



FAIR FINANCE ASIA

FairFinance
Philippines



FAIR FINANCE PHILIPPINES BANK POLICY ASSESSMENT REPORT 2024 REPORTS AND DISCLOSURES



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Recommended citation:

Aquino-Arcayera, G.G. and Leonardo, A.L.E.M. (2026). Fair Finance Philippines Bank Policy Assessment Report: 2024 Reports and Disclosures. Unpublished.

Cover and feature photo by Mike Gonzalez (2009)

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ABOUT FAIR FINANCE PHILIPPINES

The Fair Finance Philippines is a member of Fair Finance Asia, a regional network of Asian civil society organizations (CSOs) dedicated to promoting responsible banking and sustainable finance across Asia. The coalition comprises six Philippines-based organizations that advocate for the effective adoption of environmental, social, and governance (ESG) criteria in banking to mitigate the negative effects of irresponsible investments. We work with civil society, regulators, and financial institutions (FIs) to build the capacity of banks to implement ESG policies, empower CSOs to effectively advocate for sustainable finance, and develop impactful, evidence-based research and case studies that raise awareness among consumers about sustainable finance.

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ABSTRACT

The Fair Finance Philippines (FFPh) conducted a bank policy assessment to evaluate the extent to which banks incorporate environmental, social, and governance (ESG) principles into their policies and operations. The assessment focused on ten key themes using the Fair Finance Guide International (FFGI) methodology. The banks involved in this policy assessment are Bank of the Philippine Islands (BPI), BDO Unibank, Land Bank of the Philippines (LANDBANK), Metropolitan Bank and Trust Company (Metrobank), Rizal Commercial Banking Corporation (RCBC), and Security Bank. They are among the top 10 largest banks in the Philippines based on total assets.

The bank policy assessment reveals that banks have made progress in areas strongly supported by existing regulations, such as financial inclusion, consumer protection, data privacy, anti-corruption measures, and the exclusion of new coal-fired power plants. However, there are still significant gaps in the clarity, comprehensiveness, and enforceability of their sustainability policies. Regarding the environmental themes of biodiversity and climate change, the results indicate only moderate improvement. RCBC received the highest score on biodiversity because it applies the IFC Performance Standards in its credit evaluations, while BDO Unibank leads in climate-related policies. Despite these developments, none of the banks have adopted policies that exclude or phase out oil and gas, and commitments related to plastics remain limited, mainly to LANDBANK.

Additionally, the bank policy assessment finds uneven progress in social themes. Consumer protection and financial inclusion show the strongest performance, with Metrobank and Security Bank receiving the highest scores. However, gender equality, human rights, and labor rights remain weak. No bank meets the target level of women's participation in leadership, and only a few banks report gender-disaggregated data on MSME lending. Human rights disclosures are limited, and only BDO Unibank recognizes that its financing may contribute to negative impacts. Governance results show similar gaps. While all banks have basic anti-corruption policies, their tax disclosures, beneficial ownership verification, and reporting on financed activities remain limited or absent.

Thus, the bank policy assessment recommends that banks adopt measurable and time-bound sustainability targets, integrate ESG requirements into contractual agreements and due diligence processes, and publish clear and comprehensive exclusion lists aligned with domestic and international standards. It also recommends strengthening grievance mechanisms to include external stakeholders and actively promoting gender parity within leadership structures. These actions are essential for closing the gap between policy statements and actual practice. Philippine banks are urged to move beyond compliance-driven approaches and proactively embed ESG considerations in their core financing decisions to support meaningful environmental protection, social equity, and responsible governance in the country.

LIST OF ACRONYMS

| | |
|------------------|--|
| ABC | Anti-Bribery and Anti-Corruption Policies |
| ADB | Asian Development Bank |
| BPI | Bank of the Philippine Islands |
| BSP | Bangko Sentral ng Pilipinas |
| DNV | Det Norske Veritas |
| DOE | Department of Energy |
| E01 | Environmental Objective 1 |
| E02 | Environmental Objective 2 |
| ESG | Environmental, Social, and Governance |
| ESRM | Environmental and Social Risk Management |
| FFPh | Fair Finance Philippines |
| FFGI | Fair Finance Guide International |
| GHG | Greenhouse Gas |
| GRI | Global Reporting Initiative |
| HCV | High Conservation Value |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| ILO | International Labor Organization |
| ISO | International Organization for Standardization |
| IUCN | International Union for Conservation of Nature |
| LANDBANK | Land Bank of the Philippines |
| Metrobank | Metropolitan Bank and Trust Company |
| MSME | Micro, Small, and Medium Enterprises |
| OECD | Organisation for Economic Co-operation and Development |
| PLCs | Publicly Listed Companies |

| | |
|--------------|--|
| RA | Republic Act |
| RCBC | Rizal Commercial Banking Corporation |
| SASB | Sustainability Accounting Standards Board |
| SEC | Securities and Exchange Commission |
| SFF | Sustainable Finance Framework |
| SFTG | Sustainable Finance Taxonomy Guidelines |
| TCFD | Task Force on Climate-related Financial Disclosures |
| TNFD | Taskforce on Nature-related Financial Disclosures |
| UBO | Ultimate Beneficial Owner |
| UN | United Nations |
| UNGPs | United Nations Guiding Principles on Business and Human Rights |

INTRODUCTION

There has been a growing number of policies and regulations in the Philippines that require financial institutions to integrate sustainable finance into their policies and practices. Key policies and regulations include the Securities and Exchange Commission (SEC) Memorandum Circular 4 Series of 2019, the Bangko Sentral ng Pilipinas (BSP) Circular 1085 Sustainable Finance Framework (SFF), the BSP Circular 1128 Environmental and Social Risk Management (ESRM) Guidelines, and the BSP Circular 1187 Philippine Sustainable Finance Taxonomy Guidelines (SFTG), which promote the embedding of the environment, social, and governance principles into bank policies and operations.

