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# Demystifying ESG Disclosures

## SECP Guidelines on ESG Disclosure

July 2024

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**ESG & Decarbonization**



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# Introduction

The Securities and Exchange Commission of Pakistan (SECP) has issued voluntary Environmental, Social, and Governance (ESG) Disclosure Guidelines for listed companies. These guidelines aim to promote responsible business practices and transparency amongst listed companies, specifically in light of freshly launched International Financial Reporting Standards (IFRS) S1 and S2 Standards issued by the International Accounting Standards Board (IASB). The IFRS S1 and S2 Standards, unlike the SECP ESG Disclosure Guidelines, are mandatory for all companies publicly listed with the Pakistan Stock Exchange (PSX). The IASB introduced several rounds of drafts, allowing several stakeholders to provide feedback and exposure comments publicly.

The objective of the SECP ESG Disclosure Guidelines is to encourage companies to report on environmental impact, social responsibility, and governance structures. Companies can integrate ESG information into their Annual Reports or publish it separately. The SECP also amended corporate governance regulations to require anti-harassment policies and the formation of sustainability committees to align with these guidelines. The latter is pivotal, following an amendment in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Corporate Governance Regulations), made to strengthen oversight responsibilities of the Board of Directors regarding sustainability priorities.

The SECP's ESG Disclosure Guidelines for listed companies in Pakistan aim to enhance transparency, improve corporate governance, and promote sustainable business practices. By requiring companies to report on their environmental, social, and governance impacts, the guidelines can potentially help attract foreign investment and foster ethical business conduct. Additionally, the focus on social responsibility can affect the company's reputation and stakeholder relationships, specifically for export-based manufacturing companies, ultimately leading to a more responsible and transparent corporate sector in Pakistan.

## KPMG in Pakistan



# How to Report ESG Information

## ESG Reporting Medium



### Standalone Sustainability Report

A **comprehensive document** on a standalone basis to provide information on a company's environmental impact, social initiatives, and corporate governance practices.



### Integrated in Annual Report

The company's ESG performance is presented along with **financial statements** in the Annual Report of the company.



### Only Online Disclosures

Companies may also choose to disclose their **ESG information** using other means, such as websites, and social media platforms.

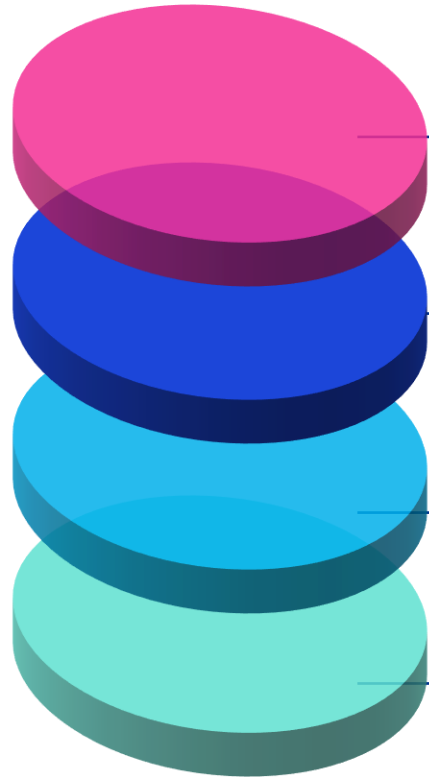
Companies may report their ESG performance annually using the above formats and metrics provided in **Appendix – A of the Guidelines on ESG Disclosure**.

The format and content of the ESG performance report may vary depending on the company's size, industry, and stakeholders. However, the report needs to be accurate, transparent, and comprehensive.

Listed companies can leverage globally recognised standards/frameworks in developing their sustainability reports. **Appendix – B of the Guidelines on ESG Disclosure** provides details of these frameworks/standards and eco-labels.

Our more descriptive Thought Leadership, “Sustainability standards and labels: navigating the jungle,” on the different Frameworks and Eco-Labels, can be found [here](#).

# Why ESG Reporting Is Important?



01

ESG reporting can help companies attain a competitive advantage by attracting and retaining investors, customers, and employees increasingly interested in doing business with companies committed to sustainability.

02

ESG reporting can assist in improving the transparency of a company's operations and performance, building trust with stakeholders, and making it easier for investors to make informed decisions about whether or not to invest in the company.

03

ESG reporting can help companies identify new opportunities for innovation and growth by developing new products and services that meet the needs of a growing sustainable market or by improving the efficiency of operations in order to reduce costs and the company's impact on the environment.

04

Companies may use ESG reporting to identify and mitigate environmental, social, and governance risks to protect their reputation, financial performance, and long-term sustainability.

