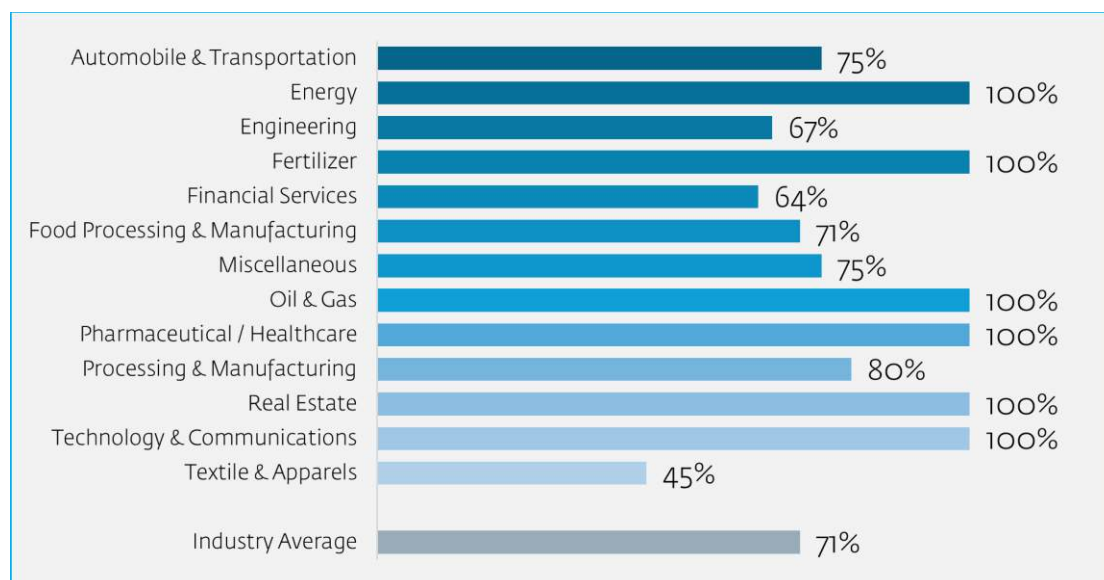


About 92% of respondent companies reported having a formal child and/or forced labor policy in place.

Graph 6.36: Percentage of Child and Forced Labor Policy covering Suppliers and Vendors

Despite high internal adoption of policies prohibiting child and forced labor across sectors, evidence suggests that the effective extension of these standards to external suppliers and vendors is insufficient in most cases. While specific sectors, such as Fertilizer, Oil & Gas,

Pharmaceutical/Healthcare, and Processing & Manufacturing, report considerable supply chain coverage, there is a clear need to broaden this scope to ensure comprehensive due diligence across all tiers of the value chain. This requirement is underscored by the concerning low industry average of 35%.

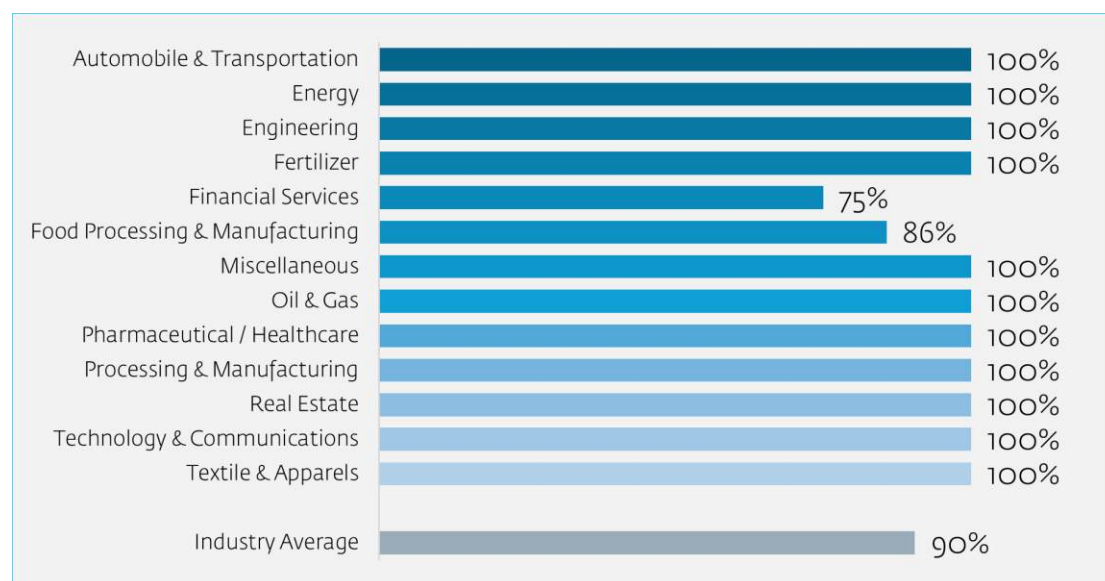
Graph 6.37: Percentage of ESG Trainings for Employees, Suppliers, or Vendors

Approximately 71% of respondent companies reported conducting formal ESG-related training for their employees, suppliers, or other vendors. This indicates moderate market maturity in capacity development.

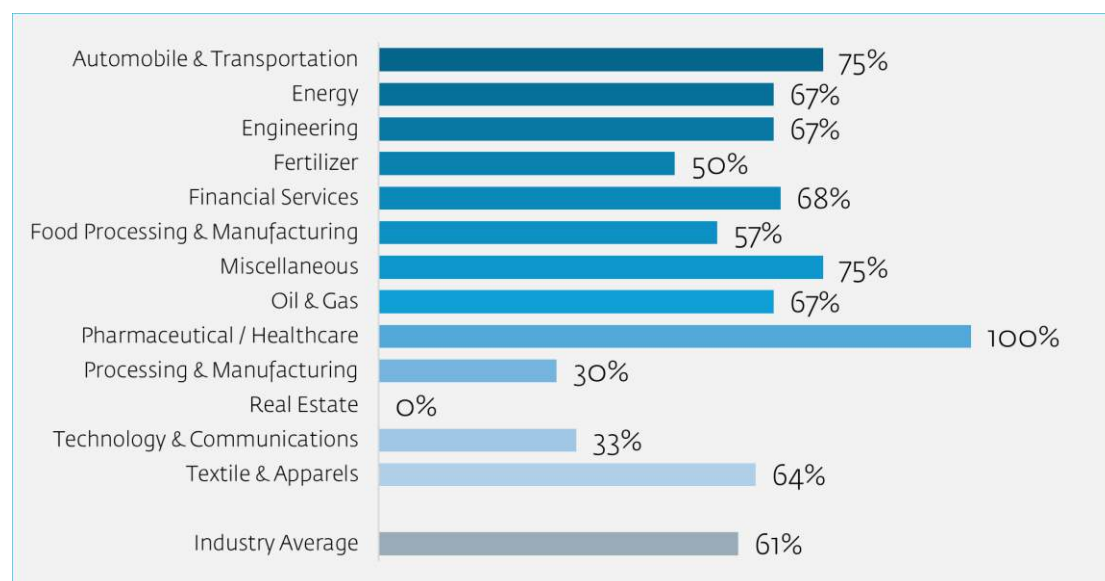
Among the 29% of companies that have not implemented any form of ESG-related training, the Textile & Apparels sector represents the largest share, a finding which is

notable given its high exposure to supply chain risks.

Graph 6.38: Percentage of Respondent Companies following Human Rights Policy



Graph 6.39: Percentage of Gender Sensitive Marketing Communication Policy or a Commitment Embedded in Larger Corporate Policy



The adoption of formal policies or embedded commitments for gender-sensitive marketing communication is moderate across industries, with an industry average of 61%. Leading sectors include Pharmaceutical/ Healthcare (100%), Automobile & Transportation and Miscellaneous (75% each), and Textile & Apparels (64%). A substantial number of

sectors, such as Processing & Manufacturing (30%), Technology & Communications (33%), and Real Estate (0%), exhibit significant lags, indicating considerable opportunity for improvement in institutionalizing gender sensitivity across corporate communications and branding.

CONCLUSION



6.6.3 Governance

Governance disclosure encompasses the structures, processes, and oversight mechanisms that companies have implemented to ensure ethical leadership, regulatory compliance, risk management, and accountability. Unlike traditional corporate governance, which focuses primarily on board structures and responsibilities, governance disclosures under IFRS S1 and S2 standards cover both the board's role and management's oversight in ESG integration. This section provides insight into the extent of board- and management-level ESG oversight and the quality of reporting practices guiding corporate governance in Pakistan's capital market, as illustrated in subsequent sections.

The distribution of Board of Directors sizes across sectors reveals distinct patterns. Most companies and sectors demonstrate a preference for a board structure within the 8–12-member range.

Fertilizer, Real Estate, Pharmaceutical/Healthcare, and Energy sectors show a clear preference for this structure, often achieving 100% representation. Conversely, sectors such as Automobile & Transportation, Food Processing & Manufacturing, Financial Services, Miscellaneous, and Oil & Gas exhibit a more heterogeneous approach, with material representation in both the ≤7 and 8–12-member ranges. Only a negligible proportion of companies across all sectors

report boards with more than 13 members, except for Fertilizer, where there is an even split between 8–12 and 13–20 members.

While these patterns primarily reflect board-level composition, governance disclosures under IFRS S1 and S2 emphasize that management oversight and the board's role together form the complete picture of ESG governance. The industry average mirrors these trends, with 51% of companies within the 8–12-member range and 46% with boards of 7 or fewer members, highlighting both sectoral preferences and broader adherence to governance best practices.

Key Findings

46%

Of companies' industry-wide have **11-15% women** on their Board of Directors.

14%

Of companies' industry-wide have no women on their Board of Directors.

100%

Real Estate companies reporting no women board members.

Graph 6.40: Percentage Representation of Number of Board Members

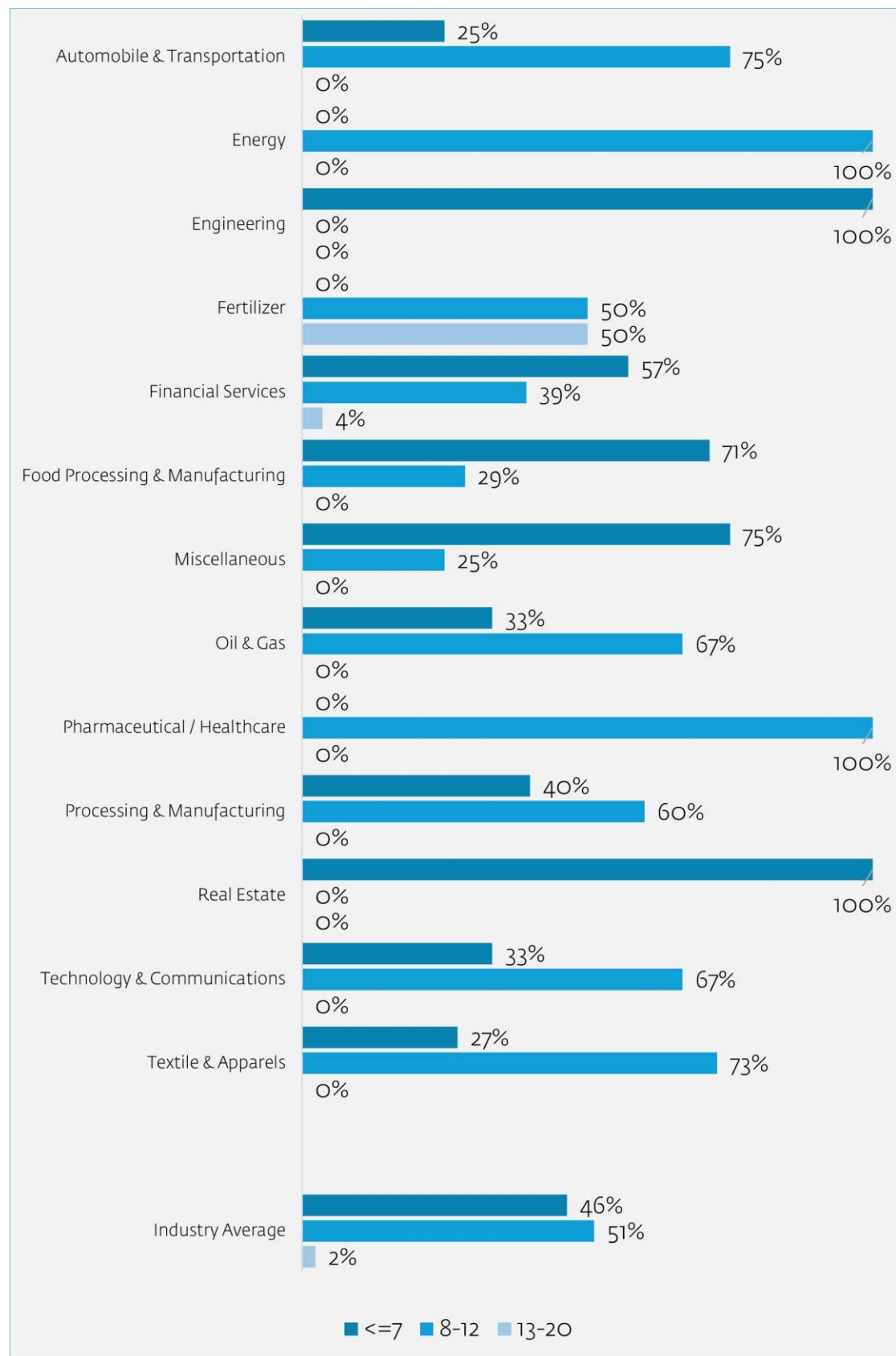
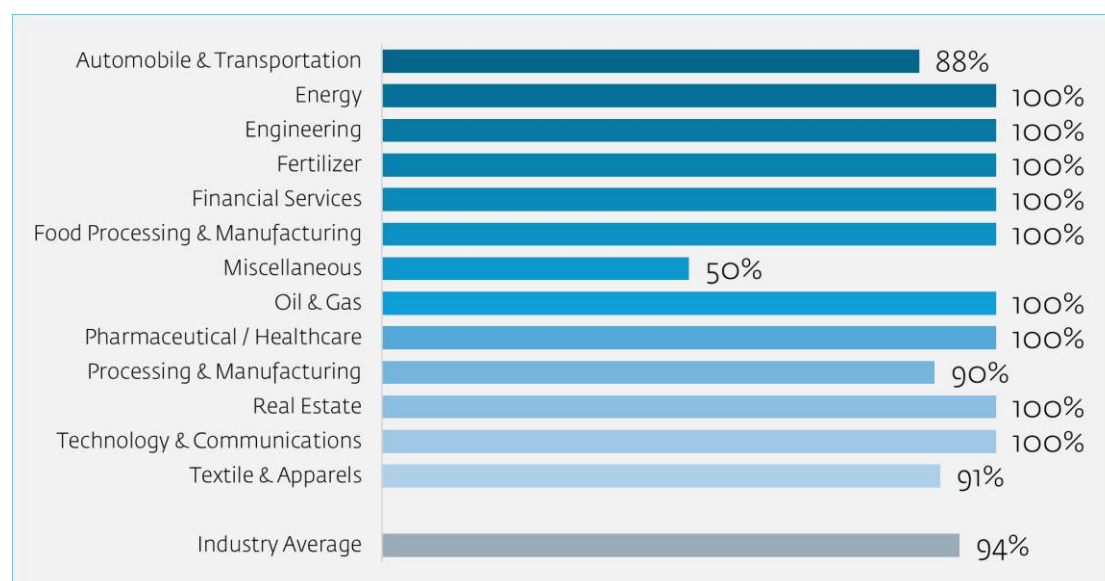


Table 6.12: Percentage of Board Diversity

Sectors	6% - 10%	11% - 15%	16% - 20%	21% - 25%	26% - 30%	31% - 40%	41% - 50%	No Women
Automobile & Transportation	13%	63%	13%	13%				
Energy				33%		33%		33%
Engineering		33%			33%			33%
Fertilizer		100%						
Financial Services	7%	43%	7%	14%	7%	4%	4%	14%
Food Processing & Manufacturing	14%	43%			14%			29%
Miscellaneous		50%			25%			25%
Oil & Gas		33%						67%
Pharmaceutical / Healthcare				100%				
Processing & Manufacturing		70%			10%	20%		
Real Estate								100%
Technology & Communications	33%	33%	33%					
Textile & Apparels	27%	45%	18%				9%	
Industry Average	10%	46%	7%	8%	7%	5%	2%	14%

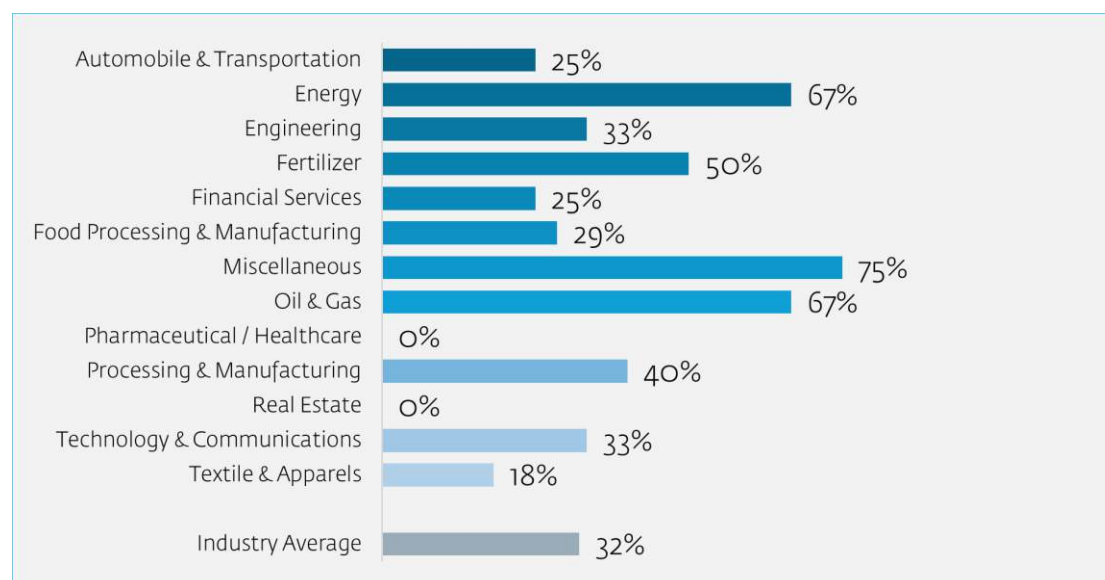
As detailed in **Table 6.12** Women's representation on Boards of Directors remains limited across most sectors. The industry average is heavily concentrated in the 11–15% range (46% of companies), with only a negligible share of companies exceeding the 20% threshold. Specific sectors such as Fertilizer, Pharmaceutical/Healthcare, and Engineering, demonstrate full representation in defined bands—Fertilizer is

exclusively concentrated at 11–15%, while Pharmaceutical/Healthcare is entirely situated at 16–20%. Several other sectors, including Automobile & Transportation, Food Processing & Manufacturing, and Textile & Apparels cluster predominantly around the 11–15% and 6–10% segments, with only a minority reaching higher representation ranges.

Graph 6.41: Percentage of Non-Executive Chairman in Board of Directors by Sector

The appointment of non-executive chairpersons is established as common practice across almost all sectors, with a high industry average of 94 automated data collection systems, and integrating robust ESG metrics into existing corporate management dashboards. However, the Miscellaneous

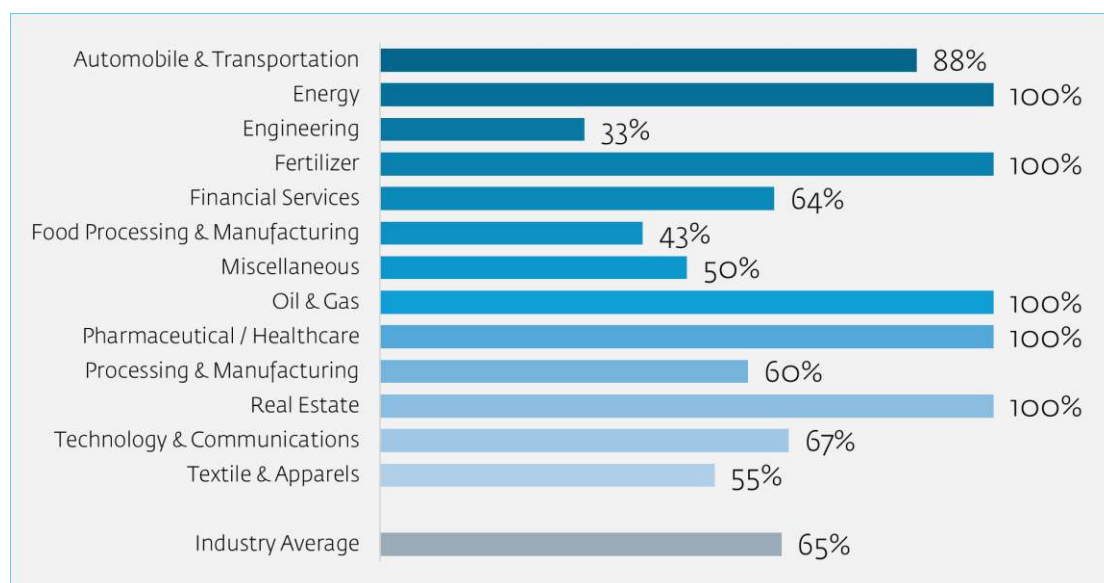
sector presents a significant anomaly, showing only 50% adoption—a rate that falls substantially below the industry average of 94%. This deviation indicates a governance gap regarding the fundamental separation of powers within this specific segment.

