



Sustainable Finance Framework

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ABBREVIATIONS

ACMF	ASEAN Capital Markets Forum
APLMA	Asia Pacific Loan Market Association
ASC	Aquaculture Stewardship Council
ASEAN	Association of South East Asian Nations
ATM	Automated Teller Machine
BERDE	Building for Ecologically Responsive Design Excellence
BEV	Battery Electric Vehicles
BREEAM	Building Research Establishment Environmental Assessment Model
BSP	Bangko Sentral ng Pilipinas
BWM	Ballast Water Management
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
CO ₂ e	Carbon Dioxide Equivalent
DOF	Department of Finance
DRRM	Disaster Risk Reduction and Management
EDGE	Excellence in Design for Greater Efficiencies
EE	Energy Efficiency
ESG	Environmental, Social, and Governance
ESRMS	Environmental and Social Risk Management System
EU	European Union
FAO	Food and Agriculture Organization
FCEV	Hydrogen and Fuel Cell Vehicles
FSC	Forest Stewardship Council
HKMA	Hong Kong Monetary Authority
HVAC	Heating, ventilation, and air conditioning
ICMA	International Capital Market Association

IFC	International Finance Corporation
LEED	Leadership in Energy and Environmental Design
LGU	Local Government Units
LMA	Loan Marketing Association
MAS	Monetary Authority of Singapore
MSC	Marine Stewardship Council
MSME	Micro, Small, and Medium Enterprises
MW	Megawatts
NEDC	New European Driving Cycle
OFW	Overseas Filipino Workers
PCB	Polychlorinated Biphenyls
PEFC	Programme for the Endorsement of Forest Certification
PHEV	Plug-in Hybrid Electric Vehicles
RSB	New European Driving Cycle
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission
SEF	Sustainable Energy Finance
SF	Sustainable Finance
SFI	Sustainable Finance Instruments
SFI	Sustainable Forest Initiative
SME	Small and Medium Enterprises
UITF	Unit Investment Trust Fund
UN	United Nations
USDA	United States Department of Agriculture

EXECUTIVE SUMMARY

BDO recognizes that climate change brought about by accelerated economic growth and globalization is a planetary issue that requires an urgent global, coordinated response. To this end, BDO supports the landmark 2015 Paris Agreement among the world's governments that commits to the common goal of limiting global temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees. BDO also supports the Philippines' nationally determined contribution to the Paris Accord to reduce its greenhouse gas (GHG) emissions within the coming years leading up to 2030.

BDO pioneered in sustainable finance initiatives starting in 2010, with the establishment of the Sustainable Energy Finance (SEF) Program and the Social and Environmental Management Systems (SEMS) policy, both created in partnership with the International Finance Corporation (IFC). Having the SEF Program and the SEMS Policy helped develop the BDO Sustainable Finance Framework that covers social and environmental impact assessment and risk assessment, aligned with the Bank's Sustainability Philosophy and Strategies, as well as the United Nations Sustainable Development Goals. The BDO SFF guides all Green, Social, and Sustainability Bonds and other debt financing instruments that allow the bank to diversify funding sources and broaden its investor base to include ESG-focused investors.

Among its sustainable finance issuances, the Bank launched a US\$150 million Green Bond in December 2017, the first such transaction by a commercial bank in the Philippines. The IFC was the sole anchor investor, establishing the BDO Green Bond as IFC's first such investment in a financial institution in East Asia and the Pacific. The Bank's Green Bond exclusively financed renewable energy projects, helping contribute to the development of the climate finance market in the country.

In January 2022, BDO issued its first ASEAN Sustainability Bond and successfully raised PhP 52.7 billion for the Peso-denominated Fixed-rate bond with a tenor of two years and a fixed rate of 2.9% per annum. The ASEAN Sustainability bond is oversubscribed by over 10 times its original target of PhP 5 billion, making the issuance the largest issuance for any for any Philippines financial institution or company to date. The use of proceeds supports 28 sustainability initiatives that improve food security, generate employment, finance renewable energy, develop green buildings, improve sustainable water and wastewater management, enhance resource efficiency, pollution prevention and control.

Also in 2022, BDO issued the country's first Blue Bond amounting to US\$100 million through an investment from the International Finance Corporation (IFC). BDO's Blue Bond proceeds were used to finance businesses in the Bank's portfolio that focus on water and wastewater management, including wastewater treatment, bulk water and operations management, and bulk water distribution facility. By starting at the source, moving through use, and ending with the bodies of water, the Blue Bond-financed projects provide solutions to a systemic issue that ensure the availability of water resources and prevent ocean pollution for future generations.

BDO issued its second ASEAN Sustainability Bond in January 2024 with a tenor of 1.5 years and a coupon rate of 6.025% per annum. This time, the bond was oversubscribed by more than 12 times and closed at **PhP 63.3 billion** only six days after its offering.

Aligned with the recent developments in Sustainable Finance globally, within the region and locally, BDO expanded its previous sustainable finance categories to include Orange/Gender financing, and additional categories for green, social, and blue bonds. By expanding the categories, the Bank aims to mainstream financing towards more sustainable projects, activities, and programs.

The bond impacts disclosed in the report are aligned with the metrics identified by the Harmonized Framework for Impact Reporting for Social Bonds and the Mapping of the Green, Social and Sustainability Bond to the UN Sustainable Development Goals by the International Capital Markets Association (ICMA) as of June 2023.

INTRODUCTION

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

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. Its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. The Bank has the largest distribution network with 1,722 branches and banking offices and 5,514 teller machines (ATMs, Cash Accept Machines, Universal Teller Machines, and Self-Service Teller Machines) nationwide. BDO has 16 international offices (including full-service branches in Hong Kong and Singapore) spread across Asia, Europe, North America, and the Middle East. The Bank also offers digital banking solutions to make banking easier, faster, and more secure for its clients.

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of December 31, 2023, BDO is the country's largest bank in terms of total resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network nationwide.

BDO is a member of the SM Group, one of the country's largest and most successful conglomerates with businesses spanning retail, mall operations, property development (residential, commercial, hotels and resorts), and financial services. Although part of a conglomerate, BDO's day-to-day operations are handled by a team of professional managers and bank officers. Further, the Bank has one of the industry's strongest Board of Directors, composed of professionals with extensive experience in various fields that include banking and finance, accounting, law, business, gender, and the environment.

BDO's commitment to sustainability is fostered at the Board level, role modeled by senior executive leaders, executed by the business units and subsidiaries, and brought to life by BDO employees. The Bank anchors its sustainable development strategy to the 17 United Nations Sustainable Development Goals (SDGs).

BDO also supports and upholds the principles of the United Nations Global Compact:

- Corporate governance
- Climate-friendly solutions and opportunities for business
- Access to clean, renewable, and reliable energy sources and services
- Adoption of instruments that help quantify, manage, and report on the carbon footprint of its businesses
- Responsibility to protect the dignity of every person and uphold human rights
- Recognition of the role of women in achieving economic growth and poverty reduction
- Elimination of all forms of forced and compulsory labor, and child labor

BDO SUSTAINABILITY PHILOSOPHY

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

BDO SUSTAINABILITY FRAMEWORK

The Bank’s Sustainability Framework defines the strategies that serve as guideposts in its journey towards sustainability.



