

Second-Party Opinion

BDO Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the BDO Unibank Sustainable Finance Framework is credible and impactful and aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, Social Loan Principles 2023, ASEAN Sustainability Bond Standards 2018, ASEAN Green Bond Standards 2018 and ASEAN Social Bond Standards 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the GBP, SBP, GLP, SLP, ASEAN SUS, GBS and SBS. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14.



PROJECT EVALUATION AND SELECTION BDO's Sustainable Finance Desk will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. BDO will undertake due diligence and environmental and social risk assessments in compliance with internal policies, applicable laws and regulations for all allocation decisions. Sustainalytics considers BDO's risk management systems to be adequate and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS BDO's Sustainable Finance Desk will be responsible for tracking and managing the proceeds using an internal tracking system. BDO has confirmed that proceeds will be fully allocated within 36 months of issuance. Unallocated proceeds will be held in accordance with BDO's liquidity management policy and invested in short-term liquid instruments. This is in line with market practice.



REPORTING BDO commits to report on the allocation of proceeds on a portfolio basis on its website annually until full allocation. Allocation reporting will include information such as outstanding proceeds by project category; amount of allocated and pending proceeds; amounts allocated to financing and refinancing; and amounts lent to customers. BDO commits to report on relevant impact metrics. Sustainalytics views BDO's allocation and impact reporting as aligned with market practice

Alignment with the ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards

These standards provide guidance to issuers and communicate more specifically on what issuers should do to issue credible green, social and sustainability bonds in ASEAN countries. Sustainalytics is of the opinion that the eligible green and social project categories under the BDO Unibank Sustainable Finance Framework align with the ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards.

Second-Party Opinion

Reviewed by:

Evaluation Date July 19, 2024²

Issuer Location Makati, Philippines

Report Sections

Introduction.....	2
Sustainalytics' Opinion	4
Appendix	33

For inquiries, contact the Sustainable Corporate Solutions project team:

Rashmi John (Mumbai)
Project Manager

rashmi.john@sustainalytics.com

Vedang Kulkarni (Mumbai)
Project Support

Poonam Tarekar (Mumbai)
Project Support

Maliha Taj (Mumbai)
Project Support

Nishant Bhagchandani (Mumbai)
Client Relations
susfinance.apac@sustainalytics.com
(+852) 3008 2391

¹ The eligible categories are: Renewable Energy; Green Buildings; Clean Transportation; Resource Efficiency and Pollution Prevention and Control; Environmentally Sustainable Management of Living Natural Resources and Land Use; Sustainable Water and Wastewater Management; Energy Efficiency; Climate Change Adaptation; Offshore Renewable Energy; Ocean-Friendly and Water-Friendly Products; Ocean-Friendly Chemicals; Prevention, Control and Reduction of Waste from Entering the Coastal and Marine Environments; Sustainable Fisheries, Aquaculture and Seafood Value Chain; Ecosystem Management, Protection and Natural Resources Restoration; Resource Efficiency And Circular Economy; Sustainable Shipping and Port Logistics Sector Projects; Sustainable Tourism in the Vicinity of Marine Conservation Areas; Employment Generation; Food Security; Access to Essential Services; Affordable Basic Infrastructure; Affordable Housing; Social and Economic Empowerment; Gender-Responsive Products; Gender-Diverse and Equitable Workforce; Women Empowerment; Gender-Responsive Supply Chain; and Gender-Responsive Services.

² This document updates the Second-Party Opinion dated April 2022.

Introduction

BDO Unibank, Inc. (“BDO” or the “Bank”) is a global bank offering a range of financial services, including corporate and consumer lending, deposit-taking, foreign exchange, brokering, trust and investments, credit cards, retail cash cards, corporate cash management and remittances. Headquartered in Makati, Philippines, the Bank employs 41,647 employees globally and operates more than 1,700 branches, more than 5,500 ATMs and 16 international offices as of December 2023.³

BDO has developed the BDO Unibank Sustainable Finance Framework dated July 2024 (the “Framework”) under which it intends to issue green, blue, social, gender, orange and sustainability bonds and loans, and other debt financing instruments.⁴ BDO intends to use the proceeds to finance or refinance, in whole or in part, existing and future projects intended to contribute to creating positive environmental and social impacts in the Philippines in relation to ecological sustainability, ocean health, social well-being, community development and women’s empowerment. The Framework defines eligibility criteria in 29 areas:

Green categories:

1. Renewable Energy
2. Green Buildings
3. Clean Transportation
4. Resource Efficiency and Pollution Prevention and Control
5. Environmentally Sustainable Management of Living Natural Resources and Land Use
6. Sustainable Water and Wastewater Management
7. Energy Efficiency
8. Climate Change Adaptation

Blue categories:

9. Sustainable Water and Wastewater Management
10. Offshore Renewable Energy
11. Ocean-Friendly and Water-Friendly Products
12. Ocean-Friendly Chemicals
13. Prevention, Control and Reduction of Waste from Entering the Coastal and Marine Environments
14. Sustainable Fisheries, Aquaculture, and Seafood Value Chain
15. Ecosystem Management, Protection and Natural Resources Restoration
16. Resource Efficiency and Circular Economy
17. Sustainable Shipping and Port Logistics Sector Projects
18. Sustainable Tourism in the Vicinity of Marine Conservation Areas

Social categories:

19. Employment Generation
20. Food Security
21. Access to Essential Services
22. Affordable Basic Infrastructure
23. Affordable Housing
24. Social and Economic Empowerment

Orange categories:

25. Gender-Responsive Products
26. Gender-Diverse and Equitable Workforce
27. Women Empowerment
28. Gender-Responsive Supply Chain
29. Gender-Responsive Services

BDO engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG),

³ BDO, “Annual Report”, (2023) at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/investor-relations/financials/pdf/quarterly-reports/2023/BDO%20Unibank%202023%20Annual%20Report.pdf>

⁴ Sustainalytics’s Second-Party Opinion applies only to the instruments expressly cited in the Framework.

Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),⁵ Green Loan Principles 2023 (GLP), Social Loan Principles 2023 (SLP),⁶ ASEAN Sustainability Bond Standards 2018 (ASEAN SUS), ASEAN Green Bond Standards 2018 (GBS) and ASEAN Social Bond Standards 2018 (SBS).⁷ The Framework has been published in a separate document.⁸

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁹ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA; and ASEAN Sustainability Bond Standards 2018, ASEAN Green Bond Standards 2018, and ASEAN Social Bond Standards 2018;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of BDO's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. BDO representatives have confirmed (1) they understand it is the sole responsibility of BDO to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BDO.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BDO has made available to Sustainalytics for the purpose of this Second-Party Opinion.

⁵ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁶ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ The ASEAN Sustainability Bond Standards (ASEAN SUS), ASEAN Green Bond Standards (GBS), and ASEAN Social Bond Standards (SBS) are administered by the ASEAN Capital Markets Forum and are available at: <https://www.theacmf.org/sustainable-finance/publications>

⁸ The BDO Unibank Sustainable Finance Framework is available on BDO's website at: <https://www.bdo.com.ph/about-bdo/sustainability>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the BDO Unibank Sustainable Finance Framework

Sustainalytics considers the BDO Unibank Sustainable Finance Framework to be credible, impactful and aligned with the four core components of the GBP, SBP, GLP, SLP ASEAN SUS, GBS and SBS. Sustainalytics notes that in addition to these principles, BDO intends to align the Framework with the: i) ASEAN taxonomy for Sustainable Finance;¹⁰ ii) IFC Guidelines for Blue Finance;¹¹ iii) Philippine Sustainable Finance Taxonomy Standards;¹² iv) Department of Finance Sustainable Finance Framework; and v) 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.¹³ Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories are aligned with those recognized by the GBP, SBP, GLP, SLP, ASEAN SUS, GBS and SBS. The eligible categories are: Renewable Energy; Green Buildings; Clean Transportation; Resource Efficiency and Pollution Prevention and Control; Environmentally Sustainable Management of Living Natural Resources and Land Use; Sustainable Water and Wastewater Management; Energy Efficiency; Climate Change Adaptation; Offshore Renewable Energy; Ocean-Friendly and Water-Friendly Products; Ocean-Friendly Chemicals; Prevention, Control and Reduction of Waste from Entering the Coastal and Marine Environments; Sustainable Fisheries, Aquaculture and Seafood Value Chain; Ecosystem Management, Protection and Natural Resources Restoration; Resource Efficiency And Circular Economy; Sustainable Shipping and Port Logistics Sector Projects; Sustainable Tourism in the Vicinity of Marine Conservation Areas; Employment Generation; Food Security; Access to Essential Services; Affordable Basic Infrastructure; Affordable Housing; Social and Economic Empowerment; Gender-Responsive Products; Gender-Diverse and Equitable Workforce; Women Empowerment; Gender-Responsive Supply Chain; and Gender-Responsive Services.
 - BDO has confirmed that the look-back period for refinancing will be three years, which Sustainalytics considers to be in line with market practice.
 - Sustainalytics notes that certain expenditures have been included under multiple categories in the Framework. BDO has confirmed to Sustainalytics that it will ensure that there will be no double counting of allocation and impact for the financed projects, activities and assets in its annual reporting.
 - Green Categories:
 - Under Renewable Energy, BDO may finance or refinance the development, acquisition, operation¹⁴ and maintenance of renewable energy generation, transmission infrastructure, technologies and energy storage systems related to biomass, biogas, geothermal, hydropower, solar photovoltaic, and offshore¹⁵ and onshore wind energy. The following eligibility criteria apply for this category:
 - Regarding biogas and biomass, life cycle greenhouse gas emissions intensity must be below 100 gCO₂e/kWh for electricity generation. BDO clarified that the feedstock may include agricultural waste, excluding waste from palm oil operations. In case of using

¹⁰ ASEAN Capital Market Forum, "ASEAN Taxonomy for Sustainable Finance version 2", at: <https://asean.org/wp-content/uploads/2023/03/ASEAN-Taxonomy-Version-2.pdf>

¹¹ IFC, "Guidelines for Blue Finance", (2022), at: <https://www.ifc.org/en/insights-reports/2022/guidelines-for-blue-finance>

¹² SEC Philippines, "Guidelines on the Philippine Sustainable Finance Taxonomy", at: https://www.sec.gov.ph/wp-content/uploads/2024/02/2024MC_SEC-MC-No.-5-S.-of-2024-Guidelines-on-the-Philippine-Sustainable-Finance-Taxonomy.pdf

¹³ SEC Philippines, "Guidelines on eligible blue projects and activities for the issuance of Blue bonds in the Philippines", at: https://www.sec.gov.ph/wp-content/uploads/2023/09/2023MC_SEC-MC-No.-15-s.-of-2023-Guidelines-on-Eligible-Blue-Projects-and-Activities-for-the-Issuance-of-Blue-Bonds-in-the-Philippines.pdf

¹⁴ The Bank has confirmed that eligible operating expenditures will be limited to those directly related to the operation of eligible renewable energy assets as defined in the Framework, including financing feedstock procurement, and qualified operation and maintenance service providers.

¹⁵ Eligible offshore wind energy facilities will not harm marine ecosystems and may include fisheries' sanctuaries, artificial reef elements and other support measures to promote marine biodiversity. BDO has confirmed that fisheries' sanctuaries for juveniles of certain marines will be in line with the sustainable fishery and aquaculture practices, such as those certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). In addition, BDO has also confirmed that marine protection measures will be carried out once feasibility and environmental and social impact assessments have been conducted.

non-waste biomass as feedstock, BDO has confirmed to Sustainalytics that feedstock used would not originate from: i) land with high biodiversity (within the last 10-15 years); ii) land that has been converted for energy crop production; and iii) feedstock that competes with food security. Sustainalytics encourages BDO to report on the sources of feedstock used in electricity generation facilities or biofuel production and to pursue third-party certifications to validate their sustainability credentials.