Table 1. Major Policies to Promote Sustainable Finance in the Philippines

| KEY POLICIES | OBJECTIVES |
|---|---|
| SEC Memorandum Circular 4 Series of 2019 | The SEC introduced its sustainability reporting policy in 2019, which required all publicly listed companies (PLCs) to submit a sustainability report alongside their annual reports, as outlined in their circulars and memoranda (KII 002; SEC Memorandum Circular 4, 2019). This mandate ensures that PLCs include sustainability data in their disclosures. |
| BSP Circular 1085 Sustainable Finance Framework (SFF) | Circular 1085 set out broad expectations for incorporating sustainability principles into the governance and enterprise risk management frameworks and processes of banks, as well as their business strategies and operations. |
| BSP Circular 1128 Environmental and Social Risk Management (ESRM) Guidelines | Circular 1128 mandates banks to integrate environmental and social risks in their enterprise-wide risk management frameworks. |
| BSP Circular 1187 Philippine Sustainable Finance Taxonomy Guidelines (SFTG) | Circular 1187 mandates banks to assess and classify whether an economic activity is environmentally and socially sustainable. The Philippine SFTG aims to achieve two environmental objectives (E0): climate mitigation (E01) and climate adaptation (E02). Nevertheless, the SFTG prioritizes the climate change mitigation objective (E01). |

These policies signal the country's shift towards long-term value creation, risk management, and resilience against environmental, social, and governance (ESG) risks, urging banks to embed sustainability into their corporate governance and financing decisions. In an interview, BSP explained that such regulations (e.g., Circular 1085 and Circular 1187) focus on risk management to enable banks to contribute to sustainable finance. Managing risk effectively is crucial, as it contributes to maintaining the stability







of the financial system. On that note, the Fair Finance Philippines (FFPh)¹ Bank Policy Assessment Report aims to assess the extent to which banks embed ESG principles into their operations using the Fair Finance Guide International (FFGI) methodology². The report evaluates banks' policy commitments across the following themes:

Figure 1. Environment, Social, and Governance-Related Themes



Six leading Philippine banks were selected for this policy assessment. These are as follows:

Table 2. Selected Philippine Banks

| NAME OF THE BANK | RATIONALE FOR SELECTION | RESPONSIVE |
|---|--|------------|
|  | 1st largest bank based on total assets | ✓ YES |
|  | 2nd largest bank based on total assets | ✓ YES |
|  | 3rd largest bank based on total assets | ✓ YES |
|  | 4th largest bank based on total assets | ✓ YES |
|  | 6th largest bank based on total assets | ✓ YES |
|  | 7th largest bank based on total assets | ✗ NO |

Source: The ranking was based on the BSP data as of March 31, 2025 (BSP, 2025)

¹ Fair Finance Philippines (FFPh) is a coalition of local organizations advocating for sustainable finance at the national level, promoting the strong integration of environmental, social, and governance (ESG) criteria into the policies and practices of the Philippine financial sector. As such, FFPh urges financial institutions to align their operations and investments with the country's climate commitments and development goals, while ensuring that marginalized sectors are prioritized and protected. This is especially critical for the Philippines, given its extreme vulnerability to climate impacts and the growing need to finance a just energy transition toward a low-carbon, climate-resilient economy. Currently, IDEALS, Inc. is the FFPh Secretariat, with Oxfam Pilipinas and the Asian NGO Coalition (ANGOC) as its active members.

² The Fair Finance Guide International (FFGI) Methodology is used to assess and rank financial institutions' finance and investment policies regarding their principles on sustainable development and responsible business conduct. The methodology is developed by Profundo together with the civil society organizations collaborating in Fair Finance International, and is based on international standards and initiatives.

METHODOLOGY

The FFGI methodology is based on international standards and guidelines (such as the ISO 26000:2010) that guide social responsibility. It also considers the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, which state that corporations should “contribute to economic, environmental, and social progress to achieve sustainable development.” The FFGI methodology is regularly updated to ensure its relevance and is currently in its 8th iteration since its initial development in 2014 (Laplane et al., 2025).

It should be noted that the FFGI methodology scoring only considers all publicly available policies. These policies can be found on the banks’ website, annual report, and/or sustainability report. The rationale behind this policy assessment is to promote transparency and accountability among banks regarding their investment and lending activities. The overall process of the FFPh Bank Policy Assessment is shown in Figure 2.

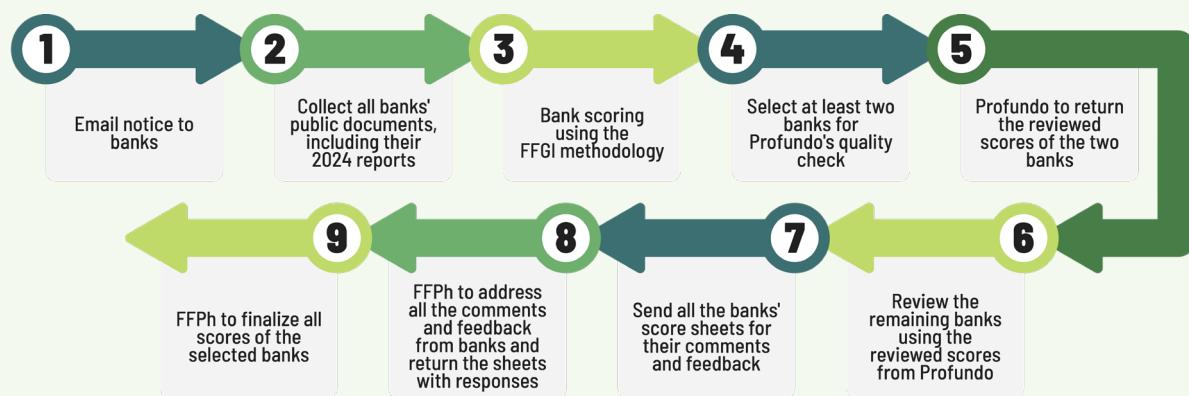


Figure 2. Step-By-Step Procedure for Conducting FFPh Bank Policy Assessment.

Before scoring, all selected banks were formally notified to ensure transparency and to inform them of their inclusion in the assessment process. The scoring of banks (e.g., BDO Unibank, RCBC, BPI, and Security Bank) took place from June 2025 to August 2025. By mid-August, FFPh submitted the scores of at least two banks to Profundo, FFPh’s technical provider, for an independent quality check and validation. In September, the FFPh team reviewed Profundo’s feedback and made the necessary revisions to ensure adherence to the FFGI methodology’s procedures and guidance. FFPh also emailed all the banks regarding their respective draft scores for comments and feedback, giving these banks a maximum of three weeks to provide their comments.

Meanwhile, LANDBANK released its report “Integrated Annual Sustainability Report” on September 28, 2025. FFPh then conducted the policy assessment from October 6 to 10 and emailed LANDBANK on October 10, with a deadline for responses on October 24. LANDBANK provided the complete comments and feedback on October 28. In response, FFPh provided its responses on November 14. Consequently, all scores were finalized by the end of November.

DATA PRESENTATION AND FINDINGS

This section presents the overall and thematic scores of all assessed banks—BDO Unibank, BPI, LANDBANK, Metrobank, RCBC, and Security Bank—on ten themes: 1) Biodiversity, 2) Climate Change, 3) Consumer Protection, 4) Financial Inclusion, 5) Gender Equality, 6) Human Rights, 7) Labor Rights, 8) Corruption, 9) Tax, and 10) Transparency and Accountability. The highest score per theme is 10, and the lowest score is 0.

