2025 Fossil Fuel Divestment Scorecard

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ALYANSA TIGIL MINA

Living Laudato Si' PHILIPPINES

Caritas Philippines

MESSAGES

"This year marks a decade since the Paris Agreement came to life. It was a hard fought win by civic movements, communities, and experts in forcing world leaders to acknowledge that global warming cannot be allowed to exceed the 1.5°C threshold. Anything more means risking the very survival of our planet's most vulnerable peoples and biodiversity.

But 2025 began with a stark warning of how gravely insufficient climate action has since been - especially the action necessary to end global dependence on fossil fuels: 2024 is the first full calendar year recorded of temperature rise beyond 1.5°C. If nothing changes, it may well be the mark of the feared long-term breach, and of even more severe and widespread climate impacts than previously anticipated.

But this year's Fossil Fuel Divestment Scorecard offers a glimpse of hope: for the first time since this initiative started and since the Paris Agreement, no new financing for coal or gas was recorded among domestic commercial banks in 2024. Meanwhile, financing for renewable energy is on the rise, helping unlock the full and just transition to renewable energy which science has proven to be possible for our country.

It is my hope that this state of affairs is a mark that our domestic banks are now all the more embracing their crucial role in pushing back against worse climate chaos. Recently, however, we saw news break out of three major commercial banks - BPI, BDO, and Metrobank - starting their year wrong by financing the joint venture of San Miguel Corporation, Aboitiz Power, and Meralco's MGen for three gas facilities along the biodiverse Verde Island Passage. It is clear that much is left to be done for Philippine banks to truly end their contributions to harming our climate, people, and environment with fossil fuel finance.

In 2022, the Catholic Bishops' Conference of the Philippines (CBCP) issued through a Pastoral Statement on Ecology our commitment and call to the whole body of the Church to advocate for the end of financing to destructive and extractive industries like fossil fuels. 2025 is our deadline for exacting even greater action for financial institutions who fail to heed this call - and our conviction is strong in standing by this commitment.

Pope Francis lamented in Laudate Deum that "the necessary transition towards clean energy sources such as wind and solar energy, and the abandonment of fossil fuels, is not progressing at the necessary speed" (Laudate Deum par. 55). He further solidified this stance saying "whatever is being done risks being seen only as a ploy to distract attention." He also expressed hope that this Jubilee Year would be "a jubilee for our Mother Earth, disfigured by profiteering; a time of jubilee for the poorer countries burdened beneath unfair debts; a time of jubilee for all those who are in bondage to forms of slavery old and new."

To fellow stewards of Creation, I hope this Scorecard can serve as a tool to assist you in advocating for a Jubilee toward a sustainable future!

Most Rev. Gerardo Alminaza
Vice President
Caritas Philippines

"The reality of US tariff policies has exposed the Philippines' economic weaknesses as a country that relies heavily on imports and has a limited manufacturing sector. We are vulnerable to the trade decisions made by other countries, which highlights an important point – true national security and resilience start with energy independence. We can only achieve this by reducing the country's dependence on unstable global fossil fuel markets. This need for self-sufficiency in our energy future is even more urgent after the disappointing results at the 2024 United Nations Climate Change Conference or COP29.

The $250 billion pledged by Global Northern countries for climate support to developing countries falls short of the $1.3 trillion, at the minimum, needed by those most affected by the crisis. This highlights the urgent need to ensure a sustainable and independent energy future, free from external pressures.

This year's Fossil Fuel Divestment Scorecard reveals a potentially positive development despite the challenging global landscape. For the first time since 2015, the Paris Agreement, and the first iteration of this report in 2020, there is no new financing for coal and gas projects. This turning point and the encouraging rise in renewable energy financing demonstrate the potential for a transformative shift in the Philippine energy landscape.

However, we should take this turning point with a grain of salt. The historical dominance of fossil fuel financing remains prevalent, driven by laws like the country's Natural Gas Industry Development Act, passed this January 2025, which poses significant risks. Loopholes in current bank divestment policies also allow for renewed investments in harmful and destructive energy sources.

The path forward is clear: our financial institutions must stop all new fossil fuel financing and accelerate their commitment to renewable energy for a clean, just, and people-centered development future for all Filipinos."

Gerry Arances
Executive Director
Center for Energy, Ecology, and Development

EXECUTIVE SUMMARY

Highlights:

After half a decade of engaging banks to withdraw from fossil fuels, and for the first time since the Paris Agreement, this 2025 Fossil Fuel Divestment Scorecard recorded zero coal transactions in the past year. No gas financing was also tracked for 2024–the first time since the coal moratorium in 2020. This is a likely reflection of the banks' growing aversion to the increasing financial, legal, and moral risks of the fossil fuel industry.

After reaching record-high financing in 2023, renewable energy sees continued support with USD 1.28 billion provided to the industry last year. Since the coal moratorium, renewables now constitute 67% of total energy financing in the Philippines.

China Bank received the worst score in this year's Fossil Fuel Divestment Scorecard for the second consecutive year. Despite zero recorded coal and gas financing for 2024, the bank's abysmal improvement in its sustainability policies and the absence of any divestment policy resulted in its current rank.

BDO, AUB, and BPI retain their rankings as second, third, and fourth banks respectively despite not entering into new fossil fuels-related transactions in 2024, due to their high fossil fuel exposure pre- and post-coal moratorium. All three banks did not significantly improve their fossil fuel divestment policies. Although BDO has incorporated an engagement strategy with its clients on transitioning to a low-carbon economy and renewable energy, as well as financing of various enterprises engaged in sustainable businesses, its improved sustainability policies score was not enough to decrease its overall score.

MetroBank climbs up a rank overall from 7th to 6th place due to its relatively low financing for renewable energy in the post-coal moratorium period, and policies that still welcome fossil fuels.

BDO and BPI are the two biggest coal financiers historically. Aptly, the two banks constituted 58% of the overall coal financing as of 2024. However, if we consider only post-coal moratorium financing, MetroBank is the highest contributor.

BDO remains the biggest gas financier among the 15 banks at USD 356 million, with all of these transactions reaching financial closure post-coal moratorium.

BPI and BDO are the biggest renewable energy financiers with USD 2.3 billion and USD 1.97 billion respectively.

The four year post-coal moratorium renewable energy financing now amounts to USD 5.01 billion, already larger than renewable energy financing across the 12 years prior to the coal moratorium.

Majority of the domestic banks scored in this report have now adopted policies to divest and/or restrict financing for coal, with the addition of two new banks in 2025. MetroBank has set a new position to limit its overall term loan exposure to coal-fired power projects. Meanwhile, PNB has defined across the board restriction on upstream and midstream coal projects, but still allows downstream Ultrasuper Critical, Super Critical, and Circulating Fluidized Bed coal technologies.

DBP regresses in its coal policy by allowing financing for coal-related energy generation or mini-grid rural electrification projects, and AUB continues to categorize financing of a gas project under climate sustainability.

China Bank, EastWest, and MetroBank improved their disclosures of the Sustainable Finance Framework, and the Environmental and Social Risk Management Systems.

The tail-end of 2024 and the start of the new year saw critical policy and regulatory developments that are favorable to the fossil fuels industry–the Department of Energy's (DOE) pronouncement that 20 GW of proposed coal capacity is not covered by the coal moratorium, the Energy Regulatory Commission's (ERC) approval of several long-term coal and fossil gas power supply agreements (PSA), and the enactment of the Philippine Natural Gas Industry Development Act.

The ERC's granting of an Approval with Conditions of the Manila Electric Company (MERALCO) PSA with Excellent Energy Resources Inc. (EERI) in December 2024, in addition to the Provisional Approval granted to South Premiere Power Corporation (SPPC) earlier in the year, ensured revenue for these projects and were valuable in the financial closure for these projects. Similarly, Mariveles Power Generation Company (MPGC) also received a Notice of Commission Action approving their PSA, subject to further validation. A final formal order, however, remains pending.

New fossil fuel transactions were closed soon after. MERALCO, Aboitiz Power, and San Miguel Corporation finalized a deal to build an LNG facility in Ilijan, Batangas, supported by a PHP 75 billion credit facility from BDO, BPI, and MetroBank. Recent coal transactions were also detected. MPGC has secured a PHP 50 billion loan from AUB, BOC, China Bank, DBP, PNB, and other undisclosed financial institutions for the improvement of its coal plant in Mariveles, Bataan.

After half a decade of engaging banks to withdraw from fossil fuels, and for the first time since the Paris Agreement, this 2025 Fossil Fuel Divestment Scorecard recorded zero coal transactions in the past year. No gas financing was also tracked for 2024–the first time since the coal moratorium in 2020.

Coal financing has dipped to zero after domestic banks' continuous support for fossil fuels since 2009. Likewise, banks provided no support to the gas industry in 2024, after years of declining financing to the business. Nevertheless, banks have managed to accumulate a total of USD 15 billion into coal financing and USD 1.5 billion into gas financing since 2009.

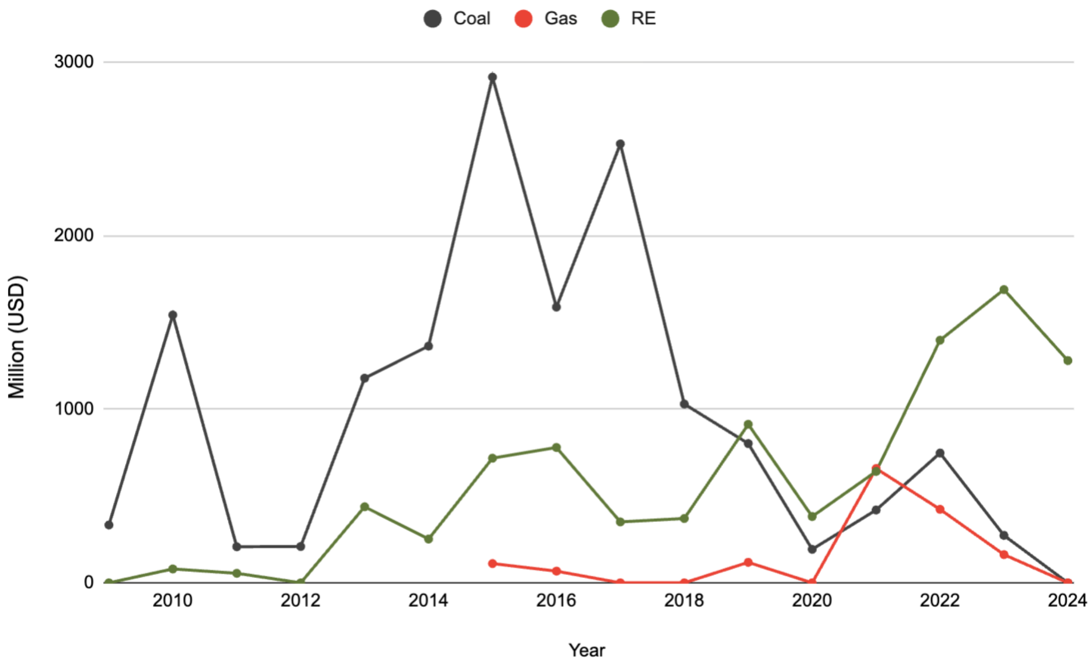
This lack of deals likely reflects the banks' aversion to the increasing risks of the fossil fuel industry. Dragging power supply agreement approval, uncertainties and shifting pronouncements from generation companies on the fuel to be used for plants, fluctuating prices of coal and gas in the global market, as well as the palpable pressure from communities affected by the pollution from the industry and aggravating climate crisis, all contribute to the riskiness of the industry.

In the sixth iteration of the Fossil Fuel Divestment Scorecard, greater weight was placed on post-coal moratorium financing to emphasize the growing need for deliberate and decisive climate action from banks in order to divest away from coal and gas. Since there are no fossil fuel transactions in 2024, changes in scores and rankings are attributed to renewable energy transactions and divestment and sustainability policies.

Renewable energy overtakes fossil fuels in 2024, and doubles in size just four years after the implementation of the coal moratorium

After reaching record-high financing in 2023, renewable energy sees continued support with USD 1.28 billion provided to the industry last year. Since the coal moratorium, renewables now constitute 67% of total energy financing in the Philippines.

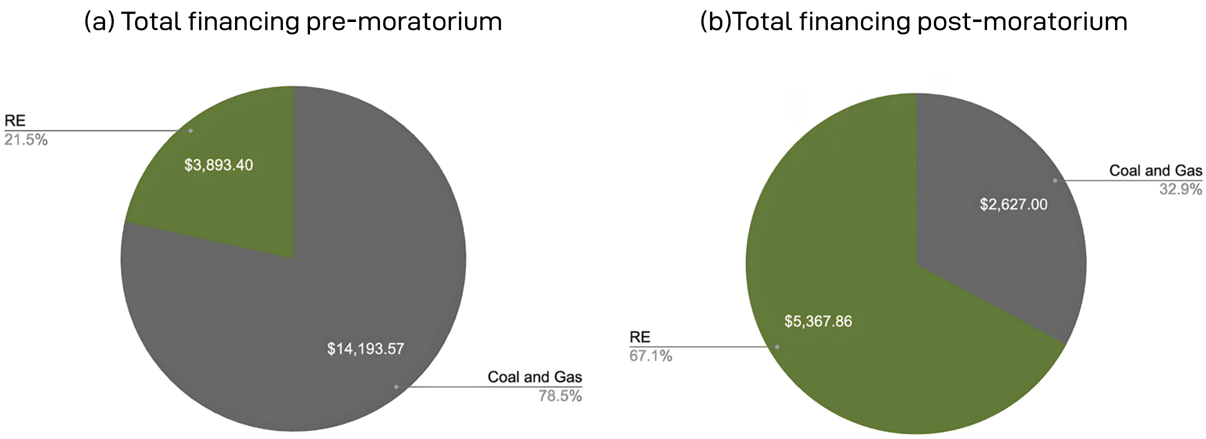
ES-1. Annual Coal, Gas, and RE financing by the Largest Domestic Banks, 2009 to 2024



Renewable energy financing from 2021 to 2024 is now USD 5.01 billion or 54% of the - renewable energy financing since the enactment of Renewable Energy Law in 2009. Total renewable energy financing now stands at USD 9.3 billion. In 2024 alone there was a total of USD 1.28 billion worth of renewable energy financing spread across ten deals.

Financing trends prior to and after the coal moratorium show a clear shift towards renewable energy. Coal and gas financing constituted 78% in the pre-coal moratorium period. However, fossil fuel financing has dwindled down to a third of the total post-moratorium financing.