Graph 6.42: Percentage for Formal Incentive for Executives for Sustainability Performance

A significant majority of companies (68%) do not currently link executive remuneration to sustainability performance, leaving the industry average at just 32%. This highlights that ESG considerations, including climate-related metrics, are not yet systematically integrated into senior management incentives

within Pakistani corporate governance. To enhance transparency and accountability, companies should disclose whether and how climate- and sustainability-related factors are incorporated into executive pay, aligning with ISSB S2 expectations and demonstrating board-level oversight of climate strategy.

Graph 6.43: Percentage of Formal Board Committee for ESG

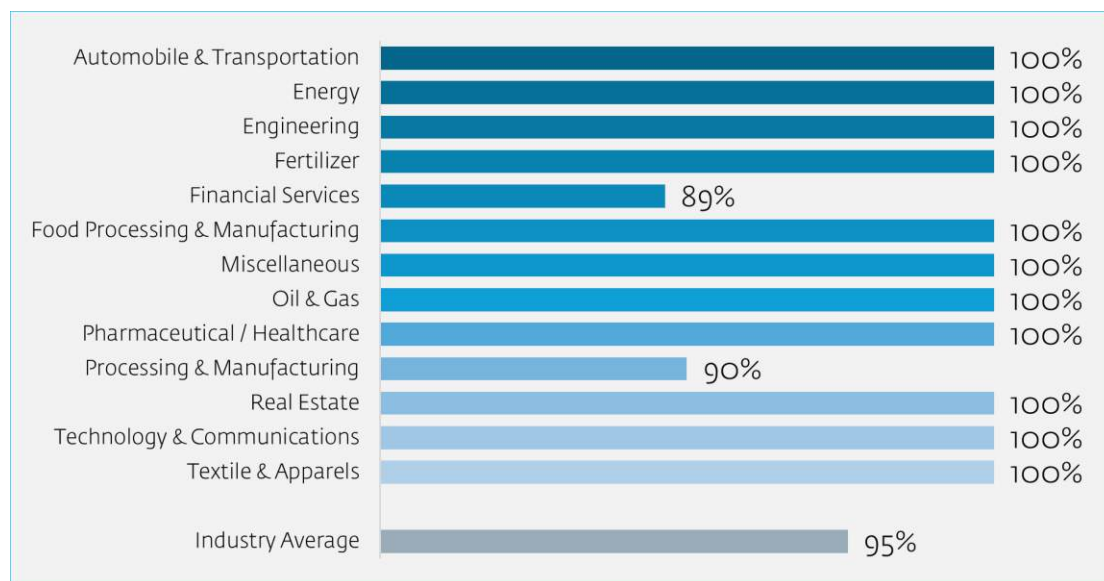


Approximately 65% of the total respondent companies reported having dedicated Board committees responsible for ESG oversight, reflecting a robust commitment from top leadership to integrate sustainability into governance. This trend is particularly evident in the Energy (100%), Oil & Gas (100%),

Pharmaceutical/ Healthcare (100%), Financial Services (64%), and Processing & Manufacturing (60%) sectors, where dedicated ESG committees play a key role in enhancing the company's ESG strategy and performance.



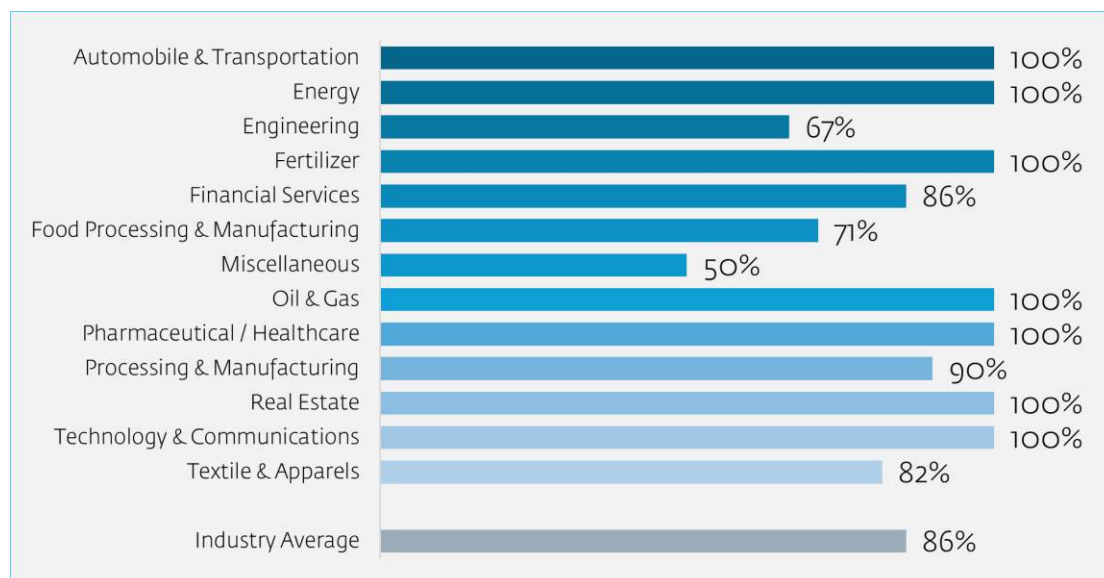
Graph 6.44: Percentage Board of Directors/Management having Formal Oversight of Company Operations and Strategic Matters

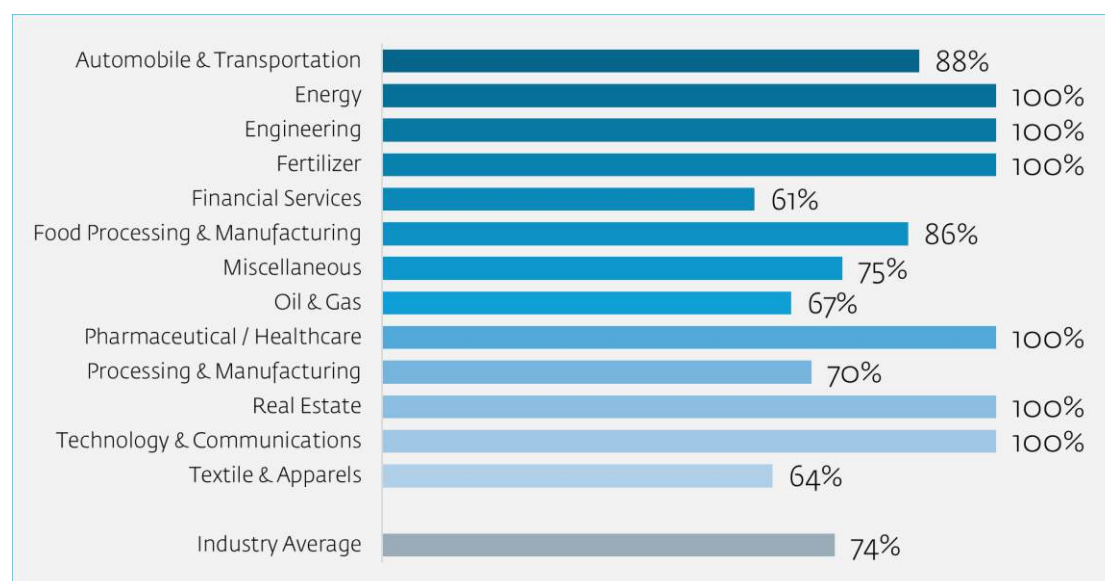


As illustrated in the preceding graph, a vast majority of the respondent companies, 95%, report that their Board of Directors/Senior Management formally oversees the company's operations and strategic matters. Furthermore, out of the total respondent companies, 86% indicated that the

Board/Management is also ensuring formal oversight of sustainability and ESG-related initiatives. This high adoption rate confirms that ESG risk and strategy are being integrated into the fiduciary duties of top-tier governance.

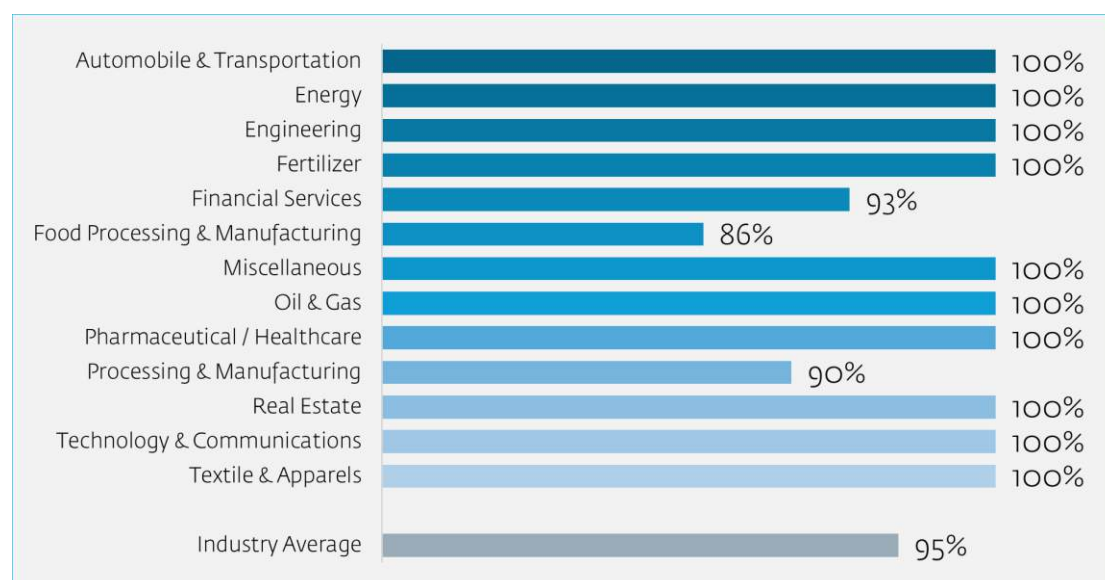
Graph 6.45: Percentage Board/Management Oversight for Sustainability-related Initiatives and Targets



Graph 6.46: Percentage Supplier Code of Conduct

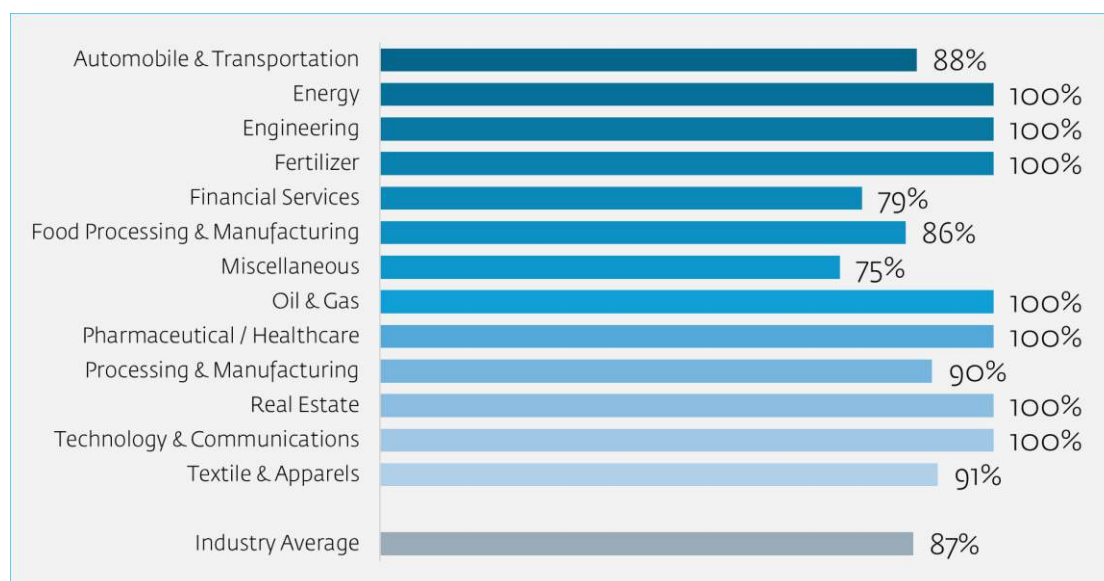
The requirement for vendors to adhere to a formal Code of Conduct is common practice across most sectors, with a robust industry average of 74%. Several key sectors, including Energy, Engineering, Fertilizer, Pharmaceutical/Healthcare, Real Estate, and Technology & Communications, demonstrate universal adoption at 100%. Food Processing

& Manufacturing (86%), Miscellaneous (75%), Oil & Gas (67%), and Processing & Manufacturing (70%) show strong, though not yet comprehensive, integration. Conversely, Textile & Apparels (64%) and Financial Services (61%) fell below the market average, indicating specific domains where supply chain governance needs strengthening.

Graph 6.47: Percentage Ethics and/or Anti-Corruption Policy

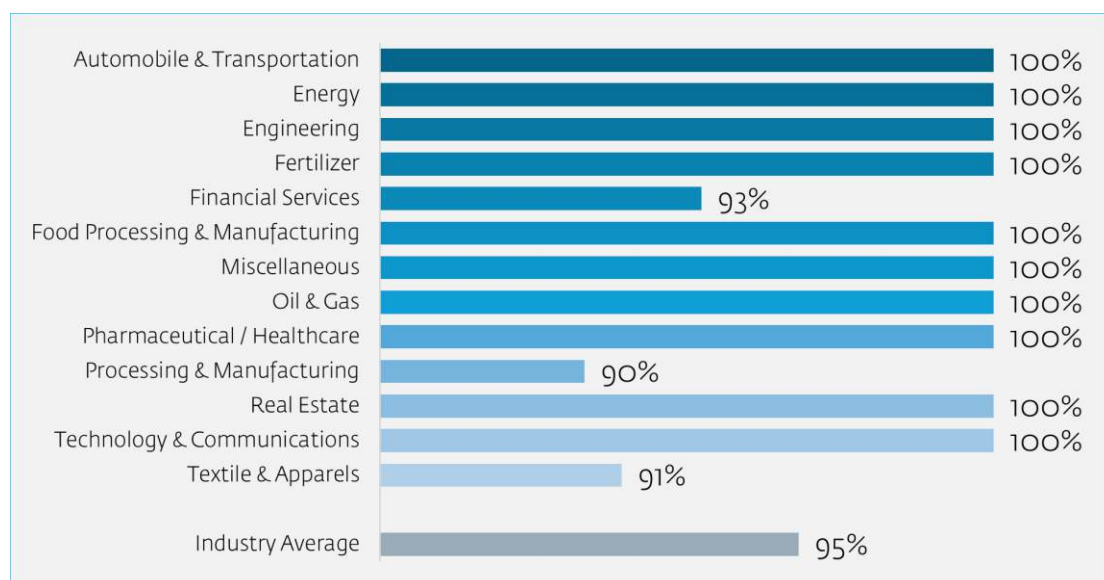
Sector compliance is near-universal across the market, reflecting a high adherence rate with an industry average of 95%. Only a limited number of sectors exhibit adoption rates

marginally below this average, with Food Processing & Manufacturing demonstrating the lowest observed adoption rate at 86%.

Graph 6.48: Percentage Data Privacy Policy

The implementation of a formal data privacy policy is notably high across most sectors, with the industry average standing at 87%. A large cohort of sectors, including Energy, Engineering, Fertilizer, Oil & Gas, Pharmaceutical/ Healthcare, Real Estate, and Technology & Communications, demonstrates universal adoption at 100%. Other key sectors, Textile & Apparels (91%), Processing

& Manufacturing (90%), Food Processing & Manufacturing (86%), Automobile & Transportation (88%), and Financial Services (79%), exhibit robust, high-level adoption rates. The Miscellaneous sector (75%) remains the primary exception, falling below the industry average and indicating a specific governance deficit requiring attention.

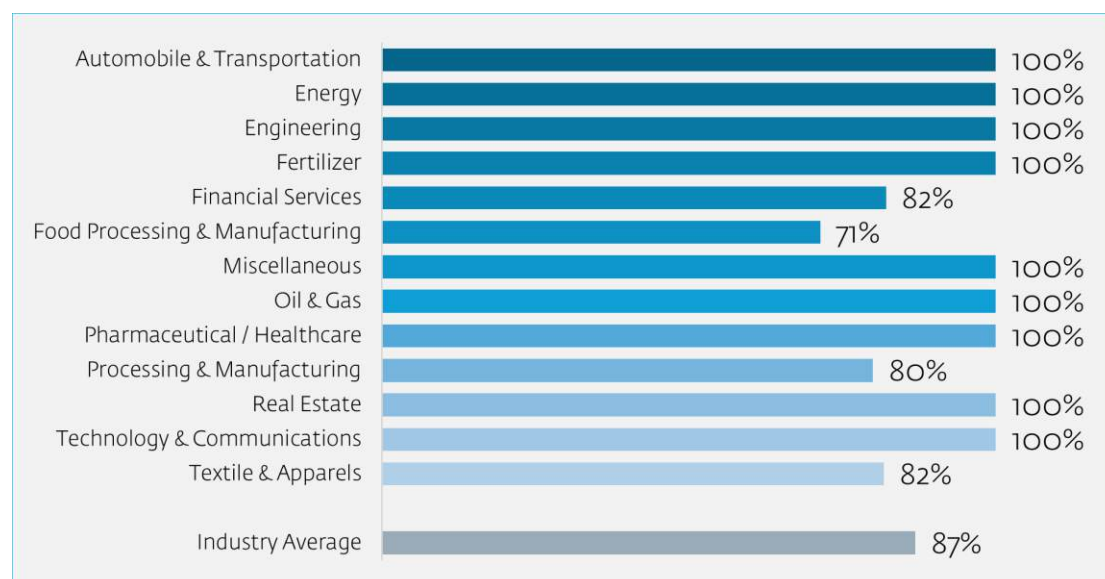
Graph 6.49: Percentage Compliant with Data Regulations and Laws

Sector compliance with data regulations and laws is near-universal, with the industry reporting a high average adherence rate of

95%. This finding substantiates a robust institutionalization of mandatory data

governance and legal requirements across the market.

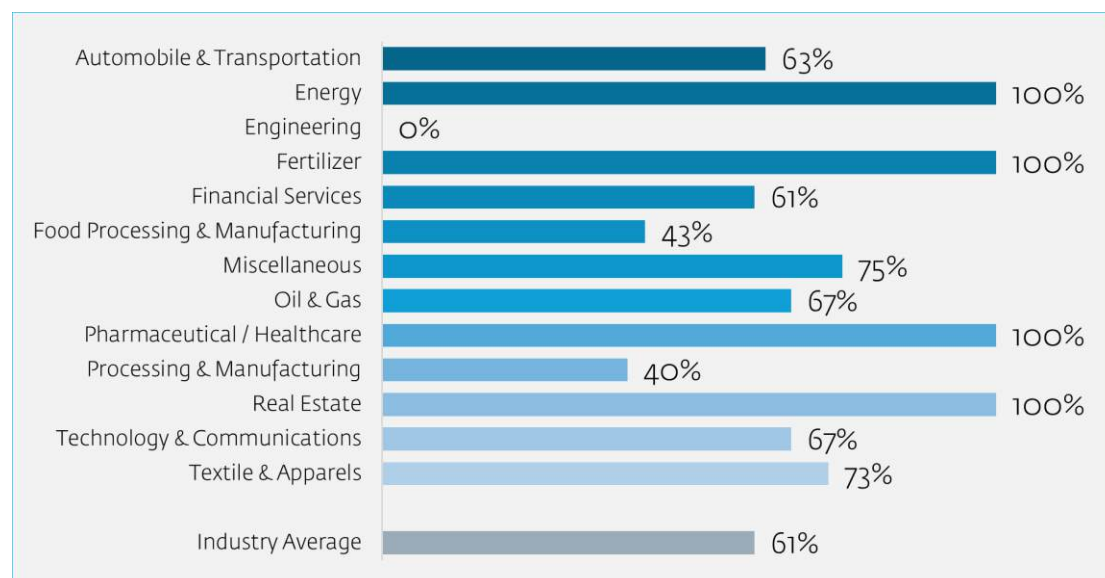
Graph 6.50: Percentage of Companies Disclosing Sustainability Information in Annual Report



A significant number of respondent companies reported providing sustainability-related disclosures within their annual reporting. Furthermore, all key sectors with notable representation in the survey—specifically Automobile & Transportation,

Energy, Engineering, Fertilizer, Miscellaneous, Oil & Gas, Pharmaceutical/ Healthcare, Real Estate, and Technology & Communications—reported 100% compliance in sustainability-related disclosures.

