**SEC MEMORANDUM CIRCULAR NO. 13**
Series of 2025

**SUBJECT: SEC GUIDELINES ON PHILIPPINE GREEN EQUITY**

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**WHEREAS,** the Commission has taken an active role in promoting the use of capital markets in achieving the United Nations Sustainable Development Goals and the targets under the Paris Agreement to reduce the greenhouse gas emissions to lower the global average temperature to well below 2 degrees Celsius;

**WHEREAS,** the Commission has adopted the ASEAN Green Bond Standards, the ASEAN Social Bond Standards, the ASEAN Sustainability Bond Standards and the ASEAN Sustainability-Linked Bond Standards, and issued a memorandum circular on Blue Bond Guidelines, which draw on the Blue Finance Guidance Framework developed by the International Finance Corporation and the Green and Blue Bond Framework of the Asian Development Bank, to attract sustainable investments in the capital market and address key areas of environmental and social concern;

**WHEREAS,** under the auspices of the Financial Sector Forum (FSF), the Philippine Sustainable Finance Taxonomy Guidelines (SFTG) aligned with the ASEAN Taxonomy for Sustainable Finance (ATSF) were issued to direct capital towards sustainability-focused economic activities;

**WHEREAS,** the subject Guidelines are intended to set out a framework for "green" equity offerings, thus offering greater visibility of companies' "green" activities;

**WHEREAS,** Green Equity is a complement to sustainable debt instruments to expand the range of sustainable investment products in the market;

**WHEREAS,** the Commission recognizes existing frameworks on green equity, such as the World Federation of Exchanges' Green Equity Principles, Nasdaq Green Equity Designation, and the London Stock Exchange's Green Economy Mark; and

**WHEREAS,** the requirements under these Guidelines shall be in addition to the applicable requirements under Sections 8 and 12 of the Securities Regulation Code (SRC) on the registration of securities, unless there is an available exemption under Sections 9 or 10 of the SRC, where the Company shall submit the requirements as prescribed by the Commission;

**NOW, THEREFORE,** with the foregoing, the Commission hereby adopts and issues these Guidelines on Philippine Green Equity, as follows:

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## ARTICLE ONE: GENERAL PROVISIONS

***Section 1. Definition of Terms*** – For purposes of these Guidelines, the following definition of terms shall apply, unless the context otherwise requires:

A. ***ATSF*** refers to the multi-tiered framework designed to be an inclusive and credible classification system for sustainable activities in ASEAN.

B. ***Commission or the SEC*** refers to the Securities and Exchange Commission of the Philippines

C. ***Do No Significant Harm (DNSH)*** refers to the principle that an activity which makes a substantial contribution to one of the official Environmental Objectives selected under the SFTG or the ATSF should not cause significant harm to any of the other Environmental Objectives under the respective taxonomies.

D. ***ESG*** means environmental, social and governance, or some combination thereof.

E. ***Environmental Objectives (EOs)*** are environmental objectives specified under a taxonomy. Any activity seeking classification under the SFTG or the ATSF must demonstrate that it is contributing to at least one of the EOs of the respective taxonomies.

F. ***FSF*** refers to the inter-agency body composed of the SEC, Bangko Sentral ng Pilipinas (BSP), Insurance Commission (IC), and the Philippine Deposit Insurance Corporation (PDIC), which provides a platform for discussion of supervisory approaches and issues as well as emerging risks in the financial sector.

G. ***Green Activities*** refers to economic activities that are classified as Green under the SFTG or ATSF respectively.

H. ***Minimum Social Safeguards (MSS)*** refers to measures to ensure that companies engaging in sustainable activities meet certain standards when it comes to human and labour rights.. It is addressed as 'Social Aspects' under the ATSF.

I. ***Philippine Green Equity label*** refers to the designation given to a publicly listed company in the Philippines that meets the requirements of these Guidelines.

J. ***Philippine Stock Exchange (PSE)*** refers to the sole stock exchange of the Philippines where companies raise capital by issuing shares of stock, and investors can buy, sell, and trade those shares.

K. ***SFTG*** refers to the document published by the FSF, which provides guidance on the classification of economic activities as being environmentally and socially sustainable.

L. ***Revenue*** refers to the value of aggregate sales of goods and services recognized by a company in a specified period.

M. ***Sustainable Finance*** is the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions in the financial sector, leading to increased longer-term investments into sustainable economic activities and projects.

