

The 1998  
Corporate  
Environmental  
Report



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Development Bank of the Philippines

THE COVER

The need for environmental consciousness and preservation in the midst of technological progress and development has never been more relevant than it is today. In this year's annual report cover, DBP affirms its role as an advocate of environmental awareness and preservation.

A partitioned globe shows the different elements of nature: shimmering water for our seas, lakes, rivers and oceans; green foliage and brown earth for flora and fauna; and a serene blue sky for clean air and an intact ozone layer. The DBP logo in white signifies cleanliness set against a deep green backdrop, DBP's corporate color, and further enhances the eco-friendly theme. The overall look reflects DBP's belief that good ecology is sound economics and development that seeks to improve the quality life of the people also means preserving and showing respect for our natural resources.

*This is sustainable development. This is true progress.*

*This is the DBP commitment.*

The 1998  
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# Foreword



## From the Chairman of the Board

It gives us great pleasure to submit the Corporate Environmental Report of the Development Bank of the Philippines for the year 1998.

The first of its kind, this Environmental Report not only presents our contributions to environmental enhancement and protection, but also contains broad and specific plans for improving our environmental performance. That a bank takes extra effort to report its environmental performance may be something exceptional in the Philippines. It is indeed a new development as only a few companies in the country have started preparing and communicating corporate environmental reports. While we may lead the way for others to follow, the publication of this Environmental Report is actually in consonance with DBP's environmental policy. A policy which commits the Bank to environmental protection and sustainable development, and which has imposed unto itself the responsibility of integrating environmental considerations into all aspects of its operations and business decisions.

We at DBP are conscious of the fact that we play a significant role, albeit indirectly, in environmental management in the Philippines. Our lending operation can be a potent mechanism in encouraging and leading industries to adopt technologies and practices that prevent pollution generation. This, in fact, is the essence of the Environmental Due Diligence policy that the DBP has adopted for its credit operations.

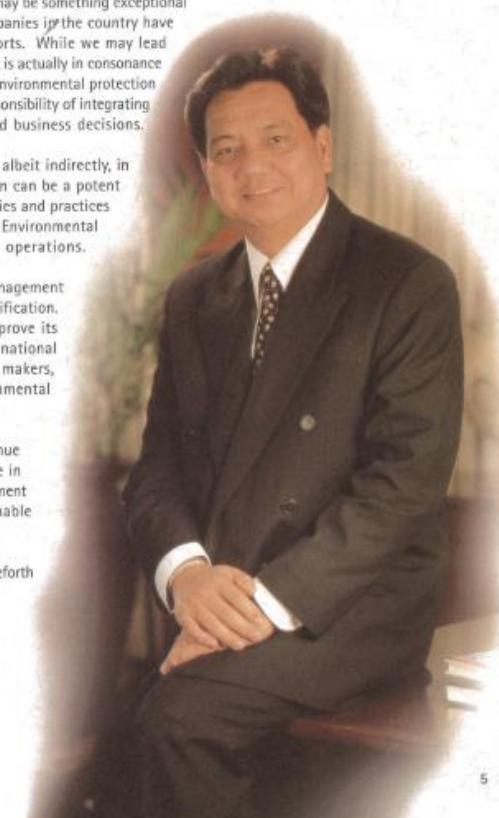
Within itself, the DBP has started to establish an Environmental Management System (EMS) which will enable the Bank to secure an ISO 14001 certification. We think that an EMS will reinforce the Bank's commitment to improve its internal environmental performance and contribute further to the national efforts on environmental enhancement. With an EMS, the policy makers, management and staff of the Bank are then guided by the environmental impact of the various actions and decisions.

The Board of the Directors, as the DBP's policy-making body, will continue to ensure that the Bank effectively and consistently performs its role in pursuing national development, not only as the country's premier development financial institution, but more so as the country's bank for sustainable development.

Starting with this Corporate Environmental Report for 1998, we will henceforth report to you our annual environmental performance.



Ramon Z. Abad  
Chairman of the Board



## From the President and Chief Executive Officer

In our efforts to further enhance and strengthen our commitment towards environmental protection as an important component of sustainable development, the Development Bank of the Philippines (DBP) is proud to come out with our first Corporate Environmental Report.

Given its mandate as the country's major development financing arm for 51 years, DBP continues to work towards national progress and prosperity. Alongside this objective is its thrust of becoming more effective in helping enhance the competitiveness of our clients. This, we believe, could be more efficiently achieved by adopting a development strategy that integrates social, economic and environmental concerns in every aspect of the Bank's operations.

It is DBP's philosophy that as a development bank, it must play a catalytic role in promoting sustainable development in the Philippines through its credit facilities and technical assistance programs. As an active participant in formulating the Philippine Agenda 21, DBP has once again taken the lead among financial institutions in the country to make environmental issues a vital part of its mission. This philosophy is well defined in our first Environmental Report which is also the first ever by a Filipino bank.

DBP produced this Environmental Report as a means of communicating and reporting its environmental activities and performance to stakeholders (employees, authorities, customers, non-governmental organizations (NGOs), suppliers, funders and others who may be interested in the Bank's operations). The Environmental Report is also in keeping with our commitment as a signatory to the Philippine Business Charter for Sustainable Development and the United Nations Environment Programme (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development, and the Bank's established environmental policy.

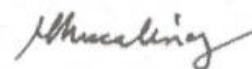
The areas through which any bank can generate the greatest potential environmental impact are in its lending policies and operations. Hence, DBP's assistance, both financial and technical, to various environmental projects. In 1998, we provided over P1.1 billion in financial credits and technical assistance to assist industry sectors in improving their environmental performance and decreasing resource use. Before this, we had adopted the policy of requiring submission of an Environmental Compliance Certificate from the Department of Environment and Natural Resources as a loan condition. Other loan requirements of the environmental credit facility such as environmental performance monitoring and compliance reporting has been fully implemented.

Within the Bank, we have also stressed the importance of environmental training and awareness through seminars and workshops for top management, account officers and other selected personnel. We have set the initial stages in preparing our Environmental Management System based on the international standard ISO 14001.

Moreover, we are taking immediate action on other aspects of the Bank's operations, such as transportation, use of water, energy and supplies which constitute the sources of direct environmental impact of the Bank.

