

ASSESSMENT

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Send Your Feedback

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Bank of the Philippine Islands

Second Party Opinion – Sustainable Funding Framework Assigned SQS3 Sustainability Quality Score

Summary

We have assigned an SQS3 sustainability quality score (good) to the Bank of the Philippine Islands' (BPI) sustainable funding framework dated October 2025. The bank has established its use-of-proceeds framework with the aim of financing eligible projects across eight green, six blue and eight social categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines (SBG) 2021; and the Loan Market Association, Asia-Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025 and Social Loan Principles (SLP) 2025. The framework demonstrates a moderate contribution to sustainability. In addition, the framework is aligned with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023, as detailed in Appendix 4 of this report, as well as aligned with the ASEAN Sustainability Bond Standards (ASEAN SUS) 2018, as detailed in Appendix 5.

Sustainability quality score

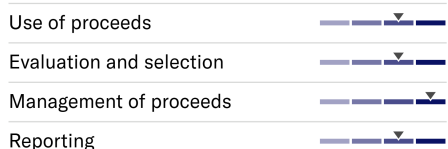


Alignment with principles USE OF PROCEEDS

Overall alignment



FACTORS ALIGNMENT



Contribution to sustainability

Final contribution to sustainability



Preliminary contribution to sustainability

Relevance and magnitude

Additional considerations No adjustment

POINT-IN-TIME ASSESSMENT

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of BPI's sustainable funding framework dated October 2025, including the framework's alignment with the ICMA's GBP 2025, SBP 2025 and SBG 2021; and the LMA/APLMA/LSTA's GLP 2025 and SLP 2025. Under its framework, BPI plans to issue use-of-proceeds bond/loan/deposit/instrument/other funding transaction, to finance eligible projects across eight green, six blue and eight social categories, as outlined in Appendix 3 of this report.

We have also provided a supplementary opinion on i) the framework's alignment with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023, developed by Asian Development Bank (ADB), ICMA, International Finance Corporation, United Nations Environment Programme – Finance Initiative and United Nations Global Compact, and ii) the framework's alignment with the ASEAN SUS 2018 developed by the ASEAN Capital Markets Forum. We performed a full review of the framework in the context of the ASEAN Green Bond Standards 2018 and ASEAN Social Bond Standards 2018, as set out therein. The supplementary opinion assessments are solely based on information provided or confirmed by the issuer. Our supplementary opinions do not constitute a verification, certification or audit; is distinct from the Alignment with Principles Score; and has no influence on the expressed sustainability quality score.

Our assessment is based on the last updated version of the framework dated October 2025, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the bank.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in March 2025.

Issuer profile

Established in 1851, Bank of the Philippine Islands (BPI) is one of the leading commercial banks in the Philippines. The lender is one of the country's top three largest private commercial bank by assets, with a market share of 12% as of 31 December 2024. Its domestic franchise comprised 1,266 branches and 2,581 ATMs/cash accepting machines (CAMs) as of 31 December 2024. The commercial bank provides a wide range of financial products and services, which include insurance, asset management and remittance.

As of 31 December 2024, Ayala Corporation, one of the most prominent conglomerates in the Philippines, had an effective shareholding of 45.2% in BPI. The bank is also publicly listed on the Philippine Stock Exchange.

BPI faces moderate environmental risks from carbon-intensive industries like manufacturing, real estate and construction. These are partially offset by the bank's green financing efforts under the BPI Sustainable Funding Framework. The bank also faces moderate physical climate risks due to climate-related shocks in the Philippines, but it mitigates these risks with proactive climate risk management tools. BPI's social risks include regulatory and litigation risks, although customer relation risks are lower than for global peers due to simpler product intermediation and looser consumer protection regulations in the Philippines. However, increasing online operations raise data security, privacy and mis-selling risks. Despite these challenges, the bank can tap the country's young population for growth opportunities.

Strengths

- » The bank has committed to an independent third-party verification on both allocation and impact reporting annually.
- » Some of the projects will likely have a significant positive impact, in particular the use of EDGE certification in the green buildings category and the solar and wind power projects financed under the renewable energy category.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Challenges

- » Some categories involve projects that lead to lock-in emissions, for instance, mixed energy grids and non-zero tailpipe emission vessels, among others.
- » The target population for some social categories is defined too broadly, limiting our visibility into the full extent of how the eligible projects contribute to sustainability for the most vulnerable populations.

Alignment with principles

BPI's sustainable funding framework is aligned with the four core principles of ICMA's GBP 2025, SBP 2025 and SBG 2021; and the LMA's GLP 2025 and SLP 2025. For a summary of the alignment with principles scorecard, please see Appendix 1. In addition, the framework is aligned with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023, as detailed in Appendix 4 of this report, as well as aligned with the ASEAN SUS, as detailed in Appendix 5.

- | | |
|---|---|
| ☒ Green Bond Principles (GBP) | ☒ Green Loan Principles (GLP) |
| ☒ Social Bond Principles (SBP) | ☒ Social Loan Principles (SLP) |
| ☐ Sustainability-Linked Bond Principles (SLBP) | ☐ Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – ALIGNED

BPI has clearly communicated the nature of expenditures for the eligible categories, as well as the exclusion criteria. The eligibility criteria for the project categories are defined in the framework. However, some categories lack specific details, such as the pollution prevention and control, the sustainable transport infrastructure and the information and communication technology categories. BPI has identified the target locations as the regions where the bank mainly operates including the Philippines, Indonesia, Australia and India.

Under BPI's framework, the bank has indicated that it will provide corporate-level financing, with loans tagged to projects and activities. For this, the bank will ensure that 100% of the net proceeds are allocated and earmarked against the corporate's eligible projects and activities.

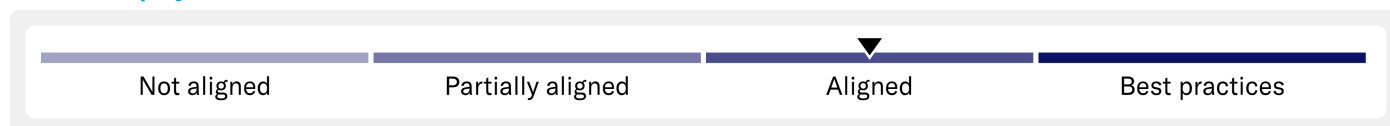
Clarity of the environmental or social objectives – ALIGNED

The bank has clearly outlined the E&S objectives associated with nearly all the categories. Almost all the eligible categories are relevant to the respective E&S objectives to which they aim to contribute. The bank has referenced the United Nations' (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories, and the objectives are coherent with these recognized international standards.

Clarity of expected benefits – ALIGNED

The bank has identified relevant E&S benefits for most of the eligible categories. The identified benefits are measurable and will be quantified in the impact reporting. For the impact reporting, BPI is committed to report at least one impact indicator for each category it finances. BPI has communicated through internal documentation its commitment to regularly report on the allocation of net proceeds and E&S benefits. The bank intends to use 100% of total net proceeds as refinancing, to ensure that bond and loan proceeds are allocated to pre-qualified eligible projects. Information about the exact share allocated for refinancing during pre-issuance will be disclosed on demand only. The maximum lookback period is 30 months.

Process for project evaluation and selection

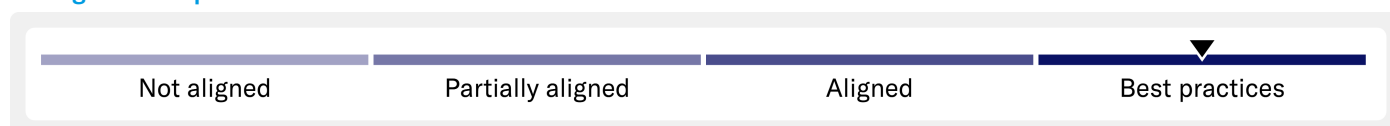


Transparency and clarity of the process for defining and monitoring eligible projects – ALIGNED

The bank's decision-making process for determining the eligibility of the projects is well structured and clearly outlined in the framework, which will be made available on the issuer's website. BPI has established a three-tier checking system to confirm project eligibility. At the first level, loan officers are responsible for identifying, evaluating, and prequalifying potential projects. The second level involves Institutional Banking, Business Banking, and Consumer Banking, which verify the projects. At the third level, technical consultants and the Sustainability Office review and approve qualified projects.

BPI ensures that all loans included for allocation toward the eligible projects comply with national, local and environmental laws, as applicable, at the time of issuance. The projects selected are subject to the bank's general policy and governing principles on responsible lending.

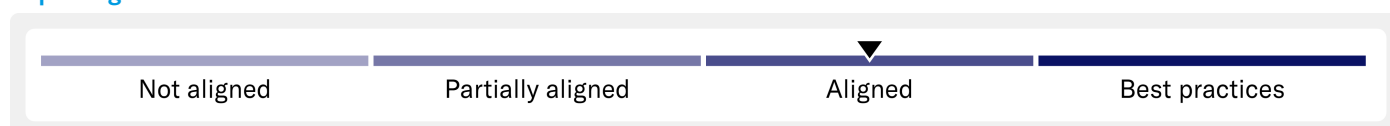
Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

The Sustainable Funding Committee (SFC) is responsible for validating and approving enrollments or replacing paid-off or disqualified loans. The committee also reviews the monitoring and reporting of various sustainable funding transactions (SFTs), and oversees the allocation of net proceeds to eligible projects until fully allocated. The SFC conducts reviews and makes any necessary adjustments to the proceeds on a semiannual basis, and more frequently if required. The bank targets to allocate the full amount of proceeds within 24 months. In the event of divestment, postponement, cancellation or potential ESG controversies, the bank will reallocate the funds to other eligible green, blue and social expenditures. Any unallocated proceeds will be held as cash or invested in other short-term liquidity instruments, and will not be invested in any activities listed under BPI's exclusion list.

Reporting



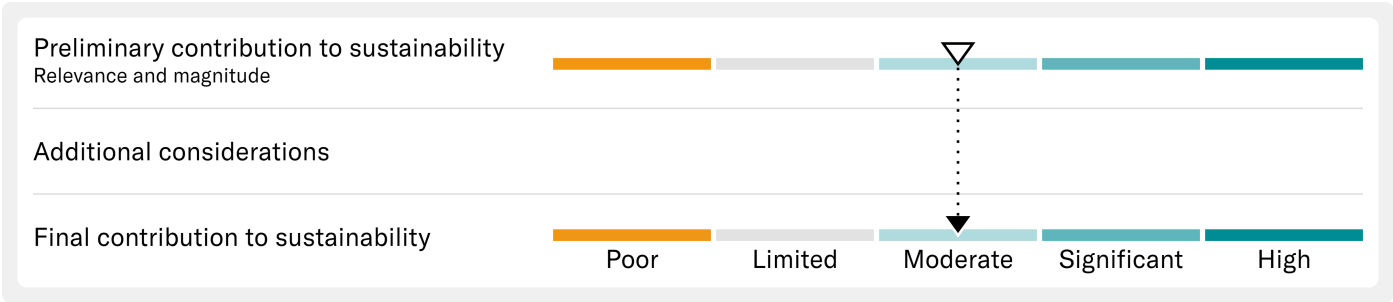
Reporting transparency – ALIGNED

The bank will report proceeds from SFTs annually on its website and/or in BPI's Annual Integrated Report until full allocation or in case of material developments. The bank also stated that it will conduct impact reporting until the maturity of the SFTs. The bank commits to provide a report on disbursement and impact indicators, including allocation details at the category level, expected E&S benefits and any material developments related to the projects.