***Section 2. Applicability and Coverage*** – The Guidelines on Philippine Green Equity shall primarily govern the designation of the Green Equity label in the Philippine stock market. These Guidelines are intended to provide a coherent framework for issuers that voluntarily choose to align their equity offerings or listings with environmentally sustainable finance objectives. They are not intended to modify, supplement, or otherwise affect the mandatory listing requirements of the PSE. Notwithstanding a prior listing on the PSE, issuers may apply for the designation of their listed shares as Green Equity provided that they fully comply with the eligibility criteria and requirements set forth in these Guidelines.

***Section 3. Objectives.*** The primary objective of these Guidelines is to enhance the visibility and attractiveness of companies that actively engage in green activities. By identifying and recognizing these businesses, the Philippine Green Equity label aims to direct capital flows toward enterprises that demonstrate environmental stewardship.

These Guidelines are also intended to complement existing sustainable finance instruments including thematic bonds by establishing a parallel equity-based framework to provide investors with additional mechanisms to support environmentally sustainable enterprises.

Finally, the Philippine Green Equity label established under these Guidelines is further intended to accelerate the use and integration of the SFTG and the ATSF into business practices. It encourages companies to progressively align their operations, strategies, and disclosures with taxonomy principles, fostering broader and more consistent application of sustainable finance standards across the market, thereby supporting the country's goals for sustainable development.

## ARTICLE TWO: CRITERIA FOR GREEN EQUITY

To qualify for the Green Equity label, a company must satisfy all four (4) criteria specified in Sections 4 to 7 of this Article. Failure to meet any one of these criteria shall disqualify the company from obtaining or maintaining the Green Equity label.

***Section 4. Revenue*** – At minimum, more than 50% of the revenue of the company as reported in the latest audited annual financial statements, must be derived from Green Activities.

***Section 5. Investments*** – At minimum, more than 50% of the investments (sum of capital expenditure and operating expenditure[1]) of the company as reported in the latest audited annual financial statements, must be channelled towards Green Activities.

***Section 6. Fossil Fuel Limitation*** - Revenues of the company derived from fossil fuel must be limited to less than 5% to be eligible to the Philippine Green Equity Label.

***Section 7. Taxonomy Alignment***– The company's activities must meet the eligibility criteria of the SFTG or ATSF.

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[1] **Capital expenditure (Capex)** represents the proportion of capital expenditure tied to the SFTG- or ATSF-aligned Green Activities or credible alignment plans. **Operating expenditure** covers the proportion of operating expenditure, including non-capitalised costs like research, renovation, leases, or maintenance, linked to the SFTG- or ATSF-aligned Green Activities or supporting Capex plans.

## ARTICLE THREE: EXTERNAL REVIEW

***Section 8. Independent and External Review*** — A company's alignment with Article Two of these Guidelines must be assessed by an external reviewer applying its published proprietary methodology for the assessment and detailing all required information in an assessment report.

***Section 9. Expertise and Experience of External Review Provider*** — The external reviewer must possess demonstrated expertise and a strong, credible track record in conducting assessments relevant to green equity designation, sustainable finance, and ESG practices. Its qualifications should reflect a deep understanding of relevant frameworks, methodologies, and standards to ensure a robust and trustworthy evaluation process.

The external reviewer must also disclose its relevant credentials and expertise, methodology, and scope of the review conducted in the assessment report.

***Section 10. Public Availability of the Assessment Reports*** — The assessment reports must be made publicly available, through a website designated by the Company.

## ARTICLE FOUR: APPLICATION PROCESS

***Section 11. General Requirements*** – A company intending to have the Philippine Green Equity label must provide information on Green Activities as prescribed by these Guidelines.

***Section 12. Application for Green Equity Label*** – A company applying for the Green Equity label shall specifically signify its intention to label its shares as such prior to its offering, or if the shares are outstanding, prior to referring to said shares as Green Equity, through a letter addressed to the Commission and the submission of the required documents outlined in this section.

The application shall be submitted in electronic form to ipsd_msrd@sec.gov.ph or such other designated email address of the Markets and Securities Regulation Department of the Commission, and shall include the following documents:

A. Formal Letter of Application requesting the Green Equity label, signed by a duly authorized officer of the applicant;

B. Assessment Report from a qualified third-party reviewer or sustainability reviewer, detailing alignment with the Green Equity criteria and taxonomy alignment;

C. Contract or any formal engagement document signed by the third-party reviewer, confirming their appointment to prepare the assessment report and including a reference or link to the reviewer's published methodology;

D. Latest Audited Financial Statements; and

E. Any other documents, explanations, or information as may be required by the Commission to demonstrate compliance with Green Equity Label criteria.

