



Sustainable Finance Framework

Republic of Philippines

November 2021



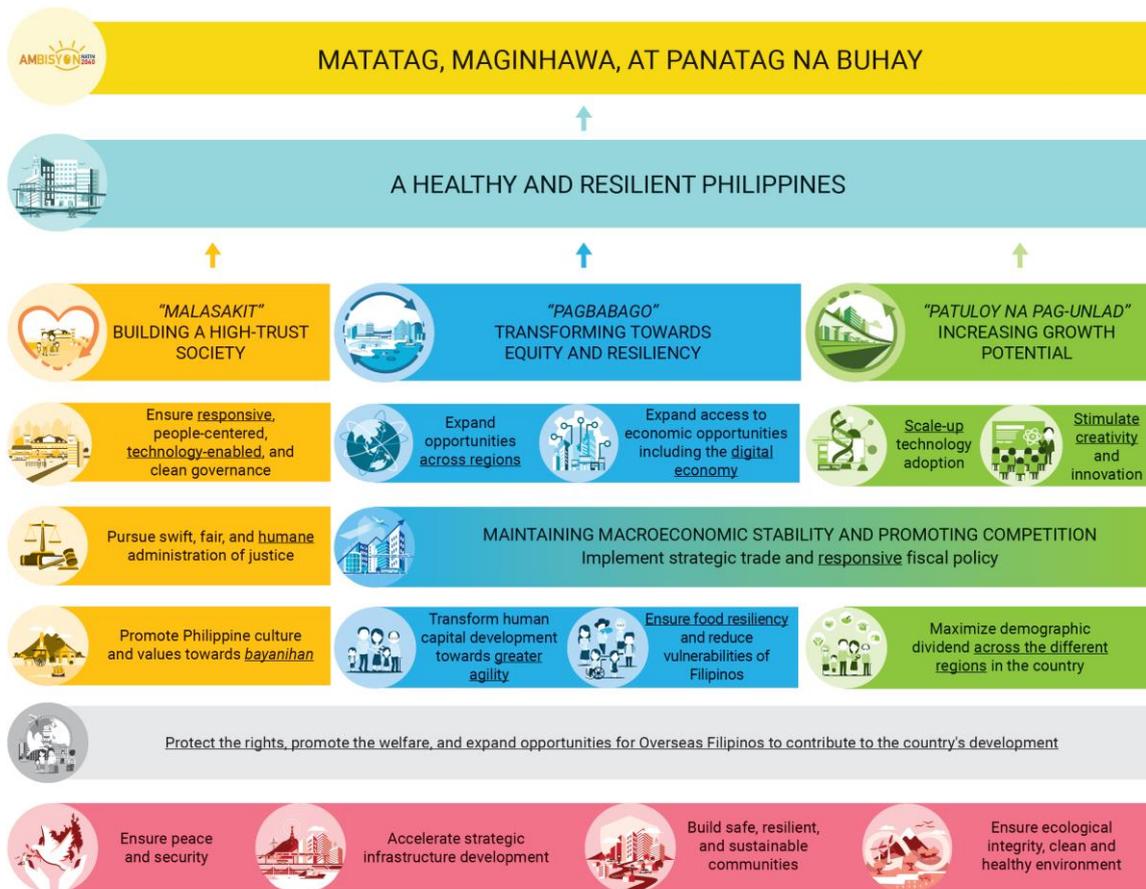
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1. Introduction

Every citizen aspires to enjoy a “*matatag, maginhawa, at panatag na buhay.*” This is *AmBisyon Natin 2040*. Sensitive to these aspirations, the Duterte administration has embraced the mission to enable and empower every citizen to achieve his or her *AmBisyon*. The Philippine Development Plan (PDP) 2017-2022 was formulated to lay down the foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. This foundation is intended to be strong enough for the next three development plans to build on. The PDP, which updated in 2021 (Figure 1), focuses on building resilience and includes strategies responding to the challenges brought about by the COVID-19 pandemic.

Figure 1: PDP 2017-2022 Strategic Framework (Updated 2021)



Source: pdp.neda.gov.ph

The strategies of the updated 2021 PDP 2017-2022 fall under the three major pillars of building a high-trust society, transforming towards equity and resiliency, and increasing the growth potential.

During the first three years, a number of needed reforms have been enacted. The reforms have been game-changing and the desired social and economic outcomes were achieved, even surpassing the targets at times. This primarily stems from the conscious effort to include social protection components as part of the reform program. This was done to cushion the expected adverse, though temporary, effects thereby increasing support to the reform.

