Agenda item 3. Review of practical implementation and recent developments in sustainability reporting requirements

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REVIEW OF PRACTICAL IMPLEMENTATION AND RECENT DEVELOPMENTS IN SUSTAINABILITY REPORTING REQUIREMENTS

Towards Mandatory Disclosures: The Case of the Philippines
Developments that informed the revisions

ESG in the ASEAN
Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam lead ESG disclosure requirements for listed companies in the ASEAN.

IFRS S1 and S2
Launch of Sustainability (S1) and Climate-Related (S2) Disclosure on June 2023. These standards set out the overall requirements for disclosing sustainability and climate-related financial information for investors.

TNFD
Taskforce on Nature-Related Financial Disclosures features an integrated assessment process for nature-related risk management called LEAP (locate, evaluate, assess, prepare). TNFD recommendations were published on 18 Sep 2023.

UNCTAD-ISAR
Upcoming Asia Regional Partnership and Guidance on Core Indicators for Sustainability and SDG Impact Reporting.

Lead SR Frameworks
Include GRI (equal weight on ESG factors and heavy on materiality), SASB (aligns company and investors on financial impacts of ESG, TCFD and CDP (on GHG emissions).

PSRC
Philippine Sustainability Reporting Committee (PSRC) provides technical support to the SEC and FSRSC in the adoption and issuance of guidelines and standards of sustainability reporting in the Philippines.
Our Journey
Towards mandatory disclosures

Data Review
Submission of draft analytical report based on 2019 and 2020 SR data collected. A draft highlights of data collected was also prepared.

Prioritized Indicators
From common disclosures, initial set of SR indicators to be prioritized were identified based on PLC’s response rates. These indicators gave birth to the SuRe Form.

Issuance of SR Guidelines for PLCs
SEC issued Memorandum Circular 4, s2019 providing guidelines for listed companies on Sustainability Reporting. Average compliance rate from 2019-2022 is 95% of all listed companies.

Data Extraction
Data extraction and creation of database from 2019 and 2020 SRs. Done initially thru manual review, later thru online surveys of top PLCs.

Common Disclosures
Based on data collected, there were 43 common disclosures (averaging at least 50% disclosure rate) for a given indicator.

IFRS S1 & S2 Launched
In June 2023, the International Sustainability Standards Board (ISSB) has issued its inaugural standards —IFRS S1 and IFRS S2, sustainability-related financial information, and climate-related disclosure. The Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions.

TNFD Final Recommendations

SuRe Form refinements & exposure
From common disclosures to prioritizing SR indicators to engagement with PSRC* since March 2023 resulting in the development of the cross-industry and industry-based material SR topics aligned with the IFRS S1 and S2. The SuRe Form is presently for public exposure.
Revised Regulations on Sustainability Reporting

**Sustainability Narrative**
SR includes a Narrative Form attached to company’s Annual Report.

**SuRe Form**
SuRe Form to be accomplished through SEC eFAST.

**Alignment with Global Standards**
Aligns with IFRS Sustainability (S1) and Climate-Related (S2) Standards, UN SDGs, GRI, TNFD, SASB, UNCTAD-ISAR Guidance on Core Indicators
What’s next?

Next steps; developments to monitor; challenges and opportunities

- **Regulations on ESG rating agencies**
  To determine the direction of local regulation

- **Assurance for sustainability reports**
  External review, validation

- **Accreditation of assurers**
  Development of local regulations for assurance providers

- **Roadmap for Introduction of SR to other regulated entities**
  Informed by industry and materiality assessments and