

Sustainability Reporting Guidelines for Publicly-Listed Companies

Commissioner Kelvin Lester K. Lee
Securities and Exchange Commission



**Securities and
Exchange
Commission**
P H I L I P P I N E S

Sustainability



"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

-Brundtland Report of the World Commission on Environment and Development



What is Sustainability Reporting?

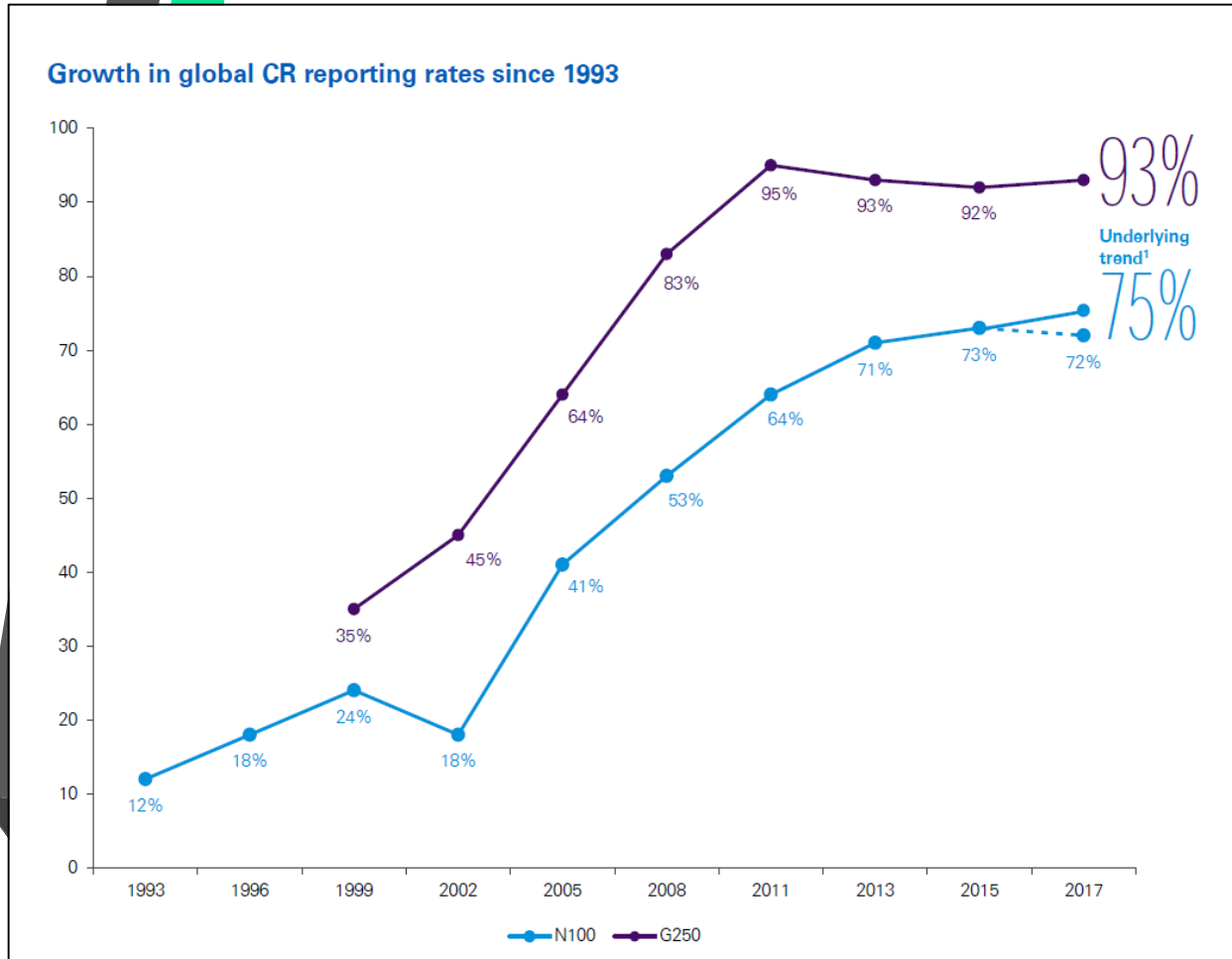
An organization's practice of reporting publicly on its significant economic, environmental and/or social impacts, in accordance with globally accepted standards

