

SECOND PARTY OPINION

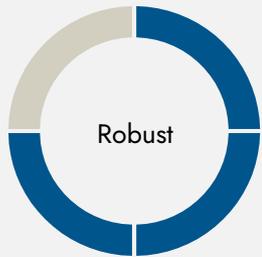
on the sustainability of the Republic of the Philippine’s Sustainable Framework

V.E considers that the Republic of the Philippines’s Sustainable Finance Framework and Eligible Expenditures Portfolio are aligned with the four core components of Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”), Green Loan Principles 2021 (“GLP”) and Social Loan Principles 2021 (“SLP”).

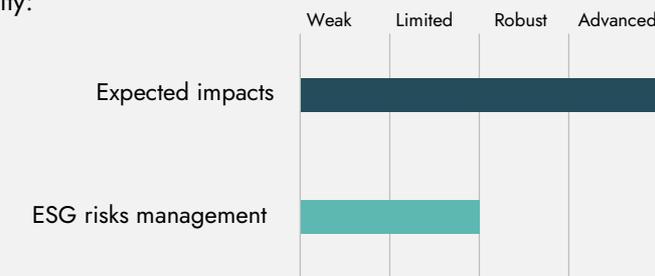


Framework and Eligible Expenditures Portfolio

Contribution to Sustainability:



- Advanced
- Limited
- Robust
- Weak



SDG Mapping

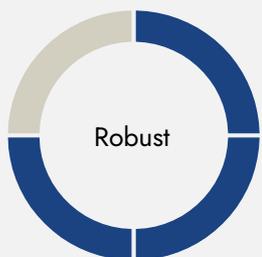


Characteristics of the Framework

Green/Social Project Categories	⇒ 4 Green Eligible Categories ⇒ 7 Social Eligible Categories
Project locations	The Republic of the Philippines
Target population	Defined
Existence of framework	Yes
Share of refinancing	To be disclosed prior to each issuance
Look back period	24 months

Issuer

ESG Performance as of November 2021



- Advanced
- Limited
- Robust
- Weak



Coherence

Coherent
Partially coherent
Not coherent

V.E considers that the Philippines’s Sustainable Finance Framework and Eligible Expenditures Portfolio is coherent with the Republic of Philippines’s strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer’s sustainability commitments.

Key findings

V.E considers that the Republic of the Philippines's Sustainable Finance Framework and Eligible Expenditures Portfolio are aligned with the four core components of the GBP, SBP, GLP and SLP.

This Opinion is valid only for the Eligible Expenditures Portfolio (as received by V.E. on November 26th, 2021).

Use of Proceeds - aligned with GBP, SBP, GLP and SLP

- The Eligible Categories are defined in the Framework. For the Inaugural Issuance (as well as for potential future issuances until the Eligible Expenditures Portfolio has been fully financed), the Issuer has identified a list of Green and Social Expenditures (the "Eligible Expenditures"). V.E considers that all Eligible Expenditures are in line with the definitions of green and/or social projects outlined in GBP, GLP, SBP and SLP. The eligibility criteria of the 'Food Security' Eligible Category can be further strengthened.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards, for all the Eligible Expenditures.
- The Expected Environmental and Social Benefits are clear, precise, relevant, measurable, and will be quantified for all the Eligible Expenditures in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each Financing Instrument issuance. In addition, the Issuer has transparently communicated the estimated share of refinancing for the first issuance, which will be 100%. The look-back period for refinanced Eligible Expenditures will be equal or less than 24 months from the issuance date, in line with good market practices.

Evaluation and Selection - aligned with GBP, SBP, GLP and SLP

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation, and monitoring of Eligible Expenditures.). The roles and responsibilities are clear and include relevant internal expertise. The Process is publicly disclosed in the Framework and the herewith Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined by the Issuer, including relevant exclusion criteria, for a majority of Eligible Expenditures. The eligibility criteria of the 'Food Security' Eligible Category can be further strengthened.
- The process applied to identify and manage potentially material environmental and social (E&S) risks associated with the projects is publicly disclosed in this Second Party Opinion. The process is considered overall limited. It only covers identification and monitoring of potential risks associated with the Eligible Categories but does not seem to ensure the systematic prevention and mitigation of these potential risks.

Management of Proceeds - aligned with GBP, SBP, GLP and SLP, and best practices identified by V.E

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of the Financing Instruments will be placed in the General Treasury and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Financing Instrument is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to eligible expenditures.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the sustainable finance framework within 6 months.



Reporting - aligned with GBP, SBP, GLP and SLP

- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be publicly available on the Issuer's websites¹.
- The Issuer has committed to include relevant information related to the allocation of Financing Instrument proceeds and the expected sustainable benefits of the Eligible Expenditures. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects/Programs financed by the Eligible Expenditures.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Expenditures will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Expenditures until full allocation and in case of material changes. The reporting on environmental and social benefits of the Eligible Expenditures will be verified internally by the Issuer.

Contact

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¹ <https://www.dof.gov.ph>, <https://www.treasury.gov.ph>

SCOPE

V.E was commissioned to provide an independent Second Party Opinion (“SPO”) on the sustainability credentials and management of the Sustainable Financing Instruments² (the “Financing Instruments”) to be issued by the Republic of the Philippines (the “Issuer”, the “Philippines”) in compliance with the Sustainable Finance Framework (the “Framework”) created to govern their issuance.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the voluntary guidelines of ICMA’s Green Bond Principles (“GBP”) - edited in June 2021 - and Social Bond Principles (“SBP”) - edited in June 2021 (referred together as the “GBP & SBP”), as well as LMA’s Green Loan Principles (“GLP”) - edited in February 2021 - and Social Loan Principles (“SLP”) - edited in April 2021 (referred together as the “GLP & SLP”).

Our opinion is built on the review of the following components:

- Framework and Eligible Expenditures Portfolio: we have assessed the Framework’s alignment with the four core components of the GBP, SBP, GLP and SLP 2021, the Eligible Expenditures Portfolio’s (the “Portfolio”, as received on November 26, 2021) potential contribution to sustainability, , as well as both the Framework and Portfolio’s coherence with the Issuer’s environmental and social commitments. The Issuer has committed to request the update of this SPO in case of any significant change in the Portfolio and/or Framework to confirm its continued alignment with the GBP, SBP, GLP and SLP 2021.
- Issuer³: we assessed the Issuer’s ESG performance (Sovereign Sustainability Rating ©).

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer through documents.

We carried out our due diligence assessment from October 27th to November 26th, 2021. We consider that we were provided access to all documents and interviewees we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

² The “Sustainable Financing Instruments” is to be considered as the bond, loan or other debt instruments to be potentially issued, subject to the discretion of the Issuer. The name “Sustainable Financing Instruments” has been decided by the Issuer: it does not imply any opinion from V.E.

³ Republic of Philippines is part of V.E rating universe - the last ESG rating was performed in November 2021.

COHERENCE

Coherent
Partially coherent
Not coherent

V.E considers that the Inaugural Issuance is coherent with the Republic of the Philippines' strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals (SDGs), recognising the urgent challenge of achieving sustainable development, including combating climate change and mitigating poverty alleviation at global scale. Reaching these goals requires the transition of all economic sectors towards sustainable development models, and the immediate action of all public and private actors. In particular, national governments must mobilise to achieve Sustainable Development Goals through regional and global leadership, the integration of sustainability in policies, budgets, institutions and regulatory frameworks, and by working with all stakeholders.

National governments must also lead the climate action to limit global warming and protect the environment, and at the same time reduce inequalities by putting in place national policies and action plans that ensure sustainable and inclusive growth.

The Philippines is situated in the world's most cyclone-prone region, experiencing an average of 20 cyclones per year. In the last decade, the Philippines was exposed to very powerful and catastrophic tropical cyclones such as Bopha (2012), Hayan (2013), Mangkhut (2018), and Vamco (2020) that caused extensive damage in the country. The country is also suffering from other climate change-related impacts including heatwaves, drought, flood, and biodiversity loss. According to the Global Climate Risk Index 2021⁴, the Philippines ranked 4th in the world as the most affected country from extreme weather events in the period 2000-2019. Climate change will also pose severe threats to the country's agricultural sector. The changes in rainfall patterns and distributions could impact agricultural land and decrease agricultural productivity. Heavy rainfall and strong wind can impact the country's urban infrastructure including water and sanitation facilities, power plants, leading to disruption of the water and electricity supply for many people, especially those living in rural and remote areas. Increased temperatures can also affect human exposure to vector- and waterborne diseases.

The Philippines acknowledges its mission in facing the aforementioned challenges by ratifying and implementing relevant international and regional agreements, and by formalising significant environmental commitments and action plans:

- In 2009, the Philippines' passed Republic Act 9729, also known as the Climate Change Act of 2009, which established the Climate Change Commission under the Office of the President as the sole policymaking body in the Philippines tasked to coordinate, monitor and evaluate the programs and action plans of the government relating to climate change. The Act was amended in 2012 which established the People's Survival Fund for the financing of climate adaptation initiatives.
- In April 2010, the National Framework Strategy on Climate Change (NFSCC) was adopted to lay the foundation for policies toward a climate-resilient Philippines with healthy, safe, prosperous and self-reliant communities, and thriving and productive ecosystems.
- In line with the guiding principles provided by the NFSCC, the Philippines formulated the National Climate Change Action Plan (NCCAP) in 2011 outlining the country's agenda for climate change adaptation and

⁴ https://reliefweb.int/sites/reliefweb.int/files/resources/Global%20Climate%20Risk%20Index%202021_1_0.pdf

- mitigation for 2011-2028. The NCCAP lays out seven priorities for action, including food security, water sufficiency, ecological and environmental stability, human security, climate-friendly industries and services, sustainable energy, and knowledge and capacity development.
- In October 2016, the Philippines Development Plan (PDP) was formulated to detail the country's development strategies for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. The PDP was further updated in 2021 to align it with the imperatives for COVID-19 pandemic recovery and the new and better normal within the overall goal of a healthy and resilient Philippines. The implementation progress of the PDP is monitored and reported yearly.

The Philippines has demonstrated commitment to addressing climate change by submitting its National Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in April 2021 with the objective to reduce greenhouse gas emissions by 75%⁵ by 2030. The Philippines has demonstrated its commitment to United Nations' Sustainability Development Goals (SDGs) by taking an integrated approach in the implementation of the SDGs. The PDP serves as the implementation mechanism of the Sustainable Development Goals (SDGs) in the Philippines and the 17 goals are integrated in the PDP. The Department of the Interior and Local Government (DILG) takes the lead in localising the SDGs and has already conducted a series of regional and provincial workshops to strengthen the functionality of the local government units (LGUs) in increasing the awareness and support for the SDGs, and ensuring that they integrate such in their respective plans and programs.

