



# Module 1

*G-ESG Concepts and Frameworks*



In partnership with  
Canada

MEDA



PPSA  
Philippines Partnership for Sustainable Agriculture

BIG

Bayan  
Innovation  
Group

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## Introduction to Gendered- Environmental, Social, Governance (G-ESG) Practices

**Published by:** **Philippines Partnership for Sustainable Agriculture  
Mennonite Economic Development Associates**

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2025

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# Acknowledgements

**Mennonite Economic Development Associates (MEDA)** and the **Philippine Partnership for Sustainable Agriculture (PPSA)** are pleased to present this training module, developed under the Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) Project.

The RIISA Project is dedicated to promoting gender-inclusive, sustainable livelihoods and profitable agri-businesses for smallholder cacao farmers in Mindanao. Through the implementation of the Strategic Learning Agenda (SLA), MEDA and PPSA aim to develop learning materials and disseminate knowledge on Gendered-Environmental, Social, and Governance (G-ESG) practices to help drive positive change within the cacao value chain.

This module was developed by PPSA and **Bayan Innovation Group (BIG)** as the first grassroots G-ESG resource designed for farmers, producers, agricultural cooperatives, and micro-enterprises. It highlights the practical applications of G-ESG principles derived from the interventions of the RIISA Project, ensuring its relevance and usefulness at the community level.

MEDA and PPSA extend their heartfelt gratitude to the farmers, cooperatives, and micro-enterprises who generously shared their experiences and knowledge, which served as the foundation for this manual. They also extend their appreciation to the members of the Biao Agrarian Reform Beneficiaries Cooperative (BARBCO), as well as Mr. Jake Acebo and Ms. Leigh Dioquino of UP Mindanao, for their active participation in the pretesting activity. Deep appreciation is also extended to BIG for their expertise and partnership in bringing this resource to life.

This manual reflects the shared commitment of MEDA, PPSA, and their partners to strengthen cacao farming communities and to build a more inclusive, resilient, and sustainable future for the sector.

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# Background and Context

The **Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) Project**, led by the Mennonite Economic Development Associates (MEDA) Philippines, focuses on fostering gender-inclusive, sustainable livelihoods and profitable agri-businesses for smallholder farmers in the cacao sector in Mindanao, Philippines. RIISA aims to directly support 5,400 smallholder farmers, with 40% of them being women, and seeks to indirectly support 25,000 women and men small-scale farmers through cooperatives, associations, public institutions, and small and medium enterprises (SMEs) within the sector.

One of the key strategies employed by MEDA to achieve the goals of the RIISA Project is the implementation of a **Strategic Learning Agenda (SLA)**. Under the SLA, PPSA intends to develop various learning products designed to promote sustainable livelihoods and the adoption of Gendered-Environmental, Social, and Governance (G-ESG) practices that contribute to decent work, particularly within the Philippine cacao industry. As part of these learning products, the SLA team developed a G-ESG module supporting cacao enterprises and cooperatives, and responding to learning question number two of the SLA:

- What are the synergies and trade-offs between ESG goals and economic prosperity in the cacao industry?
- How can these trade-offs be managed to ensure the long-term sustainability and resilience of cacao farming systems?

This G-ESG Module aims to achieve the following:

- Introduce the concept of G-ESG in agribusiness, with a focus on cacao enterprises and cooperatives, while demonstrating its relevance to other commodities;
- Emphasize the gendered aspects of environmental, social, and governance issues in agribusiness;
- Highlight practical examples of G-ESG integration, featuring success stories from RIISA partners; and

- Showcase how G-ESG activities can drive positive change, addressing women's needs and priorities, and capturing shifts in gender and social norms, behaviors, and practices at the smallholder level, within cooperatives, and across communities through RIISA's interventions.

Making G-ESG more accessible through widespread adoption, this capacity-building program will be rolled out to cacao-based SMEs, cooperatives, cacao council members, and other relevant stakeholders.





## Module 1

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# G-ESG Concepts and Frameworks





# Module Overview

This module aims to provide a clear context on why it is necessary to rethink and transform traditional perspectives in managing and operating businesses. Before introducing the principles of Gendered-Environmental, Social, and Governance (G-ESG), it will first present key concepts derived from conventional business models. This approach allows readers to understand the underlying causes of today's critical global challenges—such as environmental degradation, social inequality, and unsustainable patterns of business growth.

By establishing this context, the module underscores the importance of adopting a G-ESG mindset as an essential, rather than optional, approach to achieving long-term business resilience and social impact.

Subsequently, readers will be guided toward a more progressive and purpose-driven direction in business—anchored on the core principles of G-ESG: good governance, environmental stewardship, and social equity. These principles are fundamental in creating enterprises and livelihoods that are not only financially viable but also socially responsible and environmentally sustainable.

## **By the end of this module, readers are expected to:**

- Gain a deeper understanding of traditional business perspectives and recognize why it is time to move beyond them;
- Acquire new insights on how current business practices impact the environment and society;
- Develop a renewed perspective on how business can serve as a tool for positive change; and
- Identify concrete ways to apply the G-ESG mindset within their own enterprises, income-generating activities, or livelihoods.

# Pre-Module Activity

*Introduce yourself...*



Please state your name and where you're from.



What are you currently busy with?



What are your expectations for the two-day training?



What are your hobbies or interests?



What is your biggest dream?