Graph 6.51: Percentage Sustainability Data included in Regulatory Filings



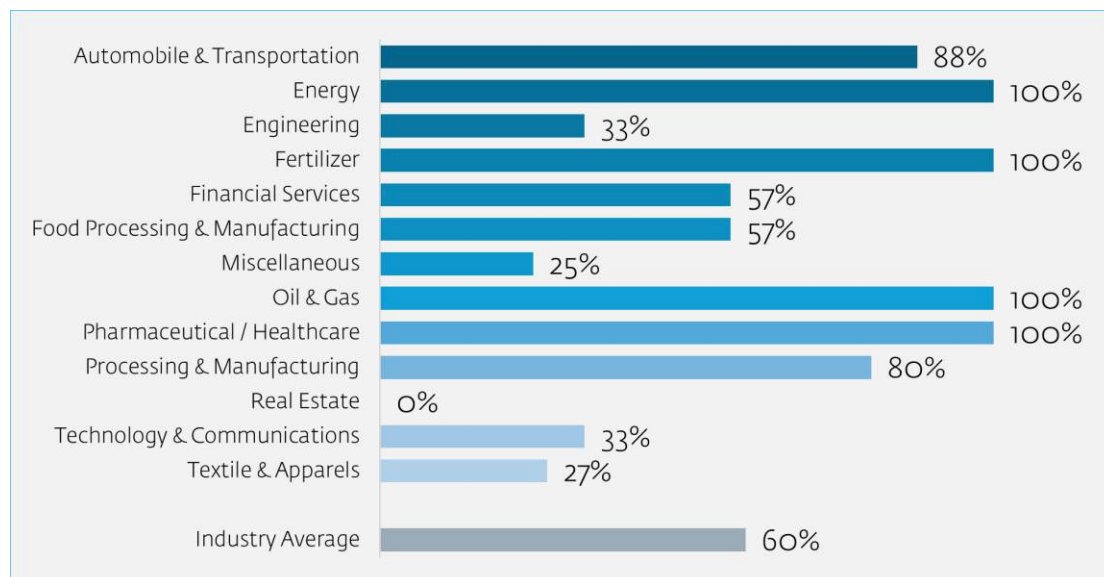
The inclusion of sustainability data in mandatory regulatory filings demonstrates substantial variation across sectors, resulting in a moderate industry average of 61%. Key

sectors such as Energy, Fertilizer, Pharmaceutical/Healthcare, and Real Estate report universal adoption at 100%, ensuring comprehensive integration of sustainability

disclosures into their statutory reporting. Technology & Communications (67%), Textile & Apparels (73%), Miscellaneous (75%), and Oil & Gas (67%) also demonstrate strong engagement in this practice. In contrast, Engineering reports had a 0% adoption, while

Processing & Manufacturing (40%), Food Processing & Manufacturing (43%), and Financial Services (61%) remain below the average, highlighting gaps in statutory transparency.

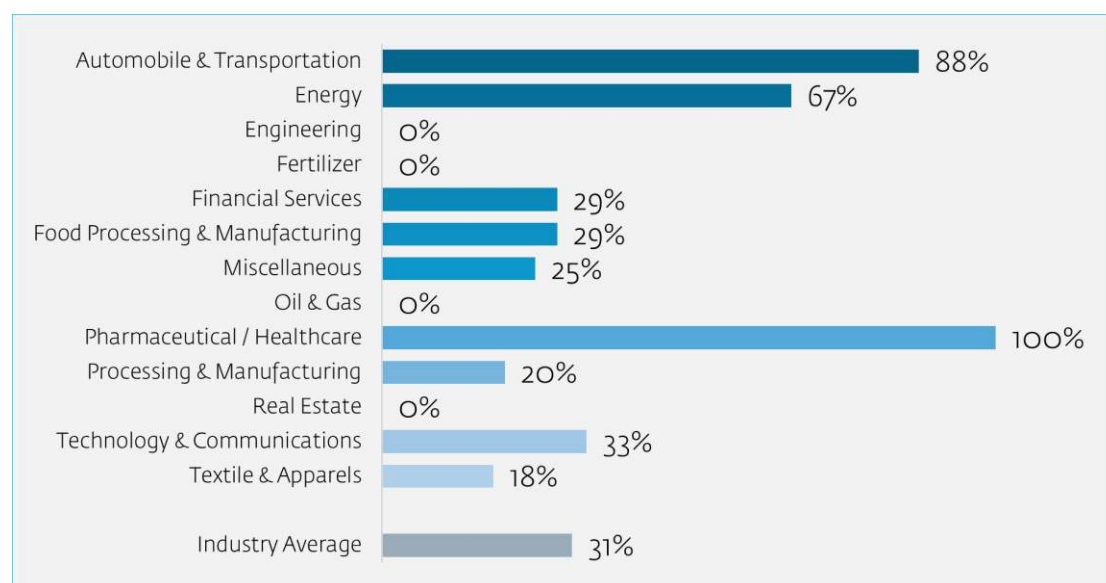
Graph 6.52: Percentage Initiative aligned with SDGs



Alignment with the UN SDGs shows significant variation with the industry average standing at 60%. Leading sectors, Energy, Fertilizer, Oil & Gas, and Pharmaceutical/Healthcare- report universal alignment at 100% to the SDGs. Automobile & Transportation (88%) and Processing & Manufacturing (80%) also show strong alignment. Lagging sectors include Financial Services and Food Processing & Manufacturing (both 57%), which hover near the industry average, while Engineering

(33%), Miscellaneous (25%), Technology & Communications (33%), and Textile & Apparels (27%) show limited progress. Notably, Real Estate reports 0% alignment. These results suggest that while SDG alignment is strongly established in high-profile industrial and resource sectors, a substantial portion of the market needs to make significant progress to fully integrate global sustainability standards into corporate strategy.

Graph 6.53: Percentage Target set for SDG measures



Considerable variation persists in the establishment of specific targets for the SDGs and their respective performance tracking. Overall, the industry average for formal target setting and monitoring is significantly low.

Only a limited cohort of sectors—including Automobile & Transportation, Energy, and Pharmaceutical/Healthcare—demonstrates robust adoption and systematic tracking of their SDG targets.

Graph 6.54: Percentage Tracking progress against SDG Targets

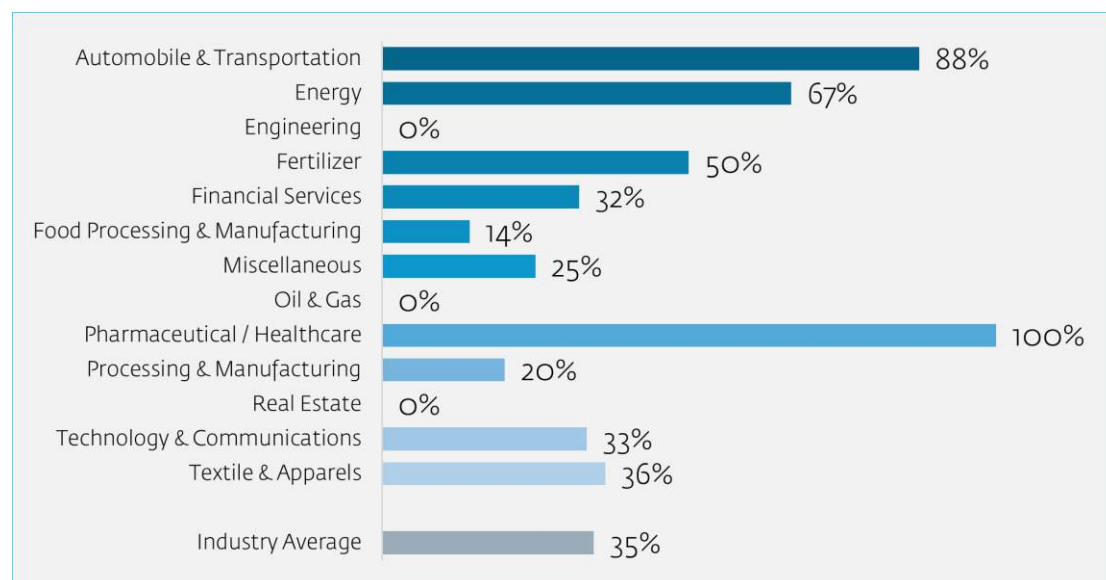


Table 6.13: Percentage of ESG-Certified Directors

Sectors	1% - 5%	11% - 15%	21% - 25%	26% - 30%	31% - 40%	6% - 10%	70%+
Automobile & Transportation			13%		13%		13%
Energy							
Engineering		33%					
Fertilizer			50%				
Financial Services	4%	4%					4%
Food Processing & Manufacturing							
Miscellaneous							
Oil & Gas							
Pharmaceutical / Healthcare							
Processing & Manufacturing		10%					
Real Estate							
Technology & Communications							
Textile & Apparels				9%		18%	
Industry Average	1%	4%	2%	1%	1%	2%	2%

The proportion of directors holding formal ESG certification remains critically low across the majority of sectors. The industry average for the lowest certification bands ranges only from 1% to 4%. This indicates a significant market deficiency in specialized board expertise.

Isolated instances of advanced capability are observed in sectors such as Fertilizer (50% in the 21–25% band), Engineering (33% in the 11–15% band), and Textile & Apparels (9% in the 11–15% band, 18% in the 21–25% band).

While Automobile & Transportation exhibits some distribution across higher certification segments (21%–40% and ≥ 70%), the majority of sectors report negligible or zero representation in these higher bands.

This data substantiates a widespread capacity gap at the board level for ESG governance. The failure of most companies to prioritize or achieve substantive ESG certification among their directors constrains the board's preparedness for rigorous sustainability oversight and strategic risk management.

Table 6.14: Percentage of Employees covered under the Collective Bargain

Sectors	1% - 5%	11% - 15%	16% - 20%	21% - 25%	26% - 30%	51% - 60%	6% - 10%	70%+
Automobile & Transportation		25%						
Energy								
Engineering							33%	
Fertilizer						50%		
Financial Services		7%		4%			4%	
Food Processing & Manufacturing						29%	14%	
Miscellaneous								
Oil & Gas	33%		33%					33%
Pharmaceutical / Healthcare							100%	
Processing & Manufacturing		10%	10%		10%			10%
Real Estate								
Technology & Communications			33%					
Textile & Apparels			9%					27%
Industry Average	1%	6%	5%	1%	1%	4%	5%	6%

The proportion of employees covered under formal Collective Bargaining Agreements (CBAs) is generally low across most sectors, with the overall industry average not exceeding 10% in any single sector. This highlights a limited institutionalization of formal labor negotiation processes.

Higher-than-average coverage rates are also observed in Fertilizer (50%), Oil & Gas (33%), and Technology & Communications (33%), as well as in Food Processing & Manufacturing (29% and 14%).

Conversely, most other sectors, including Automobile & Transportation, Financial Services, Processing & Manufacturing, and Textile & Apparels, report coverage typically below 25%, indicating a less extensive penetration of collective bargaining representation across the broader corporate landscape.

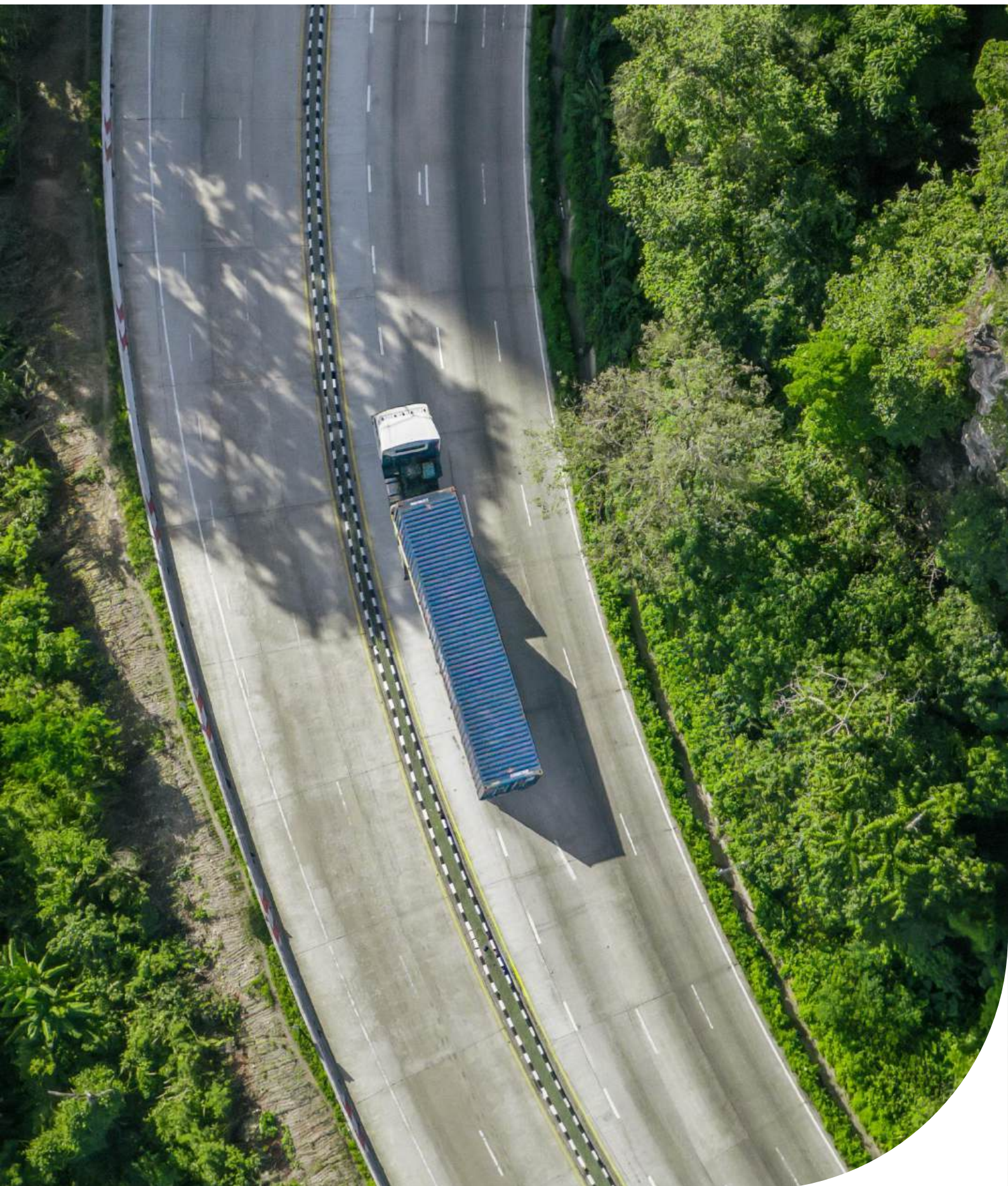
CONCLUSION

Key Metrics	Governance	Policy	Compliance	Quantification
Automobile & Transportation	88%	92%	90%	50%
Energy	83%	100%	94%	40%
Engineering	72%	100%	67%	20%
Fertilizer	92%	100%	100%	30%
Financial Services	74%	77%	80%	22%
Food Processing & Manufacturing	69%	86%	74%	23%
Miscellaneous	67%	83%	71%	25%
Oil & Gas	83%	89%	83%	40%
Pharmaceutical / Healthcare	83%	100%	100%	60%
Processing & Manufacturing	75%	83%	80%	26%
Real Estate	83%	100%	67%	0%
Technology & Communications	78%	100%	83%	33%
Textile & Apparels	77%	85%	77%	24%
Industry Average	76%	85%	80%	28%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

Governance and policy scores are robust, averaging 76% and 85% respectively, with all sectors but Miscellaneous and Food Processing & Manufacturing scoring 69% or higher in governance and 77% or higher in policy. Compliance is similarly high at 80% industry average, with standouts like Pharmaceutical/Healthcare (100%), Energy (94%), and Automobile & Transportation (90%).

Quantification is the weakest dimension, with an industry average of just 28%. Most sectors fall well below 50%, demonstrating that while governance frameworks and compliance mechanisms are widely in place, there are major gaps in measuring, quantifying, or disclosing quantified ESG outcomes. Only Pharmaceutical/Healthcare (50%) and Automobile & Transportation (50%) cross the mid-point in quantification; most sectors remain in the red (under 30%).



7 BASELINE AND SECTORAL ESG MATURITY ASSESSMENT

Following an in-depth analysis of the Environmental (E), Social (S), and Governance (G) disclosures provided by each sector, the resultant data were utilized to score and benchmark performance against the pre-established ESG maturity scoring system (as

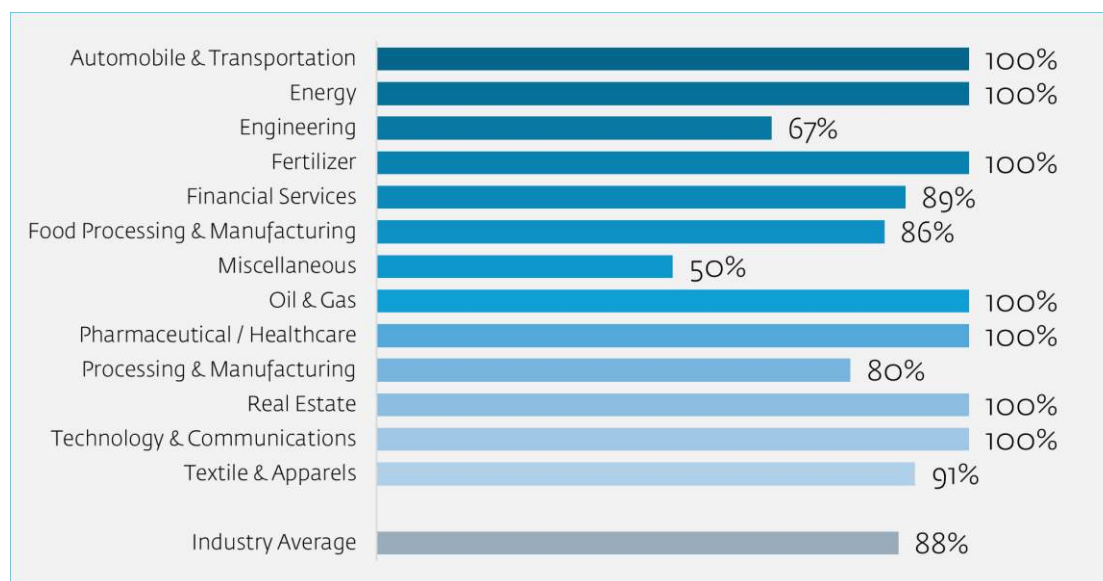
detailed in **Table 7.1**). This structured methodology allowed for the rigorous assessment of ESG maturity at both the Market Baseline and the individual Sectoral levels.

Table 7.1: 20 Key Metrics used to Compile the Sector-level Score

THEME	KEY METRICS
Governance, Strategy, Risk Management, Materiality Assessment,	Governance structures, processes, and controls in place to oversee and manage sustainability-related risks and opportunities
	Strategies follow to address and manage sustainability-related risks and opportunities
	Risk management is in place to identify, assess, prioritize, and monitor sustainability-related risks and opportunities
	Materiality Assessment Completed
Metrics, Target, Performance	Metrics, targets, and performance measurement are in place
Transition Plans	Transition plan in place
Talent	Dedicated ESG Department
Environmental	Environmental Policy
	Tracking & data quality of: - Carbon Emissions - Energy - Water
Social	DEI Policy
	Women at Senior Management Level $\geq 20\%$
	Child /Forced Labor Policy
	Human Right Policy
Governance	Non-Executive Chairperson
	Women in Board $\geq 20\%$
	Supplier Code of Conduct
	Ethics and/or Anti-Corruption policy
	Disclose sustainability practices as part of its annual report

7.1 GOVERNANCE, STRATEGY, RISK MANAGEMENT, MATERIALITY ASSESSMENT

Graph 7.1: Percentage of Respondent Companies with Governance Structures, Processes, and Controls in place to Oversee and Manage Sustainability-related Risks and Opportunities by Sector



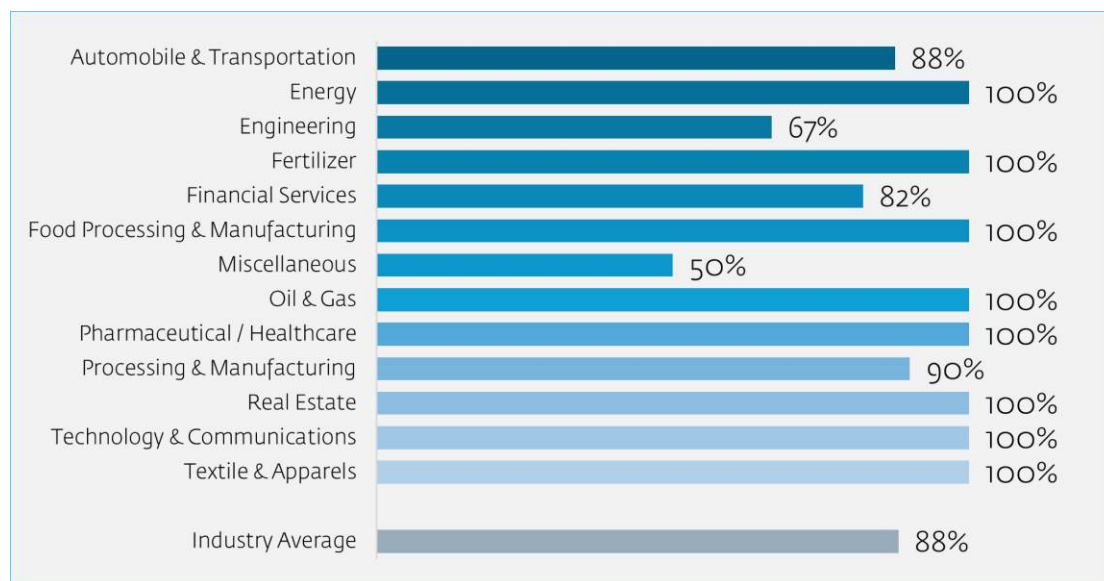
From a total of 13 sectors, the sectoral average for this metric stands at a notably high of 88%. This strong average suggests that most sectors have developed mature governance structures, formal processes, and internal controls—setting a benchmark for best practice in the industry.

