



**Rizal Commercial Banking Corporation**

**Green and Sustainability Bonds  
Impact Report**

**31 December 2019**

## Contents

3	Foreword
6	Introduction to RCBC
7	About This Report
8	Sustainable Finance in RCBC
11	RCBC Sustainable Finance Framework
16	RCBC Green and Sustainability Bonds Allocation Report
18	RCBC Green and Sustainability Bonds Impact Report
23	Eligible Green Portfolio
26	Eligible Social Portfolio
29	References

## Foreword

Climate change is real. We are already experiencing warming of the climate system resulting from human activities. As a responsible corporate entity, RCBC is committed to doing its part to reduce global warming and support activities that are beneficial to the environment and society.

We have taken important first steps to reduce our corporate carbon footprint, with RCBC Plaza securing the Leadership in Energy and Environmental Design (LEED) Gold certification for green buildings. In November 2019, RCBC won the Titanium Award at The Asset ESG Corporate Awards 2019 – Benchmark Award for Excellence in Environmental, Social and Corporate Governance. Over the coming months and years, we intend to do more, and where appropriate, we will set targets.

As the world faces unprecedented challenges on account of climate change, creating a positive influence on communities and the environment requires collaborative effort. Accepting the reality that human activities have brought about the adverse effects of climate change, let us work toward activities that will help reverse the climate crisis.

In the midst of the global climate crisis, let us remember that change starts with us.

We are all part of the solution.



**Helen Y. Dee**  
**Chairperson of the Board of Directors**

RCBC believes that good sustainable practices are a key pillar of responsible business. We engage in activities that have meaningful impact on our society and the environment – this is our commitment toward sustainability.

While we are contributing to sustainability as a bank, let us check how we contribute as individuals. The desire to sustain our lives on this planet should be coupled with the desire to allow future generations to live sustainably as well. Let us start with simple things toward achieving sustainable goals:

- Cut down on plastic waste by using reusable bags. Choose to use a glass or mug over the ease of buying disposable, single-use plastic cups or bottles.
- Green your home. Use energy-efficient light bulbs and appliances. Turn off lights and appliances when not in use. Turn off your devices at night.
- Conserve water, reuse water where possible.
- Get informed. Adopt a Sustainable Development Goal of the United Nations. Practice what you learn. Embrace awareness.

Every day, we make choices that affect the environment and the people around us. Together, let's build a better, more sustainable world, for ourselves, our children, and future generations.

The fight for sustainability is a fight for our future.



**Eugene S. Acevedo**  
**President and Chief Executive Officer**

RCBC recognizes that there are important Environmental, Social, Governance (ESG) dimensions inherent to its corporate thrusts and business activities. In striving to create value for its banking customers, RCBC is mindful that there are ESG risks and ESG opportunities. Material ESG risks once they crystalize can over time diminish or negate any short-term financial gains and the positive contributions which the bank has consistently endeavored to provide its wider stakeholders. On the other hand, in committing to ESG principles and criteria RCBC aims to realize not only stronger financial performance but also positive impacts on society. ESG initiatives in sustainability and financial inclusion also present value creation opportunities for RCBC's customers and partners.

RCBC's commitment to the ESG proposition is manifested at several levels. The bank performs environmental and social impact due diligence in assessing risks including those which may be immaterial to the bank itself but material to the customers in the bank's lending and investment portfolios. The bank provides financing to sustainability projects including some large-scale projects of its customers. RCBC has launched pioneering initiatives in financial inclusion through digital technology. The bank has received a recognition award for its rating in the ASEAN corporate governance scorecard.

Through these corporate initiatives and priorities RCBC seeks to maintain a net positive ESG footprint in the years to come.



**Vaughn F. Montes**  
**Independent Director and Chairperson of the**  
**Risk Oversight Committee**



<https://alchetron.com/cdn/rcbc-plaza-132255da-260f-4f41-967c-2e113b4dbc9-resize-750.jpeg>

## Introduction to RCBC

RCBC was established in 1960 as a development bank and is licensed by the Bangko Sentral ng Pilipinas (“BSP”) for both commercial and investment banking. It is one of the largest universal banks in the Philippines with total consolidated resources of PHP783 billion as of 31 December 2019. As a diversified financial services institution, RCBC serves corporate and individual banking needs through the most appropriate vehicles to serve its chosen markets with innovative products and services. With an inclusive financial business model in mind, in 2009 it ventured into the microfinance business to service the smallest entrepreneurs via the Rizal Microbank.

A pioneering financial services organization, RCBC has received numerous awards from various institutions including “The Asset Benchmarking Award for Excellence in Environmental, Social, and Governance (ESG) – Titanium Award”, “Best Issuer for Sustainable Finance – Financial Institution”, and “Best Sustainability Bond” for its PHP8 billion ASEAN Sustainability Bond, the first ASEAN Sustainability Bond issued in the Philippines and upsized from the target offering of PHP5 billion. RCBC has been rated “A” by MSCI ESG Ratings since December 2018.

## About This Report

The Sustainable Finance Framework articulates RCBC’s strategy to deploy Sustainable Financing Instruments (“SFI”) to fund loans and projects that have clear environmental and/or social benefits. Sustainable Financing Instruments include Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, and other debt financing instruments which fund Eligible Green and Social Assets that conform to Sustainable Finance principles. Under this framework, RCBC shall report:

- The allocation of the net proceeds to the Eligible Green and Social Portfolio;
- The aggregated impact of the Eligible Green and Social Portfolio

Reporting takes place a year following the issuance of the applicable SFI and will be renewed annually until full allocation of the net proceeds.