# Key Disclosure Considerations

 IFRS, an internationally recognized reporting standards

A guide to disclose company related information.

 **Governance**

**ESG Framework, related policies and processes, controls to monitor and manage Sustainability-related risks and opportunities of the company.**

How the company’s board oversee the company’s sustainability risks and opportunities, focusing on responsibilities, expertise, information flow, and strategic integration; and  
 How the company’s management ensures responsible action on sustainability by delineating tasks and implementing comprehensive controls integrated with overall governance systems.

 **Risk Management**

**Processes, controls and procedures to monitor and manage Sustainability-related risks and opportunities of the company.**

To identify, assess, prioritize, monitor, and manage sustainability-related risks and opportunities of the company considering the qualitative/quantitative factors, potentially using scenario analysis, and  
 The extent to which and how sustainability-related risk and opportunity identification, assessment, prioritization, and monitoring processes have been integrated into the company’s overall risk management process.



 **Strategy**

**Approach for addressing sustainability-related risks and opportunities.**

Affect the company’s business model, value chain, strategy, decision-making, financial position, performance and cash flows; and  
 The resilience of the company’s strategy and business model to the effect of those risks and opportunities.

 **Metrics and Targets**

**Information used to assess, manage and monitor the performance of Sustainability-related risks and opportunities of the company.**

Use of specific metrics that are relevant, industry-specific, consistent over time, and clearly explained, following specific disclosure standards and best practices.  
 Setting of specific targets, including objectives (mitigation, adaptation, conformance), metrics, progress, milestones, explanations for any changes, and how these targets will be measured.

# Sustainability Initiatives – SECP

2012

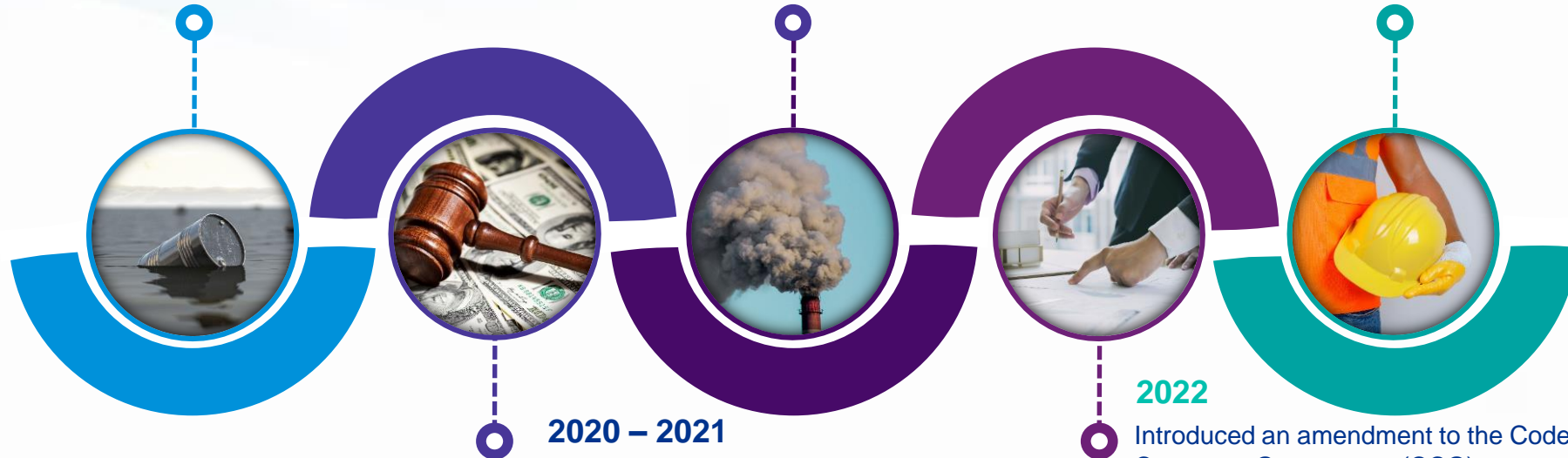
Reform practices under CCG 2012  
Mandatory 01 Independent Director  
Encourage diversity – Female Director  
Right of creditors & minority shareholders  
CSR Disclosure

2013

CSR Guidelines introduced  
Voluntary adoption  
Baseline for Responsible  
Business Conduct

2017

Companies Act-Directors’ responsibilities for the protection of the environment & disclose the business impact  
CCG Regulations, 2017 strengthens CCG 2012, 1  
Female Director mandatory, 1/3rd ID  
ESG Policy by BoD  
Disclose ESG Policy on website



2019

Shift towards the “comply or explain” approach  
Continue mandatory req of 1/3 Independent Directors and 01 Female Director  
Liberty to companies for customized ESG policies/practices

