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The Role of Corporate Social Responsibility in Environmental Protection in Pakistan: Addressing Legislative Gaps and Industry Standards

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Abstract

Pakistan is currently experiencing significant and escalating environmental deterioration, characterised by air pollution in key industrial urban areas, untreated industrial waste contaminating water bodies, and inadequate management of solid and hazardous waste. These issues persist alongside a corporate sector that lacks any enforceable legal requirement to allocate CSR funds, disclose information, or implement programs aimed at environmental protection. This article presents a thorough examination and comparison of the existing regulatory void, focusing on the legislative language, regulatory tools, and enforcement mechanisms associated with corporate environmental accountability in Pakistan, alongside the pertinent frameworks in the European Union, the United Kingdom, India, and Bangladesh. It concludes that Pakistan's deficiency is not related to acknowledged environmental principles, as the Supreme Court determined the right to life under Article 9 includes the right to a clean environment, nor is it a matter of proven regulatory capability, given that the State Bank has been implementing a sector-specific environmental framework for banks since 2017. What Pakistan lacks is a clear corporate legal obligation. The comparison results in two analytical concepts. Institutional conditions create a requirement that can be fulfilled through a specific, verifiable action, rather than one that necessitates ongoing monitoring. In cases where a jurisdiction does not have a dedicated assurance profession, the ability to verify must be built into the selected reporting metric, instead of relying on professional validation. The article suggests implementing a compulsory disclosure framework inspired by the United Kingdom Streamlined Energy and Carbon Reporting system, alongside a targeted expenditure requirement that includes a designated environmental component and exclusions based on Indian environmental law. Additionally, it advocates for the alignment of disclosure metrics with the obligations outlined in Pakistan Nationally Determined Contribution.

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Introduction

Corporate Social Responsibility has moved from the periphery of corporate strategy to a core part of how corporations position themselves in relation to the communities and

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ecosystems in which they operate. Carroll (2015) defines CSR as a term that encompasses economic, legal, ethical and charitable duties that collectively provide the framework of a company's responsibilities beyond profit maximisation. Of them the environmental factor has become particularly important as climate change, depletion of resources and industrial pollution have emerged as significant challenges worldwide.

Pakistan has a unique position in this international arena. The Pakistan Environmental Protection Act 1997 (PEPA) and the devolved province Environmental Protection Acts following the 18th Constitutional Amendment are the key environmental legislation that provide the regulatory framework for environmental protection. But it does not impose any explicit corporate social responsibility duties on firms and does not connect environmental compliance to a required expenditure or transparency regime such as in India or the EU. In a recent doctrinal review of Pakistan's environmental legal framework, Hameed, Saeed and Shahid (2025) note the persistent hindrances to environmental protection in Pakistan, notwithstanding the existence of a formally recognised constitutional right to a healthy environment. These include inadequate enforcement mechanisms, limited institutional capacity, political interference and lack of public awareness. This non-implementation is visible in the overall environmental legislation of Pakistan and was present long before any need for a specific mandate for Corporate Social Responsibility, which is not in existence currently.

This legislative and administrative failure stands in sharp contrast to the viewpoint adopted by the supreme judiciary of Pakistan. The Constitution of Pakistan does not expressly provide for an environmental right. However, the Supreme Court in Shehla Zia v. WAPDA (PLD 1994 SC 693) has held that the right to life enshrined under Article 9 contains elements of quality of life and thus includes the right to a clean and pollution free environment. The interpretative premise was employed in Asghar Leghari v. Federation of Pakistan (W.P. No. 25501/2015), where the Lahore High Court held that the government's delay in implementation of National Climate Change Policy 2012 constituted a breach of basic rights of citizens. The court thus ordered a supervisory remedy for ministries to designate climate change focal people and set up a Climate Change Commission to oversee implementation. The challenges in Pakistan in this sector do not emanate from the lack of acknowledged environmental obligations at the constitutional level but the continued gap between the stated responsibilities and their execution. This article explains the distinction and offers suggestions to the lawmakers.

