

Doing Business Right: Ethics, CSR Research, and CSR Reporting

Ethics in Marketing, HR, and Finance • Researching Ethics and CSR • Measuring CSR Performance and Reporting

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01

Ethics in Marketing, HR, and Finance

Ethics lives in everyday functional decisions



Marketing

Key stakeholders

Customers and the public

Core ethical duty

Tell the truth, respect choice,
protect the vulnerable



Human Resources

Key stakeholders

Employees and applicants

Core ethical duty

Treat people fairly, safely, and with
dignity



Finance

Key stakeholders

Investors, creditors, regulators

Core ethical duty

Report honestly, avoid conflicts,
protect assets

Ethical lapses rarely start in the boardroom; they start in a sales target, a hiring shortcut, or a number “adjusted” to meet a forecast.

Ethics in marketing



Deceptive advertising

False claims, hidden fees, misleading “before and after” or “limited stock” tactics



Consumer privacy

Collecting and selling personal data without informed consent



Vulnerable consumers

Targeting children, the elderly, or low-literacy buyers with manipulative appeals



Greenwashing

Overstating a product’s environmental benefits to win “green” customers

Philippine guardrails

Consumer Act (RA 7394): bans deceptive and unfair sales acts

Data Privacy Act (RA 10173): consent and lawful processing of personal data

Ad Standards Council: industry self-regulation and screening of ads

Quick test: Would the customer still buy if they knew everything we know?

Ethics in human resources



Fair hiring and promotion

Merit-based selection; no discrimination by age, sex, religion, or disability



Fair pay

Living wages, pay equity, honest benefits; no misuse of contractualization



Safety and health

Safe workplaces, reasonable hours, mental-health support



Privacy and monitoring

Proportionate monitoring; employee data kept confidential



Harassment-free work

Clear policies, safe reporting channels, timely action



Whistleblower protection

Employees who report wrongdoing are protected, not punished

Philippine anchors: Labor Code • Safe Spaces Act (RA 11313) • OSH Law (RA 11058) • Data Privacy Act (RA 10173)

Ethics in finance



Financial misreporting

Earnings manipulation, hidden liabilities, “cooking the books”



