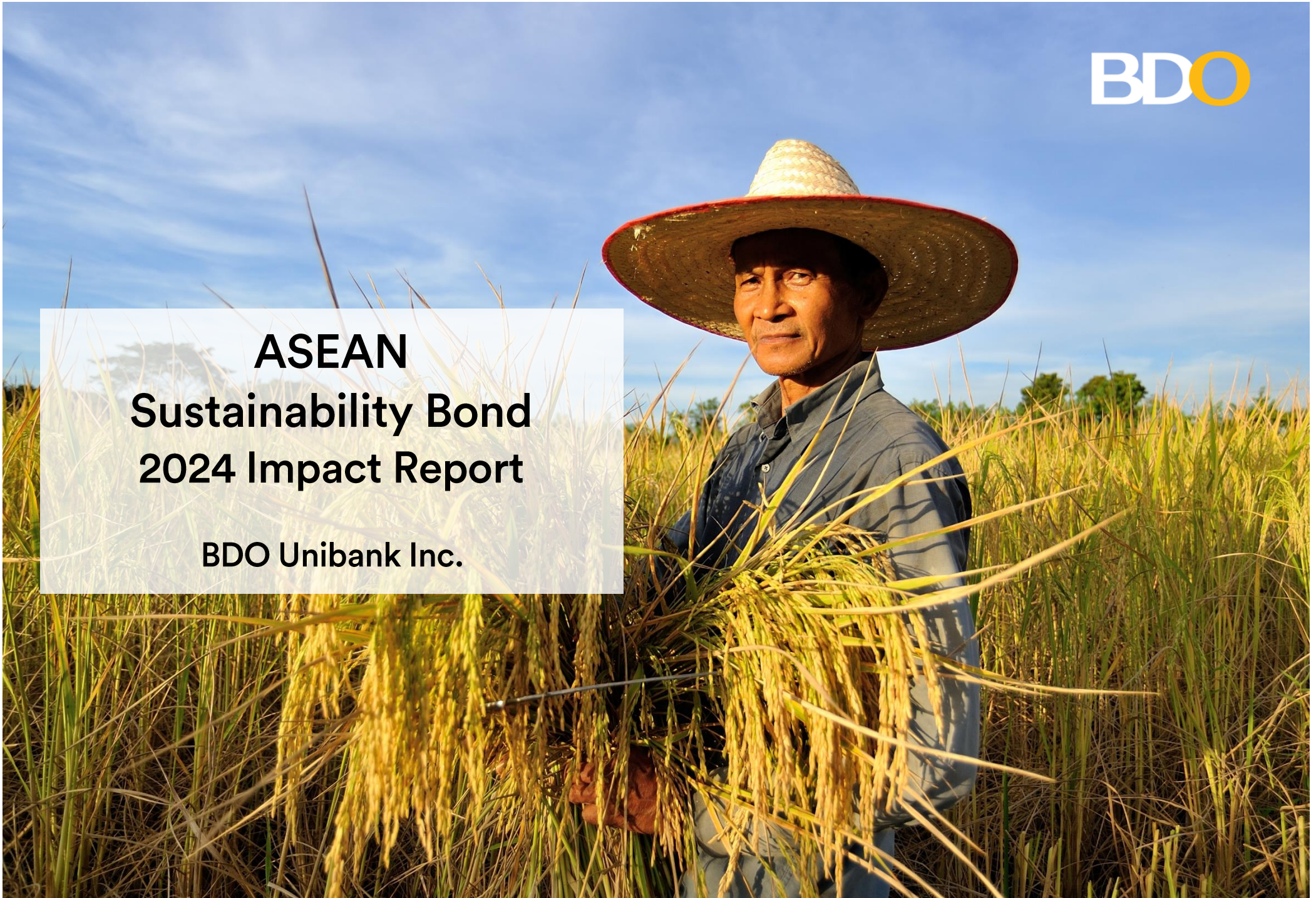




**ASEAN
Sustainability Bond
2024 Impact Report**

BDO Unibank Inc.



About the Report

This report is BDO Unibank Inc.'s second ASEAN Sustainability Bond Impact Report outlining the full use of proceeds and the environmental and social performance of financed projects from its first ASEAN Sustainability Bond issued in January 2022.

This report has been prepared following ASEAN Guidelines on Sustainability Bond Standards, International Capital Market Association (ICMA) and Harmonized Framework for Impact Reporting. The Report is also aligned with the United Nations Sustainable Development Goals (SDGs) targets and the BDO Sustainable Finance Framework.

For inquiries on this Impact Report, please contact sustainability@bdo.com.ph





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Executive Summary

BDO Unibank, Inc. (BDO or the Bank) acknowledges that climate change, driven by accelerated economic growth and globalization, is a significant global issue requiring immediate and coordinated action. In alignment with this understanding, BDO supports the landmark 2015 Paris Agreement, which unites world governments in the common goal of limiting the global temperature increase to well below 2 degrees Celsius, with efforts to restrict the rise to 1.5 degrees. Moreover, BDO supports the Philippines' Nationally Determined Contribution (NDC) under the Paris Accord, aiming to reduce greenhouse gas (GHG) emissions in the years leading up to 2030 for countries that are members of the Organization for Economic Cooperation and Development (OECD), and 2040 for developing countries and small island developing states.

The sustainability bond market within the ASEAN region continues to develop, showing resilience and growth despite challenges. According to the Philippine Development Plan 2023 - 2028, as of 2023, the local market has exhibited a notable rise in issuance and diversification, reflecting a growing commitment to sustainable finance across both public and private sectors.

BDO issued its first ASEAN Sustainability Bond in January 2022 and successfully raised ₱52.7 billion in Peso-denominated Fixed-Rate with a tenor of two years and a fixed rate of 2.90% per annum under its ₱365 billion Bond program. The Bond is the largest issuance for any Philippine financial institution or company at the time of its issuance, and it was oversubscribed by over 10 times its original target of ₱5 billion.



