

NOW, MORE THAN EVER

Going and living green—especially in a year that saw the country hit by the two most devastating natural calamities in recent memory—gained a renewed importance for the Bank in 2013, as we continued to demonstrate our commitment to the highest standards of environmental sustainability and social responsibility.

Sustainable energy financing

Five years after we launched a pioneering venture with the World Bank-affiliated International Finance Corporation (IFC), we continued to boost private sector investments in energy efficiency and renewable energy projects, capturing the bulk of the IFC's Sustainable Energy Finance (SEF) Program's total loan portfolio in the country.

For 2013, total loans and leases released under the SEF Program amounted to Php 4.6 billion, slightly higher than in 2012, bringing our total SEF loan portfolio to Php 13.4 billion. Outstanding loans as of end-2013 reached Php 9.77 billion.

SEF projects saved approximately 115,613 MWh of energy per year, while producing 1,105,011 MWh of clean energy annually. Greenhouse gas emissions avoided reached 808,793 tons per year.

Most of the projects financed in 2013 were energy efficiency projects such as the construction of energy-efficient office buildings, warehouses and factories; retrofits of existing buildings; and upgrading of equipment and refrigeration systems.

Meanwhile, renewable energy projects financed during the year include biomass drying facilities and recovery systems and the installation of solar PV systems.

Some of the more notable projects financed under the SEF Program include:

- A 571-kWp (kilowatt-peak) solar rooftop project with the Asian Development Bank, which is expected to reduce ADB's total energy consumption by 8% yearly;
- Retrofitting of an international school's facilities as well as replacing its old HVAC (heating, ventilation and air conditioning) and lighting systems; and

- Acquisition of a biomass recovery system for the additional steam supply of a bottling company.

Apart from financing sustainable energy projects to small and medium enterprises (SMEs), we are also committed to educating our employees about energy solutions that they could impart to our clients. We held in-house training sessions and workshops in the country's key cities to train our account officers and relationship managers on the recent technologies under SEF, and identified financing opportunities and influenced the utilization of energy finance in their respective markets and areas.

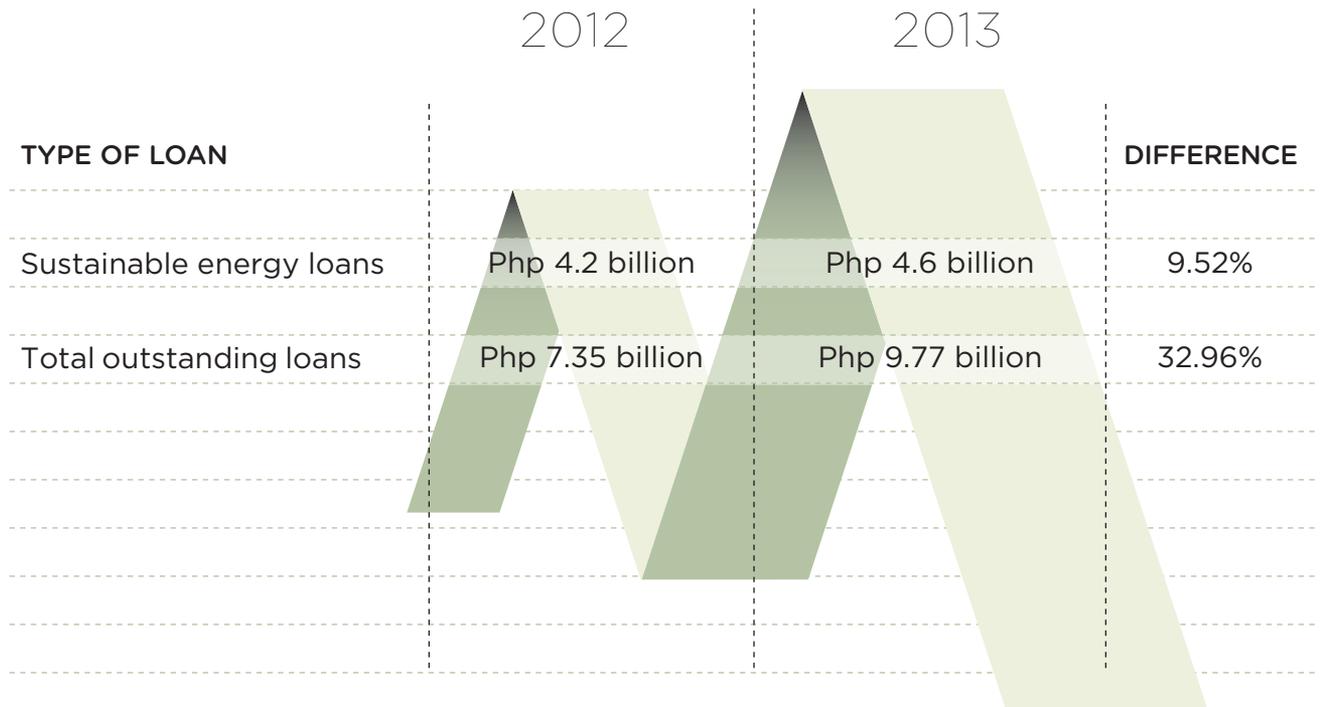
The SEF Team also conducted two SEF Boot Camps during the year, both in Puerto Princesa, Palawan. The boot camps are training workshops for preselected account officers (AOs) jointly conducted by BPI and the IFC. It aims to equip AOs with the knowledge and expertise they need to effectively market SEF to their clients.

