



Sustainable Finance Framework

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1. Introduction

1.1 Business Overview

Metrobank is the flagship company of the Metrobank Group. Founded in September 5, 1962, Metrobank has since become the premier universal bank and among the foremost financial institutions in the Philippines. It offers a full range of banking and other financial products and services, including corporate, commercial and consumer banking, as well as credit card, remittances, leasing, investment banking and trust banking. Metrobank currently spans a consolidated network of over 2,260 ATMs nationwide; over 953 domestic branches; and 32 foreign branches, subsidiaries, and representative offices.

Metrobank was incorporated in Binondo, Manila by a group of Filipino businessmen principally to provide financial services to the Filipino-Chinese community. It opened its first local branch in 1963, then expanded beyond Philippine shores only a few years after its establishment. Metrobank rolled out its first international branch in Taipei in 1970 and a representative office in Hong Kong in 1973. In 1975, Metrobank became the first of the private banks to move into American territory when it opened its office in Guam. It later established branches in the United States mainland cities of Los Angeles and New York.

It established Metrobank Foundation, Inc. in 1979, putting emphasis on both business success and community contribution. The Foundation has since become one of the largest and most respected charitable organizations in Asia.

In 1981, Metrobank was listed in the Philippine Stock Exchange and acquired its universal banking license, gaining significant equity ownerships in local and international subsidiaries. It established its own credit card company, Unibancard Corporation (now Metrobank Card Corporation) in 1986. A decade later, it partnered with another global giant, the AXA Group, to give birth to Philippine AXA Life Insurance Corporation.

In 1990, Metrobank launched the country's first and only talking ATM, Metrobank E.T. In 1995, Metrobank became the first billion-dollar bank with total capital of Php22.8 billion, the largest in the industry. It is the first local bank to raise supplementary capital overseas with a total of US\$325 million in Lower Tier 2 Capital and Hybrid Tier 1 Capital in the years 2003 to 2006.

Metrobank has also been steadily expanding internationally. In the late 1990s, Metrobank opened branches and offices in London, Taichung, Tokyo, and Seoul. Metrobank was the first to be granted a banking license by the Japanese Ministry of Finance. It was also the first Philippine bank in Korea. In 2001, Metrobank became the first Philippine bank in China when it opened its branch in Shanghai. In 2010, Metrobank inaugurated its wholly-owned subsidiary, Metropolitan Bank (China) Limited, the first foreign bank headquarters to be established in Nanjing. MBCL serves as the base for Metrobank's operations in China, with six branches and sub-branches located in Nanjing and Shanghai.

1.2 Corporate Philosophy and Vision

At the heart of every prosperous community is a financial institution that champions sustainable progress and economic empowerment. At Metrobank, sustainability is not just a priority; it is the cornerstone of its long-term success. It is about building a more resilient and equitable future for the Philippines through responsible banking and transformative community engagement. The aim is to create platforms for environmentally sustainable and economically inclusive growth to pave the way for progress. Through innovative banking solutions, broad-based financial services, and strategic partnerships, Metrobank unlock sustainability opportunities and open pathways to prosperity for all.

1.3 Sustainability Strategy

At Metrobank, sustainability means advancing national growth by offering financial solutions that empower individuals and businesses, enabling communities to thrive. The Bank works hand-in-hand with entrepreneurs and families, turning their aspirations into reality. However, the approach to sustainability goes beyond immediate needs – it is balanced with future goals, incorporating economic, environmental, and social factors into decision-making processes.

Metrobank's commitment, encapsulated by the promise "You're in Good Hands", ensures that while the Bank supports responsible wealth creation today, it also secures the future prosperity of coming generations. Acknowledging the limitations of resources, market maturity, and the urgency of sustainability-related challenges, the focus is on thoughtful solutions that yield lasting and significant benefits for our stakeholders. The Bank actively supports the national government's sustainability and climate objectives, aligning its strategies with key frameworks such as the Philippine Development Plan and the Philippine Energy Plan, as well as to global sustainability commitments, including the United Nations Sustainable Development Goals and the United Nations Global Compact.

Metrobank has outlined its general approach to drive Sustainable Finance through the following principles:

- **DO NO HARM:** Rationalize exposure to identified closely monitored industries/sectors due to potential environmental and social impact by planning for the gradual wind-down of exposure to activities that are environmentally and socially harmful. Align with government goals towards exposure targets.
- **DO GOOD:** Support transition finance for hard-to-abate sectors by considering provision of transition finance to borrowers to support their sustainability journey. Identify high environmental and social risk clients that require enhanced due diligence and create a roadmap to reduce high-risk exposure.
- **DO MORE:** Accelerate the growth of a sustainable portfolio. Identify and assess opportunities for growth of a sustainable loan book, and where applicable, strengthen the sustainable products portfolio.