Insider trading

Trading on material non-public information



Conflicts of interest

Related-party deals, self-dealing, undisclosed interests



Bribery and corruption

Kickbacks and facilitation payments to win business

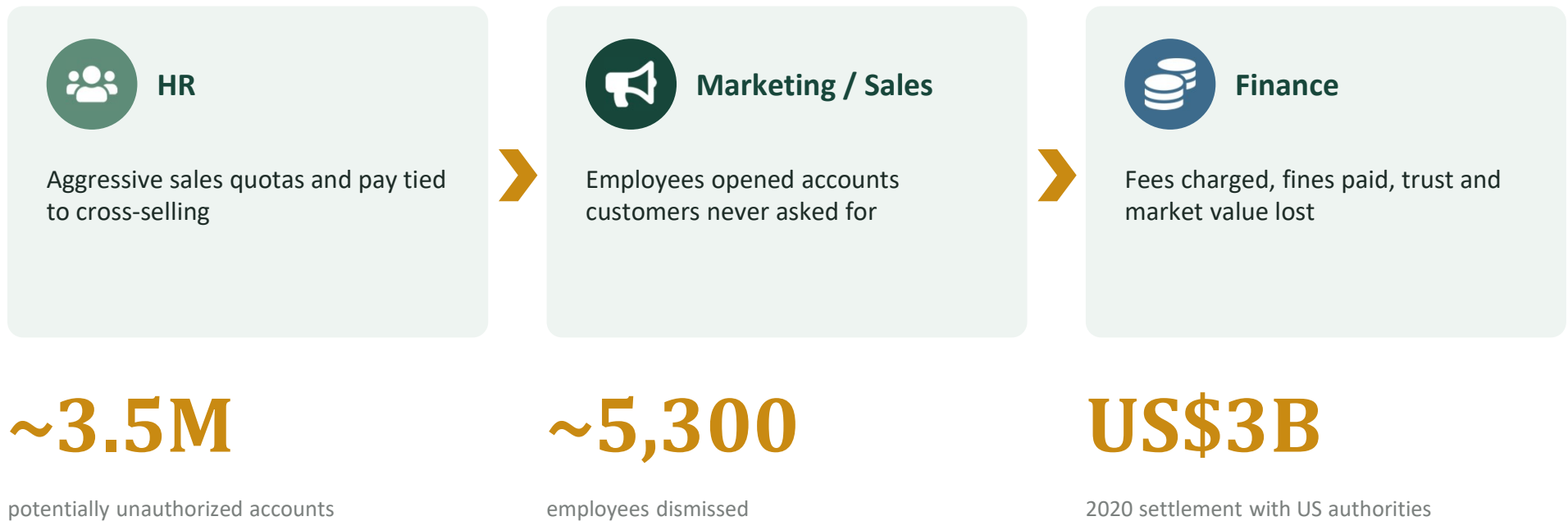
Why it matters

Financial reports are the language of trust. When numbers lie, investors, lenders, employees, and the public all decide on false information.

PH anchors

Securities Regulation Code (RA 8799)
Revised Corporation Code (RA 11232)
SEC Code of Corporate Governance for PLCs

One case, three functions: Wells Fargo (2016)



Lesson: incentive systems are ethical choices. What you reward is what you get.

02

Researching Ethics and CSR

Two ways of studying business ethics



Normative research

Asks what firms OUGHT to do

- Uses ethical theory: utilitarianism, duty, justice, virtue, stakeholder theory
- Builds arguments and principles
- Example: Do firms owe duties beyond profit?



Descriptive / empirical research

Asks what firms ACTUALLY do, and why

- Uses data: surveys, interviews, reports, experiments
- Tests relationships and explains behavior
- Example: Does a code of ethics reduce misconduct?

Good CSR research combines both: empirical findings tell us what is happening; normative reasoning tells us whether it is right.

Common methods in ethics and CSR research

Method	What it reveals	Watch out for
Surveys	Attitudes and perceptions across many respondents	People giving the “right” answer
Interviews and focus groups	Reasons, dilemmas, and lived experience	Small samples; interviewer influence
Case studies	How ethics plays out in one firm or event	Limited generalizability
Content analysis	What companies disclose in reports, codes, websites	Disclosure is not the same as performance
Experiments and vignettes	How people decide when given an ethical scenario	Artificial settings
Secondary ESG data	Comparisons across many firms and years	Ratings differ by provider

Triangulate: use two or more methods so the weakness of one is covered by another.

Why ethics and CSR are hard to research

	Social desirability bias	Respondents overstate their own ethical behavior
	Fuzzy definitions	“CSR” and “ethical” mean different things to different people and cultures
	Sensitive topics and access	Firms rarely open doors to research on misconduct
	Causality	Does CSR improve profit, or do profitable firms simply spend more on CSR? Findings are mixed
	Self-reported data	Company reports are written to persuade, not only to inform

Researching ethics, ethically

Principles for the researcher

- Informed consent: participants know the purpose and can withdraw
- Confidentiality and anonymity, consistent with the Data Privacy Act
- Do no harm: protect whistleblowers and junior staff who share sensitive stories
- Integrity: report findings honestly, including inconvenient ones
- Clearance from an institutional research ethics committee

Techniques that reduce bias

- Anonymous, self-administered questionnaires
- Indirect questions: “How would most people in your office act?”
- Vignettes describing realistic dilemmas
- Compare what firms say (reports) with what others observe (media, NGOs, employees)

03

Measuring CSR Performance and Reporting

What to measure: the ESG lens



Environmental

Triple bottom line: Planet

Sample KPIs

- GHG emissions (Scope 1, 2, 3)
- Energy and water use
- Waste and recycling rate
- Biodiversity impacts



Social

Triple bottom line: People

Sample KPIs

- Workplace injuries and lost-time rate
- Training hours per employee
- Pay equity and diversity
- Community investment



Governance

Triple bottom line: Profit with integrity

Sample KPIs

- Board independence
- Anti-corruption training and cases
- Executive pay linked to ESG
- Whistleblower reports handled

Good KPIs are specific, comparable over time, and tied to the issues that matter most to the business and its stakeholders.