This notion is further explored in CSR activities in Pakistan. Awan, Kamal, Rafique and Khan (2012) carried out one of the first comprehensive assessments of corporate CSR activity in Pakistan and found environmental activities to be part of CSR expenditure, alongside education and healthcare, but not prioritised above them. Niazi and Rashid (2019) also found that CSR in Pakistan is still very much focused on social and communal concerns, which they ascribe to the lack of any legislative mandate that CSR expenditure be targeted at environmental effects. In more environmentally sophisticated regions, there is a distinct concentration on internationally known, export-oriented sectors. In Pakistan's textile sector, the adoption of green supply chains is more prevalent in enterprises with a substantial presence in export markets and driven by their own sustainability mandates (Ikram & Siddiqui, 2019). Similarly, Yunis, Durrani and Khan (2017) note that the study on CSR in

Pakistan has concentrated mostly on the leather and textile industries due to their worldwide prominence and thus are not typical of the wider local regulatory framework.

The study contends that the essence of the situation lies in the legislature as Pakistan lacks a comprehensive legal framework integrating corporate social responsibility with environmental protection. This is unlike established areas (EU, UK) relying on obligatory disclosure and due diligence processes, or a developing region (India) mandating spending.

The study examines the content, structure and enforcement of existing environmental and corporate regulation in Pakistan, identifies specific legislative gaps compared to analogous jurisdictions, and evaluates which regulatory framework such as mandatory spending, mandatory disclosure, enhanced director responsibilities or a hybrid approach, is most suitable to Pakistan's institutional and economic environment.

The study is based on the following questions, which are not based on business survey data, but on the framework of statutory interpretation, comparative legal techniques and current scholarly literature:

1. To what extent does Pakistan's current legislative framework (PEPA 1997, province Environmental Protection Acts and SECP rules) require, promote or authorise voluntary corporate environmental CSR initiatives?
2. What are the institutional, financial and enforcement impediments to the success of environmental corporate social responsibility in Pakistan notwithstanding the legislative framework as per the available literature and regulatory documentation?
3. How does Pakistan's legal and enforcement framework competitively position with chosen established (the European Union and the United Kingdom) and emerging (India and Bangladesh) jurisdictions in making corporate social responsibility outcomes ecologically relevant?
4. What are the most suitable changes for Pakistan, considering its institutional capabilities, economic structure and present regulatory framework?

Research Methodology

The study is framed within a doctrinal research methodology, supplemented by a comparative analytical methodology.

Doctrinal research involves recognising, analysing and organising legal norms from primary legal sources such as legislation, subordinate regulation and case law (Hutchinson and Duncan, 2012). The approach employs reasoning, logic and argument based on authoritative documents to ascertain the existing state of the law on a given question and to highlight any gaps, contradictions or shortcomings therein. This is also referred to as "black-letter" research in the literature: a methodical investigation of legal laws as a codified collection of principles, as opposed to an emphasis on their social or economic effects

The comparative part of the design is functional, comparing legal systems from different jurisdictions not only in terms of formal similarities, but also in terms of their effectiveness in resolving a common underlying problem, viz. the relationship between corporate conduct and environmental protection outcomes. Husa (2006) argues that the comparative legal technique is highly vulnerable to over-abstracting when legal rules are studied in various jurisdictions without sufficient attention to the institutional and cultural circumstances in which each rule functions. This article addresses that danger by looking not

only at the legislative text, but the enforcement infrastructure of each jurisdiction in comparing statutory requirements. The main jurisdiction to be considered is Pakistan, while the European Union and the United Kingdom are included as benchmarks for developed economies. India and Bangladesh are included as examples of developing economies due to their similar economic framework, regulatory capabilities and shared post-colonial legal traditions.

The research does not contain the original data acquired from the corporations of Pakistan since attempts made to include the firms have not resulted in a trustworthy and verified database. The results are based on previously published research, not on new primary field study on current company practices. The findings should be seen as a body of existing practice rather than as a distinct empirical investigation.