1.3.1 Sustainability Governance Structure

At Metrobank, governance is at the center of how we manage risk and drive sustainability forward. The Bank ensures that environmental, climate, and social risks are integrated into enterprise risk management considering both regulatory compliance and long-term business objectives. The Board of Directors, through the Executive Committee (EXCOM) and the Risk Oversight Committee (ROC), sets the direction and renders oversight in implementing the Bank's sustainability framework and strategy, ensuring compliance with regulatory mandates. The EXCOM and ROC delegates the execution responsibilities to the Sustainability Department, supported by business units and subject matter experts.

The Board of Directors provides oversight and direction in:

- Setting sustainability objectives covering short-, medium-, and long-term horizons
- Alignment of environmental and social risks with enterprise-wide risk management strategies
- Integration of environmental and social risk mitigation into credit, investment, and operational policies
- Strengthened governance on sustainability agenda and compliance to environmental and social regulations

The senior management, supported by the Sustainability Department, executes the sustainability agenda by:

- Implementing sustainability objectives covering short-, medium-, and long-term horizons
- Executing the sustainability agenda and Environmental and Social Risk Management (ESRM) framework
- Embedding sustainability principles into credit operations, investment practices, and business processes
- Conducting periodic assessments of the Bank's sustainability policies and integrating outcomes to strategy

1.3.2 Environmental and Social Risk Management

The Bank recognizes that environmental degradation and climate change pose significant systemic risks that can impact financial stability, disrupt businesses, and create long-term economic vulnerabilities. The increasing frequency of extreme weather events, resource depletion, and shifting regulatory landscapes demands a proactive and structured approach to risk mitigation. To manage these risks, Metrobank has established an Environmental and Social Risk Management (ESRM) framework that ensures a structured, bank-wide approach to assessing and mitigating environmental and social risks.

The ESRM framework is aligned with BSP Circular no. 1128, reinforcing Metrobank's ability to integrate environmental and social risk management within its risk governance structure and develop policies, processes, and assessment tools that ensure sustainability-related risks are identified, evaluated, and mitigated.

Through the ESRM Framework, the Bank assesses and manages environmental and social risks in lending, investment, and operational activities, matching its financing consideration with sustainability standards. It also ensures compliance with BSP Circular nos. 1085 and 1128; incorporating environmental and social elements in risk management for Metrobank's credit, investment, and operational policies. Lastly, it allows for monitoring of emerging climate transition risks and contributes to the safeguarding of the Bank's resiliency to the evolving discourse on these matters.

Identifying and Monitoring Existing and Emerging Risks

Metrobank actively identifies, measures, and monitors sustainability-related risks across its lending, investment, and operational activities. This ensures that the Bank remain resilient against evolving environmental, social, and climate challenges, and strengthening its financial stability.

Metrobank acknowledges that environmental and social risks have the potential to evolve into significant financial and non-financial risks if not effectively managed. These risks can exacerbate traditional financial risks, including credit, market, operational, and reputational risks. For instance, borrowers exposed to climate-related disruptions may experience financial strain, increasing the likelihood of loan defaults (credit risk), while regulatory shifts towards sustainability compliance may impact asset valuations (market risk). Similarly, disruptions to operations due to extreme weather events (operational risk) or involvement in unsustainable projects (reputational risk) can undermine financial performance and stakeholder trust.

Key Risk Mitigation Strategies

To address these risks, Metrobank employs a structured approach to integrate environmental and social risk considerations into enterprise-wide risk management, ensuring a proactive stance against emerging sustainability-related challenges.

- Risk Identification and Measurement – The Bank uses risk assessment tools to evaluate exposures from climate change, environmental impact, and social risks.
- Regulatory Compliance – The ESRM policies are continuously updated to meet evolving local and global regulations.
- Enterprise-Wide Risk Monitoring – Sustainability risks are integrated into strategic planning, credit assessments, and operational risk monitoring.
- Business Continuity Planning and Disaster Risk Assessment – Strategies reflecting climate change-intensified hazards are embedded into the Bank's crisis response and resilience planning.

As sustainability risks evolve, the Bank continuously refines its ESRM framework to assess and mitigate climate, environmental, and social risks that impact business operations, investments, and lending activities.