- Geothermal projects are limited to those with direct emissions lower than 100 gCO₂/kWh.
 - Hydropower projects will be eligible if they: i) are run-of-river facilities without an artificial reservoir or with low storage capacity; or ii) have a life cycle carbon intensity under 50 gCO₂e/kWh; or iii) have power density greater than 10 W/m². All new hydropower plants financed under the Framework will undergo environmental and social impact assessments to ensure there will be no significant risks or controversies related to the project.
 - Ancillary services, including the engineering, construction and installation of distributed assets for transmission and distribution (T&D) infrastructure that aim to reduce the curtailment of renewable energy to grids and the development of electrical grids dedicated to connecting renewable energy to the power grid. The Bank may also finance T&D system capacity and protection enhancement, including thyristor-controlled series capacitors, unified power flow controllers, switchyard facilities and energy-efficient power transformers.
 - BDO confirmed that all maintenance and operation expenditures are limited to those that extend the life cycle and value of eligible assets mentioned above.
 - Energy storage systems, including power-to-hydrogen through water electrolysis powered by renewables or other low-carbon energy sources with emissions intensity up to 100 gCO₂e/kWh.
 - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Green Buildings category, BDO may finance or refinance the construction and renovation of residential or commercial buildings that have achieved one of the following minimum certification levels: i) BREEAM Excellent;¹⁶ ii) LEED Gold;¹⁷ iii) Philippines Green Building Rating System (BERDE) 4 star;¹⁸ iv) IFC EDGE Certified.¹⁹ Sustainalytics considers these certification schemes to be credible and the levels selected as aligned with market practice.
 - Under the Clean Transportation category, BDO may finance or refinance the procurement, development and manufacturing of the following:
 - Electric vehicles (EVs), such as electric buses, rail, trains, metros, ferries and small boats.
 - Multimodal transport terminals. The Bank has confirmed to Sustainalytics that such infrastructure will be dedicated exclusively to low-carbon modes of transportation for passengers and freight.
 - Railways complying with the following direct emissions thresholds: i) up to 50 gCO₂e/pkm for passenger transport; and ii) up to 25 gCO₂e/tkm for freight. The Bank has confirmed to Sustainalytics that the Framework excludes expenditures in: i) freight transportation moving cargo with a share of fossil fuel freight higher than 25% in mass; and ii) tank containers which transport fossil fuels or fossil fuels blended with alternative fuels.
 - EV charging and battery charging stations. The Bank has confirmed to Sustainalytics that financing may involve infrastructure for battery swapping and exchange; parking facilities are excluded under the Framework.
 - BDO has confirmed to exclude manufacturing of the following: i) components wholly dedicated to or intended for ICE and CNG passenger cars and supply chain; and ii) procurement or production of battery components not intended for EV batteries and

¹⁶ BREEAM: <https://bregroup.com/products/breeam/>

¹⁷ LEED: <https://www.usgbc.org/leed>

¹⁸ BERDE: <https://berdeonline.org/>

¹⁹ EDGE: <https://edgebuildings.com/certify/certification/>

- renewable energy storage (batteries for laptop, phone or other electronic devices); and iii) ancillary parts, such as frames and seats.
- Sustainalytics considers investments in this category to be in line with market practice.
- Under the Resource Efficiency and Pollution Prevention and Control category, BDO may finance or refinance projects related to soil remediation, waste prevention, reuse²⁰ and recycling, subject to the following criteria:
 - Development and production of environmentally sustainable products and materials, such as recycled metals, paper and plastics.
 - BDO has confirmed to Sustainalytics that: i) recycling may include financing recycling plants that process scrap metals,²¹ plastic²² and paper; ii) appropriate segregation of non-recyclable and hazardous materials will be in place to ensure alignment with the waste hierarchy; and iii) recycling of e-waste will be supported by a robust waste management process to mitigate associated environmental risks.
 - Collection vehicles dedicated to waste collection and transport will be limited to: i) light trucks that are fully electric, including battery-electric vehicles (BEVs), those powered by hydrogen and fuel cell electric vehicles (FCEVs); ii) traditional or plug-in hybrid electric vehicles (PHEVs) with direct emissions below 75 gCO₂e/km or 120.70 gCO₂/mile, based on the New European Driving Cycle (NEDC)²³ lab test procedure; and iii) heavy trucks with direct emissions below 25 gCO₂/tkm or 40.23 gCO₂/tmi. The Bank has confirmed to Sustainalytics that the above thresholds apply to individual waste collection vehicles and will not be considered at a portfolio or fleet level.
 - Biodegradable packaging certified by Roundtable on Sustainable Biomaterials (RSB).²⁴ BDO has communicated to Sustainalytics that bio-based materials may include: i) corn, sugar cane, sugar beets, cassava and maize; and ii) bioplastic and biopolymers. The Bank has confirmed to Sustainalytics that: i) production will use at least 90% bio-based input; ii) such biogenic input will be sourced sustainably; and iii) financing will exclude production of plastic packaging intended for single-use consumer products.
 - Investment in projects that support recycling of food and agricultural wastes through composting. The Bank has confirmed that agricultural waste which includes palm kernel shells and waste from palm oil operations not certified by the Roundtable on Sustainable Palm Oil (RSPO)²⁵ will be excluded.
 - BDO has confirmed the exclusion of the following activities: i) soil remediation projects that offset contamination or negative environmental impacts from the Bank's borrowers' own activities; ii) activities that support reuse, refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or those that inherently rely on fossil fuels; and iii) products specifically intended for fossil fuel operations or those that are reliant on fossil fuel.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under Environmentally Sustainable Management of Living Natural Resources and Land Use, BDO may finance or refinance agricultural production, climate smart farm inputs, forestry (including reforestation and preservation of natural resources), and sustainable fishery and aquaculture projects. The following eligibility criteria apply for this category:
 - Sustainable agriculture production must use third-party certification schemes such as USDA Organic²⁶ and EU Organic.²⁷ In case of using other certification schemes with

²⁰ BDO has confirmed that the activity supporting reuse result in products being put back to their original use with very minimal or without any further pre-processing required.

²¹ Recycling plants for scrap metal would entail those that separate ferrous and non-ferrous metals.

²² Financing will be limited to projects that involve mechanical plastic recycling processes.

²³ BDO intends to employ the NEDC as a test procedure to determine if vehicles are below the 75 gCO₂e/km threshold. Sustainalytics considers best practice to use the World Harmonized Light-duty Vehicle Test Procedure (WLTP), as it replicates realistic driving conditions and yields more accurate emissions results.

²⁴ RSB, at: <https://rsb.org/?msclkid=e8ed6e87c6cc11ec88b92ee2d6d3952a>

²⁵ RSPO, at: <https://rspo.org/why-sustainable-palm-oil/legislation/>

²⁶ USDA Organic Certification, at: <https://www.usda.gov/topics/organic>

²⁷ EU Organic Certification, at: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en

equivalent performance standard, Sustainalytics encourages BDO to disclose the selected certification schemes prior to issuance for transparency.

- Climate smart inputs are aligned with the definition of the UN Food and Agriculture Organization²⁸ and may include the following projects: i) biological crop protection practices and adoption of wild animal species that provide biological pest control; ii) organic fertilizers, composting of manure²⁹ and use of biodigesters; iii) recycling of agricultural by-products and waste as farm inputs; iv) development³⁰ of high-yielding crops and crops for optimized nutrient use v) crop rotation and site-specific nutrient management in crop production; vi) adoption of integrated crop-livestock systems; vii) water-efficient irrigation measures, including constructing water harvesting ponds for supplemental irrigation of crops; viii) use of solar energy to power irrigation pumps; and xi) reduction of overcapacity of the fishing fleet and adoption of efficient engines in fishing vessels. Sustainalytics notes the following:
 - The Framework excludes livestock management projects for industrial-scale meat processors or producers.
 - Financing integrated cropland-livestock forestry systems (ICLFS) and agroforestry projects for smallholder farmers. Sustainalytics recognizes that ICLFS and agroforestry projects encompass a diversified production strategy that aims to enhance agricultural productivity and have been demonstrated to reduce the vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change effects. However, such integrated projects could face certain barriers,³¹ especially related to their effective adoption at farm level, as well as their overall potential for achieving a net reduction in methane emissions from livestock production.³²
 - Forestry projects will either be subject to environmental management plans for smallholders³³ or those certified under Forest Stewardship Council (FSC),³⁴ Programme for the Endorsement of Forest Certification (PEFC)³⁵ or Sustainable Forestry Initiative (SFI).³⁶ Sustainalytics notes that reforestation and afforestation projects will use tree species well adapted to local conditions, and have sustainable management plans in place, or have an FSC or PEFC certification.
 - Aquaculture facilities will be certified by the Aquaculture Stewardship Council (ASC),³⁷ and fishery operations will be certified by the Marine Stewardship Council (MSC).³⁸
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under Sustainable Water and Wastewater Management, BDO may finance or refinance sustainable infrastructure in accordance with the below criteria:
 - Clean water infrastructure, including drinking water treatment and storage facilities, and existing water infrastructure upgrades targeting at least 20% water savings per unit of service compared to a documented baseline.
 - Desalination facilities powered either by electricity with an average carbon intensity lower than 100 gCO₂e/kWh or by low-carbon sources, such as renewables. Additionally, the Framework limits financing to facilities that have an environmental risk mitigation strategy ensuring appropriate brine disposal.

²⁸ Climate Smart Farm Inputs, UN Food and Agriculture Organization, at: <http://www.fao.org/3/ca6043en/ca6043en.pdf>.

²⁹ BDO has confirmed that manure for use in biodigesters, will not be derived from large scale livestock operations.

³⁰ BDO had confirmed the exclusion of genetically modified crops.

³¹ The adoption of integrated crop-livestock systems is influenced by several factors, including the “costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labor, access to information and know-how, as well as the willingness to diversify production.” Gil, JDB et al. (2016), “Determinants of crop-livestock integration in Brazil: Evidence from the household and regional levels”, Land Use Policy, at: https://www.bu.edu/gdp/files/2018/02/Gil_Garrett_et_al_2016_Determinants-of-ICLS.pdf

³² IPCC, “Land-Climate Interactions”, (2019), at: https://www.ipcc.ch/site/assets/uploads/2019/08/2c.-Chapter-2_FINAL.pdf

³³ BDO identifies “small-scale farmers” as “farmers owning and farming up to 3 hectares.”

³⁴ Forest Stewardship Council, at: <https://fsc.org/en/about-us>

³⁵ Programme for the Endorsement of Forest Certification, at: <https://www.pefc.org/>

³⁶ Sustainable Forestry Initiative, Standards, at: <https://www.scsglobalservices.com/services/sfi-forestry-certification-services>

³⁷ Aquaculture Stewardship Council, at: <https://www.asc-aqua.org/>

³⁸ Marine Stewardship Council, at: <https://www.msc.org/>

- 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-scale livestock facilities.
- Installation of biogas and heat exchange systems in wastewater treatment facilities to increase efficiency by recycling. BDO has confirmed to Sustainalytics that biogas will be produced from wastewater as feedstock and that eligible heat exchange systems will include absorption heat pumps driven by solar-heated water, or geothermal-heated water.
- Other water-related projects include: i) sustainable urban drainage systems; ii) retrofit of water supply systems and existing water treatment infrastructure; iii) water recycling projects, such as water recycling service providers; and tools and equipment to improve delivery and water efficiency for residential and commercial buildings; iv) rainwater collection systems; and v) flood mitigation systems with a vulnerability assessment and an adaptation and management response plan in place.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under Energy Efficiency, BDO has confirmed that the eligible projects financed will not be used to support processes that are inherently carbon intensive or are powered by fossil fuels. Eligible projects may include the following activities:
 - Building energy efficiency upgrades, including: heating, ventilation and air-cooling systems (HVAC); energy-efficient motors, water pumps and glazing; thermostatic valves, solar thermal water heaters for commercial, industrial and own-use solar photovoltaic pumps, and energy audits. Sustainalytics considers these investments to be aligned with market practice.
 - Equipment optimizing electricity consumption, such as IEA-certified soft starters, sensors, and programable switching devices. Sustainalytics considers these investments to be aligned with market practice.
 - Energy efficiency upgrades in transmission and distribution infrastructure to connect renewables to the grid, including power substation facility upgrades using efficient transformers and smart meters, and smart grid systems designed to improve grid efficiency, such as wide area monitoring system components and measurement equipment, advanced or smart meters, monitoring and control automation devices and big data or computing platforms. Sustainalytics considers these investments to be aligned with market practice.
 - Energy storage systems, including battery energy storage systems, power-to-hydrogen storage³⁹ and pumped hydro storage and flywheel systems. BDO has confirmed that an environmental impacted assessment will be carried out for new pumped hydro storage projects. Sustainalytics notes that some of the energy storage systems may be connected with the Philippine's existing grid, which has a 26.6% renewable energy share.⁴⁰ Sustainalytics recognizes the critical need to expand utility-scale storage systems to enable the expansion of renewable energy, noting that the environmental benefit of storage systems depends on the carbon intensity of the grid to which they are connected, and that deploying such assets to carbon-intensive grids or associated systems may result in increased emissions. Sustainalytics encourages the Bank to prioritize the installation of storage systems on grids that follow a credible decarbonization pathway⁴¹ and to report on the positive impact of such installations, where feasible.
- Under the Climate Change and Adaptation category, BDO may finance or refinance expenditures related to building climate resilience and improving disaster reduction risk management (DRRM)

³⁹ Sustainalytics notes that the power-to-hydrogen systems listed under Energy Efficiency must meet the criteria in the Renewable Energy category.

