

# THE CURRENT STATE OF SUSTAINABILITY REPORTING: EVIDENCE FROM PUBLICLY LISTED FINANCIAL INSTITUTIONS

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## Abstract

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In compliance with the Philippine Securities and Exchange Commission (SEC) sustainability reporting guidelines, this paper aims to determine the financial institutions' reporting formats, standards, and frameworks for sustainability reporting. It explores how they prioritize the 17 United Nations Sustainable Development Goals (UN SDGs) and contribute to the specific UN SDGs (Philippine Securities and Exchange Commission, 2019; United Nations [UN], 2015). The annual and sustainability reports were gathered from the Philippine Stock Exchange (PSE) and companies' websites of 30 publicly listed financial institutions from 2019 to 2021. Using a descriptive research design, this study found that the SEC sustainability reporting template and standalone report are the most common reporting formats. The Global Reporting Initiative (GRI) Standards are the most widely used by Philippine publicly listed financial institutions. Although they support all 17 UN SDGs, the study denotes that SDG 1, no poverty, and SDG 8, decent work and economic growth, are the most important goals aligned with their business activities. This indicates that they comply with the requirements set by the Philippine SEC sustainability reporting guidelines. Their sustainability achievements show their commitment to the UN SDGs. The guidelines drive them to assess and manage their organization's economic, environmental, and social aspects, encouraging transparency and accountability through public disclosures.

**Keywords:** Financial Institutions, United Nations Sustainability Development Goals, Securities and Exchange Commission, Sustainability Reporting

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## 1. INTRODUCTION

In September 2015, 193 member states adopted the United Nation's 2030 Agenda with 17 universal aims to alleviate deprivation, fight inequality and safeguard the environment (UN, 2015). Governments worldwide have agreed to these goals, and it is now the time for organizations, large or small, public or private, from any sector or location in a structured means to report information about themselves and their impacts.

Through this, sustainability reporting has grown rapidly in terms of geography and the number of sectors of industries. The Global Reporting Initiative (GRI) reported that according to their databases, the list of worldwide institutions issuing sustainability information increased from an average of 82 between 1999 and 2002 to about 6,000 in 2015 and a more permanent impact, with more than 13,000 institutions declaring in 2019. Therefore, it is apparent that the issuance of the GRI reporting procedures affected sustainability

reporting practices (Larrinaga & Bebbington, 2021). The conceptualization of sustainability reporting standards and frameworks varies among national governments. There are more than 600 sustainability reporting standards, industry initiatives, frameworks, and guidelines worldwide, creating sustainability reporting a challenging and repetitious process. Consequently, the majority of enterprises prefer the standards they use for reporting sustainability performance (Gelmini, 2017; Brightest, n.d.).

Thus, the Philippine Securities and Exchange Commission (SEC) issued Memorandum Circular No. 4 series of 2019, Sustainability Reporting Guidelines for Philippine Publicly Listed Companies (PLCs), to promote sustainability reporting. The guidelines were crafted to ensure that material and reportable non-financial and sustainability issues are disclosed based on the standards and framework defined and proposed by the GRI (Global Reporting Initiative Standards, n.d.), International Integrated Reporting Council (Value Reporting Foundation, 2021), Sustainability Accounting Standards Board (SASB Standards<sup>1</sup>), and Task Force on Climate-Related Financial Disclosure (TCFD, 2022). Publicly Listed Companies (PLCs) are encouraged to use this as a guide, especially for those just starting their sustainability reporting journey (Philippine Securities and Exchange Commission, 2019).

Philippine PLCs support this initiative by adopting the SEC Memorandum Circular No. 4 series of 2019, including their sustainability achievements in line with the United Nations' 2030 Agenda (UN, 2015).

Given the background mentioned above, this paper aims to address three objectives: 1) to identify the Philippine publicly listed financial institutions' sustainability reporting formats used; 2) to determine the sustainability reporting standards and frameworks adopted; 3) to explore how the Philippine publicly listed financial institutions prioritize the 17 UN SDGs and how they contribute specifically to the UN SDGs based on their sustainability reporting from 2019 to 2021 in compliance with the Philippine SEC Memorandum Circular No. 4 series of 2019.

PLCs believe this enables them to be more transparent and effectively communicate to the stakeholders that their actions are sincere, demonstrate their commitment to responsible business practices, attract more investors, and create better brand value.

Therefore, this study gathered and reviewed the annual and sustainability reports of 30 companies from the Philippine Stock Exchange (PSE) and the companies' websites, 17 publicly listed banks, and 13 other financial institutions for the period 2019–2021. The researcher used descriptive study and content analysis to accurately and systematically identify financial institutions' reporting formats, standards, and frameworks for sustainability reporting. It also determined how the Philippine publicly listed financial institutions prioritize the 17 SDGs and how they contribute to the specific UN SDGs based on sustainability reporting from 2019 to 2021.

The study found that 47% of the Philippine publicly listed financial institutions used and attached the SEC sustainability reporting template in

their annual reports, and 77% adopted the GRI sustainability reporting standards. Moreover, SDG 1, no poverty, and SDG 8, decent work and economic growth, have the highest percentage (11%), which means that these are the most significant SDGs to Philippine publicly listed financial institutions and, thus, most prioritized. The sustainability achievements align with the UN SDGs' proposed ways to solve the problems identified. They comply with the requirements set by the Philippine SEC. The sustainability reporting guidelines drive the Philippine publicly listed financial institutions to assess and manage their organization's economic, environmental, and social aspects and encourage transparency and accountability from them through public disclosures.