To ensure that the Bank's environmental policies and that environmental management are given core attention, an Environmental Management Unit (EMU) has been organized within the Industrial Restructuring and Research Center (IRRC). While the whole IRRC can be mobilized for environmental management, the EMU serves as the day-to-day catalyst for environmental activities of the Bank.

I hope this maiden issue of DBP's Corporate Environmental Report will inspire its readers to join us in our efforts towards environmental preservation. May this be the beginning of increased social responsibility and effective integration of environmental concerns with our economy.



Remedios L. Macalincag  
President and Chief Executive Officer

## Verification Statement

To the readers of DBP's 1998 Corporate Environmental Report:

In July 1999, the Corporate Environmental Report was presented to the Management Committee and to DBP's Board of Directors on September 21, 1999.

The ÅF-Industrins Process Konsult (ÅF-IPK) reviewed and validated the environmental data and reporting of DBP's first environmental report. The objectives were to validate data collected and report presented in the 1998 statement.

The following documents were used in preparing this Corporate Environmental Report:

- DBP's Policies
- The Philippine Business Charter for Sustainable Development (DBP is a signatory)
- United Nations Environment Program (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development (DBP is a signatory)
- SustainAbility's revised fifty-point checklist of reporting ingredients (Engaging Stakeholders 1996 and The Benchmark Survey 1997, UNEP/SustainAbility)
- Best practice in corporate environmental reporting

The verification process involved:

- Interviews with key personnel at DBP's Head Office in Makati City, Philippines. This first environmental statement covers all of DBP's credit and technical assistance activities while the physical data are concentrated solely in the head office.
- Examination of DBP's policies, objectives, monitoring and reporting procedures and documents, as well as data and indicators which provided the basis for the report.
- Review of DBP's records and files on material use and financial statements.

ÅF-IPK is satisfied that DBP's Corporate Environmental Report presents a fair and honest reflection of the environmental situation at the bank.



David L. Robinson  
Project Leader, ÅF-IPK  
Gothenburg, Sweden, September 1999

## Environmental Policy Statement

The DBP, in its developmental mission and initiatives, is committed to environmental protection and sustainable development and shall integrate and implement environmental considerations into all aspects of its operations and services, asset management, and business decisions.

The term environment means the surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelation.

In furtherance of this commitment, DBP, as a matter of policy, shall endeavor to do the following:

- provide financial assistance only to environmentally sound projects;
- make the identification and quantification of environmental risks, including environmental due diligence inquiry, a part of the normal process of risk assessment and management;
- develop products and services which will promote the protection and enhancement of the environment;
- subscribe to the Philippine Environmental Impact Statement (EIS) System and integrate the system in its credit process;
- comply with local, national and international environmental regulations applicable to its operations and business services;
- actively promote activities and investments in environment-friendly projects;
- take an active role in encouraging clients, customers and business associates to comply with environmental regulations and integrate environmental considerations in their operations;
- play a catalytic function in bridging public and private sector efforts in protecting the environment;
- develop a network and long term relationships with local and international environmental organizations to foster exchange of information and collaborative and/or cooperative efforts in programs or projects relating to environmental protection and sustainable development;
- develop and implement an Environmental Management System;
- pursue the best practice in environmental management including energy efficiency, recycling and waste reduction and periodically update these practices to incorporate relevant developments in environmental management;
- instill a commitment to environmental protection and sustainable development throughout the Bank, to ensure all employees at all levels are aware of the need for the effective implementation of the Bank's environmental programs;
- provide employees with training and information to enhance their understanding of the Bank's environmental programs and their responsibility to implement them;
- conduct internal environmental reviews on a periodic basis and measure activities against environmental goals;
- objectively evaluate environmental performance;
- and identify areas for improvement.

Note: Approved by the Management Committee through Resolution No. 132-87, September 1997.

## Development Bank of the Philippines- Facts and Figures

The DBP has evolved to its present organization and stature as a result of its main thrust of responding to the development needs of the country. Established in 1935 as the National Loan and Investment Board (NLB), its principal role then was to manage government trust funds like the Postal Savings and Teachers Retirement Funds. In 1939, it was reorganized into the Agricultural and Industrial Bank to harness government resources until the outbreak of World War II. To facilitate and hasten the country's efforts to rise from the devastation caused by World War II, the Philippine Government created the Rehabilitation Finance Corporation which absorbed the Agricultural and Industrial Bank, with the principal mission of developing agriculture, commerce, and industry and funding the reconstruction of properties damaged by the war. In 1958, the Development Bank of the Philippines was created with an initial capitalization of P500 million, replacing the Rehabilitation Finance Corporation.

In February 1986, Executive Order No. 81 provided for the 1986 Revised Charter. In February 1998, Republic Act 8523 – amended DBP's 1986 Charter. These developments paved the way for the pursuit of other activities that will allow the Bank to fulfill its development mandate more meaningfully.

As of December 31, 1998

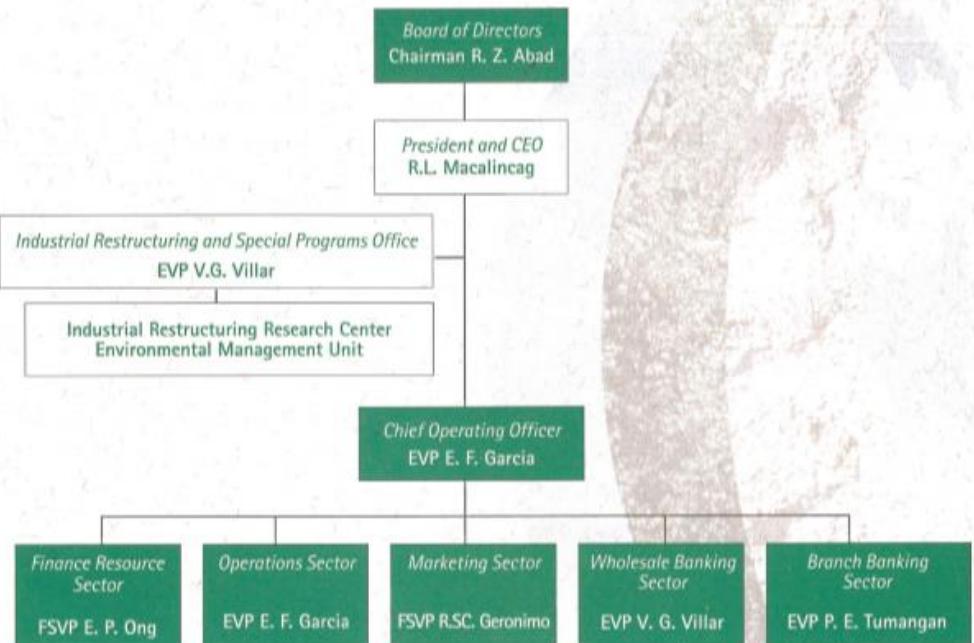
Total Assets	= P114,877 billion
Gross Loan Portfolio	= P72,432 billion
Gross Income	= P10,926 billion
Net Income	= P,515 billion
Total Networth	= P13.9 billion
Branches	= 73 branches

