

EVENT REPORT

ACEBA-GCNP Partnership Launch: Circular Economy for Responsible Business in the Philippines: Opportunity for ambitious action towards the UN Global Compact Ten Principles

28 January 2026 | 10:15 – 12:00NN (GMT+8) | Kamagong Room, Dusit Thani Manila, Makati City, PHILIPPINES

Co-hosted by the ASEAN Circular Economy Business Alliance (ACEBA) and Global Compact Network Philippines (GCNP) and supported by the EU SWITCH-Asia Programme

Introduction

Leading businesses and other organisations in the Philippines and in the ASEAN region have started to benefit from the adoption of Circular Economy practices in sectors as diverse as hospitality, building materials, agri-food, textiles, and recycling and resource recovery. Businesses stand to gain through new products and markets, and savings on materials, energy and water costs, whilst simultaneously doing good towards environment, labour, human rights, and anti-corruption – the impact areas of the Ten Principles of the United Nations Global Compact¹. Global Compact Network Philippines (GCNP) provides the platform for participating companies and non-business stakeholders to advance the UN Global Compact and its principles at the local level.

The ASEAN Circular Economy Business Alliance (ACEBA)² was launched in July 2024 to further facilitate business leadership and action on Circular Economy, in support of Philippine and regional policy objectives.

GCNP and ACEBA launched their partnership to further support business leadership and action on Circular Economy in the Philippines, through documentation and promotion of business practices, knowledge sharing and peer-learning, and networking.

a. OPENING REMARKS

- **Marco Gemmer, Head of Cooperation, Delegation of the European Union to the Philippines**

The European Union has supported governments to advance sustainable development around the world, and circular economy is currently very high on the agenda in many emerging economies. But the world has changed, and the EU expanded to work better with the private sector, in order to achieve, not only, at that time, the earlier Millennium Development Goals (MDGs) and presently the Sustainable Development Goals (SDGs). Knowledge and financing for the private sector is crucial to be able to achieve these globally agreed targets. This is what SWITCH-Asia is supporting.

What the EU is doing to externalize the European Green Deal, and to increase the circularity of its own economy from 12% to 24% in the coming decade: Strong partnership in the Philippines under the Global Gateway. Global Gateway is the European Union's strategy to create strong, trusted

¹ <https://www.unglobalcompact.nl/the-ten-principles>

² www.aceba.co

partnerships with different countries. In 2023, the Green Economy Partnership Philippines (GEPP) was launched—a 60 million EUR funding commitment—working under the leadership of the Department of Environment and Natural Resources (DENR), and with the Department of Interior and Local Government (DILG). GEPP is also working with the Department of Trade and Industry (DTI) to promote Public Private Partnerships (PPP) to support

Micro Small and Medium Enterprises (MSMEs) at the local level, and de-risking different investments to support green and circular initiatives in the private sector and in municipalities.

However, very often, circularity/ circular economy, is not yet very high on the agenda, locally. This is a global phenomenon, and this is why the EU is developing local financing mechanisms and products for the private sector to invest, or for the private sector to go into a PPP with a local government unit. Details of activities and collaboration opportunities under the GEPP are available on its official website, www.greeneconomy.ph.

Personally happy to witness the agreement between ACEBA and GCNP. There are other EU initiatives that can benefit from this partnership, as well as many like-minded partners working in the field of green economy here in the country. Any progress will support achieving the SDGs, and the circular economy transition here in the Philippines, and elsewhere. As the Philippines chairs the 2026 ASEAN Summit, the Department of Environment and Natural Resources (DENR) of the Philippines will have dedicated events focused on circular economy. This will help create opportunities to make sustainable investments more aligned with the national framework.

- **Thomas Thomas, Chairperson, ARAIBA Sdn Bhd; Co-Convenor, ACEBA; and senior expert, EU SWITCH-Asia Policy Support Component**

In a manner quite similar to the United Nations Global Compact, ACEBA participants pledge to lead by example in the adoption of circular economy. ACEBA, in turn, provides visibility and voice to these companies. ACEBA also documents, and showcases good business examples and innovative solutions; facilitate learning and sharing among companies; and also promote operational CE tools and metrics.

With Global Compact [Network] Philippines, ACEBA extends a Call for Action to GCNP members, so they can also commit and transition to circularity, and also hope other businesses will live up to responsible, inclusive business principles.

Going forward, ACEBA will be launching a Changemakers program in March, and, hopefully an accelerator program later on. This partnership launch today aims to accelerate the Call for Action for circular economy in business to advance the Global Compact principles, especially, but not limited to, the principles on environment.

