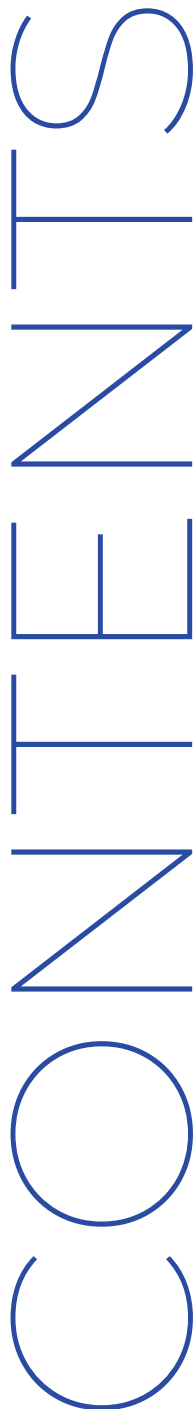


PSE NZFSPA 2024 REPORT

Net Zero Financial Service Providers
Alliance (NZFSPA) Commitments &
Targets Progress Report

THE PHILIPPINE STOCK EXCHANGE, INC.

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MESSAGE FROM THE PRESIDENT

The Philippine Stock Exchange, Inc. (PSE) is pleased to launch its first Net Zero Financial Service Providers Alliance (NZFSPA) Report. When the Exchange joined the Alliance at COP28 in 2023, it was a clear affirmation that we were determined to inspire action among our listed corporates through our bold climate commitments. As a listed firm, the only stock exchange in the Philippines, and a self-regulatory organization, we took it upon ourselves to lead the way in tackling the climate risks faced by the country.

This report demonstrates the progress of the PSE towards reaching the targets set by the NZFSPA in the first year of membership. We are grateful to our colleagues at the United Nations Sustainable Stock Exchanges Initiative and our co-members of the NZFSPA for their support and advice throughout this journey.

The PSE reiterates its commitment to build a competitive and resilient capital market. We look forward to collaborating with our stakeholders from abroad and from the Philippines to realize the targets of the NZFSPA.



Ramon S. Monzon
President and Chief
Executive Officer

NET ZERO FINANCIAL SERVICE PROVIDERS ALLIANCE (NZFSPA) COMMON 8-POINT COMMITMENT

The Philippine Stock Exchange, Inc. commits to support the goal of net zero greenhouse gas emissions by 2050 or sooner, consistent with a maximum average global temperature rise of 1.5°C above pre-industrial levels.

In order to fulfil this Commitment, PSE will:

- 01 Align all relevant services and products to achieve net zero greenhouse gas emissions by 2050 or sooner, scaling and mainstreaming Paris Agreement-alignment into the core of our business.
- 02 Build internal capability to understand the risks and opportunities of the net zero transition using best-practice net zero methodologies where they exist and, where methodologies or data are missing, proactively and collaboratively work to address those gaps.
- 03 Set an interim target for relevant services and products offered to be aligned to the net zero transition which is consistent with a fair share of the 50% global reduction in carbon emissions needed by 2030. Review and update such targets at least every five years with a view to increasing the proportion of services and products to achieve full alignment.
- 04 Address our own operational impacts by setting science-based emissions reduction targets across all operational emissions (Scopes 1 and 2 and, where material, 3) in line with 1.5°C emissions pathways. Set interim science-based reduction targets within 12 months of joining for no later than 2030 across all operational emissions.

NZFSPA COMMON 8-POINT COMMITMENT

05

Consistently raise with our key stakeholders the importance and implications of setting net zero targets and strategies across Scopes 1, 2 and 3 emissions and understanding the impact businesses can have to help reduce GHG emissions.

06

Work to ensure our relevant services and products take into account the best available climate science, including credible emissions reduction pathways to net zero. Support innovation and prioritize our efforts where we have, or can have, the most significant impact. Support the development of products and services supporting the net zero transition.

07

Advance our efforts by proactively engaging with stakeholders and policy-makers on corporate and industry action, as well as public policies that support a net zero transition of economic sectors in line with science and with regard to social impacts. Contribute to Glasgow Financial Alliance for Net Zero (GFANZ) efforts within the financial services provider alliance, which will aim to bring together existing tools and alliances.