How to measure CSR performance



ISO 26000 gives guidance on social responsibility (core subjects and principles); it is guidance, not a certifiable standard.

Major reporting frameworks

Framework	Focus	Materiality lens	Main audience
GRI Standards	Organization's impacts on economy, environment, people	Impact (inside-out)	All stakeholders
ISSB: IFRS S1 and S2 (with SASB industry metrics)	Sustainability risks and opportunities affecting the firm; S2 on climate	Financial (outside-in)	Investors, lenders
Integrated Reporting	How the firm creates value across six capitals	Value creation	Investors, boards
UN SDGs and UN Global Compact	Linking actions to global goals and ten principles	Contribution	Public, partners

Double materiality (e.g., EU ESRS) asks both questions at once: how the firm affects the world, and how the world affects the firm.

The Philippine shift to mandatory reporting

2019

Dec 2025

FY 2026

Next

SEC MC No. 4, s. 2019

Sustainability reporting guidelines for listed companies; comply-or-explain, using GRI, SASB, TCFD or <IR>

SEC MC No. 16, s. 2025

SEC adopts PFRS S1 and S2, local versions of ISSB IFRS S1 and S2

First mandatory tier

Largest companies apply PFRS S1/S2; first reports filed in 2027

Phased rollout

Tiers by market capitalization and revenue; covers listed and large non-listed firms

Firms keep using MC No. 4 until their assigned adoption year. Late or missing sustainability reports carry SEC penalties.

Credible reporting versus greenwashing



Greenwashing signals

- Vague claims: “eco-friendly,” “sustainable”
- Selective disclosure: only the good news
- No baseline, no targets, no trend
- Glossy photos instead of data
- No external verification



Credibility signals

- Specific, quantified KPIs
- Material issues covered, including the bad news
- Targets with year-on-year comparison
- Recognized framework (GRI, PFRS S1/S2)
- Independent third-party assurance

Three takeaways

01

Ethics is functional

Marketing, HR, and finance decisions, especially incentives, decide whether values are real.

02

Research needs rigor

Combine normative and empirical approaches, triangulate methods, and protect participants.

03

What gets measured gets managed

Material KPIs, recognized frameworks, PFRS S1/S2 compliance, and assurance turn CSR claims into evidence.

References

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BUSINESS SUSTAINABILITY, ESG, AND CSR

In the Global and Philippine Context
Group 2

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Defining Core Concept

Traditional CSR (Philanthropy): Voluntary, post-profit activity. It focuses on how a company spends its excess profit, giving back through charity, tree planting, and community service.

