



Pakistan Institute of Corporate Governance

Corporate Governance Trends 2025

*Trends Shaping Corporate
Governance in Pakistan*

About PICG

The Pakistan Institute of Corporate Governance (PICG) is the country's premier institution set up in 2004 as a not-for-profit company committed to the cause of promoting good corporate governance practices in the country. The Institute conducts corporate governance capacity building, engages in policy advocacy, advisory services, undertakes research and board performance evaluations, as well as publishes guidelines and other research material.

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ABOUT THE SURVEY

About the Survey

Evolving Corporate Governance (CG) practices and regulations shape how companies are directed and controlled. To rightly guide companies' strategic direction in line with global standards, it is essential for directors & executives to stay updated on significant CG trends to ensure they are able to perform their fiduciary responsibilities effectively. Understanding and adapting to these trends is also crucial for maintaining transparency, accountability, and ethical management practices, ensuring long-term organizational success and sustainability.

To explore these trends, a survey was conducted to identify the top corporate governance developments influencing the future of business leadership and boardroom practices in Pakistan. By gathering insights from industry leaders, board members, and governance experts, the research delved into the areas considered most relevant for companies in Pakistan.

Sent directly to directors and executives of companies in Pakistan in the form of an online questionnaire, the open survey was available for two weeks and 73 responses were received out of which 69 respondents were accepted as authentic for the purpose of our analysis, representing a good mix of companies.

We would like to place on record our appreciation for the invaluable contribution of the respondents to this survey.

PICG Research Team



EXECUTIVE SUMMARY

Executive Summary (1)

Consolidating responses from 69 board members, CEOs, and other C-suite executives representing sectors including energy, services and technology, this survey provides a comprehensive overview of Pakistan's current corporate governance trends.

With a significant majority (86%) of respondents' companies registered under the Companies Act 2017, nearly 57% listed on the stock exchange, as well as State-Owned Enterprises (SOEs) & Multinational (MNCs) together comprising half of those represented, the survey ensured a significant representation of the nation's corporate landscape. The responses provide a clear picture of governance practices in Pakistan, challenges in implementation, and the direction corporate governance should take in the future.

Respondents were asked to choose the top 5 corporate governance trends that their organizations are prioritizing this year, resulting in the following:

Regulatory Compliances

Respondents called for regulators to simplify compliance processes, eliminate non-business supportive regulations, and enhance board accountability

Strategic Direction

Respondents expect Boards to move beyond compliance focused governance to actively shaping strategies & driving long-term value creation through ESG, risk management and resilience.

ESG

Respondents recognized a rising demand for Environmental, Social, and Governance (ESG) disclosures, with regulators emphasizing sustainability.

Board & Management Dynamics

Respondents emphasized the importance of strengthening board operations, fostering inclusivity, and ensuring effective management practices.

Board Composition & DEI

Respondents highlighted the need to improve board nomination procedures, ensuring induction of quality independent directors and women, and improving the overall Board structure

Survey Findings

The survey provides valuable insights into the views of professionals regarding corporate governance challenges and improvements. Each major theme from the report is summarized below:

Regulatory Priorities for the Future

- Respondents emphasize that SECP and other regulators should focus on enforcement rather than just policy creation.
- Companies need stricter board evaluations and stronger whistleblower mechanisms & protection.

Role of Boards and Directors

- Board training and professional development should be enhanced to improve governance quality.
- Many directors lack independence, leading to ineffective oversight.

Future Direction of Corporate Governance in Pakistan

- ESG, sustainability reporting, and shareholder rights will gain prominence
- Respondents expect a shift towards technology-driven governance, including AI-driven audits and digital compliance tools.

Challenges in Implementation

- Many firms treat compliance as a checklist exercise rather than a business priority.
- Family-controlled businesses resist independent board members, limiting transparency.

Global Comparison

Compared to global corporate governance standards, Pakistan still faces challenges in board independence, investor rights, and enforcement of regulations. Many companies are family-owned and resist external oversight, whereas internationally, governance structures involve greater board accountability and shareholder activism.

In 2025, corporate governance is evolving rapidly, influenced by technological advancements, sustainability imperatives, and shifting regulatory landscapes. The following section discusses the key trends shaping this change, comparing it with global trends.

ESG Integration and Sustainability.

Global Trends

Globally, companies are increasingly aligning their operations with sustainability goals, integrating carbon neutrality targets, social responsibility initiatives, and enhanced governance transparency into their reporting.