The bank has identified relevant E&S impact indicators for the eligible categories. The methodologies and assumptions used to report on E&S impacts may be provided to bondholders and lenders on demand only. The bank has committed to appoint an independent third party to conduct external verification and assess the bank's annual green and social bonds report, which includes the impact reporting.

Contribution to sustainability

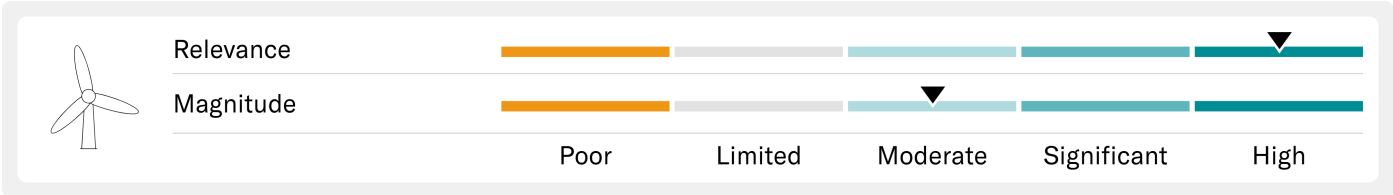
The framework demonstrates a moderate overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of moderate, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is moderate, based on the relevance and magnitude of the eligible project categories. BPI informed us that the target proceeds allocation ratio will be 30:70 between green and social categories. Per the issuer's Integrated Report 2024, past proceeds were used to finance the renewable energy, green buildings and MSMEs financing categories, and we presume the three categories will receive a larger share than others. A detailed assessment by eligible category is provided below.

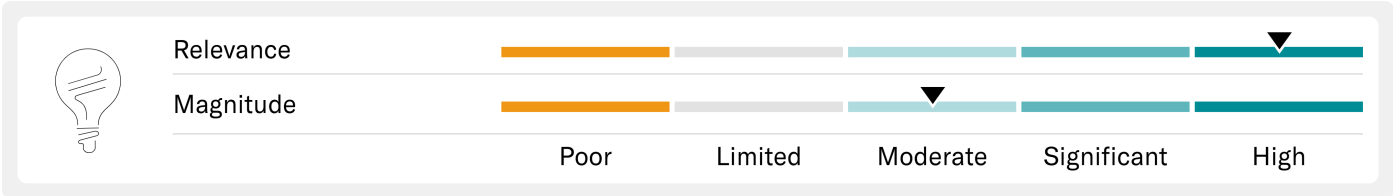
Renewable energy



The relevance is high because decarbonization of the electricity mix is a key challenge for the Philippines, where a substantial portion of electricity is still derived from fossil fuels, particularly coal. According to the Philippine Energy Plan 2023-2050, the country aims to achieve a renewable energy share of 35% in power generation by 2030 and more than 50% by 2050.⁴ Banks play a critical role in this decarbonization effort by providing the necessary capital flows to support green and sustainable development across various sectors. As of year-end 2024, BPI's renewable energy financing comprised 62% of the bank's total power generation mix, and the bank will continue to grow its renewable energy portfolio, according to its Integrated Report 2024. BPI has indicated that eligible technologies include solar, wind, geothermal, hydropower, biomass and biogas, battery energy storage, green hydrogen, transmission and distribution (T&D), and smart grid systems.

The magnitude of this category is moderate, as the financed projects offer long-term environmental sustainability benefits but some projects lack performance thresholds or present lock-ins. The defined renewable energy projects include some of the best available technologies, such as solar, wind energy and geothermal (subject to a direct emissions threshold of <100g CO₂e/kWh), which are expected to have a long-term positive impact. However, some projects lack clear visibility on long-term impact, or could lead to substantial lock-ins, which weighs down the magnitude. For example, run-of-river hydro energy projects have uncertain long-term impact due to the lack of emission thresholds. Green hydrogen projects would face a similar issue if they rely on Renewable Energy Certificates (RECs). For T&D projects, they may not be dedicated to renewable energy and this will entail significant lock-ins. Moreover, although BPI has defined some sources of feedstock for biomass and bioenergy projects, the incomplete list may include sources that are not sustainably sourced, potentially leading to E&S externalities.

Energy efficiency



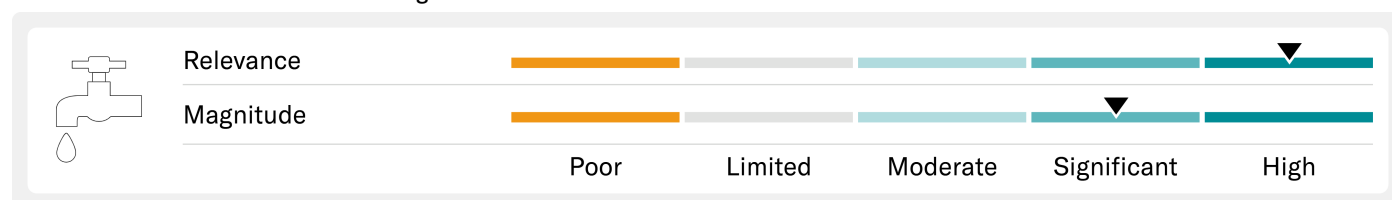
Energy efficiency is highly relevant to the Philippines due to its role in reducing greenhouse gas (GHG) emissions and addressing climate change, significantly supporting the sustainable development of the country. Implementing energy efficiency measures is a key

strategy for meeting these commitments by reducing the overall energy intensity and GHG emissions in the economy. The eligibility criteria include projects improving energy efficiency in the buildings and electricity grid systems, and BPI, with a large exposure to these sectors, plays an important role in financing energy efficiency initiatives.

The magnitude is moderate because the category will finance energy-efficient buildings with a target of achieving a 15% improvement in energy efficiency. BPI has specified that financing will be available for energy-efficient equipment in buildings, including lighting, HVAC systems and motors. While these are the primary energy consumers in most types of buildings, such as residential and commercial buildings, the specified energy efficiency improvement threshold of 15% does not meet a more stringent market criteria of 30%.

BPI will also finance smart grid systems, along with related equipment, and metering and sensing systems. These include demand-side management, wide area monitoring systems, automation systems and big data platforms. The defined systems are effective means to enhance the energy efficiency and stability of power transmission and distribution. They are considered enabling activities that support the stated environmental objective, although they do not directly contribute to the immediate reduction in emissions.

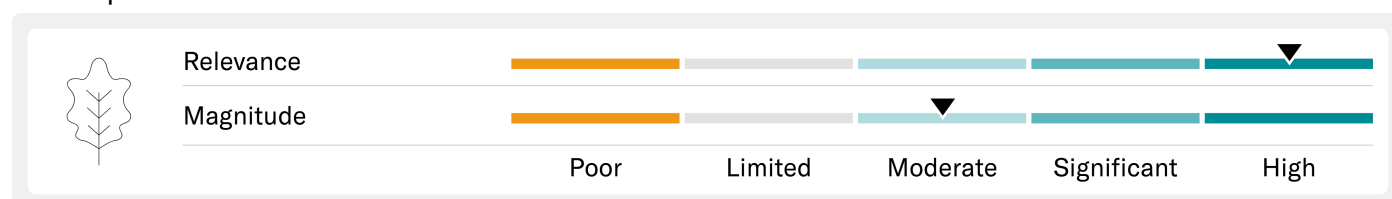
Sustainable water and wastewater management



The relevance of this eligible category is high, considering that more than half of the households in the Philippines lack access to a safely managed water supply, and a significant portion also lacks access to safe sanitation. Sustainable water and wastewater management impacts the population's health and the country's ability to manage water stress. Furthermore, the Philippines is among the countries most vulnerable to climate-driven natural disasters, with water stress and flooding likely to become more severe as rainfall variability increases. Meanwhile, the banking sector plays a critical role in channeling capital into this sector to alleviate water issues.

The magnitude of projects financed under this category is significant because they will positively contribute to water use efficiency improvement, reduced leakage, and better wastewater management. Under the subcategory of integrated water management, BPI aims to achieve 20% water savings compared to the documented baseline. This covers the supply of clean water and distribution technologies, which have a long-term contribution to environmental sustainability. Similarly, under the subcategory of sustainable urban drainage systems, BPI aims to achieve a leakage rate of less than 10%. This is through enabling activities like smart metering installation to detect water leaks. It also includes the use of bioretention systems, which enhances sustainable urban drainage systems, as these are nature-based solutions with minimal lock-ins. However, under the subcategory of wastewater treatment, BPI includes anaerobic treatment processes, for which it hasn't specified thresholds but will monitor methane leakages. The activities are expected to comply with DENR's Clean Water Act and the technical thresholds under DENR Department Administrative Order (DAO) 2016-08, which mitigates any associated negative E&S impacts.

Pollution prevention and control

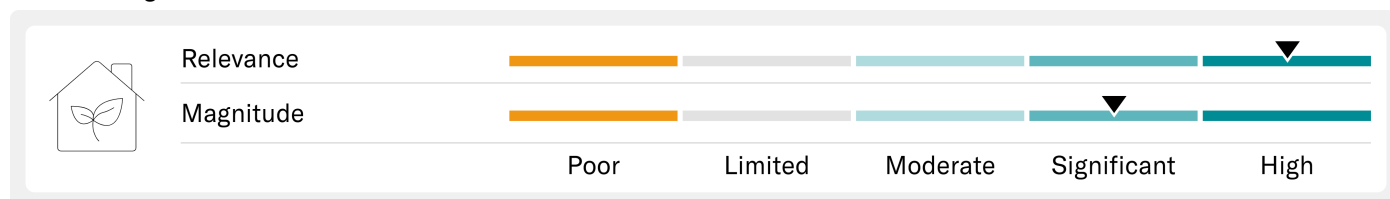


Pollution prevention and control is highly relevant to the Philippines because it is crucial for maintaining environmental sustainability, as well as conserving the natural heritage of the country. The Philippines has rich biodiversity, including numerous endemic species and critical habitats such as coral reefs, mangroves, mountains and rainforests. Pollution affects these ecosystems through habitat

degradation, loss of biodiversity and disruption of ecological balances. The lack of adequate waste disposal infrastructure results in dumping and burning as the two primary waste disposal methods, resulting in environmental damage and health risks.

This eligible category has a moderate magnitude because financed projects are likely to have a positive impact. BPI has informed us that its waste management strategy will follow the waste management hierarchy, prioritizing avoidance and reduction, reuse, and recycling. Landfills and Waste-to-Energy (WtE) projects will not be financed due to their potential significant E&S externalities and lock-ins. However, the eligibility criteria lack defined technologies, practices, and technical thresholds, which limits our ability to assess the full extent of these projects' additional contributions towards pollution prevention and control.