BDO's use of proceeds for the bond support a range of sustainability initiatives that improve food security, generate employment, promote renewable energy, develop green buildings, improve sustainable water and wastewater management, and enhance resource efficiency, and pollution prevention and control.

This report is an update on the first ASEAN Sustainability Bond Impact Report released in January 2024 and presents the details and impact of 37 projects which were financed with full allocation of the ₱52.7 billion raised; of these 37 projects, 23 are under the green eligible categories while 14 are under the social eligible categories of the BDO Sustainable Finance Framework (SFF). Among other social and environmental impacts, these projects contributed to:

- increased access to affordable, safe, nutritious, and sufficient food;
- increased production of Fair-Trade certified products;
- more beneficiaries of agricultural projects;
- creation of jobs and support for micro, small, and medium enterprises (MSME);
- reduction in GHG emissions;
- increased renewable energy generation;
- water savings; and
- improved access to mass transportation system

The impacts disclosed in the report follow the identified metrics in the Harmonized Framework for Impact Reporting issued by the International Capital Markets Association (ICMA) in June 2023. Data presented are based on the latest available information and varies

depending on the nature of the financing. Based on the study of S&P Global Marketing Intelligence, the ASEAN region faces challenges in measuring environmental impacts and evaluating risks due to limited environmental information. Despite regulatory pushes for enhanced disclosure requirements, the gap remains uncertain, particularly for financial institutions, which require immediate data for their needs.



Introduction

BDO Unibank, Inc. is a full-service universal bank in the Philippines. It provides a complete array of industry-leading products and services including Lending (corporate and consumer), Deposit-taking, Foreign Exchange, Brokering, Trust and Investments, Credit Cards, Retail Cash Cards, Corporate Cash Management, and Remittances in the Philippines. Through its local subsidiaries, the Bank offers Investment Banking, Private Banking, Leasing and Finance, Rural Banking, Life Insurance, Insurance Brokerage, and Online and Traditional Stock Brokerage Services.

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. Its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. The Bank has the largest distribution network with over 1,700 operating branches and more than 5,600 teller machines nationwide. BDO has 16 international offices (including full-service branches in Hong Kong and Singapore) spread across Asia, Europe, North America, and the Middle East.

The Bank also offers digital banking solutions to make banking easier, faster, and more secure for its clients.

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of June 30, 2024, BDO is the country's largest bank in terms of total resources, customer loans, deposits, assets under management and capital, as well as branch and teller machine network nationwide.

BDO ASEAN Sustainability Bond

2022 ASEAN Sustainability Bond

As part of its ₱365 billion Bond Programme, BDO Unibank, Inc. issued its ASEAN Sustainability Bond in 2022 and successfully raised ₱52.7 billion in Peso-denominated Fixed-Rate with a tenor of two years and a fixed rate of 2.90% per annum.

Project Assets Selection

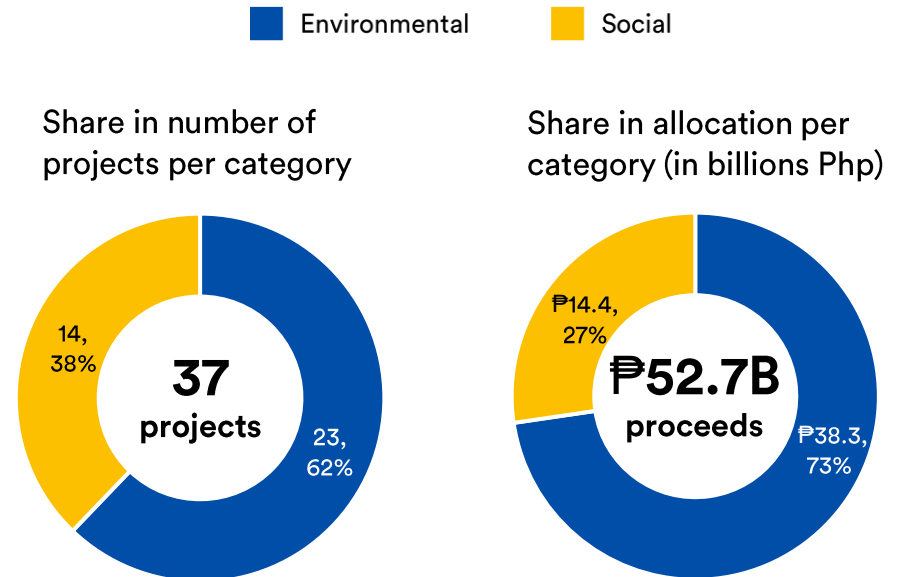
The ₱52.7 billion ASEAN Sustainability Bond proceeds were allocated to selected project assets from the Institutional Banking Group’s Sustainable Finance Portfolio that finance the project assets with social or green impact availed from 2020. Project assets were selected based on the eligible categories under the Bank’s SFF.

The use of proceeds for the bond contributes to economic development and is aligned with the development and climate priorities of the government.

BDO ASEAN Sustainability Bond Allocation

Eligible Sustainable Finance Projects

In 2024, the ASEAN Sustainability Bond proceeds was allocated to 37 projects with a total allocated amount of ₱52.7 billion.