As a leader in sustainable energy financing in East Asia, the Bank was invited to international events such as the FinNet 2013 in Washington, D.C.; the IFC Financial Sector Partners Meet in Kochi, India; and the HK Global Investor Forum. These fora were opportunities for us to share our expertise in SEF and the best practices adopted in the Philippines.

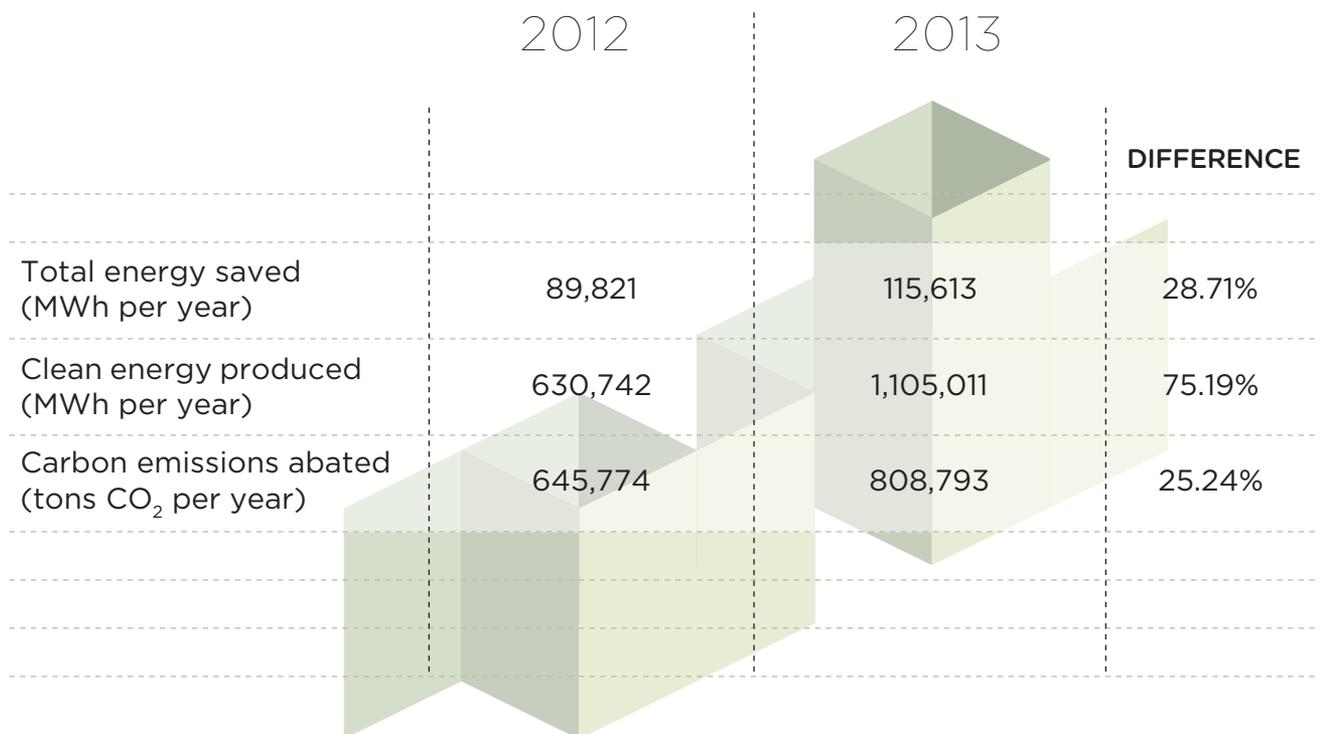
The SEF Philippines initiated by the IFC in 2008 with BPI as lead partner bank was also recognized by the United Nations Framework Convention on Climate Change in the "Momentum for Change" activities in Warsaw, Poland. The award recognized innovative projects and activities that contributed to the global fight against climate change.