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Almost four years in, the Philippines was on its way to becoming an upper-middle-income country, until the once-in-a-century global pandemic, caused by the coronavirus disease 2019 (COVID-19), struck. The immediate response was to save lives by first restricting social and economic activities to limit the spread of the virus, while improving the country's health system capacity.

The health system capacity has since been substantially improved. However, the social and economic restrictions had adverse social and economic consequences. The challenge at hand is to muster, as quickly as possible, an economic turnaround. And much depends on being able to manage the risks and transition to the "new normal."

Even at this time of COVID-19 global pandemic, the country has been benefitting from the reforms enacted and already implemented (e.g., Rice Tariffication Law, Sin Tax Reform Law, Ease of Doing Business and Efficient Government Service Delivery Act, Tax Reform for Acceleration and Inclusion, Telecommuting Act, Social Security Act of 2018, Balik Scientist Act, etc.). A more accelerated timeline concerning the other reforms would have substantially built up the country's resilience (e.g., PhilSys Act, Universal Health Care Act, Philippine Innovation Act, entry of a third telecommunications provider, Free Internet in Public Spaces Act, etc.). This pandemic also lends urgency to crucial reform initiatives that will encourage strategic industries to locate in the country (e.g., amendments to the Foreign Investment Act, Public Service Act, and the Retail Trade Liberalization Act, and the Corporate Recovery and Tax Incentives for Enterprises (CREATE)). CREATE has been enacted into law for this purpose. Over the immediate term, there is a need to address financial risk that may have worsened because of the mobility restrictions imposed to contain COVID-19. The enacted Financial Institutions Strategic Transfer (FIST) law and proposed Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) law are designed to manage such risks.

We are 20 years away from 2040. While there seems to be ample time to catch up on the targets related to *AmBisyon*, recent developments have shown that social and economic gains can easily be reversed. Hence, together with economic recovery, building resilience is now the urgent and important development objective. Being resilient, after all, is an essential component of the *AmBisyon*: having a secure future (*panatag na buhay*).

The PDP is also accompanied by the Public Investment Program (PIP) 2017-2022 which contains a list of priority programs and projects, updated annually, to be implemented within the medium term by the national government, government-owned and controlled corporations, government financial institutions, and other national government offices and instrumentalities that contribute to the achievement of the PDP.

The 2021 National Budget proposed by the Duterte Administration continued to demonstrate the ROP's commitment to the PDP and UN SDGs. Three spending priorities have been identified in the 2021 budget, including RESET (responding to the pandemic), REBOUND (reviving infrastructure development), and RECOVER (adapting to the post-pandemic life). The RESET spending encompasses ROP's health sector budget which amounted to PhP221.1 billion, while REBOUND reflects ROP's continued focus on the national infrastructure flagship program, "Build, Build, Build Program". Meanwhile, RECOVER has set out key spending programs that focus on food security, industry and livelihood, education, social protections, as well as governance.

2. Committed to UN Sustainable Development Goals (SDGs)

The Republic of Philippines has been a strong supporter of the 2030 Agenda for Sustainable Development, including the 17 Sustainable Development Goals (SDGs).

The Partnership Framework for Sustainable Development (PFSD) supports the national long-term vision and maps directly and indirectly into Philippine Development Plan priorities, organizing its strategic contributions through a 2030 Agenda lens. It builds on decades of close cooperation between the Philippines and the United Nations for the achievement of national and global development objectives, focusing on areas where the capacities of the UN, when working across mandates, will have the greatest impact to leave no one behind. As an initial investment in the longer-term UN support to 2030 Agenda, it recognizes the strengths and capacities of the Philippine government and focuses on historically challenging areas that are foundational to SDGs to complement Philippines-led efforts towards acceleration.

3. Climate Change Strategy

In response to the urgency for action on climate change, the Philippines passed Republic Act 9729, also known as the Climate Change Act of 2009, anchored on the constitutional provision which states that “it is the policy of the State to afford full protection and the advancement of the right of the people to a balanced and healthful ecology” in order to fulfil human needs while maintaining the quality of the natural environment for current and future generations.

Following the passage of the Republic Act 9729, The National Framework Strategy on Climate Change (NFSCC) was adopted in April 2010. In line with the guiding principles provided by the NFSCC, the National Climate Change Action Plan (NCCAP) was formulated outlining the country’s agenda for adaptation and mitigation for 2011 to 2028. It 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. Monitoring and evaluation are also important aspects of the NCCAP, with monitoring to be set annually and evaluation every three years.

