

Responsible Financing Policy

Statement

This document is the “Responsible Financing Policy” of PT Bank Central Asia, Tbk, which is prepared in accordance with the company's business process and refers to regulations, as well as both national and international standards on Sustainable Finance. This policy serves as an umbrella for the Responsible Financing policy covering several aspects that become the basis for BCA in providing financing to debtors, including to pay attention to environmental, social and governance (ESG) risks. The implementation of this policy will be carried out gradually, effectively, and efficiently in accordance with the availability of resources, needs, and the level of urgency of each aspect stated in this policy.

Introduction

PT Bank Central Asia Tbk (BCA), hereinafter referred to as "Bank BCA", is one of the largest banks in Indonesia. Bank BCA offers a variety of banking solutions to the financial needs of customers from various backgrounds, both personal and business customers. Bank BCA has also established its commitment as a company that is socially responsible and runs a sustainable business.

Bank BCA is aware of its main business is financing, which is carried out using public funds entrusted to the bank, therefore the public interests and trust must be protected and maintained.

Bank BCA is also aware that lending carries risks that can affect the health and sustainability of the bank's business. In addition, Bank BCA believes that financing for customers who lack the commitment, capacity and capability to mitigate environmental, social and governance (ESG) risks has the potential to increase credit risk and affect the bank's reputation.

This encourages BCA to channel financing based on sound lending principles and prudent principles so that the quality of the financing portfolio is well maintained.

References

References used as a reference for preparing the Responsible Financing Policy by BCA include:

1. FSA Regulation (POJK) Number 51/POJK.03 /2017 concerning Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies
2. ISO 26000 Guidelines on Social Responsibility
3. BCA Basic Risk Management Policy
4. BCA Basic Bank Credit Policy (KDPB)
5. BCA Quality Assessment and Provision for Earning Assets Write-off Policy

6. BCA Policies for the Implementation of the AML (Anti Money Laundering) and PPT (Counter Terrorism Financing/CTF) Programs
7. BCA Whistleblowing System Policy
8. BCA Sustainability Governance Guidelines

The Scope and Context of Responsible Financing

Bank financing (credit) plays an important role in supporting customer business growth, bank business growth and sustainable economic growth. Therefore, it encourages Bank BCA to implement responsible financing. The context of responsible financing by BCA is carried out in line with the priorities of sustainable finance in the Financial Services Authority Regulation (POJK), which includes the increase of portfolio for the Sustainable Business Activities Category (KKUB), internal capacity building, and adjusting the credit system and/or application.

Bank BCA has set certain criteria of KKUB that are under the category of sustainability projects, including projects that prioritize the efficiency and effectiveness of the use of natural resources in a sustainable manner; projects that mitigate all forms of environmental damage and social injustice/inequality; as well as projects that provide solutions for communities facing the impacts of climate change (adaptation).

Responsible Financing Policy

1. BCA Implements Sustainable Finance Priorities as per Regulations

BCA's commitment to implementing sustainable finance priorities is adapted to FSA Regulations (POJK), which is carried out by:

- Encouraging the financing portfolio increase for the Category of Sustainable Business Activities (KKUB);
- Conducting training to build internal capacity; and
- Adjusting the credit system and/or application by adding the KKUB financing portfolio categorization which makes it easier for banks to identify ESG supporting debtors.

2. BCA Applies the Principle of “Compliance with Regulations” in Financing

In carrying out responsible financing, BCA adopts the principle of compliance with applicable regulations and each individual whose duties are related to credit risk is required to:

- Comply with and implement the Basic Bank Credit Policy (KDPB) as well as prevailing laws and regulations while still considering logical thinking;
- Carry out their duties honestly, objectively, carefully and thoroughly;

- Avoid the influence of parties with an interest in the credit applicant which could harm the Bank; and
- Maintain objectivity and avoid possible conflicts of interest.

3. BCA Applies “Prudential Banking” principle in Lending

BCA's commitment to applying the prudential principle in lending includes:

- Implement a Sound Credit Policy;
- Set the Legal Lending Limit (BMPK);
- Manage high risk credit that needs to be avoided;
- Control the provision of prohibited credit;
- Conduct credit quality assessments based on fair assessments by the Credit Committee and Credit Approval Officers; and
- Practice professionalism and integrity for officers involved in the credit sector.

4. BCA Establishes a Credit Organization

In implementing responsible financing, BCA builds a credit organization and manages the duties, authorities and responsibilities of officers/parties involved in the credit risk management process.

5. BCA Develops a Diversified Credit Portfolio Strategy

BCA is committed to continuing to develop management strategy for profitable and diversified credit portfolios, including risk profile, maturity, industrial sector and collateral. Thus, Bank BCA avoids the concentration of credit risk and ensures that credit risk is adequately diversified.

6. BCA Establishes and Implements Policies concerning Responsible Financing

In implementing the Responsible Financing policy, BCA will always implement other related matters, including but not limited to the AML and CTF (PPT) Program Implementation Policy, Whistleblowing System Policy and Anti-Fraud Policy in all bank activities.

Monitoring and Evaluation

The Responsible Financing Policy is mandatory to be implemented, monitored and evaluated by all related functions at Bank BCA. The performance of this Policy implementation is reported regularly to the Board of Directors and the Board of Commissioners

This policy is evaluated and, if necessary, it can be revised in accordance with developments in the financing aspects and business context of Bank BCA. Any changes to this Responsible Financing Policy must be approved by the Board of Directors and the Board of Commissioners.

In order to be implemented effectively, Bank BCA disseminates and communicates the Responsible Financing Policy to stakeholders, namely: shareholders, commissioners, directors, management, employees, investors, regulators, work partners, debtors, customers, the media, and related communities

Closing

Further information about the Environmental Policy and its implementation can be obtained from the Environment Sustainability Governance (ESG) Sub Division part of the Corporate Secretariat and Communications Division (DCS).

If there is a violation or potential violation in the implementation of this policy, it can be reported to the BCA whistleblowing system (<https://www.bca.co.id/tentang-bca/tata-kelola-per-company/whistleblowing-web>).