### Awards:

Rating/Award = +BBBpi by Standards and Poor's (the highest credit rating given to a Filipino bank in 1998)

1998 Asian Banking Award for Most Outstanding Development Finance Program and Most Outstanding Fund Sourcing Program

## Organizational Chart



As of December 31, 1998

## Introduction and Overview



It was in 1992 when environmental concerns were highlighted through a World Bank structural adjustment program of US\$175 million. The program required that loans granted under the facility must have a component to address environmental issues. In response to this, the DBP offered a condition that the loan facility will be used only to support environmentally sound investments. Also, the Bank would install and operate the necessary mechanisms to carry out the environmental considerations. Areas of concern of industrial restructuring focused on: (1) Human Resources, (2) Technology, and (3) Environment.

Industrial restructuring which required US\$600 million had to be implemented parallel with government reforms.



*Towards clean technology in industrial processes*

As a significant initiative in implementing the industrial restructuring plan, the Bank issued a memorandum to its Marketing Department that all applications for loans must be accompanied by an Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources (DENR). While simple projects needed only an environmental project description as requirement for the issuance of the ECC, larger and environmentally critical projects must submit a comprehensive Environmental Impact Statement (EIS).

In the early 90's, however, the Environmental Management Bureau (EMB) of the DENR was not fully prepared to handle the increasing environmental impact assessment (EIA) workload, given a small EIA staff. Nonetheless, participating financial institutions followed suit by requiring an ECC application from their own borrowers. Otherwise, they could not access DBP funds. During the first year of requiring borrowers to apply for an ECC, the DENR/EMB received numerous applications, a huge increase compared to only a handful received the previous year.

Given the environmental requirements of the World Bank loan, there was a felt-need to build and increase the capacity of the EMB to respond to the growing environmental impact assessment requirement. As concrete action on the part of DBP, it channeled in 1993 to 1994, most of the technical assistance funds from then the BITS of Sweden (now the Swedish International Development and Cooperation Agency or SIDA) to train the EMB staff on EIA. The training was conducted by DBP with assistance from ÅF-IPK, a Swedish technical consulting company. To supplement the EIA training, the EMB staff were also exposed to environmental audits and monitoring programs and to the wide gap between industry compliance and the law.

The DBP then looked at the environmental components of the previously studied industry sub-sectors and took the lead in helping these subsectors in the preparation of environmental management plans. This assistance was

extended through the Environmental Management Project (EMP), funded through the credit facility from the World Bank as well as a combination of Swedish and Norwegian grants and Nordic Development Fund credit worth USD 17 million. The EMP thus became a sub-project of the Industrial Restructuring Program.

These developments gave impetus to industry associations to operationalize environmental management among themselves and their member firms. DBP wanted the associations to take a more pro-active role but recognized the fact that the associations needed more technical information about the industry processes. "To measure is to know," so the industry associations had to begin monitoring their members which was, in essence, the first step towards pollution prevention and waste minimization. Data gathered from environmental audits and pilot plant



*Commitment to environmental health*

monitoring were collected and compiled in an environmental database at the Bank.

Through the EMP, the DBP has guided the industry subsectors in studying and agreeing on certain environmental performance targets over time. This involves

generating reliable industry data base which can be used in proposing to the DENR a set of environmental performance standards that are industry-specific. This is important because, at present, the effluent and emission standards are uniform, regardless of industry, process, and product. Another dimension is environmental performance measurement. The EMP advocates change in the criteria for pollution assessment - from concentration levels to pollution loads. It is expected that these efforts will lead to the revision of existing standards and regulations.

The suggested changes in the regulation vis-a-vis each sub-sector will be based on environmental audit and monitoring by the industry associations.

Since 1996, the Bank has been implementing the Environmental Infrastructure Support Credit Program (EISCP) with five billion yen initial funding from the Overseas Economic Cooperation Fund (OECD) of Japan. EISCP is exclusively dedicated to finance industrial environmental investments. To address the environmental needs of small and medium-scale enterprises, the DBP launched in 1998 the KFW-funded Industrial Pollution Control Loan Project (IPCLP) with DM 10 million soft credit. The two funds are expected to be fully disbursed in 1999.

Phase II of the EISCP amounting to JY20 billion under the 23rd Yen Loan Package will be negotiated in 1999. We also expect to make available a US\$10 million credit from SIDA to provide additional funds for the establishment of an EMS in industries which leads to ISO 14001 certification.

The Environmental Management Project progressed into a third phase in late 1997. Nearly all of DBP's environmental work in the past focused on the external indirect impact through credit and provision of technical assistance to industries and to the environmental authorities. The time has come to turn inward. A portion of the EMP-3 SIDA grant has been allocated to DBP's own environmental concerns like setting up an environmental management system based on ISO 14001.



*Adoption of environment-friendly technology*

The purpose of this Environmental Report is to communicate to DBP's stakeholders the Bank's environmental policies and its role in environmental management in the Philippines. Throughout the report you will notice a recurring theme or emphasis on the Bank's indirect environmental aspects and impacts which we believe befits a service industry like ours.

# Environmental Policies, Organization and Management



## Policies

The following policies have been adopted to guide DBP's environmental work.