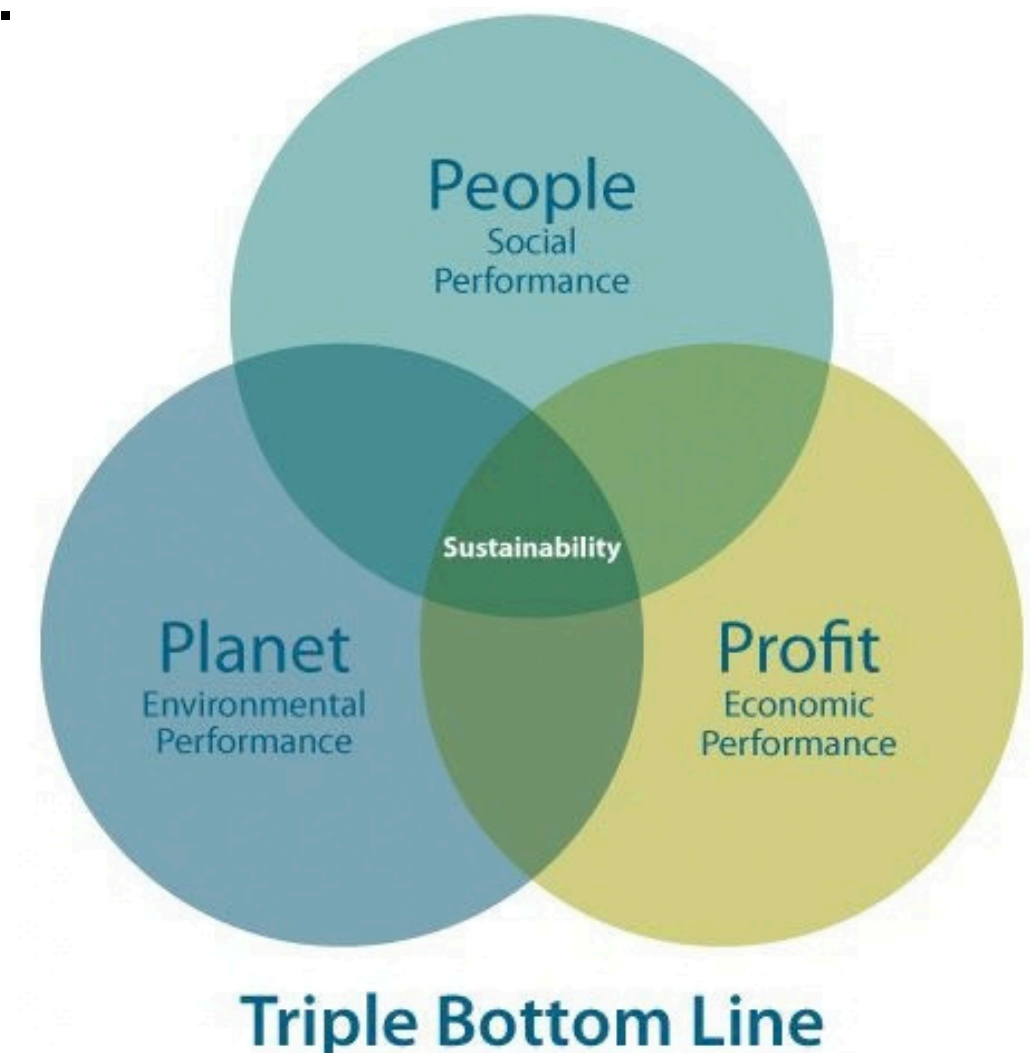
Business Sustainability: An operating strategy aimed at meeting current needs without compromising future generations.

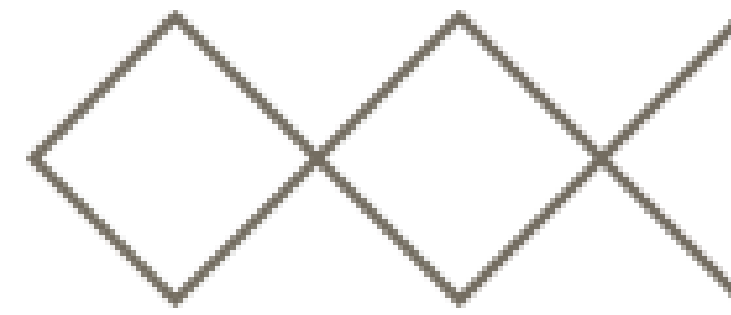
It centers on the ***Triple Bottom Line***:

People: Social impact on workers and society.