Economic Dimension

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

The Bank's efforts include the following:

- Support infrastructure development through loans for national projects, including transport, airports, and road networks
- Promote the development of micro, small, and medium enterprises (MSMEs) through microfinance and small and medium enterprise (SME) loans
- Empower Filipino consumers with affordable and flexible consumer loan packages as well as credit card products
- Fosters banking habits through creation of innovative banking practices and financial products to meet needs of entrepreneurs and reach underserved markets through the Bank's branch network, digital banking channels (online and mobile banking, inclusive), automated teller machines, and the use of agency banking
- Cultivates responsible investing by pioneering the introduction of the country's first ESG-themed Unit Investment Trust Fund (UITF), which invests in companies that demonstrate notable sustainability practices
- Contributes to nation-building through job creation and payment of taxes to the government¹

Environmental Dimension

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

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

The Bank's Sustainable Finance strategies to address environmental concerns include:

¹ Information on this can be found in the [BDO Sustainability Report](#)

- Reinforcing BDO's Environmental and Social Risk Management System (ESRMS) Policy in its lending activities
- Integrating environmental risk management in responsible finance
- Accelerating low carbon energy through green finance

The Bank's ESRMS Policy draws from global and local regulatory standards, including those of IFC, the Bangko Sentral ng Pilipinas (BSP), Philippine Securities and Exchange Commission (SEC), the Environmental Management Bureau, the Department of Environment and Natural Resources, Monetary Authority of Singapore (MAS), and the Hong Kong Monetary Authority (HKMA).

Social Dimension

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

- BDO cemented its commitment to help the Overseas Filipino Worker (OFW) community, which is currently in excess of four (4) million, with the BDO Kabayan Savings Account, a deposit product with easier requirements for account opening and maintenance and designed to encourage OFWs to remit and save regularly through incentives such as free life and accident insurance.
- BDO's Cash Agad mobile solution allows all debit and prepaid cardholders to perform banking transactions through the use of a Point-of-Sale (POS) terminal deployed in partner agents such as sari-sari stores, pawnshops, and grocery stores, among others. Cash Agad facilitates access to financial services for people residing in provincial and remote areas, some of whom have to travel long distances by land or ride a boat just to withdraw from an ATM.
- BDO also forged tie-ups with car dealerships, home developers, and retail stores to offer sustainable products, competitive rates, and faster service.

BDO carries out its corporate citizenship initiatives through the BDO Foundation (BDOF) which develops and implements initiatives based on the Bank's long-standing record of support to social development. BDOF's advocacies fall under two pillars: (1) disaster response, which includes relief, rehabilitation, and reconstruction programs; and (2) financial inclusion.

- Disaster response covers relief operations and the rehabilitation/reconstruction of rural health units, school buildings/classrooms in communities affected by natural or man-made disasters. The Foundation, in cooperation with various organizations and local government units (LGUs), has also constructed

resettlement homes for families displaced by disasters, as well as multi-purpose halls that serve as evacuation centers, venues for community meetings as well as recreational areas.

- Financial inclusion, launched in 2018, where the Foundation partnered with various institutions to promote financial literacy among targeted sectors, including public school teachers, students and non-teaching personnel, soldiers and OFWs.

Governance Dimension

At BDO, corporate governance is about effective oversight, doing the right thing, and providing sustainable value creation to promote the best interest of our various stakeholders. The Bank continually enhances its corporate governance framework to sustain superior business performance anchored on the principles of fairness, integrity, transparency, accountability, and performance. These principles are consistently applied throughout the institution to support our corporate objective of delivering long-term value. BDO's strong reputation is built on a culture of ethics and responsible business conduct, underpinned by a well-structured and effective system of governance.

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

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

Additionally, a Sustainability Steering Committee, composed of heads of business groups, support groups, and the BDO Foundation oversees the Bank's policy formulations, programs review, and recommendations from the different Sustainability Technical Working Groups.

BDO SUSTAINABLE FINANCE FRAMEWORK

Objectives

The objectives of the BDO Sustainable Finance Framework are the following:

- Achieve strategic resilience by incorporating sustainability in the way BDO conducts business
- Integrate environmental, social and governance (ESG) and sustainability principles in financial products and services
- Embed sustainability principles when making decisions, assessing relationships and creating products
- Align business operations with the SDGs
- Support the principles of the United Nations Global Compact
- Strengthen leadership in Responsible Finance locally, regionally, and globally

Methodology

The BDO Sustainable Finance Framework was developed aligned with the following standards:

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

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

Sustainable Finance Instruments (SFI) may include green, blue, social, sustainability, and gender/orange bonds, loans, and any other debt financing instruments that fund or will fund the Sustainable Finance Portfolio that conform to the Sustainable Finance Framework.

Any financing and/or re-financing activity will, at all times, be consistent with BDO's Sustainability Philosophy and Strategies, and other internal environmental and social guidelines.

Components

The framework has four (4) core components:

1. Use of proceeds
2. Asset Qualification and Selection Process
3. Management of Proceeds
4. Reporting and External Review

USE OF PROCEEDS


The net proceeds of Green, Blue, Social, Sustainability, and Gender/Orange Bonds will finance or refinance eligible assets in 29 green, blue, social, sustainability, and gender/orange categories based on the standards mentioned in the Methodology section above.

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

The following projects are excluded from eligible green use of proceeds, in accordance with Securities and Exchange Commission (SEC) Memorandum Circular No. 12 series of 2018 or the Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standard in the Philippines:

- Fossil-fuel power generation
- Fossil-fuel power transmission
- Activities dedicated to support the expansion of fossil fuel-based technologies

Green Finance Use of Proceeds Categories

Green Project Category	Eligibility Criteria	Alignment with SDGs
Renewable Energy	<p>Acquisition, development, operation, or maintenance of new and ongoing renewable energy generation or transmission projects supporting infrastructure, including the following technologies:</p> <ul style="list-style-type: none"> • Biomass and biogas projects that meet the following criteria: <ul style="list-style-type: none"> ○ For electricity generation-Lifecycle GHG emission intensity below 100gCO₂e/kWh ○ Production of biomass feedstock does not take place on land with high biodiversity (at least within last 10-15 years) 	 <p>3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>

Green Project Category	Eligibility Criteria	Alignment with SDGs
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- Land with a high amount of carbon has not been converted for biofuel feedstock production; and/or
- No competition with food
- Geothermal (< 100gCO₂/kWh)
- Hydro projects that meet one of the following criteria:
 - Run-of-river without an artificial reservoir or with low storage capacity, or
 - Life cycle carbon intensity of <50gCO₂e/kWh, or
 - Power density greater than 10 W/m²:
- Solar
- Wind sources






Offshore renewable energy facilities

- Offshore wind energy facilities that do not harm marine ecosystems and may include fisheries’ sanctuaries for juveniles of certain marines, substantial artificial reef elements and other additional measures promoting marine biodiversity.

