

**WE MAKE IT**

**EASY**

We strive to integrate sustainability objectives with our business strategies by actively managing the socio-environmental risks of our transactions, engaging stakeholders and stepping up our efforts to contribute to a better planet.

A long wooden pier extends from the foreground into the ocean, leading towards two pavilions with thatched roofs. The sky is a mix of orange, pink, and blue, suggesting a sunset or sunrise. The water is a clear, vibrant green. The pier is made of weathered wooden planks and is supported by wooden posts. The pavilions are small structures with dark, conical roofs and wooden frames. The overall scene is peaceful and scenic.

**for the planet**

# MITIGATING ENVIRONMENTAL RISKS

Climate change poses risks to business continuity, but it also presents opportunities for demonstrating our environmental and social responsibility.

Our long-standing efforts in promoting sustainable business across the country is embodied in our partnership with the World Wide Fund for Nature (WWF-Philippines) for a long-term, multi-city study on the impact of climate change on businesses in localities that have been identified to be especially vulnerable.

Entitled “Business Risk Assessment and the Management of Climate Change Impacts,” the study aims to guide city planners and decision-makers in coming up with a sustainability strategy in the light of a world where calamities like Typhoons Ondoy (Ketsana) and Sendong (Washi) have become part of the “new normal.”

## CONFRONTI

Following the first phase on Baguio, Cebu, Davao, and Iloilo, BPI and WWF-Philippines unveiled the results of the second phase of the study on the cities of Cagayan de Oro, Dagupan, Laoag, and Zamboanga in 2012. The selection of the cities was based mainly on the occurrence of storms, floods, drought and other extreme climate events during the past decade.

The results of the study were shared with the sectors at risk in each of the selected cities. By predicting probable scenarios, the study recommends how each city can turn their vulnerability into a development opportunity in their own unique ways.

BPI and WWF-Philippines released a multi-year study that highlights opportunities to capitalize on climate adaptation.

Launching the joint undertaking were (L-R): Atty. Angela Consuelo Ibay, WWF-Philippines Climate Change & Energy Program Head; Jose Ma. Lorenzo Tan, WWF-Philippines vice chairman and CEO; Aurelio R. Montinola III, BPI President and CEO; Florendo Maranan, BPI senior vice-president and BPI Foundation executive director; and Monci Hinay, WWF-Philippines Project Manager for the Business Risk Assessment and the Management of Climate Change Impacts Study.  
*Photo courtesy of WWF-Philippines*



# NG CHALLENGES

## BPI-WWF CLIMATE CHANGE STUDY RESULTS

Phase 2 of the BPI-WWF study conducted in 2012 revealed the following vulnerabilities and opportunities:

- **Cagayan de Oro:** Ravaged by floods in 2009 and 2011, the City needs to enlist the help of upland towns instead of addressing the flood risk alone. By managing the catchment basins of Tagoloan and Cagayan de Oro rivers, the flood-prone city can prevent water from going downstream.
- **Laoag City:** The City was among the least vulnerable cities covered by the study. Its center is positioned in gently rolling, mostly flat terrain, about six kilometers from the coast. A broad expanse of sand dunes stretching from Currimao to the north serves as a natural barrier to protect the City from sea level rise and storm surge effects. Though much less vulnerable, the City center and its international airport sit along a meandering river that occasionally causes flood.
- **Zamboanga:** The top exporter of seaweed and coconut sits within a typhoon-free zone and registers the lowest average rainfall among all eight sites assessed in the study. Since much of the City's growth was due to agricultural activity, its challenge will involve the management of its natural resources.
- **Dagupan City:** The 'Bangus Capital of the Philippines' sits on a natural bog, bordered by Lingayen Gulf and fed by the rains of Central Luzon and Cordilleras. Seven out of the City's 31 barangays are frequently inundated by floods and high tides, including the downtown area. The study recommends using rainwater and surface water than ground water to prevent saltwater intrusion and the deterioration of water quality which could present a real danger to the city of Dagupan.

# GREENING OUR PRODUCTS

Environmental risks associated with financial transactions can be complex and have an impact on our business and that of our clients. By integrating environmental standards in our lending operations, we are not only operating sustainably, but at the same time helping our clients improve their business model, overall risk profile and become positive change agents.

We deepened our environmental commitment in 2012 with the third extension of our Sustainable Energy Finance (SEF) Program, a pioneering venture with the World Bank-affiliated International Finance Corporation (IFC) that started in 2008.

Four years after becoming the IFC's first SEF partner in the Philippines and in Southeast Asia, BPI continued to push for more sustainable and energy-efficient operations among small and medium enterprises (SMEs) in the country and blazed new trails in "green financing."

Sustainable energy loans and leases released in 2012 amounted to Php4.2 billion. As of end-2012, total outstanding loans reached Php7.35 billion. These SEF projects saved a total of 89,821 MWh per year of energy, produced 630,742 MWh per year of clean energy and abated carbon emission by 645,774 tons per year.