SDG Alignment and Impact Metrics

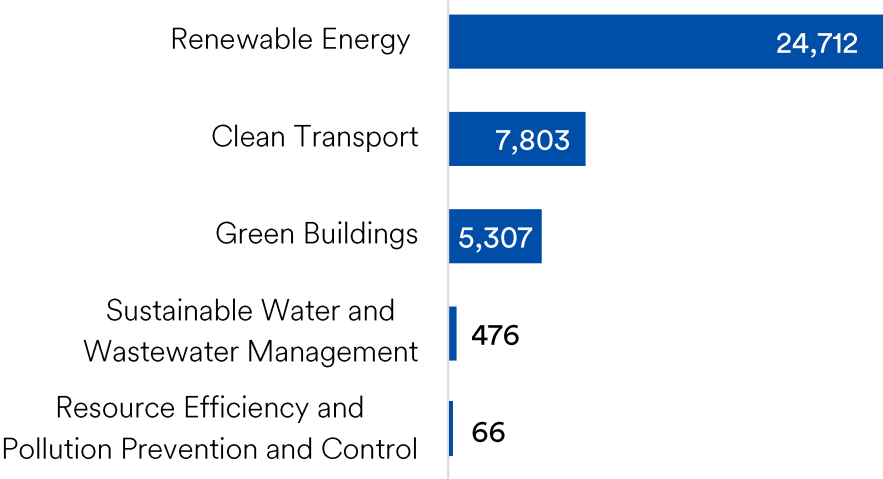
Social Projects

Allocated amount in millions Php

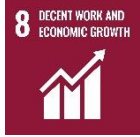



Green Projects

Allocated amount in millions Php




















Social Projects

Sub-Category	SDG Addressed	Count of Projects	Amount (in millions Php)	% Allocation	Impact Metrics*
Employment Generation		6	8,802	16.7%	<ul style="list-style-type: none"> - Jobs created, supported, and/or retained - Number of microfinance/SME loans
Food Security		8	5,621	10.6%	<ul style="list-style-type: none"> - Increased production of Fair-Trade certified products - Access to affordable, safe, nutritious, and sufficient food - People benefiting from agricultural projects and/or using improved farming/fishing technology - Hectares of land/water cultivated/developed which increased production
Total		14	14,423	27.3%	

* Impact metrics were based on ICMA's Harmonized Framework for Impact Reporting

Green Projects

Sub-Category	SDG Addressed	Count of Projects	Amount (in millions Php)	% Allocation	Impact Metrics*
Renewable Energy	     	14	24,712	46.9%	<ul style="list-style-type: none"> - Renewable energy capacity added - Annual GHG emissions reduced/avoided
Clean Transport	 	1	7,803	14.8%	<ul style="list-style-type: none"> - Additional kilometers of new/improved train lines - Increased passenger peak-hour capacity

Sub-Category	SDG Addressed	Count of Projects	Amount (in millions Php)	% Allocation	Impact Metrics*
Green Building	    	4	5,307	10.1%	<ul style="list-style-type: none"> - Gross building area - Energy use reduction - Carbon reductions per sqm per annum - Water efficiency per sqm - Annual water savings - Waste minimized, reused, recycled
Sustainable Water and Wastewater Management	 	3	476	0.9%	<ul style="list-style-type: none"> - Annual absolute (gross) water savings - Increased no. of people with access to clean drinking water - Additional volume of clean drinking water
Resource Efficiency and Pollution Prevention and Control	 	1	66	0.1%	<ul style="list-style-type: none"> - Waste prevented, minimized, reused or recycled - Annual GHG emissions reduced
Total		23	38,364	72.8%	

* Impact metrics were based on ICMA's Harmonized Framework for Impact Reporting

SOCIAL PROJECTS

Employment Generation – Microfinance

The Philippine Development Plan (PDP) 2023-2028 reaffirms the government's commitment to fostering inclusive economic growth through financial inclusion. A cornerstone of this initiative is the expansion of microfinance services which are pivotal in achieving the nation's socio-economic objectives. By providing financial access to underserved and marginalized sectors, microfinance directly contributes to reducing inequality and promoting equitable development across the country.

In support of the National Strategy for Financial Inclusion, microfinance institutions have sought to extend their services to millions of Filipinos, particularly those in rural areas. Currently, approximately 2 million micro-enterprises benefit from micro-finance services, with women-owned businesses accounting for a notable 40% of this segment.

The average loan size ranges from ₱5,000 to ₱50,000 enabling micro-enterprises to initiate or expand their operations. Microfinance has been instrumental in driving innovation and creating job opportunities by bridging the gap in access to much-needed capital for operations and growth.

[2023NSFIAnnualReport.pdf \(bsp.gov.ph\)](#)

Impact of projects financed

82,056 jobs

created, supported and/or retained

488,758 microfinance or MSME loans

provided

22,000 pensioners

with access to financing

2,191,565 low-income individuals

with access to financing including **68,409** motorcycle owners

308 rural cooperatives

with access to financing

Food Security

Agriculture, Fisheries, and Food Security in the Philippines are vital sectors contributing significantly to local food production and the economy. Approximately 75% of the country's food is locally produced with agriculture and fisheries collectively accounting for 8.9% of Gross Domestic Product (GDP).

These sectors employ 11.2 million people, representing roughly a quarter of the nation's workforce. However, based on the most recent data released by the Philippine Statistics Authority (PSA), farmers and fisherfolk remain among the most impoverished groups, with poverty incidence rates of 30% and 30.6% respectively as of 2021. According to PSA's Agricultural and Fisheries Indicators System (AFIS), the average daily basic pay of wage and salaried agriculture and forestry workers in 2023 is at ₱320.29, while the average for fishing and aquaculture workers is at ₱343.28. This means that workers in the agriculture industry receive an average of **₱322.23 per day**, falling significantly below the minimum wage requirement of ₱369 to ₱608, depending on the region.



Food and Beverage

An allocation of ₱3.5 billion is directed to finance business expansion, investments, and/or acquisitions, refinancing and other general corporate purposes.

Impact of projects financed

Additional 200 tons of coconut production per day

resulting in a total of **750 tons** of coconut production per day

Additional 2.7 million additional Lkg bags of sugar produced

Agriculture and Fisheries

The allocated amount of ₱2.12 billion was used to finance business expansion, investments, and/or acquisitions, refinancing and other general corporate purposes.