Ancillary services, including:

- Engineering
- Construction
- Transmission and distribution such as:
 - Construction of substation and distribution network that aim to reduce the curtailment of renewable energy into the grid
 - Electrical grid development and maintenance, which is dedicated to connect renewables to the power grid
- Installation
- Maintenance of power plants aimed at enhancing the life or value of the asset

Power-to-hydrogen energy storage (the process must be through water electrolysis to be considered as eligible)

Green Project Category	Eligibility Criteria	Alignment with SDGs
Green Buildings	<p>Construction, and renovation, of residential or commercial buildings that have achieved one of the following minimum certification levels:</p> <ul style="list-style-type: none"> • BREEAM (Excellent or above) • LEED (Gold or above) • Philippines Green Building Rating System (BERDE) (4 star or above) • IFC EDGE (Certified, or above) 	 <p>7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND</p>
Clean Transportation	<p>Procurement, development and manufacturing facilities considering the following criteria:</p> <ul style="list-style-type: none"> • Electric vehicles (EV) such as electric buses, rail, trains, metros, ferry and small boats • Multi-modal, transport terminal • Railways complying with the direct emission threshold of: <ul style="list-style-type: none"> ○ 50 gCO₂e/pkm or below for passenger transport ○ 25 gCO₂e/tkm or below for freight rail • EV charging and battery charging stations 	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION</p>
Resource Efficiency and Pollution Prevention and Control	<p>Projects related to soil remediation, waste prevention, reuse and recycling, considering the following:</p> <ul style="list-style-type: none"> • Development and production of environmentally sustainable products and material such as recycled metals, paper, and plastics 	 <p>3 GOOD HEALTH AND WELL-BEING</p>

Green Project Category	Eligibility Criteria	Alignment with SDGs
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- Biodegradable packaging whose process are certified by Roundtable on Sustainable Biomaterials (RSB)
- Investment in projects that support recycling of food and agricultural wastes through composting



Environmentally Sustainable Management of Living Natural Resources and Land Use

Agricultural production, climate smart farm inputs, forestry (including reforestation and preservation of natural resources), and sustainable fishery and aquaculture projects

Eligible projects include financing of:

- Sustainable agriculture production must use third-party certification schemes such as USDA Organic and EU Organic.
- Climate smart inputs are aligned with the definition of the UN Food and Agriculture Organization and may include the following projects:
 - biological crop protection and adoption of wild animal species that provide biological pest control
 - organic fertilizers, composting of manure and use in biodigesters
 - recycling of agricultural by-products and waste as farm inputs
 - development of high yielding crops, and crops for optimized nutrient use



Green Project Category	Eligibility Criteria	Alignment with SDGs
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- crop rotation and site specific nutrient management in crop production
- adopting integrated crop-livestock systems
- water efficient irrigation measures, including constructing water harvesting ponds for supplemental irrigation of crops
- use of solar energy to power irrigation pumps
- reduce overcapacity of the fishing fleet and adopting efficient engines in fishing vessel
- Forestry projects will either be subject to environmental management plans for smallholders or those certified under Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or Sustainable Forestry Initiative (SFI). Sustainable fishery, aquaculture (must be MSC/ASC certified)
- Aquaculture facilities certified by the Aquaculture Stewardship Council (ASC)
- Fishery operations certified by the Marine Stewardship Council (MSC)

Sustainable Water and Waste Water Management

Sustainable infrastructure for:

- Clean water infrastructure including drinking water treatment and storage facilities, and existing water infrastructure upgrades that will target at least 20% water savings per unit of service compared to a documented baseline
- Desalination facilities that are powered either by electricity with an average carbon intensity lower than 100 gCO₂e/kWh or by low-carbon sources, such as renewables.
- Wastewater treatment infrastructure including the treatment of industrial, agribusiness,



**Green Project
Category**

Eligibility Criteria

**Alignment
with SDGs**

commercial, residential or city level wastewater, with the exclusion of the treatment of wastewater from fossil fuel operations and industrial livestock facilities

- Installation of biogas and heat exchange systems in wastewater treatment facilities to increase efficiencies by recycling
- Other water related projects including:
 - sustainable urban drainage systems
 - retrofit of water supply systems and existing water treatment infrastructure
 - water recycling projects including water recycling service providers, and tools and equipment to improve delivery service and water efficiency for residential and commercial buildings
 - rainwater collection systems
 - flooding mitigation system with a vulnerability assessment and an adaptation and management response plans in place

**Energy
Efficiency**

- Building energy efficiency upgrades which include:
 - 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
 - energy audits
- Equipment optimizing electricity consumption which include International Energy Agency (IEA)-certified soft starters, sensors, programable switching device, equipment and appliances



Green Project Category	Eligibility Criteria	Alignment with SDGs
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- Energy efficiency upgrades in transmission and distribution infrastructure which connect renewables to the grid, including power substation facility upgrade using efficient transformers and smart meters and smart grid systems that are 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
- Energy Storage systems which include battery energy storage systems, power to hydrogen storage, and pumped-hydro storage and flywheel system

Climate Change Adaptation


Expenditures related to building climate resilience and improving disaster reduction risk management (DRRM) for climate related disasters or events that occur in Philippines such as landslides, floods, typhoons, earthquakes, volcanic eruptions and El Niño and La Niña effects. The projects will include the following:










- Projects to build resilience of biological and ecological systems against climate change impacts or events, including:
 - construction and rehabilitation of flood mitigation structures and drainage system
 - flood defence system
 - early warning system to raise awareness and preparedness
- Projects to implement repair and recovery measures and improve DRRM systems, as follows:
 - Provision equipment for rescue and search operations
 - Technologies to improve the communication for more efficient management of relief operation and real time response











Green Project Category	Eligibility Criteria	Alignment with SDGs
	<ul style="list-style-type: none"> ○ Transport facilities dedicated to disaster risk preparedness ○ Establishment of disaster operation and evacuation centers ○ Repair of large-scale infrastructure related to telecom, energy and transmission lines, roads and bridges in disaster-stricken regions that are under “state of calamity” ○ Finance for the recovery of business operations impacted by the disaster for SMEs, including those in the agriculture business, excluding large-scale business operations 	

Blue Finance
Use of Proceeds Categories

Blue Project Category	Eligibility Criteria	Alignment with SDGs
Sustainable Water and Waste Water Management	<p>Sustainable infrastructure for:</p> <ul style="list-style-type: none"> • New drinking water treatment and storage (e.g. Reduction of non-revenue water) per unit of service compared to a documented baseline • Rehabilitation of existing water infrastructure • Desalination plants that help groundwater depletion and wetlands and avoid hypersaline pollution of environment (e.g. ISO standard 23446) • New or expansion of water treatment infrastructure • Waste water treatment, including industrial, agribusiness, commercial, residential, or city level • Biogas and heat exchange systems to increase efficiency and effectiveness • Sustainable urban drainage systems 	 <p>The alignment icons are: 3 GOOD HEALTH AND WELL-BEING (green), 6 CLEAN WATER AND SANITATION (blue), 11 SUSTAINABLE CITIES AND COMMUNITIES (orange), and 12 RESPONSIBLE CONSUMPTION AND PRODUCTION (yellow).</p>

Blue Project Category	Eligibility Criteria	Alignment with SDGs
	<ul style="list-style-type: none"> • Retrofit water supply projects and existing water treatment infrastructure • Water recycling • Rainwater harvesting or other forms of flooding mitigation provided that adaptation and management response plans are in place 	
<p>Offshore Renewable Energy</p>	<p>Offshore renewable energy facilities</p> <ul style="list-style-type: none"> • Offshore wind energy facilities that do not harm marine ecosystems and may include fisheries' sanctuaries for juveniles of certain marines, substantial artificial reef elements and other additional measures promoting marine biodiversity. 	   
<p>Ocean-friendly and water-friendly products</p>	<p>Investments in the value chain, including production, packaging, and distribution of environmentally-friendly products that avoid water or ocean pollution.</p> <p>Research, design, or manufacturing of environmentally friendly products considering the following:</p> <ul style="list-style-type: none"> • Alternative low-carbon and biodegradable materials and fibers (e.g., Lyocell) to fossil-based fibers (e.g., polyester) used in medical, apparel, and other industries • Biodegradable plant-based plastics and packaging and compostable plastics and packaging in locations where compostable facilities are readily available 	   