2020 – 2021

Regulatory impact of diversity on BOD  
Gender diversity policy  
Encourage pay-gap analysis  
Anti-harassment guidelines  
Green Bond Guidelines  
Gender Bond Guidelines  
PICG/PSX taskforce on ESG

2022

Introduced an amendment to the Code of Corporate Governance (CCG) and Independent Directors’ duties and responsibilities  
**Where We Stand Today**  
Stewardship Guidelines for Institutional Investors  
PSX joins SSE initiative  
ESG Strategy Roadmap launched

# RoadMap



2021

## Task Force Formulation

The ESG Task Force was first established, comprising members from the Pakistan Stock Exchange (PSX), SECP, Pakistan Institute of Corporate Governance (PICG), and KPMG in Pakistan.

2022

## Aligning with Global Benchmarks

PSX aimed to collect and publish a consolidated ESG Report, based on guidelines (common indicators) highlighting top performers, based on data obtained from the Sustainable Stock Exchange Initiative (SSEI). The Task Force released a roadmap for the adoption of the Guidelines by major regulators and market players.

2023

## Exposure Drafts for Comments

A first draft of the ESG Disclosure Guidelines was released for public consumption and feedback

2024

## SECP ESG Disclosure Guidelines Launched

The ESG Disclosure Guidelines were launched for publicly-listed companies to voluntarily adopt, ensuring alignment with globally accepted reporting frameworks and standards, such as the ISSB IFRS S1 and S2 Standards.



# Assessing Impact – How Can You Prepare for Change?

## What is the impact?

## Preparing for change

Under the newly-released amendments to the Code of Corporate Governance Regulations, 2019, companies will be expected to **introduce anti-harassment policies**.

Develop comprehensive anti-harassment policies, as well as ensure compliance with relevant legislation, such as the Protection Against Harassment of Women at the Workplace Act, 2010.

The **introduction of a Sustainability Committee** will reiterate the importance of oversight, accountability, and governance in a company's sustainability activities and reporting.

Establish a dedicated Sustainability Committee that not only oversees reporting, but additionally reports to the Board of Directors and offers oversight and governance transparency for all sustainability-related activities and initiatives. A renewed focus on governance and oversight, and how ESG can be integrated throughout an organization, with a focus on strategy, goal-setting, and measurable impact specific to ESG.

A connected, holistic report following the SECP ESG Disclosure Guidelines can exhibit congruence with the **IFRS S1 and S2 Standards**, highlighting the report's **connectedness**, as well as preparation for futuristic mandatory reporting.

How are companies prepared to collect and organize information?  
How can this information be aligned with reporting and understanding against existing frameworks and standards?  
How is the company positioned to integrate and eventually adopt the IFRS S1 and S2 Standards?

Reporting will focus on current-state, as well as forward-looking data, leveraging the **Key ESG Performance Indicators** that cover various metrics for annual reporting.

Are there robust systems and controls in place to shoulder the challenge of streamlined data collection for sustainability information?  
How ready is your company to report against the **30+ ESG KPIs** included in the Guidelines.

# Next Steps – What Do You Need To Do Next?

## 1 Understand the impact

- Research and understand current and emerging requirements.
- Understand when, where and how this will impact your company.

## 2 Assessing congruence with other standards

- Determine which topics are relevant to report on, as well as the preferred medium/format for publication.
- Decide which prevalent reporting standards/frameworks can complement and supplement your report.

## 3 Preparing your report

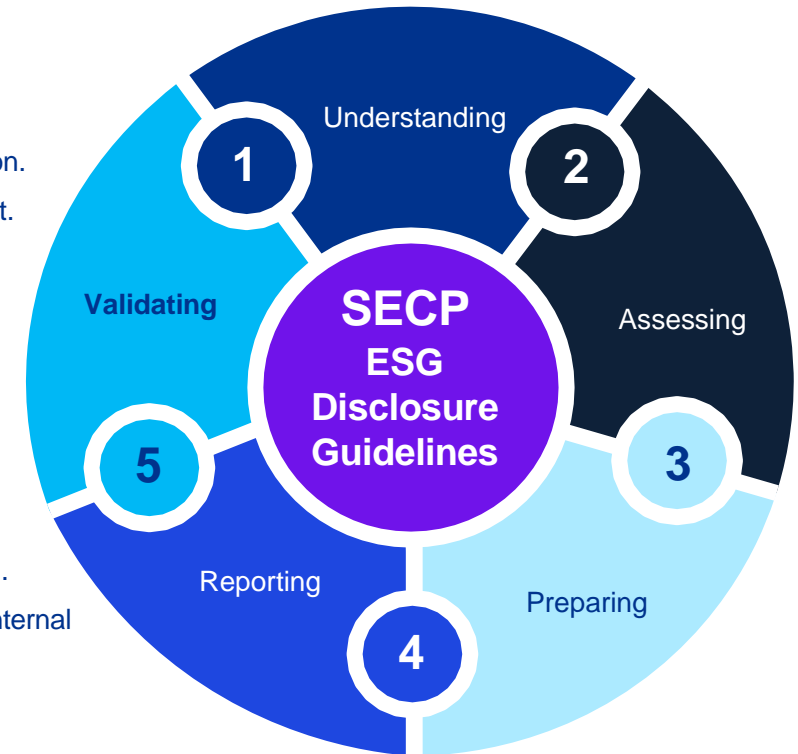
- Assess the maturity of processes, the control environment, data model and policies.
- Prepare your report, in line with the metrics and Key ESG Performance Indicators provided in Appendix A of the Guidelines.