**Integration/Incorporation of Environmental Provisions to the Bank's General Terms and Conditions for Loan Agreement.** Submission of certified quarterly environmental reports to the Bank, as well as, after 3 years and 7 years of the loan term.

**Environmental Compliance Certificate (ECC) Requirement**  
As a condition to granting loans, the Bank has re-adopted the policy of requiring submission of an ECC for environmentally sensitive projects. An ECC is a certificate issued by the Department of Environment and Natural Resources (DENR) which states conditions that a project proponent must comply so that the negative environmental and social impact are properly mitigated and the positive impact are enhanced.

## Charters and Programs

The Philippine Business Charter for Sustainable Development and the United Nations Environmental Program Statement by Financial Institutions on the Environment and Sustainable Development co-exist alongside DBP's policies.

### Philippine Business Charter for Sustainable Development

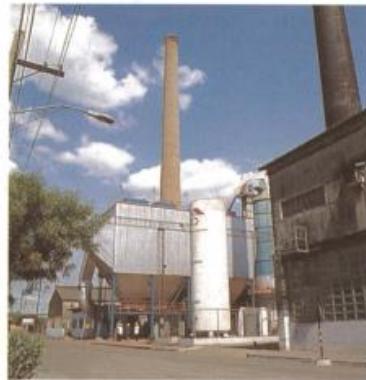
Signed in 1997, this Charter reiterates DBP's commitment to the principles of environmental management, some of which have been derived from the Business Charter for Sustainable Development of the International Chamber of Commerce, and the Business Principle on Sustainable Development for ASEAN. This initiative is under the auspices of the Philippine Business for the Environment and the Philippine Chamber of Commerce and Industry. Presently, there are approximately 300 signatories to the Charter, many of which are DBP's friends and clients.

**United Nations Environment Programme (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development.** Signed in 1997, this statement affirms the Bank's commitment to the integration of environmental considerations into all aspects of its operations and services.

## Organization

As of December 31, 1998, DBP has approximately 3,755 employees, 1628 of whom are at the Head Office. Others are assigned at the 74 branches of the Bank.

DBP has a full-time Environmental Management Unit (EMU) which is tasked to address its internal and external environmental concerns and serves as the Bank's mechanism to operationalize Philippine Agenda 21 within the financial sector.



*Monitoring equipment for effluents and emissions*



The EMU is one of three units under the Industrial Restructuring and Research Center (IRRC), the department responsible for the implementation of technical assistance programs of the Bank. Integration of environmental issues, through the EMU, is interlinked with other units of IRRC.

While the EMU has a limited number of personnel, the entire staff of the IRRC is mobilized to address environmental issues concerning the Bank and that of the industries. The head officer is:

Contact Person	Marietto A. Enecio Vice President
Address	DBP Head Office DBP Building, Makati Avenue corner Sen. Gil J. Puyat Ave., Makati City
Telephone:	+632 812 8088
Fax:	+632 815 1517
Email:	<a href="mailto:maenecio@epic.net">maenecio@epic.net</a>

VP Marietto Enecio reports activities of the EMU directly to the EMS Steering Committee, Management Committee or directly to the Board of Directors.

## Management

DBP is developing its environmental management system in accordance with the international standard ISO 14001. Efforts to put in place an EMS were initiated in 1997 which paved the way for the following accomplishments:

- creation of an EMS steering committee and an EMS working committee;
- appointment of an environmental champion in each of the champion departments;
- Initial environmental review and audit - beginning at the corporate headquarters;
- compilation of corporate registers of significant environmental effects and associated targets;

- implementation of an environmental communications plan;
- publication of a quarterly environmental newsletter;
- completion of environmental law registers;
- publication of this externally verified report;
- training of environmental management professions within the Bank

Before starting the ISO 14001 work, DBP employed an informal and ad hoc approach to environmental issues. For example, the DBP environmental policy was adopted as a set of guiding rules or principles for environmental improvement even before the formal management system was initiated.



*Promoting occupational health and safety.*

DBP is reviewing its environmental policy in the light of the ISO 14001 requirements. Efforts to establish an environmental management system has generated a lot of discussions relating to operation and documentation control, as well as the Bank's indirect environmental aspects and impact. Positive effects on DBP's operating and documentation systems have likewise been identified.

DBP is still in the implementation phase of its environmental management system based on ISO 14001 and expects to intensify its efforts in the coming year in environmental awareness training and completion of procedures and

work instructions. Along this line, environmental management activities have been lined up which include redefining the goals, objectives and targets and auditing of the system.

The initial environmental review performed in 1998 confirmed that DBP met full legal compliance. A method of procedures and work instructions, as well as, the legislations, regulations and other requirements applicable to DBP have been updated. In addition, the audit provided the basis for information found in the environmental data portion of the statement.

# Environmental Data



This section is divided into two sub-sections - Resource Use and Releases to the Environment.

## Resource Use

The DBP, in keeping with its development mission and charter, is committed to environmental protection and sustainable development and shall integrate environmental considerations into all aspects of its operations and services, asset management and business decisions. To the extent possible, the Bank strives to attain a balance between resource use and profit objectives while, at the same time, promoting environmental enhancement and protection.

### Indirect

A bank, like any other service sector enterprise, has a considerably different manner of making an impact on the environment as compared to a manufacturing facility.

## 1998 - Financial Credits and Technical Assistance

Credit and Technical Assistance Facility	Source	Thrust	Duration	Total Budget	Amount Utilized as of 1998
Environmental Management Project 3 (EMP3)	Swedish International Development Cooperation Agency (SIDA)	Technical assistance to industry associations in developing and implementing environmental management plans; institutional capability building of DBP and cooperating agencies	Oct. 1997 to Sept. 1998	SEK 8.57 Million	Approx. SEK 4.5 Million
Environmental Infrastructure Support Credit Program (EISCP)	Overseas Economic Cooperation Fund (OECD) of Japan	Credit and technical assistance to industry firms; capability building of DBP; adoption of environmental due diligence for credit evaluation	Jan. 1997 to Dec. 1999	Phase I: Yen 5 billion credit and Yen 147 million technical assistance	JPY 5 billion credit JPY 125 million technical assistance
Industrial Pollution Control Loan Project (IPCLP)	Kreditanstalt für Wiederaufbau (KfW - Germany)	Credit and technical assistance to small and medium scale enterprises, promotion of clean practices and occupational health and safety	Start Sept 1998	DM 9.2 million credit DM 0.8 million technical assistance	None, PhP400,000 credit committed

A banks' significant influence on the environment is generated indirectly through its investment and lending activities. The indirect impact are, however, more difficult to quantify, monitor, measure, evaluate and benchmark than those considered direct.

