Sustainable Finance Framework
PT Bank Central Asia Tbk

Issued in 2025

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SUSTAINABLE FINANCE FRAMEWORK

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1. Introduction

1.1 About Bank Central Asia (BCA)

PT Bank Central Asia Tbk (BCA) is Indonesia's leading private bank, renowned for its commitment to innovative, customer-centric financial solutions since its founding in 1957. As a cornerstone of Indonesia's banking sector, BCA has consistently advanced digital innovation, resilient business practices, and sustainable development to support the nation's financial ecosystem. Driven by the aspiration to be the "Bank of Choice and Trusted Partner," BCA integrates sustainability across its operations, aligning with global Environmental, Social, and Governance (ESG) standards. BCA's extensive experience in transaction banking, corporate banking, SME financing, and consumer services uniquely positions it to foster inclusive growth. Through continual investment in technology and human capital, BCA actively promotes responsible banking practices that advance both economic prosperity and environmental stewardship.

Beyond its core financial services, BCA leads strategic initiatives in green financing, MSME empowerment, climate action, and community development. This demonstrates a profound commitment to creating positive social and environmental impact. BCA's initiatives align with Indonesia's national priorities and international commitments, including the Sustainable Development Goals (SDGs), the Paris Agreement, and regulations set by the Financial Services Authority (OJK) on sustainable finance.

1.2 Background

BCA, as one of Indonesia's leading private banks, plays a key role in supporting sustainable development through responsible banking practices. BCA's activities contribute to multiple SDGs – notably SDG 8: Decent Work and Economic Growth (by promoting inclusive financial services and MSME empowerment), SDG 9: Industry, Innovation, and Infrastructure (through digital transformation and financing of sustainable infrastructure such as green buildings), and SDG 13: Climate Action (through green financing and initiatives to reduce its carbon footprint).

In practice, BCA integrates ESG principles across its operations by embedding sustainability into financing decisions, managing climate-related risks, promoting responsible lending, and supporting biodiversity conservation. The bank's commitment is evident in initiatives like renewable energy project financing, increased support for women-led MSMEs (financing over 47,000 women entrepreneurs as of 2024[1]), digitalization to enhance financial inclusion, and active participation in Indonesia's emerging carbon trading ecosystem. Aligned with this Sustainable Finance Framework (SFF) and national sustainability agendas, BCA continually enhances its contribution to sustainable economic growth while upholding strong corporate governance and ethical standards as part of its long-term value creation strategy.

1.3 BCA and its Sustainable Development Goals

BCA recognizes its pivotal role in advancing Indonesia's SDGs and strives to ensure its business activities generate measurable environmental and social benefits. The bank places strong emphasis on climate change mitigation and adaptation through its growing green financing portfolio, renewable energy investments, support for the electric vehicle (EV) ecosystem, green building financing, and the implementation of Climate Risk Stress Testing (CRST) alongside comprehensive GHG emissions tracking.

These actions directly contribute to reducing greenhouse gas emissions and building resilience against climate-related risks. In 2024, BCA's sustainable financing portfolio reached Rp229 trillion, a 12.5% increase from Rp203 trillion in 2023, contributing about 24.8% of BCA's total

[1] BCA Annual Report 2024

loan book. Within this portfolio, BCA has significantly funded renewable energy projects (approximately Rp3 trillion in outstanding loans), green building developments (nearly Rp5.7 trillion), and sustainable transportation initiatives including EV financing (about Rp2.35 trillion in support for the EV ecosystem). Additionally, as part of its broader sustainability strategy, BCA undertakes financed emissions calculations to support its long-term decarbonization efforts. In 2023, BCA assessed its financed emissions at 28.9 million tCO_2eq across key sectors, marking a critical step in aligning its portfolio with climate goals and preparing for a low-carbon transition.

Internally, BCA has conducted CRST covering 50% of its loan portfolio in 2024 to evaluate exposure to climate-related financial risks; results indicated credit risk remains well-managed even under adverse climate scenarios, aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. BCA also calculated its total operational GHG emissions (Scope 1, 2, and 3) at 349,741 tCO_2eq in 2024 and has taken steps to reduce its own footprint through energy efficiency measures, on-site solar panel installations, and a continued shift to digital services. Notably, 99.8% of BCA's transactions are now conducted through digital channels, significantly lowering emissions from paper use and customer travel. These efforts in 2024 alone increased BCA's carbon reduction potential by 39.6%, reaching an estimated 4,216 tCO_2eq of emissions avoided.

BCA also emphasizes social impact alongside environmental initiatives. The bank actively supports financial inclusion and community well-being through programs such as Kredit Usaha Rakyat (KUR) microloans (disbursing hundreds of billions of Rupiah to underserved entrepreneurs) and Bakti BCA—its flagship corporate social responsibility program focusing on education, health, culture, and economic empowerment. Through Bakti BCA, the bank invests in scholarship programs, village empowerment, and healthcare outreach, directly contributing to poverty reduction, quality education, and equitable growth.

BCA's holistic approach to sustainable finance actively supports key Sustainable Development Goals (SDGs) that align with its core business objectives and social impact priorities. The bank focuses on advancing SDGs 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 10 (Reduced Inequalities), 13 (Climate Action), and 16 (Peace, Justice and Strong Institutions), reflecting its commitment to inclusive, equitable, and environmentally responsible growth.

1.4 Purpose of the Framework

The establishment of our Sustainable Finance Framework (SFF) marks a pivotal step in reinforcing BCA's strategic commitment towards responsible banking and global sustainable development. In compliance with Indonesia's Financial Services Authority (OJK) regulation POJK No. 51/POJK.03/2017 and various global sustainability standards, the framework is designed to guide BCA's financial activities in a way that supports both national priorities and international best practices.

Furthermore, beyond regulatory alignment, the SFF is utilized as a foundation to address key challenges relating to financial disbursement towards strategic and critical environmental and social issues, including climate change, social inequality, and resource efficiency.

The SFF also serves as a platform to enhance transparency and accountability, ensuring our stakeholders are consistently informed and engaged in our sustainability journey. By fostering the development of innovative financial instruments, such as Green Loans and sustainability-linked loans, BCA seek to expand the tools available for impactful financial disbursement.

Through this framework, we aspire to strengthen our leadership in ESG integration within the financial sector, setting a benchmark for our peers while building a robust governance structure that ensures integrity, oversight, and continuous improvement in our sustainable finance initiatives.

1.5 Framework Scope and Applicability

BCA implements sustainability practices to support a low carbon economy with strategies that include sustainable finance, digitalization, and other initiatives to achieve the SDGs. This commitment is integrated into the Bank's vision, mission, core values, and sustainability pillars. It governs a range of financing instruments – including Sustainability-Linked Loans, and Green Loans – that are applied to initiatives advancing responsible banking, environmental stewardship, and social empowerment.