Enables an organization to measure and monitor its contributions towards achieving universal targets of sustainability



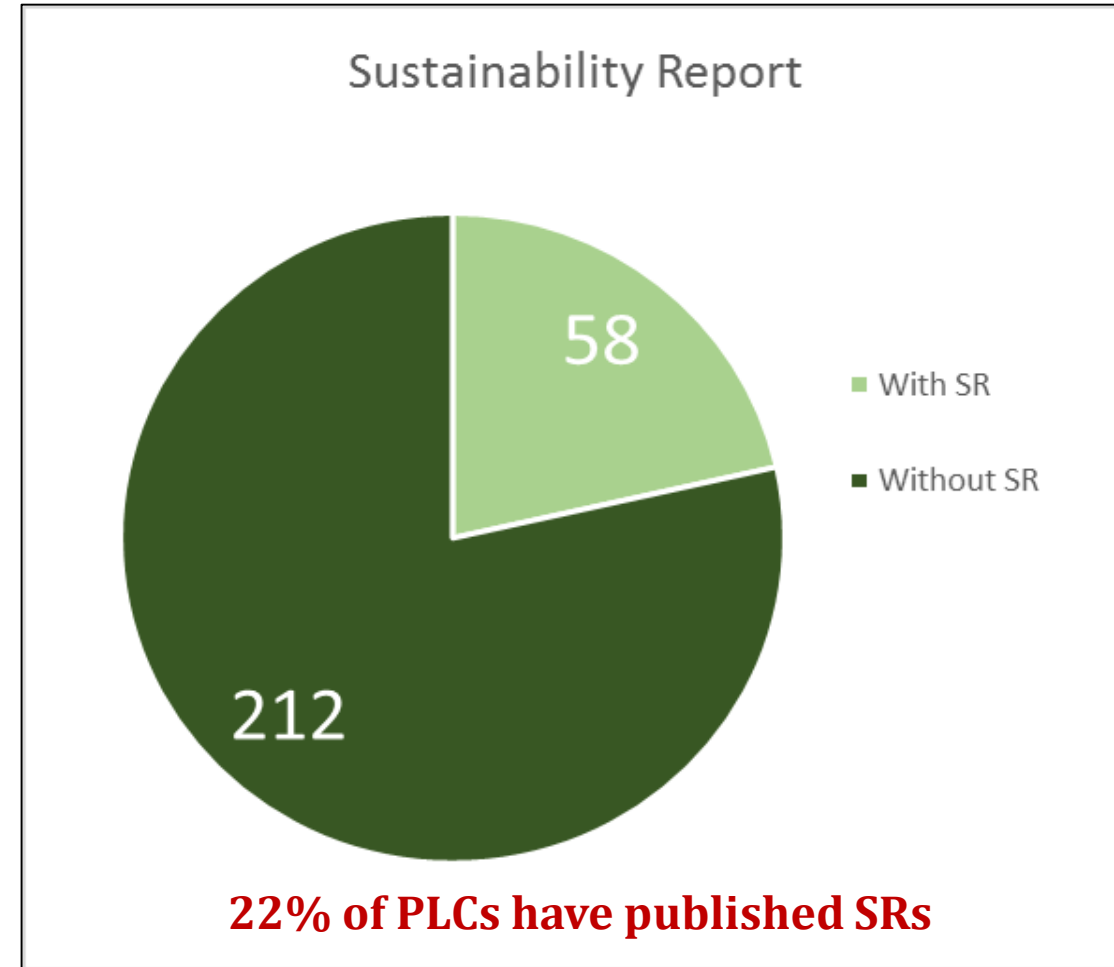
Trend in Sustainability Reporting

GLOBAL



Source: KPMG Survey of Corporate Responsibility Reporting 2017
 N100 – sample of 4900 companies comprised of the top 100 companies in 49 countries
 G250 – World’s largest 250 companies by revenue based on the Fortune 500 ranking of 2016

