

## Six floating solar contracts issued for construction on Laguna de Bay

SUNASIA Energy, Inc. and Blueleaf Energy Asia Pte. Ltd., have obtained six solar energy operating contracts from the Department of Energy (DoE) for floating solar projects with a combined capacity of 610.5 megawatts (MW).

"Land use is becoming a big issue for renewables. People are worrying about competing uses of land, and in some markets, you might struggle to find land. So, there is a strong

incentive to build on water as the Philippines gears up for an ambitious solar energy installation in 2040," Theresa C. Capellan, president of SunAsia Energy, said in a statement on Wednesday.

The DoE said these facilities will be installed on Laguna de Bay. Energy Secretary Raphael P.M. Lotilla said the contract awards bring forward the government's goal of

developing indigenous and renewable energy sources.

"It also represents an additional strategic investment and a firm commitment to strengthen the renewable energy sector, especially the commercialization of floating solar as an emerging technology," Mr. Lotilla said. Raghuram Natarajan, chief executive officer of Blueleaf Energy, said floating solar facilities have the

potential to generate 1.3 gigawatts, involving investment of between \$1.5 billion and \$1.7 billion.

"We will be coming back for four more service contracts which will be issued very quickly," he said.

To date, a total of 237 solar energy contracts with an aggregate capacity of 1,282 MW and potential capacity of 21,452 MW have been awarded by the DoE. — **Ashley Erika O. Jose**

# DoTr still open to solicited proposals for NAIA O&M

THE Department of Transportation (DoTr) will still consider solicited proposals for the operations and maintenance (O&M) of Ninoy Aquino International Airport (NAIA), in parallel with the unsolicited proposal submitted by a consortium of conglomerates.

"We are also open to a solicited proposal. The original plan is to have a solicited proposal, which the Asian Development Bank (ADB) is helping us with. But since the conglomerates submitted their proposal, we have to work on it," Transportation Secretary Jaime J. Bautista said during the Makati Business Club F2F with Cabinet Secretaries session on Wednesday.

On April 27, the DoTr said it received an unsolicited proposal worth P100 billion for the NAIA O&M from the Manila International Airport Consortium.

The consortium members are Aboitiz InfraCapital, Inc., AC Infrastructure Holdings

Corp., Asia's Emerging Dragon Corp., Alliance Global – Infracorp Development, Inc., Filinvest Development Corp., JG Summit Infrastructure Holdings Corp., alongside — US fund manager Global Infrastructure Partners.

The DoTr and Manila International Airport Authority said they will review the proposal in accordance with the build-operate-transfer law and its implementing rules and regulations.

The unsolicited proposal's valuation of the project includes the upfront payment to the government and committed investments in new airport facilities and technology.

The expansion and modernization of the airport is one of the priority projects of the DoTr with the ADB serving as advisor, according to Mr. Bautista.

"I have formed a dedicated team to work on this because I think this is a priority project,"

said Mr. Bautista. "ADB will make the recommendation. But it is really the DoTr who will finalize the terms of reference. ADB will make recommendations as they are our advisors."

According to Mr. Bautista, the DoTr has 35 days to check the completeness of the consortium's submission, and expects the review to finish by June.

"It does not mean that what was submitted by the consortium is what we will accept. There will be negotiations on the terms," he said.

"We can also consider the recommendation of ADB. ... But I'm sure that we will be able to use the recommendations of ADB in evaluating the proposal of the consortium," he added.

Aside from the unsolicited proposal for NAIA, Mr. Bautista said the department is also meeting with potential project proponents for other airports. — **Justine Irish D. Tabile**

## BIR amends tax exemption rules for foreign dividend recipients

THE Bureau of Internal Revenue (BIR) said it amended the tax exemption eligibility rules for recipients of foreign dividends.

In Revenue Regulations (RR) No. 5-2023, which amends RR No. 5-2021, the BIR said the RR deals with documents domestic corporations need to submit to be exempt.

The requirements include a sworn statement accompanying the annual income tax return (AITR) filed during the taxable year in which the foreign dividends were received.

