



LANDBANK

SERVING THE NATION



SUSTAINABLE FINANCE FRAMEWORK 2023



1. INTRODUCTION TO THE LAND BANK OF THE PHILIPPINES

Land Bank of the Philippines (“LANDBANK”) is a specialized government bank with a universal banking license. LANDBANK is the only Philippine bank present in all 82 provinces of the country. Its extensive network of operations reaches out across the Philippines, expanding from year to year.

LANDBANK was founded in 1963 and plays a major role as:

- An implementing agency of the Comprehensive Agrarian Reform Program (CARP) involved in the valuation, transfer, and distribution of land to farmer beneficiaries, compensation of owners of private agricultural lands subject to transfer and distribution, and collection of amortizations from CARP farmer-beneficiaries;
- A provider of credit assistance to small farmers and fishers and assistance to Agrarian Reform Beneficiaries (ARBs);

- An official depository of government funds

LANDBANK continuously balances the pursuit of its social mandate while sustaining institutional viability. It focuses on promoting inclusive growth and helping uplift the Filipinos’ quality of life. The Bank believes that bringing more Filipinos from the unbanked and underserved areas to the fold of formal banking and financial services allows them to take part in and benefit from the economic activities of the greater community.

As a policy bank that is wholly owned by the Government of the Republic of the Philippines, LANDBANK also aligns its programs to the thrusts of the National Government.

The Bank earnestly pursues digital transformation to ensure the delivery of quality and unhampered financial services across the country.

1.1. LANDBANK’s Brief Strategy Overview

The Bank provides financial services, especially to the countryside, through wholesale and retail lending. For the wholesale lending approach, the Bank lends to conduits such as cooperatives and other farmer’s organizations, and countryside financial institutions (CFIs) like rural banks, cooperative banks and thrift banks, and to some extent, private entities such as small medium enterprises and large agribusiness enterprises. In turn, these entities lend to small farmers and fishers (SFFs), agrarian reform beneficiaries (ARBs) and microenterprises. On the other hand, the Bank also implements retail lending to local government units (LGUs), agribusiness enterprises, small and medium enterprise (SMEs) and agriculture processors.

1.2 LANDBANK’s Sustainability Goal

LANDBANK’s Sustainability Goal is to promote sustainable development in nation-building by integrating environmental, social and sustainability principles into the Bank’s business decisions and

operations anchored on good governance in support of the Philippine Development Plan, the Philippine Sustainable Finance Roadmap (Guiding Principles) and the UN Sustainable Development Goals.

1.3 LANDBANK Sustainable Finance Objectives

Supporting the Bank’s sustainability goal, LANDBANK established the following Sustainable Finance Objectives, which are aligned with the Bangko Sentral ng Pilipinas’ Sustainable Finance Framework policy requirements:

- a. Creating the Bank programs/policies that promote sustainable finance
- b. Managing environmental and social risks
- c. Delivering responsive sustainable finance products and services
- d. Communicating the Bank’s sustainability agenda
- e. Ensuring adherence to sustainability standards, principles and best practices

2. LANDBANK'S SUSTAINABLE FINANCE FRAMEWORK (LSFF)

Under objective 1.3.c of the approved LSFF Roadmap or the delivery of responsive sustainable finance products and services, LANDBANK intends to issue Sustainable Financing Instruments ("SFI") to finance new and existing loans to its clientele and internal projects with environmental and/or social benefits.

Sustainable Financing Instruments include Green Deposits/Bonds, Social Deposits/Bonds, Sustainable Deposits/Bonds, Green Loans, Green Grant Funds and other debt or Financing Instruments (FI) that fund eligible green and social projects that conform to the sustainable finance principles enumerated below:

- International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021; Social Bond Principles ("SBP") 2021; Sustainability Bond Guidelines ("SBG") 2021;
- ASEAN Green Bond Standards ("GBS"), issued by the ASEAN Capital Markets Forum ("ACMF") ASEAN Green Bond Standards in October 2018, and/or;
- Loan Market Association ("LMA") Green Loan Principles ("GLP") 2023 and/or LMA Social Loan Principles ("SLP") 2023.

LANDBANK complies with the following regulatory issuances:

1. Sustainability Reporting Guidelines by the Philippine Securities and Exchange Commission ("SEC") on April 15, 2019
2. BSP Circular No. 1085, series of 2020 – Sustainable Finance Framework
3. BSP Circular No. 1149, series of 2021 – Guidelines in the Integration of Sustainability Principles in the Investment Activities of Banks

In aligning with the above principles and guidelines, the LSFF SFI is structured with the following key pillars:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

LANDBANK may pursue having some of the SFI under this framework to also be certified by the Climate Bonds Initiative (CBI) against the Climate Bonds Standards.