The rest of the article is structured as follows. Section 2 illustrates the relevant literature review. The methodology is provided in Section 3. Then, Section 4 shows the results and discussion, and Section 5 concludes the article.

## 2. LITERATURE REVIEW

### 2.1. The United Nations Sustainable Development Goals (UN SDGs)

The Sustainable Development Goals (SDGs) were born at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. The SDGs are universal goals that meet our world's urgent environmental, political, and economic challenges (United Nations Development Programme [UNDP], n.d.). It consists of 17 global goals designed by the UN. Over 193 countries have signed up to work towards achieving them by 2030. Progress is being made in many places today, but overall, action to meet the goals still needs to advance at the speed required to deliver the goals by 2030 (UN, 2015).

Thus, the UN (2015) proposed ways how and what we can do to help solve these problems as follows:

#### *SDG 1: No poverty*

The UN calls for active engagement in policy-making to address poverty. Ensure that rights, voice, and inter-generational knowledge are promoted, heard, and shared. All generations promote invention and critical reflection to uphold the adaptation of change in individual beings and societies. Nations can develop occupations and give options for the indigent and the vulnerable group or society. Private companies are essential in determining whether the change it makes is comprehensive and complements deprivation reduction.

#### *SDG 2: Zero hunger*

The UN requires a multi-dimensional approach to protecting safe and nutritious food, especially for children. Transforming the food system can help achieve a more inclusive and sustainable world. Invest in rural and urban areas so that indigent individuals can access nutrition and enhance their livelihoods.

#### *SDG 3: Good health and well-being*

The UN recommends immunization to ensure healthy lives. More comprehensive coverage or an expanded program on childhood immunization can help to have healthy people and the economy.

<sup>1</sup> <https://sasb.org/standards/download/>

*SDG 4: Quality education*

Request the governments to prioritize education both in their policy-making and practice. The government must encourage companies committed to providing free primary school education to all.

*SDG 5: Gender equality*

The UN calls for everyone to fight for each right regarding access to health services. Women are encouraged to manage little inclinations and implied relationships, forming an unintentional and frequently imperceptible border to comparable possibility. At the same time, males are urged to perform alongside females to acquire gender parity and beneficial, obedient relationships. Provide budgets for educational movements that deprive artistic approaches and change harmful laws that prevent women's rights from attaining their most outstanding opportunity.

*SDG 6: Clean water and sanitation*

The UN motivates civil society organizations to inform the government to support water examination and expansion and allow females, young, and inbred residents to participate in water resource management. Their roles could lead to promising outcomes and expanded sustainability and probity for individual and ecological procedures.

*SDG 7: Affordable and clean energy*

Countries can invest in renewable fuel resources, prioritize efficient practices, and adopt clean power technologies and infrastructure to address affordable and clean energy. Enterprises can source 100% of operating electricity conditions from renewable bases. Employers can prioritize telecommunications and incentivize small energy-intensive methods like trains instead of car and air trips. Enterprises can finance additional enduring power assistance, quickly obtaining the latest technologies from a diverse supplier base to the market.

*SDG 8: Decent work and economic growth*

The UN encourages investing in educating and training youth with talents corresponding to labor market demands. Provide sociable defense and essential services to achieve effective occupation regardless of contract type, gender, earnings status, or socioeconomic environment. Nations can produce vibrant, enduring, clever, and people-centered economies, fostering youth occupation, females' financial empowerment, and upright position. Enforcing good soundness and safety measures and supportive operating surroundings are essential for protecting employees, especially the health of employees and other vital services.

*SDG 9: Industry, innovation, and infrastructure*

The UN calls to select measures and restrictions to guarantee that business undertakings and endeavors are sustainably supervised. Cooperate with non-governmental organizations (NGOs) and the public group to promote enduring development within growing nations.

*SDG 10: Reduce inequalities*

Within countries, empowering and promoting inclusive social and economic development is essential. Eliminating biased regulations, guidelines, and procedures can ensure equal chances and decrease earnings imbalance. Countries confirm that developing nations are better characterized in decision-making on international matters so that

resolutions are adequate, believable, and responsible. Nations and other interested parties can provide well-managed guidelines to protect millions of individuals who migrated, striving for better lives due to warfare, intolerance, deprivation, deficiency of possibility, and other relocation processes.

*SDG 11: Sustainable cities and communities*

The UN calls for everyone to carry an enthusiastic claim in the administration and overseeing of our city. Develop and execute the vision for our municipality to improve the quality of life.

*SDG 12: Responsible consumption and production*

Guarantee not to throw away food and reduce plastic consumption. Carry flexible materials that can be repeatedly used, refuse to utilize something made of bendy straw, and recycle moldable containers. Buy from sustainable and local sources to pressure companies to embrace supportable procedures.