COMPARISON OF PHILIPPINE BANKS' POLICY ASSESSMENT RESULTS

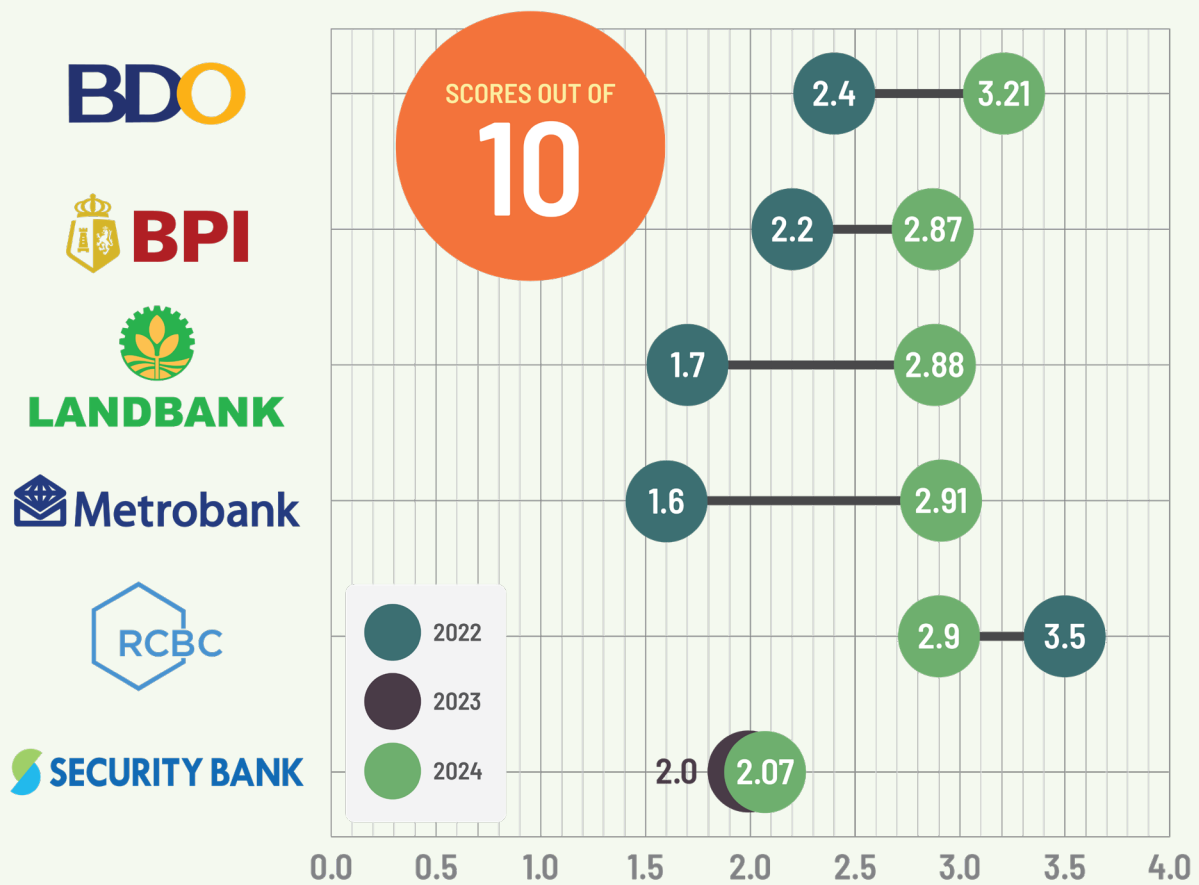


Figure 3. Comparison of Assessed PH Banks' Policy Assessment Results (2022, 2023 & 2024)

NOTE

In the 2022 FFPb bank policy assessment, Arms was included among the assessed themes. However, it was removed starting in 2023, as the coalition's priority themes shifted. To consistently illustrate the average scores of all assessed banks from 2022 to 2024, FFPb recomputed the average scores of all assessed banks by removing the Arms-related scores in 2022. Additionally, FFPb added Security Bank to its bank policy assessment in 2023, expanding the number of banks assessed.

RANKS OF PHILIPPINE BANKS' POLICY AVERAGE SCORES



Table 3. Assessed Philippine Banks' Policy Average Scores, from Highest to Lowest

2024 POLICY SCORES PER THEME OF ALL ASSESSED PH BANKS

ENVIRONMENT



BIODIVERSITY

Figure 4 shows that RCBC received the highest score among the six banks, with a score of 2.8 out of 10 under the biodiversity policy rating. The average score of all assessed banks is 1.4 out of 10.

Biodiversity has 16 assessment elements. One of the key findings is that, except for Security Bank, all the other banks have policies that incorporate biodiversity considerations into their financing decisions. BDO and Metrobank scored in one element under this theme for their commitment to exclude projects that could harm areas of high ecological or cultural value, such as UNESCO World Heritage Sites. BPI likewise scored a point for its commitment, reflected

in its policy requiring companies to prevent negative impacts on endangered plant and animal species.

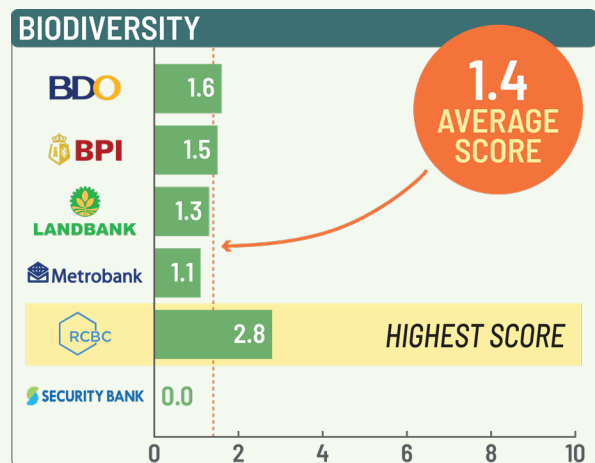


Figure 4. Policy Assessment Scores: Biodiversity (/10)

RCBC stood out because it adopted the International Finance Corporation's (IFC) Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources in evaluating all credit proposals for loans and credit accommodations. RCBC's adherence encompasses expectations for its funded companies and projects to protect High Conservation Value (HCV) areas, International Union for Conservation of Nature (IUCN) Category I-IV protected areas, Ramsar sites, and to integrate biodiversity considerations into procurement processes.

Regarding elements related to plastics, only Landbank has relevant policies in place. Landbank's policies explicitly state that expanding plastics production capacity is unacceptable or undesirable, and require

companies to reduce their single-use plastics, thereby lowering their overall plastic footprint. These measures stem primarily from Landbank's compliance with Republic Act (RA) No. 11898, or the Extended Producer Responsibility Act of 2022. One of Landbank's excluded activities is the production, manufacturing, importation, and/or trading of single-use plastic packaging materials.

Despite the progress highlighted above, all assessed banks have significant opportunities to strengthen their biodiversity commitments by expanding policies to address critical issues such as endangered species protection, water security, deep-sea mining, and especially plastic reduction. By doing so, the banks could play a leading role in driving meaningful environmental impact.

 CLIMATE CHANGE

Figure 5 shows that BDO Unibank received the highest score among the six banks, with a score of 1.6 out of 10 in climate change. The average score of all assessed banks is 1.1 out of 10.