2.1. Use of Proceeds

LANDBANK intends to allocate an amount equal to the incremental net proceeds of any SFI to finance or refinance LANDBANK's loans to customers or its own operating activities in Eligible Green Use-of-Proceeds Categories and/or Eligible Social Use-of-Proceeds Categories where:

- The net proceeds of LANDBANK's Green FI will be allocated to Eligible Green Use-of-Proceeds Categories as defined in 2.1.1;
- The net proceeds of LANDBANK's Social FI will be allocated to Eligible Social Use-of-Proceeds Categories as defined in 2.1.2;
- The net proceeds of LANDBANK's Sustainability FI will be allocated to Eligible Green Use-of-Proceeds Categories and Eligible Social Use-of-Proceeds Categories as defined in 2.1.1 and 2.1.2

2.1.1. Eligible Green Use-of-Proceed Categories

A portfolio of Eligible Green Projects (together forming the "Eligible Green Portfolio") in the following categories would be defined and clustered:



Renewable Energy – renewable energy projects such as solar, wind, ocean, hydropower (capacity of 25MW and below), biomass (excluding those that compete with food production) and geothermal [e.g. loans for the Renewable Energy Lending Program, and investments into LANDBANK's own operations which have a positive environmental impact]



Energy Efficiency – development, production or installation of products or technologies that reduce industrial energy consumption, such as improved chillers, improved lighting technology and enhanced battery capacity [e.g., loans for Go Green Program]. This also includes investments into LANDBANK's own operations, such as purchase and installation of products or technologies that reduce energy consumption in office buildings and facilities, such as improved lighting technology (excluding efficiency improvements in fossil fuel-based technologies)



Green Buildings – commercial and residential buildings that meet recognized standards such as Philippines BERDE Green Building Rating System (4 stars and above), LEED (Gold and above) or belonging to the top 15% of low carbon buildings in their respective categories and local context



Clean Transportation – electric vehicles, infrastructure for electric vehicles such as charging stations, as well as public mass-passenger transportation, passenger, and freight rail infrastructure (excluding rail transport dedicated to fossil fuels), and non-motorized transportation [e.g., Public Transport Financing Program]



Sustainable Water Management – construction, operation or upgrading of infrastructure for water collection, storage, treatment or distribution or upgrade of infrastructure for flood protection or drought resilience [e.g., loans for Water Program for Everyone (H2OPE)]



Pollution Prevention and Control – construction or upgrading of recycling infrastructure such as waste minimization, waste prevention, recycling, and reuse. Also included are energy/emission-efficient waste-to-energy power plants that use environmentally friendly technologies, including investments for LANDBANK's own operations. Development or production of value-added products from waste and remanufacturing, Metro Manila Waste Water Management Project and Solutions in Terminating Pollution for Manila Bay Lending Program dubbed as "STP for Manila Bay"



People Centric Urban Development – to improve quality of life living in urban areas, to provide convenience while conserving limited resources for sustainable and greener environments. [e.g., Smart in City Development Lending]

2.1.2. Eligible Social Use-of-Proceed Categories

A portfolio of Eligible Social Projects (together forming the “Eligible Social Portfolio”) in the following categories would be defined and clustered:



Access to Essential Services – healthcare (public hospitals, elderly care, and the like) and education (public schools, universities, vocational training, sheltered workshops) [e.g., loans for Health Progressive Lending for Upgraded Services (PLUS) program]



Employment Generation Including through the Potential Effect of SME Financing and Microfinance – loans to micro, small, and medium enterprises as defined by the Bangko Sentral ng Pilipinas Manual of Regulation for Banks [e.g. loans for Access of Small Enterprise to Sound Lending Opportunities Program, agricultural credit support project (predicated towards poverty reduction)]



Socioeconomic Advancement and Empowerment – loans to minority, underserved, and low-income individuals, for example, smallholder farmers and fishers [e.g., loans for LGU program, including programs for gender equality]



Food Security – growing and processing raw produce such as rice, vegetables, fruits as well as farming and fishing for underserved populations



Affordable Housing – loans to development or purchase of “Socialized Housing” and “Economic Housing” as defined by the Housing and Land Use Regulatory Board of the Philippines [e.g., loans for Housing Opportunities Made Easy (HOME) Program]

Exclusionary Criteria

LANDBANK has developed a list of exclusionary criteria on the use of the SFI proceeds (see Appendix 1). In this regard, we commit to not knowingly using the SFI proceeds for the financing of assets/projects included in the exclusionary criteria.