08

Report progress, individually as firms signing this Commitment, at least annually, including publishing disclosures aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and climate action plans.

We recognize the vital role of stock exchanges in supporting the transition to net-zero emissions. We make this Commitment with the understanding that our clients and stakeholders, including regulators, policy-makers and standard-setters, will endeavor to facilitate these objectives.

We will work in coordination with and seek to support the existing alliances including the Net Zero Asset Owner Alliance, Paris Aligned Investment Initiative, Net Zero Bankers Alliance and the Net Zero Asset Managers Initiative within the broader GFANZ.

We commit to engaging with policy-makers, regulators, peers and other stakeholders, consistent with applicable law and regulatory requirements, in order to pursue the objective of net zero alignment.



EXCHANGE-FOCUSED TARGETS



MEASURING PROGRESS

Focus Area: 1.1 Governance

Target 1.1.1 The PSE shall put appropriate governance structures in place to ensure accountability for and oversight of the development and execution of the NZFSPA commitments.

The Corporate Governance Committee of the PSE Board of Directors has oversight over the Exchange's ESG commitments, including commitments with regard to net zero emissions. This is reflected in the [Corporate Governance Committee Charter](#) of the PSE.

We seek to revisit the governance framework for our sustainability risks and impacts. Currently, ESG matters are overseen by the Corporate Governance Committee of the Board, but we see opportunities for improvement by involving other Board Committees given that sustainability covers a wide range of business functions.

Target 1.1.2 The PSE shall ensure that relevant policies, procedures, and training are implemented to support its efforts.

While the Exchange's Supplier Accreditation policy includes a section on environmental responsibility among the criteria to engage suppliers, we believe that there is an opportunity to make this criterion more measurable and tangible for the bidding process. We aim to have the policy revised to include a disclosure form to reflect metrics on environmental responsibility and impact. We seek to collaborate with the Bids and Awards Committee for this endeavor.

The Standard Operating Procedures (SOPs) of the Sustainability Unit are annually reviewed and are updated, as needed.

MEASURING PROGRESS

The PSE Board of Directors and key Management executives annually receive trainings on sustainability topics to keep abreast of the latest ESG developments. In compliance with the SEC Code of Corporate Governance for Publicly-Listed Companies, the PSE Board of Directors attended the following programs organized by the respective training providers:

Conducted by: Philippine Chamber of Commerce and Industry

Date of Training: September 20, 2024

Program: Corporate Governance Seminar

Name	Designation
Jose T. Pardo	Chairman and Independent Director
Andrew Jerome T. Gan	Independent Director
Vicente L. Panlilio	Independent Director
Edgardo G. Lacson	Non-Independent Director
Ferdinand K. Constantino	Non-Independent Director
Jose Arnulfo A. Veloso	Non-Independent Director
Eddie T. Gobing	Non-Independent Director
Diosdado M. Arroyo	Non-Independent Director
Ma. Vivian Yuchengco	Non-Independent Director
Wilson L. Sy	Non-Independent Director
Ramon S. Monzon	President & CEO, Director

MEASURING PROGRESS

Conducted by: PLDT Inc.

Date of Training: September 27, 2024

Program: 2024 Annual Corporate Governance Enhancement Session

Name	Designation
Marilyn A. Victorio-Aquino	Non-Executive Director

Conducted by: Risks, Opportunities Assessment and Management (ROAM), Inc.

Date of Training: August 16, 2024

Program: Webinar on Corporate Governance

Name	Designation
Anthony M. Te	Non-Executive Director

Conducted by: Yuchengco Group of Companies

Date of Training: July 6 ,2024

Program: 2024 Annual Corporate Governance Seminar: Transforming Boards to Succeed in a World of Disruption

Name	Designation
Peter B. Favila	Independent Director

MEASURING PROGRESS

We consistently engage with the SSE Academy, UN SSE's education arm, to provide trainings for the PSE employees and for the listed corporates. The SSE Academy has been supporting the Exchange in our efforts to upskill our employees and other stakeholders by providing educational resources and training tools on key sustainability-related issues. Last January 9, 2024, key employees of the Exchange attended a seminar on the recently launched IFRS S1 and S2.