⁴⁰ Statista, "Share of electricity capacity of renewable energy in the Philippines from 2013 to 2023", at: <https://www.statista.com/statistics/1268050/philippines-electricity-capacity-of-renewables/#:~:text=In%202023%2C%20renewable%20energy%20sources,higher%20than%20the%20previous%20year.>

⁴¹ Sustainalytics considers a transmission and distribution grid to be aligned with a credible decarbonization pathway if it meets either of the following criteria: i) more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO₂e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; or ii) the average system grid emissions factor is below the threshold of 100 gCO₂e/kWh, over a rolling five-year period.

for climate-related disasters or events that occur in the Philippines, such as landslides, floods, typhoons, earthquakes, volcanic eruptions, and El Niño and La Niña effects. These projects include:

- Projects to build resilience of biological and ecological systems against climate change impacts or events, including: i) construction and rehabilitation of flood mitigation structures and drainage systems; ii) flood defence systems; and iii) early warning systems to raise awareness and preparedness. BDO has confirmed to Sustainalytics that these projects will be based on a climate risk vulnerability assessment and related adaptation plan.
 - Projects to implement repair and recovery measures and improve DRRM systems, such as:
 - Provision equipment for rescue and search operations.
 - Technologies to improve the communication for more efficient management of relief operation and real time responses.
 - Transport facilities dedicated to disaster risk preparedness.
 - Establishment of disaster operation and evacuation centres.
 - Repair of infrastructure related to: i) telecom, energy generation and transmission lines, excluding infrastructure powered by fossil fuel and ii) roads and bridges in disaster-stricken regions that are under “state of calamity” as defined by the Philippine Disaster Risk Reduction and Management Act of 2010.⁴² BDO has confirmed to Sustainalytics that the infrastructure projects financed under the Framework will undergo an assessment to identify the need for repair measures, such as in regions with significant impairment in connectivity for residents.⁴³
 - Finance for the recovery of business operations, targeting SMEs impacted by a disaster (as described above), including those in agriculture.
 - Sustainalytics notes that the Philippines is located in a region that is highly vulnerable to climate change impacts. According to the Global Climate Risk Index 2020, the Philippines ranked among the top-10 most-affected countries by extreme climate events from 1999 to 2018, and first in terms of the number of people affected by natural hazards.⁴⁴ Based on the above, Sustainalytics notes that financing projects related to resilience building and recovery measures in the Philippines is expected to maximize environmental and social impacts, and therefore, Sustainalytics considers such expenditures to be in line with market practice.
- Blue Categories:
 - Under Sustainable Water and Wastewater Management, BDO may finance or refinance projects and activities listed and assessed under the Green categories in the Sustainable Water and Wastewater Management category. Sustainalytics considers investment under this activity to be aligned with market practice.
 - Under Offshore Renewable Energy, BDO may finance or refinance offshore wind energy facilities meeting the criteria in the Renewable Energy category. Sustainalytics considers investment under this activity to be aligned with market practice.
 - Under Ocean-Friendly and Water-Friendly Products, BDO may finance or refinance research and development (R&D),⁴⁵ design and manufacturing of environmentally friendly products, meeting the following criteria:
 - Alternative low-carbon and biodegradable materials and fibres⁴⁶ (e.g. lyocell) to fossil-based fibres (e.g. polyester) used in medical, apparel and other industries. BDO has confirmed that: i) the alternative low-carbon and biodegradable fibres and bio-based materials may include sustainably sourced abaca and fruit fibres, such as from banana, bamboo and pineapple, that have received RSB certification; and ii) financing will be

⁴² Government of the Philippines, “Republic Act no. 10121, Philippine Disaster Risk Reduction and Management Act of 2010”, at: <https://www.ifrc.org/docs/idrl/878en.pdf>

⁴³ National Disaster Risk Reduction and Management Council, “National Disaster Risk Reduction and Management Plan, 2020 – 2030”, (pages 61 to 62), at: <https://ndrrmc.gov.ph/attachments/article/4147/NDRRMP-Pre-Publication-Copy-v2.pdf>

⁴⁴ ASEAN, “ASEAN State of Climate Change Report”, at: https://asean.org/wp-content/uploads/2021/10/ASCCR-e-publication-Correction_8-June.pdf

⁴⁵ BDO has confirmed to Sustainalytics that R&D expenditures under this activity will be limited to products that are in the later stages of development.

⁴⁶ BDO has confirmed to Sustainalytics that the alternative low-carbon and biodegradable fibres and materials considered under this activity will be limited to recycled, waste or bio-based materials.

- limited to integrated mills that use induction technology to produce biodegradable or bio-based products from scrap or from bio-based input while reducing GHG emissions. Sustainalytics considers such expenditures to be in line with market practice.
- Biodegradable plant-based plastics, packaging and compostable plastics, and packaging in locations where compostable facilities are readily available. BDO has confirmed to Sustainalytics that such activities will meet the following criteria: i) at least 90% of recycled or bio-based plastic will be used; ii) in the case of using biogenic inputs (biomass), they will be sustainably sourced and certified by the RSB⁴⁷ certification scheme or local certification schemes accepted in the Philippines;⁴⁸ iii) all products will be recyclable; and iv) plastic products will not be intended for single-use consumer products and will be recyclable. Sustainalytics encourages BDO to report transparently on the local certification schemes and the impacts achieved.
 - Under Ocean-Friendly Chemicals, BDO may finance or refinance following activities:
 - Infrastructure to prevent runoff of agrochemicals, industrial chemicals and mercury into areas connected to rivers or coastal water basins. BDO has communicated to Sustainalytics that financing may include, but is not limited to,⁴⁹ wastewater treatment facilities. Additionally, the Bank has confirmed to exclude: i) wastewater treatment plants with fossil fuel operations (such as produced water from fracking); and ii) integrated water and power plants with fossil fuel power. Sustainalytics notes that it is market expectation to specify all eligible activities in the Framework and encourages BDO to report transparently on such technologies, their associated harm avoidance criteria and measures, and their relevant environmental impacts.
 - Procurement of sustainable and biodegradable fertilizers to replace or reduce phosphate-based or nitrogen-based synthetic fertilizers in areas connected to rivers or coastal water basins. BDO has confirmed to Sustainalytics that these fertilizers will be exclusively used in sustainable cropping agriculture certified by: i) Organic Certification Center of the Philippines (OCCP) certified products (local and international) for agricultural inputs and crop production;⁵⁰ ii) EU Organic;⁵¹ iii) USDA NOP certification;⁵² iv) JAS Organic Certification;⁵³ v) Naturland Certification;⁵⁴ and vi) IFOAM accredited certification.⁵⁵ Sustainalytics notes that the Framework does not define sustainable and biodegradable fertilizers and, in this regard, Sustainalytics considers fertilizers manufactured using green hydrogen⁵⁶ as market practice because of its significantly less carbon-intensive production when compared to fossil fuel counterparts. Additionally, Sustainalytics encourages BDO to define sustainable and biodegradable fertilizers in the context of this expenditure, validate their sustainability credentials using third-party certification schemes, and report on both the credentials and the impact generated.
 - Under Prevention, Control and Reduction of Waste from Entering the Coastal and Marine Environments, BDO may finance or refinance activities to reduce and prevent plastic pollution in coastal and marine environments. These activities include: i) collection and recycling facilities for plastic and using recycled plastic in manufacturing processes; ii) substituting plastic packaging with sustainable and biodegradable materials; and iii) urban drainage systems and flood mitigation measures which focus on plastic.
 - For plastic collection and recycling, BDO will direct proceeds towards plastic collection activities that include source segregation of waste. Additionally, BDO has confirmed

⁴⁷ RSB, at: <https://rsb.org/certification/>

⁴⁸ Regarding the local certification schemes, Sustainalytics has no visibility of these schemes and their assessment criteria. This Second-Party Opinion applies only to the certification schemes expressly mentioned in the Framework or communicated by BDO to Sustainalytics up to the Evaluation Date.

⁴⁹ Sustainalytics' Second-Party Opinion applies only to the information expressly mentioned in the Framework or communicated by BDO to Sustainalytics up to the Evaluation Date.

⁵⁰ OCCP, at: <https://occp.phils.org/index.php>.

⁵¹ EU Organic, at: https://agriculture.ec.europa.eu/farming/organic-farming/organics-glance_en

⁵² USDA Certification, at: <https://www.ams.usda.gov/about-ams/programs-offices/national-organic-program>

⁵³ JAS Certification, at: <https://www.maff.go.jp/e/policies/standard/jas/>

⁵⁴ Natureland Certification, at: <https://www.naturland.de/en/producers/service-and-expertise/certification.html>

⁵⁵ IFOAM Standard, at: <https://www.ifoam.bio/our-work/how/standards-certification/organic-guarantee-system/ifoam-standard>

⁵⁶ Sustainalytics identifies green hydrogen as hydrogen produced by electrolysis powered by renewable or low-carbon energy sources with the average carbon intensity at or below 100 gCO₂e/kwh

- excluding financing of chemical recycling of plastics and waste collection vehicles. Sustainalytics considers such expenditures to be in line with market practice.
- In the case of manufacturing of plastics, proceeds will be directed towards processes that meet the eligibility criteria for manufacture of biodegradable plant-based plastics and packaging and compostable plastics under the Ocean-Friendly and Water-Friendly Products category. Additionally, BDO will finance the procurement of alternate materials for plastic packaging. The sustainable and bio-based substitutes will include: i) corn; ii) wheat; iii) bamboo; iv) sugarcane; v) starch; vi) cellulose-based plastic; vii) starch-based plastic; viii) protein-based starch; ix) aliphatic polyesters bioplastics; x) polylactic acid (PLA) bioplastics; xi) poly 3-hydroxybutyrate (PHB) bioplastics; xii) polyhydroxyalkanoates (PHA) plastics; and xiii) polyamide 11 bioplastics. BDO has confirmed that bio-based substitutes will be sourced sustainably and certified by the RSB certification scheme or local certification schemes accepted in the Philippines;⁵⁷ Sustainalytics encourages BDO to report transparently on the certifications scheme used to validate the sustainability credentials and the impacts achieved.
 - Programmes that support reuse or repurposing of plastics. These include Tetra Pak packages to avoid end of life disposal in the ocean. Sustainalytics notes that these programmes will result in products being put back to their original use with very minimal or without any further pre-processing required. Sustainalytics considers such expenditures to be in line with market practice.
 - Urban drainage systems to prevent plastics, chemicals or pollutants runoff in areas connected to rivers or coastal water basins. Sustainalytics notes that proceeds will be directed towards projects using technologies for sustainable urban drainage systems (SUDS).⁵⁸ These include: i) sedimentation-based systems, such as wetlands or ponds, ii) filtration-based systems, such as bioretention cells or gardens; and iii) permeable pavements. Sustainalytics considers such expenditures to be in line with market practice.
 - Flood mitigation systems to prevent plastics, chemicals, solid wastes or pollutants runoff in areas connected to rivers or coastal water basins. Proceeds will be directed towards implementing the installation of trash traps, filters and debris nets in stormwater drainages to prevent plastic from entering water bodies during floods. Sustainalytics notes that financing of these activities will be determined by a climate vulnerability assessment and adaptation plan. Sustainalytics considers such expenditures to be in line with market practice.
- Under Sustainable Fisheries, Aquaculture and Seafood Value Chain, BDO may finance or refinance the following activities:
- i) Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals and fish; ii) sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters; iii) sustainable production of algae and other marine micro- or macro-organisms to produce food, feed, pharmaceuticals, cosmetics or other bio-based products through bio-technological applications; and iv) investments in fisheries and aquaculture. BDO has confirmed to Sustainalytics that such activities will be certified by Marine Stewardship Council (MSC),⁵⁹ Aquaculture Stewardship Council (ASC)⁶⁰ or ASC-MSC seaweed certification.⁶¹ This is in line with market practice.
 - Cold chain and storage for small- and medium-sized fishing in areas with sustainable fishing quotas. BDO has confirmed to Sustainalytics that: i) expenditures include construction and operation of cold storage facilities and acquisition of associated equipment; and ii) the cold storage facilities will be exclusively used for MSC⁶² or ASC⁶³

⁵⁷ Regarding the local certification schemes, Sustainalytics has no visibility of these schemes and their assessment criteria. This Second-Party Opinion applies only to the certification schemes expressly mentioned in the Framework or communicated by BDO to Sustainalytics up to the Evaluation Date.

⁵⁸ SUDS are engineered nature-based solutions to reduce microplastic pollution, which act as effective filtration systems, capturing microplastics and preventing them from reaching water bodies.

⁵⁹ MSC, at: <https://www.msc.org/standards-and-certification/the-msc-standards>

⁶⁰ ASC, at: <https://asc-aqua.org/producers/asc-standards/>

⁶¹ The ASC-MSC Seaweed Standard, at: <https://asc-aqua.org/producers/asc-standards/seaweed-standard/>

⁶² MSC, at: <https://www.msc.org/standards-and-certification/the-msc-standards>

⁶³ ASC, at: <https://asc-aqua.org/producers/asc-standards/>

certified sustainable fisheries operations. Sustainalytics notes that cold storage facilities play an important role in the food supply chain of fisheries and aquaculture facilities, considering that refrigeration uses 35% of all electricity consumption in the food sector worldwide.⁶⁴ Hence, Sustainalytics encourages BDO to consider financing energy-efficient cold storage facilities and report on the impacts achieved.