## 4 Reporting

- Design the future state of your reporting, including what iterative models can look like for future reports.
- Ensure connectedness between any/all utilized standards and release the report for consumption by internal and/or external stakeholders.

## 5 Get ready for assurance

- Assess the control environment, data quality and availability of sufficient documentation to support assurance, if needed.
- Evaluate the company's preparedness for futuristic assurance exercises, to enhance credibility and transparency of the published disclosures.





# ESG Key Performance Indicators

# Environment

<h2>GHG Emissions</h2> <p>Total amount of Carbon and Green House Gas emissions in metric tons.</p> <p>Total amount, in CO2 equivalents, for Scope 1, Scope 2 and Scope 3 (if applicable) .</p>	<h2>Emissions Intensity</h2> <p>Total GHG emissions per output scaling factor (e.g. revenues, sales, units. produced)</p> <p>Total non-GHG emissions per output scaling factor.</p>	<h2>Energy Usage</h2> <p>Total amount of energy directly consumed.</p> <p>Total amount of energy indirectly consumed.</p>	<h2>Energy Intensity</h2> <p>Total direct energy usage per output scaling factor.</p>	<h2>Water Usage</h2> <p>Total amount of water consumed</p> <p>Total amount of water reclaimed</p>	<h2>Energy Mix</h2> <p>Percentage: Energy usage by generation type</p> <p>Disclose the energy consumption from renewable sources as a percentage of total energy consumption.</p>
<h2>Environmental Operations</h2> <p>Does your company follow a formal Environmental Policy? Yes, No</p> <p>Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No</p> <p>Does your company use a recognized energy management system? Yes/No</p>	<h2>Environmental Oversight</h2> <p>Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No</p>	<h2>Environmental Oversight</h2> <p>Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No</p>	<h2>Sustainable Sourcing</h2> <p>Does your company have a policy and procedures in place for sustainable sourcing? (Yes/No)</p>	<h2>Climate Risk Mitigation and Adaptation</h2> <p>Climate related transition and physical risks, climate related opportunities, capital deployment, internal carbon prices.</p>	

# Environment

## Energy Efficiency

### Energy Management

#### Scope:

1. Energy consumption in all up, mid, and downstream activities.
2. Energy intensity, expressed per unit of specific organizational metrics (i.e., revenue, production, etc.)
3. Reduction of energy consumption, via different initiatives.

#### Rationale:

Energy consumption occurs in all upstream and downstream activities associated with the organization's operations. There are two types of energy production methods:

1. Renewable Energy
2. Non-Renewable Energy

By examining the relevant energy mix one can determine the energy efficiency and the associated ghg emissions.

#### Source:

GRI 302

## Climate Change

### Green House Gases (GHG) Emissions

#### Scope:

1. All relevant GHG (e.g., carbon dioxide, methane, nitrous oxide, F-gases, etc.) in metric tonnes of CO2 equivalent Scope 1, 2, and 3 emissions
2. Emission intensity, expressed per unit of specific organizational metrics (i.e., revenue, production, etc.)
3. Reduction of GHG emissions via different initiatives.

#### Rationale:

GHG emissions are the primary driver of rising global temperatures and therefore a key focus for policy, regulatory, market, and technology responses to limit climate change. As a result, business models associated with significant emissions are likely to be more impacted by risks in the transition to a low-carbon economy.

#### Source:

GHG Protocol, GRI 305

## Air Pollution

### Air Pollution

#### Scope:

1. Emissions of other air emissions (i.e., Nitrogen Oxides (NOX), Sulfur Oxides (SOX), Particulate Matter (PM), and other significant gases)
2. Emissions of ozone-depleting substances (ODS) (i.e., CFCs and HCFCs)

#### Rationale:

Localized air pollution, in the form of fine particulate matter and oxides of sulfur and nitrogen, is a leading cause of ill health and premature death around the world. Emissions in densely populated areas tend to be particularly harmful because they contribute to high ambient concentrations of pollution and affect a large number of people.