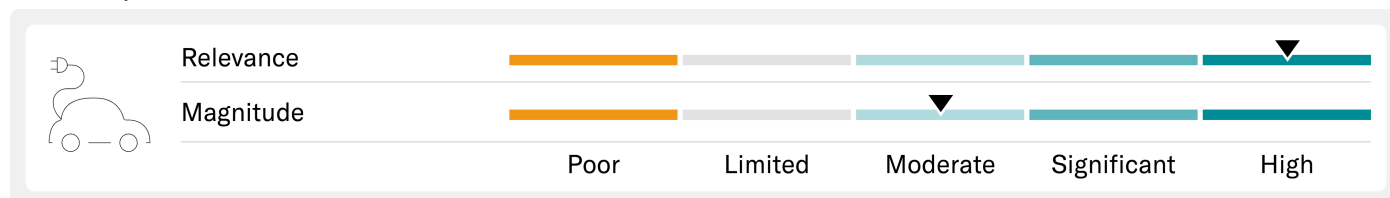
Green buildings



The relevance of projects financed under this eligible category is high because the building sector in the Philippines contributes significantly to the country's carbon emissions. Specifically, the building sector accounts for 15%-20% of the country's total electric power consumption, indicating significant potential for achieving economic savings through improvements in buildings' energy efficiency. Demand for energy is also likely to increase with rapid growth in population and increasing urbanization. Moreover, at the end of a building's life cycle, materials are often wasted, resulting in a significant amount of garbage that ultimately ends up in landfills. The banking sector's substantial exposure to real estate further underscores the importance of this category.

The significant magnitude of the financed projects in this category lies in their potential for significant long-term environmental benefits for the building sector in the Philippines. The financed activities encompass new constructions, acquisitions, and renovations across various types of properties, including residential, public and commercial buildings. Although BPI has identified several green building certifications for adoption, IFC-EDGE is likely to be the most commonly used, according to our communication with BPI. EDGE certification requires a minimum of 20% savings in resources such as energy, water and embodied carbon, and it is recognized by the Climate Bonds Initiative (CBI) as suitable for developing countries. This recognition signifies that certified buildings are among the top 15% of the national building stock in terms of GHG emissions. That said, the issuer's lack of a defined market energy-saving threshold and the greater E&S externalities in new constructions compared to renovations limit the potential for a higher impact. It is important to note that since the other listed certifications in the financing framework do not establish explicit energy performance thresholds and employ a point-based system, the magnitude of this category could be reduced if other certifications are used without specifying targeted energy performance thresholds.

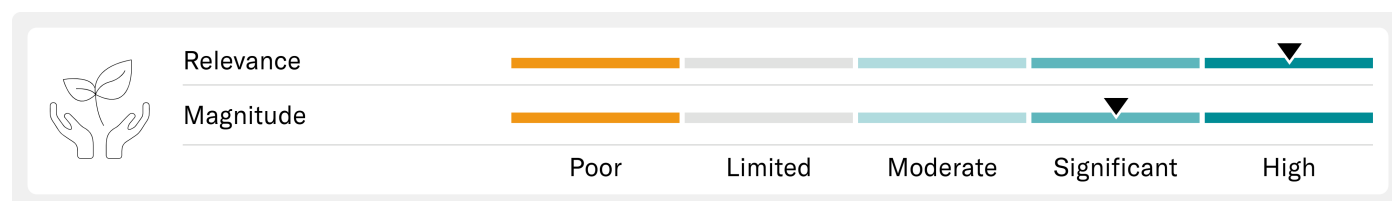
Clean transportation



The relevance of the transition to cleaner vehicles is high, given that the transportation sector is the primary source of air pollution in the Philippines, with jeepneys being a major contributor to the issue. The transition to cleaner vehicles is crucial for mitigating environmental problems such as air pollution and climate change. It also plays a significant role in improving public health and contributes to a more sustainable future. Road transport accounts for close to 90% of total GHG emissions from the transportation sector in the Philippines, and the levels of emissions and air pollution are likely to increase significantly in the next few decades given the rate of economic development and population growth in the country, which makes the provision of low-carbon transport highly relevant. In 2022, GHG emissions from the transportation sector in the Philippines amounted to 35.42 million tons of CO₂ equivalent. This reflects a 12% increase from the previous year's total emissions.³

The moderate magnitude for the clean transportation category highlights both the progress and the challenges implied by the financed projects. Financing non-motorized transport, electric vehicles (EVs) and rail projects aligns with carbon reduction efforts, with adherence to the CBI's emissions thresholds reinforcing their positive impact. However, financing hybrid vehicles undermines the overall impact — despite lower emissions than conventional cars, they still use fossil fuels. BPI shared with us that it will implement a criterion for hybrid vehicles, requiring emissions to be below 50 gCO₂e per passenger-kilometer (p-km). However, without a further commitment to phase out emissions to zero tailpipe, this leads to a moderate impact. Freight rail will follow emission threshold of <25 gCO₂ per ton-kilometer, which is in line with CBI requirement. While we lack details into their end-use, freight rail projects if used for fossil fuels transportation could reduce their environmental benefits. The support for EV charging infrastructure and battery storage is commendable but it may also benefit hybrids, thus reducing its overall positive effect.

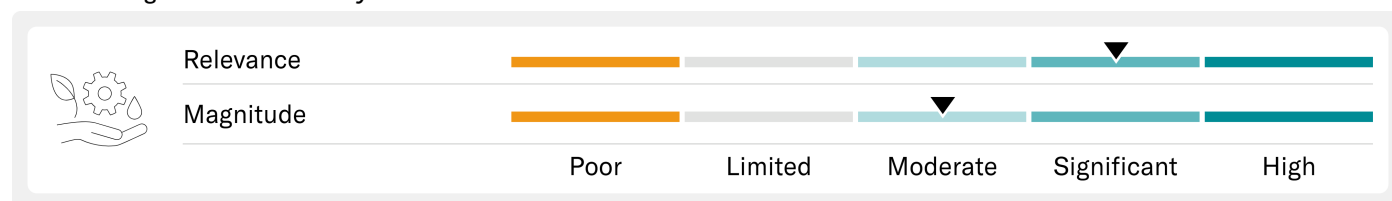
Climate and environmental risk resilience



The relevance of BPI in supporting climate change and environmental risk resilience and adaptation in the Philippines is high because the country is highly vulnerable to climate change and natural disasters, such as rising sea levels, typhoons and fluctuating rainfall pattern. This vulnerability arises from the fact that the Philippines is an archipelago with high poverty levels, inadequate infrastructure and limited access to resources. The World Risk Report 2023 ranks the Philippines as the most disaster-prone country in the world. Additionally, the infrastructure in the Philippines often is not strong enough to withstand severe natural events. Addressing climate change is crucial for saving lives, protecting both the environment and the Philippine economy. The Philippines Country Climate and Development Report highlights that without action, the economy could contract by up to 13.6% by 2040, largely due to natural disasters, reduced agricultural productivity, and infrastructure damage.⁴ In this context, the banking sector in the Philippines plays a crucial role by directing money into building stronger infrastructure and making communities more resilient to disasters and climate change.

The magnitude is significant because the projects financed will help the Philippines adapt to the changing climate by supporting related infrastructure. Information support systems could empower decision-makers with the data, tools, and guidance necessary for understanding and reacting to the impact of climate change. This support is crucial for planning and implementing effective adaptation strategies. Additionally, climate observation and early warning systems are key to enhancing preparedness and ensuring timely responses to shifts in weather patterns. While the construction of dams is not covered, we expect other significant construction and infrastructure projects to be essential for enhancing climate resilience. As shared by the issuer, all major infrastructure projects will undergo an Environmental Impact Assessment (EIA), as mandated by Presidential Decree (PD) 1151. Despite this, there may be concerns regarding E&S externalities and potential lock-ins resulting from the newly built infrastructure.

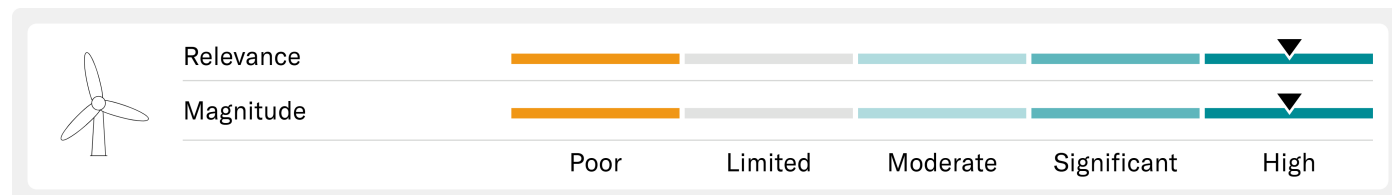
Sustainable agriculture and forestry



The relevance of this category is significant because sustainable agriculture and forestry significantly contributes to the nation's development. The Philippines has rich forest ecosystems, including tropical rainforests and mangroves, which are crucial for water regulation, soil conservation, carbon sequestration, and supporting a diverse range of plant and animal species. Despite their ecological importance, Philippine forests have faced threats for many years, primarily from agricultural expansion and unsustainable logging practices. However, BPI has limited exposure to the agriculture and forest sector, which reduces its relevance.

The magnitude of this eligible category is considered moderate because the projects financed will contribute towards the sustainable agriculture and forestry. The category will cover climate-smart agriculture, afforestation activities, and farmlands. Although large-scale farmlands may raise environmental concerns, such as deforestation, the issuer will comply with local authorities' certifications and Presidential Decree 1586, which mandates EIA for all projects significantly affecting the environment. These measures are intended to mitigate potential E&S externalities of the financed projects. Additionally, BPI will not finance logging operations and forestry products, which are important exclusionary considerations to protect forestry ecosystem. Overall, the eligibility criteria have been defined broadly, without specifying technologies, thresholds or certifications. This lack of specificity limits our ability to ascertain the full extent of the contribution of financed projects to sustainable agriculture and forestry.

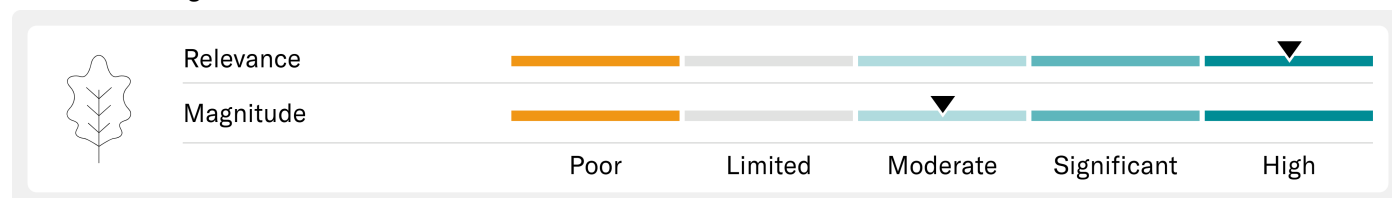
Offshore renewable energy



The relevance is high because the projects financed under this category are crucial for the Philippines to meet its Nationally Determined Contribution (NDC) goal of reducing emissions by 75% from 2020 to 2030.⁵ Under the Clean Energy Scenario of the Philippine Energy Plan 2023-2050, the Philippines will need to increase the share of renewable energy in its power generation mix to 35% by 2030 and more than 50% by 2050. This requires total investment of about PHP7.6 trillion, or \$133 billion, in renewable energy power projects by 2050.⁶ The projects are also important for the issuer, which continues to grow its renewable energy portfolio, with 62% of the bank's total power generation mix comprising renewables as of year-end 2024.