ES-2. Cumulative Fossil Fuel vs RE Financing from 2009 to 2024



China Bank, BDO, and AUB attain the worst scores in the 2025 Fossil Fuel Divestment Scorecard

ES-3. 2025 Fossil Fuel Divestment Scorecard

Rank	Bank	Financing Pre-Moratorium	Financing Post-Moratorium	Divestment Policy	Sustainability Policies	Overall Score
1	China Bank	2.09	3.78	0.0000	1.0000 ↑	2.42 ↑
2	BDO	2.13	3.56	0.2949	2.2800 ↑	2.20 ↑
3	AUB	2.30	0.78	0.0481	0.0700	1.91 ↓
4	BPI	1.99	2.56	0.4872	1.8100	1.89 ↑
5	LBP	2.56	-0.44	0.7222	1.9000	1.70 ↑
6↑	Metrobank↑	1.27	2.78	0.1667 ↑	0.9500 ↑	1.56 ↑
7↓	SB↓	1.70	1.78	0.3248	1.0000	1.55 ↓
8	PNB	1.20	2.78	0.4701 ↑	0.6800	1.49 ↑
9	DBP	1.53	-0.66	0.4562 ↓	3.3200	0.82 ↓
10	RCBC	0.99	0.56	0.6496	2.4700	0.75 ↓
11	Bank of Commerce	0.60	0.56	0.0000	1.0100 ↑	0.57 ↓
12	PBComm	0.64	0.00	0.0000	0.3200 ↑	0.47 ↓
13	EastWest	0.64	0.00	0.0192 ↑	1.0300 ↑	0.46 ↓
14	Robinsons Bank	0.60	-0.66	0.3942	0.3700	0.27 ↓
15	UB	0.60	-0.88	0.0940	1.1800	0.22 ↓

Legend:
The arrows indicate whether the 2025 score or rank increased or decreased relative to the 2024 score or rank. A **red arrow** *indicates a worse score, while a* **green arrow** *indicates a better score. Banks should aim to lower their score for Financing Pre-Moratorium, Financing Post-Moratorium, and Overall Score, and increase their score for Divestment Policy and Sustainability Policies.*
For **red gradients***, a high score is a negative indicator. The banks in the darkest red shade are performing the worst. These banks should aim to lower their score.*

China Bank remains on top with the worst score in this year's Fossil Fuel Divestment Scorecard. China Bank is the second biggest gas financier with USD 291 million. China Bank is also the fourth biggest financier of coal with USD 1.66 billion. While there were very small improvements in policies, the bank has more than triple the amount of financing directed towards fossil fuels compared to renewable energy.

BDO and AUB remain in second and third, respectively. BDO funneled a total of USD 3.1 billion in coal financing and USD 356 million in gas financing. The bank's renewable energy financing lags behind fossil fuels, and it has made no significant improvement in its divestment and sustainability policies since the last scorecard iteration. On the other hand, while AUB has relatively less overall fossil fuels financing compared to other banks, it has third lowest renewable energy financing and virtually no divestment and sustainability policies.

The three banks had a worse score in this year's scorecard compared to last year. China Bank and BDO had minimal improvements in their sustainability policies, China Bank has established a process to take ESG considerations into account in financing or investment decisions while BDO has incorporated an engagement strategy with its clients on transitioning to a low-carbon economy and renewable energy, as well as financing of various enterprises engaged in sustainable businesses. However, these improvements were not sufficient to offset their pre- and post-coal moratorium financing. Meanwhile, AUB made no improvements in their divestment and sustainability policies. The increasing weight of post-coal moratorium activities in this year's scorecard also contributed to the banks' worsened scores.

Out of the USD 15 billion, BPI financed approximately USD 3.28 billion into coal, while BDO financed USD 3.1 billion. Together, the two banks constituted 58% of the overall coal financing from 2009 to 2024. Considering only post-coal moratorium financing, Metrobank is top financier with USD 414 million, followed by BDO with USD 286 million.

BDO is also biggest gas financier followed by China Bank

Among domestic banks, BDO remains on top with the biggest gas financing at USD 356 million, all of which occurring post-coal moratorium. Similarly, China Bank has significantly increased its gas financing in the post-coal moratorium period. As of 2024, China Bank has USD 291 million total gas financing.

BPI and BDO remain as top financiers of renewable energy

BPI and BDO have funneled USD 2.3 billion and USD 1.97 billion into renewable energy, respectively. BPI is also top financier in the pre-coal moratorium period with USD 1.13 billion. However, considering only post-coal moratorium financing, BDO lands on top with USD 1.48 billion or 67% of its total. Regardless, the two banks find themselves in the top three of either period.

Notably, DBP, Land Bank, and BDO have established facilities that aid in financing small-scale renewable energy projects. In 2024, more banks are now offering financing for small-scale renewable energy projects. BPI financed renewable energy through micro, small, and medium enterprise lending. The bank also offers solar mortgages that offer financing for solar modules. MetroBank is also now offering solar panel promos for retail customers.

Renewable energy financing has grown tremendously in the post-coal moratorium period, but it still lags behind coal and gas financing overall

Individually, China Bank, Metrobank, PNB, and AUB have more than triple the amount of financing directed towards fossil fuels compared to renewable energy. While BDO and BPI have the most renewable energy financing, these banks are also behind massive coal and gas financing. Overall renewable energy financing stands at USD 9.3 billion as of 2024, only 55% of the overall coal and gas financing combined, which sits at USD 16.8 billion.

Notably, Green Energy Auction Program yields show impending growth of renewable energy and broadens avenues for financing. All rounds of GEAP so far have auctioned a total of 15 GW of renewable energy.

Banks take a step backwards and open up policies to coal while other greenwash LNG in the absence of gas divestment policies

In 2024, more banks have adopted coal divestment policies. Policy observations show that MetroBank has set a new position to limit its overall term loan exposure to coal-fired power projects to no more than 3% of its total loan portfolio by 2033, and to further reduce this to no more than 2% by 2037.

This policy however fails to totally prevent coal financing moving forward. Moreover, the approach enables the bank to grow its coal portfolio as long as the bank maintains the 3% cap overall.

PNB has also defined a new policy outlining across the board restriction on upstream and midstream coal projects. However, there are exemptions for downstream Ultrasuper Critical, Super Critical, and Circulating Fluidized Bed coal technologies which are long considered conventional technologies commonly utilized by developers. Similarly, DBP has also regressed on its coal divestment policy when it defined the criteria of eligibility to avail financing for energy generation or mini-grid rural electrification projects, which now includes coal, diesel, and bunker fuel.

No banks have announced a fossil gas divestment policy. This is likely due to their intention to align to the government's Philippine Energy Plan, which still heavily promotes fossil gas. Additionally, there is further concern as some banks continue to categorize harmful fossil fuel projects like LNG under sustainable projects. AUB for example has categorized financing of a gas project under climate sustainability, an LNG terminal worth PHP 5 billion as of December 31, 2022.

More banks have adopted Sustainable Finance Framework, and the Environmental and Social Risk Management System.

Several banks have already established their Sustainable Finance Framework, and the Environmental and Social Risk Management System as mandated by the Bangko Sentral ng Pilipinas. Banks including BOC, BPI, BDO, DBP, RCBC, Security Bank, and Union Bank have started developing and implementing these since 2023. In 2024, China Bank, EastWest, and Metrobank improved their disclosures of the said framework and risk management system.

New fossil fuel transactions were reported in 2025, following favorable policy and regulatory developments at the tail-end of 2024 and the start of the new year. These reflect the critical role of the government in setting policies and regulations that would rechannel financial flows to renewable energy, instead of the increasingly unbankable fossil fuels.

According to the Center for Energy, Ecology, and Development, approximately 4 GW of coal capacity still remains in the pipeline since the adoption of the coal moratorium.[1] Of which, 1.7 GW are committed, or have reached financial close, or are already beginning construction. However, according to the Department of Energy, there are at least 20 more GW remaining in the coal pipeline that are not covered by the coal moratorium.[2] Meanwhile, the Energy Regulatory Commission has approved several long-term coal and fossil gas power supply agreements. Major developments advantageous to fossil fuels also include the enactment of the Philippine Natural Gas Industry Development Act.

The DOE has greenlighted Aboitiz Power's third unit to its existing TVI power station in Toledo City, Cebu in 2023. MPGC has also secured a PHP 50 billion loan from AUB, BOC, China Bank, DBP, PNB, and other undisclosed financial institutions for the improvement of its coal plant in Mariveles, Bataan despite the fact that its power supply agreement is still pending final approval by the ERC.

Barely two months since the Philippine Natural Gas Industry Development Bill was signed into law in January 2025, several new gas deals were reported. It was announced that the USD 3.3 billion deal had been finalized between Meralco, Aboitiz Power, and San Miguel Corporation. Meralco also secured a loan of PHP 75 billion from BDO, BPI, and MetroBank.

Just recently, last March 2025, First Philippine Holdings Corp. also secured a PHP 10 billion loan from BDO in support of its capital requirements. It must be noted that while the loan is in support of the corporation's capital requirements, the corporation has a 54.1% fossil fuel share in its revenue for the 2023 fiscal year, and owns large existing and proposed fossil gas facilities through its subsidiary, First Gen Corporation.

1 Monitoring of DOE list of "Private Sector Initiated Power Projects" and public pronouncements.

2 BusinessMirror, "Many coal power projects exempt from ban—DOE." https://businessmirror.com.ph/2024/12/05/many-coal-power-projects-exempt-from-ban-doe/

Recommendations to domestic banks

Banks that have made or will make public pronouncements that they will no longer fund or support coal and fossil gas projects should ensure that they do not finance these projects through loopholes in their own policies, such as through underwriting or selling securities intended for coal or fossil gas projects, related facilities, and developers. Participation in these types of securities in any form is counterintuitive and render useless the divestment policies of these banks which ultimately still enable financing to flow into the coal and fossil gas industries, and in the process profit from these transactions through issue management and underwriting fees and selling commissions. They must also ensure that their policies don't regress into allowing some forms of financing to flow back into these industries.

Banks' exclusion policies should prohibit financing of all technologies related to coal power projects such as, but not limited to, ultra supercritical, super critical, and circulating fluidized bed technologies, and financing of false carbon-based solutions and retrofitting technologies. Moreover, the Sustainable Finance Framework should not facilitate financing for all coal technologies.

Similarly, banks that have made or will make public pronouncements on divestment should ensure that the same policy is cascaded and aptly applied by their subsidiaries.

Banks that have not so far made any pronouncements on their coal exposure, meanwhile, are lagging behind and must immediately come up with clear policies and timelines to divest from existing exposure and prohibit new financing.

Domestic banks are similarly called to divest from financing fossil gas and LNG projects and companies, which would only prolong the country's reliance on fossil fuels. This should form part of a long-term strategy to divest from other carbon-intensive and environmentally destructive projects.

Banks that have made or will make public pronouncements that they will no longer fund or support coal and/or fossil gas and LNG projects should also develop and disclose a comprehensive framework, strategy, and timeline to execute these pronouncements. Broadstroke pronouncements serve as a market signal to the dying viability of coal and the increasing risks of gas, yet offer little ability for shareholders and stakeholders alike to determine how their banks are faring in contributing to meet climate and energy transition deadlines and targets.

Banks that have either made pronouncements and/or are currently developing their framework should develop criteria for divesting from companies that are contributing to the coal or fossil gas expansion. Furthermore, they should develop engagement strategies with clear targets and thresholds to encourage their clients to withdraw from coal and other fossil fuel projects.

Banks that have or will engage in coal retirement mechanisms should adopt the Ten Guiding Principles for Financing Coal Retirement Mechanisms principles to ensure that renewables are priorities, false carbon-based solutions and retrofitting delays are avoided, concessional financing is provided especially for distributed, small-scale, and community renewable energy systems, and local communities are protected from the impacts of early coal retirement.

Banks should continue to scale up their renewable energy ambitions at an unprecedented scale to support the country's commitment to the Global Renewables Pledge that seeks to triple the world's renewable energy capacity and double energy efficiency by 2030, achieve the renewable energy targets under the 1.5°C-aligned Philippine power sector pathway, and finance the 13 GW renewable energy projects and future projects under the GEAP. They should also develop policies and financing mechanisms in support of distributed, merchant, and small-scale renewable energy systems. As banks step up to do their part in the sustainable development of the Philippines, they are well-positioned to enable better access to clean, affordable, and reliable renewable energy.

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INTRODUCTION

This report comes after the 29th Conference of Parties (COP 29) in Azerbaijan or what was called the finance COP. Parties have committed to scale up financing to developing country parties for climate action, both from public and private sources, amounting to at least USD 1.3 trillion per year by 2035. In this regard, it is clear that the global north countries must take the lead while other parties must also do their part. In fact, developing countries are also encouraged to make contributions through South–South cooperation, on a voluntary basis.[3]

Despite commitments on financing, the final text outcome of COP 29 reflects a disappointing outcome. It fails to reflect a key goal of climate finance which is a New Collective Quantified Goal that is grants-based and has a scope covering mitigation, adaptation, and loss and damage.

Support and investment from the global north should be mobilized immediately to fasttrack energy transition and provide support for developing countries such as the Philippines at the forefront of said transition and climate impacts. That being said, countries have common but differentiated responsibilities and developing countries must be steadfast in transitioning and build climate resilience while pursuing their own development goals. Key projections show that the country can leverage its resources to achieve transition

The projection of Climate Analytics shows that a 1.5°C-aligned power sector entails the phaseout of coal by 2030, and the phaseout of fossil gas by 2035. Based on the same projection, it is feasible for the Philippines to transition to renewable energy simultaneously. Energy transition must occur at this rapid pace as the country's continuous reliance on coal, fossil gas, and LNG will continue to drive high electricity prices, climate change, and environmental degradation.

3 UNFCCC, "New collective quantified goal on climate finance." https://unfccc.int/NCQG

While it is imperative to receive support through climate finance, it's also important to look at where domestic banks have directed their financing. The scorecard aims to uncover whether domestic banks are doing their part towards enabling the energy transition, or are they delaying and taking a detour to more fossil fuels.

This year marks the sixth year of the Fossil Fuel Divestment Scorecard. Taking stock of the six years of monitoring domestic banks, – their investment portfolio, fossil fuel divestment pronouncements, and sustainability policies in crafting the Fossil Fuel Divestment Scorecard – there have been drastic changes in the financing landscape.

While financial institutions have been ramping up financing of renewable energy, many still continue to provide avenues for potential investment towards a false definition of just energy transition that still enables proliferation of fossil fuels. These can potentially be facilitated through loopholes and exemptions within the banks' divestment and sustainability policies and frameworks.

Failure to align policies and frameworks to climate targets and the requirements of just energy transition creates opportunity for possible resurgence of coal investments and ramping up of gas financing. Furthermore, recent developments on coal expansion projects and the recently signed into law Philippine Natural Gas Industry Development Act may serve as a signal that these fossil fuels still have a market despite the presence of a coal moratorium and reputational risks to banks.

Banks are at a critical juncture as many have improved alignment of their policies and have shown a significant push in financing renewable energy, but are reluctant to definitively close their doors to fossil fuels. In the pursuit of energy transition and phasing out fossil fuels, it is crucial to highlight in the Fossil Fuel Divestment Scorecard the risk attributed to fossil fuels, and the necessity to align policies with climate targets under a shrinking deadline.

This year, the banks' alignment with climate targets will be weighed heavily with respect to the tight time frame to hit climate targets and pursue just energy transition. The current progress of energy transition and fossil fuel phaseout will be thoroughly assessed in light of the banks' alignment.

METHODOLOGY

At its inception in 2020, the Coal Divestment Criteria and the Coal Divestment Scorecard were tools developed by CEED, with contribution from civil society and renewable energy advocates among the Withdraw from Coal network, to assess the coal-related financing activities of the largest domestic banks.

The criteria has since expanded to account for gas exposure in the 2023 Fossil Fuel Divestment Scorecard given the rapid expansion of fossil gas as it was positioned to take the lead role in conventional power generation.

The criteria expanded further to include renewable energy exposure in the 2024 Fossil Fuel Divestment Scorecard which aimed to gauge divestment efforts of banks, and evaluate their climate action policies with renewable energy as one of the key elements.

While taking stock of the last six years of scoring, CEED releases this 2025 Fossil Fuel Divestment Scorecard to continue assisting banks and their stakeholders in keeping the Paris Agreement's 1.5°C goal a reality.