## Allocation Report

The allocation report provides:

- Number of Eligible Projects;
- Eligible Green, Eligible Social, and Total Eligible Sustainable Portfolio Amounts and Distribution;
- Sustainable Funding Instrument (“SFI”) Amounts and Maturity Dates;
- SFI Allocation to Eligible Green and Eligible Social Assets;
- Percentage of Eligible Sustainable Portfolio Allocated;
- Percentage of Net Proceeds of Sustainable Funding Allocated to Eligible Sustainable Portfolio;
- Eligible Green, Eligible Social, and Total Eligible Sustainable Portfolio Buffers

## Impact Report

The impact report provides:

- Relevant indicators, for example:
  - o Renewable Energy – installed capacity and annual energy generation
  - o Energy Efficiency – annual emissions avoided
  - o Clean Transportation – type and number of public transportation projects financed
  - o Sustainable Water Management – annual water supplied/collected/treated
  - o Access to Essential Services – number of patients treated and number of hospital beds
  - o Socioeconomic Advancement and Empowerment – loans to underserved individuals
  - o Employment Generation – loans extended to qualified SMEs
  - o Affordable Housing – number of affordable houses financed
- Mapping to the UN Sustainable Development Goals (SDGs)

## Sustainable Finance in RCBC

Climate change is real and its impact presents a clear and present danger to humanity. The Philippine archipelago is highly vulnerable to the impact of climate change. According to Global Climate Risk Index 2019, the Philippines is the fifth most vulnerable to climate change. Communities living in our coastal areas risk flooding due to rising sea level. Increasing frequency of extreme weather events, i.e., erratic and high rainfall, severe typhoons or rising temperatures causing drought are threatening normal life and endangering fragile ecosystems.

Under the Paris Agreement on Climate Change, the Philippines committed to reduce 70% of its greenhouse gas emissions by 2030 to reduce global warming to 1.5 degrees. We believe that the financial services sector has the opportunity to participate in achieving the targets set under the Paris agreement, and support the Sustainable Development Goals to support the fight against climate change.

At RCBC, we believe that understanding the effects of and managing climate change is prudent risk management. As a leading Domestic Financial Institution and a responsible corporate entity, we are committed to doing our part to reduce global warming and support the Government in its commitment to the UN Sustainable Development Goals.

### RCBC Sustainable Finance Strategy

RCBC is committed to uphold environmental and social responsibility in all its business activities. We recognize that balancing non-financial factors such as environmental and social safeguards with financial priorities is essential to being a good corporate citizen, and is fundamental to risk management and the larger interest of our stakeholders.

RCBC aims to embed awareness of environmental and social issues within the organization, with our clients, and in the communities that we serve. The Bank believes that good sustainable practices are a key pillar of responsible lending which can have a meaningful impact on the environment and communities.

### Environmental and Social Management Due Diligence

The ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) of RCBC requires that all lending relationships/credits, both pipeline and portfolio, are vetted from an environmental and social risk perspective.

The environmental and social impact assessment process is a systematic way of identifying and assessing the type and scale of impact a project may have on the environment and communities. The ESMS assessment takes place before a lending decision is made, and continues during the life cycle of the loan agreement with the client.



We conduct environmental and social due diligence reviews on our investments in fossil fuel-fired power plants. We will continue to engage our clients, share best practices, and support their efforts to seek solutions that reduce the impact on the environment.

### Sustainable Finance Risks and Opportunities

We believe in understanding, measuring, and mitigating the risks associated with transition to a low-carbon and climate-resilient future. We will align our business strategy with national priorities and over time rebalance our portfolio mix that creates value and benefits our stakeholders.

We are also cognizant of the opportunities that will arise as we transition to this new world order. According to the International Energy Agency, a global transition to meet this goal will require more than EUR30 trillion to be invested in clean energy and efficient infrastructure by 2035. We want to be well-positioned to participate and finance this transition.

We have taken important first steps to reduce our corporate carbon footprint and finance the flow of funds into a low-carbon and climate-resilient future not only in the Philippines but also within ASEAN. Our initiatives to lower our carbon footprint support RCBC’s sustainable finance activities and the UN Sustainable Development Goals in the following ways:

<ul style="list-style-type: none"><li>- RCBC’s Corporate Head Office in Manila is located in a LEED Gold certified building</li></ul>	
<ul style="list-style-type: none"><li>- Participated in 12 renewable energy and energy efficiency financing deals including direct financial support to South East Asia’s largest solar power plant, and served as the biggest funder to the 132.5MW solar farm in the City of Cadiz, in Negros Occidental, Philippines</li></ul>	

- Funded Green Projects that support the UN Sustainable Development Goals – specifically, Clean Water and Sanitation, Affordable and Clean Energy, Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Responsible Consumption and Production, and Climate Action
- Channelled more than PHP30 billion to fund projects and loans that contribute to decreasing the environmental footprint of the Philippines



- Funded Social Projects that support the UN Sustainable Development Goals – specifically, Good Health and Well-being, Quality Education, Decent Work and Economic Growth, Reduced Inequalities, and Sustainable Cities and Communities
- Channelled more than PHP10 billion to fund projects and loans that provide access to social needs, directly improving living conditions of Filipinos



We have voluntarily placed several economic sectors on our funding exclusion list. We will not finance (new) projects to fund Tobacco, Alcohol, and Gaming investments. Our existing exposure to these sectors remains considerably small relative to our total loans.