# Introduction to G-ESG: Rationale, Concepts and Cases

There are two main perspectives and approaches to managing the economy, running businesses, and pursuing livelihoods:



## Traditional Perspective and Approach

In this view, the sole purpose and primary goal of the economy, businesses, and various forms of livelihood is PROFIT and FINANCIAL.



## Sustainable Perspective and Approach

In this view, the pursuit of profit and income is BALANCED with social, community, and environmental objectives.

In this module, we will understand why it is necessary to move away from outdated perspectives and traditional ways of doing business and instead embrace and strengthen the sustainable concepts and practices of Gendered-Environmental, Social, and Governance (G-ESG) principles.

### Objectives of Module 1



Understand the traditional approaches to business in relation to the economy, enterprise management, and livelihood activities;

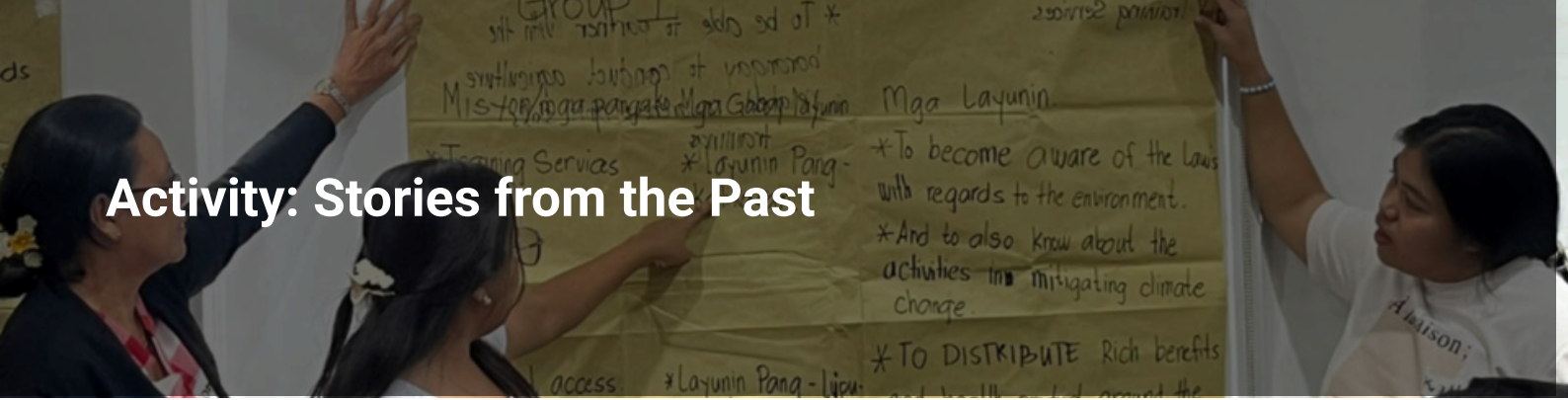


Recognize the impacts of traditional business practices on the environment, society or community, and business governance;



Realize that there are alternative ideas and approaches that can—and should—replace traditional practices, specifically the adoption of the G-ESG framework.





## Activity: Stories from the Past

### Activity Objectives

- Describe community experiences or stories that illustrate traditional ways of doing business.
- Identify common issues and challenges of these practices, such as lack of concern for people, the environment, and fairness.
- Analyze different perspectives from shared experiences to gain a broader view of issues in traditional business models.
- Reflect on how existing business models can be improved by considering alternative perspectives and approaches.

### Activity Instructions:

- Divide the class into three groups.
- Assign one person as the note-taker and another as the reporter.
- Share an experience or story about traditional ways of doing business in your community that you believe may have caused or could potentially cause problems (e.g., prioritizing profit over well-being, lack of concern for the environment, unequal treatment of women etc.).
- Each member will share their story. While someone is speaking, the note-taker will list down the stories being shared (in a simple manner).
- After the storytelling and once everyone has returned to their original group, the reporter will share the listed stories from each group.

## Traditional Business Practices as the Primary Pathway to Progress and Livelihood

For nearly a century, the ideas, principles, and philosophies of traditional business practices have dominated as the main approach embraced by economists, societal leaders, and both large and small-scale entrepreneurs—including those in the agricultural sector.

However, over time, this system has produced harmful consequences, leading to social division, unequal development across communities and rural areas, and the degradation of the environment and ecosystems.

As a result, conversations and calls for change have emerged.



Why then do we need to replace it? What have been its effects on nature, on society, and on governance?

### Negative Impacts of Traditional Business Practices

#### Environment



As industries expanded and progressed, the use of harmful chemicals in production also increased, polluting the air and damaging the environment. In the relentless pursuit of faster production and higher profits—particularly among large-scale businesses—environmental care and sustainability were often neglected.

Because of this, carbon emissions have steadily risen since the 1980s, increasing by almost 1.5 percent annually.

And the impact? The planet continues to warm. This phenomenon, known as **global warming**, is something we now experience in our daily lives—more intense heat, unpredictable weather patterns, and other adverse effects on our environment.



As the planet continues to warm, we are now experiencing the various impacts of climate change. According to data, the global average temperature has already increased by 1.55°C compared to the previous century. As a result, polar ice caps are gradually melting, causing sea levels to rise—leading to the submergence of some coastal communities.