A slight adjustment in the formula was implemented for the latest scorecard to provide additional weight on post-moratorium financing and emphasize the critical role the banks must play in the post moratorium period. Furthermore, new data and relevant information regarding divestment and sustainability policies were updated with a scope covering January 2024 to December 2024.

The 2025 Fossil Fuel Divestment Scorecard used data from the following resources to determine the contributions of Philippine banks to the coal and fossil gas, industries, as well as to renewable energy from 2009-2024:

- Final Prospectuses and Offer Supplements for the Issuance of Financial Instruments;
- Philippine Dealing Systems Holdings (PDS) Group
- Thomson Reuters Project Finance International (PFI)
- London Stock Exchange Group (LSEG) Data & Analytic, formerly known as Refinitiv
- Urgewald Coal Financiers Database
- Global Energy Monitor (GEM)

Fifteen banks were included in this year's report. These banks are:

- Asia United Bank (AUB)
- Bank of Commerce (BOC)
- Bank of Philippine Islands (BPI)
- BDO Unibank (BDO)
- China Bank Corporation (China Bank)
- Development Bank of the Philippines (DBP)
- East West Banking Corporation (East West Bank)
- Land Bank of the Philippines (Land Bank)
- Metropolitan Bank & Trust (Metrobank)
- Philippine Bank of Communication (PBComm)
- Philippine National Bank (PNB)
- Rizal Commercial Banking (RCBC)
- Robinsons Bank (Robinsons Bank)
- Security Bank (Security Bank)
- Union Bank of the Philippines (Union Bank)

These Philippine banks were engaged to disclose their financial activities and relevant policies including, but not limited to:

- Policies restricting financing for coal and coal-related companies, projects, and operations;
- Policies restricting financing for fossil gas and fossil gas-related companies, projects, and operations;
- Specifics regarding the above policies, such as the restrictions imposed (in terms of amount, type, etc.) and the coal and fossil gas-related companies, projects, and operations covered;
- Policies regarding thresholds for exclusion of coal and fossil gas companies from investments or underwriting;
- Policies regarding the phase-out of coal and fossil gas investments, including a timeline, conditions, and other parts of the phase-out plan;
- Any commitment or policy that commits the bank's business practices intending to limit global warming to 1.5°C;
- Engagement strategies applying to energy companies that detail how the bank influences or assists these companies to shift toward renewable energy sources;
- Publicly stated goals or policies that increase the bank's renewable energy investments and underwriting, and financing of climate adaptation efforts;

- Financing targets for renewable energy;
- Financing mechanisms that would incentivize and support the development of small-scale or merchant renewable energy facilities and distributed renewable energy facilities, making them more accessible for households, communities, or local government units;
- Endorsements of the recommendations of the Task Force on Climate-related Financial Disclosures;
- Application of Bangko Sentral ng Pilipinas' Sustainable Finance Taxonomy Guidelines, and compliance with the BSP's requirements for Sustainable Finance Framework and Environmental and Social Risk and Management Systems; and
- Other relevant environmental pronouncements and policies, especially those regarding climate action and energy investments.

Out of the 15 banks that were sent written inquiries, only four responded to the queries: Metrobank, RCBC, BPI, and BOC. As to the responses, only policies and transactions that have been approved or implemented in 2024 were taken into account. Pronouncements and deals that were included in the response but are beyond the scope of this report will be considered for the next edition.

Requests for meetings with the banks were also made. The scores for banks that did not respond to requests for disclosures and meetings were based on available data from third party data providers and other sources listed above, annual reports, sustainability reports, policies, and other publicly available documents.

The scorecard assesses the fossil fuel exposure of each bank based on its share of the total value of financing and underwriting of securities provided to coal-related activities (coal development, coal-related operations, and other coal-related projects) and fossil gas-related activities (fossil gas development, fossil gas-related operations, and other fossil gas-related projects) before and after the declaration of the coal moratorium in October 2020. The banks' score on these criteria is then weighed against their renewable energy financing exposure (renewable energy development, operations, and other related projects) from the enactment of the Renewable Energy Act in 2009 until the declaration of the coal moratorium in October 2020, and transactions entered after, respectively.

The average of these two financing indicators is then weighed against each bank's fossil fuel divestment and sustainability policies. The overall score is computed using the following formula:

$$OS = [0.75(0.64C + 0.36G)(1 - 0.27\frac{REh}{5}) + 0.25(FF - 0.22REn)]$$
$$(1 - 0.4\frac{D}{5} - 0.2\frac{SP}{5})$$

Table 1. Definition of Terms

Terms	Definitions	Formula
0.75	The weight assigned to the overall financing score pre-moratorium (2009-2020).	(Pre-moratorium Years) / (Total Years)
0.25	The weight assigned to the overall financing score post-moratorium (2021-2024).	(Post-moratorium Years) / (Total Years)
0.64	The weight of coal financing pre-moratorium. This figure is based on the average coal share in the coal and gas power mix from 2009 to 2020.	(Coal Generation) / (Coal + Gas Generation)
0.36	The weight of gas financing pre-moratorium. This figure is based on the average gas share in the coal and gas power mix from 2009 to 2020.	(Gas Generation) / (Coal + Gas Generation)
0.27	The weight of renewable energy financing pre-moratorium. This figure is based on the average renewable energy share of the overall generation mix from 2009 to 2020.	(RE Generation) / (Total Generation)

0.22	The weight of renewable energy financing post-moratorium. This figure is based on the average renewable energy share to the overall generation mix from 2021 to 2024.	(RE Generation) (Total Generation)
C	The coal score pre-moratorium. A bank's score is based on its share of the total financing provided by banks covered in this report for all coal-related activities from 2009 to 2020.	(Coal Financing of Bank (Total Coal Financing by the 15 Banks) 0: 0% 1: >0 - <5% 2: 5 - <10% 3: 10 - <20% 4: 20 - <30% 5: >=30%
G	The gas score pre-moratorium. A bank's score is based on its share of the total financing provided by banks covered in this report for all gas-related activities for projects still in the pipeline from 2009 to 2020.	(Gas Financing of Bank) (Total Gas Financing by the 15 Banks) 0: 0% 1: >0 - <5% 2: 5 - <10% 3: 10 - <20% 4: 20 - <30% 5: >=30%
REh	The renewable energy score pre-moratorium. A bank's score is based on its share of the total financing provided by banks covered in this report for all renewable energy-related activities from 2009 to 2020.	(RE Financing of Bank) (Total RE Financing by the 15 Banks) 0: 0% 1: >0 - <5% 2: 5 - <10% 3: 10 - <20% 4: 20 - <30% 5: >=30%
FF	The combined coal and gas score post-moratorium. A bank's score is based on its share of the total financing provided by banks covered in this report for all coal and gas-related activities from 2021 to 2024.	(Coal + Gas Financing of Bank) (Total Coal + Gas Financing of the 15 Banks) 0: 0% 1: >0 - <5% 2: 5 - <10% 3: 10 - <20% 4: 20 - <30% 5: >=30%
REn	The renewable energy score post-moratorium. Unlike the other scores, this is derived based on the share of renewable energy in the bank's overall (2009-2024) power portfolio to highlight the importance of displacing coal and gas.	(RE Financing of Bank) (Coal + Gas + RE Financing of Bank) 0: 0% 1: >0 - <30% 2: 30 - <55% 3: 55 - <75% 4: 75 - <90% 5: 90 -100%

The formula above was crafted to integrate and reflect local banks' contribution to coal, gas, and renewable energy financing. Coal and gas financing were separately taken into account to reflect banks' activities pre- and post- coal moratorium in October 2020. These variables aim to factor in the historical contribution of these banks to the development of coal and gas industries, and the direct and indirect harm inflicted upon affected communities and ordinary electricity consumers. Similarly, renewable energy financing before and after the coal moratorium pronouncement is accounted for separately to reflect each bank's response to the coal moratorium and what should have been a leap towards renewable energy growth instead of a diversion to fossil gas.

The criteria for after the coal moratorium imposition reflects the banks' response to the landmark national policy. As a major market signal across the finance and energy industries, the coal moratorium serves as a juncture between banks continuing in their dirty energy ways or steering the country towards greater renewable energy reliance, thereby reflecting each bank's progress in crowding out fossil fuel financing through funneling greater resources in renewable energy. Such that the score on coal, gas, and renewable energy financing is treated separately according to whether the transaction occurred before or after the coal moratorium, which the financing data has reflected to be a crucial market signal, as follows:

Table 2. Pre-Coal Moratorium and Post-Coal Moratorium Components

0.75(0.64C+0.36G)(1-0.27 REh/5)	This portion of the overall formula reflects the pre-coal moratorium period. It seeks to capture the contribution of banks to the massive expansion of coal power and the initial fossil gas power projects built in the previous decade. Varying weights for coal and gas were applied to illustrate the graver impact of coal projects to the health, environment, and climate of communities and the cost of electricity, compared to fossil gas. The overall coal and gas exposure is tempered by a bank's renewable energy exposure during the same period. Considering that financing in renewable energy cannot eradicate or prevent the negative impacts of operating coal and/or gas projects that the same bank financed, the formula limits the offsetting ability of renewable energy exposure to a factor of 0.27[4]. An overall heftier weight of 0.75[5] was assigned to the pre-moratorium score as the 12 year period from 2009 to 2020 saw the massive expansion of coal and the establishment of the first few gas power plants. This weight also seeks to highlight the health, climate, and economic harms that these historical financial transactions continue to cause today.
0.25(FF-0.22REn)	This portion meanwhile reflects the post-coal moratorium period. It seeks to capture how the banks have or continue to contribute to the intention of the coal moratorium. The moratorium should signal a renewable energy transition, and prevent a crowding out of renewables by fossil gas or any other false solutions. Considering this, coal and gas exposure are now given equal weight, and are likewise tempered by renewable energy with a limiting factor of 0.22. This in turn indicates that coal and gas investments do not have equal weights with renewable energy investments. The weight of 0.25 is assigned to the post-moratorium period as it has only been several years since it began. This value will increase with the passing years as decisive climate action to divest away from coal and gas while ramping up renewable energy is crucial in this decade to keep global temperature increase below 1.5°C.

4 See Table 1. Definition of Terms

5 See Table 1. Definition of Terms

Overall, the scorecard tool emphasizes the importance of ending coal financing, not contributing to fossil gas expansion, and contributing to 100% renewable energy and sustainable development, without diminishing the historical and current contribution of each of the banks to fossil fuel expansion in the country. Its use is guided by the practice of similar pioneering international coal divestment initiatives such as Unfriend Coal in the insurance sector, and Banking on Climate Chaos in the banking sector.

The tracking of coal financing started in 2009, to cover a decade of coal financing from the release of the first scorecard in 2020. This decade also saw a massive expansion of coal projects in the country. For fossil gas, post-moratorium deals concerning the expansion of midstream and downstream projects, LNG purchases, and related corporated financing were considered. The financing was mainly through loans and bonds underwriting. Bank shares for each deal were recorded and used to determine banks' contribution to overall coal and fossil gas financing. In cases where bank shares were not disclosed, the total amount was divided equally among the participating banks. Similarly, if a bond has an oversubscription option, the oversubscription amount is divided equally among the banks involved.

Scores for these criteria were modified based on new information obtained from various documents, such as the banks' web pages, definitive or preliminary information statements (depending on the availability on the Philippine Dealing System Holdings Corporation website), reports, press releases, news articles, annual reports, Sustainability Finance Frameworks, and Environmental and Social Risk Management Systems.

These issuances were obtained through a data-restricted search, limited to results from January 2024 to December 2024, using a pool of predefined keywords. The search was iterated over each bank's full name and acronym. The first 30 results for each bank were subjected to an initial review for relevance to the scorecard criteria. This process resulted in multiple documents which were then individually reviewed for relevant information. The longer documents were subjected to a keyword search using predefined keywords, while the shorter ones were read in full. Any relevant information was extracted and tabulated under the pertinent criterion in both cases.

In assessing the engagement strategy of banks with fossil fuel companies, we emphasize that these financial institutions must be influencing companies to align with the Paris Agreement. Furthermore, this engagement strategy must at least have a public pronouncement sans written, board-approved policy. Without any of these, we grade the banks a zero.

COAL EXPOSURE: HAS COAL BECOME UNBANKABLE OR ARE BANKS HOLDING OUT FOR NOW?

Highlights:

- For the first time since the Paris Agreement, the 2025 Fossil Fuel Divestment Scorecard recorded zero coal transactions in the past year.
- From 2009 to 2024, banks financed over USD 15 billion into coal. Pre-moratorium financing amounts to USD 13.9 billion while post-moratorium financing has amounted to USD 1.4 billion so far.
- BPI remains the top financier of coal at approximately USD 3.28 billion, followed by BDO. Together, the two banks constitute 58% of the total coal financing from 2009 to 2024.

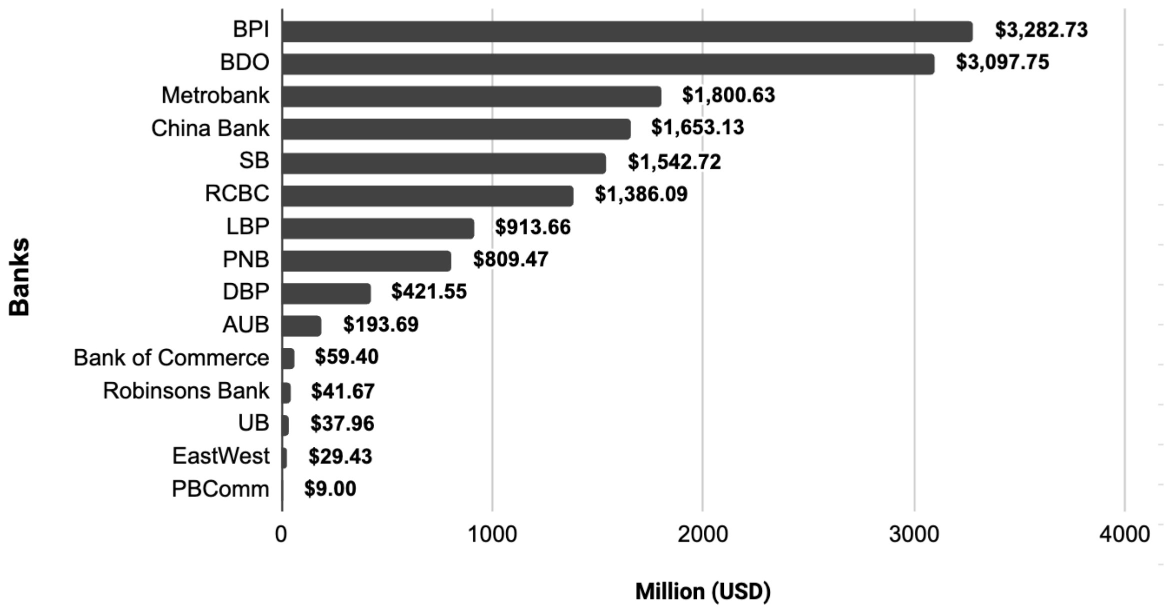
There are approximately 4 GW of coal capacity remaining in the pipeline from the 15 GW prior to the coal moratorium. Of which, 1.7 GW are committed, or have reached financial close, or are already beginning construction. However, it is unconfirmed if these projects encountered finance barriers and if ever, what kind.[6] On the other hand, the Department of Energy states that there are at least 20 more GW remaining in the coal pipeline that are not covered by the coal moratorium. Regardless, it highlights the growing financial risks linked to coal amidst global efforts to decarbonize and align with climate targets. Banks may have taken notice resulting in projects encountering difficulty in attaining financial close. However, while there is remaining coal in the pipeline and coal expansion projects, it leaves the door open for potentially new deals in the future.