- Investments in: i) medium- to large-scale processing and product development, with an emphasis on pelagic species, such as fish loins, sashimi-grade fish and bycatch in jurisdictions with enforced sustainable fishing quotas; and ii) small- to medium-scale biorefineries for fish processing byproducts (such as oil, collagen, amino acid, mineral production) in jurisdictions with enforced sustainable fishing quotas. BDO has confirmed to Sustainalytics that processing facilities will comply with the Philippines National Fisheries Code⁶⁵ and will be MSC⁶⁶ or ASC certified.⁶⁷ BDO has confirmed that: i) 100% of the fish input to be processed in these facilities will be certified by the above certification schemes; and ii) the financing of fossil fuel-powered equipment will be excluded. This is in line with market practice.
- Production, trade or retail of seafood products certified by MSC⁶⁸ or ASC.⁶⁹ BDO has communicated to Sustainalytics that financing will include capital expenditures for production and value-chain that comply with the regulations of the Philippines' Bangko Sentral ng Pilipinas (BSP) and the requirements of the Agriculture, Fisheries and Rural Development Financing Enhancement Act.⁷⁰ Sustainalytics notes that expenditures related to trade and retail may help promote sustainably farming of seafood products at a commercial scale. Sustainalytics considers activities directly related to certified sustainable seafood farming, such as costs related to credible third-party certification schemes, to be credible for green finance. However, it is Sustainalytics' opinion that trade and retail offer limited potential for net environmental benefit given the overall impacts associated with such activities. Nonetheless, Sustainalytics encourages BDO to finance activities directly associated with sustainable seafood production and, where feasible, to report on the exact nature of the expenditure as well as the environmental impacts achieved.
- Investments for a Fishery Improvement Project registered at the International Seafood Sustainability Foundation. BDO has communicated to Sustainalytics that financing includes capital expenditures and expenses related to research, design, development and implementation of science-based projects with a focus on long-term conservation and sustainable use of fish stocks, reduction of bycatch, illegal fishing prevention and promotion of ecosystems' health.⁷¹ Such projects may include bird exclusion devices; fisheye and popeye fish boxes; protected species (e.g. turtles, dolphins and other marine mammals) excluder devices; electronic monitoring systems (EMS) on vessels to track catch, bycatch, transshipment and landings. Sustainalytics notes that such projects help in promoting sustainability in fisheries and aquaculture by reducing bycatch, protecting endangered species and enhancing monitoring and management practices, and encourages BDO to avoid financing activities that have the potential to harm bird and aquatic life.
- Traceability systems to ensure sustainability of operations, facilities and supply chains in the fishing industry. Eligible traceability systems will meet, keep or exceed the MSC⁷² requirements for chain of custody certification for suppliers of seafood products. Sustainalytics considers such expenditures to be in line with market practice.

⁶⁴ He, Z. et al. (2023), "Techno-economic analysis of a refrigerated warehouse equipped with on-shelf phase change material for cold storage under different operating strategies", *Energy Conversion and Management*, at: <https://www.sciencedirect.com/science/article/abs/pii/S0196890423002686>

⁶⁵ FAO, "Philippine Fisheries Code of 1998 (Republic Act No. 8550)", at: <https://faolex.fao.org/docs/pdf/phi16098.pdf>

⁶⁶ MSC, at: <https://www.msc.org/standards-and-certification/the-msc-standards/>

⁶⁷ ASC, at: <https://asc-aqua.org/producers/asc-standards/>

⁶⁸ MSC, at: <https://www.msc.org/standards-and-certification/the-msc-standards/>

⁶⁹ ASC, at: <https://asc-aqua.org/producers/asc-standards/>

⁷⁰ BSP, "Circular No. 1159 Series of 2022: 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 20/22", at:

<https://www.bsp.gov.ph/Regulations/Issuances/2022/1159.pdf>

⁷¹ MSC, "Fishery Improvement Project", at: <https://www.msc.org/for-business/fisheries/fips>

⁷² MSC, at: <https://www.msc.org/standards-and-certification/the-msc-standards/>

- Under Ecosystem Management, Protection and Natural Resources Restoration, BDO may finance or refinance in the following:
 - Projects that contribute to the conservation, improvement and restoration of marine and coastal ecosystems and investments into promising new restoration techniques. BDO has communicated to Sustainalytics that these projects align with the UNEP Regional Seas Strategic Directions.⁷³ More specifically, the projects include the management and restoration of coral reefs, mangroves, seagrasses, coastal wetlands and salt marshes, as well as the construction and management of river embankments. Sustainalytics considers this expenditure to be in line with market practice.
 - Development of insurance for critical aquatic ecosystems. BDO has communicated that it intends to provide finance for insurance companies and financial institutions developing insurance products and for related insurance payouts, including parametric insurance⁷⁴ for: a) helping with the recovery and repair of ecosystems (e.g. reefs, mangroves) as a result of natural disasters; or b) helping with remediation from man-made disasters, such as oil spills. BDO has confirmed to Sustainalytics that the beneficiaries of such insurance will include the local or national government, as well as government-approved private companies, including MSMEs⁷⁵ directly affected by ecosystem damages or those that will be carrying out restoration activities. The Bank has also confirmed that companies responsible for oil spills or any man-made disasters will be excluded. Sustainalytics considers such expenditures to be in line with market practice and encourages BDO to report on the details of the insurance products being developed as well as on the impacts achieved.
 - Information systems, technology and instruments deployed for measuring, tracking and reporting physical and chemical indicators of water bodies. BDO has confirmed to Sustainalytics that these expenditures relate to financing for the development, acquisition, purchase and deployment of such technologies. Sustainalytics is of the opinion that such expenditures aid in the protection, restoration and management of natural resources and ecosystems and encourages BDO to report on the technologies and equipment expected to be financed.
- Under Resource Efficiency and Circular Economy, BDO may finance or refinance activities intended to: i) develop new business models to reduce plastic waste; ii) promote the implementation of supply chain management programmes to reduce plastic waste; and iii) develop technologies to reduce single-use plastic production and consumption. The activities that may be financed include:
 - Development of certified sustainable packaging made of reusable, recyclable or compostable components. BDO has confirmed that financing will be limited to RSB-certified biodegradable non-plastic packaging.
 - Projects to reduce waste, including e-waste. These may include construction and operation of community-based material recovery and recycling plants, and waste management processes in warehouses which support material recovery. BDO has confirmed that these projects will ensure source segregation of waste and exclude chemical recycling of plastic. In the case of recycling e-waste or waste from electrical and electronic equipment (WEEE), BDO has confirmed that the projects will be accompanied by robust waste management processes to mitigate associated risks.
 - Projects to replace single-use plastic products with reusable products, such as reusable medical-grade personal protective equipment (PPEs), food containers and bulk dispensers. These projects may include financing for the establishment and construction of facilities for products that are durable, reusable, repairable and refurbished using materials that can be recovered and recycled at the end-of-life stage. BDO has confirmed to Sustainalytics that the reusable products will be made from

⁷³ UNEP, "Regional Seas Strategic Directions 2022-2025", at:

<https://wedocs.unep.org/bitstream/handle/20.500.11822/36810/RSSD.pdf?sequence=1&isAllowed=y>

⁷⁴ Parametric insurance pays a set amount based on the magnitude of the triggering event as opposed to the magnitude of the losses caused by the triggering event.

⁷⁵ Government of the Philippines, Department of Trade and Industries, "Defining Philippine Micro, Small and Medium Enterprises (MSMEs)", at:

<https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/MSME+Resources/2022+Philippine+MSME+Statistics+in+Brief.pdf>

- either recycled plastic or bio-based materials and will meet the sourcing criteria in the Ocean-Friendly and Water-Friendly Products category.
- Financing towards online platforms which support the sale and purchase of second-hand products and components, with the exception of wholesale trade of second-hand goods.
 - Projects that increase the number of products made with recycled or bioplastics.⁷⁶ BDO has confirmed to Sustainalytics that such projects will meet the eligibility criteria for the manufacture of biodegradable plant-based plastics and packaging and compostable plastics under the Ocean-Friendly and Water-Friendly Products category.
 - Based on the above, Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Sustainable Shipping and Port Logistics Sector Projects category, BDO may finance investments in research, design, development and implementation of water and waste management and reduction measures in shipping and cruising vessels dedicated to passengers and cargo, and shipyards and ports, including:
- Investments in ballast water treatment systems on ships to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to prevent the spread of invasive alien species (e.g. ISO 11711).
 - Investments in membrane bioreactor type water treatment equipment and installations for all black and grey water generated from ports, shipping and cruise ships. BDO confirmed to Sustainalytics that such equipment and installations will be powered by low-carbon sources, such as renewables, or the average carbon intensity of the electricity used for desalination will be at most 100 gCO₂e/kWh.
 - Investments in bilge water treatment in shipping vessels to avoid discharge of oils, chemicals, metals and other harmful substances into the sea.
 - Investments to reduce atmospheric and maritime noise pollution. Examples include: i) redesigned propellers; ii) sound-absorbing tiles; iii) vibration isolators; iv) retrofit and adaptation projects using proven technologies and design innovations for reducing propeller cavitation; v) passive design modification to reduce leading and trailing edge noise; vi) meta-materials to reduce acoustic propagation; vii) energy-saving devices, equipment and machinery, such as generators, pumps, and heating, ventilation and air conditioning systems to prevent overall sound radiated into the surrounding water.
 - Investment in oil and fuel spill prevention, risk avoidance and improved recovery facilities, products or technologies, such as: i) solidifiers, dispersants, shoreline pretreatment agents, and elasticity modifiers; ii) remote sensing techniques to detect and monitor oil spills, including multi-temporal imaging, UV imaging, thermal IR sensors and microwave radiometers; iii) wave-riding robots for predicting tsunamis and discovering offshore oil leaks; iv) oil containment booms and curtains; v) oil skimmers, vi) rigid sweeping arms and sweep systems; vi) oil spill alarms; and vii) oil absorption blankets and boards.
 - Solid waste collection facilities at ports and terminals that facilitate the source separation of recyclable materials.
 - BDO has confirmed to Sustainalytics that it will limit financing under this category to low-carbon or zero-carbon vessels and ships powered by electricity, biofuels or hydrogen and their related ports. Further, BDO confirmed that the primary purpose of the cargo ships or vessels will not be the transportation of fossil fuel freight; in case of fossil fuel freight, the share of such freight will be at most 50% of the freight transported in mass.
 - Based on the above, Sustainalytics considers investments under this category to be aligned with market practice.
- Under Sustainable Tourism in the Vicinity of Marine Conservation areas, BDO may finance or refinance the following sustainable tourism activities:

⁷⁶ For the exhaustive list of bio-plastics, please refer to the category Prevention, Control and Reduction of Waste Entering the Coastal and Marine Environments.

- Programmes for marine conservation and biodiversity loss. This is in with market practice.
 - Waste management initiatives, including reuse of waste products, waste collection, and waste recycling in facilities such as hotels, resorts and PADI-certified dive centres⁷⁷ situated in coastal areas. The Bank confirmed to Sustainalytics that the activities will: i) result in products being put back to their original use with very minimal or without any further pre-processing required; ii) support source segregation of waste; iii) exclude reuse of waste products from and for use in the extraction of fossil fuels or that inherently rely on fossil fuels; iv) have a robust waste management process in place to mitigate associated risks, in case of recycling e-waste; and v) exclude chemical recycling of plastic waste. Based on the above, Sustainalytics considers these investments to be aligned with market practice.
 - Nature-based freshwater and marine visitor centres showcasing the environment and disseminating research and knowledge. Sustainalytics acknowledges the potential benefits that such tourist activities may offer, such as through improved public awareness and protection of certain natural habitats. It is Sustainalytics opinion, however, that tourism activities offer limited potential for net environmental benefit given the overall impacts associated with such activities and encourages BDO to finance activities that are directly associated with marine conservation initiatives and, where feasible, to report on the environmental impacts achieved.
- Social Categories:
 - Sustainalytics notes that the Framework's social and orange categories rely on definitions set by the Philippines' government for the following terms and populations: disadvantaged,⁷⁸ unbanked,⁷⁹ vulnerable,⁸⁰ low-income⁸¹ and marginalized.⁸² BDO has confirmed that it will follow the updated definitions as these definitions may change over time.
 - For the financing of individual loans, BDO has adopted measures to avoid predatory lending. Please refer to Section 2 for additional information.
 - Under Employment Generation, BDO may finance or refinance micro, small and medium-sized enterprises (MSMEs) as defined by the Bangko Sentral ng Pilipinas,⁸³ focusing on those that are led or founded by women,⁸⁴ smallholder farmer associations and cooperatives⁸⁵ engaged in production, retail, wholesale and trade and MSMEs impacted by disasters and crisis. Sustainalytics recognizes the importance of supporting MSMEs in the Philippines and considers BDO's targeted approach to be socially impactful.
 - Under Food Security, BDO may provide loans to small-scale farmers⁸⁶ and financing for equipment, infrastructure and facilities, such as warehouses, cold storage or technologies that help prevent food loss and waste, improve productivity and increase market access to small-scale producers in the Philippines. BDO has confirmed to Sustainalytics that the equipment

⁷⁷ PADI, "About PADI Dive Centers and Resorts, at: <https://www.padi.com/padi-dive-centers/business-levels>

⁷⁸ BDO defines people from disadvantaged socioeconomic backgrounds as those who are disadvantaged by poverty, low income, homelessness, lack or have only low-level educational qualifications. Additionally, family income is determined based on government-defined socioeconomic standards.

⁷⁹ BDO defines unbanked to refer to adults who do not own any type of formal account (in a bank, e-money issuer, Non-Stock Savings and Loan Association (NSSLA), cooperative or microfinance institution). The definition is adopted from the Philippines' central bank. Bangko Sentral ng Pilipinas, "2021 Financial Inclusion Survey", at:

<https://www.bsp.gov.ph/Inclusive%20Finance/Financial%20Inclusion%20Reports%20and%20Publications/2021/2021FISToplineReport.pdf>

⁸⁰ BDO defines vulnerable as communities with poor and transient children, women, persons with disabilities (PWDs), Indigenous peoples, overseas Filipinos (OFs) and their families, and older persons. The definition is adopted from the Philippine Development Plan.