Conceptual Framework

Stakeholder Theory

In a major attempt to classify the material that followed Freeman's book, Donaldson and Preston (1995) highlight three characteristics of stakeholder theory that are frequently conflated. These differences are significant for the subject at hand.

The theory provides a full account of the company as a sophisticated interaction of cooperative and competing interests that have intrinsic value. It is instrumental that it suggests that it demonstrates a causal relationship between stakeholder management methods and results of company success. It is normative in that it is an assertion that stakeholder interests are valuable in themselves, not only as an instrumental means to business success. Donaldson and Preston offer a useful distinction between the two: the instrumental perspective is hypothetical: if you want these outcomes then you should engage in these practices. The normative perspective is categorical: you should or should not do something because of its moral character.

This distinction is directly relevant to the argument made here, as well as to a challenge within the literature of Pakistani CSR. For instance, empirical work done in Pakistan has been largely based on pragmatic paradigm to show that CSR activities are associated with improved financial performance such as Rehman, Baloch and Sethi's (2015) study on the cement sector. If the finding is supported it would explain why firms would choose to participate in socially responsible activities voluntarily, but it would not offer a foundation for forcing such activity. Good habits don't have to be imposed. If they're not good in a certain case, there is no incentive for the corporation to go beyond the justification. At bottom, the case for mandatory corporate social responsibility in the environmental realm must be grounded in ethical, rather than practical, considerations. The argument is that the interests of the environment have an intrinsic value that the company cannot ignore, even if it means a potential loss of profit. This is exactly the argument that the constitutional structure of Pakistan has accepted. The Supreme Court ruling in Shehla Zia v. WAPDA provides authority for the proposition that right to life under Article 9 includes quality of environment. This is a normative argument about intrinsic worth, not only an instrumental claim about business performance.

Institutional Theory

Institutional theory is another theoretical lens directly applicable to the comparative legal system. The key assertion is the work by DiMaggio and Powell (1983) in the American Sociological Review which analyses why organisations in a particular field tend to become similar. It implies that the motor of rationalisation has switched from the competitive marketplace to the state and the professions. They identify three processes via which this homogenisation occurs and here the tripartite distinction is of considerable analytical use as each mechanism correlates with a different legislative approach. Coercive isomorphism results from official and informal pressures on organisations from other organisations upon which they are dependent and by social cultural norms in which the organisations are embedded. The state is the principal source of this pressure, with its regulatory and financial leverage. Mimetic isomorphism is a consequence of uncertainty: when goals are unknown or technologies are not fully understood, entities tend to imitate those who they view as legitimate or successful. Normative isomorphism is built on the process of professional growth, which includes formal education, professional ties, and shared knowledge that disseminate commonly recognised standards of what constitutes acceptable behaviours. Ali and Rizwan (2013) used this paradigm to corporate social and environmental disclosure in a Pakistani institutional setting, showing the relevance of this approach for study in such a context.

The three processes map quite well onto the legislative possibilities in so far as the subject matter of this paper is concerned. The Indian type required expenditure provision is a fundamentally coercive tool, enforced by the state itself through the threat of sanctions. Although the requirement to provide information may seem to be coercive, it normally functions through imitation and norms. Its genuine impact depends on businesses measuring themselves against leading peers on what they publish, and also the professional bodies of accountants and sustainability specialists that collate and review such disclosures. The external buyer pressure recorded in the Pakistan's textile business is mimetic and normative and not coercive as per DiMaggio and Powell. It's not a Pakistani law, it's pressure from commercial relationships, it's pressure from the expectations of the industry. This contrast explains an untheorised pattern in Pakistani literature: environmental practices in Pakistan are notably concentrated where non-coercive institutional pressure is most salient and absent where such pressure is weak. This is consistent with the hypothesis for a jurisdiction with essentially non-functioning coercive mechanisms.

Legal System of Pakistan

Area of responsibility

The main law on environment in Pakistan is the Pakistan Environmental Protection Act 1997. The Act provides comprehensive regulatory regime for protection of environment. These include provisions for Initial Environmental Examinations and Environmental Impact Assessments for projects which may have detrimental environmental impacts. However, the Act does not include any provisions which link environmental performance with corporate social responsibility as a separate legal category.

