BLUE BOND IMPACT REPORT

BDO Unibank, Inc.



About this Report

This Blue Bond Impact Report is BDO Unibank Inc.'s first full allocation Blue Bond Impact Report outlining the environmental and social performance of financed projects from the proceeds of its Blue Bond issued on May 2022. This Impact Report was prepared following the International Finance Corporation's (IFC) Guidelines for Blue Finance and the International Capital Market Association (ICMA) Harmonized Framework for Impact Reporting. This Impact Report is aligned with the United Nations Sustainable Development Goals (SDGs) targets and the BDO Sustainable Finance Framework. The report was prepared by the Sustainability Office and the Sustainable Finance Desk of the Institutional Banking Group.

For inquiries, you may email sustainability@bdo.com.ph.





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Executive Summary

This report presents the environmental and social impacts of three projects financed through BDO Unibank's Blue Bond issuance. The projects support sustainable water management and wastewater management through investments in bulk water supply infrastructure, water treatment and distribution systems, and wastewater treatment facilities across the provinces of Bulacan, Tarlac, and Rizal. Together, these projects contribute to improving water security, expanding access to clean water, and preventing pollution from reaching freshwater and marine ecosystems in the Luzon area of the Philippines.

BDO's Blue Bond issuance supports solutions to a growing national challenge. While the Philippines possesses significant freshwater resources, water availability remains unevenly distributed and increasingly constrained by population growth, urbanization, infrastructure gaps, and climate-related pressures. These challenges are compounded by rising water demand, increasing groundwater dependence, and the need to expand wastewater treatment capacity to protect water quality and public health.

Financing is particularly relevant in areas facing water stress and growing supply deficits. Strengthening access to clean water, developing alternative water sources, improving wastewater management, and protecting watersheds are critical to ensuring the long-term sustainability and resilience of the country's water resources.

Across the three Blue Bond-financed projects, 60,062,121 m^3 of groundwater extraction was avoided through surface water utilization, 65,206,393 m^3 of additional clean potable water is supplied annually, and an additional 4,517 m^3 of wastewater is treated annually. Collectively, these outcomes contribute to the avoidance of approximately 19,202 tonnes of carbon dioxide equivalent (CO_2e) emissions annually, equivalent to the annual emissions of approximately 4,175 passenger vehicles.

In addition, the projects include technological solutions that promote efficient water use and help prevent wastewater discharge into river basins and coastal areas.

Beyond their environmental benefits, the projects also generate meaningful social impacts. The financed activities supported 203,372 households through surface water utilization and enabled 156,317 additional households to gain access to clean drinking water. The wastewater treatment project also expanded services to an additional 121 businesses and 23 hospitals, supporting improved environmental and public health outcomes.

Through sustainable finance, BDO continues to support investments that improve water security, expand access to clean water, enhance wastewater management, and strengthen the long-term resilience of the Philippines' water resources.

Introduction

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

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. Its branches remain at the forefront of setting high standards as a sales- and service-oriented, customer-focused force. The Bank has the largest distribution network with 1,996 branches and banking offices and 7,716 teller machines nationwide as of end 2025. BDO has 15 international offices (including full-service branch offices in Hong Kong and Singapore) spread across Asia, Europe, North America, and the Middle East. The Bank also offers digital banking solutions to make banking easier, faster, and more secure for its clients.

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continued expansion into new markets. As of December 31, 2025, BDO is the Philippines' largest bank in terms of total resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network nationwide.

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

BDO's Sustainability philosophy is to achieve strategic resilience by incorporating sustainability in the way we do business and in everything we do—from making business decisions to assessing relationships to creating products.

In May 2022, BDO issued its first Blue Bond amounting to US$100 million, through an anchor investment from the International Finance Corporation (IFC). The Bond proceeds will expand financing for activities that preserve clean water resources and help prevent marine pollution, while supporting the country's water security and climate goals. The BDO Blue Bond is the first private sector issuance by a commercial bank in Southeast Asia and the first financial institution to follow IFC's Guidelines for Blue Finance globally. BDO is the Philippines' first bank to finance projects that protect water and the ocean as critical resources, pioneering a new financial instrument to protect the environment.

Definition of Terms

The following definitions were lifted from the International Finance Corporation (IFC) Blue Finance Guidelines:

Blue Economy: Sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystems and water resources.

Blue Finance: Investments dedicated to finance or refinance activities that contribute to oceans protection and/or improved water management.

Blue Loan: Loan that is aligned to the Green Loan Principles and where the proceeds are exclusively dedicated to finance or refinance activities that contribute to oceans protection and/or improved water management.

Blue Bond: Fixed income instrument that is aligned to the Green Bond Principles and where the proceeds are exclusively dedicated to finance or refinance activities that contribute to oceans protection and/or improved water management.

Blue Impact: The measurable variation in a physical, chemical, or biological variable of oceans ecosystems or water related systems as expressed by a quantitative indicator.

Other terms used in this report:

Absolute water scarcity[1] - Annual water supplies drop below 500 cubic meters ($m^{3)}$ per person per year.

Groundwater[2] - Subsurface water in which the pressure is equal to or higher than the local atmospheric pressure. In other words: water below the water table or phreatic level.

Non-revenue Water[1] - Water that has been produced and is "lost" before it reaches the customer.

Surface Water[2] - Water located on the surface of the Earth, such as in streams, rivers, and lakes.

Wastewater Management[3] - the collection and treatment of wastewater before discharge to either the sewer for further treatment or directly to the environment.

Water Quality[1] - The characteristics of water which define its use in terms of physical, chemical, biological, bacteriological or radiological characteristics by which the acceptability of water is evaluated.

Water Stress[1] – Annual water supplies drop below 1,700 m^3 per person per year.