BPI HAS BEEN FULLY COMPLIANT WITH ENVIRONMENTAL LAWS AND REGULATIONS, AND HAS NOT BEEN SANCTIONED FOR NON-COMPLIANCE WITH SUCH LAWS AND REGULATIONS.

SUSTAINABLE ENERGY FINANCE PROGRAM



SEF PROJECT IMPACT



Climate risk adaptation

Our partnership with WWF Philippines on the Climate Risk Adaptation Project hit its third phase in 2013, covering the cities of Angeles, Batangas, Naga and Tacloban. The program aims to help city planners and decision makers assess the impacts of climate change, identify opportunities and decide on life-saving sustainability strategies to allow Philippine cities to retain their economic viability in a climate-defined future.

This project is based on the climate trends drawn from existing climate studies and city-specific socio-economic information for the last 20 years and the scenario-building exercises of various stakeholder participants of an action-oriented proposal for the next 30 years.

The study's first two phases covered the cities of Baguio, Cagayan de Oro, Cebu, Davao, Dagupan, Iloilo, Laoag and Zamboanga from 2011 to 2012. These studies, entitled *Business Risk Assessment and Management of Climate Impacts*, are publicly available on the BPI Foundation websites and WWF.

Saving paper

We also made new strides in cutting our paper use. Under our Asset Management and Trust, the growing usage of alternative channels, such as BPI Expressonline and the BPI Mobile smartphone app, helped sustain our campaign for paperless transactions and reporting, such that the number of investors who opted not to receive hardcopy statements grew by 57% in 2013.

The BPI Card Banking's mission—to provide customers with electronic payment solutions that would diminish the use of cash—has led it to relentlessly pursue migration from cash payments to digital and other e-solutions.

In addition, because of BPI Cards' no-frills proposition, card holders also need not to worry about tracking and redeeming rewards. A rebate program is in place allowing the bank to save on paper for gift certificates—and on fuel, which would have been consumed to deliver the redemptions.

To facilitate paperless payments, about 1.15 million offline contactless cards were produced, generating more than Php 1.5 billion pesos in billings.