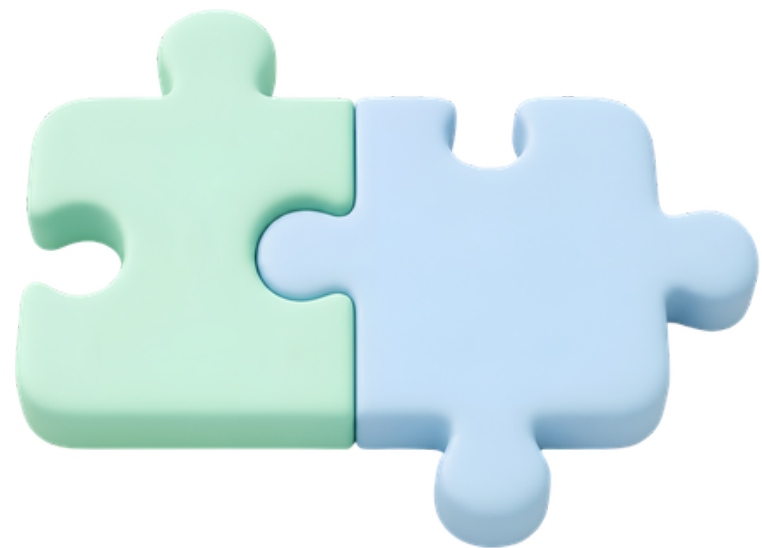
Planet: Environmental conservation.

Profit: Economic viability for the long run.





"Today, corporate responsibility is no longer about how a company spends its excess money; it is about how responsibly it makes that money in the first place."



What is ESG?

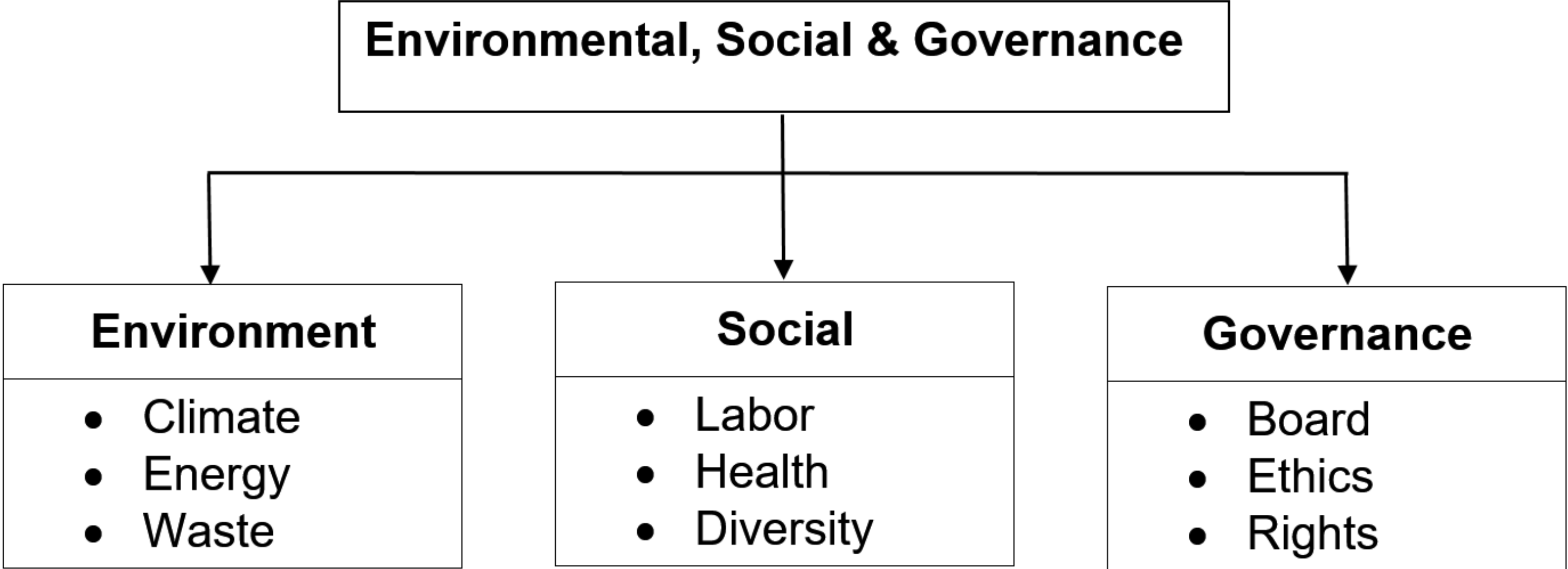
ESG stands for *Environmental, Social, and Governance*.