6 Monitoring of DOE list of "Private Sector Initiated Power Projects" and public pronouncements.

Coal exposure ranking

For the period of January to December 2024 covered by this year's scorecard, no new coal financing transaction was observed. Nevertheless, billions of dollars have been directed towards financing of coal thus far. From 2009 to 2024, the 15 domestic domestic banks within the scope of the study alone financed over USD 15 billion into coal.

Figure 1. Total Coal Financing by Domestic Banks from 2009 to 2024



Overall, BPI is still the biggest coal financier among domestic banks. BPI financed approximately USD 3.28 billion into coal, closely followed by BDO with USD 3.1 billion. Together, the two banks constitute 58% of the total coal financing. Considering only pre-moratorium financing, BPI and BDO are still top financiers indicating that these banks are the primary financiers of coal in the decade leading up to the coal moratorium.

Figure 2. Coal Financing Pre-Moratorium by Domestic Banks (2009-2020)

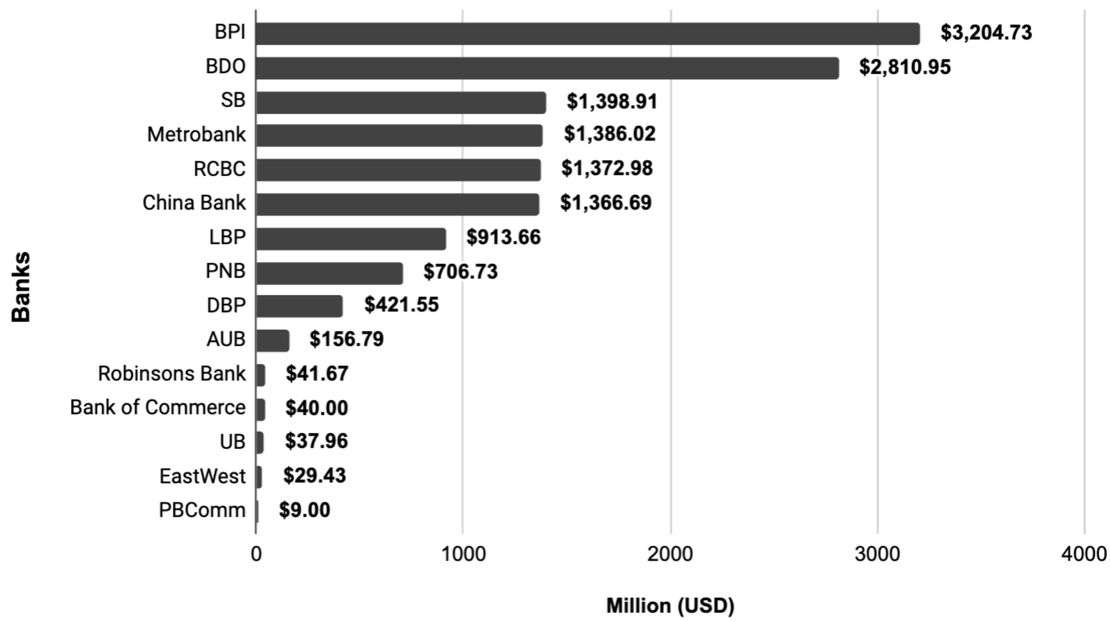
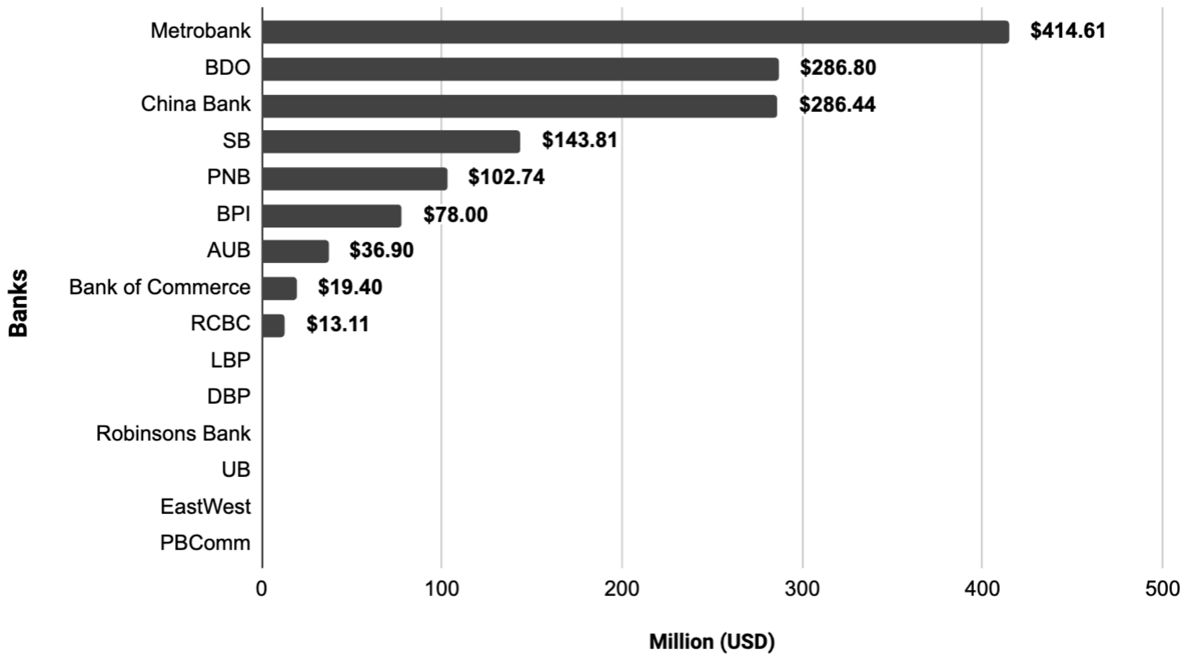


Figure 3. Coal Financing Post-Moratorium by Domestic Banks (2021-2024)



Post-moratorium, BDO is top financier with USD 286 million while BPI drops to sixth with USD 78 million. Metrobank is top financier with USD 414 million or 30% of coal financing during the post-moratorium period. Several banks including LBP, DBP, Robinsons Bank, UB, EastWest, and PBComm have not financed coal during the post-moratorium so far, showing alignment with the pathway of divesting from coal.

For the first time since the Paris Agreement, zero coal transactions were recorded

Total annual coal financing recorded in the last four years averaged at USD 408 million, evidence that banks continued to finance coal during the post-moratorium period. Annual financing for coal has since dropped to zero as no new deals have shown up in finance monitoring for 2024.

Despite the developments, the end of coal financing cannot be concluded yet. In fact, after receiving a go-signal from the Department of Energy (DOE), Aboitiz Power has been pursuing an additional third unit to its existing two-unit Therma Visayas Inc.'s (TVI) power station in Toledo City, Cebu.[7] Based on inquiries with banks that previously supported the power plant, no bank has affirmed financing of the expansion.

Meralco PowerGen Corp., the power generation arm of Meralco and developer of the 1.2 GW Atimonan plant in Quezon, has indicated that four local banks and two Indonesian lenders have expressed interest in financing the construction of said plant.[8] It must be noted however that the Atimonan plant in Quezon has undergone numerous conversions to switch back and forth between coal and gas fuel which highlights uncertainty and signals risk for potential financiers.

Just this April, Mariveles Power Generation Corp. (MPGC), subsidiary of San Miguel Global Power Holdings Corp. which owns the 600 MW Circulating Fluidized Bed Coal-fired Power Plant in Mariveles, Bataan, secured a loan amounting to PHP 50 billion from AUB, BOC, China Bank, DBP, PNB, and other

7 Power Philippines, "DOE: Therma Visayas Coal Expansion Spared from Coal Moratorium." https://powerphilippines.com/doe-therma-visayas-coal-expansion-spared-from-coal-moratorium/

8 Philstar. "MGen to spend $2 billion for expansion." https://www.philstar.com/business/2024/11/28/2403390/mgen-spend-2-billion-expansion

undisclosed financial institutions to improve its operation.[9] This development is a major indicator how the biggest developer of coal power generation and several financing institutions are still enabling risky businesses.

In addition, ERC has approved long-term coal power supply agreements. MPGC received a Notice of Commission Action approving their PSA with Meralco, subject to further validation. A final formal order, however, remains pending.

Table 3. Issuances of Domestic Banks to Coal Companies After the 2020 Coal Moratorium

Purpose	Company	Year of Closure	Financiers
Refinancing & debt servicing	Aboitiz Power	2021	BDO, BPI, China bank, Metrobank
Refinancing of bonds related to GNPower Dingin Ltd. Co. (GNPD)	Aboitiz Power	2021	BDO, China bank, Metrobank, Security Bank
Partially finance acquisition of indirect partnership interests in GNPD and GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	Aboitiz Power	2022	BDO, Chinabank, Metrobank, Security Bank
General Corporate Purposes	San Miguel Corporation (SMC)	2022	AUB, Bank of Commerce, BDO, BPI, China bank, PNB, RCBC, Security Bank, PCCI*
General Corporate Purposes	SMC	2022	BDO, BPI, China bank, PNB, RCBC, Security Bank, PCCI*
Partially finance investments in power-related assets (MPGC and Excellent Energy Resources Inc. (EERI))	SMC Consolidated Power Corp. (SMCPC)	2022	AUB, BDO, China bank, PNB, Security Bank, PCCI*
Refinance general corporate purposes of Therma Luzon Inc.	Aboitiz Power	2023	Metrobank

** Philippine Commercial Capital Inc.*

While there was no new coal financing detected in 2024, the transactions that have occurred post-moratorium listed in the table above highlight possible ongoing transactions in the form of loans or bonds. This also highlights the weight of a single deal that goes through as its imprint and impacts can be seen in the years to come. It also serves as a lifeline for the coal industry.

This year is crucial as the nationally determined contribution of the country will be submitted by September 2025. Tighter restrictions should be imposed to eliminate the remaining coal pipeline in accordance with decarbonization and climate targets. As indicated by the absence of new coal financing in 2024 and continuous rise of renewable energy financing that will be covered in the following sections, banks are taking notice that renewable energy is becoming more bankable and have started to adopt more sustainable policies. The right policy restrictions and bank divestment together leaves very little room for the coal industry to grow further in the country.

9 PowerPhilippines, "SMGP Backs PHP 50B Loan for Mariveles Coal Plant Operations." https://powerphilippines.com/smgp-backs-php-50b-loan-for-mariveles-coal-plant-operations/

GAS EXPOSURE: GAS INVESTMENTS HALT AMIDST GROWING FINANCIAL, LEGAL, AND MORAL RISKS

Highlights:

- No gas financing was tracked for 2024–the first time since the coal moratorium, amidst financial, legal, and moral risks.
- From 2009-2024, total accumulated gas financing amounts to USD 1.5 billion. Pre-moratorium gas financing amounted to USD 296 million while post-moratorium financing has amounted to USD 1.25 billion so far.
- BDO remains the biggest gas financier with USD 356 million, all of which occurring and reaching financial closure post-coal moratorium.

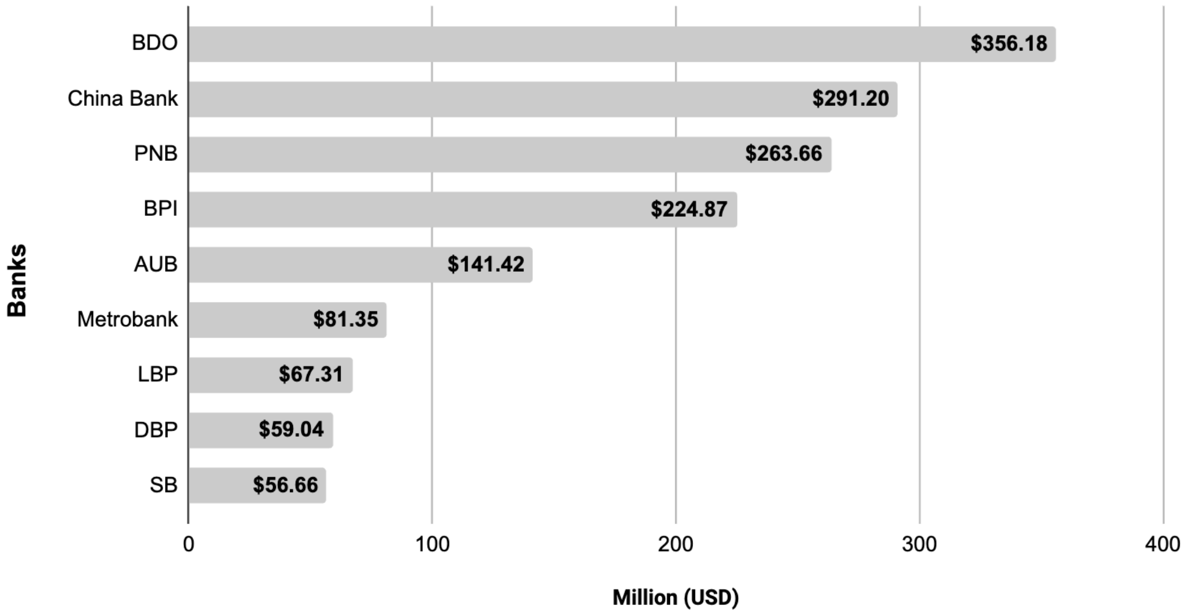
While coal projects have dwindled since the implementation of the coal moratorium, developers in the power industry were quick to redirect towards alternative energy sources to fill the gap. However, developers pivoted toward fossil gas and LNG instead of renewable energy. Despite the absence of new gas financing during this period, the landscape just became more conducive for fossil gas expansion, as a law promoting the development of the industry was enacted in early 2025.[10] But the passage of this law does not totally resolve the risks that come with the volatile and expensive fossil fuel, as shown by the numerous projects that have been cancelled or stalled including the Aboitiz LNG power station in Naga, Cebu.

10 GMAnetwork, "Marcos signs into law bill promoting development of PH natural gas industry." https://www.gmanetwork.com/news/topstories/nation/932917/marcos-signs-into-law-bill-promoting-development-of-ph-natural-gas-industry/story/#:~:text=Signed%20on%20January%208%2C%20Republic,segments%20of%20the%20nation's%20populations

Gas exposure ranking

The decline of coal financing since the coal moratorium left a gap that gas financing quickly occupied. Total gas financing from 2009 to 2024 amounted to USD 1.5 billion, USD 1.245 billion of which came in after the coal moratorium. However, just like coal, no new deals involving gas financing were observed in 2024. Hence, BDO remains on top with the biggest cumulative gas financing at USD 356 million, all of which occurred post-moratorium.