Blue Project Category	Eligibility Criteria	Alignment with SDGs
Ocean-friendly chemicals	<ul style="list-style-type: none"> • Infrastructure that prevents runoff of agrochemicals, industrial chemicals, and mercury into areas connected to rivers or coastal water basins. • 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 	  
Prevention, control, and reduction of waste from entering the coastal and marine environments	<p>Activities which cater to reducing and preventing plastic pollution in coastal and marine environments, including:</p> <ul style="list-style-type: none"> • collection and recycling facilities for plastic and using recycled plastic in manufacturing processes • substituting plastic packaging with sustainable and biodegradable materials • urban drainage systems and flood mitigation measures which focus on plastic 	  
Sustainable Fisheries, aquaculture, and seafood value chain	<ul style="list-style-type: none"> • Activities certified by Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), or ASC-MSC seaweed certification which are: <ul style="list-style-type: none"> ○ Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish ○ sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters ○ 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 	 






Blue Project Category	Eligibility Criteria	Alignment with SDGs
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- Investment in fisheries and aquaculture
- Cold chain and storage for small- and medium-sized fishing in areas with sustainable fishing quotas
- Investments in:
 - medium- to large-scale processing and product development, with an emphasis on pelagic species, such as fish loins, sashimi-grade fish, and bycatch in jurisdiction with enforced sustainable fishing quotas
 - small- to medium-scale biorefineries for fish processing byproducts (e.g., oil, collagen, amino acid, mineral production) in jurisdictions with enforced sustainable fishing quotas
- Production, trade or retail of seafood products with the blue MSC or ASC label
- Investments for a Fishery Improvement Project registered at the International Seafood Sustainability Foundation
- Traceability systems to ensure sustainability of operations, facilities, and supply chains in the fishing industry. Eligible traceability systems will meet, keep, or exceed the MSC certification for chain of custody certification for suppliers of seafood products.

Ecosystem management, protection and natural resources restoration

- Projects that contribute to the conservation, improvement, and restoration of marine and coastal ecosystems and investments into promising new restoration techniques
- Development of ecosystems’ insurance products related to critical aquatic ecosystems.
- Information systems, technology, and instruments deployed for measuring, tracking, and reporting physical and chemical indicators of the water body



Blue Project Category	Eligibility Criteria	Alignment with SDGs
Resource efficiency and circular economy	<p>Activities that develop new business models which reduce plastic waste, promote implementation of supply chain management programs catered to reduce plastic waste, and innovate technologies to reduce single-use plastic production and consumption, including:</p> <ul style="list-style-type: none"> • Development of certified sustainable packaging which are made of reusable, recyclable or compostable components • Projects which decrease waste and e-waste • Projects that replace single use plastic products with reusable products • Financing towards online platforms which support sale and purchase of second-hand products, components with the exception of wholesale trade of second-hand goods • Projects that increase in number of products made with re-cycled or bio-plastics 	  
Sustainable shipping and port logistics sector projects	<p>Research, design, development and implementation of water and waste management and reduction measures in shipping and cruising vessels dedicated to passenger and cargo, and shipyards and ports, including:</p> <ul style="list-style-type: none"> • 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 • Investments in bilge water treatment in shipping vessels to avoid discharge of oils, chemicals, metals and other harmful substances into the sea 	 

Blue Project Category	Eligibility Criteria	Alignment with SDGs
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- Investments to reduce atmospheric and maritime noise pollution
- Investment in oil (fuel) spill prevention, risk avoidance, and improved recovery facilities, products, or technologies, such as:
 - solidifiers, dispersants, shoreline pretreatment agents, and elasticity modifiers
 - remote sensing techniques to detect and monitor oil spills including multi-temporal imaging, UV imaging, thermal IR sensors; microwave radiometers
 - fleet of wave-riding robots for predicting tsunamis, and discovering offshore oil leaks around the port
 - oil containment booms and curtains
 - oil skimmers
 - rigid sweeping arms and sweep systems
 - oil spill alarms
 - oil absorption blankets and boards
- Solid waste collection facilities at ports and terminals that facilitate the source separation of recyclable materials


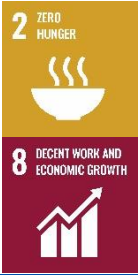

Sustainable tourism in the vicinity of marine conservation areas







- Programs for marine conservation and biodiversity loss
- Waste management initiatives, including reuse of waste products, waste collection, and waste recycling in facilities such as hotels, resorts and PADI-certified dive centres situated in the coastal areas
- Nature-based freshwater and marine visitor centres showcasing the environment and disseminating research and knowledge




Social Finance

Use of Proceeds Categories

Social Project Category	Eligibility Criteria	Alignment with SDGs
Employment Generation	<p>Through the potential effect from financing MSMEs that fall within the ambit of prescribed regulations enforced by the Bangko Sentral ng Pilipinas, including those which are female-led or founded, smallholder farmer associations and cooperatives engaged in production, retail, wholesale, and trading</p> <p>Additionally, MSMEs that have been impacted by disasters or crises with significant consequences on infrastructure, economy or public health.</p>	
Food Security	<p>Eligible projects include provision of loans to small-scale farmers or financing of infrastructure, equipment, facilities or technology aimed at reducing food loss and waste, improving productivity and access to markets of small-scale producers or supporting farmers to food security.</p>	
Access to Essential Services	<p>Healthcare</p> <ul style="list-style-type: none"> • Financing construction, equipment and operation of healthcare facilities • Hiring and deployment of healthcare workers • Projects which strengthen innovations and access to up-to-date technology in the biomedical field <p>Education</p> <ul style="list-style-type: none"> • Construction, development, and operation of public and private facilities such as schools, training centers and related facilities including vocational training and digital learning platforms 	

Social Project Category	Eligibility Criteria	Alignment with SDGs
Affordable Basic Infrastructure	<p>Programs delivering public infrastructure to areas to minimize disparities between regions or benefitting disadvantaged populations, including</p> <ul style="list-style-type: none"> • Construction, reconstruction, rehabilitation and upgrading of roads to provide access to less connected areas • Construction, acquisition, operation, and/or maintenance of telecommunication equipment for underserved and unconnected population in the Philippines • Providing access to digital services • Providing access to basic sanitation systems including septic tanks • Construction and maintenance of equipment for the supply of clean water • Provision of electrification facilities 	 
	<p>Construction, reconstruction, rehabilitation, and upgrade of public infrastructure:</p> <ul style="list-style-type: none"> • canals and irrigation • drainage and dredging 	
Affordable Housing	<p>The development and provision of affordable, socialized and low-cost housing, including:</p> <ul style="list-style-type: none"> • Financing towards the developers for the development of affordable socialized and low-cost housing targeted towards low-income and lower middle-income groups • Program that provides liquidity facility to socialized housing originators and increases loan accessibility for the low-income groups 	  
Social and Economic Empowerment	<ul style="list-style-type: none"> • Programs to support and provide social assistance for people from disadvantaged socio-economic backgrounds • Loans dedicated to the financing of local non-profit organizations, associations, foundations 	

Social Project Category	Eligibility Criteria	Alignment with SDGs
	and philanthropic organizations particularly those engaged in culture, sport, solidarity, and financial literacy	

Gender/Orange Finance Use of Proceeds Categories

Gender/Orange Project Category	Eligibility Criteria	Alignment with SDGs
Gender-responsive products	<ul style="list-style-type: none"> • Design, development or production of products or programs intended to benefit women’s needs • Projects or programs which increase the number of women in its customer base by enabling and enhancing access to internet and other technology products to women belonging to underserved communities or communities with inadequate access to connectivity • Financial products which increase access to women belonging to the underserved, unbanked and marginalized sector 	 
Gender-diverse and equitable workforce	<ul style="list-style-type: none"> • Training centers, schools, universities, and academies that provide upskilling and career development programs in the science, technology, engineering and math (STEM) field to women who belong to the vulnerable groups such as those with disabilities, ethnic minority, women from rural and remote areas • Loans to provide women with decent work conditions, including financing towards recruitment agencies for providing social benefits to domestic workers and OFWs; adequate sanitation facilities; regular 	  

breaks; decent wages and working hours in line with national standards

- Upgrading of workplaces to include facilities and services for women working in the informal sector such as construction workers