1 Philippine Water Supply and Sanitation Master Plan
2 UN-International Groundwater Resources Assessment Center
3 SDG Indicators: Metadata Repository

Philippine Water Challenges

Water is fundamental to public health, economic development, food security, and climate resilience. While the Philippines is endowed with significant freshwater resources, growing demand, uneven distribution of supply, infrastructure constraints, and declining water quality continue to challenge the country's ability to provide reliable and sustainable water services. These pressures are becoming increasingly pronounced as population growth, urbanization, industrial expansion, and climate-related risks place greater strain on water resources and service delivery systems.

Water Supply Challenges Extend Beyond Resource Availability

The Philippines has an estimated annual water availability of approximately 226 billion cubic meters, comprising around 206 billion cubic meters of surface water and 20 billion cubic meters of groundwater. However, the challenge is not solely the availability of water resources but the capacity to deliver safe and reliable water where it is needed. Approximately 83% to 85% of available water resources are utilized by the agricultural sector, leaving a limited share for domestic, commercial, and industrial use. Meanwhile, an estimated 12.4 million Filipinos still lack access to safe water, while 332 municipalities remain classified as water-less despite improvements in national water access rates.

Water districts across the country continue to face persistent supply deficits. Between 2019 and 2024, average annual demand among the country's 532 water districts exceeded effective supply by approximately 3.6 million cubic meters. These service gaps limit the ability of water providers to expand coverage and meet the growing needs of households, businesses, and communities, particularly in rapidly urbanizing areas.



Source: Philippine Water Supply and Sanitation Master Plan (PWSSMP), Philippine Institute for Development Studies (PIDS)

Water Availability per Capita per Annum (Using 2015 Values for Population)

From the Philippine Water Supply and Sanitation Master Plan

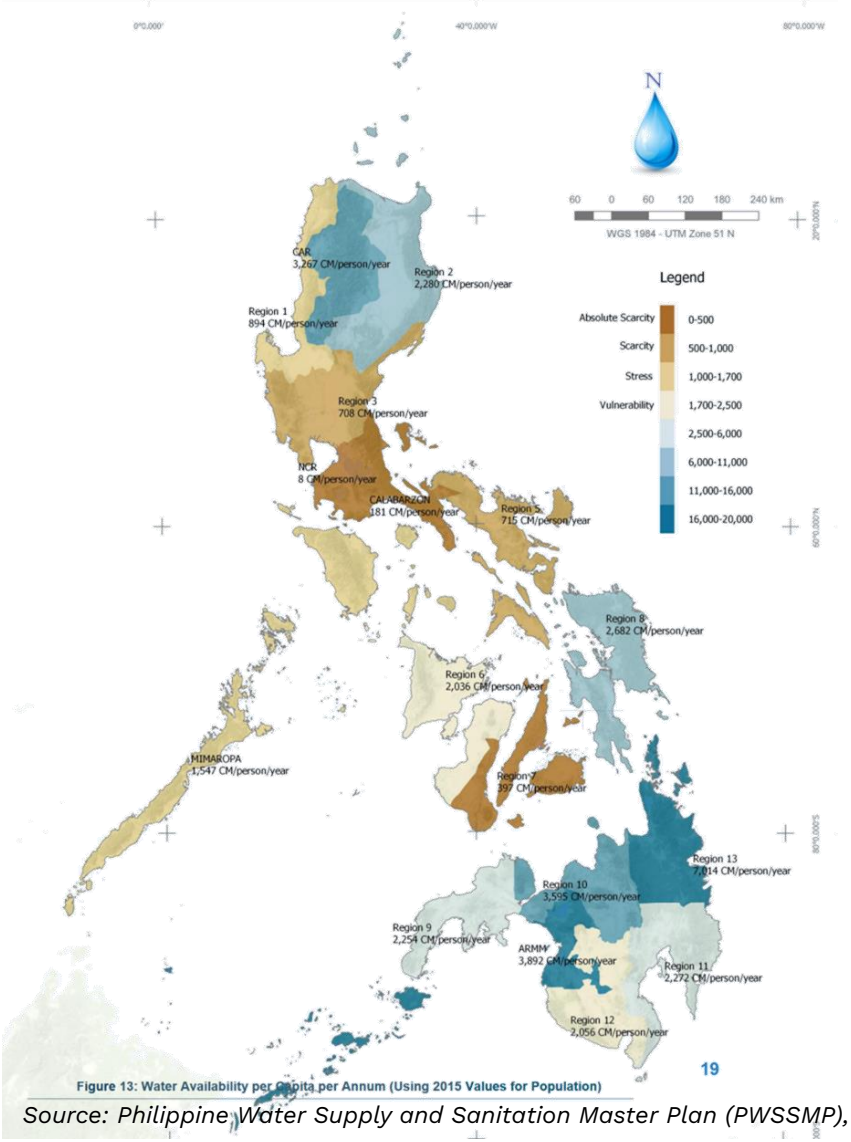


Figure 13: Water Availability per Capita per Annum (Using 2015 Values for Population)

Source: Philippine Water Supply and Sanitation Master Plan (PWSSMP), Philippine Statistics Authority (PSA)

Rising Water Stress and Groundwater Dependence

As the Philippine population increased from approximately 109.0 million in 2020 to 112.7 million in 2024, water availability per person has steadily declined. Per capita water availability fell from approximately 1,907 cubic meters in 2000 to around 1,400 cubic meters in recent years, placing the country within the water stress threshold. At the same time, increasing pressures on traditional water sources have led to greater reliance on groundwater extraction.