Climate change has 31 assessment elements, one of which specifically highlights the exclusion of coal in banks' financing activities. All assessed banks have policy commitments not to finance new coal-fired power plants, following the issuance of the Department of Energy (DOE)'s moratorium on new greenfield coal-fired power plants in 2020 (DOE, 2020). Thus, the banks' decisions to exclude new coal-fired power projects from their investment or lending portfolios align with DOE's Coal Moratorium Policy.

Another important finding is that only BPI, RCBC, and Security Bank have policy

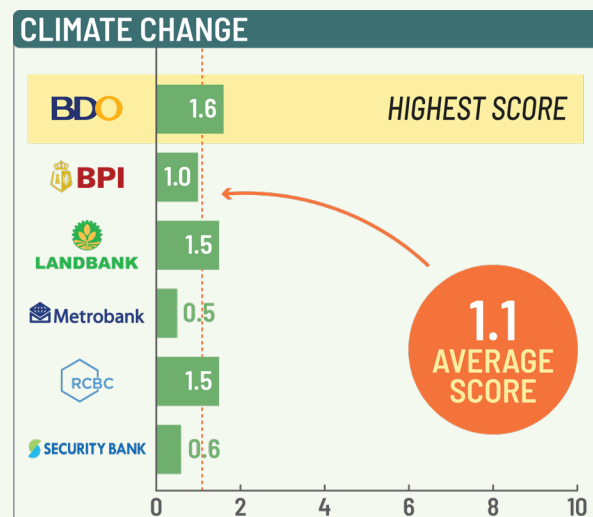


Figure 5. Policy Assessment Scores: Climate Change (/10)

commitments to completely phase out coal by 2032, 2031, and 2033, respectively. BDO Unibank commits to reducing its coal exposure by 50% by 2033, while ensuring that its coal exposure does not exceed 2% of its total loan portfolio by the same year. Both Metrobank and Landbank commit

to aligning their approach with DOE’s Coal Moratorium Policy. Metrobank added that it will cap its term loan exposure to the coal industry at no more than 3% of its total loan portfolio by 2033 and reduce it further to 2% by 2037.

Additionally, the recent enactment of the Republic Act (RA) 12120, or the Philippine Natural Gas Industry Development Act (DOE, 2025), may impact banks’ behavior towards oil and gas. RA 12120 institutionalizes government support for natural gas as a transition fuel, which may have discouraged banks from adopting phase-out strategies or exclusion policies for oil and gas, given their perceived role in gradually facilitating the green energy transition while maintaining national energy security. Despite progress in divesting from coal, none of the assessed

banks have policy commitments regarding oil and gas.

Among the assessed banks, only BDO, BPI, and RCBC currently report their greenhouse gas (GHG) emissions. Although BPI did not receive a score under this element, since its disclosure is limited to non-financial activities, the effort to begin reporting still reflects progress toward greater transparency. In addition, BDO, BPI, and Security Bank have taken further steps by measuring and disclosing climate-related impacts in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), signaling stronger alignment with global standards. The assessed banks could further advance their sustainability commitments by developing policies consistent with the 1.5-degree climate scenario.

GOVERNANCE

CORRUPTION

Figure 6 shows that BDO Unibank and BPI received the highest scores among the six banks, receiving a score of 4.5 out of 10 under the corruption policy rating. The average score of all assessed banks is 3.7 out of 10.

Corruption has 11 assessment elements. One key finding is that all assessed banks have a clear stance against corruption, bribery, and financial crimes. Each bank maintains explicit anti-bribery and anti-corruption (ABC) policies that apply to both their dealings with staff and third-party stakeholders. In addition, all banks implement comprehensive programs to prevent money laundering, terrorist financing, and the financing of proliferation.

In line with this, proper ultimate beneficial owner (UBO) verification of a company

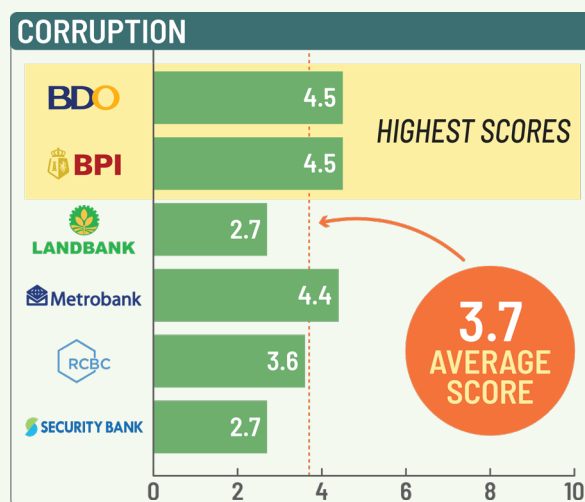


Figure 6. Policy Assessment Scores: Corruption (/10)

helps ensure that banks are not involved in facilitating illegal financial transactions such as corruption, money laundering, or other illicit activities. Know-your-customer (KYC)

procedures are not sufficient on their own; banks should mention beneficial owners. Among the assessed banks, only BDO Unibank, Metrobank, and RCBC have policies in place to verify the UBOs of a company, which may include those that they finance or invest in, corporate clients, and suppliers.

It is also worth noting that only BDO Unibank and BPI have publicly available policy statements specifying that their banks do not make political contributions.

Furthermore, none of the assessed banks were found to have expressly integrated corruption-related criteria when deciding which companies to invest in. This gap presents an opportunity for banks to strengthen their policies and align more closely with international standards on ethical business conduct.

TAX

Figure 7 shows that LANDBANK received the highest score among the six banks, with a score of 3.3 out of 10 under the tax policy rating. The average score of all assessed banks is 1.2 out of 10.

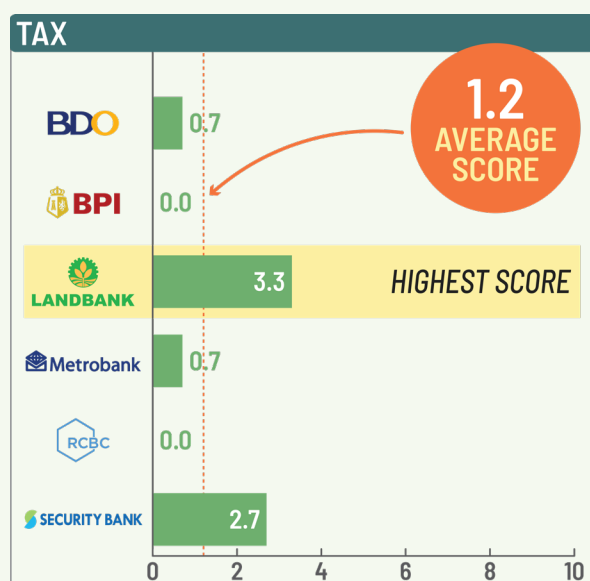


Figure 7. Policy Assessment Scores: Tax (/10)

Tax has 15 assessment elements. One key finding revealed that, while BDO Unibank, BPI, Metrobank, and RCBC operate within a vast international network, none of them provides country-by-country reporting on revenues, profits, or taxes in accordance with consolidated accounts. Only Security

Bank and LANDBANK merited scores for this element by reporting that their operations are only within the Philippines, where they are solely based.

