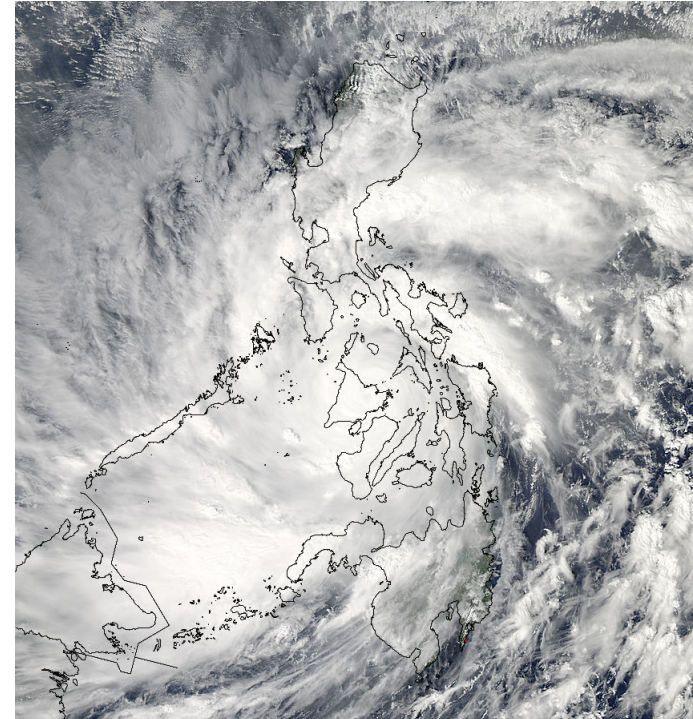


An aerial photograph of a coastal city, likely Manila, Philippines. The image shows a wide body of water on the left, a long promenade with a stone seawall and a paved walkway in the center, and a dense urban area with numerous high-rise buildings on the right. The sky is overcast.

ESG Blueprint: A Comprehensive Guide to Regulations and Best Practices in the Philippines

The Climate Crisis and Sustainability Challenges in the Philippines

What was once called “climate change” is now recognized as the “climate crisis”—an urgent, complex threat that disproportionately affects vulnerable countries like the Philippines. Ranked first globally in disaster risk by the World Risk Report 2024¹, the country faces escalating natural hazards increasingly triggered or intensified by human activities due to rising sea levels, extreme weather, and intensified typhoons. These events contaminate water sources, destroy infrastructure, and disrupt livelihoods across communities.