*SDG 13: Climate action*

To address environmental change, the world must transform the power, enterprise, transportation, nutrition, agribusiness, and forestry schemes to restrict global temperature rise to below 2°C, possibly even 1.5°C. The world embraced the Paris Agreement in December 2015, in which all signatories were dedicated to taking measures to manage environmental transformation. More and more industries and investors engage themselves to reduce their emissions, not simply because it is good but because it creates economic and business insight.

*SDG 14: Life below water*

Sustainability can be accomplished via advanced global partnerships to save vulnerable habitats. Develop complete, usable, and equitably organized procedures for countries-safeguarded places to preserve biodiversity and secure an enduring future for the fishing enterprise. On a regional group, create sociable options when purchasing goods or consuming meals from the seas and what we need. Select licensed goods that eliminate plastic usage, and organize beach clean-ups. Extend the news regarding ocean life's prominence and the importance of saving it.

*SDG 15: Life on land*

Practice recycling, eat a locally-based diet, and consume what we need. Respect wildlife and participate in ecotourism opportunities ethically to stop nature aggravation. Cared for and guarded the places that sustained a stimulating environment keeping people healthy. Ensure the involvement of the residents in developing and managing these protected places.

*SDG 16: Peace, justice, and storing institution*

We exercise the privilege of having elected officers responsible for improving the condition of a life of dignity. Exercise the freedom to share information and opinions with elected delegates. Encourage inclusion and care toward individuals of different racial ancestries, beliefs, gender, reproduction orientations, or views.

*SDG 17: Partnership for the goals*

Join or initiate a local community level that seeks to mobilize action and encourage the governments to partner with businesses to implement the SDGs. Engage in the affiliations to advise, enlighten, network, and be motivated.

The SDGs are developed to be adaptable, involving all nations rather than just the developing world. The UN realizes the private sector's vital role in seeking and investing in sustainable development and collaboration with governments and the civil community. They likewise emphasized the urgent condition to descend into climate transformation and save the surroundings via endurable consumption and production (Rowling, 2015). All 17 SDGs interconnect, indicating that winning in one affects victory for others (UNDP, n.d.).

## 2.2. Securities and Exchange Commission (SEC) reporting template

The SEC developed the guidelines for Philippine PLCs to create relevantly and to increase their value through sustainability reporting; determine, assess, and oversee their material non-financial matters in terms of economic, environmental, and social inclusive of the risks and opportunities; and serve as a way to communicate with stakeholders as follows:

### *Economic disclosure*

The disclosure relates to how the enterprise directly improves the collection of financial wealth at the regional and national level, including the risks and possibilities due to weather transformation, purchased procedures involving regional or provincial sellers, and discouraging corruption.

### *Environmental disclosure*

This relates to how the business operates the biological wealth it needs and minimizes its adverse effects on the climate, including biodiversity and its capability to access materials required for its processes.

### *Social disclosure*

This relates to how the companies manage their association with stakeholders such as workers, buyers, suppliers, societies, the public, and the government. This is also related to human rights issues, admission to and quality of products and services, reliable industry practices in commerce, consumer privacy, and data protection.

The guidelines are answerable on a comply or explain basis from the fiscal years 2019–2021 (Philippine Securities and Exchange Commission, 2019). PLCs should attach their sustainability reporting starting with the 2019 Annual Report and being submitted for the first three years upon implementation. Companies that already have sustainability reports prepared by globally recognized standards and frameworks comply with the reporting template (Philippine Securities and Exchange Commission, 2019).

The SEC sustainability reporting guidelines are based on four globally accepted standards and frameworks defined by the SEC Memorandum Circular No. 4 series of 2019 as follows:

### *The GRI Standards*

The Global Sustainability Standards Board (GSSB) governs the GRI's global standard-setting activities. The GRI Standards are connected standards that allow any organization to identify its impact on the economic, environmental, social, and governance (ESG) and publicly report the activities in a structured, transparent way to stakeholders and other interested parties (Global Reporting Initiative Standards, n.d.).

### *Integrated reporting <IR> framework*

The International Integrated Reporting Council (IIRC) developed the IR framework. It is a principle-based, multi-capital framework that accelerates the adoption of combined reporting. The framework includes six classifications of capital: financial, manufactured, intellectual, human, social and relationship, and natural capital (Value Reporting Foundation, 2021).

### *Sustainability accounting standards*

The Sustainability Accounting Standards Board (SASB) created the sustainability accounting standards. It enables the organization to make industry-based sustainability disclosures about the risks undertaken and possibilities that affect enterprise value, related accounting metrics, the specialized protocol for gathering the data, and activity metrics for normalization (SASB Standards).

### *Task-Force on Climate-Related Financial Disclosures*

The Financial Stability Board (FSB) made the Task Force on Climate-Related Financial Disclosures (TCFD) to enhance and expand reporting on climate-related financial information (TCFD, 2022).

The Philippine SEC sustainability reporting provides high-level guidelines and recognizes the importance of economic, environmental, and social disclosure by integrating various standards and frameworks to create comprehensive and robust reporting. The PLCs can enhance transparency and the result of their sustainability reporting, catering to diverse stakeholders and other interested parties. They can effectively demonstrate their commitment to sustainability (Philippine Securities and Exchange Commission, 2019).

