Sustainability Reporting: Strengthening Corporate Resilience and Investor Confidence

Philippines-Japan Environment Week
Climate Change Mitigation / Joint Crediting Mechanism (JCM) Session
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A Presentation By:

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Sustainability Reporting

- Practice of reporting publicly on its significant economic, environmental and/or social impacts, in accordance with globally accepted standards.
- SEC MC No. 4, s. 2019 or the Sustainability Reporting Guidelines for Publicly-Listed Companies (PLCs), to promote sustainability reporting and make it relevant for Philippine PLCs.
- PLCs are MANDATED to submit their SR (on a comply-or explain basis).
- Intended to help PLCs assess and manage non-financial performance across Economic, Environmental and Social aspects of their organization.



PUBLICLY-LISTED COMPANIES

SUSTAINABILITY REPORTING GUIDELINES FOR PUBLICLY-LISTED

PLCs), the Commission, in its en bonc meeting on 12 February 2019, resolved to issue the Sustainability Reporting Guidelines for Publicly-Listed Companies attached to this Memorandum Circular.

The Guidelines is intended to help PLCs assess and manage non-financial performance across onomic, Environmental and Social aspects of their organization and enable PLCs to measure and monitor seir contributions towards achieving universal targets of sustainability, such as the United Nations oustainable Development Goals, as well as national policies and programs, such as Ambigson Notin 2040.

Submission with SEC Form 17-A

company's Annual Report (SEC Form 17-A).

The first report shall be attached to the 2019 Annual Report to be submitted in 2020

For companies who already have sustainability reports in accordance with internationally ecognized frameworks and standards, their reports shall already be considered as their compliance with he reporting template. Companies may choose to attach the whole sustainability report to their Annual Report or just include a statement providing a link to said report.

The Guidelines shall be adopted on a "comply or explain" approach for the first three years upon rectation. By "comply or explain", it means that companies would be required to attach the template to their Annual Reports but they can provide explanations for items where they still have

Penalty for Non-attachment of the Sustainability Report to the Annual Report

Non-attachment of the Sustainability Report to the Annual Report shall be subject to the penalty for Incomplete Annual Report provided under SEC Memorandum Circular No. 6, Series of 2005 (Consolidated Scale of Fines).

This Memorandum Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Pasay City, Philippines, 15 February 2019.