Specifically, the financed projects were used for the following:

- 1) provide additional access to affordable, safe, nutritious, and sufficient food;
- 2) create employment from agricultural projects and/or using improved farming/fishing technology;
- 3) cultivate additional hectares of land/water cultivated/ developed to increase production; and
- 4) increase production of Fair-Trade certified products.

Impact of projects financed

↑ 685,345 cans / day

in canning capacity from **750K cans** per day

Pro-rated from a total increase of 750K cans per day

910 people

benefiting from agricultural projects and/or using improved farming/fishing technology

Pro-rated from a total of 1,000 beneficiaries

274 metric tonnes (MT)

additional production of fish per day

Pro-rated from a total of 300 beneficiaries

10,200 MT

of total fish catch annually

3,640,000 birds

harvested annually

↑ 1,680,000 additional birds

in addition to **1,960,000 birds** harvested annually

19,000 MT

additional bananas produced annually

331,000 MT

total bananas produced in 2022 up from **312,000 MT** bananas produced in 2019

6,500 employees

provided employment

6,600 hectares

total planted area

360 MT

additional metric tons of rice produced per day

19 hectares

total poultry farm cultivated

↑ 1,017 MT

additional fish catch after purchase of new vessel, for a total of 10,200 MT

5,200,000

individuals provided access to food from Davao Region

GREEN PROJECTS

Renewable Energy

Achieving energy security in the Philippines requires a multifaceted approach that emphasizes the adoption of renewable energy sources and the development of energy-efficient green buildings, among key actions.

Renewable energy is central to the Philippines' sustainable development, economic growth, and resilience. The Department of Energy (DOE) 2024 sets these key targets:

- Increase the share of renewable energy in the national energy mix to 50% by 2030.
- Expand the installed capacity of solar and wind energy to 6,000 MW and 5,000 MW, respectively.
- Promote the development of biomass energy, targeting a capacity of 1,000 MW by 2030.
- Enhance the resilience of the energy infrastructure by incorporating climate-resilient technologies and practices.

Energy-efficient green buildings play a pivotal role in reducing energy consumption and promoting sustainability. By incorporating innovative design and construction practices, green buildings can minimize energy use, lower operating costs, and provide healthier living environments.



Renewable Energy

BDO's ASEAN Sustainability Bond supports the expansion of renewable energy sources, such as hydro, solar, wind, biomass, biogas and biogas power, reducing greenhouse gas emissions and promoting sustainable energy practices. By financing renewable energy, the Philippines can reduce its reliance on imported fossil fuels, mitigate the impacts of climate change.

Impact of projects financed

14

renewable energy projects funded

640,104.51 tonnes

of carbon dioxide emission avoided annually

1,536,662.64 MW

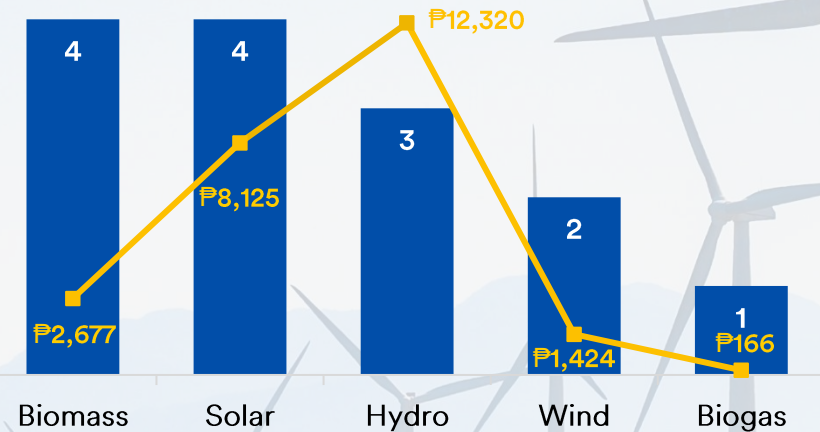
annual renewable energy generation

501.9 MW

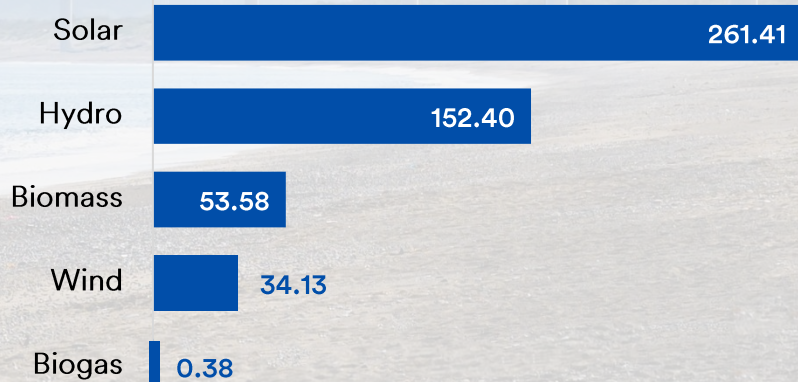
renewable energy capacity added

Count of projects and allocated amount per type of renewable energy

■ Count of projects ■ Allocated amount in millions Php



Total renewable energy added per type of renewable energy in megawatts (MW)



Clean Transport

The National Adaptation Plan (NAP) of the Philippines underscores the urgent need for climate action and the development of sustainable transportation systems. This initiative aims to mitigate the harmful effects of climate change. In many countries, including the Philippines, transportation infrastructure is heavily reliant on road vehicles that predominantly use fossil fuels. This dependency has led to increased air pollution, greenhouse gas emissions, and traffic congestion. With the Philippines' urban population growing, the demand for efficient and clean transportation solutions has become more critical than ever. The transportation sector is a significant contributor to greenhouse gas emissions, accounting for about 23% of the world's total emissions. In the Philippines, the transportation sector contributed 31.6 million metric tons of CO₂ emissions in 2019¹.