- While Sustainability is the overall goal or business philosophy, ESG provides the quantifiable scorecard and criteria that investors, banks, and governments use to measure a firm's non-financial performance.





Environmental, Social & Governance



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graph TD; A[Environmental, Social & Governance] --> B[Environment]; A --> C[Social]; A --> D[Governance]; B --> B1[Climate]; B --> B2[Energy]; B --> B3[Waste]; C --> C1[Labor]; C --> C2[Health]; C --> C3[Diversity]; D --> D1[Board]; D --> D2[Ethics]; D --> D3[Rights];
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Environment

- Climate
- Energy
- Waste

Social

- Labor
- Health
- Diversity

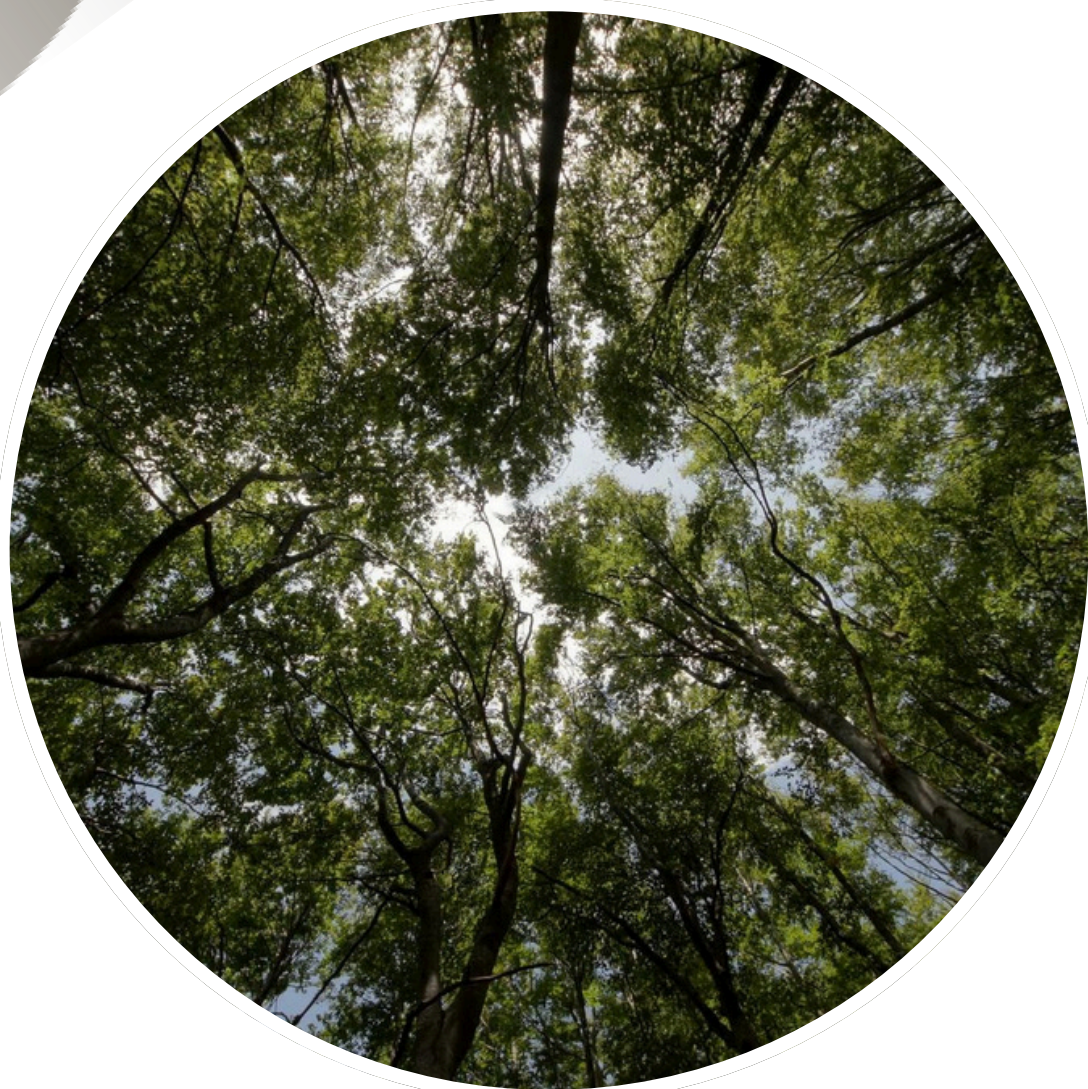
Governance

- Board
- Ethics
- Rights

Environmental (E): Focuses on a company's impact on natural systems. Key metrics include greenhouse gas emissions (Scopes 1, 2, and 3), renewable energy adoption, circular packaging, and waste reduction.

Social (S): Evaluates how a company treats people. Key metrics include fair workplace wages, labor rights, Diversity, Equity, and Inclusion (DEI), occupational health and safety, and local community engagement.

Governance (G): Focuses on internal oversight and ethical leadership. Key metrics include board diversity, independent directors, executive pay transparency, anti-corruption policies, and whistleblower protections.





THE GLOBAL CSR & ESG LANDSCAPE

Topic	Simple Meaning	Example
1. Global Drivers of ESG	Forces pushing companies to become more responsible.	Customers demand eco-friendly products.
2. International Frameworks	Global guidelines and standards for responsible business.	A company uses GRI Standards for sustainability reporting.
3. Supply Chain Accountability	Making sure suppliers also follow responsible practices.	A clothing company checks factories for fair labor practices.

THE PHILIPPINE CONTEXT

1. Cultural Roots: Bayanihan and Malasakit

- **Bayanihan (Community Solidarity):** Working together for the common good.