Upon the complete and timely submission of all documentary requirements, the Commission shall, in accordance with these Guidelines, review and evaluate the application and, within forty-five (45) calendar days from receipt of the Formal Letter of Application and other required documents, notify the applicant in writing of its action thereon.During this period, should the applicant be aware of any change in its circumstances from what is demonstrated by the information submitted, that may

materially affect the Commission's evaluation of the application, the applicant is required to inform the Commission immediately.

Should the application be approved, the applicant shall be granted the Philippine Green Equity Label and shall be authorized to refer to its listed shares as carrying such in any official disclosures, investor materials, or public communications. The Commission may likewise reflect the granted status in any relevant listing, registry, or official publication. The Commission shall also notify the PSE of such approval, and thereafter, the PSE shall be responsible for monitoring the Company's ongoing compliance with the prescribed criteria to maintain the Green Equity label.

**ARTICLE FIVE: DISCLOSURE AND PERIODIC ASSESSMENT**

***Section 13. Transparency of Information*** – After one (1) year from the initial grant of the Philippine Green Equity Label, and annually thereafter, the company shall submit to the PSE an assessment report containing the following information, which shall also be kept readily available and accessible through a publicly available website:

A. Share of revenue derived from Green Activities;

B. Share of investments of the company that are channelled into Green Activities;

C. Activities from which the company derives its revenue and details of alignment with either the SFTG or ATSF;

D. Investments of the company and details of alignment with either the SFTG or ATSF; and

E. Revenues of the company derived from fossil fuel limited to less than 5%.

The assessment report shall be externally reviewed and shall be subject to the requirements of Sections 9 and 10 of these Guidelines. The disclosures made should be able to support the company's assertion that it has met the requirements of these Guidelines and must include details of the criteria used, methodology applied and outcomes.

***Section 14. Amendments*** – Any amendment to the information on activities in which the company is engaged or invested in and other relevant material information pertaining to the Philippine Green Equity Label shall first be disclosed to the Commission and the PSE prior its release to the news media or public. Where the amendment or inaccuracy constitutes material information under the SRC and its Implementing Rules and Regulations, or the disclosure rules of the PSE, the issuer shall comply with the applicable disclosure and filing requirements thereunder.

For amendments involving non-material information pertaining solely to the Philippine Green Equity Label and not forming part of a registration statement or prospectus, the disclosure must be submitted to the Commission and the PSE no later than seven (7) days after the discovery that the information is no longer accurate.

***Section 15. External Review Provider Confirmation in Case of Material Changes*** — In the event of structural or other material changes in the company that may impact the company's ability to meet the criteria set in these Guidelines, a confirmation from an external review provider verifying the company's continued alignment with these Guidelines shall be required.

## ARTICLE SIX: MONITORING AND OVERSIGHT BY THE PSE

***Section 16. Role of the PSE*** - The PSE shall be the primary monitoring body to ensure that companies maintaining the Philippine Green Equity Label continue to comply with the requirements of these Guidelines. For this purpose, the PSE shall:

A. Establish a system of continuous monitoring of listed issuers with the Philippine Green Equity label, including review of annual disclosures submitted under Article Five.

B. Receive and evaluate external review reports submitted by companies in accordance with Sections 13, 18 and 19 of these Guidelines, and ensure that such reports are duly disclosed to the investing public.

C. Maintain an internal database of all issuers with Philippine Green Equity Label, indicating their revenue, investment, and fossil fuel exposure, as well as their alignment with applicable taxonomies.

D. Publish on its official website a registry of companies with valid Green Equity labels, including their most recent sustainability performance indicators, in coordination with the Commission.

E. Promptly review and act on disclosures by issuers regarding amendments to activities or other material information under Sections 4 to 7 of these Guidelines, and report such matters to the Commission.

***Section 17. PSE Reporting to the Commission*** - The PSE shall submit to the Commission, within one hundred five (105) days after the end of the fiscal year, a consolidated report summarizing:

A. The compliance status of all issuers with Philippine Green Equity Label;

B. Instances of delayed, inconsistent, and incomplete disclosures;

C. Any observed trends or systemic issues in relation to adhering to the criteria set forth in these Guidelines.

***Section 18. Referral of Violations*** - Where the PSE identifies non-compliance, misrepresentation, or other violations of these Guidelines, it shall immediately notify the Commission. The cancellation, suspension or withdrawal of a company's Green Equity label, as well as the imposition of administrative penalties for violations of these Guidelines shall be determined by the Commission pursuant to Sections 20 and 22 of these Guidelines or other actions deemed appropriate by the Commission.