Groundwater remains the principal source of supply for many water districts nationwide. From 2014 to 2023, groundwater extraction increased by an average of 3.8% annually, with a significant surge recorded during periods of heightened industrial and economic activity. Excessive groundwater dependence poses long-term environmental risks, including declining aquifer levels, land subsidence, saline intrusion in coastal areas, and deterioration of water quality. These challenges underscore the importance of developing sustainable alternative water sources and improving water-use efficiency.

Expanding Access to Safe and Reliable Drinking Water

The Philippine government has established ambitious targets under the Philippine Water Supply and Sanitation Master Plan, aiming to achieve universal access to water supply and sanitation services by 2030. Progress has been substantial, with 97.5% of Filipino families reporting access to at least basic drinking water services in 2024. However, only 53.1% of families had access to safely managed drinking water services, reflecting continuing

disparities in reliability, accessibility, and water quality across regions.

Many communities continue to rely on alternative sources such as water refilling stations, communal water systems, and shared facilities, highlighting the need for continued investment in water infrastructure, treatment facilities, and resilient distribution networks that can deliver safe and affordable water directly to households.

Wastewater Management and Water Quality Protection

Managing wastewater remains one of the country's most pressing environmental challenges. Rapid urbanization, population growth, and industrial development have increased the volume of wastewater generated, while treatment infrastructure has not expanded at the same pace. As a result, approximately 90% of wastewater in the Philippines is estimated to remain untreated before being discharged into the environment.

Limited sewerage coverage and inadequate treatment facilities contribute to the pollution of rivers, lakes, coastal waters, and other critical ecosystems. Untreated wastewater can adversely affect public health, reduce water quality, damage aquatic habitats, and increase the cost of providing safe drinking water. The Philippine Clean Water Act recognizes the importance of an integrated approach to water quality management that combines pollution prevention, wastewater treatment, resource conservation, and ecosystem protection.

Source: Corpuz JCG. Wastewater Management in the Philippines: A Call for Localized Solutions and Policy Integration. Environ Health Insights. 2025 Jan 2



The Role of Sustainable Water Infrastructure

Addressing the country's water challenges requires investments that strengthen water security while protecting freshwater and marine ecosystems. Sustainable water infrastructure—including surface water development, water treatment and distribution systems, groundwater conservation measures, wastewater treatment facilities, and watershed protection initiatives—plays a critical role in ensuring long-term access to clean water while enhancing resilience to climate-related risks.

Through financing solutions that support sustainable water management and wastewater treatment, the private sector can help bridge infrastructure gaps, improve service delivery, reduce environmental impacts, and contribute to the long-term sustainability of the Philippines' water resources.

Water Security and Wastewater Landscape

The Philippines' water challenges point to the need for investments that strengthen water security, while protecting freshwater and marine ecosystems. As demand for water continues to rise, solutions must focus not only on expanding supply but also on improving resource efficiency, reducing losses, enhancing treatment capacity, and protecting watersheds that sustain long-term water availability.

Reliable water services depend on a combination of water source development, treatment facilities, distribution infrastructure, and watershed management. In many parts of the country, increasing dependence on groundwater has raised concerns over declining aquifer levels, saline intrusion, and long-term water sustainability. Expanding the use of surface water sources and investing in resilient water infrastructure can help diversify supply, reduce pressure on groundwater resources, and improve access to clean water for growing communities.

The consequences of continued groundwater depletion extend beyond water availability. As groundwater levels decline, wells must be drilled deeper and water pumped from greater depths, increasing costs and energy use. Over-extraction can also contribute to land subsidence, or the gradual sinking of land, reduce the availability of connected surface water resources, and increase the risk of saltwater intrusion in coastal areas, affecting water quality and long-term water security.



Wastewater management remains equally critical to maintaining water quality and protecting public health. With an estimated 90% of wastewater remaining untreated, investments in treatment facilities and related technologies play an important role in reducing pollution loads, improving environmental outcomes, and preventing the discharge of contaminants into rivers, coastal waters, and marine ecosystems. Effective wastewater management also supports the circular use of water resources and contributes to broader climate and sustainability objectives.

Sustainable water infrastructure can generate environmental and social benefits across the water value chain. Projects that improve water treatment and distribution systems can increase the availability of clean drinking water, strengthen service reliability, and support economic activity. Surface water development projects can help avoid groundwater extraction, while wastewater treatment facilities can reduce pollution and improve water quality for downstream communities. Watershed protection and ecosystem conservation initiatives further strengthen the resilience of water resources by safeguarding the natural systems that sustain water supply.

BDO's Blue Bond was established to support investments that address these interconnected challenges. Through financing for sustainable water management and wastewater management projects, the Blue Bond contributes to improving water security, expanding access to clean water, enhancing wastewater treatment capacity, and protecting critical freshwater and coastal ecosystems. The financed projects demonstrate how sustainable finance can mobilize capital toward infrastructure and environmental solutions that deliver measurable benefits to communities while strengthening the long-term resilience of water resources.

Sources: Philippine Institute for Development Studies (PIDS), National Water Resources Board (NWRB), Philippine Statistics Authority (PSA), National Economic and Development Authority (NEDA), Philippine Water Supply and Sanitation Master Plan (PWSSMP), and Republic Act No. 9275 (Philippine Clean Water Act of 2004).