Only LANDBANK, Metrobank, and Security Bank were found to have no subsidiaries or branches in jurisdictions with corporate tax havens. Metrobank operates in the United States of America, Japan, Korea, and Taiwan, while LANDBANK and Security Bank's operations are limited to the Philippines. In contrast, BDO Unibank, BPI, and RCBC were found to maintain operations in Hong Kong and Singapore, both of which are identified as tax havens in the Corporate Tax Haven Index (Tax Justice Network, n.d.).

Furthermore, none of the assessed banks disclosed company-specific tax rulings they may have obtained from tax authorities, which limits the ability to evaluate their tax practices and whether these banks undermine fair tax collection in the branches where they operate. Additionally, none of the assessed banks has established any concrete policies regarding tax compliance for the companies they invest in or lend to.

TRANSPARENCY AND ACCOUNTABILITY

Figure 8 shows that BPI received the highest score among the six banks, with a score of 3.3 out of 10 in transparency and accountability. The average score of all assessed banks is 1.6 out of 10.

Transparency and accountability have 23 assessment elements. One key finding is that none of the assessed banks publicly disclose the companies they invest in or finance. This lack of disclosures is mainly due to the Philippines' stringent bank secrecy laws, particularly Republic Act (RA) No. 1405 or the Bank Secrecy Law, which restricts banks' ability to publicly share client-related information by enshrining the confidentiality of clients' bank deposits.

Regarding the bank's sustainability report, BDO Unibank and BPI align their sustainability reports with global frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the International Financial Reporting Standards (IFRS). Both obtain independent assurance from Det Norske Veritas (DNV), reflecting a strong commitment to credible and sustainable disclosures. In contrast, while Metrobank, RCBC, and Security Bank

reference recognized frameworks or national guidelines, their sustainability reports show no evidence of external verification.

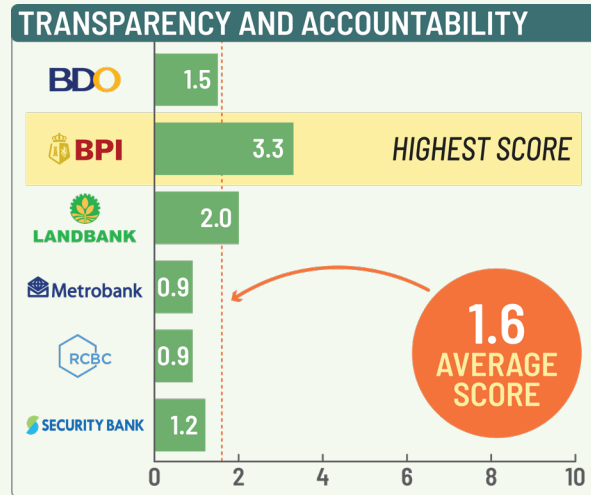


Figure 8. Policy Assessment Scores: Transparency and Accountability (/10)

Upon examining each complaint and grievance mechanism, some assessed banks limit their mechanisms to customers or internal stakeholders, with no clear provision for external individuals or communities who may be adversely affected by financed activities. Only BPI and LANDBANK have established complaint mechanisms not only for their customers but also for external stakeholders, who may be affected by their financed activities.

SOCIAL

CONSUMER PROTECTION

Figure 9 shows that Metrobank received the highest score among the six banks, garnering a 7.4 score out of 10 in consumer protection. The average score of all assessed banks is 5.4 out of 10.

Consumer Protection has 22 assessment elements. The policy evaluation found that

all assessed banks have publicly available data protection policies governing their operations. This is likely influenced by regulatory requirements under the Data Privacy Act of 2012 (Republic of the Philippines, 2012), that expect public institutions to maintain transparent and

accountable data governance practices. Additionally, all assessed banks maintain efficient processes for an effective and prompt handling of customer complaints; however, none of them have a public commitment to reduce these complaints.

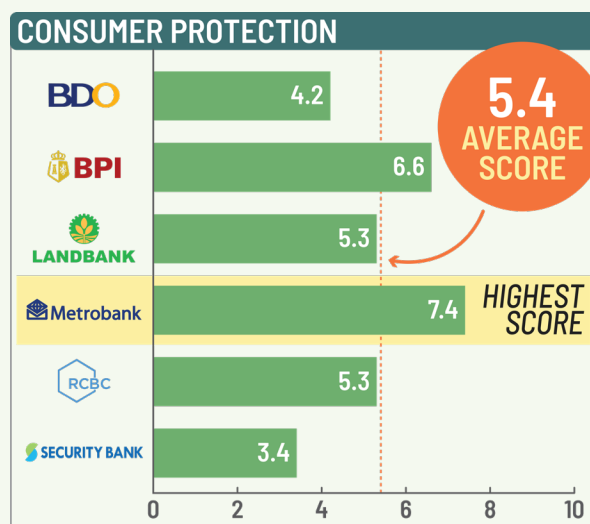


Figure 9. Policy Assessment Scores: Consumer Protection (/10)

Among the six banks assessed, Metrobank stood out, garnering a score of 7.4 out of 10. It is the only bank with a clear policy on the remuneration structure for staff of both financial services providers and authorized agents. This policy is designed to encourage responsible business conduct, fair treatment of consumers, and to avoid conflicts of interest. Moreover, Metrobank has procedures and policies to avoid tie-in sales or inappropriate sales practices. Other than Metrobank, only BPI has a similar policy. Further, only Metrobank and Landbank have programs to properly train and qualify both employees and authorized agents on consumer rights, protection policies and practices, and on products and services for consumers. While other banks also have training programs, these do not include authorized representatives.

Another important finding is that all assessed banks were found to provide regular cybersecurity awareness and

training programs for their employees. They also provide educational and awareness programs to inform their customers about cybersecurity risks and safe practices, emphasizing the key role of human resources in managing cybersecurity risks. These efforts are likely driven by the growing need to bolster consumer trust and resilience amid increasing cyber threats in the financial sector (BSP, 2022).

In terms of policies related to cybersecurity and data protection, all the banks received scores for these elements, except for the requirement to compensate victims of cyber fraud. Nonetheless, the presence of cybersecurity and data-protection policies indicates that banks are actively working to strengthen their digital defenses and safeguard customer information. These policies exemplify the banks' systematic efforts to deliver comprehensive cybersecurity awareness and training programs for all employees, ensuring adherence to established best practices. They further encompass educational initiatives directed at customers to help them understand cybersecurity risks and adopt safe practices. Collectively, these measures attest to the banks' commitment to mitigating cyber threats, safeguarding personal and financial data, and reinforcing institutional resilience in the face of evolving digital risks.