A large cohort of sectors—specifically Automobile & Transportation, Energy, Fertilizer, Oil & Gas, Pharmaceutical/Healthcare, Real Estate, and Technology & Communications—achieved universal compliance, reflecting sector-wide adoption and institutionalization of this ESG

policy or control. However, two sectors—Engineering and Miscellaneous—report performance below the industry standard. These sectors require targeted policy intervention and capacity building to achieve parity with peer sectors and to strengthen overall sectoral ESG maturity.

In conclusion, the industry-wide high score supports the finding that foundational governance frameworks are well established, but sustained attention to sector-specific gaps will be crucial for raising the overall level of ESG disclosure and implementation across the market.

Graph 7.2: Percentage of Respondent Companies with Strategies to Address and Manage Sustainability-related Risks and Opportunities by Sector



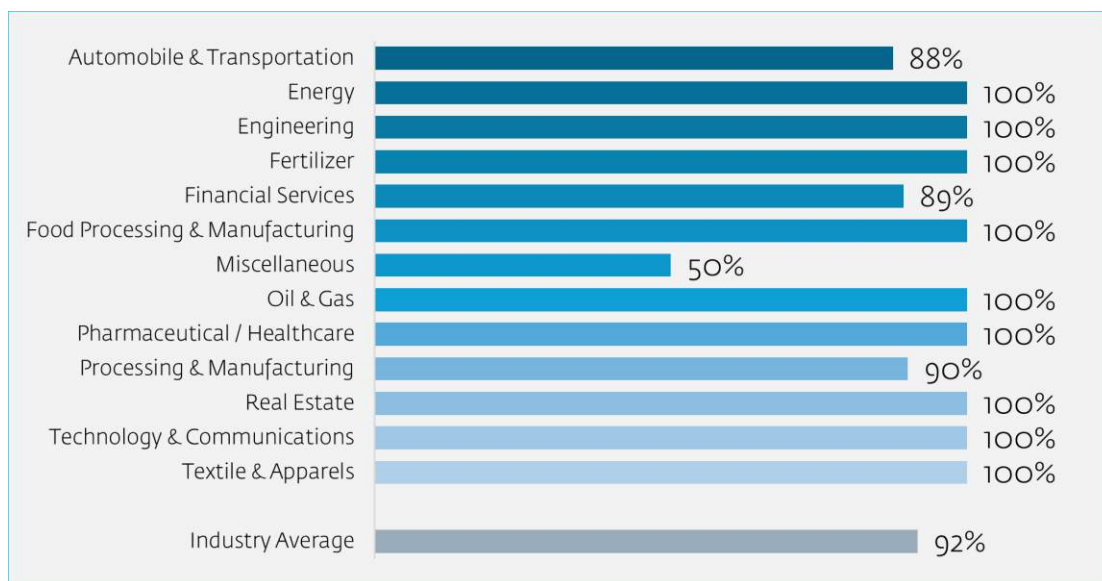
The latest scores for the “Strategy” metric reveal that industry-wide, 88% of companies have established formal strategies to proactively address and manage sustainability-related risks and opportunities. This high adoption rate closely correlates with the strong results observed for governance maturity, thereby reinforcing that integrated strategy setting is a core feature of ESG maturity across the market.

Sectoral leadership is evident in Energy, Fertilizer, Oil & Gas, Pharmaceutical/Healthcare, Processing & Manufacturing, Real Estate, Technology & Communications, and

Textile & Apparels—all of which report universal strategy adoption (100%). These sectors are collectively establishing a definitive benchmark for how integrated, forward-looking sustainability strategies can drive best practice and long-term resilience across the industry.

However, the Engineering (67%) and Miscellaneous (50%) sectors again report significantly lower scores (67% and 50% respectively), signaling persistent gaps in embedding strategic approaches to ESG at the sectoral level and indicating specific segments requiring targeted intervention.

Graph 7.3: Percentage of Respondent Companies with Risk Management in place to Identify, Assess, Prioritize, and Monitor Sustainability-related Risks and Opportunities by Sector

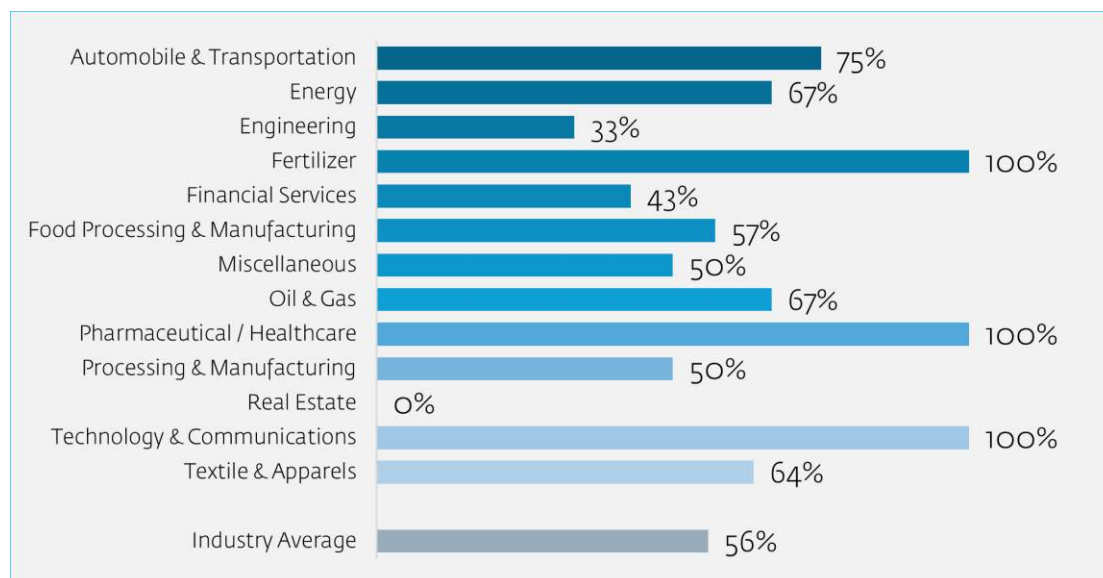


Risk management practices across the surveyed sectors are highly mature, with the industry average for this ESG metric reaching an impressive 92%. This consistently strong performance signals that most sectors have robust systems in place to identify, assess, prioritize, and monitor sustainability-related risks and opportunities.

Sectors including Energy, Engineering, Fertilizer, Oil & Gas, Pharmaceutical/Healthcare, Real Estate, Technology & Communications, Textile & Apparels, and Food Processing & Manufacturing all report universal (100%) risk management adoption,

reflecting deep institutionalization of risk oversight. These sectors stand as exemplars for risk management governance within the market.

Despite this strong landscape, the Miscellaneous sector continues to lag, with only 50% of companies meeting the standard for this metric. Automobile & Transportation (88%), Financial Services (89%), and Processing & Manufacturing (90%) also perform significantly well but below the overall average, indicating a need for focused enhancements to strengthen risk management procedures.

Graph 7.4: Percentage of Respondent Companies with Materiality Assessment Completed by Sector

Across all sectors, formal materiality assessment practices remain one of the least developed ESG disclosure areas, with the industry average standing at just 56%. This notable gap signals that while companies may possess robust foundational structures in governance, strategy, and risk management, the systematic identification and prioritization of material ESG topics is not yet universally embedded.

Universal compliance (100% completion rates) is demonstrated by Fertilizer, Pharmaceutical/Healthcare, and Technology & Communications. Other key sectors also show substantial uptake in their materiality

processes, including Automobile & Transportation (75%), Oil & Gas (67%), and Food Processing & Manufacturing (57%).

Conversely, several sectors report critical deficiencies: Real Estate reports 0% adoption, while Engineering (33%) and Financial Services (43%) are among the lowest performers. Miscellaneous (50%), Processing & Manufacturing (50%), and Textile & Apparels (64%) score close to or slightly above the average, but remain significantly behind the leading sectors, highlighting the need to institutionalize this foundational strategic step for appropriate and relevant ESG reporting.

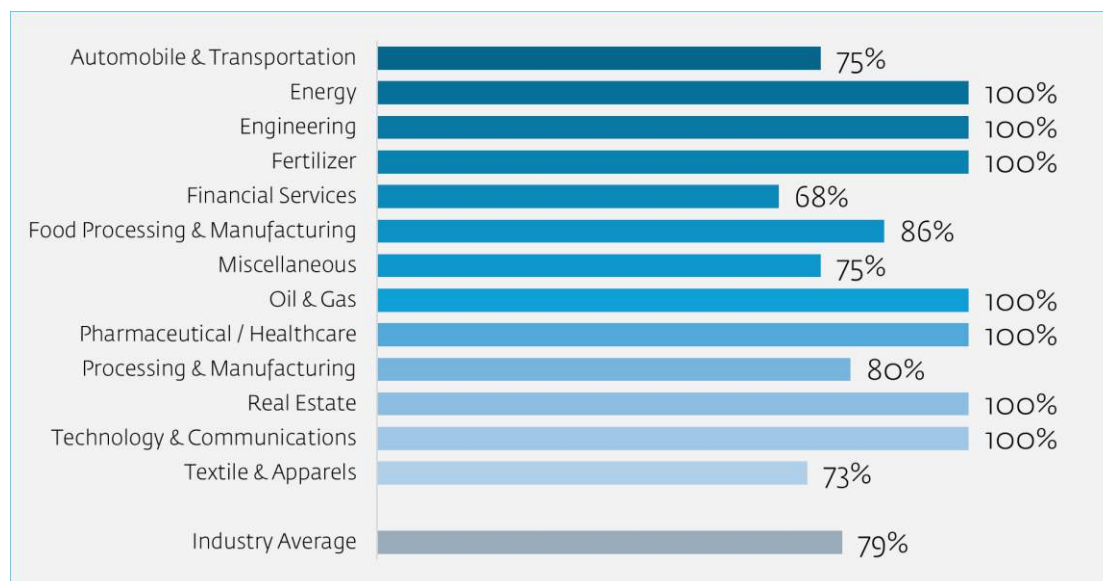


CONCLUSION

The respondents show strong ESG governance, strategy, and risk management with **sectoral averages above 85–90%**, but formal materiality assessments remain relatively weak at about **56%**, signaling a key gap that must be closed to better prioritize and act on sustainability issues across sectors.

7.2 METRICS, TARGETS, PERFORMANCE

Graph 7.5: Percentage of Respondent Companies with Metrics, Target, and Performance in place



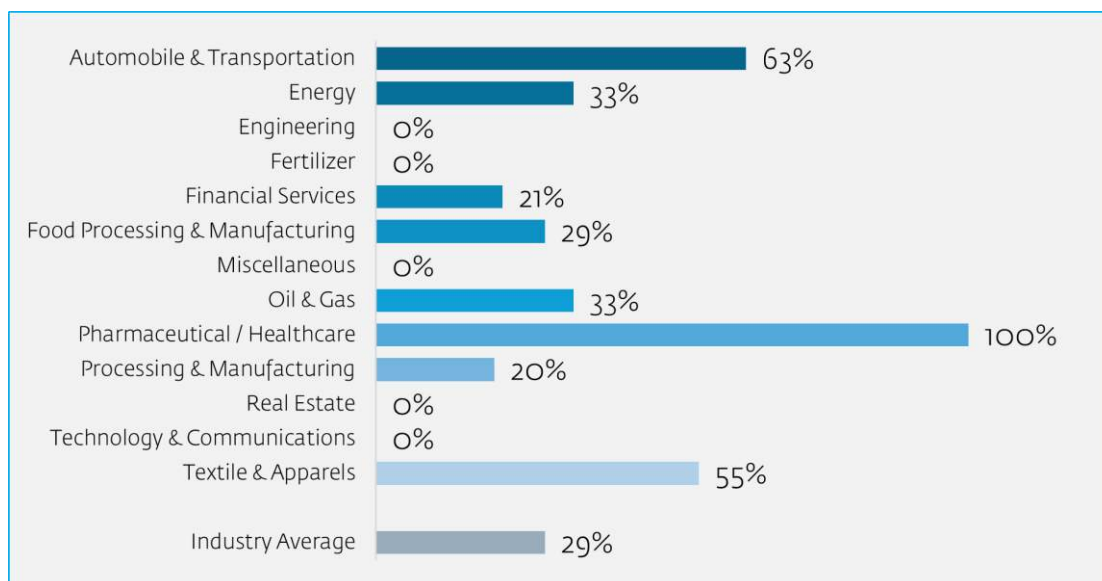
Approximately 79% of respondent companies currently track ESG metrics, targets, and performance, demonstrating a strong market engagement with sustainability accountability. Despite the high adoption rate, there is significant variation in the rigor of the tracking approach. Disclosures range from basic, contextual reporting on operational initiatives and related impacts to highly structured frameworks incorporating formal ESG dashboards and quantifiable targets. This diversity in robustness and completeness highlights both progress in embedding sustainability accountability and the ongoing necessity for standardization. The need is particularly acute in sectors where performance measurement is less consistent or remains largely qualitative. As leading sectors establish advanced tracking practices, more uniform adoption of structured performance measurement will be critical for driving meaningful ESG outcomes, enhancing comparability across the market.

7.3 TRANSITION PLANS

Transition planning toward net-zero is still in early stages across Pakistani sectors, with only 29% of respondent companies reporting a formal transition plan in place. The pharmaceutical/ Healthcare sector reports universal adoption (100%) and setting the benchmark for proactive net-zero alignment. While some other sectors show moderate progress, several major industrial and technical sectors—including Engineering, Fertilizer, Miscellaneous, Real Estate, and Technology & Communications—reported 0% adoption for this metric.

This wide disparity confirms a significant capacity gap in future-proofing strategies. The pattern indicates both a growing awareness of net-zero as a priority and a critical lack of readiness among most sectors, which need to accelerate the integration of formal transition planning into their core sustainability strategies to meet evolving regulatory and capital market expectations.

Graph 7.6: Percentage of Respondent Companies with Formal Transition Plan to Net-Zero in place

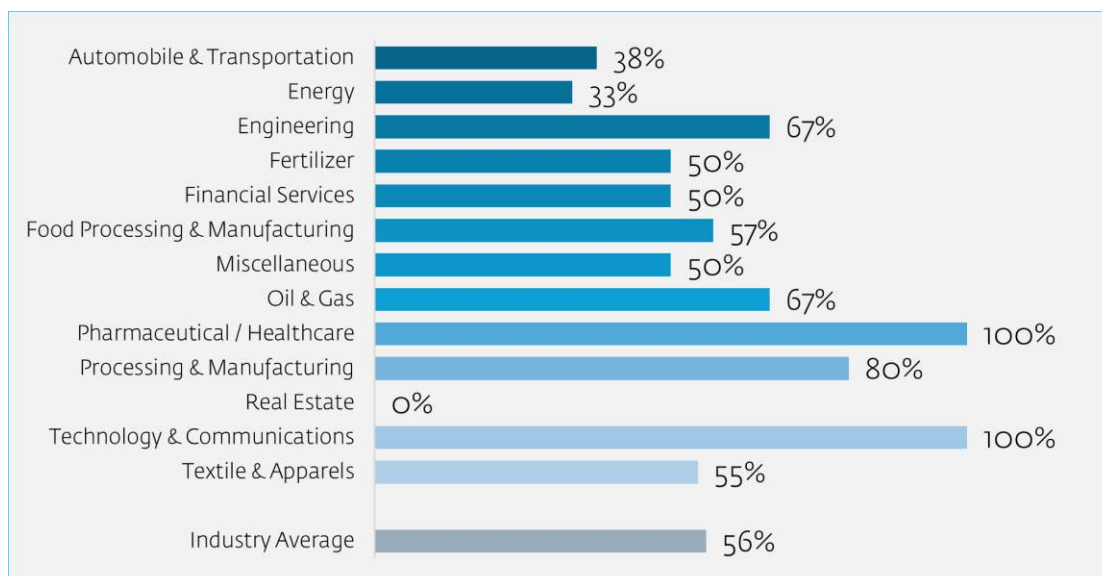


7.4 TALENT

The presence of a dedicated ESG department remains relatively low, with the industry average at only 56%. This indicates that just over half of respondent companies have a formal structure for managing ESG, underscoring a pressing need for the sectors to invest in specialized ESG talent and resources if they

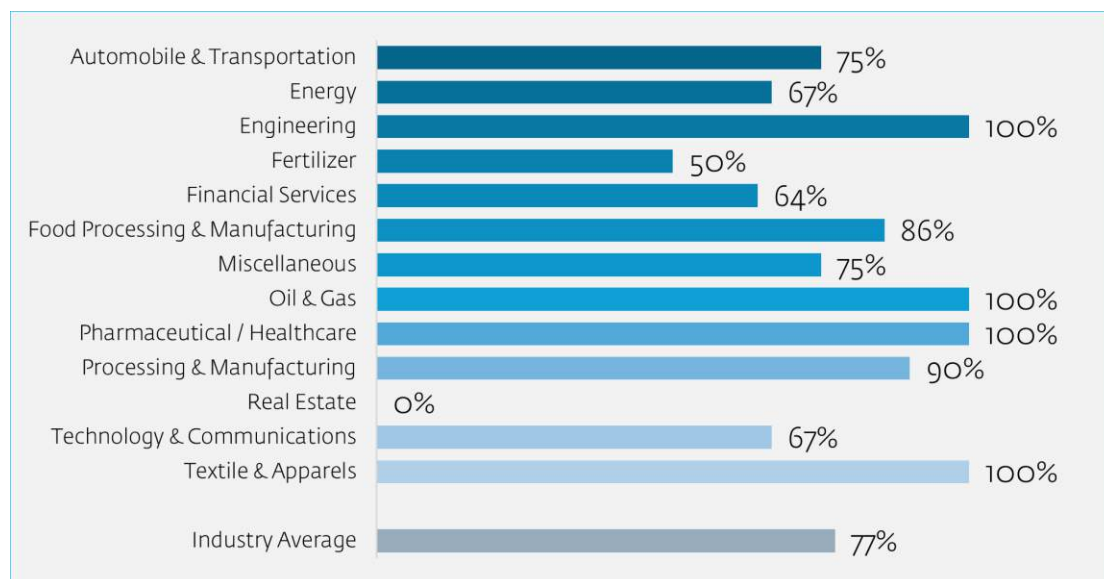
are to keep pace with rising expectations around disclosure, compliance, and sustainability performance. The data indicates that without such dedicated departments, companies may struggle to institutionalize ESG best practices and respond effectively to regulatory or market-driven requirements.

Graph 7.7: Percentage of Respondent Companies with Dedicated ESG Department by Sector



7.5 ENVIRONMENTAL

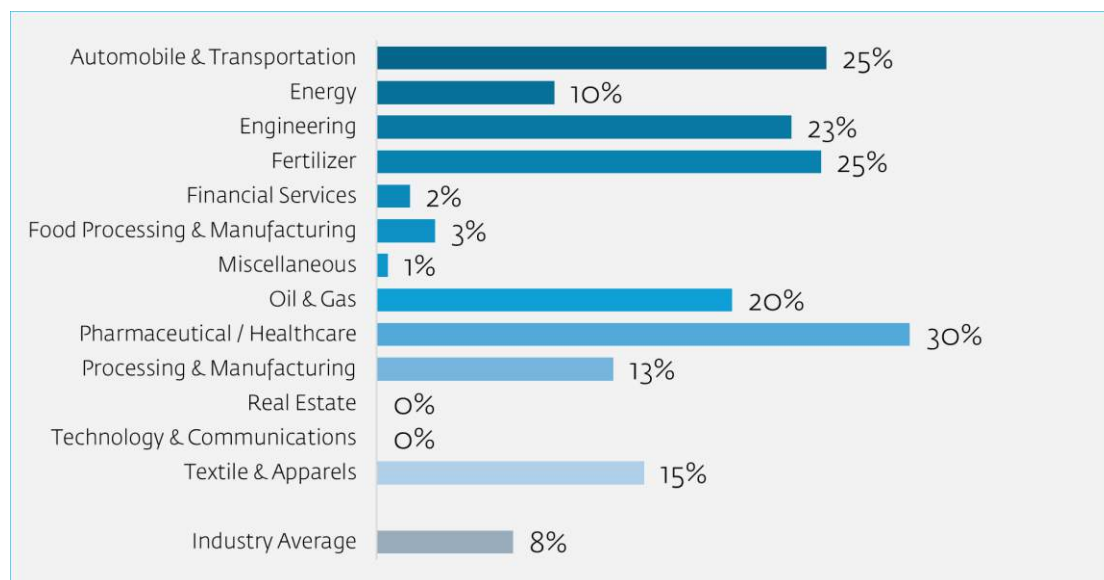
Graph 7.8: Percentage of Respondents with Formal Environmental Policy by Sector



Sectoral responses indicate broadly positive progress in the adoption of formal environmental policies among respondent companies, with the industry average standing at approximately 77%. The leading sectors — including Engineering, Oil & Gas, Pharmaceutical/ Healthcare, and Textile & Apparels, all report universal adoption (100%).

