

OCTOBER 2025



BPI

SUSTAINABLE FUNDING FRAMEWORK



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Introduction



- Sustainability is at the core of BPI's corporate strategies, ultimately balancing our growth aspirations with our environmental and social responsibilities.
- BPI's Sustainability Mission and Vision⁽¹⁾ commit to responsible banking as we create value for our stakeholders, the environment, and the communities in which we operate.
- Stated in the BPI's Sustainability Agenda, the Bank's Mission and Vision, support the provisions of the Philippine Central Bank or Bangko Sentral ng Pilipinas (BSP) on the Sustainable Finance Framework (BSP Circular No. 1085) and the Environmental and Social Risk Management Framework (BSP Circular No. 1128).
- BPI's Framework is guided by the Ayala Group's strategic focus on Sustainability
- BPI supports investments in businesses, industries, and projects that contribute to the UN Sustainable Development Goals ("SDGs"). As a member of the UN Global Compact Network Philippines, the Bank is committed to upholding and advancing these principles.



- BPI has developed a Sustainable Funding Framework ("Framework") under which we intend to generate funds from Green, Blue, Social, and/or Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments.
- The Framework fulfills the requirements of the International Capital Markets Association (ICMA) Green Bond Principles 2025, Social Bond Principles 2025, and Sustainability Bond Guidelines 2021, Bonds to Finance the Sustainable Blue Economy by ICMA, IFC, United Nations Global Compact ("UNGC"), United Nations Environment Program Finance Initiative ("UNEP FI"), and ADB, the Loan Markets Association (LMA) Green Loan Principles 2025 and Social Loan Principles 2025, as well as the ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards 2018, and ASEAN Sustainability Bond Standards 2018, by the ASEAN Capital Markets Forum (ACMF).
- It comprises the following four components pursuant to the Principles and Standards

1. Use of Proceeds

2. Process for Project Evaluation and Selection

3. Management of Proceeds

4. Reporting

1) BPI Sustainability Agenda: <https://www.bpi.com.ph/about-bpi/sustainability/agenda>

Use of Proceeds

- Net proceeds for BPI's Green, Blue, Social, and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments will be allocated to Eligible Projects in various categories that meaningfully contribute to SDGs and achieve the purpose of the issuance under the Bank's Sustainable Funding Framework. These eligible projects contribute to environmental and social objectives and may be financed via the following:
 - Project finance, supported by financial viability documents and technical studies
 - Corporate/Balance sheet finance, requiring disclosure of projects details (e.g. loan purpose tagging)

BPI's Sustainable Funding Framework supports the UN SDGs



Eligible Project Categories

- Net proceeds shall be used to finance or refinance eligible projects, either by the Bank or its Group entities. Refinanced projects must have been originally financed within the last two and a half years.
- Green/Blue and Social projects will each have their own evaluation processes and will be handled as follows:
 - Green and Blue Projects – given their complexity, require evaluation and sign-off/endorsement of internal and/or external technical consultants.
 - Social Projects – do not need technical consultants; and will employ internal classification processes which sort eligible projects and eliminate excluded activities.
- BPI shall follow minimum standards outlined in the Framework to determine the eligibility of projects for financing or refinancing.



Use of Proceeds



Eligible Green Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT ²
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⁽³⁾ projects, without pondage • Biomass and Biogas⁽⁴⁾, including sustainable methane resource recovery⁽⁵⁾ 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	   

2) Projects may contribute to more than one SDG, depending on the loan purpose. To ensure accuracy, SDG tagging across the Bank's Sustainable Funding portfolio shall undergo review and assessment to eliminate double-counting during portfolio consolidation.

3) Following Department of Energy (DOE) requirements

4) Sourced from agricultural wastes in food production and not on energy crops that displaces food crops

5) Uses anaerobic digestion with no combustion, and mitigants in place such as wastewater treatment and proper lining to prevent leachate seepage.