This framework covers projects across a broad spectrum: from financial inclusion initiatives and digital banking services that reach underserved communities, to investments in renewable energy, energy-efficient infrastructure, and biodiversity conservation. It also encompasses social impact endeavours such as MSME financing (including government-supported microloans like KUR), financial literacy programs, and community development projects under Bakti BCA. By integrating ESG criteria into BCA's credit and risk management processes, the SFF ensures that sustainable economic growth is promoted alongside prudent risk oversight.

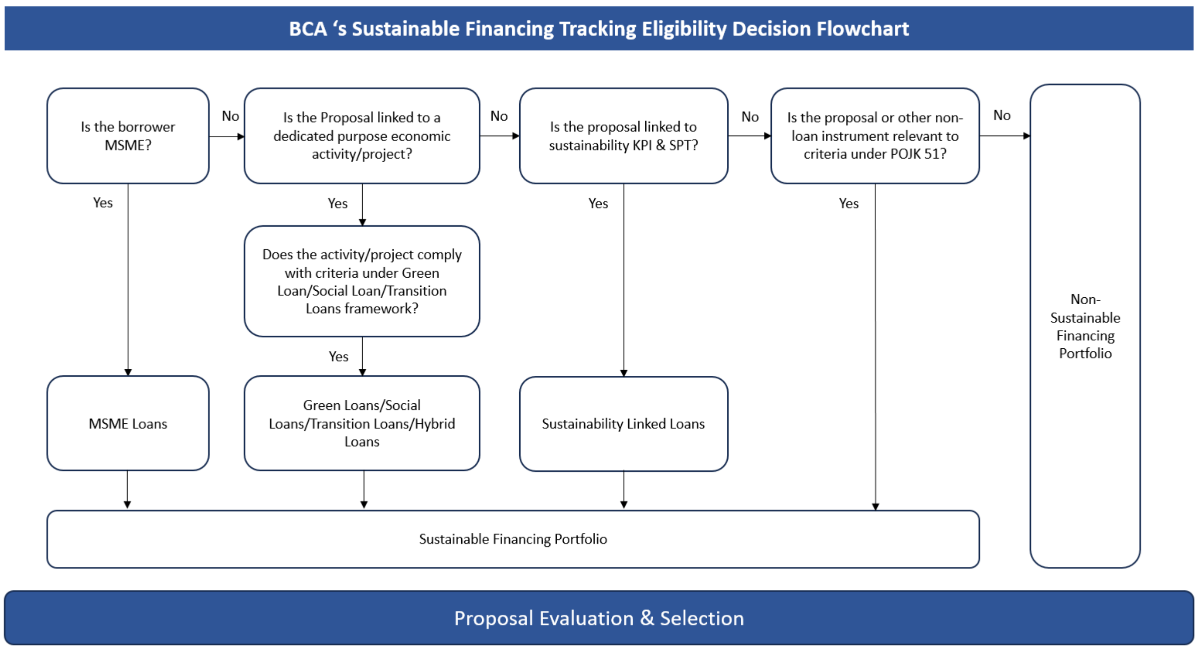
BCA categorizes its sustainable finance portfolio in accordance with the Financial Service Authority regulation (POJK) No. 51/POJK.03/1017. For public disclosures, BCA aligns its reporting with POJK 51 guidelines, while also referencing relevant international standards such as GRI, SASB and other applicable frameworks. It positions BCA as a leader in responsible banking, contributing to Indonesia's sustainability goals and the global transition to a low-carbon, inclusive economy. The framework is designed to be dynamic and will be updated over time to incorporate changes in regulations, market best practices, and emerging sustainability trends.

2. Sustainable Finance Framework Overview

BCA has established this SFF as a cornerstone of its sustainability strategy. The SFF provides guidance to internal and external stakeholders – including regulators, customers, and investors – in classifying, monitoring, and reporting on the bank's sustainable financial activities.

Sustainable Finance Flowchart

This SFF is a forward-looking document that applies to transactions proposed after its publication. As a living document, it will be updated over time, with any changes to standards and principles incorporated into future versions of the Framework. The Framework defines the types of financing that qualify as sustainable for tracking and disclosure purposes against our targets, which are outlined below:



BCA applies a fundamental initial screening mechanism for credit evaluation process through exclusion list. As an essential first step, all financing applications are reviewed against this exclusion list. An exclusion list in a SFF outlines specific sectors, activities, or entities that are explicitly ineligible for financing due to their adverse environmental, social, or ethical impacts. It serves as a risk management and integrity measure, ensuring that proceeds from financing instruments are not allocated to activities such as, illegal arms manufacturing, or those involving human rights violations. This helps maintain alignment with sustainability objectives and reinforces the credibility of the framework.

BCA also has a set of ESG policies for financing specific business sectors that have higher ESG risks. For initial screening, all related financing applications are also reviewed against these policies to ensure its compliance with mandatory ESG policies from the outset. Only the proposals that aligned will be proceed to subsequent evaluation stages.

In the next evaluation stage, the proposal will be tested for its Sustainable Financing eligibility. A detailed Step-by-Step Explanation of the Sustainable Finance Flowchart is elaborated below:

a) Initial Proposal Assessment

The evaluation begins by checking whether the proposal supports a dedicated-purpose economic activity or project—one specifically aimed at achieving green, social, transition, or MSMEs objectives.

- If yes, the proposal proceeds to Step 2 for assessment against Green, Social, Transition or MSMEs Loan eligibility criteria.
- If no, it advances to Step 3 to evaluate alignment with broader sustainability performance targets.

This step ensures proposals are appropriately directed based on their sustainability intent.

b) Verification of Green/ Social/Transition/MSMEs Eligibility

For proposals linked to a dedicated purpose, the next step is to determine whether the project or activity complies with the green, social, or transition eligible activities criteria defined under the bank's sustainability framework. These criteria ensure that the project aligns with recognized standards for sustainability and social responsibility such as Green Loan Principles (GLP)/Social Loan Principles (SLP).

If the activity or project complies with these criteria, it is categorized as Sustainable financing portfolio for dedicated purpose financing*. This type of financing is designed to directly support projects that contribute to green initiatives (e.g., renewable energy, pollution reduction), social activities (e.g., affordable housing, education projects) or transition activities (e.g., low-carbon technology, infrastructure retrofitting projects).

If the project does not comply with the eligible criteria, the proposal is excluded from sustainable financing, as it does not meet the required standards.

c) Assessment of Sustainability-Linked Targets

If the proposal is not linked to a dedicated purpose economic activity, the evaluation focuses on whether it is linked to sustainability targets measured by Key Performance Indicators (KPIs). The KPIs shall be material to the borrower’s core sustainability and business strategy and address relevant ESG challenges of its industry sector. If the proposal demonstrates a clear connection to these targets and includes measurable KPIs, it is categorized as Sustainability-Linked Financing**. This type of financing supports a client’s efforts to improve their sustainability performance over time, as measured by predetermined KPIs.

