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## ESG IN THE PHILIPPINES: TOWARD A RESILIENT, ACCOUNTABLE, AND COMPETITIVE NATIONAL DEVELOPMENT AGENDA



# ESG IN THE PHILIPPINES: TOWARD A RESILIENT, ACCOUNTABLE, AND COMPETITIVE NATIONAL DEVELOPMENT AGENDA

This paper explores the transformative role of Environmental, Social, and Governance frameworks in addressing the Philippines' structural challenges, including climate vulnerability, governance weaknesses, and social inequalities. It highlights the urgency of ESG adoption for national resilience and competitiveness amidst global sustainability trends. The paper outlines the evolution of ESG, its critical importance for the Philippines, and the progress and gaps in policy and business practices. A comprehensive reform roadmap is proposed to institutionalize ESG as a strategic foundation for sustainable and inclusive development.

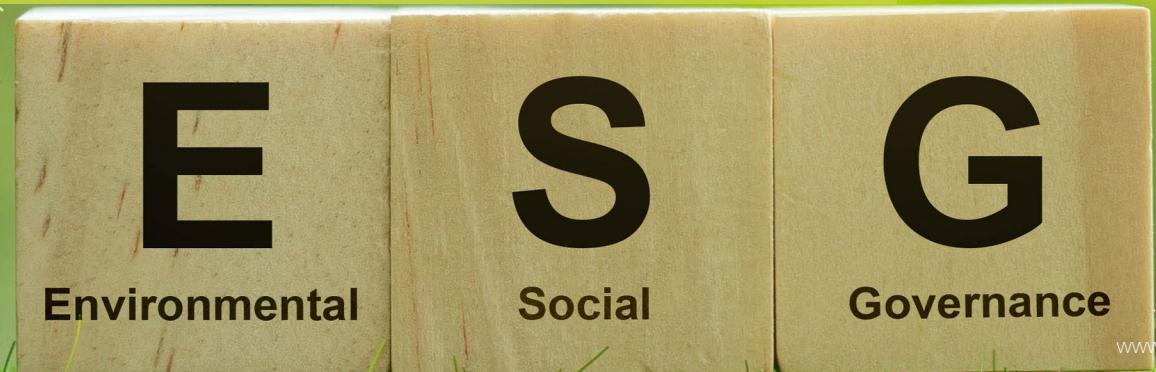
Environmental, Social, and Governance (ESG) frameworks have become central to global policy and investment discourse. Once treated as voluntary corporate add-ons, ESG now guides decisions on capital allocation, risk management, and long-term development. This shift reflects the recognition that environmental degradation, social instability, and governance failure impose real economic costs on states and businesses alike.

Globally, investors and regulators expect clearer accountability, stronger climate governance, and socially responsible conduct. ESG-driven investments have surged into the trillions as financial institutions integrate sustainability criteria into portfolio decisions. Emerging economies such as the Philippines must adapt or risk declining competitiveness.

Historically, development strategies in the Philippines were shaped by policies prioritizing rapid economic expansion, liberalization, and deregulation. While these policies produced growth, they often left unresolved structural problems—inequality, environmental vulnerability, and governance deficits. ESG aligns development with resilience, transparency, and inclusive growth, offering a strategic framework to address these gaps.

Given the country's climate exposure, governance weaknesses, and social disparities, ESG is not simply a reporting tool; it is an essential framework for national transformation. It provides standards and mechanisms that can unify government, business, and civil society around shared priorities rooted in resilience and accountability.

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## THE EVOLUTION OF ESG: GLOBAL TRENDS AND LOCAL CONTEXT

ESG frameworks have emerged as a central organizing principle in modern economic governance, reshaping how markets evaluate risk, performance, and long-term value. While Corporate Social Responsibility (CSR) once anchored corporate engagement with social and environmental issues, CSR remained largely voluntary, philanthropic, and detached from core business operations. ESG transformed this landscape by embedding sustainability directly into governance, strategy, and decision-making.