In the Philippines, typhoons and monsoon rains have become more frequent and more intense, with 6 to 13 typhoons hitting the country each year.



The agricultural sector has already suffered over Php 290 billion in damages due to El Niño (PSA 2020).



More than 3.7 million Filipinos have been affected by extreme drought, directly impacting their livelihoods and daily lives.



The damage to nature is also alarming. It is estimated that around one million species of plants and animals are now at risk of extinction due to ongoing environmental degradation.



The damage to nature is also alarming. It is estimated that around one million species of plants and animals are now at risk of extinction due to ongoing environmental degradation.



## Society



In traditional business models, development is often unequal—some have greater access to opportunities, while others struggle to keep up. Because access to these opportunities is not the same for everyone, many are left behind, trapped in cycles of hardship that lead to poverty..

According to data, **3 out of 10** farmers continue to experience poverty due to low income, lack of infrastructure, and the damages caused by natural disasters to their production.

Beyond this, marginalized groups such as women, persons with disabilities (PwDs) and Indigenous Peoples (IPs) are among the most affected.

When it comes to access to opportunities, there are far more available in urban areas compared to rural communities. This creates a disparity in people's access to essential services. In most cases, opportunities in rural areas remain limited—whether in terms of healthcare, education, employment, nutrition, disaster protection, justice, and other basic services.

## Governance



One of the most frequently affected groups under the current system is the workers. In many cases, they are the last to receive benefits and protection.

Under traditional business practices, **labour** is often seen merely as a component of business operations — and labourers are not seen as individuals with their own needs, dignity, and rights that must be respected.

Profit and earnings are often prioritized over the welfare and rights of workers, which leads to their needs being frequently neglected.

? Aside from those already mentioned above, what other negative effects of traditional business practices have you observed?

? Have these had a negative impact on your life, or perhaps on your organization or business?

## Let's Talk!



Have you observed any traditional business practices around you?



What mindset or attitude should we develop toward traditional ways of doing business?



What do we need to learn and do to help reduce the negative impacts of these practices?

## The Results of Traditional Business Practices

There are indeed changes and developments happening in the world today, but not everyone experiences these benefits—especially those living in rural areas.

While some places continue to progress, provinces and farming communities often feel the greater impact of natural disasters, unpredictable weather, and environmental degradation, all of which directly affect agricultural livelihoods.

Because of differing views on development, there are instances where business and profit are given more importance than the environment and the well-being of the people who work within these systems.







## We Need Change—But How Do We Begin, and Where Are We Headed?



Change begins with ourselves—within our own businesses and livelihoods.



From our communities, colleagues, and business organizations, we will replace traditional ways of doing business with better approaches.



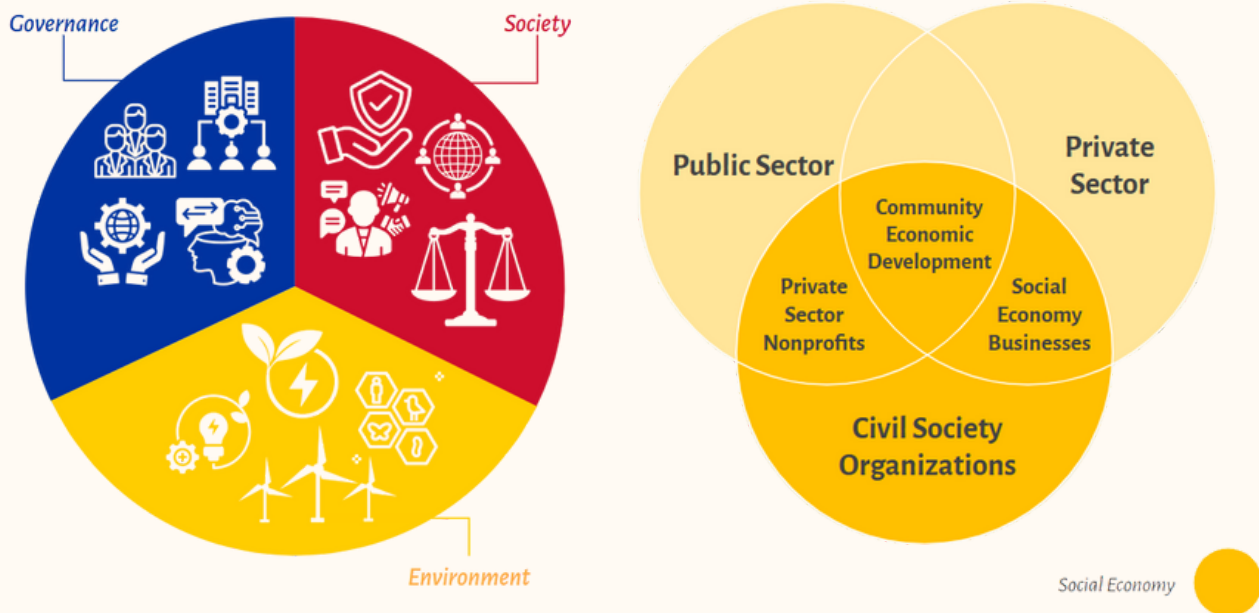
From our trade and livelihood activities, new aspirations and goals will emerge.