The magnitude is high because the projects financed correspond to best available technologies, and these are generally considered to have an emission factor lower than 100g CO₂e/kWh. The projects entail minimal lock-ins and will be subject to an E&S due diligence process, as per BPI's underwriting process, which mitigates concerns around potential negative externalities.

Sustainable management of waste and wastewater



The relevance is high because the Philippines generates as much as 61,000 metric tons of solid waste daily, of which only a third reaches landfills and dumps, while an estimated 35% ends up in the ocean.⁷ Solid waste production in the country has been increasing due to rapid population growth and urbanization, exacerbated by inadequate waste segregation, rendering existing landfills inadequate for future disposal needs.

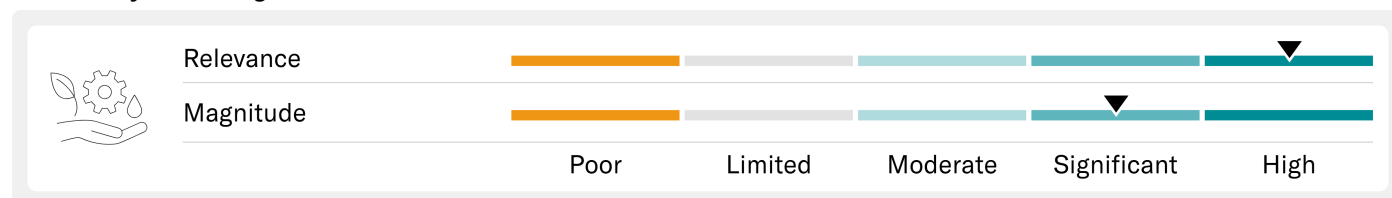
The financed projects have moderate magnitude because the three subcategories are expected to positively contribute towards the pollution prevention and control objective.

For the solid waste management subcategory, the projects are expected to comply with Republic Act No. 9003, the Ecological Solid Waste Management Act, which indicates that the waste hierarchy will be followed. While adherence to the Act ensures responsible waste management, it does not provide clear visibility into how much waste will be reduced or diverted from landfills.

For the resource efficiency and the circular economy subcategory, the projects will support reduction in carbon footprint across the value chain, as it covers manufacturing processes that use recycled inputs instead of virgin resources. This aligns with the Philippines' shift toward sustainable material sourcing, although details on the improvement in the overall emissions footprint are lacking. Additionally, the projects will include the conversion of organic waste into biogas and compost for organic fertilizer, thus reducing reliance on synthetic fertilizers and fossil fuels.

For the non-point source pollution subcategory, the projects employ nature-based solutions and have limited lock-ins, offering substantial environmental advantages. These include bioretention systems and construction of rain gardens, which capture and filter rainwater in cities prone to flooding, such as Metro Manila, thereby reducing pollutants before they reach rivers and bays. In addition, the projects will include creation of riparian buffer zones and wetlands, which are natural filters absorbing excess nutrients and reducing waterway pollution in intensive farming areas.

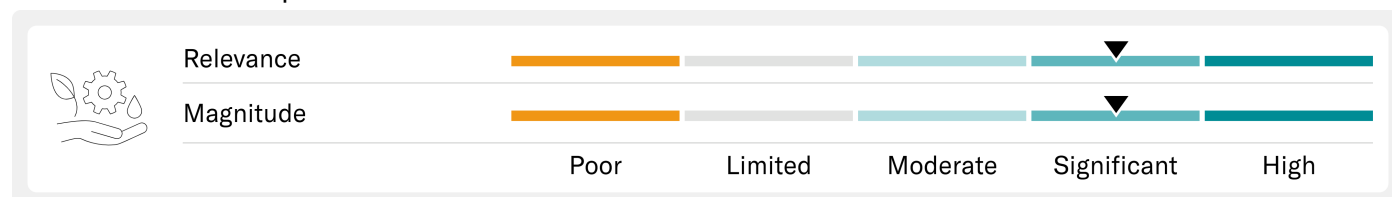
Marine ecosystem management



The relevance is high because the issues of overfishing, pollution and climate change are increasingly threatening the Philippines' vibrant marine habitats, jeopardizing not only local livelihood sources but also global environmental health. The Philippines is ranked 197th out of 220 regions in the latest Ocean Health Index, signaling a decline in marine ecosystem health.⁸ One of the reasons for the deterioration in marine ecosystem is dredging, which involves extracting silt, sediments and other substances from the ocean floor, a practice common in the West Philippine Sea.

The magnitude is significant because the financed projects, which are mainly nature-based projects, will have long term positive contribution to the stated environmental objective. Project examples include, but are not limited to, forest conservation in river basins, wetland protection, educational and awareness initiatives (capacity-building), and efforts to increase the density of native tree species in forests and along riverbanks. These projects will entail minimum lock-ins, while contributing significantly toward climate change adaptation. Given the context of the Philippines, which faces on average 20 tropical cyclones that occasionally lead to floods and landslides, these projects will help enhance the resilience of the marine ecosystem.⁹

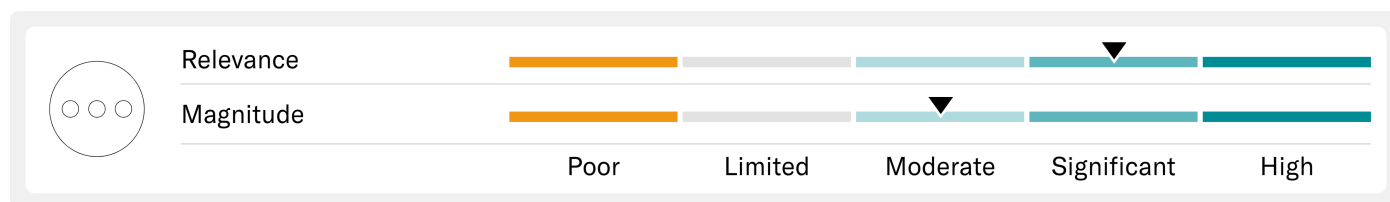
Sustainable fisheries and aquaculture



This eligible category is significantly relevant because the fisheries sector is a key industry to the Philippine economy, and banks play an important role in supporting the fisheries and aquaculture sector. The projects in this category will support the Comprehensive National Fisheries Industry Development Plan for 2021-25. Meanwhile, the bank's loan exposure to the agriculture sector remains at only 2%, which result in a relevance score of significant.

The financed projects have significant magnitude as they are expected to have long term positive contribution toward the stated environmental objective, given the issuer's commitment to align projects with the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certification standards. These certifications promote sustainable fishing practices, responsible aquaculture and other sustainable initiatives, and they ensure that any associated E&S risks are well managed. In addition, the eligibility criteria also extends to the supply chain expenditures covering storage and the traceability systems for operations and facilities. While no clear thresholds are described, these activities will likely support the Comprehensive National Fisheries Industry Development Plan (CNFIDP), which intends to improve national food security and mitigates potential negative externalities.

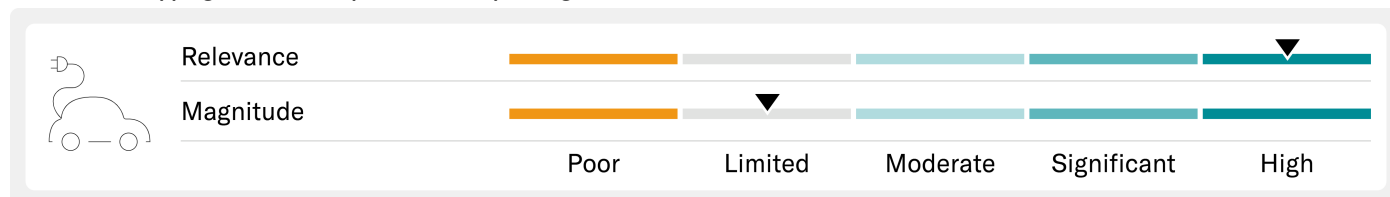
Sustainable tourism



Sustainable tourism is significantly relevant to both the Philippines and BPI, as it could become a cornerstone of the country's economy, promoting economic growth, job creation and sustainable development. Tourism contributed 12.9% to the Philippines' GDP in 2019, a figure that declined following the outbreak of the coronavirus pandemic but has since partially recovered to 8.6% in 2023.¹⁰ The government reported that more than 16 million Filipinos were employed in the tourism sector in the first quarter of 2024.¹¹ Sustainable tourism is key to balancing the needs of tourists, the environment and local communities. That said, despite its potential benefits, the urgent need to address the climate change challenges currently facing the Philippines surpasses the relevance of sustainable tourism.

The magnitude of this eligible category is considered moderate because the financed projects will contribute positively towards the biodiversity and natural resource conservation. Sustainable tourism projects include raising public awareness about ecosystem protection and cover environmental certifications, such as those from the Global Sustainable Tourism Council (GSTC) and other accredited bodies, which ensure that any associated E&S risks are well managed. The category will not cover any construction activities, so we expect minimal construction-related E&S externalities. However, we lack details on the types and locations of the projects to fully ascertain the extent of their environmental benefits. BPI will also finance tourism projects with solid waste and wastewater management capacity, although it provides limited visibility into how these projects will contribute to sustainable tourism. In addition, anaerobic and aerobic treatment plants pose E&S externalities, for which thresholds are not defined, but the projects are expected to follow regulations.

Sustainable shipping, marine transportation and port logistics sectors

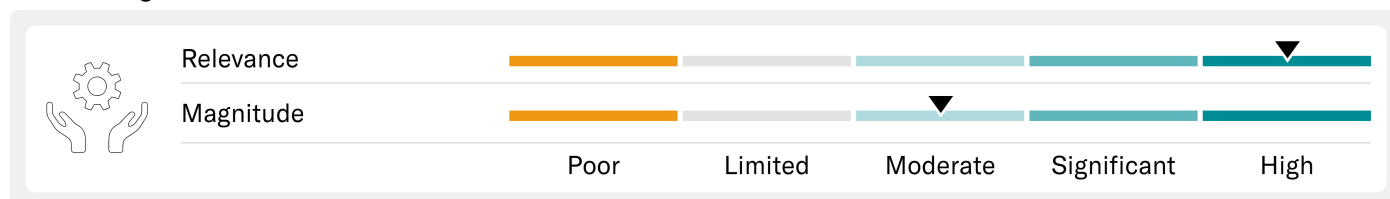


The relevance is high because the Philippines, as an archipelago, relies significantly on maritime transport for both international and domestic trade. The sustainable development of the maritime sector directly impacts the country's environment, society, and economy. For many Filipinos, ports act as essential gateways for this mode of transportation, providing significant employment opportunities — from seafarers to port workers. The number of employed persons in ocean-based industries accounted for 5% of the total employment in the country in 2023, according to Philippines Statistics Authority. Moreover, the government has implemented policy reforms to improve the maritime industry's performance by issuing guidelines and regulations. In this context, The Philippine 10-year Maritime Industry Development Plan (MIDP) 2028 aims to modernize and expand the maritime industry and ensure a sustainable, secure, and competitive maritime sector.