PHILIPPINES



Source: 2017 Integrated Annual Corporate Governance Reports

Sustainability Reporting in ASEAN



ASEAN Countries with Sustainability Reporting Guides:

Indonesia – Indonesia Financial Services Authority No. 51/POJK.03/2017

Malaysia – Bursa Malaysia Sustainability Reporting Guide

Singapore – Singapore Exchange Guide to Sustainability Reporting for Listed Companies

Thailand – The Stock Exchange of Thailand Guidelines for Sustainability Reporting

Vietnam – State Securities Commission of Vietnam/International Finance Corporation Sustainability Reporting Handbook for Vietnamese Companies

Sustainability Reporting Guidelines for Publicly Listed Companies

Sustainability Reporting Guidance for Publicly Listed Companies

INTRODUCTION

In recent years, increased focus has been placed on companies to provide greater disclosure and transparency not only on financial matters but on non-financial and sustainability issues, as well. Companies' stakeholders now give greater attention to how businesses impact the economy, environment and society and the way corporations respond to sustainability challenges, in addition to financial challenges, determines their long-term viability and competitiveness.

Consequently, Sustainability Reporting has emerged as a common practice for companies globally. In fact, 93% of the world's largest 250 companies and 75% of the top 100 companies in 49 countries report on sustainability.¹ However, for the Philippines, less than 22% of publicly-listed companies have published a sustainability report.²

Objectives

- ✓ Make sustainability reporting relevant and value-adding for companies
- ✓ Help PLCs identify, evaluate and manage their material EESG risks and opportunities.
- ✓ Help PLCs optimize business operations, improve competitiveness, and long-term success.
- ✓ Provide for a mechanism that would allow PLCs to communicate with its stakeholders, including investors.
- ✓ Enable PLCs to measure and monitor its contributions towards achieving universal targets of sustainability

Focus is on economic, environmental and social disclosures



Reporting Template

Economic

- Impacts on the economic conditions of its stakeholders and on economic system at local, national and global levels. It does not focus on the financial condition of the organization

Environment

- Impacts on living and non-living natural systems, including land, air, water and ecosystems

