

2026 Philippine C-Suite State of Corporate Sustainability Report

From Foundation to Integration



A letter from Deloitte Philippines Country Leader

When the Securities and Exchange Commission issued the Code of Corporate Governance for Publicly Listed Companies in 2016, it was widely viewed as a decisive step towards improving transparency and accountability in local capital markets to meet global standards. Since then, the local business community has seen the rollout of additional laws and regulations governing ESG (environmental, social, governance) disclosure and compliance, all of which reflect the growing expectation that companies become better, more active stewards of their assets and resources. And rightfully so.

At a time when the world is experiencing several transformative disruptions – climate change, geopolitical instability, technological shifts – businesses have tremendous power to mitigate the attendant negative impacts; to influence actions and mindsets so that progress continues in an equitable, sustainable manner.

How are Philippine businesses responding to this call? What challenges do they face, and what wins have they notched on their respective sustainability journeys? What are their plans for a future that is marked by increasing regulatory pressure and stakeholder expectations?

These are just some of the questions we sought to answer in partnering with Financial Executives Institute of the Philippines (FINEX) on this **C-Suite State of Corporate Sustainability Report**. As one of the largest and most respected organizations of C-level executives in the country, FINEX gave us access to the decision makers who are pulling the levers to institutionalize sustainability in the corporate sector.

We surveyed FINEX members about their sustainability priorities and concerns, the actions they are taking now and plan to take in the coming years, and the drivers of their decision-making and investments. We also conducted interviews with select leaders to gain deeper insights into sustainability efforts across different industries.

This allowed our Sustainability team to add a much-needed local perspective to Deloitte's four-year-running global survey on corporate sustainability and, more importantly, to paint a clear picture of where we are now as a nation in our corporate sustainability efforts.

Meaningful progress has been made on several fronts. The results and insights in this report point to a corporate sector that has established solid foundations for fulfilling its sustainability mandate. Now we must work toward integration. We close this report with concrete steps leaders can take toward that goal, so that within their organizations, sustainability isn't treated as a separate practice but becomes a functional part of how the company runs. We hope you join us in meeting this challenge and heeding the call for just and responsible progress.

Chito Ramos
Country Leader
Deloitte Philippines



A letter from FINEX Research and Development Foundation, Inc. Chairman

As businesses navigate an increasingly complex and interconnected world, sustainability has become a defining factor in long-term success. What was once viewed primarily as a corporate social responsibility initiative is now recognized as a strategic imperative that influences competitiveness, resilience, access to capital, stakeholder trust, and long-term value creation.

Across industries, business leaders are facing challenges that go beyond traditional financial considerations. Climate change, resource constraints, evolving regulations, technological disruption, shifting consumer expectations, and social inequalities are reshaping the operating environment. In response, organizations are being called upon not only to manage risks more effectively but also to identify opportunities that drive sustainable and inclusive growth.

Sustainability is especially important for Philippine businesses. As one of the world's most climate-vulnerable countries, the Philippines faces significant environmental and social challenges that directly affect economic development and business continuity. At the same time, sustainability offers opportunities to drive innovation, strengthen resilience, improve operational efficiency, attract investment, and create lasting positive impact for communities. Companies that integrate sustainability into their core strategies will be better positioned to thrive in an increasingly dynamic and demanding landscape.

The Philippines 2026 C-Suite Sustainability Report aims to contribute to this important conversation. By capturing the perspectives,

priorities, and experiences of senior business leaders, the report offers valuable insights into how organizations approach sustainability today and prepare for the challenges and opportunities of tomorrow. We hope its findings will inform decision-making, encourage collaboration, and inspire further action across the Philippine business community.

The FINEX Foundation is proud to undertake this initiative in partnership with **Deloitte Philippines**. We are grateful for Deloitte's expertise, commitment, and shared vision to advance sustainability leadership in the country. Their support has been instrumental in bringing this report to fruition.

We also extend our sincere appreciation to the members of the FINEX Foundation Research Committee. Through their dedication and unwavering commitment to advancing knowledge and best practices, they ensured that this report serves as a meaningful resource for business leaders, policymakers, and other stakeholders.

As sustainability continues to evolve, the need for informed leadership has never been greater. We hope this report encourages organizations to deepen their commitment to sustainable business practices and reinforces the Philippine private sector's role in building a more resilient, inclusive, and prosperous future for all.

Edmund Alan A. Qua Hiansen
Chairman
FINEX Research and Development
Foundation, Inc.



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About the Report

Deloitte Philippines, in partnership with FINEX Foundation, surveyed 76 C-suite executives across diverse industries to understand the current state of corporate sustainability and how companies expect to adjust their sustainability approaches as risks and strategies evolve over the next few years. The Report findings were complemented by executive interviews with business leaders from varying industries, size, and maturity, which provided deeper insights into how leading organizations are approaching sustainability beyond compliance.

This report provides a snapshot of the current state of corporate sustainability in the Philippines and how organizations expect their sustainability priorities to evolve over the coming years. It aims to help business leaders understand where the market stands today, identify the barriers that continue to impede progress, and the opportunities for organizations to move beyond compliance toward creating long-term business value. Through the survey findings and the executive interviews, the report also illustrates how leading organizations are embedding sustainability into strategy, risk management, and finance which offers practical insights for companies seeking to strengthen resilience and enhance competitiveness in an increasingly complex operating environment.

While the survey reflects the perspectives of relatively small sample from medium- to large-sized corporations, the findings provide a useful snapshot of the direction of corporate sustainability in the Philippines. Although the experiences of smaller businesses may differ, many of the emerging trends, particularly around climate resilience, regulatory readiness, and work-force well-being are increasingly relevant across organizations, regardless of size.

Executive summary



of respondents are already experiencing **operational disruptions caused by climate-related disasters or extreme weather events**, while **70%** are facing increasing resource scarcity or rising resource costs.



anticipate that climate disclosure requirements, government climate investment policies, and rising insurance costs will materially affect their organizations within three years.



have established employee volunteer and CSR programs and provide mental health support for employees.



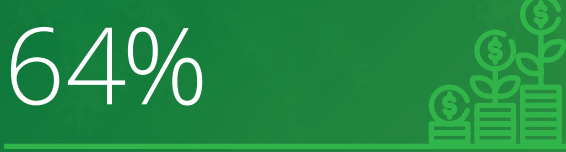
expect the cost of climate change mitigation to affect their organization within the next three years.



are already implementing energy efficiency initiatives, while 75% are already purchasing renewable energy or expect to do so within the next two years.



report that sustainability investments have either remained steady or increased over the past year, despite relatively modest stakeholder pressure.



experience only small to moderate pressure from stakeholders, although regulators are increasingly influencing corporate climate action.

Companies are already experiencing climate impacts, yet climate resilience has not yet been prioritized. One of the report’s strongest findings is the apparent disconnect between the **prevalence of climate impacts that companies are already experiencing**, and the **priority that it receives in short-term business planning**.

Operational disruptions from climate-related events are already affecting the vast majority of organizations. Nearly half (49%) have also said that climate change would have either a high or very high impact on their strategies and operations over the next three years. Yet when asked about their immediate priorities for the coming year, executives ranked **economic outlook, political uncertainty/geopolitics, and talent challenges ahead of climate change**.

This suggests that while organizations increasingly recognize **climate risk as a long-term strategic issue**, **immediate macroeconomic pressures continue to dominate executive attention**.

Sustainability investments remained steady, and in some, have increased despite limited external pressure. None of the respondents reported reducing sustainability investments over the past year. Instead, organizations continue **investing in initiatives that deliver immediate payoffs either through improved customer relationships or through operational and financial value** from cost savings, lower cost of capital, and additional revenue from new offerings.

Looking ahead five years, respondents expect broader strategic benefits to become more important. Operational benefits such as operating margins (ranked 9th as a benefit today) and supply chain resilience (ranked 12th) are expected to rise substantially in importance.

The biggest barriers in corporate sustainability remain to be measurement, data availability, and capacity – hampered by a constantly evolving disclosure landscape with limited guidance on interoperability among reporting standards. Whether they are considering more climate action or more social equity initiatives, respondents are stalled by the difficulty in measuring impact. For social equity efforts, a close second on the list of major obstacles is the lack of data or metrics to identify gaps within current business practices.

When it comes to preparing for and executing reporting requirements, the most commonly cited challenge is the readiness of internal systems and processes to gather and report accurate data, and the lack of clarity and uniformity across reporting requirements.

Survey and exclusive interviews reveal differing/varying levels of sustainability maturity.

An important insight emerges when comparing the quantitative survey with the executive interviews. The survey indicates that many organizations remain primarily motivated by regulatory compliance, particularly, with respect to sustainability reporting and climate disclosure requirements. Sustainability investments are often directed toward initiatives with immediate operational or financial returns.

In contrast, interviews with senior leaders from more advanced organizations reveal a different perspective. These leaders view sustainability as a strategic imperative and as a source of long-term value creation.

This divergence suggests that while some organizations have largely moved beyond compliance, much of the broader market continues to focus on meeting evolving regulatory expectations. However, as sustainability regulations mature and becomes less fragmented, and investor expectations continue to rise, more organizations are likely to transform from compliance-driven initiatives toward strategically embedding climate and sustainability into business decision-making.

Key findings and insights



The findings suggest that Philippine companies are entering a new phase of sustainability maturity. The next challenge is no longer whether to invest in sustainability, but how to integrate sustainability into core business strategies. This requires strengthening existing policies and governance, improving data and reporting capabilities, embedding sustainability considerations into decision-making, and prioritizing investments that simultaneously enhance resilience, competitiveness, and long-term value creation. Organizations that will make an active decision to transition early are likely to be better positioned to respond to regulatory changes, shifting market expectations, and an increasingly complex risk environment.