> **Note:**
> ***Dedicated purpose financing:** Financial instruments in which the use of proceeds satisfies either the green, social, transition, or SMEs eligibility criteria.
>
> ****Sustainability-linked financing:** loan instruments which incentivize the borrower's achievement of ambitious, pre-determined sustainability performance targets (SPTs).

d) Final Categorization and Selection

After classification as either Dedicated Purpose Financing (e.g., MSME, Green, Social, or Transition Loans) or Sustainability-Linked Financing (e.g., Sustainability-Linked Loans), the proposal moves to the final evaluation stage. This step ensures that all shortlisted proposals align with green activities criteria under POJK 51, either by directly financing sustainability-driven projects, by promoting improved sustainability, or the nature business client.

If the proposal is not align to environmentally sound business activities (KUBL) under POJK 51, it will be excluded from sustainable financing portfolio.

2.1 Use of Proceeds

For instruments that are designated and structured as use-of-proceeds (e.g., Green, Social, or Transition instruments), BCA will aim to finance and/or refinance projects that align with eligible Green, Social, and Transition activities as defined in this Framework, subject to internal approvals and the availability of eligible assets.

An activity is deemed eligible under this framework if it meets the specific criteria for green, social, or transition categories as defined by BCA's SFF. The classifications of eligible activities include:

- **Green Activities**: Projects promoting environmental sustainability, such as energy-efficient initiatives, renewable energy adoption, and biodiversity conservation, aligned with Indonesia's commitment to limiting global temperature rise to below 2°C, ideally targeting 1.5°C.
- **Social Activities**: Initiatives addressing social challenges, such as financial inclusion, MSME empowerment, and financial literacy programs, designed to deliver positive outcomes for underserved populations, in line with national priorities.
- **Transition Activities**: Projects aimed at reducing carbon intensity, such as financing for low-carbon technologies or retrofitting existing infrastructure to enhance sustainability.
- **Integrated/Hybrid Activities**: Projects combining environmental and social objectives, such as community-driven conservation efforts or sustainable rural development, to achieve synergistic impacts.

These Proceeds address environmental challenges, empower communities through enhanced access to financial services, and promote inclusive economic growth, aligning with BCA's commitment to creating long-term societal and environmental benefits.

This strategic allocation and rigorous screening process reinforce BCA's commitment to sustainable finance, Indonesia's 2030 SDG targets, and the creation of shared value for stakeholders.

> **Note:**
> While BCA's lending is predominantly client-based, the bank will continue to track the use-of-proceeds at the asset/activity/project level to ensure alignment with the Framework's eligibility criteria.

2.2 Financing Instruments

BCA's Sustainable Finance Framework provides for a variety of financial instruments tailored to meet evolving market demands while supporting the bank's sustainability goals. These instruments are designed to address ESG challenges through innovative financing mechanisms aligned with global best practices (such as ICMA and LMA principles) and domestic regulatory requirements (POJK 51). By offering a diverse suite of financing options, BCA aims to cater to a broad range of stakeholders – including institutional investors, corporate clients, and local communities – thereby maximizing the impact of sustainable financing across Indonesia's development landscape. The suite of instruments also provides flexibility for BCA to effectively allocate resources to projects that deliver environmental and social benefits.

BCA's sustainable financing instruments encompass both traditional debt formats and innovative structures, each designed to support the achievement of its sustainability objectives. These instruments are developed in alignment with key national and international frameworks to ensure credibility and impact.

At the national level, BCA adheres to POJK No. 51/POJK.03/2017 on the Implementation of Sustainable Finance (referenced elsewhere in the document), and internationally, BCA aligns with the LMA Green Loan Principles, LMA Social Loan Principles and LMA Sustainability-Linked Loan Principles to ensure its instruments meet global best practices.

BCA can deploy the following instruments:

- Green Loans: Supporting environmentally sustainable projects, including renewable energy and eco-friendly housing initiatives.
- Social Loans: Addressing social challenges such as poverty alleviation and access to essential services.
- Transition Loans: Supporting projects aimed at reducing carbon intensity, such as financing for low-carbon technologies or retrofitting existing infrastructure to enhance sustainability.
- Sustainability-Linked Loans: Combining green and social objectives to maximize impact and linked to KPIs such as emissions reduction, renewable energy adoption, and financial inclusion metrics.
- Hybrid Instruments: Innovative financing tools incorporating multiple sustainability objectives with innovative performance benchmarks.

Financing Instrument	Definition	Purpose	Key Features
Green Loans and/or Transition Loans	Financing tools for environmentally sustainable projects like renewable energy, green buildings, and pollution control.	Mobilize resources for climate action and clean energy transitions.	• Compliance with POJK No.51/2017, aligns with LMA Green Loan Principles. • Use-of-proceeds tracking for transparency. • Reporting on environmental outcomes.
Social Loans	Instruments addressing social issues like affordable housing, healthcare access, and financial inclusion.	Channel funds to underserved communities to promote equity and inclusivity.	• Alignment with POJK No. 51/2017, LMA Social Loan Principles. • Proceeds dedicated to vulnerable populations. • Impact metrics for quality-of-life improvements.

Financing Instrument	Definition	Purpose	Key Features
Sustainability-Linked Loans	Financing with terms linked to achieving predefined sustainability performance targets measured through material KPIs/SPTs that align with the borrower's core strategy and address sector-relevant ESG challenges.	Incentivize borrowers to achieve ambitious, measurable sustainability outcomes.	• Flexibility in use of proceeds (no earmarking). • KPIs/SPTs material to the borrower and relevant to sector ESG issues. • Baseline, targets/trajectory, measurement methodology, data sources, and reporting cadence agreed with BCA in advance. • Performance-linked pricing adjustments (step-up/step-down). • Independent verification/assurance of KPI/SPT performance as agreed. • Aligned with LMA Sustainability-Linked Loan Principles
Hybrid Instruments	Multi-faceted financing solutions addressing multiple sustainability goals through innovative structures.	Flexibly combine funding objectives for complex sustainability challenges.	• Incorporation of green and social objectives. • Use of blended finance models for risk mitigation. • Enhanced stakeholder engagement.

Each of these instruments is structured to ensure that the financing supports BCA's sustainability objectives. BCA will select the appropriate instrument based on project needs, investor demand, and strategic relevance. Regardless of format, all instruments will be aligned with internationally recognized guidelines (ICMA, LMA, etc.) to attract a broad investor base and maintain market credibility.

Furthermore, BCA will continually seek to innovate in sustainable finance – for example, by exploring new products like green securitization or sustainability-linked supply chain finance – in order to expand the reach of sustainable financing and respond to the dynamic needs of the market and regulatory environment. To appeal a wide range of investors, BCA ensures its instruments meet standards of transparency and impact reporting, outlined in this framework.

By diversifying its instruments, BCA can more effectively mobilize capital towards the SDGs and Indonesia's sustainability agenda, while offering attractive opportunities to investors who are increasingly prioritizing ESG outcomes. All instruments issued under this framework will be subject to the governance, use of proceeds, and reporting commitments.

3. Eligible Activities

Green and social activities under BCA's Sustainable Finance Framework (SFF) are defined in line with OJK's POJK 51/2017 and Indonesia's Sustainable Finance Roadmap. They are grouped into the 12 categories of Sustainable Business Activities—ranging from renewable energy and energy efficiency to social inclusion and MSME financing—each of which must demonstrate clear, quantifiable contributions to Indonesia's national priorities (RPJMN) and the SDGs.

