

Second-Party Opinion

Rizal Commercial Banking Corporation Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Rizal Commercial Banking Corporation (RCBC) Green Finance Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018, the Green Loan Principles 2018 and ASEAN Green Bond Standards 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – (i) Renewable energy, (ii) Green buildings, (iii) Clean transportation, (iv) Energy efficiency and (v) Pollution prevention and control – are aligned with those recognized by the Green Bond Principles, Green Loan Principles and ASEAN Green Bond Standards 2018. Sustainalytics considers that the Eligible Green Projects as defined in the Framework will contribute to the reduction of GHG emissions and waste and to advance the achievement of UN Sustainable Development Goals 7, 11, 12.



PROJECT EVALUATION / SELECTION RCBC set up a two-step project evaluation and selection process in which business units undergo an initial project selection process based on RCBC’s Social and Environmental Management System Policy. An internal committee with cross departmental representation from Credit Risk, Business and Sustainability teams then conducts the final validation of Eligible Green Projects based on the eligibility criteria. This process is in line with market practice.



MANAGEMENT OF PROCEEDS RCBC’s management of proceeds process is in line with market practices as the company will manage and track its green proceeds using a portfolio approach. Pending full allocation, the unallocated proceeds will be held in cash and/or invested in short-term liquid instruments.



REPORTING RCBC intends to provide an annual allocation report covering data on the amount or percentage of allocation to the eligible portfolio of assets, examples of financed projects (subject to confidentiality considerations) and the balance of unallocated proceeds. In addition, RCBC intends to provide, where feasible, an impact report covering data on installed capacity and annual energy generation of renewables in MW, type of certification and number of buildings in each type, and type and number of public transportation projects financed. Sustainalytics considers that the scope and level of detail of RCBC reporting commitments are aligned with market practice.

Evaluation date	21 December 2018
Issuer Location	Manilla, Philippines

Report Sections

Introduction	2
Sustainalytics’ Opinion.....	3
Appendices	7

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Introduction

Rizal Commercial Banking Corporation (‘RCBC’ or ‘the company’) provides a wide range of financial products, both locally and internationally. The company operates through Retail, Corporate, Treasury and others. RCBC was founded in 1960 and is based in Makati City, the Philippines.

RCBC developed the Rizal Commercial Banking Corporation Green Finance Framework (the “Framework”) under which it is considering to issue green bonds and green loans and use the proceeds to finance and or refinance, in whole or in part, existing and future projects to reduce the environmental footprint (carbon, GHG and waste) in Philippines and where RCBC operates as well as increase the country’s total renewable energy output. The Framework defines eligibility criteria in five areas:

1. Renewable energy
2. Green buildings
3. Clean transportation
4. Energy efficiency
5. Pollution prevention and control

RCBC engaged Sustainalytics to review the Rizal Commercial Banking Corporation Green Finance Framework and provide a second-party opinion on the environmental credentials and alignment of the framework with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and the Green Loan Principles 2018, as administered by the Loan Market Association and Asia-Pacific Loan Market Association,² and the ASEAN Green Bond Standards 2018 (the “AGBS”)³. This Framework has been published in a separate document.⁴

As part of this engagement, Sustainalytics held conversations with various members of RCBC’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of RCBC’s green finance. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Rizal Commercial Banking Corporation Green Finance Framework and should be read in conjunction with that Framework.

¹ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-GBP/>

² The Green Loan Principles available at: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf

³ ASEAN Green Bond Standards 2018 administered by the ASEAN Capital Markets Forum
<http://www.theacmf.org/ACMF/upload/GREENBONDACMF.pdf>

⁴ <https://www.rcbc.com/About/InvestorRelations>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Rizal Commercial Banking Corporation Green Finance Framework

Summary

Sustainalytics is of the opinion that the Rizal Commercial Banking Corporation Green Finance Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2018. Sustainalytics highlights the following elements of RCBC's green bond framework:

- Use of Proceeds:
 - The use of proceeds categories – (i) Renewable energy, (ii) Green buildings, (iii) Clean transportation, (iv) Energy efficiency and (v) Pollution prevention and control – are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018 as environmentally impactful project categories. Sustainalytics considers that the Eligible Green Projects will reduce the environmental footprint of RCBC by driving systemic energy efficiency gains in the Philippines where RCBC operates through the modal shift towards public and electrified transportation and contribute to the rebalancing of the energy mix towards renewable energy generation.
 - The eligibility criterion of Green buildings is based on third-party certification standards such as BERDE Green Building Rating System (4-star and above) and LEED (Gold and above). Sustainalytics has conducted an internal assessment of the green building certification standards and considers that they integrate environmentally impactful considerations at all building stages (see Appendix 1). Additionally, Sustainalytics highlights that RCBC's green building criterion includes the top 15% most efficient buildings in the country, which is aligned with current market practices as well as the Climate Bond Initiative criteria for Low Carbon Buildings.⁵
 - Sustainalytics highlights that RCBC established generally applicable and targeted exclusionary criteria for its use of proceeds categories, such as fossil fuel power generation, a prerequisite which is aligned with current market practices and expectations. Sustainalytics recommends limiting financing of geothermal sources to those below 100gCO₂/kWh to be in line with CBI criteria.
 - RCBC does not include a lookback period for refinancing but committed to report on the amount of existing and new financing in its annual report.
- Project Selection Process:
 - RCBC's project evaluation and selection process is executed by an internal committee comprised of representatives from the company's Risk, Business, and Sustainability teams. The committee's project selection process is based on and aligned with the requirements set through RCBC's Social and Environmental Management System (SEMS) policy and the Eligible Green Categories. Sustainalytics assesses this process as being in line with market practices.
- Management of Proceeds:
 - RCBC will manage and track the green finance proceeds on a portfolio basis. Pending full allocation, the unallocated green finance proceeds will be held in cash and/or invested in short-term liquid instruments. Sustainalytics views this process aligned with current market practices.
- Reporting:
 - RCBC intends to provide annual allocation reporting covering data on the amount or percentage of allocation to the eligible portfolio of assets, examples of projects financed (subject to confidentiality considerations) and the balance of unallocated proceeds. In addition, RCBC intends to disclose, wherever feasible, an impact report with data on installed capacity and annual renewable energy generation in MW, type of green building certifications and number of buildings in each type, and number of public transportation projects financed. Sustainalytics considers RCBC's allocation and impact reporting practices to be aligned with local and international market practices and expectations due to scope and granularity of its coverage.

Alignment with ASEAN Green Bond Standards

The ASEAN Green Bond Standards provide guidance to issuers and communicate more specifically what an issuer should do to issue a credible green bond within Southeast Asia. Sustainalytics is of the opinion that the Rizal Commercial Banking Corporation Green Finance Framework aligns with the ASEAN Green Bond Standards 2018. See Appendix 1: Alignment to the ASEAN Green Bond Standards.

⁵ Climate Bonds Initiative criteria for Low Carbon Buildings available at: <https://www.climatebonds.net/standard/buildings>

Rizal Commercial Banking Corporation Green Finance Framework

Alignment with Green Bond Principles and Green Loan Principles 2018

Sustainalytics has determined that RCBC's green bond aligns to the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of framework to issuer's sustainability strategy

RCBC has committed to disseminate social and environmental considerations through its operations and the businesses it serves⁶ and partnered with the International Finance Corporation (IFC) to advance and improve its sustainability standards, ever since the latter became a public shareholder in RCBC in 2012.

While the company's exposure to the power industry still includes a small portion of fossil fuel assets (8%), Sustainalytics highlights that RCBC provided direct financial support to South East Asia's largest solar power plant and served as the biggest funder to the 132.5 MW solar farm in Cadiz City, Negro Occidental, Philippines.⁷ Sustainalytics views positively RCBC's advancement into renewable energy financing as a defining step towards the bank's expansion into environmentally impactful projects and considers that the bank would substantially strengthen its sustainability profile by adding and integrating quantitative and sustainability strategy and targets into its business activities.