V.E. is of the opinion that the Philippines' Sovereign Sustainable Finance Framework to issue bonds that will finance and refinance Eligible Green and Social Expenditures, coherently aligns with the Issuer's strategic sustainability priorities and contributes to the realisation of its environmental and social commitments and goals, and addresses the main challenges in terms of sustainable development for national governments.

⁵ Breaking down the target, 72.29% is conditional on climate finance, technologies and capacity development support provided by developed countries, under the Paris Agreement.

FRAMEWORK AND ELIGIBLE EXPENDITURES PORTFOLIO

The Issuer has described the main characteristics of the Financing Instruments within a formalised Sustainable Finance Framework that covers the four core components of the GBP, SBP, GLP and SLP 2021 (the last updated version was provided to V.E on December 16th, 2021). In addition, the Issuer has provided the list of Eligible Green and Social Expenditures in internal documentation (provided to V.E on November 26th, 2021), which will be (re)financed by the 2021 Inaugural Issuance. The Issuer has committed to make the Framework and the SPO publicly accessible on its websites⁶, in line with good market practices.

Alignment with the GBP, GLP, SBP and SLP

Use of Proceeds



The net proceeds of the Financing Instruments will exclusively finance or refinance, in part or in full, projects falling under four Green Expenditures Categories and seven Social Expenditures Categories (“Eligible Categories”), as indicated in Table 1.

- The Eligible Categories are defined in the Framework. For the Inaugural Issuance (as well as for potential future issuances until the Eligible Expenditures Portfolio has been fully financed), the Issuer has identified a list of Green and Social Expenditures (the “Eligible Expenditures”). V.E considers that all Eligible Expenditures are in line with the definitions of green and/or social projects outlined in GBP, GLP, SBP and SLP. The eligibility criteria of the ‘Food Security’ Eligible Category can be further strengthened.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards, for all the Eligible Expenditures.
- The Expected Environmental and Social Benefits are clear, precise, relevant, measurable, and will be quantified for all the Eligible Expenditures in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each Financing Instrument issuance. In addition, the Issuer has transparently communicated the estimated share of refinancing for the first issuance, which will be 100%. The look-back period for refinanced Eligible Expenditures will be equal or less than 24 months from the issuance date, in line with good market practices.

The Issuer has communicated to V.E. the Portfolio to be financed by the inaugural Financing issuance and potential future Financing Instruments issuances until the Portfolio has been fully financed. The alignment of the Use of Proceeds section has been based on the assessment of the alignment of the Portfolio with ICMA’s definitions of green and social projects. Please see the full analysis in Table 1.

⁶ <https://www.dof.gov.ph>, <https://www.treasury.gov.ph>

BEST PRACTICES

- ⇒ Relevant environmental and social benefits are identified and measurable for all Eligible Categories.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing for each financing instrument issuance.
- ⇒ The look-back period for refinanced Eligible Expenditures will be equal or less than 24 months from the issuance date, in line with good market practices.

Table 1. V.E' analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Sustainable Finance Framework and the internal documentation shared with V.E.

- Nature of expenditures: Direct or indirect investments, subsidies, support schemes, incentive mechanisms or tax foregone (or a combination thereof) and selected operational expenditures.
- Location of Eligible Projects: The Republic of Philippines.

REPUBLIC OF PHILIPPINES' SUSTAINABLE FINANCE FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	DESCRIPTION OF ELEGIBLE GREEN AND SOCIAL EXPENDITURES	V.E'S ANALYSIS
Access to Essential Services	<p><u>Healthcare</u></p> <p>Financing to construct, equip and operate government health facilities for the provision of public or subsidized health services, including hiring and deployment of healthcare workers.</p> <p>Projects which strengthen innovations and access to up-to-date technology in the biomedical field (e.g. research support to local scientists).</p> <p><i>Target Beneficiaries: General population including people from low-income families (indigents) and/or from disadvantaged backgrounds; people with disabilities; the unemployed</i></p>	<p><u>Equal access to quality healthcare services</u></p> <p><i>Increase universal coverage of preventive and curative public health services</i></p> <p><i>Increase the training and development of public healthcare professionals</i></p> <p><i>Support the research and development of healthcare treatments</i></p>	<p>Healthcare</p> <ul style="list-style-type: none"> • National Health Insurance Program (PhilHealth) • Health Facilities Operations Program • Health Facilities Enhancement Program • Medical Assistance to Indigent Patients • Human Resources for Health Program 	<p>The Eligible Category is defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been defined. V.E confirms that the expenditures are in line with ICMA's social project definitions.</p> <p>The intended Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>
	<p><u>Education</u></p> <p>Development and operation of public schools, training centres and related facilities, including digital learning platforms, as well as training labor force, in order to improve quality of and access to</p>	<p><u>Equal access to education</u></p> <p><i>Improve education infrastructure and services</i></p>	<p>Education</p> <ul style="list-style-type: none"> • Universal Access to Quality Tertiary Education • Education Assistance and Subsidies • DepEd Computerization Program 	

	<p>education, promote learning opportunities and vocational training</p> <p><i>Target Beneficiaries: General population including people from low-income families (indigents) and/or from disadvantaged backgrounds; people with disabilities; the unemployed</i></p>	<p><i>Increase the access to quality education for all, in particular vulnerable students</i></p> <p><i>Increase the number of adults with skills for employment</i></p>	<ul style="list-style-type: none"> School-Based Feeding Program 	
Affordable Basic Infrastructure	<p>Programs delivering infrastructure to rural areas to minimize disparities between regions or benefiting disadvantaged populations, including</p> <ul style="list-style-type: none"> Construction, reconstruction, rehabilitation and upgrading of roads to provide access to less connected areas⁷ Construction telecommunication equipment for underserved and unconnected populations Providing access to basic sanitation systems including septic tanks Construction and maintenance of equipment e.g. pipework for supply of clean water Provision of electrification facilities⁸ <p><i>Target Beneficiaries: Rural Areas, Underserved and Unconnected Populations, Barangays (smallest administrative division/villages)</i></p>	<p><u>Access to Water Services</u></p> <p><i>Improve and guarantee the access to water</i></p> <p><u>Access to energy</u></p> <p><i>Increase access to affordable, reliable and modern energy services</i></p>	<ul style="list-style-type: none"> Water Supply and Sanitation Program (LWUA) Sitio Electrification Project (NEA) Total Electrification Program (DOE) 	<p>The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been defined. V.E confirms that the expenditures are in line with ICMA's social project definitions.</p> <p>The intended Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>
Food Security	<p>Guaranteeing effective access to varied, quality food via provision of national and communal irrigation, machineries and equipment, cold storage facilities, food packaging and processing, warehouses, post-harvest centers, rice seeds, crop insurance and</p>	<p><u>Food Security</u></p> <p><i>Increase the agricultural productivity of small medium farmers</i></p>	<ul style="list-style-type: none"> Irrigation Services of the National Irrigation Administration <ul style="list-style-type: none"> Irrigation Systems Restoration Program 	<p>The Eligible Category is defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been</p>

⁷ (i) Less connected areas are defined as a Barangay (smallest political unit in the country) that does not meet any of the criteria set out below: (1) If a barangay has a population size of 5,000 or more, then a barangay is considered urban, or (2) If a barangay has at least one establishment with a minimum of 100 employees, a barangay is considered urban, or (3) If a barangay has five or more establishments with a minimum of 10 employees, and 5 or more facilities. Note that if the facility is not present in the barangay, presence of facilities within the two-kilometers radius from the barangay hall is considered. Projects will include farm to market roads under the Support to Barangay Development program.

⁸ No fossil fuel-based power plants will be financed. The envisioned electrification project under this category (Sitio Electrification Project, PHP 1.6B), will focus on connecting rural areas to the grid.

<p>production subsidies to small and medium farmers for basic food products⁹. <i>Target Beneficiaries: General Population, including farmers and disadvantaged populations</i></p>	<p><i>Ensure availability of basic food products</i> <i>Ensure access to food products</i></p>	<ul style="list-style-type: none"> ○ Irrigation Systems Development Program • National Commodity Programs of the Department of Agriculture <ul style="list-style-type: none"> ○ National Rice Program ○ National Corn Program ○ National High Value Crops Development Program ○ National Organic Agriculture Program • Rice Competitiveness Enhancement Program <ul style="list-style-type: none"> Department of Agriculture <ul style="list-style-type: none"> ○ Agricultural Training Institute ○ Philippine Center for Post-Harvest Development and Mechanization Department of Trade and Industry <ul style="list-style-type: none"> ○ Technical Education and Skills Development Authority Government Owned and Controlled Corporations <ul style="list-style-type: none"> ○ Philippine Rice Research Institute (PhilRice) ○ Land Bank of the Philippines ○ Development Bank of the Philippines • Crop Insurance Program 	<p>defined. V.E confirms that the expenditures are in line with ICMA’s social project definitions.</p> <p>Areas for improvement are to include additional criteria to promote the development of sustainable agricultural practices in all Eligible Expenditures, in line with best practices.</p> <p>The intended Social Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>
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⁹ Basic food products are defined as primary food products (i.e. unprocessed) cultivated by farmers such as crop, rice, fruits or nuts; as well as unprocessed seafood obtained by fisheries.