1.3.3 Metrobank's Rationale for Sustainable Financing

Metrobank's Sustainable Finance Framework, aligned with international standards, will enable the Bank to mobilize capital towards green financing for projects directly supporting renewable energy, sustainable urban development, water security, and inclusive growth. This, coupled with Metrobank Foundation's impactful community initiatives, demonstrates the Bank's commitment to creating meaningful value for all stakeholders. Metrobank is not just meeting regulatory requirements; it is actively shaping a more sustainable and inclusive financial system for generations to come.

The Sustainable Finance Framework guides the Bank's corporate strategy toward identifying and managing the environmental and social risks that adversely affect the banking industry, customers, and the Philippine economy. This corporate strategy is with the understanding that the Bank must balance the environmental and social risk exposures related to its lending and investment activities, and proactively pursue opportunities to adapt and mitigate the impact of climate change. The Bank intends to future-proof the business while continuing to uplift sectors that add value to the country's economy and development roadmaps, as prescribed in the Philippine Development Plan and Philippine Energy Plan.

At Metrobank, sustainability is built on its founding mandate to help in nation-building. The Bank's efforts contribute to the 17 United Nations Sustainable Development Goals (SDGs), promoting financial inclusion, supporting resilient infrastructure, and fostering technological innovation. It also drives job creation through direct initiatives and community programs led by the Metrobank Foundation and the Purple Hearts Club, ensuring that its sustainability journey uplifts both the economy and communities nationwide.

While Metrobank's activities contribute across all 17 SDGs, the Bank prioritizes five SDGs that reflect the core of its sustainability mission:

- **SDG 1: End poverty in all its forms everywhere.** The Bank recognizes the fundamental role financial institutions play in poverty alleviation. By providing accessible financial services and supporting income-generating activities, Metrobank aims to contribute to the eradication of poverty in measurable ways.

- **SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.** Through the Metrobank Foundation, the Bank supports initiatives that bolster food security and sustainable agricultural practices. The Bank also promotes health and nutrition in communities that are most in need through long-term feeding programs.
- **SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.** Metrobank advocates for the transformative power of education in addressing Philippine developmental challenges. The Bank invests in initiatives that provide quality education and lifelong learning opportunities, fostering an environment where everyone has the chance to learn and grow.
- **SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.** Metrobank's growing efforts in this area involve stimulating economic growth through financing and supporting projects that create jobs and ensure fair labor practices.
- **SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.** A sustainable future will require robust infrastructure and sustainable industrial practices. Therefore, Metrobank finances projects that support economic growth and are innovative in creating an impact.

This commitment to sustainability reflects Metrobank's core belief in creating meaningful value—for its clients, communities, and the broader society.

2. Sustainable Finance Framework

In alignment with the evolving regulatory landscape concerning Environmental, Social, and Governance (ESG) disclosures, Metrobank's Sustainable Finance Framework (SFF) reflects its commitment to integrate sustainability principles into operations, risk management, and financial activities. The Bank aligns with BSP Circular No. 1085, which sets expectations for embedding ESG in governance, strategy, and risk management. Supporting circulars address environmental and social risk management, sustainable investments, disclosures, and the Philippine Sustainable Finance Taxonomy Guidelines. The SEC Memorandum Circular no. 4 Series of 2019 complements this with sustainability reporting guidelines for publicly-listed companies, aligned with international standards, while national roadmaps reinforce climate-responsive economic growth.

Metrobank's SFF ensures effective ESRM and sustainable finance promotion through its key components. The exclusion list identifies activities ineligible for financing, such as illegal business activities and operations and may cause significant harm to the environment and to communities. Environmental and social due diligence is used to assess project impact and risk evaluations to ensure continuous monitoring.

Driving Green and Social Impact

Metrobank allocates proceeds from sustainable financing instruments toward projects that contribute to environmental resilience, social impact, and economic inclusion.

Green Financing	Social Financing
<p>Supporting Environmental Sustainability <i>Enabling projects that contribute to climate resilience, resource efficiency, and pollution reduction by financing initiatives such as:</i></p> <ul style="list-style-type: none"> ✓ Renewable Energy – Supporting solar, wind, hydro, geothermal, and bioenergy projects ✓ Clean Transportation – Funding electric public transport, electric vehicle charging infrastructure, and green mobility solutions ✓ Energy Efficiency – Investing in smart-grid systems, energy-efficient solutions, sustainable industrial processes, and energy storage systems ✓ Green Buildings – Financing sustainable real estate projects that meet BERDE, LEED, EDGE, and BREEAM certifications ✓ Pollution Prevention and Control – Investing in waste reduction and waste recycling facilities, and air quality improvements ✓ Sustainable Water and Wastewater Management – Expanding wastewater treatment and water conservation ✓ Sustainable Agriculture – Investing in sustainable agricultural practices that increase resource efficiency in food production 	<p>Advancing Inclusive Growth <i>Direct financing toward projects that enhance social well-being, promote financial inclusion, improve access to essential services, including:</i></p> <ul style="list-style-type: none"> ✓ Access to Essential Services – Supporting public infrastructure, education, and healthcare expansion ✓ Food Security – Investing in climate-smart farming, sustainable food supply chains, and agricultural resilience ✓ Affordable Housing – Providing low-income housing finance, social housing, and community development ✓ Microfinance and MSME Empowerment – Enabling women entrepreneurs, social enterprises, and small businesses through inclusive financing