Overall, Sustainalytics is of the opinion that RCBC has demonstrated that it has taken steps towards supporting environmentally impactful projects. In this sense, Sustainalytics is of the opinion that RCBC is well-positioned to issue green bonds and loans as a means to enhance its sustainability profile.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes the positive impact of the eligible projects, the projects also have potential environmental and social risks, particularly related to workers' health and safety, biodiversity and community relations related to land use change of large infrastructure and renewable energy projects. Sustainalytics highlights the following measures that RCBC has taken to mitigate these risks:

- RCBC implemented an Environmental Management System Policy (SEMS)⁸ in partnership with the International Finance Corporation, applicable at all financing stages (initiation, evaluation, approval, documentation, implementation and monitoring). RCBC implemented a structured approach to analyzing the environmental and social risks of nominated projects, including a preliminary environmental and social risk and impact assessment (ESIA) based on 8 Performance Standards on (i) Assessment and Management of Environmental and Social Risks and Impacts, (ii) Labor and Working Conditions, (iii) Resource Efficiency and Pollution Prevention (iv) Community Health, Safety and Security, (v) Land Acquisition and Involuntary Resettlement, (vii) Biodiversity Conservation and (viii) Cultural Heritage.
- Additionally, in order to ensure adequate oversight and accountability throughout the entire ESIA assessment, RCBC implemented specific governance structures, namely a SEMS officer heading a separate SEMS unit (as the second line of defense) responsible for the effective implementation of its Social and Environmental Framework.

Overall, Sustainalytics is of the opinion that RCBC is adequately positioned to mitigate environmental and social risks commonly associated with its Eligible Green Projects due to the comprehensive due diligence system implemented internally at RCBC and corroborated with the country's regulatory requirements.

Section 3: Impact of Use of Proceeds

Relevance of Renewable Energy in the Philippines

As of 2016, renewables (solar, wind, geothermal, biomass) represented 37% of the total energy supply of the Philippines.⁹ One of the Philippines strategic directions for 2040 is to promote a low-carbon future by increasing the renewable energy

⁶ Environmental, Social and Governance in Practice: Challenges and Opportunities statement available at: <https://www.rcbc.com/Others/SustainabilityEfforts>

⁷ RCBC leads funding of South East Asia's largest solar farm article available at: https://www.rcbc.com/Others/news_article_2016_6

⁸ Information retrieved from <https://www.rcbc.com/Others/SustainabilityEfforts>

⁹ Philippine Energy Plan 2017-2040; accessed December 2018; https://www.doe.gov.ph/sites/default/files/pdf/announcements/acd_15_phil_energy_plan_2017-2040.pdf

Rizal Commercial Banking Corporation Green Finance Framework

capacity.¹⁰ However, the country's energy demand is still largely met by fossil fuels. As part of the Association of Southeast Asian Nations (ASEAN), the Philippines has also committed to achieving 23% renewables in their total primary energy supply by 2025.¹¹ Moreover, the Philippines aim to reach a target of 15.3 GW installed renewable capacity by 2030 (4.7 GW in 2018), and to reduce its GHG emissions by 70% by 2030, as stipulated in its Paris Agreement action plan.¹² Given this context, Sustainalytics is of the opinion that RCBC's renewable energy projects would not only support a transition towards a low carbon economy but would also help the Philippines meet its environmental goals.

Importance of Green Buildings for the Philippines' Energy Efficiency

In 2018, the International Finance Corporation (IFC) reported that buildings consumed 36% of the Philippines' electricity and produced 25% of the country's total GHG emissions.¹³ In addition, in a 2017 assessment by the World Bank, Regulatory Indicators for Sustainable Energy (RISE), the country scored below average at energy efficiency, due to a lack of proper financing mechanisms, performance standards and buildings codes,¹⁴ indicating the importance to foster energy efficiency in buildings. For the Philippines to meet its Paris Agreement environmental goal of reducing its GHG emissions by 70% by 2030,¹⁵ it developed the Philippines Energy Efficiency Roadmap, 2017-2040,¹⁶ which provides objectives, policies and programs for residential and commercial buildings with the aim of improving their energy efficiency. Additionally, the Philippine Department of Energy (DOE) has established a National Energy Efficiency and Conservation Program with the purpose of achieving energy savings through an improved utilization of energy efficiency and conservation programs.¹⁷

Taking into account this local context, Sustainalytics is of the opinion that RCBC's financing of energy efficiency projects and buildings that are certified with above average ratings will not only provide a positive environmental impact in the Philippines but would also support the country's goals of reducing GHG emissions.