Use of Proceeds and Allocation

Use of Proceeds

Sustainable Water and Wastewater Management

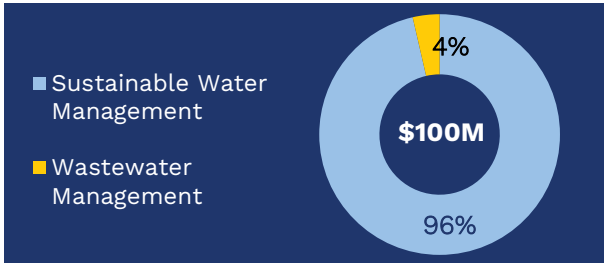


Offshore Renewable Energy



Identify potentially eligible assets	Verify if assets meet the blue bond criteria	Manage proceeds	Measure impact and report
The Sustainable Finance (SF) Desk of the Institutional Banking Group is responsible for evaluating potential eligible assets against International Finance Corporation's (IFC) Blue Finance guidelines and the International Capital Market Association (ICMA) guidelines.	The SF Desk conducts semi-annual review and update of the projects. They also inform the Sustainability Office under BDO's Compliance Group of the approved projects.	SF Desk ensures that the eligible portfolio size at least matches or exceeds the net proceeds from the bond. Unallocated proceeds are invested in short term liquid instruments.	BDO will publish an Allocation and Impact Report within the first year of issuance and annually thereafter until full allocation of the proceeds, and as may be otherwise required.

Project	Eligible category	Allocation amount (US$)	Disbursement date
Project 1	Sustainable Water Management	$88,000,000.00	30 October 2020
Project 2	Wastewater Management	$3,600,000.00	21 June 2019
Project 3	Sustainable Water Management	$8,400,000.00	15 August 2018
Total		**$100,000,000.00**	



Impact Metrics

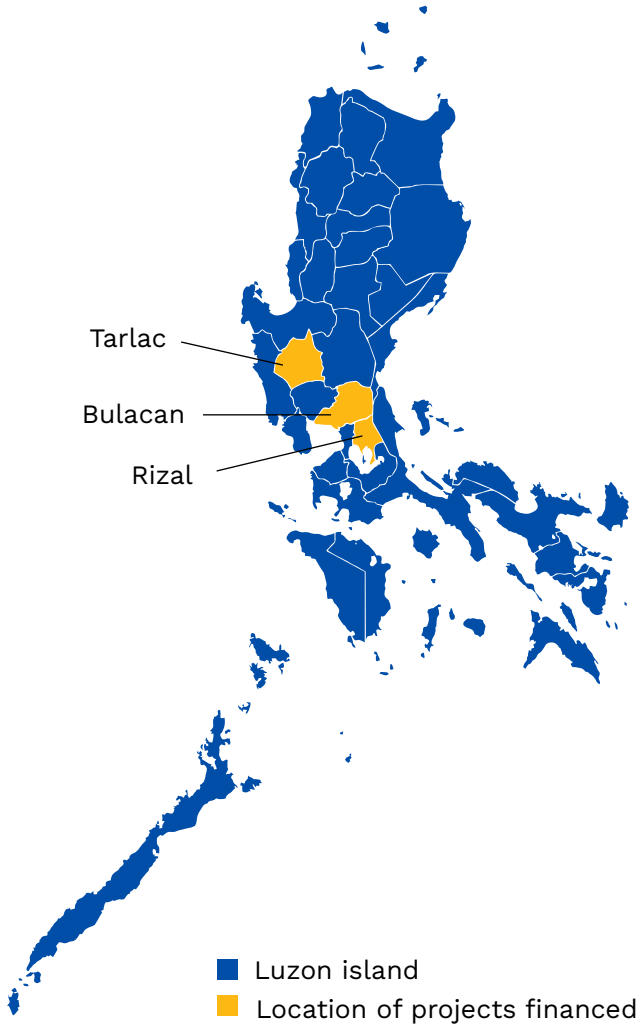
Environmental Impact

Eligible Category	Impact	Quantity
Wastewater Management	Additional volume treated annually as a result of the financing	4,517 m^3
Sustainable Water Management	Groundwater extraction avoided annually through surface water utilization	60,062,121 m^3
Sustainable Water Management	Additional annual volume of clean potable water supplied	65,206,393 m^3
Sustainable Water and Wastewater Management	GHG emissions avoided annually due to Blue Bond financing (tonnes CO_2e)	19,202

Social Impact

Eligible Category	Impact	Quantity
Wastewater Management	Additional industries supported as a result of the financing	121
Wastewater Management	Additional hospitals supported as a result of the financing	23
Wastewater Management	Additional bed capacity of hospitals supported as a result of the financing	2,732
Sustainable Water Management	Additional households supported as a result of the financing	359,689

Projects' Location



Projects Financed





Photo from Luzon Clean Water Development Corporation (LCWDC)

Bulk Water and Operations Management of Water Treatment and Distribution

Project Description

The Bulacan Bulk Water Supply Project (BBWSP) is a public-private partnership initiative designed to improve water security and expand access to reliable and safe water services across Bulacan Province. Operated by Luzon Clean Water Development Corporation (LCWDC), a joint venture of San Miguel Corporation (SMC) and Korea Water Resources Corporation (K-Water), the

project supplies treated bulk water to various water districts, helping address growing water demand in one of the country's rapidly urbanizing regions. SMC is one of the Philippines' largest diversified conglomerates, with business interests spanning food and beverage, fuel and oil, power, and infrastructure, sectors for which reliable and sustainable water resources are essential to long-term operations and growth.

By expanding access to surface water resources, the project supports sustainable water management, while reducing dependence on groundwater extraction. The facility currently produces an average of 160 million liters of treated water per day, contributing to improved service reliability and water quality for communities across its service area.



Photo from Luzon Clean Water Development Corporation (LCWDC)

As of FY2025, the Bulacan Bulk Water Supply Project has maintained high compliance across its key performance indicators. Availability of Supply compliance reached 115%, Water Quality compliance 100%, Pressure compliance 100%, and Service Coverage compliance 100%. Non-Revenue Water (NRW) was recorded at very low 1.66%, reflecting continued efforts to improve water efficiency and minimize system losses.