2.2. Project Evaluation and Selection

The selection of Eligible Green and Social Projects will be performed by the business/lending units in nominating loans or projects in accordance with the Eligible Green or Social Categories in 2.1.1 and 2.1.2. and evaluated according to existing LANDBANK program management policies.

Approval of Eligible Green and Social Projects will follow the Bank's existing credit/loan approval processes.

The LANDBANK's Lending Programs Management Group will oversee the management of the approved Green and Social projects to ensure compliance to the existing program management policies.

2.3. Management of Proceeds

The SFI proceeds will be managed by LANDBANK in a portfolio approach, and would be utilized as follows:

- Green Financing Instruments to the Eligible Green Portfolio
- Social Financing Instruments to the Eligible Social Portfolio
- Sustainable Financing Instruments to both Eligible Green Portfolio and Eligible Social Portfolio

LANDBANK will strive, over time, to achieve and maintain an Eligible Green Portfolio that at least matches or exceeds the net proceeds from its outstanding Green Financing Instruments. Similarly, the Eligible Social Portfolio will strive over time to at least match or exceed the net proceeds from its outstanding Social Financing Instruments. Collectively, the Eligible Green Portfolio and Eligible Social Portfolio will also strive to at least match or exceed over time the net proceeds from its outstanding Sustainable Financing Instruments.

During the life of the SFIs, and upon becoming aware, if a loan ceases to fulfil the eligibility criteria, LANDBANK will remove the loan from the portfolio and replace it, when necessary, as soon as reasonably practicable.

To prevent double counting, LANDBANK will ensure that any Eligible Green Project and Eligible Social Project (especially those with more than one (1) affiliation with the Use of Proceeds category) will not be listed more than once in either the Eligible Green Portfolio or the Eligible Social Portfolio.

For any net proceeds of SFIs that remain unallocated, LANDBANK will hold the proceeds in cash and/or invest in other short-term liquid instruments.

2.4. Reporting

LANDBANK intends to report the utilization of the net proceeds to the Eligible Green and Social Portfolio. Reporting will take place a year following the issuance of the applicable SFI and will be renewed annually until full allocation of the net proceeds.

Wherever feasible, LANDBANK may report on the aggregated impact of the Eligible Green and Social Portfolio on a category level. LANDBANK will align, on a best-efforts basis, the reporting with the portfolio approach.

The reports may be found in the LANDBANK official website.

2.4.1. Allocation reporting

The allocation report will provide:

- amount or percentage of allocation to the Eligible Green and Social Portfolio
- examples of projects being financed (subject to confidentiality considerations)
- the balance of unallocated proceeds

2.1.4. Impact Reporting

The use of proceeds is clearly aligned to the ICMA and ACMF principles as outlined in section 2.0 as well as to the United Nations (“UN”) Sustainable Development Goals (“SDGs”) as shown in the table below.