After the 18th Constitutional Amendment, the role of environmental protection has been ceded to the provinces. Similar provincial laws have been adopted which closely mimic the form of PEPA but do not include any particular responsibilities relating corporate social responsibility.

In 2013, Securities and Exchange Commission of Pakistan released recommendations to encourage disclosure of CSR initiatives by listed corporations. However, these standards are optional and there is no punishment for failure to comply. In a larger sense, there is no alternate to Section 135 of the Companies Act 2013 of India in the Companies Act 2017, regulating corporate regulation. The analytical methodology used in this article shows that Pakistan has the least stringent statutory standards. There is no mandated disclosure or mandatory spending for environmental corporate social responsibility.

Constitutional Jurisprudence: Judicial Activism Minus Law-Making

One of the most striking elements of Pakistan's environmental law framework is that its most major doctrinal advancements have come from the higher court and not the legislative.

There is no explicit right to a healthy environment provided for in the Constitution of Pakistan. The applicable rights have been drawn from the interpretation of Article 9, which ensures the right to life, and Article 14, which protects the inviolability of human dignity. In Shehla Zia v. WAPDA (PLD 1994 SC 693) the Supreme Court stated that the right to life under Article 9 is not restricted to simple animal existence but encompasses the quality of life which includes the right to a clean and unpolluted environment. This ruling became the constitutional basis of all future environmental jurisprudence in Pakistan. The interpretation was confirmed in Tiwana v. Punjab (PLD 2015 Lahore 522) whereby it was decided that the environmental legislation of the federation and provinces should apply in compliance with international principles of environmental law.

The most important application of this approach is the case of Asghar Leghari v. Federation of Pakistan (W.P. No. 25501/2015). A farmer who relies on water and food security for his livelihood, filed a public interest litigation against the inaction and delays of the Federal Government and the Government of the Punjab in the implementation of the National Climate Change Policy 2012 and the related Framework for Implementation of Climate Change Policy (2014-2030). In its ruling dated 4 September 2015, the Green Bench of Lahore High Court found that the delay and inaction on the part of the State in implementation of the Framework constituted a breach of the basic rights of the population. The Court's reasoning was based not just on Articles 9 and 14 but also on principles of international environmental law such as sustainable development, the precautionary principle, intergenerational and intragenerational equity and the public trust concept.

Three observations here. First, Leghari shows that Pakistan’s judiciary has been willing to turn unenforced environmental rules into court-enforced requirements, an approach that has not been directly reproduced in similar nations. This is in sharp contrast to the unwillingness of the courts in the United Kingdom to make the environmental factors included within section 172 of the Companies Act 2006 into an enforceable requirement. Second, the necessity for court involvement and the delayed formation of the Pakistan Climate Change Authority until 2024 underscore the key issue regarding the implementation gap: judicial

monitoring has been a replacement for effective administrative enforcement, not an indication of it. Third, and most pertinent to the proposals given below, the constitutional jurisprudence created in Shehla Zia and implemented in Leghari provides a clear constitutional basis for legislation aiming at corporate social responsibility in the environmental domain. If a Pakistani government were to enact an obligatory environmental CSR responsibility, it would not be establishing ex nihilo a new species of environmental duty, but codifying a constitutional right previously acknowledged and routinely enforced by the higher courts.

The implementation gap in practice Climate change act 2017

The Climate Change Act of 2017 in Pakistan is a good example that demonstrates the key distinction at the core of this debate between the process of legislative legislation and the institutional implementation that follows.

The Act created three bodies, the Pakistan Climate Change Council headed by the Prime Minister and empowered under section 4 to supervise and ensure compliance with the provisions of the Act; the Pakistan Climate Change Authority created under section 5 and charged under section 8 with developing adaptation and mitigation plans, establishing institutional frameworks for their implementation, maintaining a national greenhouse gas emissions registry and offering legislative advice to the government.