Globally, three major developments accelerated ESG adoption. First, the 2008 financial crisis revealed how governance failures and unmanaged systemic risks can destabilize entire economies. Investors responded by integrating ESG indicators into capital allocation and due diligence processes (UNEP FI, 2016). Second, international supply chains grew more vulnerable to reputational, human-rights, and environmental controversies. Multinational buyers began requiring suppliers—including Philippine exporters—to demonstrate compliance with ethical labor, environmental safeguards, and traceability standards. Third, climate diplomacy and sustainable finance mechanisms—from the Paris Agreement to climate-related disclosure standards—redefined what responsible investment and corporate accountability look like.

For emerging economies like the Philippines, these global shifts carry direct economic consequences. Export-oriented industries must meet ESG-aligned requirements to maintain access to markets in the European Union, the United States, and Asia. International investors are scrutinizing governance quality, transparency, and climate resilience before committing capital. As a result, Philippine companies are increasingly expected to align with global benchmarks such as the UN Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI), and the International Sustainability Standards Board's International Financial Reporting Standards (IFRS) S1 and S2.

In this context, ESG is not simply a reporting requirement—it is a new basis for competitiveness. Countries that adapt their institutions, regulations, and corporate practices to ESG standards stand to attract investment, strengthen export performance, and reduce long-term economic risks. Those that fail to adapt face declining competitiveness in a global economy where sustainability, transparency, and resilience are becoming non-negotiable.

## WHY ESG IS URGENT FOR THE PHILIPPINES

The Philippines faces a convergence of structural risks that make ESG adoption not just desirable but imperative. These risks—climate vulnerability, governance weaknesses, deep social disparities, and intensifying regional competition—directly affect national resilience, investor confidence, and long-term development prospects. For policymakers and business leaders, ESG provides a coherent framework for addressing these challenges systematically and proactively.

The country's extreme climate exposure remains the greatest threat to its economic stability. Ranked among the world's most disaster-prone nations (Germanwatch, 2021), the Philippines experiences recurring losses from typhoons, floods, droughts, and rising temperatures. These hazards disrupt agriculture, damage infrastructure, displace communities, and impose heavy fiscal burdens. ESG-aligned tools, including climate risk assessments and scenario analysis, allow institutions to quantify these risks and integrate resilience into investment, planning, and regulatory decisions.

Weak governance magnifies these vulnerabilities. Persistent issues such as red tape, inconsistent regulation, procurement risks, and limited enforcement undermine public trust and deter both domestic and foreign investment (Transparency International, 2023). ESG's governance pillar reinforces the need for ethical conduct, regulatory predictability, and systems that reward transparency. Strong

governance is not an abstract ideal—it is a prerequisite for economic stability and investor confidence.

Social inequalities present another layer of structural risk. High poverty incidence, uneven access to education, labor precarity, and weak social protection reduce national productivity and limit inclusive growth (Philippine Statistics Authority, 2023). ESG's social dimension encourages companies and institutions to invest in human capital, workplace dignity, and community development. These efforts complement government priorities in skills development, education reform, and poverty reduction.

The country's demographic profile offers both an opportunity and a challenge. A young workforce can drive long-term growth, but only if jobs are safe, wages are fair, and skills are aligned with a rapidly digitalizing economy (Asian Development Bank, 2020). ESG helps align workplace policies with emerging labor market demands, ensuring that the youth—who make up a significant share of the workforce—benefit from inclusive and future-ready employment systems.

Private sector momentum adds to the urgency. Conglomerates, banks, and export-oriented industries now face growing expectations from investors, supply-chain partners, and international regulators. Compliance with ESG standards is increasingly tied to access to markets, capital, and investment partnerships.

Regional competition is intensifying. Southeast Asian economies such as Vietnam, Malaysia, and Indonesia are rapidly integrating ESG into national development strategies. They are investing in renewable energy, modernizing regulatory frameworks, and strengthening sustainability reporting standards. If the Philippines does not accelerate its own reforms, it risks losing out on investment, supply-chain integration, and export opportunities.