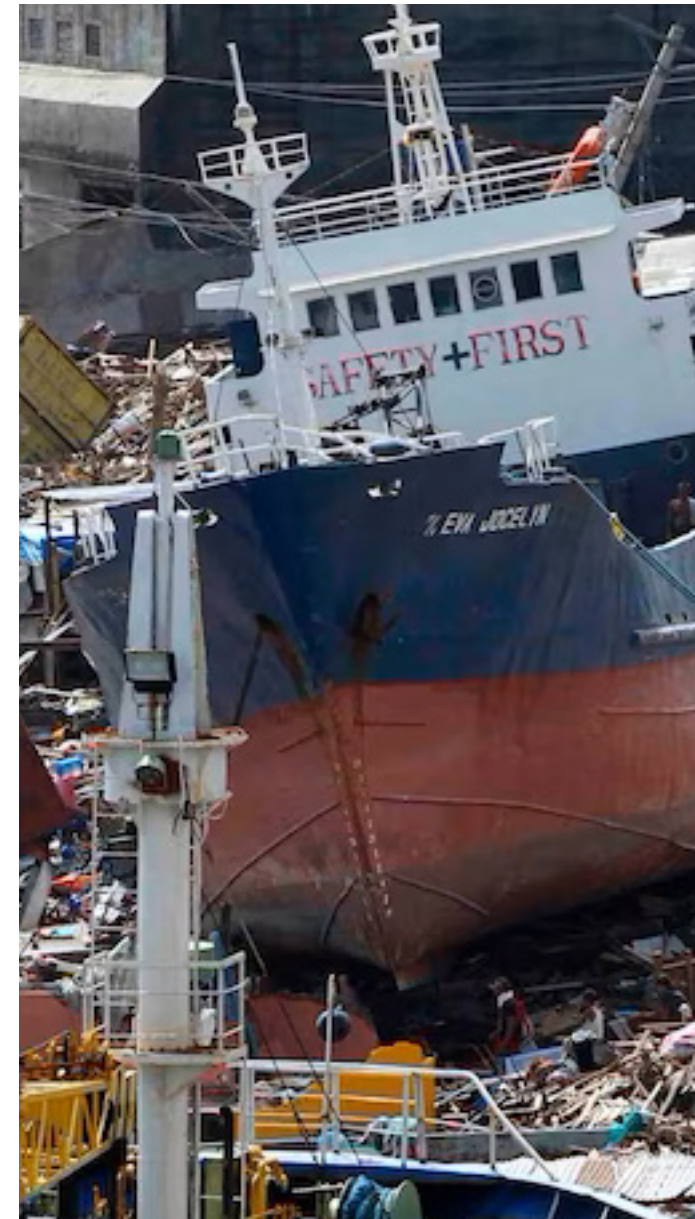
Typhoon Yolanda (Haiyan) in 2013 exemplifies the gravity of the climate crisis, extending the impact on people and economic progress. Considered as one of the deadliest typhoons in Philippine history, its winds reached speeds of up to 315 km/h (195 mph) and storm surges that went up to almost 4 meters (13 feet). The typhoon devastated large coastal and metropolitan areas, particularly in the Visayas region, resulting in over 6,000 fatalities and widespread destruction in over 40 provinces.

The typhoon displaced more than 4 million people and left countless others affected by damage to homes, infrastructure, and agriculture. According to the National Disaster Risk Reduction and Management Council (NDRRMC), the total estimated damage was around PHP 89.6 billion (USD 1.6 billion).² This figure includes both infrastructure and agricultural losses.

Greenhouse Gas (GHGs) emissions are the primary driver of this climate crisis, significantly contributing to global warming and changing weather patterns. GHGs include carbon dioxide (CO₂), the largest contributor, along with methane (CH₄), nitrous oxide (N₂O), and various fluorinated gases.

According to the Global Status Report for Buildings and Construction published by the UN Environment Program, CO₂ emissions from building operations and construction account for 37% of total global CO₂ emissions. In the Philippines, the energy sector leads CO₂ emissions, with residential and commercial sectors consuming over 60% of the country's electricity.

This highlights the urgent need for effective strategies to reduce emissions and advance sustainable solutions in the built environment, helping improve the quality of life for communities while fostering a thriving economy.





Why ESG Matters

Contrary to popular belief, sustainable development is not solely about addressing environmental concerns. While environmental preservation is undeniably important, sustainable development takes a holistic approach that includes all stakeholders, secures their current and future wellbeing through collective action, and supports a thriving society by investing in economic stability.

This broader perspective is captured by the triple bottom line framework, which integrates three interconnected pillars: Planet, People, and Profit. As the world faces escalating challenges such as climate change, social inequality, and economic uncertainty, ensuring these pillars not only coexist in balance but thrive together has never been more critical.

In response to these complex challenges, the concept of Environmental, Social, and Governance (ESG) emerged in the early 2000s as a practical framework for businesses to contribute to sustainable development. ESG offers a structured approach to integrating environmental stewardship, social responsibility, and ethical governance into corporate strategies.

The United Nations has played a key role in promoting ESG, notably through initiatives like the UN Principles for Responsible Investment (PRI), launched in 2006, which encourages investors to evaluate ESG factors alongside financial performance.

Environmental degradation and climate change have pushed businesses toward sustainable practices, while social inequality and human rights concerns have highlighted the need for greater corporate accountability. By prioritizing ESG principles, companies go beyond financial gains to create lasting value for society and the planet, aligning growth with sustainable development for current and future generations.

