

Sustainable Finance Framework

May 2022



TABLE OF CONTENTS

BDO Sustainability Philosophy	3
Introduction and Background	3
BDO Sustainability Framework	4
BDO Sustainable Finance Framework	7
Use of Proceeds	8
Project Evaluation and Selection Process	14
Management of Proceeds	14
Reporting and External Review	15
Annexes	
Annex 1: Green Financing Summary	16
Annex 2: Blue Financing Summary	17
Annex 3: Sustainable Financing Summary	18
Annex 4: Sustainable Development Goals	19

BDO SUSTAINABILITY PHILOSOPHY

We seek to achieve strategic resilience by incorporating sustainability in the way we do business. We aim to embed sustainability principles when making decisions, assessing relationships, and creating products.

INTRODUCTION AND BACKGROUND

About BDO Unibank, Inc.

BDO Unibank, Inc. (BDO or the Bank) is a full-service universal bank headquartered in the Philippines that provides a wide range of industry-leading products and services including lending (corporate and consumers), deposit-taking, foreign exchange, brokering, trust and investments, credit cards, corporate cash management and remittances. Through its local subsidiaries, the Bank offers investment banking, private banking, leasing and finance, rural banking, life insurance, insurance brokerage and stock brokerage services.

As of December 31, 2021, BDO is the largest bank in the Philippines in terms of total resources, gross customer loans, total deposits, assets under management and capital, as well as branch and ATM network. BDO has more than 1,500 operating branches and over 4,400 ATMs nationwide, as well as 16 international offices in Asia (including full-service branches in Hong Kong and Singapore), North America, Europe and the Middle East. Founded in 1967, the Bank has 38,873 employees in the Philippines and globally as of 2021.

BDO is the main banking arm of the SM Group, one of the country's largest and most successful conglomerates with businesses spanning retail, mall operations, property development (residential, commercial, resorts/hotel) and financial services.

Environmental Dimension

BDO's commitment to sustainability is fostered at the Board level. The Bank anchors its sustainable development strategy to the 17 United Nations Sustainable Development Goals (SDGs). BDO also supports and upholds the principles of the United Nations Global Compact:

- Corporate governance
- Climate-friendly solutions and opportunities for business
- Access to clean, renewable, and reliable energy sources and services
- Adoption of instruments that help quantify, manage, and report on the carbon footprint of its businesses
- Responsibility to protect the dignity of every person and uphold human rights
- Recognition of the role of women in achieving economic growth and poverty reduction
- Elimination of all forms of forced and compulsory labor, and child labor

BDO SUSTAINABILITY FRAMEWORK

The Bank's Sustainability Framework defines the strategies that serve as guideposts in its journey towards sustainability.

Product Sustainability Strategy

We create financial products and services that anticipate the evolving needs of our customers and support the SDGs.

We develop our capabilities to understand our customers and reach the underserved markets with relevant products and services that meet their unique needs and ways of doing business.



Sustainability Contribution Strategy

We support the achievement of national economic goals through financial inclusion and impact financing in infrastructure, eco-friendly solutions, green facilities, and disaster resilience initiatives.



Human Capital Sustainability Strategy

We develop leaders in the sustainability movement. We aim to grow a "can lead" workforce that adopts a sustainability mindset and thrives with innovative thinking and a customer-focused attitude.



Disaster Response Sustainability Strategy

We leverage our resources towards the relief, rehabilitation, and recovery of disaster-stricken communities.



Governance-Based Sustainability Strategy

We continuously enhance our corporate governance framework to sustain superior business performance anchored on the principles of accountability, transparency, integrity, and fairness, together with our partners.



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 through microfinance and 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 government¹

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) Program in 2010 in partnership with the International Finance Corporation (IFC), the private banking arm of the World Bank Group. To date, the Bank's SEF Program has funded 54 projects that advance energy efficiency and harness renewable energy (including solar, wind, hydro, and biomass), with total capacity of 2,230 MW.