Projects financed under this category have limited magnitude due to potential long-term carbon lock-ins. There is uncertainty about whether the vessels can operate on zero direct CO₂ emission fuels, and efficiency improvement thresholds are not fully clear. While the vessels are expected to meet energy efficiency regulations like the Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), compliance does not guarantee adherence to the best market standards. For instance, vessels rated D or E in CII can still be financed, representing the 35th percentile in efficiency. Despite broad eligibility criteria, the financed vessels aim to support the IMO's strategy to reduce GHG emissions by 40% by 2030 from the 2008 baseline. The issuer has confirmed that oil tankers will not be financed, addressing some concerns about fossil fuel transportation. Also, BPI commits to uphold the exclusion list stated in the Bonds to Finance the Sustainable Blue Economy for this category, to not finance vessels running fully on fossil fuels including LNG.

For the water-related projects, the financed infrastructure projects are expected to positively impact marine conditions through water treatment, waste management, and pollution control. The eligibility criteria are broadly defined in terms of technologies and technical thresholds, however BPI has stated that projects will meet national water quality standards and methane emissions from wastewater treatment will be monitored to reduce GHG emissions.

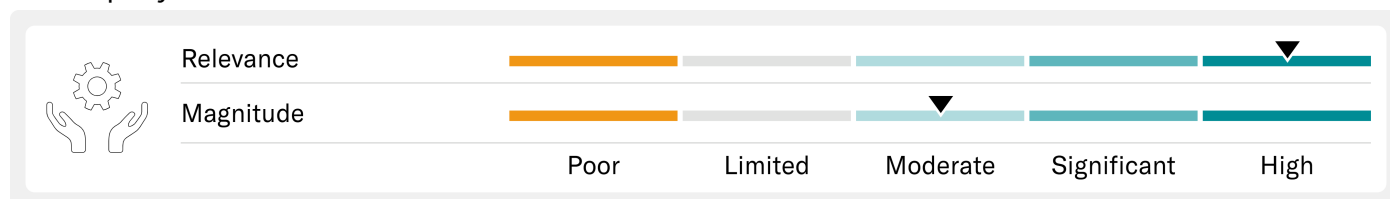
MSME lending



The relevance is high because expanding financial support for micro, small, and medium-sized enterprises (MSMEs) is particularly important in the Philippines. This sector has the potential to stimulate job creation and mitigate the impact of the extensive informal economy. In the economic landscape of the Philippines, MSMEs are crucial, representing the vast majority of business operations and providing nearly two-thirds of total employment. Nonetheless, these smaller businesses often face significant obstacles in accessing formal financing, which highlights a substantial financing gap. The category is important to the bank because the Magna Carta for MSMEs, a legislation that defines the national policy to support MSMEs, requires banks to allocate 8% of their total loan portfolio to micro and small businesses, and 2% to medium businesses.

The magnitude is moderate because MSME lending will mainly support the vulnerable population of micro and small businesses, which are considered the most vulnerable. The target population is defined in accordance with the Magna Carta for MSMEs, categorizing microbusinesses as having not more than PHP3,000,000 (\$50,000) and small businesses as having PHP3,000,001-PHP15,000,000 (\$50,000-\$250,000) in total assets. We expect micro and small businesses to constitute the majority of the beneficiaries, based on the bank's past sustainable finance allocation. However, the details on affordability are not fully clear, due to a lack of information on how BPI's rates compare with market rates, and hence the extent to which the projects could contribute to the stated social objective. Additionally, the bank has undertaken efforts to provide financial literacy; for example, in 2023, BPI engaged more than 1,200 SME clients as part of the BizTalk series, which provides business insights and advice to BPI's clients.

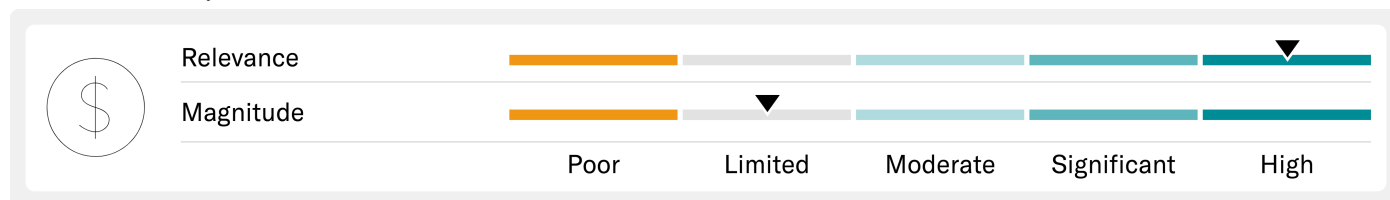
Gender equality



The relevance is high because women-led MSMEs continue to face barriers and obstacles to accessing and using financial services and products, including digital financial services. According to ADB's 2023 survey, more than half (58%) of women-led MSMEs cited access to finance as a challenge as opposed to one-third (37%) of men-owned MSMEs. There is a major gender disparity between female and male entrepreneurs in the utilisation of financial services and products — only 17% of women-led MSMEs use a business or merchant account compared with 39% of men-owned MSMEs.¹²

The magnitude is moderate because the financing will support women-led MSMEs, though details on the competitiveness of the lending rates are not fully clear. The target population, as clearly defined by the Magna Carta for MSMEs, primarily consists of smaller-scale, women-led businesses, and hence we expect these loans to benefit the most vulnerable segments of the population. Given that a small number of women-led MSMEs use business accounts compared to personal loans, there is an expected incentive for women entrepreneurs to choose SME loans under this category, which are more affordable than personal loans. Despite these incentives, we lack detailed insights into how the lending rates for SME loans compare with market rates. Similarly we have limited visibility into which sectors are expected to receive the most funding; although the financing is not eligible to controversial activities such as alcohol and gambling, it is unclear if this applies to fossil fuel and energy-intensive sectors, potentially raising lock-in concerns.

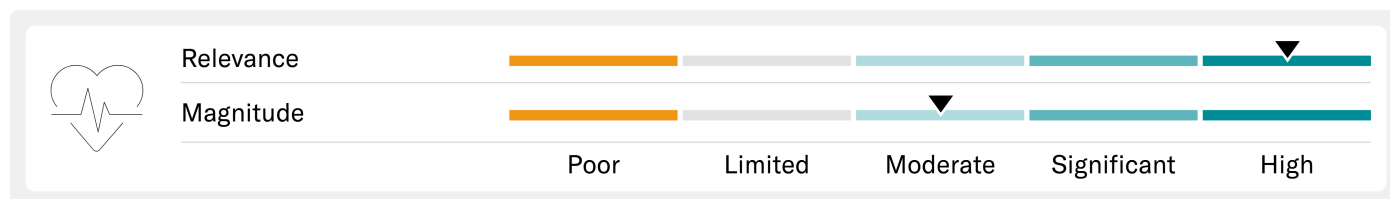
Socio-economic empowerment



The relevance is high because financial inclusion in the Philippines remains limited, despite notable advancements in recent years. Individuals with lower incomes frequently encounter barriers to accessing financial services, often due to the absence of essential documentation and proof of consistent income. This challenge is especially pronounced in the Philippines, where 73% of the workforce is informally employed. Moreover, the category has a higher relevance because it aims to address BPI's 'non-institutional loans' segment, which accounts for 27% of the bank's total loan book.

The magnitude is expected to be limited as the financing may not target the most vulnerable population. The target population is defined and covers two key segments. The first segment includes low-income individuals and persons with disabilities (PWD), with a monthly income of less than PHP 50,000 (\$850). The second segment includes overseas Filipino workers (OFWs) and Filipino seafarers, with a monthly salary of \$3,000. However, these thresholds are considered very broad and might not focus on the most vulnerable, given that the average monthly income in the Philippines in 2023 was around PHP 30,000 (\$520).¹³ Details on how these personal loan rates compare to market rates are limited; typically, they are higher than those for business loans. The specific end uses for personal loans remain unclear. Additionally, the category encompasses motorcycle loans for gasoline-powered two-wheelers, leading to potential lock-ins.

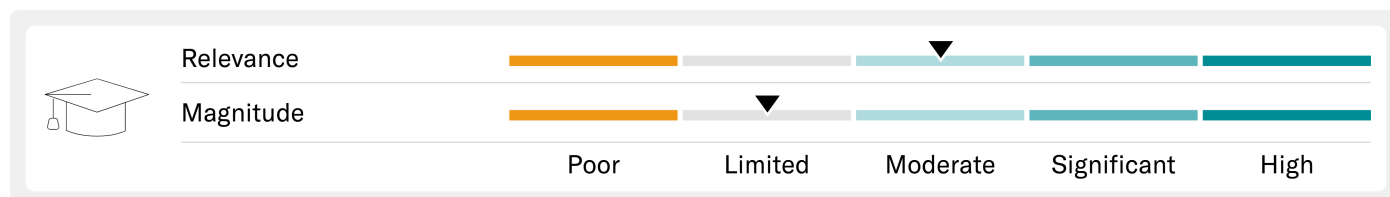
Health sector



The relevance is high because health inequities in the Philippines persist due to poverty, steep health costs, and limited access to healthcare. Only 21% of Philippine provinces had adequate primary care facilities by the end of 2022, according to the Department of Health. The quality of medical services in rural areas significantly lags behind that provided in hospitals in major urban centers. The Philippines has 7.9 physicians per 10,000 population, but according to a World Health Organization (WHO) study, 14.3 physicians per 10,000 population are needed to meet the SDGs.

The magnitude is expected to be moderate because the projects being financed will support both public hospitals and private medical facilities. The target population is defined, but the primary focus may not be the most vulnerable groups. It includes low-salaried healthcare workers earning less than PHP50,000 (\$850) per month, a criterion considered broad given that the average monthly income in the Philippines is around \$520. In a similar aspect, coverage for cancer patients is limited to those aged 18-60, thereby excluding the elderly population, who are often the most vulnerable. While public hospitals receive subsidies through PhilHealth, a government agency, the details regarding affordability for private hospitals are less clear, which raises concerns about potential significant out-of-pocket expenses for the target population. Nonetheless, as a condition for licensure, all private hospitals must allocate at least 10% of their authorized bed capacity to charity beds.