Given the challenges we face today—ranging from the impacts of natural disasters and environmental degradation to unequal development—it is clear that change is necessary. **Each of us has an important role to play in addressing these issues.**

This is where the call for a **new perspective on development, business, and livelihood** becomes essential. The old ways are no longer sufficient. What is needed is a more balanced approach—one that considers not only profit but also the well-being of people and the protection of the environment.







In today's world, we need a new perspective on development, business, and livelihoods—one that is more people-centered, environmentally responsible, and inclusive. To make this possible, it cannot be done by just one sector alone. Government, private businesses, and Non-Government Organizations (NGOs) must work together to uplift the agriculture sector—financially, environmentally, socially, and in terms of governance. This collective effort is the response to the call for a more just and sustainable form of development.

Amid the challenges and growing calls for change, we are not alone in seeking solutions. Around the world, there are initiatives designed to promote fairer, more humane, and more environmentally conscious approaches to progress.



**Gendered Environmental, Social and Governance (G-ESG)** A lens or perspective that integrates gender equality, environmental stewardship, social justice, and good governance in economic decision-making.



**UN Sustainable Development Goals (SDGs)** Global goals set by the United Nations to promote more sustainable progress worldwide.



**Impact Investing** An investment approach that focuses not only on profit but also on generating positive social and environmental impact.



**Social Solidarity Economy (SSE)** An alternative economic model based on cooperation, solidarity, and collective development.



## Activity: Stories of Change

### Activity Objectives

- Re-examine the earlier stories and identify how they can be practiced in more humane, environmentally friendly, and just ways.
- Develop concrete steps to ensure fair treatment of workers, protect the environment, and empower different sectors such as women, the elderly, and marginalized groups.
- Express personal insights and perspectives on the possibilities of running businesses in more inclusive ways.
- Collaborate and actively listen to others' ideas to build a broader understanding of alternative business approaches.
- Create a list of suggestions that can serve as a guide for more meaningful and sustainable businesses in the future.

### Activity Instructions:

- Return to your respective groups.
- Assign one person as the note-taker and another as the reporter.
- This time, think about how the same story shared earlier can be transformed to become more people-centered, environmentally friendly, and just—if it were implemented using the G-ESG lens (e.g., How can farmers be treated more fairly? How can the environment be protected? How can women or the elderly be empowered?).
- Encourage each group member to share their thoughts and perspectives. Don't forget to list down the points discussed.
- After the discussion and once everyone has returned to the original group setting, each reporter will share the summarized points from their respective group.

## What is Gendered-Environmental, Social, Governance or G-ESG?



Through **Gendered-Environmental, Social, and Governance (G-ESG)**, the definition of “business performance” has been broadened; it is no longer limited to profit alone.

G-ESG has been added as another standard or consideration in measuring the capacity of enterprises.

Because of this, investors and funders now also use G-ESG to assess the capability and integrity of an organization.

Not only investors and funders use G-ESG; the market and consumers also apply it as a basis for evaluating products and services.

Over time, the use of G-ESG ratings has expanded as one of the standards or conditions in assessing corporations, brands, and various products in the market.

In this way, G-ESG broadens the previously narrow view of business to consider the wider goal of just and equitable economic development.

**Good business performance alone is no longer enough;** strong G-ESG performance is now also required to define a successful enterprise. **Profit is not the sole measure of success—what also matters is good governance, environmental responsibility, and responsiveness to the needs of people and communities (social equity).**



**G-ESG** is a modern and more comprehensive perspective to business operations. It applies a gender lens in analyzing the state of business alongside the traditional ESG framework—**Environment, Social, and Governance**. Through this approach, it becomes clearer how the experiences, needs, and opportunities of each worker differ based on gender, and how these should be considered in running a business that is more humane, environmentally sustainable, and just.



The **gender lens** is used to ensure that business policies, decisions, and operations are fair and inclusive for everyone—regardless of gender. In G-ESG, gender is not treated as a separate issue but is integrated into every aspect of ESG:



**Environmental:** In issues related to the environment, such as climate change or access to natural resources, the gender lens helps identify who is more affected—often, it is rural women who have more limited access to these resources. Therefore, in creating solutions, their voices and experiences must be included.



**Social:** In matters concerning human rights, labor standards, and safety, it is crucial to ensure there is no gender-based discrimination. The gender lens helps guarantee equal opportunities for employment, benefits, and career growth, regardless of gender.



**Governance:** The gender lens is vital in promoting transparency and diversity in leadership. Studies show that organizations with inclusive leadership—one that includes women and other gender groups—are more accountable, more ethical, and more resilient in times of crisis.

**In the next part of our discussion, we will talk about the different pillars or key aspects of G-ESG. The goal is to:**



Understand what G-ESG is, what benefits it brings to the environment, society, and women—beyond just business profit—and how it can be applied in daily activities and livelihoods.



Understand its positive impact on the environment, the community or society, and business organizations, beyond profit and financial returns.



Understand how the alternative ideas and approaches of G-ESG are implemented and practiced in real life.



# Environmental Lens

From an environmental perspective, it is important for businesses to consider standards focused on protecting the environment. The goal is to create a more organized and efficient cycle in the use of materials throughout the entire production process.

This also includes the efforts of companies to develop initiatives and programs that help protect the environment, especially in addressing critical issues such as climate change and global warming. In this way, the responsible use of natural resources can be ensured, leading to long-term benefits for both the environment and the community.



This section will discuss how our activities or businesses affect the environment. It is important to determine whether we are taking steps to protect it—such as the proper use of natural resources, reducing waste, and caring for the soil, water sources, and air.