In December 2017, the Bank launched a USD150 million green bond, the first such transaction by a commercial bank in the Philippines. The IFC was the sole bond investor, establishing the BDO green bond as IFC's first such investment in a financial institution in East Asia and the Pacific. The Bank's green bond exclusively financed climate-smart projects, helping contribute to the development of climate finance market in the country.

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

- Reinforcing BDO's Social and Environmental Management System (SEMS) Policy in lending operations
- Integrating environmental risk management in responsible finance
- Accelerating low carbon energy through green finance

The Bank's SEMS Policy draws from global and local regulatory standards, including those of IFC, the Environmental Management Bureau, and the Department of Environment and Natural Resources.

¹ Information on this can be found in the [BDO Sustainability Report](#).

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 cemented its commitment to help the Overseas Filipino Worker (OFW) community, today in excess of four (4) million, with the creation of 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 incentive of free life and accident insurance.
- Cash Agad, a solution that 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, has proven useful for people residing in remote areas, some of whom have to ride a boat or travel far by land just to withdraw from an ATM.
- BDO also forged tie-ups with car dealerships, home developers, and retail stores to offer competitive rates and faster service.

BDO carries out its corporate citizenship initiatives through the BDO Foundation (the Foundation), which develops and implements initiatives based on the Bank's long-standing record of support to social development. The Foundation'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. The Foundation, in cooperation with various organizations and local government units (LGUs), has also constructed resettlement homes for families displaced by disasters, as well as multi-purpose halls that serve as evacuation centers, venues for community meetings as well as recreational areas.
- 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, soldiers and OFWs.

Governance Dimension

At BDO, corporate governance is about effective oversight, doing the right thing, and providing sustainable value creation to promote the best interest of our various stakeholders. The Bank continually enhances its corporate governance framework to sustain superior business performance anchored on the principles of fairness, integrity, transparency, accountability, and performance. These principles are consistently applied throughout the institution to support our corporate objective of delivering long-term value. BDO's strong reputation is built on a culture of ethics and responsible business conduct, underpinned by a well-structured and effective system of governance.

BDO SUSTAINABLE FINANCE FRAMEWORK

Objectives

The objectives of the BDO Sustainable Finance Framework are the following:

- Achieve strategic resilience by incorporating sustainability in the way BDO conducts business
- Integrate environmental, social and governance (ESG) and sustainability principles in financial products and services
- Embed sustainability principles when making decisions, assessing relationships and creating products
- Align business operations with the SDGs
- Support the principles of the United Nations Global Compact
- Strengthen leadership in Responsible Finance locally, regionally, and globally

Methodology

The BDO Sustainable Finance Framework was developed to fulfill the following standards:

- ICMA Green Bond Principles
- ICMA Social Bond Principles
- ICMA Sustainability Bond Guidelines
- ASEAN Green Bond Standards
- ASEAN Social Bond Standards
- ASEAN Sustainability Bond Standards
- LMA / APLMA Green Loan Principles

BDO will comply with the Sustainability Reporting Guidelines released by the Philippine Securities and Exchange Commission (SEC) on April 15, 2019.

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 green projects.

Sustainable Finance Instruments (SFI) may include green, blue, social and sustainability bonds, loans, and any other debt financing instruments that fund or will fund the Sustainable Finance Portfolio that conform to the Sustainable Finance Framework.

Any financing and/or re-financing activity will, at all times, be consistent with BDO's Sustainability Philosophy and Strategies, and other internal environmental and social guidelines.

Components

The Framework has four (4) core components:







1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting and External Review

USE OF PROCEEDS

The net proceeds of Green/Sustainability Bonds will finance or refinance eight (8) eligible green, blue, sustainability and social projects based on ICMA Green Bond Principles, ASEAN Green Bond Standards, LMA, APLMA Green Loan Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles, ASEAN Green, Social, Sustainability Bond Standards, and IFC Guidelines for Blue Finance².

Eligible green projects require environmental benefits such as a reduced carbon footprint and vulnerability of communities to climate change. Eligible social projects require positive social outcome for the impoverished, excluded, marginalized, vulnerable, disabled, undereducated, underserved and unemployed populations. All designated green and social projects shall provide clear environmental and social benefits, which will be assessed and quantified by BDO.