## ARTICLE SEVEN: WITHDRAWAL, SUSPENSION, OR CANCELLATION OF THE USE OF THE PHILIPPINE GREEN EQUITY LABEL

***Section 19. Withdrawal, Suspension, or Cancellation of the Use of the Philippine Green Equity Label*** — Consistent with public interest and protection of investors, the call for transparency, as well as to ensure integrity of these Guidelines, the Commission reserves the right to cancel any use of the Philippine Green Equity Label after due notice and hearing. The use of the green equity label shall be subject at all times to the continued compliance with the established criteria, disclosure obligations and other requirements set forth herein.

The Commission may cancel, suspend, or recognize the withdrawal of the use of the Philippine Green Equity Label on any of the following grounds:

A. The Company has submitted a formal written notice of voluntary withdrawal of the use of the Philippine Green Equity Label, subject to the Commission's acknowledgment and determination that such withdrawal does not prejudice regulatory objectives or investor interests;

B. The Company has been determined, whether through the assessment report by the External Reviewer or *motu proprio* by the Commission, to no longer meet the criteria for maintaining the Philippine Green Equity Label under Article Two of these Guidelines; Provided, that the Commission shall grant the Company a remedial period of up to one (1) year from the date of such determination to undertake corrective actions and demonstrate compliance with the applicable criteria; Provided, however, that should the company fail to sufficiently meet the criteria upon the prescribed remedial period, the use of the Philippine Green Equity Label shall be suspended.

   In any case, the Commission may, at its sole discretion, allow the Company to retain the Philippine Green Equity Label if its inability to meet the criteria is deemed to be temporary, marginal and beyond its control without being subject to a remedial period;

C. The Company has failed to submit to the PSE or publish the required assessment report, or any updates thereto pursuant to Sections 13 to 15 of these Guidelines;

D. The Company has violated any ongoing reporting, disclosure, or compliance obligations under these Guidelines or other applicable SEC rules and regulations;

E. The Company is found to have committed material misrepresentation, omission, or submission of false or misleading information in its application or subsequent reports; or

F. The continued use of the Green Equity label is deemed by the Commission to be inconsistent with investor protection, environmental integrity (including avoidance of significant harm), or public interest.

A Company whose label has been withdrawn, suspended, or cancelled may reapply for Green Equity designation upon the completion of necessary requirements and submission of confirmation by an External reviewer that the Company fully complies with the applicable standards and requirements set in these Guidelines, except for a Company whose label has been cancelled or suspended for the reason(s) stipulated in item E above, in which case the Company may reapply only after two (2) years from the date of cancellation or suspension of the Green Equity designation.

## ARTICLE EIGHT: MISCELLANEOUS PROVISIONS

***Section 20. Transitory Provision*** — Full alignment with the SFTG or ATSF shall not be mandatory for the initial grant of the label for a period of one (1) year from the effectivity of these Guidelines, unless a longer period is permitted by the Commission. During such period, the applicant shall nevertheless be required to disclose substantial contribution of the covered Green Activities to at least one of the EOs under either the SFTG or ATSF. In applying this provision, the activities of the Company, to the best of the Company's knowledge and belief, should DNSH to the EOs or materially not comply with the MSS. Where such a determination has been made, no additional disclosure shall be required.

After the transition period, full alignment with the SFTG or ATSF shall be required for the initial grant of the label.

***Section 21. Penalties*** - Any violation of the requirements set forth in these guidelines, including but not limited to the failure to make necessary disclosures pursuant to Sections 13, 14, or 15 of these Guidelines resulting in material misrepresentation, omission, or the submission of false or misleading information shall be dealt with and penalized in accordance with the provisions of the SRC, its Implementing Rules and Regulations, and other applicable laws, regulations, circulars, and orders issued by the Commission. The Commission shall have the right to take any further actions or measures deemed necessary to ensure compliance with these Guidelines and protect the interests of the investing public.

***Section 22. Separability Clause*** — If any portion or provision of these Guidelines is declared unconstitutional or invalid, all other provisions not thereby affected shall remain valid.

***Section 23. Repealing Clause*** — All other rules and regulations or parts thereof, inconsistent with these Guidelines are hereby repealed, amended, or modified accordingly.

***Section 24. Effectivity*** — This Circular shall take effect immediately after the completion of its publication in two (2) newspapers of general circulation.

23 September 2025, Makati City, Philippines.

For the Commission:

**FRANCISCO ED. LIM**
Chairperson