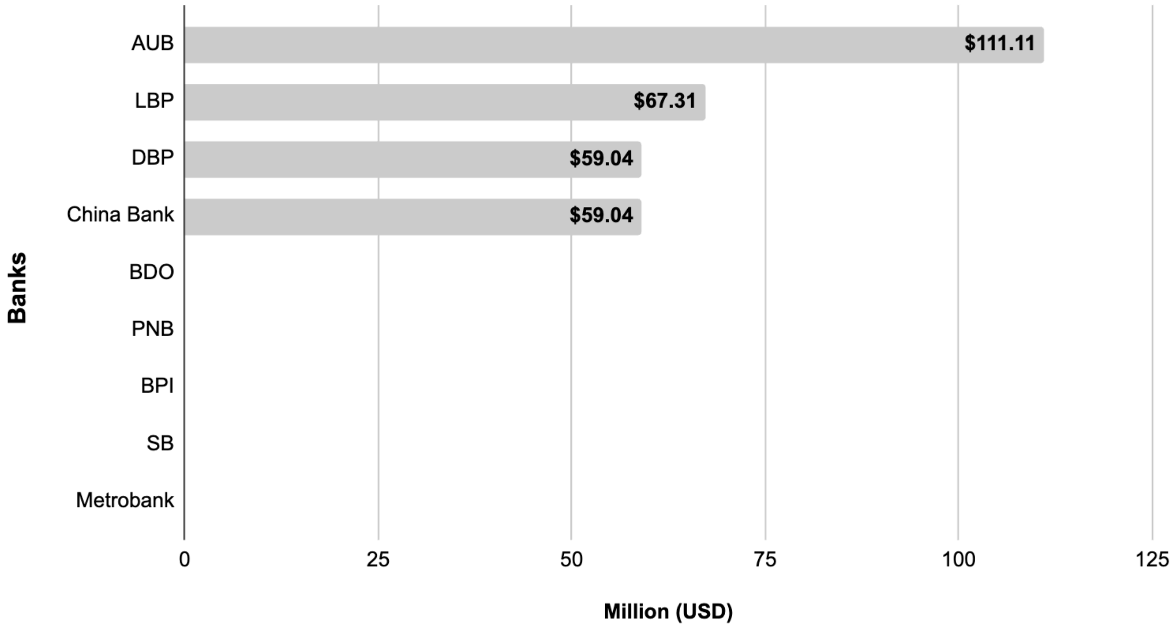
Figure 4. Total Gas Financing by Domestic Banks from 2009 to 2024



Notably, only nine banks have involvement with fossil gas, and 81% of financing occurred post-moratorium. This indicates that banks were quick to divert financing in response to the dwindling coal industry and growing fossil gas industry enabling the detour away from renewable energy and pathway away from decarbonization and climate targets.

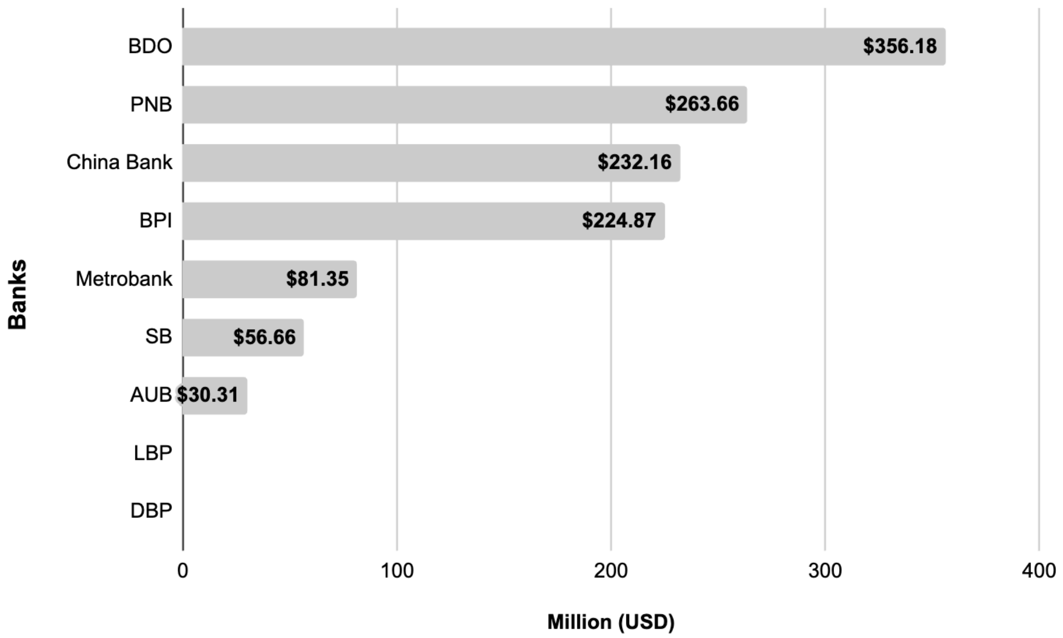
China Bank is one of the four banks that financed gas even prior to the coal moratorium. However, it's the only bank among the four that has sustained and significantly increased its gas financing post moratorium. Across the post-moratorium period, China Bank has almost six times as much financing in gas compared to pre-moratorium, contributing to why it is second overall in terms of total gas financing.

Figure 5. Gas Financing Pre-Moratorium by Domestic Banks (2009-2020)



The likes of BDO, PNB, BPI, Metrobank, and Security Bank have clearly redirected financing to gas in light of the coal moratorium, indicated by significant financing to gas during post-moratorium. BDO, PNB, and BPI in particular are among the biggest gas financiers overall despite only starting to finance gas post-moratorium.

Figure 6. Gas Financing Post-Moratorium by Domestic Banks (2021-2024)



Promotion of the fossil gas industry threatens to crowd out renewable energy

Even prior to the Philippine Natural Gas Industry Development Act, there were already a number of fossil gas and LNG projects in the pipeline. To date, there are approximately 24.3 GW worth of gas capacity that are in the pipeline while 4.7 GW more have been announced. There are also six LNG terminals in the pipeline, one of which is in the construction phase.[11]

A couple of LNG terminals have also already come online. These include the AG&P Ilijan LNG terminal and FGEN's Batangas Floating Storage Regasification Unit. Notably, several coal projects have sought to convert to LNG facilities including Atimonan One Energy's power project in Atimonan, Quezon, and Global Luzon Energy Development Corporation's power project in Luna, La Union.

Since the coal moratorium, there was a clear interest in the fossil gas and LNG industry, and the recently signed law further promotes the industry and provides it with incentives. These factors threaten further gas financing and further delays the transition to renewable energy. Moreover, the Philippine Natural Gas Industry Development Act which seeks to promote the industry does not have a sunset clause and does not provide a cap on the lifespan, capacity, and emissions of existing and proposed fossil gas and LNG projects.

Table 4. Issuances of Domestic Banks to Gas Companies After the 2020 Coal Moratorium

Purpose	Company	Year of Closure	Financiers
Refinancing for San Lorenzo 500-MW gas plant, and	FGP Corp.	2021	BDO, BPI, PNB
Financing of other upcoming projects	FGP Corp.	2021	BDO, BPI, PNB
Primarily for the 1.3-GW Batangas Combined Cycle Power Plant, and general corporate purposes	SMCPC	2021	BDO, China bank, PNB
Pay for liquid fuel	FGP Corp.	2021	PNB
Pay for liquid fuel	First Gas Power Corp.	2021	PNB
Pay for liquid fuel	First Gas Power Corp.	2021	BDO
Short-term funding requirements	Prime Meridian	2021	BDO
Pay for liquid fuel	First Gas Power Corp.	2022	BDO
Pay for liquid fuel	First Gas Power Corp.	2022	PNB
Fund fees, expenses incurred in connection with the facilities	Prime Meridian	2021	BPI
Redeem parent company's outstanding redeemable preferred stocks, and for general corporate purposes	First Gen	2021	BDO, BPI
Partially finance company's investments in power-related assets (MPGC & EERI)	SMCPC	2022	AUB, BDO, China bank, PNB, Security Bank, PCCI*
General corporate purposes	Pilipinas Shell Petroleum Corp.	2023	BPI, Metrobank

**Philippine Commercial Capital Inc.*

11 Monitoring of DOE list of "Private Sector Initiated Power Projects" and public pronouncements.

Risks of gas investments

Fossil gas and LNG expansion have been met with objection. The Japan Bank for International Cooperation (JBIC) funder Ilijan LNG import facility project in Ilijan, Batangas in particular was opposed by fisherfolk communities and other stakeholders through a letter complaint, citing the existing and forecasted harms to the environment, climate, health, and livelihoods of the host communities. In 2024, JBIC sent a team to interview the requestor and proponent, and investigate the area where there were violations and damages. The development highlights the risk of involvement by banks that support these projects.

Support for gas expansion and financing of banks to gas developers in turn threatens critical biodiversity hotspots that usually host these projects. In the Philippines, fossil gas and LNG projects are mostly located in the Verde Island Passage (VIP). Supporting these gas expansions and financing run the risk of harming key biodiversity hotspots, in effect harming the communities hosting these projects and impeding on their rights to a clean environment.

In the Intergovernmental Panel on Climate Change (IPCC) report which showed the impacts of a 1.5°C global temperature rise, it emphasized the unprecedented and rapid need to transition away from industries that produce massive amounts of emissions that contribute to warming.[12] Each year with a defined growth in gas financing that passes is a year closer to the climate deadline. Growth in gas financing in a period of immediate climate action poses a risk, breaching 1.5°C global temperature.

Threat of gas around the corner

No new deals were observed in 2024, amidst the drafting and finalizing of the Philippine Natural Gas Industry Development Act. However, in the short period since the law was signed early 2025, several deals have been announced indicating the absence of new gas financing in 2024 was not actually the end of gas financing, rather it may have been a waiting period until the law is enacted for its development making it less risky and more enticing for banks.

Last March 2025, First Philippine Holdings Corp. secured a PHP 10 billion loan from BDO in support of its capital requirements.[13] While the loan is in support of the corporation's capital requirements and does not explicitly mention a gas project, the corporation owns existing and proposed fossil gas facilities through its subsidiary, First Gen Corporation. Furthermore, 54% of First Philippine Holdings Corp.'s revenue for the 2023 fiscal year comes from fossil fuel operations, proving fossil fuel is a major component of the corporation's operations.[14]

Major gas developers from developed countries have also shown interest in the Philippine gas expansion. Last February 2025, Tokyo Gas Co. Ltd, Japan's largest fossil gas utility company, acquired a 20% stake in the LNG terminal of First Gen Corporation.[15] The partnership threatens to boost gas expansion domestically.

In 2024, Meralco, Aboitiz Power, and San Miguel Corporation announced a deal to build an LNG facility in Ilijan, Batangas. News broke out last January 2025 that the USD 3.3 billion deal had been finalized.[16] Meralco borrowed PHP 75 billion from BDO, BPI, and MetroBank to supposedly finance investments and other general corporate purposes. Only a few months have passed since the enactment of the Philippine Natural Gas Industry Development Act, but momentum for its growth is already growing, supported by domestic banks.

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12 Intergovernmental Panel on Climate Change, "Special Report: Global Warming of 1.5 °C." https://www.ipcc.ch/report/sixth-assessment-report-cycle/

13 BusinessWorld, "First Philippine Holdings signs P10-B loan deal with BDO." https://www.bworldonline.com/corporate/2025/03/26/661746/first-philippine-holdings-signs-p10-b-loan-deal-with-bdo/

14 Urgewald, "Global Gas and Oil Exit List 2024." https://gogel.org/

15 Inquirer, "Tokyo Gas seals First Gen LNG 20% buy-in deal," https://business.inquirer.net/507277/tokyo-gas-seals-first-gen-lng-20-buy-in-deal

16 BusinessWorld, "Energy giants seal $3.3-billion LNG deal." https://www.bworldonline.com/corporate/2025/01/29/649634/energy-giants-seal-3-3-billion-lng-deal/#google_vignette

Table 5. Energy Regulatory Commission's action on MERALCO's Power Supply Agreements

ERC Case No.	Distribution Utility	Generation Company	Contracted Capacity	ERC Action	Promulgated on
2024-030 RC	MERALCO	South Premiere Power Corp. (SPPC)	910 ME	Granted provisional authority to implement	9 May 2024
2024-028 RC	MERALCO	Excellent Energy Resources Inc. (EERI)	1,200 MW	Approved subject to conditions	10 December 2024

In addition, the two power supply agreements between MERALCO, South Premiere Power Corporation (SPPC) and Excellent Energy Resources Inc. (EERI) were positively acted upon by the Energy Regulatory Commission in 2024. MERALCO and SPPC were granted provisional authority to implement their PSA subject to certain conditions. MERALCO and EERI's PSA was approved subject to conditions and without prejudice to the decision of the Philippine Competition Commission resulting from its evaluation of their transaction, which may have implications on the ownership of EERI and the gas terminal facility, and which ERC has yet to receive as of date of publication.

RENEWABLE ENERGY EXPOSURE: RENEWABLE ENERGY FINANCING HAS DOUBLED IN SIZE JUST FOUR YEARS AFTER THE IMPLEMENTATION OF THE COAL MORATORIUM

Highlights:

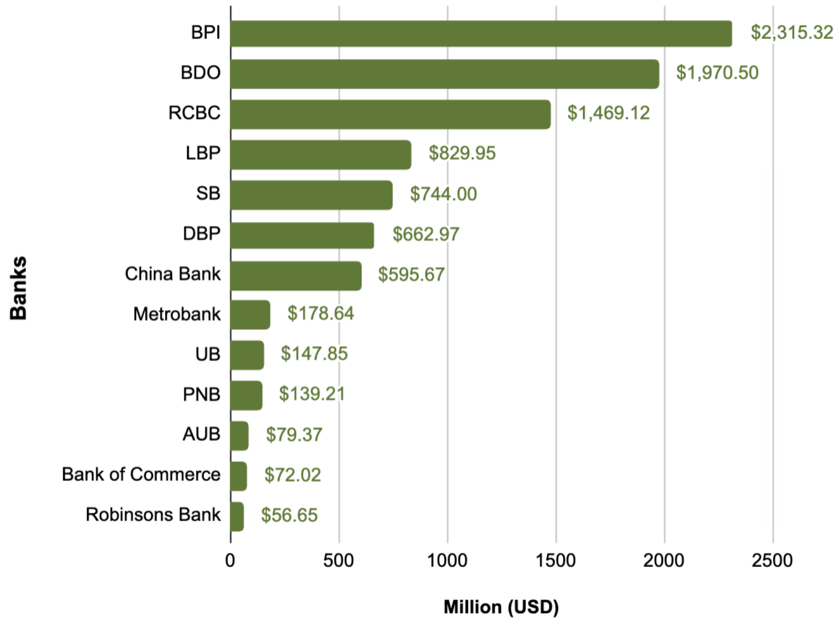
- After reaching record-high financing in 2023, renewable energy sees continued support with USD 1.28 billion provided to the industry in 2024.
- Renewable energy financing in the post-moratorium period currently sits at USD 5.01 billion while pre-moratorium financing sits at USD 4.34 billion.
- Total renewable energy financing now stands at USD 9.3 billion, only about half of the total coal and gas financing which sits at USD 16.8 billion.
- BDO, Security Bank, BPI, RCBC, PNB, DBP, and China Bank were involved in a total of USD 1.28 billion spread across ten deals in 2024.
- BPI and BDO are the biggest renewable energy financiers with USD 2.3 billion and USD 1.97 billion respectively.

Despite banks continuing to bank on fossil fuels like coal and fossil gas, renewable energy financing steadily gains momentum. Renewable energy financing from 2021 to 2024 currently sits at USD 5.01 billion, finally exceeding the scope of pre-moratorium financing which dates all the way back to 2009.