REDUCED USE OF PAPER

36

Pages of paper saved per customer who opts for card banking and e-statements

57%

Reduction of hard copy statements by BPI investors

ABOUT 1.15 MILLION

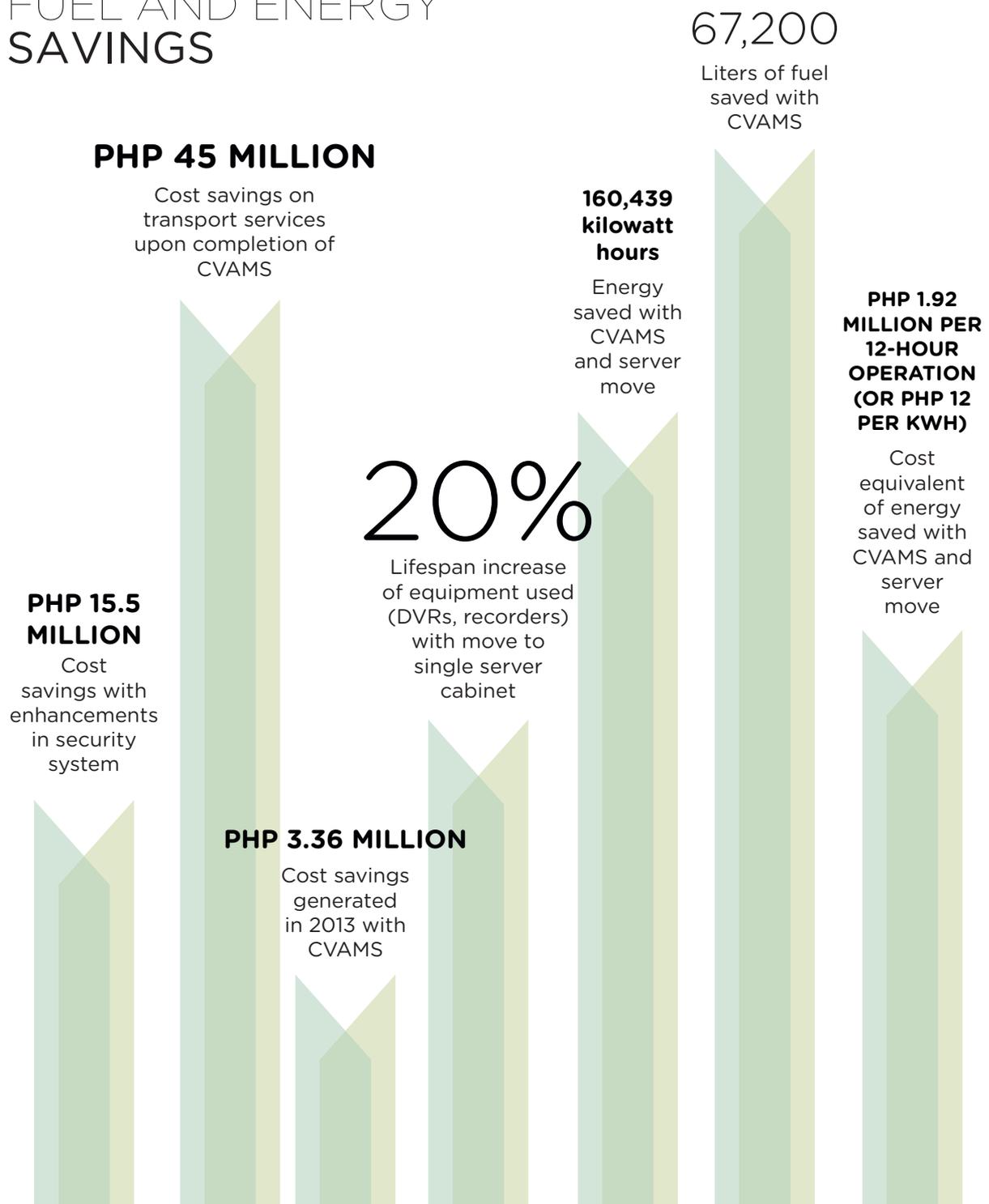
Bank cards produced to facilitate paperless payments

Saving fuel and energy

Our Central Security Office also aided our sustainability initiatives. To save on fuel, it established the Central Video and Alarm Monitoring System (CVAMS), which connects all branches and cash centers to the Central Security Office for real-time monitoring and immediate response. This system eliminates the need for motorized roving guards—about 80 of them—inspecting the branches during non-banking hours. Once completed, the CVAMS will save for the bank Php 45 million in costs for transport services. So far the Security Group’s savings generated by this amount to 67,200 liters of fuel, worth about Php 3.36 million.