Women empowerment

- Loans to women-owned enterprises
- Loans to finance companies that have majority women in senior management or ownership positions
- Loans to financial institutions catering to women-owned or led businesses
- Projects which improve women's agency or ability to participate in social and economic processes
- Projects which improve opportunities for women or reduce gender-based discrimination
- Projects which increase the pipeline of women for board, leadership and management positions through talent acquisition by third party vendors
- Projects which improve human security or reduce risk of conflict
- Loans to MSMEs that run programs to support and upskill women in sustainable businesses
- Products or programs intended to benefit women's needs to prevent trafficking of women and children and other online sexual abuse



Gender-responsive supply chain

Provision of loans, including supplier financing and receivables financing to women-owned or women-led MSMEs, to increase the number of women-led and women-owned producers, suppliers, manufacturers, distributors, or retailers in the value chain



Gender-responsive services

- Development of infrastructure related to public transport systems dedicated to women in areas or regions which lack such infrastructure or have poor connectivity
- Projects aimed at eliminating gender disparity in education through financing companies that provide financial assistance or credit such as educational loans to women belonging to low-income population, and vulnerable groups



Sustainable Finance

Use of Proceeds Categories

Proceeds will be applied to all eligible categories under a combination of green and social projects with co-benefits (i.e. Green projects may have Social benefits and Social projects may have Green benefits)².

Exclusion List

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

- a. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- b. Production or trade in weapons and munitions³.
- c. Production or trade in alcoholic beverages (excluding beer and wine)²
- d. Production or trade in tobacco⁴.
- e. Gambling, casinos and equivalent enterprises⁵.
- f. Any business related to pornography and/or prostitution;
- g. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and

² ICMA Sustainability Bond guidelines

³ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. Note that the highest contributor to topline revenues determine the industry classification and the Bank's SEMS is mapped to industry classification.

⁴ Ibid.

⁵ Ibid., 2

- any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- h. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
 - i. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
 - j. Production or activities involving harmful or exploitative forms of forced labor⁶/harmful child labor⁷.
 - k. Commercial logging operations for use in primary tropical moist forest.
 - l. Production or trade in wood or other forestry products other than from sustainably managed forests.
 - m. Activities involving
 - i. involuntary resettlement,
 - ii. risk of adverse impacts on indigenous peoples,
 - iii. significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or
 - iv. significant occupational health and safety risks
 - n. Fossil-fuel power generation and transmission projects and activities dedicated to support the expansion of fossil fuel-based technologies are excluded from eligible green use of proceeds

⁶ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

⁷ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

ASSET QUALIFICATION AND SELECTION PROCESS

BDO will maintain a single pool of eligible assets in a “Sustainable Finance Portfolio.”

The Bank’s Sustainable Finance Desk will identify, qualify, and recommend potential assets against environmental and/or social project category criteria. The evaluation and selection process starts from the collection of data and information which includes due diligence and risks identification. The potential project will be reviewed and evaluated if acceptable and compliant with the relevant environmental and social regulations and standards. The results of the review will be submitted to the credit evaluation and lending units as support in the preparation of the credit proposal. The evaluation and selection process will focus on risk assessment and management of environmental and social impact. For instance, a basic requirement to ensure that potential environmental risks can be mitigated includes conformity of regulatory compliance with local and global standards. While on the social aspect, the evaluation will focus on the projects’ impact on human rights, labor, health, safety and community development. The projects financed, as well as its implementation and operations, must be compliant with the relevant social regulations and standards.

As part of the assessment, each project will also undergo a due diligence process in alignment with BDO’s recently board-approved Environmental and Social Risk Management System (ESRMS). The ESRMS is an expanded version of the Social and Environmental Management System (SEMS) Policy which now covers the Bank’s lending, investing, and underwriting activities. This due diligence process allows the Bank to look into the environmental and social risks and opportunities of the projects, to ensure that these are aligned with BDO’s sustainability objectives, strategies, and policies. This process also allows for enhanced due diligence for high to very high risk projects for climate change mitigation and adaptation actions.

Once an asset is confirmed to qualify, such asset will be added to the Sustainable Finance Portfolio.

As a requirement under Section 16 of SEC MC No. 12 series of 2018 (Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standard in the Philippines) and Section 18 of SEC MC No. 9 series of 2019 (Guidelines on the Issuance of Social Bonds Under the ASEAN Social Bonds Standards in the Philippines), the project evaluation and selection process, as well as information on the use of proceeds, are available under the “Sustainable Finance” section on BDO’s website.

MANAGEMENT OF PROCEEDS

The Sustainable Finance Desk shall manage net proceeds from any SFI outstanding and allocate such proceeds to finance asset(s) in the Sustainable Finance Portfolio. The Sustainable Finance Desk will track information on assets in the Sustainable Finance Portfolio, including but not limited to:

- Details of bond(s) and loan(s) outstanding, including issue or disbursement date, amount outstanding, interest rate, and maturity date
- Details of the uses of proceeds financed by any SFI(s) outstanding, including brief descriptions of uses of proceeds and corresponding project categories, amounts allocated and amounts pending allocation, amounts in new assets and assets refinanced, amounts lent to customers, and environmental or social benefit, as applicable.

Asset(s) in the Sustainable Finance Portfolio to which net proceeds have been allocated should have a duration at least equal to the full life of the relevant SFI; otherwise, in the case of repayments of maturing investments be reinvested in additional asset(s) in the Sustainable Finance Portfolio until maturity of the SFI. BDO intends to fully allocate the net proceeds within the maturity of the SFI issued.

If, for any reason, the aggregate amount in the Sustainable Finance Portfolio is less than the net proceeds from SFIs outstanding, amounts not allocated or dedicated to an eligible use of proceeds category will be held in accordance with BDO's prudent liquidity management policy, which may involve investing such amounts in short-term liquid instruments until the amount is allocated to the Sustainable Finance Portfolio.

REPORTING AND EXTERNAL REVIEW

BDO will publish, through its website and, if feasible, incorporated within the Sustainability Report, an Impact Report within one year of the first SFI issued, in the case of a bond, or disbursed, in the case of a loan. The report is renewable annually until full allocation and in case of any material changes to past Impact Report(s).

Each Impact Report will include aggregated detail on allocations, in addition to environmental and social impact, of assets in the Sustainable Finance Portfolio. Impact Reports will detail use of proceeds financed by SFI(s) outstanding by project category, amounts allocated and amounts pending allocation, amounts in new assets and assets refinanced, and amounts lent to customers. BDO will also endeavor to provide information on individual assets financed if practicable, only if permitted under confidentiality agreements, or appropriate considering competition.

Metrics detailing environmental and social impact that may be used by the Bank includes quantifying the environmental and social impacts of the projects financed based on global standards and Philippine environmental and social regulations.

The report shall refer to and adopt, where possible, the guidance and impact reporting templates provided in the Harmonised Framework for Impact Reporting.

The Bank has engaged Sustainalytics to provide a Second Party Opinion of the Sustainable Finance Framework's alignment with relevant standards.

ANNEX 1: DEFINITION OF TERMS

Green Finance

Green finance enables capital-raising and investment for new and existing projects with environmental benefits which are aligned with the four core components of the Green Bond Principles (GBP).

