Sustainability reporting in the Philippines:
The case of Manila Water Company, Inc.

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Abstract

Sustainability reporting is gaining traction in the international community. More and more corporations are seeing the importance of aligning business objectives with those of society and the environment. However, while sustainability reporting has become commonplace in developed countries, it is still in its infancy stages in developing countries. This paper aims to describe and analyze the reporting pattern of the first corporation in the Philippines to prepare sustainability reports that comply with two internationally recognized standards. By undertaking a content analysis of the ten sustainability reports issued by Manila Water Company, Inc., we found that while the company has achieved significant developments in terms of reporting, it still has to report on more difficult areas such as non-conformance and other not-so-positive aspects of the company.

Background and Rationale of the Study

On December 12, 2015, almost 200 countries adopted the Paris Agreement of the United Nations Framework Convention on Climate Change, a "framework that establishes a global warming goal of well below 2°C on pre-industrial averages" and seeks to "strengthen the global response to the threat of climate change" (The Paris Agreement Summary, 2015).

This proves that global warming and other issues concerning sustainability are growing in importance. According to Welford and Gouldson (1993, as cited by Welford, 2013), "be it because of the resources that they consume, the resources that they apply or the products that they manufacture, business activity has become a major contributor to environmental destruction" (p.4). Businesses, therefore, should assess their operations and determine how they can reduce the greenhouse gases that they release into the atmosphere (Wittneben & Kiyar, 2009), and switch to other practices that result in sustainable development.

Ciegis, Ramanauskiene, & Martinkus (2009) looked at various definitions of sustainable development, and determined that the definition of the World Commission on Environment and Development in its 1987 *Our Common Future*, written by the Brundtland Commission, is the most comprehensive because it includes economic, ecological, social, and institutional dimensions. *Our Common Future* (1987), as cited in Ciegis et al. (2009), defines sustainable development as "the development that satisfies the needs of the current time period without jeopardizing the ability of future generations to satisfy their needs" (p. 34). Twenty-six years later, Daizy, Sen, & Das (2013) defined sustainable development as "a vision and a way of thinking and acting so that we can secure the resources and environment for our future generation" (p. 8).

According to Lozano (2015), corporations can have internal and external motivators for practicing corporate sustainability. Internal drivers can include "help improve trust within the company,… help boost innovation and innovative practices,… help manage risks, intangible assets, and internal processes,… improve performance and generate more profits and growth" while external drivers can include "help improve trust outside the company, i.e. with business partners, suppliers, consumers, and others,…improve access to markets and customers,…improve customer satisfaction,…help enhance corporate and brand reputation" Lozano (2013, p. 36). No matter what the corporations' motives are, the public expects businesses to address climate change issues (Wittneben & Kiyar, 2009).

Sustainability Reporting Frameworks

To communicate their CSR and sustainability activities, corporations prepare sustainability reports. Sustainability reports contain quantitative and qualitative information on how a corporation has contributed to the improvement of the social, economic, and environmental aspects of its community (Roca & Searcy, 2012). A sustainability report takes various forms – it may be an attachment to the annual report, or it may supplement it. Extra-financial reporting is mandated by law in certain countries (Aktas, Kayalidere, & Kargin, 2013). For example, in December 2014, the European Union issued a directive requiring member nations to require large undertakings, which are "public-interest entities exceeding on their balance-sheet dates the criterion of the average number of 500 employees" to disclose "non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery" ("Directive of the European Parliament and of the Council," p. 9). And since a lot of these large undertakings operate in more than one country, a worldwide framework could guide them and their readers in reporting and reading about their activities.

Global Reporting Initiative (GRI) is a nonprofit organization created by the United Nations Environmental Program, Coalition for Environmentally Responsible Economies, and the Tellus Institute (GRI, n.d.-a). The aim of the organization is to create an accountability mechanism to ensure companies were following the CERES Principles for responsible environmental conduct. The result is the GRI standards, which allow organizations to assess and inform their stakeholders about the effect of their businesses on "critical sustainability issues" (GRI, n.d.-b).