#### Source:

GRI 305-6 and 305-7

# Environment

## Waste Management

### Waste

#### Scope:

1. Waste generated, its associated treatment, and impacts on the environment (i.e., landfilling, incineration, etc.)
2. Waste recycling initiatives.

#### Rationale:

Waste is anything that the holder discards, intends to discard, or is required to discard.

Therefore, assessment of how materials move into, through, and out of the organization can help the organization prevent and understand where in the value chain these materials end up becoming waste.

#### Source:

GRI 306

## Water Management

### Water

#### Scope:

1. Water withdrawal, consumption, and usage across all operations of the company.
2. Withdrawal and discharge in water-stress areas.
3. Water saving initiatives.

#### Rationale:

Water consumption and water withdrawal in water-stressed areas are indicators of the potential for negative societal impacts (resulting from competition with other water users) and associated business risks including the potential for operational disruptions and shutdown

#### Source

GRI 303, SASB (CG-HP-140a.1.), WRI Aqueduct water risk atlas tool

## Ecological Sensitivity

### Biodiversity

#### Scope:

1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas and associated activities, products, and services on biodiversity.
2. Habitats protected or restored as per IUCN Red List species and national conservation list species with habitats in areas affected by operations

#### Rationale:

Key Biodiversity Areas (KBA) provide a science-based and internationally recognized means of identifying sites contributing significantly to the global persistence of biodiversity while protected areas indicate nationally (and often internationally) recognized areas of ecological or cultural importance, typically with specific legal protections. Having operations inside or close to such areas indicates a heightened risk of adverse impacts on biodiversity.

#### Source:

GRI 304

# Governance

<h2>Board</h2> <p>Percentage: Total board seats occupied by men and women.          Percentage: Committee chairs occupied by men and women.          Does company prohibit CEO from serving as board chair? Yes/No.          Percentage: Total board seats occupied by independents.</p>	<h2>Incentivized Pay</h2> <p>Are executives formally incentivized to perform on sustainability? Yes/No.</p>	<h2>Collective Bargaining</h2> <p>Percentage; Total enterprise headcount covered by collective bargaining agreement(s).</p>	<h2>External Assurance</h2> <p>Are your sustainability disclosures assured or validated by a third party? Yes/No.</p>	<h2>Water Usage</h2> <p>Total amount of water consumed          Total amount of water reclaimed</p>	<h2>Energy Mix</h2> <p>Percentage: Energy usage by generation type          Disclose the energy consumption from renewable sources as a percentage of total energy consumption.</p>
<h2>Board Competence</h2> <p>Percentage of board ESG – certified board members</p>	<h2>Supplier Code of Conduct</h2> <p>Are vendors or suppliers required to follow a Code of Conduct? Yes/No          If yes, what percentage of your suppliers have formally certified their compliance with the code?</p>	<h2>Ethics and Anti-Corruption</h2> <p>Does your company follow an Ethics and/or Anti-Corruption policy? If yes, what percentage of your workforce has formally certified its compliance with the policy?</p>	<h2>Data Privacy</h2> <p>Does your company follow a Data Privacy policy? Yes/No          Does your company taken steps to comply with general data protection rules/framework? Yes/No</p>	<h2>Sustainability Reporting</h2> <p>Does your company publish a sustainability report? Y/N          Is sustainability data included in your regulatory filings? Y/N          Does your company provide sustainability data in line with any sustainability reporting frameworks? Y/N          Does your company focus on specific UN Sustainable Development Goals (SDGs)? Y/N          Does your company set targets and report progress on the UN SDGs? Y/N</p>	

# Governance

## Board Diversity

Percentage: Total board seats occupied by men and women.

Percentage: Committee chairs occupied by men and women.

### Rationale:

A diverse board, with a balance of men and women and potentially other underrepresented groups, brings a wider range of perspectives and experiences. This leads to better decision-making, fosters innovation, and strengthens the company's overall governance.

### Source:

Code of Corporate Governance

GRI 2-9

## Board Independence

Does company prohibit CEO from serving as board chair? Yes/No.

Percentage: Total board seats occupied by independents.

### Rationale:

Separating the CEO and Chair roles and having a majority of independent board members helps to ensure objective oversight and reduces potential conflicts of interest. This strengthens corporate governance, promotes accountability, and fosters long-term value creation.