The Philippine Energy Plan (PEP) 2023-2050 highlights the potential economic benefits of transitioning to renewable energy sources and clean transportation technologies. Investing in clean transportation infrastructure creates jobs, stimulates economic growth, and reduces the economic burden associated with health care costs due to pollution-related illnesses. According to the PEP, the clean transportation sector could create up to 500,000 new jobs by 2050.

¹ SLOCAT (2021), Tracking Trends in a Time of Change: The Need for Radical Action Towards Sustainable Transport Decarbonisation, Transport and Climate Change Global Status Report – 2nd edition, www.tcc-gsr.com



Impact of projects financed

22.8 kilometers
of new train lines

38,000 passengers
projected passenger peak-hour
capacity

300,000 passengers
projected initial passenger
count per day upon
operation

850,000 passengers
projected passenger count per
day in 12 years, including with
planned upgrades

Green Buildings

The sustainability bond proceeds went to the construction of sustainable infrastructure, which is crucial for urban growth and climate change resilience. An allocation of ₱5.31 billion financed green buildings.

465,627.26 sqm

gross Green Building area

230,636 cu.m.

annual water savings

0.90 cu.m.

average water efficiency per
sqm per year

115.69 kwh

average kwh per sqm per
year

Certifications acquired by financed green buildings

5-star

Building for Ecologically Responsive Design Excellence (BERDE)

Gold

LEED Building Design + Construction (BD+C)

Gold, Platinum

Leadership in Energy and Environmental Design (LEED)

Zero Carbon

Excellence in Design for Greater Efficiencies (EDGE)

Sustainable Water and Wastewater Management

The PDP 2023-2028 emphasizes that effective water management is essential for public health, agricultural productivity, and overall quality of life. By focusing on improving water infrastructure and adopting climate-resilient practices, the plan aims to mitigate the adverse effects of climate change, which threaten water availability and quality. The distribution of water resources is uneven across the archipelago, leading to regional disparities in water availability. Key statistics from the Philippine Water Supply and Sanitation Master Plan (PWSSMP) indicate:

- Total renewable water resources: Approximately 479 billion cubic meters (cu.m.) per year.
- Per capita water availability: Around 5,000 cu.m. per year, though this varies significantly by region.

While the Philippines has substantial water resources, challenges such as seasonal variability, climate change, and water pollution necessitate coordinated efforts and strategic investments. Sustainable finance initiatives are pivotal in mobilizing funds for improving infrastructure, adopting sustainable management practices, and fostering collaborative initiatives. This financial support is key to advancing technological innovations in water treatment and recycling, which are essential for conserving water resources and reducing environmental impact.

The ASEAN Sustainability Bond has financed projects that improve water quality, promote water conservation, and enhance wastewater treatment facilities.

The proceeds were allocated to sustainable water management projects with project lifetimes of 10 to 25 years to benefit more than 100,000 consumers, households, and commercial establishments and mitigate the consequences of floods and other natural hazards.

Impact of projects financed

2,691,200 cu.m.
annual absolute (gross)
water savings

146,814
consumers, households,
commercial establishments
provided access to clean
drinking water

Resource Efficiency and Pollution Prevention and Control

Waste Management and Resource – Efficiency

The PDP 2023 – 2028 acknowledges that local capacity constraints continue to impede effective solid and hazardous waste management. The ASEAN Sustainability Bond supported projects aimed at reducing resource consumption and pollution. Proceeds were allocated to waste management trucking facilities, as well as other waste management, process, and control equipment and facilities with a project lifetime of four years.

Impact of projects financed

2,100 tonnes

waste collected per day

75,298.43 tonnes CO₂e

annual GHG emissions
reduced



ANNEX

Annex A. References, Abbreviations and Definition of Terms

These accounts were selected based on the following reporting criteria/framework/policies.

1. Bangko Sentral ng Pilipinas (BSP) Circular 1085: Sustainable Finance Framework
2. BSP Circular 1159: Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing under Republic Act (R.A.) No. 11901 or "The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022
3. Department of Finance (DOF) Sustainable Finance Framework
4. Green Bond Principle (ICMA)
5. Social Bond Principal (ICMA)
6. Securities and Exchange Commission (SEC) Sustainable Finance Market Updates
7. BSP National Strategy for Financial Inclusion 2022 – 2028
8. Philippine Development Plan 2023 – 2028
9. S&P Market Intelligence

The following definition of terms shall apply, unless the context otherwise requires:

- a. ACMF refers to the ASEAN Capital Markets Forum
- b. ASEAN refers to the Association of Southeast Asian Nations
- c. ASEAN Sustainability Bond refers to bond which follow both the ASEAN Green Bond Standards (GBS) and the ASEAN Social Bond Standards (SBS), where the proceeds will be exclusively

applied to finance or refinance a combination of both Green and Social Projects that respectively offer environmental and social benefits.

- d. Issuer refers to a corporation that issues ASEAN Social Bond and includes both an ASEAN Issuer and a Non-ASEAN Issuer.
- e. Sustainability Bond Guidelines (SBG) refers to the voluntary process guidelines issued by the ICMA, as revised from time to time, that recommend transparency and disclosure, and promote integrity in the development of the social bond market
- f. Gross Building Area (GBA) corresponds to the total floor area in a building measured to the external walls.
- g. Energy Use - The annual energy input to the building to satisfy the energy needs associated with a typical use of the building and by the building services that provide an enabling environment in the building"
- h. Primary Energy Use - Energy from renewable and non-renewable sources used in buildings and which has not undergone any conversion or transformation process
- i. Final Energy Use - The total energy consumed by end-users in their building assets. It is the energy which reaches the final user's asset and excludes the energy used by the energy sector itself.

ANNEX B. Sustainability at BDO

BDO Sustainability Philosophy

We seek to achieve strategic resilience by incorporating sustainability principles in the way we do business and in everything we do — from making business decisions to assessing relationships to creating products.