This Framework will abide by the following standards:

- APLMA Green Loan Principles¹, Social Loan Principles²
- ICMA Green Bond Principles³, Social Bond Principles⁴, Sustainability Bond Guidelines⁵
- ASEAN Capital Markets Forum (ACMF) Green Bond Standards, Social Bond Standards, Sustainability Bond Standards, Taxonomy for Sustainable Finance⁶
- Philippine Sustainable Finance Taxonomy Standards, where feasible
- Securities and Exchange Commission (SEC) Guidelines on Eligible Green, Social and Sustainable Projects and Activities for the issuance of Sustainable Finance instruments in the Philippines

¹ Metrobank references the latest version of the [Green Loan Principles](#), updated in March 2025.

² Metrobank references the latest version of the [Social Loan Principles](#), updated in March 2025.

³ Metrobank references the latest version of the [Green Bond Principles](#), updated in June 2025.

⁴ Metrobank references the latest version of the [Social Bond Principles](#), updated in June 2025.

⁵ Metrobank references the latest version of the [Sustainability Bond Guidelines 2021](#).

⁶ Metrobank references the latest version of the [ASEAN Taxonomy for Sustainable Finance Version 4](#), updated in November 2025.

The Bank also recognizes the evolving landscape of sustainable development and climate action, wherein should there be changes in priorities driven by national government pronouncements or internal sustainability, climate, and corporate citizenship agenda, the exclusion list and eligible use of proceeds shall be adjusted accordingly. Metrobank is dedicated to follow the best market practices; and any future revised and updated version of this Framework is ensured to comply with voluntary market practices, as well as evolving standards, reporting disclosures, transparency levels, including the corresponding External Review. Any financing and/or refinancing activity will, at all times, be consistent with Metrobank's sustainability philosophy and strategy, as well as other internal environmental and social guidelines.

Metrobank's Framework is structured with the following key pillars:


1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting and External Assurance


2.1 Use of Proceeds







The net proceeds of sustainability financing instruments (SFI) will be used to finance or refinance, in whole or in part, new or existing assets falling within the Eligible Categories below. All designated green and social assets shall provide clear environmental and social benefits, which will be assessed and quantified by Metrobank.



Where use of proceeds is for refinancing of capital expenditures and operational expenditures, we apply a maximum look-back period of 24 months from the SFI issuance date.

2.1.1 Eligible Green Categories


Eligible Green Category	Eligibility Criteria	Alignment with SDGs
Renewable Energy	<p>Expenditure in acquisition, construction, development, operation, manufacturing, maintenance of facilities, equipment / storage, systems, technologies, applications:</p> <ul style="list-style-type: none"> • Solar • Wind • Bioenergy projects, whose lifecycle greenhouse gas emission intensity <100gCO₂e/kWh, including electricity generation from waste biomass such as agricultural residues, for example, rice husks, wood chips, sawdust straw, cane trash, sugarcane bagasse, corn cobs. Waste biomass will be procured sustainably and will not compete with food needs. Feedstock will be certified with credible schemes (such as RSB, International Sustainability and Carbon Certification Plus). • Geothermal whose lifecycle greenhouse gas emission intensity <100gCO₂e/kWh 	