## 2.3. Sustainability reporting practices

Sustainability reporting practice started when the original edition of the GRI guidelines in 1999 was released (Larrinaga & Bebbington, 2021). The GRI defines sustainability reporting as the process of collecting and disclosing ESG-related information according to the GRI guidelines. The firms can select to create their reports publicly via a database on the GRI website (Global Reporting Initiative Standards, n.d.).

Corporate social responsibility (CSR) evolved in the year 2000s into a vital strategic matter. The direction of CSR transformed over the years from targeting humanitarianism and living ethically accountable to enhancing the firm's performance (Moura-Leite & Padgett, 2011; Emmanuel et al., 2012; Hafez, 2016). CSR implementation and reporting should be direct to promising enterprises' financial results (Wu et al., 2020; Wang et al., 2020; Velte, 2022).

Then the ESG was developed in 2004 when the United Nations Environment Programme sponsored a study entitled "Who Cares Wins", which aimed to integrate further the ESG issues in the asset management of investors and financial managers (The Global Impact, 2004). The ESG framework comprises three subcategories or pillars, ESG, and is closely related to corporate social responsibility (McWilliams & Siegel, 2001; Whitelock, 2019; Yeung, 2018) in which enterprises estimate and oversee their influence on the community and maintain the possibility to enhance their impression

among stakeholders (Story & Neves, 2015; Pitoska et al., 2018). Many companies have adopted the practice of ESG disclosures to attract more investors and create better brand value (Aureli et al., 2020; Velte, 2020).

Moreover, sustainable practices frequently lead to cost reduction and increased efficiency, making them attractive to startups business. By integrating sustainable practices into their operations, startups can create long-term financial benefits while positively impacting the environment and society (Mimi, 2023).

Recently, the big shifts, small steps, KPMG's 2022 global sustainability reporting survey found that all of the top N100 (The N100 directs to a worldwide selection of the leading 100 firms by revenue in 58 countries) companies in the United States provide ESG sustainability disclosures. Moreover, 96% of the top G250 (The G250 guides to the world's 250 largest companies by revenue based on the 2021 Fortune 500 ranking) firms worldwide published their sustainability reports following globally recognized standards and frameworks in various formats. The survey proved that sustainability reporting had multiplied over the years. However, many smaller companies are still in the early stage of their ESG journey, the awareness of sustainability reporting is relatively low, and others have not yet started to ensure their ESG sustainability reports (Hodge & Fisher, n.d.).

Furthermore, based on KPMG's 2022 outlook survey from a chief executive officer (CEO), 70% of the CEOs in the United States believed that integrating ESG into their long-term business strategies will not only a practice of reporting the company's significant ESG disclosures publicly but such disclosures enable the companies to improve their financial performance (Hodge & Fisher, n.d.). This is in line with the Philippine SEC sustainability reporting guidelines. Sustainability reporting also offers external benefits as it improves enterprise standing and brand worth, investors' looks, stakeholder arrangement, and competitive edge (Philippine Securities and Exchange Commission, 2019). Stakeholders are interested in meeting their regulators and governments' reporting requirements and their engagement with climate change. The transparency and accountability to their stakeholders show that the company's sustainability efforts increase its value (Hodge & Fisher, n.d.).

Also, in the 2022 survey, at least 41% of United States companies include third parties assuring the credibility of their ESG data. The formal assurance statement is a component of the sustainability information attached to the financial statement (Hodge & Fisher, n.d.). More investors believe that sustainability reports should be audited and that they should be thoroughly reviewed the same as audited financial reports (Bernow et al., 2019). The assurance statement could help stakeholders assess the enterprise's ESG implementation and the reliability of the information and processes used in preparing the report.

While global consistency is needed, companies worldwide increasingly align their ESG reporting with more common standards and comparable

information to help investors make valuable decisions (Diouf & Boiral, 2017; Hodge & Fisher, n.d.). Similar to the Philippine SEC sustainability reporting principles in which, the report should ensure the quality of information, including proper presentation, to enable the other interested parties to produce sound and good reviews of an institution that is balanced, complete, reliable, accurate, and consistent (Philippine Securities and Exchange Commission, 2019).

Preparing the required detailed sustainability reporting disclosures on non-financial matters, the existing globally recognized criteria resulted in increased use. The GRI is the most adopted and prevalent measure worldwide, though others prefer SASB or the country's stock trade guidelines. Based on the survey, 78% of the top G250 global companies used the GRI. Roughly one-third of the N100 companies and nearly half of the G250 companies used SASB, making it also popular (Hodge & Fisher, n.d.).

However, stakeholders nowadays demand greater transparency of economic, environmental, and social disclosure topics and additional parameters to address the important economic and societal developments relevant to financial services. The challenges are how financial leaders address these economic and societal issues, carbon footprints, and their vulnerability to environmental transformation (Deloitte, n.d.). From their study, innovative technology, a new partnership for sustainable development, new markets, and collaboration with many stakeholder communities to generate profits are recommended by Deloitte to protect the environment, promote equity, and foster trust and stability for financial services.

Demands for ESG funds to support proper ESG disclosure have rocketed since 2018. Banks and other financial enterprises are demanded to include environmental-related threats. The global TCFD, based on their June 2019 status report, disclosure has increased since 2016, but investors need more and proper environmental-related exposures.