Finally, the country's highly digital information environment amplifies reputational risks. Corporate missteps—whether environmental damage, labor violations, or governance scandals—can escalate into major national controversies within hours. ESG helps institutions anticipate and manage these risks by embedding accountability and transparency into organizational culture.

Taken together, these factors make ESG a national imperative. It is no longer a peripheral corporate activity but a strategic framework that strengthens resilience, guides investment, and enhances competitiveness in a rapidly changing regional and global landscape.

## THE PHILIPPINE ESG POLICY LANDSCAPE

The Philippine ESG policy landscape has progressed significantly in recent years, but it remains fragmented and uneven across agencies and sectors. Strengthening policy coherence and institutional coordination is essential for ESG to function as a true national development framework. This section outlines the roles, strengths, and persistent gaps within key government institutions and policy mechanisms.

The Securities and Exchange Commission (SEC) serves as the primary regulator of corporate sustainability reporting. Its 2019 Sustainability Reporting Guidelines established a foundation for disclosures among publicly listed companies, while its current transition toward International Sustainability Standards Board (ISSB)-aligned standards (SEC, 2023) signals a move toward greater comparability and global compatibility. Despite these advances, many reports remain narrative and lack measurable indicators. To strengthen compliance, the SEC must adopt more robust metrics, clarify sector-specific requirements, and encourage third-party assurance to limit greenwashing risks.

The Bangko Sentral ng Pilipinas (BSP) is widely regarded as the

most advanced ESG regulator in the country. Through Circulars 1085 and 1128, the BSP has mainstreamed ESG integration in banking governance, risk management, and strategy (BSP, 2022). These policies accelerated the growth of green and sustainability bonds, enhanced climate-related financial oversight, and prompted banks to begin embedding environmental and social considerations into credit decisions. However, smaller banks still lack the technical and financial capacity to fully implement ESG requirements, underscoring the need for phased assistance and capacity-building support.

On the environmental governance front, the Climate Change Commission (CCC) and the Department of Environment and Natural Resources (DENR) face systemic challenges that hinder effective ESG-aligned regulation. Slow permitting processes, fragmented environmental data systems, and inconsistent enforcement continue to delay renewable energy and infrastructure projects (CCC, 2022; DENR, 2023). Addressing these gaps will require modernization of regulatory workflows, cross-agency data integration, expanded monitoring technologies, and strengthened local compliance mechanisms.

Local government units (LGUs) play a critical role in ESG implementation due to their authority over land-use planning, environmental permitting, and community-level regulation. However, their capacity remains uneven. While some cities demonstrate strong climate governance and resilience planning, many LGUs lack technical staff, modern data systems, and tools for climate and social risk assessment. A national ESG capacity-development program for LGUs—supported by sectoral agencies and development partners—would significantly improve ground-level implementation.

Civil society, academia, and policy institutes add a crucial layer of accountability and expertise. Organizations such as the Stratbase Institute produce research, promote multi-stakeholder dialogue, and monitor governance performance. Media and community groups expose environmental and governance risks that may be overlooked by regulators. Their participation ensures a more transparent

ESG ecosystem, but collaboration mechanisms with government agencies remain weak.

Overall, the Philippine ESG policy framework has strong foundational elements, but it requires greater harmonization, stronger enforcement, and clearer standards. Without a unified ESG governance architecture, reforms risk becoming fragmented and less effective. Strengthening alignment across regulatory, financial, and local governance systems is essential for ESG to drive meaningful and sustained national development outcomes.

## ESG IN PHILIPPINE BUSINESSES: PROGRESS AND GAPS

The private sector plays a central role in advancing ESG in the Philippines. Large conglomerates, banks, energy firms, real estate developers, and agricultural enterprises increasingly recognize that sustainability performance directly influences market access, investor confidence, and long-term competitiveness. Despite this, progress across industries remains uneven, with significant implementation gaps that must be addressed through clearer incentives, stronger regulation, and more consistent accountability mechanisms.