Our respondents were of the view that:

- Regulatory bodies are enforcing stricter ESG disclosures, emphasizing transparent communication with stakeholders.
- In Pakistan sustainability efforts remain limited to large corporations (e.g., banking, energy, and MNCs).

Board Diversity and Inclusion

Global Trends

Mandatory quotas in various countries require a minimum percentage of individuals from diverse backgrounds in leadership roles, and inclusion efforts extend beyond gender, focusing on varied expertise and independent board members.

- Pakistan's corporate boards still have low female representation, especially in manufacturing, tech, and finance.
- This underrepresentation limits diversity of thought and decision-making at the highest levels of corporate governance.

AI Oversight and Digital Transformation

Global Trends

The integration of Artificial Intelligence (AI) into corporate governance is gaining momentum, with applications in risk assessment, compliance monitoring, and fraud detection.

- Many companies in Pakistan still lack structured AI governance policies. AI integration is mostly seen in fintech and telecom, while other industries remain hesitant.
- This uneven adoption reflects gaps in awareness, and organizational readiness..

Cybersecurity & Data protection

Global Trends

Cybersecurity is a global priority with rising threats: hacking, fraud, however, a low priority for respondents

- Cybersecurity governance was not a top priority among respondents, indicating a lack of urgency.
- Data privacy regulations exist in Pakistan, but many firms neglect cybersecurity investment.

Stakeholder-Centric Governance.

Global Trends

Companies are shifting from shareholder-focused governance to stakeholder-driven governance, with boards now considering employees, customers, communities, and environmental impact when making decisions, and transparent communication with all stakeholders becoming a growing priority.

- In Pakistan, governance remains heavily shareholder-focused, with less attention to employees and communities.
- Respondents highlighted result-oriented governance but did not emphasize stakeholder engagement.

Challenges

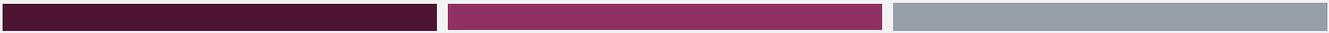
The research concludes that while Pakistan has made notable progress in corporate governance, significant gaps remain in enforcement, board independence, and corporate transparency. The future of governance in Pakistan will depend on regulatory rigor, technological adoption, and a cultural shift towards ethical leadership.

Advancing Governance: From Improvements to Global Alignment

Several targeted actions can help Pakistan advance its corporate governance from foundational improvements to alignment with global standards, some of these are:

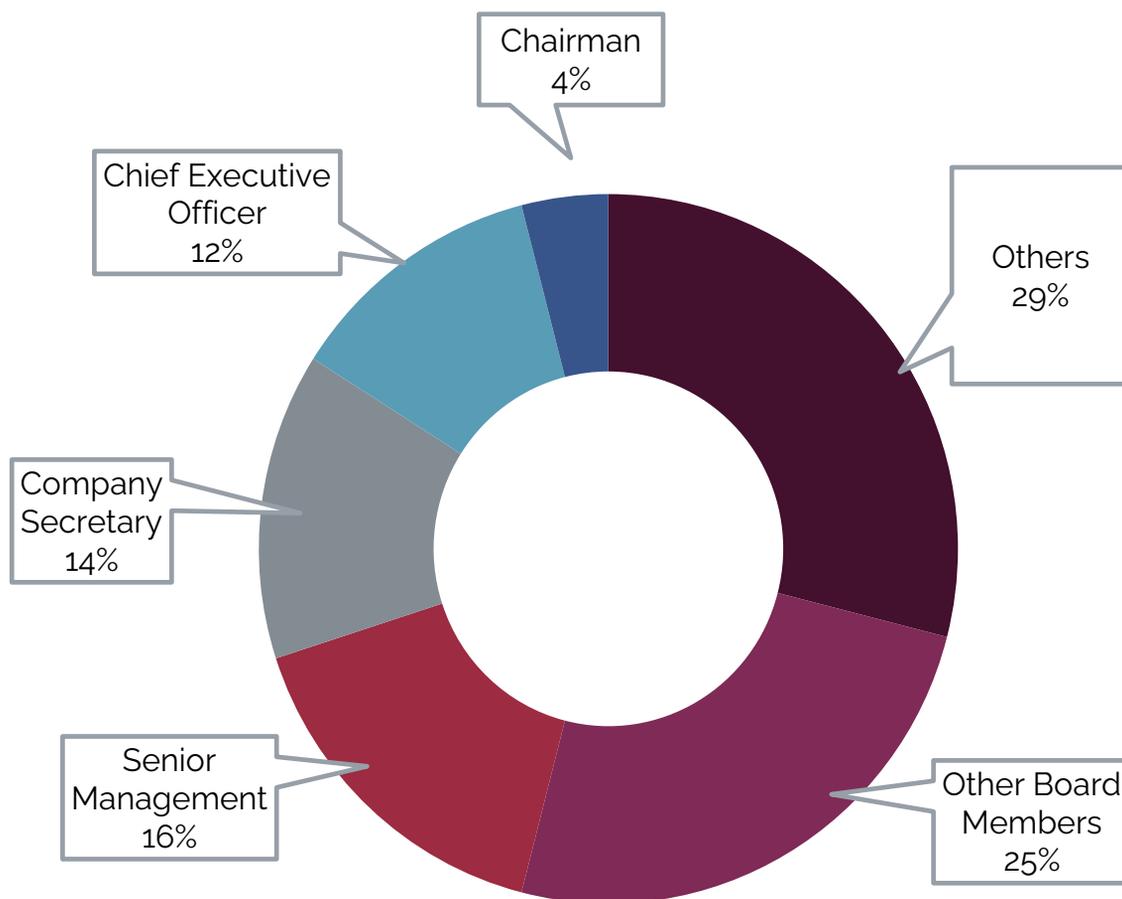
- Foster a **stronger culture of accountability** through external audits and independent reviews
- Develop **corporate governance scorecards** to benchmark firms against global standards.
- Provide **incentives for voluntary governance enhancements**, such as regulatory benefits for high-compliance firms
- Adopt **AI-driven governance models** for risk assessment.
- Focus on **enforcement of existing regulations** rather than creating new policies
- Prioritize **cybersecurity and ESG** as key areas for growth, enhancing resilience and global credibility.