BDO Sustainability Framework

The BDO Sustainability Framework defines the strategies that serve as guideposts in its journey towards, sustainability, anchored on the United Nations 17 Sustainable Development Goals (SDGs):



Product Sustainability Strategy
We create products and services which anticipate the evolving needs of our customers and support sustainable development goals. We develop our capabilities to understand our customers and reach the underserved markets with relevant products and services that meet their unique needs and ways of doing business.



Human Capital Sustainability Strategy
We develop leaders in the sustainability movement. We aim to grow a “can lead” workforce that adopts a sustainability mindset and thrives with innovative thinking and customer-focused attitude.



Sustainability Contribution Strategy
We support the achievement of national economic goals through financial inclusion and impact financing in infrastructure, eco-friendly solutions, green facilities, and disaster resilience initiatives.



Disaster Response Sustainability Strategy
We leverage our resources towards the relief, rehabilitation, and recovery of disaster-stricken communities.



Governance-Based Sustainability Strategy
We continuously enhance our corporate governance framework to sustain superior business performance anchored on the principles of accountability, transparency, integrity, and fairness, together with our partners.

ANNEX C. BDO Sustainable Finance Framework

The use of proceeds for BDO's ASEAN Sustainability Bond are based on two types of financing and contribute to the following SDGs and Targets:

Economic Dimension

BDO contributes to the country's sustained economic growth through the delivery of various banking products and services that help create a dynamic business environment, promote local and foreign investments, and accelerate economic activity.

The Bank's efforts include the following:

1. Support infrastructure development through loans for national projects, including transport, airports, and road networks
2. Promote the development of micro, small, and medium enterprises (MSMEs) through microfinance and small and medium enterprise (SME) loans
3. Empower Filipino consumers with affordable and flexible consumer loan packages as well as credit card products
4. Fosters banking habits through creation of innovative banking practices and financial products to meet needs of entrepreneurs and reach underserved markets through the Bank's branch network, digital banking channels (online and mobile banking, inclusive), automated teller machines, and the use of agency banking
5. Cultivates responsible investing by pioneering the introduction of the country's first ESG-themed Unit Investment Trust Fund

(UITF), which invests in companies that demonstrate notable sustainability practices

6. Contributes to nation-building through job creation and payment of taxes to the government²

Environmental Dimension

BDO is among the pioneers in promoting Renewable Energy and Energy Efficiency project financing in the Philippines, having instituted the Sustainable Energy Finance (SEF), later renamed the Sustainable Finance (SF) Program in 2010 in partnership with the International Finance Corporation (IFC), the private banking arm of the World Bank Group.

As of end 2023, the Bank's SF Program has funded 59 projects that advance energy efficiency and harness renewable energy (including solar, wind, hydro, geothermal, and biomass), with a total installed capacity of 2,377 MW.

The Bank's Environmental and Social Risk Management System (ESRMS) Policy draws from global and local regulatory standards, including those of IFC, the BSP, SEC, the Environmental Management Bureau, the Department of Environment and Natural Resources, Monetary Authority of Singapore (MAS), and the Hong Kong Monetary Authority (HKMA).

² Information on this can be found in the [BDO 2023 Sustainability Report](#)

Social Dimension

BDO empowers Filipino consumers, including the underserved and unserved segments, through financial products and services that provide accessibility, convenience, affordability, and reliability to meet their unique needs.

- BDO serves the Overseas Filipino Worker (OFW) community, today in excess of four (4) million, with the BDO Kabayan Savings Account, a deposit product with minimal documentary requirements for account opening and maintenance and designed to encourage OFWs to remit and save regularly through incentives of free life and accident insurance.
- Cash Agad, a mobile solution that allows all debit and prepaid cardholders to perform banking transactions through the use of a Point-of-Sale (POS) terminal deployed in partner agents such as sari-sari stores, pawnshops, and grocery stores, among others, has enabled access to financial services for people residing in rural and remote areas, some of whom have to ride a boat or travel far by land just to withdraw from an ATM.
- BDO also forged tie-ups with car dealerships, home developers, and retail stores to offer sustainable products, competitive rates, and faster service.
- BDO carries out its corporate citizenship initiatives through the BDO Foundation (BDOF) which develops and implements initiatives based on two key advocacies: (1) disaster response,

which includes relief, rehabilitation, and reconstruction programs; and (2) financial inclusion.

- Disaster response covers relief operations and the rehabilitation and reconstruction of rural health units, school buildings and classrooms in communities affected by natural or man-made disasters. The Foundation, in cooperation with various organizations and local government units (LGUs), has also constructed resettlement homes for families displaced by disasters, as well as multi-purpose halls that serve as evacuation centers, venues for community meetings as well as recreational areas.
- Financial inclusion was launched in 2018 with the Foundation's partnership with various institutions to promote financial literacy among targeted sectors, including public school teachers, students and non-teaching personnel, soldiers, government employees, firefighters, farmers, fisherfolk, and OFWs.

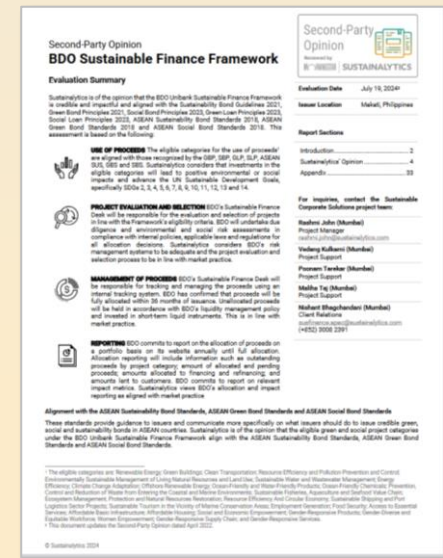
Governance Dimension

At BDO, corporate governance is about effective oversight to sustain superior business performance anchored on the principles of fairness, integrity, transparency, accountability, and performance. These principles are consistently applied throughout the organization to support our corporate objective of delivering long-term value to our stakeholders. BDO's strong reputation is built on a culture of ethics and responsible business conduct, underpinned by a well-structured and effective system of governance.