The TCFD tasked the FSB to monitor and recommend actions regarding the threats to the international monetary system. The TCFD made constant environmental-related monetary exposures worthwhile to properly assess substantial threats related to environmental transformation (KMPG, 2019). The study highlighted how vital quality disclosures, from financial to ESG, are to determining companies' capital costs.

Additionally, the TCFD has doubled, wherein three-fourths of the companies document their carbon reduction plans in line with the TCFD's 2022 Status Report. They found that more than 3,900 firms in 101 countries (holding a combined industry capitalization of \$26 trillion) covering all sectors of the economy have pledged their support for the TCFD (Hodge & Fisher, n.d.).

Currently, there are more than 600 sustainability reporting standards, industry initiatives, frameworks, and guidelines worldwide, making sustainability reporting a detailed and repetitious procedure. Consequently, the majority of businesses prefer the standards they utilize for reporting and how they document sustainability actions (Gelmini, 2017; Brightest, n.d.).

### 3. RESEARCH METHODOLOGY

This study revolved around secondary data. The 2019–2021 annual and sustainability reports of 30 companies, 17 publicly listed banks, and 13 other financial institutions were gathered from the PSE and companies' websites (Philippine Stock Exchange, n.d.). The sustainability information found in the PSE database was reviewed, and the researcher used a descriptive study to discover the answers as to what sustainability reporting standards and frameworks were adopted by the 30 companies, their priorities, and contributions specific to the 17 UN SDGs. The approaches used were in the forms of frequencies for categorical variables to obtain statistics and content analysis to interpret and understand the qualitative themes and analyze the results. The researcher also used a pie chart to graphically explore the results and help to organize and visualize the data as a percentage and specific categories that composed the total quantitative values (Blumberg et al., 2014).

For objective 1, the researchers identified whether the sustainability reporting formats adopted by the Philippine publicly listed financial institutions are classified into:

- 1) sustainability reporting template;
- 2) standalone sustainability report;
- 3) as content or part of the annual report;
- 4) integrated report.

The categorical variables were recorded as 0 = no and 1 = yes.

For objective 2, the researchers determined whether the standards and frameworks adopted by the Philippine publicly listed financial institutions are categorized into:

- 1) the GRI Standards;
- 2) the GRI Standards also referenced the SASB for material disclosure;
- 3) the GRI Standards, SASB for material disclosure, and IR frameworks;
- 4) the GRI Standards and TCFD;
- 5) others for not specifying the standards/frameworks used.

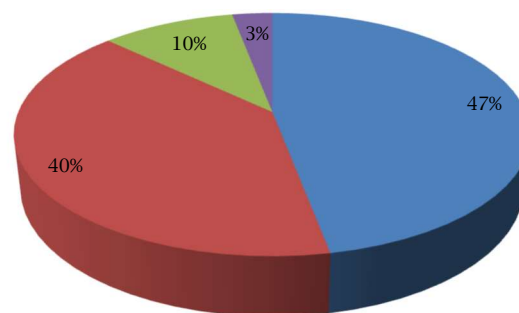
The categorical variables were recorded as 0 = no and 1 = yes.

For objective 3, the researchers determined how the Philippine publicly listed financial institutions prioritize the 17 UN SDGs and how they contribute specifically to the UN SDGs based on sustainability reporting from 2019 to 2021. The data were collected from the written report and systematically focused on counting and measuring the code for quantitative, interpreting and understanding the themes for qualitative, and analyzing the results. The categorical variables were recorded as 0 = unable to contribute to the specific SDGs and 1 = able to contribute to the specific SDGs.

### 4. RESULTS AND DISCUSSION

Figure 1 represents the sustainability reporting formats used; out of 30 Philippine PLCs, 47% adopted the Philippines SEC sustainability reporting template, 40% used standalone sustainability reports, and 10% included the sustainability plans and initiatives as part of their annual report. Then, 3% of the company included it in the integrated report.

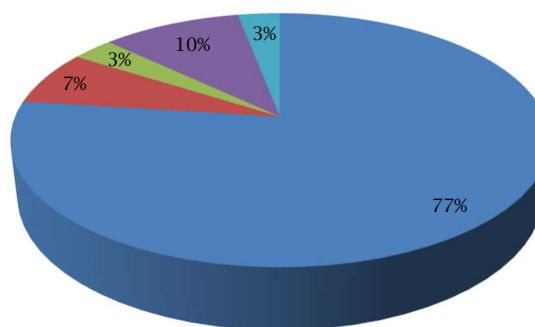
**Figure 1.** Sustainability reporting formats used by the enterprises



Most publicly listed financial institutions (47%) used and attached the SEC sustainability reporting template in their annual reports. Others described and measured their company's sustainability performance in their standalone sustainability report, integrated report, and part of their annual report. Like the latest KPMG's 2022 global sustainability reporting survey in the United States, firms worldwide published their sustainability reports following globally recognized standards and frameworks in various formats. The SEC allows the PLCs to prepare sustainability reports according to internationally recognized standards and frameworks and are considered compliant instead of the SEC reporting template.

Figure 2 shows the sustainability global reporting standards and frameworks adopted; out of 30 Philippine publicly listed financial institutions, 77% prepared their statement in conformity with GRI Standards, 7% applied the GRI Standards, and also referenced the SASB for material disclosure. Furthermore, 3% aligned the report with GRI Standards, SASB for material disclosure, and IR framework. In comparison, 10% did not specify the reporting standards used.