This implies, in principle, a far more complex institutional structure than the fundamental legal framework mentioned above. In fact, the Climate Change Authority was not fully founded until 2024, seven years after the law creating it, and then due to a court order. The Act foresaw the potential of institutional delay and under section 6 established that until the Council is officially formed, the Chairperson shall exercise the responsibilities and powers of the Council. This writing choice recognises that the implementation lag is a foreseen danger and not an extraordinary event. The trajectory of the Climate Change Act is illustrative for the purposes of this essay. The difficulty in Pakistan is not an unwillingness to legislate on environmental matters – the Act is particularly ambitious in its institutional architecture – but the enduring gap between passage and effective implementation. In this context we have to see any legal reform of corporate social responsibility. In this sector, a statutory need to execute, needing seven years and a Supreme Court order, would have little practical environmental advantage during that period.

Existing reporting and pricing regimes: Pollution Charge Rules 2001 and SMART

One significant qualification has to be made to the description of Pakistan's stance of reporting which essentially alters the suggestions given out below.

Pakistan has instituted a compulsory system of environmental reporting in the industrial sector. The National Environmental Quality Standards (Self-Monitoring and Reporting by Industry) Rules 2001 have been notified vide S.R.O. 528(I)/2001 under section 31 of PEPA 1997, which lays down the responsibility of the industrial units for management of their emissions, effluents and waste and submission of Environmental Monitoring Reports to the concerned environmental agency. The Director-General classifies industrial units into groups A, B and C based on their pollution level, with various reporting frequency for each

group: monthly for the heaviest polluting group A units, quarterly for group B and biannually for group C.

Knowing the roots of the regime helps us understand its structure and weaknesses. Ultimately self-monitoring and reporting is a question of the honesty of the persons concerned. The argument was clear enough at that time, self-monitoring was adopted as the realistic option instead of enforcement through inspections due to the limited availability of both competent personnel and equipment for NEQS enforcement. The analysis of the practical application of the regime is straightforward. There is a framework that looks to be full but relatively few industrial units apply the standards in effect and for those that do there is no way to assess conformity with the requirements. Mandatory reporting is required under the regime but it is not commonly followed or enforced and results in a far poorer outcome than if it were formally implemented.

The companion tool shows the same evidence. The Pollution Charge for Industry (Calculation and Collection) Rules, 2001 formulated under section 11(2) of PEPA 1997 prescribed a market based fee for industrial units which did not fulfil the NEQS. The fee must be equal to the determined pollution level of a unit times the actual production in the charging period. The Director-General should examine the pollution status of each unit at least on an annual basis. This calls for the highly technological capability for monitoring which was not present and which was the reason for the requirement for self-monitoring in the first place, through a yearly assessment of the pollution level of each unit. The instrument is unlikely to perform as intended since its operation is contingent upon the capacities of its counterpart, and the recurrent emergence of the NEQS compliance issue in the Pakistani environmental literature suggests that it has not.

The major distinction between the disclosure approach described below and the present SMART methodology is verifiability. SMART has made it compulsory for industrial entities to monitor the concentrations of effluents and pollutants. They are measured exclusively at the point of discharge by technology installed and managed by the facility and without third-party verification. The absence of a verification mechanism is not a failure of implementation over a sound design but a result of the basic features of the data the system has to process. The suggested requirement is to track metered energy use and gasoline transactions. Utilities and fuel providers normally record quantities in the usual course of business independently from other information and these can be confirmed against records not maintained by the reporting company. This is not a tiny distinction. The major reason this article argues for a responsibility to disclose energy and emissions, rather than an expansion of concentration-based environmental reporting, is because it also explains why acknowledged faults of SMART should lead to re-evaluation of the design, not complete rejection of obligatory reporting.