### Financial Credits and Technical Assistance

Being a development bank, the DBP is in a unique position to influence the industry's environmental performance by providing financial credits and technical assistance for environmental investments. The following table identifies the types of financial credits and technical assistance programs that were implemented in 1998.



### Environmental Management Project – 3 (EMP3)

EMP3 aims to enhance the capacity of industry associations to encourage and motivate their member firms to operate in the most environment-friendly manner and thereby protect the environmental welfare of their host communities.

To achieve the objectives of the EMP, the DBP has pursued the following:

- address the gaps between regulatory standards and technological and economic realities by assisting industry associations prepare their environmental management plans that pursue a stepwise approach to compliance;
- increase the working partnership between the DENR/ILDA and industry by organizing government-industry dialogues, and brokering memoranda of agreement and understanding;
- address the inadequacies of human and material resources in the central and regional environmental authorities to enforce environmental regulations through training, workshops, and the promotion of industry self-monitoring.

The year 1998 saw the expansion of the coverage of the EMP3. Aside from cement and pulp and paper industries and four other subsectors, it started to cover sugar milling and fish canning. Furthermore, the EMP3 implemented the following:

- Development of implementing guidelines for the Environmental Management Plans of the cement and pulp and paper industries, with the active involvement of their associations. The EMP for these sectors was formulated under EMP2. The implementing guidelines are being reviewed by the respective industry subsectors.

- A three-month environmental self-monitoring (SMP) in three sub-sectors – cocoa, fruit and vegetable canning and sugar milling. SMP for the first two subsectors was completed in August 1998 while that for sugar milling was started in November 1998. The objective of the SMP is to provide industries basic information on their discharge to the environment and relate them to production processes. This information constitutes vital inputs in future policy formulation and standards negotiations.

- Establishment within the DBP of an Environmental Management System based on ISO 14001.

Through the Self Monitoring Program (SMP), the lessons learned from the pilot companies representing the industry subsector were used to establish and implement an effective environmental monitoring program. For instance, it has been shown and proven that flow proportional and time proportional continuous sampling techniques are far better than conventional grab sampling.

In one pilot company, it was found out through round-the-clock wastewater flow monitoring on-line that there were effluent other than process water passing through the wastewater streams. This was found to be caused by several leaks in the pipelines which also caused rainwater



to mix with wastewater. These findings provided the pilot company a solid basis for the formulation or design of the appropriate approach to address these environmental concerns. As a result, not only did the pilot firm save on water, it also prevented untreated wastewater from being discharged out of the plant.

Another finding dealt with the reduction of wastewater generated through its processes, particularly in cleaning. This was corrected by the pilot plant through the practice of solid removal by scraping, sweeping or simply collecting them. This eased to a great extent the organic loadings of the wastewater.

The SMP likewise helped the pilot company discover and correct the big losses in energy during distribution of steam from boilers to the process area due to insufficiently insulated piping.

The project was able to establish the pollution loads for water (TSS, COD, BOD, O & G, Tot-N & Tot-P) and air (CO/CO<sub>2</sub>, NO<sub>x</sub>, sulphur and dust). The pollution load factors for air and water were also established in relation to production figures. These monitoring data will then be used by the firm in designing its wastewater treatment facility as basis for industry subsector study with the objective of formulating an appropriate environmental management program as well as standards for the subsector.

### Environmental Infrastructure Support Credit Program (EISCP)

EISCP is a policy-based lending program that seeks to promote the protection and enhancement of the quality of the environment and to mobilize, encourage and support activities and investment in environment-friendly projects.

Eligible borrowers include Filipino citizens or corporations

organized under the laws of the Philippines whose capital is at least seventy percent (70%) Filipino-owned. Eligible projects are pollution treatment and abatement and pollution prevention, and waste minimization or clean technology.



*Reducing inputs of raw materials*

Industries belonging to environmentally critical listings made by the authorities are given priority under the EISCP.

In addition to credit assistance to industries, EISCP also assisted DBP in building its environmental management capability by:

- training its account officers on how to evaluate loans using environmentally dedicated lending facilities
- preparation of environmental and sectoral manuals and guidelines that will aid the bank account officers and other credit decision makers in DBP

The succeeding table presents the types of industrial projects that receive credit from 1997 to 1998.  
**Types of environmental projects which received credit assistance from EISCP**

<b>Wastewater Treatment</b>	<b>Air Pollution Control</b>	<b>Integrated Pollution Abatement &amp; Prevention</b>	<b>Other Pollution Prevention/Process Changes</b>
Hospital sewage treatment plant construction	Electrostatic Precipitators and Bag House for Cement Plant	Steel Plant process controls, waste treatment plant, sewage treatment plant, establishment of laboratory	Oil Recovery Facility
Oleochemical, construction of waste water treatment plant	Desulphurization for 2 Power Plants		Sugar Mill
Fish Canning, construction of activated sludge treatment plant and construction of rendering plant			Fish Canning
Sugar Mill, construction of biological treatment plant and cooling water recycling system			Hospital, establishment of modern sterilization equipment
Electroplating, construction of laboratory building			coconut oil mill

#### *Industrial Pollution Control Loan Project (IPCLP)*

The KfW- IPCLP is another policy-based lending program of DBP focusing on Small and Medium Enterprises (SMEs). It supports investment in efficient production and environment-friendly technologies and promotes occupational health and safety. Eligible investments include modernization of production process, clean technologies, pollution reduction, improvement of occupational health and safety, monitoring, cost-effective end-of-pipe treatment and other waste disposal options. Priority is given to industries with serious or potentially severe environmental problems. The IPCLP began in late 1998. Its initial activities focused on technical assistance and credit promotion.