Clean Transportation in the Philippines

The Philippines is the second most populated state in the Southeast Asian region and nearly half of its citizens live in urban areas.¹⁸ Most of its cities, including the capital, have developed a car-centric urban model,¹⁹ indicating the need for more sustainable transport systems to meet the country's commitment of establishing a sustainable, energy efficient, and environmentally-friendly transport system, as part of the ASEAN Transport Strategic Plan for 2016-2025.²⁰ Due to the limited road network and a constant increase in private car usage, road congestions have been exacerbated, contributing to increased CO₂ emissions. In 2016, the transportation sector accounted for 36.1% of the total CO₂ emissions caused by fuel combustion.²¹ In addition, studies by the Environmental Management Bureau indicate that more than 80% of the air pollution in Manila was produced by motor vehicles.²² As a response to the transportation and air pollution problems, the Philippine Department of Environment and Natural Resources (DENPR) and Department of Health (DOH) have joined WHO Philippines in order to promote and support policies and programs that reduce the environmental and health risks of air pollution.²³ Given the context, Sustainalytics believes that RCBC's projects in the area of clean transportation will contribute to a reduction of CO₂ emissions from transport and help improve air quality.

¹⁰ Philippine Energy Plan 2017-2040; accessed December 2018; https://www.doe.gov.ph/sites/default/files/pdf/announcements/acd_15_phil_energy_plan_2017-2040.pdf

¹¹ Executive Summary. Renewable Energy Market Analysis. Southeast Asia; accessed December 2018; https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Jan/IRENA_Market_Southeast_Asia_2018_summary.pdf?la=en&hash=13DB344A7F8C8EBE30E2EB1A4CAFEC9A63BDED11

¹² Executive Summary. Renewable Energy Market Analysis. Southeast Asia; accessed December 2018; https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Jan/IRENA_Market_Southeast_Asia_2018_summary.pdf?la=en&hash=13DB344A7F8C8EBE30E2EB1A4CAFEC9A63BDED11

¹³ 'Green Buildings' pushed in rapidly urbanizing Philippines; January 09 2018; <https://news.abs-cbn.com/video/business/01/09/18/green-buildings-pushed-in-rapidly-urbanizing-philippines>

¹⁴ Philippines scores low on energy efficiency – World Bank; June 8, 2017; <https://www.philstar.com/business/2017/06/08/1708002/philippines-scores-low-energy-efficiency-world-bank>

¹⁵ Executive Summary. Renewable Energy Market Analysis. Southeast Asia; accessed December 2018; https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Jan/IRENA_Market_Southeast_Asia_2018_summary.pdf?la=en&hash=13DB344A7F8C8EBE30E2EB1A4CAFEC9A63BDED11

¹⁶ PHILIPPINES Energy Efficiency Roadmap (2017-2040); November 29, 2017; https://www.doe.gov.ph/sites/default/files/pdf/announcements/epower_fontana_03_04_phillippines_energy_efficiency_roadma_2017-2040.pdf

¹⁷ National Energy Efficiency and Conservation Program; accessed December 2018; <https://www.doe.gov.ph/national-energy-efficiency-and-conservation-program>

¹⁸ Creating sustainable transport systems: PH's progress so far; posted March 28, 2016; <https://www.rappler.com/science-nature/environment/127075-philippines-sustainable-transportation-strategy>

¹⁹ Creating sustainable transport systems: PH's progress so far; posted March 28, 2016; <https://www.rappler.com/science-nature/environment/127075-philippines-sustainable-transportation-strategy>

²⁰ ASEAN Transport Strategic Plan for 2016-2025; posted January 11, 2016; <https://espas.secure.europarl.europa.eu/orbis/document/asean-transport-strategic-plan-2016-2025>