Jesus Ma. Lava III
Sustainability & Specialized Assurance Leader
Deloitte Philippines



FINDING 01

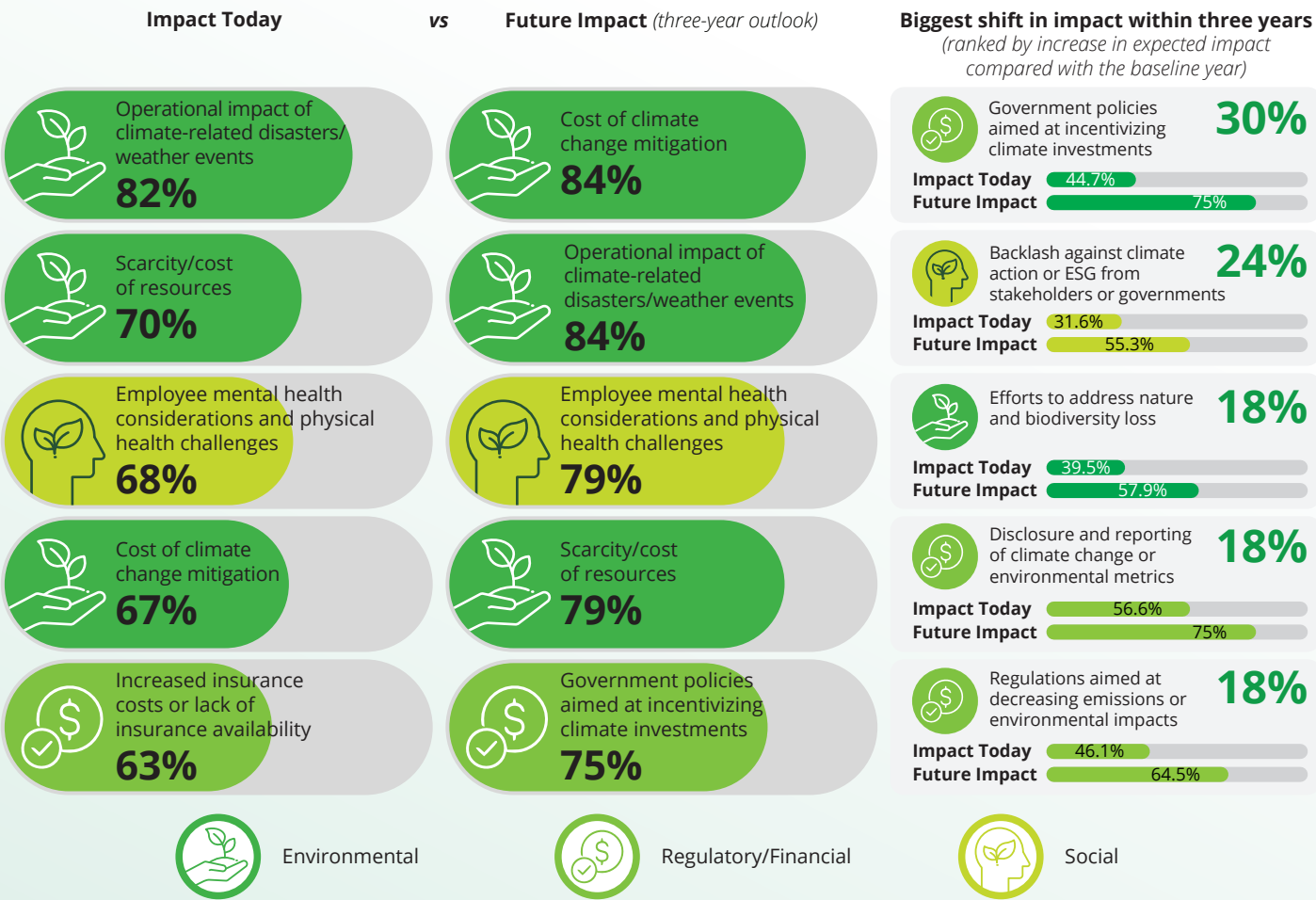
While the impact of climate change is recognized across industries, it does not yet dominate corporate strategic agendas.

An overwhelming majority of leaders report that their companies are dealing with sustainability concerns across all three ESG pillars...

The sustainability concerns foremost on leaders' minds now are those that directly affect their operations: 82% of respondents say their companies are already dealing with operational disruptions caused by extreme weather events, while nearly 70% report feeling the impacts of scarcity and rising costs of resources, as well as the costs of climate change mitigation. Under the social pillar, employee mental health considerations and physical health challenges are already affecting 68% of organizations.

In the next three years, respondents expect regulatory matters to have a deeper impact on their companies, with roughly three in four respondents anticipating the effects of disclosure and reporting of climate change or environmental metrics (75%), government policies aimed at incentivizing climate investments (75%), and increased insurance costs or lack of insurance availability (72%).

Top 5 sustainability matters impacting companies according to Philippine CXOs

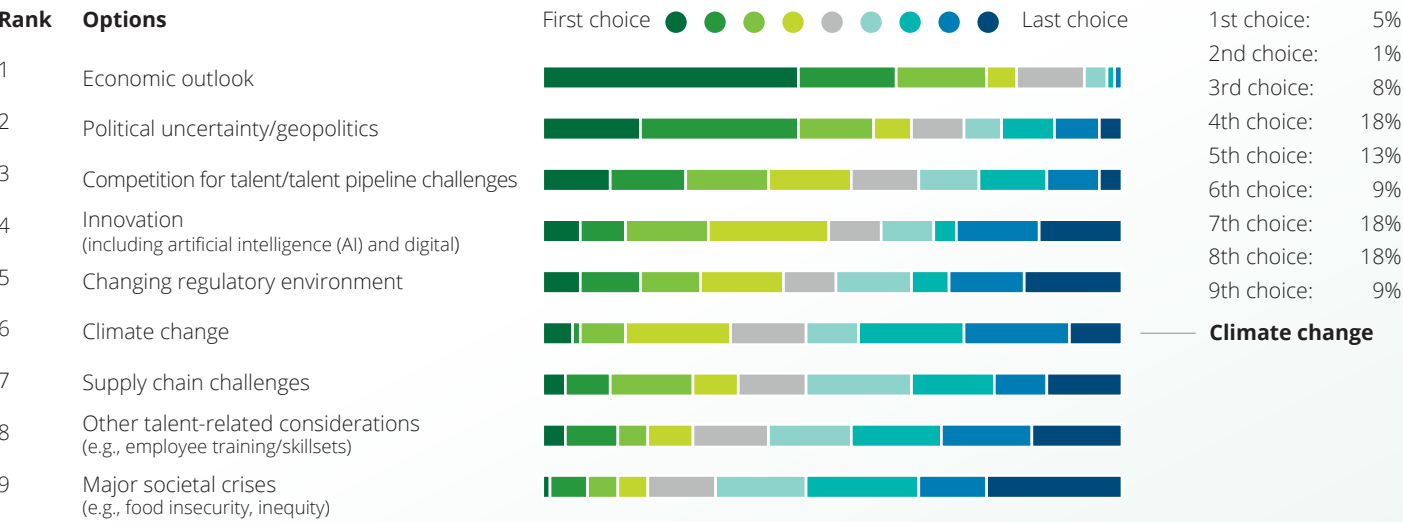


Note: For the complete figures underlying this infographic, please see Figures 1-3 on page 38.

...yet climate change is not considered a pressing concern for 2026.

With fieldwork for the survey coinciding with Philippine midterm elections, sweeping US tariff reforms, and escalating geopolitical tensions, respondents identified economic outlook, political uncertainty, and competition for talent as the top three challenges they will focus on in 2026. Climate change ranked #6 on the business agenda, suggesting that leaders currently prioritize economic, geopolitical, and talent pipeline-related challenges over climate change in their near-term strategic decisions.

Most pressing challenges for CXOs this year



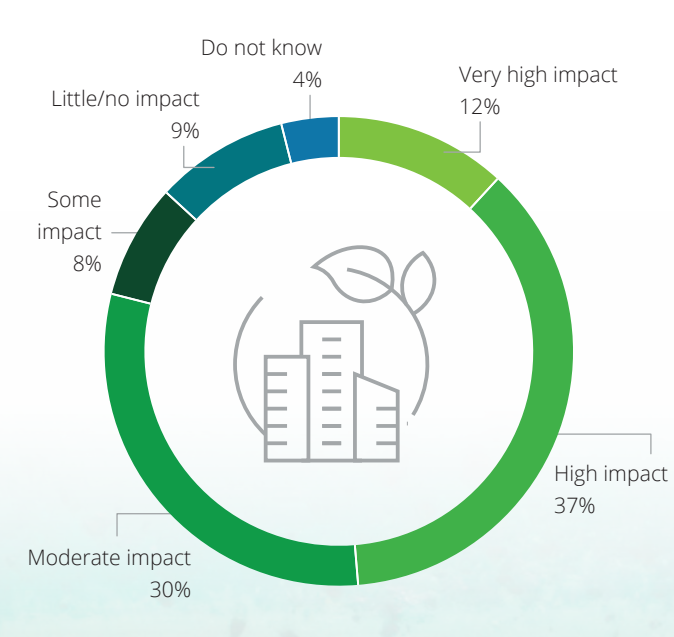
But when asked to what degree they expect climate change to impact their strategies and operations, nearly half (49%) of respondents said it will have either a high or very high impact over the next three years. This suggests that climate change is becoming an important near-term operational consideration for many businesses.

This expectation tends to coincide with the overall posture towards sustainability investments: respondents who expect climate change to have a bigger impact on

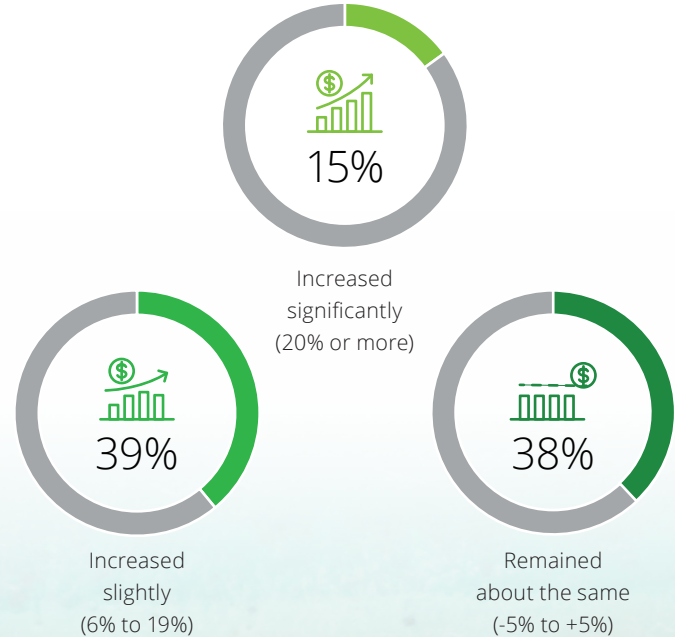
their companies are more likely to have increased their investment in sustainability over the last year.

Fifteen percent of respondents significantly upped their investment; 39% oversaw a slight increase. For the 38% who kept their investments about the same, economic uncertainty, higher interest rates, and the effects of geopolitical conflicts were cited as some of the reasons behind the decision.