Some projects financed during the year were waste-to-energy projects, bio-mass co-generations, and energy-efficient refrigeration systems. Moreover, we provided knowledge-sharing sessions for our clients, local industry associations and even in Indonesia and Vietnam.

BPI also extended the benefits of the SEF program to government institutions and the academe. This included the rehabilitation of water piping and distribution lines and power reliability and efficiency of electric cooperatives. We entered into a Memorandum of Agreement with the Climate Change Commission, Department of Budget Management, Department of Energy, and the University of the Philippines (UP) to promote more energy efficient government buildings.

Five buildings in the Malacañang complex and three buildings in UP Diliman, Manila, and Los Baños are also set for "greening" under an Energy Service Companies (ESCO) performance guarantee scheme. A first of its kind in the government, the initiative will serve as a launch pad for more widespread energy efficiency measures.

7.35

Amount in billion Php of total loans financed through Sustainable Energy Finance (SEF) as of end-2012

630,742

Total MWh of clean energy produced by SEF-funded projects

As a trained engineer, Arturo Yan knows how critical technology can be in business. The company where he is president – Phil-Nippon Kyoei Corporation – has been at the forefront of using Japanese engineering technology in improving clients’ operational efficiency in the past 18 years. When it saw potential in the cold storage business, technology also became a big part of the decision.



# GREENING ICE

However, Mr. Yan knows there’s always a tradeoff when it comes to harnessing technology in business. “The challenge is to find a balance between generating returns that will satisfy your shareholders and minimizing your impact on the environment,” he said.

When Glacier Refrigerated Services Corporation (GRSC) was formed as a business unit of Phil-Nippon in 2006, Mr. Yan said its goal was to be a formidable part of the cold chain structure while still managing its carbon footprint.

With this in mind, Glacier built its first cold storage plant inside the FTI Complex in Taguig City. Capable of storing 2.5 million kilos of meat, the facility serves establishments inside the FTI Complex.

“Energy constitutes about 40% of our operating costs so when we started thinking about building another plant, we knew that there are still ways to reduce our consumption while also reducing our emissions,” said Mr. Yan.

Then BPI came into the picture. Through its Sustainable Energy Financing (SEF) Program, BPI bankrolled the construction of Glacier’s new plant in Muñoz, which began in January 2012. With a capacity nearly four times its FTI plant, the Quezon City facility can store nine million kilos of meat. More importantly, it utilizes greener technologies.

Glacier uses a refrigerant that emits 60-70% less hydrocarbons while the centralized design of the facility cut energy consumption significantly. Oversized insulating panels that traps hot air also enabled Glacier to reduce its energy consumption by 25%.

“We’re in an energy destruction mode,” Mr. Yan said. “Some sources of renewable energy, like solar power, are not quite reliable yet. So instead of using cheap sources of power, we choose to limit the use of power. By making the plant energy efficient, we minimize our energy needs.”

As one of the first in the industry to use green refrigerants, Glacier bucked a trend favoring the use of traditional

technology that poses a threat to the ecosystem. Proud of this achievement, it said even its multinational clients appreciate having a green component in their products somewhere in the supply chain.

Admittedly, green technology does not come cheap, Mr. Yan said. And this is where the partnership with BPI really helped.

“BPI received our construction schedule really well. Constructions are really capital intensive, especially since we’re pioneering some of the designs that we used. Thankfully, BPI understood our point of view so they were able to tailor-fit the financial package according to our needs,” he explained.

Glacier envisions building more facilities in places such as Roxas City, General Santos, and Misamis Oriental.

Through the SEF Program of BPI, it has become possible to combine the company’s expertise and the Bank’s reliable financing capacity, in a partnership that, Mr. Yan assured, has only just begun.

# GREENING OUR WORKPLACE

Our environmental responsibility starts from within BPI — by adopting policies, standards and practices to make our workplace, not just a conducive environment for work, but a place that works better for the environment as well.

The Bank continued to make headways through our I-GIVE (I Get Involved, I Volunteer for the Environment) campaign that started in 2008. System-wide changes initiated over the years have started to bear fruit. These initiatives ranged from the switch to energy-saving LED lighting systems for building signages, subcontracting armored car services and cash loading for our ATMs, and building our first-ever “green branch” to maximizing telework and paperless initiatives. *(See table on Green Initiatives)*

In 2012, we engaged our service providers to partner with us in a program called “Greening the Supply Chain.” This new sustainability program demonstrates our holistic approach to “Greenovation,” which called for the support of as many stakeholders as possible in trying to make the effects of our programs more lasting and meaningful.

Spearheaded by the BPI Sustainability Office with support from the Premises and General Services Division, the new initiative has gained the commitment of the Bank’s service providers in implementing sustainable schemes in their operations.