BDO's commitment to sustainability is fostered at the Board level, role modeled by senior executive leaders, executed by the business units and subsidiaries, and brought to life by BDO employees. Oversight for sustainability initiatives reside in four BDO Board Committees:

- The Executive Committee approves all sustainability programs across the BDO Group and their corresponding budgets for implementation
- The Corporate Governance Committee oversees sustainability initiatives related to the following sustainability programs updates: culture change towards a sustainability mindset for the organization; stakeholder communication; progress reporting on programs, metrics, and targets; and sustainability reporting.
- The Risk Management Committee oversees environmental, social, and governance risks in the Bank's risk management system, including climate change risks.
- The Board Audit Committee oversees internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability.

The President and CEO provides high level strategic direction on sustainability — from the articulation of the BDO Sustainability Strategies to key focus areas where the Bank has the most ESG impact. The CEO also approves the Bank's strategic external partnerships and commitments on sustainability on global, regional, and local levels. He is supported by the Sustainability Transition Steering Committee which oversees the Bank's policy formulations, programs review, and recommendations from the Sustainability Technical Working Groups, as the Bank transitions into a sustainable finance framework. The Steering Committee is composed of heads of business groups, support groups, and the BDO Foundation, whose work cover corporate governance, risk management, business strategy, operations, and corporate social responsibility. The Steering Committee meets on a quarterly basis, and as needed.



Use of Proceeds

The net proceeds of Green, Blue, Social, and Gender/Orange Bonds will finance or refinance eligible assets in 29 green, blue, social, and gender/orange categories based on the following standards:


- International Capital Market Association (ICMA)
 - Green Bond Principles
 - Social Bond Principles
 - Sustainability Bond Guidelines
- ASEAN Capital Markets Forum (ACMF)
 - Green Bond Standards
 - Social Bond Standards
 - Sustainability Bond Standards
 - Taxonomy for Sustainable Finance version 2
- Loan Marketing Association (LMA) / Asia Pacific Loan Market Association (APLMA) Green Loan Principles
- International Finance Corporation (IFC) Guidelines for Blue Finance
- Philippine Sustainable Finance Taxonomy Standards
- Department of Finance (DOF) Sustainable Finance Framework
- Securities and Exchange Commission (SEC) Guidelines on Eligible Green, Social, Sustainable, and Blue Projects and Activities for the issuance of Sustainable Finance instruments in the Philippines



In addition to the abovementioned standards, BDO included local regulatory compliance with statutes such as Republic Acts, Presidential Decrees, and Department Orders, as well as conformity with global standards such as those of LEED, IFC EDGE and EE, among the eligibility criteria for sustainable projects.



Eligible green assets require environmental benefits such as a reduced carbon footprint and vulnerability of communities to climate change. Eligible social assets require positive social outcome for the impoverished, excluded, marginalized, vulnerable, disabled, undereducated, underserved and unemployed populations. All designated green and social assets shall provide clear environmental and social benefits, which will be assessed and quantified by BDO.

Green Finance

Use of Proceeds Categories

Green Project Category	Eligibility Criteria	Alignment with SDGs
Renewable Energy	<p>Acquisition, development, operation, or maintenance of new and ongoing renewable energy generation or transmission projects supporting infrastructure, including the following technologies:</p> <ul style="list-style-type: none"> • Biomass and biogas projects that meet the following criteria: <ul style="list-style-type: none"> ○ For electricity generation-Lifecycle GHG emission intensity below 100gCO₂e/kWh ○ Production of biomass feedstock does not take place on land with high biodiversity (at least within the last 10-15 years) ○ Land with a high amount of carbon has not been converted for biofuel feedstock production; and/or ○ No competition with food • Geothermal (< 100gCO₂/kWh) • Hydro projects that meet one of the following criteria: <ul style="list-style-type: none"> ○ Run-of-river without an artificial reservoir or with low storage capacity, or ○ Life cycle carbon intensity of <50gCO₂e/ kWh, or ○ Power density greater than 10 W/m²: • Solar • Wind sources <p>Offshore renewable energy facilities</p> <ul style="list-style-type: none"> • Offshore wind energy facilities that do not harm marine ecosystems and may include fisheries' sanctuaries for juveniles of certain marines, substantial artificial reef elements and other additional measures promoting marine biodiversity. <p>Ancillary services, including:</p>	



Green Project Category	Eligibility Criteria	Alignment with SDGs
	<ul style="list-style-type: none"> • Engineering • Construction • Transmission and distribution such as: <ul style="list-style-type: none"> ○ Construction of substation and distribution network that aim to reduce the curtailment of renewable energy into the grid ○ Electrical grid development and maintenance, which is dedicated to connect renewables to the power grid • Installation • Maintenance of power plants aimed at enhancing the life or value of the asset <p>Power-to-hydrogen energy storage (the process must be through water electrolysis to be considered as eligible)</p>	
Green Buildings	<p>Construction, and renovation, of residential or commercial buildings that have achieved one of the following minimum certification levels:</p> <ul style="list-style-type: none"> • BREEAM (Excellent or above) • LEED (Gold or above) • Philippines Green Building Rating System (BERDE) (4 star or above) • IFC EDGE (Certified, or above) 	 <p>A grid of six Sustainable Development Goal (SDG) icons: 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action), and 15 (Life on Land).</p>
Clean Transportation	<p>Procurement, development and manufacturing facilities considering the following criteria:</p> <ul style="list-style-type: none"> • Electric vehicles (EV) such as electric buses, rail, trains, metros, ferry and small boats • Multi-modal, transport terminal 	 <p>Two Sustainable Development Goal (SDG) icons: 11 (Sustainable Cities and Communities) and 13 (Climate Action).</p>