	<ul style="list-style-type: none"> Hydropower projects that commence operation <ul style="list-style-type: none"> Before 2020, meet one of the following criteria: <ul style="list-style-type: none"> Lifecycle intensity <100gCO₂e/kWh, or Power density greater than 5 W/m² In 2020 or after, meet one of the following criteria: <ul style="list-style-type: none"> Lifecycle intensity <50gCO₂e/kWh, or Power density greater than 10 W/m², or Run-of-river without an artificial reservoir or with low storage capacity <p>Development, enhancement, maintenance, and expansion of electrical grids dedicated to connecting renewables to the power grid</p>	
Clean Transportation	<p>Expenditure in low energy consumption or low emission transportation, such as:</p> <p><u>Road transport</u></p> <ul style="list-style-type: none"> Electric or zero-direct emissions vehicles, and the technology and infrastructure required to utilize them including upgrading and retrofitting of existing facilities Infrastructure and products for active mobility (bicycles, scooter, and other forms of self-propelled transportation, infrastructure to promote walking and cycling) <p><u>Rail transport</u></p> <ul style="list-style-type: none"> Freight rail and urban or suburban metro rails that emit zero direct emissions (fully electric or hydrogen) <p><u>Air transport</u></p> <ul style="list-style-type: none"> Airport infrastructure dedicated to zero-emission airport operations and intermodal freight transfer, including facilities for electric or hydrogen aircraft servicing, ground handling equipment with zero tailpipe emissions, airport electrification upgrades, and installations for rail and water-based transshipment of goods <p><u>Sea transport</u></p> <ul style="list-style-type: none"> Port infrastructure dedicated to the operation of vessels with zero direct (tailpipe) CO₂ emissions including: <ul style="list-style-type: none"> Electricity charging, hydrogen-based refuelling; Infrastructure dedicated to the provision of shore-side electrical power to vessels at birth; Infrastructure dedicated to the performance of the port's own operations with zero direct (tailpipe) CO₂ emissions; Infrastructure and installations dedicated to transshipping freight between the modes including terminal infrastructure and superstructures for loading, unloading and transshipment of goods 	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>




Energy Efficiency	<p>Expenditures in projects and technologies that are designed to enable energy and emissions reductions/increasing energy efficiency (<i>excluding fossil fuel activities</i>) by at least 20%:</p> <ul style="list-style-type: none"> • Development, installation, or acquisition of energy efficiency technologies/projects • Facilities/factories in sectors such as industrial, utility, public services, and energy (Internet of Things and Artificial Intelligence, transmission and distribution, telecom towers, mobile network) • Energy equipment and technologies (appliances and fixtures – LED, chillers, high efficiency windows, cooling and heating solutions, farming solutions, ventilation) <p>Expenditure in energy storage systems, including battery energy storage systems and pumped hydropower storage</p> <p>For telecommunications, any investment and related infrastructure for fiber networks and for transition from 3G to 4G or from 4G to 5G</p>	 
Green Buildings	<p>Expenditure in acquisition, construction, retrofit of commercial, public, industrial, and residential buildings as well as in green landscaping and area development:</p> <ul style="list-style-type: none"> • Construction of buildings and refurbishment/retrofitting of a building that have achieved at least one of the following minimum certification levels: <ul style="list-style-type: none"> ○ BREEAM (Excellent or above) ○ LEED (Gold or above) ○ Philippines Green Building Rating System (BERDE) (4 star or above) ○ IFC EDGE (Certified or above) ○ Other internationally recognized Green Building label that is equivalent to the above <p>Construction and renovation of new and existing data centers which will have a design and operational PUE of 1.4 or below</p>	  
Pollution Prevention and Control	<p>Expenditure in facilities with capital expenditure on pollution reduction, mitigation, such as:</p> <ul style="list-style-type: none"> • Industrial air pollution reduction and treatment technologies and soil remediation • Production, purchase, deployment, and resale of clean heating appliances and filters (i.e., filters or purifiers for exhaust emissions for households and MSMEs) • Facilities, products, and devices dedicated to Carbon Capture and Storage. Carbon capture technologies may include nature-based solutions, projects that naturally sequester carbon such as habitat restoration, conservation of coastal or marine habitats, afforestation or reforestation, etc 	

	<p>Expenditure in projects or facilities that support circular economy, such as:</p> <ul style="list-style-type: none"> • Use of materials that are reusable, recyclable or compostable • Infrastructure to increase resource efficiency • Waste management facilities related to waste collection, processing, and recycling, including: <ul style="list-style-type: none"> ○ Waste management facilities relating to collection, recycling, transportation, sorting, storage/composting, and processing of waste ○ Industrial, commercial, and household waste (hazardous/non-hazardous) ○ Electronic waste and mining waste (excluding fossil fuel activities) ○ Recycling of decommissioned vehicle parts (excluding tire burning derived fuel) • Expenditure in equipment and Waste-to-Energy⁷ facilities that use alternative fuels and meet the following criteria: <ul style="list-style-type: none"> ○ Use residual or pre-sorted waste; ○ Plant net energy efficiency is not less than 25%; ○ Bottom ash recovery to the extent permitted by national law. At least 75% of metal contained within the ash must be recovered. This could take place in an off-site location; ○ Based on the location of the plant, technology used and plant discharges, including emissions to air and emissions to waterways, shall comply with the relevant national regulations and emission standards 	
Sustainable Water and Wastewater Management	<p>Expenditure in construction, extension, upgrade, or maintenance of water and wastewater collection, treatment and management infrastructure including but not limited to:</p> <ul style="list-style-type: none"> • Water purification treatment and water filtration systems • Water recycling and reuse, storage and distribution technologies and systems, drainage and sewage facilities • Facilities, systems, or technologies that improve water access, water quality, enhance water security, and increase water-use efficiency • Projects resulting in reduction in water losses or leakage in water transfer and/or distribution 	 