Monila Bulletin, February 21, 2019

Sustainability Reporting Benefits

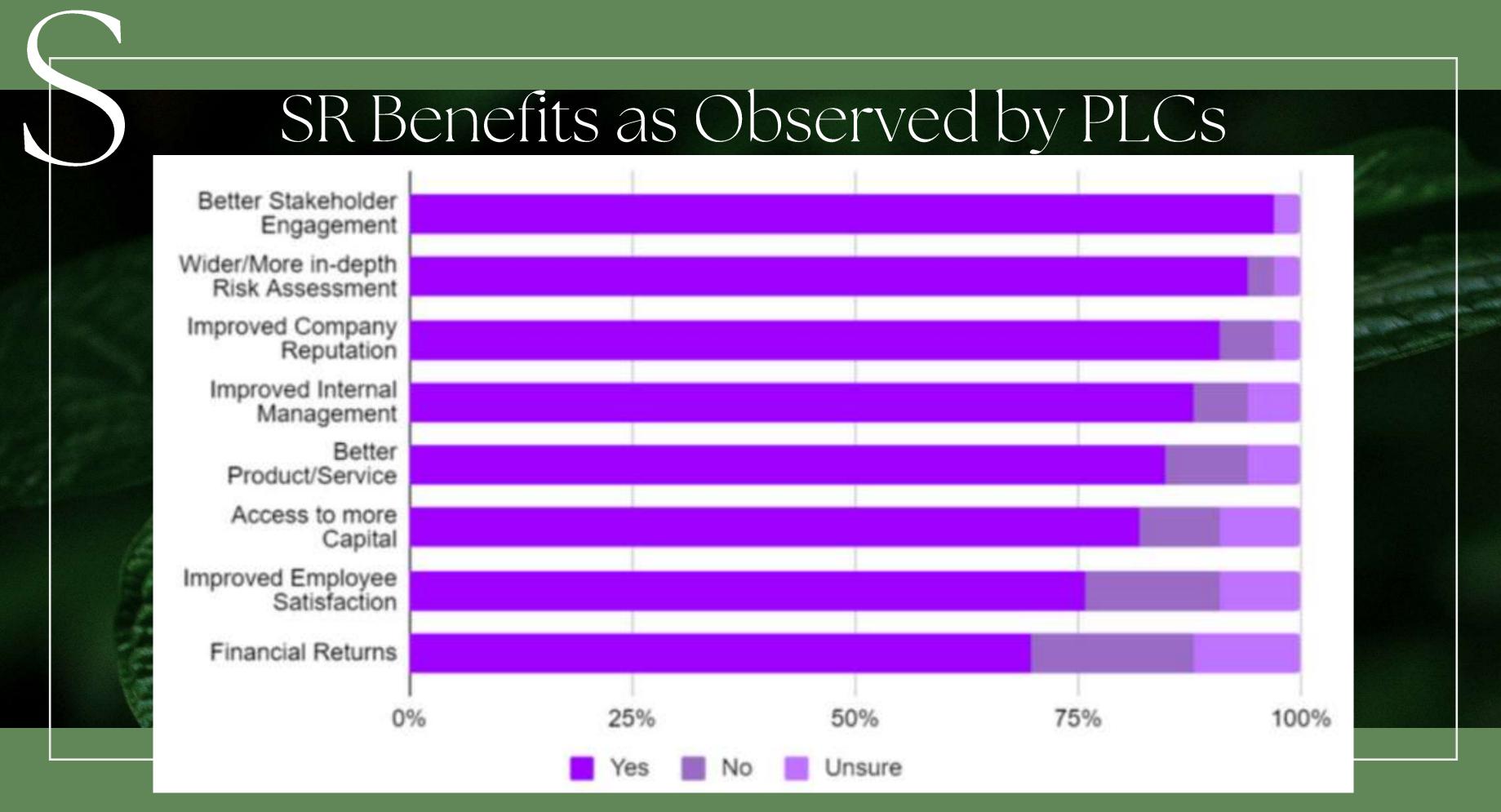
INTERNAL

- Effective management of sustainability risks and opportunities
- Enhanced vision, strategy and business Plans
- Improved management systems
 - Motivated workforce



- Improved company reputation and brand value
 - Investor attractiveness
 - Stakeholder engagement
 - Competitive advantage





Sustainability and Profitability

Oxford study based on over 200 academic studies

Percentage of the studies showing

90%

Cost of capital

Sound sustainability standards lower the cost of capital of companies 88%

Operational performance

Solid ESG practices result in better operational performance of firms

80%

Stock price performance of companies

Stock price performance of companies is positively influenced by good sustainability practices

ESG is particularly relevant for Emerging Markets, which has the highest positive relation between ESG and corporate financial performance*.

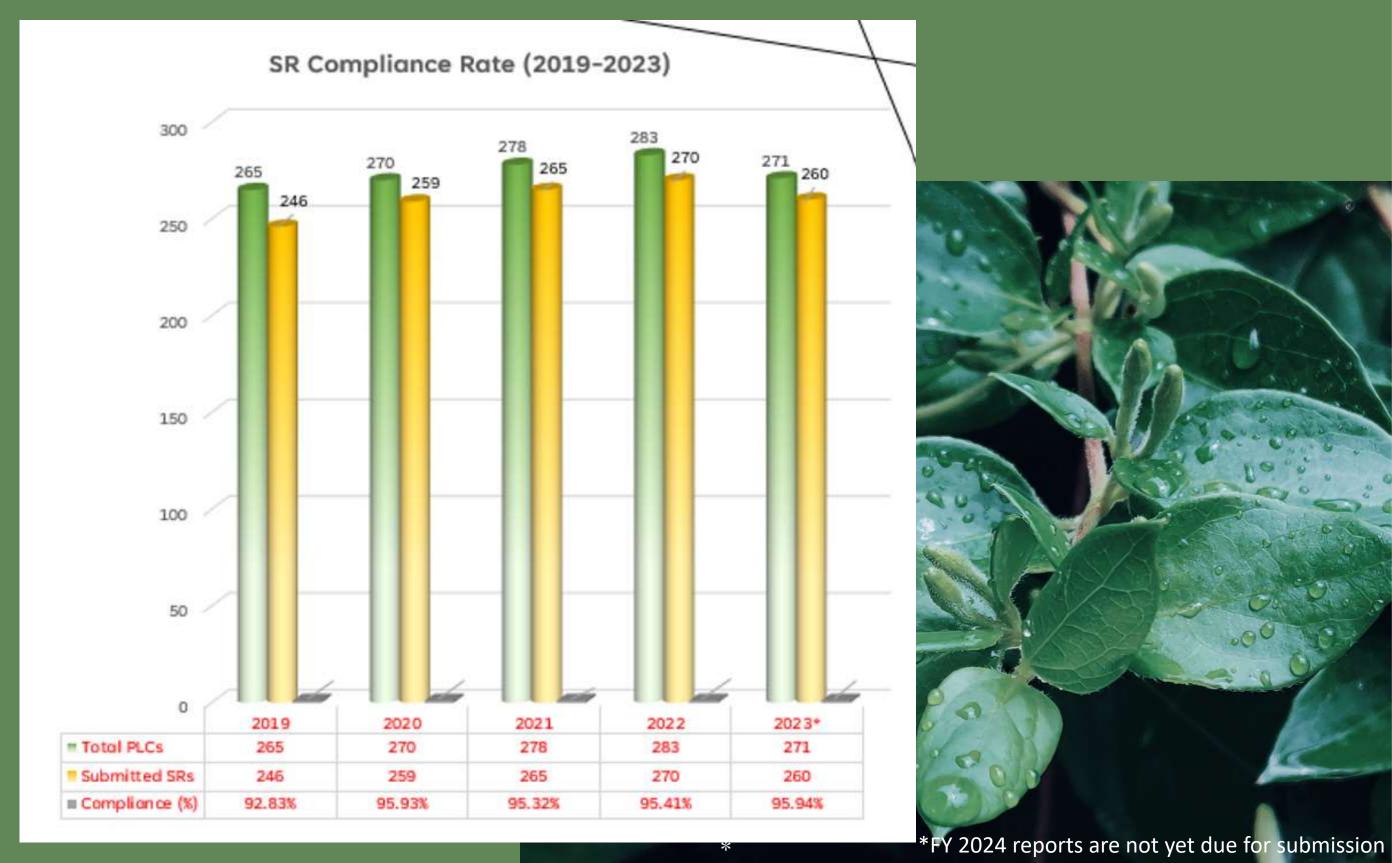
Source: BNPP AM, University of Oxford, "From The Stockholder To The Stakeholder", March 2015.