Social

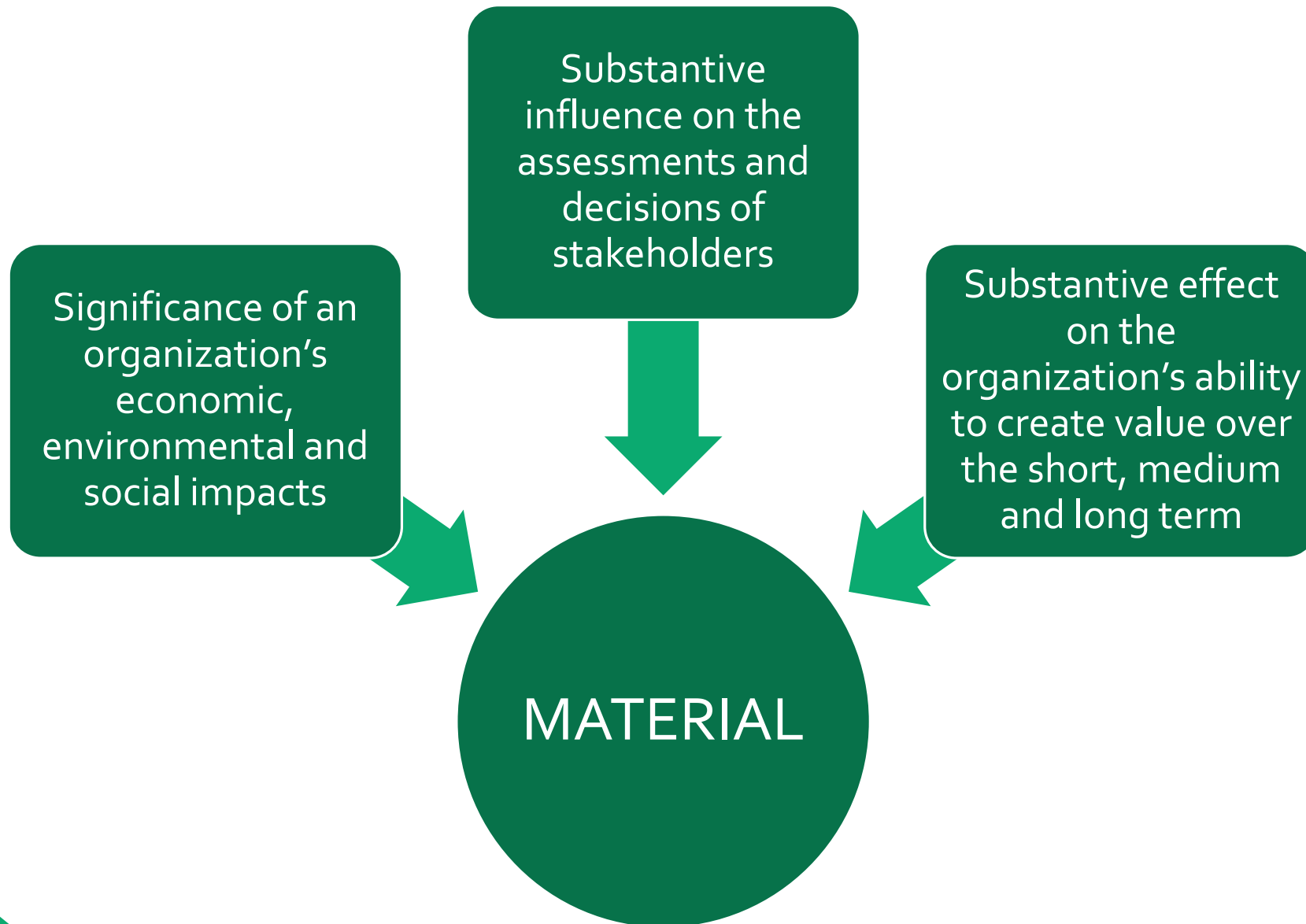
- Impacts on the social systems in which the organization operated

