

CORPORATE GOVERNANCE HIGHLIGHTS

Quarterly Update
October - December 2025

Regulatory Updates (1)

SECP has approved proposed amendments to PSX Regulations by adding new clause 5.7A 'Holding of Corporate Briefing Session (CBS)':

- At least one CBS has to be held within 30 days of AGM on the basis of annual financial statements presented.
- Participation of CEO and CFO of Listed Company is mandatory.
- CBS can be held physically or electronically.

(PSX Notice - PSX/N-1168)

[Source link](#)

SECP has allowed Asset Management Companies (AMCs) to nominate their employees as Non-Executive Directors on the board of a brokerage house subsidiary, subject to certain conditions.

(SECP Circular 14 of 2025 dated October 23, 2025)

[Source link](#)

SECP has issued revised ESG Disclosure Guidelines aligned with the Pakistan Green Taxonomy to enhance climate-related reporting by listed companies. It provides practical guidance for taxonomy-aligned disclosures, which will become mandatory in phases starting 2029.

(SECP - ESG Disclosure Guidelines for listed Companies dated December 11, 2025)

[Source link](#)

SECP has notified the replacement of IAS-1 'Presentation of Financial Statements' with IFRS-18 'Presentation and Disclosure in Financial Statements' and IFRS-19, 'Subsidiaries without Public Accountability':

Disclosures', and shall be followed for the preparation of financial statements for annual reporting periods beginning on or after January 1, 2027.

(SECP SRO 244(I)/2025 dated December 12, 2025)

[Source link](#)



Regulatory Updates (2)

PSX has updated *Rule Book* – which reflects continuous regulatory evolution aiming to modernize market operations, strengthen governance, enhance investor protection, and align the Exchange with international standards.

(PSX Rule Book – updated dated November 24, 2025)

[Source link](#)

The Cabinet Committee on State-Owned Enterprises reviewed the FY 2024–25 Annual Consolidated Performance Report, noting PKR 12.4 trillion in revenues and a net loss of PKR 122.9 billion, largely due to the transport and power distribution sectors.

The improvements in transparency and oversight was noted and the government’s commitment to structural reforms, accountability, and financial sustainability of SOEs under SOEs Act, 2023 was reaffirmed.

[Source link](#)

SBP has issued regulatory framework on ‘*Business Conduct and Fair Treatment of Consumers Regulatory Framework*’:

- It promotes ethical business conduct and consumer protection across banks/ DFIs etc.
- It is built on six key pillars: governance, transparency, fair treatment, data privacy, dispute resolution & consumer awareness.

(BPRD Circular No. 04 of 2025 dated October 17, 2025)

[Source link](#)

SBP has revised the *Corporate Governance Regulatory Framework for banks/DFIs*. Key updates include:

- Bank directors and CEO are now permitted to serve on the boards of their wholly owned exchange companies (G-4).
- Maximum director’s fee for attending meeting has been enhanced to Rs. 1,200,000 for top-tier institutions and Rs. 750,000 for other institutions (G-14)

(SBP BPRD Circular Letters No. 21 & 24 of 2025)

[Source link](#)



Regulatory Updates (3)

SBP has issued '*Regulatory Framework for Effective Management of Climate-related Financial Risks*' to identify climate-related financial risks and integrate them into governance, strategy, and risk management.

All Financial Institutions (FIs) must fully comply the framework by June 30, 2029, and submit to SBP board-approved implementation plans/targets by September 30, 2026.

(SH&SFD Circular No. 07 dated December 26, 2025)

[Source link](#)

The *Pakistan Green Taxonomy (PGT)* provides a science-based, consistent framework to identify green economic activities and investments, supporting sustainable growth in Pakistan

Banks and DFIs are advised to use the PGT as a reference for banking policies with SBP facilitating implementation through guidance and awareness initiatives.

(SH&SFD Circular No. 07 dated December 10, 2025)

[Source link](#)

SBP has issued '*Guidelines on Climate Stress Testing 2025*', which introduced single-factor climate stress tests for physical and transition risks, to be conducted by regulated Financial Institutions alongside existing stress-testing requirements.

The first stress test is due by end-Q3 2026, based on December 2025 data, and will be conducted annually thereafter.

(FSD Circular No. 01 dated December 26, 2025)

[Source link](#)

SBP has revised the *Prudential Regulations for Small and Medium Enterprise (SME) Financing*, which will be effective from January 1, 2026.