Category	Description
Renewable Energy	<p>Projects that increase substantially the share of renewable energy in the global energy mix (SDG 7.2)</p> <p>This include electricity from renewable sources, from production, transmission, distribution, appliances and products.</p> <p>Renewable energy consumption:</p> <ul style="list-style-type: none"> Includes consumption of energy derived from: hydro, wind, solar, solid biofuels, liquid biofuels, biogas, geothermal, marine and renewable waste. <p>Total final energy consumption:</p> <ul style="list-style-type: none"> Calculated from balances as total final consumption minus non-energy use.
Energy efficiency	<p>Projects that invest in substantially reducing energy demand such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products</p> <p>Energy intensity:</p> <ul style="list-style-type: none"> indication of how much energy is used to produce one unit of economic output.
Sustainable Water and Wastewater Management	<p>Projects that increase proportion of population using safely managed drinking water services (SDG 6.1)</p> <p>The proportion of the population using safely managed drinking water services:</p> <ul style="list-style-type: none"> Defined as proportion of population using an improved drinking water source which is accessible on premises, available when needed and free from fecal and priority chemical contamination. <p>‘Improved’ drinking water sources:</p> <ul style="list-style-type: none"> This include: piped supplies, boreholes and tube wells, protected dug wells, protected springs, rainwater, water kiosks, and packaged and delivered water. <p>‘Unimproved’ drinking water sources:</p> <ul style="list-style-type: none"> This include: unprotected dug wells, unprotected springs, and surface water (rivers, reservoirs, lakes,

Category	Description
	<p>ponds, streams, canals, and irrigation channels), all of which are by nature of their design and construction unlikely to deliver safe water</p> <p>‘Accessible on premises’ water source</p> <ul style="list-style-type: none"> The point of collection is within the dwelling, compound, yard or plot, or water is delivered to the household. <p>Drinking water is ‘available when needed’</p> <ul style="list-style-type: none"> Households report having ‘sufficient’ water, or water is available ‘most of the time’ (i.e. at least 12 hours per day or 4 days per week). <p>Non-revenue water (NRW)</p> <ul style="list-style-type: none"> This is water that has been produced and is "lost" before it reaches the customer <p>ISO standard 23446</p> <ul style="list-style-type: none"> This standard provides guidelines for product water quality of seawater reverse osmosis (RO) desalination that is used for municipal water supply. It provides specific water quality parameters and ranges, monitoring frequency and test methods to ensure the compatibility of the product water with the pipelines.
<p>Resource Efficiency and Pollution prevention and control</p>	<p>Projects at any state of the waste hierarchy:</p> <p>Waste Prevention:</p> <ul style="list-style-type: none"> Any operation that reduces at source the quantity of waste before recycling, composting, energy recovery and landfilling become options. <p>Waste Minimization: Any operation that:</p> <ul style="list-style-type: none"> reduces the quantity of material used in the creation of products and increases the efficiency with which products, once created, are used; limits unnecessary consumption by designing and consuming products that generate less waste; and/ or checks, cleans or repairs products or components that have become waste in preparation for reuse without any other pre-processing. <p>Waste Reuse:</p> <ul style="list-style-type: none"> Any operation that reuses products or components for the same purpose for which they were conceived.

Category	Description
	<p>Waste Recycling:</p> <ul style="list-style-type: none"> Any operation that recovers and reprocesses waste materials into materials or substances whether for the same purpose for which they were conceived, or for other purposes. <p>Energy Recovery:</p> <ul style="list-style-type: none"> Any operation that converts non-recyclable waste materials into usable heat, electricity or fuel. <p>Waste Disposal:</p> <ul style="list-style-type: none"> Any operation which is not waste recovery
<p>Clean transportation</p>	<p>Projects at each level of the Avoid-Shift-Improve sustainable transport hierarchy.</p> <p>Avoid/Reduce (System Efficiency)</p> <ul style="list-style-type: none"> Any operation that avoids the need to travel or reduces the length of travel, including through integrated land-use planning, and transport demand management. <p>Shift/Maintain (Trip Efficiency)</p> <ul style="list-style-type: none"> Any operation that moves people or freight to a more sustainable and less polluting means of transportation, such as cycling, walking, buses, ferries, trains and trams. <p>Improve (Vehicle Efficiency)</p> <ul style="list-style-type: none"> Any operation that reduces the emissions (both GHG and local pollutants) of vehicles or the transport system
<p>Green Buildings</p>	<p>Encompass all ambitious “sustainable” building projects that represent meaningful progress towards this goal across all core dimensions which meet regional, national or internationally recognized standards or certifications</p> <p>New Buildings:</p> <ul style="list-style-type: none"> Where no certification standard is available or where the certification standard referenced does not provide an analysis of location considerations, these should be highlighted in reporting in particular to demonstrate how construction activities have avoided building on land that should be protected, how access to public transportation is incorporated, and any measures taken to offset negative impacts on biodiversity.

Retrofitted Buildings:

- The retrofit, upgrade or renovation of an existing building, building unit, or any building component or system should take into consideration all efforts to improve energy performance (or reduce energy use for comparable quality of enabling environment and for comparable services) in order to meet some minimum energy efficiency criteria whenever this is technically, functionally and economically feasible. Where both the purpose of the building and its use remain unchanged, the improved performance of the building can be reported against that attained prior to the project.

Energy Use:

- The annual energy input to the building in order to satisfy the energy needs associated with a typical use of the building and by the building services that provide an enabling environment in the building. It encompasses the amount of energy needed to meet the energy demand associated with, inter alia, energy used for heating, cooling, air-conditioning, ventilation, hot water and lighting.

Primary Energy Use:

- Energy from renewable and non-renewable sources used in buildings and which has not undergone any conversion or transformation process.

Final Energy Use:

- The total energy consumed by end-users in their building assets. It is the energy which reaches the final user's asset and excludes the energy used by the energy sector itself.

Gross Building Area (GBA):

- Gross Building Area, also named Gross Floor Area ("GFA") corresponds to the total floor area contained in a building measured to the external walls. The physical environmental impact comes from the entire building, and therefore Gross Building Area is more relevant than Gross Letting Area, which is the amount of floor space available to be rented.
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Category	Description
Climate Change Adaptation	<p>Projects that are focused on enhancing preparedness and resilience to expected changes in climate, as well as any actual changes experienced.</p> <p>Projects that seek to moderate or avoid its likely or potential harmful effects on people, nature and/or economic activities and assets (e.g. infrastructure, buildings), but also encompass those investments that provide sustained adaptive solutions, such as fireproof roofs and other building elements to withstand higher temperatures, water-management systems for irrigation, and climate change monitoring systems.</p>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Projects or programs including environmentally sustainable agriculture; climate smart farm inputs, such as biological crop protection or drip irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation; and preservation or restoration of natural resources</p>
Certification Schemes	<p>While the importance of international certification schemes as industry benchmarks is highlighted by their prime position in the proposed Core Indicators, the associated costs and processes may be deemed prohibitive for small local players, or large portfolios of very small assets. Locally applicable proxies may therefore provide a relevant baseline when compatible with the major international certification schemes.</p>

Blue Finance

Blue Finance is a subset of Green Finance where proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing projects or activities that contribute to oceans protection and/or improved water management.

Category	Description
Sustainable Water and Wastewater Management	See definition under Green Finance

Offshore Renewable Energy	Offshore wind energy facilities, such as wind farms that do not harm marine ecosystems based on their extensive experience assessing environmental risk of offshore wind power projects, some technical experts recommend to locate offshore wind farms at least 20km from the coastline but this may change depending of the specific marine ecosystem.
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The offshore wind farm may include additional features, such as fisheries' sanctuaries for juveniles of certain marine species, substantial artificial reef elements, and other additional measures promoting marine biodiversity. Suitable sites must be informed by biodiversity sensitivity mapping and Strategic Environmental Assessment. Besides, no offshore wind projects will be sited in Legally Protected Areas or Internationally Recognized Areas.