The questions in the table will serve as a guide to reflect on whether our daily activities are truly sustainable in the long term.

| ENVIRONMENTAL            | Guide Questions for the Discussion   | Example   |
|--------------------------|--|---|
| Greenhouse Gas Emissions | Does our production process result in excessive greenhouse gas emissions? What can we do to reduce its negative impact on the environment? | Use of solar dryers to reduce greenhouse gas emissions  |
| Climate Change Strategy  | How can we contribute to addressing climate change?  | Implementation of agroforestry and rainwater harvesting as climate change adaptation strategies |



| ENVIRONMENTAL              | Guide Questions for the Discussion  | Example  |
|----------------------------|---|--|
| Sustainability Initiatives | Do we have initiatives that promote the sustainability of nature and the environment?                     | Use of rainwater harvesting to help prevent the over-extraction of groundwater.  |
| Carbon Footprint           | When it comes to operations, what is the level of our carbon footprint, and how can we further reduce it? | Planting shaded trees and using solar dryers instead of dryers that run on fuel.   |
| Energy Management          | How are energy requirements sourced?  | Use of solar-powered fermentation and drying facilities as an alternative to fuel-based dryers.  |
| Resource Depletion         | What natural resources are we using, and how do we ensure they remain at healthy and sustainable levels?  | Adoption of rainwater harvesting instead of excessive pumping of deep well water.  |
| Air Quality                | How does the way we operate our business affect the air quality in our surroundings?                      | Making compost instead of burning crop residues.   |
| Biodiversity               | How does our business operation impact the biodiversity in the areas where we operate?                    | Instead of monocropping cacao, mix it with mango and madre de cacao trees to provide shade, additional harvest, and better environmental protection. |
| Soil Health                | Does our production contribute to soil erosion, acidification, or the decline of soil fertility?          | Use of organic compost and reduction of chemical fertilizers.  |
| Waste Management           | What wastages do we incur during operations? What can we reduce, reuse and recycle?                       | Production of organic fertilizer from crop residues.   |

## Environmental Lens

### Example



## Environmental Lens: The Story of the Lomerados



Lomerados Agri Supplies Trading (LAST) used infrastructures—such as solar dryer, warehouse, and moisture meter not only to built to make work more efficient despite unpredictable weather conditions, but also to promote more inclusive and environmentally friendly operations through the use of renewable energy that helps protect the environment.

***“The support from MEDA has greatly helped improve the operations of my company, especially in terms of environmental management and adapting to the impacts of climate change. They provided me with a solar dryer, warehouse, and moisture meter—tools that I urgently need now since the weather has become unpredictable. With this support, my company has become more prepared and resilient against the challenges of climate change. I was able to enhance our operations, and I am more confident that the business will remain sustainable in the years to come.”***



## Environmental Lens: The Story of Kennemer



With the help of MEDA Sustainable Growth for Partners, several initiatives addressing both environmental and livelihood aspects of G-ESG have been implemented.

Through microfinance and microcredit facilities such as Agronomika Finance, which was established for women, smallholder farmers are able to easily access capital.

Beyond providing financial assistance, this approach also acknowledges the multiple challenges women face, particularly within their households. By enabling faster access to capital, smallholder farmers are better positioned to adopt improved production practices that not only enhance their livelihoods, but also contribute directly to environmental sustainability

### Let's Talk!



What attitudes or mindsets should we develop regarding these efforts?



What knowledge and skills do we need to learn in order to help mitigate these challenges?



## Social Lens

When discussing social standards in business operations, it is important to note that investors today also consider the social impact of businesses on society. One of the key indicators of this is the company's relationship with its employees. It is essential for a business to be able to answer the following questions:

- Are wages fair compared to similar jobs or positions within the same industry?
- What types of retirement plans are offered to employees?
- Does the company contribute to its employees' retirement plans?
- What benefits or privileges are provided to employees beyond their regular salaries?

Beyond these questions, it is equally important to assess whether the company has policies and programs that address diversity, inclusivity, and the prevention of any form of discrimination and sexual harassment.

It is not only within the company that social impact should be examined, but also its relationships with external sectors, such as:

- the communities surrounding the business operations,
- the suppliers involved in production, and
- the consumers and markets served by its products or services.

In summary, the social aspect of G-ESG promotes businesses that care not only about profit but also about the well-being of their employees and the communities they belong to.



The questions in this table serve as a guide to assess whether our daily business practices are sustainable and long-term.

| SOCIAL                             | Guide Questions for the Discussion   | Example   |
|------------------------------------|--|---|
| Community Relations                | What does our relationship look like with the community that is part of our production process? Are there misunderstandings or conflicts? How can we improve our engagement with the community that works with us and is most affected by our production activities? | Farmers consolidated their harvest in a shared fermentation and drying facility, resulting in higher cacao quality, fairer income distribution, and stronger community relations. |
| Customer Satisfaction              | Are we providing quality products? Are we honest and transparent in dealing with our customers? How can we ensure their continued trust and loyalty to our business and products?  | Conducting quality control and traceability to ensure consistent product quality and customer satisfaction.   |
| Supply Chain Management            | Are we giving fair compensation to our suppliers? How can we improve the production flow to benefit our suppliers?   | Implementing transparent record-keeping in the cooperative to ensure fairness and order in the supply chain from farm to market.  |
| Human Rights, Gender and Diversity | Are we providing equal opportunities for marginalized groups, such as women, to participate in the production process?   | Providing training on Gender Equality and Social Inclusion–Human Rights (GESI-HR) to guarantee equal opportunities for women, youth, and Indigenous Peoples (IPs).                |
| Health and Safety                  | Does your business have established health and safety standards? Are these consistently implemented?   | Conducting health and wellness seminars for smallholder farmers and employees, including free check-ups for women.  |