The first version of GRI Standards was launched in 2000, and the second version, G2, two years later. However, these versions were characterized by "controversial issues regarding the performance indicators for economic, environmental, and social activities" (Lin, Chang, & Chang, 2014, p. 30). To resolve these issues and to increase buy-in, over 3,000 experts from "companies, non-governmental organizations, labor unions, accounting firms, investment institutions, and academia" participated in the crafting of the G3 Guidelines, which were introduced in 2006 (GRI, n.d.-a.; Lin et al., 2014). The G3 Guidelines allowed organizations to adapt sustainability disclosures incrementally. An intermediate version, G3.1, which was released five years after, had more explicit guidelines on "local community impacts, human rights and gender" (GRI, n.d.-c).

According to the PricewaterhouseCoopers website, the current version, G4, launched in 2013, features "greater focus on materiality and boundary setting; new guidance with respect to anti-corruption and emissions; increased reporting on management approach with respect to

sustainability; and greater transparency regarding governance structures and remuneration" (PricewaterhouseCoopers, n.d.).

Sustainability Reporting in the Philippines

The Philippine government is increasingly recognizing the need for corporations to include social responsibility and sustainability in its operations. In fact, in November 2016, the Security and Exchange Commission (SEC) issued its Code of Corporate Governance for Publicly-Listed Companies, with Principle 10 stating, "The company should ensure that the material and reportable non-financial and sustainability issues are disclosed" (Securities and Exchange Commission, 2016). According to the SEC,

> As external pressures including resource scarcity, globalization, and access to information continue to increase, the way corporations respond to sustainability challenges, in addition to financial challenges, determines their long-term viability and competitiveness. One way to respond to sustainability challenges is disclosure to all shareholders and other stakeholders of the company's strategic (long-term goals) and operational objectives (short-term goals), as well as the impact of a wide range of sustainability issues.

> Disclosures can be made using standards/frameworks, such as the G4 Framework by the Global Reporting Initiative (GRI), the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and/or the Sustainability Accounting Standards Board (SASB)'s Conceptual Framework. (Securities and Exchange Commission, 2016)

Several corporations in the Philippines have also recognized the value of creating sustainability reports. Based on the Sustainable Disclosure database of Global Reporting Initiative, forty-nine organizations based in the Philippines have submitted sustainability reports at least once (although a review of the records shows that three of these organizations do not have data about the kinds and dates of the reports) (Global Reporting Initiative [GRI], 2016). Of these organizations, forty are classified as either multinational enterprises or large enterprises (GRI, 2016).

Methodology

Choice of Company to be Studied

Manila Water started issuing corporate sustainability reports in 2004, the same year when the company became publicly listed. In this paper, we analyzed the overall pattern of the sustainability reports for the period 2004 to 2014. We chose to analyze the sustainability reports of Manila Water for the following reasons:

1. It has the most number of sustainability reports (ten) among companies operating in the Philippines. This indicates that the company takes its sustainability initiatives seriously.

2. The company's services – the distribution of water and the maintenance and operation of the sewage system – are vital to the comfort and survival Metro Manila residents.

3. As a concessionaire, it is the sole provider of water and sewerage facilities in its service area. Yet the fact that it is in effect a monopoly did not hinder the company from performing so well that it has received numerous accolades from both local and international award-giving organizations since 1999 (Manila Water Company, Inc. [Manila Water], n.d.-a).

Manila Water Company, Inc. services what is called the East Zone of Metro Manila, which includes much of the Makati business district and expanding suburbs in the east, and which in the mid-1990's housed 40 percent of the Metro Manila population (IFC, 2010; Metropolitan Waterworks and Sewerage System, n.d.). The company was incorporated on January 6, 1997, and started operating on January 1, 2000 (Manila Water, n.d.-b). The company became a publicly listed company through an initial public offering on March 18, 2005 (Manila Water, n.d.-b). According to its 2013-2014 Sustainability Report, 50.1% of the shares are owned by the public, 48.7% by the Ayala Corporation, the holding company of one of the oldest and largest business groups in the Philippines, and 1.2% by Mitsubishi Corporation, one of Japan's largest trading companies (Manila Water, n.d.-c).

Manila Water Company, Inc. is "the first Philippine company to issue a sustainability report that complies with two internationally recognized standards — the Global Reporting Initiative (GRI) guidelines and the ISO 26000 guidance on social responsibility" (Manila Water, n.d.-c). The company started issuing corporate sustainability reports in 2004. It issued sustainability reports annually until 2012, but issued a consolidated version for 2013 and 2014. The table below shows the sustainability reporting frameworks that the company used throughout the years.