ISSB Training for SSE Partner Exchanges:

<https://sseinitiative.org/sse-event/issb-1>

MEASURING PROGRESS

Focus Area: 1.2 Emissions Reductions and Disclosure

Target 1.2.1 The PSE shall publicly disclose their climate actions annually as part of a transition plan.

The PSE partnered with S&P Global to set near term science-based targets. These targets define the amount of emissions the company must attain in a specific timeframe to be in line with the Paris Agreement goals.

Inputs for Developing the Targets



Base year: PSE used 2023 data in quantifying Scopes 1 and 2 footprint.

Target year: 2033 is considered for setting near-term target. Science Based Targets Initiative (SBTi) advises a near-term target that covers a minimum of five years and a maximum of ten years from the date of target submission.

Target type: Absolute Contraction. The targets are calculated by considering an annual 5.5% linear emission reduction.

Ambition: 1.5-degrees targets have been calculated. These ambition levels are aligned with the latest guidance from SBTi.

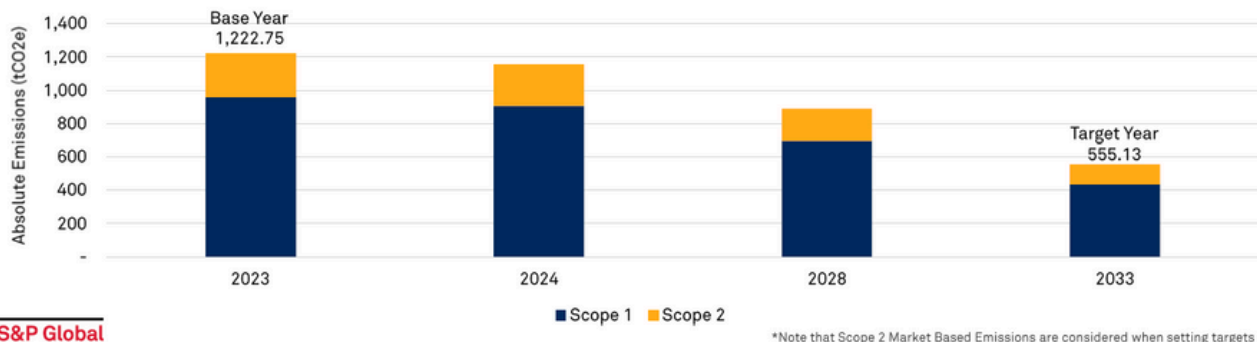
Target Boundary: Includes only scope 1 and 2. Scope 3 emissions are not part of target modelling and development.

MEASURING PROGRESS

Target Modelling

Scenario	Approach	Baseline (tCO2e)	Near-Term (tCO2e)		
		2023	2024	2028	2033
1.5 °C	Absolute Contraction	1,222.75	1,155.99	888.94	555.13

The absolute contraction approach requires an annual linear reduction of emissions by > 4.2% from baseline year to limit global temperature rise to 1.5 °C. It focuses on achieving absolute reductions in emissions rather than relative or intensity-based reductions.



The Philippine Stock Exchange, Inc. (PSE) commits to reduce absolute scope 1 & 2 GHG emissions by 54.6% by 2033 from a 2023 base year.