- **Ma. Victoria Tan, Chairperson of the Board of Trustees, GCNP; Head, Group Risk Management and Sustainability, Ayala Corporation**

Globally, only 18% of the SDGs are on track, and in the Philippines, the gap between policy and implementation is widening, while waste keeps piling up. Everyone needs to work together to develop solutions at the pace and scale needed to tackle these complex problems—from the private sector, government, civil society, and the public. Everyone needs to be at the table, and GCNP has been building that table since 2017 in the Philippines. Today's partnership with ACEBA is about expanding it further.

The Global Compact Network Philippines is a country network of the UN Global Compact, the world's largest corporate sustainability initiative, with over 20,000 business participants across 167 countries. The Global Compact operates on a simple premise: Business can be a force for good.

GCNP anchors companies on Ten Principles spanning human rights, labor, environment, and anti-corruption, and when integrated into operations, these principles become pathways to the SDGs.

Circular economy is one practical way to operationalize the SDGs, and implement the Ten Principles. It addresses water scarcity, climate change, waste reduction, and ecosystems health, through a single shift. Designing waste out of the system, and keeping resources in use longer, CE drives progress across multiple SDGs at once—decent work and economic growth, responsible consumption and production, climate action, and protecting life below water and on land.

Philippine companies across hospitality, construction, agri-food, retail, and recycling are testing circular models and finding what works, but initiatives like this cannot be sustained or scaled by a few companies alone. CE needs to become a shared practice, shared learning, and shared infrastructure. Companies are learning through trial and error, often in isolation from each other. There is a gap between intention to act, and the systems that would help them succeed.

This partnership between GCNP and ACEBA will create the space where companies share what's working, where challenges become case studies, where wins become a roadmap for the next company. What companies are figuring out today informs how current and future leaders approach circular economy, and what does this mean in practice: more resources available to support companies in their circularity journey; more opportunities to learn from peers; more ways to connect sustainability commitments to concrete action. The scale of the challenge requires companies leading together, learning from each other, building the playbook that others can follow. And this is what this partnership enables, so let's get to work.

b. SIGNING OF MOA: Signatories for ACEBA were ACEBA co-convenors, Thomas Thomas and Dr. Rene Van Berkel, and for GCNP BOT Chair, Ma. Victoria Tan.

c. PRESENTATION: “Circular Economy for Responsible Business”, Dr. Rene Van Berkel, Co-convenor, ACEBA; senior expert, EU SWITCH-Asia PSC; international faculty, Thammasat University; and member, International Resource Panel

There is no pause button in the planetary and societal challenges we are dealing with. Transitioning to CE means doing everything we can do to keep materials, water and energy in circulation and avoid waste and emissions, getting everyone else to do the same, and making sure this becomes a movement. There is initial understanding and general perception that a circular economy would ‘take, make, use, and recover materials’ Most commonly, circular economy is just positioned as the opposite of a linear economy, which leaves quite a lot of room for varying interpretations, leading to misunderstanding, disinterest, and skepticism. A circular economy is not just a recycling economy, rather it avoids waste generation and practices recycling just for the waste that is not yet designed out. Circular economy thus presents a systems perspective that zeros out the net inflows of natural resources into the economy, and the net outflow of resources from the economy and society as waste into the environment. Four complementary perspectives are sharing the circular economy:

1. Ecosystem metaphor (guiding principles): Reflected profoundly in the work of the Ellen MacArthur Foundation, and entails replicating material flows principles observed in nature into the economy, i.e.: —eliminate waste and pollution, circulate products and materials, and regenerate nature.
2. Precautionary principle (practice): A cornerstone of multilateral governance since the 1992 Rio Conference, says if there's any doubt on potential hazardous impacts, it should be avoided/ take the precautionary side. Applied to waste management, it translated into *reduce, reuse, recycle* as the three R principles, and has expanded to a larger set of 9R practices.

3. Value hill (business models): Take materials out of nature, extract it, and the value increases if you make a component or a final product out of it. The highest value is when the consumer uses it; when it is thrown away, it drops down the value hill. Can we have business models that change this value degradation? We then typically talk about narrowing the flows--using less materials, using these longer and slower, closing the loops, or regenerating nature.
4. Decoupling principle (strategies): Basically we want to have more well-being for people that is less dependent on economic activity, and economic activity should cause less environmental impact and require less resource use. It can be operationalized in three strategies, represented by a resource circle: 1) keep things in circulation , 2) use things efficiently (as little as possible and as long as possible); and 3) substitution or look at ways that we can use renewable materials and renewable energy that inherently be cycled back into nature.

