

Second-Party Opinion

UnionBank Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the UnionBank Sustainable Finance Framework is credible and impactful and aligns with the Green Bond Principles 2018, Social Bond Principles 2022, and Sustainability Bond Guidelines 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Green Buildings, Access to Essential Services, Employment Generation, Socio-Economic Advancement – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 9, 10, 11 and 12.



PROJECT EVALUATION / SELECTION UnionBank has established a Sustainable Finance Taskforce (“Taskforce”) that will be responsible for evaluating and selecting eligible assets and projects. The Taskforce will be chaired by the Company’s Chief Financial Officer and be comprised of representatives from its Treasury, Corporate Banking, and Sustainability Group. The Taskforce will replace projects that are no longer eligible and manage future updates to the Framework. Sustainalytics considers this to be in line with market practice.



MANAGEMENT OF PROCEEDS UnionBank will maintain a Sustainable Finance Register to track proceeds raised under the Framework. Unallocated proceeds will be temporarily held in cash or cash equivalents, used to pay short-term debt, or invested in accordance with UnionBank’s corporate treasury policy. UnionBank will ensure that allocation of temporary proceeds are subject to the exclusionary criteria stated in the Framework. This is in line with market practice.



REPORTING UnionBank intends to report on the allocation proceeds on an annual basis until full allocation through its Sustainable Finance Allocation and Impact Report. This Report will contain allocation and impact metrics such as proceeds earmarked for various project categories, amount of unallocated proceeds, percentage financing versus refinancing, annual generation of renewable energy, annual reduction of GHG and number of MSMEs financed. Sustainalytics views UnionBank’s allocation and impact reporting as aligned with market practice.

Evaluation date	November 18 2020
Issuer Location	Manila, Philippines

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Introduction

The Union Bank of the Philippines, Inc. (“UnionBank”, or the “Company”) provides commercial banking products and services. The Company’s main business segments are Consumer Banking, Corporate and Commercial Banking and Treasury and its product offerings include - loans and deposits, cash management, retail banking, foreign exchange, capital markets, corporate and consumer finance, investment management and trust banking. Headquartered in Manila, Philippines, UnionBank has 358 branches and employs 3,525 people as of December 2019.

UnionBank has developed the UnionBank Sustainable Finance Framework (the “Framework”) under which it intends to issue sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and future projects that deliver positive environmental and social outcomes and advance the bank’s sustainability objectives. The Framework defines eligibility criteria in eight areas:

1. Renewable Energy
2. Energy Efficiency
3. Pollution Prevention and Control
4. Sustainable Water and Wastewater Management
5. Green Buildings
6. Access to Essential Services
7. Employment Generation
8. Socio-Economic Advancement

UnionBank engaged Sustainalytics to review the UnionBank Sustainable Finance Framework, dated October 2020, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (“GBP 2018”),¹ the Social Bond Principles 2018 (“SBP 2018”),² Sustainability Bond Guidelines 2018 (SBG),³ the Green Loan Principles (“GLP”),⁴ the ASEAN Green Bond Standards (AGBS),⁵ the ASEAN Social Bonds Standards (ASBS)⁶, and the ASEAN Sustainability Bonds Standards.⁷ This Framework has been published in a separate document.⁸

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guideline-s-sbg/>

⁴ The Green Loan Principles are administered by the International Capital Market Association and are available at: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

⁵ The ASEAN Green Bond Standards are administered by the ASEAN Capital Markets Forum, and are available at: http://www.theacmf.org/ACMF/upload/ASEAN_Green_Bond_Standards.pdf

⁶ The ASEAN Social Bonds Standards are administered by the ASEAN Capital Markets Forum, and are available at: <https://www.theacmf.org/images/downloads/pdf/ASBS2018.pdf>

⁷ The ASEAN Sustainability Bonds Standards are administered by the ASEAN Capital Markets Forum, and are available at: <https://www.theacmf.org/initiatives/sustainable-finance/asean-sustainability-bond-standards>

⁸ The UnionBank Sustainable Finance Framework is available on The Union Bank of the Philippines, Inc.’s website at: <https://www.unionbankph.com/sustainability/sustainable-finance?report=0>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of UnionBank’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 the Framework. UnionBank representatives have confirmed (1) they understand it is the sole responsibility of UnionBank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and UnionBank.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that UnionBank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the UnionBank Sustainable Finance Framework