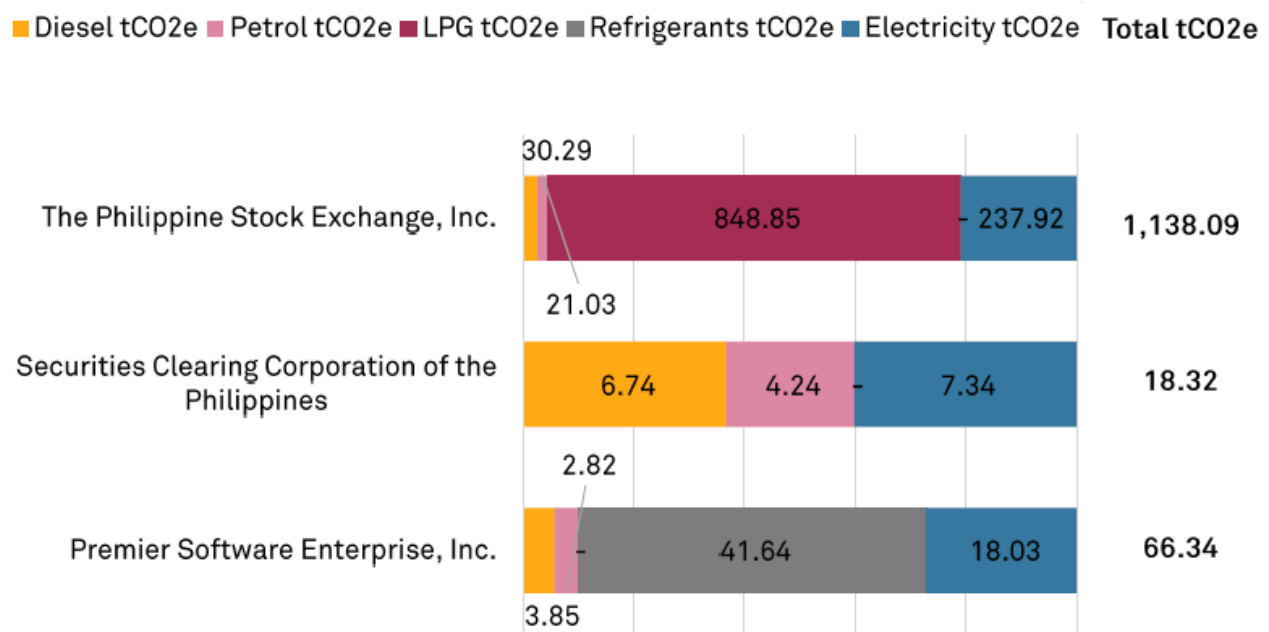
MEASURING PROGRESS

Target 1.2.2 The PSE shall measure and disclose its Scope 1, 2, and 3 emissions annually.

The PSE conducted a comprehensive assessment of the current operational footprint of the Exchange and its subsidiaries to establish the baseline of measuring our future progress. The operational footprint assessment was conducted in accordance with the GHG Protocol Corporate Standard. Using the Operational Control Approach, the PSE defined the boundary of the assessment to include 3 business units namely, The Philippine Stock Exchange, Inc., Securities Clearing Corporation of the Philippines, and Premier Software Enterprise, Inc.

Emission Data Breakdown

Total GHG emissions (tCO2e), by source

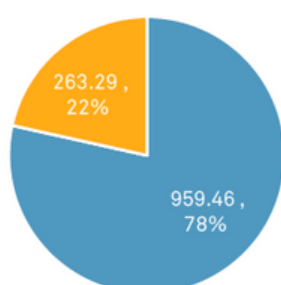


MEASURING PROGRESS

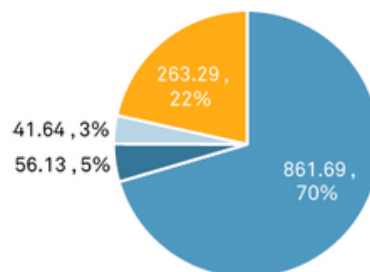
Identification of major sources of emissions will help the company identify which activities or processes contribute the most to our carbon footprint. With detailed knowledge of emission sources, the PSE can develop targeted strategies to reduce emissions.

Detailed below are the major sources of PSE's Scope 1 and Scope 2 emissions.