The current climate, nature and pollution crises are chiefly caused by unsustainable and excessive use of materials and other resources. The aspiration of circular economy is to bring both net the inflows of resources and the net outflows of resources as close as possible to zero; this basically then opens an innovation space for 'decoupling'--ultimately, we want products in a circular value chain, where everything is recovered and goes back into product manufacturing, and we just add materials to allow for some growth. This way, we can start to de-risk the economy and society from the impacts of unsustainable extraction and use of materials. [ACEBA's framework for business action for Circular Economy](#) is anchored on these principles and targets—1) net zero impact on climate, nature and the environment; 2) resource circularity, efficiency, and substitution; 3) responsible business practice; 4) co-creation of circular solutions and innovations with value chain stakeholders (traditional knowledge being reinvigorated with current science to come up with solutions); and 5) net socioeconomic impact. ACEBA co-developed these guiding principles with businesses in the region to clarify the why, what, and how of circular economy for business. Ambition matters for circular economy, it has to be done with intent and integrity; otherwise, it may lead to greenwashing of recycling and other practices that potentially cause environmental and other risks.

In the conversation with Global Compact Network, it was emphasized that circular economy is like doing responsible business, taking an environmental lens as the starting point. This matters for the SDGs, and in addressing the triple planetary crisis of climate, biodiversity, and pollution through critical transitions: food systems reform with regenerative agriculture and reducing food waste, addressing consumption systems, and increased efficiency of use and other materials; digital transformation, education systems; advancing net-zero climate emissions, elimination of waste and pollution, regeneration of nature and biodiversity. Having a clean, healthy, and sustainable environment is globally recognized human right.

Transitioning to circular economy also means talking about eliminating hazardous materials, eliminating hazardous workplaces (occupational health and safety there), environmental noncompliance and other non-compliances, and addressing corruption. A few case examples of CE in business:

- [Converge ICT](#): refurbishment of customer premise devices and use of renewable energy
- [Holcim Philippines](#): use of alternative fuels and raw materials for lower carbon cements; and
- [Precious Plastics Philippines](#): community scale recycling of plastic waste into recycled plastic boards

From the case studies documented, the following factors appear to drive success: 1) Companies profiled have a strong sense of **purpose** (a magnetic north), an understanding how the business is related to sustainability initiatives, and a vision of where they want to go; 2) they embrace **innovation**, looking at new opportunities; 3) using **knowledge** (traditional knowledge, science and technology) to drive solutions; and 4) nurtured **entrepreneurialism**: entrepreneurs taking calculated

risks, show persuasion and leadership, and assets for dealing with the challenges that come with CE transition—challenges in markets, with technology, with financing. ACEBA has put for a guide for unlocking the circularity opportunity, which proposes the SADI Framework for companies:

- **Stock take** - Analyze and review what is happening, what are the risks and opportunities for your business on circularity? Where are we? How is our business at risk? Where could be opportunities for our technology, our markets?
- **Ambition**: What is our circular economy ambition, and what are then pathways to achieve this?
- **Delivery (or implementation)**: Can take a dual-track approach, which is to look at and adapt what others have done. Learn from others, and see what you can do. The real challenge and the real opportunities are in pivoting into new products and services.
- **Integration**: Shifts in management systems, business governance and business model to drive circularity transition. Some businesses can easily start with some quick wins. Others would start with a risk management framework and then move on from there.

With GCNP, ACEBA is encouraging more companies to [join the alliance](#), and learn from our knowledge resources available from the [ACEBA website](#).

d. PRESENTATION: Bayo Manila by Anna Lagon, co-CEO, Bayo Manila; and VP for Membership, GCNP

Bayo is a Filipino fashion company which has been in the industry for more than 30 years. The fashion/ garment industry is highly resource-intensive, and that made Bayo rethink and work with constraints, cost pressures, supply chain volatility and the realities of a developing economy to shift to a more sustainable model. Pursuing circular economy transition was not driven by branding; it came from the necessity and responsibility to remain viable as a business, and relevant in a changing world. Circular economy is core to how Bayo makes decisions, not just a side initiative. Early on, we understood that sustainability, especially for an SME, cannot be done alone. Bayo also provides spaces for learning, and hopefully with that, also create sustainable livelihood programs.

The Journey to Zero initiative is Bayo's circular roadmap towards sustainability—it shows how materials are chosen from regenerative materials, and this starts with and from the farmers. Bayo supports them to produce all fibers responsibly. The company also uses recycled PET (recovered from bottles), and started zero-waste programs--lowering its environmental footprint, rethinking sourcing and production--and over time, targets evolved. This initiative was where Bayo consciously moved away from a linear to a circular and sustainable system of production and business model. Local sourcing became a strategy, especially during the pandemic. Livelihood creation became part of the value chain. The company is supporting a number of community building programs, through its foundation. Climate change has challenged Bayo to design better; it started as a campaign, posted in all Bayo stores. Designing better means designing for longevity, for regeneration, and for adaptability. Circular economy became a way to build business resilience, not just compliance. Increasing material costs and environmental volatility made it clear that circularity is not just ethical, but also strategic risk management.