Green Project Category	Eligibility Criteria	Alignment with SDGs
	<ul style="list-style-type: none"> • Railways complying with the direct emission threshold of: <ul style="list-style-type: none"> ○ 50 gCO₂e/pkm or below for passenger transport ○ 25 gCO₂e/tkm or below for freight rail • EV charging and battery charging stations 	
Resource Efficiency and Pollution Prevention and Control	<p>Projects related to soil remediation, waste prevention, reuse and recycling, considering the following:</p> <ul style="list-style-type: none"> • Development and production of environmentally sustainable products and material such as recycled metals, paper, and plastics • Biodegradable packaging whose process are certified by Roundtable on Sustainable Biomaterials (RSB) • Investment in projects that support recycling of food and agricultural wastes through composting 	
Sustainable Water and Wastewater Management	<p>Sustainable infrastructure for:</p> <ul style="list-style-type: none"> • Clean water infrastructure including drinking water treatment and storage facilities, and existing water infrastructure upgrades that will target at least 20% water savings per unit of service compared to a documented baseline • Desalination facilities that are powered either by electricity with an average carbon intensity lower than 100 gCO₂e/kWh or by low-carbon sources, such as renewables. • Wastewater treatment infrastructure including the treatment of industrial, agribusiness, commercial, residential or city level wastewater, with the exclusion of the treatment of wastewater from fossil fuel operations and industrial livestock facilities 	

Green Project Category	Eligibility Criteria	Alignment with SDGs
	<ul style="list-style-type: none"> • Installation of biogas and heat exchange systems in wastewater treatment facilities to increase efficiencies by recycling • Other water related projects including: <ul style="list-style-type: none"> ○ sustainable urban drainage systems ○ retrofit of water supply systems and existing water treatment infrastructure ○ water recycling projects including water recycling service providers, and tools and equipment to improve delivery service and water efficiency for residential and commercial buildings ○ rainwater collection systems ○ flooding mitigation system with a vulnerability assessment and an adaptation and management response plans in place 	

Social Finance

Use of Proceeds Categories

Social Project Category	Eligibility Criteria	Alignment with SDGs
Employment Generation	<p>Through the potential effect from financing MSMEs that fall within the ambit of prescribed regulations enforced by the Bangko Sentral ng Pilipinas, including those which are female-led or founded, smallholder farmer associations and cooperatives engaged in production, retail, wholesale, and trading</p> <p>Additionally, MSMEs that have been impacted by disasters or crises with significant consequences on infrastructure, economy or public health.</p>	
Food Security	<p>Eligible projects include provision of loans to small-scale farmers or financing of infrastructure, equipment, facilities or technology aimed at reducing food loss and waste, improving productivity and access to markets of small-scale producers or supporting farmers to food security.</p>	

The other eligible categories under the Green, Blue, Social, and Gender/Orange financing not presented above can be found in BDO's SFF³.

As of December 31, 2023, BDO funded ₱898 billion in sustainable finance, including loans to help finance 59 renewable energy projects. BDO Sustainable Finance continues to catalyze a green recovery by financing innovative projects and pioneering financial instruments, contributing to the development of a sustainable financial value chain.

³ BDO Unibank Inc. [Sustainable Finance Framework](#) as of July 2024

Exclusion List

The following activities do not qualify under the Sustainable Finance Framework:

- a. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- b. Production or trade in weapons and munitions⁴.
- c. Production or trade in alcoholic beverages (excluding beer and wine)²
- d. Production or trade in tobacco⁵.
- e. Gambling, casinos and equivalent enterprises⁶.
- f. Any business related to pornography and/or prostitution;
- g. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- h. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- i. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- j. Production or activities involving harmful or exploitative forms of forced labor⁷/harmful child labor⁸.
- k. Commercial logging operations for use in primary tropical moist forest.
- l. Production or trade in wood or other forestry products other than from sustainably managed forests.
- m. Activities involving
 - i. involuntary resettlement,
 - ii. risk of adverse impacts on indigenous peoples,
 - iii. significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or
 - iv. significant occupational health and safety risks
- n. Fossil-fuel power generation and transmission projects and activities dedicated to support the expansion of fossil fuel-based technologies are excluded from eligible green use of proceeds.

⁴ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. Note that the highest contributor to topline revenues determine the industry classification and the Bank's SEMS is mapped to industry classification.

⁵ Ibid.

⁶ Ibid., 2

⁷ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

⁸ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

Annex D. The ASEAN Sustainability Bond

The ASEAN Sustainability Bond Standards

The ASEAN Sustainability Bond is a financial instrument aimed at supporting projects that provide environmental and social benefits in the ASEAN region. These bonds comply with the ASEAN Sustainability Bond Standards, which were established to promote sustainable finance and ensure transparency and accountability in the use of proceeds. The standards acknowledge that some Green Projects may have social co-benefits, while some Social Projects may have environmental co-benefits. The Issuer is responsible for determining whether a use of proceeds bond qualifies as a Green Bond, Social Bond, or Sustainability Bond based on the primary objectives of the underlying projects.

As of September 2024, the Philippines remained the second leading issuer of ASEAN-labelled GSS+ bonds, with no new issuances reported. Similarly, none of the five remaining ASEAN countries issued new bonds; however, Malaysia reported issuances from August, totaling USD 402.55 million.

According to the Securities and Exchange Commission's (SEC) sustainable finance market update for September 2023, the total ASEAN-labelled Green, Social, and Sustainability Bonds issued amounted to USD 41.33 billion, of which USD 10.01 billion or 24% were issued by Philippine companies. This amount has since increased to

USD 56.50 billion, with Philippine issuers accounting for 27% of the total amount issued.

Based on the number of issuers by industry, the banking sector had the highest number with seven issuances, followed by real estate, renewable energy, and electric utilities with two issuances each. Other issuers include single entities from consumer services, water utilities, supranational, and the national government.



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