Sustainalytics is of the opinion that the UnionBank Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of UnionBank’s Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Green Buildings, Access to Essential Services, Employment Generation, Socio-Economic Advancement – are aligned with those recognized by the GBP and SBP.
 - Under the Renewable Energy category, UnionBank intends to finance the acquisition, development, operation, or maintenance of new and ongoing renewable energy generation, transmission, or support infrastructure. Renewable energy will include offshore and onshore wind, solar, tidal, hydro (≤ 25 MW), geothermal (≤ 100 gCO₂/kWh), biofuel and biomass (≤ 100 gCO₂/kWh). The emission threshold for geothermal and biofuel/biomass is as per market expectation. UnionBank confirms that the feedstock for biofuel and will be compliant with local regulations,¹⁰ will exclude feedstock that competes with food production. UnionBank will also ensure that biofuel production does not take place on land with high biodiversity or carbon

¹⁰ Republic of the Philippines, Joint Administrative Order No. 2008-1, Series Of 2008, Guidelines Governing the Biofuel Feedstocks Production, And Biofuels And Biofuel Blends Production, Distribution And Sale Under Republic Act No. 9367, 2008, at: <https://www.doe.gov.ph/sites/default/files/pdf/issuances/jao-no-2008-1.pdf>.

storage value, support projects that has substantial reduction of life-cycle emissions relative to fossil fuel baseline by 50% for existing facilities, and by 60% versus baseline for new installations, as well as ensure that biofuel/biomass projects. Sustainalytics encourages UnionBank to source biofuel as well as feedstock for biomass projects from sources that comply with recognized third-party standards. Further, for all new hydro power projects, UnionBank has communicated to Sustainalytics that all projects will be in compliance with Republic Act No. 9513,¹¹ which is an 'Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources'. The Act specifies that all renewable energy development shall be conducted in accordance with existing environmental regulations as prescribed by the Department of Environment and Natural Resources of the Philippines, as well as secure all required Environmental Compliance Certificate.

- Under the Energy Efficiency category, UnionBank intends to finance technology that helps to reduce energy consumption or reduce emissions by at least 15% relative to the baseline. UnionBank has confirmed to Sustainalytics that in addition to meeting the aforementioned 15% reduction criteria, the financed technology/appliance will also conform to the Philippine Standard (PS) Quality and/ or Certification Mark¹², where applicable. Examples of such technology include smart grids, standby generators that run on renewable energy, use of energy efficient hardware in data centers, network solutions such as Internet of Things, high-speed networks, data analytics, cloud computing. will be considered eligible for financing.
- Under the Pollution Prevention and Control category, UnionBank intends to finance waste management projects, which include developing infrastructure that help sort, recycle, reuse, and compost waste as well as invest in processes that help prevent or reduce waste from the source. Further expenditures may include:
 - Waste sorting and the transportation of waste (i.e. automatic waste loading and collection facilities);
 - Design, manufacture, and distribution of equipment for waste recycling (i.e. manufacture of containers for recyclables), as well as the implementation of equipment for waste disposal management (i.e. shredding machine, sifter, granulator, etc.);
 - Support processes in plastic recycling (i.e. from washing, sorting, shredding, crushing, melting, and pelletizing through granulator machines); and/or,
 - Support processes in glass recycling (i.e. crushing glass into culets to be molded into new glass containers).

UnionBank has confirmed to Sustainalytics that all its waste management projects will adhere to the 'Ecological Solid Waste Management Act of 2000'.¹³ UnionBank has further communicated to Sustainalytics that any waste collection vehicles financed by Union Bank will meet the emissions threshold of <25gCO₂/t-km.

- Under the Sustainable Water and Wastewater Management category, UnionBank intends to finance projects that improve water quality, support water conservation and improved efficiency through recycling, treatment, and reuse. Projects may include (i) wastewater treatment systems, (ii) water capture, storage, and drainage infrastructure such as storm water management systems, water distribution systems, aquifer storage, and sewerage (ii) water metering activities to support conservation initiatives, and (iii) water irrigation systems.
- Under the Green Buildings category, UnionBank intends to finance the acquisition, development, or renovation of commercial and residential buildings with third-party sustainability certifications, namely, LEED (Gold or Platinum), BREEAM (Excellent or Outstanding), International Finance Corporation's EDGE Certified or EDGE Compliant Buildings standard, or Philippine Building Council's BERDE (4 and 5 star). Sustainalytics views these certifications as credible, and the levels selected as impactful. See Appendix 1 for further description of the referenced building standards. UnionBank may also finance residential or commercial property