Eligible Use of Proceeds and SDG Targets	Example of Eligible Loan Programs
<div data-bbox="193 398 359 548"> <p>2 ZERO HUNGER</p>  </div> <p>Food Security</p> <p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>	<p>The Accessible Funds for Delivery to Agrarian Reform Beneficiaries (AFFORD-ARBs) Program is a direct lending program that will cater to individual agrarian reform beneficiaries (ARBs) engaged in rice, corn, and high-value crop production. The loan can also be used for the acquisition of small farm implements.</p> <p>The Sikat Saka Program is a lending program that provides a direct credit window for small rice and corn farmers. This supports the primary objectives of supporting the Philippine Government’s Food Staples Sufficiency Program and increasing the farmers’ productivity and income as well.</p> <p>LANDBANK has several Commodity Lending Programs (e.g., Milk Program, Kawayan (Bamboo) Program, Coffee Financing Program, Onion Financing Program, Cacao-100 Program, Coconut Financing Program, ISDA Program, Poultry Financing Program, Banana Financing Program, Sugarcane Financing Program, Seaweeds Financing Program), which provide credit support to industry stakeholders’ project/s.</p> <p>The Agri-Mechanization Program provides credit assistance to promote the mechanization of agricultural production processes to increase efficiency, reduce post-harvest losses and lower cost of production in order to achieve food security and safety and increase farmers’ income at the same time.</p> <p>Climate Resilient Agriculture is a lending program that provides credit to eligible borrowers to promote climate change adaptation initiatives towards climate resilient agriculture.</p>
<div data-bbox="193 1440 359 1579"> <p>3 GOOD HEALTH AND WELL-BEING</p>  </div> <p>Access to Essential Services</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>HEALTH – Progressive Lending for Upgraded Services Program (HEALTH – PLUS), is a program that provides financial support to healthcare providers through (i) construction, renovation/ repair, upgrading of public hospitals and other health facilities, drug stores and business facilities; (ii) acquisition of healthcare provision-related equipment and instruments; (iii) acquisition of medical supplies/inventories and stocks of medicines; (iv) outsourcing of technical, medical, and ancillary services, and support services.</p>
<div data-bbox="193 1776 359 1926"> <p>6 CLEAN WATER AND SANITATION</p>  </div> <p>Sustainable Water Management</p> <p>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</p>	<p>The Water for Everyone (H₂OPE) is a unified program for the water and sanitation sector with the objective of bringing in sustainable 24/7 pipe, clean and safe water. The program also funds water sanitation projects, like septage and sewerage treatment plants.</p>

Eligible Use of Proceeds and SDG Targets

Example of Eligible Loan Programs

7 AFFORDABLE AND CLEAN ENERGY



Renewable Energy

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

The Renewable Energy (RE) Lending Program provides financing to renewable energy projects such as but not limited to biomass, geothermal, solar power, hydro power (<25MW), ocean-generated energy, and wind-generated energy.

7 AFFORDABLE AND CLEAN ENERGY



Energy Efficiency

7.3 By 2030, double the global rate of improvement in energy efficiency

The Go Green Inclusive Financing Program is a lending program with the objective of reducing electricity consumption by promoting the use of energy efficiency solutions such as improved chillers, improved lighting technology and enhanced battery capacity amongst others

8 DECENT WORK AND ECONOMIC GROWTH



Employment Generation/ Socioeconomic Advancement and Empowerment

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 increasing recycling and safe reuse globally

The OFW Reintegration Program is a program designed to maximize the productive capacity of the OFWs and expand their livelihood options beyond overseas employment with the objective of providing enterprise opportunities for OFWs on a sustainable basis.

The SME Credit Facility is a lending program that supports entrepreneurs to start or expand their business.

The Innovation and Technology (I-TECH) Lending Program is a lending program that supports the commercial production of patented Filipino inventions and encourages the development of viable Filipino inventions/ innovations or new technologies.

The Franchising Lending Program is a lending program that provides credit assistance to qualified players in the franchising industry, particularly the franchisees and franchisors.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Affordable Basic Infrastructure

9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

The Lending Program for Local Government Units (LGUs) provides credit assistance to LGU projects that will enhance social services and help improve the living conditions of its constituents such as roads and bridges, public markets, slaughterhouses, drainage/flood control, housing, water supply, hospital/ health services, bus/ jeepney terminals, solid waste management projects, and others.

Bringing Inclusive Growth in every Household Through National Electrification Support Services (BRIGHTNESS) is a financing program that promotes rural electrification to ensure quality, reliability, security, and affordability of supply of electric power nationwide.

Eligible Use of Proceeds and SDG Targets

Example of Eligible Loan Programs

11 SUSTAINABLE CITIES AND COMMUNITIES



People Centric Urban Development

11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries

LANDBANK's Sustainable and Multi-Dimensional Approach using Revolutionized Technologies (SMART) in City Development is a credit program which aims to finance projects that will make living in an urban area or city convenient, safe, green, modern economically and environmentally sustainable by using and adopting accessible information and communication cutting edge technologies like internet of things (IOT), robotics/ automation and Artificial Intelligence

11 SUSTAINABLE CITIES AND COMMUNITIES



Affordable Housing

11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services and upgrade slums

The Housing Opportunities Made Easy (HOME) Loan Program is a lending program that caters to both homebuyers and home developers and offers the following facilities: (i) easy home loan, (ii) end-buyers tie-up; and (iii) Bahay para sa Bagong Bayani.

15 LIFE ON LAND



Pollution Prevention and Control

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

The Solution in Terminating Pollution (STP) for Manila Bay Program supports the government's initiative to clean-up, rehabilitate and preserve Manila Bay and all the waterways that empties into it, reducing the degradation of water habitats of marine animals and put a stop to the loss of biodiversity in river systems and in Manila Bay.