Large conglomerates lead the Philippine ESG landscape. Companies within the Ayala, SM, Aboitiz, Gokongwei, San Miguel, and Metro Pacific groups have integrated sustainability into board-level oversight, invested in renewable energy, expanded community development programs, and initiated climate resilience measures. These efforts demonstrate growing acceptance of ESG as a strategic business priority rather than a public relations activity. Nevertheless, persistent gaps remain. Supply chains often lack rigorous labor, environmental, and human rights due diligence systems, especially among subcontractors and regional suppliers. Many upstream operations fall outside formal audits, creating blind spots in traceability and compliance. Strengthening supply-chain governance remains one of the most urgent challenges for large Philippine firms seeking full ESG alignment.

The banking sector is the most advanced in ESG adoption due to strong regulatory guidance from the BSP. Major banks have issued green, sustainability, and transition bonds, expanded ESG-integrated lending frameworks, and begun embedding climate risk assessments into credit decision processes. However, environmental due diligence remains inconsistent, particularly in sectors such as mining, real estate, transport, and agriculture. Smaller banks often lack the technical capacity to implement ESG frameworks, resulting in uneven adoption, limited climate-risk assessment capabilities, and challenges in integrating sustainability considerations into credit decisions. These capacity gaps highlight the need for unified training programs, shared risk-assessment tools, and regulatory incentives to bring smaller financial institutions up to standard.

The energy sector illustrates both the opportunities and challenges of ESG transition. While renewable energy investments are increasing—especially in solar, wind, and emerging offshore wind—coal remains a dominant part of the energy mix. The sector faces bottlenecks such as grid instability, transmission constraints, permitting delays, and community-level conflict in project sites. Strengthening ESG compliance in energy requires policy reforms that modernize permitting systems, expand transmission investments, and streamline grid-integration processes for renewable projects. Comprehensive community engagement, transparent benefit-sharing, and consistent enforcement of environmental safeguards are critical to ensuring a just and credible energy transition.

In real estate and infrastructure, ESG is gaining traction through the adoption of green building certifications, disaster-resilient design, and sustainability reporting. However, systemic issues persist: corruption in procurement, construction safety violations, and continued development in flood-prone areas undermine ESG progress. Stronger enforcement of building codes, transparent procurement practices, and climate-resilient land-use plans are essential for aligning the sector with ESG standards.



Agriculture and food systems face some of the most complex ESG challenges. Smallholder fragmentation, outdated production methods, unsustainable land practices, and weak supply-chain traceability hinder responsible sourcing. Labor rights concerns, especially among seasonal workers, pose reputational and operational risks. ESG provides a framework for modernizing value chains, strengthening traceability, and elevating smallholder integration—but this requires coordinated support from government, financial institutions, and agribusiness firms to modernize production systems, improve market access, and invest in climate-resilient technologies. Strengthening farmer cooperatives and institutionalizing traceability standards will be essential for aligning agriculture with ESG expectations.

Small and medium enterprises (SMEs) remain the least prepared for ESG adoption due to resource limitations, lack of awareness, and minimal access to ESG-aligned tools or financing. Without targeted support—such as simplified ESG guidelines, incentives, and capacity-building programs—SMEs risk exclusion from modern supply chains.

Across all sectors, the risk of greenwashing remains significant. ESG ratings in the Philippines lack uniform standards and strong verification mechanisms. Companies often highlight positive initiatives while underreporting systemic risks. To enhance credibility, the Philippines must strengthen independent auditing, adopt a unified ESG taxonomy, and promote transparent performance metrics.

Overall, ESG adoption in Philippine businesses is advancing, but unevenly. Progress among large firms demonstrates strong potential, yet major gaps in supply chains, data quality, due diligence, and SME integration must be addressed for ESG to meaningfully contribute to national development. Strengthening regulatory incentives and verification systems will be key to ensuring that ESG becomes a driver of long-term competitiveness rather than a branding exercise.

### THE “E” IN ESG: ENVIRONMENTAL PRIORITIES FOR THE PHILIPPINES

Environmental risks are among the most immediate and consequential threats to the Philippines. As one of the world’s most climate-vulnerable nations, the country faces recurring hazards that endanger lives, disrupt economic activity, and strain public resources. Strengthening the environmental dimension of ESG is therefore a foundational requirement for national resilience and sustainable development.