Table 1

Sustainability Reporting Frameworks of Manila Water Company, Inc., 2004-2014

Year	Sustainability Reporting Framework Used
2004	None mentioned
2005	None mentioned
2006	None mentioned
2007	GRI G3
2008	GRI G3
2009	GRI G3
2010	GRI G3
2011	GRI G3.1 and ISO 26000
2012	GRI G3.1 and ISO 26000
2013-2014	GRI G4 and ISO 26000

Sources: Manila Water Company, Inc. Sustainability Reports for 2004 to 2014.

Data Collection

For this study, we downloaded Manila Water's sustainability reports from the company's website. We also examined information from the company's website. After this, we did a content analysis of each sustainability report of Manila Water. Content analysis, a research method used

to discover the presence or the absence of information about a particular topic (Krippendorff, 1989), has been used in past researches that also analyzed sustainability reports (Aktas et al., 2013; Asif et al., 2012; Kolk, 2003; Guziana & Dobers, 2013; Roca & Searcy, 2012; Sawani, Zain, & Darus, 2010). We analyzed the content of each report for themes identified by Asif et al. (2012), and did the same with the information contained in the company's official website. These themes are shown in the next section.

Key Areas of Analysis

In their study, Asif et al. (2012) analyzed ten key areas in sustainability reports of 33 Dutch companies. They chose these key areas based on previous studies on content analysis of sustainability reports, and on general literature on corporate sustainability (Asif et. al., 2012).

The key areas are as follows:

1. Top management endorsement of the sustainability report – Asif et al. (2012), recognizing that the pursuit of corporate sustainability is an organization-wide endeavor, explained the importance of getting top-level buy-in. Top management endorsement of the report reflects its commitment to this undertaking. The endorsement takes the form of a statement signed by the chairman of the board or the CEO or the equivalent (Asif et al., 2012).
2. Formal corporate governance – According to Asif et al. (2012), sustainability entails a system-wide approach. This portion of the report shows how the company employs strategies with regard to sustainability. A section in the sustainability report about governance indicates that sustainability is being taken seriously, strategically, and systematically by the organization (Asif et al., 2012).
3. Sustainability dimensions – Sustainability is a multi-dimensional concept (GRI, 2013). This part of the report describes the organization's approach to the economic, environmental, and societal contexts within which it operates. Information reported on these dimensions can be qualitative and/or qualitative, and the depth with which these dimensions are discussed can be used to measure the effectiveness of the organization's sustainability approach (Asif et al., 2012).
4. Management of stakeholder dimensions – Asif et al. (2012) explain that this part of the report provides insights on how an organization communicates and coordinates with its stakeholders with regard to sustainability. This is very important because sustainability needs the concerted efforts of the organization and its stakeholders.
5. Supply chain management – According to Asif et al. (2012), an organization's supply chain is very important to its overall sustainability efforts. How an organization describes its supply chain and the impact it has on its sustainability approach indicate the strategic and system-wide sustainability commitment of organization (Asif et al., 2012).
6. Other key areas specified by Asif et al. (2012) include:
    a. Third-party assurance – An external audit verifies the veracity of the contents of the reports (Asif et al., 2012).
    b. Means of sustainability reporting – This indicates how the reports are disseminated to the public (Asif et al., 2012).
    c. Linking of sustainability issues to broader public policy – An organization should recognize its impact on the environment it operates in (Asif et al., 2012). Asif et al.

(2012) explain that since an organization cannot achieve sustainability alone, it needs to discuss how its efforts tie up with the broader governmental policies addressing sustainability.

d. Disclosure of non-conformance − This part of the report focuses on how an organization discloses its violations and instances of non-conformance. This part includes the extent of the violation and non-conformance, its financial and non-financial impact on the sustainability dimensions, the organization's response, and how the organization has informed the public about these matters (Asif et al., 2012).

Table 2 compares these key areas with the areas that GRI G4 looks at.

Table 2

Comparison between key areas of the content analysis used by Asif et. al. (2012) and the G4.