It also requires a sworn declaration as an attachment to the AITR in the year immediately following the year of receipt of foreign dividends.

"Compliance with the above requirements is sufficient in order to avail of the income tax exemption. However, in case of partial or non-utilization of the foreign-sourced dividends, the domestic corporation shall pay the corresponding income tax due thereon, inclusive of surcharge, interest, and penalties, by amending the AITR filed

for the particular period," according to the RR.

"In the event that the amendment is already prohibited due to the existence of audit, the income tax shall be paid using payment form (BIR Form 0605)," it added.

The previous regulations required domestic corporations to submit the sworn statement within 30 days from the actual receipt of the remitted dividends.

They were also required to attach to the audited financial statement an

"independent auditor sworn certification" in the year of the receipt of the dividend.

"In addition, a disclosure of the dividends in the said audited financial statement which shall be attached to the AITR to be filed in the year of receipt, as well as the amount of dividend deemed exempt from income tax shall be declared in reconciliation part of the said AITR," according to the previous regulations. — **Luisa Maria Jacinta C. Jocsion**

## PHL housing stock at 28.5 million units in 2020

THE Philippine Statistics Authority said the Philippine housing stock was at 28.5 million units, citing the May 2020 Census of Population and Housing (2020 CPH).

The inventory of registered housing units includes 25.19 million occupied units, against the 24.22 million housing units in 2015 and 21.29 million in 2010.

Between 2020 and 2015, the number of occupied housing units increased by 2.77 million,

12.4%, higher than the 2.70 million recorded between 2010 and 2015.

The occupancy rate in the 2020 CPH was 88.4%, down from 92.6% in 2015.

The Bangsamoro Autonomous Region in Muslim Mindanao recorded the highest occupancy rate of 98.8% in 2020, followed by the Zamboanga Peninsula (92.5%) and Bicol and Cagayan Valley (both at 90.8%). The lowest occupancy rate was recorded

in the Cordillera Administrative Region at 81.6%.

Calabarzon had the most number of occupied housing units at 3.82 million, accounting for 15.2% of the national total. This was followed by National Capital Region (3.26 million or 12.9%) and Central Luzon (2.89 million or 11.5%).

In the 2020 housing census, 87.6% of registered housing units were single homes (22.06 million), while apartments/acces-

sories/row houses accounted for 6.5% (1.63 million) and duplexes 3.0% (746.77 thousand).

The census also found that 34.6% of occupied housing units were built 10 years prior to the 2020 CPH, while 20.6% were built between 2001 and 2010. The remaining 35.4% were built more than 20 years prior. Some 15.5% were built between 1991 and 2000, 9.1% between 1981 and 1990, and 10.8% built in 1980 or earlier. — **Lourdes O. Pilar**

# ECoP wants economic managers' input on bill raising wages by P150

THE Employers Confederation of the Philippines (ECoP) said economic managers may not have been properly consulted by the Senate, which is trying to bring forward legislation to effect an across-the-board minimum wage hike.

"We have faith in Senate President Juan Miguel F. Zubiri, but he might not have consulted with the concerned government agencies on his proposal yet," ECoP President Sergio R. Ortiz-Luis, Jr. said during a televised briefing on Wednesday.

He said senators need to consult the National Economic and Development Authority, the Department of Trade and Industry, and the Department of Labor and Employment before passing a wage hike bill.

Mr. Zubiri's Senate Bill 2002 calls for a national minimum wage hike of P150 for the private sector, including agricultural workers.

Mr. Ortiz-Luis said workers in private companies only account for about 16% of the workforce, adding that the legislated wage hike proposal should consider the situation of workers in less formal employment.

"If you raise the pay of the private sector workers, it is only increasing the pay of a small percentage of the workforce," he said. "What about the large percentage of our workers such as our farmers, fisherfolk, and market vendors?"

The Nagkaisa labor coalition on Tuesday urged President Ferdinand R. Marcos, Jr. to certify the Senate bill as urgent.