Climate risk remains the country’s most pressing environmental concern. Intensifying typhoons, flooding, drought, and sea-level rise impose significant economic and social costs (World Bank, 2021). These hazards damage critical infrastructure, threaten agricultural productivity, and displace communities, creating long-term developmental setbacks. ESG-aligned tools—such as climate vulnerability assessments, transition risk analysis, and climate-related financial disclosures—support organizations in quantifying exposure, identifying vulnerabilities, and integrating resilience measures into strategic planning and investment decisions. These tools allow both public and private institutions to transition from reactive disaster response to proactive climate-risk governance.

Biodiversity loss is another urgent challenge. The Philippines is globally recognized as a biodiversity hotspot, yet deforestation, land degradation, habitat fragmentation, and unsustainable mining continue to erode ecosystems (DENR, 2023). These environmental pressures weaken natural defenses against disasters, reduce water security, and threaten food systems. ESG frameworks help institutions incorporate conservation goals into planning, incentivize responsible resource management, and promote nature-based solutions that strengthen ecological integrity while supporting local livelihoods. Conservation financing, protected-area management reform, and community stewardship are essential components of this approach.

“ LOCAL GOVERNMENT UNITS ARE CRUCIAL FOR ESG IMPLEMENTATION, MANAGING LAND-USE PLANNING, ENVIRONMENTAL PERMITS, AND COMMUNITY REGULATIONS. HOWEVER, UNEVEN CAPACITY HIGHLIGHTS THE NEED FOR NATIONAL ESG TRAINING PROGRAMS TO ENHANCE GROUND-LEVEL EXECUTION AND COMPLIANCE... ”

Waste and plastic pollution continue to impose environmental and reputational risks. The Philippines remains a significant contributor to global ocean plastic, partly due to inadequate waste management systems and high reliance on single-use plastics (Jambeck et al., 2015). ESG can support the adoption of circular economy models, extended producer responsibility (EPR) systems, and investments in sustainable packaging and waste-reduction technologies.

The country's energy transition presents both opportunities and constraints. While renewable energy development has accelerated, coal remains a major component of the national energy mix. Grid instability, limited transmission capacity, and permitting challenges hinder large-scale deployment of renewables. A robust ESG approach encourages companies to expand renewable investments, adopt energy-efficiency measures, and develop transition plans aligned with national climate commitments. Government support—through clear transition pathways, competitive renewable-energy auctions, and modernized regulatory frameworks—is vital to accelerate the shift toward sustainable energy systems. Stable policies and streamlined permitting will improve investor confidence and reduce project delays.

Water stress is emerging as a critical national security concern. Rapid urbanization, watershed degradation, pollution, and weak enforcement of water regulations threaten long-term water supply reliability. ESG-aligned water governance models—integrating efficient resource use, wastewater treatment, and watershed protection—are essential for ensuring sustainable water systems.

Environmental risks in the Philippines are interconnected and mutually reinforcing. Climate change exacerbates water scarcity; biodiversity loss heightens disaster vulnerability; pollution undermines public health. ESG provides a coherent framework for addressing these challenges by linking environmental stewardship with economic competitiveness and long-term resilience. Strengthening the “E” pillar is therefore essential for safeguarding national development gains and ensuring the country’s ability to thrive despite escalating climate

and environmental pressures. A strong environmental pillar anchors national resilience and reduces long-term economic risks.

## THE “S” IN ESG: SOCIAL RESPONSIBILITY AND INCLUSIVE DEVELOPMENT

The social dimension of ESG is critical in the Philippines, where demographic dynamics, labor market conditions, and persistent inequalities shape long-term development outcomes. Strengthening the “S” pillar requires aligning business practices with national priorities on workforce welfare, community resilience, social protection, and equitable participation in economic growth. In this context, ESG provides a structured framework to ensure that economic expansion translates into broader social benefits.