## RCBC Sustainable Finance Framework

The RCBC Sustainable Finance Framework articulates our strategy to prioritize fund raising and lending to priority sectors. In February 2019, the Bank raised PHP15 billion (USD290 million) under its Green Finance Framework. The issue was the first Green Bond from the Philippines under the ASEAN Green Bond Standards, and proceeds were utilized to fund Eligible Green Assets. In June 2019, the Bank also raised PHP8 billion (USD160 million) under its Sustainable Finance Framework. The issue was the first peso-denominated Sustainability Bond under the ASEAN Sustainability Bond Standards, and proceeds were utilized to fund Eligible Green and Social Assets. In September 2019, the Bank raised an additional USD300 million under its Sustainable Finance Framework to fund Eligible Green and Social Assets. Investor response to these landmark transactions was extraordinary. All three transactions were oversubscribed in multiples and brought in investors from all major financial centers of the world.

The world faces unprecedented challenges on account of climate change. Achieving global goals requires the participation of all sectors of civil society. We are ready to do our part.










## Eligible Project Categories

RCBC shall allocate the proceeds of any Sustainable Financing Instrument to finance and refinance RCBC’s loans to customers or its own operating activities in Eligible Green Categories and/or Eligible Social Categories where:

- The proceeds of RCBC’s Green Bond or Green Loan will be allocated to Eligible Green Categories;
- The proceeds of RCBC’s Social Bond or Social Loan will be allocated to Eligible Social Categories;
- The proceeds of RCBC’s Sustainability Bond will be allocated to Eligible Green Categories and Eligible Social Eligible Categories

### Eligible Green Categories

A portfolio of Eligible Green Assets (together forming the “Eligible Green Portfolio”) in the following categories would be defined and created:

<p><b>RENEWABLE ENERGY</b></p> <p>Renewable energy projects such as solar, wind, hydropower (capacity of 25MW and below), biomass (source certified to be sustainably managed by recognized third-party standards and excluding those that compete with food production) and geothermal</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p><b>ENERGY EFFICIENCY</b></p> <p>Development or production of products or technologies that reduce industrial energy consumption, such as improved chillers, transition to fibre networks, improved lighting technology and reduced power usage in manufacturing operations (excluding fossil fuel based technologies)</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p><b>GREEN BUILDINGS</b></p> <p>Buildings that meet recognised standards, such as Philippines BERDE Green Building Rating System (4-star and above), LEED (Gold and above), or belonging to the top 15% of low carbon buildings in their respective category and local context</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 

### 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-motorised transportation



### POLLUTION PREVENTION AND CONTROL

Reduction of air emissions, greenhouse gas control (excluding investments directly linked to fossil fuel technology), soil remediation, waste management (excluding landfills), such as waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy (municipal waste to energy to include emission abatement technology)



### SUSTAINABLE WATER MANAGEMENT

Sustainable infrastructure for clean water, wastewater treatment, sustainable urban drainage systems and other forms of flooding mitigation



### ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE

Environmentally sustainable agriculture, environmentally sustainable fishery and aquaculture, environmentally-sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes



The proceeds may also be used to fund the following assets/projects within RCBC's own operations which have positive environmental impact:

<p><b>RENEWABLE ENERGY</b> Installation of solar panels or other renewable energy equipment</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p><b>ENERGY EFFICIENCY</b> 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)</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p><b>POLLUTION PREVENTION AND CONTROL</b> Purchase and installation of recycling infrastructure (excluding landfills), including waste minimisation, management, recycling and reuse</p>		<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>6 CLEAN WATER AND SANITATION</p> 
<p><b>GREEN BUILDINGS</b> Construction or lease of office space in buildings that meet recognised standards, such as Philippines BERDE Green Building Rating System (4-star and above), LEED (Gold and above), or belonging to the top 15% of low carbon buildings in their respective category and local context</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 

## Eligible Social Categories

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

<p><b>AFFORDABLE BASIC INFRASTRUCTURE</b> Construction, operation or upgrading of basic infrastructure, such as clean drinking water, sewers, and sanitation</p>		<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES</p>
<p><b>ACCESS TO ESSENTIAL SERVICES</b> Healthcare (hospitals accredited by PhilHealth, elderly care, pharmaceutical manufacturers (minimum 80% of revenues to generic medicines), distributors and traders, drugstores, etc.) that provide access to underserved (including through affordable/generic medicines) and education (schools, universities, vocational training, sheltered workshops)</p>		<p>3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION</p>
<p><b>EMPLOYMENT GENERATION</b> Loans to small, medium and micro enterprises (“SME”) as defined by the BSP</p>		<p>8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES</p>
<p><b>AFFORDABLE HOUSING</b> Loans to development or purchase of “Socialized Housing” and “Economic Housing” as defined by the Housing and Land Use Regulatory Board (HLURB) of Philippines</p>		<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>
<p><b>SOCIOECONOMIC ADVANCEMENT AND EMPOWERMENT</b> Loans to minority, underserved, and low-income individuals, including through rural banks as defined by the Philippines Central Bank’s Manual of Regulation for Banks and cooperatives as defined by the Philippines Republic Act 9520</p>		<p>8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES</p>