⁷ Metrobank will ensure that projects only use residual waste, thereby abiding by the waste hierarchy which prioritizes waste collection, sorting and recycling efforts before resorting to waste-to-energy solutions.

Sustainable Agriculture	<p>Development of projects that improve resource efficiency in the production of food such as:</p> <ul style="list-style-type: none"> • Sustainable agriculture practices (i.e., climate smart agriculture methods, such as no-till farming systems, crop rotation, drip irrigation, interventions to eliminate synthetic fertilizers or minimize their use, precision agriculture, perennial crops, procurement and use of green organic fertilizers, composting - circular waste management, integrated pest management, etc.) • Value-adding farming methods that achieve input reduction (water, pesticides, fertilizers, energy, etc.) or improved yields/productivity • Introduction of regenerative agriculture, including management of soil health, water and biodiversity 	
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2.1.2 Eligible Social Categories

Eligible Social Category	Eligibility Criteria	Alignment with SDGs
Access to Essential Services	<p>Infrastructure</p> <ul style="list-style-type: none"> Development of roads, railways and other transportation systems in areas with poor connectivity or inadequate infrastructure to improve access and mobility for target population. Development of transmission and distribution infrastructure and facilities aimed at improving access to electricity for all households, including in rural areas. <p>Eligible projects including but not limited to:</p> <p><u>Roads projects</u></p> <ul style="list-style-type: none"> In areas that are not classified as urban areas⁸ Identified by the Department of Public Works and Highways (DPWH) using Volume Capacity Ratio (VCR) analysis⁹; or Using roads with poor conditions like having potholes, cracked pavements, collapsing shoulders, no median strip and/or other hazardous elements <p><u>Rail projects</u></p> <ul style="list-style-type: none"> Projects that increase the number of weekday passengers¹⁰ by more than 10% from pre-investment baseline <p>The target population will be the general population.</p> <p>Education</p> <p>Construction of educational infrastructure and equipment or financing related to primary, secondary, adult and vocational education, such as:</p> <ul style="list-style-type: none"> Affordable/subsidized schools and training centers, campuses, student housing Educational loans, scholarships targeting students from low-income background Affordable/subsidized training for education and public healthcare professionals <p>The target population will be individuals in the Philippines with incomes below the prevailing poverty threshold, as defined by the Philippine Statistics Authority</p>	  

⁸ Urban areas defined by Philippine Statistics Authority (PSA), [Adoption of the Operational Definition of Urban Areas in the Philippines | Philippine Statistics Authority | Republic of the Philippines](#)


⁹ Volume Capacity Ratio (VCR) threshold for consideration to widen/bypass roads under the National Road Network Development Program by Department of Public Works and Highways, [DO 007 s2022.pdf](#)

¹⁰ Percentage increase in number of weekday passengers is an indicator used by Philippine Department of Transportation to judge railway construction, rehabilitation and improvement sub-program, [2021_83cbd3d3de.pdf](#)

	<p>Healthcare Expansion</p> <p>Construction/operation of healthcare infrastructure, equipment, services that expand access:</p> <ul style="list-style-type: none"> • Public and private hospitals located in areas where the number of hospital beds per 1,000 people is below the regional (APAC) average of healthcare centers for affordable/subsidized services • Provision for medical treatment and services that require equipment, technology • Research and development, production, logistics and distribution of medical equipment & supplies essential to emergency medical response, support for natural disasters (including pandemics) <p>The target population will be general population</p>	
Food Security	<p>Development of projects that provide ecologically sustainable production of food such as:</p> <ul style="list-style-type: none"> • Agroforestry, integrated cropland-livestock forestry systems, equipment and facilities • Natural hazard and climate resilience measures (e.g., storage barns for crops, flood-resistant irrigation systems, elevated drying facilities, cyclone-proof greenhouses, drought-resistant seed bank) <p>The target population will be smallholders, family farmers, and/or small-scale producers to prevent food loss/waste and increase access to market</p>	
Affordable Housing	<ul style="list-style-type: none"> • Development and/or provision of “Socialized Housing” and “Economic Housing” as defined by Department of Human Settlements and Urban Developments (DHSUD)¹¹, shelters, halfway homes, community housing, student housing. • Providing and improving access to subsidized mortgages for individuals according to local government definitions. <p>The target population will be low-income¹² individuals or families (including minimum wage earners), or people experiencing homelessness</p>	