Environmental Impact

Avoided groundwater extraction through surface water utilization	60,062,121 m^3
GHG emissions avoided annually	19,202 tCO_2e

Social Impact

Households supported through surface water utilization	203,372

Notes: Computation is based on IFC's Guidelines on Blue Finance. Figures relate to the 2021 reporting period as no additional Blue Bond proceeds were allocated to the client after the first Blue Bond Impact Report was published.

Methodology

Impact measurement metrics were calculated using project and operational data provided by the borrower. Reported impacts were prorated based on the share of Blue Bond proceeds allocated to the project. Greenhouse gas emissions avoided were calculated using applicable emission factors associated with reduced groundwater extraction resulting from increased utilization of surface water resources. Count of households supported reflects improved access to clean and reliable water services resulting from the project.



Photos from Cleanway Environmental Management Solutions, Inc. (CEMSI)

Technology Solutions for Waste and Wastewater Treatment

Project Description

Effective wastewater treatment is essential to protecting water resources, safeguarding public health, and preventing pollution from reaching rivers, coastal ecosystems, and marine environments. Cleanway Environmental Management Solutions, Inc. (CEMSI) supports these objectives through integrated waste and wastewater treatment facilities serving industrial, commercial, and healthcare customers.

Through Blue Bond financing, CEMSI expanded its wastewater management operations and invested in advanced treatment technologies, including thermal oxidation systems that improve operational efficiency while reducing resource consumption. The project's facilities utilize a combination of chemical, physical, and biological treatment processes, while recovering by-products for beneficial reuse in other operational applications. By increasing treatment capacity and expanding service coverage, the project contributes to improved wastewater management and pollution prevention in the regions it serves.

The expansion of the facility enabled CEMSI to increase treatment capacity and extend wastewater management services to a broader range of industrial and healthcare customers. As a result of the financing, the project supported an additional 121 businesses and 23 hospitals, representing an additional hospital bed capacity of 2,732 beds. The project also increased annual wastewater treatment volume by 4,517 cubic meters, contributing to improved wastewater management outcomes and helping reduce the risk of untreated wastewater entering surrounding water bodies and ecosystems.



Photo from Cleanway Environmental Management Solutions, Inc. (CEMSI)

Environmental Impact

Volume of wastewater treated annually before financing	18,068 m^3
Volume of wastewater treated annually after financing	22,585 m^3
Additional volume treated as a result of the financing	4,517 m^3
GHG emissions avoided annually	0.74 tCO_2e

Social Impact

Additional businesses supported	121
Additional hospitals supported	23
Additional hospital bed capacity supported	2,732

Methodology

Impact measurement metrics were calculated using project and operational data provided by the borrower. Reported impacts were prorated based on the share of Blue Bond proceeds allocated to the project. Greenhouse gas emissions avoided were calculated using applicable emission factors associated with the additional volume of wastewater treated. Reported social impacts reflect expanded access to wastewater treatment services resulting from the project's increased treatment capacity.



Photo from Manila Water Company, Inc.

Bulk Water Supply and Climate Resilience Infrastructure

Project Description

The Wawa Bulk Water Supply Project is a strategic water infrastructure development that strengthens long-term water security for Metro Manila's East Zone and Rizal Province. Developed by Prime Infrastructure Capital Inc. through the Upper Wawa Dam and Tayabasan Multi-Basin facilities in Rodriguez, Rizal, the project provides an alternative raw water source to the Angat Dam system.

The project represents one of the most significant water infrastructure developments in the Philippines and is the largest water source development for Metro Manila since 1967.

Capable of supplying up to 518 million liters of bulk water per day (MLD), the project supports Manila Water's long-term strategy to diversify water sources, improve service reliability, and strengthen resilience against growing demand and climate-related pressures.

Rizal Province plays an increasingly important role in the Greater Manila Area, driven by sustained population growth and urban expansion. Home to approximately 3.42 million people based on the 2024 population census, it is among the country's most populous provinces. As communities and businesses continue to grow, investments in resilient water infrastructure are essential to supporting long-term development and water security.



Photo from Manila Water Company, Inc.

The project is already delivering benefits to communities through the Wawa-Calawis Water Supply System. Water supplied from the Upper Wawa Dam has reached approximately 100,000 residents in Antipolo City and contributes to a more reliable and resilient water supply for Metro Manila's East Zone and Rizal Province, including elevated and traditionally underserved communities.

Environmental Impact

Additional annual volume of clean potable water supplied	65,206,393 m^3

Social Impact

Additional households with access to clean drinking water	156,317

Methodology

Impact measurement metrics were calculated using project and operational data provided by the borrower. Reported impacts were prorated based on the share of Blue Bond proceeds allocated to the project. Reported social impacts reflect improved access to clean and reliable water services resulting from the project.

Climate Resilience and Watershed Stewardship

Beyond improving water supply, the project incorporates watershed protection, biodiversity conservation, and community engagement initiatives that support the long-term sustainability of critical water resources.

The project supports the rehabilitation and conservation of the Upper Marikina River Basin Protected Landscape through formal partnerships with the Department of Environment and Natural Resources (DENR), the Rizal Provincial Government, local communities, and four People's Organizations. Activities include reforestation, biodiversity monitoring, and the protection of a 4,000-hectare project buffer zone within the watershed.
To strengthen environmental stewardship, the project has established Permanent Biodiversity Monitoring Areas within the project buffer zone to support the ongoing assessment of ecosystem health and guide conservation and management efforts. More than 209,000 seedlings have been planted through community-based reforestation initiatives, contributing to watershed restoration, biodiversity protection, and climate resilience. The project also deploys 30 forest patrollers trained under the DENR's LAWIN Forest and Biodiversity Protection System to help safeguard protected areas and natural resources.