All financed activities must comply with applicable laws and regulations and are subject to BCA's Exclusion List and ESG risk screening. BCA will not finance activities that are prohibited or that present material, unmitigated environmental or social risks. Where risks are identified, borrowers must implement appropriate mitigation and management measures as a condition of financing. Clients seeking financing under the SFF must also meet the category-specific eligibility criteria (green or social), and BCA evaluates each proposal accordingly

3.1 Green Activities

Definition: Green activities include projects that advance environmental sustainability by lowering greenhouse gas emissions, improving resource efficiency, and protecting ecosystems. These initiatives align with Indonesia's Paris Agreement commitments and global sustainability standards. This section sets out eligible green activities including any specific excluded activities that would render a specific activity ineligible as a green initiative.

Additionally, under POJK 51/POJK.03/2017, "Green Activities" are those Sustainable Business Activities that map directly to the 11 POJK Green Categories:

1. Renewable Energy
2. Energy Efficiency
3. Pollution Prevention and Control
4. Management of Natural Resources and Sustainable Land Use
5. Conservation of Terrestrial and Aquatic Biodiversity
6. Environmentally Friendly Transportation
7. Sustainable Water and Wastewater Management
8. Climate Change Adaptation
9. Products that Reduce Resource Use and Produce Less Pollution (Eco-Efficient)
10. Environmentally Conscious Buildings that Meet Nationally, Regionally, or Internationally Recognized Standards or Certifications
11. Business Activities and/or Other Activities of Other Environmentally Conscious Business Activities

Meet the Core Criteria of Sustainable Business Activities, namely:

- Efficiency & Effectiveness in resource use
- Mitigation of adverse environmental impacts
- Adaptation to climate change risks

BCA has provided detailed criteria on several activities in **Annexure 1A** for eligible green activities. Additionally, the SFF specifies the SDGs associated with each topic to the best of its ability, emphasizing the primary SDGs impact of each activity.

3.2 Social Activities

Definition: Social activities include projects and initiatives that deliver positive social outcomes and address societal needs, especially for target populations such as disadvantaged, vulnerable, or underserved groups. All eligible social activities are designed to meet specific social objectives without causing harm. The relevant SDGs for each activity are identified on a best-effort basis to highlight the primary development goals being advanced. Social activities, as defined under Category 12 of POJK 51/POJK.03/2017, include projects and initiatives that contribute to equitable development by addressing the needs of vulnerable, disadvantaged, or underserved groups. These activities are structured to deliver measurable positive social outcomes while avoiding any adverse impacts. In accordance with POJK 51, all social financing must align with defined social objectives, such as improving access to education, healthcare, housing, or economic opportunities. Where applicable, the corresponding SDGs are identified on a best-effort basis to reflect the key social priorities being advanced.

BCA has provided detailed criteria on several activities in **Annexure 1B** for eligible social activities. This section sets out eligible social activities, including any specific exclusions applicable to a particular activity which would mean it is not eligible as a social activity. It also sets out the relevant SDGS for each area on a best-efforts basis, focusing on the primary SDG contribution from each activity.

3.3 Alignment with SDGs

The United Nations SDGs serve as a global blueprint for achieving a better and more sustainable future. BCA recognizes its pivotal role in driving progress toward these goals within Indonesia's financial ecosystem. The alignment of BCA's Sustainable Finance Framework with the SDGs underscores the bank's commitment to leveraging its financial instruments to address critical ESG challenges. By mapping our eligible projects to the SDGs, BCA ensures that its financing contributes to measurable, impactful development outcomes – fostering resilience, inclusivity, and prosperity in the communities we serve.

Eligible activities are mapped, where appropriate, to relevant SDGs/targets to guide disclosure and impact reporting, without implying a one-to-one link. This ensure that financial resources are directed toward initiatives with tangible contributions to sustainability. Each project financed under the framework is analyzed for alignment with one or more SDGs, and corresponding impact metrics are identified to monitor progress. BCA supports and contributes to all SDGs achievements. However, BCA has significant primary support according to its business lines and capacity which is listed below:

- **SDG 3:** Good Health and Well-being
- **SDG 4:** Quality Education
- **SDG 5:** Gender Equality
- **SDG 7:** Affordable and Clean Energy
- **SDG 8:** Decent Work and Economic Growth
- **SDG 9:** Industry, Innovation and Infrastructure
- **SDG 10:** Reduced Inequalities
- **SDG 13:** Climate Action
- **SDG 16:** Peace, Justice and Strong Institutions

By aligning the SFF with these global goals, BCA reinforces its dedication to sustainable development at all levels.

BCA monitors eligible activities using appropriate qualitative and quantitative indicators consistent with internal policies, borrower reporting, and data availability. Illustrative indicators may include estimated GHG emissions reductions, number of beneficiaries reached, and selected community-outcome measures where relevant. Periodic reviews are conducted to assess progress, and external assurance or public disclosure is undertaken where required by regulation or agreed in the financing documentation.

3.4 Exclusions

To manage BCA's sustainability risks, we have established minimum requirements that clients must meet when seeking financing from BCA. We restrict financing to clients who are found to be engaging in prohibited activities as per BCA's Exclusion List, which includes the following:

- Illegal logging, production, and trade of timber or other forestry products from forests that are not managed sustainably.
- Activities involving any form of forced labor or exploitation of children, or human rights violations (such as prostitution, human trafficking, labor smuggling).
- Production, trade, shipment, and import of weapons outside of official business entities/institutions with special permits/legality from the government.

- Production and trade of narcotics, psychotropic substances, and addictive substances outside of official business entities/institutions with special permits/legality from the government.
- Activities affecting UNESCO World Heritage Sites or national and/or international protected areas.
- Activities that violate the rights of local communities, such as activities that take over land ownership from indigenous communities/indigenous people without their consent.
- Activities of trading in wildlife or wildlife products (such as ivory, horns, shark fins).

A detailed list of **Exclusion Activities** is given in **Annexure 1A & B**. These exclusions reflect BCA's dedication to maintaining high ethical standards and promoting sustainability in all its endeavors. By implementing stringent exclusion criteria, BCA ensures that its financial activities align with its core values and sustainability objectives, reinforcing the integrity of its sustainable finance initiatives.

BCA will periodically review and update the Exclusion List to incorporate new insights, regulations (such as OJK guidelines), and stakeholder expectations. All clients and projects are screened against this list during the evaluation process. If potential financing is found to involve any excluded activity, it will be automatically disqualified from sustainable financing and likely from any financing by BCA.

4. Governance and Evaluation Process

To uphold robust sustainability standards, BCA employs a structured and integrated governance and evaluation framework for all financing proposals under the Sustainable Financing Framework (SFF). This framework aligns with BCA's credit policies, guidelines and procedures. and ensures that each proposed use of funds is rigorously assessed in accordance with ESG criteria and internal policies.