¹¹ As defined by the Philippines government, [Revised Rules and Standards for Economic and Socialized Housing Projects](#)

¹² Defined by poverty threshold of a family of five earning less than PHP 13,873/month, [Philippines: monthly poverty threshold for a family of five 2023 | Statista](#) (value subject to change as threshold changes)

Microfinance and MSME Empowerment	<p>Microfinancing and empowering support for women entrepreneurs, social-oriented entrepreneurs and/or enterprises, MSMEs through programs that provide financing and mentorship opportunities to foster inclusive economic growth.</p> <p>Target population refer to MSMEs refer to those classified as such by the BSP Circular No. 625 (Magna Carta for Micro, Small, and Medium Enterprises)¹³</p>	
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¹³ The definition of MSMEs is subject to periodic updates based on regulatory or policy changes

2.1.3 Exclusions

Metrobank has identified certain types of business relationships that are either directly prohibited by law or pose risks to life, the environment, and societal well-being. The Bank takes a precautionary approach to environmental and social risks in its lending and investment activities, ensuring that it will not knowingly engage entities exposed to harmful practices – including illegal activities, human rights violations, and environmental degradation – while prioritizing responsible and sustainable financing.

1. Atomic / nuclear power
2. Virtual currencies
3. Unregulated charities
4. Shell banks and other shell institutions
5. Red light business / adult entertainment
6. Activities deemed illegal under host country laws or regulations related to pharmaceuticals, chemicals, or hazardous materials
7. Activities deemed illegal under host country laws or regulations related to forestry products, mining activities, fishing, wildlife trade, and other similar banned activities affecting the environment and nature
8. Activities involving harmful or exploitative human rights violations such as child labor, forced and inhumane labor, human trafficking, or unfair labor practices.
9. Activities that could lead to the degradation or destruction of areas designated to be of high ecological value (critical habitat, biodiversity hotspot) or cultural significance (indigenous sacred sites, UNESCO).
10. Activities that are in areas that may reasonably lead to unmitigated displacement or involuntary resettlement of indigenous communities.

Additionally, proceeds under SFI will not be allocated to fossil-fuel power generation or transmission, and activities dedicated to support the expansion of fossil fuel-based technologies.

2.2 Project Evaluation and Selection

Metrobank has established the Framework under which it or any of its subsidiaries can issue SFI, which may include senior bonds (preferred and non-preferred), subordinated bonds, medium-term notes (MTNs), promissory notes, commercial papers, repurchase agreements and/or loans in any currency and/or denomination to finance and/or refinance sustainability eligible projects. The Asset Evaluation and Selection Process is a key process in ensuring that the proceeds raised from Metrobank's SFI are allocated to projects and assets which meet the criteria set out in Section 2.1 above.

Metrobank applies a due diligence process to assess environmental and social risks. This approach ensures that the Bank finances responsible and sustainable businesses while mitigating potential risks. Eligibility of credit proposals to the green and social use-of-proceeds categories is reviewed first. Evaluation of material environmental and social risks are embedded in the credit underwriting process to screen proposals with applicable guidelines and standards. Environmental and social risk exposure monitoring is continued post-booking and is presented in quarterly credit risk reports for the EXCOM. The Bank classifies borrowers into high-, medium-, or low-risk categories, factoring in their exposure to environmental and social risks, sectoral vulnerabilities, and alignment with Metrobank's sustainability principles.

2.3 Management of Proceeds

2.3.1 Allocation of Proceeds

Metrobank intends to allocate all eligible use of proceeds from SFIs within 24 months of issuance. Such allocation will be done on a portfolio basis. Consistent with Section 2.1, allocation of proceeds may be a combination of new and existing assets provided they fall within the Eligible Categories.

2.3.2 Tracking of Proceeds

Metrobank is committed to full transparency in how it allocates funds. The Bank tracks and records the allocation of proceeds and regularly monitors the applicable environmental and social impact. At the end of each year, the Bank publishes a report on the alignment of the loan portfolio to the SDGs.

For as long as any SFI issued under this Framework is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects in Section 2.1 above. On a regular basis, Metrobank will review all reported eligible use of proceeds to determine their compliance with the Metrobank SFF and submit the report to the EXCOM. The SFIs concerned should not be related directly or indirectly to any activities misaligned with the green objectives or exclusion criteria (e.g., general corporate purpose assets that may be linked to fossil fuel projects or dividends to shareholders of companies involved in such activities).