The impact reporting, where relevant and possible, may include metrics such as the following:

Category	Eligible Projects	Standards
Renewable Energy	Renewable energy projects such as solar, wind, ocean, hydropower (capacity of 25MW and below), biomass (excluding those that compete with food production) and geothermal	Total energy produced (MWh)
Energy Efficiency	Development, production or installation of products or technologies that reduce industrial energy consumption, such as improved chillers, improved lighting technology and enhanced battery capacity	Total energy saved (kWh)
Green Buildings	Commercial and residential buildings that meet recognized standards such as Philippines BERDE Green Building Rating System (4 stars and above), LEED (Gold and above) or belonging to the top 15% of low carbon buildings in their respective categories and local context	Total number of green buildings constructed

Clean Transportation	Electric vehicles, infrastructure for electric vehicles such as charging stations, as well as public mass-passenger transportation, passenger, and freight rail infrastructure (excluding rail transport dedicated to fossil fuels), and motorized transportation [e.g., loans for Public Transport Financing Program]	<ul style="list-style-type: none"> • Volume of passengers served • Number of old vehicles replaced
Sustainable Water Management	Construction, operation or upgrading of infrastructure for water collection, storage, treatment or distribution or upgrade of infrastructure for flood protection or drought resilience [e.g., loans for Water Program for Everyone (H ₂ OPE)]	<ul style="list-style-type: none"> • Number of barangays served • Number of households served
Pollution Prevention and Control	Construction or upgrading of recycling infrastructure such as waste minimization, waste prevention, recycling, and reuse. Also included are energy/emission-efficient waste-to-energy power plants that use environment-friendly technologies, including investments for LANDBANK's own operations. Development or production of value-added products from waste and remanufacturing, Metro Manila Water Management Project and Solutions in Terminating Pollution for Manila Bay Lending Program dubbed as "STP for Manila Bay"	<ul style="list-style-type: none"> • Number of STPs established • Volume of wastewater treated
People Centric Urban Development	To improve quality of living in urban areas, provide convenience while at the same time conserve limited resources for sustainable and greener environment. [e.g., Smart in-City Development Lending]	Number of LGUs which developed SMART cities
Access to essential services	Healthcare (public hospitals, elderly care, and the like) and education (public schools, universities, vocational training, sheltered workshops) [e.g. loans for Health Progressive Lending for Upgraded Services (PLUS) program]	<ul style="list-style-type: none"> • Percentage of population to have access to health services/facilities • Number of hospital beds added
Employment generation including the potential effect of SME financing and microfinance	Loans to micro, small, and medium enterprises as defined by the Bangko Sentral ng Pilipinas Manual of Regulation for Banks [e.g., loans for Access of Small Enterprise to Sound Lending Opportunities Program, agricultural credit support project (predicated towards poverty reduction)]	Number of assisted small and medium enterprises
Socioeconomic advancement and empowerment	Loans to minority, underserved, and low-income individuals, for example, smallholder farmers and fishers [e.g., loans for LGU program, (including programs for gender empowerment)]	<ul style="list-style-type: none"> • Number of assisted Local Government Units • Number of LGU projects • Number of jobs generated • Number of beneficiaries from developmental projects
Affordable Housing	Loans to development or purchase of "Socialized Housing" and "Economic Housing" as defined by the Housing and Land Use Regulatory Board of the Philippines [e.g., loans for Housing Opportunities Made Easy (HOME) Program]	Number of houses/condominium units constructed

Aligned with the Philippine Sustainable Finance Guiding Principles, the LANDBANK Sustainable Finance Framework Roadmap has identified lending programs and other bank financial services supportive of the Sustainable Development Goals (SDGs).