Renewable energy exposure ranking

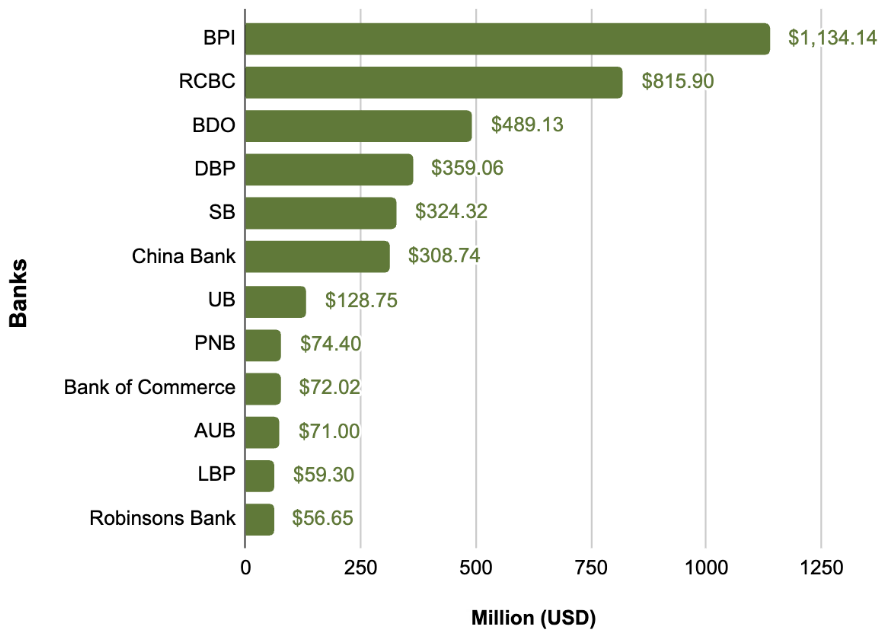
Rankings depict only a few changes when compared to the previous year. Apart from the majority of banks adding new financing deals in 2024, only Security Bank has swapped places with DBP for fifth biggest renewable energy financier overall. BPI and BDO are the biggest renewable energy financiers with USD 2.3 billion and USD 1.97 billion respectively, followed by RCBC. PBComm and EastWest Bank have yet to contribute in renewable energy financing, these banks have directed financing only to coal thus far.

Figure 7. Total RE Financing by Domestic Banks from 2009 to 2024



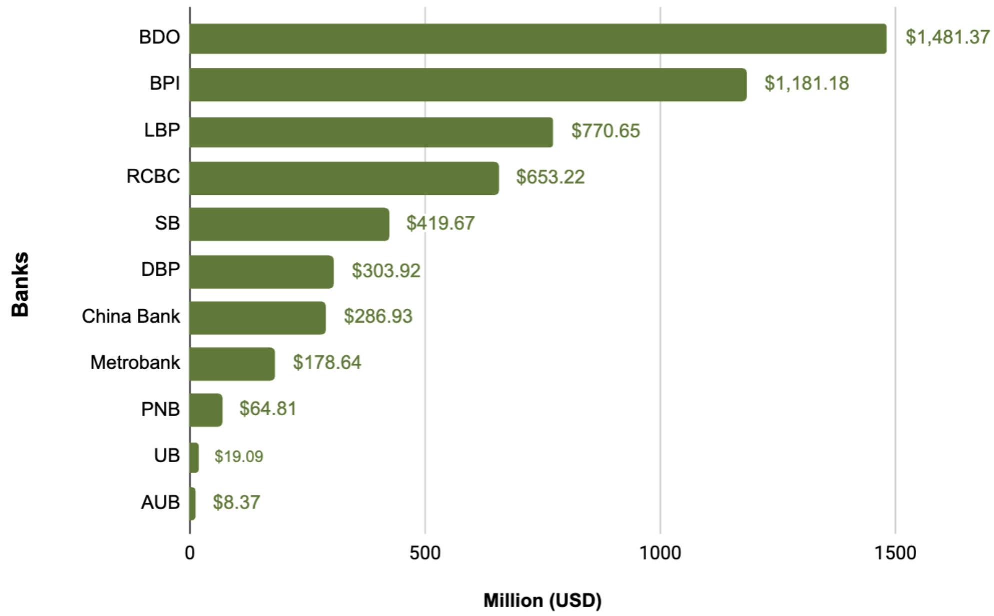
A total of USD 1.28 billion spread across ten deals were registered in 2024. Banks that were involved in these deals include BDO, Security Bank, BPI, RCBC, PNB, DBP, and China Bank. Among these deals are green bonds designated for various renewable energy projects.

Figure 8. RE Financing Pre-Moratorium by Domestic Banks (2009-2020)



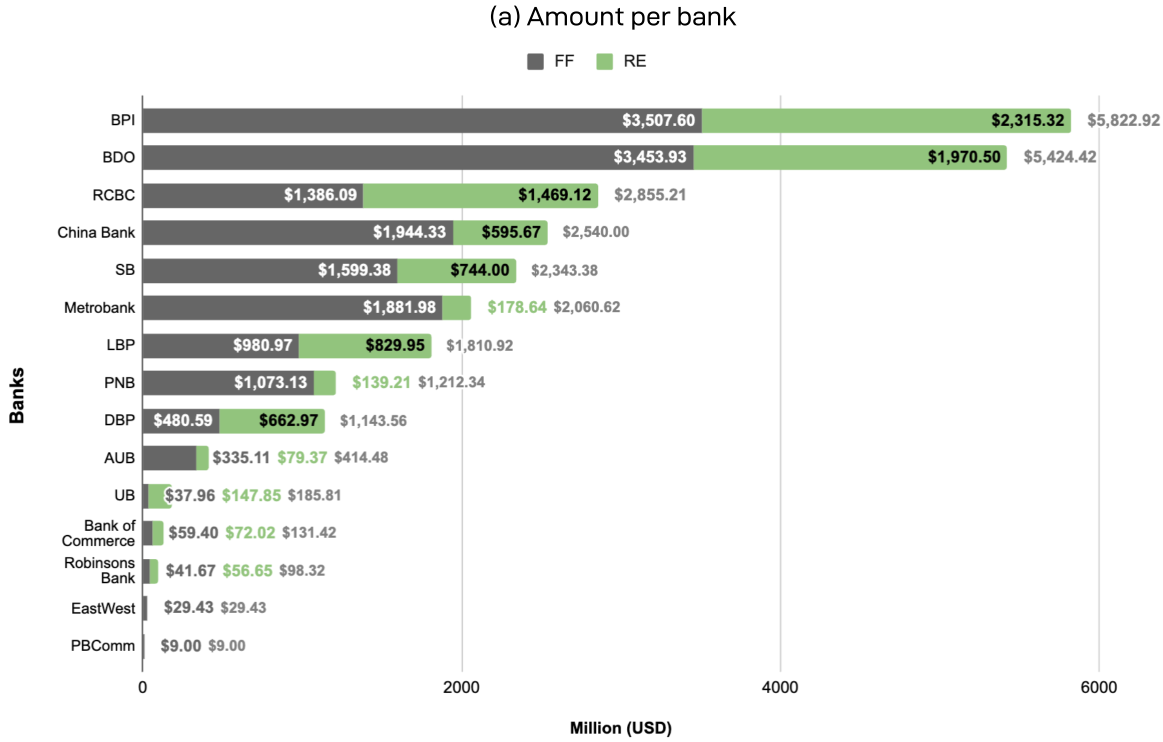
BDO is the biggest renewable energy financier when considering only post-moratorium financing. Said bank also shows the largest margin by far when comparing post-moratorium and pre-moratorium financing. BDO's post-moratorium financing is 67% of its total renewable energy financing.

Figure 9. RE Financing Post-Moratorium by Domestic Banks (2021-2024)

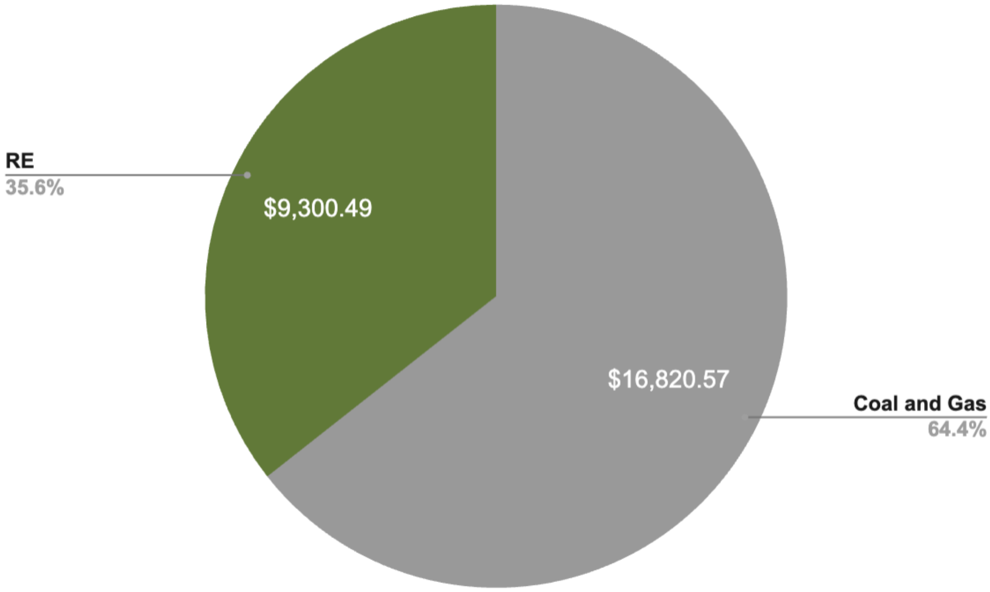


Recognizing the amount of financing directed towards renewable energy by the biggest financiers like BPI and BDO, it still lags behind in comparison to the amount they mobilized for fossil fuels. In fact, the top four biggest financiers of renewable energy, apart from RCBC, all have greater fossil fuel financing. China Bank, Metrobank, PNB, and AUB have more than triple the amount of financing directed towards fossil fuels compared to renewable energy.

Figure 10. Fossil Fuel vs RE Financing from 2009 to 2024



(b) Cumulative Percentage Coal and Gas vs RE



While new financing registered in 2024, which sits at USD 1.28 billion, is lower compared to the previous year, it still fortifies overall renewable energy financing. Total renewable energy financing now stands at USD 9.3 billion, only 55% of the total coal and gas financing which sits at USD 16.8 billion. There is a long way to go before renewable energy financing eclipses that of fossil fuels, but it's inevitable given the financial risks attributed to fossil fuels and clear pathways outlining transition to renewable energy.

Growing bankability of renewable energy

Renewable energy has exhibited increased bankability in the years since the coal moratorium, while coal and gas financing has dwindled to the point of reaching zero new financing in 2024. Renewable energy mechanisms are also starting to kick-in resulting in growth of pipeline power projects.

The Philippine Green Energy Auction Program (GEAP) has been yielding promising results that are beneficial to growth of renewable energy and broadens avenues for financing. The results of the third round of the GEAP have auctioned approximately 7.5 GW of renewable energy.[17] All rounds of GEAP so far have auctioned a total of 15 GW of renewable energy. Meanwhile, the fourth round of GEAP aims to auction an additional 9.4 GW of renewable energy.[18]

The GEAP yields are only a small fraction of the country's potential. Overall, the country holds about 1200 GW of renewable energy capacity ranging from solar rooftop, open-field solar and onshore, and offshore wind energy.[19] Renewable energy is growing at a rapid pace and financing of fossil fuels is becoming a distraction and diversion.

17 Department of Energy, "DOE successfully conducted 3rd Green Energy Auction Round." https://doe.gov.ph/press-releases/doe-successfully-conducted-3rd-green-energy-auction-round

18 Department of Energy, "Philippines opens Green Energy Auction 4, integrating energy storage for a sustainable future." https://doe.gov.ph/press-releases/philippines-opens-green-energy-auction-4-integrating-energy-storage-sustainable

19 Climate Analytics, "A 1.5°C Future Is Possible: Getting Fossil Fuels out of the Philippine Power Sector." https://ceedphilippines.com/1-5c-philippine-power-sector/

Table 6. How Much Do Banks Spend on Renewable Energy for Every Dollar of Fossil Fuel?

Bank	For every 1 USD on fossil fuel, banks spend the following on RE from 2009 to 2024 (difference from previous scorecard)
UB	USD 3.89
DBP	USD 1.38 (+0.1)
Robinsons Bank	USD 1.36
Bank of Commerce	USD 1.21
RCBC	USD 1.06 (+0.28)
LBP	USD 0.85 (-0.04)
BPI	USD 0.66 (+0.09)
BDO	USD 0.57 (+0.07)
SB	USD 0.47 (+0.12)
China Bank	USD 0.31 (+0.05)
AUB	USD 0.24
PNB	USD 0.13 (+0.02)
Metrobank	USD 0.09
EastWest	0.00
PBComm	0.00

A direct comparison of the amount of dollars spent on fossil fuels compared with renewable energy reveals only a handful of banks spend more on renewable energy. Notably, UB spends USD 3.89 on renewable energy for every dollar directed to fossil fuels. DBP, Robinsons Bank, Bank of Commerce, and RCBC spend a little over USD 1.25 on average on renewable energy for every dollar directed to fossil fuels.

Reclaim Finance has determined that for every dollar spent on fossil fuel, six dollars must be spent towards renewable energy supply by 2030 in order to limit global warming to 1.5°C.[20] Top banks spend below a dollar, indicating that while these banks have mobilized significant financing for renewable energy, they're far from offsetting their fossil fuel financing and aligning with climate targets.

20 Reclaim Finance, "6:1, a ratio to successfully transform our energy system." https://reclaimfinance.org/site/en/2024/02/06/61-a-ratio-to-successfully-transform-our-energy-system/

SHIFTING TRENDS IN ENERGY FINANCING: RENEWABLE ENERGY FINANCING NOW MOST DOMINANT IN THE POST-COAL MORATORIUM PERIOD

Highlights:

- Financing trends prior to and after the coal moratorium show a clear shift towards renewable energy.
- Renewable energy financing exhibited a gradual rise since 2012 until it increased significantly after the coal moratorium
- Coal and gas financing constituted 78% in the pre-coal moratorium period. However, fossil fuel financing has dwindled down to a third of the total post-moratorium financing.
- The power financing data gathered in 2024 depicts that less than a quarter of financing are in loans while the rest are bonds.

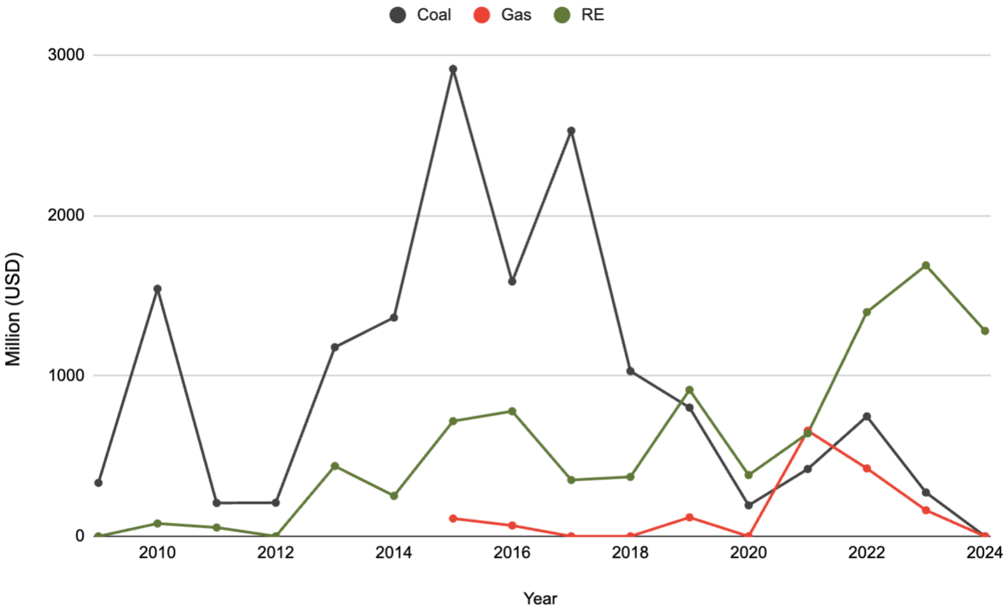
The data is a clear indicator that banks are starting to consider fossil fuel financing as a risky endeavor. This trend however is not a guarantee as divestment and sustainability policies need to reflect the exit from financing fossil fuels to assure no new fossil fuel financing will push through. While banks have not yet optimized their policies to the fullest in this regard, incremental improvements can still narrow the window for fossil fuel financing.