## RCBC Green and Sustainability Bonds Allocation Report

### 31 December 2019

ELIGIBLE SUSTAINABLE PORTFOLIO				SUSTAINABLE FUNDING						
	Number of Projects	Amount (PHP M)	%	Instrument	Maturity Date	Amount (PHP M)	Allocation			
							Green	%	Social	%
<b>Eligible Green</b>	<b>17</b>	<b>33,336</b>	<b>64%</b>	<b>Green Bond (PHP)</b>	<b>1-Aug-20</b>	<b>15,000</b>	<b>15,000</b>	<b>100%</b>	<b>-</b>	<b>0%</b>
Renewable Energy	10	25,910	50%	<b>Sustainability Bond (PHP)</b>	<b>4-Jun-21</b>	<b>8,000</b>	<b>400</b>	<b>5%</b>	<b>7,600</b>	<b>95%</b>
Energy Efficiency	2	1,960	4%	<b>Sustainability Bond (USD)</b>	<b>11-Sep-24</b>	<b>16,000</b>	<b>14,400</b>	<b>90%</b>	<b>1,600</b>	<b>10%</b>
Clean Transportation	3	4,220	8%							
Sustainable Water Management	2	1,246	2%							
<b>Eligible Social</b>	<b>9,347</b>	<b>18,405</b>	<b>36%</b>							
Access to Essential Services	16	4,238	8%							
Socioeconomic Advancement and Empowerment	2	1,595	3%							
Employment Generation	679	5,734	11%							
Affordable Housing	8,650	6,838	13%							
<b>Total Eligible Sustainable</b>	<b>9,364</b>	<b>51,741</b>	<b>100%</b>	<b>Total Funding</b>		<b>39,000</b>	<b>29,800</b>	<b>76%</b>	<b>9,200</b>	<b>24%</b>

Percentage of Eligible Sustainable Portfolio Allocated (Usage) **75%**

Percentage of Net Proceeds of Sustainable Funding allocated to Eligible Sustainable Portfolio **100%**