Environmental Use of Proceeds Categories

Environmental Project Category	Eligibility Criteria	Alignment with SDGs
Renewable Energy	<p>Acquisition, development, operation, or maintenance of new and ongoing renewable energy generation or transmission projects supporting infrastructure, including the following technologies:</p> <ul style="list-style-type: none"> ▪ Biomass and biogas projects that meet the following criteria: <ul style="list-style-type: none"> ▫ For electricity generation-Life-cycle GHG emission intensity below 100gCO₂e/kWh ▫ Production of biomass feedstock does not take place on land with high biodiversity (at least within last 10-15 years) ▫ Land with a high amount of carbon has not been converted for biofuel feedstock production; and/or ▫ No competition with food ▪ Geothermal (< 100gCO₂/kWh) ▪ Hydro projects that meet one of the following criteria: <ul style="list-style-type: none"> ▫ Run-of-river without an artificial reservoir or with low storage capacity, or ▫ Life cycle carbon intensity of <50gCO₂e/kWh, or ▫ Power density greater than 10 W/m²: ▪ Solar ▪ Wind sources 	     

² Information is available on the [IFC website](#).

Environmental Project Category	Eligibility Criteria	Alignment with SDGs
--------------------------------	----------------------	---------------------

Offshore renewable energy facilities

- 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.

Ancillary services, including:







- Engineering
- Construction
- Transmission and distribution such as:
 - Construction of substation and distribution network that aim to reduce the curtailment of renewable energy into the grid
 - Electrical grid development and maintenance, which is dedicated to connect renewables to the power grid
- Installation
- Maintenance of power plants aimed at enhancing the life or value of the asset
- Power-to-hydrogen energy storage (the process must be through water electrolysis to be considered as eligible)










Green Buildings

Construction or the renovation of residential or commercial buildings that earn or have earned regional, national, or internationally recognized standards or certifications










Such standards and certifications include Building Research Establishment Environmental Assessment Model (BREEAM) 'Excellent' or above; LEED 'Gold' or above; Philippine Green Building Rating System (BERDE) '4-star' and above; and/or IFC EDGE Qualification.





Environmental Project Category	Eligibility Criteria	Alignment with SDGs
Clean Transportation	<p>Financing procurement or development of transportation vehicles and manufacturing facilities such as:</p> <ul style="list-style-type: none"> ▪ Electric vehicles such as electric buses, rail, trains, metros, ferry, and small boats ▪ Multi-modal, transport terminal ▪ Railways provided that: <ul style="list-style-type: none"> ▫ Individual rail that meets universal CO₂ direct emissions threshold of <50gCO₂/p-km (passenger) or <25gCO₂/t-km (freight), or ▫ Freight rail that meets the threshold <50 gCO₂/t-km ▪ Electric vehicle charging and battery charging stations 	 
Resource Efficiency and Pollution Prevention and Control	<p>Soil remediation, waste prevention, or waste management, which includes re-use and recycling projects.</p> <p>Development and production of environmentally sustainable products such as:</p> <ul style="list-style-type: none"> ▪ Recycling of metals, paper, and plastics ▪ Waste collection vehicles that would meet one of the following criteria: <ol style="list-style-type: none"> 1. Light trucks such as: <ul style="list-style-type: none"> ▫ Zero direct emissions vehicles - fully electric vehicles, including battery electric vehicles (BHEV), hydrogen and fuel cell vehicles (FCEV) ▫ Hybrids, including traditional hybrids, and plug-in hybrid electric (PHEVs) ▫ Hybrids at or below the threshold of 75 gCO₂/km or 120.70 gCO₂/mile, based on lab test NEDC procedure 2. Heavy trucks at or below the threshold of 25 gCO₂/tkm or 40.23 gCO₂/tmi ▪ Biodegradable packaging whose process has been certified by the Roundtable on Sustainable Biomaterials (RSB) <p>Additionally, projects that support recycling of food and agricultural wastes through composting.</p>	   