Nevertheless, considerable variation across sectors persists, underscoring the necessity to address specific adoption gaps—particularly for those sectors falling below the industry average. This targeted effort is crucial to ensure consistent environmental governance across the market and to enhance preparedness for evolving stakeholders and regulatory expectations.

Graph 7.9: Percentage of Respondents Tracking GHG Emissions by Sector



The assessment of GHG emission disclosure reveals that the industry average is significantly low at 8. This stark figure indicates that formal emissions tracking and

public reporting are in their nascent stages and are rare across most sectors.

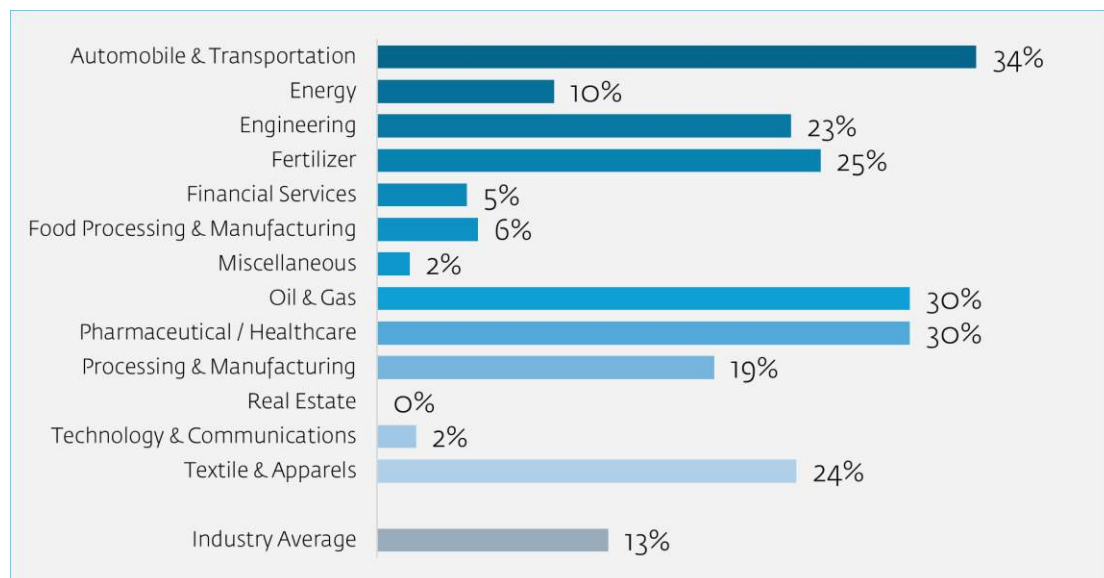
This significant disclosure gap underscores the urgent necessity for improved emissions

measurement and transparency, particularly as emissions data becomes pivotal for regulatory compliance, supply chain standards, and the adoption of global ESG frameworks.

Notably, even against this low industry average, several sectors—including Financial

Services, Food Processing & Manufacturing, Real Estate, Technology & Communications, and Miscellaneous—report performance below the market mean. To align with both national and global ESG expectations, targeted capacity-building and awareness initiatives are crucial for sectors to effectively track and disclose their GHG emissions.

Graph 7.10: Percentage of Respondents Tracking Energy by Sector

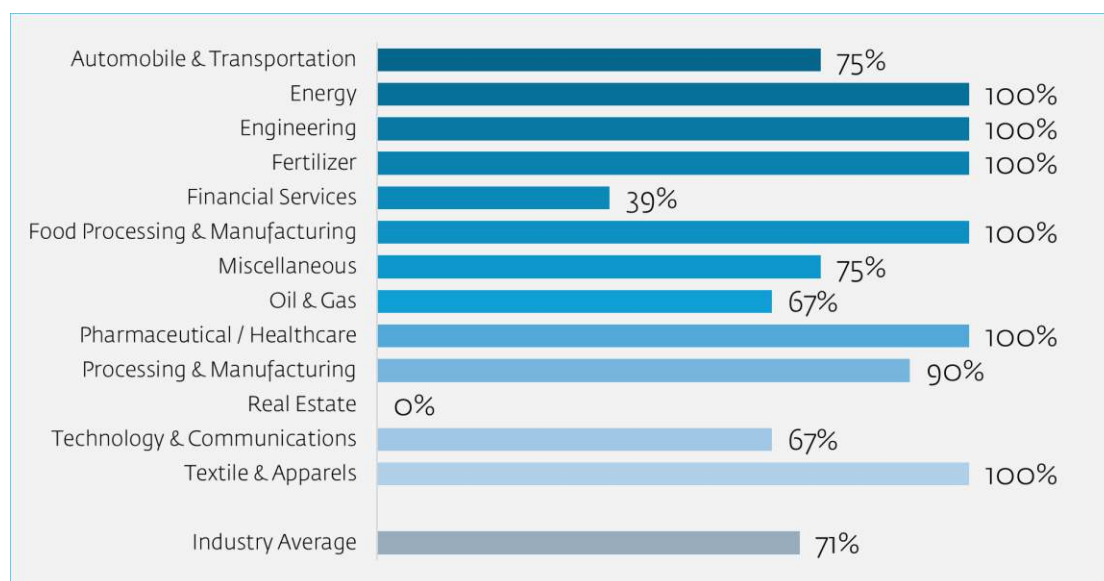


The industry average for sectors tracking and disclosing energy consumption is also critically low at just 13%. This indicates that systematic measurement and public reporting of energy use are underdeveloped across the market. Several sectors report performance substantially below this average, including Energy (10%), Miscellaneous (2%). Real Estate (0%) and Technology & Communications (2%), which demonstrates that systematic measurement and disclosure of energy use are still underdeveloped. Service-based and financial sectors, including Financial Services (5%) and Food Processing & Manufacturing

(6%), also score below the average, reflecting that energy management is not yet a prioritized ESG focus in these areas.

The wide variance and low overall average underscore the urgent need to expand energy tracking and formal reporting. This action is essential to drive material efficiency gains, enhance corporate accountability for environmental impact, and meet increasing regulatory and market demands for environmental impact and sustainability governance.

Graph 7.11: Percentage of Respondents Tracking Water by Sector



Tracking corporate water consumption and discharge across sectors shows significant maturity compared to other environmental metrics, with the industry average of 71%. This finding suggests that water stewardship is more broadly embedded in corporate ESG strategies. A large cohort of sectors — specifically Energy, Engineering, Fertilizer, Food Processing & Manufacturing, Pharmaceutical/Healthcare, and Textile & Apparels — report universal coverage (100%), demonstrating comprehensive monitoring and management practices. Processing & Manufacturing (90%) exceeds the industry average, while Automobile & Transportation and Miscellaneous (both 75%), along with Oil

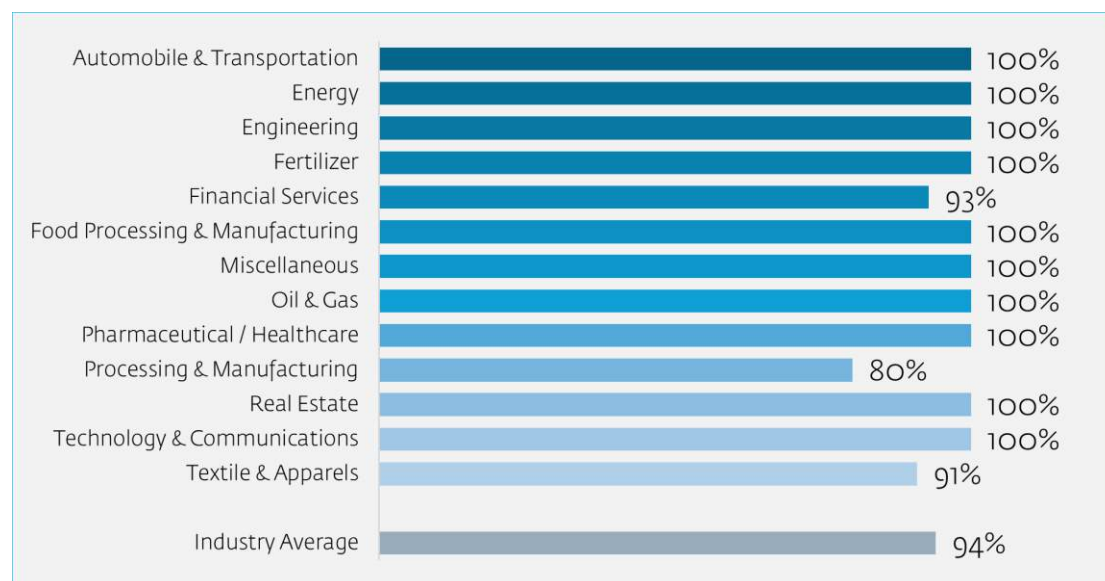
& Gas and Technology & Communications (both at 67%), also show strong adoption.

However, significant adoption gaps persist in specific segments: Real Estate (0%) and Financial Services (39%) report performance substantially below the average, highlighting the continued need for adoption and integration in specific segments.

Compared to the low rates observed for energy and GHG tracking, the broader adoption and higher maturity of water tracking across most sectors show its relatively advanced institutionalization within market-wide environmental governance.

7.6 SOCIAL

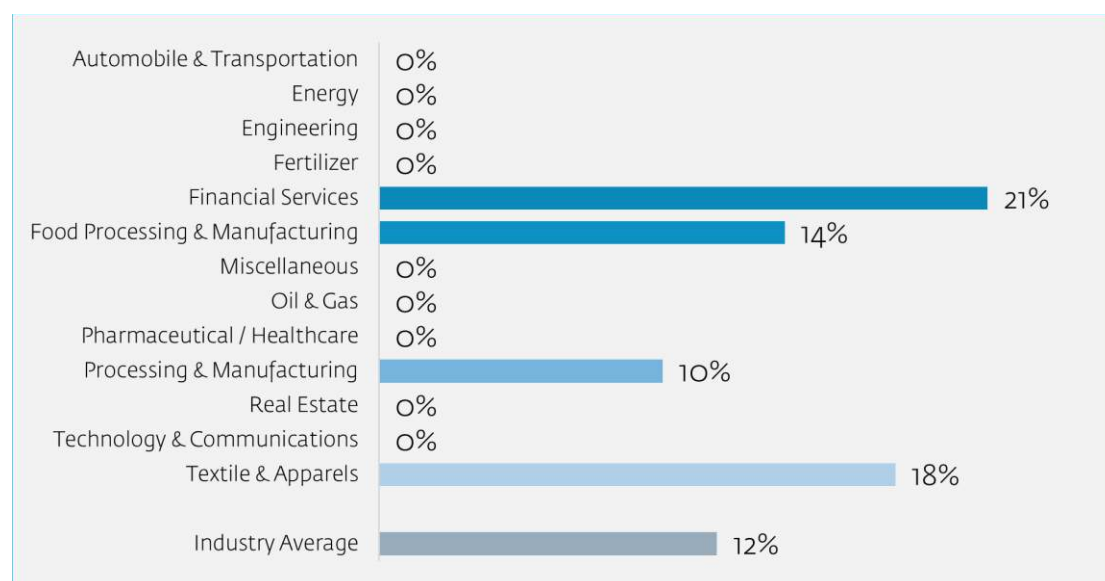
Graph 7.12: Percentage of Respondents with Sexual Harassment and/or Non-Discrimination, Diversity, and Inclusion Policy



Implementation of sexual harassment and/or non-discrimination, diversity, and inclusion policies is exceptionally high across sectors. Most sectors report universal adoption (100%) or demonstrate performance significantly above the industry average. Although the Processing & Manufacturing (80%) shows relatively lower adoption of

these formal policies, the widespread presence of non-discrimination and inclusion policies reflects a strong commitment to workplace equality and protection. This high level of institutionalization establishes a clear benchmark for continuous improvement, particularly for the small minority of sectors that have not yet reached full compliance.

Graph 7.13: Percentage of Respondents with Women at Senior Management Level Positions >=20% by Sector

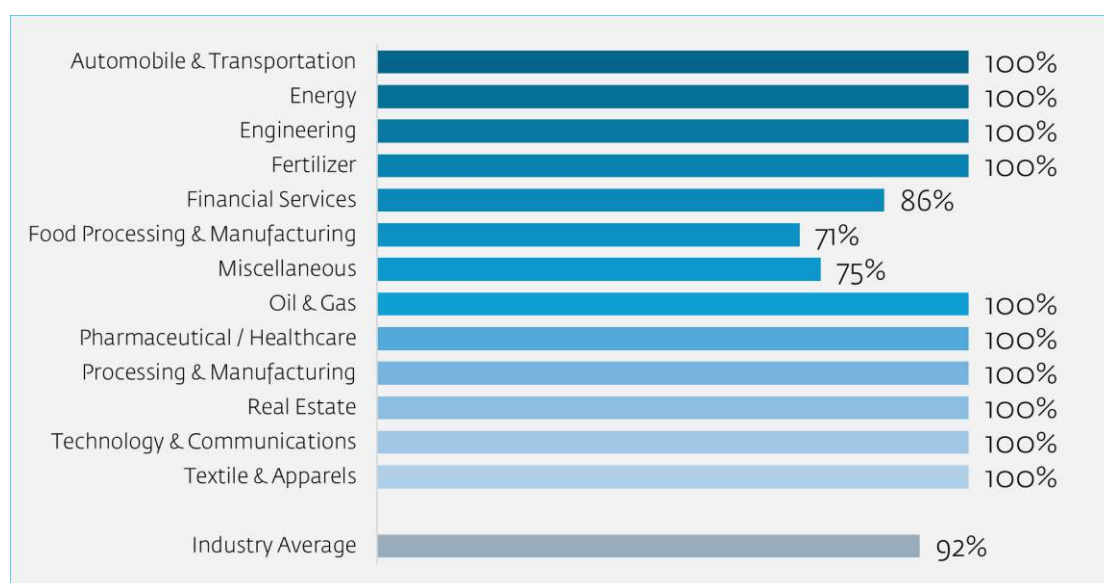


The analysis reveals a significantly low industry average for achieving at least 20% female representation in senior management positions. This indicates a substantial gender diversity deficit at the leadership level across the market.

Only a few sectors, including Financial Services, Food Processing & Manufacturing,

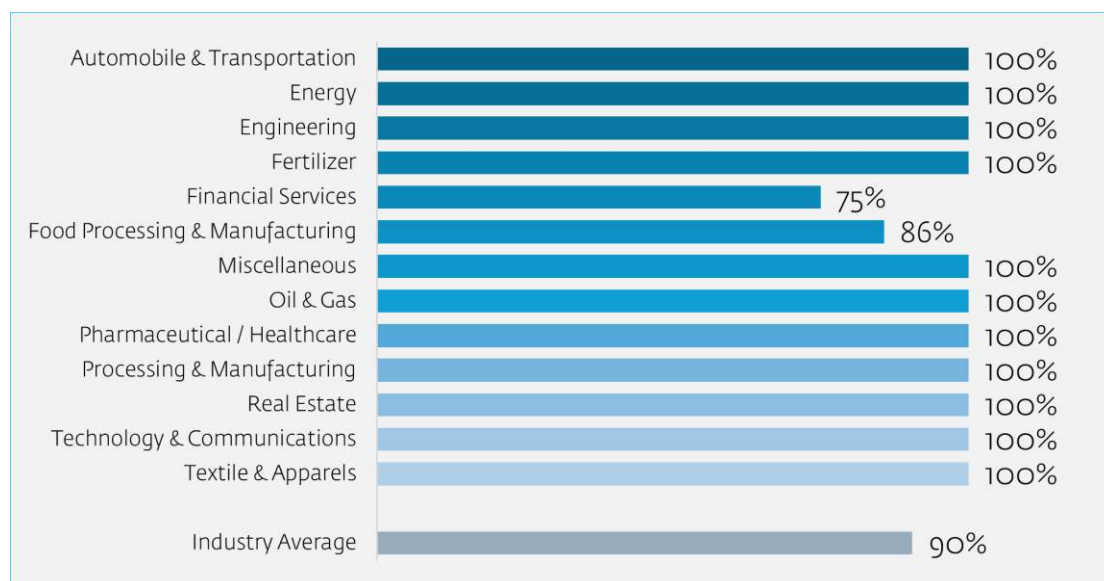
and Textile & Apparels, show any notable alignment with the benchmark, while all other sectors report 0% achievement. This distribution underscores the need for heightened focus and targeted policy action to accelerate the promotion of gender diversity at the corporate leadership tier.

Graph 7.14: Percentage of Respondents with Formal Child/Forced Labor Policy by Sector



The adoption of formal policies prohibiting child and forced labor is nearly universal across most sectors, resulting in a robust industry average of 92%. Only a limited

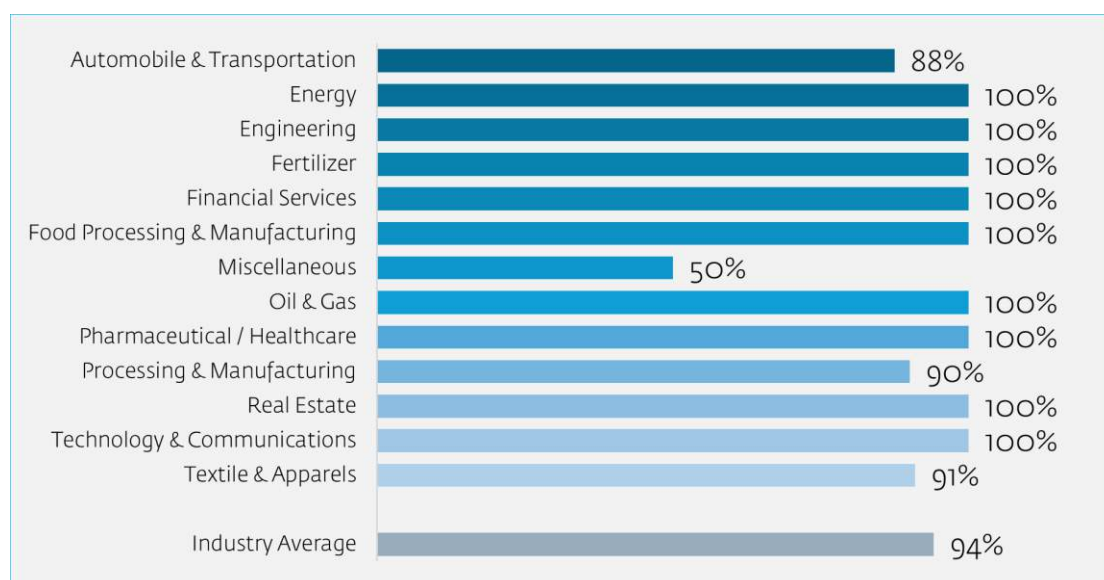
number of sectors, specifically Financial Services, Food Processing & Manufacturing, and Miscellaneous, report adoption rates below this high market average.

Graph 7.15: Percentage of Respondent Companies with Formal Human Rights Policy by Sector

The adoption of a formal corporate human rights policy is nearly universal across all sectors, reflected by a significantly high industry average of 90%. This finding confirms the institutionalization of fundamental human rights governance within the market. Only two sectors, Financial Services and Food

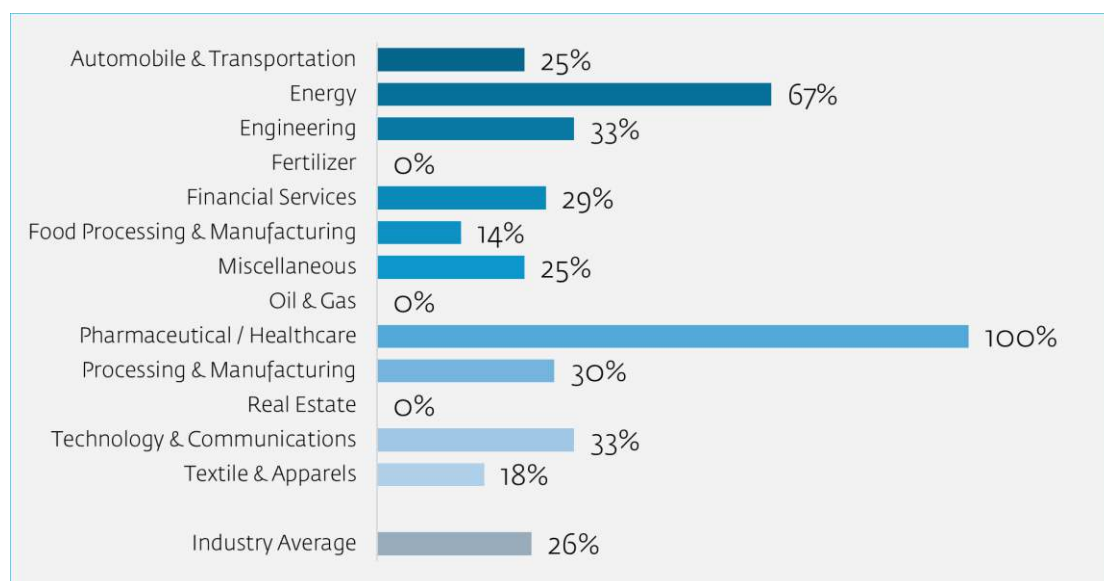
Processing & Manufacturing, report adoption rates below this high market average. This indicates the need for a focused, targeted approach within these specific segments to ensure prioritization and full coverage of human rights policies and achieve parity with industry peers.