¹¹ Republic of the Philippines, Republic Act No. 9513, Act Promoting The Development, Utilization And Commercialization Of Renewable Energy Resources And For Other Purposes, 2008, at: <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>

¹² Republic of the Philippines, The Bureau of Philippine Standards Product Certification Schemes, Accessed in November 2020, at: <https://qualityproducts.dti.gov.ph/ViewPDF/TheBureauOfPhilippineStandardsProductCertificationScheme>

¹³ Republic of the Philippines, Republic Act No. 9003, Ecological Solid Waste Management Act of 2000, January 2001, at: <https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/>

- representing the top 15% energy efficient buildings in the relevant region and will finance expenditures relating to energy and water efficiency systems/technology as well as advanced building management systems. The company expects these measures will improve energy efficiency or reduced emissions of at least 20% compared to the set baseline.
- Under the Social Use of Proceeds, UnionBank intends to finance projects within the Access to Essential Services and Socioeconomic Advancement and Empowerment categories.
 - UnionBank intends to finance Access of Essential Services, particularly access to healthcare services and education. The Bank intends to finance the development and maintenance of (i) public or private hospitals, clinics, or healthcare centers that provide free or subsidized care such as those accredited by PhilHealth,¹⁴ (ii) facilities that cater to the well-being of vulnerable and disadvantaged communities,¹⁵ such as elderly and disabled, (iii) finance pharmaceutical companies who facilitate distribution of generic drugs or undertake research and development of essential drugs in clinical stages, including rare diseases and vaccine for COVID-19,¹⁶ (iv) finance production and distribution of COVID-19 testing kits and medication, (v) finance inventory, manufacturing, or modification of machinery relating to the production of health, safety, and hygiene supplies, and (vi) schools and universities and vocational training.
 - UnionBank has communicated to Sustainalytics that the pharmaceutical manufacturers, distributors, and traders it will finance under this Framework will have derived at least 80% of revenue from affordable / generic medicine or undertake research and development of essential drugs. UnionBank commits to adhering to key regulations that ensure affordability and access to health care services such as Republic Act No. 6675 (1988), The Philippine Generics Law; Republic Act No 9439 (2004) An Act Prohibiting the Detention of Patients in Hospitals and Medical Clinics on Grounds of Non-Payment of Hospital Bills or Medical Expenses; Republic Act No. 9502 (2008), Universally Accessible Cheaper and Quality Medicines Act - providing for Cheaper and Quality Medicines; (d) Republic Act 10606 (2013) National Health Insurance Act; (e) Republic Act 10645 (2014), Act providing for the Mandatory PhilHealth coverage for all senior citizens; etc.
 - Under expenditures related to educational institutions, UnionBank has also communicated that financing will be focused on public schools and universities, and institutions that offer vocational training. UnionBank confirms that the institutions providing vocational training are institutions focused on providing skills training that cater to populations not able to acquire a degree from universities. Financing will be limited to institutions that (a) provide computer-based/IT vocational training and (b) are Technical Education and Skills Development Authority (TESDA)¹⁷ accredited, or similar accreditation provided by government to institutions that offer skills education and training that certify workers for blue-collared jobs in the Philippines and abroad. Sustainalytics considers these expenditures to be impactful.
 - Under the Socioeconomic Advancement and Empowerment criteria, UnionBank intends to finance activities related to both the Employment Generation and Micro Small and/or Medium Enterprise (MSME) Financing. UnionBank intends to finance to MSMEs impacted by natural disasters, as well as those that have been impacted by the COVID-19 Pandemic. UnionBank uses the Bangko Sentral ng Pilipinas or Securities and

¹⁴ PhilHealth or the Philippine Health Insurance Corporation was established in 1995 with an aim to implement universal health coverage in the Philippines. It is a tax-exempt, government-owned and controlled corporation of the Philippines, and is a part of the Department of Health. Read more: <https://www.philhealth.gov.ph/#gsc.tab=0>

¹⁵ UnionBank defines "Disadvantage" and "Vulnerable" as per the Department of Social Welfare and Development, Republic of the Philippines' Order No. 7, series 2011. Read more: https://www.dswd.gov.ph/issuances/AOs/AO_2011-007.pdf

¹⁶ Union Bank has confirmed that no more than 10% of the net proceeds from the issuance will be allocated to this expenditure.

¹⁷ The Technical Education and Skills Development Authority (TESDA) is the government agency tasked to manage and supervise technical education and skills development (TESD) in the Philippines.