| SOCIAL                     | Guide Questions for the Discussion  | Example   |
|----------------------------|---|---|
| Labor Standards            | Do we have policies that uphold proper labor standards? Are we ensuring compliance with them? | Observing proper working hours and ensuring that no child labor is involved in cacao farming activities.  |
| Decent Work Creation       | Are we providing fair wages and decent working conditions for our employees?                  | The project provided additional employment opportunities for women and youth in post-harvest processing and solar dryer operations.                   |
| Product Quality and Safety | How are we producing our products? Is anyone harmed in the current production process?        | Provision of moisture meters and training on proper post-harvest handling to ensure high-quality and safe cacao beans.                                |
| Data Security              | Is there sufficient protection for the data and personal information of our employees?        | Establishment of a transparent record-keeping system to protect members' information and transactions.  |
| Employee Engagement        | Are our employees free to share their inputs and participate in the decision-making process?  | Conducting participatory training and feedback sessions to give farmers and employees a voice and to strengthen their involvement in decision-making. |



## Social Lens

### Example



## Social Lens: The Story of Lomerados



Lomerados Agri Supplies Trading (LAST) actively supports gender inclusion by using tools related to renewable energy and practicing other gender-inclusive approaches. In doing so, it demonstrates the integration of gender goals, environmental stewardship, and social responsibility in its work.

*"Ever since, most of my employees have been women, especially those who select beans, who are the wives of my regular workers. With the help of the RIISA Project, we were able to improve our operational capacity, particularly in adapting to and becoming more resilient against climate change."*



## Social Lens: The Story of Auro Chocolate



Auro Chocolate demonstrates genuine support for the well-being of its employees and cooperative members by addressing issues related to gender. Among the challenges they faced were high incidences of gender-based discrimination and sexual harassment within their cooperatives.

In response, Auro conducted training sessions on gender equality, inclusivity, women's rights, and human rights attended by 75 smallholder farmers (SHFs)—64% of whom were women, 36% men, with 19% being youth and 5% from Indigenous Peoples (IPs) attending. In addition, seminars on mental and physical health were organized to ensure the overall well-being of their members, including the provision of health services specifically designed for women.

Overall, Auro Chocolate has proven its commitment to fostering a safe, inclusive, and equitable working environment.

# Governance Lens

Corporate or business governance is an essential component of ESG. In the governance aspect, it is important to assess how effectively managers and various stakeholders—including employees, shareholders, and clients—participate in decisions for the overall good of the company. It also looks at whether the business contributes to the community, such as allocating a portion of its profits to support local initiatives.

It is equally important to determine if the company practices the principles of good governance, such as open communication, fairness and inclusivity, responsiveness, excellence, accountability, and a clear vision for the future. These principles show that a business is not solely focused on profit but also on creating positive social and environmental impact.



The questions in the table below serve as a guide to reflect on whether our actions are truly sustainable and long-term.

| GOVERNANCE      | Guide Questions for the Discussion     | Example   |
|-----------------|--|---|
| Business Ethics | Are we managing our business properly? | SMEs implemented a Code of Ethics and trained their employees on proper dealings with farmers and buyers to prevent unfair trade practices. |



| GOVERNANCE                         | Guide Questions for the Discussion   | Example   |
|------------------------------------|--|---|
| Compliance                         | Are we complying with government laws and policies on proper production processes that do not harm the environment? Do we have practices that adhere to the principles of G-ESG? | Cooperatives and SMEs complied with government requirements such as business registration and environmental compliance certificates.                |
| Board Diversity                    | Do minority groups have sufficient representation in the management of our business and within the production process?   | Women's and youth participation in cooperative boards was strengthened to ensure more inclusive decision-making.                                    |
| Transparency in Business Practices | Are we conducting negotiations with honesty and integrity? Do we have existing processes and policies that are made publicly accessible?   | Open record-keeping and regular reporting to cooperative members were implemented to provide transparency on fund flow and income from cacao sales. |
| Accounting and Tax Practices       | Are we accurately recording our transactions? Are we paying the correct taxes?   | Transactions were honestly recorded, and proper taxes were paid through accurate bookkeeping.   |

As part of responsible governance, the management ensures that they are transparent and diverse, and that they lead in accordance with the rule of law. Moreover, it is important for them to remain responsive and accountable in all decisions and policies they implement.

Overall, the management strives to embed the principles of good governance into the normal operations of the organization—such as transparency in leadership, inclusivity and diversity, stakeholder participation, adherence to legal standards, fair responsiveness, and accountability—to ensure that the business or institution operates ethically, responsibly, and justly.

## Governance Lens



### Governance Lens: The Story of Auro Chocolate



Auro Chocolate demonstrated good governance by integrating gender-sensitive policies into employee welfare. It partnered with MediCard Philippines Inc. to conduct health and wellness seminars and provided annual cervical screenings for women employees. In collaboration with FODCI, it also organized family planning and women's empowerment talks.