### Source:

Code of Corporate Governance

GRI 209, GRI 2-11

## Board Competence

Percentage of ESG-certified board members

### Rationale:

Board members with ESG certifications demonstrate commitment to integrating environmental, social, and governance factors into strategic decision-making. This expertise strengthens the ability to navigate sustainability challenges, capitalize on ESG opportunities, and create long-term value for all stakeholders.

### Source:

Code of Corporate Governance

GRI 2-17

WEF Metric: Quality of Governing Body



# Governance

## Collective Bargaining

### Scope:

Enables a dialogue between employer and employee's; the intermediary being the worker's organization (i.e., trade union).

Includes percentage of active workforce; or it may specifically cover a group of employees based on their activity or location.

### Rationale:

CBA protects the rights of employee at work, as covered by International Labour Organization (ILO) Right to Organise and Industrial Relations Act 2012

Organizations can provide favorable working conditions to its employee and bridge the representational gap that gives rise to conflicts.

### Source:

SASB (CN0401-17), GRI (407 – 1), WDI – 7.2

## Supplier Code of Conduct

### Scope:

Are vendors or suppliers required to follow a Code of Conduct? Yes/No

If yes, what percentage of your suppliers have formally certified their compliance with the code?

### Rationale:

Supplier Code of Conduct ensures ethical practices throughout the supply chain, reducing risks, improving quality, and aligning with values. This strengthens the brand and fosters long-term partnerships.

### Source:

GRI 414

## Incentivized Pay

Are executives formally incentivized to perform on sustainability? Yes/No.

### Rationale:

Incentivize executives to consider sustainability alongside financial goals, driving long-term value, and aligning business with a sustainable future.

### Source:

WEF Metric: Quality of Governing Body

GRI 2-12

# Governance

## External Assurance

Are your sustainability disclosures assured or validated by a third party? Yes/No.

### Rationale:

Third-party assurance of sustainability disclosures provides independent verification and strengthens credibility for stakeholders. This transparency fosters trust and demonstrates a commitment to rigorous reporting standards.

### Source:

GRI 2-5

## Sustainability Reporting

Does your company publish a sustainability report? Yes/No

Is sustainability data included in your regulatory filings? Yes/No

### Rationale:

Publishing a sustainability report demonstrates transparency and commitment to responsible practices. Where applicable, including sustainability data in regulatory filings further strengthens accountability and provides stakeholders with a comprehensive view of our performance.

### Source:

GRI 2-1, GRI 2-2

## Disclosure Practices

Does your company provide sustainability data in line with any sustainability reporting frameworks? Yes/No

Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No

Does your company set targets and report progress on the UN SDGs? Yes/No

### Rationale:

Reporting using recognized frameworks and aligning with specific SDGs can ensure transparency and accountability for sustainability efforts. Setting clear targets and tracking progress demonstrates a commitment to achieving a positive impact.

# Governance

## Ethics and Anti - Corruption

### Scope:

Impact of Corruption on an Organization and how it manages those impacts

Employees training on the organization's anti-corruption policies and procedures, broken down by region

### Rationale:

Corruption undermines stakeholder legitimacy and trust; it is linked to misallocation of capital, environmental harm, human exploitation, and unethical and illegal behavior.

The number and nature of corruption incidents is a KPI that explains the company's anti-corruption culture and behavior.

Training and investment in anti-corruption initiatives to improve the operating environment and corporate culture can strengthen an organization's anti-corruption capabilities.

### Source:

GRI (205-2) and GRI (205-3)

## Data Privacy

### Scope:

Internal and external data of the company

Data collection is gathered through third-party agreements to protect data.

### Rationale:

Protecting both internal (employee/company) and external data (customer/partner) is essential. Third-party agreements ensure strong data privacy practices throughout the ecosystem, fostering trust, safeguarding information, and minimizing risk.

### Source:

GRI (205-2) and GRI (205-3)

# Social

## CEO Pay Ratio

CEO total compensation to median Full-time Equivalent (FTE) total compensation  
Does your company report this metric In regulatory filings? Yes/No.

Ratio: Median male compensation to median female compensation system? Yes/No

## Child & Forced Labour

Does your company follow a child and/or forced labor policy? Yes/No  
If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No

## Employee Turnover

Percentage: Year-over-year change for full-time employees

Percentage: Year-over-year change for part-time employees

Percentage: Year-over-year change for contractors and/or consultants

## Gender Diversity

Total enterprise headcount held by men and women, Entry, Mid, and Senior level positions held by men and women, as well as differently-abled women and men in the workforce

Does your company have a sexual harassment and/or non-discrimination, IDE? Y/N  
Is there a confidential grievance, resolution, reporting and non-retaliation mechanism and procedure to address and respond to incidence of harassment and violence? Y/N

## Temporary Worker Ratio

Percentage: Total enterprise headcount held by part-time employees

Percentage: Total enterprise headcount held by contractors and/or consultants

## Marketing

Do you have responsible gender sensitive marketing communication policy or a commitment embedded in larger corporate policy? Yes/No

## Global Health & Safety

Does your company follow an occupational health and/or global health & safety policy? Yes/No

## Injury Rate

Frequency of injury events relative to workforce time, safety-related incidents, lost production hours, and employee complaints and resolutions regarding working conditions during the reporting period.  
Does your company use a recognized energy management system? Y/N

## Human Rights

Does your company follow a human rights policy? Yes/No

If yes, does your human rights policy also cover suppliers and vendors? Yes/No

## Corporate Social Responsibility

Please share a list of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated.