Labor rights and decent work remain core concerns. Filipino workers continue to experience wage stagnation, contractualization, occupational safety hazards, and limited avenues for collective representation (DOLE, 2020). These conditions undermine productivity and contribute to persistent poverty. ESG emphasizes fair wages, safe workplaces, nondiscrimination, and respect for worker voice—principles that can help companies align with global labor standards and reduce operational and reputational risks. Strengthening labor standards, enforcing occupational safety laws, and expanding worker representation mechanisms will help institutionalize decent work and ensure that economic gains translate into social progress.

Human capital development is another critical area under the social pillar. As digital transformation accelerates across sectors, demand for advanced skills—such as data literacy, digital competencies, and adaptive problem-solving—continues to grow (ADB, 2020). Companies that invest in upskilling and reskilling not only enhance workforce productivity but strengthen as well national competitiveness. ESG encourages firms to integrate continuous learning programs, support higher education partnerships, and expand opportunities for continuous learning across all workforce

segments. This includes building training ecosystems that integrate industry needs, academic expertise, and government support to bridge the country’s skills gap.

Community engagement remains essential, particularly in sectors where projects directly affect local populations. Mining, energy development, and large-scale infrastructure frequently face community resistance due to weak consultation processes, limited transparency, and inadequate benefit-sharing mechanisms. ESG provides clear guidance on obtaining free, prior, and informed consent (FPIC), establishing meaningful stakeholder engagement, and ensuring that host communities share in the social and economic benefits of development projects. Effective governance requires transparent dialogue, participatory decision-making, and mechanisms that protect community rights and cultural heritage.

Public health, safety, and disaster preparedness are increasingly central to social responsibility. The COVID-19 pandemic exposed vulnerabilities in corporate preparedness, social protection coverage, and occupational health systems (UNDP, 2021). ESG encourages companies to adopt business continuity planning, invest in health and safety systems, and ensure that employees and communities remain protected during crises. These measures are especially important in a country prone to disasters and public health emergencies. Strong corporate preparedness enhances societal resilience and reduces economic losses during crises.

Diversity, equity, and inclusion (DEI) further constitute core elements of the “S” pillar. While women comprise a significant share of the workforce, they remain underrepresented in leadership positions and continue to face pay disparities. ESG promotes strategies to close gender gaps, strengthen anti-discrimination policies, and create inclusive organizational cultures that reflect the diversity of the Philippine population.

Consumer and digital rights have become pressing national concerns. Rapid expansion of e-commerce has increased risks

related to data privacy breaches, online scams, cybersecurity threats, and unfair digital market practices. ESG frameworks guide companies in adopting responsible data governance, secure digital infrastructure, and transparent consumer protection mechanisms—critical elements of trust-building in a digital economy.

The social pillar aligns closely with national development goals. Businesses that adopt ESG principles contribute to poverty reduction, enhanced education outcomes, improved healthcare access, and strengthened community resilience. Human rights due diligence—a growing requirement in global supply chains—further reinforces the need for companies to identify, prevent, and mitigate risks to workers and communities throughout their operations.

Overall, strengthening the “S” dimension of ESG is essential for building an inclusive and socially resilient economy. By integrating fair labor practices, human capital investment, community engagement, health and safety standards, and digital rights protection, Philippine firms can help ensure that economic progress benefits all sectors of society.

## THE “G” IN ESG: GOVERNANCE AND ACCOUNTABILITY

Governance is the backbone of ESG. Without strong, transparent, and accountable institutions, environmental and social commitments cannot be implemented effectively. In the Philippines, governance is the most critical and the most challenging pillar—shaping the credibility of ESG outcomes across all sectors.

Public governance gaps remain a major constraint. Persistent issues such as corruption, regulatory inconsistency, politicized budgeting, and weak enforcement undermine public trust and distort development priorities (Transparency International, 2023). These vulnerabilities increase the cost of doing business, weaken investor confidence, and limit the effectiveness of environmental and social programs. Strengthening public governance therefore requires

modernizing procurement systems, digitizing regulatory processes, enhancing inter-agency coordination, and strengthening compliance monitoring across all levels of government. These reforms are fundamental to restoring public trust and improving service delivery.