<p>Employment Generation, and programs designed to prevent and/or alleviate Unemployment stemming from socioeconomic crises, including through the potential effect of MSME financing and microfinance</p>	<p>Programs supporting Micro Small and Medium-sized Enterprise (MSMEs) that support employment generation and productivity, including provision of MSME loans and access to technology. <i>Target Beneficiaries: MSMEs¹⁰</i></p> <p>Programs that provide employment and entrepreneurship opportunities to displaced, disadvantaged and unemployed workers <i>Target Beneficiaries: Informal Sector Workers, Poor, Vulnerable and Marginalized Workers, Eligible beneficiaries of the DILP program¹¹</i></p>	<p><u>Employment generation</u> <i>Increase the employment of Vulnerable Workers</i></p> <p><u>Access to Financial Services</u> <i>Increase access to financing services for MSMEs</i></p>	<ul style="list-style-type: none"> • Pondo sa Pagbabago at Pag-Asenso Program (P3) to address cash flow constraints of MSMEs by providing affordable loans¹² • Dole Integrated Livelihood and Emergency Employment Program (DILEEP) • Sustainable Livelihood Program to further expand employment and livelihood opportunities (DOLE) • Balik Probinsya, Bagong Pag-asa Program (DOLE) such as skills development, employment and livelihood programs 	<p>The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been defined. V.E confirms that the expenditures are in line with ICMA's social project definitions.</p> <p>The intended Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>
<p>Socioeconomic Advancement and Empowerment</p>	<p>Programs to support and provide social assistance for persons from disadvantaged socioeconomic backgrounds, such as conditional and unconditional cash transfer (programs and social pension for elderly and persons with disabilities) <i>Target Beneficiaries: Vulnerable groups as identified under the 4Ps program, including Chronic poor households with children aged 0-14 living in poor areas, indigent and marginalized families, itinerant, homeless street families, families in need of special protection, elderly, and people with disabilities.</i></p>	<p><u>Social inclusion and poverty reduction</u> <i>Increase the income of the identified vulnerable population</i></p>	<ul style="list-style-type: none"> • Pantawid Pamilyang Pilipino Program or Conditional Cash (CCT) Transfer Program • Social Pension for Indigent Senior Citizens • Financial Assistance (Protective Services for Individuals and Families in Difficult Circumstances) 	<p>The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been clearly defined. V.E confirms that the expenditures are in line with ICMA's social project definitions.</p> <p>The intended Social Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefit is clear, considered relevant, measurable, and will be quantified in the reporting.</p>

¹⁰ Definition of MSMEs in the Philippines is available here: <https://dict.gov.ph/wp-content/uploads/2016/07/8.-SMES-in-the-Philippines- Empowering-LGUs-through-ICT-Partnership-with-SUCs.pdf>

¹¹ <https://bwsc.dole.gov.ph/programs-and-projects-submenu1/dileep.html>

¹² Through this MSME Program, it is expected that (i) 2,289 Shared Service Facilities (SSF) will be maintained and 340 new SSF will be established (PhP623 million), (ii) 359,200 individuals in 3,592 barangays and livelihood kits to 8,000 beneficiaries will be provided with information on various livelihood opportunities through the Livelihood Seeding Program-Negosyo Serbisyo sa Barangay of the DTI (PhP243 million), (iii) 28,000 farming households will participate in Detailed Investment Plans through the Rural Agro-Enterprise Partnership for Inclusive Development and Growth (RAPID) Project (PhP112 million), and (iv) 7,986 MSMEs will be assisted through the One Town, One Product: Next Generation Project (PhP132 million)

<p>Affordable Housing</p>	<p>The development and/or provision of affordable socialized and low-cost housing, including:</p> <ul style="list-style-type: none"> • Financing of/investment in affordable and inclusive socialized and low-cost housing loan portfolio; • Development of program that provides liquidity facility for socialized housing originators and increases loan accessibility for the low-income groups <p><i>Target Beneficiaries: low-income families (including minimum wage earners), homeless and underprivileged, families residing in informal settlements and danger zones</i></p>	<p><u>Access to Housing</u> <i>Guarantee access of the most vulnerable people to decent housing</i></p>	<p>Funding to the following agencies/programs:</p> <ul style="list-style-type: none"> • National Housing Authority • National Home Mortgage Finance Corporation • Department of Human Settlements and Urban Development • Social Housing Finance Corporation 	<p>The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been clearly defined. V.E confirms that the expenditures are in line with ICMA's social project definitions.</p> <p>The intended Social Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefit is clear, considered relevant, measurable, and will be quantified in the reporting.</p>
<p>Covid-19 Expenditure</p>	<p>Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations, R&D expenditure for the provision of emergency medical response and disease control services</p> <p>Financing/disbursements to support populations affected by Covid-19, including initiatives designed to prevent or alleviate unemployment.</p> <p><i>Target Beneficiaries: General population including healthcare workers in public/government-ran healthcare facilities, displaced workers, including Overseas Filipino Workers (OFWs), in industries/formal sectors affected by COVID-19, such as MSMEs, tourism, healthcare workers (for priority vaccination), senior citizens (for priority vaccination), persons with comorbidities (for priority vaccination), vulnerable groups, households living in poverty, homeless street families, itinerant indigenous peoples, marginalized, disabled</i></p>	<p><u>Access to Health</u> <i>Strengthen the response of the health system to Covid 19 pandemic</i></p> <p><u>Employment Generation</u> <i>Mitigate unemployment as a result of Covid 19 pandemic.</i></p>	<ul style="list-style-type: none"> • Purchase of Personal Protective Equipment (PPE) and other case management commodities • Procurement of GeneXpert Cartridges • CAMP - Abot Kamay Ang Pagtulong (AKAP) Program (DOLE) • Provision for COVID-19 Vaccine • Virology Science and Technology Institute of the Philippines 	<p>The Eligible Category is defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been defined for the Eligible Expenditures. V.E confirms that the expenditures are in line with ICMA's social project definitions. The intended Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

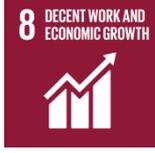
Clean Transportation	Investments and expenditure in low energy consuming or low emission transportation, including public transportation and freight trains, as well as non-motorized and active transport solutions and ancillary facilities (e.g. bikeways, walkways). Only electrified light rail and mass rapid transit infrastructure will be included.	<u>Climate Change Mitigation</u> <i>GHG emissions avoidance</i>	Railway Infrastructure (North-South Commuter Railway System, Metro Manila Subway Project Phase 1 and Subsidy for MRT 3)	The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the list of Inaugural Eligible Expenditures to be financed, including its nature and location. V.E confirms that the Inaugural Eligible Expenditures are in line with ICMA's green project definitions. <ul style="list-style-type: none"> The Issuer committed in internal documentation to only finance electrified rails as eligible expenditures under the Framework. The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards. The expected Environmental Benefit is clear, it is considered relevant, measurable, and will be quantified in the reporting.
Climate Change Adaptation	Projects that improve Disaster Risk Reduction and Management (DRRM), resilience of biological and ecological systems against impacts of climate change including <ul style="list-style-type: none"> Construction and rehabilitation of flood mitigation structures and drainage systems Climate change adaptation infrastructure, such as flood defence and early warning systems Broader DRRM initiatives due to climate change 	<u>Climate change adaptation</u> <i>Strengthen the resilience of infrastructure in severe weather conditions</i>	Flood Management Programme: <ul style="list-style-type: none"> Intensify the construction of 1,543 flood mitigation structures and drainage systems, and construct/ rehabilitate 451 existing flood control facilities in major river basins and principal rivers 	The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the list of Inaugural Eligible Expenditures to be financed, including its nature and location. V.E confirms that the Inaugural Eligible Expenditures are in line with ICMA's green project definitions. The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards. The expected Environmental Benefit is clear, it is considered relevant, measurable, and will be quantified in the reporting.
Environmentally sustainable management of living natural	Environmentally sustainable agriculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or	<u>Terrestrial and marine ecosystems Conservation</u>	Funding of the Department of Environment and Natural Resources (DENR) programs: <ul style="list-style-type: none"> National Greening Program: Recovering 82,349 ha of denuded forestland, 	The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future

resources and land use	<p>restoration of natural terrestrial and marine landscapes.</p> <p>The protection of coastal, marine and watershed environments</p>	<p><i>Promote the protection of terrestrial and marine ecosystems, and the preservation of biodiversity</i></p>	<p>produce 72,900,577 seedlings and maintain 500,448 ha of existing forests.</p> <ul style="list-style-type: none"> Protected Areas Development and Management: Conserve biodiversity and adjacent to the 4.28mn ha of 107 legislated protected areas Management of Coastal and Marine Resources/Areas: To ensure sustainable management of coral reefs, sea grass beds, mangrove stands, mudflats, plankton community and water quality of coastal areas. 	<p>issuances until the Portfolio has been fully financed), including its nature and location. V.E confirms that the expenditures are in line with ICMA's green project definitions.</p> <ul style="list-style-type: none"> Livestock will be excluded Environmentally sustainable forestry will follow the definitions outlined by FAO <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefit is clear, it is considered relevant, measurable, and will be quantified in the reporting.</p>
Renewable Energy	<p>Projects to support the manufacturing, development, installation, operation, transmission and distribution (only direct connections) of renewable energy, including:</p> <ul style="list-style-type: none"> Solar Wind Geothermal (<100gCO₂/kWh) Biomass (<100gCO₂/kWh) and sustainable feedstock only¹³) Hydropower (<100gCO₂/kWh or power density of >5W/m²) <p>Enhanced geothermal systems are excluded.</p> <p>For Biomass, woody products will be excluded from the feedstock sourcing.</p>	<p><u>Climate change mitigation</u></p> <p><i>GHG emissions avoidance</i></p>	<p>Funding of the Renewable Energy Development Program, including the following sub programs:</p> <ul style="list-style-type: none"> Promotion of renewable energy (RE) resources Supervision and regulation of exploration, development and utilization of RE resources and technologies Locally-funded projects under SAGF: Biofuels Program Philippine Geothermal Resource Inventory 	<p>The Eligible Category is clearly defined in the Framework. The Issuer has provided to V.E the Portfolio of Eligible Expenditures to be financed with the Inaugural issuance (as well as potential future issuances until the Portfolio has been fully financed), including its nature and location. The targeted populations have been clearly defined. V.E confirms that the expenditures are partially in line with ICMA's green project definitions.</p> <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefit is clear, it is considered relevant, measurable, and will be quantified in the reporting.</p>

¹³ The Issuer has committed that bioenergy comes from sources that do not deplete existing terrestrial carbon pools. Also, the projects must protect biodiversity and should not involve the burning of peat. The projects will produce bioenergy from agricultural residues or forestry residues..

SDG Contribution

The Eligible Categories included in the Portfolio are likely to contribute to 11 of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Food Security	 <p>2 ZERO HUNGER</p>	<p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p> <p>2.5 Maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed.</p>
Access to Essential Services	 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>
Access to Essential Services	 <p>4 QUALITY EDUCATION</p>	<p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>
Affordable Basic Infrastructure	 <p>6 CLEAN WATER AND SANITATION</p>	<p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p>
Renewable Energy	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>
Employment Generation, Prevent and/or Alleviate Unemployment	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</p>

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Socioeconomic Advancement and Empowerment		10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
Affordable Basic Infrastructure		11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Affordable Housing		
Climate Change Adaptation		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
Environmentally Sustainable Management of Living Natural Resources and Land Use		
Environmentally Sustainable Management of Living Natural Resources and Land Use		14.2 Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.
Environmentally Sustainable Management of Living Natural Resources and Land Use		15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

Evaluation and Selection of Eligible Expenditures



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in each of the evaluation and selection steps (including the proposal, selection, validation, and monitoring of Eligible Expenditures.). The roles and responsibilities are clear and include relevant internal expertise. The Process is publicly disclosed in the Framework and the herewith Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined by the Issuer, including relevant exclusion criteria, for a majority of Eligible Expenditures. The eligibility criteria of the 'Food Security' Eligible Category can be further strengthened.
- The process applied to identify and manage potentially material environmental and social (E&S) risks associated with the projects is publicly disclosed in this Second Party Opinion. The process is considered overall limited. It only covers identification and monitoring of potential risks associated with the Eligible Categories but does not seem to ensure the systematic prevention and mitigation of these potential risks.