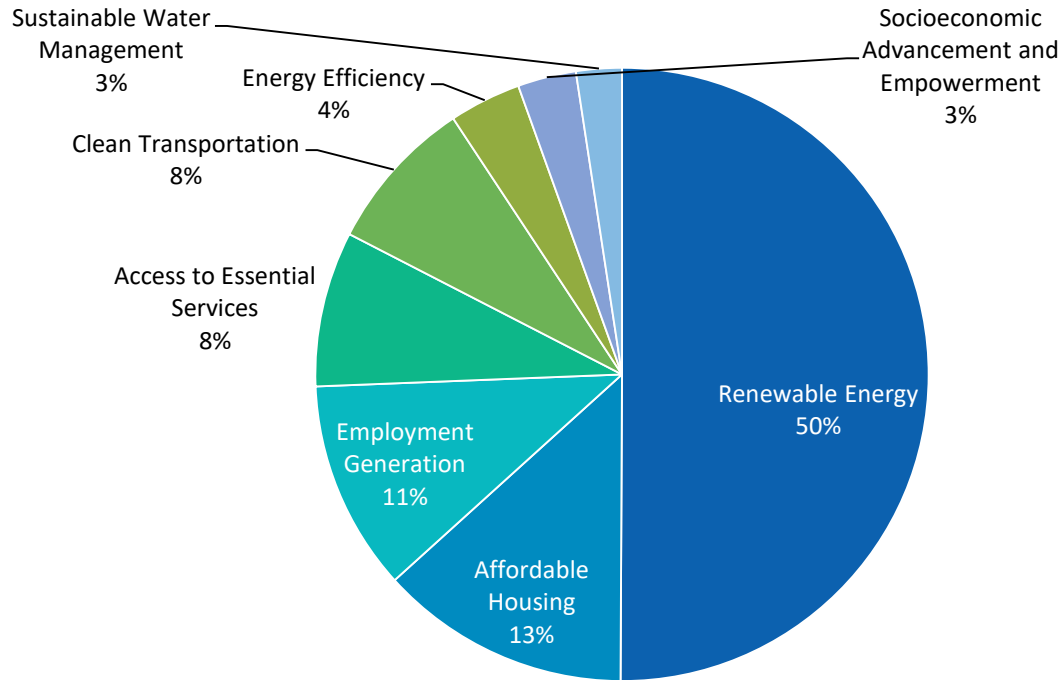
#### Buffer

Eligible Green Portfolio **3,536 11%**

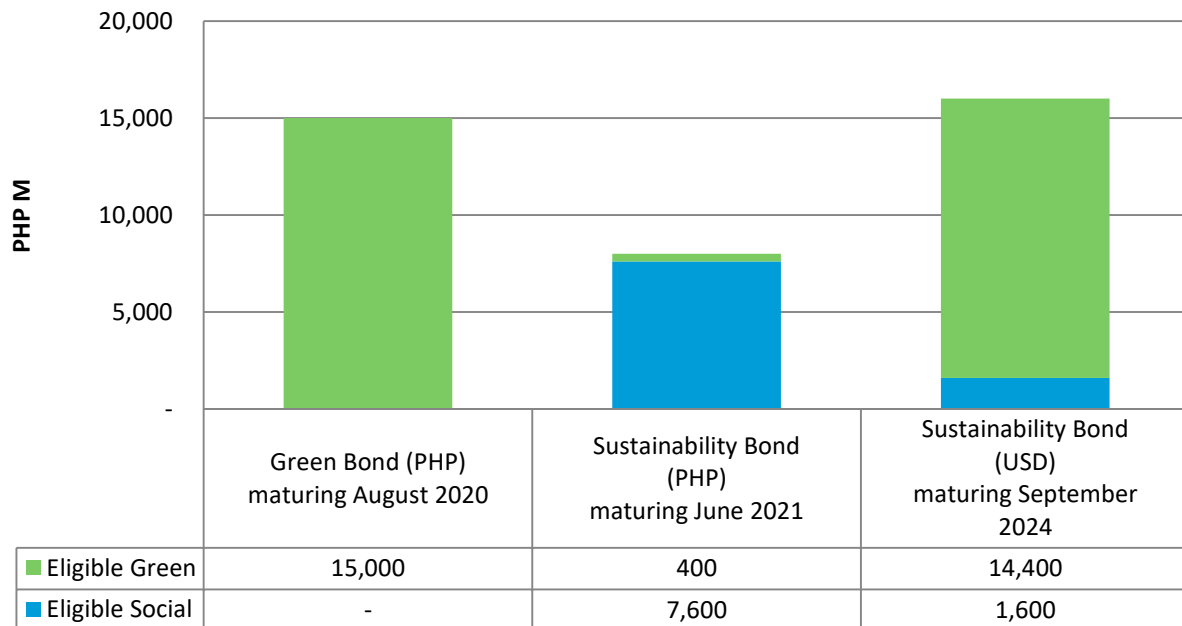
Eligible Social Portfolio **9,205 50%**

Total Eligible Sustainable Portfolio **12,741 25%**

## RCBC Sustainable Portfolio Distribution 31 December 2019



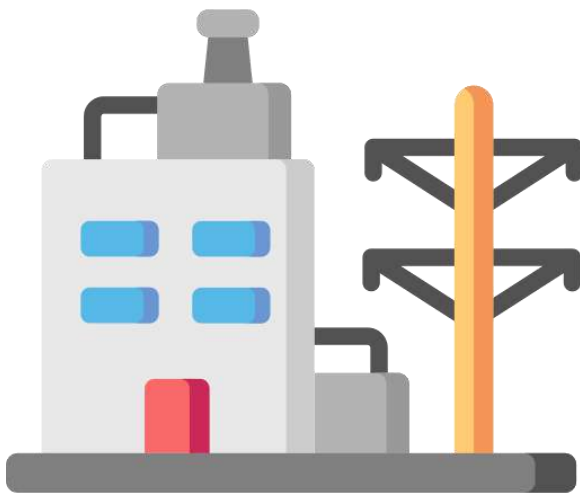
## RCBC Green and Sustainability Bond Issuances



## 9,364 projects financed by RCBC Green and Sustainability Bonds as of 31 December 2019

As of 31 December 2019, RCBC's Eligible Green and Social Assets amount to a total of PHP51.741 billion. These assets are all aligned with our Sustainable Finance Framework.

This report presents the impacts of these projects. Impact is reported for the aggregated portfolio of Eligible Assets as of 31 December 2019.



**2,879 MW**

Renewable energy capacity

**11,630,323 MWh**

Renewable energy generated per year

**10 million tCO<sub>2</sub>**  
Emissions avoided per year



**380.9 million cbm**

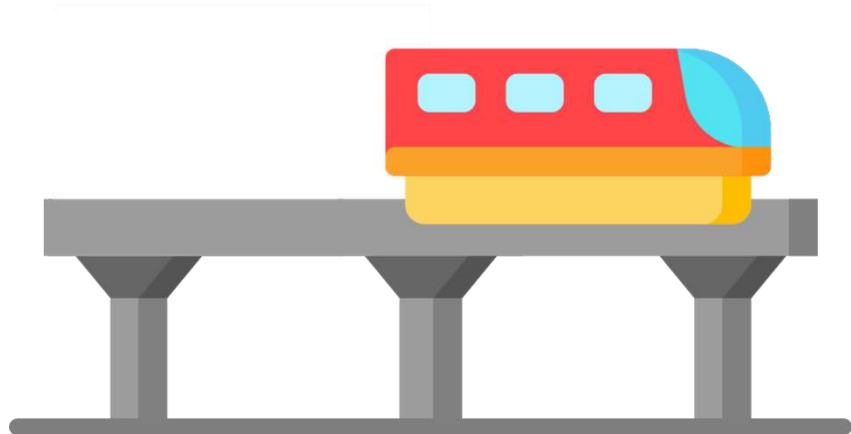
Water supplied / collected / treated per year

**998,225**

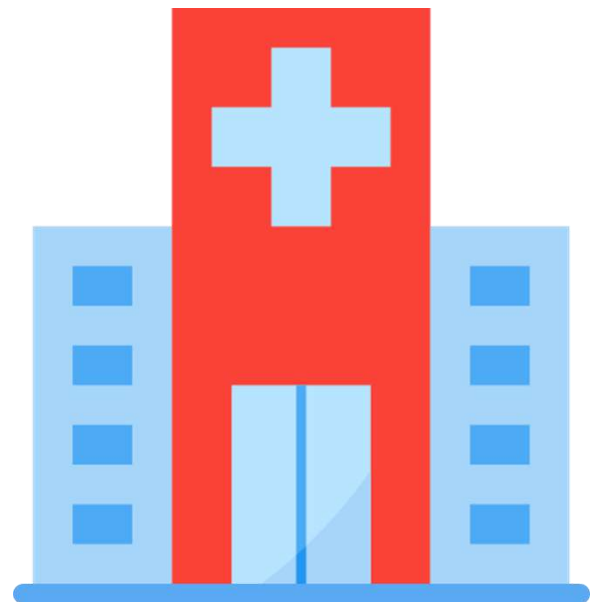
Households served (billed service connections)