Government of the Philippines, "Philippine Development Plan 2023-2028", at: <https://pdp.neda.gov.ph/philippine-development-plan-2023-2028/>

⁸¹ BDO defines as low-income the households with monthly income between PHP 10,957 (USD 186.75) and PHP 21,914 (USD 373.49) as per the Philippine Institute for Development Studies (PIDS).

Philippine Institute for Development Studies (PIDS), "Poverty, the Middle Class, and Income Distribution amid COVID-19", at:

<https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2022.pdf>

⁸² Sustainalytics notes that BDO uses disadvantaged and marginalized interchangeably.

⁸³ BDO uses the definition of MSME set by the Philippines' central bank.

Bangko Sentral ng Pilipinas, "Circular No. 625", (2008), at: <https://www.bsp.gov.ph/Regulations/Issuances/2008/c625.pdf>

⁸⁴ MSMEs led or founded by women are based on the following criteria: i) at least 20% owned by women; ii) at least one woman as CEO, COO, president or vice president; and iii) at least 30% of the board of directors composed of women, where a board exists.

⁸⁵ "Cooperatives" refers to small farmers' associations as defined by the Philippines' Republic Act. No 821, at:

Philippines Official Gazette, "Republic Act No. 821", at: <https://www.officialgazette.gov.ph/1952/08/14/republic-act-no-821/>.

⁸⁶ BDO defines "small-scale farmers" as "farmers owning and farming up to 3 hectares".

financed will not be powered by fossil fuel. Sustainalytics considers the objectives of this category to be impactful.

- Under Access to Essential Services, BDO may finance or refinance healthcare and education infrastructure and facilities considering the following criteria:
 - Healthcare expenditures include: i) financing construction, equipment and operation of healthcare facilities; ii) hiring and deployment of healthcare workers; and iii) projects which strengthen innovations and access to up-to-date technology in the biomedical field.⁸⁷
 - Regarding healthcare facilities, BDO has confirmed that: i) financing will include public and private healthcare facilities accredited by the Philippines Health Insurance Corporation (PhilHealth);⁸⁸ ii) such healthcare facilities will be accessible to all regardless of ability to pay;⁸⁹ and iii) under hiring and deployment of healthcare workers, financing will include recruitment, retraining, regulation, retention, reassessment, compensation and benefits of healthcare workers for all PhilHealth accredited hospitals.
 - Related to the innovation projects, BDO has communicated to Sustainalytics that financing will include: i) acquisition of diagnostic medical equipment and supplies for and construction of laboratories, research and treatment facilities⁹⁰; ii) pharmaceutical companies and distributors supplying basic medicine;⁹¹ iii) financing treatment facilities⁹² for major diseases such as cancer, as well as dialysis centres, maternity and paediatric wards; and iv) supplying medical, surgical, orthopedic goods and instruments including dental supplies and equipment to free and subsidized facilities covered by PhilHealth. Manufacturing and supply of basic medicines includes financing for manufacturers that derive a minimum of 90% of their revenue from manufacturing generic medicines, in accordance with the Philippines' Act for Providing for Cheaper and Quality Medicines (Republic Act No. 9502)⁹³ and the Department of Trade and Industry.⁹⁴ The act requires manufacture of essential medicines and vaccines indicated for the treatment and prevention of chronic illnesses and life-threatening conditions, and diseases, , which are subject to price regulation to ensure access to affordable and quality drugs and medicines. BDO has confirmed that such medicines will be accessible to all regardless of ability to pay.
 - Based on the provision of affordability and accessibility of essential medical facilities to all, Sustainalytics considers this expenditure to be socially impactful.
 - Education: Construction, development and operation of public and private facilities, such as schools, training centres and related facilities, including vocational training and digital learning platforms. BDO has confirmed that education and training at such facilities will be made accessible to all regardless of ability to pay, with private facilities made affordable through scholarship grants or subsidies offered to students from

⁸⁷ BDO has confirmed to Sustainalytics that financing will be limited to research facilities with a proven record of developing effective medications or treatments, and to projects in later stages of development.

⁸⁸ The National Health Insurance Program, administered by PhilHealth based on Republic Act No. 7875, was created "to provide health insurance coverage and ensure affordable, acceptable and accessible healthcare services for all citizens of the Philippines". Philippine Health Insurance Corporation, "Agency's Mandate and Functions", at: https://www.philhealth.gov.ph/about_us/mandate.php

⁸⁹ BDO has communicated to Sustainalytics that under Philippine law (Republic Act No. 10932, the "Anti-Hospital Deposit Law,") hospitals and clinics are prohibited from refusing medical treatment to any patient, regardless of ability to pay. Healthcare must be provided fairly, without discrimination based on socioeconomic status, age, gender, religion or other characteristics. Private hospitals must also allocate at least 10% of their bed capacity to basic or ward accommodation, as mandated by the Philippine Universal Health Care Act.

⁹⁰ BDO has confirmed to Sustainalytics that eligible laboratories and facilities are free and subsidized facilities covered by PhilHealth.

⁹¹ BDO has confirmed to Sustainalytics that pharmaceutical companies will be considered for financing under the Framework if they are designed to address a discernible need, including: i) addressing undertreated diseases; ii) reducing the gap in the availability of essential medicines; iii) addressing the treatment gap for major diseases; or if there is reasonable assurance that medications are affordable, such as: i) an assurance that the medicine is destined for public health systems, or that access will be available to all regardless of ability to pay; or ii) that manufacturers to be financed generate at least 90% of their revenue from affordable or generic drugs.

⁹² BDO has confirmed to Sustainalytics that eligible facilities are free and subsidized facilities covered by PhilHealth.

⁹³ Philippines Official Gazette, "Republic Act No. 9502", <https://www.officialgazette.gov.ph/2008/06/06/republic-act-no-9502/>

⁹⁴ Universally Accessible Cheaper and Quality Medicines Act of 2008 mandates Philippines to adopt appropriate measures to promote and ensure access to affordable quality drugs and medicines for all, at: https://lawphil.net/statutes/repacts/ra2008/pdf/ra_9502_2008.pdf

- disadvantaged families. Considering access and affordability, Sustainalytics considers investments in these activities to contribute to enabling access to education in the Philippines.
- Under Affordable Basic Infrastructure, BDO may finance or refinance public infrastructure projects considering the following criteria:
 - Construction, reconstruction, rehabilitation and upgrade of roads to provide access to less connected areas. BDO has communicated to Sustainalytics that expenditures will be limited to underserved or remote areas of the Philippines and will exclude financing for national roads or roads in the national highway network. Sustainalytics is of the view that such financing will result in improved accessibility for people in underserved and remote regions of the Philippines, hence, considers such expenditures to be socially impactful.
 - Construction, acquisition, operation or maintenance of telecommunication equipment and infrastructure. BDO has communicated to Sustainalytics that service infrastructure to be financed are located in areas that are unconnected or lack adequate connectivity in the Philippines. Examples include communication network infrastructure, including⁹⁵ mobile towers and network lines. Sustainalytics recognizes that financing such activities may help in enhancing access to telecom network in underserved areas in the Philippines. Nevertheless, Sustainalytics encourages BDO to report on the infrastructure financed and the resulting social impacts achieved as part of its ongoing reporting commitments.
 - Providing access to digital services. BDO has communicated to Sustainalytics that the infrastructure to be financed are located in areas that are unconnected or lack adequate connectivity. Examples include financing digital infrastructure projects such as the Philippine Digital Infrastructure Project, the government's flagship project which aims to boost broadband connectivity especially in remote areas of the Philippines.⁹⁶ Considering the targeting, Sustainalytics views such expenditures to be socially impactful.
 - Providing access to basic sanitation systems, including septic tanks. BDO has confirmed to Sustainalytics that expenditures will include construction, retrofitting, maintenance and operation of basic sanitation systems. Sustainalytics views such expenditures to be socially impactful.
 - Construction and maintenance of equipment for the supply of clean water. BDO has confirmed to Sustainalytics that expenditures will include water filtration or storage facilities and the Bank will exclude financing pipework for the supply of clean water for industrial purposes. Sustainalytics considers such expenditures to be socially impactful.
 - Provision of electrification facilities. BDO has confirmed to Sustainalytics that expenditures will include financing of transmission and distribution (T&D) of electricity and related equipment and infrastructure. Further, the Bank has communicated to Sustainalytics that: i) T&D grid upgrades will be limited to regions that are underserved and have inadequate or lack access to electricity as per the Philippines' government⁹⁷ and central bank recommendations;⁹⁸ and ii) financing will exclude T&D directly connected to fossil fuel power plants. Sustainalytics is of the view that such financing may play a role in enhancing the electricity ecosystem and power distribution and generation in underserved and unserved areas of the Philippines and hence, considers such financing to be socially impactful.
 - Construction, reconstruction, rehabilitation and upgrade of the following public infrastructure:

⁹⁵ This Second-Party Opinion applies only to the expenditures and criteria expressly mentioned in the Framework and those communicated by BDO to Sustainalytics up to the Evaluation Date.

⁹⁶ Government of the Philippines, "PBBM okays \$288-M PH digital infra project", at: https://pco.gov.ph/news_releases/pbbm-okays-288-m-ph-digital-infra-project/

⁹⁷ Government of the Philippines, Department of Energy, "Department Circular No. 2022- Rules And Regulations Implementing Republic Act No. 11646 (Microgrid Systems Act)", at: <https://doe.gov.ph/sites/default/files/pdf/announcements/draft-irr-for-ra11646.pdf>

⁹⁸ Bangko Sentral NG Pilipinas, "Circular Letter No. CL-2022-11: Philippines Sustainable Finance Roadmap and guiding principles", at: <https://www.bsp.gov.ph/Regulations/Issuances/2022/CL-2022-011.pdf>

- Canals and irrigation systems. BDO has communicated to Sustainalytics that such infrastructure will be located in underserved and remote areas. The Bank has communicated that by financing such infrastructure, it intends to provide a reliable water supply and ensure a consistent water source for crops, aiming to increase food production and improve food security in the Philippines.
 - Drainage and dredging projects. BDO has confirmed to Sustainalytics that such projects will be carried out only in remote or underserved regions.
 - Sustainalytics considers financing in this category to be socially impactful.
- Under Affordable Housing, BDO may finance or refinance the development and provision of affordable, socialized and low-cost housing as per the following criteria:
 - Financing to developers for the construction of affordable socialized and low-cost housing⁹⁹ targeted to low-income and lower-middle income groups with monthly income between PHP 10,957 (USD 186.75) and PHP 21,914 (USD 373.49) and between PHP 21,914 (USD 373.49) and PHP 43,828 (USD 746.98), respectively, as per the Philippine Institute for Development Studies (PIDS).¹⁰⁰ The Bank has confirmed that the developers will ensure that no more than 30% of the monthly household income of the identified target populations would go towards mortgage payments.
 - Program that provides liquidity facility to socialized housing loan originators under the Home Program (HLRPP-1) of the National Home Mortgage Finance Corporation (NHMFC).¹⁰¹ Qualified loan originators must be identified as such by the NHMFC. These originators in turn will finance the development of affordable socialized and low-cost housing targeted to low-income and lower-middle income groups, as defined in the above criteria.
 - Sustainalytics notes that the role of the Bank is limited to providing financing to affordable housing developers and loan originators for the development of affordable housing units as described above, and it does not have control over the detailed criteria for determining the low-income and lower middle-income groups deemed eligible for the affordable housing units, which follows the Implementing Rules and Regulations (IRR) BP 220 of the Philippines' Department of Human Settlements and Urban Development.¹⁰² Sustainalytics recognizes the expected benefits from expenditures in this category, however, considers it to be good practice to establish mechanisms to ensure just and equitable access to affordable housing. Sustainalytics encourages BDO to report on the positive social impact of its financing allocated to below-median income populations, to the extent possible.
 - Under Social and Economic Empowerment, BDO may finance or refinance the following:
 - Programmes to support and provide social assistance for people from disadvantaged socioeconomic backgrounds. BDO has confirmed that the financed programmes will include subsidies and credit for the underserved¹⁰³ and unbanked populations. These may be in the form of subsidies to support farmers and fishers, and social pensions for the elderly and persons with disabilities. Further, BDO has confirmed that in the case

⁹⁹ The house segments are based on the price ceilings as defined in the guidelines of the Philippines' government Department of Human Settlements and Urban Development, as follows: i) for socialized housing, the selling price is between PHP 850,000 (USD 14,486.95) and PHP 1,620,000 (USD 27,610.42); ii) for economic housing, the selling price is up to PHP 2,500,000 (USD 42,608.68), iii) for low-cost housing, the selling price is up to PHP 3,000,000 (USD 51,130.41) and below.