By addressing these areas Pakistan can align its corporate governance framework with global best practices, ensuring stronger investor confidence, ethical leadership, and sustainable business growth



OVERVIEW OF SURVEY RESULTS

Respondent Profile – *Designation*



Total Respondents:
69

Note:

Others include managers, deputy chief officer, advisor, and freelancers.

Respondent Profile – *Company*

86%

Registered under the
Companies Act 2017

34%

State Owned
Enterprises (SOEs)

17%

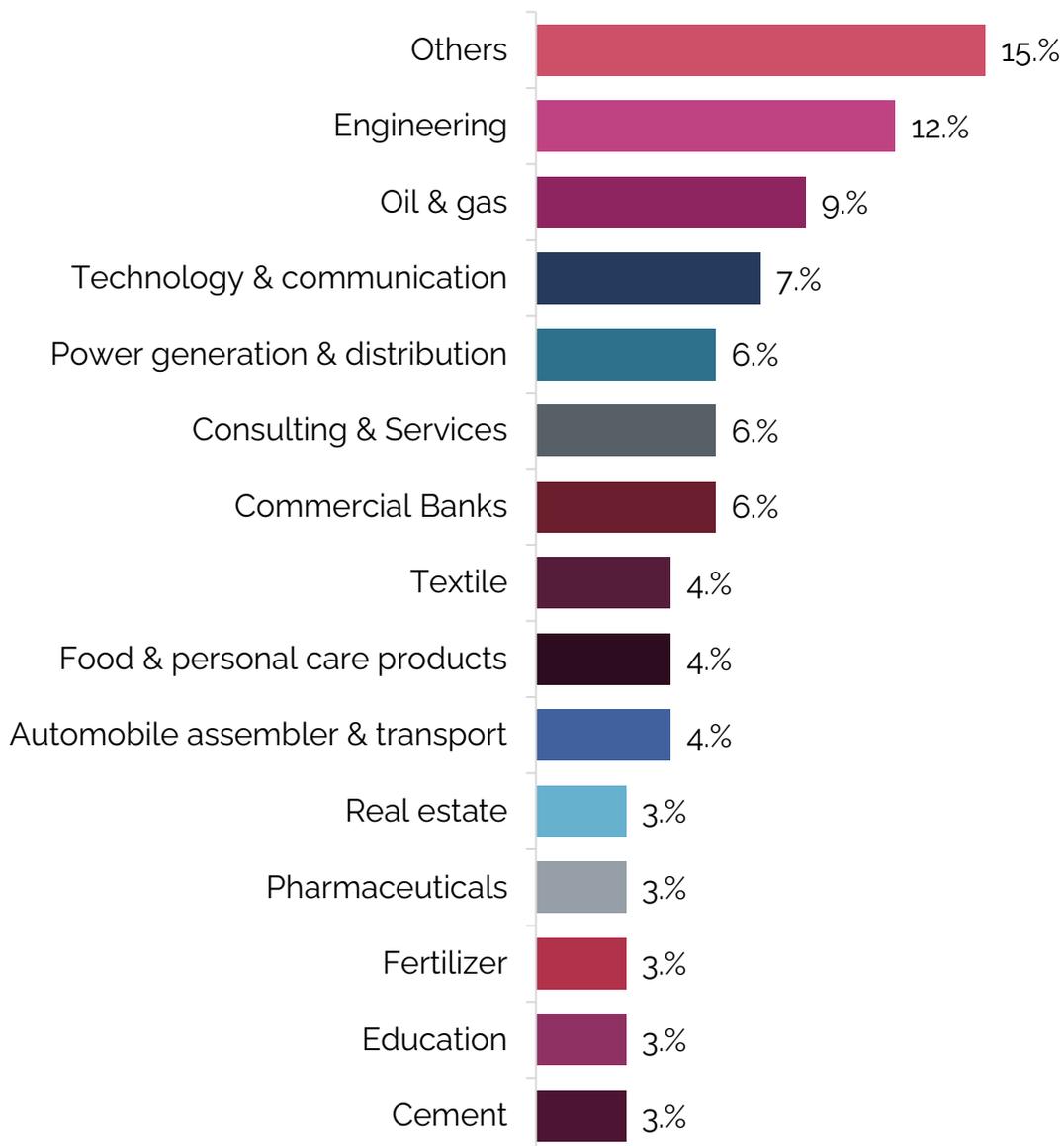
Multinational
Companies (MNCs)