Philippine Sustainable Finance Guiding Principles (GP)	LSF Lending Programs and Other Bank Financial Services	Sustainable Development Goals
GP 1: Climate Change Mitigation and Adaptation	<ul style="list-style-type: none"> Green Climate Fund (GCF) Carbon Finance Support Facility (CFSF) 	    
GP 2: Promoting Transition to a Low Carbon Economy	<ul style="list-style-type: none"> Digital Banking Products and eGovernment Transactions LANDBANK Go Green – Inclusive Financing Program for SMEs and LGUs Program (GO GREEN) Renewable Energy Program LANDBANK SPEED-PUV 	   
GP 3: Resilient Food Systems	Sikat Saka; Sulong Saka; AFFORD-ARBs; ACEF; ERCA-RCEF; EPAHP; SURE Aid; Palay at Mais LP; SALP; Coco-Financing; Poultry Lending; SWINE; SCP-SIDA; Sugarcane Financing; APCP; MILK etc.	      
GP 4: Sustainable Cities	<ul style="list-style-type: none"> HEALTH – PLUS Water Program for Everyone (H₂OPE) Housing Opportunities Made Easy (HOME) Program 	         
GP 5: Sustainable and Resilient Infrastructure for Inclusive Growth and Poverty Reduction	LANDBANK – Calamity Rehabilitation Support (LBP CARES) Program	   
GP 6: Environmental Management and Conservation	Forestry Financing Program (program ongoing; finalization of term sheets with DENR)	  

2.5. External Review

The Framework is supported by a Second Party Opinion by Moody's Investor Services (Moody's). The same is available on our website <https://www.landbank.com/landbank-green-growth-deposit>.

2.5.1. Pre-issuance Review

This Sustainable Finance Framework has been reviewed by Moody's, who has issued a Second Party Opinion or assurance/attestation report, which can be found here <https://www.landbank.com/landbank-green-growth-deposit>. This paragraph can be subsumed within the 2.5 above, unless a post-issuance review is undertaken].

2.5.2. Post-issuance Review

A limited assurance report or verification statement for the allocation of the SFI proceeds to Eligible Green Projects and Eligible Social Projects can be provided by LANDBANK's auditors.

2.6. Amendments to this Framework

The Bank's SFF Project Working Team (PWT) will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Bank's SFF PWT. The updated Framework, if any, will be published on the website and will replace this Framework.



Appendix 1 - Exclusionary Criteria

The following projects/activities are ineligible for the use of SFI's proceeds:

a. Projects/activities with adverse impact to the environment:

1. Power generation projects using coal* and diesel fuel
2. Extraction, importation, distribution, and trading of coal
3. Transport vehicles lower than Euro 4 standard
4. Production/manufacturing, importation, and/or trading of single-use plastic packaging materials as defined in Republic Act (RA) No. 11898; Extended Producer Responsibility Act of 2022
5. Production/manufacturing or trade of any product or activity deemed illegal under the Philippine laws or regulations or international conventions and agreements or subject of international phase outs or bans, such as:
 - a. Pharmaceuticals
 - b. Ozone-depleting substances
 - c. Polychlorinated biphenyls and other hazardous chemicals
 - d. Trans-boundary trade in waste or waste products, and
 - e. Pesticides/herbicides
6. Production/manufacturing, processing, or trade of wood or other forestry products without the Department of Environment and Natural Resources (DENR) clearance/permit
7. Commercial logging and/or purchase of logging equipment for use in natural forest
8. Projects located in protected area without DENR/Protected Area Management Board clearance/permit
9. Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species and RA: 9147: Wildlife Resources Conservation and Protection Act
10. Marine and coastal fishing/drift net fishing not compliant with Bureau of Fisheries and Aquatic Resources policy
11. Production/trade/use of asbestos not compliant with DENR Administrative Order No. 2000-02: Chemical Control Order for Asbestos
12. Production/trade/use of radioactive materials
Note: This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where radioactive source is considered trivial and/or adequately shielded.
13. Infrastructure projects sourcing construction materials such as gravel and sand from illegal quarries and sites.

**Projects not covered by the LANDBANK's guidelines on the implementation of the transition policy on coal-fired powerplant financing and investment*

b. Projects/activities with adverse impact to the society:

1. Projects located/overlapped an ancestral domain without the Certification by National Commission on Indigenous People and free, prior, informed, and written consent of the Indigenous Cultural Communities/Indigenous Peoples affected by the operation of such projects
2. Activities that make use of child and forced labor
3. Activities and establishments promoting adult entertainment, prostitution/human trafficking
4. Production/manufacturing or importation/trading of distilled liquor(s)
5. Production/manufacturing or importation/trading of finished tobacco products
6. Gambling, casinos, and equivalent enterprises (except those that are authorized by the Philippine Amusement and Gaming Corporation and Philippine Charity Sweepstakes Office in accordance with the Bank's credit policies)
7. Production or trade in weapons, ammunitions as well as firecrackers without license/authorization from Firearms and Explosives Office of the Philippine National Police.

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