Sustainability Reporting & ESG Reporting

Sustainability Reporting takes a broad and more comprehensive approach aimed at communicating an organization's sustainability initiatives and practices. It encompasses qualitative information that highlights the organization's overall impact on the environment, society, and economy, providing stakeholders with a holistic view of its commitment to sustainable development.

In contrast, ESG Reporting is narrower and more focused, concentrating on specific performance metrics and associated risks. It evaluates how sustainability initiatives impact the organization's financial health and risk management, offering a clearer understanding of their potential effects on profitability and long-term viability.

This reporting incorporates quantitative metrics that are closely linked to financial performance, enabling stakeholders to make informed decisions based on measurable data. While both reporting types are essential for companies seeking to showcase accountability and transparency in their sustainability efforts, they serve distinct purposes and cater to different audiences.



ESG Reporting Regulatory Landscape in the Philippines

In 2019, the Securities and Exchange Commission (SEC) has issued Sustainability Reporting (SR) Guidelines for Publicly-Listed Companies (PLCs)⁴. These guidelines aim to help PLCs monitor and disclose their non-financial performance across economic, environmental, and social aspects of their operations. They also support alignment with global sustainability goals such as the United Nations Sustainable Development Goals (UN SDGs) and national development plans like AmBisyon 2040.



At the core of the guidelines is the Sustainability Reporting Framework, which references four internationally recognized standards:

Framework	Focus area	Audience
Global Reporting Initiative (GRI) Standards	Broad sustainability topics	Broad set of stakeholders
Integrated Reporting (IR) Framework	Integration of financial and non-financial information focused on value creation	Investors and financial stakeholders
Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB)	Industry-specific, Financially material sustainability issues	Investors with industry-specific focus
Task Force on Climate-Related Financial Disclosure (TCFD)	Climate-related risks and opportunities	Investors, lenders, insurers



Organizations may choose to adopt or combine these frameworks depending on their reporting objectives and stakeholder needs. The SR Guidelines also outline the benefits of sustainability reporting, guiding principles, core disclosure topics, and a template to support compliance.

In 2023, the SEC made sustainability reporting mandatory for all PLCs. Reports must now be submitted alongside annual reports, marking a major step toward greater corporate transparency and alignment with regional practices already in place in Thailand, Singapore, Malaysia, and Indonesia.

To further enhance consistency and data quality, the SEC announced plans to revise the SR Guidelines. These updates will include:

- A new Sustainability Reporting (SuRe) Form
- Integration of IFRS S1 (General Sustainability Disclosure) and IFRS S2 (Climate-related Disclosures)

In December 2024, the SEC launched the SuRe Platform, a digital tool that simplifies and standardizes sustainability data submissions, improving both transparency and efficiency.



Recognizing that 99.59% of enterprises in the Philippines are small or medium-sized, the SEC is working to expand ESG reporting beyond large corporations. Insights from 2019–2020 sustainability reports have informed the development of future SR guidelines for Micro, Small, and Medium Enterprises (MSMEs)⁵. To support this effort, the SEC launched the SMILEES (Small and Medium Industries and Large Enterprises Embracing Sustainability) roadshow in early 2024. This initiative promotes the adoption of sustainability practices across all business sizes, helping ensure that MSMEs, who form the backbone of the economy, are equipped to participate in the country's sustainability journey.

Wider ESG adoption is essential to support the Philippines' commitment to achieving Net Zero by 2050, aligning with the Paris Climate Agreement and urgent calls from the United Nations, which has declared a Code Red for humanity in response to the escalating climate crisis. Beyond reporting lies the deeper goal of embedding sustainability into business models, turning disclosures into action. While challenges remain, such as limited data, resource constraints, and evolving regulations, the shift toward ESG integration is both necessary and urgent. It's a bold step that can shape a more resilient, inclusive, and sustainable future for the Philippines.

Solutions spotlight

Not all organizations are legally required to report on ESG, yet many forward-thinking businesses already engaged in sustainability are exploring it further as a strategic step toward long-term resilience and competitiveness. In the built environment, LEED (Leadership in Energy and Environmental Design) has long served as the entry point for sustainability, setting a global standard for designing, constructing, and operating efficient, environmentally responsible buildings that advance sustainable development.