Absolute Scope 1 & 2 Emissions (tCO2e)



Scope 1 & 2 Emission Breakdown (tCO2e)



■ Scope 1 ■ Scope 2 ■ Scope 1 Stationary Emissions ■ Scope 1 Mobile Emissions
 ■ Scope 1 Refrigerants ■ Scope 2 Electricity: Market Based

Sources of Scope 1 Emission			
Scope 1 Category	Fuel Type	Units	FY2023
Stationary Emission	LPG	m ³	545.14
	Diesel	liters	4842.00
Mobile Emission	Diesel	liters	10,535.99
	Petrol	liters	11,934.21
Refrigerants	HFC-134a & HCFC-22/R22	lbs.	60.00

Sources of Scope 2 Emission		
Electricity Type	Quantity (kWh)	Share (%)
Electricity from Renewables	360,734.79	48.7%
Purchased Cooling	353,652.41	47.7%
Purchased Electricity from Grid	25,995.00	3.5%
Total Electricity	740,382.20	100%

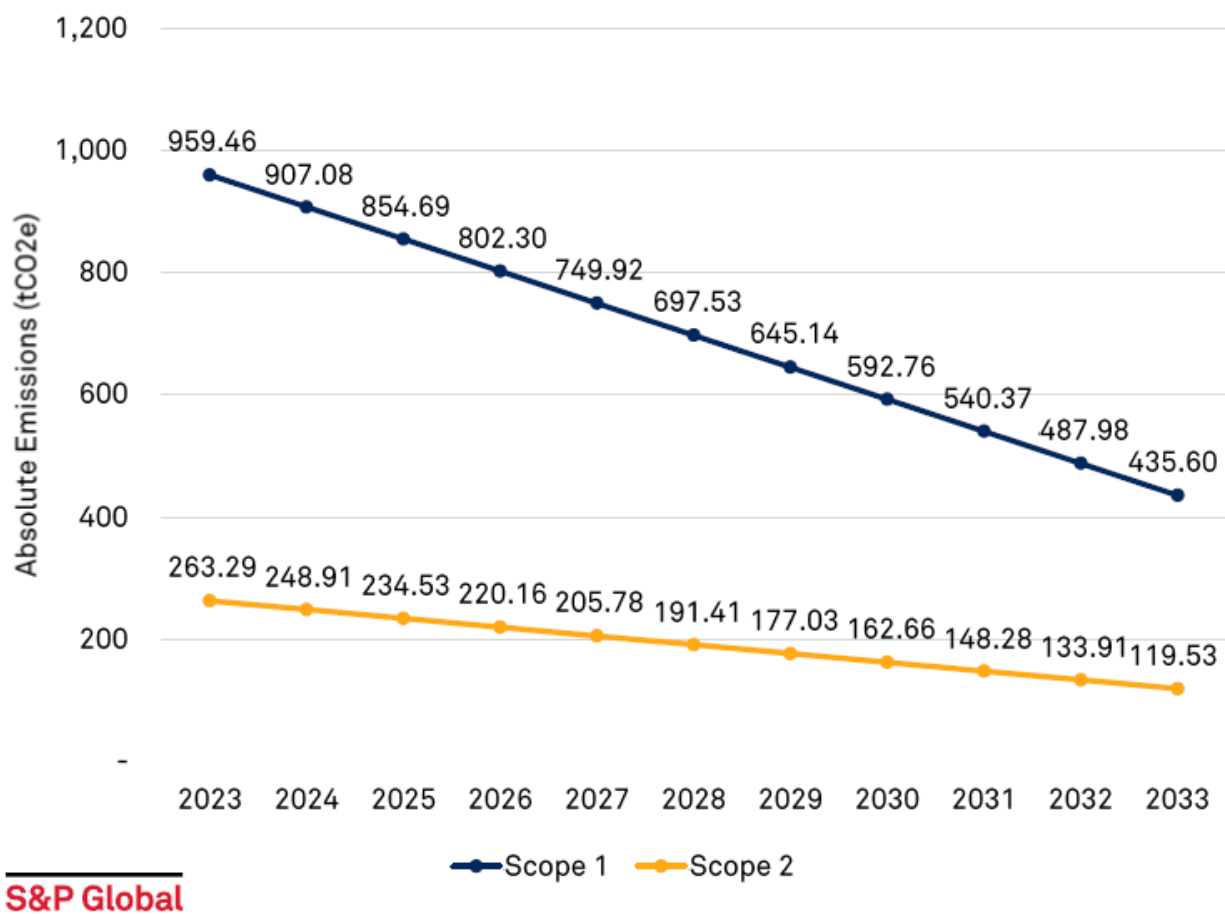
MEASURING PROGRESS

Target 1.2.3 The PSE shall commit to Scope 1, 2, and 3 emission reductions for its own operations.