Exchange Commission's definition of MSME.^{18,19} UnionBank seeks to promote the participation and integration of underbanked, low-income,²⁰ persons with disabilities, indigenous persons and those formally recognized as 'Overseas Filipino Workers' (OFWs) and their families²¹ through the provision of loans to promote entrepreneurship among females as well as to those serviced by rural or thrift banks. Sustainalytics considers financial inclusion and support to MSMEs as impactful.

- UnionBank has confirmed to Sustainalytics that it commits to excluding investments and expenditures related to fossil fuel power generation or transmission, and activities dedicated to support the expansion of fossil fuel-based technologies
- Project Evaluation and Selection:
 - UnionBank has established a Sustainable Finance Taskforce ("Taskforce"), chaired by the Company's Chief Financial Officer and comprised of representatives from its Treasury, Corporate Banking, and Sustainability Group.
 - The Taskforce will be responsible for evaluating and selecting assets and projects that are in line with the Framework. Eligible assets / projects will be classified under Green Asset Portfolio or the Social Asset Portfolio. The Taskforce will be responsible for ensuring that the amount allocated to eligible assets / projects in its portfolio are equal to or more than the net proceeds raised under this Framework. The Taskforce will also replace ineligible assets or projects, manage future updates of the Framework, and provide semi-annual reports of eligible assets to its Board of Directors.
 - Based on the establishment of a formal taskforce responsible for project evaluation and selection, and a commitment to match proceeds raised under the framework to eligible projects or assets, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - UnionBank will maintain a Sustainable Finance Register ("Register") to track proceeds raise by debt instruments under this Framework.
 - Unallocated proceeds will be temporarily held in cash or cash equivalents, used to pay short-term debts, or will be invested in accordance with UnionBank's corporate treasury policy. UnionBank ensures that allocation of temporary proceeds will be subject to the exclusionary criteria stated in the Framework.
 - UnionBank commits to allocation proceeds within 36 months of issuance.
 - Sustainalytics considers UnionBank's process to manage proceeds to be in line with market practice.
- Reporting:
 - UnionBank has committed to annually disclosing its allocation of proceeds and its environmental and social impact metrics through its Sustainable Finance Allocation and Impact Report on its website and as part of its Annual Report, until all proceeds have been allocated.
 - This Report will contain allocation information such as net proceeds earmarked for eligible projects, amount of unallocated proceeds, percentage financing versus refinancing, amounts allocated to each project category and description of eligible assets.
 - Impact information will include environmental and social impact metrics such as annual generation of renewable energy in MWh/GWh, annual reduction / avoidance of greenhouse gas

¹⁸ The Central Bank of the Philippines defines Small and Medium Enterprises as business activity or enterprise with total assets having value under the following categories: Micro (less than Php1,500,001), Small (Php1,500,001-PHP15,000,000), Medium (Php15,000,001-PHP60,000,000). Further details available at: <http://www.bsp.gov.ph/regulations/regulations.asp?type=1&id=1150>

¹⁹ The Security and Exchange Commission defines Small-sized entities as: Small-sized entities: total assets of between PHP 3 million to and 100 million, or total liabilities between PHP 3 million to PHP 100 million, and Medium-sized entities as: total assets of more than PHP 100 million to PHP 350 million, or total liabilities of more than PHP 100 million to PHP 250 million. More details available at: <http://www.sec.gov.ph/wp-content/uploads/2018/03/2018MCNo5.pdf>

²⁰ UnionBank uses the Philippines Statistic Authority's (an attached agency of The National Economic and Development Authority) definition of poor / low income. The threshold defined by Philippines Statistic Authority to fall under the poor / low-income category is an income of no less than PHP 10,481 for a household of five. Read more at - <https://psa.gov.ph/poverty-press-releases/nid/138411>

²¹ UnionBank describes Overseas Filipino Workers (OFWs) as Filipino migrant workers working abroad to provide for their families who fall in the low-income category. OFWs are Filipino migrant workers that qualify as vulnerable, including their families, who are mostly residing in the Philippines and are mostly considered low-income families. The intended OFWs are those that mainly hold blue-collared jobs, such as construction workers, service and sales workers, plant and machine operators and assemblers, or technicians, differentiating them from Filipinos working overseas as licensed professionals, or even those with white collared jobs. Usually OFWs are single earners providing for their entire family and, according to the Philippine Statistics Authority, income generated by these OFWs are generally sent to their families residing in the Philippines by way of USD remittances, for sustenance and other living expenses.

emissions, annual energy savings in MWh/GW, amount of waste separated, collected, treated, amount of potable water distributed, number and/or patient capacity of hospitals and other healthcare facilities constructed or upgraded, volume of health safety equipment produced, number of MSMEs financed, and number of underserved individuals or communities financed. The impact report will also include methodology and assumptions considered for calculation of the metrics.