Around 20 contractors signed up for the initiative during the launch of the program in September 2012. The Bank is implementing the program as part of its partnership agreement with the Green Philippine Islands of Sustainability (GPIoS), a European Union-funded regional consultation and training initiative, which provided the briefing to our service providers.

We also plan to make Green certification part of the accreditation requirements of our service providers. This future direction will help us institutionalize these ‘green’ reforms. Moreover, the Bank is compliant with environmental laws and regulations.

# GREEN INITIATIVES



Switch to energy-efficient LEDs for building signages

**IMPACT:**  
Reduced energy consumption



BPI Green Branch at ADB

**IMPACT:**  
Reduced electricity and paper consumption and vehicle emissions



Subcontracting of armored car services

**IMPACT:**  
Reduced vehicle emissions due to the decrease in the number of armored cars and frequency of trips



Telework by employees

**IMPACT:**  
Reduced vehicle emissions due to shortened employee commuting time



Paperless initiatives by different business groups

**IMPACT:**  
Reduced paper consumption and delivery vehicle emissions



Initiatives to green the supply chain

**IMPACT:**  
Reduced GHG emissions in the supply chain



Sustainable Energy Finance Program

**IMPACT:**  
Reduced environmental impact of clients' products and services



BPI-WWF Study on Business Risk Assessment and the Management of Climate Change Impacts

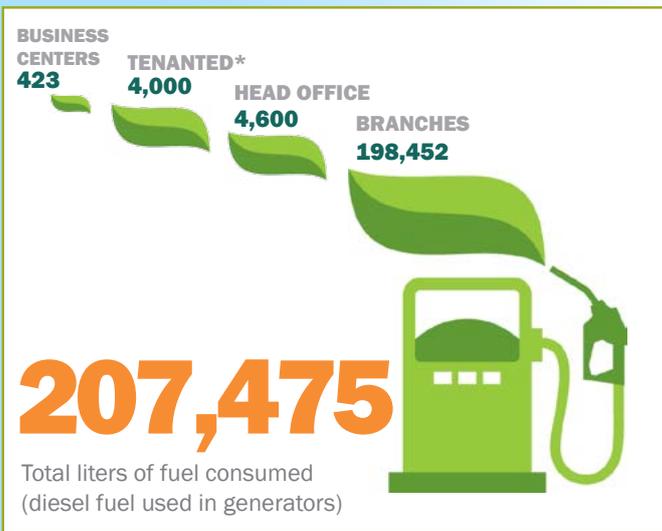
**IMPACT:**  
Reduced or eliminated preventable losses due to climate change impacts



# BY THE NUMBERS

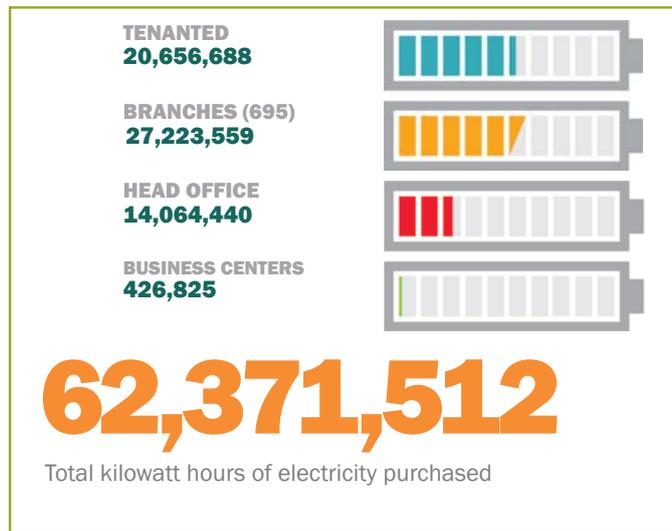
The indicators below cover the environmental performance of our Branches, Head Office buildings (BPI Head Office, BPI Family Savings Bank Head Office, BPI Card Center and BPI Intramuros Complex), Business Centers and Cash Centers, and Tenanted Buildings (BPI Buendia Center, Greentop Condominium, BPI Escolta/Sta. Cruz Building, and BPI Binondo Building).