Use of Proceeds



Eligible Green Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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	   
Sustainable Water & 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	 

Use of Proceeds



Eligible Green Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
Sustainable Water & Wastewater Management	❖ Wastewater Treatment⁽⁶⁾⁽⁷⁾ – 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⁽⁸⁾ – mains rehabilitation, leakage prevention, including the development, construction, acquisition, upgrading, and maintenance of sewer networks	 
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)	 

6) Complies with DENR's Clean Water Act and technical thresholds under DENR Department Administrative Order (DAO) 2016-08 (Water Quality Guidelines and Effluent Standards of 2016)

7) Aerobic wastewater treatment projects that do not generate methane emissions. For facilities utilizing anaerobic processes, methane is captured and repurposed for energy. Pre-treatment systems are implemented to reduce reliance on energy-intensive aeration processes.

8) Water efficiency thresholds:

Water leakage rate: $\leq 10\%$

Water efficiency fixtures: EDGE-assessment (at least 20%) following industry benchmark

Use of Proceeds



Eligible Green Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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	    
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 <50g CO₂e/passenger-km) ✓ Rail (light rail transit/metro rail transit) (emissions <50g CO₂e/passenger-km) ✓ Freight rail (emissions <25gCO₂/t-km ton-kilometer) • Electric vehicle charging infrastructure • Battery Energy Storage System (BESS) for electric vehicles	  

Use of Proceeds



Eligible Green Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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	   
Sustainable Agriculture & Forestry⁽⁹⁾(10)	❖ 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	     

- ❖ **Exclusion Rule:** The net proceeds of any BPI Green, Blue, Social, and Sustainability Bonds/Loans/ Deposits/Transactions/Other Funding Instruments shall not be used towards financing and/or refinancing fossil fuel-related assets and activities. Furthermore, the abovementioned net proceeds shall not be used to fund any of the sectors and business activities mentioned in BPI's Exclusion List⁽¹¹⁾.

⁹⁾ BPI funds sustainable agriculture (e.g. chicken and pig farms) and forestry projects which allow agricultural workers to earn minimum wage

¹⁰⁾ BPI funds climate-controlled systems (CCS) that protect housing facilities of livestock from climate risks, including but not limited to, typhoons and storms.

¹¹⁾ BPI Exclusion List: <https://www.bpi.com.ph/about-bpi/sustainability/exclusion-list>

Use of Proceeds



Environmental Objectives

Listed below are the environmental and social objectives referenced from the International Capital Market Association (ICMA) Green Bond Principles and Social Bond Principles.

CATEGORY	OBJECTIVE
Renewable Energy	Climate Change Mitigation
Energy Efficiency	• Climate Change Adaptation • Climate Change Mitigation
Sustainable Water & Wastewater Management	• Natural Resource Conservation • Air, Water, and Soil Pollution Prevention and Control
Pollution Prevention & Control	Air, Water, and Soil Pollution Prevention and Control
Green Buildings	• Climate Change Adaptation • Climate Change Mitigation
Clean Transportation	Climate Change Mitigation
Climate and Environmental Risk Resilience	Climate Change Adaptation
Sustainable Agriculture & Forestry	Natural Resource Conservation

Use of Proceeds



Eligible Blue Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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	  
Sustainable Management of Waste and Wastewater⁽¹²⁾	❖ 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	   

¹²⁾ To support continuous capacity development, the Bank engages in technical trainings, workshops, and knowledge-sharing activities (e.g., covering topics such as standards, eligibility criteria, and case studies) facilitated by leading institutions including ADB and IFC.

Use of Proceeds



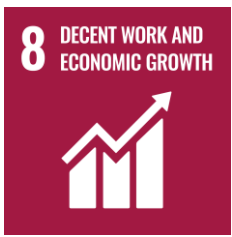
Eligible Blue Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
Sustainable Management of Waste and Wastewater⁽¹²⁾	❖ 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	   
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	

Use of Proceeds



Eligible Blue Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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/or 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	   
Sustainable Tourism	❖ Tourism projects with solid waste and wastewater⁽⁶⁾⁽⁷⁾ 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)	
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⁽⁶⁾ in shipping yards and ports ✓ Water treatment facilities for all port-generated blackwater and greywater.	 

Use of Proceeds



Eligible Blue Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
Sustainable Shipping, Marine Transportation & Port Logistics Sectors	❖ 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⁽¹³⁾ ✓ 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⁽¹³⁾: ✓ 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	 

- ❖ **Exclusion Rule:** The net proceeds of any BPI Green, Blue, Social, and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments shall not be used towards financing and/or refinancing fossil fuel-related assets and activities, activities which pose significant harm to ocean health and water resources, and which introduce material risk to other themes and priority environmental areas of the SDG themes. Furthermore, the abovementioned net proceeds shall not be used to fund any of the sectors and business activities mentioned in BPI's Exclusion List⁽¹¹⁾.