**Figure 2.** Global reporting standards/frameworks adopted by the enterprises

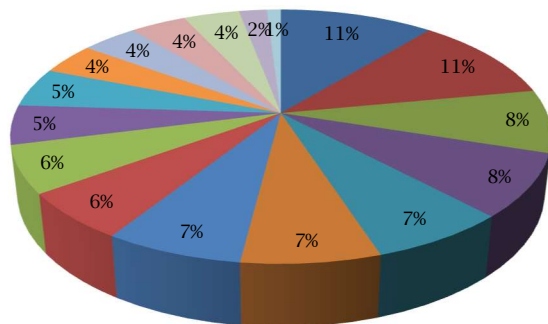


Most Philippine publicly listed financial institutions adopted the sustainability reporting standards developed by the GRI to determine the most significant impact and the effect of their activities on sustainable development. Others disclosed their risks and opportunities, financial and economic impacts concerning climate change (TCFD), and used the SASB sustainability accounting standards in evaluating their organizations' performance. This finding aligns with the latest

KPMG's 2022 global survey preparing a complete reporting requisite on non-financial disclosures. The GRI Standards are the most adopted and dominant standard worldwide. Other firms prepare their sustainability report by harmonizing various global standards and frameworks. It differs considerably due to the subjective choice of what to adopt.

From the total 30 financial institutions involved in this study, 14 banks and 11 other financial institutions expressly indicated how these companies prioritized their SDGs and sustainability achievements set by the UN, as shown in Figure 3.

**Figure 3.** UN SDGs 2030 prioritized by the enterprises



Although they support all 17 UN SDGs, their focus is on the most material to the business products and services contribution to SDGs. It can be seen in Figure 3 that SDG 1 (11%) and SDG 8 (11%) have the highest percentage, which means that these are the most significant SDGs to Philippine publicly listed financial institutions and thus, most prioritized. Followed by SDG 5 (8%) and SDG 9 (8%) are equally important.

Moreover, it is interesting that 7% of the companies equally prioritized SDG 3, SDG 4, and SDG 10. SDG 7 was prioritized by 6%, same with SDG 13 by 6%.

Among the 17 UN SDGs, SDG 11 and SDG 12 are equally prioritized by 5%. While equally prioritized by 4% of the companies are SDG 2, SDG 6, SDG 16, and SDG 17, and 2% prioritized SDG 14. Lastly, SDG 15 is their last priority, 1% of the companies.

Furthermore, below are the sustainability achievements disclosed in their sustainability plans and initiatives specific to SDGs where they can make the most impact, partially these are:

#### *SDG 1: No poverty*

Financial institutions ensure fast and reliable services in handling remittance transactions from abroad to end poverty. They proposed financial investments and fixed-income securities and offered cash assistance and different kinds of bank deposits/savings, credit cards, loan products, and projects to help employees and others with their various needs. They keep supporting Filipino families through financial services to micro, small, and medium enterprises that promote various firms' livelihoods-assisted low-income earners in establishing savings habits.

#### *SDG 2: Zero hunger*

Financial institutions leverage resources to improve people's livelihoods to replace, restore, and

recuperate disaster victims. They set loan expansion and engage with various agricultural industries.

#### *SDG 3: Good health and well-being*

To secure healthy and prosperous lives, financial institutions offered different kinds of accounts with complimentary individual casualty and life insurance protection and hospitalization benefits to more Filipinos. Others received universal health coverage, including risk protection, vaccines, and quality but affordable medicines. They also invested in online affiliation mechanisms to lessen enterprise trips, research regarding deterrence and restorative to boost mental health awareness issues in society, and created a more sustainable organization while supporting the change to a lower-carbon economy and much more.

#### *SDG 4: Quality education*

To deliver quality education, financial institutions offered scholarship programs, training, classroom constructions, repairs, and rehabilitation post-disaster to millions of learners, teachers, and non-teaching personnel nationwide. They would like to ensure that through a financial education program, the targeted beneficiaries will all acquire the knowledge, skills, and appreciation of their contributions to promoting sustainable growth.

#### *SDG 5: Gender equality*

To attain gender parity and discontinue all circumstances of intolerance against females everywhere, financial institutions value females' engagement in all classes of political, economic, and public life decision-making. Through these, women have equal opportunities to represent and do influential leadership roles, whether as a constituent of the board of directors, senior management, or another workforce, no matter how big or small the business challenges are. Also, to ensure the full participation of women, financial institutions offered in-house activity and leadership growth, a social knowledge forum for workers, and above-minimum employee benefits such as access to childcare. They settled household and medical leave agendas, including compassionate and sick assistance. They are taking action to promote and support the principle of behavior in stemming human trafficking and promoting stimulating work conditions without prejudice or unfair treatment. They aim to have balanced gender representation at all times.

#### *SDG 6: Clean water and sanitation*

Financial institutions disbursed billions of pesos towards water-related projects to substantially increase the supply of clean water and sanitation. The fund will provide safe and inexpensive facilities for drinking water and enhance water quality, wastewater restoration, and safe reuse across all sectors. Doing this is the most effective way to lower the number of individuals suffering from water deficiency. They deployed enduring financing means to support all loans with evident environmental benefits.