57%

Listed on the Stock
Exchange

Overview of Survey Results (3)

Respondent Profile – *Industry*



Note:

Others include real estate, glass and ceramics, trade body, and shipping.

Overview of Survey Results (4)

Corporate Governance – *Key Prioritized Trends*

Key CG areas that organizations are prioritizing this year



The Future of Corporate Governance – *5 Key trends organizations are focusing on*



Legal and regulatory compliance remains the top priority as in the past, with 64% of respondents identifying it as the most important area of focus. Boards are also placing significant emphasis on setting the strategic direction, thereby shaping the organization's long-term vision and goals.

In line with global trends, Pakistani boards are increasingly prioritizing sustainability by focusing on Environmental, Social, and Governance (ESG) considerations. Additionally, to ensure leadership continuity, greater attention is being given to board and management dynamics, particularly in the context of succession planning.

To stay aligned with evolving regulatory expectations, diversity, equity, and inclusion (DEI) have emerged as key priorities for boards across Pakistan

Governance Gaps Uncovered

Respondents identified the following key areas as requiring improvement within their organizations

1. Artificial Intelligence & Technology Adaptation

2. Board Composition & Succession Planning

3. Board Culture and Dynamics

4. Cybersecurity

5. Director Training

6. Diversity, Equity & Inclusion

7. Ethical Business Practices

8. Environmental, Social & Governance (ESG)

9. Independence of Directors

10. Regulation & Compliance

11. Risk Management

12. Shareholder Rights

Key Focus Area Shaping the Industry's Future

What Respondents Identified As Critical Industry-Specific Priorities

Top 5 Industries Represented in Survey	Area of Focus		
Oil & Gas	Strategic Governance	Ethical Governance & Corporate Culture	Cyber Security
Power Generation & Distribution	ESG/DEI	Risk Management & Strategic Planning	Geopolitics
Commercial Banks	ESG	Cybersecurity	Directors Orientation & Training
Food & Personal Care Products	Generative AI/ AI Innovations	Board Structure & Governance	Strategic Governance

Shaping The Future: Key Insights

Governance Priorities for Regulators (1)

Respondent identified 5 main areas which they believed Regulators should prioritize in the coming years:

Strengthening Board Governance

- Establish merit-based selection guidelines for board composition.
- Promote a healthy board culture aligned with ethical leadership.
- Ensure diverse, independent boards with focus on gender equality & DEI.
- Strengthen independence and effectiveness of Independent Directors for better oversight.

Regulatory Compliance & Legal Framework

- Simplify compliance processes to reduce regulatory burden on businesses.
- Standardized board evaluation.
- Strengthen fiduciary responsibilities & enforce corporate accountability.
- Implement Industry specific regulations.
- Effective filing of reports for transparency.
- Enforce safety in critical Industries.

Shaping The Future: Key Insights

Governance Priorities For Regulators (2)

ESG & Ethical Leadership

- Establish clear ESG regulations to drive corporate sustainability goals.
- Promote ethical leadership to ensure integrity in business practices.
- Strengthen environmental governance framework
- Enforce equitable treatment policies for stakeholders (employees, investors & the public).