Asif et al. (2012) Ky Areas	GRI-G4
Top-management endorsement of the sustainability report	Strategy and Analysis
Formal corporate governance	Governance, Ethics and Integrity (mostly embedded or implied in many parts of the report)
Sustainability dimensions	Same as the material categories
Management of stakeholder relations	Stakeholder Engagement

Supply chain management	Category: Economic
	  Material Aspect: Economic Performance
	  Material Aspect: Indirect Economic Impacts
	  Material Aspect: Procurement Practices
	Category: Environmental
	  Material Aspect: Materials
	  Material Aspect: Energy
	  Material Aspect: Procurement Practices
	  Material Aspect: Water
	  Material Aspect: Biodiversity
	  Material Aspect: Emissions
	  Material Aspect: Effluents and Waste
	  Material Aspect: Procurement Practices
	Category: Social
	 Subcategory: Labor Practices and Decent Work
	  Material Aspect: Employment
	  Material Aspect: Occupational Health and Safety
	  Material Aspect: Training and Education
	  Material Aspect: Diversity and Equal Opportunity
	  Material Aspect: Supplier Assessment for Labor Practices
	  Material Aspect: Labor Practices Grievance Mechanisms
	 Category: Economic
	  Material Aspect: Economic Performance
	  Material Aspect: Indirect Economic Impacts
	  Material Aspect: Procurement Practices

Asif et al. (2012) Ky Areas	GRI-G4
	Category: Environmental
	Material Aspect: Materials
	Material Aspect: Energy
	Material Aspect: Procurement Practices
	Material Aspect: Water
	Material Aspect: Biodiversity
	Material Aspect: Emissions
	Material Aspect: Effluents and Waste
	Material Aspect: Procurement Practices
	Category: Social
	Subcategory: Labor Practices and Decent Work
	Material Aspect: Employment
	Material Aspect: Occupational Health and Safety
	Material Aspect: Training and Education
	Material Aspect: Diversity and Equal Opportunity
	Material Aspect: Supplier Assessment for Labor Practices
	Material Aspect: Labor Practices Grievance Mechanisms
	Subcategory: Human Rights
	Material Aspect: Non-Discrimination
	Material Aspect: Child Labor
	Material Aspect: Forced or Compulsory Labor
	Material Aspect: Security Practices
	Material Aspect: Indigenous Rights
	Material Aspect: Supplier Human Rights Assessment
	Subcategory: Society
	Material Aspect: Local Communities
	Material Aspect: Anti-Corruption
	Material Aspect: Public Policy
	Material Aspect: Anti-Competitive Behavior
	Material Aspect: Compliance
	Material Aspect: Supplier Assessment for Impacts on Society
	Material Aspect: Grievance Mechanisms for Impacts on Society
	Subcategory: Product Responsibility
	Material Aspect: Customer Health and Safety
Other key areas: Third-party assurance	No counterpart because this is optional
Means of sustainability reporting	No counterpart
Linking of sustainability initiatives with broader public policy	Subcategory: Society
	Material Aspect: Local Communities
	Material Aspect: Anti-Corruption
	Material Aspect: Public Policy
	Material Aspect: Anti-Competitive Behavior
	Material Aspect: Compliance
	Material Aspect: Supplier Assessment for Impacts on Society
	Material Aspect: Grievance Mechanisms for Impacts on Society
Disclosure of non-conformance	Material Aspect: Anti-Competitive Behavior
	Material Aspect: Compliance

Sources: Asif, M., Searcy, C., Santos, P. Dos, & Kensah, D. (2012). *A Review of Dutch Corporate Sustainable Development Reports. Corporate Social Responsibility and Environmental Management, 20 (March 2012), 321–339. doi: 10.1002/csr.1284*
Global Reporting Initiative. (2013). *G4 Sustainability Reporting Guidelines. Amsterdam.*

Research Findings

Our review of the ten sustainability reports reveals that Manila Water's pattern of reporting has remained stable over time with an increase in the coverage of various sustainability dimensions

such as the inclusion of carbon emissions in subsequent reports. It also reveals the growing sophistication with which the reports discussed certain dimensions and the inclusion of a framework compatible with GRI, specifically ISO 26000.

Top Management Endorsement

All ten sustainability reports contain messages signed by the CEO and chairman of the board of Manila Water. In the 2004 to 2010 reports, the messages were consolidated while in 2011 and 2012, the messages were separate. The report after that returned to the merged format. To be effective, corporate sustainability should be organization-wide, and top management messages in the reports signal the organization's commitment. Acting sustainably entails creating and implementing policies. It also necessitates allotment of appropriate resources. This is why it is very important that top level buy-in is expressed so that sustainability does not remain an isolated endeavor of one department.