## Employee Training and Succession Planning

Number of training sessions held on the following. Please also mention the Number of employees and workers trained on these: -Skill Upgradation -Soft Skills -Health and Safety Measures  
Percentage: Women and men promoted during the year

# Social

## CEO Pay Ratio

This disclosure requirement demands companies to simplistically state in Yes/No terms whether information about their CEO's pay is reported in their annual financial filings.

Companies are struggling to report this particular information against different standards and frameworks that require transparent, numerical, comparative ratios of pay rates throughout a company. A majority of reporting companies in Pakistan choose to omit this information owing to confidentiality constraints.

The Disclosure Guidelines avoid this potential pitfall by only expecting companies to report whether this information is publicly filed/available elsewhere, as opposed to specifically requiring the information itself to be calculated and disclosed.

**Source:**  
GRI 2-21

## Working Conditions

As opposed to reporting a company's annual Total Recordable Injury Rate (TRIR), this disclosure requires entities to specify the number of concerns/incidents/complaints raised by their employees during the reporting period, including how many of these complaints were ultimately resolved.

Similarly, the disclosure requires companies to respond in Yes/No terms whether a certified, recognized energy management system, such as one functioning under ISO 50001, is in place.

**Source:**  
GRI 403

## Employee Turnover

This information is typically required under all major reporting standards and/or frameworks, including GRI 2021, SASB, TCFD, and the newly-released IFRS S1 and S2 Standards.

High employee turnover can indicate dissatisfaction and major organizational changes. Uneven turnover by age or gender may suggest workplace inequity. Turnover affects productivity, human capital, and results in financial costs for recruitment or payroll adjustments.

As a requirements, companies will be expected to liaise with their relevant Human Resources or Finance departments to extract the following information:

- The percentage change from one year to the next for full-time employees.
- The percentage change from one year to the next for part-time employees.
- The percentage change from one year to the next for contractors and/or consultants.

**Source:**  
GRI 401-1

# Social

## Gender Diversity

Research has indicated that gender, ethnic, and cultural diversity, especially in executive teams, is linked to better financial performance and employee satisfaction. This correlation exists because diverse companies excel in innovation, attracting top talent, improving customer orientation, and enhancing employee satisfaction.

Companies that prioritize diverse workforce representation and leverage inclusion and diversity to develop talent can gain both tangible and intangible benefits.

This disclosure requires companies to report on tangible gender-breakdowns of leaderships positions held by men and women. This data indicates the effectiveness of inclusive recruitment practices concerning age and gender, and the optimal use of available labor and talent.

**Source:**  
GRI 405, GRI 406

## Temporary Worker Ratio

A company's commitment to ensuring the safety and wellbeing of its workforce and human capital does not stop with the consideration of its employees alone, but extends to include all those contractual workers, third-party employees, and individuals that can be impacted by the company's working conditions, environment, policies, or practices.

**Source:**  
GRI 401

## Gender Pay Ratio

Inclusion and diversity can only be achieved by promoting equal pay and by providing equal remuneration for the same jobs, in order to address social disparity and to maximize professional opportunities for all people irrespective of gender.

Organizations in which imbalances exist expose themselves to reputational and legal risk, based on gender. These can not only affect how talent is attracted, but how it is retained and value is created over time.

**Source:**  
GRI 405-2

# Social

## Global Health & Safety

This KPI requires the reporting organization to list any requirements it has followed in implementing occupational health and safety management systems in place at the company.

Recognized standards/guidelines for occupational health and safety management systems include international, national, and industry-specific standards.

This information is critical in understanding how a company ensures the safety and wellbeing of its workforce, and in its compliance with international standards/guidelines, and legal requirements.

**Source:**  
GRI 403-1

## Injury Rate

Maintaining high standards of health, safety, and labor rights boosts employee productivity and operational efficiency. Proactively addressing these areas helps identify and mitigate risks, and is increasingly legally required.

Overall wellbeing are crucial for driving innovation and delivering intellectual capital-dependent goods and services. The health-related employee services, access, and benefits addressing physical and mental well-being are also gaining importance.

