

October 14th, 2025

Ms. Musarat Jabeen
Executive Director
Securities & Exchange Commission of Pakistan
Chairman Secretariat
NIC Building, 63 Jinnah Avenue
Islamabad

Dear Ms. Jabeen

PBC's Comments on Draft Amendments to ESG Disclosure Guidelines for Listed Companies

The PBC members acknowledge the Securities and Exchange Commission of Pakistan's (SECP) intention to enhance transparency and sustainability reporting. However, upon review of the proposed amendments to ESG Disclosure Guidelines, members are concerned that requiring listed companies to disclose climate-related risks and opportunities aligned with the Pakistan Green Taxonomy (PGT) and Nationally Determined Contributions (NDCs) **may constitute overregulation.**

The proposed amendments could potentially burden Pakistan's corporate sector and capital markets.

The proposals appear to duplicate functions already managed by the Pakistan Environmental Protection Agency (Pak-EPA) and provincial EPAs, which regulate emissions, effluents, and Environmental Impact Assessments (EIAs)/Initial Environmental Examinations (IEEs) as required under the Environmental Protection Laws. **Integrating these obligations into securities disclosures creates a second compliance regime,** potentially increasing complexity and risk without offering additional benefits. Furthermore, the amendments rely on frameworks, specifically the PGT and NDCs, that are still in development or subject to revision. This could lead to issuers incurring costs for reporting systems that may become obsolete or inconsistent.

The financial and operational burden on Pakistan's listed companies, many of which are mid-caps, would be substantial given their limited capacity to absorb the expenses associated with climate data collection, verification, and third-party assurance. These additional costs emerge at a time when **overregulation** and **the high cost of doing business** have already led many **companies to scale back, exit the market, or close export operations etc.** Additional compliance layers could exacerbate these challenges, accelerating closures and discouraging investment. Moreover, applying these obligations indiscriminately to **all** listed firms, irrespective of their access to green financing, could create market distortions by penalizing listed entities.

Given Pakistan's fragmented data systems and a shortage of accredited verifiers, compliance may also prove difficult, potentially leading to bottlenecks, inconsistent assurance, and unreliable disclosures.



Critically, these amendments appear to shift the SECP's focus from ensuring disclosure material to investors towards enforcing broader national policy objectives. This could dilute investor-focused reporting into policy compliance reporting, which may not serve market efficiency or protect shareholders effectively.

We therefore respectfully suggest that the SECP reconsider its approach. We propose limiting ESG disclosures to material climate issues or to issuers actively pursuing green financing. Existing approvals from Pak-EPA and the State Bank of Pakistan (SBP) should be considered sufficient evidence of compliance where relevant. To ease reporting burdens, we recommend the establishment of a national climate-data repository. Furthermore, any mandatory requirements should only be introduced and only be the responsibility of the State and without burdening the corporate sector, once the PGT and NDC frameworks are fully finalized and stable.

While transparency is vital, regulation that is duplicative, premature, and costly, particularly in the current fragile business environment, could undermine confidence, deter new listings, and impede economic growth.

A proportionate, materiality-based, and non-duplicative approach at State level and without burdening the corporate sector would better serve both the market and national sustainability objectives.

PBC members are available for any interaction on the Draft Amendments to ESG Disclosure Guidelines.

Thank you and warm regards

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