FINANCIAL INCLUSION

Figure 10 shows that both BPI and Security Bank received the highest scores among the six banks, both with an 8.3 score out of 10 in financial inclusion. The average score of all assessed banks is 7.4 out of 10.

Financial inclusion has 12 assessment elements. In terms of nationwide

accessibility, the policy assessment found that all assessed banks presented a clear commitment to financial inclusion through physical branches or alternative delivery channels in rural and underserved areas. FI's disclosures show notable efforts, with examples being BDO Unibank and BPI's leveraging of their subsidiaries (BDO Network Bank and BanKo, respectively) and agency banking to reach far-flung communities.

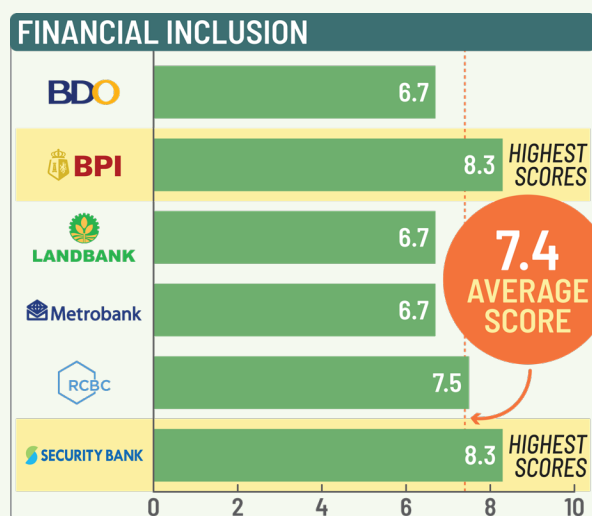


Figure 10. Policy Assessment Scores: Financial Inclusion (/10)

However, none of the assessed banks allocated more than 10% of their total loan portfolios to micro, small, and medium enterprises (MSMEs), falling short of the benchmark for this element. Security Bank had the highest share of its loan portfolio channeled to MSMEs at P24.52 billion of P678 billion total loans (3.62%). BPI (2.91%) and Metrobank (2.20%) closely followed, while BDO Unibank ranked last with only 1.70% of its share of loans disbursed to MSMEs. Meanwhile, BDO Unibank, BPI, and Security Bank provide non-collateralized loans through their targeted loan products for MSMEs. On the other hand, Metrobank and RCBC require collateral for MSME borrowers, limiting accessibility for small business owners who lack sufficient resources.

Five of the six assessed banks received a score for offering initiatives that support women. However, the depth and focus vary depending on the disclosures. BDO Unibank stood out for directly reporting that 63% of its MSME loans were availed by women, while RCBC channelled P44 billion in approved loans to women via rural banks and cooperatives. Moreover, Security Bank employed a multi-sectoral approach through microfinance lending programs catered towards women, backed by the Asian Development Bank (ADB), and community events showcasing female entrepreneurs. Furthermore, Metrobank offers a premium credit card designed for women for quick access and enhanced security and provides financial literacy programs tailored for underprivileged women. Landbank, on the other hand, runs the Emerging-Female-Initiated Livelihood and Investment Projects via INclusive Financing to Accelerate Entrepreneurial Growth (Emerging FILIPINA) Lending Program', which provides credit support and empowers female entrepreneurs to pursue business ventures such as traditional trade, e-commerce business, and food services activities, among others. Only BPI had no publicly available information on any products or services for women or women entrepreneurs in 2024.

In terms of housing finance for low-income borrowers, BPI is notable for its lower minimum income requirement (PHP 25,000/month) for its home loan product, making it easier to attain than the typical PHP 50,000/month threshold set by BDO Unibank and Security Bank, which did not gain a score for this element. Similarly, Metrobank also reports financing for low-income housing through affordable and social housing initiatives. However, RCBC also did not receive a score for requiring

extensive documentation, which may make it difficult for low-income borrowers to obtain. As for Landbank, while it has a

Housing Opportunity Made Easy (HOME) Loan Program, it does not necessarily target low-income earners.

GENDER EQUALITY

Figure 11 shows that LANDBANK and Metrobank received the highest score among the six banks, receiving a 2.5 score out of 10 in gender equality. The average score of all assessed banks is 1.7 out of 10.

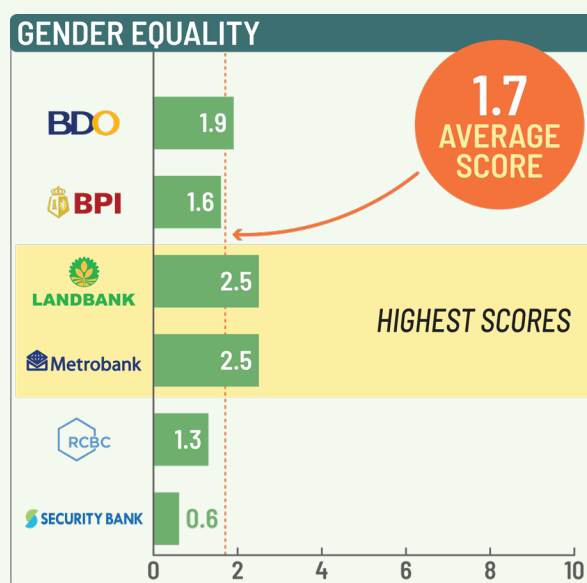


Figure 11. Policy Assessment Scores: Gender Equality (/10)

Gender equality has 16 assessment elements. All of the assessed banks have policies demonstrating their commitment to family life and work-life balance. However, BPI, LANDBANK, and Security Bank got full scores under this element, while BDO, Metrobank, and RCBC got half scores. The main difference is that the latter banks do not have policies supporting childcare.

Another key finding is that none of the assessed banks have a participation rate of at least 40% to 60% for women across their Board of Directors, Executive, and Senior Management levels. While BDO Unibank, BPI, and RCBC met the threshold in two of the

three leadership categories (i.e., executive and senior management), LANDBANK, Metrobank, and Security Bank did not meet the targeted participation rate in at least two levels. This highlights persistent gaps in gender parity at the highest levels of decision-making within banks. In addition, none of the assessed banks provide targeted professional development that supports women’s equal access to senior-level positions, such as clear diversity goals, measurable targets, and policies to increase female representation.

Meanwhile, only two banks, BDO Unibank (63% of MSME loans) and RCBC (42% of MSME loans), received full scores for disclosing the percentage or the number of loans directed specifically to women-owned businesses or those with a majority-women workforce relative to their total MSME financing. In contrast, the disclosures of the other three banks on MSME lending lacked gender-disaggregated data or specific references to funding for women or other vulnerable groups.

Lastly, none of the assessed banks has a clear and defined policy requiring the firms they invest in to incorporate gender equality criteria and uphold or promote gender equality in their practices. This gap presents an important opportunity for banks to enhance their investment portfolios by integrating gender considerations, which can lead to more inclusive and sustainable development outcomes.