²¹ Creating sustainable transport systems: PH's progress so far; posted March 28, 2016; <https://www.rappler.com/science-nature/environment/127075-philippines-sustainable-transportation-strategy>

²² 80 percent of air pollution in Metro Manila comes from cars; posted September 14, 2016; <https://www.gmanetwork.com/news/news/nation/581417/80-percent-of-air-pollution-in-metro-manila-comes-from-cars/story/?related>

²³ Air Pollution: A Public Health Concern in The Philippines; posted September 24, 2017; <https://www.denr.gov.ph/news-and-features/latest-news/3295-air-pollution-a-public-health-concern-in-the-philippines.html>

Rizal Commercial Banking Corporation Green Finance Framework

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy Energy efficiency Green Buildings	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency.
Clean transportation	11. Make cities and human settlements inclusive, safe, resilient and sustainable	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Pollution Prevention and Control	12. Responsible Consumption and Production 11. Make cities and human settlements inclusive, safe, resilient and sustainable	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Conclusion

RCBC developed the Rizal Commercial Banking Corporation Green Finance Framework under which it intends to issue green bonds and green loans to finance (i) renewable energy, (ii) green buildings, (iii) clean transportation, (iv) energy efficiency, and (v) pollution prevention and control projects that reduce the bank's environmental footprint (carbon, GHG and waste) in the Philippines and other countries where it operates. Sustainalytics assessed the framework and found that it aligns with the Green Bond Principles 2018, Green Loan Principles 2018 and the ASEAN Green Bond Standards 2018. Sustainalytics considers RCBC's processes for project evaluation and selection, management of proceeds and reporting to be aligned with market practice. Based on the above, Sustainalytics considers the Rizal Commercial Banking Corporation Green Finance Framework to be credible, robust and transparent.


Appendices

Appendix 1: Alignment to the ASEAN Green Bond Standards

ASEAN Green Bond Standards' Criteria	Alignment with ASEAN GBS	Sustainalytics' comments on alignment with the ASEAN Green Bond Standards. ²⁴
Eligibility	Yes	The AGBS requires that issuers must be located in or that the proceeds be directed to assets in an ASEAN country. As a Philippine-based institution, Rizal Commercial Banking Corporation qualifies.
Use of Proceeds	Yes	The AGBS offers specific clarification that fossil fuel power generation projects are excluded; Rizal Commercial Banking Corporation has an exclusion on fossil fuel power generation in its Framework.
Process for Project Evaluation and Selection	Yes	The AGBS specifies information that must be clearly communicated to investors before issuance regarding project selection. Within its framework, Rizal Commercial Banking Corporation has described that an internal committee comprising representatives from the company's Risk, Business, and Sustainability teams will select projects aligned with the requirements set through Rizal Commercial Banking Corporation's Social and Environmental Management System (SEMS) policy and the Eligible Green Categories.
Management of Proceeds	Yes	The AGBS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. Within its framework, Rizal Commercial Banking Corporation disclosed that it will track and monitor the use of proceeds using a portfolio approach. Pending full allocation, the unallocated green finance proceeds will be held in cash and/or invested in short-term liquid instruments.
Reporting	Yes	The AGBS requires annual reporting on the allocation of funds and the expected impacts. Rizal Commercial Banking Corporation states that it will provide an annual allocation report until full allocation and may report on the impact of the use of proceeds.
Annual Review	Yes	The AGBS encourages, but does not require, annual reviews. The Rizal Commercial Banking Corporation framework states an intention to have a post-issuance assurance report or a verification statement for the allocation of proceeds to the eligible green portfolio.

²⁴ For detailed comments on alignment with ICMA SBG, please see [Appendix](#).