7.7 GOVERNANCE

Graph 7.16: Percentage of Respondents with Non-Executive Chairperson of the Board by Sector

The presence of a non-executive chairperson on the board is highly prevalent across most sectors, with most sectors demonstrating universal adoption (100%) of this governance

practice. This finding confirms significant institutional progress in ensuring board independence and the formal separation of the Chair and CEO roles.

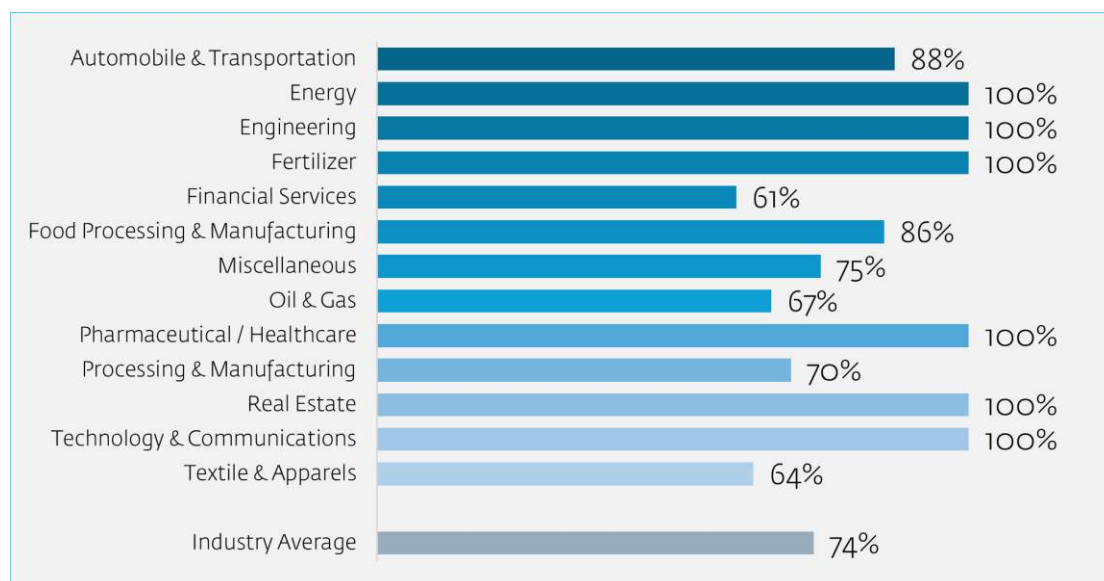
Graph 7.17: Percentage of Respondents with Women on Board $\geq 20\%$ by Sector

The achievement of the 20% female board representation benchmark shows considerable variation when analyzed by sector. The Energy (67%) and Pharmaceutical/Healthcare (100%) sectors lead in board diversity, with Pharmaceutical/Healthcare achieving universal compliance with the 20% threshold.

Sectors such as Engineering, Processing & Manufacturing, and Technology & Communications also report achievement above the industry average of 26%, though they do not meet the highest benchmark.

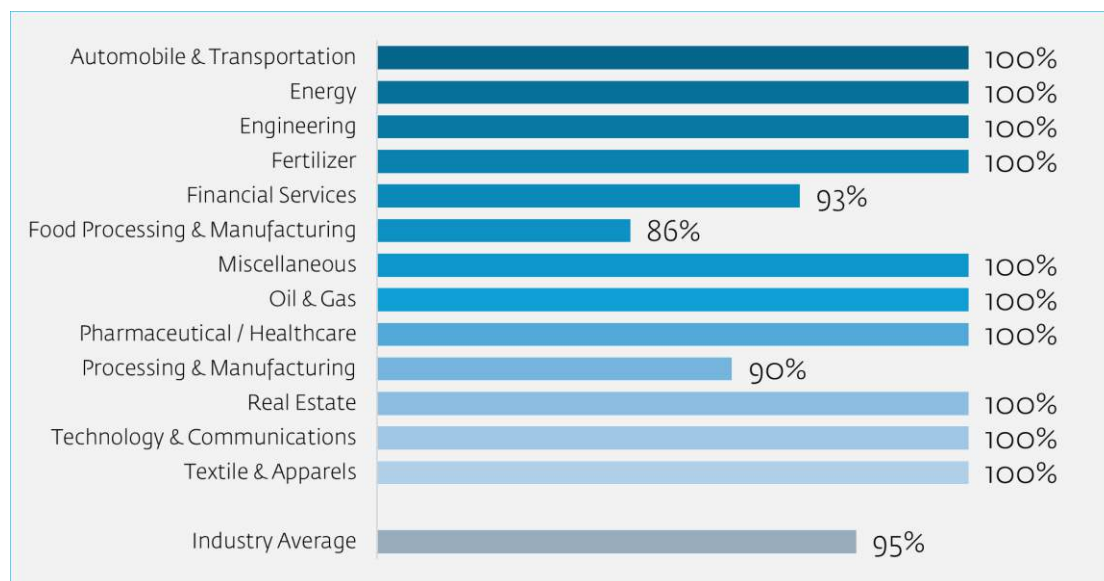
Conversely, many other sectors, including Fertilizer, Oil & Gas, Miscellaneous, and Real Estate, fall substantially below the industry average or report zero representation.

This wide disparity indicates that while meaningful progress is visible in specific sectors, the broader institutionalization of gender diversity at the board level remains limited. This area should be a priority focus for corporate governance reform and targeted policy intervention to accelerate market-wide parity.

Graph 7.18: Percentage of Respondents with Formal Supplier Code of Conduct in place by Sector

Adoption of a formal supplier code of conduct is strong in several sectors, with Energy, Engineering, Fertilizer, Pharmaceutical/Healthcare, Real Estate, and Technology & Communications all reporting universal compliance (100%). This demonstrates a strong commitment to extending governance standards into the supply chain within these segments.

Financial Services (61%) and Processing & Manufacturing (70%) report adoption rates below the industry average. These sectors would benefit from targeted policy interventions and capacity building efforts to ensure full alignment with supplier management with best practices and enhance supply chain oversight.

Graph 7.19: Percentage of Respondents with Formal Ethics and/or Anti-Corruption Policy in place by Sector

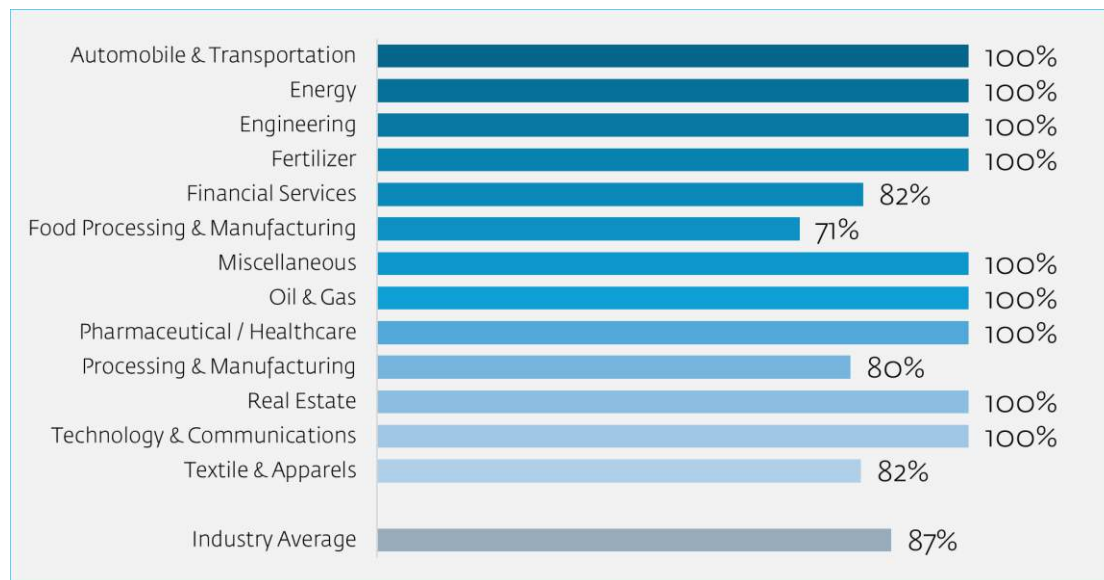
The establishment of formal ethics and/or anti-corruption policies is nearly universal

across the market, evidenced by a high industry average of 95%. While a few sectors

fall below this high average, their performance still demonstrates substantial

alignment with these critical governance standards for integrity and transparency.

Graph 7.20: Percentage of Respondents with some form of Disclosure of ESG in the Annual Report by Sector



Disclosure of ESG information in annual reports is highly prevalent across sectors, with the industry average standing at 87%. This reflects a strong, institutionalized trend of integrating material sustainability topics into statutory corporate reporting.

A large cohort of sectors—including Automobile & Transportation, Energy, Engineering, Fertilizer, Miscellaneous, Oil & Gas, Pharmaceutical/Healthcare, Real Estate,

and Technology & Communications report universal compliance (100% disclosure).

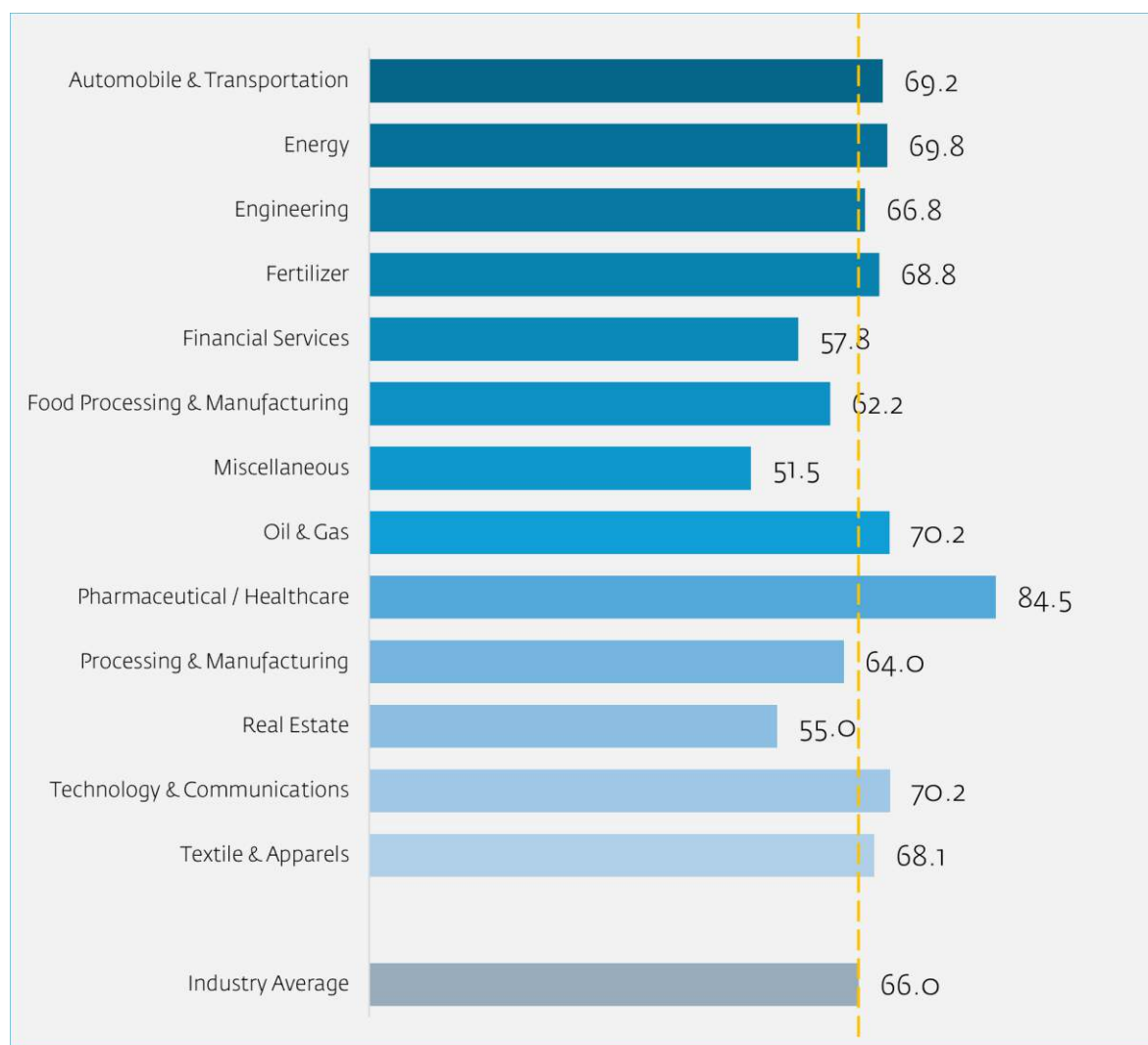
Sectors such as Food Processing & Manufacturing (71%), Processing & Manufacturing (80%), Textile & Apparels (82%), and Financial Services (82%) report performance marginally below the average but still demonstrate substantial reporting activity.

Conclusion

	Automobile & Transportation	Energy	Engineering	Fertilizer	Financial Services	Food Processing & Manufacturing	Miscellaneous	Oil & Gas	Pharmaceutical / Healthcare	Processing & Manufacturing	Real Estate	Technology & Communications	Textile & Apparels	Industry Average
Key Metrics														
Governance Structure and Processes	100%	100%	67%	100%	89%	86%	50%	100%	100%	80%	100%	100%	91%	88%
Strategy	88%	100%	67%	100%	82%	100%	50%	100%	100%	90%	100%	100%	100%	88%
Risk Management	88%	100%	100%	100%	89%	100%	50%	100%	100%	90%	100%	100%	100%	92%
Materiality Assessment	75%	67%	33%	100%	43%	57%	50%	67%	100%	50%	0%	100%	64%	56%
Metrics, targets and Performance Measurement	75%	100%	100%	100%	68%	86%	75%	100%	100%	80%	100%	100%	73%	79%
Transition Plan	63%	33%	0%	0%	21%	29%	0%	33%	100%	20%	0%	0%	55%	29%
Dedicated ESG Department	38%	33%	67%	50%	50%	57%	50%	67%	100%	80%	0%	100%	55%	56%
Environmental Policy	75%	67%	100%	50%	64%	86%	75%	100%	100%	90%	0%	67%	100%	77%
Tracking Total GHG Emissions	25%	10%	23%	25%	2%	3%	1%	20%	30%	13%	0%	0%	15%	8%
Energy Management	34%	10%	23%	25%	5%	6%	2%	30%	30%	19%	0%	2%	24%	13%
Water Management	25%	10%	23%	25%	3%	6%	2%	20%	30%	17%	0%	2%	24%	11%
DEI Policy	100%	100%	100%	100%	93%	100%	100%	100%	100%	80%	100%	100%	91%	94%
Women at Senior Management Level >=20%	0%	0%	0%	0%	21%	14%	0%	0%	0%	10%	0%	0%	18%	12%
Child /Forced Labour Policy	100%	100%	100%	100%	86%	71%	75%	100%	100%	100%	100%	100%	100%	92%
Human Right Policy	100%	100%	100%	100%	75%	86%	100%	100%	100%	100%	100%	100%	100%	90%
Non-Executive Chairperson	88%	100%	100%	100%	100%	100%	50%	100%	100%	90%	100%	100%	91%	94%
Women in Board >=20%	25%	67%	33%	0%	29%	14%	25%	0%	100%	30%	0%	33%	18%	26%
Supplier Code of Conduct	88%	100%	100%	100%	61%	86%	75%	67%	100%	70%	100%	100%	64%	74%
Ethics and/or Anti-Corruption policy	100%	100%	100%	100%	93%	86%	100%	100%	100%	90%	100%	100%	100%	95%
Disclosures of Sustainability Practice in Annual Report	50%	40%	20%	30%	18%	16%	25%	40%	60%	21%	0%	33%	19%	24%

- o **Green:** over 60 percent adoption—strong implementation, minimal intervention needed.
- o **Amber:** 40 to 60 percent—moderate uptake, some improvement recommended.
- o **Red:** under 40 percent—low performance, urgent attention and support required.

The chart clearly reveals that most sectors demonstrate strong implementation—represented in green—with over 60% adoption for governance structure, risk management, ethics policies, and codes of conduct, indicating minimal intervention is needed in these foundational ESG areas. Amber zones, which signal 40-60% adoption and a need for some improvement, are common for materiality assessment, metrics and target setting, and the presence of dedicated ESG departments; these functions are moderately established and require greater focus to close gaps. Red-shaded metrics—reflecting under 40% adoption—highlight critical challenges and areas requiring urgent action, especially around tracking GHG emissions, energy, and water management, as well as advancing gender diversity in senior management and board roles. The color-coded analysis underscores a maturity divide: while strong policy intent and basic governance are evident, there is a clear shortfall in performance measurement and social impact quantification, reinforcing the need for companies to prioritize systematic ESG data tracking and targeted improvement for credible, actionable disclosures.

Graph 7.21: Overall ESG Score by Sector

This analysis, summarized in the preceding chart, provides a sector-by-sector comparison of overall ESG maturity scores.

Pharmaceutical & Healthcare is the clear leader with a score of 84.5, placing it substantially above the industry average of 66.0. Following this leadership, the High Performing Tier, comprising Oil & Gas, Technology & Communications, and Energy, also reports strong overall performance, consistently achieving scores exceeding 69.

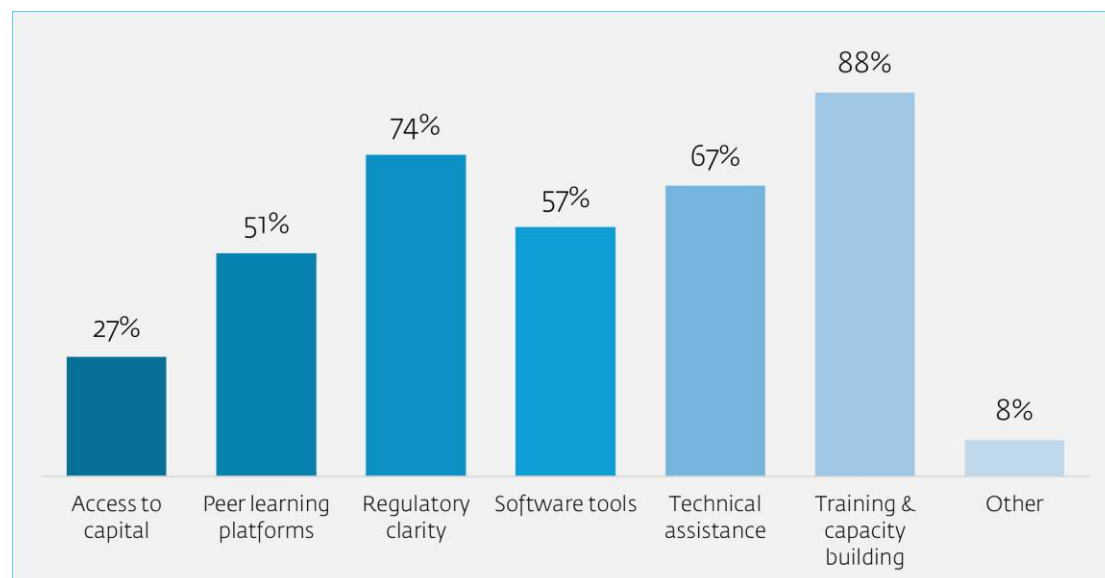
Conversely, sectors including Financial Services, Real Estate, and Miscellaneous fall below the overall industry average. This deficiency signals an urgent requirement for targeted intervention and accelerated efforts within these specific areas to enhance ESG maturity and close the existing performance gap.



8 IMPROVING ESG DISCLOSURES IN PAKISTAN – OPPORTUNITIES, CHALLENGES, AND RECOMMENDATIONS

8.1 SECTOR-SPECIFIC OPPORTUNITIES

Graph 8.1: Percentage of Respondents by Requirement of Support



Analysis of the support required by companies to enhance their ESG practices reveals a clear prioritization of practical guidance and regulatory clarity. Training and capacity building emerge as the most frequently identified support needs, cited as a key requirement by 88% of respondents. This strong consensus highlights a pervasive need for practical, hands-on guidance across the market. Regulatory clarity (74%), technical assistance (67%), and software tools (57%) are also commonly requested by companies seeking to enhance their ESG practices. Peer learning platforms (51%) and access to capital (27%) are less frequently selected, while only 8% of respondents indicated other forms of support.

These findings suggest that the majority of companies prioritize practical implementation support—specifically, capacity development and clear regulatory frameworks—to effectively facilitate the institutionalization of ESG initiatives. The sector-wise analysis of support requirements in Table 6.1, with a focus on those exceeding the 75% threshold,

reveals distinct patterns in priority needs for ESG implementation. Training and capacity building are universally highlighted as a critical need across the majority of sectors.

Those exhibiting the greatest intensity of support are Pharmaceutical/ Healthcare, Energy, and Fertilizer, as they consistently reach 100% in key categories, including regulatory clarity, peer learning, and technical assistance. Food Processing & Manufacturing demonstrates a high demand for regulatory clarity (86%) alongside substantial support for training (71%). Similarly, Processing & Manufacturing shows strong needs for both regulatory clarity (90%) and training (90%). Sectors such as Automobile & Transportation, Miscellaneous, and Oil & Gas consistently emphasize both training and regulatory clarity, with an additional focus on access to capital frequently noted across many industrial sectors.