Energy-wise, the Central Security Office implemented several process improvements, enhancing the group’s security and control, thus extending the useful life of equipment by about 20%. The expected direct annual savings of this move is Php 15.5 million, which would otherwise go to equipment replacement and repair costs. Overall, these projects are saving for the Bank an estimated 160,439 kilowatt hours, or Php 1.92 million per 12-hour branch operation (or Php 12 pesos per kWh).

FUEL AND ENERGY SAVINGS



Solar-powered branches

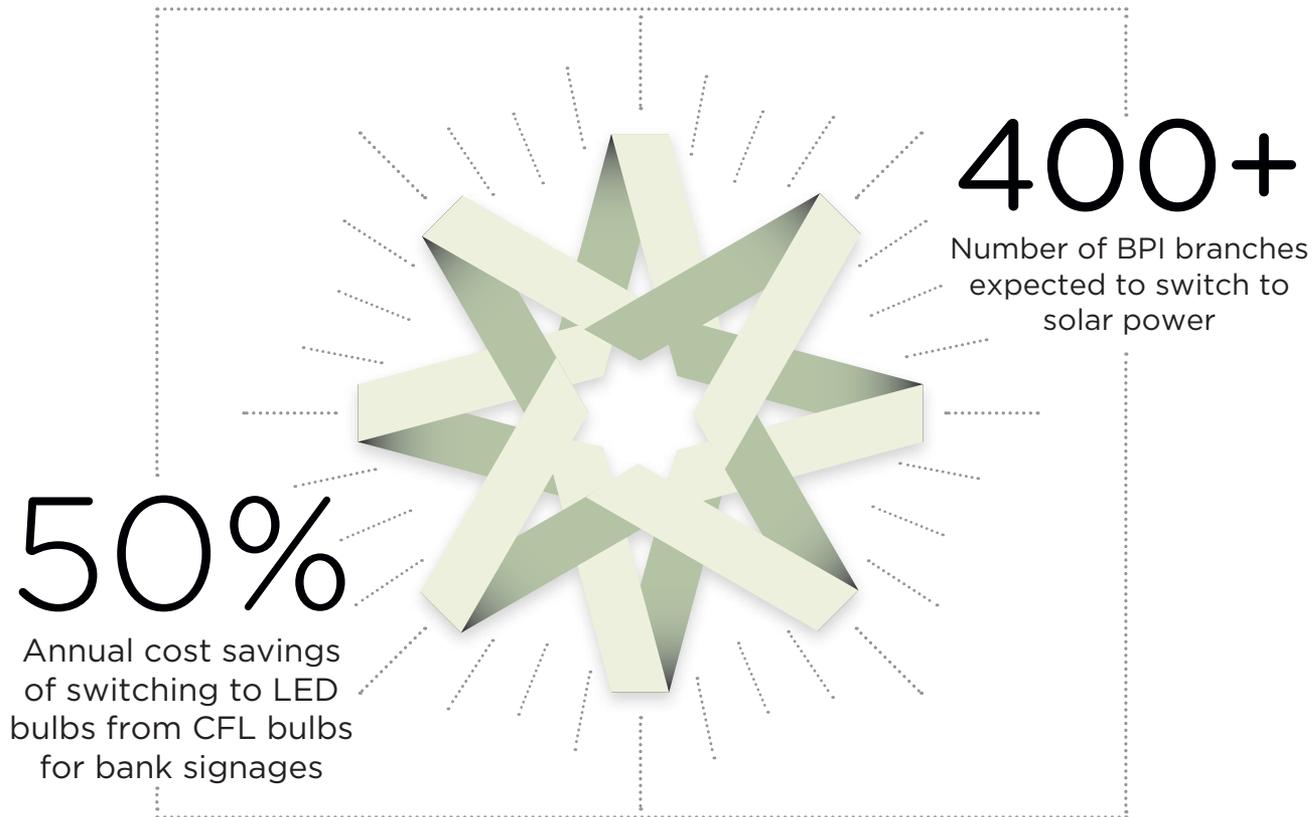
We installed a 5 kW commercial solar photovoltaic (PV) system at our Ayala Avenue Extension (Makati City) branch, which would lead to savings in this branch's electricity bill. Outfitting this branch made sense because it is not surrounded by tall buildings, allowing the solar panels to freely catch sunlight.