Comparative Analysis

Table 1 Comparative summary of environmental CSR legislation frameworks

Jurisdiction	Scope of obligation	Enforcement mechanism	Penalty structure	Reporting requirement
Pakistan	Voluntary economy-wide; SBP green banking guidelines for banks only (2017)	Provincial EPAs (NEQS only); SBP for banking sector	Fines under PEPA s.17 for pollution; none for general CSR	None mandatory economy-wide; SBP monitoring for banks only
European Union	Mandatory disclosure (CSRD)	National competent authorities per member state	Member-state-set, incl. turnover-linked fines	Mandatory sustainability statement (ESRS)
United Kingdom	Enhanced director's duty (s.172) + strategic report (s.414)	Companies House, FRC; derivative claims rarely succeed	No CSR-specific fine; courts defer to director discretion	Mandatory non-financial reporting (large companies)
India	Mandatory spending (2% net profit, s.135)	Registrar of Companies / MCA portal (CSR-1, CSR-2 filings)	Company: 2x unspent or ₹1 crore (lesser); officers: 1/10th unspent or ₹2 lakh (lesser)	Mandatory CSR report (Form CSR-2) annexed to board report
Bangladesh	Voluntary (general); mandatory for banks only (central bank circulars)	Bangladesh Bank (banking sector only)	Regulatory action for banks; none for general sector	Sector-specific only (banking)

United Kingdom: Simplified Energy and Carbon Reporting

Of the measures examined, the most relevant for Pakistan is the United Kingdom's Streamlined Energy and Carbon Reporting (SECR) system.

SECR was implemented on 1 April 2019 by the Firms (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155) and applies to listed firms of all sizes, big unquoted companies and large limited partnerships. The qualifying criteria is two out of three based and a major unquoted business or LLP will be in scope if it fulfils at least two of the following: a turnover of £36m or more, a balance sheet total of £18m or more or 250 or more workers. Organisations in scope must disclose at least their energy use in the United Kingdom from electricity, gas and transport fuel and the corresponding greenhouse gas emissions. They must also contain at least one intensity metric that may be assessed against a business activity and state the energy efficiency initiatives undertaken throughout the reporting period. The disclosure is part of the annual report together with the financial reporting, not in a separate sustainability document.

SECR is particularly valuable in a jurisdiction like Pakistan's for three design aspects. Proportionality is a first principle. SECR provides a legislative exception for low energy consumption levels . An organization that consumes 40 MWh or less in the reporting period does not have to reveal its energy and emissions statistics but needs to mention in its report that it is a low energy user . The method thereby concentrates administrative resources on large consumers, which is plainly advantageous when regulatory capacities are constrained. The second is the adhere or clarify clause. SECR authorises the omission of carbon and energy data if it is not practicable to obtain such data. However, it does require a disclosure of what

has been withheld, the reasons for omission and a strategy to remedy any substantial gaps in future periods of reporting. The third is a progressive one. SECR is purposely backward looking and requires rather basic information: documented energy consumption and fuel procurement records, which most adequately sized enterprises already retain for commercial reasons.

Institutional Capacity

The Registrar of Companies in India enforced section 135 for compliance gaps noticed throughout the years 2014-2021 using a dedicated digital filing infrastructure, the MCA21 portal, Form CSR-1 registration for implementing agencies, and Form CSR-2 monthly disclosure. The UK is dependent on Companies House filing infrastructure and Financial Reporting Council supervision. Pakistan's SECP and provincial Environmental Protection Agencies face difficulty in enforcing PEPA's decades-old environmental regulations before introducing CSR-specific duties (Hameed, Saeed, & Shahid, 2025). The reported organisational structure of SECP has no environmental or CSR units. The SECP has a Specialised Company Division, an Islamic Finance Department, a Professional Development Department, a Systemic Risk Department and a Prosecution and Legal Affairs Division.

Since enforcement capacity includes a number of needs it is vital to define what each of the comparators model demands. There are four different competences. First, the filing administration: reception and recordation of returns, and periodic public disclosure of returns and identification of non-filers. This clerical job has been digitalised in India through the MCA portal and in the UK through Companies House. Second, arithmetic verification requires comparing estimated emissions to consumption data and a published emission factor to establish that a particular value is generated from underlying inputs. Third, document verification is verifying a reported statistic against an objective third party record such as a utility bill. You don't need a tech environment, only access to third-party data and legal authority. Furthermore, the Substantive evaluation, which confirms if the declared environmental performance is true or whether a supported project has achieved its environmental purpose. This is a rigorous competency which requires laboratories, field inspections, qualified technical workers and controlled assurance across Europe.