While sectors like Technology & Communications (67%) and Textile & Apparels (82%) reports somewhat lower, yet still substantial, needs for software tools and

training; the overarching trend points to a cross-sectoral demand for capacity building and regulatory support as the most pressing requirements for effective ESG implementation.

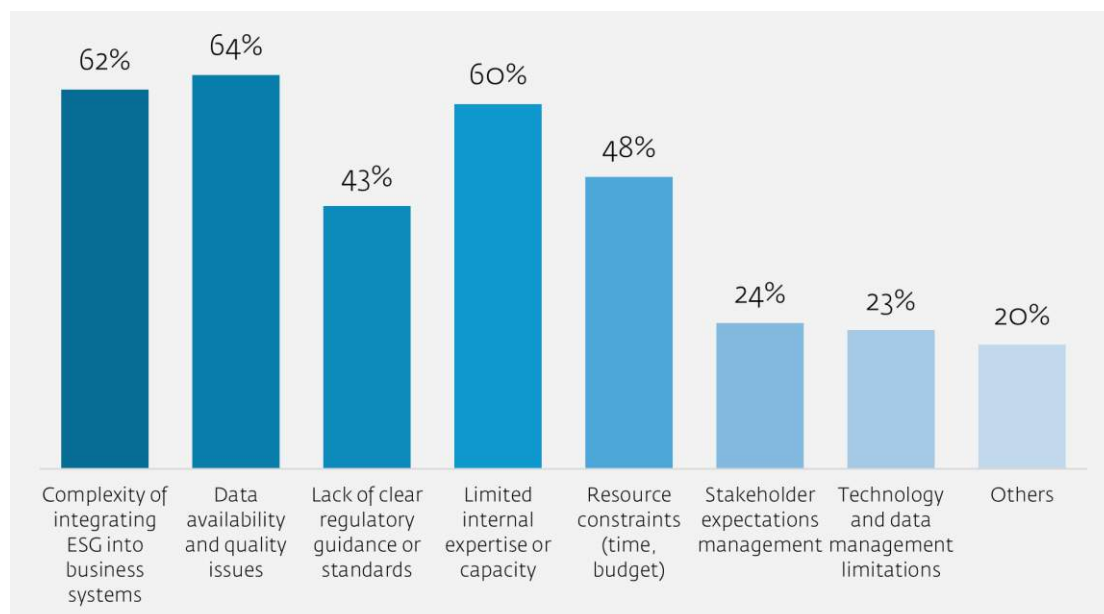
Table 8.1: Percentage for Support required by each Sector

Top 3 Support Priorities
88% Training & Capacity Building
74% Regulatory Clarity
67% Technical Assistance

Sectors	Access to capital	Peer learning platforms	Regulatory clarity	Software tools	Technical assistance	Training & capacity building	Others
Automobile & Transportation	50%	50%	75%	50%	88%	100%	
Energy	33%	100%	67%	33%	100%	100%	
Engineering		33%	67%	33%	67%	100%	33%
Fertilizer	50%	100%	100%	50%	100%	100%	
Financial Services	25%	50%	57%	64%	57%	86%	14%
Food Processing & Manufacturing	14%	71%	86%	43%	57%	71%	29%
Miscellaneous	50%	25%	75%	50%	75%	100%	
Oil & Gas	33%	67%	67%	67%	33%	67%	
Pharmaceutical / Healthcare		100%	100%	100%	100%	100%	
Processing & Manufacturing	30%	50%	90%	50%	100%	90%	
Real Estate						100%	
Technology & Communications			67%	33%		67%	
Textile & Apparels	27%	45%	100%	82%	64%	91%	

8.2 SECTOR-SPECIFIC CHALLENGES

Graph 8.2: Percentage of Respondent Companies by Challenges encountered or anticipated for ESG Disclosures and Reporting



Data availability and quality issues (64%), complexity of integrating ESG into business systems (62%), and limited internal expertise or capacity (60%) are the most common challenges faced by companies as they work toward ESG disclosures and reporting. Resource constraints (48%) and lack of clear regulatory guidance (43%) are also significant concerns, while fewer respondents cited stakeholder expectations management (24%), technology limitations (23%), or other issues (20%). This response pattern signals that technical, knowledge-based, and organizational barriers remain the primary obstacles for companies, highlighting the need for targeted support in data, capacity, and regulatory clarity to advance ESG reporting maturity.

The Table below shows sectoral representation of the challenges. A sector-wise breakdown of ESG disclosure and reporting challenges shows that those scoring above 75% highlight areas of critical need. Engineering, Oil & Gas, Pharmaceutical/Healthcare, and Textile & Apparels consistently report severe challenges, particularly in integrating ESG into business systems, data availability and quality, and limited internal capacity. Oil & Gas and

and regulatory clarity to advance ESG reporting maturity.

Top 3 Challenges	
64%	Data availability and quality issues
62%	Complexity of integrating ESG into business systems
60%	Limited internal expertise or capacity

Pharmaceutical/Healthcare both indicate 100% for challenges in almost every area, demonstrating a clear need for urgent support. Textile & Apparels faces acute regulatory clarity (82%) and integration (73%) issues, while Automobile & Transportation and Miscellaneous experience high integration and resource constraint challenges. Food Processing & Manufacturing must address both data (71%) and process

integration (71%) gaps. Across all sectors, any challenge registering above the 75% mark

should be viewed as a top priority for intervention and capacity-building.

Table 8.2: Percentage of Respondent Companies by Challenges encountered or anticipated for ESG Disclosures and Reporting by Sector

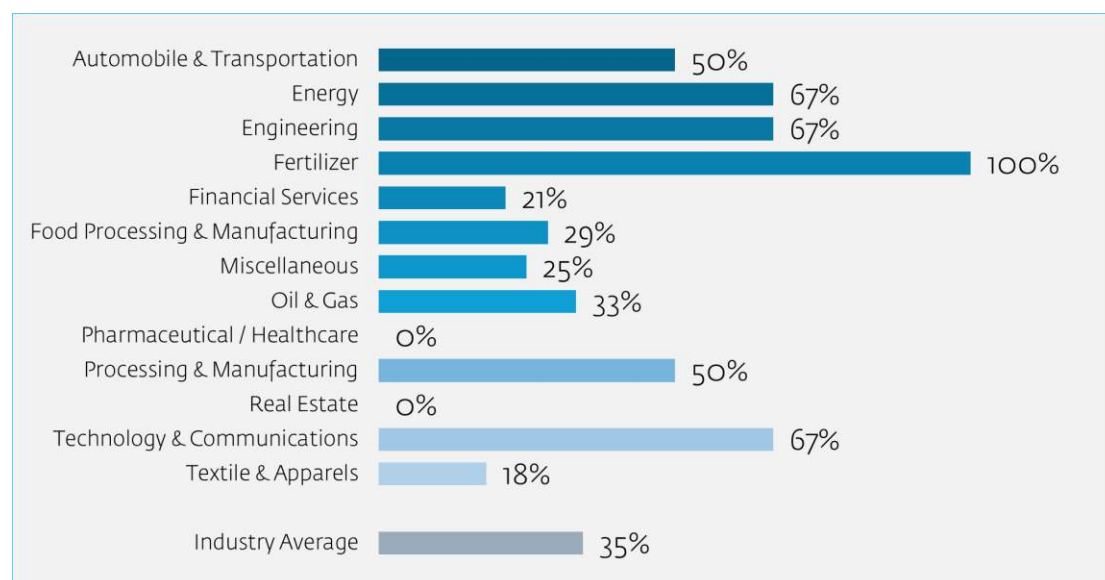
Sectors	Complexity of integrating ESG into business systems	Data availability and quality issues	Lack of clear regulatory guidance or standards	Limited internal expertise or capacity	Resource constraints (time, budget)	Stakeholder expectations management	Technology and data management limitations	Others
Automobile & Transportation	75%	63%	38%	50%	88%	50%	25%	13%
Energy	67%	100%		67%	33%	33%	33%	33%
Engineering	100%	67%		67%	33%	33%	33%	
Fertilizer		50%	50%	50%	50%	50%		50%
Financial Services	46%	54%	36%	54%	36%	14%	18%	32%
Food Processing & Manufacturing	71%	71%	43%	43%	43%	29%	43%	29%
Miscellaneous	75%	50%	25%	25%	50%	25%		50%
Oil & Gas	100%	100%	67%	100%	100%		33%	0%
Pharmaceutical / Healthcare	100%	100%	100%	100%	100%	100%	100%	0%
Processing & Manufacturing	60%	90%	50%	90%	50%	30%	20%	10%
Real Estate				100%				
Technology & Communications	67%		33%	100%	33%	33%		
Textile & Apparels	73%	73%	82%	45%	45%	9%	27%	

The sectoral analysis led to key strategies adopted by the industry to address these challenges.

Top 10 mitigation strategies adopted by the industry to overcome the key challenges and barriers

- 1. Capacity Building:** Establishing training programs and developing internal expertise across key business units.
- 2. Data Quality and Management:** Implementing rigorous controls, establishing centralized and digitized ESG data systems, and standardizing reporting practices to improve the accuracy, completeness, and reliability of ESG data.
- 3. Regulatory Compliance and Standards Alignment:** Aligning ESG disclosures with evolving local and international frameworks such as SECP ESG Guidelines, IFRS S1/S2, GRI.
- 4. Governance and Oversight:** Strengthening ESG governance structures, including dedicated ESG committees and cross-functional teams.
- 5. Integration of ESG into Strategy and Risk Management:** Embedding ESG metrics into core systems and strategic decision-making processes.
- 6. Materiality Assessment:** Conducting formal materiality assessments to systematically identify and prioritize the ESG topics most relevant to the business and stakeholders. Note: Across sectors, materiality assessment practices remain one of the least developed ESG disclosure areas, with an industry average of just 56%. Implementing robust methodologies aligned with globally recognized standards is critical to closing this gap.
- 7. External Assurance and Transparency:** Engaging third-party auditors and consultants for credible assurance and verification.
- 8. Resource and Cost Constraints:** Managing financial and manpower resources needed to meet ESG reporting and assurance requirements.
- 9. Stakeholder Engagement:** Communicating with regulators, investors, customers, and communities to meet expectations and drive ESG performance.
- 10. Environmental Initiatives:** Focus on renewable energy adoption, carbon footprint reduction, waste management, and circular economy projects.
- 11. Continuous Improvement and Adaptation:** Conducting gap analyses, developing roadmaps, and updating practices to address emerging ESG reporting mandates and industry best practices.

Graph 8.3: Percentage of Respondent Companies for whom ESG Disclosure is Subject to Independent Assurance / Verification



Independent assurance or verification of ESG disclosures varies significantly across sectors. Fertilizer leads with 100% of respondents obtaining independent assurance, followed by Energy, Engineering, and Technology & Communications, each reporting 67%. Automobile & Transportation and Processing & Manufacturing each reach 50%. Most other sectors, including Financial Services (21%), Food Processing & Manufacturing (29%),

Miscellaneous (25%), and Oil & Gas (33%)—fall well below the industry average of 35%. Pharmaceutical/Healthcare and Real Estate report no independent assurance, at all. These results highlight that while some sectors have embraced robust ESG verification, the majority remain behind, signaling a growing need for independent assurance to build trust, transparency, and credibility in ESG disclosures.

Scope of work for the companies which are subject to independent assurance / verification

ESG Assurance: Current assurance covers environmental, governance, and select social metrics; anticipated expansion to comprehensive ESG data including GHG emissions and community impacts.

Third-Party Assurance Engagement: Increasing use of independent external auditors and assurance providers aligned with GRI, IFRS S1 & S2, and ISAE 3000 standards for credibility and transparency.

Note: IFRS S1 & S2 and GRI does not require assurance of sustainability information, but they help companies become assurance ready. Only ESRS requires limited assurance.

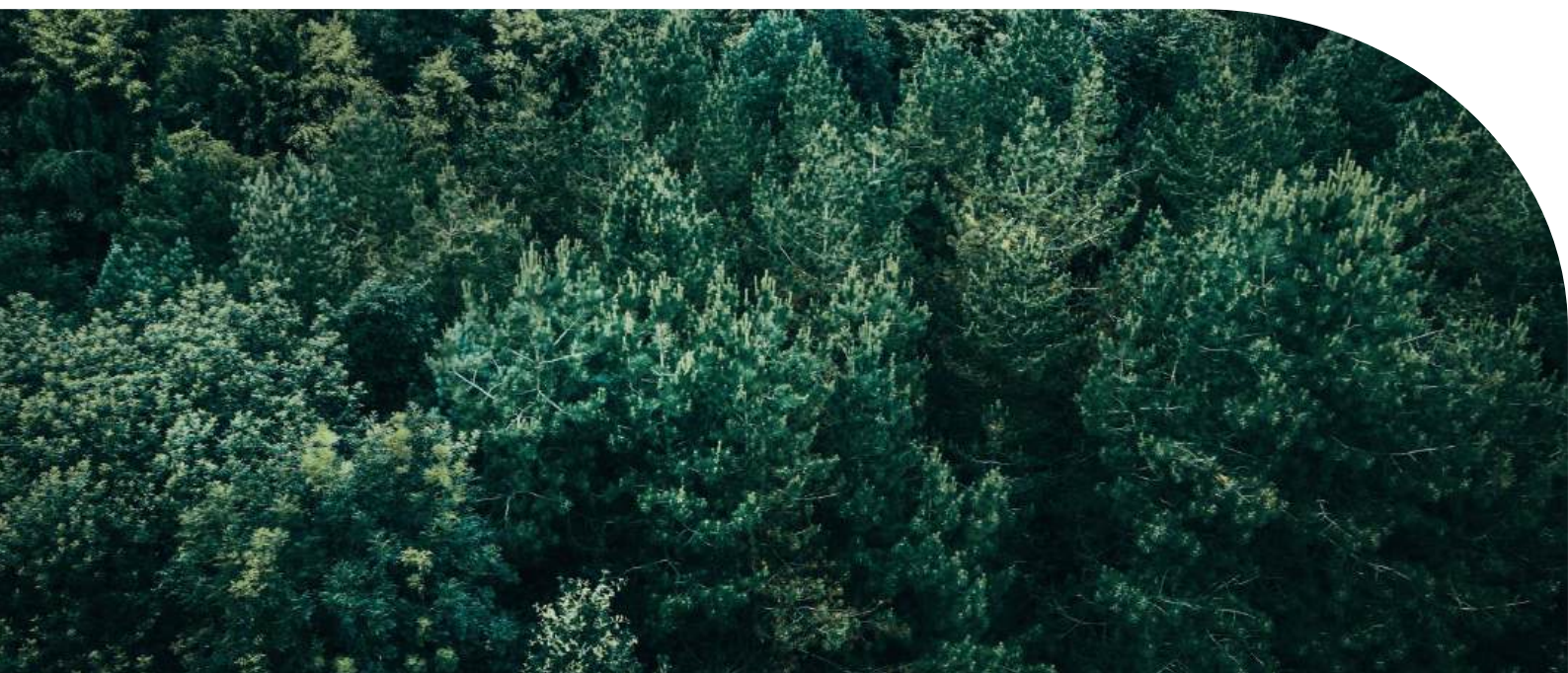
Internal Audit and Limited Assurance: Many firms conduct internal reviews and limited assurance audits focusing on specific certifications, workplace safety, and environmental systems.

Regulatory Alignment: Alignment with SECP ESG guidelines, IFRS Sustainability Disclosure Standards, and evolving global frameworks such as SASB, TCFD, and GRI. Note: While IFRS S1/S2 and GRI do not mandate assurance, following these standards helps companies become assurance-ready, and ESRS requirements are particularly relevant for companies with significant business operations in the EU.

Data Validation and Management: Strengthening internal data systems, digitization, standardization, and cross-departmental reviews for data accuracy and consistency.

Future Assurance Plans: Companies plan to introduce or expand ESG assurance scope in line with regulatory milestones, including mandatory assurance from FY2027.

Sector-Specific Assurance Practices: Some industry-specific assurance practices (e.g., textiles



The summary below gives the five key barriers in obtaining assurance / verification services

Top five actual or perceived barriers in obtaining assurance / verification services

Limited Availability of Specialized ESG Assurance Providers: A major challenge across companies in Pakistan, where the market lacks enough qualified assurance providers possessing technical expertise and industry-specific understanding to conduct credible ESG verification.

Evolving Regulatory Frameworks and Absence of Standardized ESG Assurance Guidelines: The ongoing evolution and lack of clear, unified local regulatory standards—such as SECP guidelines—complicate assurance processes and readiness.

Data Collection, Consistency, and Maturity Challenges: Difficulties in collecting reliable, standardized, and consolidated ESG data across multiple branches or departments limit the ability to implement effective assurance.

High Cost and Resource Intensity of Third-Party Verification: Financial constraints and significant resource requirements related to engaging specialized assurance providers, conducting data validation, and undergoing external audits challenge many firms.

Need for Enhanced Internal Systems and Capacity Building: Internal readiness gaps, including insufficient data digitization, standardization, documentation, and lack of trained staff competent in ESG reporting and assurance, inhibit credible assurance adoption.

8.3 RECOMMENDATIONS

Despite the challenges faced with ESG tracking and reporting, the findings reflect a growing commitment to integrating ESG principles within corporate strategies. The

results offer actionable insights for key stakeholders, underscoring the need for a coordinated effort to enhance ESG standards and practices. **Table 8.3** provides a summary of some key recommendations.

Table 8.3: Recommendations based on Study Insights

STAKEHOLDER	RECOMMENDATION
Regulatory Bodies	• Strengthen ESG Guidelines: Enhance the existing regulatory framework to mandate more detailed ESG disclosures, focusing on climate-related risks, emissions tracking, and gender diversity metrics. • Clear & Robust Guidelines: Provide clearer, sector-specific guidelines to help companies navigate the complexities of ESG reporting and ensure consistent application of global standards. • Promote Incentives: Encourage companies to adopt robust ESG practices by offering incentives such as tax benefits or preferential access to financing for ESG-compliant businesses.

STAKEHOLDER	RECOMMENDATION
	• Strengthen ESG Sustain: SECP may further strengthen ESG Sustain as the national baseline ESG data repository by enhancing its functionality to support investor access, peer benchmarking, and API-based data extraction, thereby substantially improving the availability and usability of ESG data in line with the broader recommendations already outlined.
Professional Bodies	• Capacity Building Programs: Organize training programs, workshops, and webinars to help companies, especially SMEs, understand and implement ESG reporting practices. • Standardize ESG Metrics: Work towards the standardization of ESG reporting metrics to facilitate comparability across sectors, particularly in GHG emissions and energy consumption. • Support for Assurance: Provide technical support to companies in obtaining independent assurance for their ESG disclosures, ensuring transparency and reliability.
Companies	• Increase Data Transparency: Companies should prioritize the collection and disclosure of reliable, quantifiable ESG data, particularly regarding GHG emissions and energy consumption. • Develop Comprehensive ESG Strategies and Conduct Robust Materiality Assessments: integrate ESG goals into core business strategies to align sustainability initiatives with long-term objectives and risk management as well as develop robust materiality assessment methodology and conduct materiality assessments as per a globally recognized standard (IFRS S1&S2, GRI) or double materiality assessment. • Invest in Capacity: Develop internal ESG training across business units to build reporting expertise and complement this with director- and leadership-level participation in external programs offered by the Institute of Directors, ISSB, IFC, IFRS Foundation, and UN SSE to strengthen ESG knowledge and leadership.
Investors	• Support ESG Integration: Investors should prioritize companies that demonstrate robust ESG practices and disclosures, ensuring that investments are aligned with sustainable development goals. • Encourage ESG Reporting: Advocate for greater transparency in ESG reporting, pushing companies to move beyond basic compliance and to adopt best practices for long-term sustainability.

STAKEHOLDER	RECOMMENDATION
	• Monitor ESG Performance: Regularly assesses the ESG performance of portfolio companies, using the findings to drive engagement and improvements in sustainability practices.

ANNEXURE 1: FULL SURVEY FORM

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
SECTION 1	INTRODUCTION TO BASELINE SURVEY	
	<u>Introduction</u> You are invited to participate in this ESG Readiness Survey aimed at assessing the baseline preparedness of companies in Pakistan for Environmental, Social, and Governance (ESG) and Sustainability Reporting adoption. By participating, you explicitly consent to the collection, processing, and use of your data under the terms outlined herein. <u>Purpose of Data Collection</u> The data collected through this survey will be used exclusively to develop a comprehensive ESG readiness baseline for the corporate sector in Pakistan and to identify the specific support needs of companies for ESG and sustainability reporting. Survey findings will be compiled and reported only at an aggregate industry level to support regulatory initiatives and capacity-building programs. No individual company or participant-specific data will be published, disseminated, or used for any purpose other than the declared survey objectives. <u>Data Privacy and Protection</u> Data collection will be limited to information strictly necessary for the stated survey objectives. Personal identifiers will be anonymized or pseudonymized wherever possible to protect confidentiality. Data will be held securely using appropriate technical and organizational safeguards such as encryption and access controls to prevent unauthorized access, disclosure, alteration, or destruction. Retention of data will be limited to the period required to fulfill survey objectives, after which data will be securely disposed of. <u>Data Use and Sharing</u> The survey findings will be used by the Securities and Exchange Commission of Pakistan and its authorized partners exclusively for developmental purposes related to ESG and sustainability reporting. No data or findings identifying individual companies or participants will be shared or disclosed outside this scope.	