In April 2021, The Republic of the Philippines submitted its Nationally Determined Contribution (NDC) in accordance with Decision 1/CP.21 of the Conference of Parties of the UNFCCC with the objective to reduce greenhouse gas emissions by 75% by 2030. The NDC conveys the country’s progressive climate change mitigation commitment and adaptation challenges and requirements, including addressing residual loss and damage, in pursuit of low carbon, sustainable, and climate and disaster-resilient development.

4. Sustainable Finance Framework

The Republic of Philippines’ (“ROP”) has established this Sustainable Finance Framework (“Framework”) to support its sustainability commitments, and to set out how it intends to raise Green, Social or Sustainability Bonds, Loans and other debt instruments (“Sustainable Financing Instruments”). With this Framework, and any financing under this Framework that may follow, ROP intends to contribute to the development of the Sustainable Financing market domestically

in the Philippines.

The Sustainable Financing Instruments will fund Eligible Social Projects, Eligible Green Projects that conform to the sustainable finance principles listed below:

- International Capital Market Association (“ICMA”)’s Green Bond Principles (“GBP”) 2021¹; Social Bond Principles (“SBP”) 2021²; Sustainability Bond Guidelines (“SBG’s”) 2021³;
- ASEAN Green Bond Standards (“GBS”), issued by the ASEAN Capital Markets Forum (ACMF) in October 2018⁴, and/or
- Loan Market Association (“LMA”) Green Loan Principles (“GLP”) 2021⁵ and/or LMA Social Loan Principles (“SLP”) 2021⁶.

ROP has also taken care to follow the United Nations Environment Programme (“UNEP”)’s Sustainable Blue Economy Finance Principles (“SBEFP”) in respect of asset categories in relation to sustainable blue economy.

The following are the four core components of these principles

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting; including a reference to External Reviews

Sustainable Financing Instruments issued under this Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

4.1. *Use of Proceeds*

The ROP intends to allocate an amount equivalent to the net proceeds raised from any Sustainable Financing Instrument issuance to finance and/or refinance, in whole or in part, expenditures that meet the Eligibility Criteria set out below (“Eligible Social Expenditures” and “Eligible Green Expenditures”).

Eligible Social Expenditures, and/or Eligible Green Expenditures can include direct or indirect investments, subsidies, support schemes, incentive mechanisms or tax foregone (or a combination thereof such expenditures) and selected operational expenditures. Such Eligible Social Projects and/or Eligible Green Projects exclude any contributions from other stakeholders.

The tables below outline the categories of Eligible Social Expenditures and Eligible Green

¹ ICMA Green Bond Principles, June 2021, <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² ICMA Social Bond Principles, June 2021, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp>

³ ICMA Sustainability Bond Guidelines, June 2021 <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

⁴ In alignment with ACMF Green Bond Standards, October 2018, <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>

⁵ LMA Green Loan Principles, February 2021, <https://www.lsta.org/content/green-loan-principles/>

⁶ LMA Social Loan Principles, April 2021, <https://www.lsta.org/content/social-loan-principles-slp/>

Expenditures (together “Eligible Expenditures”). The Eligible Expenditures are limited to government expenditures that occurred no earlier than 24 months to issuance, the budget year of issuance, and two budget years following issuance.

Eligible Social Expenditures

Project Category	Eligibility Criteria
<p>Access to Essential Services</p> 	<p>Healthcare 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 (i.e. research support to local scientists)</p> <p>Education Development and operation of schools, training centres and related facilities, including digital learning platforms, as well as training labour force, in order to improve quality of and access to 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>Affordable Infrastructure</p> 	<p>Programs delivering infrastructure to rural areas to minimize disparities between regions or benefitting disadvantaged populations, including</p> <ul style="list-style-type: none"> • Construction, reconstruction, rehabilitation and upgrading of roads to provide access to less connected areas • Construction telecommunication equipment for underserved and unconnected populations • Providing access to basic sanitation systems including septic tanks • Construction, maintenance of equipment e.g. pipework for supply of clean water • Provision of electrification facilities <p><i>Target Beneficiaries: Rural Areas, Underserved and Unconnected Populations, Barangays (smallest administrative division/villages)</i></p>
<p>Food Security</p> 	<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 production subsidies to small and medium farmers for basic food products</p> <p><i>Target Beneficiaries: General Population, including farmers and disadvantaged populations</i></p>
<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 improvement, including provision of MSME loans and access to technology</p> <p><i>Target Beneficiaries: MSMEs⁷</i></p> <p>Programs that provide employment and entrepreneurship opportunities to displaced, disadvantaged and unemployed workers</p> <p><i>Target Beneficiaries: Informal Sector Workers, Poor, Vulnerable and Marginalized Workers, Eligible beneficiaries of the DILP programme⁸</i></p>