The first time with no new fossil fuel financing since the Paris Agreement

After renewable energy financing overtook fossil fuels in 2022, the latter continued to dwindle until it reached zero in 2024. For coal, specifically, the decline started as far back as 2015. Renewable energy financing on the other hand exhibited a gradual rise since 2012 until it increased significantly in 2022 after the coal moratorium.

Notwithstanding Aboitiz's TVI coal expansion project, MPGC's loan for the improvement of its coal plant, and the Ilijan LNG facility deal between Meralco, Aboitiz, and SMC early this year signaling that there is still interest in fossil fuel financing, the absence of new fossil fuel financing deals in 2024 after more than a decade of fossil fuel expansion and almost a decade since the Paris Agreement is a crucial point. Efforts should be sustained and banks should reaffirm commitments to maintain this status.

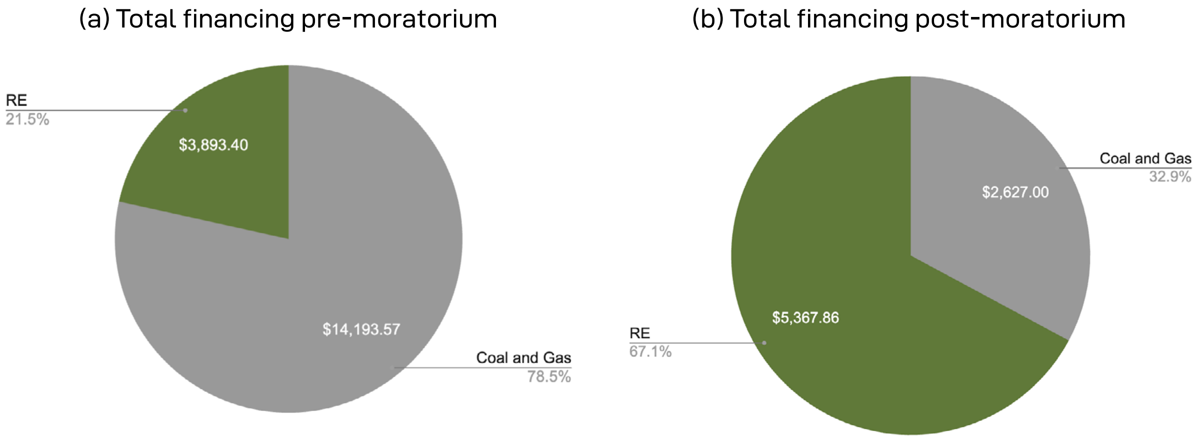
Figure 11. Annual Coal, Gas, and RE financing by the Largest Domestic Banks, 2009 to 2024



Fossil fuel only accounts for a third of power financing post-moratorium

Financing for coal poured in during the pre-moratorium era where there were minimal restrictions and coal was prioritized in energy development despite the passage of the Renewable Energy Act. As a result, fossil fuel financing constituted over 78% of pre-moratorium financing. However, considering only the amount of financing after the coal moratorium has taken effect, fossil fuels now only constitute a third of the cumulative post-moratorium financing. Gas financing contributed heavily in the post-moratorium period. In fact, 81% of overall gas financing occurred post-coal moratorium, indicating a clear upswing of gas financing in this period. Total gas financing from 2021 to 2024 sits at USD 1.245 billion. Financing will continue to skew towards renewable energy as it outpaces fossil fuels and financing for the latter runs dry.

Figure 12. Cumulative Fossil Fuel vs RE Financing from 2009 to 2024

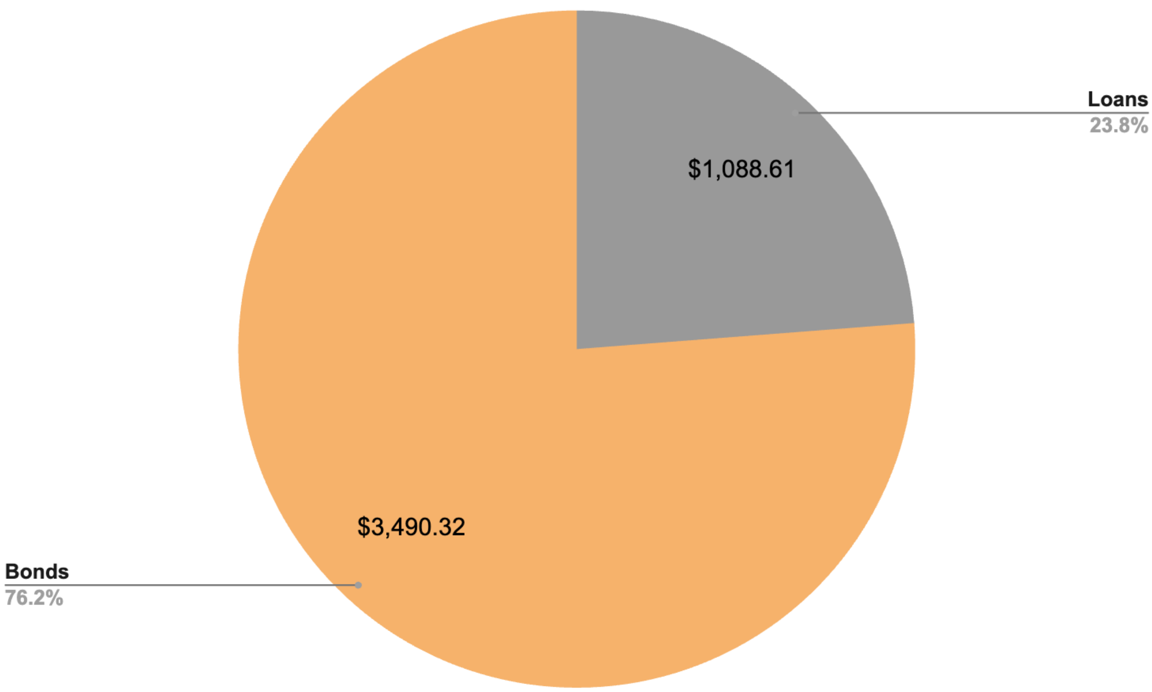


Increase of funding for sustainable projects through bonds guards against greenwashing

The power financing data gathered in 2024 depicts that less than a quarter of financing are in loans while the rest are bonds. Green bonds are utilized for projects that contribute to addressing climate and environmental issues. It must be noted, however, that banks must assure financial flows are not directed towards harmful projects, false solutions, and greenwashed projects that aim to rationalize projects to align with the requirements of green bonds despite the lack of true contribution towards addressing climate and environmental issues.

To minimize greenwashing, banks must improve and implement their investment reporting, Sustainable Finance Frameworks and Environmental and Social Risk Management Systems.

Figure 13. 2024 power financing by type



FOSSIL FUEL DIVESTMENT POLICIES: MAJORITY OF DOMESTIC BANKS ADOPT COAL RESTRICTIONS OR DIVESTMENT POLICIES

Highlights:

- Existing bank policies still do not fully prohibit financing for new coal, and no bank has announced or adopted a gas divestment or no gas policy.
- Majority of the domestic banks scored in this report have now adopted policies to divest and/or restrict financing for coal, with the addition of two new banks in 2025. MetroBank has set a new position to limit its overall term loan exposure to coal-fired power projects. Meanwhile, PNB has defined across the board restriction on upstream and midstream coal projects, but still allows downstream Ultrasuper Critical, Super Critical, and Circulating Fluidized Bed coal technologies.
- DBP regresses as it defines a criteria that permits financing for the development and construction of coal for energy generation or mini-grid rural electrification projects.

While banks continue to adopt coal divestment policies since the issuance of the coal moratorium, there is much room to adopt more stringent policies to finally end fossil fuels financing. The current state of policies allow loopholes that the banks and coal industry can take advantage of such as expansion of existing coal projects and other activities related to the coal industry. Furthermore, failing to prohibit financing beyond project financing allows banks to engage in corporate financing as well as capital market activities such as underwriting.

Only a handful of banks established and improved their coal exclusion policies, and even then, their criteria still leaves the door open for financing of projects such as coal expansion and other activities that prolong the lifespan of coal throughout the value chain. There are also loopholes through underwriting and corporate loans to coal companies.

Divestment policies and exclusion lists still provide a window for fossil fuel financing

Disclosure is integral to assess a bank's exposure. Examining exposure and transactions reveal potential loopholes in policies that are utilized by banks to continue financing of fossil fuels. Towards divestment of fossil fuels like coal, banks are guided by exclusion lists that provide a criteria for what kind of deals the bank will pursue. Some banks have already developed coal divestment policies to limit exposure to coal.

Table 7. Domestic Banks with Coal Exclusion Policies

Bank	Year	Scope of Pronouncement
BDO	2022	No new coal capacity, and lower total coal exposure by 50%, while ensuring that its coal exposure does not exceed 2% of its total loan portfolio by 2033.
BPI	2021	No additional commitments to finance greenfield coal power generation projects. Outstanding loans to coal power generation shall also be reduced to 50% of current exposure by 2026, and zero by 2032.
	2023	During their Annual Stockholders' Meeting in 2023, the bank also clarified that the policy also covers other capital market activities, such as underwriting.
DBP	2017	DBP issued an internal policy placing coal power facilities on the negative list of projects to be financed by the bank. "Power generation using coal as fuel" is included in the negative list regardless of the project proponent.
Land Bank	2023	The bank in 2023 included power plants with greenfield status and those that will be newly constructed in its negative/exclusion list. According to their letter on the policy, "the Board-approved policy provides the list of projects/activities excluded from financing and/or investment which shall be adopted as a guide/reference of the concerned Bank units. However, the Bank will continue to honor existing loan/investment agreements executed prior to the approval of the said guidelines but will no longer renew/expand those projects."
	2024	Land Bank stated that its board approved the "Guidelines on the Transition Policy on Coal-Fired Power Plant Financing and Investment," which follows the parameters of DOE's coal moratorium. In the same letter, Land Bank said it has set conditions borrowers must comply with, including using "supercritical" technology, and submission of a commitment/plan to transition to RE.
RCBC	2020	Committed to cease funding of the construction of new coal power plants in the country or anywhere else in the world. In 2021, the bank also disclosed its plan to zero its remaining exposure to coal-fired power projects by 2031.
Robinsons Bank	2022	Disclosed in the 2022 Annual Report that they will 100% divest from coal exposures by 2035.
Security Bank	2022	Committed to no longer finance new coal generation plants and to completely wind down existing exposures by 2033.
	2024	Security Bank stated that their policy includes underwriting for coal-fired power plants. They added that the policy will be applicable to their subsidiary investment arm starting 2024.
	2025	A sensitivity analysis affirmed their commitment to exit from coal financing by 2033.
Metro Bank	2025	Bank has set its position to limit its overall term loan exposure to coal-fired power projects to no more than 3% of its total loan portfolio by 2033, and to further reduce this to no more than 2% by 2037.
PNB	2025	The Bank will only be servicing existing clients until maturity and is no longer accepting new coal-related projects to finance or support except for coal-fired power projects such as Ultrasuper Critical, Super Critical, and Circulating Fluidized Bed with complete technical validation and complete regulatory requirements.

MetroBank and PNB adopt coal divestment policies, meanwhile DBP regresses in its coal policy

This year's scorecard depicts a new policy observation showing that MetroBank has set a new position to limit its overall term loan exposure to coal-fired power projects to no more than 3% of its total loan portfolio by 2033, and to further reduce this to no more than 2% by 2037. This policy however fails to totally prevent coal financing moving forward. Moreover, the approach enables the bank to grow its coal portfolio as long as the bank maintains the 3% cap overall.

On the other hand, while PNB has defined a new policy outlining across the board restriction on upstream and midstream coal projects, it still exempts downstream Ultrasuper Critical, Super Critical, and Circulating Fluidized Bed coal technologies which are conventional technologies commonly utilized by developers. This exclusion criteria essentially leaves out a big aspect of coal financing and continues to expose the bank to growing financial risks of coal.

DBP has also taken a step backwards as it defines the criteria of eligibility to avail financing for the development and construction of energy generation or mini-grid rural electrification projects to address constraints in power supply systems. Instead of catering solely to cost-effective, distributed, adaptive, and modular renewable energy attuned to rural environments, acceptable technologies include coal, diesel, bunker, and the like. These financing facilities which allow financing of inefficient coal delays total coal divestment and creates an avenue for more coal financing in the future.

Six banks remain in the League of Fossil Fuel Divestment Laggards

Since the first iteration of the Fossil Fuel Divestment Scorecard in 2020, banks have been monitored to steadily adopt coal divestment policies. A total of nine banks have developed coal exclusion policies as seen in the table above. However, there are laggard banks that have not adopted any divestment policy despite the urgency of energy transition. This will weigh heavily in the Fossil Fuel Divestment Scorecard as banks cannot simply rely on renewable energy financing to offset fossil fuels. Banks must holistically approach energy transition through financing activities and policies.

Table 8. League of Fossil Fuel Divestment Laggards

Bank	Coal Exposure (in million USD)	Gas Exposure (in million USD)
AUB	193.69 (10th overall)	141.42 (5th overall)
Bank of Commerce	59.4 (11th overall)	none
China Bank	1,653.13 (4th overall)	291.2 (2nd overall)
East West Bank	29.43 (14th overall)	none
PBComm	9 (15th overall)	none
Union Bank	37.96 (13th overall)	none

No bank has announced or adopted a gas divestment or no gas policy

The results of bank inquiries and research on relevant reportorial documents show that banks have yet to formulate, let alone announce plans to develop a gas divestment policy. It is imperative that both coal and gas must be phased-out immediately to mitigate emissions and align with the 1.5°C target. Although the banks' coal divestment policies require improvements to prevent loopholes, these policies limit coal financing. Gas divestment policies also need to be developed as financing of gas, another fossil fuel, threatens to occupy the gap.

Based on the latest climate projections, it is clear that reaching the 1.5°C target requires that there must be no expansion of coal and gas capacity. Furthermore, coal and gas must be phased-out of the power sector by 2030 and 2035, respectively.[21] Banks play a crucial role to prevent the detour of the power sector to gas, which will lock the country to decades of more fossil fuels.

21 Climate Analytics, "A 1.5°C Future Is Possible: Getting Fossil Fuels out of the Philippine Power Sector." https://ceedphilippines.com/1-5c-philippine-power-sector/

SUSTAINABILITY POLICIES: PROGRESS IN SUSTAINABLE FINANCE FRAMEWORKS AND TAXONOMY, AND CONCERNS ON GREENWASHING AND TRANSITION MECHANISMS

Highlights:

- China Bank, EastWest, and MetroBank have improved their disclosures of SFFs and ESRMS.
- Some banks such as PNB, Security Bank, and Union Bank have also started to align with Sustainable Finance Taxonomy Guidelines.
- AUB continues to categorize harmful fossil fuel projects such as LNG under sustainable projects.
- Banks provided support through financing of renewable energy, energy efficiency, green building, sustainable agriculture projects, micro, small, and medium enterprise lending, and solar mortgages.
- BPI and RCBC participated in the coal retirement mechanism for Ayala-led AC Energy Corp through a PHP 13.7 billion facility.