Environmental Project Category	Eligibility Criteria	Alignment with SDGs
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Eligible projects include financing of:</p> <ul style="list-style-type: none"> Environmentally sustainable agriculture that meet third-party certifications such as USDA Organic or EU Organic Climate smart farm inputs aligned with UN FAO, such as biological crop protection and organic fertilizer Forestry (at least FSC/PEFC/SFI certified) and smallholders should have sustainable forest management plan in place Sustainable fishery, aquaculture (must be MSC/ASC certified) Reforestation and preservation of natural landscapes that meet the following criteria: <ol style="list-style-type: none"> Reforestation/afforestation should use tree species that are well adapted to the site conditions With sustainable management plan in place, preferably with FSC/PEFC certification 	   
Sustainable Water and Waste Water Management	<p>Sustainable infrastructure for:</p> <ul style="list-style-type: none"> New drinking water treatment and storage that documents at least 20% water savings (e.g. Reduction of non-revenue water) per unit of service compared to a documented baseline Rehabilitation of existing water infrastructure that documents at least 20% water savings per unit of service compared to a documented baseline 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 Waste water 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 	    

Blue Finance Use of Proceeds Categories

Blue Project Category	Eligibility Criteria	Alignment with SDGs
Sustainable Water and Waste Water Management	<p>Sustainable infrastructure for:</p> <ul style="list-style-type: none"> ▪ New drinking water treatment and storage that documents at least 20% water savings (e.g. reduction of non-revenue water) per unit of service compared to a documented baseline ▪ Rehabilitation of existing water infrastructure that documents at least 20% water savings per unit of service compared to a documented baseline ▪ 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 ▪ Waste water 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	<p>Offshore renewable energy facilities:</p> <ul style="list-style-type: none"> ▪ 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. 	   

Social Use of Proceeds Categories

Social Project Category	Eligibility Criteria	Alignment with SDGs
Employment Generation	<p>Through the potential effect from financing micro, small and medium enterprises (MSMEs) that fall within the ambit of prescribed regulations enforced by the Bangko Sentral ng Pilipinas, including those which are female-led or founded, smallholder farmer associations and cooperatives engaged in production, retail, wholesale, and trading.</p> <p>Additionally, MSMEs that have been impacted by disasters or crises with significant consequences on infrastructure, economy or public health.</p>	
Food Security	<p>Eligible projects include provision of loans to small-scale farmers or financing of infrastructure, equipment, facilities or technology aimed at reducing food loss and waste, improving productivity and access to markets of small-scale producers or supporting farmers to food security.</p>	

Exclusion List

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

- Production or trade in weapons and munition³
- Online gaming and equivalent enterprises
- Hydroelectric plant with weir height >50m
- Illegal logging, illegal mining, illegal fishing, forced labor and child labor
- Production of tobacco products and palm oil
- Fossil-fuel power generation or transmission, and activities dedicated to support expansion of fossil fuel-based technologies

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.

PROJECT EVALUATION AND SELECTION PROCESS

BDO will maintain a single pool of eligible assets in a “Sustainable Finance Portfolio”.

The Bank’s Sustainable Finance Desk will identify, qualify, evaluate and recommend potential projects against environmental and/or social project category criteria. Once an asset is confirmed to qualify, such asset will be added to the Sustainable Finance Portfolio.

The evaluation and selection process starts from the collection of data and information which includes due diligence and risks identification. The potential project will be reviewed and evaluated if acceptable and compliant with the relevant environmental and social regulations and standards. The results of the review will be submitted to the credit evaluation and lending units as support in the preparation of the credit proposal.

The evaluation and selection process will focus on risk assessment and management of environmental and social impact. For instance, a basic requirement to ensure that potential environmental risks can be mitigated includes conformity of regulatory compliance with local and global standards.

While on the social aspect, the evaluation will focus on the projects’ impact on human rights, labor, health, safety and community development. The projects financed, as well as its implementation and operations, must be compliant with the relevant social regulations and standards.