Impact of climate change on strategy and operations over the next 3 years



Respondents' change in sustainability investments over the last year



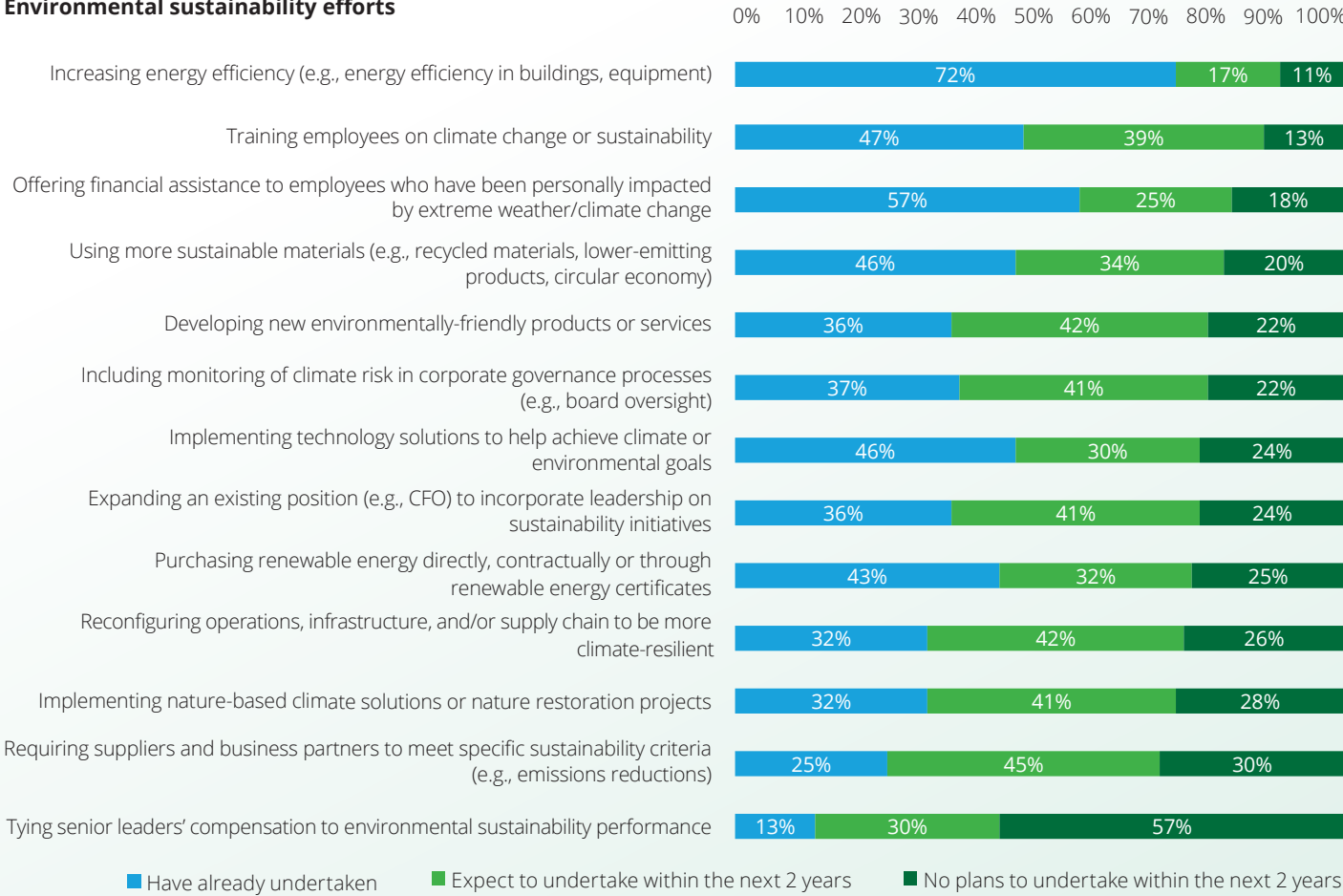
Leaders are undertaking several environmental, social, and governance efforts to varying extents and timelines, prioritizing those with an immediate return on investment.

The most widely implemented environmental sustainability initiatives involve energy use: 72% of executives say their companies have increased their energy efficiency, while 75% are either purchasing renewable energy now or plan to do so within the next two years.

Sustainability governance efforts have also been implemented by about a third of respondents who have already incorporated climate risk monitoring into board oversight and assigned sustainability leadership to an existing or new C-suite role.

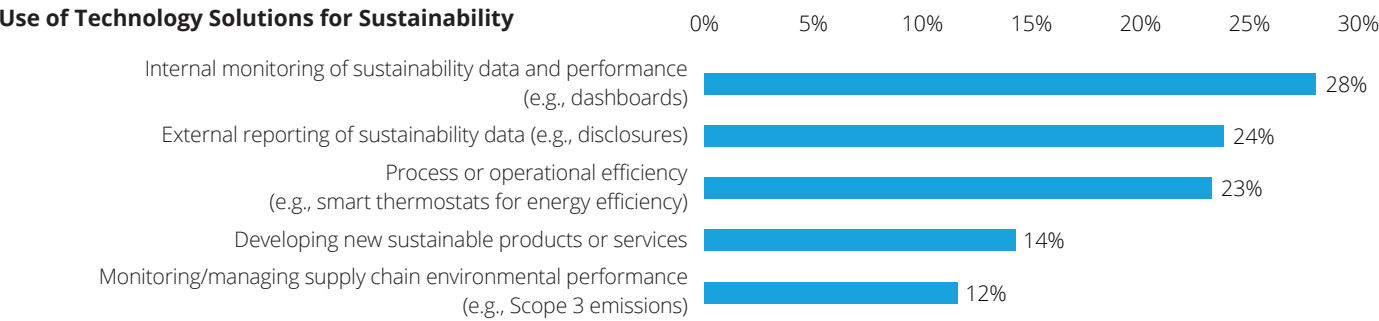
In contrast, actions requiring greater investment, such as implementing nature-based climate solutions and requiring suppliers to meet sustainability criteria, are more often deferred. Notably, 57% of respondents have no plans to tie senior leaders' compensation to environmental sustainability performance, a trend that is reflected on a broader scale: Deloitte's global sustainability survey shows a decline in the share of leaders tying C-suite compensation to sustainability metrics – from 43% in 2024 to 36% in 2025.

Environmental sustainability efforts



Note: The graph above presents key highlights only. For the complete set of figures, please see Figure 5 on page 41.

Use of Technology Solutions for Sustainability



Nearly half of respondents (46%) are using technology solutions to help achieve their climate or environmental goals. These tools are being deployed mainly for internal monitoring and external reporting of sustainability data, and improving process or operational efficiency.

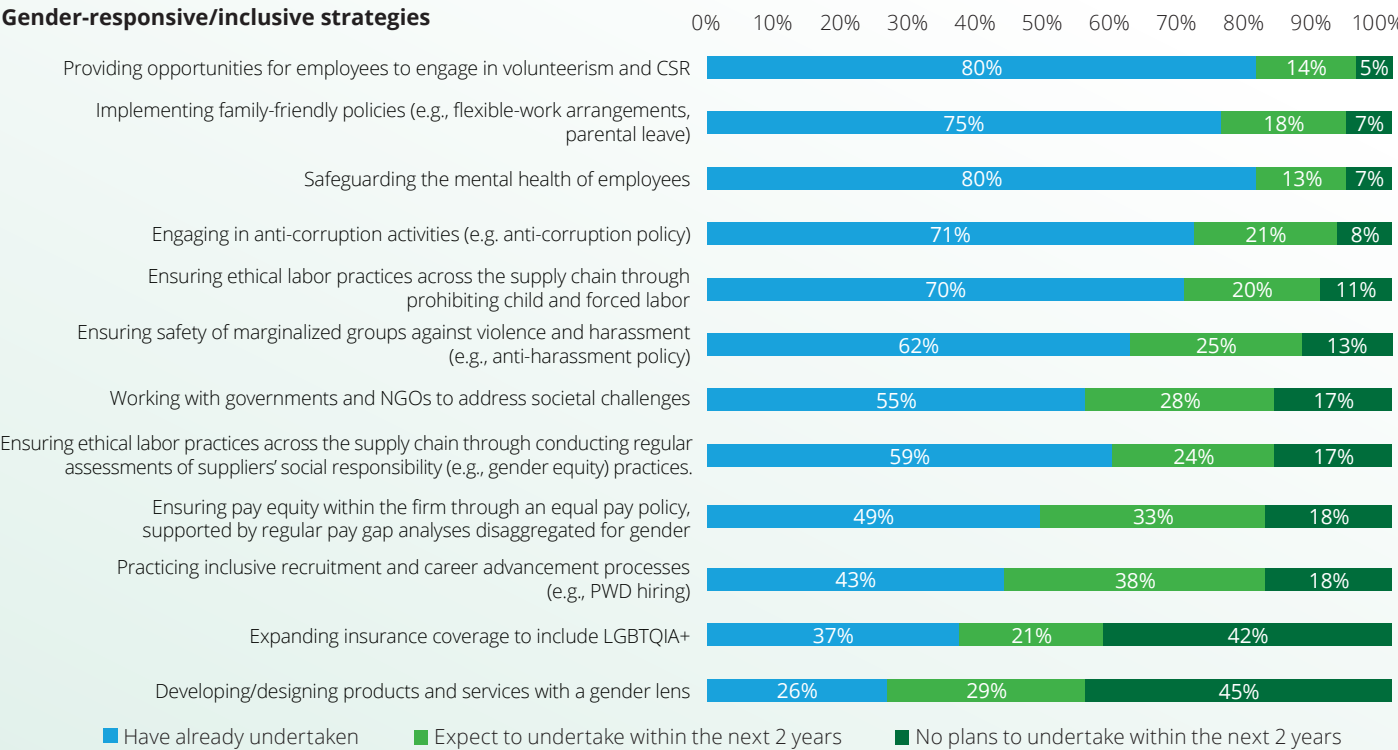
Companies are also adopting several inclusive strategies, casting a wide net by including public and community-facing commitments in their social sustainability agendas.

Eighty percent of respondents say their companies already have programs designed to safeguard employee mental health (e.g., access to counselling services, dedicated leaves for mental health concerns, etc.), and to give employees opportunities to engage in volunteer or CSR work.

Actions that extend beyond a company's workforce, such as ensuring ethical labor practices across the supply chain and practicing inclusive external marketing, also show strong uptake (more than 50%).

Adoption tends to be lower for actions that require a structural redesign or more accountability mechanisms, such as designing products and services with a gender lens (26%) and expanding insurance coverage to include LGBTQIA+ (37%). One initiative that nearly half of respondents (45%) expect to undertake within the next year is publishing social metrics that are aligned with globally recognized standards.

Gender-responsive/inclusive strategies



Note: The graph above presents key highlights only. For the complete set of figures, please see Figure 6 on page 42.

Executive perspectives:
Engaging broader ecosystem
and leveraging technology for
measurable impact

“
We looked
at our
sustainability
hotspots
and saw that
supply chain is
definitely one
of the most
critical factors.
We're not
manufacturers,
so that's
external to us.
We engaged
our suppliers
and shared:
"We embarked
on our net-
zero journey
beginning 2021,
perhaps you
should do the
same."

Anna Gonzales
Corporate Sustainability
Head, Ayala Land, Inc.

At our Cancer Care Hospital, we have begun harnessing the power of artificial intelligence to improve the speed and accuracy of lung cancer screening and diagnostics while streamlining the preparation of medical reports. Building on these encouraging results, we are exploring the broader application of AI across other disease areas to support earlier detection, more informed clinical decisions, and better patient outcomes.

Jaime Ysmael, President & CEO, Healthway Medical Network

When it comes to data privacy and cybersecurity, we want to ensure the online safety of our customers. Recognizing that the most vulnerable among our customers are children, we have a special advocacy to protect children online, including against online harms such as OSAEC or online sexual abuse and exploitation of children. This involves investment in a child protection platform, awareness campaigns, and partnerships with like-minded institutions for a whole-of-nation approach.

Melissa Vergel De Dios, First Vice President and Chief Sustainability Officer, PLDT & Smart

While we continue delivering the energy needs of today, Shell globally is investing in transition energy and building the new energy of the future. For Shell Pilipinas, we have started building a network of electric vehicle chargers and partnered with like-minded organizations to strengthen the country's EV spine and offer lower carbon products be it Fuels, Lubricants, or Bitumen.

Reynaldo Abilo, Chief Financial Officer & Chief Risk Officer, Vice President Finance & Treasurer, Shell Pilipinas Corporation

We are fully committed to supporting [our clients'] transition to a low-carbon future and welcome opportunities to finance renewable energy projects. However, when it comes to the development of new coal-fired power plants, our position is clear—we will not provide financing. We have consistently upheld our commitment to refrain from funding new coal facilities and remain on track to reduce our coal portfolio by 50% by 2026 and completely phase it out by 2030.