The Philippine Stock Exchange, Inc. (PSE) commits to reduce absolute scope 1 & 2 GHG emissions by 54.6% by 2033 from a 2023 base year.

Emission Reduction Pathway at Organization Level

The graph below shows the indicative reduction pathway for scope 1 and 2 emissions.



MEASURING PROGRESS

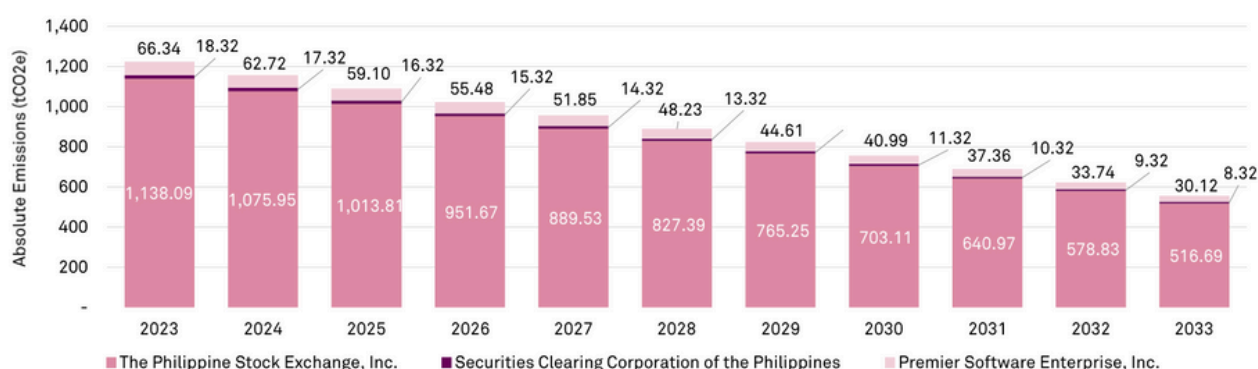
Emission Reduction Pathway at Business Level

The table below shows scope 1 and 2 emissions per business unit.

Base Year Emissions Breakdown by Business			
Business & Subsidiary	Scope 1	Scope 2	Total
	tCO ₂ e	tCO ₂ e	tCO ₂ e
Philippine Stock Exchange, Inc	900.17	237.92	1,138.09
Securities Clearing Corporation of the Philippines	10.98	7.34	18.32
Premier Software Enterprise, Inc.	48.31	18.03	66.34
Total	959.46	263.29	1,222.75

*Note that Scope 2 Market Based Emissions are considered when setting targets

The graph below shows the indicative reduction pathway per business unit.



Emission Reduction Pathway Breakdown at Source

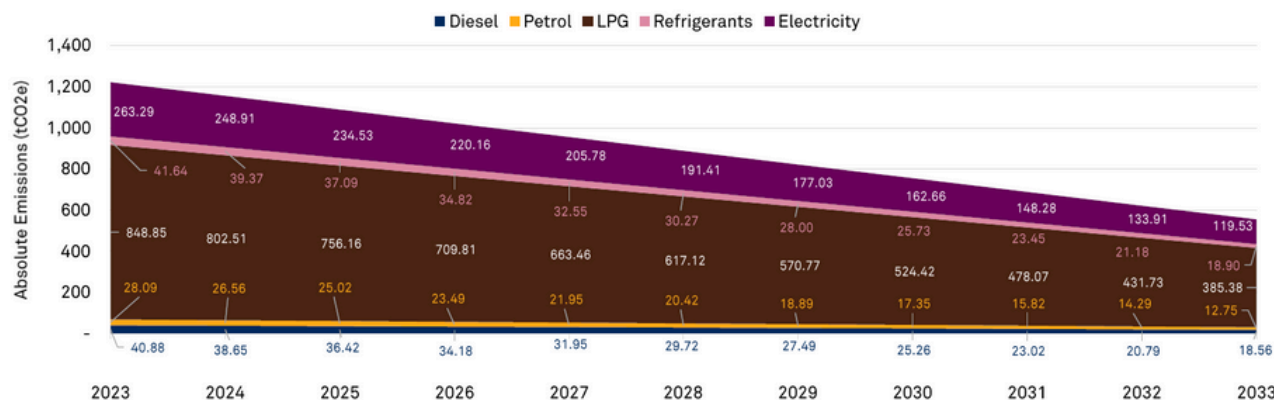
The table below shows the amount of emissions by source for the PSE and its subsidiaries.