In this way, Auro promotes a more inclusive workplace rooted in equality and accountability.

***"We're looking into a more gender-sensitive approach in our programs, such as when inviting professionals or resource persons to assist us in program implementation. For instance, if the program focuses on women's health, we aim to engage experts who specialize in that area."***



## Who is affected by G-ESG?

### Who is impacted?

Investors, employees, consumers, communities, governments, and companies.

### Who is responsible?

Leaders of cooperatives, small and medium enterprises (SMEs), smallholder farmers, and other workers and stakeholders in the agriculture sector



## How do we apply it?



### Where is it applicable?

Across all industries, production flows, and around the world.

### Where is the impact measured?

Within operations, supply chains, and communities.



## How do we apply it?

### How are G-ESG strategies implemented?

By creating laws and policies, engaging stakeholders, and integrating practices into business operations in cooperatives in SMEs.

### How is progress monitored?

Through Key Performance Indicators (KPIs) and regular reporting.



## Why Gendered-Environmental, Social, Governance (G-ESG)?

### When did it become important?



The use of a gender lens has become increasingly important, especially since the launch of the United Nations Sustainable Development Goals (2015), particularly SDG 5 which focuses on Gender Equality. It was declared that recognizing the gender lens in all fields—including business, leadership, and policymaking—is no longer optional.

Studies show that organizations **with gender-diverse leadership are more resilient, better at handling crises, and more open to change and innovation.** This means that the issue of gender is not only about representation but also about building a stronger foundation for the growth and success of an organization.

### When is action needed?

Action is needed now, because true sustainability cannot be achieved without inclusivity. **When the experiences of women, youth, the elderly, and other marginalized groups are neither recognized nor heard, any effort considered “sustainable” becomes incomplete and unjust.**

For example, in the agriculture and SME sectors, women play a crucial role in production and marketing, yet they are often excluded from decision-making and management. Without their inclusion, a significant portion of the workforce and knowledge that can improve livelihoods and businesses is lost.



# Why Gendered-Environmental, Social, Governance (G-ESG)?

## Why is it important?



This is important because a gender lens addresses deeply rooted systemic inequalities. When women and other vulnerable groups are included, organizations can adjust more quickly to challenges and crises.

Numerous studies show that gender-diverse teams make better decisions, manage risks more carefully, and are more effective in problem-solving. Thus, **even if a project is considered “sustainable,” without applying a gender lens, equity and true social justice remain lacking.**

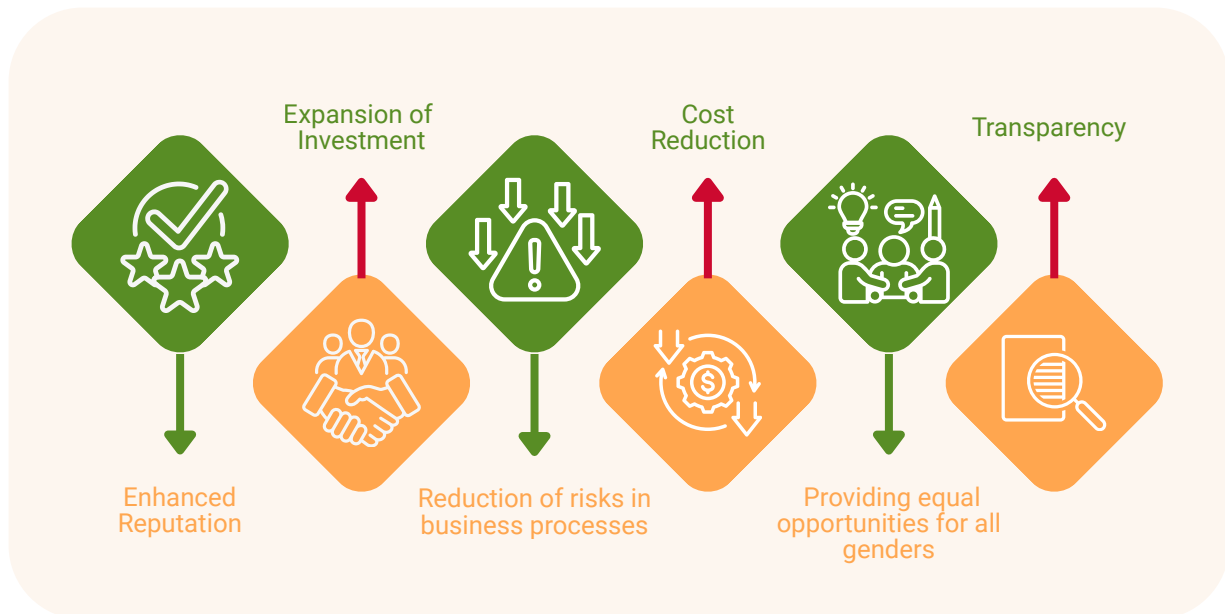
## Why do companies adopt it?

This is why various organizations apply it, as more consumers and investors now value inclusivity and sustainability. Buyers and investors are more willing to trust and support businesses that clearly demonstrate a gender lens in their operations and products.

For cooperatives, SMEs, and smallholder farmers, **G-ESG is not only about compliance with standards but also a way to strengthen credibility, increase income, and ensure long-term success.** In short, the gender lens becomes a bridge to gain the support of the market and investors, while simultaneously advancing equity and justice.