- Based on UnionBank's commitment to annually report on allocation and environmental and social impact metrics, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the UnionBank Sustainable Finance Framework aligns to the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020). For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of UnionBank

Contribution of Framework to The Union Bank's sustainability strategy

Sustainalytics is of the opinion that UnionBank demonstrates a notable commitment to sustainability. Its sustainability framework is composed of three pillars, namely People, Purpose and Planet. Based on this overarching framework, the Company has established eight underlying sustainability goals, including its commitment to 'contribute to enhancing positive social and environmental impacts' as well as 'implement inclusive business programs and initiatives'.²²

UnionBank has taken steps to reduce its operational footprint. In 2019, 22 out of its 358 branches were LEED certified.²³ The Company's headquarters have been powered by renewable energy since 2017²⁴ and the Bank has implemented resource conservation measures such as ensuring zero water leakage and promoting digital transformation to facilitate paperless transactions throughout its branches. UnionBank participates in Aboitiz Group-led (its parent company) Race to Reduce program, focused on the reduction of water, electricity, and paper consumption across the Bank.²⁵ As a result of its water conservation measures in 2019, UnionBank reduced its water consumption by 44% as compared to 2014.²⁶

UnionBank has several initiatives that seek to promote inclusive business programs and initiatives in the communities within which it operates. The Company is committed to fostering inclusive financial prosperity by – (i) bringing financial services to the rural areas (ii) making financial products accessible to more people and (iii) reaching out to the unbanked and underbanked.²⁷

Under its i2i project, the Company aims to improve inter-island banking connectivity and rural banking.²⁸ UnionBank has several programs and initiatives that cater to promoting micro-small and medium enterprises (MSMEs), including GlobalLinker and SeekCap, a business networking and e-commerce platform for MSMEs, and a blockchain-powered SME lending platform, respectively.²⁹

Sustainalytics is of the opinion that the UnionBank Sustainable Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

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

While the eligible use of proceeds categories are aligned with those recognized as impactful by the GBP, SBP, GLP, AGBS, ASBS and ASUS, Sustainalytics acknowledges that the Eligible Projects may lead to environmental risks related to large scale renewable energy or green building projects such as biodiversity and land use change, water, land and air pollution, health and safety, and community relations. For the social use of proceeds categories, these risks may relate to accidentally exacerbating target population inequalities or

²² UnionBank, 2019 Sustainability Report, at: <https://www.unionbankph.com/about-us/sustainability>

²³ UnionBank, 2019 Sustainability Report, at: <https://www.unionbankph.com/about-us/sustainability>

²⁴ UnionBank, 2019 Sustainability Report, at: <https://www.unionbankph.com/about-us/sustainability>

²⁵ UnionBank, 2019 Sustainability Report, at: <https://ubpl-web-webrefresh-prod.azurewebsites.net/sites/default/files/2020-05/UB-SR-2019-Digital-0521.pdf>

²⁶ UnionBank, 2019 Sustainability Report, at: <https://www.unionbankph.com/about-us/sustainability>

²⁷ UnionBank, 2019 Annual Report, at: <https://www.unionbankph.com/about-us/disclosures/Annual-Reports>

²⁸ UnionBank, 2019 Annual Report, at: <https://www.unionbankph.com/about-us/disclosures/Annual-Reports>

²⁹ UnionBank, 2019 Annual Report, at: <https://www.unionbankph.com/about-us/disclosures/Annual-Reports>

offering lending and financial services to companies exposed to controversial business operations with negative social or environmental impacts.