Regulatory capture poses significant risks. When regulatory agencies are influenced by vested interests, policy enforcement becomes uneven and public welfare is compromised. ESG emphasizes the importance of rules-based institutions, conflict-of-interest safeguards, and multi-stakeholder oversight to prevent regulatory decisions from being driven by narrow private interests rather than national priorities.

Corporate governance challenges are equally significant. Many Philippine corporations remain family-dominated, which can limit board independence and weaken internal controls. Beneficial ownership transparency remains limited, creating vulnerabilities to money laundering, tax evasion, and political interference. Strengthening corporate governance requires expanding board diversity, adopting stricter independence requirements, and mandating full beneficial ownership disclosure in line with international transparency standards. These measures help prevent illicit financial activity, promote fair competition, and improve investor confidence.

Corporate political responsibility is an emerging frontier in ESG. Companies increasingly face scrutiny regarding political contributions, lobbying activities, and relationships with public officials. Transparent disclosure of political engagement helps prevent undue influence, promotes fair market competition, and reinforces democratic accountability. In a period of heightened public concern over governance, Philippine companies that adopt clear political transparency standards will be better positioned to build public trust, reduce reputational risk, and demonstrate genuine commitment to ethical governance.

Civil society—comprising academia, media, policy institutes, labor groups, and community organizations—plays an indispensable

role in holding both government and corporations accountable. Their monitoring, research, and advocacy help expose governance failures, strengthen transparency, and ensure that ESG commitments translate to real outcomes on the ground. However, civil society participation remains uneven and often under-resourced. Institutional mechanisms for collaboration between government and civil society, such as institutionalized consultations, participatory monitoring, and open-data platforms must ensure that ESG implementation remains transparent and inclusive.

The governance pillar determines the effectiveness of the entire ESG framework. Without credible rules, transparent systems, and accountable decision-making, environmental and social initiatives risk becoming performative rather than transformative. Strengthening governance is therefore not only an ESG priority—it is a prerequisite for sustainable and inclusive national development.

## THE ESG REFORM ROADMAP FOR THE PHILIPPINES

Transforming ESG from a collection of disconnected initiatives into a coherent national development strategy requires a unified reform agenda. This roadmap outlines priority actions that government, business, and civil society must undertake to institutionalize ESG and ensure that it contributes meaningfully to national resilience, competitiveness, and inclusive growth.

### 1. ESTABLISH A NATIONAL ESG GOVERNANCE ARCHITECTURE

The Philippines needs a harmonized policy framework that aligns standards, reporting requirements, incentives, and enforcement across agencies. A national ESG council—composed of regulators, economic agencies, LGUs, and civil society—can coordinate policy development, streamline regulatory mandates, and ensure that ESG principles are consistently applied across sectors. This governance body should spearhead the creation of a Philippine ESG Taxonomy to prevent greenwashing and provide clarity for investors, lenders, and project proponents on what qualifies as green, social, or sustainable

economic activity. Over time, this architecture can anchor ESG in national development planning, guide public–private partnerships and ensure that both public spending and private capital flows support long-term resilience, equity, and accountability.

## 2. MODERNIZE ENVIRONMENTAL REGULATION AND PERMITTING

Slow, paper-based, and fragmented permitting systems hinder renewable energy development, infrastructure planning, and responsible resource management. Digitizing permitting workflows, integrating environmental and climate data, and adopting risk-based enforcement models are essential reforms. These measures would reduce transaction costs, accelerate clean energy expansion, and strengthen environmental safeguards.

## 3. ADVANCE SOCIAL RESPONSIBILITY AND HUMAN CAPITAL INVESTMENT

The Philippines must align its education, training, and labor systems with ESG-driven workforce requirements. Government and employers should collaborate on nationwide reskilling programs, industry-academia partnerships, and stronger enforcement of labor rights. Businesses can integrate ESG principles into talent development and workplace policies to improve productivity and promote equitable opportunities for workers.