The project promotes inclusive development by creating livelihood and stewardship opportunities for Indigenous Peoples communities. Priority employment is provided to members of the Dumagat Remontado Indigenous Peoples communities, with 28 of the 30 forest patrollers coming from these communities.

In addition, more than 150 indigenous community members have benefited from reforestation and environmental protection initiatives implemented through local partnerships. The project also supports annual Technical Education and Skills Development Authority (TESDA) training programs that help community members develop alternative skills and livelihood opportunities.

Beyond strengthening water security, the Upper Wawa Dam contributes to climate resilience by diversifying water sources, improving supply reliability, and supporting adaptation to changing rainfall patterns and rising water demand. The infrastructure has also demonstrated a secondary flood mitigation function during major rainfall events, helping manage water flows and reducing flood risks for downstream communities.


Photo from Manila Water Company, Inc.

The project's contribution to sustainable water infrastructure has received international recognition. In 2026, the Upper Wawa Dam was awarded Water Project of the Year at the Global Water Awards, recognizing its role in advancing water source diversification, long-term water security, climate resilience, and sustainable infrastructure development.

Through its integrated approach to water security, watershed protection, biodiversity conservation, and community engagement, the Wawa Bulk Water Supply Project demonstrates how Blue Bond financing can support infrastructure that delivers measurable environmental and social benefits while strengthening the long-term resilience of water resources and communities.

Annexes

Annex A. BDO Sustainable Finance Framework

Economic Dimension

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

The Bank's efforts include the following:

- Support infrastructure development through loans for national projects, including transport, airports, and road networks
- Promote the development of micro, small, and medium enterprises (MSMEs) through microfinance and small and medium enterprise (SME) loans
- Empower Filipino consumers with affordable and flexible consumer loan packages as well as credit card products
- Fosters banking habits through creation of innovative banking practices and financial products to meet needs of entrepreneurs and reach underserved markets through the Bank's branch network, digital banking channels (online and mobile banking, inclusive), automated teller machines, and the use of agency banking
- Cultivates responsible investing by pioneering the introduction of the country's first ESG-themed Unit Investment Trust Fund (UITF), which invests in companies that demonstrate notable sustainability practices
- Contributes to nation-building through job creation and payment of taxes to the government[1]

Environmental Dimension

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

As of end 2025, the Bank's SF Program has funded 71 projects that advance energy efficiency and harness renewable energy (including solar, wind, hydro, geothermal, and biomass), with total installed capacity of 6,165 MW. Refer to the 2025 BDO Sustainability Report.

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

- Reinforcing BDO's Environmental and Social Risk Management System (ESRMS) Policy in its lending, investments, and operational activities

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

- Integrating environmental risk management in responsible finance
- Accelerating low carbon energy through green finance

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

Social Dimension

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

- BDO affirmed its commitment to help the Overseas Filipino Worker (OFW) community, which is currently in excess of two (2) million[2], with the BDO Kabayan Savings Account, a deposit product with easier requirements for account opening and maintenance and designed to encourage OFWs to remit and save regularly through incentives such as free life and accident insurance.
- BDO's Cash Agad mobile solution allows all debit and prepaid cardholders to perform banking transactions through the use of a Point-of-Sale (POS) terminal deployed in partner agents such as sari-sari stores, pawnshops, and grocery stores, among others. Cash Agad facilitates access to financial services for people residing in provincial and remote areas, some of whom have to travel long distances by land or ride a boat just to withdraw from an ATM.
- BDO also forged tie-ups with car dealerships, home developers, and retail stores to offer sustainable products, competitive rates, and faster service.

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

- Disaster response covers relief operations and the rehabilitation/reconstruction of rural health units, school buildings/classrooms in communities affected by natural or man-made disasters.
- Financial inclusion, launched in 2018, where the Foundation partnered with various institutions to promote financial literacy among targeted sectors, including public school teachers, students and non-teaching personnel, members of the Armed Forces, soldiers and OFWs, farmers, and fisherfolk.

[2] Philippine Statistics Authority (PSA). 2025 December 16. Results of the 2024 Overseas Filipino Workers: Number of Overseas Filipino Workers Grew https://psa.gov.ph/statistics/survey/labor-and-employment/survey-overseas-filipinos

Governance Dimension

Corporate governance at BDO reflects a steadfast commitment to effective oversight, rigorous regulatory compliance and sustainable value creation. More than a matter of compliance, it embodies accountability, fairness, and transparency. These principles safeguard stakeholder interests and drive long-term growth through an ethical, balanced, and forward-looking approach to business operations and governance.

BDO consistently applies the highest standards of corporate governance across the organization, anchored on accountability, fairness, integrity, and transparency. This disciplined approach has strengthened BDO's market reputation, built on a foundation of sound corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

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

- The Executive Committee exercises the Board-delegated authority in managing and directing the Bank's affairs, including oversight of the sustainability program. It remains mindful of the Bank's ESG programs and commitments and requires environmental and social (E&S) risk assessments for all new and refinanced lending and investment accounts in accordance with the Environmental and Social Risk Management System (ESRMS) Policy.
- The Corporate Governance and Sustainability Committee oversees sustainability initiatives related to the following: culture change towards a sustainability mindset for the organization; stakeholder communication; progress reporting on programs, metrics, and targets; and sustainability reporting.
- The Risk Management Committee oversees environmental, social, and governance risks in the Bank's risk management system, including climate change risks.
- The Board Audit Committee oversees internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability.