Jose Teodoro Limcaoco
President & Chief Executive Officer, Bank of the Philippine Islands

FINDING 03 Leaders are already reaping the business benefits of their sustainability solutions. The benefits that tend to be ranked as having the greatest impact are those with directly visible market and financial outcomes.

Asked about the greatest benefits they are experiencing today and the benefits they expect to reap in the next five years from their sustainability efforts, respondents’ top five remained largely the same, with **investor returns** moving up from third to second. This suggests growing confidence that sustainability performance will translate to capital market recognition over the medium term.

Operating margins see one of the more significant climbs – from 9th to 7th – along with **supply chain resilience** – from 12th to 8th. Companies expect sustainability to deliver broader and more diversified benefits over time. The financial benefits companies are already reaping are expected to deepen, while operational benefits, such as margins and supply chain resilience, are expected to grow.

Most commonly identified benefit of environmental and social sustainability efforts

	Rank Now	Rank after 5 years		Rank Now	Rank after 5 years
 Customer satisfaction and loyalty	1	1	 Ability to recruit and retain talent	8	11
 Cost savings/lower cost of capital	2	3	 Operating margins (e.g., cost efficiency and productivity)	9	7
 Investor returns and/or addressing expectations	3	2	 Innovation around offerings and/or operations	10	9
 Long-term organizational resilience	4	5	 Addressing climate change	11	10
 Revenue from new businesses (e.g., new offerings)	5	4	 Supply chain efficiency and/or resilience	12	8
 Revenue from existing businesses	6	6	 Employee morale and well-being	13	13
 Brand recognition and reputation	7	12	 Asset values (e.g., intellectual property and operating assets)	14	14

FINDING 04 Looking at the internal and external forces driving leaders to take climate action, Board and regulatory expectations appear to be the strongest driver of climate action in the Philippine sustainability landscape.

Across eight stakeholder groups, board members and management are the strongest internal drivers, exerting generally moderate pressure towards increasing climate action. Shareholders and investors, on the other hand, demand an increase in climate action to a small or moderate extent.

Regulators and government are simultaneously the most intense drivers and the most climate action-forward: 58% of respondents feel either moderate or strong pressure from this stakeholder group, with 33% saying they are being pushed to increase their climate action significantly.

On the other hand, consumers, employees, civil society, and competitors exert only a mild push towards climate action, indicating that social, reputational, and competitive dynamics have not yet coalesced into a strong driving force for most organizations. If anything, industry competition is pulling some leaders in the opposite direction, with 13% of respondents saying it is driving them to reduce climate action.

Level and nature of stakeholder pressure experienced by respondents

Stakeholder	Level of Pressure				Nature of Pressure		
	No pressure	Small extent	Moderate extent	Large extent	Somewhat reduce climate action	Somewhat increase climate action	Significantly increase climate action
Regulators/government	14%	27%	38%	21%	11%	56%	33%
Board members/management	18%	29%	43%	10%	8%	79%	13%
Shareholders/investors	22%	34%	35%	9%	12%	77%	12%
Consumers/clients/customers	35%	30%	30%	5%	10%	84%	6%
Civil society (e.g., media, activists)	31%	35%	26%	8%	17%	72%	11%
Competitors/peers	32%	34%	27%	6%	13%	69%	17%
Banks/lenders	36%	31%	25%	8%	12%	73%	14%
Employees	31%	36%	30%	3%	13%	75%	11%
Average	28%	32%	32%	9%	12%	73%	15%

Executive perspectives: Sustainability strategy and approach



What’s important about strategy nowadays is you always have to be agile and adaptive. There are geopolitical events that have actually triggered a shift in mindset. Before, when we talk about energy decisions, it’s very much energy sustainability. But now, energy affordability and energy security have a louder voice in the world."

Reynaldo Abilo,

Chief Financial Officer & Chief Risk Officer, Vice President Finance & Treasurer, Shell Pilipinas Corporation

Profit should be increasing, but emissions should be decreasing. The challenge for us is managing both so they're moving in the right direction. We identified the hotspots and divided the accountabilities among the business units. Our target is for everyone to have a year-on-year share in that emissions reduction. That's our culture now.

Anna Gonzales, Corporate Sustainability Head, Ayala Land, Inc.

We all have our roles to play, and as a large bank, we are an important stakeholder. We have influence in terms of sustainability; we impact our clients. We want to make sure that when we lend to companies, they are not polluters. They have environmental permits. We want to make sure that these regulatory checks, we comply with them.

Eduardo Francisco, President,
BDO Capital & Investment Corporation

Sustainability is embedded in the business. It's part of what we do, so we translate that into what it means for different units.

The turning point was when our CEO articulated the key pillars of our strategy, and sustainability was one of them. So, very clear marching orders. And then he said, "I want this on my scorecard." With that statement we understood that everybody has to have a sustainability KPI.

What gets measured gets done, and if it means something to you in terms of your take-home pay, then it's taken seriously.

Melissa Vergel De Dios, First Vice President
and Chief Sustainability Officer, PLDT & Smart

Sustainability is embedded in the way we make decisions, serve our patients, and grow our business. It is fully aligned with our strategic objectives, with each reinforcing the other. When sustainability is integrated into the business plan, it creates value on multiple fronts. It drives operational efficiencies, encourages innovation, strengthens resilience, and opens new opportunities for sustainable growth. In our experience, doing what is right and doing what is good for business are not competing priorities—they go hand-in-hand.

Jaime Ysmael, President & CEO,
Healthway Medical Network

For a real estate company, sustainability measures is not an add-on. It was always there in the first place. Sustainability is simply the latest framework to label what we should already be doing to be a successful, responsible developer.

[What drives our sustainability strategy is] our wanting to be a good neighbor, wanting to take care of the environment, to build communities that we can all be proud of and that will last until the next generation.

B. Grant Cheng, Director, Cebu Landmasters, Inc.

Sustainability is central to our business strategy, but interpreted through different lenses. We don't set explicit sustainability targets. Instead, each business unit defines its own impact-driven business goals, which are integrated into annual planning cycles, with quarterly accountability. For example, education focuses on the number of graduates, while the property group tracks how many families are housed. Every target must align with a business objective.

Edmund Alan Qua Hiansen, Chief Financial Officer,
PHINMA Corporation

For [sustainability projects] where the IRR or net present value on paper doesn't always look very attractive, we still push through because of resiliency and many other benefits. Our leaders are now looking at initiatives through the lens of what they mean for the business beyond just the environmental/social benefits.

Gina Dipaling, Vice President for Corporate Planning/
Investor Relations and Sustainability Officer,
Robinson Retail Holdings, Inc.

We are in the early stages in terms of sustainability shaping our strategy. In 2023, we started collecting more data on our sustainability initiatives, across the organization. Given that we are in the healthcare sector, [our initiatives] are more on the social side. Our primary focus is healthcare access for all.

Atty. Joy Perez-Ortega, Division Vice President,
Finance - Risk, Controls and Policies, Process
Re-engineering and Business Transformation,
UNILAB Inc.

At BPI, Responsible Banking means caring for our people, our customers, and the environment.

One of our primary goals is to promote financial inclusion by reaching underserved sectors and geographically isolated communities through our phygital capabilities—a seamless combination of physical and digital customer engagement. Leveraging our robust digital infrastructure and nationwide workforce, we aim to serve Filipinos regardless of their economic status or location, enabling them to access BPI's financial services that help them save, borrow, and invest.

Jose Teodoro Limcaoco, President & Chief Executive
Officer, Bank of the Philippine Islands

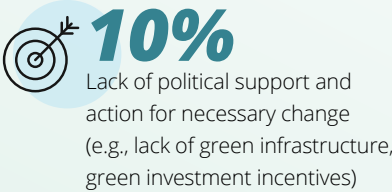
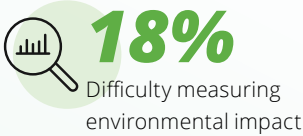
FINDING

05

The biggest challenges preventing companies from deploying more sustainability initiatives involve measurement, data, and capacity.

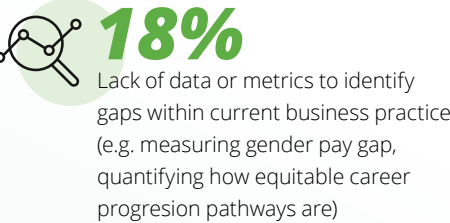
When deploying sustainability initiatives, whether environmental or social, the main obstacle for respondents is measuring impact. This also emerged as the biggest challenge for respondents in Deloitte’s global sustainability report, revealing a fundamental infrastructure gap that will likely come under increasing strain as disclosure requirements and accountability frameworks expand in the coming years.

Obstacles to deploying environmental sustainability efforts



Cost consideration or an unclear business case was also cited by respondents as one of the key challenges to deploying environmental and social sustainability initiatives. Governance gaps flagged by 7% of respondents – i.e., the absence of a dedicated sustainability function, a lack of customer demand, and a lack of talent or skillsets – point to a broad but moderate set of secondary constraints.

Obstacles to deploying social equity efforts



Note: For the complete figures underlying this infographic, please see Tables 1 and 2 on page 43.

Spotlight on reporting

The adoption of PFRS S1 and S2 in 2025 signalled the shift from standalone sustainability reporting to disclosures that integrate climate and sustainability into governance, strategy, risk management, and business decision-making. By 2028¹, the first wave² of covered entities in the Philippines will be expected to adopt the standards in full. Meeting these requirements will require organizations to produce climate and sustainability data that is accurate, comprehensive, verifiable, and actionable. Our survey suggests that many companies are still in the early stages of building these capabilities.

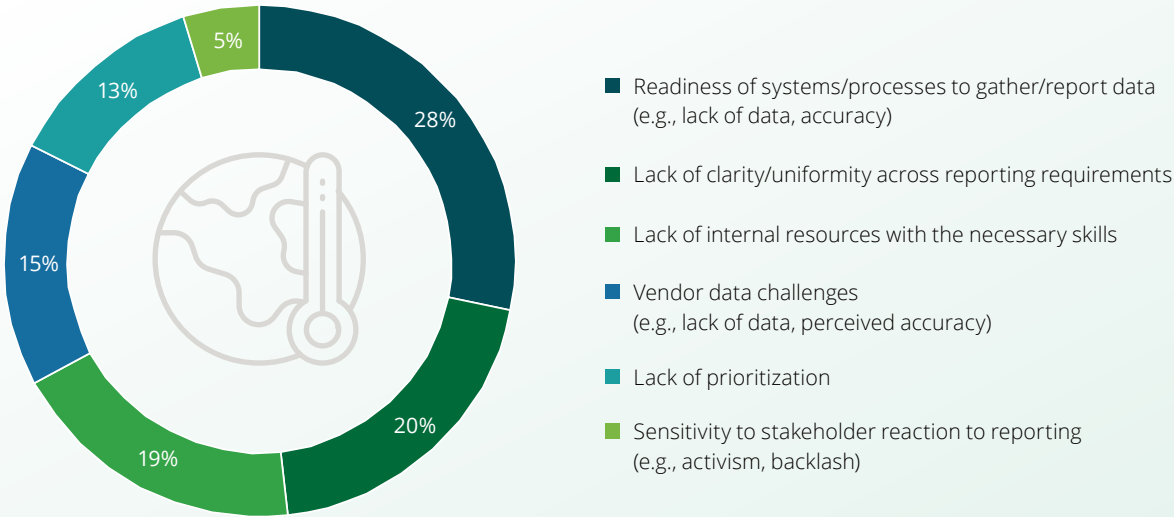
Among respondents, the greatest challenge in preparing sustainability disclosures is the readiness of internal systems and processes to collect and report reliable data. This reflects more than a technology issue, rather, it points to broader organizational challenges around data availability, data ownership and handling, governance, and internal controls. To this day, many organizations continue to rely on fragmented data sources, manual processes, and inconsistent methodologies, making it challenging to produce information that can withstand regulatory scrutiny and impending assurance requirements.