¹³⁾ Adheres to MARINA Advisory No. 2022-33, series of 2022. Regulations on Energy Efficiency for ships (Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII)) and IMO's Strategy in Reducing Greenhouse Gases (GHG) Emission

Use of Proceeds



Environmental Objectives

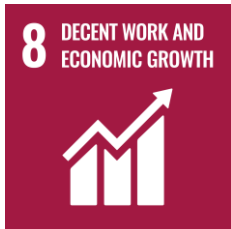
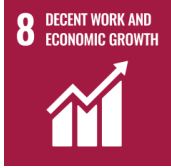
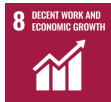
Listed below are the environmental and social objectives referenced from the International Capital Market Association (ICMA) Green Bond Principles and Social Bond Principles.

CATEGORY	OBJECTIVE
Offshore Renewable Energy	- Climate Change Adaptation - Climate Change Mitigation
Sustainable Management of Waste and Wastewater	Air, Water, and Soil Pollution Prevention and Control
Marine Ecosystem Management	Biodiversity Conservation
Sustainable Fisheries and Aquaculture	- Air, Water, and Soil Pollution Prevention and Control - Natural Resource Conservation
Sustainable Tourism	- Air, Water, and Soil Pollution Prevention and Control - Biodiversity Conservation
Sustainable Shipping, Marine Transportation & Port Logistics Sectors	Air, Water, and Soil Pollution Prevention and Control

Use of Proceeds



Eligible Social Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
MSME Lending	❖ Loans that the BPI Group has made to entities doing business as Micro, Small, or Medium Enterprises⁽¹⁴⁾ 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.	
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.	 
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	  

14) BPI actively reaches out to communities, including wet and dry markets and municipal barangay halls, offering accessible loans (with minimal requirements) for as low as Php 2,000 to help individuals avoid reliance on usurious lenders. BPI provides loans with a maximum annual contractual rate (ACR) of 90.95% and includes a minimal one-time processing fee of 5% of the loan principal, which is spread across the monthly amortization throughout the life of the loan, typically less than a year, for better affordability.

Use of Proceeds



Eligible Social Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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 patients with other critical illness	 3 GOOD HEALTH AND WELL-BEING
Education Sector	- Loans to public school teaching and non-teaching personnel⁽¹⁵⁾ 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⁽¹⁶⁾, in view of the poor conditions of public educational facilities in the country, through financing or refinancing: - Construction or improvement of learning centers, schools, colleges, and universities accredited by DepEd or CHED - Infrastructures, facilities, equipment, and technology for the operation and improvement of education-related activities	 4 QUALITY EDUCATION

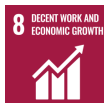
¹⁵⁾ Legazpi Savings Bank (LSB) is a wholly-owned subsidiary of BPI, dedicated to providing accessible and meaningful financing to teaching and non-teaching school personnel. LSB operates primarily in the Bicol Region where it is headquartered.

¹⁶⁾ Due to regulations, BPI can only finance private educational institutions.

Use of Proceeds



Eligible Social Project Categories

CATEGORY	CRITERIA	SDG ALIGNMENT
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)	 
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)	
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	  

- ❖ **Exclusion Rule:** The net proceeds of any BPI Green, Blue, Social and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments shall not be used towards financing and/or refinancing activities related to alcohol, gambling, tobacco, and weaponry. Furthermore, the abovementioned net proceeds shall not be used to fund any of the sectors and business activities mentioned in BPI's Exclusion List⁽¹¹⁾.

Use of Proceeds



Social Objectives

Listed below are the environmental and social objectives referenced from the International Capital Market Association (ICMA) Green Bond Principles and Social Bond Principles.