It said Congress is an alternative avenue for raising wages since employers and foreign investors typically object to wage hikes pursued via the normal channel of regional wage boards.

In March, Unity for Wage Increase Now! sought to raise the P570 daily minimum wage in Metro Manila to P1,100. The region's wage board approved a P33 minimum wage hike in June 2022.

Every wage order approved by a Regional Tripartite Wages and Productivity Board is subject to final approval by the Labor secretary.

Wage boards can only act on wage petitions a year after a region's last wage order.

"ECoP will continue working with government agencies to address the jobs mismatch and to provide skills training programs for our workers," Mr. Ortiz-Luis said.

Mr. Ortiz-Luis, in a separate phone conversation with *BusinessWorld*, said the high cost of doing business in the Philippines is the result of high production costs.

"Fuel prices are high, our agricultural sector is behind — we import (commodities like) sugar, we have no (proper) irrigation... our supply chain is also struggling with transportation issues," Mr. Ortiz-Luis said.

Speaking at a Senate hearing, Ferdinand Ferrer, a member of the ECoP board of governors, said employers will find it difficult to raise wages because the cost of doing business has also risen.

"We feel for the employees definitely but on the other side of the coin, the cost of doing business also has increased," he said at a hearing of the Senate Labor, Employment, and Human Resources Development committee on Wednesday.

Mr. Ferrer called for measures to strengthen purchasing power, noting that the P470 daily wage set by the wage board in the Calabarzon (Cavite, Laguna, Batangas, Rizal, Quezon) region is not enough to pay for basic commodities like food and transportation.

Headline inflation eased to 6.6% in April from 7.6% a month earlier, but remained higher than the 4.9% rate posted a year earlier, the Philippine Statistics Authority said last week.

Mr. Zubiri told the hearing that the Senate has passed "incentives" benefiting companies under the Corporate Recovery and Tax Incentives for Enterprises Act, by lowering the corporate income tax to 25% from 30%.

"Since we gave you guys fiscal incentives, allow us to give also fiscal space and a decent wage for our laborers," Mr. Zubiri told the committee.

SB 2002 is known as the proposed Across-the-Board Wage Increase Act of 2023. It calls for wages to be increased regardless of employer size or headcount.

Kilusang Mayo Uno Chairman Elmer C. Labog called for a legislated wage increase, saying "the recurring low salaries of workers contributes to the increasing wealth gap between the rich and the poor."

He told senators that the salary of workers in the Capital region increased by 18% over the last decade, even with productivity growing 42% within the same period.

Sentrong mga Nagkakaisa at Progresibong Manggagawa Secretary-General Joshua T. Mata called for the elimination of regional wage boards.

"Let's come up with one national minimum wage that does not discriminate between agricultural and non-agricultural workers," he told Senators.

Labor Secretary Bienvenido E. Laguesma said the largest daily wage increase in registered collective bargaining agreements for small enterprises is P75, and the lowest P1, as of March 31, 2023.

Mr. Laguesma added that nine wage petitions have been filed between Dec. 31 and April — two each in the National Capital Region, Calabarzon, and the Western Visayas, and three in the Central Visayas.

He said that the Labor department and the National Wages and Productivity Commission are not "oppositors" or "outright supporters" of the bill, noting their role as a "consultative and advisory body..." (to help the committee arrive) at a mutually beneficial solution that will address the concerns of both labor and employers' sectors."

The panel created a technical working group to fine-tune the measure. — **John Victor D. Ordoñez, Beatriz Marie D. Cruz**

### OPINION

## Demystifying ESG

ESG or environmental, social, and governance is a novel concept for many. But the truth is, it's just as old as it is new.

When one thinks of ESG or sustainability, greenhouse gases (GHG) or carbon emissions, climate change, circular economy, energy transition, diversity and inclusion, and sustainability reporting come to mind.

While these may be new areas that companies are exploring, there are other aspects of ESG that most companies already have in place.