Process for Project Evaluation and Selection

- The evaluation and selection of the Eligible Green and Social Expenditures is performed on an annual basis, or when needed, by an Interagency Technical Working Group on Sustainable Finance ("TWG-SF"), under the Republic of Philippines' Development Budget Coordination Committee (DBCC).
- The TWG-SF comprises senior representatives of the Department of Finance (DOF), Bureau of the Treasury (BTr), National Economic Development Authority (NEDA) and Department of Budget and Management (DBM)
- The TWG will engage other national governments agencies (NGAs) whose budgets include programs, activities, and projects (PAPs) which may be considered as Eligible Expenditures. NGAs include, but not limited to:
 - Department of Health;
 - Department of Education;
 - Department of Agriculture/Department of Agrarian Reform;
 - Department of Labor and Employment;
 - Department of Social Welfare and Development;
 - Department of Public Works and Highways;
 - Department of Transportation;
 - Department of Environment and Natural Resources;
 - Department of Energy.
- The TWG-SF is responsible for:
 - TWG-SF, through the DBM, is responsible for identifying Eligible Expenditures from the PAPs of NGAs in line with the National Budget.

- The TWG-SF will review potentially qualifying PAPs and verify whether these comply with the Eligibility Criteria and definition of Eligible Social and/or Green Expenditures set out in Table 1 of this SPO.
 - The TWG-SF may consult other NGAs as part of its responsibilities. For the purposes of the Process for Project Evaluation and Selection, selected representatives from the main NGAs who are responsible for the projects being considered, or who are in charge of the execution of the public budget, may form a part of the TWG-SF on a case-by-case basis.
 - The DOF, as a member of the TWG-SF, is in charge of coordinating this process of liaising with NGAs. Relevant NGAs will be responsible for providing the requested documents and any further information to verify eligibility.
 - The TWG-SF will monitor that Eligible Social and/or Green Expenditures continue to meet the Eligibility Criteria set in the Table 1 of this SPO until the net proceeds have been allocated.
 - The TWG-SF, with the assistance of the NGAs if needed, shall track and monitor the environmental and social benefits of the Eligible Social and/or Green Projects which are funded by the Financing Instruments.
 - The TWG-SF will also facilitate regular reporting on any Green and Social issuance in alignment with its reporting commitments.
- The traceability and verification of the selection and evaluation of the Eligible Expenditures is ensured throughout the process:
 - The TWG-SF will monitor on annual basis throughout the lifetime of the Financing Instrument, the continued compliance of the Eligible Expenditures with the Eligibility criteria defined in the Sustainable Finance Framework. In case an Eligible Expenditure is found ineligible, it will be removed from the list of Eligible Expenditures. Any changes in the list will be publicly disclosed in the annual reports.
 - The Issuer will monitor ESG controversies associated with the Eligible Expenditures on an ad hoc basis throughout the lifetime of the Financing Instrument. In case of controversies concerning a project/program financed by an Eligible Expenditure, it will be removed from the Portfolio of Eligible Expenditures and replaced with another Eligible Expenditures complying with the Eligibility Criteria set out in the Framework. To ensure traceability, the TWG-SF will maintain notes and records of all Eligible Expenditures selected and to be funded by each Financing Instrument issued.

Eligibility Criteria

The process relies on selection criteria which are defined in general terms (see Use of Proceeds section). For the Inaugural Issuance, the Issuer has identified a list of Eligible Expenditures. V.E has assessed this list to confirm that all the Eligible Expenditures will have potential environmental and/or social benefits.

The exclusion criteria listed in section 4.1 of the Framework, which are also listed below, are considered clear and relevant to ensure there is no investment towards fossil fuels and some controversial activities, covering the main topics in terms of environmental and social responsibility of the Eligible Categories.

- Any expenditure related to the following activities will be excluded from Eligible Social and Green Expenditures:
 - Exploration, production or transportation of fossil fuel, fossil-fuel power-generation related projects;
 - Manufacture and production of finished alcoholic beverages;
 - Lethal defence goods;
 - Military contracting;

- Gambling;
- Weaponry;
- Non-RSPO-certified palm oil;
- Manufacture and production of finished tobacco products;
- Conflict minerals;
- Activities/projects associated with child labor/forced labor;
- Extractive mining;
- Production or trade in wood or forestry products other than from sustainably-managed forests and;
- Projects located near any protected areas.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects/programs throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on an Eligible Expenditure.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of the Financing Instruments will be placed in the General Treasury and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Financing Instrument is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to eligible expenditures.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the sustainable finance framework within 6 months.

Management Process

- The net proceeds of any Financing Instrument will be transferred to the government treasury reserve account of the Republic of Philippines. The BTr will maintain an allocation register (the “Register”) to record the allocation of each Financing Instrument proceeds. The Register will contain, for each such instrument issued, information including the details of each instrument’s ISIN, pricing date and maturity date.
- DOF and BTr, for any Financing Instruments Issuance, will monitor, on ongoing basis, the allocated funds as part of a formal process and it will ensure that the allocation doesn’t allow for accounting the same Eligible Expenditure twice.
- The allocation period will be 24 months or less.
- In the event proceeds raised are not immediately and fully allocated to Eligible Expenditures, BTr will manage the unallocated proceeds in line with its cash management policies in accordance with the exclusions list in the framework. The Issuer has declared in internal documentation that any unallocated proceeds would not be directed towards GHG intensive or controversial social activities.
- The BTr, as a member of the TWG-SF, will appropriately manage the balance of the tracked net proceeds by ensuring that an amount at least equal to the net proceeds of the Financing Instrument issuances will be allocated to the financing or refinancing of expenditures that meet the Eligibility criteria.
- In the event where some expenditures would be withdrawn from the portfolio of eligible expenditures, because of budgetary adjustments, delayed disbursements, or in the event where identified expenditure would cease to fulfil the eligibility criteria, the Issuer will reallocate the specific proceeds to other Eligible Expenditures which are compliant with the Eligibility Criteria, within 6 months.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/program divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the sustainable finance framework within 6 months.

Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be publicly available on the Issuer's websites¹⁴.
- The Issuer has committed to include relevant information related to the allocation of Financing Instrument proceeds and the expected sustainable benefits of the Eligible Expenditures. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects/Programs financed by the Eligible Expenditures.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Expenditures will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Expenditures until full allocation and in case of material changes. The reporting on environmental and social benefits of the Eligible Expenditures will be verified internally by the Issuer.

Indicators

The Issuer has committed to transparently communicate at Eligible Category and Instrument level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive.

The Issuer has indicated that in case of co-financing, the TWG-SF will aim to report on the pro rata share of impact or provide the share of financing from Sustainable Financing Instrument proceeds as a percentage of total project financing if total project impact is being reported.

REPORTING INDICATORS

- ⇒ The list of Eligible Projects (re)financed, including a brief description
- ⇒ Amount of net proceeds raised
- ⇒ Balance of unallocated net proceeds¹⁵
- ⇒ Total amount of net proceeds allocated per Eligible Expenditure
- ⇒ Details of the split between financing and refinancing

¹⁴ <https://www.dof.gov.ph>, <https://www.treasury.gov.ph>

¹⁵ The Issuer confirmed that the temporary investment of unallocated proceeds will be limited to cash.

- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are relevant and exhaustive.

ELIGIBLE CATEGORIES	SOCIAL BENEFITS INDICATORS
Access to Essential Services	<ul style="list-style-type: none"> - Number of hospital/healthcare facilities built, upgraded and equipped - Number of people benefiting from vocational training and/or with better access to education - Number of students enrolled/educated - Number of classrooms/educational support facilities constructed/rehabilitated - Number of human resources for health (HRH) hired/deployed - Number of beneficiaries of student financial assistance programs (for the TES and FHE) - Number of graduates and certification rate (for Training for Work Scholarship Program and Special Training for Employment Program)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> - Number of people provided with adequate and equitable sanitation / clean water - Number of water infrastructure projects built - Annual volume of clean potable water in m³ supplied for human consumption - Number of people provided access to clean and affordable energy - Number of new household power connections - Number of population served by new connecting roads and bridges - Number of additional roads/bridges provided (in kilometers) - Number of underserved household beneficiaries of new telecommunication facilities - Increase in household served with internet connection/ICT facilities (in percentage) - Savings in travel time and transport costs (for commuters and goods) - Increase in water supply, sanitation service and/or sewer coverage (in terms of number and percentage of households [HHs]) - Percentage increase in coverage/number of households with access to quality drinking water compliant with the Philippine National Standards for Drinking Water (PNSDW) - Decrease in morbidity among population/HH due to water-borne related diseases (%)
Food Security	<ul style="list-style-type: none"> - Number of people benefitted by the Eligible projects/programs - Number of farmers benefitted by the Eligible projects/programs
Employment Generation, prevent and/or alleviate Unemployment	<ul style="list-style-type: none"> - Number of jobs created and/or retained - Number of MSMEs that availed loans - Number of people benefitted - Number of MSMEs provided with S&T assistance and interventions - Number of MSMEs which availed of incentives to utilize green technologies/processes in their production - Number of MSMEs which scaled up in terms of employment generated
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> - Number of people benefitted

ELIGIBLE CATEGORIES	SOCIAL BENEFITS INDICATORS
Affordable Housing	<ul style="list-style-type: none"> - Number of housing units constructed - Number of individuals / households benefitted
Covid-19 Expenditure	<ul style="list-style-type: none"> - Number of people assisted - Number of vaccines supplied - Number of vaccines administered - Amount spent on emergency medical supplies - Investments or expenditures into COVID-19 relief efforts (Dollar amount)

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Clean Transportation	<ul style="list-style-type: none"> - Number, type and distance (km) of clean transportation infrastructure built 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Climate Change Adaptation	<ul style="list-style-type: none"> - Number of flood defences - Number of properties better protected from floods 	<ul style="list-style-type: none"> - Reduction in number of operating days lost to floods - Reduction in flood damage costs - Reduction in land-loss from inundation and/or coastal erosion (km²)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> - Number of hectares of forests / coastal / marine / watershed environments restored / maintained / protected 	<ul style="list-style-type: none"> - Amount or % of water consumption reduced - Increase in production efficiency
Renewable Energy	<ul style="list-style-type: none"> - Capacity of renewable energy plant(s) constructed or rehabilitated in MW - Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tCO₂eq (where possible)

BEST PRACTICES

- ⇒ The issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Financing Instruments proceeds and to the expected sustainable benefits of the Eligible Expenditures. The Issuer has also committed to report on material development related to the Eligible Expenditures, including ESG controversies.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Expenditures.
- ⇒ The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Expenditures will be disclosed publicly.