To advance growth responsibly, Bayo needed to close the loop, primarily through recycled textile waste mixed with plastic waste, which creates tiles, boards, and these are alternative to construction materials; and bringing back retazos/ cuttings for upcycling—cutting fabric offcuts to be into slivers, to be woven into new fabrics. The company is also involved in “TextRev” or textile revitalization, which is a partnership with the Department of Science and Technology, under the Philippine Textile Research Institute (PTRI).

e. PRESENTATION: Philux Inc. by Lili Fuentes, Chief Operating Officer

2025 marked the 45th year of Philux in the business. As it celebrates this milestone, Philux recognized that, luxury is not just defined by aesthetics; it is defined by responsibility. At Philux, luxury is defined by care—care in design, care in sourcing, and care in how products will last. That is what the company means by “conscious luxury”, and it is the foundation of its circular economy approach. That foundation is guided by a clear sense of purpose: Philux exists to champion Filipino craftsmanship with a global mindset, and circular economy allows the company to grow while staying aligned with the values of quality, family, growth, and long-term value creation.

Over the years, the company has evolved its materials selection, processes and scale without losing respect for the craft. Philux’s sustainability journey starts with the materials it uses: wood comes from responsibly managed forests, and sustainably harvested around the world. Beyond timber and other materials, the company is intentional in its designs—in a culture of mass production and disposability, it creates furniture pieces that are made to last, meant to be used, loved, and passed on from generation to generation. This minimizes waste and honors the resources that went into each piece. Sustainability is not a single initiative but is embedded across design, production, efficiency, and impact.

Philux’s Liwa collection shows how circular thinking becomes physical: Wood offcuts are transformed into functional, one-of-a-kind decorative pieces, each with its own character. From the wood that is processed, 30-40% are offcuts, and also shavings. What would normally be discarded is used to create new pieces like the Liwa table lamp and the Liwa floor lamp.

Circularity grows stronger through collaboration: the company works with organizations that share its commitment to responsible design. Philux partnered with Anthill, an organization of fabric weavers in Cebu. Fabric scraps are recrafted into distinctive elements that add cultural and material value, and excess fabric is also used to create patchworks for limited pieces that, again, similar to the offcuts, have their own character—coasters, tote bags, table lamp shades, even holiday socks. One of the company’s latest initiatives is the upcycling of furniture manufacturing by-products, such as wood offcuts, into thoughtful and intentional home accessories (i.e., Liwa candle holders). Philux’s long-term focus is to reduce environmental impact through multiple interconnected circular initiatives. Circular economy guides company decisions as an operating mindset.

Philux also engaged with River Recycle, and is starting to explore using their boards—made of recycled plastics—as part of the company’s furniture framework. With River Recycle, Philux is blending technology with craftsmanship—it expands circular design through the coasters produced using Philux’s own wood and River Recycle plastic boards.

f. PANEL: Moderated by Thomas Thomas, ACEBA co-convenor

- **Leah Magallanes, Vice President for Quality and Sustainability, SM Hotels and Conventions Corp.**

The case that [ACEBA] has written about SMHCC was about the project called “Plate for the Planet” -how SMHCC was able to minimize food waste and compost the remaining. Since then, SMHCC has created another close-loop program for used linens; every 2 to 3 years, hotels change linens (towels, rows, bedsheets, etc.). The linen stock in a hotel is typically around 3 times the number of rooms, so it is a significant volume. Prior to this program, SMHCC would donate it to be used as rags or trapo.

Plate for the Planet in 2022, started with only three hotels, but now all SMHCC hotels are practicing Plate for the Planet. This entails green procurement, local sourcing, and mindful preparation and

handling of food, where pre-plate preparation waste is a KPI. Post-plate waste is also measured; if there's too much waste on the plate of the guests, the quality is questioned and assessed. SMHCC also does composting, and uses the compost in its gardens, or at times in a city property. If properties are near a farm, it utilizes the farm. Outputs go back to the hotels—vegetables, herbs, and fruits produced are used in food and beverage outlets. In 2025, SMHCC was recognized and awarded in Dubai for this program.