**116**  
Light rail vehicles  
**20 km**  
of passenger rail track  
**162.56 million**  
Passengers per year



**557**  
Buses  
**70 million km**  
Travelled per year  
**18 million**  
Passengers per year



**37**  
Drugstores carrying generic medicines

**2,775**

Hospital beds

**1,705**

Children vaccinated per year

**1,466,079**

Patients treated per year



**97,190**  
Students per year

**136,000**

Clients served per year via rural banks and cooperatives



**P15.676 billion**

in loans to underserved individuals



**679**

Loans extended to qualified SMEs



**8,650**

Affordable houses financed

# Mapping to the UN Sustainable Development Goals (SDGs)

RCBC's Eligible Green and Social Assets as of 31 December 2019 address 10 of the UN SDGs.



# RCBC Green and Sustainability Bonds Impact Report

## 31 December 2019

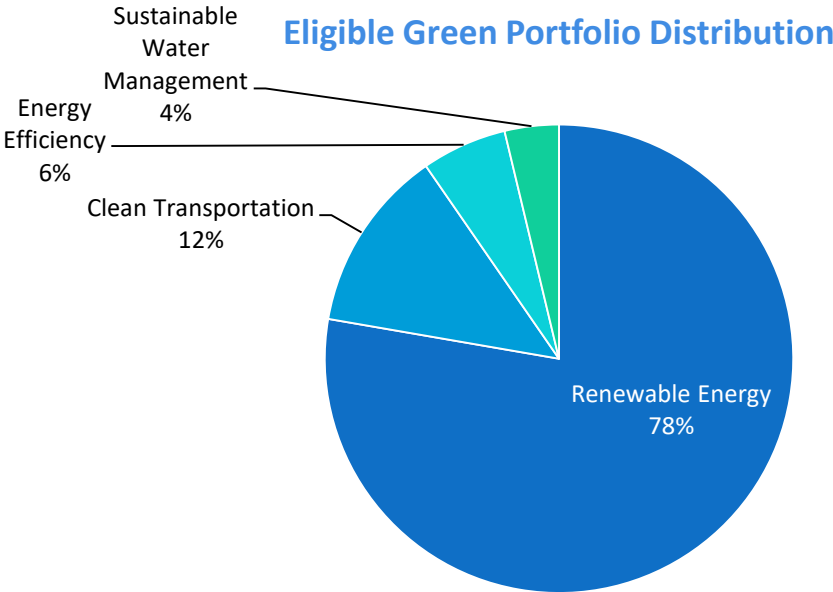
	Number of Projects	Amount (PHP M)	%	Impact			SDG Addressed	
<b>Eligible Green</b>	<b>17</b>	<b>33,336</b>	<b>64%</b>					
Renewable Energy	10	25,910	50%	2,879 MW renewable energy capacity	11,630,323 MWh renewable energy generated per year	10 million tCO <sub>2</sub> emissions avoided per year	7, 9, 11, 13	
Energy Efficiency	2	1,960	4%	14,000 tCO <sub>2</sub> emissions avoided per year			7, 9, 11, 13	
Clean Transportation - Rail	1	3,745	7%	116 light rail vehicles	20 km of passenger rail track	162.56 million passengers per year	9, 11, 13	
Clean Transportation - Bus	2	475	1%	557 buses	70 million km travelled per year	18 million passengers per year	9, 11, 13	
Sustainable Water Management	2	1,246	2%	380.9 million cbm water supplied/ collected/treated per year		998,225 households served (billed service connections)	6, 9, 11, 12	
<b>Eligible Social</b>	<b>9,347</b>	<b>18,405</b>	<b>36%</b>					
Access to Essential Services - Healthcare	9	2,184	4%	37 drugstores carrying generic medicines	2,775 hospital beds	1,705 children vaccinated per year	1,466,079 patients treated per year	3
Access to Essential Services - Education	7	2,053	4%	97,190 students per year			4	
Socioeconomic Advancement and Empowerment	2	1,595	3%	136,000 clients served per year via rural banks & cooperatives		P15.676 billion in loans to underserved individuals	8, 10	
Employment Generation	679	5,734	11%	679 loans extended to qualified SMEs			8, 10	
Affordable Housing	8,650	6,838	13%	8,650 affordable houses financed			11	
<b>Total Eligible Sustainable</b>	<b>9,364</b>	<b>51,741</b>	<b>100%</b>					



## Eligible Green Portfolio

The portfolio of Eligible Green Assets numbered 17 as of 31 December 2019. Total Eligible Green Portfolio amounted to PHP33.336 billion.

Projects in the categories Renewable Energy and Energy Efficiency accounted for 78 percent and 6 percent of the Eligible Green Portfolio, respectively. Clean Transportation accounted for 12 percent of the Green Portfolio, while Sustainable Water Management accounted for 4 percent.



## Renewable Energy

Renewable Energy	Number of Projects	Amount (PHP M)	%	MW renewable energy capacity	MWh renewable energy generated per year
Solar Energy	5	13,138	25%	394	11,991
Geothermal Energy	4	10,843	21%	2,460	11,618,332
Hydropower Energy	1	1,929	4%	25	-
<b>Total Renewable Energy</b>	<b>10</b>	<b>25,910</b>	<b>50%</b>	<b>2,879</b>	<b>11,630,323</b>

In 2018, power consumption in the Philippines reached 99,765 GWh. Of this, energy generated from coal-fired power plants reached 51,932 GWh, effectively supplying 52% of the country's power demand. The Philippines remains significantly dependent on coal-fired power plants.