As Asif et al. (2012) explain, the message should describe the strategic plan of the company, which should go beyond mere compliance with the law. Buy-in by Manila Water's top management can be seen from the following excerpts:

> "The publication of this, our first annual sustainability report, formally articulates what we have always instinctively known at Manila Water: that our long-term viability as a business is very much dependent on our management of environmental impacts and our ability to improve people's lives through the provision of clean, safe water (Manila Water Company, 2004, p. 3).

> "Manila Water's role goes beyond delivering water to its customers. Ultimately, it is to uplift the quality of life of its customers across all economic segments by providing them their rightful access to safe and clean water. It is ensuring a sustainable water supply and an environment that will preserve it for succeeding generations (Manila Water Company, 2009, p. 5).

> "Sustainability has always been at the core of Manila Water's business and its guiding principle. Today, as in 2005 when we published our first Sustainability Report, Manila Water continues to make sustainability a priority, always seeking ways to address the impact of climate change and meet the water needs of a growing population (Manila Water Company, 2012, p. 1)

Although the first two (2004 and 2005) sustainability reports are similar to accomplishment reports, Manila Water gradually improved the contents of its reports to discuss its strategic plans more thoroughly as can be read in the following excerpts:

> "In November 2007, our Board of Directors ratified our Climate Change Policy, which ensures that we consider climate change in all of our operations. This policy also dictates that we put in place mitigating measures in all our future investments (Manila Water Company, 2007, p. 4).

"After Manila Water's Board of Directors gave the directive in November 2007 to pursue programs on climate change, the Company began quantifying its baseline carbon footprint and measuring its operations' impact on the environment (Manila Water Company, 2008 p. 4).

This improvement continued in later years with the inclusion of the future sustainability directions of the company:

"Moving forward, we shall continue to be guided by the triple bottom line as we sustain our business, the communities we serve, and the environment within which we operate. We aspire to replicate our success in the East Zone in communities outside our concession area through our subsidiaries and our additional CSR arm, the Manila Water Foundation, which aims to provide sustainable water access to base of the pyramid (BOP) communities (Manila Water Company, 2010, p.5)

Corporate Governance for Sustainable Development

The corporate governance part of a sustainability report is important as this indicates the way through which sustainability is addressed systematically and within the entire organization (Asif et al., 2012). Asif et al. (2012) further explain that governance for sustainable development makes it possible for sustainable development to be institutionalized.

Out of the ten reports analyzed, only five discuss governance within the company. Discussions on corporate governance started in the 2009 reports. However, the discussions are about integrity, not sustainable development. The sections explain the function of the board, its powers, the committees, the directors, and their remuneration. Furthermore, only two of the five reports mention governance as it pertains to sustainable development.

In the 2010 report, the discussion on sustainable governance was placed in the main section of the company's approach to sustainability. However, only one sentence discusses governance with regard to sustainable development –

"Manila Water employs a top-to-bottom approach to sustainability through our corporate governance, where sustainability serves as a key guiding principle together with accountability, fairness and transparency (Manila Water Company, 2010, p. 10)

The 2011 and 2012 reports did not mention governance and sustainability. In the 2013-2014 report, the main section of "About the Company" included a subsection on governance explaining the mechanisms in place for managing the company's sustainability dimensions.

Sustainability Dimensions

All ten reports contain data about the company's sustainability dimensions, namely societal, environmental, and economic. Both quantitative and qualitative data are presented. The qualitative information is in the form of statements. Asif et al. (2012) explain that combining

qualitative and quantitative data provides a rich context of the company and its sustainability development efforts.

While such data are useful, the authors advocate the need for cross-cutting indicators because the three sustainability dimensions overlap (Asif et al., 2012). Asif et al. (2012) continue that as such a change in one dimension affects the other two, and in order for corporate sustainability to be achieved, there needs to be a concerted effort to tackle all dimensions.

A company's CO_2 production is one such cross-cutting eco-efficiency indicator. Manila Water's 2008 sustainability report includes data on this, as follows:

"In 2008, the Company started quantifying its impact on the environment by accounting its carbon emissions. Using the calculation tools of the Greenhouse Gas Accounting Protocol developed by the World Research Institute, the Company has started accounting for the carbon emissions based on the fuel used by both its stationary (generator sets) and mobile (vehicles) sources and the consumed power during its operations (Manila Water Company, 2008, p. 21).