*65.4% positive; 5.8% negative (University of Hamburg, Deutsche Bank, "ESG and financial performance: aggregated evidence from more than 2000 empirical studies". December 2015)

Studies", December 2015,

Source, BNPP AM, University of Oxford, "From The Stockholder To The Stakeholder", March 2015.

Existing SR Guidelines and Compliance

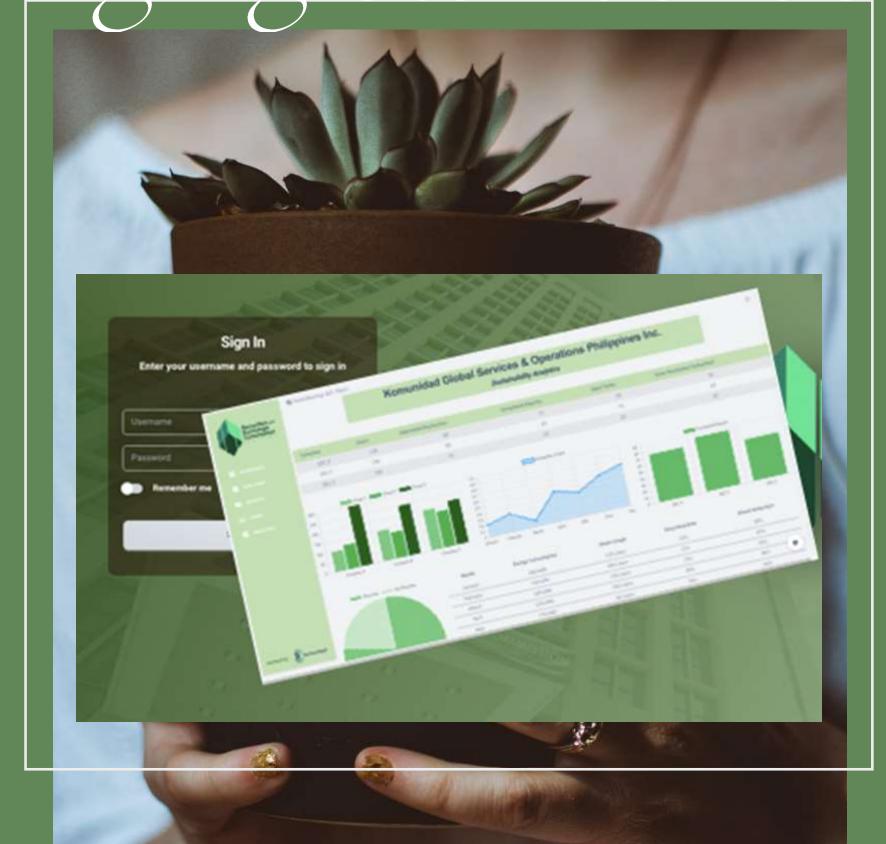


SEC

Changing Standards

Revised SR Guidelines and the Sustainability Reporting (SuRe) Form

- Draft Exposed in October 2023
- SR Attached to Annual Report
- SuRe Form-Submitted via Online portal
- Takes into consideration IFRS S1 and S2, UN SDGs, GRI and UNCTAD-ISAR GCI
- Will use Philippine Standard Industrial Classification (PSIC)
- Target release date of Revised SR Guidelines and SuRe Form: 2025
- Phased implementation timeline across PLC tiers



Reference: SEC Notice to PLCs dated 20 December 2024

SECPH Prospects and Hurdles

- Engagement with global organizations
- SuRe Form, data capture and management
- IEC, social media, roadshows, capacity-building
- Talent development and educational support



- Global landscape of SR (ISSB, TNFD, ESRS, GRI)
- Uniformity, consistency, comparability, reliability of data
- Stakeholders/ leaders' acceptance
- Need for technical knowledge

THANK YOU

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