Contribution to sustainability

Expected Impacts

The potential positive Impact of the Eligible Expenditures Portfolio on environmental and social objectives is considered to be advanced.

Of note, more than 90% of the Eligible Expenditures to be financed fall under the social categories, which are considered to potentially have a high positive impact as they apply criteria that target the populations in most need or categories that target the universal and equal access to essential services.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Access to Essential Services	ADVANCED	<p>Access to healthcare remains a key challenge in the Philippines in many aspects of day-to-day life (e.g. life expectancy at birth, incidence of infectious diseases such as tuberculosis, etc.). Education, as well, is a challenge, especially in relation to the country's secondary education completion rate, which remains low.</p> <p>The target populations are defined at national level for both education and health subcategories with a specific focus on the most vulnerable populations. The Expenditures comprise major portion of the inaugural issuance and expected to have a material effect on achieving Issuer's national and global development objectives.</p> <p>Health and education related expenditures as detailed in the Framework and the Eligible Expenditures Portfolio are considered to contribute to a long term positive impact as well as to the empowerment of the beneficiaries. It should be noted that the universal health coverage program (PhilHealth) has recently been subject to a controversy related to allegations of late payment of claims¹⁶. In response to the controversy, PhilHealth formed a stake-holder-led Technical Working Group¹⁷ and formalized, in a claims processing improvement strategy, its commitment to continue to enhance the information system to address payments issue, in order to guarantee the durability of the program and its long-term impact. The issuer has transparently disclosed the document to V.E. and has committed to disclose it to investors upon request.</p>
Affordable Basic Infrastructure	ADVANCED	<p>According to the United Nations Sustainable Development Group, access to basic sanitation services and essential basic infrastructures, including water access and connectivity for remote/rural areas, pose significant challenges for the country.</p> <p>The target populations have been clearly defined, especially people living in remote rural areas.</p> <p>Access to sanitation, drinking water and electricity for remote areas are considered to contribute to positive long term impact and to the empowerment of the beneficiaries as they promote long-term and equal access to electricity and drinking water & sanitation services.</p>

¹⁶ <https://cnnphilippines.com/news/2021/11/5/PhilHealth-P20-billion-payment-hospitals.html>

¹⁷ https://www.philhealth.gov.ph/news/2021/claims_issues.pdf

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Food Security	ROBUST	<p>According to the United Nations Food and Agriculture Organization (FAO) 2020¹⁸, prevalence of moderate or severe food insecurity in the Philippines’ total population reached more than 55% during the 2017-2019 period compared to 44% during the 2014-2016 period, highlighting the growing need to ensure food security.</p> <p>The target population has been broadly defined at country level; the category does not focus on children’s nutrition, however, which is the main food-related challenge in the country.</p> <p>Although the category should ensure important long-term benefits for the general population, an area for improvement is to systematically integrate sustainable agriculture practices into all Eligible Expenditures under this category in order to ensure environmental benefits and the sustainable management of resources are also achieved.</p> <p>Philippines’ Department of Agriculture (DA) has the National Organic Agriculture Program which aims to promote, propagate, further develop and implement the practice of organic agriculture in the Philippines by contributing to enriching soil health, increasing farm productivity, and reducing pollution and destruction of the environment. There have been recent concerns raised, on the adequacy of addressing the efforts required (i.e. equipment, R&D and education campaigns) and of funding availability for the transition to organic agriculture¹⁹.</p> <p>Further, DA needs to ensure the impact reaches the intended farmers and beneficiaries. DA has been flagged by the Commission on Audit in 2021 for billions of unobligated funds, due to slow disbursements and non-implementation of projects, and maintaining farmers’ master list with 7,146 duplicated names²⁰.</p>
Employment Generation, prevent and/or alleviate Unemployment	ADVANCED	<p>According to the United Nations Sustainable Development Group, unemployment is not considered a major challenge in the Philippines. However, according to the Philippine Statistics Authority, the Covid-19 crisis led to a material increase of the unemployment rate in the country reaching 8.1% in August 2021.</p> <p>Based on a study conducted by the Asian Development Bank, small firms in the Philippines have been highly impacted by the Covid-19 crisis, which justifies the specific need for Micro Small and Medium-sized Enterprise (MSMEs) financing.</p> <p>The target population has been precisely defined with additional exclusion criteria.</p> <p>The category should entail long term benefits, which include, among others, (i) providing specific courses in different subject areas, such as agri-fishery, agribusiness/ agri-industrial, and tourism, that seek to benefit 166,642 enrollees, and (ii) boosting the resiliency of MSMEs against the obstacles they will face during and after the pandemic</p>

¹⁸ The State of Food Security and Nutrition in the World in 2020, (TABLE A1.1)

¹⁹ <https://business.inquirer.net/322303/organic-agriculture-in-ph-no-funding-no-plans>

²⁰ <https://www.rappler.com/business/department-agriculture-unsent-funds-wrong-farmers-list-coa-report-2020>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Socioeconomic Advancement and Empowerment	ADVANCED	<p>According to the World Bank, despite some progress in the last 20 years, only 30% of Filipinos use formal financial services, a rate that is lower than the regional average for East Asia. The poverty rate in the Philippines remains high, above 15%.²¹</p> <p>The target populations have been defined precisely and should benefit populations most in need regarding the set objective.</p> <p>The increased provision of basic financial services is expected to provide long term benefits and empower the targeted population.</p>
Affordable Housing	ADVANCED	<p>According to the United Nations Sustainable Development Group²², the Philippines has a high proportion of people living in slums – above 40%. Therefore, the development of affordable housing is a crucial challenge for the country.</p> <p>An increased provision of housing services is expected to provide long term benefits and to empower the beneficiaries.</p>
Covid-19 Expenditure	ROBUST	<p>Eligible expenditures in this category are intended to finance the country's response to the negative health and socioeconomic impacts resulting from the Covid 19 crisis. Based on a study conducted by the Asian Development Bank²³, small firms in the Philippines have been highly impacted by the Covid-19 crisis – the smaller the firm size, the lower the share of businesses remaining open. V.E considers this justifies the specific need for Micro Small and Medium-sized Enterprise (MSMEs) financing.</p> <p>The target population has been defined and focus on populations vulnerable to the pandemic.</p> <p>The category should entail short to medium term benefits by coping with the crisis impact.</p>
Clean Transportation	ADVANCED	<p>According to various estimates the transportation sector accounts in the Philippines for around 16-25% of the country's total GHG emissions.²⁴ Expanding low-carbon public transportation capacity, such as electrified trains, is thus paramount for the Philippines. Given that the sector heavily relies on fossil fuel powered road vehicles (Jeepneys), the need to develop alternative modes of transport is a key goal in the country. However, it appears that the main plan of the country about transportation (Jeepney+ NAMA) still relies on fossil-powered vehicles. Due to the long-term perspective (>30 years) of this type of project the current carbonation of the electricity mix is less relevant (since the country is planning on a progressive decarbonation of the mix in the next decades) than for road fleets²⁵. Although, considering the past increase of the coal share in the country's electricity generation (its share doubling over the past decade to reach more than half – 52% – of electricity generation in the country in 2018), the development of electrified trains could induce a temporary increase in GHG emissions²⁶.</p> <p>By only financing electrified trains, the category follows the best alternative available in the sector to contribute to the claimed objective.</p>

²¹ <https://openknowledge.worldbank.org>

²² <https://dashboards.sdgindex.org>

²³ <https://www.adb.org/sites/default/files/publication/622161/covid-19-impact-philippine-business-enterprise-survey.pdf>

²⁴ <https://www.climate-transparency.org/wp-content/uploads/2021/01/Philippines-CT-2020.pdf>

²⁵ Less relevant than for cars and buses knowing that the standard duration for a country's renewal of the fleet is inferior to 20 years (e.g in the UE, passenger cars are now on average 11.5 years old and trucks 13 years old).

²⁶ <https://www.climate-transparency.org/wp-content/uploads/2021/01/Philippines-CT-2020.pdf>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Climate Change Adaptation	ADVANCED	<p>Philippines is ranked 17th out of 180 countries in Global Climate Risk Index 2021 (by German Watch). Improving infrastructure resilience is important in reducing damages and risks, such as strengthening flood protection measures. The scale of the project(s) classified under this category, such as of Flood Management Program, is expected to be significant. According to the Climate change risk profile from the United States Agency for International Development²⁷, Philippines is highly vulnerable to the impacts of climate change, including sea level rise, increased frequency of extreme weather events, rising temperatures and extreme rainfall.</p> <p>By developing tools to avoid floods – to which the country is highly exposed – and given that no particular international standards can be put forward, the category is considered to be contributing to the claimed objective. However, the category remains broadly defined.</p>
Environmentally sustainable management of living natural resources and land use	ROBUST	<p>The Philippines has seen a number of massive flooding events in recent years, and these events can be linked to deforestation. The country is the eighth-largest rice producer in the world, and the emissions from rice cultivation account for 60% of the total emissions from the agricultural sector²⁸. Land Use is thus a key consideration in tackling climate change. According to the Climate Change Risk Profile from the United States Agency for the International Development²⁹, the country's coastal ecosystems have been extensively degraded and climate change threatens the country's valuable coastal ecosystems and fisheries.</p> <p>The country has also been highly affected by changes in land affectation, making the restoration and protection of natural resources and land use an important challenge in the country.</p> <p>The Philippines anticipates meeting 40% of its intended 70% emissions reduction target through forest conservation³⁰. The Philippines Master Plan for Climate Change Resilient Forestry aims to protect, conserve and sustainably manage 6.8 million hectares of existing forests until 2026. The projects and programs to be financed under this category have a long-term approach that seek to contribute to the sustainable management of living natural resources and land, and the marine landscape. The category focuses on risk mitigation measures and tools, which should not entail negative lock-in effects.</p> <p>This category also includes projects and programs that seek to efficiently manage forests and coastal areas, and address potential risks related to climate change and adverse weather conditions, which will have positive long-term impacts. The category is considered to be contributing to the claimed objective. To be noted that V.E lacks information on Environmentally Sustainable Agriculture and the related eligible expenditures hence impacting our assessment of the expected benefits' scale and depth for this category.</p>
Renewable Energy	ADVANCED	<p>According to the International Energy Agency³¹, 80% of the Philippines' electricity production in 2019 was based on fossil fuels (with more than 50% on coal), and thus the decarbonization of the electricity mix is a key challenge for the country. The Philippines needs to cut carbon emissions and decarbonize rapidly to achieve its target set in 2021 of reducing GHG emissions by 75% (2.71% unconditional and 72.29% conditional) by 2030³². The expenditures and programs cover Solar, Wind, Geothermal, Biomass and Hydropower projects, which are expected to have a material effect on the Issuer's carbon</p>