Research indicates that on the average, a coal-fired power plant emits 0.97 tons of carbon dioxide (CO<sub>2</sub>) per MWh, which correspond to the emissions when driving a total distance of 2,325 miles. Energy generated from geothermal power plants, on the other hand, emits 0.09 tons of CO<sub>2</sub> per MWh. The CO<sub>2</sub> impact is 91% lower than that of coal power plants, corresponding to driving emissions covering a distance of 225 miles only. This corresponds to an estimated 10,224,132.16 tons of CO<sub>2</sub> avoided per year.<sup>1</sup>

As of 31 December 2019, RCBC helped fund geothermal power plant projects (PHP10.8 billion financing support) with combined capacity of 2,460 MW, generating total energy of 11,618 GWh during the year.

## Energy Efficiency

Energy Efficiency	Number of Projects	Amount (PHP M)	%	Type of energy efficiency
Connectivity Services	1	1,940	4%	With fibre technology
Electric Power Generation, Transmission, Distribution	1	20	0%	With projects that improve power distribution efficiency, leading to reduction in systems loss
<b>Total Energy Efficiency</b>	<b>2</b>	<b>1,960</b>	<b>4%</b>	

Fibre optic cables are made of silicon dioxide, believed to be effective in reducing energy consumption. Fibre optic cables consume only 1 watt to transmit light pulses over a distance of 100 meters. Reduced power consumption translates to lower CO<sub>2</sub> emission and heat generation.

Counterpart wire cables made of copper, on the other hand, consume up to 3.5 watts to transmit light pulses over a distance of 100 meters. Research has indicated that copper mining adversely affects vegetation, biological life, and water bodies.

Fibre optic is made up of silicon dioxide which is considered stable and the most abundant principal component after oxygen. The extraction method for silicon is known to be environment-friendly.

As of 31 December 2019, RCBC extended loans of about PHP2 billion to businesses employing fibre technology. This corresponds to an estimated 14,000 tons of CO<sub>2</sub> avoided per year.<sup>2</sup>

<sup>1</sup> Estimated GHG emissions avoided is calculated as follows:

$10,224,132.16 \text{ tons CO}_2 = (0.97 \text{ tons CO}_2 \text{ per MWh} - 0.09 \text{ tons CO}_2 \text{ per MWh}) \times 11,618,332 \text{ MWh generated}$

<sup>2</sup> The reduction in power consumption, which is the environmental benefit of fibre technology usage in the above assets, is converted into an estimated 14,000 tons of CO<sub>2</sub> avoided.

## Clean Transportation

If no effective intervention is carried out in Metro Manila, projections from the Japan International Cooperation Agency (JICA) show that the Philippines will lose PHP5.4 billion to traffic daily by the year 2035. JICA emphasized the vital role of infrastructure in national development.

Estimates made by an urban planning specialist indicate that Filipinos “sit through about 9 to 15 years of their working lives sitting in traffic.”

Public transportation is considered a means of addressing congestion as the vehicle units use up lesser road space compared to single-occupancy vehicles transporting the same quantity of passengers. By reducing vehicles on the road, the amount of tailpipe emissions is also decreased. High-occupancy vehicles like buses and other public transit options help lower fuel waste and emissions that are produced in sitting in traffic.

As of 31 December 2019, RCBC helped finance passenger rail infrastructure and public mass passenger transportation (with combined passengers of 180 million) by providing funds of more than PHP4 billion.

### Clean Transportation – Rail

Clean Transportation - Rail	Number of Projects	Amount (PHP M)	%	Number of light rail vehicles	km of passenger rail track	Number of passengers per year
Passenger Rail Infrastructure	1	3,745	7%	116	20	162.56 million

### Clean Transportation - Bus

Clean Transportation - Bus	Number of Projects	Amount (PHP M)	%	Number of buses	km travelled per year	Number of passengers per year
Public Mass-Passenger Transportation	2	475	1%	557	70 million	18 million

## Sustainable Water Management

Sustainable Water Management	Number of Projects	Amount (PHP M)	%	cbm water supplied/ collected/treated per year	households served (billed service connections)
Infrastructure for Clean Water, Wastewater Treatment	2	1,246	2%	380.9 million	998,225

In 2017, the United Nations declared that 80% of the world’s wastewater and over 95% in some least developed countries is released to the environment without treatment. Wastewater, or water we have consumed, should be treated and sanitized before it flows back to our seas, rivers, and lakes. This ensures that we protect our bodies of water from pollution and prevent them from becoming the breeding ground for bacteria that cause diseases or bring threat to human health.

The treatment of wastewater is enforced through the Philippines’ Clean Water Act of 2004.

As of 31 December 2019, RCBC exemplified support by funding PHP1.2 billion to infrastructure used for clean water and wastewater treatment, serving almost 1 million households.