CATEGORY	OBJECTIVE
MSME Lending	Employment Generation
Gender Equality	Reduction of Inequality
Socio-Economic Empowerment	Socioeconomic Advancement and Empowerment
Health Sector	Access to Essential Services
Education Sector	Access to Essential Services
Sustainable Transport Infrastructure	Access to Essential Services
Information & Communication Technology	Access to Essential Services
Low-cost and Socialized Housing	Affordable Housing
Sustainable Food Systems	Food Security and Sustainable Food Systems

Process for Project Evaluation & Selection



Green, Blue, and Social Projects

- **Pre-Qualification:** BPI's Account/Business development/Loan/Portfolio officers are responsible for identifying, evaluating and qualifying potential projects for inclusion in the Green, Blue, and Social Finance Portfolio.
- **Inclusion in the Green, Blue, and Social Finance Portfolios:** Independent vetting officers, from each Business Unit, and when applicable technical experts (primarily composed of third-party IFC-trained and accredited technical consultants) shall be responsible for the execution and enforcement of the framework. The responsibility of the vetting officer/s shall include the monitoring and reporting of allocated use of proceeds (UoP), impact metrics, and SDG attribution, as documented in the registry.



- BPI ensures that all loans under the Green, Blue, and Social Finance Portfolios comply with national, local, environmental and industry-specific laws and regulations, as applicable, with strict adherence to Exclusion Rule at the time of issuance.
- If during the life of the Bond/Loan/Deposit /Transaction/Other Funding Instrument , a project no longer meets eligibility criteria, BPI shall replace it with an eligible project of equal or greater value, as soon as reasonably practicable.
- BPI's Enterprise Support Services and when applicable, technical experts, are responsible for evaluating, qualifying, validating, and approving potential bank-owned proprietary capital expenditures projects, for inclusion in the Green Portfolio.

Process for Project Evaluation & Selection



Environmental and Social Risk Assessment

All projects must have passed criteria and requirements related to the Bank's General Policy and Governing Principles on Responsible Lending⁽¹⁷⁾ and General Policy Governing Investment Activities⁽¹⁸⁾, including but not limited to the Environmental Risk Assessment⁽¹⁹⁾.

As part of the Bank's General Policy and Governing Principles on Responsible Lending, all loan proposals and credit accommodations undergo comprehensive credit evaluation to ensure that risks are well understood, adequately addressed, or mitigated, including those arising from potential issues or violations on environmental and social laws and regulations, namely: environmental pollution, loss of biodiversity, hazard to human health, safety and security concerns, involuntary resettlement, and harm to indigenous communities and cultural heritage.

Material E&S issues that emerge during E&S assessments require that we perform necessary actions and risk mitigations, which may include securing additional credit enhancements such as insurance or collateral top-ups, enhancing due diligence including business or financial justifications subject to the required approvals by the Bank's credit authorities, and/or submitting supplemental documentation in accordance with BPI's policies and regulatory guidelines.

As part of the Bank's General Policy Governing Investment Activities, an appropriate level of due diligence shall be conducted at all times, commensurate to the degree of complexity of a financial instrument/investment product and having due regard to fundamental considerations such as quality/credit-related factors, product complexity, size/consideration, as well as the relevant environmental and social risk exposures of the investment and the issuing entity/underlying credit.

The underlying credit and/or other material parties involved in a specific instrument/product shall undergo the Bank's due diligence review to enable the identification of material risks and potential impacts on the safety and soundness of the Bank's investment decisions and business activities. These shall be comprised of the customer due diligence stipulated in the Bank's Core Principles and Governing Policies of Money Laundering and Terrorist Financing Prevention Program (MTPP), as well as an E&S Due Diligence (ESDD) to assess and manage material E&S risk exposures of the investment and its issuing company.

17) Responsible Lending Policy: <https://www.bpi.com.ph/about-bpi/sustainability/responsible-and-sustainable-lending-policy>

18) Integrated Report: <https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports>

19) Environmental Risk Assessment: <https://www.bpi.com.ph/about-bpi/sustainability/environment-risk-assessment>

