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**Author****Felix Sy**

Managing Partner  
Insights Philippines  
Legal Advisors (IPLA)  
felix.sy@insights-law.com

**Lorybeth Baldrias-Serrano**

Partner  
Insights Philippines  
Legal Advisors (IPLA)  
lorybeth.serrano  
@insights-law.com



## Philippine SEC Adopts ASEAN Green Bonds Standards

The Philippines Securities and Exchange Commission (“SEC”) approved on 16 August 2018 the “Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards.” These Guidelines aim to adopt the ASEAN Green Bond Standards (“GBS”) and provide for the rules and procedures for the issuance of ASEAN Green Bonds in the Philippines. The SEC said that compliance with the ASEAN GBS will enable local issuers to tap into the global green bond market which has been experiencing rapid growth over the recent years.

ASEAN Green Bonds refer to conventional bonds and Islamic bonds (i.e. sukuk) which comply with the ASEAN GBS, where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects, including but not limited to the following:


- renewable energy;
- energy efficiency;
- pollution prevention and control;
- environmentally sustainable management of living natural resources and land use;
- terrestrial and aquatic biodiversity conservation;
- clean transportation;
- sustainable water and waste water management;
- climate change adaptation;
- eco-efficient or circular economy adapted production technologies and processes; and
- green buildings that meet regional, national or internationally recognized standards or certifications.

ASEAN green bonds may fund other green projects, except fossil fuel power generation projects, as long as the designated green project has a clear environmental benefit. These environmental benefits should be assessed and quantified, if feasible, by the issuer. Furthermore, the utilization of proceeds from the ASEAN Green Bonds must be described in the documentation for issuance of the ASEAN Green Bonds. Nevertheless, ASEAN Green Bonds can support green projects covering two or more categories mentioned above.

In case of Islamic bonds or sukuk, they must comply with both the ASEAN GBS and the relevant laws and requirements applicable for the issuance of Islamic bonds or sukuk. In the case of the Philippines, there is yet no law on Islamic financing; however, the Lower House recently approved a substitute bill on the development of an Islamic banking system in the country.

Moreover, to be eligible to issue an ASEAN Green Bond, issuers must be incorporated in any of the ASEAN member countries. A non-ASEAN Issuer may also issue ASEAN Green Bonds, provided the eligible Green Projects are located in ASEAN. ASEAN Green Bonds issuances must also originate from any of the ASEAN member countries.

Under the Guidelines, the issuer must disclose where it has allocated the funds raised for the green project. If portions of the issuance were used for refinancing, the company must provide an estimate of how much the funds went to refinancing and for what investment or project portfolio they were made.



The net proceeds should also be continuously reported to investors, including how much has already been spent and their impact in the form of various quantitative measures. To ensure proper reporting of the use of proceeds, issuers must provide investors with annual reports and the external review on those reports.

The approved Guidelines will supplement requirements of the Securities Regulation Code, which provide for the rules on the issuance of securities.

For more details on the foregoing Guidelines, please click [here](#).

If you have any questions or require any additional information, please contact [Felix Sy](#) or [Lorybeth Baldrias-Serrano](#) or the ZICO Law partner you usually deal with.

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