Appendix 2: Overview and Comparison of Green Building Certification Schemes

	BERDE	LEED
Background	BERDE (Building for Ecologically Responsive Design Excellence) is administered by the Philippine Green Building Council (PhilGBC) and is recognized by the Philippine Department of Energy. In 2009, the scheme was developed in line with the World Green Building Council’s Quality Assurance for Green Building Rating Tools methodology.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
Certification levels	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	Certified Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management is part of the Core Framework of BERDE.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.
Areas of Assessment: Environmental Performance of the Building	Core Framework: <ul style="list-style-type: none"> • Energy Efficiency and Conservation • Water Efficiency and Conservation • Waste Management • Use of Land and Ecology • Green Materials • Transportation • Indoor Environmental Quality • Emissions 	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority
Requirements	Minimum requirements + Points Projects applying for BERDE Certification must comply with the minimum requirements before an assessment can begin. Afterwards, the project is analysed on the 9 areas of assessment and receives points depending on performance. The distribution of points for the areas of assessment is different depending on the certification type (BERDE GBRS New Construction, BERDE GBRS Operations and BERDE GBRS Renovations). Based on the total number of points, a certain number of stars are awarded to the project. The minimum rating for a project to be certified is 51 points (1 star).	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
Performance display	<p>★☆☆☆☆ 1 Star</p> <p>★★☆☆☆ 2 Stars</p> <p>★★★☆☆ 3 Stars</p> <p>★★★★☆ 4 Stars</p> <p>★★★★★ 5 Stars</p>	

Rizal Commercial Banking Corporation Green Finance Framework

Accreditation	Certified BERDE Assessors (CBA) trained and certified by TUV Rheinland	LEED AP BD+C LEED AP O+M
Qualitative considerations	<p>BERDE puts more emphasis on water savings than LEED and is less stringent about energy requirements than BREEAM.</p> <p>Unlike most other schemes, BERDE has points which account for heritage conservation.</p> <p>BERDE is mainly used in the Philippines.</p>	Widely recognised internationally, and strong assurance of overall quality.

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Rizal Commercial Banking Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Rizal Commercial Banking Corporation Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	21 December 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

Rizal Commercial Banking Corporation Green Finance Framework

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds – (i) Renewable energy, (ii) Green buildings, (iii) Clean transportation, (iv) Energy efficiency and (v) Pollution prevention and control – are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the ‘Eligible Green Projects as defined in the Framework’ will contribute to reduce the reduction of GHG emissions and waste and to. The company does not disclose a lookback period. Sustainalytics views that the Eligible Green Projects will simultaneously advance the achievement of UN Sustainable Development Goals 7, 11, 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

RCBC’s project evaluation and selection process is executed by an internal committee comprising representatives from the company’s Risk, Business, and Sustainability teams. The committee’s project selection process will be based on and aligned with the requirements set through RCBC’s Social and Environmental Management System (SEMS) policy and the Eligible Green Categories. Sustainalytics assesses this process as being in line with market practices.

Evaluation and selection

- | | |
|---|--|
| <input type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

Rizal Commercial Banking Corporation Green Finance Framework

- Evaluation / Selection criteria subject to external advice or verification In-house assessment

- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

RCBC will manage and track the green finance proceeds on a portfolio approach. Pending full allocation, the unallocated green finance proceeds will be held in cash and/or invested in short-term liquid instruments. Sustainalytics views this process aligned with current market practices.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

RCBC intends to provide an annual allocation reporting covering data on the amount or percentage of allocation to the eligible portfolio of assets, examples of projects financed (subject to confidentiality considerations) and the balance of unallocated proceeds. In addition, RCBC intends to disclose, wherever feasible, an impact report with data on installed capacity and annual energy generation of renewable in MW, type of certifications and number of buildings in each type, and number of public transportation projects financed. Sustainalytics considers that RCBC's allocation and impact reporting practices are aligned with local and international market practices and expectations due to scope and granularity of its coverage.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

Rizal Commercial Banking Corporation Green Finance Framework

- Allocated amounts
 Green Bond financed share of total investment

Other (please specify):

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Impact reporting:

- Project-by-project
 On a project portfolio basis
 Linkage to individual bond(s)
 Other (please specify):

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Other ESG indicators (please specify): Renewable energy – installed capacity and annual energy generation

Green buildings – type of certifications and number of buildings in each type

Clean transportation – type and number of public transportation projects financed

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
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- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
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Rizal Commercial Banking Corporation Green Finance Framework

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