Table 2. Regulatory Competencies Required by Each Comparator Model

Competence	What it requires	Jurisdictions relying on it
Filing administration	Receive, record and publish a periodic return; identify non-filers	India (MCA portal); UK (Companies House)
Arithmetic verification	Confirm a reported figure follows from stated inputs	UK SECR
Documentary verification	Confirm a figure against an independent third-party record	UK SECR; India (unspent funds transfer)
Substantive evaluation	Assess physical accuracy of reported performance or project efficacy	EU CSRD (via assurance profession); Pakistan NEQS, SMART, pollution charge

The first two competencies and perhaps the third are required by the UK SECR framework. Transfers to designated funds may be verified against the records of the fund. India's framework under section 135 needs the first and, in the case of the unspent funds mechanism, the third. The European CSRD regime needs all four and consequently utilises an

assurance profession instead of the regulator. However, almost all of Pakistan's environmental instruments fall in the fourth category. The NEQS require a substantive evaluation of discharge concentrations, the pollution charge requires an annual substantive determination of the pollution level of each unit and the SMART Rules demand verification of self-reported concentration data not recorded by any third party. Thus Pakistan has created an environmental regulation framework that is almost entirely dependent on its lone vulnerability. Even while the SECP's business filing apparatus already consistently achieves the first competency at scale.

Conclusions and Recommendations

The following conclusion and recommendations are drew from the discussion in the parasupra.

Simplified disclosure, make SECP's voluntary recommendations compulsory

SECP's Corporate Social Responsibility Voluntary Guidelines 2013 should be made mandatory for listed and big private firms above a particular turnover threshold. The UK's Streamlined Energy and Carbon Reporting system is more suited for Pakistan than the EU's Corporate Sustainability Reporting Directive which demands different data and assurance infrastructure.

Use 4 characteristics of the SECR model. First, a two-out-of-three qualifying criterion based on turnover, balance sheet total and staff headcount, set at levels acceptable to Pakistani firms, which targets enterprises of actual material significance rather than imposing it equitably. Second, a basic set of disclosures limited to company data: metered energy consumption, fuel purchases, greenhouse gas emissions, at least one intensity measure and a narrative description of energy saving activities. Third, a de minimis exemption from the SECR pattern that would release low consumption firms from substantive reporting, but requiring them to admit that they fit the requirements, thereby maintaining the regulatory image at minimum administrative expense. Fourth, a comply-or-explain provision which permits omission when data is not practicably accessible, with a statement of what is excluded and why and a pledge to fill the gap in consecutive quarters.

Set expenditure requirements for some sectors, not for the economy.

While India's is an economy-wide mandate, Pakistan's must start with the biggest environmental-impact sectors in the country — textiles, cement, tanning and chemicals – sectors where provincial EPAs already have some monitoring infrastructure through NEQS enforcement. This guidance is not based simply on the example of Bangladesh Bank. The State Bank of Pakistan has had a comparable banking sector structure since 2017. Hence, an SECP administered equivalent for high polluting industrial sectors is not a leap into uncharted regulatory territory for Pakistan, but an extension of a model that Pakistani regulators have already demonstrated they can run, with the caveat that the SBP's framework is guideline based, rather than penalty based.

Bangladesh is a strong case for a bold written warning. Pakistan's voluntary pattern of allocation toward CSR for education and health rather than environmental sustainability is akin to that of Bangladesh Bank's mandatory CSR system for banks, with actual supervisory

leverage and end-use monitoring. Aggregate CSR spending does not target it toward environmental objectives. Therefore, under the Pakistani regulations, the environmental application has to be identified on the face of the instrument and monitored. The Indian research suggests that a minimal share of the mandatory CSR investment be ring-fenced for environmental goals and reported separately. A partial drafting model is provided by Schedule VII of India, which lists acceptable activities such as environmental sustainability and ecological balance.