²⁷ https://www.climatelinks.org/sites/default/files/asset/document/2017_Climate%20Change%20Risk%20Profile_Philippines.pdf

²⁸ *ibid*

²⁹ *ibid*

³⁰ *ibid*

³¹ <https://www.iea.org/countries/philippines>

³² <https://www.reuters.com/business/environment/philippines-raises-carbon-emission-reduction-target-75-by-2030-2021-04-16/>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
		footprint, provided the selected expenditures and programs are significant in scale. The Issuer has provided a top-level threshold (<100gCO ₂ eq/kWh) covering all technologies defined under the category. The Issuer has committed that the feedstocks will be sourced without depleting existing terrestrial carbon pools and that the projects must protect biodiversity and should not involve the burning of peat. Woody products will be excluded. Taking into account the importance of land use changes recorded in the Philippines in the past, this category still carries potential negative externalities. The category follows the best alternative available in the sector to contribute to the claimed objective.
OVERALL ASSESSMENT	ADVANCED	

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Expenditures Portfolio are considered robust for the Environmental risks and Limited for the social risks.

The effective protection of human rights as well as workers’ and minority rights remains a significant challenge in the Philippines. Therefore, V.E considers that overall the identification and management of the environmental and social risks associated with the Eligible Expenditures are considered limited.

Integration of ESG factors in project tenders

In the Philippines the legal base for public procurement is the Government Procurement Reform Act (GPRA) 2003. In addition, all government department and agencies are required to have Green Procurement Program in place, which is mandated through an Executive Order No.301³³. Departments and agencies are required to submit their respective green procurement programs to the National Ecolabelling Program Board (ELBP), which also acts as a third-party verifier. Implementation of the Philippine Green Public Procurement (GPP) Roadmap, which is a voluntary instrument³⁴, supports this measure as it aims to promote strategies on the integration of green practices harmoniously into the existing procurement processes.

Environmental risks

The Philippines Presidential Decree No. 1586 establishes an environmental impact statement system (EISS), requiring all agencies and instrumentalities of the national government, including government-owned or controlled corporations, as well as private corporations, firms and entities to conduct Environmental Impact Assessment (EIA) for every proposed project and undertaking which significantly affect the quality of the environment³⁵. All environmental risks associated with the projects that are considered environmentally critical are taken into consideration in the preparation and process of the project’s Environmental Impact Assessment (EIA) to secure Environmental Compliance Certificate (ECC).

³³ [Executive Order No. 301, s. 2004 | Official Gazette of the Republic of the Philippines](#)

³⁴ [philippines_green_public_procurement_roadmap.pdf \(oneplanetnetwork.org\)](#)

³⁵ <https://emb.gov.ph/wp-content/uploads/2015/09/PD-1586.pdf>

The ECC contains specific measures and conditions that the project Proponent has to undertake before, during, and after the operation of a project to mitigate the environmental impacts identified in the EIA (e.g., environmental/industrial accidents, noise, odours, vibrations, etc.). Both EIA review and the ECC issuance comes under the purview of the Department of Environmental and Natural Resources (DENR)³⁶. The approving authorities for the ECC applications include DENR Secretary and DENR-EMB Central and Regional Directors depending on the type of projects.

Other key legislative Acts underpinning Philippines' environmental policy include Philippines Clean Air Act of 1999, National Implementation Plan (NIP) to reduce Persistent Organic Pollutants (POP), Clean Water Act of 2004, the Ecological Solid Waste Management Act of 2000, and various Republic Acts (RA) on environmental laws covering biodiversity protection, energy efficiency, waste management and disaster risk management.

DENR is the leading agency for the implementation of Clean Air Act, Clean Water Act and other environmental laws³⁷. DENR is granted with a right to a) entry or access to any premises including documents and relevant materials, b) inspect any pollution or waste source, control device, monitoring equipment or method required, and c) test any emission. Moreover, DENR is required to provide annual updates and reports on the status of implementation of the Clean Air Act to Congress, and make such information and other data obtained through the enforcement of RA 8749 available to the public.

An area of improvement is to maintain an enhanced monitoring mechanism and capacity for the enforcement of the environmental laws.

For enforcement, the DENR had been dependent on law enforcement agencies, particularly the Philippine National Police and the National Bureau of Investigation, in the implementation of environmental laws. It has been working on the plan of creating a permanent enforcement bureau - Environmental Protection and Enforcement Bureau (EPEB) - within the DENR. As DENR awaits the EPEB bill approval, it created the interim Environmental Law Enforcement and Protection Service (ELEPS) in 2021. During DENR's 34th founding anniversary celebration held on 10-June-2021, DENR has declared to be working on installing an enforcement service for the effective protection of our forests and other natural resources³⁸.

With regard to spending on the National Greening Program, V.E. lacks visibility on the sustainable agriculture practices that will be put in place to limit negative environmental impacts.

For eligible expenditures in the Renewable Energy category, the eligibility criteria and in particular the maximum emissions threshold limit the environmental risks. The eligibility criteria regarding the sourcing of feedstocks for biomass projects are not stringent enough to exclude risks related to the protection of biodiversity and natural resources (wood).

Social risks

The social risks associated with the Eligible Green and Social Expenditures are governed under a series of regulations including the health and safety regulations covered under RA 11223 Universal Health Care (UHC) Law³⁹, which mandate the implementation of Health Impact Assessment (HIA) and Health technology Assessment (HTA) for assessing and minimizing health risks of development projects. The Labor Code of the Philippines⁴⁰, issued by Department of Labor and Employment (DOLE), is the law governing fair employment practices. In addition, the Anti-Age Discrimination Act

³⁶ <http://eia.emb.gov.ph/wp-content/uploads/2016/06/Revised-Procedural-Manual-DAO-03-30.pdf>

³⁷ DENR-EMB mandated to implement other environmental laws, i.e., RA 6969, RA8749, RA9003, RA9275 and RA9512.

³⁸ <https://www.denr.gov.ph/index.php/news-events/press-releases/2902-denr-creates-interim-environmental-law-enforcement-office>

³⁹ <https://www.officialgazette.gov.ph/downloads/2019/02feb/20190220-RA-11223-RRD.pdf>

⁴⁰ https://www.dole.gov.ph/php_assets/uploads/2017/11/LaborCodeofthePhilippines20171.pdf

of 2016, the Magna Carta of Women of 2009 and the Indigenous Peoples' Rights Act of 1997 are key Republic Acts that prohibit any form of discrimination.

The relevant authorities with authority to supervise the monitoring of social and governance risks for various types of expenditures include, inter alia

- The Department of Agrarian Reform (DAR) conducting Environmental and Social Assessment (ESA), DOLE-Bureau of Working Conditions monitoring Occupational Safety and Health Standards and providing penalties for violations, Department of Health (DOH)-Health Facilities and Services Regulatory Bureau overseeing health facilities compliance with regulatory standards and The National Housing Authority (NHA) mandating to implement resettlement projects.
- The National Commission for Indigenous Peoples (NCIP), National Council on Disability Affairs (NCDA), Philippine Commission on Women (PCW) are coordinating bodies, advancing respective agendas and steering responsive policy development, advocacy, monitoring and evaluation, and appropriate and strategic technical assistance.

An area of improvement is to ensure that all the Eligible Green and Social Expenditures undergo social impact assessments. In terms of HIA, the NEDA (National Economic and Development Authority), DOH, and DILG (Department of the Interior and Local Government) are finalizing the cost threshold in determining which projects should undergo HIA.

Different programs and projects are provided with implementation guidelines and procedures to ensure target population and beneficiaries are informed. Government agencies are also required to publicize relevant information on their websites. Processes, measures and control systems for various eligible Social Expenditure types include:

- The Executive Order No. 2, series of 2016, requires all executive departments, agencies, bureaus, and offices to disclose public records, contracts, transactions, and any information requested by a member of the public, except for matters affecting national security and other information that falls under the inventory of exceptions issued by the Executive Secretary.
- For projects warranting human relocation and resettlement, the Presidential Commission for the Urban Poor (PCUP), under EO No. 69, is mandated to conduct social preparation activities to prepare the affected families to cope with the changes brought about by government infrastructure or development projects. For projects requiring ICC review/approval, the ICC requires the submission a "Free, prior and informed consent" (FPIC) from the National Commission on Indigenous Peoples (NCIP), as applicable.
- On healthcare for human resources program in health sector, using a balanced scorecard (BSC), a widely accepted approach to monitoring and evaluation (M&E), for the HRH Masterplan⁴¹, assessing a set of high-level quantitative indicators across five dimensions and for each of the strategic objectives of the Masterplan that have been identified.
- For agrarian reform projects, project activities include information and education campaigns to explain how individual title holders can improve agricultural productivity and diversification, enterprise development, access to credit, and market access.
- For social amelioration programs in response to the COVID-19 pandemic, project implementers partner with barangays in identifying and preparing list of qualified beneficiaries based on prescribed guidelines. Listed beneficiaries are updated and profiled through the use of Social Amelioration Cards (SACS) to help eligible families access any SAP from any government agencies, including Department of Social Welfare and Development (DSWD).

In line with the devolution of certain functions of the executive branch to local governments, the Local Government Code of 1991 stipulates that the implementation of social programs is undertaken by local government authorities for a more effective management.

In spite of having numerous legislative measures and regulations in place, the Philippines is regularly called upon to strengthen the means implemented by the government to ensure the effective implementation of laws related to the protection of human rights as well as workers' and minority rights.