The discussion in the 2008 Report is limited to the above paragraph. However, the subsequent reports provide numeric data in tables with labels such as non-CO2 emissions and CO2 emissions. The reports also explain the basis for the calculations.

Management of Stakeholder Relations

Engaging with stakeholders and the methodologies employed were implied in all of the reports, with the first report not devoting any separate discussion to this. This practice continued through the other nine reports; however, the 2005 report includes a main section on Celebrating Partnerships, as follows:

"In all of these, we believe it is important to bring together various stakeholders to ensure our programs are carried through and are sustainable. Thus, we have engaged not only our management team and employees but also the public, the government, and other private sector groups in our initiatives to improve and create even better programs that will increase our effectiveness in giving back to our communities and the publics we serve (Manila Water Company, 2007, p. 4).

This approach was used again in the eight subsequent reports (see Table 3). A discussion on stakeholder engagement and the methods through which this engagement was done is important because "sustainable development is fundamentally a stakeholder-oriented concept" (Asif et al., 2012, p. 330).

Table 3
Manila Water's Sustainability Reports, 2004-2014

Sustainability Report Year	Title of Section on Stakeholders	Number of Times "Stakeholder/s" was Mentioned
2004	None	3
2005	Celebrating Partnerships	7
2006	Stakeholder Management	3
2007	Sustaining Strong Relationships	10
2008	Managing other Stakeholders Non-government Organization's Engagement	23
2009	Building Partnerships for Sustainability	37
2010	Engaging Stakeholders	49
2011	Partners in Sustainable Growth	60
2012	Inclusive Business Model	81
2013-2014	Stakeholder Engagement	75

In 2011, ISO 26000 was integrated in the reports and as such, the discussion on stakeholders became more distinct and in-depth. The report shows a diagram of Manila Water's Stakeholder Universe. It also includes a table identifying the relevant stakeholders, the issues that they deem important, the company's practices and initiatives that they commend, and their suggested improvements. The stakeholders were also asked about their definitions of sustainability through multiple focus group discussions.

The reporting practices that Manila Water started in 2011 continued in the two subsequent reports as indicated by the following statement: "Manila Water will regularly seek and accept feedback on how it can more effectively respond to its stakeholders' needs and expectations" (Manila Water Company, 2011, p. 19).

Supply Chain Management Information

Discussion about supply chain management in the reports did not become apparent up until the 2007 report. The 2004 report includes a description of the company's supply chain, but the term "supply chain" itself was not used. The discussion on supply chain evolved with the inclusion of a sustainable procurement policy, vendor code of conduct, greening of the supply chain, types of management systems implemented, and risk management measures. Both qualitative and quantitative data about the company's supply chain increased over time. The term "value chain" appeared in the 2014 report, as can be seen below:

> "Innovations through a collaborative effort to attain resource efficiency and operational excellence are constantly employed throughout the value chain. Moreover, an Operations Management System that includes sub-systems for Quality Management, Environmental Management, Energy Management, as well

as Occupational Health and Safety Management is being implemented to ensure continuous improvement (Manila Water Company, 2014, p. 72)

Third-Party Assurance

Third-party assurance is very important for sustainability reports because it verifies the information contained in the reports and helps to convince stakeholders of the company's reputation (Keeler and Simnett et al. as cited by Sawani et al., 2010b). Assurance can come from a variety of sources, with leading accountancy and consultancy firms having been identified as major sources along with stakeholders and sustainability experts (KPMG, 2008).

As a form of third-party assurance, stakeholder commentaries and testimonials are used by the company throughout all ten reports. Stakeholders' commentaries and testimonials are always integrated in every section of the ten reports. However, it was not until the 2008 report that Manila Water included a section devoted solely to these commentaries. This reporting practice was done until the 2012 report, after which the commentaries were embedded in other sections again.

No formal third-party assurance in the form of reviews from major accountancy or consultancy firms has ever been included in any of Manila Water's reports. This may be due to the high cost associated with seeking such assurance as well as the lack of evidence that such assurance makes the reports more credible (Park & Brorson, 2005). However, Tînjală, Pantea, & Buglea (2015) state that third-party assurance has become standard practice since 2005. They point to KPMG's 2013 Survey of Corporate Responsibility Reporting, which revealed that more than half of 2012's Fortune Global 500 companies enlist the services of third-party assurance organizations.