Education sector

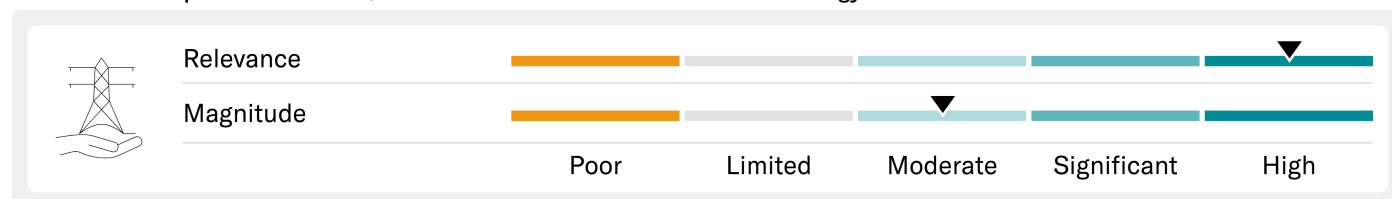


The relevance is moderate because the financing targets private educational institutions, aiming to address investment gaps in the country's education system. The country's education system suffers from poor facility conditions and a lack of essential resources, which hinder the provision of high-quality educational services. According to the World Bank, the primary education expenditure per child of primary education age in the Philippines is USD 569 (PPP),¹⁴ which is 83.5% below the average for the East Asia and Pacific region and 29.5% below the average for lower-middle-income countries. While majority of the proceeds will be allocated to supporting educational infrastructure investments, as shared by BPI, the category also includes provisions for loans to educators and educational institution staff. The inclusion of such loans, however, undermines the overall relevance, as the linkage between teacher loans and addressing the systemic social challenges within the Philippines' education sector remains insufficiently substantiated.

The magnitude is considered limited due to a lack of visibility into the vulnerability of the target population in both segment groups: (i) private educational institutions, and (ii) educators, including institutional staff. For private institutions, while these entities are generally expected to provide higher quality education, it is unclear whether they will effectively serve physically and socio-economically isolated communities, particularly given the Philippines' geographic composition as an archipelago of over 7,000 islands. Furthermore, the issue of affordability remains unclear, as private schools often charge higher tuition fees, potentially leading to significant out-of-pocket expenses for vulnerable populations.

Regarding loans to educators, the criteria for income eligibility remain unclear. Although teachers generally fall within lower-middle to high-income brackets, with many earning a stable income in the lower-middle income range,^{15,16} the absence of a defined income threshold makes it difficult to assess the overall vulnerability. Although an indicative interest rate as low as 7.5% is mentioned, we lack information on prevailing lending rates, which limits our ability to evaluate the affordability of these loans relative to market conditions.

Sustainable transport infrastructure, and information and communication technology

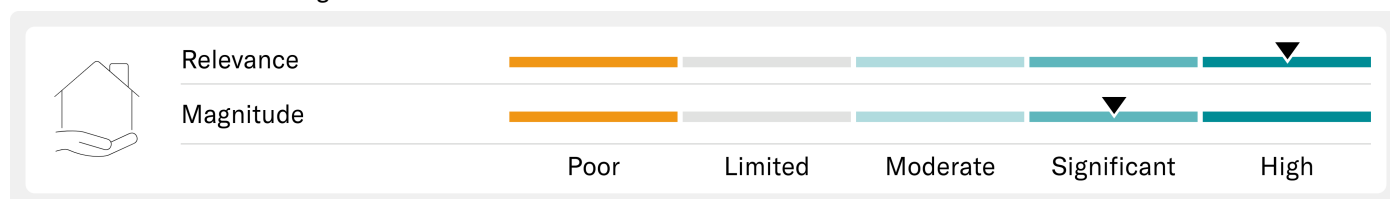


The relevance is high because the Philippines, compared with its neighbors, faces significant infrastructure challenges, including poor traffic conditions, airport overcapacity and port congestion. Infrastructure plays an important role in the country's development process, and for the Philippines inadequate infrastructure has been a major constraint to economic growth and poverty reduction. The projects in this category will support the Philippine Development Plan 2023-28, which focuses on deep economic and social transformation. As part of the implementation of the plan, private-sector participation in the implementation and formulation of public-private partnerships will remain critical, in which commercial banks will play a key role by providing financing.

The magnitude is considered moderate because the financing is expected to benefit the target population, which includes underserved communities. As part of the target locations, the bank will finance projects based in [Geographically Isolated and Disadvantaged Areas](#) (GIDA).¹⁷ This will likely target communities with marginalized populations that are physically and socio-economically isolated, considering that the Philippines is an archipelago comprising more than 7,000 islands.

The projects encompass various sectors, including water, road, and telecom infrastructure. BPI expects all projects to comply with national regulations, which mitigate potential E&S risks, although such compliance does not necessarily equate to adherence to the best market standards. For example, the energy-intensive nature of desalination plants may result in significant emissions, and the water circulation projects included within this category are expected to consume between 0.5-2.0 kWh per cubic meter (m³), which exceeds the EU taxonomy's stricter limit of less than 0.5 kWh/m³. Similarly, road construction, considered a large-scale undertaking, may lead to negative E&S impacts, such as the displacement of communities. Telecommunications projects, while important, are likely to have a limited impact on increasing access for the most vulnerable populations due to their non-targeted nature.

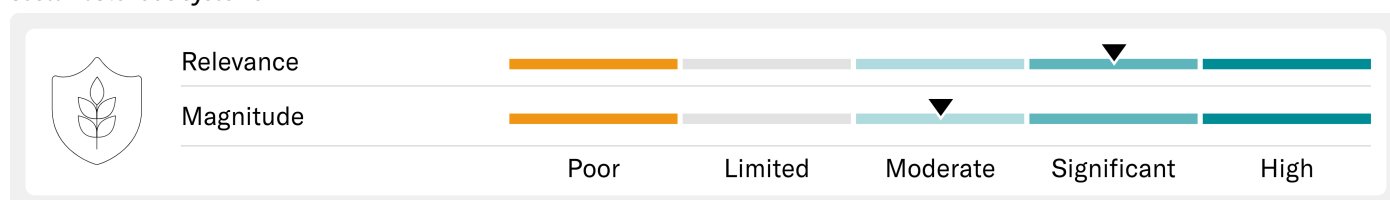
Low-cost and socialized housing



The relevance is high because securing cost-effective housing finance remains a significant issue in the Philippines. In 2020, an average of 37% of the urban population lived in slum conditions. The accelerated pace of urbanization, coupled with population expansion, has increased the demand for residential spaces, especially within city limits. As a result, the country faces the growing challenge of addressing a backlog in housing provision. The Philippines has one of the highest population densities globally (density often exceeds 20,000 people per square kilometer), which further exacerbates the housing shortage, especially in metropolitan regions.

The magnitude is significant as the projects are designed to cater to the most vulnerable populations through the inclusion of 'low-cost' and 'socialized housing' schemes. The pricing for these housing programs is set by the Department of Human Settlements and Urban Development (DHSUD) and the National Economic & Development Authority (NEDA), so we expect the projects to have a substantial positive long-term impact on the most vulnerable segment of the target population. The appraisal/selling price for 'low-cost' housing is capped at PHP1.8 million (\$30,000), while 'socialized housing' is priced between PHP1.8 million and PHP4.9 million (\$30,000 to \$83,000). The bank will finance projects accredited under its BPI MyBahay program.¹⁸ The program requires a gross household minimum income (GMI) of PHP25,000 (\$425) and offers a longer loan tenure of up to 30 years, which is viewed positively in comparison to BPI's standard housing loan product. The latter requires a GMI of PHP 40,000 (\$680) and offers a loan tenure of 20 years.

Sustainable food systems



The relevance is significant, as approximately 51 million Filipinos experienced moderate or severe food insecurity between 2021 and 2023, marking the situation in the Philippines as the worst in Southeast Asia, according to a UN study. Financing the agriculture sector and the food supply chain is crucial for the inclusive development of the Philippines, given its role as a major economic catalyst in rural areas where the majority of the Filipino population lives. While banks, including BPI, play an important role in supporting the agriculture sector, this category may not represent the most urgent sustainability challenge faced by BPI's business activities, especially when compared to other green and social categories.

The magnitude is moderate because the financed projects will support vulnerable groups, including small-scale farmers. The criteria for determining farm size adhere to the Department of Agriculture's definition, which classifies small-scale farmers as those producing agricultural products with a gross annual value of up to PHP180,000 (\$3,000), so we expect the financing to benefit the most vulnerable segment of the target population. The bank may support various initiatives within this category, such as partnering with PhilGuarantee, which serves as a guarantor to facilitate loans for small-scale farmers. However, details regarding the affordability of these initiatives remain unclear. Additionally, the bank has not disclosed specific information about the sustainable agricultural practices being adopted or how it intends to manage associated E&S risks, such as deforestation.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

We have not applied any adjustments for ESG risk management to the expected impact score. BPI ensures that all projects meet the criteria and requirements of the bank's General Policy and Governing Principles on Responsible Lending, as well as the Environmental Risk Assessment. Comprehensive credit evaluations are conducted for all loan proposals. This ensures that risks, including those arising

from potential issues or violations of E&S laws and regulations, are well understood and adequately addressed or mitigated. Such risks include environmental pollution, loss of biodiversity, hazards to human health, safety and security concerns, involuntary resettlement, and harm to indigenous communities and cultural heritage.

We have not applied any adjustments for coherence to the expected impact score. The projects that will be financed under BPI's Sustainability Funding Framework align with the bank's sustainability priorities and vision. The bank has made a commitment to not finance any new greenfield coal power generation projects and aims to eliminate coal power generation from its portfolio by 2032. Additionally, the bank has formulated a Responsible Lending Policy. This policy provides guidance on incorporating E&S risk factors into its core lending activities.

Appendix 1 - Alignment with principles scorecard for BPI's sustainable funding framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	Aligned
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	No		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Aligned	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	No		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	No		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	No		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Aligned	Aligned
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	No		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	Best practices
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	Yes		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	Aligned
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	No		
		BP: Disclosure of reporting methodology and calculation assumptions	No		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	Yes		
Overall alignment with principles score:					Aligned

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The 22 eligible categories included in BPI's framework are likely to contribute to 14 of the UN SDGs, namely:

UN SDG 17 Goals		SDG Targets
GOAL 2: Zero Hunger	<i>Sustainable Food Systems</i>	2.1: End hunger and ensure access by all people to safe, nutritious and sufficient food all year round
	<i>Sustainable Agriculture and Forestry</i>	2.4: Ensure sustainable food production systems that improve productivity and support ecosystems and climate change adaptation
GOAL 3: Good Health and Well-being	<i>Health Sector</i>	3.8: Achieve universal health coverage with access to quality and affordable essential health-care services and medicines for all
GOAL 4: Quality Education	<i>Education Sector</i>	4.A: Build and upgrade education facilities that provide safe and effective learning environments for all
GOAL 5: Gender Equality	<i>Gender Equality</i>	5.A: Establish women's equal rights to economic resources, access to ownership and control over property and financial services
GOAL 6: Clean Water and Sanitation	<i>Sustainable Water & Wastewater</i>	6.2: Achieve access to adequate sanitation and hygiene for all and end open defecation
		6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials
	<i>Sustainable Management of Waste and Wastewater</i>	6.4: Increase water-use efficiency across all sectors and ensure sustainable supply of freshwater to reduce water scarcity
GOAL 7: Affordable and Clean Energy	<i>Renewable Energy</i>	7.2: Increase substantially the share of renewable energy in the global energy mix
	<i>Offshore Renewable Energy</i>	
	<i>Energy Efficiency</i>	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	<i>MSME Lending</i>	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
	<i>Sustainable Tourism</i>	8.9: Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
	<i>Socio-Economic Empowerment</i>	8.10: Strengthen the capacity of domestic financial institutions to expand access to insurance and financial services for all
GOAL 9: Industry, Innovation and Infrastructure	<i>Green Buildings</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	<i>Sustainable Transportation Infrastructure & Information and Communication Technology</i>	9.A: Facilitate sustainable infrastructure development in emerging markets through financial and technical support
		9.C: Increase access to information and communications technology and provide universal and affordable access to the Internet
GOAL 10: Reduced Inequality	<i>Socio-Economic Empowerment</i>	10.2: Empower and promote the social, economic and political inclusion of all