Government of the Philippines, Department of Human Settlements and Urban Development, "Rules and Regulations BPP 220", at:

<https://dhsud.gov.ph/price-ceilings-hred-faqs/#:~:text=What%20are%20the%20prevailing%20price%20ceilings%20for%20socialized%20and%20economic%20housing%3F&text=%E2%82%B1%20850%2C000.00%20%E2%80%93%2028%20sqm.,base%20structure%3B%20or%2032%20sqm>

¹⁰⁰ Philippine Institute for Development Studies (PIDS), "Poverty, the Middle Class, and Income Distribution amid COVID-19", at:

<https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2022.pdf>

¹⁰¹ The qualified loan originators as identified under the Housing Loan Receivables Purchase Program 1 – HOME Program of the National Home Mortgage Finance Corporation (NHMFC) include: housing developers (must be NHMFC accredited), micro-finance institutions, rural or thrift banks, cooperatives, government agencies and LGUs, private organizations, other NGOs, civic entities and organizations.

Government of the Philippines, National Home Mortgage Finance Corporation, "HOME Program (HLRPP-1)", at: <https://nhmfc.gov.ph/home-program-hlrpp-1/>

¹⁰² Government of Philippines, Department of Human Settlements and Urban Development, "Rules and Regulations BPP 220", at:

https://dhsud.gov.ph/wpcontent/uploads/Laws_Issuances/02_IRR/Revised_IRR_BP220_2008.pdf

¹⁰³ BDO uses "underserved" to refer to those that are served but whose needs are not sufficiently met by formal financial service providers. The definition has been adopted from Philippines' Bangko Sentral ng Pilipinas (BSP), at: <https://www.bsp.gov.ph/>

- of credit for the underserved and unbanked, the Bank will adopt lenient or more flexible financing terms in the form of loan extensions and lower than market interest rates.
- Loans dedicated to the financing of local non-profit organizations, associations, foundations and philanthropic organizations, particularly those engaged in culture, sport, solidarity and financial literacy. The Bank has confirmed that it will limit financing to: i) registered and recognized organizations, associations, foundations that pass the Bank's Anti Money Laundering and Countering the Financing of Terrorism Authority (AMLA) evaluation and whose purpose would be limited to protection, promotion and improvement of the Philippines' cultural heritage and solidarity, sports programmes, and financial literacy initiatives; ii) organisations that provide services and programmes to women, children and the elderly from low-income or marginalized groups, free of cost or at subsidized rates. Sustainalytics notes that the Bank will exclude financing of organizations that promote political and religious activities.
 - Sustainalytics views these expenditures as credible and socially impactful.
- Orange Categories:
 - Under Gender-Responsive Products, BDO may finance or refinance the following:
 - Design, development and production of products intended to benefit women's needs, such as sustainable menstrual caps and napkins, which will be provided either free of cost or at subsidized rates.
 - Projects or programmes to increase the number of women in BDO's customer base by enabling and enhancing access to the internet and other technology products for women in underserved communities or communities with inadequate access to connectivity. These may include the development of programmes or applications target only to women, such as: i) financial literacy tools; ii) maternal health information; and iii) e-commerce platforms catering to female entrepreneurs. BDO has confirmed that it will limit financing to projects that will ensure affordable access to these programmes for the target population.
 - Financial products intended to increase access to women from underserved, unbanked and marginalized sectors. BDO has confirmed that financing will be limited to products or programmes that offer preferential terms intended to ensure affordability for the target populations. Proceeds may be directed towards:
 - Microfinance companies and cooperatives that provide personal loans. The following conditions for financing will apply: i) in case financing is for an organization as a whole, then 90% of the loan portfolio for these organizations will include personal loans to the target population; or ii) the financing will be limited for on-lending of personal loans to the target population. BDO has confirmed that financing will be limited to organizations with responsible lending practices in place to mitigate the risk of predatory lending.
 - Women-specific insurance programmes, including female critical illness benefits and maternity benefits.
 - Sustainalytics views the above expenditures as credible and socially impactful.
 - Under Gender-Diverse and Equitable Workforce, BDO may finance or refinance loan provisions for the following expenditures:
 - Trainings centres, schools, universities and academies that provide upskilling and career development programmes in the science, technology, engineering and math (STEM) fields to women from vulnerable groups, such as those with disabilities, members of ethnic minorities, and women from rural and remote areas. BDO has confirmed that these programmes will be made accessible to all regardless of ability to pay, with private facilities made affordable through scholarship grants or subsidies offered to women from the vulnerable groups. Considering the access and affordability, Sustainalytics considers this expenditure to be socially impactful.
 - Loans to provide women with decent working conditions, adequate sanitation facilities, regular breaks, decent wages and working hours in line with national standards. Proceeds may be directed towards:

- Financing towards private-owned recruitment agencies or organizations, specifically for providing social benefits to domestic workers¹⁰⁴ and overseas Filipino workers (OFWs),¹⁰⁵ including: i) healthcare provisions through the Philippines Health Insurance Corporation (PhilHealth);¹⁰⁶ ii) social pensions through the social security system (SSS)¹⁰⁷ in accordance with the Domestic Workers Act (Kasambahay Act);¹⁰⁸ and iii) provision of affordable housing through PAG-IBIG fund.¹⁰⁹
 - Sustainalytics notes that in the Philippines, 73% of the workers were informally employed in 2021, with 37% employed in the informal sector, 32% informally employed in the formal sector and 4% in private households.¹¹⁰ Moreover, the social security coverage, comprising the aforementioned social benefits, remains low for Filipino workers, with only 4 out of 10 workers covered by the retirement pension scheme through the SSS. Furthermore, workers informally employed, such as the case of domestic workers, have to bear the administrative burden of enrolling with the SSS, including paying for registration charges, as well as employer and employee contributions towards the SSS. These challenges have led to a gap in social security coverage owing to the intermittent incomes and varied work arrangements of informal sector workers in the Philippines.¹¹¹ Through this expenditure, the Bank intends to improve the social security coverage for domestic workers and OFWs in the Philippines by financing private recruitment agencies and organizations that will improve access to coverage by the SSS and the provision of other social benefits for informally employed workers. Based on the above, Sustainalytics recognizes that such financing may be expected to expand social security coverage to the previously uncovered informal-sector domestic workers and OFWs in the Philippines. Nonetheless, Sustainalytics encourages BDO to measure and report on the positive social impacts to previously uncovered domestic workers and OFWs in relation to increased social security coverage, to the extent possible.
 - Financing towards organizations and financial institutions for programmes involving upgrading workplaces to include facilities and services for women working in the informal sector, such as construction workers. Examples include breastfeeding and lactation rooms, and childcare and daycare facilities. BDO has confirmed that such facilities will be made accessible and affordable through free or subsidized services to women working in the informal sector. Considering this, Sustainalytics considers this expenditure to be socially impactful.
 - Under Women Empowerment, BDO may finance or refinance the following:
 - Loans to women-owned or -led enterprises, and financial institutions catering to women-owned or -led businesses. In the case of women-owned or -led enterprises,

¹⁰⁴ Domestic workers as defined in Republic Act No. 10361, the Domestic Workers Act (Kasambahay Act).

Philippines Official Gazette, "Republic Act No. 10361", at: <https://www.officialgazette.gov.ph/2013/01/18/republic-act-no-10361/>

¹⁰⁵ Overseas Filipino Workers as defined in Republic Act No. 8042, the Migrant Workers and Overseas Filipinos Act of 1995.

Government of the Philippines, "Republic Act no 8042", at:

[https://dmw.gov.ph/archives/laws&rules/files/Migrant%20Workers%20Act%20of%201995%20\(RA%208042\).html](https://dmw.gov.ph/archives/laws&rules/files/Migrant%20Workers%20Act%20of%201995%20(RA%208042).html)

¹⁰⁶ The National Health Insurance Program, administered by PhilHealth based on Republic Act No. 7875, was created "to provide health insurance coverage and ensure affordable, acceptable and accessible healthcare services for all citizens of the Philippines".

Philippine Health Insurance Corporation, "Agency's Mandate and Functions", at: https://www.philhealth.gov.ph/about_us/mandate.php

¹⁰⁷ Government of the Philippines, "Social Security System", at: <https://www.sss.gov.ph/sss/appmanager/pages.jsp?page=sssmandate>

¹⁰⁸ Government of the Philippines, "Republic Act No. 10361", at: <https://www.officialgazette.gov.ph/2013/01/18/republic-act-no-10361/>

¹⁰⁹ Pag-IBIG (Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya, Gobyerno) Fund, "Affordable Housing Loan for Minimum-Wage Earners", at: <https://www.pagibigfund.gov.ph/AffordableHousingLoan.html>

¹¹⁰ Philippine Journal of Labor and Industrial Relations, "The Informally Employed in the Philippines: Issues in Job Security of Tenure, Social Security Coverage and Measurement", at: <https://journals.upd.edu.ph/index.php/pjlr/article/view/9382>

¹¹¹ Ibid.

BDO has confirmed that the financing will be limited to MSMEs which are either majority owned, managed or led by women, as per the criteria set by IFC.¹¹²

- Projects intended to improve women's agency or ability to participate in social and economic processes. BDO has communicated that these projects may include programmes offering literacy, business and livelihood skills exclusively for women from vulnerable and marginalized sectors, including senior citizens, women with disabilities, single mothers.
- Projects intended to improve opportunities for women or reduce gender-based discrimination. Financing includes capital requirements for organizations,¹¹³ specifically towards supporting their service programmes and counselling services focusing on gender equality and the fight against gender-based violence and discrimination. Gender-based service programmes include:
 - Rescue homes for victims of gender-based violence or discrimination.
 - Training programmes on identifying and fighting gender-based discrimination.
 - Empowerment programmes to strengthen the self-esteem and autonomy of women more likely to be at risk of violence. These may include: i) psycho-social counselling; ii) self-defence classes; iii) training on laws and rights of women, including the Anti-Violence Against Women and Children Act of 2004 and Domestic Violence Shelters;¹¹⁴ protection programmes against human trafficking and online sexual abuse.
 - BDO has confirmed that financing will be directed towards services made available for free or at affordable rates and that cater to women from vulnerable, historically oppressed or marginalized groups, as well as those in rural or remote areas.
- Projects to increase the pipeline of women for board, leadership and management positions through talent acquisition and coaching, and mentoring programmes by third-party vendors. Such services will be exclusively for women from vulnerable, marginalized and underserved communities. Additionally, BDO has confirmed limiting financing to vendors that: i) derive 90% of their revenue from the above services; and ii) provide services at affordable rates.
- Projects to improve human security or reduce the risk of conflicts. BDO has communicated that proceeds will be directed towards: i) financing for MSMEs¹¹⁵ that are owned or led by women in conflict areas and those who are victims of armed conflict; ii) financing for MSMEs that support women who are victims of or impacted by armed conflicts, where such services are provided free of cost. Sustainability notes that the Bank has due diligence processes in place to identify the target population, including information on residence and social background.
- Loans to MSMEs that run programmes to support and upskill women in sustainable businesses. These businesses may include those: i) producing biodegradable plastics; ii) producing items made from recycled or natural materials, such as abaca, bamboo, and Tetra Pack containers; or iii) engaged in materials recovery and waste sorting facilities. BDO has confirmed that these programmes will be exclusively targeted to women who have faced historical marginalization or disadvantages, women in rural areas, women with disabilities and women in slums in urban areas.
- Sustainability views these expenditures as credible and socially impactful.

¹¹² IFC defines woman-owned enterprise as meeting the following criteria: "(A) ≥ 51% owned by woman/women; OR (B) ≥ 20% owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30% of the board of directors composed of women, where a board exists." International Finance Corporation, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

¹¹³ Where financing is extended to the whole organisation, BDO has confirmed it will be for organisations which derive 90% of their revenues by the provision of these support services.

¹¹⁴ Philippines Commission of Women, "The Anti-Violence Against Women and their Children Act of 2004", at: <https://pcw.gov.ph/faq-republic-act-9262/#:~:text=It%20is%20a%20law%20the,partner%20or%20former%20dating%20partner.>

¹¹⁵ IFC defines woman-owned enterprise as meeting the following criteria: "(A) ≥ 51% owned by woman/women; OR (B) ≥ 20% owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30% of the board of directors composed of women, where a board exists." International Finance Corporation, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

- Under Gender-responsive Supply Chain, BDO may finance or refinance the provision of loans, including supplier financing and receivables financing to IFC-defined women-owned or women-led MSMEs,¹¹⁶ as defined in the Women Empowerment category above, intended to increase the number of women-led and women-owned producers, suppliers, manufacturers, distributors, retailers or retailers in the value chain. Sustainalytics considers investments under this category to be socially impactful.
- Under the Gender-Responsive Services category, BDO may finance or refinance the following expenditures:
 - Development of infrastructure related to public transport systems dedicated to women in areas or regions that lack such infrastructure or have poor connectivity. Examples include railway coaches dedicated to women. Sustainalytics notes that the Bank will finance train coaches and related infrastructure dedicated to women, where the expenditure will be pro-rated to cover the cost of the coaches exclusively for women, in regions that lack such infrastructure or connectivity.
 - Projects aimed at eliminating gender disparity in education through financing companies that provide financial assistance or credit, such as educational loans to women with low income. BDO confirmed that: i) such companies will be pure play businesses that derive at least 90% of their revenue from educational loans provided to the target population; ii) the educational loans will be accompanied with a financial advantage to the target population, such as lower interest rates as compared to market rates, flexible or lenient financing terms, down payment or closing costs assistance; and iii) a responsible lending practice will be in place to mitigate the risk of predatory lending.
 - Based on the above, Sustainalytics considers these expenditures to be socially impactful.
- The Framework excludes financing involving the following: i) activities 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, PCBs, wildlife or products regulated under CITES; ii) weapons and munitions; iii) alcoholic beverages (excluding beer and wine); iv) tobacco; v) radioactive materials; vi) unbonded asbestos fibres; vii) wood or other forestry products other than from sustainably managed forests; viii) gambling, casinos and equivalent enterprises; ix) pornography or prostitution businesses; x) drift net fishing; xi) activities involving harmful or exploitative forms of forced labour or child labour; xii) commercial logging operations for use in primary tropical moist forests; and xiii) businesses and operations directly related to or that support fossil fuel industries.
- Project Evaluation and Selection:
 - BDO's Sustainable Finance Desk (SFD) will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. BDO has communicated to Sustainalytics that the SFD is composed of the Bank's Sustainable Finance Chief Advisor, Senior Technical Engineer, ESG Manager and ESG Support Officer.
 - BDO will undertake due diligence and environmental and social risk assessments following applicable laws and regulations for all allocation decisions. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with GBP and SBP. For additional detail, see Section 2.
 - Based on the process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - BDO's SFD will be responsible for tracking and managing the proceeds using an internal tracking system.
 - BDO intends to achieve full allocation within 36 months of issuance. Unallocated proceeds will be held in accordance with BDO's liquid management policy and invested in short-term liquid instruments. The Bank has confirmed to exclude temporary allocations in carbon-intensive activities or assets.

