PICG

Pakistan Institute of Corporate Governance

CORPORATE GOVERNANCE HIGHLIGHTS

Quarterly Update

April – June 2026

PROMOTIN G EXCELLENC E

ADVANCING GOVERNANC E

DRIVING SUSTAINABILIT Y

CREATING IMPACT

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Source link

Regulatory Update – (1)

1

SECP has enhanced oversight of State-Owned Enterprises (SOEs), introduced a dedicated compliance helpdesk, and urged SOEs to strengthen governance and ensure timely statutory compliance.

Source link

2

OICCI CSR Report highlights the private sector's increasing investment in clean energy, resource efficiency, and other climate action initiatives and emphasizes that ESG-driven practices and collaboration are key to advancing a sustainable and resilient economy aligned with UN SDGs.

Source link

3

SECP has directed all companies to file **Ultimate Beneficial Ownership (UBO)** information through **Form-19** to strengthen corporate transparency and anti-money laundering safeguards. Non-compliance may result in significant penalties.

Source link

4

SBP has launched the National Financial Inclusion Strategy (NFIS) 2024–2028 to expand secure digital financial services, strengthen priority sector financing, & improve financial inclusion for underserved groups. The Strategy targets 75% financial inclusion & reducing the gender gap to 25% by 2028.

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Regulatory Update – (2)

5

SECP has proposed significant **amendments to the Shariah Governance Regulations, 2023,** including restricting the requirement for SECP approval/ certification to regulated persons and introducing a new category of Shariah-compliant companies with a simplified governance framework.

Source link

6

SBP has launched its Research Agenda 2026–2029, outlining key research priorities on monetary policy, financial sector development, & structural transformation to strengthen evidence-based policymaking.

Source link

7

SECP has simplified the licensing process for companies with foreign sponsors & directors, to reduce regulatory hurdles, improve ease of doing business, and attract foreign investment.

Source link

8

SECP has proposed AML/CFT reforms to enable fully digital investor onboarding through **IBAN-based verification, verified bank accounts/e-wallets, and multi-biometric authentication**, enhancing identity verification and transaction traceability.

Source link

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Local Reports, Guides & Surveys

Pakistan's Energy Sector Reform

The OICCI report, ***Pakistan's Energy Sector: Structure, Stress and the Road to Reform,*** concludes that while Pakistan's energy sector has moved beyond the immediate risk of collapse, it remains financially fragile due to persistent circular debt, governance weaknesses, high tariffs, and operational inefficiencies.

The report identifies 2026–2028 as a critical period for implementing structural reforms through improved governance, market liberalization, and greater private sector participation as these are essential to restore investor confidence, strengthen industrial competitiveness, and build a commercially viable, sustainable energy market. The three phases are illustrated below. Report ***Source link***

Phase I: Quick Wins (2026)

Reform Area	What Needs to Be Done	Fiscal Impact	Growth Impact
Reduce Capacity Burden	Implement demand-side incentives to increase grid utilization.	Targeted reduction in per-unit capacity costs.	Lower electricity tariffs
Fix Public Plants	Repair and restore thermal and hydropower capacity	Immediate fuel savings	More reliable supply
Improve Bill Collection	Enforce recovery targets; link funding to performance	Reduce new circular debt	Stronger utility discipline
Automatic Tariffs	Stop delaying tariff adjustments	Reduce fiscal gaps	Predictable pricing for investors
Update Peak Tariffs	Adjust Time-of-Use to match new demand pattern	Lower system cost	Better demand management

Phase II: Structural Reforms (2026–2027)

Reform Area	What Needs to Be Done	Fiscal Impact	Growth Impact
DISCO Reform	Give managers autonomy; enforce loss targets	Prevent annual losses in CD	Better service quality
Privatization	Sell or concession better DISCOs; clean up weak ones	Reduce SOE losses	Attract private investment
Competitive Market	Fully launch CTBCM; allow bulk buyers to choose suppliers	Reduce cross-subsidies	Lower industrial tariffs
Gas Reform	Implement WACOG; reduce UFG; allow more suppliers	Lower gas circular debt	Efficient gas use
Upgrade Grid	Remove transmission bottlenecks; modernize SCADA	Use cheaper power	Stronger grid reliability
Smart Metering	Roll out AMI in high-loss areas	Reduce theft	Accurate billing
Distributed Energy Pricing Reform	Introduce transparent net-billing; restructure fixed charges	Protect DISCO revenues; reduce cross-subsidy burden	Sustainable rooftop solar integration
Institutional Accountability	Clarify roles between institutions	Reduce policy friction	Stronger governance credibility

Phase III: Growth & Sustainability (2027–2028)