Offshore wind farms included in the Blue Finance Guidance document are subject to the condition that additional elements such as no-fishing zones and artificial reefs contributing to natural resource conservation and biodiversity are added through local marine spatial planning to the project design and that comprehensive Environmental Impact Assessment baseline surveys are conducted over a full year in addition to regular environmental monitoring of the area during operations.

The use of proceeds cannot be allocated to the offshore oil and gas sector due to the potential contribution to a continuous lock-in to a fossil-based economy and greenhouse gas emissions.

Category	Description
	<p>The use of proceeds also cannot be allocated towards the marine extraction of seabed minerals sector, as the associated activities could potentially be damaging to ocean and marine life, which needs further assessment.</p>
<p>Ocean-friendly and water-friendly products</p>	<p>Biodegradable</p> <ul style="list-style-type: none"> includes any organic matter in waste which can be broken down into carbon dioxide, water, methane, compost, humus, and simple organic molecules by micro-organisms and other living things by composting, aerobic digestion, anaerobic digestion or similar processes.
<p>Ocean-friendly chemicals</p>	<p>Coastal areas</p> <ul style="list-style-type: none"> areas that border the coastline or areas that have at least 50% of their surface within 10 kilometers from the coastline. <p>River basin</p> <ul style="list-style-type: none"> area of land from which all surface run-off flows through a sequence of streams, rivers, and, possibly, lakes into the sea at a single river mouth, estuary, or delta. <p>Eutrophication</p> <ul style="list-style-type: none"> the enrichment of nutrients in an ecosystem. Excessive amounts of nutrients encourage the growth of algae and other aquatic plants, which in turn leads to many negative effects, such as extensive growth of algae (algae blooms) and oxygen depletion in the sea
<p>Prevention, control, and reduction of waste from entering the coastal and marine environments</p>	<p>Projects of urban infrastructures and flood mitigation infrastructures could locally be part of wider climate change adaptation programs.</p>
<p>Sustainable Fisheries, aquaculture, and seafood value chain</p>	<p>Sustainable production</p> <ul style="list-style-type: none"> Manufacture of products that incorporates best practices to minimize resource use, pollution and waste generation. <p>Aquaculture Stewardship Council</p>

Category	Description
	<ul style="list-style-type: none"> • Assigns labels for responsibly farmed aquaculture products <p>Fishery Improvement Project</p> <ul style="list-style-type: none"> • A multi-stakeholder effort to address environmental challenges in a fishery. It utilizes the power of the private sector, including retailers, processors, producers, and catchers, to incentivize positive changes toward sustainability in a fishery and seek to make these changes endure through policy change. The project identifies environmental issues that need to be addressed, sets priority actions, and oversees the adopted action plan <p>Biorefineries</p> <ul style="list-style-type: none"> • Industrial facilities that sustainably convert biomass into energy, chemicals, and materials. <p>Biomass</p> <ul style="list-style-type: none"> • Renewable organic material that comes from plants and animals. Biomass contains stored chemical energy from the sun that is produced by plants through photosynthesis.
<p>Ecosystem management, protection and natural resources restoration</p>	<p>Coastal Ecosystem</p> <ul style="list-style-type: none"> • A marine ecosystem that occurs where land and water come together including highly biodiverse marine communities that vary depending on local topography and climate. Examples include bays, estuaries, mangroves, salt marshes and wetlands <p>Aquatic Ecosystems</p> <ul style="list-style-type: none"> • An ecosystem found in and around a body of water containing communities of organisms—aquatic life—that are dependent on each other and on their environment
<p>Resource efficiency and circular economy</p>	<p>Circular economy (UNEA 4. Resolution 1 (UNEP/EA.4/Res.1))</p> <ul style="list-style-type: none"> • An economic model in which products and materials are designed in such a way that they can be reused, remanufactured, recycled or recovered and thus maintained in the economy for as long as possible, along with the resources of which they are made, and the generation of waste, especially hazardous waste, is

Category	Description
	<p>avoided or minimized, and greenhouse gas emissions are prevented or reduced.</p>
<p>Sustainable shipping and port logistics sector projects</p>	<p>Ballast water</p> <ul style="list-style-type: none"> • Fresh or saltwater held in the ballast tanks and cargo holds of ships used to provide stability and maneuverability. While ballast water is essential for safe and efficient modern shipping operations, it may pose serious ecological, economic, and health problems due to the multitude of marine species carried in ships' ballast water. These include bacteria, microbes, small invertebrates, eggs, cysts, and larvae of various species. The transferred species may survive to establish a reproductive population in the host environment, becoming invasive, competing with native species, and multiplying. <p>International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention)</p> <ul style="list-style-type: none"> • A treaty adopted by the International Maritime Organization (IMO) in order to help prevent the spread of potentially harmful aquatic organisms and pathogens in ships' ballast water. <p>ISO standard 11711</p> <ul style="list-style-type: none"> • Specifies requirements for the design and the fitting arrangements of ballast water discharge sample ports
<p>Sustainable tourism in the vicinity of marine conservation areas</p>	<p>Licensed Tourism</p> <ul style="list-style-type: none"> • E.g. Tourism with an accepted certification, that includes ocean protection and water management within its audit criteria, officially licensed in accordance to law. This includes, but it is not limited to, the Preferred-by-Nature certification and others based on the Global Sustainable Tourism Council (GSTC) Criteria for Hotels and Tour Operators <p>KBAs: Key Biodiversity Areas. IBAs: Important Bird and Biodiversity Areas. Ramsar Sites:</p> <ul style="list-style-type: none"> • Wetland sites designated to be of international importance under the Ramsar Convention, also known as "The Convention on Wetlands," an intergovernmental environmental treaty.

Social Finance

Social finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for a target population(s) aligned with the core components of the Social Bond Principles (GBP).

Category	Description															
Disadvantaged populations	Low income, minorities, rural areas, disabilities, climate hazard risks, high conflict areas.															
MSME ⁸	<table border="1"> <thead> <tr> <th>Size</th> <th>By Employment</th> <th>By Asset Size</th> </tr> </thead> <tbody> <tr> <td>Micro</td> <td>1-9 employees</td> <td>not more than P3,000,000</td> </tr> <tr> <td>Small</td> <td>10-99 employees</td> <td>P3,000,001 – P15,000,000</td> </tr> <tr> <td>Medium</td> <td>100-199 employees</td> <td>P15,000,001 – P100,000,000</td> </tr> <tr> <td>Large</td> <td>200 and above employees</td> <td>Above P100 million</td> </tr> </tbody> </table>	Size	By Employment	By Asset Size	Micro	1-9 employees	not more than P3,000,000	Small	10-99 employees	P3,000,001 – P15,000,000	Medium	100-199 employees	P15,000,001 – P100,000,000	Large	200 and above employees	Above P100 million
Size	By Employment	By Asset Size														
Micro	1-9 employees	not more than P3,000,000														
Small	10-99 employees	P3,000,001 – P15,000,000														
Medium	100-199 employees	P15,000,001 – P100,000,000														
Large	200 and above employees	Above P100 million														
Employment Generation	This covers employment generated for MSMEs, Informal Sector Workers, Poor, Vulnerable and Marginalized Workers, Eligible beneficiaries of DILP program.															
Food Security	Defined by FAO as, when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.															
Access to Essential Services	Implies that sufficient and affordable service is reliably available with adequate quality. The proportion of population living in households with access to basic services is defined as the proportion of population using public service provision systems that meet basic human needs including drinking water, sanitation, hygiene, energy, mobility, waste collection, health care, education and information technologies.															
Affordable Basic Infrastructure	Includes access to water infrastructure, roads and transport, and energy that improve productivity of population.															
Affordable Housing	The housing segments are based on the price ceilings based on existing guidelines of the Department of Human Settlements and Urban Development (DHSUD). Price ceilings are subject to change based on government updates.															