The image below shows the key benefits of G-ESG practices for businesses, cooperatives, and smallholder farmers. In simple terms, integrating G-ESG into operations is not just about being responsible—it also brings competitive advantage and long-term success for the business.



**Enhanced Reputation:** When a business or cooperative begins integrating G-ESG into its operations, it gradually builds a strong reputation. Consumers and communities see that their products are not just goods, but the result of responsible management, care for people, and protection of the environment. This good name becomes an asset that expands their market reach and strengthens their livelihood.



**Expanded Investment:** From that reputation, it also becomes easier to attract investment. Many investors today look for companies that are not only focused on profit but also have clear accountability to the environment and equal opportunities for all genders. By applying a gender lens, investors see how women, youth, and other sectors benefit. Because of this, they are more willing to provide support and capital.





**Reduced Business Risks:** Crises such as natural disasters, climate change, or sudden market shifts are inevitable. But with clear governance and open communication, an organization is better prepared to face these risks. G-ESG helps reduce conflicts and misunderstandings since all members are given opportunities to participate and express their views. In this way, the group becomes stronger and more united.



**Cost Reduction:** Choosing sustainable practices benefits not only the environment but also the business's finances. Using solar dryers instead of diesel-powered ones, harvesting rainwater to save on deep well costs, and producing compost from crop residues are just some of the ways to reduce production costs. Over time, operations become more efficient, and the organization earns more.



**Equal Opportunities for All Genders:** One of the most important aspects of G-ESG is ensuring equal opportunities for everyone. Women, youth, the elderly, and other often marginalized groups gain equal access to jobs, income, and decision-making. In this way, not just a few benefit—everyone in the community rises together. This inclusive perspective strengthens not only the business but also the community itself.



**Transparency:** Above all, transparency in all operations is essential. When funds, income, and policies are openly shared, trust is built with consumers, investors, and members of the organization. The business becomes more resilient because it is driven not only by profit but also by trust and accountability.

## Applying in the Context of Work and Our Businesses

Now that we have seen why G-ESG is important, let us reflect on it in the context of our own business or cooperative. G-ESG can be used as a tool or lens to better understand our operations—where we are now, the challenges we face, and what more we can do to become more inclusive and grounded in long-term sustainability. Through this reflection, we can more clearly see how our current practices align—or do not align—with G-ESG principles, and how they can still be improved.



Which methods and processes in our production align with G-ESG principles?



Have we experienced any challenges or difficulties, especially in terms of capital and finding investors?



What aspects can we change to improve our production process?





## Activity: Story of Change

### Activity Objectives

- Re-examine the previous story to see how it can be improved or transformed using G-ESG thinking.
- Present concrete examples of how workers can be treated more humanely, practices made more environmentally friendly, and relationships in society made fairer.
- Consider different perspectives using a gender lens to identify how the needs of women, youth, the elderly, and other sectors can be addressed.
- Express personal views and ideas on more inclusive ways of running a business.
- Learn to collaborate with the group in developing suggestions and solutions.
- Develop a collective story of change that will serve as an example of a more meaningful business model.

### Activity Instructions:

- Assign one person as the note-taker and another as the reporter.
- This time, think about how the same story shared earlier can be transformed to become more humane, environmentally conscious, and just—if it were implemented using G-ESG thinking. (*For example: How can farmers be treated more fairly? How can the environment be protected? How can women, youth, or the elderly be empowered?*)
- Encourage each group member to share their thoughts and perspectives. Don't forget to list down the key points discussed!
- After the storytelling and once everyone has returned to the original group setting, each reporter will present the stories and ideas listed by their group.



## Key Lessons from Module 1

- **Traditional business practices focus solely on economic objectives**, often neglecting the balance of social, community, and environmental goals.
  - By setting aside these other priorities, traditional approaches to business have led to social divisions, unequal development in communities and rural areas, and the degradation of the environment and ecosystems.
  - Because of the negative impacts of traditional business methods, there is now a need for a new perspective on development, business, and livelihoods—one that centers on addressing environmental, social, and governance issues.
- **G-ESG offers a modern and comprehensive approach to business that values the broader goal of fair and equitable economic development.** It promotes an inclusive business process that ensures good governance, environmental responsibility, and the well-being of people and communities (social equity).
  - A gender lens is applied in G-ESG to ensure that business policies, decisions, and operations are fair and inclusive for all—regardless of gender.
    - *Example: In a training session, management ensured that both women and men participated so that they could equally benefit from new knowledge and opportunities.*
  - In the environmental aspect of G-ESG, it identifies who is most affected by issues such as global warming and climate change.
    - *Example: A group of farmers shifted from using diesel-powered dryers to solar dryers to reduce pollution and carbon emissions.*

## Key Lessons from Module 1

- In the social aspect, it ensures that there is no discrimination and that opportunities for employment, benefits, and career growth are equal for everyone, regardless of gender.
  - *Example: A company provided equal health benefits for all employees, including cervical screening for women and regular check-ups for everyone.*
- In the governance aspect, it guarantees inclusive and ethical leadership where everyone can freely participate in processes, particularly in decision-making.
  - *Example: Within a cooperative, all members—youth, women, and Indigenous peoples—were given the opportunity to take part in the decision-making process.*

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