Instead of third-party assurance, GRI self-declaration was included in Manila Water's reports from the 2007 report up to the most recent 2013-2014 report. There is also the declaration of following ISO 26000 beginning with the 2011 report. Table 4 shows the self-declaration done in the company's sustainability reports and some direct quotes about the self-declaration.

Table 4
Self-declaration in Manila Water Company, Inc.'s sustainability reports

Sustainability Report Year	Self-Declaration	Sample Quote
2004, 2005, 2006	None	
2007	G3 Self-Declaration Level C	This is Manila Water's fourth annual Sustainability Report. It covers the calendar year 2007 and mentions the highlights of our performance over the past 10 years. This report follows the internationally-accepted Global Reporting Initiative (GRI) G3 guidelines, and we self declare this report as level C. While there are no significant changes from our last report in terms of scope, boundary and measurement methods, we have added more information as required by the newly-adopted G3 guidelines. (inside front cover)

Sustainability Report Year	Self-Declaration	Sample Quote
2008	G3 Self-Declaration Level B	The Company included stakeholders' commentaries in this report. Manila Water will seek to progress in its level of reporting and also address the matter of seeking independent external verification on its report in the future. (p. 1)
2009	G3 Self-Declaration Level A	The Company will seek external assurance of its compliance with GRI G3 standards in its succeeding Sustainability Reports. However, Manila Water ensures the accuracy of all information presented in this report, as well as, in the previous reports. To add to the veracity of the report, stakeholder testimonials are included in each of the major sections. (p. 1)
2010	G3 Self-Declaration Level A	This report is in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, a set of internationally-recognized standards that have been followed by the Company since 2004. Similar to the previous year, we self-declare our 2010 Sustainability Report as Level A application with stakeholders' commentaries. (p. 1)
2011	G3.1 Self-Declaration Level A; ISO 26000	Manila Water will again self-declare its 2011 Sustainability Report as Level A application of these standards, but will use stakeholder testimonials and commentaries from a panel of sustainability experts to validate the Report's content. The Report will also be guided by the ISO 26000 standards, which are governed by two fundamental principles, namely, recognizing social responsibility and stakeholder identification and engagement. (p. 3)
2012	G3.1 Self-Declaration Level A; ISO 26000	Manila Water has not submitted the Report for validation by any third-party auditor. Instead, Manila Water has chosen to support the Report through stakeholder testimonials given by customers, employees, government and institutional partners, and other civil society groups. Furthermore, Manila Water has enjoined sustainability experts and reputable personalities to provide their commentary and review of the Report. (p. 1)
2013-2014	G4 Self-Declaration Level A; ISO 26000	This report is in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting guidelines core option. To further ensure relevance and consistency with globally recognized sustainability standards, this report is aligned with ISO 26000:2010. (p.1)

Means of Sustainability Reporting

Aside from publishing its sustainability reports, Manila Water discusses its sustainability programs on its website. However, the information on sustainability in the company's website is a summary of certain portions contained in the published reports. It is notable, though, that the website serves as an information platform for the company's advocacies and contains information on how to join the company in its advocacies. The PDF files of the sustainability reports are also posted on the website in the sustainability section.

The opposite is true with regard to corporate governance. In this aspect, the website features a more in-depth discussion of the company's corporate governance. This section contains the company's governance structure, the governance manual, the code of business conduct and

ethics, and the annual corporate governance report. Information about board committees, enterprise risk management, policies and shareholder information is also included.
Asif et al. (2012) note that

> "A comprehensive report should be concise, provide the required information in one place in an integrated manner, and be easily accessible to the general public. A combination of formal reports and website reporting could provide a comprehensive approach to sustainability reporting. In any case, a key challenge for companies is to balance the presentation of information provided on websites with that presented in reports (p. 334).

Linking Sustainability Initiatives to Public Policy

Sustainability requires a concerted effort by multiple sectors of society. This is why a company needs to link its sustainability initiatives to broader public policy. Doing so also demonstrates the leadership stance that the company is taking (Asif et al., 2012).