2.3.3 Use of Unallocated Proceeds

Unallocated funds from any SFI issued under this SFF will be overseen by the Assets and Liabilities Committee (ALCO), in line with its liquidity management policy. The planned intended types for these unallocated net proceeds may include cash and cash equivalents, investments in money market and short-term, liquid fixed income instruments. Metrobank commits to not investing unallocated proceeds to activities specified in Section 2.1.3 Exclusions.

2.4 Reporting and External Assurance

Allocation and impact reports will be released after the first year of issuance, annually thereafter until full allocation, and as may be otherwise required. The allocation report will disclose the allocation of proceeds, and the impact report will highlight potential impact contributions. Allocation and environment and/or social impact reports will be reported on a portfolio basis.

Allocation reports will cover the following:

- Total amount of proceeds allocated to Eligible Green Category and Eligible Social Category (“Eligible Categories”)
- Number of Eligible Categories
- Balance of unallocated proceeds
- Amount or percentage of new financing and refinancing

Impact reports will provide the following:

- A description of the Eligible Categories
- The breakdown of the Eligible Categories by nature of what is being financed
- Impact Metrics per Eligible Category as described below, which are aligned to the International Capital Market Association (ICMA)'s Frameworks for Impact Reporting¹⁴ on a best effort basis where practical:

Eligible Categories	Impact Metrics
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent (tCO₂e) • Annual renewable energy generation in MWh/GWh and GJ/TJ
Clean Transportation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tCO₂e per annum
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh and GJ/TJ • Annual GHG emissions reduced/avoided in tCO₂e
Green Buildings	<ul style="list-style-type: none"> • % of energy use reduced/avoided vs local baseline/building code • % of renewable energy generated on site • Annual GHG emissions avoided/reduced in tCO₂e versus local baseline or baseline certification levels
Pollution Prevention and Control	<ul style="list-style-type: none"> • Waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and/or in absolute amount in tons per annum • Annual absolute (gross) amount of waste that is separated and/or collected, and treated or disposed of, in tons per annum, and in % of total waste
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Reduction in water use in % • Annual water savings for example from reduction in water losses in water transfer and/or distribution
Sustainable Agriculture	<ul style="list-style-type: none"> • Hectares of land cultivated for which use has improved, i.e., replanted, reforested, landscaped • Increase in area under certified organic or sustainable agriculture (ha and % of acreage farmed) • Conversion of agricultural land to more diverse cropping systems (e.g. agroforestry) (ha and % of acreage farmed) • Reduction of inputs (e.g. water, fertilizer etc) used

¹⁴[ICMA's Handbook for Harmonized Framework for Impact Reporting for Green Bonds](#), updated in June 2024. Metrobank also references the latest version of [ICMA's Harmonized Framework for Impact Reporting for Social Bonds](#), updated in September 2024.

Access to Essential Services	<ul style="list-style-type: none"> • Length of sustainable road construction with equitable access • Increased # or % of rural areas/households with access to electricity • Number of education facilities • Number of patients benefitting from healthcare or medical treatment • Number of hospitals and other healthcare facilities built/upgraded
Food Security	<ul style="list-style-type: none"> • Number of people provided with access to affordable, safe, nutritious and sufficient food • Farmers provided with training (climate smart training/organic, etc.) • Farmers provided with access to agricultural inputs (financial inputs, equipment, etc.) • Number of people benefitting from agricultural projects and using improved farming technology
Affordable Housing	<ul style="list-style-type: none"> • Number of people reached • Number of affordable units/houses/dwellings constructed, improved, rented, financed, or acquired • Number of outstanding affordable housing loans/grants/ subsidies
Microfinance and SME Empowerment	<ul style="list-style-type: none"> • Number of loans to SMEs in low-income areas and/or microenterprises • Jobs created, supported, and/or retained • Number of low-income, rural or minority women provided with access to affordable credit • Number of women integrated into formal workforce or provided with sustainable livelihood opportunities

Metrobank's Sustainable Financing Framework has been reviewed by Moody's Ratings, which has issued a Second Party Opinion (SPO). The SPO, as well as the SFF, will be made publicly available on Metrobank's website. Any future revised and updated version of this Framework will be published on our website and replace this Framework.

For public instruments (e.g., bonds), Metrobank will request, annually until full allocation, an assurance report on the allocation of the bond proceeds to the Eligible Categories, provided by its external auditor or another qualified party. Such external review will be made available to investors on Metrobank's website.