## 4. DEEPEN GOVERNANCE REFORMS AND ANTI-CORRUPTION MEASURES

Transparent procurement, open budgeting, beneficial ownership disclosure, and conflict-of-interest safeguards are essential to improving governance. Strengthening the capacity of oversight institutions, expanding e-governance systems, and requiring clear political transparency standards for corporations will enhance accountability and promote a rules-based environment conducive to ESG adoption.

## 5. MOBILIZE SUSTAINABLE FINANCE AT SCALE

The Philippines must expand access to green, social, sustainability, and transition finance. This includes incentivizing banks to adopt stronger ESG risk management, supporting SMEs through simplified sustainability guidelines, and encouraging local governments to issue

green or resilience bonds. A national sustainable finance roadmap can help align financial flows with climate commitments and development priorities.

## 6. INSTITUTIONALIZE ESG AT THE LOCAL GOVERNMENT LEVEL

LGUs are frontline implementers of climate action, environmental management, and community development. A standardized LGU ESG Scorecard—incorporating metrics on transparency, environmental compliance, disaster preparedness, and social inclusion—can elevate local governance performance. Capacity-building programs should equip LGUs with tools for climate risk assessment, stakeholder engagement, and sustainability reporting.

## 7. STRENGTHEN MONITORING, EVALUATION, AND TRANSPARENCY

A national ESG dashboard—integrating data from government regulators, financial institutions, LGUs, and publicly listed companies—would enable evidence-based decision-making and public accountability. Standardized indicators, regular progress reviews, and publicly accessible datasets are essential to maintain credibility and track reform outcomes.

## 8. BUILD A CULTURE OF SUSTAINABILITY AND LEADERSHIP

Long-term ESG success requires cultural transformation. Embedding ESG competencies into civil service training, business leadership programs, higher education curricula, and technical courses will create a pipeline of sustainability-literate leaders. Public campaigns and multi-stakeholder initiatives can further normalize ESG values across society.

This reform roadmap recognizes that ESG is not merely a compliance exercise but a strategic agenda for national transformation. Strengthening institutions, modernizing regulatory systems, investing in people, and mobilizing sustainable finance are essential steps toward building a resilient, competitive, and inclusive future for the Philippines.

## CONCLUSION: ESG AS A NATIONAL SEA CHANGE

ESG represents far more than a shift in reporting standards or corporate language. For the Philippines, it signifies a profound transformation in how the country approaches economic development, public governance, and long-term resilience. While ESG is often described globally as a paradigm shift, in the Philippine context it is better understood as a sea change—a deep, structural realignment of institutions, incentives, and societal expectations.

A paradigm shift alters how stakeholders think about risks, responsibilities, and value creation. A sea change goes further: it reshapes how systems function. ESG compels government agencies, businesses, and communities to adopt long-term perspectives, strengthen accountability mechanisms, and align decision-making with sustainability principles. It reframes national progress beyond traditional economic metrics by placing institutional integrity, ecological security, and social well-being at the center of the national development agenda. This reorientation ensures that growth is rooted in long-term sustainability rather than short-term gains.

To operationalize this transformation, ESG must be embraced not only as a compliance requirement but as a strategic foundation for national development. Government must ensure regulatory coherence, modernize institutions, and mobilize finance for sustainability. Businesses must integrate ESG into core strategy, supply-chain management, and risk governance. Civil society and academia must sustain public oversight and provide the research, evidence, and dialogue needed to refine policy and practice. LGUs must strengthen planning, data systems, and enforcement capacities to translate ESG principles into concrete outcomes at the community level.

ESG offers the Philippines a unique opportunity: the chance to build a more resilient, competitive, and equitable society. By embedding ESG principles across governance systems, economic sectors, and community institutions, the country can strengthen its capacity to

withstand climate shocks, reduce inequality, prevent corruption, and modernize its economy.

The Philippines stands at a critical turning point. Whether the nation fully realizes the promise of ESG will depend on its willingness to pursue ambitious reforms, uphold transparency, and adopt a whole-of-society commitment to sustainability. If these conditions are met, ESG can guide the Philippines toward a stronger, fairer, and future-ready national development trajectory—one defined not by vulnerability and fragmentation, but by resilience, integrity, and shared prosperity.



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