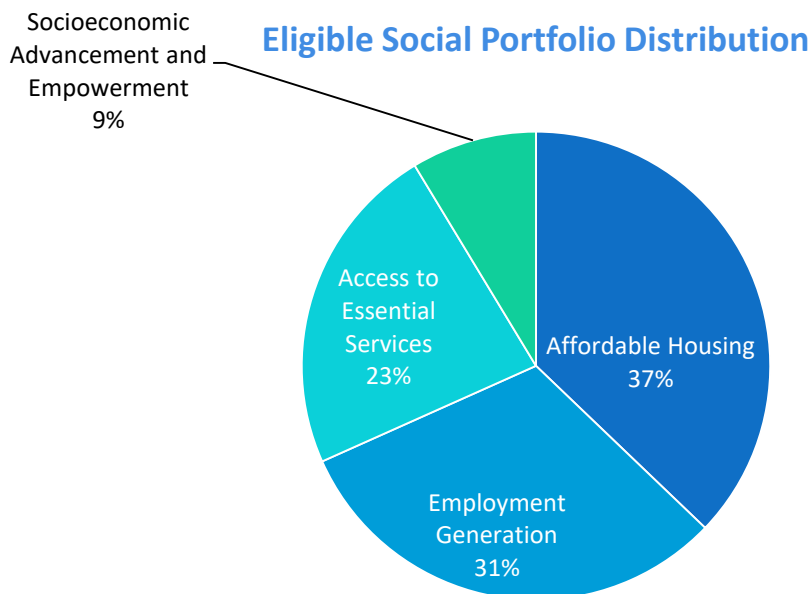


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## Eligible Social Portfolio

The portfolio of Eligible Social investment projects numbered 9,347 as of 31 December 2019. Total Eligible Social Portfolio amounted to PHP18.405 billion.

Projects in the categories Affordable Housing and Employment Generation accounted for 37 percent and 31 percent of the Eligible Social Portfolio, respectively. Access to Essential Services accounted for 23 percent of the Social Portfolio, while Socioeconomic Advancement and Empowerment accounted for 9 percent.



## Affordable Housing

Affordable Housing	Number of Projects	Amount (PHP M)	%	Number of affordable houses financed
Affordable Housing	8,650	6,838	13%	8,650

It is estimated that around 4.5 million Filipinos do not have shelter. Of this, about 3 million are in Metro Manila. With over 6 million units of housing backlog from 2001 to 2015, the housing shortfall could reach 12 million in the next decade if no action is taken.

RCBC contributed to addressing the backlog by funding affordable financing for 8,650 houses as of 31 December 2019, involving loans of PHP6.8 billion.

## Employment Generation

Employment Generation	Number of Projects	Amount (PHP M)	%	Number of loans extended to qualified SMEs
Employment Generation	679	5,734	11%	679

During the first MSMEs and Nation-building Conference held at the University of the Philippines in March 2018, a financial expert indicated that the lack of financial access continues to be major growth barrier for the Philippines' micro, small and medium enterprises (MSMEs). Data from the Department of Trade and Industry showed that MSMEs account for approximately 99.5% of the country's establishments.

RCBC strongly supports MSME growth, providing 679 loans reaching PHP5.7 billion as of 31 December 2019.

## Access to Essential Services – Healthcare

Access to Essential Services - Healthcare	Number of Projects	Amount (PHP M)	%	Number of drugstores carrying generic medicines	Number of hospital beds	Number of children vaccinated per year	Number of patients treated per year
Hospitals	7	2,144	4%		2,775	1,705	1,466,079
Generic Medicines	2	40	0%	37			
<b>Total Access to Essential Services - Healthcare</b>	<b>9</b>	<b>2,184</b>	<b>4%</b>	<b>37</b>	<b>2,775</b>	<b>1,705</b>	<b>1,466,079</b>

In 1988, the Generics Law was passed in Philippines, aimed at providing the general public with more affordable alternative medicines with equivalent therapeutic benefits as expensive innovator products. In screening generic medicines, the Food and Drug Administration (FDA) and Department of Health (DOH) apply the same strict regulations as applied for innovator brands.

In 2017, the Department of Health estimated that the shortage of hospital beds remains a challenge particularly in Philippine government hospitals, with 800 people vying for one hospital bed, translating to a ratio of 1:800 in Metro Manila.

RCBC supports the development of healthcare in the Philippines by providing funds of PHP2.2 billion to hospitals and manufacturers of generic medicines as of 31 December 2019. Hospital beds close to 3,000 were supported, with patients of over 1 million treated during the year.

### Access to Essential Services – Education

Access to Essential Services - Education	Number of Projects	Amount (PHP M)	%	Number of students per year
Schools	7	2,053	4%	97,190

For the school year 2019-2020, public schools had approximately 23 million students that attended their classes nationwide. The Alliance of Concerned Teachers cited “lamentable conditions” of public educational institutions in the Philippines as teachers and students face problems on shortages in facilities, learning resources, and teaching and non-teaching personnel.

As of 31 December 2019, RCBC provided PHP2 billion funding support to educational institutions, benefiting almost 100,000 students.

### Socioeconomic Advancement and Empowerment

Socioeconomic Advancement and Empowerment	Number of Projects	Amount (PHP M)	%	Number of clients served per year	Loans to underserved individuals
Access to Finance: Loans to Cooperatives, Rural Banks	2	1,595	3%	136,000	P15.676 billion

One of the objectives of the Philippine Development Plan (PDP) for 2017-2022 is the achievement of growth that is characterized by lower poverty incidence in rural areas – from 30% in 2015 to a target of 20% in 2022. Rural banks and cooperatives play the vital role of providing basic financial services to rural communities, enabling the country to work toward inclusive economic growth.

In support of the PDP, RCBC extended PHP1.595 billion worth of loans to cooperatives and rural banks as of 31 December 2019, serving a total of 136,000 clients.

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