UN SDG 17 Goals		SDG Targets
GOAL 11: Sustainable Cities and Communities	<i>Low-cost and Socialized Housing</i>	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	<i>Clean Transportation</i>	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	<i>Pollution Prevention & Control</i>	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
GOAL 12: Responsible Consumption and Production	<i>Pollution Prevention & Control</i>	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	<i>Climate and Environmental Risk Resilience</i>	13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
GOAL 14: Life Below Water	<i>Sustainable Management of Waste and Wastewater</i>	14.1: Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities
	<i>Sustainable Shipping, Marine Transportation, and Port Logistics Sectors</i>	
	<i>Marine Ecosystem Management</i>	14.2: Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts
	<i>Sustainable fisheries and aquaculture</i>	14.6: Prohibit certain forms of fisheries subsidies contributing to overfishing and eliminate subsidies leading to unregulated fishing
GOAL 15: Life on Land	<i>Sustainable Agriculture and Forestry</i>	15.2: Promote the implementation of sustainable management of all types of forests

The UN SDGs mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's funding framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in BPI's sustainable funding framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Renewable energy	- Financing or refinancing of development, acquisition, maintenance, manufacturing, storage, and production of Renewable Energy: • Solar Energy, including but not limited to: roof, ground, and floating • Wind Energy (onshore and offshore), • Geothermal Energy (direct emissions <100gCO₂ /kWh), • Run-of-river Hydro Energy projects, without pondage • Biomass and Biogas, including sustainable methane resource recovery projects, such as those utilizing resources derived from wood chips and sawdust from furniture industries, and paper and pulp residues For Energy use: <100gCO₂/kWh • Battery Energy Storage System (BESS) for Renewable Energy • Green hydrogen, with electrolyzers and equipment for hydrogen production and utilization, powered entirely by Renewable Energy - Transmission, Distribution and Smart Grid Projects investments in the building, operation and maintenance of electric power distribution, transmission networks and smart metering systems, such as: • Connecting Renewable Energy production units to the general network, and • Communications and sensor technologies, such as Wide Area Monitoring System (WAMS) components and measurement equipment	Climate change mitigation	- Greenhouse gas (GHG) emissions reduced/avoided (tCO₂e) - Number of rechargeable batteries and fuel cells
Energy efficiency	- Financing or refinancing of development of Energy Efficient projects (with at least 15% energy savings), and acquisition, maintenance and manufacturing of Energy Efficient equipment - Energy Efficient Buildings Refurbishments or renovation of properties in order to improve Energy Efficiency (with at least 15% improvement), including but not limited to: • Lighting, • Heating, Ventilation, and Airconditioning Systems (HVAC), • High Efficiency Motors (HEMS) - All related equipment for energy efficient monitoring systems, including: • Improving networks in terms of demand size management and energy efficiency, • Communications and sensor technologies, such as Wide Area Monitoring System (WAMS) components and measurement equipment, • Advanced/smart meters, • Monitoring and control automation devices and • Big data and/or computing platforms	Climate change adaptation Climate change mitigation	- Annual energy savings (kWh/MWh/GWh) - Reduction in energy demand (%)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Sustainable water and wastewater management	- Integrated Water Management water efficiency systems, including investments in research, design, development, and implementation of efficient and clean water supply systems, efficient water distribution technologies and management practices, and investment projects that manage, protect, and restore the health of aquifer with at least 20% water savings (e.g. reducing Non Revenue Water) per unit of service compared to a documented baseline - Wastewater Treatment - production and treatment of water, including but not limited to investments in design, development, and implementation of new or upgraded wastewater collection and treatment systems - Sustainable Urban Drainage Systems - mains rehabilitation, leakage prevention, including the development, construction, acquisition, upgrading, and maintenance of sewer networks	- Natural resources conservation - Air, water, and soil pollution prevention and control	- Annual water savings (l/m³) - Annual absolute (gross) amount of wastewater discharge avoided before and after the project in (l/m³) or % difference - Annual energy savings (kWh/MWh/GWh) - Annual potable/usable water produced (l/m³)
Pollution prevention & control	- Circular Economy projects and Solid Waste Management projects, outside 100 km away from a coast or a river that drains to the ocean: • Waste management and recycling projects (excluding landfills), such as: ✓ Projects related to waste collection, ✓ Projects pertaining to sorting and processing of waste, recycling facilities, and ✓ Projects on solid waste management systems and infrastructure (e.g. rehabilitation projects to improve containment)	Air, water, and soil pollution prevention and control	- Waste Management and circular economy projects • Number of tons processed in the facility (Metric ton) • Number of plastic wastes reduced or avoided (Metric ton) • Waste prevented, minimized, reused, or recycled before and after the project (% of total waste mt/ yr) • Use of sustainable fertilizers (vs non sustainable) (kg/tons) • Energy savings attributable to the investment (kWh/MWh/ • Estimated reduction in CO₂e emissions (tCO₂e equivalents)
Green buildings	- Financing or refinancing of development, acquisition, renovation or otherwise completed residential, commercial, industrial, and public properties that have or will receive: • A design stage certification, • A post construction certification, • Compliance to industry specific laws and regulations, and/or • An in-use certification in any of the following building certification schemes at the defined threshold level or better. - Environmental building certification or assessment, as determined by a third party: • BERDE (4 stars or higher) • BREEAM "Excellent", or higher • EDGE Certified Buildings, or higher • LEED "Gold", or higher • WELL Certified	- Climate change adaptation - Climate change mitigation	- Annual energy avoided, compared to national building requirements (kWh/MWh) - Certification received and level of certification achieved by the Green Building - Annual GHG emissions reduced/ avoided (tCO₂e reduced)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Clean transportation	- Financing or refinancing of development, acquisition, or manufacturing of: • Non-public transportation: ✓ Non-motorized ✓ Electric ✓ Hybrid (emissions <50g CO₂e/passenger km) • Public transportation: ✓ Bus (emissions <50gCO₂e/passenger km) ✓ Rail (light rail transit/metro rail transit) (emissions <50gCO₂e/passenger km) ✓ Freight rail (emissions <25gCO₂/t-km ton-kilometer) • Electric vehicle charging infrastructure • Battery Energy Storage System (BESS) for electric vehicles	Climate change mitigation	- Type and number of public transportation projects financed - Annual GHG emissions reduced/ avoided (tCO₂e reduced) - Number of rechargeable batteries and fuel cells - Number of electric charging stations built
Climate and environmental risk resilience	- Financing or refinancing of climate resilience and physical risk reduction initiatives, including but not limited to, disaster risk reduction and management (DRRM) and climate adaptation initiatives: • Climate resilient infrastructure, including residential, commercial, industrial, and public infrastructure • Information Support Systems, including but not limited to climate observation and early warning systems	Climate change adaptation	- Size of technology or systems funding - Number of climate resilient infrastructure built - Total amount of loans made to climate resilient infrastructure - Number of research published
Sustainable agriculture & forestry	- Financing or refinancing of development, acquisition, and production of: • Sustainable Agriculture, • Climate smart agriculture, • Sustainable Forestry Aligned with local and/or foreign certification or best practices, as required by Department of Agriculture, Department of Environment and Natural Resources, and/or other government agency	Natural resource conservation	- Annual GHG emissions reduced/avoided/sequestered (tCO₂e reduced) - Improved sustainable forest management (km²)
Offshore renewable energy	- Financing or refinancing of the development, acquisition, maintenance, manufacturing, storage, and production of energy: • Floating solar • Ocean thermal energy conversion • Offshore wind (fixed and floating installations) • Tidal • Wave	Climate change adaptation Climate change mitigation	- Ocean based renewable power generation (kWh/MWh/GWh) / energy savings (%)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Sustainable management of waste and wastewater	- Solid Waste Management • Projects within 100 km of a coast or a river that drains to the ocean, including but not limited to, value chain of ocean friendly products, as well as, reduction, recycle, and treatment of plastic and chemical waste - Resource efficiency and circular economy • Development of new business models to eliminate plastic waste: ✓ Research, design, and implementation of green supply chain management programs, ✓ Adoption of innovative technologies or approaches to decrease single use plastic production and consumption - Sustainable Wastewater Management • Projects within 100 km of a coast or a river that drains to the ocean, including but not limited to, investments in design, development, and implementation of new or upgraded wastewater collection and treatment systems - Non-point source pollution management • Projects within 100 km of the coast or a river that drains to the ocean, including but not limited to, new technologies or systems for preventing wastewater pollutants caused by fertilizers and agrochemicals from entering coastal and marine waters, and riverine ecosystem	Air, water, and soil pollution prevention and control	- Annual water savings (l/m³) - Annual absolute (gross) amount of wastewater discharge avoided before and after the project in (l/m³) or % difference
Marine ecosystem management	- Ecosystem Management • Management, conservation, and restoration of coastal and marine ecosystems, within the marine environment or within 100 km of the coast - Ecosystem Insurance Products • Development of ecosystems' insurance products related to critical aquatic ecosystems - Technological Innovations and Techniques for Marine Ecosystems • Information systems, technology, and instruments for measuring, tracking, and reporting physical and chemical indicators of the water body, within the marine environment or within 100 km of the coast	Biodiversity conservation	- Improved marine environment management (km²) - Increase in reported sightings of biologically threatened, key, or protected species before and after the project (number of species/km²) - Number of research published
Sustainable fisheries and aquaculture	- Financing or refinancing of sustainable marine fisheries management, sustainable aquaculture operations, and sustainable seafood supply chain aligned with the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certification standards - Sustainable production and waste management and reduction, including: • Cold chain and storage for with sustainable fishing quotas; • Fishery improvement project; • Development and implementation of traceability systems for operations, facilities, and supply chains	Air, water, and soil pollution prevention and control Natural resource conservation	- Membership with local and/or foreign certifications, including but not limited to, Marine /Aquaculture Stewardship Council certification - Reduction of biologically harmful nutrient concentrations in marine waters (% or mmol) - Increase in sustainable seafood production (tons)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Sustainable Tourism	- Tourism projects with solid waste and wastewater management capacity, excluding landfills - Licensed/certified sustainable tourism projects in marine conservation areas with inclusive livelihood elements and nature-based visitor centers promoting environmental education and research for marine protection, marine conservation, and/or environmental awareness, within less than 20 kilometers from the marine protected areas (MPAs) and internationally recognized areas (e.g., Key Biodiversity Areas (KBAs), Important Bird and Biodiversity Areas (IBAs), Ramsar Sites)	Air, water, and soil pollution prevention and control Biodiversity conservation	- Waste Management projects • Number of tons processed in the facility (Metric ton) • Number of plastic wastes reduced or avoided (Metric ton) • Waste prevented, minimized, reused, or recycled before and after the project (% of total waste mt/ yr - Use of sustainable fertilizers (vs non-sustainable) (kg/tons) - Membership with sustainable tourism certification/license - Revenues generated from visitors - Count of Businesses Generated by Sustainable Tourism Projects - Number of People Employed in Sustainable Tourism Projects
Sustainable shipping, marine transportation & port logistics sectors	- Sustainable Port Functions and Infrastructure - Projects that increase environmental performance and sustainability of port functions and infrastructure, such as: • Water and waste management in shipping yards and ports • Water treatment facilities for all port-generated blackwater and greywater. - Maritime Transportation • Projects that involve increasing environmental performance and sustainability of maritime transportation (e.g. compliance to ISO standard 11711 to avoid spread of invasive alien species) ✓ Water and waste management measures in shipping vessels ✓ Water treatment equipment for blackwater and greywater ✓ Mitigation of maritime air and noise pollution ✓ Enhancement of oil spill prevention and recovery facilities • Financing or refinancing of development, acquisition, or manufacturing of shipping vessel: ✓ Compliance with International Convention for the Prevention of Pollution from Ships (MARPOL), International Maritime Organization (IMO), and national regulations ✓ Improvement of shipping vessel energy efficiency, as aligned with international standards, including but not limited to, Climate Delegated Act Amendment of the EU Taxonomy	Air, water, and soil pollution prevention and control	- Number of plastic wastes reduced or avoided (metric ton) - Annual volume of wastewater treated or avoided (l/m³) - Annual water savings (l/m³) - Annual energy savings (kWh/MWh/GWh) - Reduction in energy demand (%) - Greenhouse Gas (GHG) emissions reduced/avoided (tCO₂e)
MSME lending	- Loans that the BPI Group has made to entities doing business as Micro, Small, or Medium Enterprises that meet qualifications as set by government entities such as the Bangko Sentral ng Pilipinas ("BSP") or the Securities and Exchange Commission ("SEC") Philippines. - Also includes MSMEs disadvantaged by disasters triggered by natural hazards and pandemics such as, but not limited to, COVID 19, with significant consequences on the people, public health, infrastructure, assets, or the economy.	Employment generation	- Number of loans to MSMEs - Total amount of loans made to MSMEs - Employment generated by MSMEs