¹¹⁶ MSMEs expected to be financed are non-tier 1 suppliers.

- BDO has communicated to Sustainalytics that sustainable finance instruments issued under the Framework may include multi-tranche loan facilities. The Bank intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
- The Bank has confirmed that the SFD will be responsible for avoiding double counting of impacts achieved by the projects, activities and assets financed under the Framework.
- Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - BDO commits to report on the allocation of proceeds on a portfolio basis within its Sustainability Report, which will be published on its website annually until full allocation.
 - The Bank has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on their allocation until loan maturity.
 - Allocation reporting will include information such as outstanding proceeds by project category; amount of allocated and pending proceeds; amounts allocated to financing and refinancing; and amounts lent to customers.
 - In addition, the Bank is committed to reporting on relevant environmental and social impact metrics based on global standards, Philippine's environmental and social regulations and as per ICMA's Harmonised Framework for Impact Reporting,¹¹⁷ where feasible. Sustainalytics considers it good practice for frameworks to disclose on the potential impact indicators in the Framework and encourages BDO to disclose the same for added transparency.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the BDO Unibank Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP.

Alignment with ASEAN Sustainability Bond Standards 2018, ASEAN Green Bond Standards 2018 and ASEAN Social Bond Standards 2018

The ASEAN SUS, GBS and SBS provide guidance to issuers and communicate more specifically what issuers should do to issue credible green, social and sustainability bonds in ASEAN countries. Sustainalytics is of the opinion that the Framework aligns with the ASEAN SUS, GBS and SBS.

Section 2: Sustainability Strategy of BDO

Contribution to BDO's sustainability strategy

BDO integrates ESG considerations into its business, decision-making processes and financial products and services.¹¹⁸ BDO's Sustainability Framework defines the strategies that act as guidance for the Bank in the areas of: i) product sustainability, ii) sustainability contribution strategy, and iii) sustainability governance or corporate governance.¹¹⁹ In 2022, BDO conducted a review of its material topics, identifying the following key material issues for its business and stakeholders: i) financing sustainable development; ii) business ethics; iii) product design and life cycle management; iv) access and affordability; v) supply chain management; and vi) human rights.¹²⁰

The Bank has considered sustainable energy finance as a priority since 2010.¹²¹ Recognizing the banking industry's role in the Philippines's committed transition to a low-carbon economy, BDO supports the Philippines' Nationally Determined Contribution and set an approach to energy transition finance in 2022, committing to: i) reducing coal-related financing and expanding divestment; ii) funding renewable energy

¹¹⁷ ICMA, "Handbook Harmonised Framework for Impact Reporting", (2022), at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

¹¹⁸ BDO, "2023 Sustainability Report", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/sustainability/sustainability-report/2023/BDO-2023-Sustainability-Report.pdf>

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

alternatives; iii) providing energy transition-related support to affected customers and communities; and iv) reporting following the Task Force on Climate-Related Financial Disclosures' recommendations.¹²²

To support divestment from coal in its loan portfolio, BDO has discontinued financing new coal-fired power plants since 2019. The Bank has also committed to reduce its coal exposure by 50% by limiting it to 2% of its total loan portfolio by 2033.¹²³ As part of its sustainable finance initiatives, the Bank has funded PHP 898 billion (USD 15.37 billion) in financing for 59 renewable energy projects with a combined installed capacity of 2,377 MW as of December 2023,¹²⁴ consisting of 164 MW biomass, 1,179 MW geothermal, 433 MW mini hydropower, 505 MW solar and 96 MW wind energy capacity.¹²⁵ These renewable energy projects have helped the Bank to avoid approximately 4.3 million tonnes of CO₂ annually.¹²⁶ In 2023, BDO's green vehicle loan portfolio amounted to PHP 1.4 billion (USD 0.024 billion), related to the financing of 991 electric vehicles (EVs) and hybrid EVs, of which 48% were to women borrowers.¹²⁷ The Bank issued its first blue bond amounting to USD 100 million in May 2022, in line with the International Finance Corporation's Blue Finance guidelines.¹²⁸ Through this bond, the Bank funded three projects which resulted in saving 60 million m³ of water from groundwater extraction, corresponding to 19.24 ktCO₂ in avoided emissions, prevented a loss of 323,939 m³ of water and treated 4,517 m³ of wastewater each year since the issuance in 2022. These projects include water and wastewater management services and solutions, bulk water and operations management, water distribution facilities, and technological solutions for water use and prevention of water discharge in water bodies.¹²⁹

In addition to its environmental financing initiatives, BDO also focuses on the provision of financing intended to impact communities and the society positively. BDO Network Bank (BDONB), a subsidiary of the Bank, for example, increased its loan bookings to MSMEs by 30% in 2023 compared to the previous year; with women-owned MSMEs accounting for 68% of the total bookings.¹³⁰ BDONB also helps to promote financial stewardship practices to teachers by organizing financial literacy sessions to help them better manage their finances and loans.¹³¹ In 2023, BDONB conducted such sessions for 112,892 teachers and non-teaching school personnel.¹³²

Sustainalytics is of the opinion that the BDO Unibank Sustainable Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to generate positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. BDO plays a limited role in the development of the specific projects that it finances, but by offering lending and financial services, it is exposed to environmental and social risks associated with the projects that it may finance or refinance. Some key environmental and social risks associated with the eligible projects may include issues related to: environmental and social risk management for credit lending; land use and biodiversity issues associated with infrastructure development; effluents and waste generated in construction; occupational health and safety; predatory lending; business ethics; and community relations.

Sustainalytics is of the opinion that BDO is able to manage or mitigate potential risks through implementation of the following:

- BDO has an Environmental & Social Risk Management System (ESRMS) Framework to identify, assess and manage environmental and social (E&S) risks associated with its lending and investment activities as well as its administrative operations. The ESRMS Framework requires the Bank to perform an E&S risk screening for all its clients as part of a credit evaluation process, using an internal Environment and Social Tool 4 Risk (EAST4R) tool, which includes: i) the assessment of E&S risks at the industry level (low, medium or high risk); ii) location of the investment (proximity to

¹²² BDO, "BDO Energy Transition Finance Statement" (September 2022), at: <https://www.bdo.com.ph/bdo-energy-transition-finance-statement>

¹²³ Ibid.

¹²⁴ BDO, "2023 Sustainability Report", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/sustainability/sustainability-report/2023/BDO-2023-Sustainability-Report.pdf>

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ Ibid.

¹²⁸ International Finance Corporation, "Guidelines for Blue Finance", at: <https://www.ifc.org/en/insights-reports/2022/guidelines-for-blue-finance>

¹²⁹ BDO, "2023 Sustainability Report", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/sustainability/sustainability-report/2023/BDO-2023-Sustainability-Report.pdf>

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² This information has been communicated to Sustainalytics by BDO.

environmentally and socially sensitive areas); iii) sensitivity (potential impact whether irreversible or reversible); and iv) the extent of environmental and social issues. The Bank uses the EAST4R) tool to score E&S risks and identify potential exposures.¹³³ In addition, clients from high-risk sectors, such as energy, transport, construction, and mining and quarrying, undergo periodic E&S impact assessments.¹³⁴

- To address land use and biodiversity related risks, the Bank's ESRMS Framework includes specific environmental criteria to assess the potential impact of its lending and investment activities on deforestation and biodiversity.¹³⁵ These environmental criteria cover aspects related to the customers' operations which are then evaluated during a due diligence process; this includes potential involvement in palm oil operations, operations in proximity to protected wildlife areas, RAMSAR sites¹³⁶ or IUCN protected areas,¹³⁷ and deforestation of large areas of land.¹³⁸ In addition, to mitigate impacts on biodiversity, the Bank excludes financing clients with projects that will negatively impact UNESCO World Heritage sites, wetlands or other critical natural habitat sites. The Bank also requires customers from the construction sector to demonstrate compliance with applicable laws and regulations related to biodiversity. BDO's Deforestation policy requires screening borrowers and projects to avoid deforestation practices. The Deforestation policy applies to the Bank's lending and investment activities as well as its products and services offered to all sectors, including to the sectors which are dependent on forests, such as agriculture, fisheries, construction and tourism.¹³⁹
- For risks related to effluents and waste generated in construction, BDO's ESRMS Framework requires customers to comply with the Philippines' Republic Act no. 9003 (Ecological Solid Waste Management Act of 2000)¹⁴⁰ which mandates proper segregation, collection, storage, treatment and disposal of solid waste. As part of its E&S screening process, the Bank assesses clients on aspects related to waste management, including types of waste produced, waste disposal methods, management of hazardous waste, if applicable, and adherence to national and local laws and regulations.¹⁴¹
- To address risks related to occupational health and safety during construction of infrastructure projects, BDO's ESRMS Framework requires the Bank's customers to have site-related health and safety measures in place, ensure compliance with applicable E&S laws and regulations, including human rights and labour laws, and adopt a mitigation system for health and safety risks.¹⁴²
- Regarding predatory lending, the Bank's Code of Conduct and Business Ethics requires BDO to provide fair treatment to clients through transparent communication and transfer of concise and accurate information, including the risks involved during the lending process.¹⁴³ Additionally, the code also requires the Bank to design products and services considering customers' needs, as well as their financial and risk profiles.¹⁴⁴
- Regarding risks related to business ethics, the Bank's Code of Conduct and Business Ethics requires compliance with all applicable laws and regulations, including the Philippines' Anti-Money Laundering Act, Customer Protection Act and Data Protection Act, as well as anti-corruption and bribery laws in all jurisdictions where the Bank operates.¹⁴⁵ The code also describes procedures for managing unethical behaviours, such as conflicts of interest, harassment and discrimination. Furthermore, BDO has in place a Conflicts of Interest policy that applies to all directors and

¹³³ Ibid.

¹³⁴ BDO, "2022 Sustainability Report", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/sustainability/sustainability-report/BDO%202022%20Sustainability%20Report.pdf>

¹³⁵ This information is based on BDO Unibank's Environmental & Social Risk Management System Policy, shared with Sustainalytics confidentially.

¹³⁶ RAMSAR, The Convention on Wetlands, "Wetlands of International Importance", at: <https://www.ramsar.org/our-work/wetlands-international-importance>

¹³⁷ IUCN, "IUCN Green List of Protected and Conserved Areas", at: <https://www.iucn.org/resources/conservation-tool/iucn-green-list-protected-and-conserved-areas>

¹³⁸ This information has been communicated to Sustainalytics by BDO.

¹³⁹ Ibid.

¹⁴⁰ Philippine's Republic Act No. 9003, at: <https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/>

¹⁴¹ This information is based on BDO Unibank's Environmental & Social Risk Management System Policy, shared with Sustainalytics confidentially.