#### *SDG 7: Affordable and clean energy*

Financial institutions invested billions of pesos in renewable energy projects, expanded and upgraded energy services for growing countries, and fostered access to study and developed technology in clean fuel, green buildings, and clean transportation projects to support the transition to reasonable and clean energy. Financial institutions

implemented a variety of strategies for energy consumption. Like persisting efforts to enhance preservation and eco-efficiency in their offices and investing in energy audits as a great way to assess how much energy their offices use and find ways to reduce their consumption.

*SDG 8: Decent work and economic growth*

To provide exemplary work and attain economic expansion, financial institutions offered preferred home loan services to help Filipino families acquire their dream homes, infrastructure loans to the manufacturing sector for infrastructure development, and clinic loans to a medical professional for clinic acquisition or improvement. Financial institutions raised billions of pesos for the COVID-19 action response, full employment with equal pay, and robust digital channels for customers easy access their banking needs, especially during the pandemic. They promote the formalization and development of micro, small, and medium establishments, including entry to financial assistance. They conducted regular webinars and roadshows to increase the country's financial literacy rate and access to insurance coverage. They offered mentoring, apprenticeship, and aid groups for various workers and career possibilities for women, young individuals, and persons with disabilities.

*SDG 9: Industry innovation and infrastructure*

Financial institutions disbursed billions of pesos to foster initiative, creation, and construction to elevate their infrastructure and retrofit industries with new materials, products, and technologies. This help reduces energy costs, maintenance, and operating costs, and asset replacement costs to make them sustainable. Several banks provided bank-booking services allowing their customers to arrange pick-up banking transactions. Financial institutions provided access to details and communication technology everywhere and increased access to financial services and markets to benefit consumers and business owners. They can do all their banking transaction at any time and any place.

*SDG 10: Reduced inequalities*

Financial institutions responded quickly to reduce inequalities within and among countries by providing support and education on financial literacy programs, online platforms to enable effective communications for people and businesses, low minimum investment rates for safety investment, and equitable access to capital markets. Micro-business owners, on the other hand, received loan credit extensions to aid business expansion and help local economic growth. Other banks increased the teacher's salary loans to all regular and permanent teachers and non-teaching employees with favorable and affordable rates and flexible terms to enhance the welfare of all teachers and non-teaching personnel. As well as they offered savings accounts for kids and teens as a way for them to learn about savings, and a Social Security System (SSS) protection fund, an interest-bearing savings account precisely planned for SSS pensioners to conveniently receive their monthly pension and make their retirement more comfortable. Furthermore, through full-digital banking, banks brought a convenient alternative financial service to the unbanked and underserved Filipinos: a better way to grow their money and a more comforting form of banking.

*SDG 11: Sustainable cities and communities*

Financial institutions disbursed billions of pesos towards housing, green structure, energy efficiency, clean transportation, and pollution management schemes to make sustainable cities and communities. Other programs are designed to invest millions of pesos in green bond investments to finance environmental and sustainable projects under the energy development corporation bond framework.

*SDG 12: Responsible consumption and production*

Financial institutions anticipated using light-emitting diode (LED) technology to provide reliable consumption and manufacturing pattern. The widespread use of LED lighting produced a significant potential impact on energy savings in their branches nationwide. They used end-to-end cash management for retailers for a secured and integrated cash management and cash collection service, applied a cheque image clearing system to speed up the process of paying a cheque, and reduced the consumer's and the bank's carbon footprint. Financial institutions support enduring control and use of biological resources, reliable management of chemicals and discarded materials, and substantially lower waste production by reusing and recycling materials.

*SDG 13: Climate action*

Financial institutions reported that up to millions of tons of carbon dioxide were avoided to strengthen climate action supporting the Renewable Energy Act of 2008, a shift to a low-carbon and better inclusive economy. They received billions of pesos from outstanding green bond issuances to fund projects that positively impact the environment and climate change. Likewise, they invested millions of pesos in ASEAN Sustainability Bonds in investing or re-financing green and social programs offering environmental and social benefits. They actively participated in diverse public and private group programs and drives toward disaster resilience, where families affected by typhoons benefited from their home-rebuilding projects. Some employees were given financial assistance for shelter response by reallocating the calamity fund. Financial institutions advocate for and collaborate to develop corroborative net-zero programs and guidelines with external stakeholders for sustainable investing. Moreover, to increase their ambition to reduce greenhouse gas emissions across their global corporate real estate and travel. They develop scholarly coverage for customers on enduring investing issues to integrate the ESG factors into their investment process.

*SDG 14: Life below water*

Financial institutions invested billions of pesos in financing aquatic biodiversity projects to safeguard the livelihoods who live below water.

*SDG 15: Life on land*

Financial institutions have trained more than 3,000 smallholder farmers in vegetable farming to protect, restore, and promote sustainable life on land. The program helped the farmers to improve their technical and business skills to start a successful farm business. Financial institutions started reforestation in Lanao del Sur to slow deforestation and planted trees on more than 200 hectares of denuded forest land.