All DFIs are expected to comply with these regulations, including those established under Joint Venture Agreements, subject to consistency with their JV provisions and without exemption from the Banking Companies Ordinance, 1962.

((SH&SFD Circular No. 05 dated November 6, 2025)

[Source link](#)



SECP Open Consultation

1. SECP's Concept Paper on 'Proposed Amendments to the Companies Act, 2017'

SECP has recently issued a Concept Paper proposing major amendments to the Companies Act, 2017 for public comments. The proposed reforms aim to enhance:

- Ease of Doing Business;
- Promotion of Digitalization & use of Technology;
- Decriminalization; and
- Modernize corporate governance practices,
- Simplify regulatory compliance.

Key proposals include streamlined incorporation and compliance processes through electronic filings, remote meetings, and digital record-keeping.

Comments are requested by February 15, 2026.

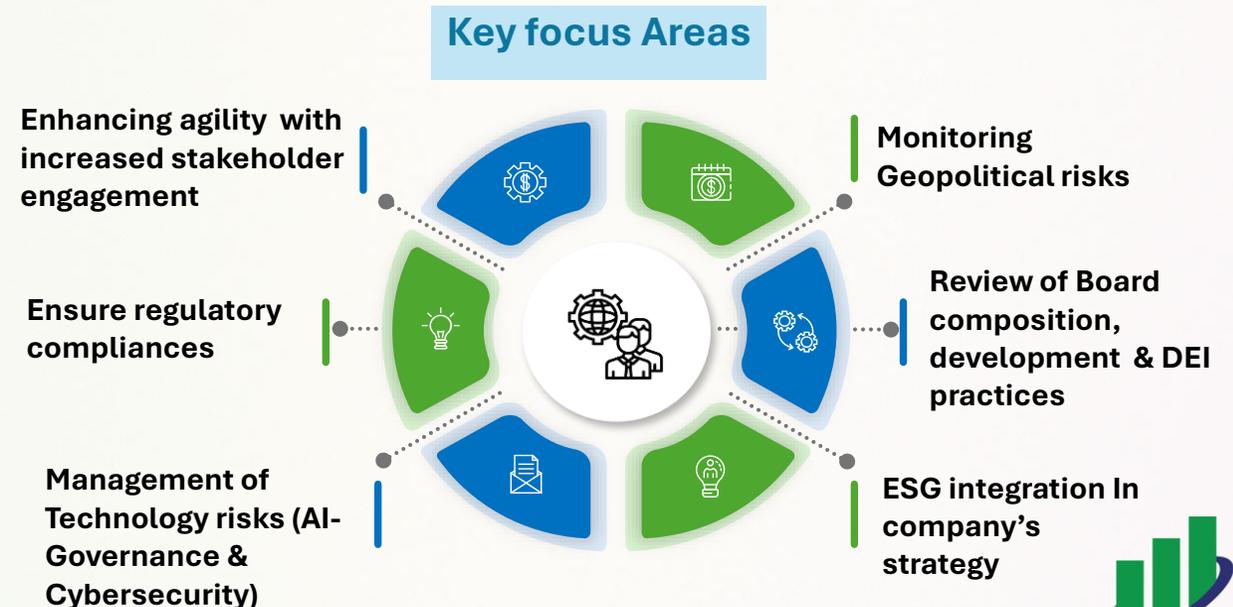
Comments can be sent at: feedback.ca2017@secp.gov.pk

PICG Corporate Governance Trends 2025

A survey was conducted by PICG to identify the key corporate governance developments shaping the future of business leadership and boardroom practices in Pakistan. Insights were gathered from industry leaders, board members, and governance experts to examine the areas considered most relevant for companies operating in Pakistan.

The survey responses provide a clear picture of governance practices in Pakistan, challenges in implementation, and the direction corporate governance should take in the future.

Survey report can be accessed at: https://picg.org.pk/wp-content/uploads/2025/12/CG-Trends-Survey-Report-2025_F.pdf



Corporate Governance – International Trends (1)

OECD Corporate Governance Factbook 2025

The Organization for Economic Co-operation and Development (OECD) Factbook 2025 offers a global overview of corporate governance frameworks. It focuses on listed companies and aligns with the G20/ OECD Principles, featuring new content on sustainability governance, equity markets and shareholder meetings. It highlights evolving global practices in board governance, shareholder rights, transparency, and market oversight. The Factbook can be downloaded using link: ln.run/Tc3ms

Covers review of CG frameworks across 52 jurisdictions

Stronger emphasis on sustainability, board accountability & investor protection

OECD Corporate Governance 2025: Highlights

Growing adoption of virtual and hybrid shareholder meetings

Board gender diversity and transparency remain below ideal levels

AI Governance

The OECD has issued policy paper on '**Governing with Artificial Intelligence (AI)**' emphasizing roles & responsibilities for public bodies, transparency, accountability and monitoring of AI deployment.