¹⁴² BDO Unibank, "BDO Code of Conduct and Business Ethics", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/corporate-governance/corporate-policies/BDO%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf>

¹⁴³ BDO Unibank, "BDO Code of Conduct and Business Ethics", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/corporate-governance/corporate-policies/BDO%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf>

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

employees.¹⁴⁶ The Bank's Policy on Disclosure of Sensitive or Confidential Matters to Management (Whistleblower Policy) establishes a reporting process for all employees to report any incident or situation involving fraud or violation of the Bank's policies.¹⁴⁷

- In relation to risks to community relations, the Bank's E&S risk assessment accounts for impacts on community rights and Indigenous people's rights and requires its customers to have mechanisms to assess these impacts during project execution.¹⁴⁸ The Bank also requires its customer to have mechanisms to engage with local communities to determine impacts on their livelihood, relocation, among others.¹⁴⁹ Through its ESRMS Framework, the Bank ensures adherence to applicable E&S regulations and standards to curtail adverse impacts on the indigenous communities as part of its due diligence process. Furthermore, the Bank excludes financing clients without adequate measures to tackle effects of its operations on indigenous communities.¹⁵⁰

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BDO has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 29 use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP, SLP, ASEAN SUS, GBS and SBS. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of financing education and healthcare in the Philippines

Education

Learning poverty, which refers to the inability to read and understand a simple text by age 10,¹⁵¹ affected an estimated 91% of children in the Philippines in 2022.¹⁵² This is 56.4% higher than the average for the East Asia and Pacific region and 30.5% higher than the average for lower middle income countries.¹⁵³ Additionally, students from disadvantaged backgrounds in the Philippines have been assessed to have worse basic learning outcomes than wealthier students,¹⁵⁴ creating an estimated gap of two years in learning proficiencies between students in the top and bottom income quintiles in the Philippines.¹⁵⁵

Among the initiatives of the government of the Philippines in this area, the Pantawid Pamilyang Pilipino Program (4Ps) provides cash transfers to poor families to help them meet their basic needs, including education expenses, such as school supplies, uniforms and transportation costs.¹⁵⁶ The country also has an ongoing Alternative Learning System, which is a non-formal education system designed to provide basic education and skills training to out-of-school youth and adults who have not completed their primary or secondary education.¹⁵⁷ In its 2023 budget, the Philippine government allocated PHP 710 billion (USD 12.65 billion)¹⁵⁸ to the education sector, a 12% increase from its previous budget in 2022.¹⁵⁹ In addition, the K-12 programme of the Philippines' Department of Education aims to improve the standard of education

¹⁴⁶ BDO Unibank, "Conflict of Interest", at: <https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/corporate-governance/corporate-policies/Conflict%20of%20Interest%20Policy.pdf>

¹⁴⁷ BDO Unibank, "Policy on Disclosure of Sensitive/Confidential Matters to Management", at: https://www.bdo.com.ph/content/dam/bdounibank/en-ph/about-bdo/corporate-governance/corporate-policies/Policy_on_Disclosure_of_Sensitive_or_Confidential_Matters_to_Management.pdf

¹⁴⁸ This information is based on BDO Unibank's Environmental & Social Risk Management System Policy, shared with Sustainalytics confidentially.

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ The World Bank, "What is Learning Poverty", at: <https://www.worldbank.org/en/topic/education/brief/what-is-learning-poverty>

¹⁵² The World Bank, "Philippines, Learning Poverty Brief", (2022) at: <https://documents1.worldbank.org/curated/en/099000207152223103/pdf/IDU002b5536c0db4104ec3087d809906ec2eae56.pdf>

¹⁵³ Ibid.

¹⁵⁴ The World Bank, "Fixing the Foundation; Teachers and Basic Education in East Asia and Pacific", (2023) at:

<https://openknowledge.worldbank.org/server/api/core/bitstreams/5035a402-5f95-4a63-8c82-863271eaec3e/content>

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

¹⁵⁷ Ibid.

¹⁵⁸ As of 05 Feb 2023, the conversion rate is USD 1 = PHP 56.13.

¹⁵⁹ Government of the Philippines, Department of Budget and Management, "DBM submits 2023 Budget to Congress; Education, infrastructure, health, social protection, agriculture, top budget priorities", (2023), at:

<https://www.dbm.gov.ph/index.php/management-2/430-dbm-submits-2023-budget-to-congress-education-infrastructure-health-social-protection-agriculture-top-budget-priorities#:~:text=The%20budget%20of%20DepEd%20shall,will%20never%20go%20to%20waste.>

through initiatives such as the provision of free textbooks, improved school facilities and teacher training. An update of this programme, the K-10+2, is planned to be launched in phases starting August 2024.¹⁶⁰

Healthcare

The Philippines' Universal Health Care Law of 2019 guarantees the right to access to healthcare services for all in the country under the government's health insurance provider, PhilHealth.¹⁶¹ Yet, access to healthcare services in the Philippines is currently limited, primarily due to high out-of-pocket (OOP) costs, which accounted for 44.8% of the total healthcare expenditure in the country in 2022.¹⁶² The limited local production of medicines in the Philippines implies high import costs on essential and even generic drugs,¹⁶³ further increasing OOP expenses and contributing to push expenditures on health to up to 25% of total household expenditure.¹⁶⁴ Furthermore, PhilHealth covers only 40% of hospital costs, further hindering access to and reducing affordability of healthcare.¹⁶⁵

Compounding these issues, the Philippine healthcare system has an acute crisis of worker shortages, with only four doctors for every 10,000 people compared to the WHO recommendation of 10/10,000.¹⁶⁶ Overall, the Philippines has a talent pool of 620,000 licensed healthcare workers, but 51% of those work abroad, in a typical case of brain drain.¹⁶⁷ Despite having 130,000 licensed doctors, only 70,000 practise in the Philippines.¹⁶⁸ Among nurses, an estimated 40% of all nurses have relocated abroad or retired since the Covid-19 pandemic,¹⁶⁹ with the shortage of nurses linked to downsizing of hospital operations and decreasing capacity to accommodate patients.¹⁷⁰ In the current environment, the Philippines' Department of Health estimates that the shortage of nurses and doctors will continue for another 12 and 23 years, respectively, as the country needs an additional 114,000 doctors and 127,000 nurses to meet its healthcare needs.¹⁷¹

Based on the above, Sustainalytics is of the opinion that BDO's investments under the Framework are expected to contribute to improving access to education and healthcare services in the Philippines.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the BDO Unibank Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Green Buildings	11. Sustainable Cities and Communities	11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

¹⁶⁰ British Council, "Philippines unveils new basic education curriculum", at: <https://opportunities-insight.britishcouncil.org/news/news/philippines-unveils-new-basic-curriculum>

¹⁶¹ International Trade Administration, "Philippines - Country Commercial Guide", at: <https://www.trade.gov/country-commercial-guides/philippines-healthcare#:~:text=The%20Philippine%20healthcare%20system%20is,the%20public%20on%20health%20issues.>

¹⁶² Philippine Statistics Authority, "The Country's Total Health Spending Contributes 5.5 Percent to the Economy in 2022", (2023), at: <https://psa.gov.ph/statistics/pnha>

¹⁶³ Health Policy Plus, "Understanding the Incidence of Catastrophic Health Expenditure in the Philippines", at: http://www.healthpolicyplus.com/ns/pubs/18653-19125_PhilippinesCHE.pdf

¹⁶⁴ Government of the Philippines, Philippine Institute for Development Studies, "High medicine costs expose widening gap between rich and poor Filipinos", at: <https://www.pids.gov.ph/details/news/in-the-news/high-medicine-costs-expose-widening-gap-between-rich-and-poor-filipinos>

¹⁶⁵ Government of the Philippines, Philippine Institute for Development Studies, "High medicine costs expose widening gap between rich and poor Filipinos", at: <https://www.pids.gov.ph/details/news/in-the-news/high-medicine-costs-expose-widening-gap-between-rich-and-poor-filipinos>

¹⁶⁶ Casayuran, M. (2023), "Tolentino: PH needs 10 doctors for every 10,000 Filipinos", Manila Bulletin, at: <https://mb.com.ph/2023/6/16/tolentino-ph-needs-10-doctors-for-every-10-000-filipinos>

¹⁶⁷ DW, "Germany eyes Filipino nurses to ease labor shortage", (2024), at: [Germany eyes Filipino nurses to ease labor shortage](https://www.dw.com/en/germany-eyes-filipino-nurses-to-ease-labor-shortage)

¹⁶⁸ PwC, "How sick is Philippines Healthcare", at: <https://www.pwc.com/ph/en/as-easy-as-abc/column/how-sick-is-philippine-healthcare.html>

¹⁶⁹ CBC, "'Stop the bleeding,' Philippines health official says about international recruiting of nurses", (2023), at: <https://www.cbc.ca/news/canada/manitoba/philippines-health-international-nurses-1.6764854>

¹⁷⁰ Alibudbud, R. (2023), "Addressing the Burnout and Shortage of Nurses in the Philippines", SAGE Open Nursing, at: <https://journals.sagepub.com/doi/full/10.1177/23779608231195737>

¹⁷¹ The Inquirer, "It will take 12 years for PH to solve shortage of nurses, 23 years for doctors", (2023), at: <https://newsinfo.inquirer.net/1764748/doh-it-will-take-12-years-for-ph-to-solve-shortage-of-nurses-23-years-for-doctors#ixzz85Lcl9cU2>

Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Resource Efficiency and Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
Environmentally Sustainable Management of Living Natural Resources and Land Use	14. Life Below Water	14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics
	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Energy Efficiency	7. Affordable Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Offshore Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Ocean-Friendly and Water-Friendly Products	14. Life Below Water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
Ocean-Friendly Chemicals		
Prevention, Control and Reduction of Waste from Entering the Coastal and Marine Environments		
Sustainable Fisheries, Aquaculture and Seafood Value Chain	14. Life Below Water	14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum

		sustainable yield as determined by their biological characteristics
Ecosystem Management, Protection and Natural Resources Restoration	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Resource Efficiency and Circular Economy	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Shipping and Port Logistics Sector Projects	14. Life Below Water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
Sustainable Tourism in the Vicinity of Marine Conservation Areas.	14. Life Below Water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution 14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Employment Generation	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Food Security	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Access to Essential Services	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States

Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	7. Affordable and Clean Energy	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 9c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Socioeconomic Empowerment	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Gender-Responsive Products	5. Gender Equality	5a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws 5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Gender-Diverse and Equitable Workforce	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
	8. Decent Work and Economic Growth	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Women Empowerment	5. Gender Equality	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
		5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Gender-Responsive Supply Chain	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Gender-Responsive Services	4. Quality Education	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

BDO has developed the BDO Unibank Sustainable Finance Framework under which it may issue green, blue, social, gender, orange and sustainability bonds, loans and other debt financing instruments¹⁷² and use the proceeds to finance or refinance projects in the use of proceeds categories included in the Framework. Sustainalytics considers that the eligible projects are expected to contribute to positive environmental and social impacts in the Philippines in relation to ecological sustainability, ocean health, social well-being, community development and women’s empowerment.

The BDO Sustainable Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the BDO Sustainable Finance Framework is aligned with the overall sustainability strategy of BDO and that the use of proceeds will contribute to advance the UN Sustainable Development Goals 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14. Additionally, Sustainalytics is of the opinion that BDO has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that BDO is well positioned to issue green, blue, social, gender, orange and sustainability bonds and loans, and other debt financing instruments and that that BDO Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, Social Loan Principles 2023, ASEAN Sustainability Bond Standards 2018 (ASEAN SUS), ASEAN Green Bond Standards 2018 (GBS) and ASEAN Social Bond Standards 2018 (SBS).

¹⁷² Sustainalytics’s Second-Party Opinion applies only to the instruments expressly cited in the Framework.

Appendix

Appendix 1: Alignment with the ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards

ASEAN Sustainability Bond Standards' Components	Alignment with ASEAN SUS, GBS and SBS	Sustainalytics' Comments
Eligibility	Aligned	<p>The ASEAN SUS, GBS and SBS require that issuers be in or that the proceeds be directed to assets in an ASEAN country.</p> <p>As a Philippine-based institution, BDO meets this requirement.</p>
Use of Proceeds	Aligned	<p>The ASEAN SUS, GBS and SBS require specific clarifications for the exclusion of fossil fuel power generation projects and projects that involve activities that generate negative social impacts, such as those related to adult entertainment, alcohol, gambling, tobacco products and weapons.</p> <p>The Framework has a list of exclusions covering these activities. See Section 1 above.</p>
Process for Project Evaluation and Selection	Aligned	<p>The ASEAN SUS, GBS and SBS require that information regarding project selection and evaluation be clearly communicated to investors before issuance.</p> <p>BDO's SFD is responsible for reviewing and overseeing the project evaluation and selection process in accordance with the Framework's eligibility criteria. BDO will undertake due diligence and environmental and social risk assessments that adhere to applicable laws and regulations for all allocation decisions.</p>
Management of Proceeds	Aligned	<p>The ASEAN SUS, GBS and SBS mandate that proceeds must be appropriately tracked and that temporary investments be disclosed.</p> <p>BDO intends to allocate net proceeds within 36 months of issuance. Pending allocation, proceeds will be held temporarily in accordance with BDO's liquid management policy and invested in short-term liquid instruments.</p>
Reporting	Aligned	<p>The ASEAN SUS, GBS and SBS recommend annual reporting on the allocation of funds and the expected impacts.</p> <p>BDO commits to publicly publishing a sustainability report with the impact and allocation of proceeds, as well as to report to investors annually until full allocation.</p>
External Review		<p>The ASEAN SUS, GBS and SBS encourages, but does not require, external review.</p>

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) shall not be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this deliverable, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (3) do not constitute investment advice, financial advice, or a prospectus, nor represent an “expert opinion” or “negative assurance letter” as these terms are commonly understood or defined by any applicable legislation; (4) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the issuer’s economic performance, financial obligations nor of its creditworthiness; (6) are not a substitute for professional advice; (7) past performance is no guarantee of future results; (8) have not been submitted to, nor received approval from, any relevant regulatory body; (9) have not and cannot be incorporated into any offering disclosure, unless otherwise agreed in writing.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. Sustainalytics has not independently verified any such information or data. The deliverables are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, changes in expectations which may occur after the date of the opinion or any statements included in the opinion. Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law. Sustainalytics does not assume any responsibility shall the bond default. Any reference to content providers’ names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information, visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