Management of Proceeds



Sustainable Funding Committee

- The Sustainable Funding Committee (SFC)⁽²⁰⁾: On a semi-annual basis, the SFC convenes to validate and approve outstanding and proposed enrollments or move for disenrollment or replacement of paid off or disqualified loans. SFC likewise reviews the results of monitoring and reporting of activities covering issued Green, Blue, Social, and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments and the deployment of net proceeds to reimbursed Eligible Green, Blue and Social Projects, while ensuring that all proceeds are accounted for
- An amount equal to the net proceeds will be allocated to finance and/or refinance designated Eligible Green/Blue/Social Projects, as relevant, across the BPI Group including its subsidiaries, selected in accordance with the SFF Eligibility Criteria, using the evaluation and selection process mentioned above
- Payment of principal and interest on the Green, Blue, Social, and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments will be made from BPI's general funds and will not be directly linked to the performance of any one specific Eligible Green/Blue, and/or Social Project

Tracking of Proceeds

- The Project Registry shall be created and maintained by BPI, as a record for green/blue and social portfolio, and as the central verification of qualified assets based on the Framework. The Project Registry shall include eligible assets from BPI's majority owned subsidiaries. The Project Registry shall be used to facilitate the annual monitoring and reporting of the Green, Blue, Social, or Sustainable Funding Instruments issued and the deployment of the net proceeds thereof, shall contain the information listed below:
 - ✓ Green, Blue, Social, and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments details: including ISIN, issue date, maturity date, principal amount and coupon;
 - ✓ Eligible Green/Blue/Social Project list;
 - ✓ Eligible Green/Blue/Social Project Categories;
 - ✓ The regions in which the projects are located;
 - ✓ The amount of net proceeds allocated to the projects;
 - ✓ The date of allocation and foreign exchange rates (if and when applicable);
 - ✓ Environmental certification of the project, or equivalent (if and when applicable)
 - ✓ UN Sustainable Development Goals (UN SDGs) attribution
- The registry shall be updated when there are changes to the composition of the eligible green, blue, social, and/or sustainable projects, respectively, in the Sustainable Funding Portfolio.

Use of Unallocated Proceeds

- Pending any allocation or reallocation, an amount equal to the net proceeds from the notes may be invested in cash or cash equivalents for no more than 24 months and will not be invested in carbon-intensive assets.
- These funds will be managed according to BPI's internal liquidity management policies and may be transferred to other entities within the BPI Group of Companies

Substitution of Assets

- BPI will allocate an amount equal to the net proceeds to projects/assets that comply with the Eligibility Criteria, as soon as reasonably practicable, reallocating to replacement projects/assets in the event that a previously allocated project/asset is sold, paid in full, no longer eligible, or has matured

²⁰⁾ The Sustainable Funding Committee is made up of (A) Chairperson of the Committee – Head of Corporate Planning, Investor Relations, and Sustainability (B) Vice Chairperson of the Committee for Green and Blue Projects – Head of Corporate and Commercial Credit Group (C) Vice Chairperson of the Committee for Social Projects – Head of Business Banking (D) Regular Members: Head of Liability Management Department of Global Markets Segment; SDF Head; Head of Corporate Banking; Head of Business Banking Marketing, SPPI, Products, and Campaigns Head; Head of Environmental and Social Risk Management (E) Secretary of the Committee – Sustainability Office (F) Resource Persons – includes SDF Technical Consultants (G) Authority to Change the Membership Committee – President