## DIRECT ENERGY CONSUMPTION

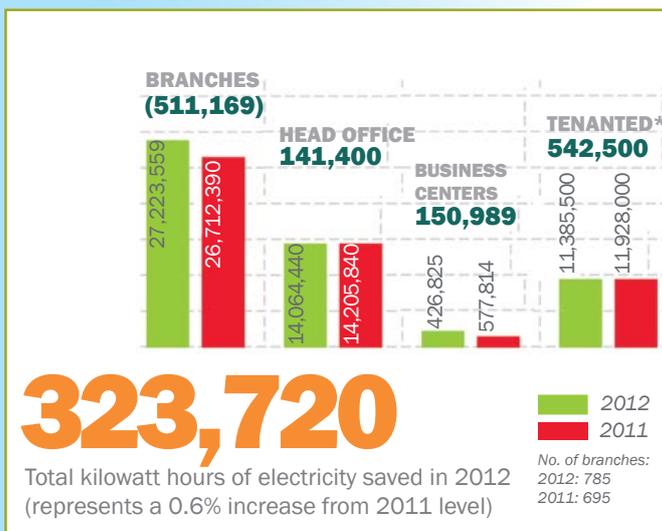


\*Buendia Center only

## INDIRECT ENERGY CONSUMPTION

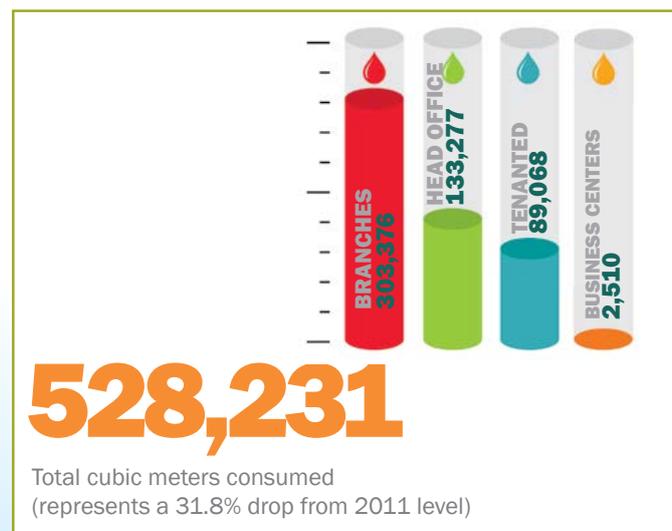


## ENERGY SAVED 2012 vs. 2011



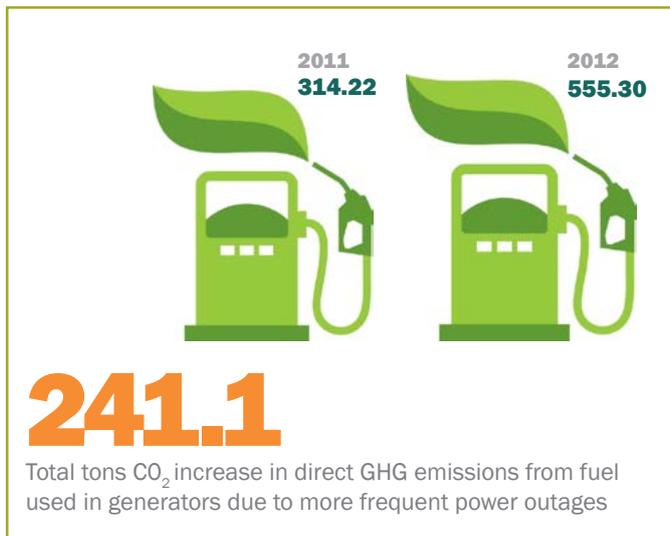
\*Buendia Center only

## WATER CONSUMPTION 2012 vs. 2011

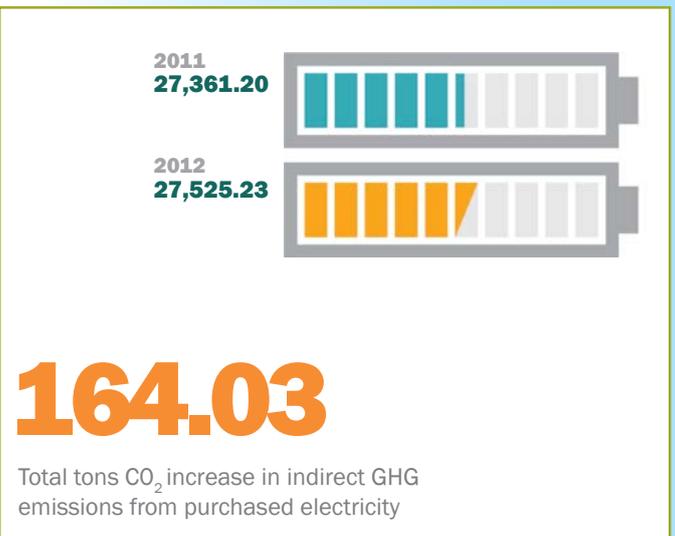


# TOTAL GREENHOUSE GAS EMISSIONS IN 2012: 65,128.82 tons CO<sub>2</sub>

## DIRECT (FUEL)



## INDIRECT (ELECTRICITY)



## OTHER GHG EMISSIONS



## WASTE BY TYPE AND DISPOSAL



\*BPI and BFSB Head Office only  
\*\* BPI, BFSB and BPI Card Center only