#### *Internal Resource Activities*

A pollution prevention/waste minimization project was established at DBP in early 1997 to improve waste management. In 1998, employees at the Head Office were provided information materials on sorting waste and reducing environmental impact, among others. Information topics included the use of lighting, air-conditioning, water, as well as waste generation and environmental management.

#### *Direct*

The DBP took steps to identify, quantify and decrease the environmental impact of its actions, internally and externally. In 1998, DBP began its efforts towards

implementing an EMS based on ISO 14001. Work done to-date has revealed important environmental data. Information gathered for 1998 will be used in future environmental statements to gauge improvement. Selected resources used in the Bank's operations in 1998 include:

<b>ITEM</b>	<b>Consumption</b>
<b>Fuel and Energy</b>	
Electricity from Grid	5,575,500 kW
Diesel fuel [transportation]	115,359 Liters
Diesel fuel [generator and stand-by airconditioning system]	26,308 Liters
Gasoline [transportation]	27,995 Liters
Lubricants [transportation]	600 Liters
<b>Water</b>	
Municipal Water	~ 47,000 cubic mtrs.
Well Water	700 cubic meters
<b>Office Supplies</b>	
Printer ribbons	11,340 pcs
Folders/Envelopes	190,253 pcs
Diskettes	4,179 boxes
Continuous Forms	3,354 boxes
A4 paper	
Sub 70	9,000 reams
Sub 16	3,000 reams
Newsprint	500 reams
Onion Skin	500 reams
Fluorescent Tubes	4,598 pcs
Penlight Batteries	2,824 pcs

While a history of earlier environmental data is not available as records are difficult at best to access, DBP anticipates rectifying this situation through the implementation of its EMS.

Fluorescent lamps were included since they are instruments in energy consumption. Penlight batteries consumption was also presented because they contain hazardous heavy metals. All of these will be subjected to use reduction.

These internal resource use data were presented to demonstrate to clients DBP's awareness of the environmental impact of its activities in terms of air emissions to the environment from electricity use, wastewater generation and paper consumption. While the Bank cannot address all these impacts in this first Report, DBP believes that with continuous minimization of resource consumption which, hopefully, will result in decreased waste generation and search for more energy efficient office equipment, it is headed towards sustainable banking operation.

About 70-80% of the DBP head office electricity generation is for work place air conditioning. In times of power outages, the head office operates its diesel engine Gramm Chiller for air conditioning and a diesel generator for lighting.

Well water used by the Bank for landscaping was not metered in 1998 but calculations based on pump capacity and annual operating hours were used to estimate well water consumption.

The per capita consumption of electricity, water, and A4 paper for the DBP Head Office in 1998 are as follows:

<b>ITEM</b>	<b>PER CAPITA CONSUMPTION, 1998</b>
Electricity	3,425 kW
Water	29 cu.m
A4 Paper	12.6 kg



## Releases into the Environment

### Indirect

As with resource use, the DBP's most significant effect in terms of releases to the environment is in its lending operation and implementation of technical assistance. It should be noted that although the amount and type of environmentally related programs, and companies involved vary year-to-year in the Bank, it is useful to compile the data for yearly comparison purposes, a type of benchmark. This also allows the Bank to easily evaluate its impact on the environment as well as analyze reasons for any changes.

DBP mobilized the EISCP to assist industry in improving its environmental performance. In 1998, based on the approved project proposals, the estimated expected benefits to the environment of EISCP are:

Item	Quantity
<b>Air</b>	
Reduction of SO2	9,660 tons/year
Reduction of particulate matter	6,700 tons/year
<b>Water</b>	
Reduction of BOD	1,813 tons/year
Reduction of TSS	676 tons/year
Reduction of acidic wastewater	22,200 tons/year
Reduction of heavy metal	2,550 tons/year
Removal of waste lubricating oil	12,000 m3/year
Prevention of effluent thermal pollution	387,400 Gcal/hour
Reduction of oil and grease	1,530 tons/year
<b>Solid</b>	
Solid waste reduction	5,400 tons/year



*Supporting investments in water treatment projects*

Due to limited available data, only the environmental impacts of the EISCP-funded projects were measured. However, since the Bank requires the submission of Environmental Compliance Certificate from all loan borrowers as a condition for approval, the generated environmental benefits are certainly greater than those indicated in the table.

Two industry associations - cement and pulp and paper - signed memoranda of agreement with the DENR and the DBP which formalized cooperation among the parties towards the implementation of the industry environmental management plans (EMP). The two associations also started formulating the specific guidelines that will operationalize their own EMPS. Included in the EMP is a waste minimization program which will be adopted by the associations and their members.

The IPCLP started in September 1998 and initial activities focused on developing awareness and promoting environmental credits among SMEs through the conduct of dialogues in Cebu, Cagayan de Oro and Davao.

### Direct

DBP's direct environmental aspects and impact are significantly less than those indirectly effected, given its unique position as a development bank. Shown below are the significant releases to the environment from the DBP Head Office:

ITEM	1998
<b>Air Emissions</b>	
CO2 electricity from grid	4,349 tons (fossil fuel)
CO2 diesel fuel	68 tons (back up generators)
CO2 diesel (fuel transportation)	fuel 301 tons
CO2 gasoline (fuel transportation)	fuel 66 tons
<b>CFC's</b>	
R12	0.5 tons
R22	1.2 tons



*Integrating environmental concerns in industrial operations*



*Controlling air emissions*



*Encouraging projects to be ECC compliant*

## Future Considerations



This section presents the first set of environmental goals and objectives of DBP, divided into two types: environmental investments, and materials and equipment use.

### *Environmental Investments*

This section enumerates the indirect environmental goals for 1999. Indirect environmental goals refer to financial programs and activities that will encourage improved environmental performance of the Bank and its clients.

### *External Environmental Investments*

Objectives that concern the Bank's clients are collectively called External Environmental Investment in this Report. These include increasing financial incentives, shaping environmental policies of industry, and promoting clean technology and practices.