HUMAN RIGHTS

Figure 12 shows that BDO Unibank received the highest score among the six banks, earning a 3.1 score out of 10 in human rights. The average score of all assessed banks is 1.4 out of 10.

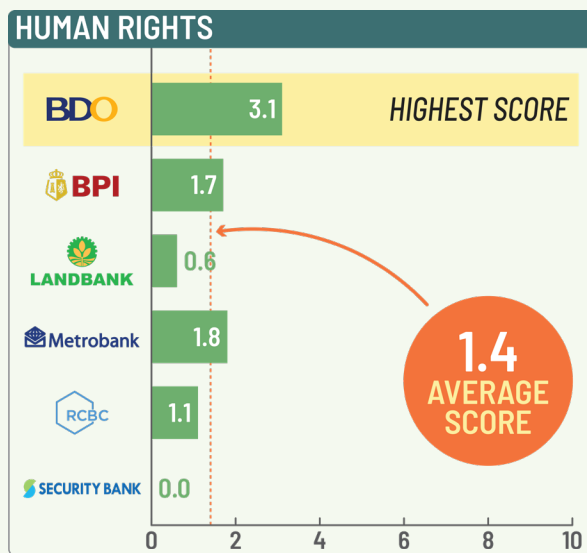


Figure 12. Policy Assessment Scores: Human Rights (/10)

Human rights have 16 assessment elements. One key finding is that only BDO Unibank and Metrobank received scores for explicitly committing to the United Nations Global Compact Principles, which align with the corporate responsibility to respect human rights under the United Nations Guiding Principles on Business and Human Rights (UNGPs). In contrast, BPI, LANDBANK, RCBC, and Security Bank did not receive scores, as their disclosures either referenced other

frameworks or lacked explicit alignment with the UNGPs, which is the key criterion for scoring.

Meanwhile, only BDO Unibank, Metrobank, LANDBANK, and RCBC received full scores for their explicit commitment to a zero-tolerance policy against all forms of discrimination in employment and occupation. These banks outlined comprehensive policies covering gender, race, ethnicity, sexual orientation (including LGBTQIA+), and physical ability. In contrast, Security Bank and BPI do not have a comprehensive non-discrimination policy that covers all forms of discrimination.

Another important finding is that only BDO Unibank disclosed that its lending activities may be directly linked to adverse human rights impacts, such as unsafe working conditions or large-scale community displacements, and committed to using its leverage to facilitate remedies in such cases. This gap highlights an opportunity for the remaining assessed banks to use various tools or instruments to enable remedy, including contractual clauses in loan documentation and accessible remediation platforms through which external stakeholders, including NGOs or CSOs, can raise concerns on adverse human rights impacts.

LABOR RIGHTS

Figure 13 shows that RCBC received the highest score among the six banks, garnering a score of 5.0 out of 10 in labor rights. The average score of all assessed banks is 3.1 out of 10.

Labor rights have 17 assessment elements. It is worth noting that all assessed banks,

except for Security Bank, received full scores for aligning their policies with the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Specifically, BDO Unibank, BPI, Metrobank, LANDBANK, and RCBC demonstrated clear commitments

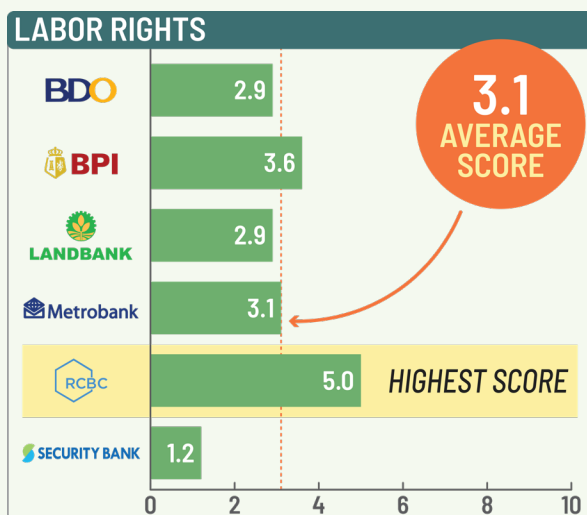


Figure 13. Policy Assessment Scores: Financial Inclusion (/10)

to eliminating forced and child labor, promoting non-discrimination, ensuring safe and healthy working conditions, and upholding freedom of association.

RCBC was the only bank to receive scores for multiple elements, aside from excluding child labor, through its adherence to IFC Performance Standard 2 on Labor and

Working Conditions in its corporate loans and project financing evaluations. RCBC's compliance covers expectations for funded firms to uphold labor standards (including freedom of association), fair treatment of workers (including informal and migrant workers), health and safety standards, grievance mechanisms, and labor-sensitive procurement.

To improve these banks' labor rights policies, banks should encourage or require their financed companies to implement policies such as, but not limited to, paying a living wage to their employees, applying a maximum of working hours (maximum 48 hours per week plus 12 hours of overtime), and integrating labor rights criteria within their supply chain and purchasing or procurement policies. These criteria should also be formalized through contractual agreements with suppliers.

RECOMMENDATIONS AND CONCLUSION

RECOMMENDATIONS

1

Banks must set clear, time-bound, and measurable sustainability targets.

While all assessed banks have publicly disclosed commitments on ESG themes, the bank policy assessment revealed that these commitments often lack the necessary specificity and enforceability to yield results. To address this gap, banks should establish concrete, time-bound, and outcome-oriented sustainability targets across key policy areas. At present, the only area in which measurable targets have been formalized across all banks is coal phaseout, driven by the DOE's moratorium on new coal-fired power plants. Only three assessed banks, namely RCBC, BPI, and Security Bank, have committed to a full coal exit, with respective timelines of 2031, 2032, and 2033.

In the context of the climate crisis, setting clear targets is critical. This includes disclosures on the reduction of direct and financed greenhouse gas emissions, aligned with a 1.5°C scenario. Additionally, sector-specific targets should be included in bank portfolios. In terms of consumer protection, banks can aim to reduce annual consumer complaints,

especially those related to service issues, credit processing, and digital fraud by a defined percentage each year. Banks must further track the resolution times and the effectiveness of their complaint mechanisms.

Moreover, banks should commit to social performance targets. These may involve requiring a significant share of high-risk clients to undergo enhanced human rights due diligence, setting quantifiable goals for increasing loans to MSMEs and small business owners, and achieving increased representation targets for women in senior leadership roles, as well as increasing their opportunities through products and services. To address these gaps in financial inclusion, banks can set targets for expanding their current mobile or agent banking services to more underserved or remote communities where traditional branches are not viable.

2

Banks must leverage contractual clauses to drive sustainable behavior among firms.