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
	Where necessary, anonymized data may be shared with trusted third parties engaged to assist with survey analysis under binding confidentiality agreements. <u>Contact Information</u> For any technical issues faced during the survey, please reach out to Syed Hassam Ali at hassam@spectreco.com. For more information regarding the survey and study, please contact the ACCA and SECP team at asadmalik.mahmood@accaglobal.com.	
Q1	Please review and provide your consent to proceed with the survey.* ☐ Yes, I want to proceed with the survey ☐ No, I don't want to proceed	Yes/No
SECTION 2	COMPANY PROFILE	
Q2	Survey respondent details*	Multifield
Q2.1	First Name*	Open Text
Q2.2	Middle Name	Open Text
Q2.3	Last Name*	Open Text
Q2.4	Designation	Open Text
Q25	Role in organization*	List of Values
Q2.6	Key responsibility*	List of Values
Q3	Industry*	List of Values
Q4	Legal status*	Single Select
Q5	Year of establishment*	Number
Q6	Size of the business*	Multifield
Q6.1	Fiscal Year*	Number
Q6.2	Size of the business*	List of Values
Q7	Please describe your company's primary activities in the value chain.*	Open Text
Q8	What is the geographical scope of your operations?*	Single Select
Q9	Please provide the country of company Head Office.	List of Values
Q10	Does your company have a dedicated ESG or Sustainability department/unit?*	Yes/No

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q11	How many members of the management team are responsible for ESG risk management?*	Number
Q12	Please indicate which of the following ESG standards or reporting frameworks (both National and International) you follow (select all that apply).*	Multiple Select
Q13	Please specify the other standard(s) used for ESG/Sustainability reporting	Open Text
SECTION 3	BUSINESS OBJECTIVES	Value
Q14	What are the primary business objectives your company aims to achieve through ESG tracking and reporting?*	Multiple Select
Q15	Please specify others	Open Text
Q16	How does ESG performance measurement influence your strategic planning and operational decisions?*	Multiple Select
Q17	Do the Board and senior management communicate the company's sustainability commitment to employees and other stakeholders?*	Yes/No
Q18	Please share any additional information regarding your ESG tracking and reporting.	Open Text
SECTION 4	GOVERNANCE, STRATEGY, RISK MANAGEMENT, METRICS and TARGETS	
Q19	Governance – What governance structures, processes, and controls does your organization have in place to oversee and manage sustainability-related risks and opportunities?*	Open Text
Q20	Strategy – What strategies does your company follow to address and manage sustainability-related risks and opportunities?*	Open Text
Q21	Risk Management – How does your company identify, assess, prioritize, and monitor sustainability-related risks and opportunities?*	Open Text
Q22	Have you identified material topics through a materiality assessment? If yes, what process do you follow for their identification?*	Open Text
Q23	Metrics & Targets – How does your company measure and report its performance on sustainability-related risks and opportunities, including progress against any internal or regulatory targets?*	Open Text
Q24	Do you have a transition plan developed or implemented to achieve net zero?*	Open Text

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
SECTION 5	ENVIRONMENTAL DISCLOSURES	Value
Q25	Environment: Total GHG Emissions (tCO ₂ e)	Multifield
Q25.1	Are you tracking Total Actual GHG Emissions?*	Yes/No
Q25.2	Do you have a baseline established?	Yes/No
Q25.3	Baseline Year (YYYY)	Number
Q25.4	Baseline Value (tCO ₂ e)	Number
Q25.5	Actual Year (YYYY)	Number
Q25.6	Actual Value (tCO ₂ e)	Number
Q25.7	Do you have an established target for GHG emission reduction?*	Yes/No
Q25.8	Target Year (YYYY)	Number
Q25.9	Target Value (tCO ₂ e)	Number
Q26	Environment: Scope 1 Emissions (tCO ₂ e)	Multifield
Q26.1	Are you tracking Total Actual Scope 1 Emissions?*	Yes/No
Q26.2	Do you have a baseline established?	Yes/No
Q26.3	Baseline Year (YYYY)	Number
Q26.4	Baseline Value (tCO ₂ e)	Number
Q26.5	Actual Year (YYYY)	Number
Q26.6	Actual Value (tCO ₂ e)	Number
Q26.7	Do you have an established target for Scope 1 emission reduction?*	Yes/No
Q26.8	Target Year (YYYY)	Number
Q26.9	Target Value (tCO ₂ e)	Number
Q27	Environment: Scope 2 Emissions (tCO ₂ e)	Multifield
Q27.1	Are you tracking Total Actual Scope 2 Emissions?*	Yes/No
Q27.2	Do you have a baseline established?	Yes/No
Q27.3	Baseline Year (YYYY)	Number
Q27.4	Baseline Value (tCO ₂ e)	Number
Q27.5	Actual Year (YYYY)	Number
Q27.6	Actual Value (tCO ₂ e)	Number

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q27.7	Do you have an established target for Scope 2 emission reduction?*	Yes/No
Q27.8	Target Year (YYYY)	Number
Q27.9	Target Value (tCO2e)	Number
Q28	Environment: Scope 3 Emissions (tCO2e)	Multifield
Q28.1	Are you tracking Scope 3 Emissions?*	Yes/No
Q28.2	Do you have a baseline established?	Yes/No
Q28.3	Baseline Year (YYYY)	Number
Q28.4	Baseline Value (tCO2e)	Number
Q28.5	Actual Year (YYYY)	Number
Q28.6	Actual Value (tCO2e)	Number
Q28.7	Do you have an established target for Scope 3 emission reduction?*	Yes/No
Q28.8	Target Year (YYYY)	Number
Q28.9	Target Value (tCO2e)	Number
Q29	Environment: Total Water Consumption	Multifield
Q29.1	Are you monitoring your water consumption?*	Yes/No
Q29.2	Unit	Open Text
Q29.3	Do you have a baseline established?	Yes/No
Q29.4	Baseline Year (YYYY)	Number
Q29.5	Baseline Value	Number
Q29.6	Actual Year (YYYY)	Number
Q29.7	Actual Value	Number
Q29.8	Do you have an established target for water consumption reduction?*	Yes/No
Q29.9	Target Year (YYYY)	Number
Q29.10	Target Value	Number
Q30	Environment: Total Water Reclaimed	Multifield
Q30.1	Are you treating and reusing water from its operations?*	Yes/No
Q30.2	Unit	Open Text

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q30.3	Do you have a baseline established?	Yes/No
Q30.4	Baseline Year (YYYY)	Number
Q30.5	Baseline Value	Number
Q30.6	Actual Year (YYYY)	Number
Q30.7	Actual Value	Number
Q30.8	Do you have an established target for water reclamation?*	Yes/No
Q30.9	Target Year (YYYY)	Number
Q30.10	Target Value	Number
Q31	Environment: Total Energy Consumption	Multifield
Q31.1	Are you tracking energy consumption?*	Yes/No
Q31.2	Unit	Open Text
Q31.3	Do you have a baseline established?	Yes/No
Q31.4	Baseline Year (YYYY)	Number
Q31.5	Baseline Value	Number
Q31.6	Actual Year (YYYY)	Number
Q31.7	Actual Value	Number
Q31.8	Do you have an established target for energy consumption reduction?*	Yes/No
Q31.9	Target Year (YYYY)	Number
Q31.10	Target Value	Number
Q32	Environment: Composition of Renewable Energy	Multifield
Q32.1	Are you using renewable energy sources?*	Yes/No
Q32.2	Unit	Open Text
Q32.3	Do you have a baseline established?	Yes/No
Q32.4	Baseline Year (YYYY)	Number
Q32.5	Baseline Value	Number
Q32.6	Actual Year (YYYY)	Number
Q32.7	Actual Value	Number
Q32.8	Do you have an established target for increase of renewable energy consumption?*	Yes/No

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q32.9	Target Year (YYYY)	Number
Q32.10	Target Value	Number
Q33	Environment: GHG Emissions Intensity (E.g. GHG emissions per unit of production/Per unit of energy/Per unit of revenue/Per person)	Multifield
Q33.1	Are you tracking GHG Emissions per unit of output or activity?*	Yes/No
Q33.2	Unit	Open Text
Q33.3	Do you have a baseline established?	Yes/No
Q33.4	Baseline Year (YYYY)	Number
Q33.5	Baseline Value	Number
Q33.6	Actual Year (YYYY)	Number
Q33.7	Actual Value	Number
Q33.8	Do you have an established target for GHG Emissions Intensity reduction?*	Yes/No
Q33.9	Target Year (YYYY)	Number
Q33.10	Target Value	Number
Q34	Environment: Non-GHG Emissions Intensity (E.g. other air emissions Per unit of production/Per unit of energy/Per unit of revenue/Per person)	Multifield
Q34.1	Are you tracking Total Actual GHG Emissions?*	Yes/No
Q34.2	Unit	Open Text
Q34.3	Do you have a baseline established?	Yes/No
Q34.4	Baseline Year (YYYY)	Number
Q34.5	Baseline Value	Number
Q34.6	Actual Year (YYYY)	Number
Q34.7	Actual Value	Number
Q34.8	Do you have an established target for GHG emission reduction?*	Yes/No
Q34.9	Target Year (YYYY)	Number
Q34.10	Target Value	Number
Q35	Environment: Does your company have a formal Environmental Policy?*	Yes/No

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q36	Environment: Does your company follow specific waste, water, energy and/or recycling policies?*	Yes/No
Q37	Environment: What is the quantity of waste (in metric tonnes) recycled or reused?*	Number
Q38	Environment: Does your company use a recognized energy management system?*	Yes/No
Q39	Environment: Does your company has a policy and procedures in place for sustainable sourcing?*	Yes/No
Q40	Environment: What was your most recent annual investment in climate-related infrastructure (in monetary terms)?*	Open Text
SECTION 6	SOCIAL DISCLOSURES	Value
Q41	Social: What is the CEO pay ratio?*	Number
Q42	Social: What is your gender pay ratio?*	Number
Q43	Social: What is the year-over-year percentage change in your company for full-time employees, part-time employees and contractors/consultants (Previous FY vs Current FY)?*	Multifield
Q43.1	Year*	Number
Q43.2	Full-time Employees*	Number
Q43.3	Part-time employees*	Number
Q43.4	Contractors/Consultants*	Number
Q44	Social: Headcount*	Multifield
Q44.1	What is total Headcount of your company?*	Number
Q44.2	What percentage of staff are female?*	Number
Q45	Social: What is your part-time employee ratio?*	Number
Q46	Social: What is your contractor/consultant ratio?*	Number
Q47	What is the gender distribution (male/female) in entry- to mid-level positions and in senior to executive-level positions?*	Multifield
Q47.1	What are your Entry and Mid-level Positions by Gender Male?*	Number
Q47.2	What are your Entry and Mid-level Positions by Gender Female?*	Number
Q47.3	What are your Senior and Executive level Positions by Gender Male?*	Number
Q47.4	What are your Senior and Executive level Positions by Gender Female?*	Number

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q48	Social: Does your company have a sexual harassment and/or non-discrimination, diversity, inclusion policy?*	Yes/No
Q49	Social: Does your company have a confidential grievance, reporting, resolution and non-retaliation mechanism to address incidents of harassment and violence?*	Yes/No
Q50	Social: What is the percentage of male/female employees with disabilities?*	
Q50.1	Percentage of male employees with disabilities?*	Number
Q50.2	Percentage of female employees with disabilities?*	Number
Q51	Social: Does your company follow an occupational health and/or global health & safety policy?*	Yes/No
Q52	Social: Child and Forced labor*	Multifield
Q52.1	Does your company follow a child and/or forced labor policy?*	Yes/No
Q52.2	If yes, does your child/forced labor policy also cover suppliers and vendors?	Yes/No
Q53	Social: Does your company conduct any ESG-related trainings for its employees, suppliers or vendors?*	Yes/No
Q54	Social: Human rights policy*	Multifield
Q54.1	Does your company follow a human rights policy?*	Yes/No
Q55	Social: Working conditions at workspace	Multifield
Q55.1	Number of employee complaints on working conditions (during reporting period)*	Number
Q55.2	Number of working condition complaints resolved (during reporting period).*	Number
Q56	Social: Safety-related incidents at workspace	Multifield
Q56.1	What is the frequency of injury events relative to total workforce time?*	Number
Q56.2	How many safety-related incidents occurred during the reporting year?*	Number
Q56.3	Number of lost production hours as a result of safety related incidents?*	Number
Q56.4	What is the percentage of employees/workers covered with Health and Safety Insurance?*	Number

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q57	Social: Do you have responsible gender sensitive marketing communication policy or a commitment embedded in larger corporate policy*	Yes/No
SECTION 7	GOVERNANCE DISCLOSURES	Value
Q58	Governance: Board Diversity*	Multifield
Q58.1	As of the end of the fiscal year, how many members served on your Board of Directors?*	Number
Q58.2	How many men currently hold seats on your Board of Directors?*	Number
Q58.3	How many women currently hold seats on your Board of Directors?*	Number
Q59	Governance: Does your Board of Directors have a non-executive Chairman?*	Yes/No
Q60	Governance: How many board seats are currently occupied by independent (non-executive, non-management) directors?*	Number
Q61	Governance: What is the percentage of ESG-certified board members?*	Number
Q62	Governance: Are executives formally incentivized to perform on sustainability?*	Yes/No
Q63	Governance: Do you have a Board Committee responsible for ESG oversight?*	Yes/No
Q64	Governance: Board of Directors/Management ESG oversight*	Multifield
Q64.1	Are your Board of Directors/Management having formal oversight of company operations and strategic matters?*	Yes/No
Q64.2	Are you ensuring Board/Management Oversight for sustainability/ESG related initiatives and targets?*	Yes/No
Q65	Governance: What percentage of your total headcount is covered by collective bargaining agreement(s)?*	Number
Q66	Governance: Supplier Code of Conduct*	Multifield
Q66.1	Are your vendors or suppliers required to follow a Code of Conduct?*	Yes/No
Q67	Governance: Ethics and/or Anti-Corruption*	Multifield
Q67.1	Does your company follow an Ethics and/or Anti-Corruption policy?*	Yes/No

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q68	Governance: Do you have a formal Data Privacy policy?*	Yes/No
Q69	Governance: Data breaches in reporting year*	Multifield
Q69.1	How many data breaches did your organization experience during the reporting period?	Number
Q69.2	What percentage of these breaches involved personal data?	Number
Q69.3	How many account holders were affected by these breaches?	Number
Q70	Governance: Are you compliant with relevant data protection laws and regulations?*	Yes/No
Q71	Governance: Does your company disclose sustainability practices as part of its annual report?*	Yes/No
Q72	Governance: Is sustainability data included in your regulatory filings?*	Yes/No
Q73	Governance: Are you aligning initiatives with the United Nations Sustainable Development Goals (SDGs)*	Multifield
Q73.1	Are you aligning initiatives with the United Nations Sustainable Development Goals (SDGs)	Yes/No
Q73.2	Have you set measurable targets for SDGs?	Yes/No
Q73.3	Do you track progress against set SDGs targets?	Yes/No
SECTION 8	ESG DISCLOSURES, REPORTING AND ASSURANCE CHALLENGES	Value
Q74	What major challenges has your company encountered or anticipates in ESG disclosure and reporting? (Select all that apply):	Multiple Select
Q75	Other Challenges - Please Specify	Open Text
Q76	Please describe any steps your company is taking to address these challenges.	Open Text
Q77	Whether your ESG disclosures are subject to independent assurance/verification?	Yes/No
Q78	The scope and providers of such assurance	Open Text
Q79	Any barriers in obtaining assurance services	Open Text
Q80	What type of support or resources would be most helpful to improve your company's ESG disclosure capabilities?	Multiple Select
Q81	Other Support - Please Specify	Open Text

SECTION/ QUESTION #	TITLE/ QUESTION	INPUT TYPE
Q82	Is there any additional information or insights that you believe are critical for this survey but were not covered in the questions? Please share below.	Open Text

ANNEXURES 2: LIST OF PARTICIPATING COMPANIES

1. Adamjee Insurance Company Limited
2. Agriauto Industries Limited
3. Air Link Communication Limited
4. Aisha Steel Mills Limited
5. AKD Securities Limited
6. Amreli Steels Limited
7. Archroma Pakistan Limited
8. Askari Bank Limited
9. Attock Refinery Limited
10. BankIslami Pakistan Limited
11. Barkat Frisian Agro Limited
12. Bhanero Textile Mills Limited
13. Biafo Industries Limited
14. Blessed Textiles Limited
15. Blue-Ex Limited (GEM)
16. Century Insurance Company Limited
17. Century Paper & Board Mills Limited
18. Darson Securities Pvt Ltd
19. EFU General Insurance Limited
20. EFU Life Assurance Limited
21. Engro Fertilizers Limited
22. Engro Holdings Limited
23. Engro Polymer & Chemicals Limited
24. Engro Powergen Qadirpur Limited
25. Faisal Spinning Mills Limited
26. Fauji Fertilizer Company Limited
27. Faysal Bank Limited
28. Feroze1888 Mills Limited
29. FFO Support Program
30. First Habib Modaraba
31. First National Bank Modaraba
32. Gadoon Textile Mills Limited
33. Ghandhara Automobiles Limited
34. Ghandhara Industries Limited
35. Habib Bank Limited
36. Habib Insurance Company Limited
37. Hoechst Pakistan Limited
38. Honda Atlas Cars (Pakistan) Limited
39. IGI Holdings Limited
40. IGI Life Insurance Limited
41. Indus Dyeing & Manufacturing Co. Limited
42. Indus Motor Company Limited
43. Interloop Limited
44. International Packaging Films Limited
45. Invest Capital Investment Bank Limited
46. K-Electric Limited
47. Kohinoor Textile Mills Limited
48. Lucky Core Industries Limited
49. Masood Textile Mills Limited
50. Meezan Bank Limited
51. Merit Packaging Limited
52. Millat Tractors Limited
53. National Foods Limited
54. Nestle Pakistan Limited
55. Oil & Gas Development Company Limited
56. OLP Financial Services Pakistan Limited
57. Olympia Mills Limited
58. Pak Leather Crafts Limited
59. Pakistan Aluminium Beverage Cans Limited
60. Pakistan Reinsurance Company Limited
61. Pakistan Services Limited
62. Pakistan State Oil Company Limited
63. Panther Tyres Ltd.
64. Pioneer Cement Limited
65. Rafhan Maize Products Company Limited
66. Safco Microfinance Company (Pvt) Limited
67. Sanghar Sugar Mills Limited
68. Sazgar Engineering Works Limited
69. Service Industries Limited
70. Shield Corporation Limited
71. Siemens (Pakistan) Engineering
72. Standard Chartered Bank (Pak) Ltd
73. Tata Textile Mills Limited
74. The Bank of Khyber
75. The Bank of Punjab
76. The Hub Power Company Limited
77. The United Insurance Company
78. TPL Corp Limited
79. TPL Insurance Limited
80. TPL Life Insurance Limited
81. TPL Properties Limited
82. TPL Trakker Limited
83. Trust Securities & Brokerage Limited
84. UDL International Limited

ANNEXURES 3: REFERENCES AND FURTHER RESOURCES

Study References

1. KPMG Pakistan (2025). Environmental, Social, and Governance – KPMG Services and Insights.
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6. SECP (2024). Draft Additions to ESG Disclosure Guidelines for Listed Companies, 2023. Securities and Exchange Commission of Pakistan.
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8. SECP's ESG Regulations in Pakistan (2025). Climate Finance Pakistan.
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11. Transparency International Pakistan (2025). Pakistan companies are rated moderately transparent in corporate reporting.
12. The Pakistan Credit Rating Agency Limited (PACRA) (2022). Jute – Sector Study 2022.
13. Pakistan Stock Exchange (PSX) (2025). Vanaspati and Allied Industries – Sector Analysis.
14. SECP (2022). The Modaraba Regulations 2021 (updated August 15, 2022). Securities and Exchange Commission of Pakistan.

Practical Resource Recommendations

To support companies in improving the quality, comparability, and assurance-readiness of their annual and sustainability reports, it is recommended to utilize the IFC Beyond the Balance Sheet platform.

- The Annual Report Self-Assessment Tool enables organizations to benchmark their disclosures against global standards (ISSB, ESRS, GRI), receive structured feedback, and identify areas for improvement.
<https://www.ifcbeyondthebalancesheet.org/create-assess>
- The Beyond the Balance Sheet Toolkit provides step-by-step practical guidance, templates, and good practice examples for preparing integrated annual sustainability and climate reports.
<https://www.ifcbeyondthebalancesheet.org/about-the-toolkit>
- The Sustainability Reporting Essentials E-learning Course offers self-paced training modules to build internal capacity in sustainability reporting.
<https://wbg.edcast.com/insights/ECL-aff3c723-e58c-4787-ac30-4b6076ff2c5d>
- Sustainability information assurance: For organizations looking to strengthen their sustainability assurance processes, it is recommended to utilize the ISSA 5000 - International Standard on Sustainability Assurance 5000. This comprehensive, standalone global standard,

developed by the International Auditing and Assurance Standards Board (IAASB), provides guidance for assurance practitioners in evaluating and providing assurance on sustainability information.

<https://www.iaasb.org/publications/international-standard-sustainability-assurance-5000>

These resources can help address common challenges identified in this report, including data quality, reporting consistency, and internal expertise.