Organization level GHG Emissions by Sources					
Base Year	Diesel	Petrol	LPG	Refrigerants	Electricity
	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e
2023	40.88	28.09	848.85	41.64	263.29

MEASURING PROGRESS

Emission Reduction Pathway Breakdown at Source

The graph below shows the indicative reduction pathway by source for the PSE and its subsidiaries.





MEASURING PROGRESS

Focus Area: 2.1 Transparency and Education

Target 2.1.1 The PSE shall actively promote availability of high-quality climate information by producing guidance for issuers or undertaking initiatives that encourage climate-related disclosure, as may be relevant to the market.

Environmental, Social, and Governance factors are increasingly recognized as important for investors and issuers alike; therefore, the PSE has developed a guidance document to help issuers who seek to take the next steps towards quality sustainability reporting aligned with international best practices, standards, and frameworks.

PSE's guidance document on sustainability reporting entitled *ESG 101: A reporting guidebook* was developed with reference to the *2015 Model Guidance on Reporting ESG Information to Investors* of the United Nations Sustainable Stock Exchanges Initiative. This guidance document has updated sustainability reporting regulations, data, and best practices that are relevant to Philippine listed companies. It is hoped that this guidance document shall serve as a sufficient starting point for companies seeking to enhance their sustainability reporting capabilities. This should be used alongside globally-recognized reporting frameworks and standards and should not replace any sustainability-related legislation and rules issued by legislators and regulators.

The guidance document can be accessed here:
<https://documents.pse.com.ph/wp-content/uploads/sites/15/2025/01/CN-2025-0004.pdf>

MEASURING PROGRESS

The UN Sustainable Stock Exchanges Initiative (UN SSE) appointed The Philippine Stock Exchange, Inc. and Amman Stock Exchange to be Co-Chairs of the of the Advisory Group on Sustainable SMEs. The advisory group will produce a model guidance document on how SMEs may adopt sustainable business practices and how exchanges may facilitate the transition. PSE President & CEO Mr. Ramon S. Monzon attended the virtual launch of the advisory group on July 30, 2024.



Target 2.1.1 The PSE shall offer climate disclosure training at least annually.

In the past, the PSE have partnered with the UN SSE, IFC, and CDP to conduct a training program for the PLCs on TCFD disclosure and provide an understanding of the importance of climate-related disclosures.

TCFD 101 Training: <https://sseinitiative.org/sse-event/philippines-tcf-101-workshop-training>

TCFD 102 Training: <https://sseinitiative.org/sse-event/philippines-tcf-102-workshop-training>

MEASURING PROGRESS

To help listed companies build their skills and capacity on the newly launched IFRS S1 and S2, The Philippine Stock Exchange, Inc. conducted a training on the application of the IFRS Sustainability Disclosure Standards last November 12, 2024. This workshop provided a high-level overview of the standards as well as technical guidance on getting started to meet its basic requirements. The training content was developed collaboratively by the United Nations Sustainable Stock Exchanges initiative, IFRS Foundation, and International Finance Corporation, through its integrated ESG program implemented in partnership with the State Secretariat for Economic Affairs of Switzerland.

ISSB Workshop: <https://sseinitiative.org/sse-event/Philippines-ISSB>

Focus Area 2.2 Products and Services

Target 2.2.1 The PSE shall work to raise visibility of climate-themed products.



MEASURING PROGRESS

In July of 2023, the Exchange entered into a partnership with the UK government with the aim of increasing investment in companies that contribute to global development and the climate transition. MOBILIST is the UK government's flagship program that supports investment solutions to help deliver the climate transition and the achievement of the United Nations Sustainable Development Goals in developing economies. By providing equity capital investment, technical assistance and advisory services, and enhanced visibility through the UK government's platforms, MOBILIST enables new scalable and replicable financial products to list on public markets such as the PSE.