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

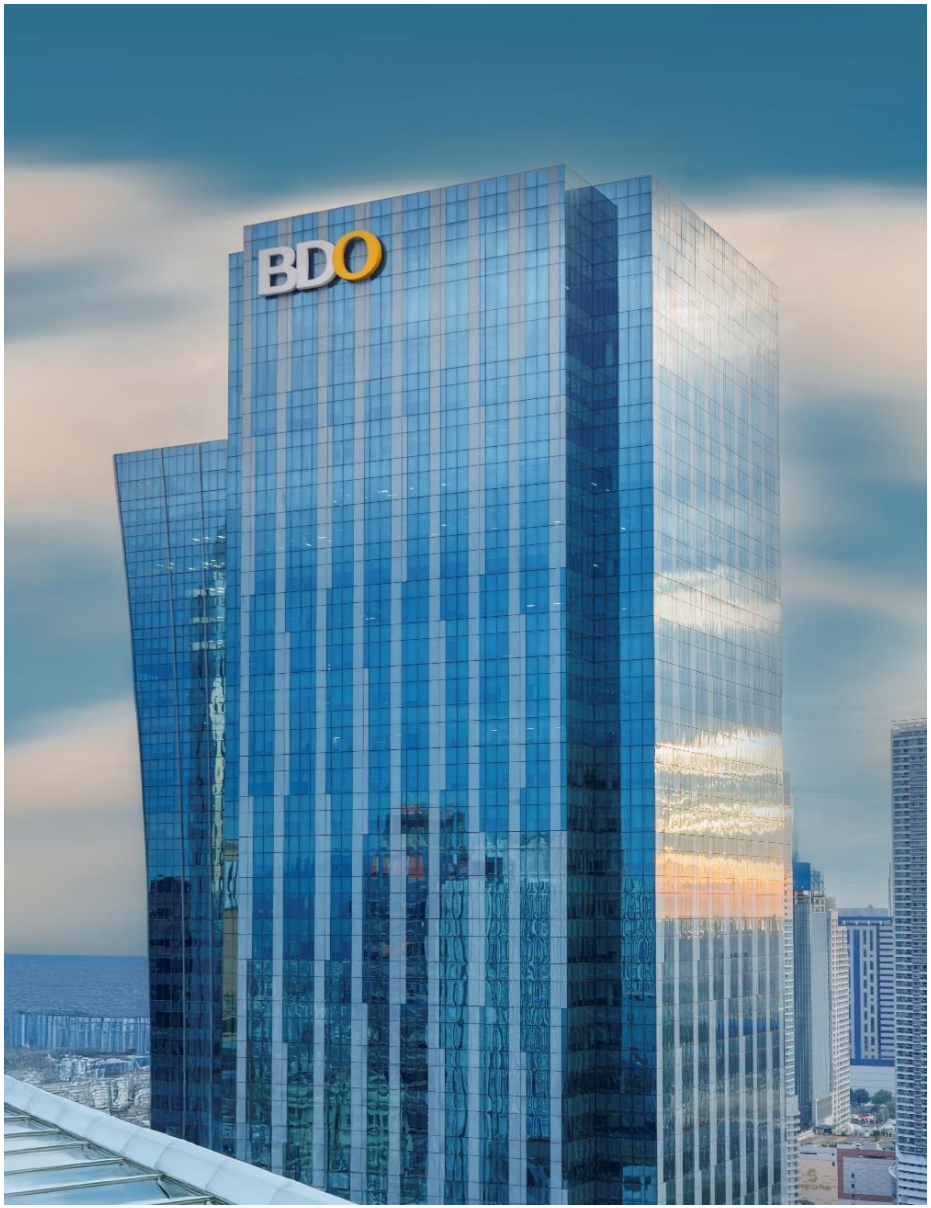
Annex B. Exclusion List

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

a. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, Polychlorinated biphenyls (PCB's), wildlife or products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
b. Production or trade in weapons and munitions[3].
c. Production or trade in alcoholic beverages (excluding beer and wine)[2]
d. Production or trade in tobacco [4].
e. Gambling, casinos, and equivalent enterprises[5].
f. Any business related to pornography and/or prostitution;
g. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
h. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
i. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
j. Production or activities involving harmful or exploitative forms of forced labor[6]/harmful child labor[7].
k. Commercial logging operations for use in primary tropical moist forest.
l. Production or trade in wood or other forestry products other than from sustainably managed forests.
m. Activities involving
    i. involuntary resettlement,
    ii. risk of adverse impacts on indigenous peoples,
    iii. significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or
    iv. significant occupational health and safety risks
n. Fossil-fuel power generation and transmission projects and activities dedicated to support the expansion of fossil-fuel based technologies are excluded from eligible green use of proceeds.
o. Non-RSPO certified palm oil
p. Lethal defense goods
q. Military contracting
r. Conflict minerals
s. Extractive mining

[3] This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. Note that the highest contributor to topline revenues determine the industry classification and the Bank's SEMS is mapped to industry classification.
[4] Ibid.
[5] Ibid., 2

[6] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty
[7] Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.



Annex C. Use of Proceeds

The net proceeds of Green, Blue, Social, and Gender/Orange Bonds will finance or refinance eligible assets in 29 green, blue, social, and gender/orange eligible categories based on the following standards:

- International Capital Market Association (ICMA)
    - Green Bond Principles
    - Social Bond Principles
    - Sustainability Bond Guidelines
- ASEAN Capital Markets Forum (ACMF)
    - Green Bond Standards
    - Social Bond Standards
    - Sustainability Bond Standards
    - Taxonomy for Sustainable Finance version 3
- Loan Marketing Association (LMA)/Asia Pacific Loan Market Association (APLMA) Green Loan Principles
- International Finance Corporation (IFC) Guidelines for Blue Finance
- Philippine Sustainable Finance Taxonomy Guidelines
- Department of Finance (DOF) Sustainable Finance Framework
- Securities and Exchange Commission (SEC) Guidelines on Eligible Green, Social, Sustainable, and Blue Projects and Activities for the issuance of Sustainable Finance instruments in the Philippines