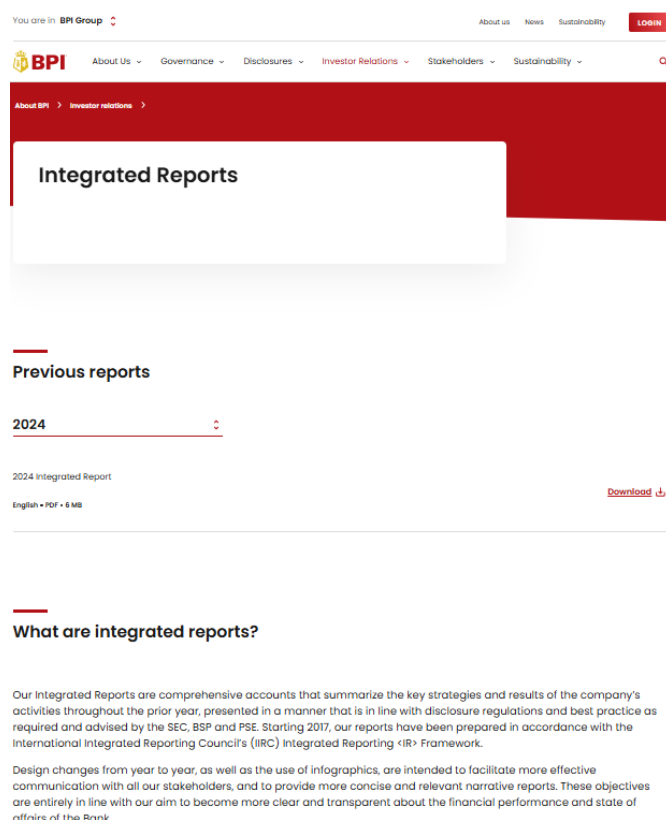
Reporting



1 Allocation Reporting

At least annually, until an amount equal to the net proceeds has been allocated, and thereafter, in the event of material changes, BPI will provide information on the allocation of an amount equal to the net proceeds of the notes on its website and/or in BPI's Annual Integrated Report. The information will contain at least the following details:

- ❖ List of approved Eligible Green/Blue/Social Projects, including amounts allocated
- ❖ Remaining balance of unallocated proceeds, if any



- ❖ Where possible, BPI will also provide additional information, case studies or examples of select projects, subject to considerations such as competition, confidentiality agreements, and client consent documents
- ❖ The annual reporting of allocation and impact reports will be reviewed and approved by the Sustainable Funding Committee and relevant members of BPI's senior management
- ❖ As warranted, BPI may engage an external auditor for each generated BPI Green, Blue, Social and Sustainability Bonds/Loans/Deposits/Transactions/ Other Funding Instruments to provide independent verification on our reporting and management of proceeds in accordance with this Framework

BPI's Sustainability Reports can be found in the following link: <https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports>

Reporting



2 Impact Reporting

Together with Allocation Reporting, at least annually and until maturity, BPI shall report the impact of projects financed or refinanced through Green, Blue, Social and Sustainability Bonds/Loans/Deposits/Transactions/Other Funding Instruments to shareholders using the following sample metrics:

CRITERIA	SAMPLE IMPACT METRICS
Renewable Energy	❖ Greenhouse Gas (GHG) emissions reduced/avoided (tCO₂e) ❖ Number of rechargeable batteries and fuel cells
Energy Efficiency	❖ Annual energy savings (kWh/MWh/GWh) ❖ Reduction in energy demand (%)
Sustainable Water & Wastewater Management	❖ 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 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/GWh) • Estimated reduction in CO₂e emissions (tCO₂e equivalents)
Green Buildings	❖ 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)

Reporting



2 Impact Reporting

CRITERIA	SAMPLE IMPACT METRIC
Clean Transportation	❖ 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	❖ 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	❖ Annual GHG emissions reduced/avoided/sequestered (tCO₂e reduced) ❖ Improved sustainable forest management (km²)

CRITERIA	SAMPLE IMPACT METRIC
Offshore Renewable Energy	❖ Ocean-based renewable power generation (kWh/MWh/GWh) / energy savings (%)
Sustainable Management of Waste & Wastewater	❖ 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	❖ 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

Reporting



2 Impact Reporting

CRITERIA	SAMPLE IMPACT METRIC
Sustainable Fisheries and Aquaculture	❖ 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)
Sustainable Tourism	❖ 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	❖ 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)
CRITERIA	SAMPLE IMPACT METRIC
MSME Lending	❖ Number of loans to MSMEs ❖ Total amount of loans made to MSMEs ❖ Employment generated by MSMEs

Reporting



2 Impact Reporting

CRITERIA	SAMPLE IMPACT METRIC
Gender Equality	❖ 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	❖ 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	❖ 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

Reporting



2 Impact Reporting

CRITERIA	SAMPLE IMPACT METRIC
Education Sector	❖ 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, schools, colleges, and universities
Sustainable Transport Infrastructure	❖ Number of loans to finance construction of basic infrastructure ❖ Total amount of loans made to construct basic infrastructure
Information & Communication Technology	
Low-cost and Socialized Housing	❖ Number of loans to build, retrofit, or purchase housing ❖ Total amount of loans made to build, retrofit, or purchase housing
Sustainable Food Systems	❖ Number of loans to farmers ❖ Total amount of loans made to farmers