The ESG risk management process involves a cross-functional approach that includes Marketing, Credit Analysts, Compliance Units, Decision Makers, Branch Operations, and Oversight Units. Each function contributes to a comprehensive evaluation process that ensures sustainability risks and opportunities are fully considered at every stage of financing. As part of this process:

- Marketing and front-line officers ensure due diligence through Know Your Customer (KYC) and Anti-Money Laundering (AML-CFT) procedures. They confirm that potential debtors are trustworthy, financially viable, and are not on exclusion lists.
- Potential debtors are required to submit following sustainability-related documents:
  - Third-party certifications, Environmental Impact Analysis (AMDAL), or PROPER performance scores from the Ministry of Environment, where applicable.
  - Limited to Green/ Social/ Transition/ Hybrid/ Sustainability-Linked Loan, a Framework that outlines the Clients' plans to mobilize resources for climate action and clean energy transitions, or to channel funds to underserved communities to promote equity and inclusivity, or to achieve ambitious, measurable sustainability outcomes.
  - Limited to Sustainability-Linked Loan, a Second Party Opinion (SPO) that endorses the alignment of KPIs and SPTs with SLLP.
- Credit analysts conduct evaluations of the sustainability-related documents, especially for corporate and large commercial segments (where applicable), and incorporate information provided in the documents into credit proposals submitted for credit committees/decision makers.
- Compliance and Oversight units monitor adherence to applicable banking regulations, ESG frameworks, and detect early signs of non-performing loans to mitigate risks.
- Final decision-making is handled by credit committees and senior management, who evaluate both the creditworthiness and ESG implications of each proposal before approval.

This multilayered evaluation ensures that all financing under the SFF adheres to BCA's sustainability objectives and regulatory standards. The ESG Unit consistently reports progress and achievements related to Environmental, Social, and Governance (ESG) initiatives and programs to both the Board of Directors (BOD) and the Board of Commissioners (BOC) on a regular basis.

Overall, this governance structure ensures that financing provided under BCA's Sustainable Financing Instruments is directed only to eligible projects/borrowers that meet the Framework's ESG and regulatory criteria, thereby supporting Indonesia's sustainable development goals.

4.1 Proposal Evaluation

BCA assesses proposed activities for alignment, where applicable, with BCA's ESG & Sustainability Roadmap, and guidance from regulatory bodies such as OJK. Cross-referencing is done against BCA's sustainability objectives and relevant frameworks (e.g., UN SDGs, Paris Agreement) as appropriate to the product and data availability.

For loan instruments, BCA verifies alignment with LMA market principles—the Green Loan Principles (GLP), Social Loan Principles (SLP), and Sustainability-Linked Loan Principles (SLLP), as applicable. This includes checks on eligibility/indicator materiality, use-of-proceeds (for GLP/SLP), KPI/SPT design and calibration (for SLLP), reporting, and (where agreed) external review.

BCA required certain debtors' document to be reviewed or validated by external party. This external Third-party validation ensures impartiality and strengthens stakeholder confidence.

Comprehensive risk assessments encompassing environmental, social, and governance dimensions. These assessments include detailed evaluations of project impact, potential trade-offs, and long-term sustainability outcomes. Specific focus is placed on identifying risks to vulnerable communities, ecosystems, and long-term climate goals. The assessments also explore scenarios to predict and mitigate potential adverse effects.

4.2 Selection Process

The nominated sustainable financing proposals undergo a structured, multi-tiered review process at Bank BCA, ensuring alignment with robust ESG practices and internal sustainability guidelines:

Initial Screening (Marketing Unit): The Marketing Unit conducts preliminary due diligence, ensuring debtor proposals meet basic eligibility criteria, including alignment with sustainability objectives, and compliance with BCA's exclusion lists. This stage ensures debtors have a trustworthy governance structure and healthy financial standing, in compliance with AML-CFT principles.

ESG Analysis (Credit Analysts): Credit Analysts perform a comprehensive assessment of proposals from corporate and large commercial debtors, evaluating the sustainability-related documents provided by the debtors. Analysts determine the relevant Sustainable Business Activity Categories (KKUB) for debtors (corporate and large commercial) with sustainable financing classification and ensure that the lending process is in accordance with the applicable credit provisions. They incorporate information provided in the documents into credit proposals submitted for credit committees/decision makers.

Compliance and Regulatory Review (Compliance Unit): The Compliance Unit ensures strict adherence to applicable banking regulations, internal policies, and sustainability guidelines. This review particularly addresses regulatory compliance around loan restructuring, environmental standards, and social impact obligations.

Decision-making and Financial Viability (Decision Maker / Credit Review Committee): Decision Makers or the Credit Review Committee evaluate proposals holistically, balancing business development objectives, financial viability, and ESG impacts..

Operational Monitoring (Branch Operations): Branch operations actively monitor the business, loan portfolio quality, and profitability of the financed projects, proactively identifying and addressing potential risks through regular oversight and interaction with clients.

Oversight and Continuous Risk Management (Oversight Unit): The Oversight Unit continuously monitors financed projects for early detection of non-performing loans, taking immediate corrective actions to mitigate risks. This ongoing supervision involves collaboration across Business Units, Credit Analysts, Risk Management, and Internal Audit Divisions.

Note:

- Each project proposal submitted for sustainable financing will be evaluated against the exclusion List, applicable laws and regulations, and ESG risk screening/mitigation requirements.to ensure that it does not result in significant harm to any other sustainability objective.
- Robust documentation and tracking mechanisms should be implemented to ensure transparency and accountability. This includes BCA creating detailed records of decisions, approvals, and ongoing project performance metrics.
- Implementation of a feedback loop where lessons learned from past projects are incorporated into future evaluations. This continuous improvement process strengthens BCA's capacity to manage evolving sustainability challenges and adapt to emerging trends.

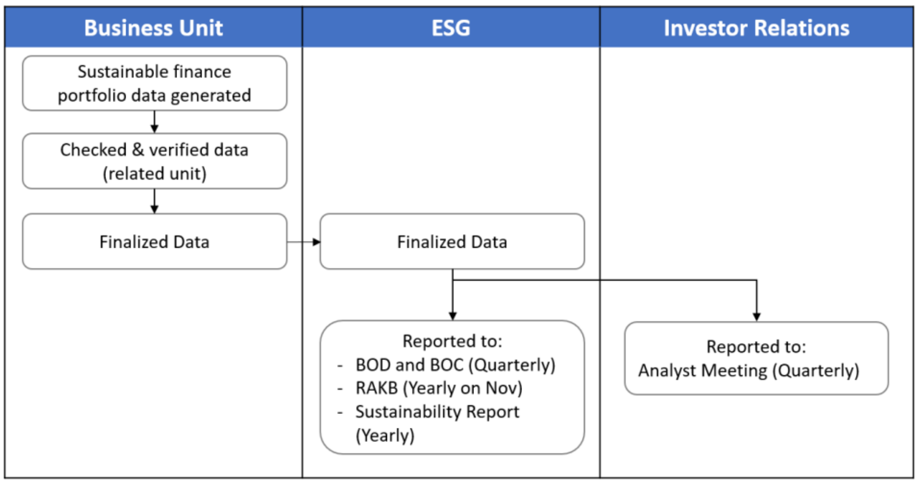
4.3 Approval Mechanism

The approval mechanism ensures that proposed projects meet both financial and sustainability objectives. It upholds BCA's ESG principles through systematic reviews, stakeholder engagement, and ongoing monitoring. To be approved the following must be considered:

- Projects must adhere to BCA's sustainability criteria and risk management policies, ensuring alignment with both financial and ESG goals. Criteria are regularly updated to reflect advancements in sustainability science, technology, and regulatory changes.
- High-risk projects require external verification and rigorous impact assessments to ensure accountability. This process ensures high standards of transparency and risk mitigation for all stakeholders involved.
- Ongoing monitoring and periodic reviews to ensure projects maintain alignment with sustainability objectives. Reviews include on-site inspections and periodic reports to evaluate outcomes against sustainable targets.
- Governance measures include the establishment of clear escalation pathways for unresolved ESG issues. This ensures that any identified risks are promptly addressed by the appropriate decision-making authority. Additionally, a dedicated grievance mechanism is available for stakeholders to raise concerns about project impacts.

5. Management and Monitoring of Proceeds

Once projects are financed under the SFF, BCA employs robust processes to manage the allocation of funds and to monitor project performance, ensuring ongoing compliance with the framework's criteria. As sustainability regulations evolve and sector risks change, BCA remains vigilant in reviewing its portfolio to maintain alignment with best practices.



Allocation and Data Management

Generation of Portfolio Data: Sustainable finance portfolio data is initially generated by the Business Unit in accordance with the regulatory standards of Indonesia's Financial Services Authority (POJK 51). This ensures standardized and transparent reporting.

Verification and Finalization: Generated data undergoes thorough verification by the relevant Business Unit to confirm accuracy and alignment with initial sustainability criteria and guidelines. Post-verification, data is finalized and prepared for subsequent scrutiny by the ESG Unit.

ESG Oversight and Validation

ESG Unit Recheck: The ESG Unit conducts a meticulous review and validation of the finalized data to ensure full compliance with established ESG criteria. This step includes identification and rectification of any inconsistencies or compliance gaps.

Monitoring and Reporting

Periodic Performance Reviews: Projects financed under the SFF are subject to continuous monitoring through regular assessments and on-site inspections.

Comprehensive Reporting

Board Reporting: Regular ESG performance updates and compliance status are provided quarterly to the Board of Directors (BOD) and Board of Commissioners (BOC), facilitating strategic oversight and accountability.

Regulatory Compliance: Annual submission of the Sustainability Action Plan (RAKB) each November and a detailed Sustainability Report annually further enhance transparency and regulatory compliance.

Investor Communications: Quarterly updates on ESG performance and project impacts are communicated during Analyst Meetings by Investor Relations, ensuring ongoing stakeholder engagement.

5.1 Managing and Replacing Ineligible Projects

BCA recognizes that over time certain projects initially deemed eligible could face changes (in regulatory environment, business practices, or impact performance) that might cause them to fall short of the bank's stringent ESG criteria. To ensure continuous adherence to its sustainability commitments, BCA will implement a structured periodic review and, if necessary, replacement mechanism for projects financed under this framework.

This process involves periodic reassessment of funded projects using dynamic screening tools, real-time ESG risk analytics, and updated exclusion criteria aligned with evolving global and national regulatory frameworks.

If a project is identified as no longer compliant due to environmental, social, or governance deficiencies, BCA will allow a remediation period. If no improvements are made within that timeframe, the credit will be declassified and will removed from the sustainable finance portfolio.

In parallel, BCA will prioritize the reallocation of proceeds to high-impact projects that demonstrate enhanced alignment with the bank's sustainability objectives, such as renewable energy initiatives, circular economy advancements, and climate-resilient infrastructure.

By integrating adaptive risk management practices and maintaining a robust engagement framework with project stakeholders, BCA ensures that its sustainable finance portfolio remains resilient, future-proof, and consistently aligned with national regulation and international best practices in responsible banking.

Note:

BCA will conduct periodic reviews of all financed projects to ensure ongoing compliance with the existing practices. If a project is found to be causing significant harm post-financing, the following corrective measures will be taken:

- Implementation of risk mitigation strategies such as additional environmental protections or community engagement plans.
- If harm cannot be mitigated, reallocation of funds to an alternative project that aligns with sustainability objectives.

6. Reporting and Transparency

Transparent and comprehensive reporting of BCA's outstanding sustainable finance portfolio is conducted rigorously to ensure clarity and accountability for external stakeholders. The portfolio data is disclosed quarterly during analyst meetings, providing timely updates to investors and market analysts. Additionally, detailed annual disclosures are made available through the Sustainable Finance Action Plan (RAKB), published each November, and further elaborated in BCA's Sustainability Report. Stakeholders, can access comprehensive details and specific portfolio information within each of these documents via the BCA website. This structured approach to reporting underpins BCA's commitment to transparency, integrity, and continuous improvement, ensuring alignment with evolving market expectations and best practices in sustainability governance.

6.1 Annual Reporting

BCA will provide **annual disclosures** on the Sustainable Finance Framework's implementation, aligning with its existing sustainability reporting practices. This reporting is embedded within BCA's annual Sustainability Report. This approach situates sustainable finance performance in the context of BCA's overall ESG results and uses the same format and layout as the broader sustainability report.

Scope of Reporting Content – In either format, BCA's annual report on the SFF will cover the following key elements (closely mirroring BCA's established reporting structure and terminology):

- **Sustainable Financing Portfolio Allocation:** A detailed breakdown of how funds have been allocated across eligible sustainable financing categories. BCA will report the composition of its sustainable financing portfolio – for example, the split between **green financing and social financing (MSME loans)** – and the share of this portfolio relative to BCA's total lending. This includes highlighting major sectors financed within those categories, in line with BCA's current practice.

  The report will also outline the **sector-wise distribution** of the green financing portion, following BCA's reporting of key sectors such as renewable energy, sustainable natural resources & land use, sustainable transport, green buildings, etc. – with an indication of which sectors received the largest share of green financing.
- **Year-on-Year Performance and Comparative Analysis:** A review of BCA's sustainable finance performance over time, highlighting **trends, targets, and examples**. The annual report will compare the latest year's metrics against previous years to show progress (for instance, growth in the sustainable financing portfolio versus prior year and against any targets set in BCA's Sustainable Finance Action Plan).

  BCA already provides such comparisons – for example, reporting a 12.5% increase in its sustainable financing portfolio in 2024 compared to 2023, exceeding the Bank's growth target of 8%.

The report will discuss any improvements in the ESG profile of the portfolio and note challenges or areas for improvement, thereby giving stakeholders insight into year-over-year performance.

