



2025 MCPI Annual Conference Microfinance and Sustainable Finance for the Poor

Plenary Session 1: Integrating ESG in Regulation and Institutional Practice

A Presentation by:

Rhodora M. Brazil-De Vera
ESG Supervision and Surveillance Group,
Financial Supervision Sector, BSP

Plotting the Points

01

**Key Considerations in
Climate Action**

02

**BSP's Sustainability
Strategy**

03

**Enabling Sustainability
Regulations**

04

**Ongoing and Forthcoming
Policy Initiatives and Other
Activities**

05

**Local and Global
Engagements**



Key Considerations in Climate Action

Government Policies and Programs

- Adaptation as priority climate action
- Mitigation pursued for environmental co-benefits
- Sustainable development goals (SDGs)



Financial Sector's Intermediary Role

- Managing risk exposures
- Scaling sustainable finance
- Engaging borrowers or clients



Unintended Consequences

- Termination of financing relationships
- Exclusion of MSMEs
- Impact to supply chain actors



BSP's Sustainability Strategy

✓ Sustainable Central Banking Program

✓ 2024-2029 BSP Enterprise Strategy

✓ 2023 Sustainability Report

✓ Dedicated Sustainability Oversight Structures



Strategic Objective 4: Mainstreamed Inclusion in the Sustainability Agenda

The BSP aims to integrate environmental risks and opportunities into the financial sector, incorporate climate considerations in monetary policy decisions, promote financing for adaptation and green transition, especially for vulnerable groups, and embed a culture of sustainability within the Bank's operations.

Strategic Themes of the BSP's Sustainability Agenda

Manage climate risks to price and financial stability

Mobilize green finance

Implement sustainability in own operations



2023
SUSTAINABILITY
REPORT

Sustainability Office (SO)

ESG Supervision and Surveillance Group (ESSG)



Enabling Regulations

BSP adopted a phased approach in introducing sustainability-related regulations with due regard to the principle of proportionality.

RISK GOVERNANCE

- Sustainable Finance Framework
- Environmental and Social Risk Management (ESRM) Framework
- Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks
- Implementation of ESRM System

REGULATORY INCENTIVES

- Sustainable finance as mode of compliance with mandatory AFRD financing requirement
- Additional 15% SBL for eligible green or sustainable activities and projects
- Graduated reduction in reserve requirement rates against sustainable bonds

TRANSPARENCY & DISCLOSURES

- Sustainable Finance Taxonomy Guidelines (SFTG)
 - FAQs on Financing of Excluded Activities and Coal-fired Power Plant Projects
 - User Guide on SFTG Adoption
- Sustainability Disclosures



Ongoing and Forthcoming Initiatives



DATA AND TRANSPARENCY

- SFTG Updating
- Sustainability disclosures
- Prudential reports



RISK ASSESSMENT

Climate risk stress testing/scenario analysis for banks



REGULATORY RELIEFS

Regulatory relief policy for banks affected by calamities



SUSTAINABLE FINANCE INSTRUMENTS

- Sustainability-themed funds
- Regulatory incentives

AWARENESS & CAPACITY BUILDING ACTIVITIES



Local and Global Engagements

**FINANCIAL
SECTOR
FORUM**



Securities and
Exchange
Commission
PHILIPPINES



Financial
Sector
Regulators

Foreign
Counterpart
Regulators/
Supervisors



INCLUSIVE
GREEN
FINANCE



Sustainable
Banking and
Finance
Network



EMEAP
Executive Meeting of East Asia-Pacific Central Banks

ASEAN TAXONOMY
BOARD

Green Force



Bangko Sentral ng
Pilipinas (BSP)



Base Conversion
Development Authority
(BCDA)



Climate Change
Commission (CCC)



Department of
Agriculture (DA)



Department of
Budget and
Management
(DBM)



Department of
Energy (DOE)



Department of
Environment and
Natural Resources
(DENR)



Department of
Finance (DOF)



Department of
Interior and Local
Government (DILG)



Department of
Public Works and
Highways (DPWH)



Department of
Science and
Technology (DOST)



Department of
Transportation
(DOTR)



Department of
Trade and Industry
(DTI)



Insurance
Commission (IC)



Mindanao
Development
Authority (MDA)



National Economic
and Development
Authority (NEDA)



Public-Private
Partnership Center
(PPPC)



Securities and
Exchange
Commission (SEC)

Other
Government
Agencies

Development
Partners and
Other
Stakeholders



THE WORLD BANK



IFC



British Embassy
Manila



UN
environment
programme



OECD



UN
DP





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