The Sustainable Finance Desk will conduct a semi-annual review and update the Sustainable Finance Portfolio as may be required as long as bond(s) and/or loan(s) pursuant to the Sustainable Finance Framework are outstanding.

MANAGEMENT OF PROCEEDS

The Sustainable Finance Desk shall manage net proceeds from any SFI outstanding and allocate such proceeds to finance asset(s) in the Sustainable Finance Portfolio.

The Sustainable Finance Desk will track information on assets in the Sustainable Finance Portfolio, including but not limited to:

- Details of bond(s) and loan(s) outstanding, including issue or disbursement date, amount outstanding, interest rate, and maturity date
- Details of the uses of proceeds financed by any SFI(s) outstanding, including brief descriptions of uses of proceeds and corresponding project categories, amounts allocated and amounts pending allocation, amounts in new assets and assets refinanced, amounts lent to customers, and environmental or social benefit, as applicable.

Asset(s) in the Sustainable Finance Portfolio to which net proceeds have been allocated should have a duration at least equal to the full life of the relevant SFI; otherwise, in the case of repayments of maturing investments be reinvested in additional asset(s) in the Sustainable Finance Portfolio until maturity of the SFI.

The Sustainable Finance Desk shall prepare semi-annual reports to the Bank President and Compliance Office, such internal reports forming the basis of external reporting if proceeds have not been fully allocated for any SFI that remains outstanding. BDO intends to fully allocate the net proceeds within 36 months of its issuance.

If, for any reason, the aggregate amount in the Sustainable Finance Portfolio is less than the net proceeds from SFIs outstanding, amounts not allocated or dedicated to an eligible use of proceeds category will be held in accordance with BDO's prudent liquidity management policy, which may involve investing such amounts in short-term liquid instruments until the amount is allocated to the Sustainable Finance Portfolio.

REPORTING AND EXTERNAL REVIEW

BDO will publish, through its website and, if feasible, incorporated within the Sustainability Report, a Sustainable Finance Report within one year of the first SFI issued, in the case of a bond, or disbursed, in the case of a loan. The report is renewable annually until full allocation and in case of any material changes to past Sustainable Finance Report(s).

Each Sustainable Finance Report will include aggregated detail on allocations, in addition to environmental and social impact, of assets in the Sustainable Finance Portfolio. Sustainable Finance Reports will detail use of proceeds finance by SFI(s) outstanding by project category, amounts allocated and amounts pending allocation, amounts in new assets and assets refinanced, and amounts lent to customers. BDO will also endeavor to provide information on individual assets financed if practicable, only if permitted under confidentiality agreements, or appropriate considering competition.

Metrics detailing environmental and social impact that may be used by the Bank includes quantifying the environmental and social impacts of the projects financed based on global standards and Philippine environmental and social regulations.

As an example, the first BDO Green Bond was fully subscribed in 2018 and a report was provided to its sole investor, the IFC, in February 2019. The report contained a list of projects and their description, amount allocated, allocation in new projects financed and refinanced.

The report⁴ also included environmental and social impact, such as for renewable energy generated (kWh/MW capacity); green building (20% water and electricity efficiency); resource efficiency (GHG emission reduction); clean transport (GHG emission reduction); sustainable water (20% water savings versus baseline data) and its equivalent in terms of greenhouse gas emissions avoided; tree seedlings planted in the next 10 years; passenger vehicles taken off the road; and sustainable land use.

The Bank has engaged Sustainalytics to provide a Second Party Opinion of the Sustainable Finance Framework's alignment with relevant standards.

Following the first bond issue or loan disbursement under the Sustainable Finance Framework, BDO intends to obtain third party verification of the Sustainable Finance Report.

⁴ The report is available on the [IFC website](#).