All annual reporting will be presented in a **formal and data-driven tone**, consistent with BCA's public reporting style and regulatory expectations. By aligning with BCA's existing sustainability report structure, the SFF reporting will be clear, granular, and credible.

Key figures will be backed by data (for instance, BCA's reports already detail the sustainable financing portfolio breakdown and growth rates), and the content will adhere to relevant standards (e.g. OJK's sustainable finance disclosure requirements and global ESG reporting frameworks).

This transparent annual reporting demonstrates BCA's accountability and commitment to measurable sustainability outcomes. It provides stakeholders – including investors, regulators, and the public – with a comprehensive view of BCA's contributions to Indonesia's sustainability agenda and the global Sustainable Development Goals (SDGs). In turn, this **transparency fosters trust** and confidence among stakeholders, as BCA openly showcases its progress and impact in sustainable finance year after year.

6.2 Verification

BCA remains committed to transparency, credibility, and accountability within its Sustainable Finance Framework (SFF). Aligning with its proven practices outlined in BCA's Sustainability Report, the Bank undertakes rigorous verification processes informed by global standards and tailored to its specific operational context. The verification process involves:

- Independent Annual Assurance: Conducted by an independent and qualified third-party assurance provider. The assurance evaluates the accuracy, reliability, and completeness of reported sustainability information, ensuring adherence to established reporting standards (GRI, SASB, and POJK 51) and verifying impact measurement methodologies and data integrity.
- Public Disclosure of Assurance Statements: The results of the verification process are transparently communicated to stakeholders through publicly accessible assurance statements. These documents detail the scope, verification methodologies, observations, and assurance conclusions drawn, enhancing stakeholder confidence and credibility.
- Advanced Analytics and Digital Reporting: Leveraging advanced data analytics and digital visualization tools, BCA ensures transparency and accessibility of data. This digitalization facilitates a clearer understanding and engagement with sustainability outcomes among diverse stakeholders.
- Continuous Improvement: Feedback and recommendations from the independent verification process are systematically integrated into BCA's sustainability governance framework. This ensures ongoing refinement and strengthening of data collection, reporting practices, and sustainability management systems.

Independent Third-Party Assurance

For loans structured under Sustainability-Linked Loan (SLL), green loan, social loan, transition loan, and hybrid loan schemes, BCA requires independent third-party verification, ensuring consistency and credibility of its sustainability claims.

The process may also encompass periodic performance reviews, with mid-term and/or end-of-term assessments to refine impact measurement and ensure continued alignment with sustainability objectives.

Annexure 1A

Eligible Green Activities

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with POJK 51 Sustainable Finance Category	Alignment with UN SDGs	Exclusion Activities to be considered
Energy	Renewable Energy	1. Financing of power plant development projects using geothermal, wind, bioenergy, solar, hydropower, and ocean thermal energy. 2. Financing hybrid renewable energy (wind and solar technology) projects. 3. Financing the utilization of inorganic waste-derived energy in cement production. 4. Home Biogas Financing (BIRU Program), a collaboration to provide biogas reactors in nine Indonesian provinces. 5. Financing eco-farming applications using methane derived from animal waste. 6. Financing the processing of certified wood chips and local timber waste into biomass as natural gas substitutes.	Renewable Energy		• Renewable energy projects causing adverse impacts on local ecosystems, including poor hydropower planning. • Waste to Energy (WTE) plants processing unsorted waste or lacking advanced emissions controls; • Projects failing to meet sustainability certifications; • Bioenergy projects relying on non-certified feedstocks or causing deforestation.
	Energy Efficiency	1. Renovation of buildings to enhance energy efficiency (e.g., replacing lamps, improving air circulation. 2. Financing machines or technologies that are more efficient and environmentally friendly (e.g., chiller replacements, textile machines with energy-efficient alternatives) 3. Financing a phase-out project to reduce energy consumption. 4. Financing sales of energy-conservation equipment (e.g., certified LED lighting and air conditioners). 5. Financing lamp manufacturers applying Energy Performance Minimum Standards	Energy Efficiency		• Inefficient retrofitting projects achieving energy improvements below the minimum threshold required by applicable standards; • Use of outdated refrigerants with high global warming potential; • Systems relying predominantly on fossil fuels.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with POJK 51 Sustainable Finance Category	Alignment with UN SDGs	Exclusion Activities to be considered
		(SKEM). 6. Financing companies adopting clean production technology. 7. Financing development of low-cost, energy-saving ATMs			
Buildings and Construction	Green Buildings	1. Financing buildings certified with Greenship or equivalent certifications, featuring water and energy efficiency, green spaces, and proper waste management. 2. Financing buildings constructed using second-hand or environmentally-friendly materials.	Environmentally Conscious Buildings that Meet Nationally, Regionally, or Internationally Recognized Standards or Certifications	  	• Construction projects failing to meet green building certifications; • Use of unsustainable construction materials; • Developments causing significant biodiversity loss due to poor site selection.
Waste Management	Circular Economy	1. Financing production, distribution, and sales of products with ecolabel certification (timber, palm oil, paper, and fisheries). 2. Financing businesses recycling electronic, paper, plastic, and other waste. 3. Financing waste management system construction in factories and recycling industries, specifically reducing Persistent, Bio accumulative, and Toxic (PBT) chemicals. 4. Financing projects utilizing environmentally friendly chemicals and chemical processes to reduce harmful substances.	Products Reducing Resource Use and Pollution (Eco-Efficient) and Pollution Prevention & Control	 	• Facilities without emissions control for hazardous materials; Landfills failing methane recovery; • Incineration-based recycling without comprehensive emissions monitoring.

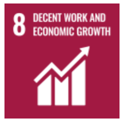
Sector	Area	Eligible Activities considered for sustainable financing	Alignment with POJK 51 Sustainable Finance Category	Alignment with UN SDGs	Exclusion Activities to be considered
Transport	Sustainable Mobility	1. Financing infrastructure projects for electric rail, Mass Rapid Transit (MRT), Light Rail Transit (LRT), and Bus Rapid Transit (BRT). 2. Financing production and distribution of electric motorcycles and cars. 3. Financing construction of electrified rail lines. 4. Financing the construction of transportation facilities (stations, terminals, airports) powered by solar energy. 5. Financing for electric vehicle purchases.	Environmentally Friendly Transportation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• Transportation systems relying on internal combustion engines; • Infrastructure lacking multimodal transit integration or sustainability design.
Water and Wastewater	Water Management	1. Financing integrated water resource management. 2. Financing wastewater treatment installations (IPAL). 3. Financing biopores and water recycling installations, including stabilization ponds. 4. Financing household wastewater treatment installation projects in exclusive residential areas. 5. Financing projects using Nereda technology for biological wastewater treatment.	Sustainable Water and Wastewater Management	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES	• Water infrastructure causing over-extraction of aquifers or harm to wetland ecosystems; • Projects causing contamination of water bodies;
Biodiversity and Ecosystem Management	Biological Natural Resources and Sustainable Land Use	1. Financing agriculture projects with low-carbon crops, organic farming, RSPO/ISPO-certified palm oil, and Timber Verification and Legality System (SVLK)-certified products. 2. Financing programs protecting coral reefs, seagrass beds, and mangroves in Mamuju, West Sulawesi. 3. Financing Smart Land Use Management (SALUT) activities.	Sustainable Management of Living Natural Resources and Sustainable Land Use	13 CLIMATE ACTION 15 LIFE ON LAND	• Agricultural activities leading to monoculture, biodiversity loss, soil erosion; • Chemical-intensive operations; • Deforestation; Unsustainable supply chains;