⁴¹ https://hrh2030program.org/wp-content/uploads/2020/08/x12.1_HRH2030PH_HRHMasterplan-Full.pdf

In June 2020, the United Nations Office of the High Commissioner for Human Rights (OHCHR) published a report on the human rights situation in the Philippines documenting cases of human rights violations in the Philippines.⁴² The Report made several recommendations related to ensuring full respect for free prior and informed consent (FPIC) at all stages of developing projects that affect indigenous livelihoods and access to education for indigenous children & people. The Report also recommended the Philippines increase monitoring and accountability for the mainstreaming and protection of human rights. In October 2020, the UN Human Rights Council passed a resolution continuing scrutiny of the situation in the country for another two years, but without creating an international investigation.

With regards to workers' rights, according to International Trade Union Confederation (ITUC), the Philippines received a rating of five which means that the country failed to guarantee workers' rights and it was identified by ITUC among the ten worst countries for workers and trade unionists in 2021⁴³.

Regarding Health and Safety in agriculture, the ILO's SafeYouth@Work Project, funded by the United States Department of Labor (USDOL) completed an assessment of the current occupational safety and health (OSH) knowledge, attitudes and behaviour in the Philippines⁴⁴. The report found out "a significant need to improve OSH conditions and practices for young workers, especially in agriculture." Workers are reported to be "exposed to harmful pesticides and chemical fertilizers, suffer injuries and work for long hours".

Concerning Health and Safety related to construction projects, there is evidence that Occupational Health and Safety in Construction needs better implementation systems and procedures.⁴⁵

Regarding the promotion of dialogue with local stakeholders and communities and indigenous rights, despite the provisions included in the Indigenous Peoples' Rights Act, there is evidence from international NGOs and organisations that breaches of indigenous peoples' rights remain a concern.⁴⁶

Regarding the risk of discrimination in access to state social programmes, the eligibility criteria are defined by law, which limits the risk of discrimination. With regard to the equal access to state social protection programs, a World Bank Project Performance Assessment has categorized as "highly satisfactory"⁴⁷ the effectiveness of the Department of Social Welfare and Development (DSWD) in successfully implementing the Pantawid Pamilyang Pilipino Program (4P Program) and functional National Household Targeting System of social protection programs .

However with regard to expenditure on universal health coverage, the Philippine Health Insurance Corp. (PhilHealth) has faced, in November 2021, allegations of late payment of claims⁴⁸ and the Commission on Audit (COA) was asked to disclose its 2020 Audit Report on the Philippine Health Insurance Corp. (PhilHealth) to give lawmakers "a clear picture" of PhilHealth's state of finances⁴⁹. In response to the controversy, PhilHealth, formed a stakeholder-led Technical Working Group⁵⁰ and initiated a claims processing improvement strategy⁵¹ in order to formalize its commitment to enhance the information system and address the payments issue while increasing the number of staff dedicated to claims management.

⁴² <https://undocs.org/en/A/HRC/44/22>

⁴³ Source: ITUC Global Rights Index 2021 <https://www.globalrightsindex.org/en/2021> and ITUC_GlobalRightsIndex_2021_EN_Final.pdf (mutualcdn.com)

⁴⁴ https://www.ilo.org/manila/public/WCMS_629311/lang-en/index.htm

⁴⁵ <https://www.pna.gov.ph/articles/1122675>

⁴⁶ <https://www.business-humanrights.org/en/latest-news/pdf-free-prior-and-informed-consent-in-the-philippines-regulations-and-realities/>
<https://s3.amazonaws.com/oxfam-us/www/static/media/files/fpic-in-the-philippines-september-2013.pdf>

https://www.amnesty.org.uk/files/2017-12/Deadly%20but%20Preventable%20Attacks_0.pdf?6yDmnqIr4tg5O90uebKUmm2pQMx3gQJU

⁴⁷ <https://ieg.worldbank.org/news/how-establish-nationwide-social-protection-program-five-lessons-philippines>

⁴⁸ <https://cnnphilippines.com/news/2021/11/5/PhilHealth-P20-billion-payment-hospitals.html>

⁴⁹ <https://businessmirror.com.ph/2021/11/08/poe-presses-coa-to-disclose-audit-report-on-philhealths-financial-standing/>

⁵⁰ https://www.philhealth.gov.ph/news/2021/claims_issues.pdf

⁵¹ Document available to investors upon request

Business ethics & corruption

Public sector projects need to respect business ethics, complying with various policies and systems including the Anti-Graft and Corrupt Practices Act,⁵² which penalizes any public officer or private person committing any acts that constitute graft or corrupt practices as specified by the law. The Government Procurement Reform Act⁵³ provides transparency in the procurement process and in the implementation of procurement contracts. This is done through wide dissemination of bid opportunities and participation of pertinent non-government organizations in the procurement process. It also provides a system of accountability where both the public officials directly or indirectly involved in the procurement process. When warranted by circumstances, they are investigated and held liable for their actions.

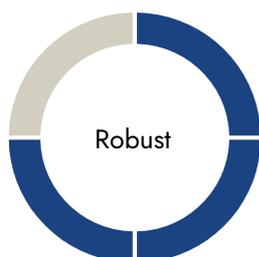
The Philippines has anti-competition laws (the Republic Act 10667 or the Philippine Competition Act), a National Competition Policy that applies to all national government agencies, government-owned or -controlled corporations (GOCCs)⁵⁴, and a Republic Act 9485 (the Anti-Red Tape Act of 2007) which specifically prohibits facilitation payments, deterring public officer from fixing and/or colluding with fixers in consideration of economic and/or other gain or advantage. All eligible projects are subject to the review of the Commission on Audit.

⁵² RA 3019

⁵³ The 2016 Revised Implementing Rules and Regulations of the Government Procurement Reform Act (Republic Act No. 9184)

⁵⁴ <https://www.phcc.gov.ph/press-releases/ncp-ao44/>

ISSUER



Level of ESG performance

According to the *Sovereign Sustainability Rating* © last updated by V.E (Vigeo Eiris) in November 2021, the Philippines received a rating of 55/100 which indicates an overall robust sustainability performance. The Philippines ranks 112nd out of 178 countries rated in our global sovereign sustainability index, and 5th out of 10 ASEAN countries⁵⁵ rated by V.E⁵⁶.

V.E's assessment of the Issuer's sustainability performance is based on publicly available information and statistics derived from sources that have been agreed for use in the data collection and rating methodologies for the Sovereign Sustainability Rating.

By sustainability pillar, the Philippines has a robust performance in the Environmental pillar (57/100), a limited performance in the Social pillar (44/100), and an advanced performance in the Governance pillar (64/100).

DOMAIN	COMMENTS	OPINION
Environment	<p><u>The Philippines's performance on the Environmental pillar is considered robust.</u></p> <p>The Philippines has a robust performance in the Environmental Responsibility pillar, with a score of 57/100 placing the country in the third quartile in V.E's rated sovereign universe (90th out of 178) and the fourth among the ten ASEAN countries.</p> <p>At the time of the evaluation, the Philippines has ratified key international environmental conventions included in our rating framework, including the Paris Agreement, the Convention on Biological Diversity, the United Nations Framework Convention to Combat Desertification, the Ramsar Convention on Wetlands, the Stockholm Convention on persistent organic pollutants, and the Convention on International Trade in Endangered Species.</p>	Advanced

⁵⁵ There are 10 countries that are members of the Association of Southeast Asian Nations (ASEAN): Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Source <https://asean.org/about-asean/member-states/>. All these countries are rated by V.E in the Sovereign Sustainability Rating.

⁵⁶ Note: The Issuer has not been subject to a review of its ability to mitigate sustainability risks based on the review of stakeholder opinion.

	<p>In its 2021 National Determined Contribution (NDC), the Philippines commits to a projected 75% reduction & avoidance of GHG emissions in high emitting sectors (agriculture, waste, industry, energy and transport) for the period 2020 to 2030, of which 2.71% is unconditional and 72.29% is conditional on aid under the Paris Agreement.⁵⁷</p> <p>The Philippines has the third lowest carbon intensity per unit of economic output (0.2 kg per PPP USD of GDP⁵⁸), and the third lowest CO2 emissions per capita (1.33 metric tons⁵⁹) in the ASEAN group – however, the latter has recorded a deteriorating trend over the last ten years.</p> <p>Like in most ASEAN countries, the Philippine economy is highly dependent on generation and consumption of fossil fuels. According to World Bank data (2015 latest available), over 75% of the electricity generated is derived from coal, oil and natural gas compared to 25% from renewables including hydropower.⁶⁰ With energy demand rapidly on the rise due to population growth & the development of sectors of the economy, carbon emissions are likely to soar unless the Philippines is quick to diversify the energy mix through substantial investments in renewable energy.</p> <p>Areas related to urban air pollution, preservation of water resources, protection of threatened species and transition to green growth also need improvement. Urban pollution levels are slightly above the average compared to ASEAN peers – e.g. the country’s annual mean levels of fine particulate matter (PM2.5) in cities (population weighted) was 23.7 microgram/m3 in 2016.⁶¹ Renewable internal freshwater resources available per capita have decreased over the past ten years and are the fourth lowest among the ASEAN economies at 4,554 cubic meters,⁶² indicating the country is facing an overall increasing level of water stress. High exposure to climate-related physical risks means that the Philippines urgently needs to adapt and innovate when it comes to water consumption, supply and conservation infrastructure.</p> <p>The Philippines has a mixed performance regarding biodiversity protection. The country has developed a reasonable coverage of protected areas aimed to safeguard its rich terrestrial and marine biodiversity. Relative to the ASEAN peers, the Philippines has an average proportion of sites that are important for terrestrial biodiversity which are covered by protected areas (41.6% in 2020⁶³). However, the country’s biodiversity has continued to decline over the years, as shown by the Red List Index’s deteriorating long-term trend (0.67 in 2021 from 0.75 in 2000).⁶⁴</p> <p>Agriculture is the second source of the greenhouse gas emissions in the Philippines. The country needs to intensify efforts to develop sustainable agricultural practices – only a small proportion of agricultural land is covered by organic or sustainable agricultural practices (1.35% in 2019),⁶⁵ while the use of fertiliser of 169 kilograms per hectare of arable land is the fourth highest relative to ASEAN peers.⁶⁶</p>	Robust
		Limited
		Weak

⁵⁷ The Philippines’s NDC, 2021 <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Philippines%20First/Philippines%20-%20NDC.pdf>.