According to the report, AI is reshaping public administration by automating processes, improving decision-making, and enhancing service delivery and accountability. However, it also highlights risks related to algorithmic bias, transparency, human rights, and over-reliance on technology.

Key barriers to adoption include skills gaps, weak data quality, outdated infrastructure, and limited implementation capacity. Key challenges identified include capacity and skills gaps, poor data quality, weak implementation mechanisms, and outdated technological infrastructure, which hinder its adoption.

OECD stresses to strengthen internal AI capabilities, governance frameworks, and risk management systems to ensure responsible, equitable, and effective AI integration.

Report can be accessed at: ln.run/OJlxv



Corporate Governance – International Trends (2)



King V Code on Corporate Governance (Institute of Directors South Africa - 2025)

King V replaces King IV, aligning with global trends, simplifying language/structure and introducing a dedicated Disclosure Framework for consistent, comparable reporting, strengthening ethical leadership and modern governance. [Source link](#)

OECD: Board Responsibility & Sustainability-Related Disclosure in Asia - 2025

The report outlines the oversight of sustainability disclosures across eight Asian economies, noting evolving assurance requirements, “sustainability-washing,” adaptive enforcement and limited private actions.

[Source link](#)



FRC (UK) updates guidance on Non-executive Director (NED) remuneration - 2025

In the updated guide it clarifies that part of NED fees may be paid in shares to align interests, while performance-linked pay remains inappropriate for independence. Flexibility under “comply or explain” is preserved, provided transparency and independence are maintained. [Source link](#)

FRC (UK) Annual Review of Corporate Governance Reporting 2025

This review analyses governance reporting by 100 UK Code-compliant companies, highlighting trends, strong practices, and areas for improvement. It also outlines the transition to 2024 Code, with full adoption expected in 2026 and Provision 29 of the Code reporting beginning in 2027. [Source link](#)



How Shareholder Rights are Evolving

In this edition, it provides insights into recent developments on shareholder rights globally, acceptance of multiple-voting share structures, stronger safeguards for related-party transactions and expanding virtual/hybrid AGMs for inclusive participation. [Source link](#)

Chapman Tripp: Corporate Governance Codes Compared - 2025

Compares principles and best practices guidance across 5 different corporate governance codes highlighting differences and common expectations for directors and list companies. [Source link](#)





Pakistan Institute of Corporate Governance

Social Media:

- <https://www.linkedin.com/company/pakistan-institute-of-corporate-governance/>
- <https://chat.whatsapp.com/G3AhcVFA3svH3Q1k0qAMmZ>
- <https://m.facebook.com/PICG.org.pk/>
- <https://www.youtube.com/@pakinstituteofcg>

For Queries:

Advisory Services
Advisory@picg.org.pk

Trainings:
training@picg.org.pk

FOCUS -PICG's ESG Integration Assessment Tool:
advisory@picg.org.pk

Shareholder Agahi Portal:
governance@picg.org.pk

PICG E- Platforms & Knowledge Hub



Certification Program:

Directors Training Program

<https://picg.org.pk/director-training-program-dtp/>

ESG Executive Tracks

<https://esgtracks.picg.org.pk/>



Membership:

<https://picg.org.pk/become-a-member/>



E Platform:

Independent Directors Data Bank

<https://databank.picg.org.pk/>



Awareness Platform with CDC

Shareholder Agahi Portal

<https://www.shareholderagahi.com/>



Conferences

ESG Conference

<https://1stesg.picgconferences.com/>



The Directors Summit

<https://picg.org.pk/tds/>

PICG Publications

2nd ESG for Pakistan Conference 2025 - Conference Summary

<https://picg.org.pk/wp-content/uploads/2025/10/ESG-Conference-Report-2025.pdf>

ESG Corporate Survey 2023

<https://picg.org.pk/wp-content/uploads/2024/03/ESG-Report-2023.pdf>

SME Collaborative Case Studies

<https://picg.org.pk/sme-case-studies/>

PICG Research Papers

<https://picg.org.pk/research-papers/>

Collaborative Research Surveys – GNDI Reports

<https://picg.org.pk/collaborative-research-surveys/>