Another drafting point is the exclusionary limits in India. In India, CSR expenditure is not permitted for the benefit of the company's employees, for marketing objectives, or to satisfy a statutory requirement under any other legislation. This is important for Pakistan as textile and leather companies already spend as much on the environment to meet the requirements of export buyers . In the absence of exception, the legal requirement for a Pakistani environmental CSR mandate would be met by enterprises' commercial spending on day one, resulting in a legal requirement with no environmental impact. An Indian type exclusion should be made in any Pakistani document and the rules should read that spending on PEPA 1997, provincial Environmental Protection Act and NEQS compliance does not qualify.

Third, enforceability. Unspent monies due to qualified activity in India can be transferred to a separate Unspent CSR Account for ongoing projects or to a government fund to avoid detention. Pakistan enjoys the system since it simply has to check the money went, not what it achieved. The technical burden of the SECP is less than a system that requires regulators to assess project quality or environmental performance. The restriction for Pakistan is enforcement capability. A transfer based mechanism is one of the few really coercive ways that does not require technical expertise.

Develop enforcement capabilities of certain instruments

This recommendation is more precise than the broad need for institutional development in Pakistani environmental governance policy discussion, as it disaggregates enforcement capabilities in four folds. It is suggested that Pakistan should not try to gain overall technical environmental competency since almost three decades under PEPA have not been able to establish it. Pakistan invests and develops the limited and niche skills required for the aforesaid instruments. 1. A department of SECP that collects, records and publishes environmental disclosure returns and detects non-filers. This is an extension not a creation as SECP is already administering filing administration for financial returns. India has integrated Form CSR-1 and Form CSR-2 in the Ministry of Corporate Affairs portal, the UK administers SECR through Companies House filing apparatus and no jurisdiction reviewed implemented a CSR duty without naming the agency which would administer it. The second is clear legislative authority to require third-party verification data from utilities and fuel providers, because the strategy is premised on verifiability.

Alignment of disclosure regime with Pakistan's NDC reporting

The aforesaid disclosure duty should be framed from inception to be in line with Pakistan's international climate reporting as well as domestic environmental objectives. Pakistan's NDC 3.0 commits to reduce its predicted 2035 emissions by 50%. Of this, 17% is

unconditional and implemented from domestic resources without outside finance There is no rule in Pakistan which obliges enterprises to contribute toward this aim and there is no regular source of firm level emissions information to track progress. The data by-product of the SECR-modelled disclosure regime would be produced as a by-product of its main aim. The disclosure requirement should be established on emissions indicators that aggregate to the national greenhouse gas inventory maintained for reporting under the enhanced transparency framework of the Paris Agreement. The aggregation should be under the umbrella of Pakistan Climate Change Authority and SECP. The cash will be conditional on Pakistan's NDC target and external climate funding and Pakistan's reliability in reporting its emissions.

Limitations

These recommendations have two cautions. Firstly, the extent of Pakistani corporate mandates. In Pakistan, the informal economy accounts for one-third to forty percent of GDP and provides seventy-five percent of the labour force. It covers manufacturing and construction, retail and services. Environmental obligation is solely incumbent upon firms inside the corporate regulatory perimeter. The proposed amendment does not apply to unregistered enterprises, which operate in environmentally important fields. The suggestions are focused on key contribution and not the complete contribution of the formal business sector toward environmental deterioration in Pakistan or the total remedy.

Second. Mandates increase costs for enterprises in the formal sector, but not for informal rivals, and since the research identifies the cost of formal compliance as a driver of informality, the change may somewhat reinforce the informal-formal split. The article recommends that proportional criteria and a de minimis exemption are better than uniform application. Supply chain extension is a later stage technique for formal enterprises to pass duty to their informal supplier base. This doctrinal analysis cannot evaluate if these design decisions adequately account for risk.

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