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Gender equality	- Loans that the BPI Group has made to entities doing business as Micro, Small, or Medium Enterprises (MSMEs) led by women and members of minority group that meet MSME qualifications set by government entities such as the Bangko Sentral ng Pilipinas ("BSP") or the Securities and Exchange Commission ("SEC") Philippines.	Reduction of inequality	- Number of loans to MSMEs led by women and members of the minority group - Total amount of loans made to MSMEs led by women and members of the minority group - Percentage change in employment generation, classified by gender
Socio-economic empowerment	- Loans that the BPI Group has made to underserved individuals, informal workers, persons with disabilities (PWD), overseas Filipino workers (OFWs), Filipino seafarers, and low-salaried individuals - Motorcycle loans in support of access to low-cost transportation and to livelihoods	Socioeconomic advancement and empowerment	- Lending to underserved individuals, informal workers, persons with disabilities (PWD), and low salaried individuals • Number of loans to informal workers, PWDs, overseas Filipino workers (OFWs), Filipino seafarers, and low salaried individuals • Total amount of loans made to informal workers, PWDs, overseas Filipino workers (OFWs), Filipino seafarers, and low salaried individuals - Financing motorcycle loans • Number of motorcycle loans • Total amount of motorcycle loans
Health sector	- Hospitals, clinics or healthcare centers offering free or subsidized services, accredited by Department of Health - Infrastructures, facilities, equipment, and technology for the operation and improvement of healthcare related activities - Manufacturing facilities of medical equipment, pharmaceutical, distribution networks, and other related projects - Financing in support of low salaried healthcare workers - Financing in support of cancer patients and other critical illness	Access to essential services	- Number of patients provided funding for medical/healthcare treatment - Total amount of loans patients provided for medical/healthcare treatment - Number of medical/healthcare infrastructures, facilities, equipment, and technology built or purchased - Total amount of loans to construct or purchase medical/healthcare infrastructures, facilities, equipment, and technology - Number of loans to low-salaried total healthcare workers - Total amount of loans to low-salaried total healthcare workers

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Education sector	- Loans to public school teaching and non teaching personnel accredited and/or supervised by Department of Education (DepEd) or Commission on Higher Education (CHED), or with Certificate of Employment (CoE) from other government and private educational institutions with current contractual arrangements - BPI Group supports private educational institutions, in view of the poor conditions of public educational facilities in the country, through financing or refinancing: • Construction or improvement of learning centers, school, colleges, and universities accredited by DepEd or CHED • Infrastructures, facilities, equipment, and technology for the operation and improvement of education related activities	Access to essential services	- Number of loans to public school teachers - Total amount of loans made to public school teachers - Number of loans to construct learning centers, schools, colleges, and universities - Total amount of loans made to construct learning centers, school, colleges, and universities
Sustainable transport infrastructure / Information & communication technology	- Financing or refinancing construction, operation, or upgrading of facilities that provide underserved groups including those in Geographically Isolated and Disadvantaged Areas (GIDA), access to affordable basic infrastructures, including: • Electrification facilities • Sewers and sanitation facilities • Roads • Telecommunications and digital services • Facilities for clean drinking water (i.e.wastewater treatment, and desalination plants)	Access to essential services	- Number of loans to finance construction of basic infrastructure - Total amount of loans made to construct basic infrastructure
Low-cost and socialized housing	- Loans to build, retrofit, or purchase the following types of housing: • Low-cost • Socialized - Appraised Property Cost for Low-cost Housing and Socialized Housing is aligned with the pricing set by Department of Human Settlements & Urban Development (DHSUD) and the National Economic & Development Authority (NEDA)	Affordable housing	- Number of loans to build, retrofit, or purchase housing - Total amount of loans made to build, retrofit, or purchase housing
Sustainable food systems	- Loans to farmers, or loans for infrastructure, equipment, facilities, or technology designed to increase physical, social, and economic access to safe, nutritious, and sufficient food; resilient agricultural practices; reduction of food loss and waste; and improved productivity	Food security and sustainable food systems	- Number of loans to farmers - Total amount of loans made to farmers

Appendix 4 - Alignment with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide

Aligned

We have provided a supplementary opinion on the framework's alignment with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023, as defined in the Scope section of this report. This Appendix covers requirements in the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023 that extend beyond the requirements in the ICMA's GBP 2025 and SBP 2025 (the "Requirements"). Commensurate requirements that exist in both have been assessed in the Alignment with Principles section of this report.

As detailed below, we consider the framework to be aligned with the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, September 2023.

Use of proceeds

- » In line with the Requirements, the issuer has declared that only green bonds that exclusively earmarked for ocean-related projects and critical clean water resources protection are to be labeled by the issuer as "blue bonds."
- » In its framework, the issuer has clearly identified and defined clear eligibility criteria for blue eligible projects contributing to SDG 6 and 14 across six eligible categories, namely: offshore renewable energy, sustainable management of waste and wastewater, marine ecosystem management, sustainable fisheries and aquaculture, sustainable tourism, sustainable shipping, and marine transportation & port logistics sectors.

Exclusion criteria

- » In line with the Requirements, the proceeds of blue bonds will not be allocated to projects that meet the illustrative exclusionary criteria referenced in the Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide.
- » In addition, the proceeds of blue bonds will not be allocated to projects mentioned in the exclusion list of the issuer's sustainable funding framework.

Identification and management of material ESG risks

- » In line with the Requirements, the issuer has adequate measures in place to identify, manage and monitor the material environmental and social risks associated with the selected projects.
- » As mentioned in the E&S risk management analysis, the bank's Environmental and Social Risk Assessment is a formal risk management process to identify, assess and mitigate E&S impacts from eligible projects, including projects in blue eligible categories.

Appendix 5 - Alignment with the ASEAN Sustainability Bond Standards

We have provided a supplementary opinion on the framework's alignment with the ASEAN SUS, as defined in the Scope section of this report. This Appendix covers requirements in the ASEAN SUS that extend beyond the requirements in ICMA's GBP 2025 and SBP 2025 (the "Requirements"). Commensurate requirements that exist in both the abovementioned ICMA principles and ASEAN standards have been assessed in the Alignment with Principles section of this report. As detailed in this Appendix, we consider the framework to align with the ASEAN SUS.

Issuer and Issuance

- » In line with the Requirements, the issuer is based in an ASEAN member country, and the instruments issued under this framework will originate from an ASEAN member country.

Use of proceeds

- » In line with the Requirements, fossil fuel power generation projects and projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco, and weaponry are excluded from financing under the framework.

Process for project evaluation and selection

- » In line with the Requirements, the framework requires the process for project evaluation, the use of proceeds and the external review report on the process to be made publicly available through a website designated by the issuer at the time of issuance and throughout the tenure of the instruments.

Reporting

- » In line with the Requirements, the framework requires the issuer to provide annual reporting on the use of proceeds until full allocation and the external review on the annual reporting to investors through a website designated by the issuer throughout the tenure of the instruments issued under this framework.

Endnotes

- 1 Point-in-time assessment is applicable only on the date of assignment or update.
- 2 Department of Energy, [Philippine Energy Plan 2023-2050](#), July 2024.
- 3 Statista, [Greenhouse gas emissions from the transportation sector in the Philippines from 2020 to 2022](#), 15 May 2024.
- 4 World Bank, [Philippines Country climate and development report](#), November 2022.
- 5 This target includes an unconditional commitment of 2.71% and a conditional commitment of 72.29%.
- 6 [Philippine Energy Plan 2023-2050](#): Table 2. Total Investment Requirement by Scenario, 2023-2050 (Clean Energy Scenario 1), July 2024.
- 7 Department of Environment and Natural Resources, [Message of DENR secretary Maria Antonia Yulo Loyzaga](#), 4 August 2023.
- 8 Ocean Health Index, [Philippines](#), accessed on 19 December 2024.
- 9 Department of Science and Technology Philippine Atmospheric, Geophysical and Astronomical Services Administration, [Tropical cyclone information](#), accessed on 19 December 2024.
- 10 Statista, [Share of tourism direct gross value added to the gross domestic product \(GDP\) of the Philippines from 2012 to 2023](#), 25 June 2024.
- 11 Philippine News Agency, [DOT reports over 16M employed in tourism in Q1](#), 20 August 2024.
- 12 Asian Development Bank (ADB), [Measuring progress on women's financial inclusion and entrepreneurship in the Philippines](#), October 2023.
- 13 Philippines Statistics Authority, [Average annual family income in 2023 is estimated at PhP 353.23 thousand](#), 15 August 2024.
- 14 World Bank, [Philippines learning poverty brief](#), June 2022.
- 15 Department of Education: [DepEd Order No. 019, s.2025](#), 24 June 2025.
- 16 Department of Budget and Management: [National Budget Circular No. 597](#), 20 January 2025.
- 17 DSWD MIMAROPA: list of [GIDA Barangays and Conflict Areas in MIMAROPA Region](#), July 2021.
- 18 BPI, [MyBahay](#), accessed on 19 December 2024.

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