This was the case for a client in the Philippines that owns and operates a LEED-certified office building. While they are not mandated to comply with the SEC guidelines for sustainability reporting, the client recognized that evolving market expectations, stakeholder interest, and the potential for operational benefits made ESG and decarbonization efforts worth exploring.

To support their decision-making, Arcadis proposed a targeted feasibility study focused on evaluating the value and viability of pursuing a net zero strategy for the building asset. Rather than making premature commitments to full ESG reporting or capital upgrades, the client sought to understand the practical implications, opportunities, and trade-offs involved in moving toward net zero.



Arcadis brought in its technical and sustainability expertise to conduct a comprehensive feasibility assessment, which included:

- **ESG Assessment** – evaluating existing sustainability programs and aligning them with industry benchmarks and stakeholder expectations.
- **Building Audit** – examining current performance, identifying inefficiencies, and uncovering opportunities for energy savings.
- **Carbon Due Diligence** – assessing operational emissions and pinpointing actionable reduction pathways.

The study will culminate in a detailed Sustainability Development Plan that outlines:

- Energy efficiency recommendations
- Capital expenditure (CAPEX) estimates
- Carbon reduction pathways
- ESG impact analysis
- Potential challenges assessment

This tailored approach will provide the client a clear, data-driven foundation to determine whether pursuing a net zero trajectory is aligned with their business objectives and available resources. More importantly, it empowers them to move forward with confidence knowing their potential next steps are grounded in technical insight and global best practices.

At Arcadis Philippines, we empower organizations to navigate sustainability with clarity and assurance, anchoring every decision in technical feasibility and delivering solutions that drive lasting impact.



Conclusion

The adoption of robust ESG reporting frameworks not only drives greater accountability but also fosters innovation, attracts responsible investment, and enhances long-term resilience which are key factors for businesses operating in an increasingly sustainability-conscious market. For the Philippines, where climate vulnerability, inequality, and economic disparity remain pressing issues, ESG integration is not just a strategic advantage, but a national imperative.

Addressing climate change requires coordinated efforts that promote resilience, equity, and sustainability across all sectors. This includes reducing greenhouse gas emissions, adapting to climate impacts, and embedding sustainable development into business strategies. When organizations across the country embed sustainability throughout their operations, they contribute meaningfully to national progress by strengthening the economy, protecting the environment, and improving quality of life for all Filipinos today and in the generations to come.

¹ World Risk Report 2024. URL: <https://weltrisikobericht.de/worldriskreport/>

² Final Report re Effects of Typhoon "Yolanda" (Haiyan), URL: https://ndrrmc.gov.ph/attachments/article/1329/FINAL_REPORT_re_Effects_of_Typhoon_YOLANDA_HAIYAN_06-09NOV2013.pdf

³ Global Status Report for Buildings and Construction. URL: https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y

⁴ Sustainability Reporting Guidelines for Publicly-Listed Companies. URL: <https://www.sec.gov.ph/wp-content/uploads/2019/10/2019MCNo04.pdf>

⁵ SEC Reports 2020 to 2023. URL: https://www.sec.gov.ph/wp-content/uploads/2024/01/Sustainability-Initiatives-from-the-SEC-Reports-2020-2023-Q1_compressed.pdf

Organisation for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises, 2011; modified United Nations (UN), Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011; modified

About Arcadis

Arcadis is a leading global partner, delivering some of the world's most transformative projects with businesses, cities and industries. With 36,000 people active in more than 30 countries, we bring together the best minds from around the world to deliver intelligent products and solutions across the environment, energy, water, buildings, transport and infrastructure sectors. We take design, engineering, architecture and consultancy to the next level, advising clients at every step of every project, and combining our human and digital intelligence to co-create environments that reflect our clients' and stakeholder needs. We are committed to solving today's greatest challenges, creating a blueprint for a better future, designed to thrive.

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