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

Blue Financing

Sustainable Water and Wastewater Management

Sustainable infrastructure for:

- New drinking water treatment and storage (e.g., Reduction of non-revenue water) per unit of service compared to a documented baseline
- Rehabilitation of existing water infrastructure
- Desalination plants that help groundwater depletion and wetlands and avoid hypersaline pollution of environment (e.g., ISO standard 23446)
- New or expansion of water treatment infrastructure
- Wastewater treatment, including industrial, agribusiness, commercial, residential, or city level
- Biogas and heat exchange systems to increase efficiency and effectiveness
- Sustainable urban drainage systems
- Retrofit water supply projects and existing water treatment infrastructure
- Water recycling
- Rainwater harvesting or other forms of flooding mitigation provided that adaptation and management response plans are in place

Offshore Renewable Energy

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

Ocean-friendly and water-friendly products

Investments in the value chain, including production, packaging, and distribution of environmentally-friendly products that avoid water or ocean pollution.

Research, design, or manufacturing of environmentally friendly products considering the following:

- Alternative low-carbon and biodegradable materials and fibers (e.g., Lyocell) to fossil-based fibers (e.g., polyester) used in medical, apparel, and other industries
- Biodegradable plant-based plastics and packaging and compostable plastics and packaging in locations where compostable facilities are readily available

Ocean-friendly chemicals

- Infrastructure that prevents runoff of agrochemicals, industrial chemicals, and mercury into areas connected to rivers or coastal water basins
- Procurement of sustainable and biodegradable fertilizers to replace or reduce phosphate-based or nitrogen-based synthetic fertilizers in areas connected to rivers or coastal water basins

Prevention, control, and reduction of waste from entering the coastal and marine environments

Activities which cater to reducing and preventing plastic pollution in coastal and marine environments, including:

- collection and recycling facilities for plastic and using recycled plastic in manufacturing processes
- substituting plastic packaging with sustainable and biodegradable materials

- urban drainage systems and flood mitigation measures which focus on plastic

Sustainable Fisheries, aquaculture, and seafood value chain

- Activities certified by Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), or ASC-MSC seaweed certification which are:
    - Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish
    - Sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters
    - Sustainable production of algae and other marine micro- or macro-organisms to produce food, feed, pharmaceuticals, cosmetics, or other bio-based products through bio-technological applications
    - Investment in fisheries and aquaculture
- Cold chain and storage for small- and medium-sized fishing in areas with sustainable fishing quotas
- Investments in:
    - Medium- to large-scale processing and product development, with an emphasis on pelagic species, such as fish loins, sashimi-grade fish, and bycatch in jurisdiction with enforced sustainable fishing quotas
    - Small- to medium-scale biorefineries for fish processing byproducts (e.g., oil, collagen, amino acid, mineral production) in jurisdictions with enforced sustainable fishing quotas
- Production, trade, or retail of seafood products with the blue MSC or ASC label
- Investments for a Fishery Improvement Project registered at the International Seafood Sustainability Foundation
- Traceability systems to ensure sustainability of operations, facilities, and supply chains in the fishing industry. Eligible traceability systems will meet, keep, or exceed the MSC certification for chain of custody certification for suppliers of seafood products.

Ecosystem management, protection and natural resources restoration

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

Resource efficiency and circular economy

Activities that develop new business models which reduce plastic waste, promote implementation of supply chain management programs catered to reduce plastic waste, and innovate technologies to reduce single-use plastic production and consumption, including:

- Development of certified sustainable packaging which are made of reusable, recyclable or compostable components
- Projects which decrease waste and e-waste
- Projects that replace singe use plastic products with reusable products
- Financing towards online platforms which support sale and purchase of second-hand products, components with the exception of wholesale trade of second-hand goods
- Projects that increase in number of products made with re-cycled or bio-plastics

Sustainable shipping and port logistics sector projects

Research, design, development, and implementation of water and waste management and reduction measures in shipping and cruising vessels dedicated to passenger and cargo, and shipyards and ports, including:

- Investments in ballast water treatment systems on ships to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to prevent the spread of invasive alien species (e.g., ISO 11711)
- Investments in membrane bioreactor type water treatment equipment and installations for all black and grey water generated from ports, shipping, and cruise ships
- Investments in bilge water treatment in shipping vessels to avoid discharge of oils, chemicals, metals, and other harmful substances into the sea
- Investments to reduce atmospheric and maritime noise pollution
- Investment in oil (fuel) spill prevention, risk avoidance, and improved recovery facilities, products, or technologies, such as:
    - solidifiers, dispersants, shoreline pretreatment agents, and elasticity modifiers
    - remote sensing techniques to detect and monitor oil spills including multi-temporal imaging, UV imaging, thermal IR sensors; microwave radiometers
    - fleet of wave-riding robots for predicting tsunamis, and discovering offshore oil leaks around the port
    - oil containment booms and curtains
    - oil skimmers
    - rigid sweeping arms and sweep systems
    - oil spill alarms
    - oil absorption blankets and boards
- Solid waste collection facilities at ports and terminals that facilitate the source separation of recyclable materials

Sustainable tourism in the vicinity of marine conservation areas

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

Annex D. Projects Financed vs Green Bond Principles and Green Loan Principles

Blue Finance Activity	Pollution Prevention and Control	Natural Resource Conservation	Biodiversity Conservation	Climate Change Mitigation	Climate Change Adaptation
Sustainable Water and Wastewater Management	●	●	●	●	●
Rehabilitation of existing water infrastructure	●	●		●	
Desalination plants that help groundwater depletion and wetlands and avoid hypersaline pollution of environment (e.g., ISO standard 23446)		●		●	●
Wastewater treatment, including industrial, agribusiness, commercial, residential, or city level	●	●	●		

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