Focus Area 2.3 Policy, Persuasion, and Engagement

Target 2.3.1 PSE shall actively engage with local and global policy makers and standard setters to stay informed of and promote net zero aligned policies.

In the 3rd quarter of 2023, the PSE formally became a member of the Philippine Sustainability Reporting Committee (PSRC). Within the PSRC, the PSE joined the technical working group on the implementation and promotion of the ISSB's IFRS Sustainability Disclosure Standards. The working group is tasked to lead the development of the PSRC Local Implementation and Guidance and organize capacity-building seminars with relevant stakeholders to consistently educate the Philippine market on its local adoption.



Members

Government and Regulatory Bodies



MEASURING PROGRESS

In 2024, the PSE joined the Sustainability Working Group (SWG) of the World Federation of Exchanges (WFE) which gathers Chief Sustainability Officers and ESG experts across the Exchanges that sit within the WFE. Membership to the working group will allow the Exchange to learn from ESG best practices among its peers. This demonstrates the collective commitment of Exchanges to lead and guide listed companies and other market participants towards innovation and adoption of sustainable business models.



The PSE signed a Memorandum of Understanding with co-members of the ASEAN Exchanges to be a part of the ASEAN Interconnected Sustainability Ecosystem at the 37th ASEAN Exchanges headquarters of Bursa Malaysia on July 12, 2024. This significant development underscores the ASEAN bloc's commitment in adopting and implementing Common ESG Metrics within their respective ESG data infrastructures, hence significantly improving transparency, comparability, and exemplary ESG practices across the region.

MEASURING PROGRESS



On November 18, 2024, the PSE was among the key participants of the ASEAN Interconnected Sustainability Ecosystem which aims to provide investors with easily-accessible sustainability disclosures and promote sustainable development in the region. This is a collaboration among ASEAN Exchanges that will cover building the capacities of Southeast Asian issuers to manage and disclose their ESG impacts.

Target 2.3.2 The PSE should work toward mandatory climate-related disclosure in their markets.

The PSE is working with the Securities and Exchange Commission, in consultation with listed issuers and other relevant stakeholders, on the regulatory implementation of the IFRS S1 and S2 in the Philippine market. We are actively engaging with our peer exchanges to get insights and best practices in other jurisdictions. For example, we consulted TWSE on the adoption of the ISSB standards in their market. Consequently, the PSE has been increasingly involved in various industry fora and panel discussions on ISSB adoption policies for the Philippine market.

MEASURING PROGRESS



Target 2.3.3 The PSE shall proactively engage with market participants, including through market awareness programs, to promote the adoption of net zero commitments and transition plans among market participants.

The PSE hosts capacity building programs for our listed companies and other market participants to build awareness on ESG topics. The PSE will remain steadfast in its commitment to lead by example and champion sustainable business practices.

LEAP Insights in Partnership with S&P Global

On July 23, PSE hosted LEAP Insights in partnership with S&P Global Market Intelligence. The event had the theme “Philippines Rising: Exploring Avenues for Growth” and covered several topics on sustainability, effective investor communication, and strategies to maintain investor interest for potential issuers and listed companies.

MEASURING PROGRESS

WFE's Ring the Bell Campaign for Climate

PSE heeded the call of the World Federation of Exchanges (WFE) to highlight the importance of addressing climate and sustainability-related issues by participating in the Ring the Bell for Climate campaign last November 13, 2024. This global initiative underscores the role of financial markets in funding green initiatives and sustainable development.

In his message during the bell ringing ceremony, PSE COO Atty. Roel A. Refran talked about the opportunities that PSE had to serve as a conduit in raising capital for climate transition projects. He also mentioned the collaborative programs entered into by the Exchange to align and adopt global standards in climate and sustainability disclosures.

Ring the Campaign Bell for Climate:

<https://www.pse.com.ph/pse-rings-bell-for-climate/>