⁷ 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>

⁸ <https://bwsc.dole.gov.ph/programs-and-projects-submenu1/dileep.html>

	
<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)</p> <p><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 persons with disabilities</i></p>
<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; and <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>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, etc, 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>

Eligible Green Expenditures

Project Category	Eligibility Criteria
<p>Clean Transportation</p> 	<p>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)</p> <ul style="list-style-type: none"> • Only electrified light rail and mass rapid transit infrastructure will be included
<p>Climate Change Adaptation</p>  	<p>Projects that improve Disaster Risk Reduction and Management (DRRM), resilience of biological and ecological systems against impacts of climate change including</p> <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

	<ul style="list-style-type: none"> • Broader DRRM initiatives due to climate change
<p>Environmentally sustainable management of living natural resources and land use</p> 	<p>Environmentally sustainable agriculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural terrestrial and marine landscapes.</p> <p>The protection of coastal, marine and watershed environments</p>
<p>Renewable Energy</p> 	<p>Projects to support the manufacturing, development, installation, operation, transmission and distribution of renewable energy, including:</p> <ul style="list-style-type: none"> • Solar • Wind • Geothermal (<100gCO₂/kWh) • Biomass (<100gCO₂/kWh and sustainable feedstock only⁹) • Hydropower (<100gCO₂/kWh or power density of >5W/m²)

⁹ ROP ensures 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.

Exclusions

For the avoidance of doubt, any expenditure related to the following activities will be excluded from Eligible Social Projects and Eligible Green Projects:

- 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; and
- 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;
- Involuntary resettlement and impact on livelihood (i.e. demolition of residential communities);
- Projects which would affect ethnic minorities/indigenous people and the lands they own or claim;
- Projects located near any protected areas

4.2. *Process for project evaluation and selection*

The evaluation and selection of the Eligible Expenditures is performed on an annual basis, or as needed, by an Interagency Technical Working Group on Sustainable Finance (TWG-SF) under the ROP's Development Budget Coordination Committee. The TWG-SF comprises of senior representatives from the Department of Finance (DOF), Bureau of the Treasury (BTr), National Economic Development Authority (NEDA) and Department of Budget and Management (DBM). The TWG could also be aided by sectoral experts from industries and academia, who could either be included as members of the TWG, or constituted/invited as consultants and/or advisors. The TWG will engage as resource institutions other national government agencies (NGAs) whose budgets include programs, activities, and projects (PAPs) which may be considered as Eligible Expenditures, including 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 Sustainable Financing Instruments will fund Eligible Social Projects and/or Eligible Green Projects.

The 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 Projects and/or Eligible Green Projects set out in Section 4.1. of this Framework. The PAPs approved as Eligible Social Projects and/or Eligible Green Projects by the TWG-SF may be listed under the Use of Proceeds of any Sustainable Financing Instrument issued under this Framework. Specifically, for Eligible Green Expenditures, each department may take into consideration the PAPs that it has "tagged" for the climate change and adaptation budget tagging process.

The DOF, as a member of the TWG-SF, is in charge of coordinating this process, and the relevant NGAs will be responsible for providing the requested documents and any further information to verify eligibility.

The TWG-SF may consult with other NGAs in carrying out its responsibilities. Selected representatives from the main departments in charge of the execution of the public budget, and/or departments responsible for the projects being considered may form a part of the TWG-SF on a case-by-case basis, for the purposes of the Process for Project Evaluation and Selection under this Framework.

The TWG-SF will maintain notes and records of all Eligible Social Projects and/or Eligible Green Projects selected and to be funded by each Sustainable Financing Instrument issued.

The TWG-SF will monitor that Eligible Social Projects and/or Eligible Green Projects continue to meet the Eligibility Criteria set in the Framework 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 Projects and/or Eligible Green Projects which are funded by ROP's Sustainable Financing Instruments. The TWG-SF will also facilitate regular reporting on any Green issuance in alignment with our Reporting commitments.

To accommodate for potential changes to Eligible Expenditures, the composition of the TWG-SF may change in the future.

4.3. *Management of proceeds*

The ROP, through the DOF and BTr, intends to allocate an amount equal to the net proceeds of all Green, Social and Sustainable Bonds issued under this Framework to funding Eligible Green and Social Projects and will, on an ongoing basis, monitor the allocated funds as a part a formal internal process thereafter. The DOF and BTr will be tasked to ensure that the allocation of proceeds does not allow for listing of the same Eligible Green and Social Project twice.