- **Malasakit (Genuine Care):** Empathy for employees and surrounding communities.

REAL-WORLD CASE STUDIES IN THE PHILIPPINES

1. Leading Local Examples

PHILIPPINE CORPORATE CASE STUDIES		
COMPANY/ GROUP	CORE ESG/ SUSTAINABILITY INITIATIVES	KEY PROJECTS
AYALA CORPORATION	Committed to Net-Zero Greenhouse gas emissions; major investment in solar, wind and electric mass transport	• Forest For Life: 5 Million trees by 2028 Program • Saludo sa Serbisyo Program • Ayala Foundation’s Telehealth
SM GROUP	Focuses on disaster-resilient commercial design, rainwater harvesting, and solar power integration across shopping centers nationwide	• SM Foundation • Powered by the Sun • Kultura: Gawa ng Pilipino
ABOITIZ POWER	Executing a “Balanced Mix” energy transition, significantly building out renewable capacity (Solar, Hydro and Geothermal)	• Aboitiz Foundation • Aboitiz Renewables Inc.

REAL-WORLD CASE STUDIES IN THE PHILIPPINES

1. Small and Medium Enterprises (SMEs)

While large conglomerates lead with formal reports, local SMEs contribute by using biodegradable packaging, sourcing raw produce directly from local farmers, and offering fair wage employment in rural regions.

Example: A Small Local Banana Chips Business in Davao

Imagine a small family-owned banana chips business in Davao called Davao Fresh Bites. Instead of buying cheap bananas from a large distributor, the business buys directly from small banana farmers in nearby rural communities. This gives farmers a stable market for their products. The business also uses biodegradable paper bags or compostable packaging instead of ordinary plastic packaging.

For its employees, the business provides fair wages, reasonable working hours, and a safe workplace. This small business is practicing ESG even if it does not publish a large corporate sustainability report.

"To summarize: CSR was the start, Sustainability is the destination, and ESG is the scorecard. Businesses that adapt today build resilience for tomorrow."

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