ANNEX 1:

GREEN FINANCING SUMMARY

GREEN FINANCING

Framework Standard	<ul style="list-style-type: none"> ▪ ICMA Green Bond Principles⁵ ▪ ASEAN Green Bond Standards⁶ ▪ LMA Green Loan Principles⁷ ▪ APLMA Green Loan Principles
Use of Proceeds	<p>Select Eligible Categories</p> <ul style="list-style-type: none"> ▪ Renewable Energy ▪ Green Buildings ▪ Clean Transportation ▪ Resource Efficiency and Pollution Prevention and Control ▪ Environmentally sustainable management of living natural resources and land use ▪ Sustainable Water and Wastewater Management <p>Select Exclusions</p> <ul style="list-style-type: none"> ▪ Weapons and munitions ▪ Online gaming ▪ Hydroelectric plants with weir height >50m ▪ Illegal logging, illegal mining, illegal fishing, forced labor, child labor ▪ Production of tobacco products and palm oil ▪ Fossil-fuel power generation or transmission, and activities dedicated to support expansion of fossil fuel-based technologies
Project Selection Process	<ul style="list-style-type: none"> ▪ Sustainable Finance Desk identifies, qualifies, evaluates, and recommends potential projects ▪ Sustainable Finance Desk conducts semi-annual review and update ▪ Sustainable Finance Desk informs Compliance Office–Sustainability Unit of approved projects
Management of Proceeds	<ul style="list-style-type: none"> ▪ Eligible portfolio size at least matches or exceeds net proceeds from bond(s) and/or loan(s) outstanding ▪ Unallocated proceeds invested in short-term liquid instruments
Reporting	<ul style="list-style-type: none"> ▪ Allocation and impact report released within first year of issuance, annually thereafter until full allocation, and as may be otherwise required ▪ Allocation and environmental and/or social impact reported on a portfolio basis
Reference(s)	BDO Sustainable Finance Framework

⁵ [Click to view the ICMA Green Bond Principles](#)

⁶ [Click to view the ASEAN Green Bond Standards](#)

⁷ [Click to view the LMA Green Loan Principles](#)

ANNEX 2:

BLUE FINANCING SUMMARY

BLUE FINANCING

Framework Standard	<ul style="list-style-type: none"> ▪ ICMA Green Bond Principles⁸ ▪ ASEAN Green Bond Standards⁹ ▪ LMA / APLMA Green Loan Principles¹⁰ ▪ IFC Guidelines for Blue Finance¹¹
Use of Proceeds	<p>Select Eligible Categories</p> <ul style="list-style-type: none"> ▪ Sustainable Water and Wastewater Management ▪ Offshore renewable energy <p>Select Exclusions</p> <ul style="list-style-type: none"> ▪ Weapons and munitions ▪ Online gaming ▪ Hydroelectric plants with weir height >50m ▪ Illegal logging, illegal mining, illegal fishing, forced labor, child labor ▪ Production of tobacco products and palm oil ▪ Fossil-fuel power generation or transmission, and activities dedicated to support expansion of fossil fuel-based technologies
Project Selection Process	<ul style="list-style-type: none"> ▪ Sustainable Finance Desk identifies, qualifies, evaluates, and recommends potential projects. ▪ Sustainable Finance Desk conducts semi-annual review and update. ▪ Sustainable Finance Desk informs Compliance Office-Sustainability Unit of approved projects
Management of Proceeds	<ul style="list-style-type: none"> ▪ Eligible portfolio size at least matches or exceeds net proceeds from bond(s) and/or loan(s) outstanding. ▪ Unallocated proceeds invested in short-term liquid instruments
Reporting	<ul style="list-style-type: none"> ▪ Allocation and impact report released within first year of issuance, annually thereafter until full allocation, and as may be otherwise required ▪ Allocation and environmental and/or social impact reported on a portfolio basis
Reference(s)	BDO Sustainable Finance Framework

⁸ The ICMA Principles are voluntary process guidelines widely accepted as the principal reference for the issuance of green, social, and sustainability bonds in the global capital markets. The International Capital Market Association (ICMA) serves as Secretariat, assumes administrative duties, and provides guidance for the governance of the ICMA Principles ([Source](#)).

⁹ The ASEAN Capital Markets Forum developed the ASEAN Standards in collaboration with ICMA and based on the ICMA Principles with the objective of facilitating the sourcing green, social, or sustainability financing for sustainable regional growth and meet investor interest for such investments ([Source](#)).