Based on statements in its sustainability reports, Manila Water actively supports various programs of the Philippine government. Some illustrative statements are as follows:

> "Consequently, all of Manila Water's CSR programs contribute not only to its business goals, but more importantly to the attainment of the poverty alleviation, as well as, the water and wastewater infrastructure targets of the Medium-Term Philippine Development Plan (MTPDP), and ultimately the environmental sustainability targets of the Millennium Development Goals (MDGs) (Manila Water Company, 2009, p. 16).

> "In 2007, Manila Water became the first company in the Philippines to have a formal, Board-ratified Climate Change Policy. The Company's Climate Change Policy predates the national climate change policy, including the Philippine Climate Change Act, National Framework Strategy on Climate Change and the National Climate Change Action Plan. In order to better align its Climate Change Policy with the government's anchor strategy of adaptation, Manila Water revised its policy" (Manila Water Company, 2012, p. 20).

The company also demonstrates that it not only links its sustainability initiatives with national public policy, but also actively shapes it:

> "Manila Water has always positioned itself as the voice of the private sector in the water industry in technical working groups (TWGs) that aim to draw national policies related to water and wastewater, as well as, environmental sustainability" (Manila Water Company, 2009, p. 56)

The reports explain the incentive and motivation for undertaking these linkages in the following:

> "The global community is realizing that concerted effort and greater collaboration are necessary to address and overcome the challenges in the water sector. Manila Water recognizes its responsibility not only as a service provider, but also as an active stakeholder and partner in developing solutions to today's water concerns" (Manila Water Company, 2012, p. 1).

> "Manila Water also recognizes its responsibility to promote sustainability among its stakeholders, and considers stakeholder identification and engagement a fundamental principle of social responsibility" (Manila Water Company, 2012, p. 1).

> "The Company, however, recognizes that a lot more still needs to be done to ensure that the next generations will continue to enjoy the same services that current customers are enjoying, if not better… The business partners on which the Company is highly dependent will have to be ready too, along with government agencies, civil society and other stakeholders" (Manila Water Company, 2014, p. 56).

However, there is a lack of quantitative information about such linkages except on the company's watershed rehabilitation initiatives.

Disclosure of Non-Conformance

This key area is where the reports are lacking. Non-conformance is not discussed in any of the ten sustainability reports. What the reports have are statements of non-violation as evidenced by the following statements: "Guided by the provisions for Social Justice and human Rights, the Company protected the rights of the three indigents and there was no reported violation of the articles of the Indigenous Peoples Rights Act" (Manila Water Company, 2012, p. 32). "For the year 2012, Manila Water received no sanctions for non-compliance or violation of environmental regulations such as on spills" (Manila Water Company, 2012, p. 52).

Asif et al. (2012) offer two reasons why it is uncommon for companies in the Netherlands to disclose non-conformance. First, such disclosure may negatively affect the image of the company. Second, the company may view non-conformance as not having any significant impact (Asif et al., 2012). We believe that a possible third reason is that the regulatory frameworks of Third World countries such as the Philippines are neither developed nor implemented effectively.

However, since the company has declared itself as being a sustainability champion and that it goes beyond mere compliance, it may do well to declare any non-conformance. After all, sustainability reports are used for a lot of purposes, one of which is "conveying trust and confidence to its stakeholders and the general public. Not disclosing non-conformance is contrary to the basic principles of trust and confidence" (Asif et al., 2012, p. 336).

Conclusion

This research contributes to and extends the existing sustainability reporting literature. It describes the sustainability reporting of one company in a Third World country and traces the evolution of its sustainability reporting. Before the adoption of the GRI reporting framework, the reports mostly appear to be accomplishment reports rather than sustainability reports.

From our examination of the ten sustainability reports of one company, we were able to identify gaps. These gaps are the lack of discussion on non-conformance, and the lack of quantitative measures for ascertaining the benefits derived from linking sustainability initiatives with those of broader public policy.

Considering that the company examined is the pioneer in sustainability reporting in the Philippines, other Philippine companies could benchmark their own reporting against it. Since this research involved content analysis of the reports, it does not fully reflect all sustainable activities done by the company. Given that a sustainability report has a limited capacity to convey information, the corporate website can be a tool for augmenting the published sustainability reports.

In light of the above, future researchers can analyze other sustainability reports in the Philippines using the same key areas. Through such research, additional key areas may be identified that may be culturally unique to the Philippines. Another possibility is to benchmark Manila Water's sustainability reports against those of water and sewerage companies abroad to determine the areas in which Manila Water can improve.

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