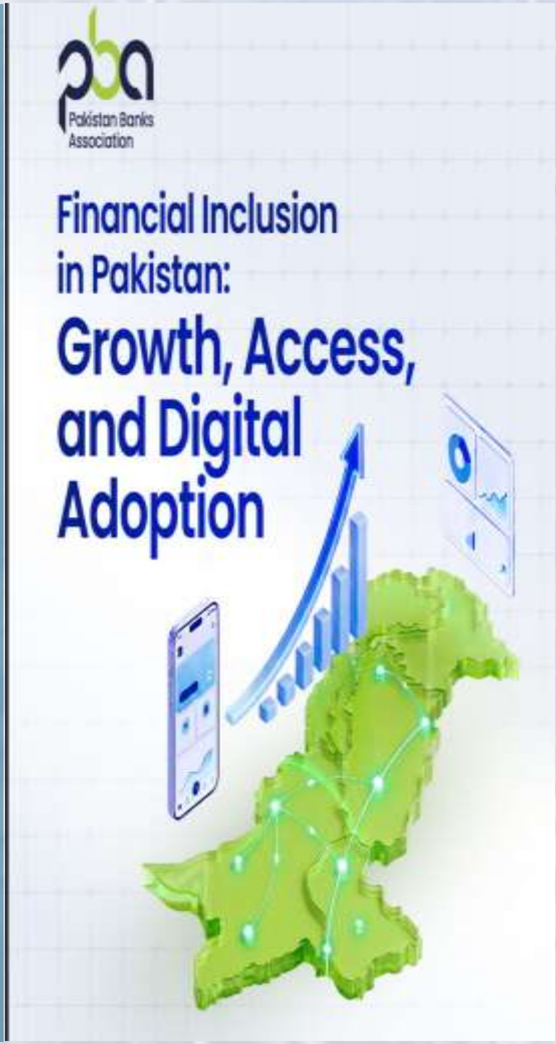
Reform Area	What Needs to Be Done	Fiscal Impact	Growth Impact
Smarter Planning	Update IGCEP to reflect solar, EVs, real demand	Avoid overbuilding	Smarter investments
Energy Storage	Deploy battery systems	Reduce renewable waste	Stable renewable integration
Off-Grid Solutions	Mini-grids for high-loss rural areas	Reduce subsidy leakage	Improve rural reliability
Energy Efficiency	Mandatory industrial audits; efficiency registry	Lower future capacity needs	Lower production costs

Financial Inclusion in Pakistan

The Pakistan Banks' Association (PBA) report, ***Financial Inclusion in Pakistan: Growth, Access and Digital Adoption***, highlights significant progress in financial inclusion, driven by rapid growth in digital banking, branchless banking, and mobile wallet adoption, while noting that women, SMEs, and rural populations remain underserved.

It emphasizes that strengthening digital infrastructure, improving financial literacy, and fostering collaboration among regulators and financial institutions are critical to expanding inclusive access to formal financial services and supporting sustainable economic growth.

The Report can be accessed at: ***Source link***



Local Reports, Guides & Surveys

Corporate Practices Shaping Livelihoods in Pakistan

The Pakistan Business Council (PBC) Centre of Excellence in Responsible Business (CERB) surveyed **72 companies** to assess corporate practices supporting workforce well-being, skills development, decent work and inclusion. The study evaluates performance across **40 indicators** linked to workforce wellbeing, skills development, decent work, and inclusion. The report can be accessed at: ***Source link***

Responsible Business Conduct Guidebook - Pakistan

The PBC CERB has developed the Guidebook under the Whey2Value Project which provides a practical framework to help businesses implement Responsible Business Conduct (RBC) in alignment with the international standards including the UNGPs and OECD Guidelines. **Key Pillars** explained in the guide are:

The guide highlights that RBC is both a governance responsibility and a strategic advantage, helping businesses strengthen compliance, build stakeholder trust and enhance resilience. It emphasizes that embedding RBC into everyday operations is increasingly essential for competitiveness, market access and sustainable growth.

The Guide can be accessed at: ***Source link***

PICG Stakeholder Awareness Session

Webinar on PSX Growth Enterprise Market (GEM) Board

PICG held a virtual Stakeholder Awareness Webinar on "**PSX Growth Enterprise Market (GEM) Board**: **A Platform for Growing Businesses**" on June 30, 2026 to enhance stakeholder understanding of its role in enabling capital raising and supporting the growth of emerging enterprises.