### ENVIRONMENT

In terms of the environment, there are already laws that highlight our responsibility to ensure clean air and water, take care of natural resources and practice proper waste management. Recently, laws were instituted to promote conservation of energy as well as the recovery of plastic waste that harms our environment, oceans and marine life and leads to societal and health problems. Complying with these laws and regulations falls under a number of environmental aspects of ESG.

### SOCIAL

As the first country to industrialize, the UK established regulations against child labor and laws that addressed poor working conditions for workers in the late 18th century. In the Philippines, our labor laws and regulations champion

the welfare of workers. The protection of workers and the promotion of secure tenure, humane working conditions, and equal work opportunities for all are at the very heart of our constitution.

Again, if a company has policies and practices that adhere to these regulations, then the social aspect of ESG is already partially satisfied.

### GOVERNANCE

Laws and regulations require companies to practice good governance, conduct businesses in an ethical manner, protect data security, report reliable financial statements, pay the correct taxes and the like.

If entities have a governance structure and policies that take care of these, then they are on the right track in terms of ESG.

### EVOLVING ESG REQUIREMENTS AND PRACTICES

In most cases, ESG simply brings to the forefront the basic practices, policies, and processes that organizations should have in place but may have forgotten as they prioritize their bottom line.

But ESG is also more than that. ESG requirements are constantly evolving. For example, a strong ESG practice would propel a company to assess its GHG or carbon emissions and identify ways to reduce them.

These gases contribute to climate change, which has a significant impact on typhoon-prone countries like the Philippines. Companies are also encouraged to promote workplace diversity, highlighting equal and fair opportunities for all, as well as respect for the dignity of each person.

ESG policies would also suggest that companies should encourage their suppliers to comply with laws and regulations by checking on their practices before engaging with them. In addition, certain companies are now required to report on their ESG performance under global sustainability standards, much like financial statements are required to adhere to internationally accepted accounting and financial reporting standards.

### CREATING VALUE THROUGH ESG

A good ESG strategy is not solely a matter of implementing any or all of these initiatives. Similar to a business strategy, it has to fit into the company's vision and mission, purpose, business model and industry environment. It has to address the requirements of its stakeholders and respond to issues that are relevant to them.

Some may see implementing ESG strategies as an additional cost in terms of resources, effort and time. These are some of the roadblocks to adopting ESG or more sustainable practices. However, this kind of mindset overlooks an important part of the equation — the benefits.

ESG can create value not only for the stakeholders but also for the company.

Consumer preferences have begun to change; more customers are now conscious about the products they buy, favoring companies that do the right thing. As such, a company that acts "responsibly" can enhance brand, increase customer loyalty, and reach out to new markets and customers. This leads to increased market share, which translates to higher revenue.

More efficient use of resources arising from ESG objectives can lead to cost savings for the company. For instance, energy saving devices, policies and practices not only reduce GHG emissions but also utility costs. Moreover, switching to renewable energy power for a facility's use can also save millions of pesos annually.

Initiatives that promote the welfare and well-being of employees improve employee retention and engagement. This could save companies hiring and retention costs. Furthermore, employee engagement leads to higher productivity, bringing cost savings, improved services and customer satisfaction.

Leveraging these practices may provide pricing power to companies, resulting in improved margins.

More and more investors and lenders take into account how target companies or borrowers address ESG-related risks and opportunities. Consequently, a good ESG performance can provide businesses with access to capital.

Although ESG may be unknown territory to many, it is not all rocket science. An entity may already have some basic policies and practices in place that it can build on. The important consideration is to create an ESG roadmap that is not only an add-on, but one that is embedded in the company's business operations.

In conclusion, there are many benefits from adopting ESG practices. ESG does not only nurture the environment, protect the rights of people, promote the welfare of the community and foster good business practices. It can also enhance shareholder value through improved performance. If done right, the improved performance yields lasting positive impacts, leading to a sustainable business and a healthy world.

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CATHERINE H. LIPANA-GOMEZ is an ESG and financial services partner at the Deals and Corporate Finance department of Isla Lipana & Co., the Philippine member firm of the PwC network.  
**+63 (2) 8845-2728**  
**catherine.h.lipana@pwc.com**