The second most cited challenge is the lack of clarity and uniformity across reporting requirements. As companies navigate multiple sustainability frameworks, evolving regulatory expectations, and sometimes industry-specific disclosure requirements, many struggle to determine what information should be reported and how it should be measured, interpreted, and applied across the organization.

Together, these findings suggest that companies are managing an increasingly complex disclosure environment while simultaneously building internal capabilities to respond.

Technology can play an important role in addressing these challenges by improving data collection, integration, traceability, and reporting efficiency, and as a result, may also enable verifiability. However, technology alone cannot resolve fundamental issues related to quality and governance. Digital reporting platforms are only as effective as underlying processes, controls, capabilities, and accountability structures that support them.

Biggest challenges in preparing for and executing reporting requirements



¹Transition reliefs are no longer applicable in 2028 as full adoption is mandatory.

²Tier 1 entities are publicly listed entities with market capitalization of more than PHP 50 billion as of December 31, 2025.

Executive perspectives: Challenges and limitations



A key barrier is reporting. We want to start with clean data, but we don't know what to collect yet. So it's hard to report retrospectively.

Regulatory expectations are inconsistent, especially regarding timelines and coverage. We comply with required disclosures, but the lack of standardized national focus areas makes the reporting feel disconnected from meaningful impact."

Edmund Alan A. Qua Hiansen,
Chief Financial Officer, PHINMA Corporation

The ongoing challenge for us is crafting quantitative ESG targets. Before you can set credible targets, you need accurate data. You can't define where you want to go if you don't clearly know where you're starting from.

Gina Dipaling, Vice President for Corporate Planning/Investor Relations and Sustainability Officer, Robinson Retail Holdings, Inc.

Some of the resistance in making commitments is the commitments are for 2050. What year are we now? We're committing future management teams to targets we will set. How are we sure that we're not setting them up to fail?

Melissa Vergel De Dios, First Vice President and Chief Sustainability Officer, PLDT & Smart

We can only move as fast as technology and methodology let us. What keeps everyone from moving faster is, of course, budgetary constraints and archaic practices or methods. We just have to be patient.

Anna Gonzales, Corporate Sustainability Head, Ayala Land, Inc.

The challenge is that sometimes, some of [the green projects] are still not commercially feasible. An example is rooftop financing: it's hard to do because the solar panels are not movable objects. The value is in the system, it's not per panel because if you remove those, *baka masira*. Unless there's a registry and there's a way to take the whole thing and then resell it, it's not feasible. So that's the hindrance, but we would love to do more.

If you're going green, you can raise money the cheaper way. That's the promise in other countries because there's an oversupply of people who want to invest in green. It hasn't come to the Philippines. Ideally, our cost of borrowing should go down, but it hasn't happened yet.

Eduardo Francisco, President, BDO Capital & Investment Corporation

When the government sets an act or law patterned after EU countries, it doesn't consider what's happening on the operational side, whether it applies to the Philippine setting. So when it comes to implementation, there are a lot of gray areas – companies aren't getting penalized, or there are no incentives for early adopters. Companies are caught up in the race to meet short-term objectives.

Atty. Joy Perez-Ortega, Division Vice President, Finance - Risk, Controls and Policies, Process Re-engineering and Business Transformation, UNILAB Inc.



The way forward

Now that the Philippines has adopted PFRS S1 and S2, regulatory demands around sustainability are only going to tighten. Throughout this report, policy emerged as one of the strongest external drivers shaping corporate sustainability, while companies also identified data readiness, reporting capability, and governance as their greatest implementation challenges.

There is no single roadmap that can be universally applied to all organizations. Each company's sustainability journey is personal, shaped by its industry, business model, maturity, objectives, culture, and strategic priorities. The actions that create the greatest value for one organization may differ from those of another. The recommendations below are therefore intended as practical next steps that organizations can adapt based on where they are today, while keeping sight of the ultimate objective: fully integrating sustainability into how the business operates.

Create a culture of sustainability through education, awareness, and leadership.

A well-defined governance framework signals that sustainability is a core business priority and that it is integrated into strategic decision-making, capital allocation, and long-term resilience planning. Senior leadership should clearly define management's role in addressing sustainability and climate-related impacts, risks, and opportunities, and establish board-level oversight.

Governance should be reinforced through regular training programs across all levels within the organization – from onboarding programs that build foundational awareness to role-specific learning for functions such as finance, procurement, risk management, operations, and human resources.

This recommendation responds directly to the report's finding that some organizations have already embedded sustainability into corporate strategy, while much of the broader market continues to approach it primarily as a compliance requirement.

Regularly assess material impacts, risks, and opportunities.

Treating materiality assessment as a one-time exercise is a risk: an evaluation conducted years ago will likely be obsolete now due to shifting operational conditions and stakeholder priorities. Leaders should regularly revisit material impacts, risks, and opportunities to ensure the business remains resilient against emerging sustainability and climate-related threats, and is positioned to identify new avenues for growth that align with current operational realities.



There needs to be movement and leadership per industry, perhaps a stronger network that will work towards sustainability goals. You see [initiatives] in pockets of issues but not as a whole. Hopefully, we get to a point where there are coalitions that understand each other and can balance sustainability and business objectives, and move both forward."

Atty. Joy Perez-Ortega,
Division Vice President,
Finance - Risk, Controls and Policies,
Process Re-engineering and Business
Transformation, UNILAB Inc.

Establish a robust and dynamic sustainability data processes before investing in technology.

One of the clearest findings from the survey is that organizations struggle with collecting reliable sustainability data and preparing it for reporting. While technology can address the data collection and analysis challenges leaders face when monitoring their sustainability actions, it cannot compensate for weak underlying data processes.

Before making significant investments in digital reporting platforms, organizations should establish clear data governance, standardized methodologies, defined ownership, and quality assurance processes. Sustainability teams and operational data owners should have a shared understanding of what data they collected, where it originates, how it is calculated, and why it matters.

For example, facilities or operations teams may be responsible for electricity and fuel consumption records, procurement teams for supplier information, human resources for workforce metrics, and finance for financial data. Clearly defining these responsibilities, and documenting underlying data sources will help improve completeness, consistency, and auditability while reducing reporting errors as disclosure requirements become more stringent.

Technology should therefore be viewed as an enabler of mature data processes, not a substitute for them.

Integrate sustainability across all core business functions and incorporate in business strategy.

The report’s most important conclusion is that sustainability should no longer be managed as a separate corporate initiative. As have been repeatedly discussed across this report, organizations that generate the greatest value are those that integrate sustainability into every core business function, allowing sustainability considerations to inform day-to-day decisions.

By integrating sustainability into every department, it becomes a collective responsibility of all teams within an organization, which better positions the company to surface challenges, improvements, and new sustainability actions. Human Resources, for example, should oversee metrics such as employee engagement and retention. Finance must assess how climate risks affect cash flows and while identifying emerging financing opportunities. Risk Management should incorporate sustainability concerns with the same rigor as operational and strategic risks.

Procurement should engage suppliers to strengthen value chain resilience and improve data quality. Investor Relations must recognize that sustainability performance is now a standard part of the due diligence process and consideration for investors and lenders. This recommendation directly addresses several of the report’s key findings: the growing importance of regulatory compliance, the need for stringer governance and reporting systems, and the executive interview insight that leading organizations have shifted from viewing sustainability as a reporting obligation to treating it as a strategic driver of resilience, competitiveness, and value-creation.

Ultimately, integrating sustainability across the business is not simply the final step of a sustainability journey, but the foundation upon which resilient organizations are built.

These recommendations require changes not only to governance structures, systems, and processes but also to organizational mindsets and culture, which are often the hardest to transform. But an argument can be made that organizations are past the point of treating sustainability as a nice-to-have. As one business leader pointed out, sustainability and survival are undeniably tied together. To continue building value for stakeholders is to balance progress now with the equally important needs of the future.

“

Some of the incentives the government could offer would be, instead of 20% withholding tax, maybe they can bring it down to 15% if you buy a green bond. Or waive documentary stamps if the bond issuer is green. If they do that, yes, they will have less tax collections, but it will incentivize us to issue more. So that will help.

”

Eduardo Francisco, President,
BDO Capital & Investment Corporation

Annex

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Regulatory updates

The Philippine regulatory landscape for sustainability and climate-related disclosures continues to move towards alignment with international sustainability reporting standards, heightened expectations around climate risk governance and transparency, and expanding discussions around sustainable finance and transition planning.

With the SEC showing no indications that it will extend the validity of transition reliefs, this is the standing timeline for the adoption of PFRS S1 and S2:

Important developments since survey fieldwork

Since fieldwork for this survey was completed in August 2025, several geopolitical and regulatory developments have occurred that significantly affect Philippine businesses. The most notable are the conflict in the Middle East, which broke out in February of this year, and the Philippines’ adoption of Philippine Financial Reporting Standards (PFRS) S1 and S2, announced in December 2025. We have included a section in this report on local regulatory updates for sustainability, including adoption timelines for covered entities, to support the preparatory and compliance initiatives of Philippine organizations.

Transition Reliefs	2026	2027	2028	2029	2030	2031
TIER 1 – PLCs with market capitalization exceeding P50 billion						
Adoption status	1 st Year		Full			
TR1						
TR2						
TR3						
TR4						
TR5						
TIER 2 – PLCs with market capitalization exceeding P3 billion but not P50 billion						
Adoption status		1 st Year		Full		
TR1						
TR2						
TR3						
TR4						
TR5						
TIER 3 – PLCs with market capitalization of P3 billion or less, large non-listed entities (LNLs) with annual revenue exceeding P15 billion						
Adoption status			1 st Year		Full	
TR1						
TR2						
TR3						
TR4						
TR5						

Transition Reliefs	Description
TR1: Climate-first approach	Permitted to disclose only info on climate-related risks and opportunities
TR2: Report after release of FS (Q2 or within 9 months)	Permitted to issue its sustainability report (SR) after it publishes its related financial statements. SR should be filed: 1. at the same time as half-year interim (Q2) financial statements 2. within 9 months if not required or if entity does not voluntarily provide interim financial statements
TR3: Not required to report comparative info	Not required to disclose comparative info in the sustainability reports
TR4: Methods other than GHG Protocol	Permitted to continue using a method for measuring GHG emissions other than GHG Protocol
TR5: Scope 3 emissions are not mandatory	Not required to disclose Scope 3 GHG emissions

Under SEC Memorandum Circular No. 16, Series of 2025, the commission highlighted that mandatory limited assurance on Scope 1 and 2 GHG emissions by an independent assurance practitioner shall be required **two years** after the initial implementation of PFRS S1 and S2 for each tier.