**Increase financial investment incentives.** The Bank will continue to expand its environment-oriented loan facilities in 1999 by utilizing recently sourced funds for environment, and continuing its efforts to tap foreign fund sources. We are currently working for a Phase II of the EISCP to be funded by the OECF which is targeted to be implemented by the fourth quarter of 1999. This amounts to JPY20 billion credit component and JPY529 million technical assistance component. Negotiations are also underway with SIDA for a US\$10 million credit



*Instituting compliance with environmental standards*

line to fund environmental investments that may be generated from the EMP. In addition, DBP will continue to provide credit to SMEs for the adoption of clean technology and promotion of occupational health and safety through the IPCLP. Another credit facility for SMEs is the Industrial Support Services Expansion Program (ISSEP) funded by OECF amounting to JPY35 billion. The urban water and sanitation sector will be a focus of DBP's assistance with the implementation of a US\$23.3 million loan from the World Bank starting by the third quarter of 1999.

**Promote new and renewable energy (NRE).** This is the objective of the Financing Energy Services for Small Scale End-Users (FINESSE) Project. The DBP's technical capability to evaluate and manage NRE projects for financing will be developed and strengthened. Specifically, capability enhancement will focus on the 10-member FINESSE Project Core Group of the Bank.

**Help formulate environmental policies of industry.** DBP will continue to help in forging agreements between the industry and environmental regulators to cooperate in improving compliance through improvements in the production processes and practices among industries. In 1999, the Bank will help facilitate the signing of Memorandum of Understanding between the DENR and LLDA, on the government side, and the Textile Manufacturers Association of the Philippines (TMAP), Association of Philippine Coconut Desiccators (APCD), Philippine Sugar Millers Association (PSMA), and the Philippine Shipbuilders and Repairers Association (PHILSAR), on the industry association side. The Bank



*The shipping industry is one of the target sectors of DBP's environmental program*



will likewise provide technical assistance to PULPAPEL, PHILCEMCOR, APCD, and PSMA in preparing their respective EMP implementing guidelines. These guidelines shall identify activities and define roles of industry, DENR, LLDA, and DBP towards the successful implementation of the EMPs.

In relation to the EMP, the Bank will encourage and support the PSMA and APCD in conducting a three-month environmental self-monitoring in one pilot plant for each association.



*Wastewater is a concern of pig farms*

Through the IPCLP DBP will also promote clean practices and technologies among the small-scale mining and slaughterhouse industry sub-sectors through the conduct of training and workshops. The Bank will continue to conduct environmental dialogues, to cover other areas in the Philippines such as Northern Luzon, Western Visayas, Western and Southwestern Mindanao, and Southern Tagalog.

#### *Internal Environmental Investments*

To improve DBP's environmental performance or internal environmental investments, the Bank's environmental objectives include institutional capability building and implementation of environmental due diligence in project evaluation.

**Environmental management capability building.** At least 30 Bank officers will undergo training on the establishment of an environmental management system in line with ISO 14001 during second quarter of 1999. The trained officers will be DBP's environmental champions.

To support the DBP EMS champions, at least 14 more DBP Central Office Staff will be sent to an EMS/ISO 14000 seminar before the end of the second quarter of 1999.

**In-house capacity building** in appraising contaminated collateral properties will be initiated by jointly establishing with the DENR criteria and rapid assessment procedures. DBP account officers will also be trained in the implementation of the Bank's Environmental Due Diligence in Project Evaluation (EDDPE).

**Pilot-testing of environmental due diligence.** Pilot-testing of environmental due diligence on loan application using the EDDPE as guide in credit facilities other than the environmentally dedicated ones will be conducted. This will allow the Bank to further refine the EDDPE before a bankwide application.

Although the Bank's major aspects and impact on the environment are generated indirectly through its credit and technical assistance facilities, it is important to look inward and examine DBP's direct aspects and impact as well.



#### *Materials and Equipment Use*

This section presents goals and objectives that will a) reduce the volume of materials used by the Bank and b) promote efficiency in the operation of equipment that discharge pollutants to the environment. The focus is of four areas, namely; paper, energy, water and transport. Because no quantifiable reduction targets are provided, this section departs from widely accepted Environmental Statement goals and objectives. Targets could not be set during the preparation of this Report since limited available records could not facilitate investigation on focus areas. Neither did monitoring methods allow for sufficient detail to report at this time. Not all relevant resource consumption information was estimated and contained in this Report. However, the Bank is in the process of establishing an environmental management system, under which targets will be set in 1999.

In general, the Bank will pursue the following activities to minimize material use and waste generation:

**Decrease paper consumption.** This will be pursued through recycling and reuse. In 1999, the Bank will create and issue a paper purchasing policy that sets criteria defining the minimum requirements for pre- and post- consumer contents of the paper. The use of electronic mail in disseminating office memoranda will also be maximized in order to reduce paper use in the production of hard copies. Before the end of 1999, the PSMD will orient all head office bank staff on ways of recycling and reusing paper. The use of other office supplies will be studied by the PSMD as an EMS champion with the goal of waste minimization.

**Reduce energy consumption.** The existing energy conservation program at DBP will be vigorously implemented. The Bank also expects to come up with other programs that can be implemented in 1999. A complete inventory of all electrical and electronic devices in the Bank will be made in 1999. The Bank's air conditioning system will be assessed and all leaks and

improper insulation will be identified and replaced beginning third quarter of 1999.

The PSMD will study and prepare a plan for the re-wiring of the head office electrical system and will upgrade voltage from 205 V to 220 V and enable the Bank to use energy-efficient equipment and fixtures like light bulbs.

**Reduce water consumption.** The Bank will issue a water conservation program in the third quarter of 1999. This program will involve good housekeeping practices and reduction targets.

**Decrease DBP's vehicular emission.** All DBP vehicles will be strictly required to meet national emission standards before annual registration. All gasoline-fueled vehicles that can burn unleaded fuel will be required to use this fuel type. A guideline that presents criteria of screening vehicles and reporting requirement on the amount and type of fuel consumed will be issued before the end of third quarter of 1999. A feasibility assessment for procuring new vehicles equipped with catalytic converters will be completed by the end of 1999. This assessment will make recommendation and guidelines for retrofitting vehicles, new vehicle purchase and decommissioning.