Sustainalytics is of the opinion that UnionBank is able to manage and/or mitigate potential risks through implementation of the following:

- UnionBank's Board of Directors is responsible for overall risk at the Bank, while the management of day to day risks is overseen by independent risk management units. These units are namely the Risk Management Committee (advise the Board of the Bank's overall current and future risk appetite), Market Risk Committee (responsible for reviewing risk management policies and practices relating to market risk), and the Operational Risk Management Committee (responsible for reviewing risk management policies relating to operational risk). Sustainalytics encourages UnionBank to identify and integrate ESG related risks into their risk management policies and processes, and to develop a framework through which borrowers/loan applicants are evaluated.
- UnionBank has confirmed that ESG risks (such as land use change, pollution) in large scale infrastructure projects are monitored through enhanced due diligence of borrowers' permits and documentation, such as Integrated Annual Corporate Governance Reports, Sustainability Reports, Environmental Impact Assessments and Lender Technical Advisor Reports.
- The Company's Code of Conduct institutionalizes its ethical standards. The Code of Conduct mandates employees to comply with laws and regulations, promptly disclose possible violation of the laws and Company policies.³⁰ The Company also has a 'Customer Identification and Acceptance' process
- Regarding its own (internal) operations, UnionBank's Sustainability Policy acts as a guide to how the Company deals with opportunities and risks. The Sustainability Policy urges UnionBank employees to comply with all national laws and regulations. In 2019, UnionBank reported no non-compliance with environmental laws and regulations. Furthermore, UnionBank has confirmed to Sustainalytics that UnionBank employees and business partners (including contractors and suppliers), are required to undergo training on anti-corruption policies and procedures.
- While UnionBank recognizes community engagement as a material ESG issue, Sustainalytics encourages the Company to further integrate community consultation processes in the evaluation phases of large infrastructure projects, and report on these publicly.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that UnionBank has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the use of proceeds. While recognizing the above efforts, Sustainalytics encourages the Bank to further develop a structured and holistic approach to ESG considerations in the lending process. Sustainalytics encourages the Company to establish publicly available ESG risk management policies and integrate ESG considerations in its lending mechanism.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two where the impact is specifically relevant in the local context of the Philippines.

Importance of promoting renewable energy and energy efficiency in Philippines

The Philippines ratified the Paris Agreement in March 2017 and its associated Nationally Determined Contribution specifies the Country's intention to reduce its GHG emissions by 70% relative to its BAU scenario by 2030.³¹ To achieve this climate target, the Philippines needs to significantly decarbonize its energy sector to shift away from its heavy reliance on fossil fuels. As per the latest estimates by the Department of Energy, in 2017 the Philippines derived approximately 66% of its energy from fossil fuels (coal 26%, oil 34%, and natural gas 6%), geothermal 15%, biomass 13% and rest from other renewable sources, mainly hydro.³² Due to this, over half of the Philippines GHG emissions come from the energy sector.³³ To address its heavy dependence on fossil fuels, the country has implemented a public target to install an additional 4.7 GW of renewable energy facilities by 2030, and also promulgated into law the Energy Efficiency and Conservation Act in April 2019,

³⁰ Union Bank, Good Governance Standards, at: <https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?acc=7510>

³¹ The Republic of Philippines, Intended Nationally Determined Contributions, 2015, at: <https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/Philippines/1/Philippines%20-%20Final%20INDC%20submission.pdf>

³² Republic of Philippines, Department of Energy, 2017 Energy Statistics, at: https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2017_key_energy_statistics.pdf

³³ USAID, Greenhouse Gas Emissions in the Philippines, November 2016, at: https://www.climate-links.org/sites/default/files/asset/document/2016_USAID_Philippines%20GHG%20Emissions%20Fact%20Sheet.pdf

through which it promotes the use of energy efficient products, requires importers, manufacturers, distributors and dealers of electric appliances to comply with the guidelines of the Philippine Energy Labeling Program, and supports the training and development of Certified Energy Conservation Officers.³⁴

Sustainalytics is of the opinion that UnionBank’s effort to acquire, develop or maintain new and existing Renewable Energy projects as well as support energy efficiency technologies will help contribute to Philippine’s effort to decarbonize its economy and achieve its Paris Climate target.

Importance of MSME lending in the Philippines

As per the estimates provided by the Philippines Department of Trade and Industry, micro, small and medium enterprises (MSMEs) represent 99.52% of businesses operating in the Philippines, and employ 63.19% of the economically active population.³⁵ In terms of value added to the economy, MSMEs account for 35.7% of total value.³⁶ Recognizing the importance of the sector, the Philippine government’s MSME Development Plan 2017-2022 identifies MSMEs as key drivers of inclusive economic growth, and draws a pathway to make them more regionally integrated, resilient, sustainable, and innovative.³⁷ Despite their importance to the Philippine economy, MSMEs remain highly vulnerable to disruptions, be it natural disasters, typhoons, earthquakes, and floods or global disruptions such as the COVID-19 pandemic.³⁸ These disruptions threaten recovery and continuity of businesses, particularly that of MSMEs because of several factors such as – limited financial and technical resources to cope with disruptions, labor supply disruptions, short-term shift in market demand, etc. For example, a study estimates that as a result of the pandemic, 87% of MSME in the Philippines have reported a reduction in customer demand and by June 2020 about 23% of MSME closed their operations temporarily.³⁹ The full effect of the pandemic on MSMEs is yet to be seen.