SDGs

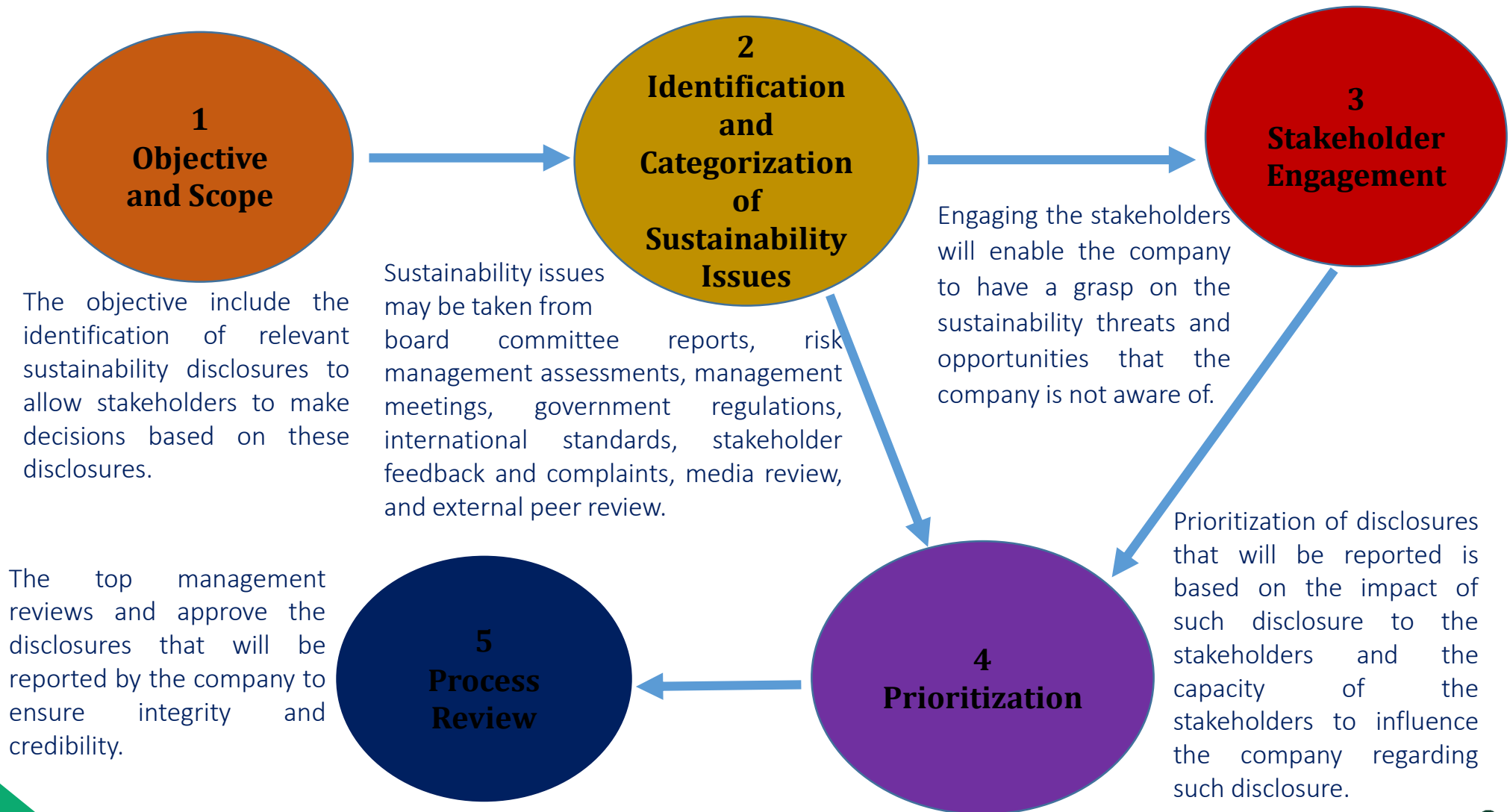
- Key products and services that contribute to SDGs



Determining Materiality



Suggested Materiality Assessment Process



Source: Bursa Malaysia Sustainability Reporting Guide



SEC Memorandum Circular No. 4, Series of 2019



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TO : PUBLICLY-LISTED COMPANIES

SUBJECT : SUSTAINABILITY REPORTING GUIDELINES FOR PUBLICLY-LISTED COMPANIES

To promote sustainability reporting and make it relevant for Philippine publicly-listed companies (PLCs), the Commission, in its *en banc* 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 Economic, Environmental and Social aspects of their organization and enable PLCs to measure and monitor their contributions towards achieving universal targets of sustainability, such as the United Nations Sustainable Development Goals, as well as national policies and programs, such as *AmBisyon Natin 2040*,

Submission with SEC Form 17-A

- The Reporting Template is required to be submitted together with the Annual Report (AR)
- First Report shall be attached to the 2019 Annual Report to be submitted in 2020
- For companies with SR, reports shall be considered as compliance with the reporting template
 - May choose to attach whole report to the AR or just include a statement in the AR providing a link to the report

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Comply or Explain Approach

- The Guidelines shall be adopted on a “comply or explain” approach for the first three years upon implementation.
- “Comply or explain” 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 no available data on.

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).

Workshops



- It is a priority for SEC to assist the PLCs in answering the template
- Workshops by industry/sector to be conducted in partnership with PSE and GRI
- Monitor SEC website for final schedule





Thank you!



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