⁵⁸ Source : <https://data.worldbank.org/indicator/EN.ATM.CO2E.PP.GD>

⁵⁹ Source : <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC>

⁶⁰ In the Sovereign Sustainability Rating, V.E uses underlying data from the World Bank in order to assess the generation of electricity from various energy sources. Source : Electricity production from coal, oil, gas, hydroelectric & renewable sources, World Development Indicators <https://databank.worldbank.org/reports.aspx?source=world-development-indicators>

⁶¹ Source : <http://unstats.un.org/sdgs/indicators/database/?indicator=11.6.2>

⁶² Source : <https://data.worldbank.org/indicator/ER.H2O.INTR.PC>

⁶³ Source : <https://unstats.un.org/sdgs/indicators/database/>

⁶⁴ The Red List Index measures changes in aggregate extinction risk across groups of species and it is expressed on a scale from 1 (maximum contribution) to 0 (minimum contribution, equating to all species in the country having gone extinct) that the country can make to global species survival. Source: <http://unstats.un.org/sdgs/indicators/database/?indicator=15.5.1>

⁶⁵ Country agri-environmental / land use indicators. Source: <http://www.fao.org/faostat/en/#data/EL>

⁶⁶ Source : <https://data.worldbank.org/indicator/AG.CON.FERT.ZS>

Social	<p><u>The Philippines's performance on the Social pillar is considered limited.</u></p> <p>The Philippines has a limited performance in the Social Responsibility pillar, with a score of 44/100. The country ranks in the third quartile in V.E's rated sovereign universe (126th out of 178) and the ninth among the ten ASEAN countries. With a population of 109.6 million⁶⁷ and a GDP of USD 9,291 per capita (2019),⁶⁸ the Philippines is identified as a country with high human development by the Human Development Index (HDI). Relative to ASEAN peers, the country has the second highest ratio of population living below the national poverty line (16.7% in 2018).⁶⁹</p>	Advanced
	<p>The Philippines has high enrolment and survival to the last grade rates for primary education, however, the enrolment grade for secondary education (66% in 2015) is the fourth lowest in the ASEAN group.⁷⁰ Pre-pandemic youth unemployment (6.7% in 2019) was lower, while total labor force rate (3.4% in 2020) was slightly higher, than the ASEAN average, but both recorded ameliorating long-term trends.⁷¹</p>	Robust
	<p>Income inequality in the Philippines is high, with a Gini coefficient of 42.3 (2018), the lowest among the seven ASEAN countries for which data is available, and poverty levels which have remained stable over the last ten years.⁷² The Philippines has ratified most ILO Conventions safeguarding workers' rights, except the ones on minimum wage fixing, workers' representatives and occupational health and safety. According to International Trade Union Confederation (ITUC), the Philippines received a rating of five which means that the country did not guarantee workers' rights and it was among the ten worst countries for workers and trade unionists in 2021.⁷³</p> <p>The Philippines fares below the ASEAN average in most areas related to healthcare accessibility. According to pre-pandemic statistics, the country had a low availability and use of health services, with 1 hospital bed per 1,000 people (2014) and below average density of medical staff (4.9 nurses per 1,000 people in 2018, and 0.6 physicians per 1,000 people in 2017).⁷⁴</p>	Limited

⁶⁷ Population (total), Source: <https://data.worldbank.org/indicator/SP.POP.TOTL>

⁶⁸ Source: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

⁶⁹ Poverty headcount ratio at national poverty lines (% of population), Source: <https://data.worldbank.org/indicator/SI.POV.NAHC>

⁷⁰ Source: <https://data.worldbank.org/indicator/SE.SEC.NENR>

⁷¹ Source: [Unemployment, youth total \(% of total labor force ages 15-24\) \(modeled ILO estimate\) | Data \(worldbank.org\)](https://data.worldbank.org/indicator/SE.SEC.NENR) and [Unemployment, total \(% of total labor force\) \(modeled ILO estimate\) | Data \(worldbank.org\)](https://data.worldbank.org/indicator/SE.SEC.NENR)

⁷² Source: <https://data.worldbank.org/indicator/SI.POV.GINI>

⁷³ Source: ITUC Global Rights Index 2021 <https://www.globalrightsindex.org/en/2021> and [ITUC_GlobalRightsIndex_2021_EN_Final.pdf \(mutualcdn.com\)](https://www.globalrightsindex.org/en/2021)

⁷⁴ Source: Hospital beds (1,000 people) <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS>; Nurses & midwives per 1,000 people <https://data.worldbank.org/indicator/SH.MED.NUMW.P3>; Physicians per 1,000 people <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS>. WHO estimates 2.5 medical staff per 1,000 people are needed to provide adequate coverage with primary care intervention. https://www.who.int/whr/2006/whr06_en.pdf?ua=1

	<p>Regarding gender equality, the Philippines has a mixed performance. According to the Social Institutions and Gender Index (SIGI), the Philippines recorded very high levels of gender discrimination against women in social settings (0.53 in 2019).⁷⁵ Conversely, the country has the second highest share of women in the political life in ASEAN (27.9% in 2020).⁷⁶</p> <p>The Philippines scores limited on indicators related to the promotion of healthy lives and access to a balanced nutrition. Life expectancy at birth is the fourth lowest relative to ASEAN peers, while child mortality rates are higher than the ASEAN average. Malnutrition and stunting among children under-five years of age are widespread – the proportion of stunted under-five is the fourth highest (30.3% in 2018), while the malnutrition rate is the third lowest (5.6% in 2018) in the ASEAN group.⁷⁷</p>	Weak
Governance	<p><u>The Philippines's performance on the Governance pillar is considered advanced.</u></p> <p>The Philippines has an advanced performance in the Governance Responsibility pillar with a score of 64/100. The country ranks in the third quartile in V.E's rated sovereign universe (113rd out of 178) and the first among the ten ASEAN countries.</p> <p>The Philippines has ratified fundamental conventions relating to human rights, children's rights, non-discrimination (on most grounds) and labor rights including forced labor, freedom of association and collective bargaining, as well as most treaties that prohibit and prevent the proliferation of weapons. The Philippines has signed but not ratified the Arms Trade Treaty. The country abolished the death penalty for all crimes.⁷⁸</p> <p>The Philippines scores limited in areas related to the promotion of rule of law, control of corruption and political stability that are measured by the Worldwide Governance Indicators, where it has recorded deteriorating long-term trends. Areas that measure government effectiveness and regulatory quality have a robust performance and ameliorating trends over the past ten years.⁷⁹</p> <p>The Philippines ranked as the 127th most peaceful country in 2019 in the Global Peace Index (GPI) – according to the Institute for Economic and Peace, in the Asia-Pacific region, the experience of violence was highest in the Philippines, where over 28 per cent of people who were included in poll responses reported that they, or someone they knew, suffered serious harm from violent crime in the last two years.⁸⁰ The Philippines is assessed as Partly Free in the Freedom in the World 2021.⁸¹</p> <p>According to Coface, the political and economic outlook in the Philippines poses a highly moderate risk for corporate credit defaults as the economic activity recovered</p>	<p>Advanced</p> <p>Robust</p> <p>Limited</p>

⁷⁵ Source: <https://www.genderindex.org/2019-categories/>

⁷⁶ Labor force participation rate, female <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>; Proportion of seats held by women in national parliaments (%) <https://data.worldbank.org/indicator/SG.GEN.PARL.ZS>

⁷⁷ Based on V.E analysis of UN SDG Indicators 2.2.1 and 2.2.2. Source: <https://unstats.un.org/sdgs/indicators/database/>

⁷⁸ Source: <https://www.amnesty.org/en/location/asia-and-the-pacific/south-east-asia-and-the-pacific/philippines/>

⁷⁹ Source: Worldwide Governance Indicators (WGI) <https://info.worldbank.org/governance/wgi/>. V.E calculates performance trends where underlying historical data is available at the source.

⁸⁰ The Global Peace Index (GPI) scores 169 countries on a scale of 1-5, where 1 is most peaceful and 5 is least peaceful. Source: <https://www.visionofhumanity.org/wp-content/uploads/2021/06/GPI-2021-web-1.pdf>

⁸¹ Source: <https://freedomhouse.org/country/philippines/freedom-world/2021>



	<p>in the first half of 2021. A growing budget deficit linked to widening expenses on infrastructure projects and social services supporting the health system, social welfare and employment programs further poses downside risks to the country’s fragile economic recovery.⁸²</p> <p>The adjusted net savings, including damage from particulate emission pollution (% of GNI), have recorded a stable trend over the last ten years. With a high estimate (19.1% in 2019), the Philippines ranks the fourth highest among ASEAN peers indicating a slower run down in the country’s overall resources and wealth.⁸³</p>	Weak
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⁸² V.E (Vigeo Eiris) uses country risk analysis published by Coface to assess the country’s business resilience to market risks. Source: <https://www.coface.com/Economic-Studies-and-Country-Risks/Mexico>

⁸³ Adjusted Net Saving (ANS) was developed as an indicator to approximate the change in wealth—based on simple economic theory in which savings equals investment, and investment equals the change in wealth. ANS measures gross national savings, adjusted for gains (spending on education) and losses (consumption of fixed capital, depletion of subsoil assets and forests, pollution damages). Source: <https://data.worldbank.org/indicator/NY.ADJ.SVNG.GN.ZS>

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2021 ("GBP") and the Social Bond Principles - June 2021 ("SBP"), the LMA/APLMA/LSTA's Green Loan Principles – February 2021 ("GLP") and Social Loan Principles – April 2021 ("SLP) and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;⁸⁴
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

The analysis of the issuer's sustainability performance is derived from V.E's Sovereign Sustainability Rating, a proprietary rating framework which provides scores, data and information about the Environmental, Social and Governance (ESG) performance of countries. The rating framework is anchored in globally recognised standards and country statistics, and is organised within three equally weighted pillars, 17 factors (sub-domains), 56 criteria and 172 indicators, which are divided between:

- a) Engagement indicators that measure the level of commitment of a country towards sustainability norms and standards endorsed by globally recognised treaties and conventions (e.g. UN treaties, ILO conventions, OECD standards), and
- b) Results indicators that measure the actions undertaken, or the results achieved, by a country across a wide range of ESG factors.

The 172 indicators have been chosen due to their universal applicability and relevance in reflecting the country's level of sustainability in the areas they measure. For each indicator, we source country data and information from authoritative sources available in the public domain, which offer comparable data and statistics for a wide coverage of countries and have regular data updates (e.g. United Nations agencies, the World Bank, the OECD, the World Resources Institute, Coface, the Freedom House, Amnesty International and Transparency International).

The indicators included in our rating framework are also mapped against the Sustainable Development Goals (SDGs), the global blueprint set up in 2015 by the United Nations (UN) and agreed upon by the UN member states as part of the Agenda 2030 for a fairer, greener and more sustainable future. V.E's Sovereign Sustainability Rating provides the assessment of the ESG performance and sustainable development needs of countries, which goes beyond the scope of the Green/Social/Sustainability/Sustainability-linked bond/loan.

⁸⁴ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

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