The BTr, as a member of the TWG-SF, is responsible for the management of proceeds, tracking the Eligible Projects and allocations matched to the amount equivalent to the net proceeds of the outstanding bonds issued under this Framework. The net proceeds of any Sustainable Financing Instrument will be transferred to the government treasury reserve account of the ROP. The BTr

shall maintain an allocation register (the “Register”) to record the allocation of each Sustainable 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.

In the event where some expenditures would be withdrawn from the portfolio of eligible expenditures¹⁰, the ROP will reallocate the specific proceeds to other eligible expenditures which are compliant with the Eligibility Criteria, as soon as reasonably practicable.

In the event proceeds raised are not immediately and fully allocated to Eligible Expenditures, the BTr will manage the unallocated proceeds in line with its cash management policies.

4.4. Reporting

The ROP intends to provide an Allocation and Impact Report for any Sustainable Financing Instrument issued under this Framework. There can be strong coordination with the NEDA Sub-committee for SDGs in disseminating the results of the Allocation and Impact Report among the members of the Sub-committee. The Reports will be published within one year of issuance of any Green, Social and Sustainability Bond, and annually thereafter until full allocation, and as necessary in the event of any material changes. The Reports will be made publicly available via the following links: <https://www.dof.gov.ph> and <https://www.treasury.gov.ph>.

4.4.1. Allocation Reporting

The Allocation Report may include:

- Amount of net proceeds raised
- Balance of unallocated net proceeds
- Total amount of net proceeds allocated per Eligible Expenditure
- Details of the split between financing and refinancing

4.4.2. Impact Reporting

Where feasible, the TWG-SG will aim to report on the estimated environmental and social impacts arising from the implementation of the Eligible Social Projects and/or Eligible Green Projects, in coordination with the concerned implementing NGAs.

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.

The impact reporting will also provide information on the methodology and assumptions used for calculation of the impact metrics.

The ROP will align, on a best effort basis, the impact reporting with the portfolio approach described in “Handbook – Harmonized Framework for Impact Reporting (June 2021) or its succeeding publications.

Examples of indicators and metrics include (but are not limited to) and subject to availability of

¹⁰ In case of budgetary adjustments, delayed disbursements, or in the event where identified expenditure would cease to fulfil the eligibility criteria

data and confirmation by the concerned implementing NGAs):

Eligible Sustainable Project Categories	Impact Reporting Metrics
Social Project Categories	
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 Tertiary Education Subsidy (TES) and Free Higher Education (FHE)) • Number of graduates and certification rate (for Training for Work Scholarship Program and Special Training for Employment Program)
Affordable Infrastructure	<p style="text-align: center;">Basic</p> <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)

	<ul style="list-style-type: none"> • Decrease in morbidity among population/HH due to water-borne related diseases (%)
Food Security	<ul style="list-style-type: none"> • Number of people benefitted • Number of farmers benefitted
Employment Generation	<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 Science and Technology (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
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)
Green Project Categories	
Clean Transportation	<ul style="list-style-type: none"> • Number, type and distance (km) of clean transportation infrastructure built • 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 • Reduced/avoided water loss (in reservoirs / waterways / natural habitats etc.) (m³) • Reduction in number of operating days lost to floods • Reduction in flood damage costs • Increase in agricultural land using more drought resistant crops (hectares) • 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"> • Amount or % of water consumption reduced • Increase in production efficiency

	<ul style="list-style-type: none"> • Number of hectares of forests / coastal / marine / watershed environments restored / maintained / protected
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) • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)

5. External Review

Vigeo Eiris has provided a Second Party Opinion (SPO) on the Republic of Philippines' Sustainable Finance Framework. The SPO confirms alignment with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines as published by ICMA and is available on the provider's website¹¹, as well as on the DOF's website at <https://www.dof.gov.ph> and <https://www.treasury.gov.ph>.

Within one year of issuance and annually thereafter until full allocation of any Green, Social and Sustainability Bond, DOF intends to obtain an independent assurance review in order to confirm that the proceeds have been allocated in accordance with this Framework.

Amendments to this Framework

The TWG-SF will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of ROP and Vigeo Eiris. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.

6. Disclaimer

The information and opinions contained in the Sustainable Finance Framework and the Second Party Opinion are provided as at the date of these documents and are subject to change without notice. The Republic of the Philippines does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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¹¹ <https://vigeo-eiris.com/solutions-issuers/sustainable-bonds-loans/>

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The Sustainable Finance Framework and the Second Party Opinion contain certain statements which may constitute “forward-looking statements.” These statements are not guarantees or predictions of future performance, and are subject to risks and uncertainties. As a result, actual results or developments may differ from those expressed in the statements contained in these documents.