In addition to the SEC memorandum, the Bangko Sentral ng Pilipinas proposed amendments to Section 153 of the Manual of Regulations for Banks (MORB) to align the

disclosure requirements on Philippine banks with PFRS. These amendments aim to improve market discipline and help stakeholders better assess a bank’s sustainability-related risks, opportunities, and long-term resilience. The proposed amendments will also follow the SEC’s tiering and phased rollout. Based on the current draft, non-listed thrift, rural, cooperative, digital, and Islamic banks will follow simplified sustainability disclosure requirements instead of fully adopting PFRS S1 and S2.

Tier	SEC’s Tiered Approach	BSP’s Tiered Approach
Tier 1	PLCs with market capitalization of more than P50 billion as of December 31, 2025, or as at the date of its listing after December 31, 2025: FY beginning on or after January 1, 2026 (reporting in 2027)	Publicly listed banks with market capitalization exceeding P50 billion will begin applying the standards for fiscal years starting January 1, 2026, with first reporting due in 2027.
Tier 2	PLCs with market capitalization of more than P3 billion up to P50 billion as of December 31, 2025, or as at the date of its listing after December 31, 2025: FY beginning on or after January 1, 2027 (reporting in 2028)	Publicly listed banks with market capitalization of more than P3 billion up to P50 billion , as well as non-listed universal and commercial banks (UKBs) with capital exceeding P50 billion, will begin reporting in 2028 based on fiscal year 2027 data.
Tier 3	PLCs and LNLs as indicated below: a. PLCs with market capitalization of P3 billion or less as of December 31, 2025, or as at the date of its listing after December 31, 2025: FY beginning on or after January 1, 2028 (reporting in 2029); and b. LNLs with annual revenue of more than P15 billion for the immediately preceding fiscal year: FY beginning on or after January 1, 2028 (reporting in 2029) Revenue is income arising in the course of an entity’s ordinary activities.	Banks listed only on the Philippine Dealing & Exchange Corp. (PDEX), and non-listed UKBs with capital of P50 billion or below will start reporting in 2029 based on fiscal year 2028 data.
Exclusion		Non-listed thrift, rural, cooperative, digital, and Islamic banks will follow simplified sustainability disclosure requirements instead of fully adopting PFRS S1 and S2.

Republic Act No. 11898, or the Extended Producer Responsibility (EPR) Act of 2022, is now in its fourth year of compliance, with Obligated Enterprises (OE) having a plastic diversion target of 60% of their 2025 footprint. The law has remained in effect despite the absence of an EPR Procedural Manual, creating confusion among the OEs

mandated to comply with the law. The Department of Environment and Natural Resources (DENR) has started consultations regarding the draft EPR Procedural Manual and the Joint Administrative Order (to be issued jointly by the DENR and the Department of Finance) on how to avail of the fiscal incentives under the EPR Act. No timeline has been set regarding the release of the manual or the JAO.

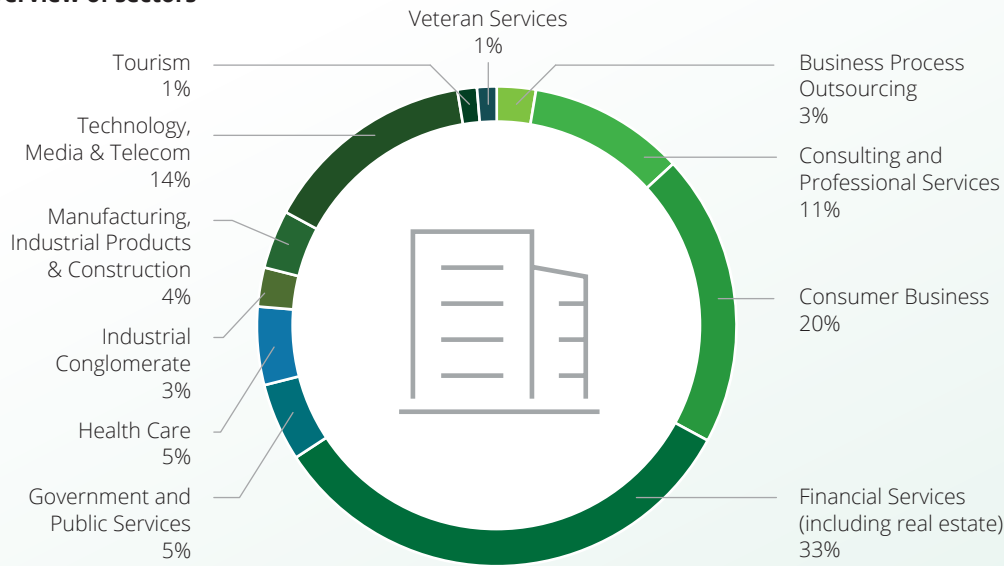
Reporting Year	Year Basis for Plastic Footprint Calculation	Year to do Diversion Activities	Year to Submit the Compliance Report	Target Diversion % per Plastic Type
2023	2022 or 2023	2023	2024	20%
2024	2023	2024	2025	40%
2025	2024	2025	2026	50%
2026	2025	2026	2027	60%
2027	2026	2027	2028	70%
2028	2027	2028	2029	80%
T	t-1	t	t+1	80%

Methodology

The report is based on an online survey of 76 C-suite executives, conducted by Deloitte Philippines and FINEX, from May to August 2025. Select in-person interviews (10) were also done, with interview subjects pre-identified based on industry and company size. The informed consent of both survey and interview respondents was obtained before the start of data gathering.

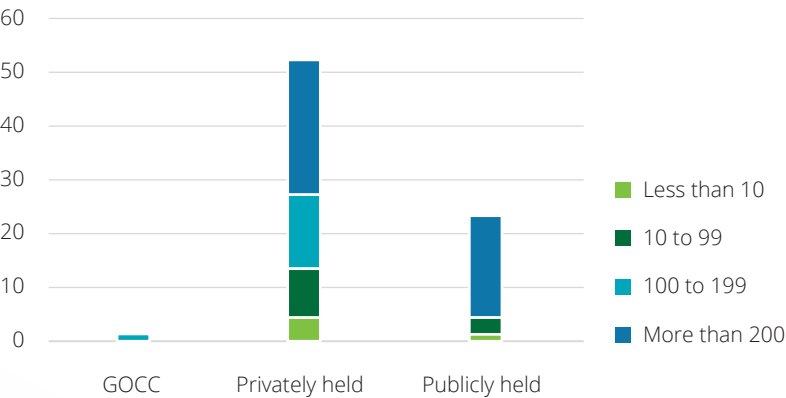
Respondent demographics

Overview of sectors



The survey participants represented a diverse range of industries, with the largest share coming from Financial Services, including real estate, which accounted for 33% of respondents. This was followed by Consumer Business at 20% and Technology, Media & Telecommunications at 14%. Consulting and Professional Services also contributed a notable 11% of the sample.

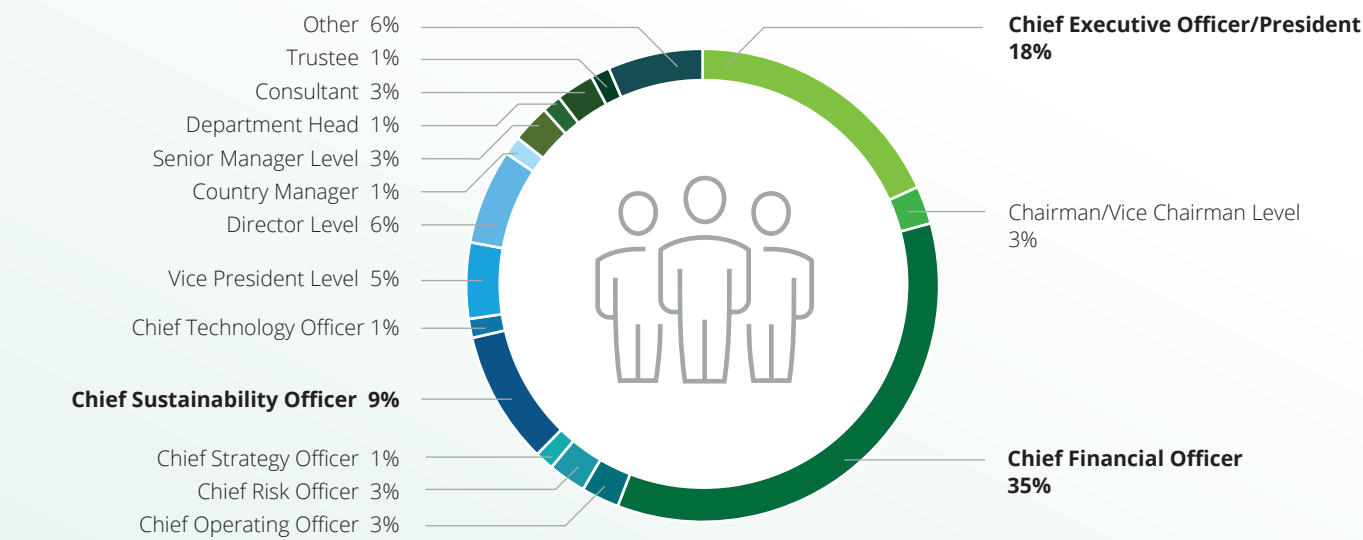
Business type and size



The survey respondents primarily came from privately held companies, which made up 52 out of the 76 participating organizations. Among these, the majority were large organizations with more than 200 employees, accounting for 25 companies, while the remaining respondents were distributed across small- and medium-sized enterprises. Publicly held companies represented the second-largest group with 23 respondents, most of which also belonged to the category of organizations with more than 200 employees, highlighting the participation of larger and more established firms.

Only one respondent came from a government-owned and controlled corporation (GOCC), and this organization fell within the category of more than 200 employees. In terms of workforce size overall, the data shows that large organizations dominated the sample, with 44 out of 76 respondents employing more than 200 employees. Meanwhile, 15 respondents came from companies with 100 to 199 employees, 12 from companies with 10 to 99 employees, and only 5 from organizations with fewer than 10 employees. This distribution suggests that the survey findings are largely reflective of the perspectives and experiences of medium- to large-scale organizations.

Titles of respondents



The survey respondents were primarily composed of senior executives and financial decision-makers. Chief Financial Officers represented the largest share at 35%, followed by Chief Executive Officers and Presidents at 18%, highlighting the strong participation of top leadership in the study. Chief Sustainability Officers

accounted for 9% of respondents, while Director-level executives made up 6% and Vice Presidents 5%. Smaller shares of 3% or less came from other leadership and specialized roles. The diversity of respondents suggests that the survey captured perspectives from both strategic and operational leaders across organizations.

Respondents' self-assessment of sustainability knowledge

	Not at all knowledgeable	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable	Extremely knowledgeable; I am responsible for these initiatives at my company
Cyber security initiatives	1.32%	3.95%	43.42%	38.16%	13.16%
Environmental sustainability or addressing climate change	2.63%	3.95%	26.32%	44.74%	22.37%
Model governance	1.32%	3.95%	32.89%	35.53%	26.32%
Regulatory compliance	1.32%	2.63%	21.05%	46.05%	28.95%

Respondents report high levels of self-assessed knowledge across all four initiative areas. Regulatory compliance registers the highest confidence, with 75% describing themselves as very or extremely knowledgeable, followed by environmental sustainability and climate change at 67%. Both model governance

and cybersecurity are slightly lower, with cybersecurity standing out due to a large share of respondents falling into the middle knowledge level (43% describe themselves as somewhat knowledgeable). The high self-assessed knowledge on environmental sustainability lends weight to their responses.