*Industrialization should go hand-in-hand with environmental protection*

<b>APCD</b>	is Association of Philippine Coconut Desiccators
<b>BOD</b>	or Biochemical Oxygen Demand is an analytical biological method used to determine the content of biodegradable organic material in wastewater.
<b>CFC</b>	is chlorofluorocarbon, a synthetically manufactured substance used primarily as refrigerant. It destrcts the stratosphere ozone layer of the atmosphere and contributes to the green house effect.
<b>CO<sub>2</sub></b>	is Carbon Dioxide. CO <sub>2</sub> emission arises from the combustion of fossil fuels such as coal, oil, and natural gas. It increases the natural greenhouse effect, in which the longer term is feared to cause adverse climatic changes.
<b>COD</b>	or Chemical Oxygen Demand is an analytical chemical method used to determine the amount of oxygen-demanding substances in wastewater.
<b>CER</b>	or Corporate Environmental Report is a channel to communicate environmental performance to stakeholders (employees, NGOs, government, customers, suppliers, i.e. anyone interested). Other companies call the CER the Environmental Statement.
<b>DENR</b>	or Department of Environment and Natural Resources is the government agency mandated to promote environmental protection. It has the authority to set limits for industry emission and discharges. An environmental compliance certificate (ECC) is applied at the DENR.
<b>DBP</b>	is Development Bank of the Philippines, owned and controlled by the Philippine government.
<b>EISCP</b>	is Environmental Infrastructure Support Credit Program
<b>ECC</b>	or Environmental Compliance Certificate is a certificate issued only by the Secretary or Regional Executive Director (RED) of the DENR to a project after undergoing the Environmental Impact Assessment and passing all the necessary requirements. There are conditions listed in the ECC that has to be complied with.
<b>EMB</b>	or Environmental Management Bureau is a staff bureau of the DENR. Its main function concerns on environmental policy making and standard setting. Applications for an ECC for environmentally critical projects are processed and reviewed at the EMB before approval by the DENR Secretary. Through its laboratory, it is capable of monitoring industry's air emission and wastewater discharges.
<b>EMP</b>	is Environmental Management Project funded by SIDA to provide technical assistance to industry associations prepare their environmental plans aimed at improving their environmental performance using a step-wise approach.
<b>EMU</b>	or Environmental Management Unit is a unit of DBP organized to carry out monitoring, technical appraisal/evaluation of projects applied for financing by the Bank, and to promote environmental management, in coordination with the Lending Units.
<b>EVP</b>	is Executive Vice President
<b>FSVP</b>	is First Senior Vice-President.
<b>Heavy Metals</b>	are metallic elements with atomic number greater than 20, e.g., mercury and lead. They can damage living things at low concentrations and tend to accumulate in the food chain.
<b>Indigenous Energy Resources</b>	are resources like solar, wind, biomass, biogas and geothermal sources.
<b>IPCLP</b>	is Industrial Pollution Control Loan Project funded by KfW.
<b>IRP</b>	is Industrial Restructuring Project
<b>IRRC</b>	is the Industrial Restructuring and Research Center of the DBP
<b>ISSEP</b>	is Industrial Support Services Expansion Program.
<b>ISO 14001</b>	- (International Organization for Standardization) is an international standard environmental management system.
<b>KfW</b>	is Kreditanstalt für Wiederaufbau of Germany.

<b>LLDA</b>	or Laguna Lake Development Authority is the agency attached to the DENR that implements environmental rules and regulations within the catchment of the Laguna Lake which covers the towns in the provinces of Rizal and Laguna, a few towns in Cavite, Quezon and Batangas and majority of the cities and municipalities in Metro Manila.
<b>LGU</b>	is Local Government Units classified into provincial, city, municipal, and barangay levels.
<b>NOx</b>	(Oxides of Nitrogen) and SOx (Oxides of Sulfur) are formed by the combustion process. NOx formation is a function of operating temperature while SOx emission is proportional to the sulfur content of the fuel. These emissions contribute to acidification.
<b>OECF</b>	is Overseas Economic Cooperation Fund of Japan.
<b>O &amp; G</b>	(Oil and Grease) are residues present in wastewater that are generated primarily from equipment washing. These are important parameters being monitored by the DENR.
<b>pH</b>	is the inverse log of the hydronium ion concentration.
<b>PHILCEMCOR</b>	is Philippine Cement Manufacturers Corporation
<b>PHILSAR</b>	is Philippine Shipbuilders and Repairers Association.
<b>PhP</b>	is Philippine Peso.
<b>PSMA</b>	is Philippine Sugar Millers Association
<b>PSMD</b>	is Properties and Securities Management Department
<b>PULPAPEL</b>	is Pulp and Paper Manufacturers Association.
<b>SIDA</b>	is the Swedish International Development Cooperation Agency.
<b>SME</b>	is Small and Medium Enterprise, capitalized at or with assets less than P60 Million
<b>SMP</b>	is Self Monitoring Project of the DBP and selected industry associations, which is funded by SIDA.
<b>TMAP</b>	is Textile Manufacturers Association of the Philippines
<b>TSP</b>	is Total Suspended Particles present in the air.
<b>TSS</b>	is Total Suspended Solids. A measure of the suspended solids in wastewater, effluent, or water bodies, determining tests for "total suspended non-filterable solids". It is undissolved material that can be removed from wastewater by sedimentation or filtration.
<b>UNEP</b>	is United Nations Environment Programme.
<b>USD</b>	is United States Dollar.
<b>WTP</b>	is Wastewater Treatment Plant.



This part of the CER is planned for a feedback mechanism or comments and suggestion, as well as ordering hard copies. This can be in the form of a reply card and questionnaire/survey.

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Would you like to know more?

The purpose of DBP's Corporate Environmental Report is to communicate and report our environmental activities and performance to our stakeholders and other interested parties. Your comments, suggestions and views are important in helping DBP to continually improve. DBP would like to encourage you to please fill out the inserted reply sheet and send it to DBP's Head Office in Makati City.

Name: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

What did you like best about the Corporate Environmental Report?

How could we improve the Corporate Environmental Report?

I would like to have more information regarding.....

This publication is also available on DBP's homepage at <http://www.devbankphil.com> along with more information about the Bank's activities. To obtain additional copies of this publication or other information please contact the head office in Makati City.