Banks must acknowledge the considerable influence they hold over the ESG performance of the companies they fund. While all assessed banks have gradually introduced sustainability policies, the latest assessment revealed consistent gaps across all themes, largely due to the insufficiency in integrating theme-specific criteria into their investment and lending policies. This lack of policy crafting and enforceability limits the actual impact of the commitments these banks publish in their disclosures.

By embedding ESG-related clauses into contracts, banks can clearly communicate expectations and create legal leverage to ensure funded firms implement responsible practices. These clauses can require companies to adhere to human rights due diligence processes, implement health and safety protocols in their workplaces, and maintain labor policies free from discrimination, exploitation, or harassment. Banks may also obligate clients to establish complaint or grievance mechanisms accessible to all internal and external stakeholders affected by their operations.

Such measures help mitigate long-term reputational and financial risks and can be extended across banks' value chains. Contractual provisions can require borrowers to cascade ESG requirements to suppliers or contractors. For example, firms may be asked through explicit contractual clauses to demonstrate that their suppliers avoid harmful labor practices or promote ethical procurement.

3

Banks must publicly disclose clear exclusion lists and due diligence criteria.

The results of the policy assessment reveal that all assessed banks prohibit financing for activities deemed illegal under host country laws, particularly child and forced labor, and harmful activities like pornography, gambling, and weapons. However, there remain considerable inconsistencies in the application of exclusion policies to environmentally

and socially risky activities. Exclusion lists are limited to new coal-fired power plants due to the Department of Energy's (DOE) coal moratorium policy, with little coverage of other fossil fuel types or environmentally destructive practices like deforestation or mining.

BPI stands out for having the most detailed exclusion list, as it explicitly references domestic laws and prohibits funding for a range of fossil fuels and hazardous substances. In contrast, other banks like BDO Unibank and Metrobank, either make implicit exceptions (e.g., allowing logging in non-protected areas) or use vague language on protections for marginalized communities.

More concerning is the lack of alignment between banks' sustainability commitments and how the exclusion criteria they set are applied in practice. The most notable are the RCBC's disclosures, which declare the bank's adherence to IFC Performance Standards (particularly PS 2 on labor rights and PS 6 on biodiversity) to evaluate all credit proposals. However, even in RCBC's case, the use of international standards remains constrained to only the two themes, leaving all other themes without comparable scrutiny.

These gaps prevent stakeholders, especially affected communities, from clearly understanding which banks will or will not finance, and from holding them accountable. To address this, banks should revise and disclose definite and transparent exclusion lists that are aligned with both domestic legislation and international frameworks to bolster enforcement and minimize discretion, as disclosing how these are used as benchmarks to screen different proposals is also vital. These policies must clearly define which sectors or practices are fully excluded, regardless of location or extent. In addition, banks should disclose how exclusion criteria are used as benchmarks in screening financing proposals and avoid ambiguous language that allows multiple interpretations, to ensure consistent enforcement of sustainability policies.

4

Banks must advance gender parity in financial sector leadership.

Banks must take the initiative to promote gender diversity in their leadership structures. Equitable gender representation across all decision-making levels is essential for inclusivity, in terms of the social aspect, and effective governance. The policy assessment found that none of the assessed banks currently meet the target of 40 to 60% women's participation across all three leadership categories: Board of Directors, Executive, and Senior Management. While BDO Unibank, BPI, and RCBC reached the threshold in two of the three categories, executive and senior management, Metrobank and Security Bank fell short in at least two levels.

These gaps reveal persistent gender-based imbalances in leadership rosters and promotion opportunities for women. To address these gaps, banks should adopt time-bound targets to achieve gender parity in leadership. Measures could include professional development programs tailored for women, and gender-sensitive recruitment and promotion policies.

5

Banks must institutionalize complaint mechanisms that accommodate external stakeholders.

The policy assessment revealed that most banks still limit the scope of their complaint or grievance mechanisms to internal stakeholders, such as employees or direct clients, while excluding individuals and communities potentially harmed by their financed activities. This creates a wide gap in accountability, as banks may be linked to harmful ESG impacts through their financing decisions. The policy assessments revealed that only BPI and Security Bank explicitly mention the accommodation of external stakeholders in their whistleblower systems. However, their provisions on answering human and labor rights concerns from external communities affected by such banks remain ambiguous.

Expanding the coverage of these mechanisms is a concrete way for banks to align their policy commitments with actual practice. Banks must acknowledge that adverse ESG impacts may arise indirectly through clients' actions and that banks must recognize and remedy these issues. Stakeholders, especially vulnerable and marginalized ones, must be able to raise concerns and seek compensation without fear of retaliation or dismissal.

Hence, banks should broaden their complaint or grievance mechanisms to explicitly include these external stakeholders. These mechanisms must be made accessible by offering them in multiple local languages, through channels accessible even in remote areas (e.g., agent branches, mobile banking), and by clearly outlining the steps involved in filing and resolving complaints. Transparency is also essential in how complaints are processed, investigated, and resolved.

CONCLUSION

The Fair Finance Philippines (FFPh) Bank Policy Assessment: 2024 Reports and Disclosures covers six leading Philippine banks across ten ESG themes. The policy assessment revealed consistent gaps between public commitments and enforceable policies. While assessed banks showed respectable findings in select areas, such as financial inclusion and consumer protection, the overall progress remains uneven and primarily motivated by regulatory requirements rather than internal strategic commitments.

For instance, all assessed banks have ceased financing new coal projects following the DOE's moratorium, yet only three have committed to a full coal exit, and none have applied similar commitments to other nonrenewable energy sources (e.g., gas). Similarly, although all banks uphold basic standards in data protection and digital literacy, none of them have committed to reduce consumer complaints or to expand grievance mechanisms to external stakeholders, particularly those adversely affected by financed activities.

Social performance remains one of the weakest areas. No bank achieved gender parity in leadership across all levels, and only a few disclosed data on loans directed to women-owned MSMEs. Labor protections, both internal and external, were also inconsistently

applied, with RCBC being the sole bank integrating broader labor due diligence into credit evaluations. Human rights disclosures were minimal, with BDO Unibank as the only bank acknowledging that its financing could contribute to violations or committing to remediation efforts. In governance, while all banks expressed a general stance against corruption, none demonstrated concrete implementation of such policies in their portfolios through client screening or exclusion criteria. Moreover, tax and transparency-related policies are absent, with some banks receiving no scores at all for these themes.

These findings reveal that, although sustainability agendas are becoming standardized across the Philippine banking sector, concrete mechanisms to enforce commitments remain weak. Moving forward, banks must prioritize embedding ESG standards into their financing and investment decisions, not through mere policy statements but through quantifiable targets and concrete plans. Relevant contractual clauses with their funded companies can amplify ESG and sustainability impacts. More detailed and sector-specific disclosures, inclusive complaint mechanisms, and enforceable exclusion criteria grounded in both domestic laws and international frameworks are essential to ensure that banks not only manage risks but also drive positive ESG outcomes. Philippine banks can, and must, set the standard for sustainable finance in the region.

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