Tables and figures

Figure 1. Impact of environmental sustainability matters

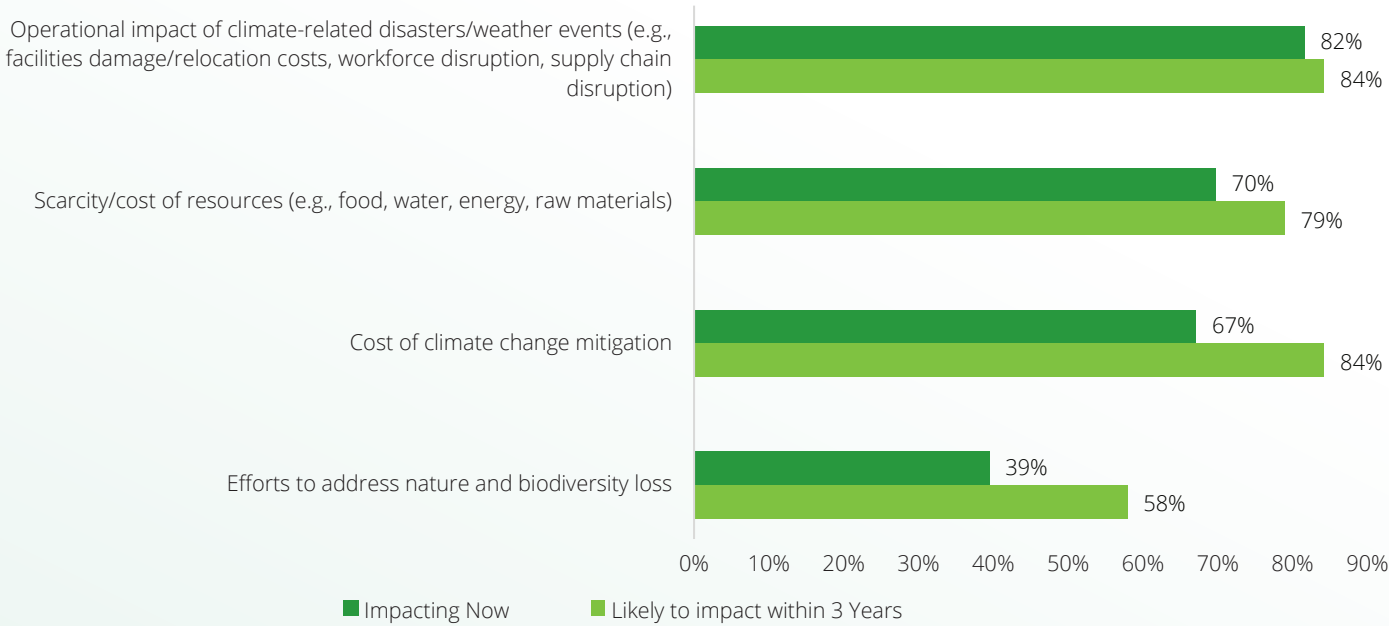


Figure 2. Impact of regulatory/financial sustainability matters

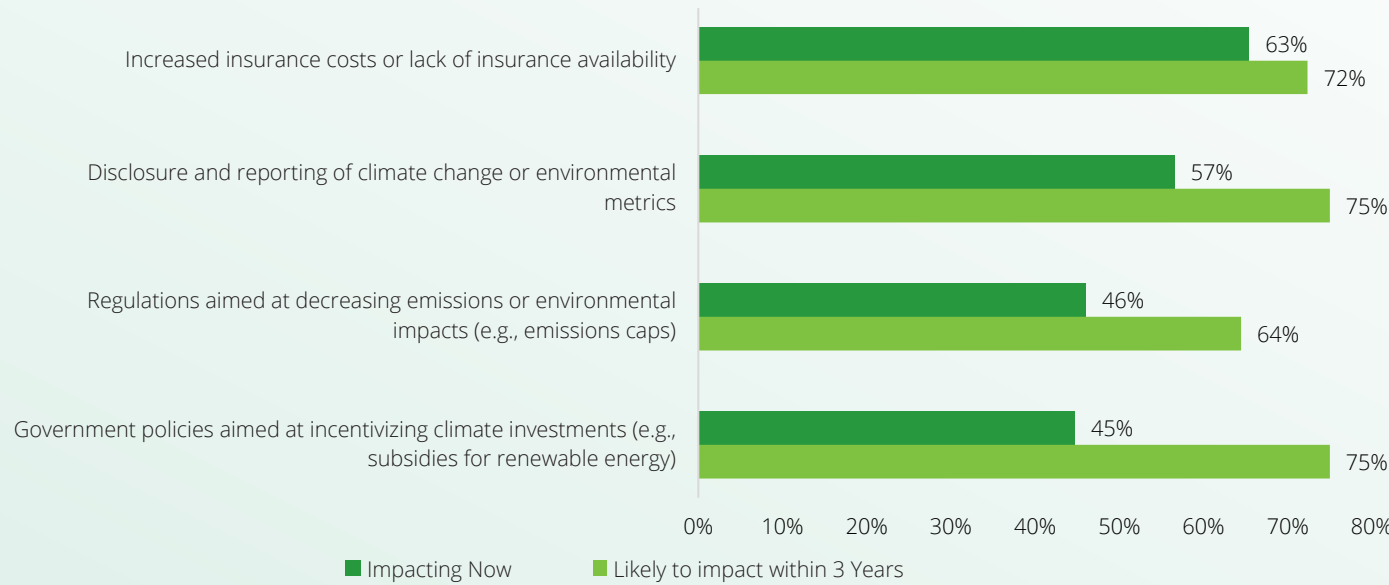


Figure 3. Impact of social sustainability matters

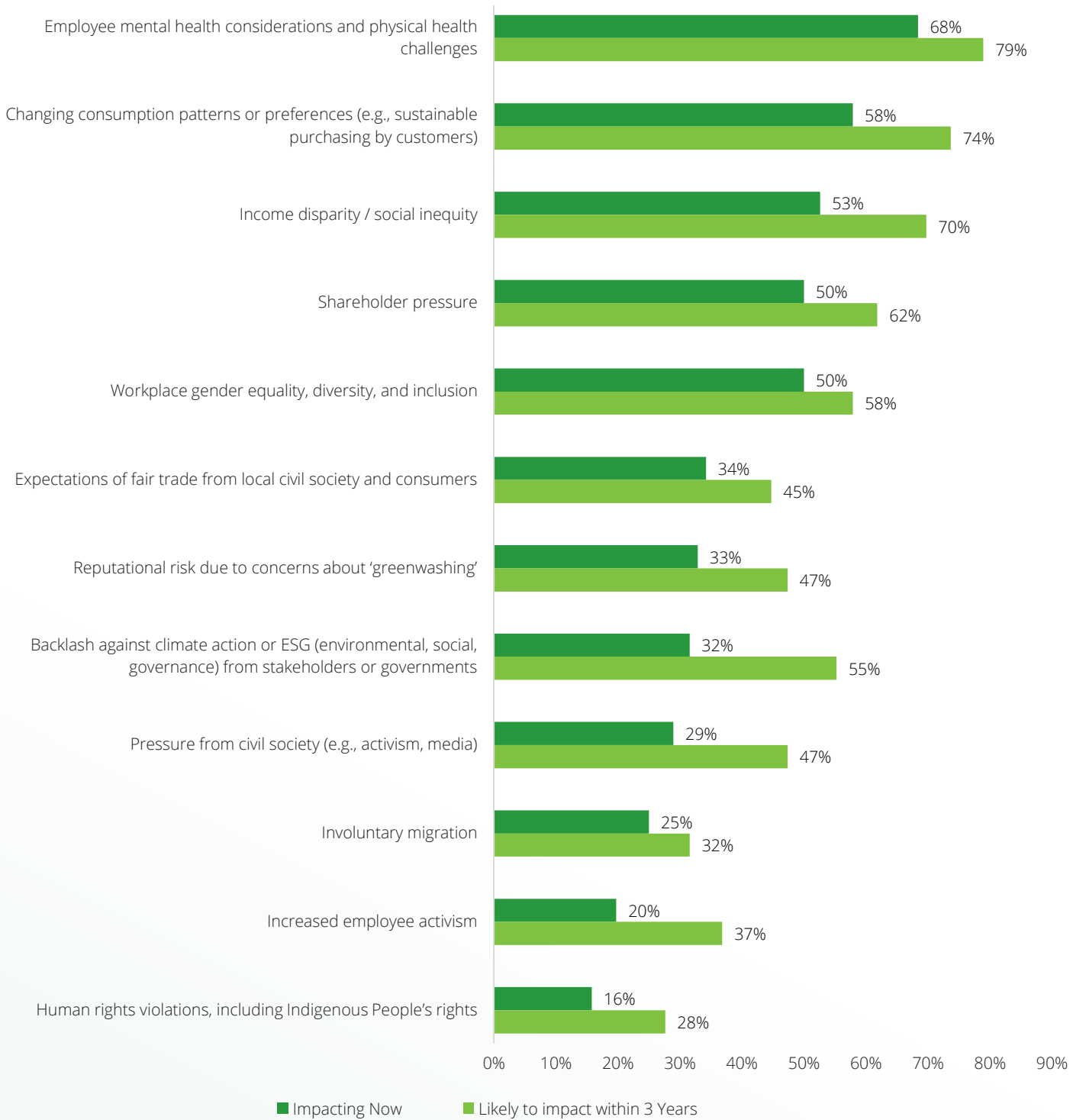


Figure 4. Respondents' change in sustainability investments over the last year

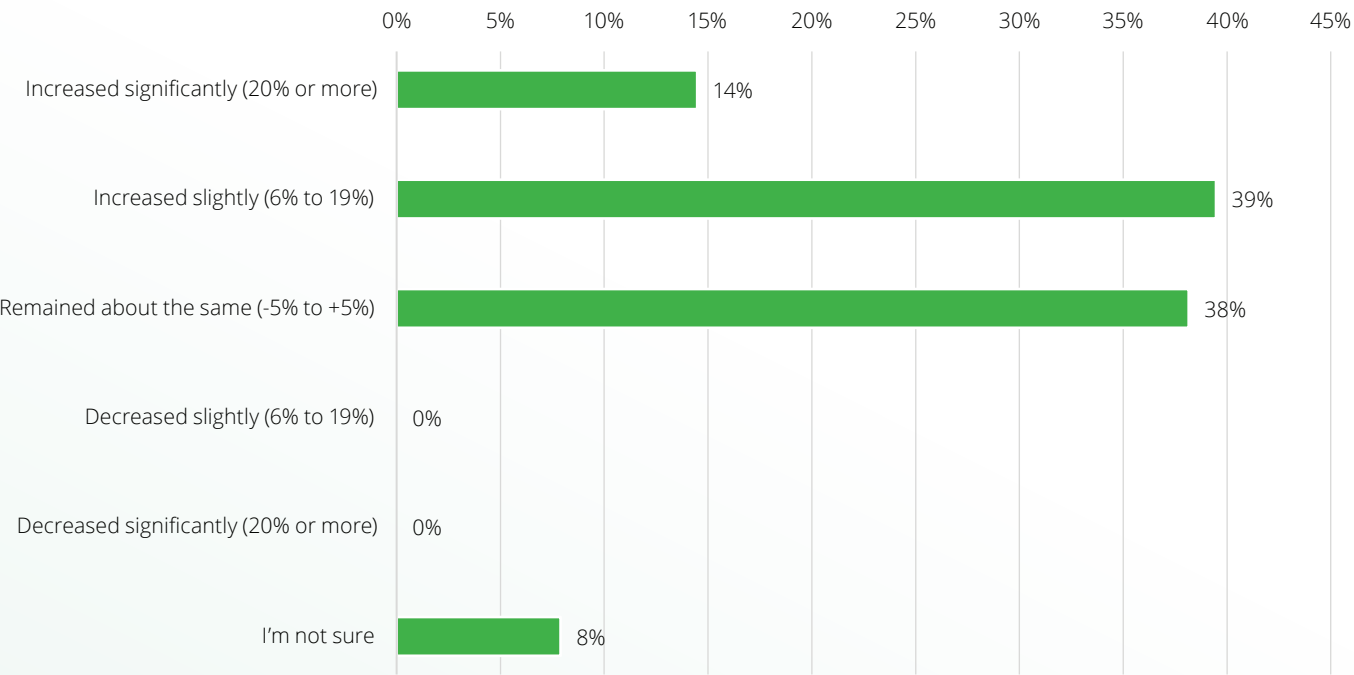


Figure 5. Environmental sustainability efforts

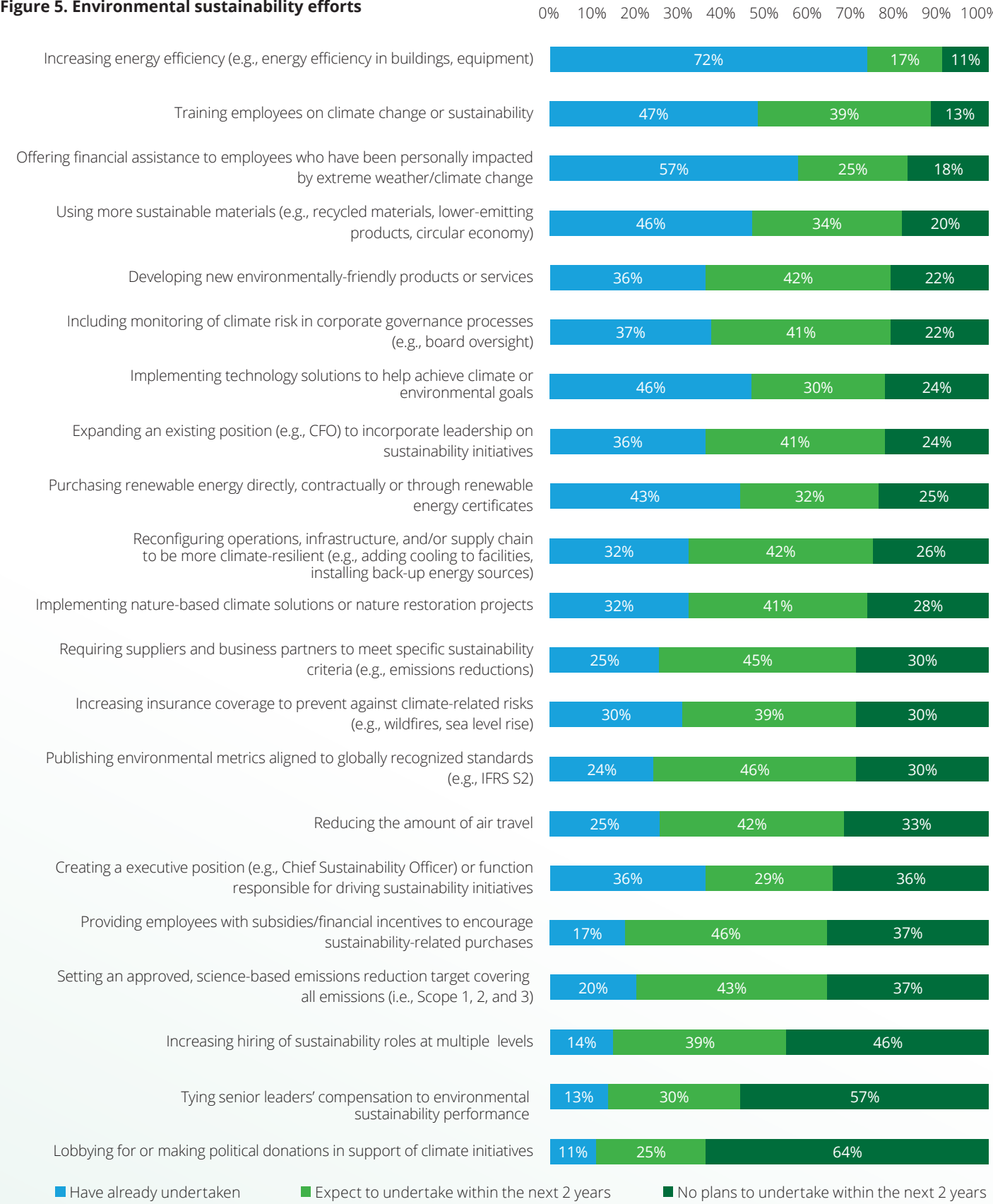


Figure 6. Gender-responsive/inclusive strategies

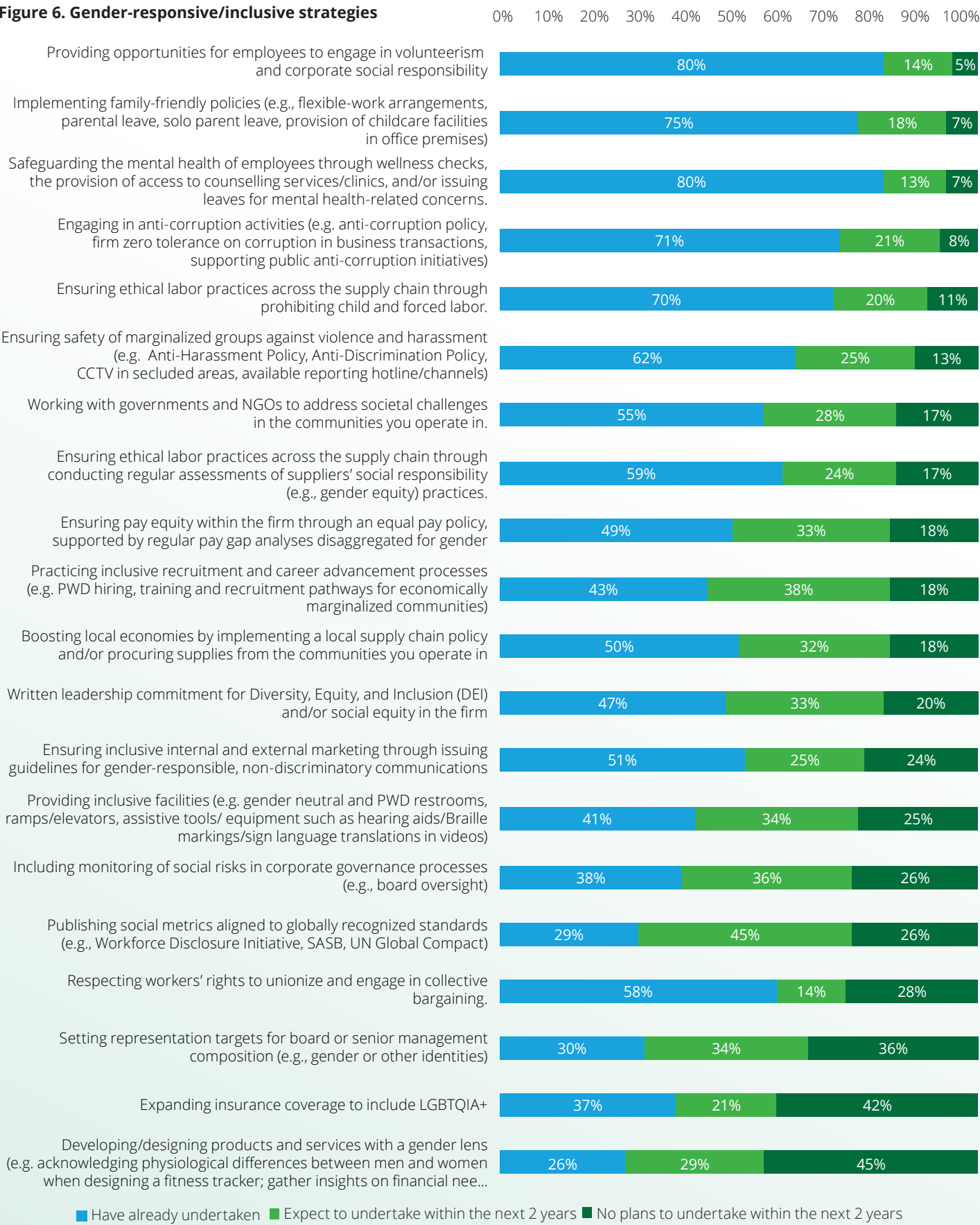


Table 1. Obstacles to deploying environmental sustainability efforts

Obstacle	Total
Difficulty measuring environmental impact	18%
Focus on near-term business challenges/demands from investors/shareholders	12%
Too costly/unclear business case	11%
Lack of political support and action for necessary change (e.g., lack of green infrastructure, green investment incentives)	10%
Lack of or competing regulatory or reporting requirements	9%
Lack of sustainable solutions or insufficient supply of more sustainable inputs (e.g., green steel)	8%
Lack of talent and skillsets	7%
No function or executive specifically responsible for leading environmental sustainability efforts	7%
Lack of customer/client demand for sustainable goods and services	7%
Lack of buy-in from the board, CEO, or other senior leaders	4%
Lack of buy-in from line managers	4%
Concern taking a stance could alienate a subset of customers or employees	2%
Other	1%

Table 2. Obstacles to deploying social equity efforts

Obstacle	Total
Difficulty to measure impact of social equity efforts	21%
Lack of data or metrics to identify gaps within current business practice (e.g. measuring gender pay gap, quantifying how equitable career progression pathways are)	18%
Too costly/unclear business case	10%
Efforts are siloed/disjointed. There is no function or executive specifically responsible for leading social equity efforts	8%
Lack of talent and skillsets to design and drive social equity efforts in the firm	8%
Lack of customer/client demand for goods from fairtrade/socially responsible firms	6%
Implicit bias across the organization	6%
Mistrust of social equity efforts due to possibility of tokenism	5%
Lack of or competing regulatory or reporting requirements	5%
Concern that taking a stance could alienate a subset of customers or employees	3%
Cultural Resistance: Employees or leaders may view social equity efforts as unnecessary, irrelevant, or threatening to the status quo.	3%
Lack of buy-in from line managers	3%
Lack of buy-in from the board, CEO, or other senior leaders	3%
Other	0%

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