This is our second "green" branch after we opened a solar power system at the 10-square-meter branch inside the Asian Development Bank headquarters in Pasig City in 2012. We also outfitted the Cainta Junction (Rizal province) branch with solar panels.

We expect about half of our branches fitted with PV systems that in turn will lead to substantial savings in monthly electricity consumption.

We have also changed the standard for our branches' horizontal and vertical signage by using LED lights instead of fluorescent lamps. In general, although LED lamps cost more than the fluorescents, they use half as much electricity, last six times longer, and provide annual operating cost savings of 50 percent over fluorescent lights.

SOLAR POWER AND LED SAVINGS



Other energy-consumption numbers registered by BPI in 2012-2013

Diesel fuel (in liters) used in generators		
LOCATION	2012	2013
Branches	198,452 (427 branches)	151,226 (450 branches)
Head office	4,600	4,200
Business/Cash centers	423	607
Tenanted sites	4,000	10,000
TOTAL	207,475	166,033

Other energy-consumption numbers registered by BPI in 2012-2013

Electricity (in kilowatt hours) consumed and saved			
LOCATION	2012	2013	ENERGY SAVED
Branches	27,223,559 (695 branches)	25,880,466 (686 branches)	1,343,093
Head office	14,064,440	13,828,446	235,994
Business/Cash centers	426,825	455,000	(28,175)
Tenanted sites	12,127,740 ²	11,118,062	1,009,678
TOTAL	53,842,564	51,281,974	2,560,590

Water (in cubic meters) consumed and saved			
LOCATION	2012	2013	WATER SAVED
Branches	303,376 (626 branches)	404,355 (629 branches)	(100,979)
Head office	133,277	150,464	(17,187)
Business/Cash centers	2,510	3,368	(858)
Tenanted sites	89,068	98,634	(9,566)
TOTAL	528,231	656,821	(128,590)

Greenhouse gas emissions (in metric tons of CO ₂)			
REASON FOR GHG EMISSION	2012	2013	REDUCTIONS ACHIEVED
Fuel use	555	447	108
Electricity use	26,660 ³	25,392	1,268
Business-related travel	37,049	43,175	(6,126)
Foreign travel	35,249	41,297	(6,048)
Use of armored cars	1,800	1,878	(78)
TOTAL	64,264	69,014	(4,750)

Waste (in tons) by type and disposal method			
WASTE	2012	2013	WASTE REDUCED
Recyclable materials collected by accredited junk shops	59	82	(23)
Residuals collected by MACEA ⁴ and sent to landfills	156	161	(5)
TOTAL	215	243	(28)

²The number indicated in the 2012 Integrated Annual and Sustainability Report (20,656,688 kWh) is erroneous. The number in the table above is the correct amount.

³Emission factor used in 2012 was based on on "CDM Baseline Construction for the Electricity Grids in the Philippines" published by the Institute for Global Environment Strategies and the Manila Observatory. For 2013 date, the Indirect CO₂ Emissions from Purchased Electricity tool (2007) Version 3.0, developed by World Resource Institute (WRI), was used. For uniformity, data for 2012 was recomputed using the latter tool.

⁴MACEA, or the Makati Commercial Estate Association, is an association of owners, lessees and occupants of lots in the Makati Central Business District.