



# Executive summary.

**This report explores the case for sustainable investing in Pakistan, and provides recommendations aimed at fostering conditions for it.**

In doing so, it recognises the need for sustainable investment in areas such as climate resilience, food and water security, health and wellbeing and more, as set out in Pakistan's national agenda. The report also explores innovative funding vehicles such as green bonds and sustainable equity funds. It identifies key takeaways from success stories and recognises broader challenges at play.

Sustainability has become an increasingly popular issue in Pakistan's corporations, especially in recent years. Private sector companies are increasingly required to report on sustainability in some form. Regulation has evolved to hold companies accountable not only for their financial performance but also for their sustainability performance. This shift is significantly influenced by the widespread adoption of global sustainability reporting standards in different jurisdictions.

This report draws on surveys, interviews and a roundtable to source perspectives from various stakeholders, including investors, policymakers and businesses. It highlights important insights tailored to each stakeholder group. Below are some of the report's key findings.

## The investors

The investment community provides critical resources to fund the sustainability agenda. They decide which ideas to promote by voting with their capital, a crucial role in the creation of sustainable economies and societies.

A constant challenge across the world, and especially in emerging markets, is attracting foreign direct investment (FDI). Investors' confidence is shaped by both their perception of investment risk and the overall perception of the country. Sustainable investment presents an even steeper hurdle, as investors weigh the pros and cons of traditional, profit-focused investment models, against the benefits of taking a sustainable, long-term view.

Investors often need to seek out opportunities that align with their sustainability values. This involves reviewing publicly available information contained in corporate reports. Such information is becoming increasingly accessible owing to the advent of sustainability reporting.

Our message to the investment community highlights the emerging opportunities in sustainable business models (including green energy) and sustainability reporting, while encouraging greater participation in the sustainable finance ecosystem.

## The corporations

Businesses provide much needed agency to drive the sustainability agenda. They bring skills, innovations and strategies to bear on converting resources into action and desired outcomes, for both themselves and all the stakeholders they serve.

Pakistan's government has a vision for an export-led economy. This requires global competitiveness and brings

into sharp focus the need for clarity in how businesses measure success and manage performance.

Just as batting averages and run rates hardly tell the full story of performance on the cricket field, headline earnings and post-tax profits provide a limited view of how business outcomes are shaped. This being so, business leaders need to look beyond traditional measures of performance, to the drivers and factors that underpin it, and understand how those drivers and other factors affect each other.

This underscores the need for sustainability reporting, a holistic approach to understanding and communicating risks and opportunities that affect an entity's prospects. This report explores the benefits of sustainability reporting in depth, recognising the different frameworks that exist for presenting sustainability reports, and the various provisions Pakistan has made over the years to encourage organisations to prepare them, including the most recent phased implementation, by the Securities and Exchange Commission of Pakistan (SECP), of the IFRS S1 and S2 standards for listed companies, published by International Sustainability Standards Board (ISSB).

Our study reveals significant interest in sustainability reporting. Our message to corporate leaders is aimed at fostering sustainable business practices and strengthening their sustainability reporting capabilities.

## The regulators

Regulators perform a crucial oversight role, ensuring that conditions are maintained for an economic playing field that is conducive to business. This includes a mandate for economic stability and protections for both investors and consumers. In this context, regulators also set the

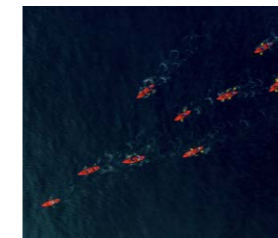
tone for handling priorities around sustainability, including sustainable investing and sustainability reporting. A well-regulated sustainable finance ecosystem ensures capital flows efficiently toward real impact, greenwashing is minimised, and financial stability is protected.

This report explores some policy priorities for promoting sustainable investing, sustainable business practice and sustainability reporting. It also acknowledges challenges and significant policy provisions that have been made in this area.

There is clear regulatory intent to drive sustainable impact. This tone and posture are necessary to infuse sustainable values into Pakistan's economic and social apparatus, for best results.

Our key message to regulators and policymakers supports the broader goal of creating a regulatory environment conducive to sustainable business practice and investment through various policies, including those promoting sustainability reporting.

As we explore the options for leveraging ideas on sustainability at this opportune moment, we hope that this report contributes positively towards shaping a constructive dialogue on sustainable value creation in Pakistan.



**ACCA Report  
Chief Value Officer –  
the Important Evolution  
of the CFO (Webb 2023)**



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