To provide relief to MSMEs affected by COVID-19, in April 2020 the government of the Philippines instituted a wage subsidy program for 3.5 million MSME workers, and a loan program of approximately USD 19.64 million.⁴⁰ This highlights the importance of financial mechanisms to help strengthen MSMEs’ ability to respond to disruptive events. Financial stimulus helps overcome short-term resource constraints and promotes economic activity, thereby mitigating negative economic and social impacts. UnionBank’s focus on supporting MSMEs affected by the pandemic is therefore aligned with the Philippines’ MSME Development Plan and the Government’s effort to support MSME’s capability of coping and overcoming negative effects brought about as a result of the COVID-19 pandemic.

Sustainalytics is of the opinion that UnionBank’s MSME lending through the Framework can assist Philippines in achieving MSME Development Plan 2017-2022 goals and improve resiliency and business continuity of MSMEs.

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 sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by

³⁴ Climate Action Tracker, “Philippines”, at: <https://climateactiontracker.org/countries/philippines/>

³⁵ DTI Philippines, “MSME Statistics”, at: <https://www.dti.gov.ph/resources/msme-statistics/>

³⁶ WTO, “MSME Development Programs in the Philippines”, at: https://www.wto.org/english/forums_e/business_e/session1_1clavesillas_wto_djtc_final_main.pdf

³⁷ Government of the Philippines, “Micro, Small and Medium Enterprise Development Plan 2017-2022”, (2018) at: <https://dtiwebfiles.s3-ap-southeast-1.amazonaws.com/e-library/Growing+a+Business/MSME+Development+Plan+2017-2022.pdf>

³⁸ ADBI, “Natural Disasters, Public Spending, and Creative Destruction: a Case Study of The Philippines”, (2018), at: <https://www.adb.org/sites/default/files/publication/408351/adbi-wp817.pdf>

³⁹ MicroSave Consulting, Impact of COVID-19 pandemic on micro, small, and medium enterprises (MSMEs), The Philippines report June 2020, at: <https://www.microsave.net/wp-content/uploads/2020/08/Impact-of-COVID-19-on-Micro-Small-and-Medium-Enterprises-MSMEs-1.pdf>

⁴⁰ Philippine News Agency, “Gov’t finalizing Covid-related support for MSME workers”, at: <https://www.pna.gov.ph/articles/1099663>

	12. Responsible Production and consumption	<p>paying special attention to air quality and municipal and other waste management.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, while increasing resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Access to Essential Services	<p>3. Good Health and Wellbeing</p> <p>4. Quality Education</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> <p>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>
Employment Generation	8. Decent work and Economic growth	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
Socio-Economic Advancement	10. Reduced inequalities	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

Conclusion

UnionBank has developed the UnionBank Sustainable Finance Framework under which it intends to issue sustainability bonds and use the proceeds to finance projects that support transition to low carbon economy and promote inclusive growth. Sustainalytics expects that the projects funded by the sustainability bond proceeds will provide positive environmental and social impact.

The UnionBank Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that UnionBank Sustainable Finance Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 6, 7, 8, 9, 10, 11 and 12. Additionally, Sustainalytics is of the opinion that UnionBank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that The Union Bank of the Philippines, Inc. is well-positioned to issue sustainability bonds and that that UnionBank Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the GBP and SBP.