Second full year of the SFF and the ESRMS, and the start of development for SFTG

After the Bangko Sentral ng Pilipinas mandated domestic banks to institutionalize a Sustainable Finance Framework (SFF) in 2020, banks have followed suit to develop a framework to support sustainability commitments. The development of the Environmental and Social Risk Management System (ESRMS) also aids to identify their exposure to risky industries and outlines measures to mitigate environmental and social risks.[22] Several banks have already established their SFFs and ESRMS as indicated in their published documents covered by this report. Banks differ, however, on the level of disclosure of the processes governing their risk frameworks.

We noted that in 2024, China Bank, EastWest, and MetroBank have relatively improved their disclosure of their ESRMs. In the past years, China Bank only stated that it has set up its own ESRMS but provided not much detail on their system. In its 2023 report, China Bank has disclosed the level of risks of its exposures to certain sectors.

Review of policies show that more banks have started to develop and establish their SFFs and ESRMS. Banks including BOC, BPI, BDO, DBP, RCBC, Security Bank, and Union Bank have started developing and implementing these since 2023. In 2024, a few more banks established these frameworks and systems including China Bank, EastWest, and MetroBank. These developments show commitment to immediate transition to sustainability, but much improvement is needed in disclosure to assess effectiveness further.

Some banks such as PNB, Security Bank, and Union Bank have also started to align with Sustainable Finance Taxonomy Guidelines (SFTG). Security Bank for example is aiming to align sustainable finance loans in accordance with the SFTG. The SFTG guides banks and investors in allocating capital towards sustainable projects. Furthermore, the SFTGs aim to direct and accelerate capital flows to economic activities that promote sustainability, reduce emissions, and build climate resilience. It also promotes transparency and credibility by minimizing the risk of greenwashing.[23] Although BSP will only start collecting information on the use of SFTG at the start of 2025, some banks have already signified in 2024 to adjust and align operations with SFTGs.

Banks greenwash LNG

Preventing greenwashing is a key objective of the SFTG and should be integrated in the operations of financial institutions. In this scoring period, it was observed that some banks categorize harmful fossil fuel projects under sustainable projects. AUB for example has categorized financing of a gas project under climate sustainability, the LNG terminal worth PHP 5 billion as of Dec. 31, 2022. On the other hand, BOC has withdrawn LNG terminals as one of the projects that the bank determines is applicable to align with United Nations Sustainable Development Goals.

While there are no new gas deals registered in 2024, developments involving First Philippine Holdings Corporation's PHP 10 billion loan from BDO, and Meralco, Aboitiz Power, and San Miguel Corporation's USD 3.3 billion deal for the LNG facility in Ilijan, Batangas all occurring within the first few months of 2025 signify that banks have a renewed interest in gas and LNG. It is also signified in how some banks continue to categorize these projects as sustainable despite the harmful, economic, environmental and social impacts.

Support for accessibility through small-scale distributed renewable energy

Most banks have identified renewable energy as a sustainable project which has also prompted the development of financing facilities. These facilities are crucial to providing access and showing potential of renewable energy in conventional and various geographical use-cases that are found in the country given its archipelagic nature.

DBP, Land Bank, and BDO have identified facilities that aid in financing these projects that have been accounted for in previous reports. Additionally in 2024, banks have contributed further in enhancing access. BPI financed renewable energy, energy efficiency, green building, and sustainable agriculture projects. Specifically, the bank offers micro, small, and medium enterprise lending. The bank also offers solar mortgages that offer financing for solar modules.

22 Bangko Sentral ng Pilipinas, "Sustainable Finance Framework." https://www.bsp.gov.ph/Regulations/Issuances/2020/c1085.pdf

23 Bangko Sentral ng Pilipinas, "Philippine Sustainable Finance Taxonomy Guidelines." https://www.bsp.gov.ph/Regulations/Issuances/2024/1187.pdf

MetroBank also offers solar panel promos for retail customers, and has created the Metro Clean Energy Equity Feeder Fund, a trust that allows clients to invest in sustainability-conscious companies engaged in renewable energy, alternatives fuels, and energy efficiency. However, it is unclear how much proceeds of these funds go into alternative fuels other than renewable energy.

BPI and RCBC secure energy transition deals

In 2022, BPI launched its Energy Transition Financing Facility, a coal retirement mechanism, with Ayala-led AC Energy Corp through a PHP 13.7 billion facility to decommission a 246 MW coal-fired power plant in Calaca, Batangas by 2040. It has been revealed through inquiries with the banks that RCBC also engaged in energy transition financing. RCBC also participated in the loan for AC Energy Corp.

This move by the company received support from the energy department stating, “ACEN has our full support for this initiative, and we will explore ways to facilitate this program through access to climate financing. We also encourage every effort to incentivize the business owners and institutions that will participate in similar undertakings and work towards energy transition.”[24]

ACEN's early coal retirement initiative, along with ADB's similar mechanism for the STEAG coal power plant in Mindanao, were also chosen to be the pilot projects of a Singapore-led coalition that seeks to use carbon credits to hasten coal transition.[25] In theory, the retiring coal plants will sell carbon credits for their foregone emissions to carbon-polluting corporations. The revenue from selling carbon credits will replace the foregone revenues of the coal plants had they operated until their original end-of-life.

One of the possible guidelines the Singaporean monetary authority might implement for the carbon credits, in line with the core carbon principles, is that the host jurisdiction should make commitments to having no new CFPPs beyond what is already planned, and CFPP owners must commit to not financing other coal or coal-related businesses.[26] The Philippines has yet to adopt any mandatory coal phaseout policy, and the current operator of the 200-MW coal plant in Mindanao, Aboitiz Power, is making moves to expand its existing coal plant in Cebu.[27]

24 Department of Energy, “Statement of Support Accelerating Managed and Just Coal Phasedown,” doe.gov.ph, December 5, 2023, https://www.doe.gov.ph/press-releases/statement- support-accelerating-managed-and-just-coal-phasedown

25 David Fogarty, “MAS Launches Transition Credits Coalition to Hasten Coal Phase-Out,” The Straits Times, December 4, 2023

26 Monetary Authority of Singapore and McKinsey & Company, “Accelerating the Early Retirement of Coal-Fired Power Plants through Carbon Credits,” September 2023, https://www.mas.gov.sg/-/media/mas-media-library/publications/monographs-or-information-paper/sg/accelerating-the-early-retirement-of-coalfired-power-plants-through-carbon-credits--sep-2023.pdf

27 Maria Bernadette Romero, “AboitizPower Unit Targets New Coal Plant,” Daily Tribune, February 29, 2024, https://tribune.net.ph/2024/02/28/aboitizpower-unit-targets-new-coal-plant

FOSSIL FUEL DIVESTMENT SCORECARD RANKING

The 2025 Fossil Fuel Divestment Scorecard results show that China Bank, BDO, AUB, BPI, and LBP are among the top banks that have contributed the most to coal and gas financing from 2009 to 2024. While these banks also directed financing towards renewable energy for the same period, their divestment and sustainability policies were insufficient to offset their contribution to fossil fuel expansion and its impacts.

As indicated in the scorecard methodology, greater weight was placed on post-moratorium financing. This will continue to increase as the post-moratorium period extends, to emphasize the need for deliberate and decisive climate action from banks in order to divest away from coal and gas. At the same time, banks must ramp up renewable energy financing even more to contribute in keeping global temperature increase below 1.5°C.

As such, laggards cannot simply net a good score by divesting from fossil fuels, banks must also redirect financing to renewable energy and adopt ample divestment and sustainability policies to be deemed as a sustainable bank overall.

Table 9. 2025 Fossil Fuel Divestment Scorecard

Rank	Bank	Financing Pre-Moratorium	Financing Post-Moratorium	Divestment Policy	Sustainability Policies	Overall Score
1	China Bank	2.09	3.78	0.0000	1.0000 ↑	2.42 ↑
2	BDO	2.13	3.56	0.2949	2.2800 ↑	2.20 ↑
3	AUB	2.30	0.78	0.0481	0.0700	1.91 ↓
4	BPI	1.99	2.56	0.4872	1.8100	1.89 ↑
5	LBP	2.56	-0.44	0.7222	1.9000	1.70 ↑
6↑	Metrobank↑	1.27	2.78	0.1667 ↑	0.9500 ↑	1.56 ↑
7↓	SB↓	1.70	1.78	0.3248	1.0000	1.55 ↓
8	PNB	1.20	2.78	0.4701 ↑	0.6800	1.49 ↑
9	DBP	1.53	-0.66	0.4562 ↓	3.3200	0.82 ↓
10	RCBC	0.99	0.56	0.6496	2.4700	0.75 ↓
11	Bank of Commerce	0.60	0.56	0.0000	1.0100 ↑	0.57 ↓
12	PBComm	0.64	0.00	0.0000	0.3200 ↑	0.47 ↓
13	EastWest	0.64	0.00	0.0192 ↑	1.0300 ↑	0.46 ↓
14	Robinsons Bank	0.60	-0.66	0.3942	0.3700	0.27 ↓
15	UB	0.60	-0.88	0.0940	1.1800	0.22 ↓

Legend:
The arrows indicate whether the 2025 score or rank increased or decreased relative to the 2024 score or rank. A ***red arrow*** *indicates a worse score, while a* ***green arrow*** *indicates a better score. Banks should aim to lower their score for Financing Pre-Moratorium, Financing Post-Moratorium, and Overall Score, and increase their score for Divestment Policy and Sustainability Policies.*
For ***red gradients****, a high score is a negative indicator. The banks in the darkest red shade are performing the worst. These banks should aim to lower their score.*

China Bank remains on top with the worst score in this year's Fossil Fuel Divestment Scorecard. China Bank is the second biggest gas financier with USD 291 million. China Bank is also the fourth biggest financier in terms of coal with USD 1.66 billion. The bank has more than triple the amount of financing directed towards fossil fuels compared to renewable energy. With only minimal improvements in sustainability policies in the form of establishing a process to take ESG considerations into account in financing or investment decisions, the bank nets a worse score given the scorecard's increasing emphasis on post-moratorium financing, the bank nets a worse overall score compared to last year.

BDO has the second worst score in this year's Fossil Fuel Divestment Scorecard. BDO funneled a total of USD 3.1 billion in coal financing and USD 356 million in gas financing. On the other hand, BDO is second in terms of total renewable energy financing with USD 1.97 billion. Despite these figures, BDO's renewable energy financing still lags behind in comparison to the amount the bank mobilized for fossil fuels. The bank made a small improvement in its divestment and sustainability policies. BDO has incorporated an engagement strategy with its clients on transitioning to a low-carbon economy and renewable energy, as well as financing of various enterprises engaged in sustainable businesses. However, these improvements were not sufficient to offset their pre- and post-coal moratorium financing. As a result, the bank also nets a worse overall score compared to last year.

AUB has the third worst score in this year's Fossil Fuel Divestment Scorecard. Similar to last year's scorecard, AUB remains in third place. Compared to other banks, AUB is not one of the biggest financiers of coal nor gas. The bank has a relatively small contribution to coal financing with only USD 193 million, and only USD 141 million for gas financing. The bank has an even smaller contribution to renewable energy financing with USD 79 million. While the bank has significantly lower total financing compared to BDO and BPI, it also has significantly lower renewable energy financing and virtually no divestment and sustainability policies. Since AUB made no improvements in their divestment and sustainability policies, the increasing weight of post-coal moratorium activities in this year's scorecard contributed to the bank's worsened score.

Notably, only two banks have swapped spots in the ranking, this includes MetroBank and Security Bank. Despite the adoption of a coal divestment policy, MetroBank rose a spot given the unremarkable level of financing directed towards renewable energy post-moratorium.

RECOMMENDATIONS

Common but differentiated goals toward climate action dictate that the Philippines, hand in hand, must show significant action to contribute to the Paris Agreement. As key movers, local banks should lead efforts within its sector to align with this. The following are recommended benchmarks for a bank to be considered a leader in coal and fossil gas divestment, renewable energy financing, and sustainability efforts. While banks' scores are telling of how they are faring in terms of exerting climate-aligned energy and sustainability policies and efforts and where key areas of improvement are, the following recommendations intend to provide banks with key elements necessary in formulating Paris-aligned policies:

Banks that have made or will make public pronouncements that they will no longer fund or support coal and fossil gas projects should ensure that they do not finance these projects through loopholes in their own policies, such as through underwriting or selling securities intended for coal or fossil gas projects, related facilities, and developers. Participation in these types of securities in any form is counterintuitive and render useless the divestment policies of these banks which ultimately still enable financing to flow into the coal and fossil gas industries, and in the process profit from these transactions through issue management and underwriting fees and selling commissions. They must also ensure that their policies don't regress into allowing some forms of financing to flow back into these industries.

Banks' exclusion policies should prohibit financing of all technologies related to coal power projects such as, but not limited to, ultra supercritical, super critical, and circulating fluidized bed technologies, and financing of false carbon-based solutions and retrofitting technologies. Moreover, the Sustainable Finance Framework should not facilitate financing for all coal technologies.

Similarly, banks that have made or will make public pronouncements on divestment should ensure that the same policy is cascaded and aptly applied by their subsidiaries.

Banks that have not so far made any pronouncements on their coal exposure, meanwhile, are lagging behind and must immediately come up with clear policies and timelines to divest from existing exposure and prohibit new financing.

Domestic banks are similarly called to divest from financing fossil gas and LNG projects and companies, which would only prolong the country's reliance on fossil fuels. This should form part of a long-term strategy to divest from other carbon-intensive and environmentally destructive projects.

Banks that have made or will make public pronouncements that they will no longer fund or support coal and/or fossil gas and LNG projects should also develop and disclose a comprehensive framework, strategy, and timeline to execute these pronouncements. Broadstroke pronouncements serve as a market signal to the dying viability of coal and the increasing risks of gas, yet offer little ability for shareholders and stakeholders alike to determine how their banks are faring in contributing to meet climate and energy transition deadlines and targets.

Banks that have either made pronouncements and/or are currently developing their framework should develop criteria for divesting from companies that are contributing to the coal or fossil gas expansion. Furthermore, they should develop engagement strategies with clear targets and thresholds to encourage their clients to withdraw from coal and other fossil fuel projects.

Banks that have or will engage in coal retirement mechanisms should adopt the Ten Guiding Principles for Financing Coal Retirement Mechanisms principles to ensure that renewables are priorities, false carbon-based solutions and retrofitting delays are avoided, concessional financing is provided especially for distributed, small-scale, and community renewable energy systems, and local communities are protected from the impacts of early coal retirement.

Banks should continue to scale up their renewable energy ambitions at an unprecedented scale to support the country's commitment to the Global Renewables Pledge that seeks to triple the world's renewable energy capacity and double energy efficiency by 2030, achieve the renewable energy targets under the 1.5°C-aligned Philippine power sector pathway, and finance the 13 GW renewable energy projects and future projects under the GEAP. They should also develop policies and financing mechanisms in support of distributed, merchant, and small-scale renewable energy systems. As banks step up to do their part in the sustainable development of the Philippines, they are well-positioned to enable better access to clean, affordable, and reliable renewable energy.

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