*SDG 16: Peace, justice, and strong institution*

To promote harmony, deliver access to justice, and create a strong institution, financial institutions adopted and implemented sound anti-money laundering/combating the financing of terrorism (AML/CFT) leadership. Training and awareness programs are provided for the components of the board of directors, all officials, and employees to combat these activities. Moreover, social recognition and giving of awards can boost the organizations' reputation, for those who manage to make it far enough are recognized for their hard work. The Asset ESG Corporate Awards and ASEAN Corporate Governance Scorecard Awards are two award-giving bodies that offer a rigorous benchmarking service for listed companies and recognize the companies' adherence to ESG principles. Some Philippine financial PLCs are part of the finalists and recipients every season.

*SDG 17: Partnership for the goals*

Financial institutions work together for sustainable development to enhance global partnerships with countries, private groups, and the civil community. Like the Agricultural Credit Policy Council, Bureau of Fire Protection, Bureau of Fisheries and Aquatic Resources, Philippine National Police, Department of Social Welfare and Development, Department of Labor and Employment, and Philippine Social Security System.

In compliance with the guidelines developed by the Philippines SEC, 26 Philippine publicly traded financial institutions disclosed how their product and services could contribute to the SDGs from their sustainability reports for 2019-2021.

This shows how responsible they are in allocating their resources to have a significant impact on growing the nation, most notably by addressing poverty. The bank investments, cash assistance to low-income earners, and the different products and services they offer, such as deposits, savings, credit cards, loans, projects, and financial services to micro, small, and medium enterprises, contribute to poverty reduction and promote transformational modification in individuals' lives and societies.

They recognize the importance of reducing poverty by implementing various activities through their sustainability achievements. They know that their actions' results are related to providing exemplary work and economic expansion. As part of the United Nations Sustainable Development (UN, 2015) they proposed ways how and what can we do to help solve the problems, Philippine publicly listed financial institutions provide social protection and essential services such as the COVID-19 action response to have good fitness and security actions and satisfactory working conditions, implement robust digital channels for customers easy access their banking needs, especially during the pandemic, and full employment with equal pay regardless of contract type gender, income level, and background. Overall, they ultimately support the UN SDGs.

**5. CONCLUSION**

This study focused on the sustainability reporting standards and frameworks adopted by the 30 companies, their priorities, and contributions specific to the 17 UN SDGs. The annual and

sustainability reporting were accessible on the PSE and the companies' websites. The 30 samples used were only limited to Philippine publicly listed financial institutions, 17 publicly listed banks, and 13 other financial institutions from 2019-2021, according to the classification provided by the PSE (Philippine Stock Exchange, n.d.).

Employing descriptive research design and based on the annual sustainability reports of 30 Philippine publicly listed financial institutions for the period covering 2019-2021, it is also evident that they published their sustainability reports following the most widely used standards, the GRI Standards, in various formats using the SEC sustainability reporting template and standalone reports, thus considered to be the most common reporting formats.

However, others prefer SASB and TCFD to strengthen sustainability reporting procedures. They comply with the requirements set by the 2019 Philippine SEC guidelines by submitting the standalone sustainability reports referenced with the internally recognized framework or the SEC sustainability reporting template. The SEC sustainability reporting guidelines drive the Philippine publicly listed financial institutions to assess and oversee the enterprise's non-financial aspects and encourage transparency and accountability from them through public disclosures.

Moreover, despite the remarkable effect of COVID-19 on banks and other financial institutions' operations and earnings, they addressed the evolving needs and sustained support to their employees, clients, and communities, as disclosed in their global sustainability plan and initiatives. SDG 1 and SDG 8 are the most important goals aligned with the company's sustainability activities. Although financial institutions are not required to thoroughly address each of the 17 UN SDGs with their sustainability plans, it is good to know that, as a whole, the business group can embed sustainability in everything they do. Their sustainability achievements align with the UN SDGs' proposed ways to solve the problems identified based on the activities and actions taken from 2019 to 2021.

Organizations nowadays spend time, money, and resources reorganizing their business model and structure to embed sustainability into their core strategies. As a result, the Philippines publicly listed financial institutions have seen the importance of internal frameworks for sustainability-related disclosures — economic, environmental, and social aspects. The report can estimate and observe their contribution to attaining the UN SDGs and address how they will succeed sustainably now and in the future. Measuring, managing, and reporting economic, social, and environmental impacts are crucial for sustainable communities worldwide and the business's future growth.

Though there are advantages to practicing sustainability reporting, the concern is still needed for standardization. For the government, it recommends making sustainability reporting mandatory for different types of corporations and not limited to Philippine PLCs to address how other companies will succeed sustainably and support aligning their business activities with the UN SDGs. They must also encourage submitting an independent assurance statement in their sustainability report to

improve the credibility of the reported statement due to the materiality risk and impact risk level in how they measure and manage materiality and impact.

For the standard-setting bodies, it recommends providing effective global consistent business metrics or key performance indicators (KPIs) to ensure their programs and projects are on track and consistent with the goals. These could help the stakeholders and other interested parties to

know the more robust connection between the submitted annual audited financial report and sustainability report and to see its value-adding aspect rather than a matter of compliance.

For further research, it recommends evaluating how other business sectors comply with Philippine SEC requirements due to the scope and depth of sustainability disclosures made by the Philippine publicly listed financial institutions that differ considerably.

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