⁸ Department of Trade and Industry. MSME Statistics. Available at [2022+Philippine+MSME+Statistics+in+Brief.pdf \(amazonaws.com\)](https://amazonaws.com/2022+Philippine+MSME+Statistics+in+Brief.pdf)

Gender/Orange Finance

Gender/Orange finance projects provide women with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.⁹

Category	Description
Gender ¹⁰	Gender refers the socially constructed roles and relationships, personality traits, attitudes, behaviors, values, relative power and influence that society ascribes to sexes on a differential basis
Gender-responsive products and/or services	Gender-responsive ¹¹ : Refers to a policy or program which fulfills two basic criteria: a) gender norms, roles, and relations are considered and b) measures are taken to actively reduce the harmful effects of gender norms, roles, and relations—including gender inequality.’ (Global Partnership for Education and United Nations Girls’ Education Initiative, 2017: 4)
Women empowerment	Human security: An approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people.
SDG-aligned projects	Gender parity ¹² : The equivalent percentages of males and females in an education system (relative to the population per age group). Parity is essential but not solely sufficient for achieving gender equality.

Sustainable Finance

All eligible categories under a combination of green and social projects with co-benefits.

⁹ 2X Challenge. 2018 G7 Summit. <https://www.2xglobal.org/>

¹⁰ USAID. Education Links. Defining Gender for Gender-responsive Education Programs. Available at <<https://www.edu-links.org/learning/gender-responsive-education-programs>>

¹¹ GPE (Global Partnership for Education), UNGEI (United Nations Girls’ Education Initiative). 2017. *Guidance for Developing Gender-Responsive Education Sector Plans*. Washington D.C.: The Global Partnership for Education. Retrieved from: <https://www.globalpartnership.org/content/guidance-developing-gender-responsive-education-sector-plans>

¹² Ibid.

ANNEX 2: SUSTAINABLE FINANCE FRAMEWORK CORE COMPONENTS

Use of Proceeds

Green Financing Framework	Use of Proceeds
<ul style="list-style-type: none"> • ICMA Green Bond Principles • ASEAN Green Bond Standards • LMA Green Loan Principles • APLMA Green Loan Principles 	<ul style="list-style-type: none"> • 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

Blue Financing Framework	Use of Proceeds
<ul style="list-style-type: none"> • ICMA Green Bond Principles • ASEAN Green Bond Standards • LMA/ APLMA Green Loan Principles • IFC Guidelines for Blue Finance 	<ul style="list-style-type: none"> • Sustainable Water and Wastewater Management • 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

Social Financing Framework	Use of Proceeds
<ul style="list-style-type: none"> • ICMA Social Bond Principles • ACMF Social Bond Standards • ACMF Taxonomy for Sustainable Finance version 2 • Philippine Sustainable Finance Taxonomy Standards • Department of Finance (DOF) Sustainable Finance Framework 	<ul style="list-style-type: none"> • Employment Generation • Food Security • Access to Essential Services • Affordable Basic Infrastructure • Affordable Housing • Social and Economic Empowerment

Sustainable Financing Framework	Use of Proceeds
<ul style="list-style-type: none"> • ICMA Green Bond Principles • ICMA Social Bond Principles • ICMA Sustainability Bond Guidelines • ACMF Green Bond Standards • ACMF Social Bond Standards • ACMF Sustainability Bond Standards • ACMF Taxonomy for Sustainable Finance version 2 • Loan Marketing Association (LMA) / Asia Pacific Loan Market Association (APLMA) Green Loan Principles 	<ul style="list-style-type: none"> • Access to Essential Services • Affordable Basic Infrastructure • Affordable Housing • Clean Transportation • Climate Change Adaptation • Ecosystem Management, Protection and Natural Resources Restoration • Employment Generation • Energy Efficiency • Environmentally Sustainable Management of Living Natural Resources and Land Use • Food Security • Gender-Diverse and Equitable Workforce • Gender-Responsive Products and/or Services • Green Buildings • Ocean-Friendly and Water-Friendly Products • Ocean-Friendly Chemicals • Offshore Renewable Energy • Prevention, Control, and Reduction of Waste from Entering the Coastal and Marine Environments • Renewable Energy

- | | |
|---|---|
| <ul style="list-style-type: none"> • International Finance Corporation (IFC) Guidelines for Blue Finance • Philippine Sustainable Finance Taxonomy Standards • Department of Finance (DOF) Sustainable Finance Framework | <ul style="list-style-type: none"> • Resource Efficiency and Circular Economy • Resource Efficiency and Pollution Prevention and Control • SDG-Aligned Projects • Social and Economic Empowerment • Sustainable Fisheries, Aquaculture, and Seafood Value Chain • Sustainable Shipping and Port Logistics Sector Projects • Sustainable Tourism in the Vicinity of Marine Conservation Areas • Sustainable Water and Wastewater Management • Women Empowerment |
|---|---|

Gender/Orange Financing Framework

Use of Proceeds

- | | |
|---|---|
| <ul style="list-style-type: none"> • ICMA Harmonised Framework for Impact Reporting for Social Bonds • Sustainable Development Goal Targets | <ul style="list-style-type: none"> • Gender-Diverse and Equitable Workforce • Gender-Responsive Products and/or Services • SDG-Aligned Projects • Women Empowerment |
|---|---|

Exclusion List

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

- a. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- b. Production or trade in weapons and munitions¹³.
- c. Production or trade in alcoholic beverages (excluding beer and wine)²
- d. Production or trade in tobacco².
- e. Gambling, casinos and equivalent enterprises².
- f. Any business related to pornography and/or prostitution;
- g. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- h. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- i. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- j. Production or activities involving harmful or exploitative forms of forced labor¹⁴/harmful child labor¹⁵.
- k. Commercial logging operations for use in primary tropical moist forest.
- l. Production or trade in wood or other forestry products other than from sustainably managed forests.
- m. Activities involving
 - i. involuntary resettlement,
 - ii. risk of adverse impacts on indigenous peoples,
 - iii. significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or
 - iv. significant occupational health and safety risks;

¹³ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. Note that the highest contributor to topline revenues determine the industry classification and the Bank's SEMS is mapped to industry classification.

¹⁴ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

¹⁵ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

- n. Fossil-fuel power generation and transmission projects and activities dedicated to support the expansion of fossil fuel-based technologies are excluded from eligible green use of proceeds

Asset Qualification and Selection Process

- Sustainable Finance Desk identifies, qualifies, evaluates, and recommends potential assets
- Sustainable Finance Desk informs Compliance Office-Sustainability Unit of approved projects

Management of Proceeds

- Eligible portfolio size at least matches or exceeds net proceeds from bond(s) and/or loan(s) outstanding
- Unallocated proceeds will be held in accordance with BDO's prudent liquidity management policy, which may involve investing such amounts in short-term liquid instruments until the amount is allocated to the Sustainable Finance Portfolio.

Reporting and External Review

- Allocation and impact report released within first year of issuance, annually thereafter until full allocation, and as may be otherwise required
- Allocation and environmental and/or social impact reported on a portfolio basis

ANNEX 3: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