Keynote Speaker of the session was **Syed Ahmad Abbas, Head of Business Development & Listing, PSX.**

Key takeaways from the session:

Participants were provided the valuable insights about the:

- GEM Board framework and its role in supporting growth-oriented companies like SMEs, startups & green businesses.
- Key listing requirements, IPO process, and regulatory considerations for prospective issuers.
- Strategic benefits of listing, including improved access to capital, enhanced credibility, and business growth opportunities
- Disclosures and post-listing compliance obligations.

Webinar recording is available at: Webinar on PSX's Growth Enterprise Market (GEM) Board

Presentation is available at: Presentation on PSX's Growth Enterprise Market (GEM) Board

Corporate Governance – International Surveys

Pathways to Governance – Institute of Directors New Zealand

The Pathways to Governance research report by IoD highlights the need to intentionally build governance capability through education, practical experience, mentoring, and continuous professional development. It emphasizes strengthening director capability while creating more accessible and diverse pathways into governance roles. The report can be accessed at: ***Source link***

Key Findings

Governance capability differs from technical expertise
Strong directors develop through **learning & board experience**
Governance careers grow through opportunity & experience
Removing barriers strengthens **board capability & inclusion**

Recommendations

Invest in governance education & training.
Increase practical board experience opportunities.
Encourage mentoring & sponsorship programs.
Use regular board evaluations.
Implement transparent board appointment processes.

Expected Outcomes

More capable & effective directors.
Improved board performance & decision-making.
Greater diversity & inclusion in governance roles.
Stronger organizational resilience & long-term success.

Board effectiveness: A survey of the C-suite - PWC

A PwC survey of **524 C-suite executives** found growing confidence in board effectiveness. Respondents emphasized the need for boards to become more agile, strengthen AI oversight, enhance director capacity, and improve governance practices to better respond to emerging risks and rising stakeholder expectations. Survey report can be accessed at: ***Source link***

Key Findings

Board Effectiveness Trends

Board effectiveness is improving with **41% rated** boards as excellent or good, driven by executive **engagement** & **visibility**.

Structural Constraints

Key barriers include director **over boarding**, slow risk response, & challenges **adapting to digital transformation**.

AI Adoption Gap

While **99%** see AI as vital for oversight, only **35%** report actual board use, highlighting a major adoption gap.

Board Assessments & Management Role

90% want better board assessments; improved accountability & management transparency are key to **stronger governance**

Corporate Governance – International Trends

Advancing Board Diversity Insights - Global Network of Director Institutes (GNDI)

The **2026 GNDI Report** identifies board diversity as a key pillar of effective governance. It highlights mentorship, director pipeline programmes, and benchmarking as key enablers of greater board diversity and accountability. Source

Governance Outlook 2026: Governance in Transition Across Asia Pacific (APAC)

The Diligent Institute, Governance Institute of Australia (GIA), and Singapore Institute of Directors (SID) report that APAC boards rank digital transformation (65%), cybersecurity (47%), and AI adoption (45%) as top priorities, while strengthening technology expertise (70%), managing GenAI privacy risks (70%), and increasing strategic discussions (63%). Source

Governance of State-owned Enterprises

The **OECD report** highlights how 10 Asian jurisdictions are integrating sustainability into their SOEs, emphasizing the need for governments to establish clear sustainability expectations, strengthen board oversight, and enhance sustainability reporting inline with the OECD SOE Guidelines. Source

ASX Gender Diversity Snapshot Shows Steady Progress

The **Gender Diversity Snapshot** by Australian Institute of Company Directors shows women held 37.6% of ASX 200 board seats, with the number of female Chairs across the ASX 300 rising to 51. Despite this, women remain underrepresented in senior board leadership, highlighting the need for stronger leadership pipelines and succession planning. Source

OECD Responsible Business Outlook 2026

The **2026 OECD Responsible Business Outlook** highlights growing corporate commitment to responsible business conduct, with **69%** of large listed companies adopting public commitments, while **fewer than 20%** assess supplier environmental and social risks, Source

UNDP AI Readiness Report

The UNDP Report drawing on **26 Artificial Intelligence Landscape Assessments (2024–2026)**, highlights that AI readiness should extend beyond preparation to managing AI adoption in public systems. It emphasizes strengthening governance, institutional capacity, and risk management to ensure AI delivers public value and supports sustainable development. Source

A Director's Guide to AI Governance

The Australian Institute of Company Directors & the Human Technology Institute, issued guide that provides a practical framework to help boards understand AI, identify key risks and opportunities, and strengthen AI governance, while emphasizing the need for adaptive board oversight as AI evolves. Source

Governing culture in a Complex World

The Australian Institute of Company Director's guide outline five principles for board oversight of organizational culture, emphasizing that culture governance is a core board responsibility requiring ongoing oversight, accountability, and alignment with strategy, performance and risk. Source

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Inspiring Governance for a Sustainable Tomorrow

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