Risk Management & Stakeholder Rights

- Strengthen governance of State-Owned Enterprises
- Manage shareholder activism to ensure balanced decision making.
- Enhance risk management framework to address macroeconomic challenges.
- Develop cybersecurity regulations to protect businesses from threat.
- Integrate ESG factors in risk assessment

Business Facilitation, Financial Integrity & Workforce Development

- Improve business ease through transparent regulatory policies.
- Reduce bureaucratic hurdles to support SMEs and overall industry development
- Strengthen financial controls to detect misconduct.
- Educate professionals on governance best practices and implement training programs for workforce competitiveness
- Use AI- driven solutions for compliance monitoring.

Corporate Governance In Pakistan – *Where do respondents see it heading? (1)*

Corporate Governance in Pakistan has undergone significant evolution, reflecting the country's commitment to enhancing transparency, accountability and investors confidence. Despite the advancements, several challenges persist. We asked the respondents what they think the future of corporate governance in Pakistan is, to understand their perspective on upcoming trends, challenges and potential reforms that can shape the country's corporate landscape.

Upcoming Trends

1. Board Leadership & Composition

- The board should have people from various backgrounds so that the purpose of collective wisdom comes into play.
- SOEs need to have a majority of independent directors.
- Need to induct more independent Directors and strengthen Board committees to play their due roles.
- Boards should lead actively in both private and public sectors.

2. Ethical Leadership & Risk Governance

- Ethical Culture & Leadership will continue to be an essential pillar of governance.
- Risk Governance will play a key role in decision-making processes.

"Boards should be professionally leading from the front with active involvement in both private and public sectors."

Corporate Governance In Pakistan – *Where do respondents see it heading? (2)*

3. Governance Modernization & Global Alignment

- Regulatory bodies are actively updating corporate governance-related laws in Pakistan, and more stringent approaches in terms of following the laws are expected by stakeholders in the future.
- Align with global trends, especially in the digital space.
- Board composition & ESG are gaining importance in governance frameworks.

4. Training & Education

- There is a great need to have regular seminars for educating directors to understand their responsibilities.
- More training seminars for compliance will be essential in corporate governance practices.
- Promotion of board culture, enhancement of board independence, and regular training programs for board members and executives on corporate governance principles and ethical leadership will gain further focus

"Align with global trends, especially in the digital space."

Corporate Governance In Pakistan – *Where do respondents see it heading? (3)*

Challenges

- Lack of training and compliance awareness
- Ease regulatory pressures on companies.
- The decision-making process should be made easy.
- Anomalies in various corporate governance laws should be removed.
- Regulatory bodies should be in advisory status, specifically for the SME sector.
- Traditional approach of boards towards future-proofing of organizations needs to be disrupted.
- Need clear regulation and their implementation.
- Strengthening strategic depth and capability.
- Going forward, we must educate corporate professionals on the importance of corporate governance.
- Training and availability of women for board directorships.

"There is a great need to have regular seminars for educating directors to understand their responsibilities."

Corporate Governance In Pakistan – *Where do respondents see it heading? (4)*

Potential Reforms We See Happening in the Future

- There should be some mechanism defined in CCG regulations for remuneration & benefits of Company Secretaries.
- Stronger vigilance by regulators, as regulatory bodies in Pakistan are tightening corporate governance laws, with stricter compliance expected.
- Ethical leadership will be prioritized in decision-making in future.
- Government should eliminate all non-business supportive compliances and processes to support business and corporates to keep focused on business activities by creating new efficient and effective forums.
- New efficient and effective forums will be needed to support corporate professionals and businesses.

"The regulatory bodies are actively updating CG-related laws in Pakistan, and more stringent approach in terms of following the laws are being expected by the stakeholders in the future."



Acknowledgement

Acknowledgement

We sincerely appreciate the time, effort, and valuable insights contributed by the respondents. Their contributions have been instrumental in shaping this study and deepening the understanding of corporate governance trends in Pakistan.

We would also like to recognize the dedicated efforts of our team members:

- Ms. Ruqqaiya Makra and
- Ms. Fatima Ali.

Their work in compiling, reviewing, and analyzing the responses has been invaluable in bringing this report to completion.

Note

All information has been tabulated and analyzed based solely on responses received. While all possible care has been taken to compile the results, the possibility of any unintentional error cannot be ruled out. Kindly inform the Research Team of errors, if any, noted on: picgresearch@gmail.com