- *Question from a GCNP Trustee: Higher cost for circular practices may drive up prices for the customer. Is this a challenge that you have right now, and how do you overcome it?*

Anna Lagon (Bayo): What we did was we optimized our resources, for example, saved on the expense for single-use plastics. We decided to use reusable containers to deliver to our stores, and it saved us about PHP 1 million a year. The recycled, recyclable plastic containers were purchased in bulk. We also gave up billboards for marketing, and used the savings to supplement funds for the procurement of sustainable fabrics (which are more expensive). We audit, and see which expenses could be sacrificed to keep prices affordable for our consumers.

Lili Fuentes (Philux): We cater to a niche, high-end market. Supply chain is also challenging for us—we import our wood, as, unfortunately, there is no sustainable source of wood here in the Philippines. We have a very good working relationship with our suppliers so that we don't increase our costs. And similar to Bayo, we also revisit our practices, our packaging (reducing plastics and using recyclable, reusable cartons instead). Not all our furniture can be placed in a carton; beds and huge sofas, for example, but we try to reduce costs as much as possible so we can offer our products not only to the high-end market. We refurbish and we repair, so a piece of our furniture never needs to be thrown away.

Leah Magallanes (SMHCC): It is really managing other expenses to be able to bring out a product at the price that our customers want and can afford. For Plate for the Planet, we were able to save money from food costs because we were buying straight from our local farmers, and free from our gardens. In Taal Vista, we expanded the garden, and the salad in our buffet comes from the garden. We save about 20% on food costs because we don't pay a middleman/ reseller. We also save on garbage pick-up because of the strong composting culture in all our hotels. In Taal Vista, we have a biodigester that converts in 24 hours food waste into pulp. From 2019, savings from food cost and savings from garbage hauling reached about PHP 20 million.

- *Question from GCNP staff: There is a general perception that circular economy behaviors increase cost, and therefore people should pay more. But, in reality, is this happening, and how do we manage this perception?*

Lili Fuentes (Philux): I cannot say that, in general, it is more expensive because it is sustainable or circular. When we do cost our products, where we use offcuts, we consider the cheaper price. When we upcycle, the first consideration is the item/ product needs to be beautifully designed, that you can command a price for its quality. And since it is produced in limited quantities, it is coveted. When we price our products, we're very transparent—we sit down with the designer, with the customer ordering it, and we agree on the price, and the price has to meet minimum standards (the efforts of the designer, the materials used, the effort that goes into crafting the product, etc.). The most important thing is to communicate this to your clients. When the design is tasteful, and the story behind it is meaningful, clients don't question pricing any longer.

Anna Lagon (Bayo): Bayo is not just about selling clothes but is also about the relationship that we build with our customers. Sustainability is a culture, and it feels good to be a part of it. To promote sustainable fashion to our customers, we set up two models: the regular Bayo store and the Bayo atelier. We converted one of our stores into an atelier, where we can bring in community-made

materials. Prices of items in the atelier are more expensive than usual because everything is hand-woven, and natural dyes are used in the clothing. The items in the atelier are more personalized, and mostly, only one piece of each design is available. In our regular stores, we also produce our clothes in a sustainable, responsible way. We also carry other brands in our regular stores, also sustainably made. So, we have two options for two market segments, and we also tell these community and sustainable production stories to our customers.

Dr. Rene Van Berkel (ACEBA): On the question of cost and price, these are basically different concepts. The cost is what is incurred to make the product, and if you use an offcut, basically, the material cost has already been paid—you make a sofa first, and then you have a piece left over, which has a negative cost once you start to make it into a lamp because you avoided the disposal cost. And price is not just a reflection of the costs incurred, but a reflection of other factors including the customer's willingness to pay. I would also like to echo what is being said by everyone, the inspirational stories, and the opportunities to move forward in becoming more sustainable and circular. We can't change everything all at once, so let's focus on some markets, some niches where we can start moving, and then the scale can come in due course. We can embrace circularity, and we can create value through circularity, while also creating value around Filipino , crafts, and designs.

g. CLOSING: Ma. Victoria Tan, Chair, GCNP Board of Trustees

This is the start of a good partnership. Circularity is something that we should all be doing, even in our homes. There are challenges—it requires habitual practice and changing mindsets and it requires infrastructure. Literature says if move to a circular economy, we can meet the net zero targets one decade early, and we want to see this happen, for our children and our grandchildren. As Dr. Rene mentioned, we have to learn from nature; nature knows no waste.

Thank you for attending this very important event. This shouldn't end in the workplace; we need to go out in communities, and help more people understand their role in circularity. This is a shared responsibility, a shared vision, and we are doing this for the only planet we have.

Annex. Launch agenda and program [here](#). Launch recording [here](#). Launch article [here](#).



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