¹⁰ The Loan Market Association (LMA), Asia-Pacific Loan Market Association (APLMA), and the Loan Sales and Trading Association (LSTA) jointly developed the GLP to provide consistent methodology for use across the green loan market and seek to promote market integrity by clarifying the instances in which a loan may be categorized as "green". The GLP build on and refer to ICMA GBP, with a view to promoting consistency across financial markets ([Source](#)).

¹¹ This document identifies eligible blue project categories to guide IFC's investments to support the blue economy, in line with the Green Bond Principles and Green Loan Principles. The market has been seeking guidance on project eligibility criteria, translating general Blue Economy Financing Principles, such as the Sustainable Blue Economy Principles and the Sustainable Ocean Principles, towards guidelines for blue bond issuances and blue lending ([Source](#)).

ANNEX 3:

SUSTAINABLE FINANCING SUMMARY

SUSTAINABILITY FINANCING

Framework Standard	<ul style="list-style-type: none"> ▪ ICMA Green Bond Principles¹² ▪ ICMA Social Bond Principles¹² ▪ ICMA Sustainability Bond Guidelines¹² ▪ ASEAN Green Bond Standards¹³ ▪ ASEAN Social Bond Standards¹³ ▪ ASEAN Sustainability Bond Standards¹³ ▪ LMA / APLMA Green Loan Principles¹⁴
Use of Proceeds	<p>Select Eligible Categories</p> <ul style="list-style-type: none"> ▪ Renewable Energy ▪ Green Buildings ▪ Clean Transportation ▪ Resource Efficiency and Pollution Prevention and Control ▪ Environmentally sustainable management of living natural resources and land use ▪ Sustainable Water and Wastewater Management ▪ Employment Generation ▪ Food Security <p>Select Exclusions</p> <ul style="list-style-type: none"> ▪ Weapons and munitions ▪ Online gaming ▪ Hydroelectric plants with weir height >50m ▪ Illegal logging, illegal mining, illegal fishing, forced labor, child labor ▪ Production of tobacco products and palm oil ▪ Fossil-fuel power generation or transmission, and activities dedicated to support expansion of fossil fuel-based technologies
Project Selection Process	<ul style="list-style-type: none"> ▪ Sustainable Finance Desk identifies, qualifies, evaluates, and recommends potential projects ▪ Sustainable Finance Desk conducts semi-annual review and update ▪ Sustainable Finance Desk informs Compliance Office–Sustainability Unit of approved projects
Management of Proceeds	<ul style="list-style-type: none"> ▪ Eligible portfolio size at least matches or exceeds net proceeds from bond(s) and/or loan(s) outstanding ▪ Unallocated proceeds invested in short-term liquid instruments
Reporting	<ul style="list-style-type: none"> ▪ Allocation and impact report released within first year of issuance, annually thereafter until full allocation, and as may be otherwise required ▪ Allocation and environmental and/or social impact reported on a portfolio basis
Reference(s)	BDO Sustainable Finance Framework

¹² The ICMA Principles are voluntary process guidelines widely accepted as the principal reference for the issuance of green, social, and sustainability bonds in the global capital markets. The International Capital Market Association (ICMA) serves as Secretariat, assumes administrative duties, and provides guidance for the governance of the ICMA Principles ([Source](#)).

¹³ The ASEAN Capital Markets Forum developed the ASEAN Standards in collaboration with ICMA and based on the ICMA Principles with the objective of facilitating the sourcing green, social, or sustainability financing for sustainable regional growth and meet investor interest for such investments ([Source](#)).

¹⁴ The Loan Market Association (LMA), Asia-Pacific Loan Market Association (APLMA), and the Loan Sales and Trading Association (LSTA) jointly developed the GLP to provide consistent methodology for use across the green loan market and seek to promote market integrity by clarifying the instances in which a loan may be categorized as “green”. The GLP build on and refer to ICMA GBP, with a view to promoting consistency across financial markets ([Source](#)).

ANNEX 4:

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