**Source:**  
GRI 403-10, GRI 403-11

## Corporate Social Responsibility

The disclosure requires companies to share a list of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated.

This metric offers a more inclusive definition of community investment, encompassing the various ways companies can show their commitment to social activities beyond traditional charitable donations.

**Source:**  
WEF Metric: Community and Social Vitality

# Social

## Marketing

Does the company have any responsible gender sensitive marketing communication policy, or a commitment embedded in larger corporate policy? The reporting entity will be required to respond in Yes/No terms.

## Human Rights

Similar to having any marketing/communication policy in place, this disclosure requires companies to simplistically respond whether or not they have a dedicated policy/communication around human rights in place.

Any details regarding the policy itself – if applicable – can be provided, including the scope, coverage, and any references it makes to international standards, regulations, and legislation.

## Non - Discrimination

This disclosure necessitates companies to disclose whether it may have a sexual harassment and/or non-discrimination, diversity, or inclusion policy in place. Likewise, the company would be expected to provide details on whether there is a confidential grievance, resolution, reporting, and non-retaliation mechanism to address and respond to incidents of harassment and violence.

Following the amendment in the Code of Corporate Governance Regulations for Listed Companies, 2019, all publicly listed companies will now be expected to have a comprehensive framework/policy in place to mitigate and address gender-based discrimination in alignment with prevailing legislation, such as the Protection of Women Against Sexual Harassment Act, 2010.

The disclosure additionally requires a percentage breakdown of differently-abled women and men in the workforce.

**Source:**  
GRI 405, GRI 406



# Social

## Child & Forced Labour

Child labor, which is a form of work that is forced or obligatory, is considered a violation of fundamental human rights and is recognized as an impediment to development. There is a strong correlation between poverty in households and child labor, which can also lead to a decrease in living standards across generations. These issues can result in legal and reputational risks for companies, especially those with extensive supply chains.

Here, the company would simply be required to report whether or not it follows any policies to mitigate and address incidents of child and/or forced labor throughout its supply chain.

**Source:**

GRI 408, GRI 409

WEF Metric: Risks for Incidents of Child and/or Forced Labor

## Employee Training and Succession Planning

This disclosure pertains to the policies, activities, and initiatives undertaken by the company, in an effort to developmentally enhance the professional calibre and skills of its workforce.

Providing exact numerical expenditure will not only promote reporting transparency, but additionally highlight just how seriously a company regards the personal and professional development it invests in its human capital.

**Source:**

WEF Metric: Skills For The Future

# KPMG Suggested ESG Reporting Journey

The key to presenting complete and accurate disclosures lies in deriving them directly from your ESG strategy, as explained in this Thought Leadership. To facilitate this process, we proposed a six-dimensional framework.

You need to plan and structure the entire journey of picking your most appropriate framework and ecolabels to report correctly in the right manner as required under current statutory requirements that will also be acceptable to your global investors. Ultimately, every company is unique and has its own sustainability goals. For this reason, the topic will always be tailored to the case. In general, a typical ESG journey includes the following dimensions:

- 1. Develop your corporate ESG strategy** in case no sharp ESG strategy is in place at the corporate level to guide your label selection. This is the first step to develop an overall ESG ambition, identifying material areas, understanding the current state in each area, articulating a desired future state and deriving the key initiatives required to get there (incl. ecolabels).
- 2. Identify the role of ecolabels within an existing ESG strategy framework.** This may include researching the changing needs and expectations of your key stakeholder groups (investors, customers, suppliers, etc.), identifying the opportunities to create commercial value through benchmarking your organisation against how your competitors apply standards, frameworks, ecolabels, and certificates
- 3. Select the right labels and collate the right data** points for your reporting and your specific purpose by applying the framework adopted and our extensive experience in working across different countries and sectors.
- 4. Certification process**, for example, by “translating” the generic standards of the respective label into the practical needs for documentation to adopt the respective label successfully and collect the necessary information that the certification requires.
- 5. Incorporating sustainability labels into your brand positioning:** Once you have obtained the desired label, you will need to position it in your brand (internally and/or externally) to maximise the anticipated benefits. This may mean the design of the proposition portfolio, targeted communication releases upon getting certified, changes to your proposition portfolio, changes to your product packaging or sales materials, and more. Devise a customised brand positioning plan.
- 6. Assuring disclosures in the annual report:** If you publicly report certification or certification of suppliers and/or volumes purchased under a specific label, obtain a 3<sup>rd</sup> party assurance on such disclosures or a Second Party Opinion (SPO) per your requirement and eco-label.

In the end, you have your ESG journey well communicated to all your stakeholders.



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