Appendices

Appendix 1: Comparison of green building certification schemes





	LEED ⁴¹	BREEAM	EDGE ⁴²	BERDE ⁴³
Background	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.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, this scheme can be used for new, refurbished and extension of existing buildings.	EDGE (or “Excellence in Design for Greater Efficiencies”) is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries.	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.
Certification Levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Certified/ non-certified	1 Star 2 Stars 3 Stars 4 Stars 5 Stars
Areas of Assessment: Environmental Performance of the Building	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Management Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	1. Climatic Conditions of the Location Monthly average wet and dry bulb temperature; Monthly average outdoor wind velocity; Monthly average outdoor humidity, Solar radiation intensity; Annual average rainfall; Carbon dioxide intensity of the electricity grid; Average cost of energy (by fuel type) and water. 2. Building Type and Occupant Use Homes: for both apartments and houses (assumptions for area and occupancy are based on income categories); Hotels: for both hotels and resorts (assumptions for area, occupancy and the type	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

⁴¹ Website available at: <https://new.usgbc.org/leed>

⁴² Website available at: <https://www.edgebuildings.com/marketing/edge/>

⁴³ Website available at: <https://berdeonline.org/>

			<p>of support services are based on the star rating of the property); Offices: assumptions are based on occupancy density and hours of use; Hospitals: assumptions are based on the type of hospital (e.g., nursing home, private or public hospital, clinic or diagnostic center); Retail: assumptions are based on the type of retail building (e.g., department store, mall, supermarket, light industry or warehouse); Education: assumptions are based on the type of educational facility (e.g., pre-school, university or sports facility), as well as occupancy density and hours of use.</p> <p>3. Design and Specifications Thermal properties of the building envelope; Window to Wall Ratio; Building Orientation</p> <p>4. Calculation of the End Use Demand Overall energy demand in buildings; heating ventilation and air conditioning demand; virtual energy for comfort, energy demand for hot water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting or recycled water onsite; embodied energy in building materials.</p>	
<p>Requirements</p>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems</p>	<p>Minimum requirements depending on the level of certification; scoring system weighted by category, producing a percentage based overall score. The majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build</p>	<p>To achieve the EDGE standard, a building must demonstrate a minimum 20% reduction in operational energy consumption, water use and embodied energy in materials as compared to typical local practices.</p>	<p>Minimum requirements + Points Projects applying for BERDE Certification must comply with the minimum requirements before an assessment can begin. Afterwards, the project is analyzed on the 9 areas of assessment and receives points</p>

	<p>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).</p>	<p>their performance score. BREAAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>		<p>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).</p>
<p>Performance Display</p>				
<p>Qualitative considerations</p>	<p>Widely recognised internationally, and strong assurance of overall quality.</p>	<p>Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus, lower levels are less strict than LEED.</p>	<p>Strong assurance of overall quality due to the EDGE's development under the IFC umbrella.</p>	<p>BERDE puts more emphasis on water savings than LEED and is less stringent about energy requirements than BREEAM. Unlike most other schemes, BERDE has points which account for heritage conservation. BERDE is mainly used in the Philippines.</p>

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	The Union Bank of the Philippines, Inc.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	UnionBank Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 18, 2020
Publication date of review publication:	

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 GBP and SBP:

- | | |
|--|--|
| <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.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Green Buildings, Access to Essential Services, Employment Generation, Socio-Economic Advancement are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 9, 10, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 type="checkbox"/> Clean transportation |
| <input checked="" 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:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

UnionBank has established a Sustainable Finance Taskforce (“Taskforce”) who will be responsible for evaluating and selecting eligible assets and projects. The Taskforce will be chaired by the Company’s Chief Financial Officer and be comprised of representatives from its Treasury, Corporate Banking, and Sustainability Group. The Taskforce will replace projects that are no longer eligible and manage future updates to the Framework. Sustainalytics considers this to be in line with market practice.

Evaluation and selection

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

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

UnionBank will maintain a Sustainable Finance Register to track proceeds raised under the Framework. Unallocated proceeds will be temporarily held in cash or cash equivalents, used to pay short term debt, or invested in accordance with UnionBank’s corporate treasury policy. UnionBank will ensure that allocation of temporary proceeds are subject to the exclusionary criteria stated in the Framework. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

UnionBank intends to report on the allocation proceeds on an annual basis until full allocation through its Sustainable Finance Allocation and Impact Report. This Report will contain allocation and impact metrics such as proceeds earmarked for various projects categories, amount of unallocated proceeds, percentage financing versus refinancing, annual generation of renewable energy, annual reduction of GHG and number of MSMEs financed. Sustainalytics views UnionBank’s allocation and impact reporting as aligned with market practice

Use of proceeds reporting:

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

Information reported:

- Allocated amounts
- Sustainability 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):

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Gross floor area of qualifying properties, Volume of health safety equipment produced, Number of micro, small, and medium-enterprises financed etc. |

Frequency:

- Annual
- Semi-annual

Other (please specify):

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer’s adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

-
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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Named
2015: Best SRI or Green Bond Research or Rating Firm
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