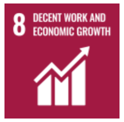
Sector	Area	Eligible Activities considered for sustainable financing	Alignment with POJK 51 Sustainable Finance Category	Alignment with UN SDGs	Exclusion Activities to be considered
		4. Financing dryland agriculture and plantations management in four districts in Sumba. 5. Financing hydroponic plantations through cooperatives in the Merapi area, Yogyakarta. 6. Financing forest planting and rehabilitation using sustainable forestry standards (FSC, PEFC). 7. Financing development of community and village forests. 8. Financing integrated management plans for production and endangered species conservation through sustainable forest management. 9. Funding for establishing the Eagle Conservation Center in Kamojang/PKEK, Garut, West Java. 10. Funding the establishment of the Aspinall Foundation Primate Animal Rehabilitation Center in Bandung District. 11. Financing water and irrigation management. 12. Financing the Wamena Biology Garden project. 13. Financing coral reef management and rehabilitation. 14. Activities improving biodiversity, fauna, and natural resource conservation. 15. Financing activities aimed at environmental quality improvement beyond previously listed categories.			• Forestry projects excluding local communities or failing international standards; • Conservation projects introducing invasive species.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with POJK 51 Sustainable Finance Category	Alignment with UN SDGs	Exclusion Activities to be considered
	Climate Change Adaptation	1. Financing construction of abrasion-resistant housing in coastal areas experiencing sea-level rise. 2. Financing the development or production of climate-resilient crop varieties. 3. Financing procurement of forest and land fire management equipment. 4. Financing conservation and protection of coral reefs, mangroves, seaweed, and coastal vegetation. 5. Financing production technology for fisheries resistant to climate change. 6. Financing industrial forest planting, rehabilitation, and sustainable management.	Climate Change Adaptation and Sustainable Management of Living Natural Resources and Sustainable Land Use	15 LIFE ON LAND 13 CLIMATE ACTION	• Projects lacking clear sustainability objectives; • Initiatives with no community participation; • Activities disrupting existing ecosystems or lacking ecological restoration objectives.

Annexure 1B

Eligible Social Activities

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
Employment Generation	SME Financing	1. Financing seaweed processing (KOSPERMINDO - ASPERLI), coconut processing enterprises (PT Multi Coco Indonesia). 2. MSMEs using environmentally-friendly packaging. 3. Rattan SMEs involved in sustainable eco-friendly production and consumption programs. 4. Timber SMEs in Jepara, Central Java, with Timber Legality Verification System (SVLK). 5. Financing environmentally-friendly crafts produced by MSMEs. 6. Financing SMEs in bioenergy, energy storage, heating, wave, and wind energy sectors. 7. Creating affordable microfinance and SME loan programs for businesses in rural and underserved areas, with a focus on fostering local employment. 8. Financing women-led startups, community cooperatives, and enterprises advancing gender equality and social innovation. 9. Providing capital for SMEs transitioning to sustainable and circular economy practices, such as waste reduction, renewable energy integration, and eco-friendly production. 10. Supporting SME digitalization, including e-commerce adoption, supply chain integration, and online payment systems to improve competitiveness. 11. Launching green financing schemes and tailored loan products to help SMEs adopt sustainable practices, reduce emissions, and comply with global environmental standards. 12. Encouraging social enterprises addressing community challenges, such as affordable housing, clean water access, and renewable energy solutions, through blended finance and grants.		• SME financing for businesses engaged in environmentally harmful practices, such as deforestation, overfishing, or excessive waste generation. • Projects that fail to integrate gender equity and social impact into operations. • Loan programs excluding marginalized entrepreneurs or small businesses without providing capacity-building support. • Initiatives lacking clear environmental, financial, and social sustainability metrics. • SME initiatives disconnected from global trends in digital transformation, green technologies, and inclusive business models.

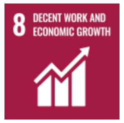
Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		13. Establishing SME innovation grants to promote research and development in local solutions for climate resilience and food security.		
	MSME Resilience & Entrepreneurship	1. Providing affordable micro-loans and credit lines to MSMEs, including through government-subsidized schemes or credit guarantee programs, to enhance their financial resilience and enable business growth in underserved markets. 2. Offering business development services – such as mentorship, entrepreneurship training, and incubation programs – for aspiring entrepreneurs in rural and low-income urban communities, to improve the survival and success rate of new micro-businesses. 3. Facilitating MSMEs' access to broader markets by supporting e-commerce platforms, local supplier marketplaces, and trade fairs that help small businesses (including farmers and artisans) market their products nationally and internationally. 4. Developing emergency financial support mechanisms (e.g., special relief loans, grants, or micro-insurance) for MSMEs affected by natural disasters or economic shocks, enabling quick recovery and continuity of operations for local businesses. 5. Implementing digital tools and financial management platforms tailored to MSMEs (such as simple accounting apps or mobile payment systems) to improve operational efficiency and resilience against disruptions. 6. Supporting the formation of MSME cooperatives and networks that allow small entrepreneurs to pool resources, reduce costs, and increase bargaining power for raw materials and sales, thereby strengthening their resilience and competitiveness.	 	• Financing MSMEs that engage in harmful environmental or labor practices, which would conflict with BCA's ESG standards despite the enterprise size. • Microfinance schemes that employ predatory lending practices – for instance, charging exorbitant interest rates or fees to vulnerable micro-entrepreneurs – or that lack client protection principles. • Entrepreneurship programs that exclude or inadequately reach certain segments of the intended population (such as programs that inadvertently favor well-connected entrepreneurs over truly marginalized ones, or that are not accessible to women or minority-owned businesses). • Initiatives providing credit to MSMEs without any capacity-building, financial literacy, or mentorship support, resulting in high failure rates and over-indebtedness rather than sustainable entrepreneurship. • Entrepreneurship programs that exclude or inadequately reach certain segments of the intended population

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
	Job Creation	1. Financing public works programs focused on renewable energy infrastructure, water sanitation projects, and climate adaptation measures in underserved communities. 2. Supporting job creation programs in high-potential industries like green manufacturing, sustainable forestry, eco-tourism, and digital transformation. 3. Promoting local economic recovery through temporary employment opportunities tied to post-crisis reconstruction, disaster preparedness, and ecological restoration. 4. Establishing workforce development partnerships with industries to ensure skills alignment and address unemployment in disadvantaged regions. 5. Incentivizing workforce diversity and inclusion programs by providing grants and subsidies for hiring women, persons with disabilities, and youth from marginalized groups. 6. Developing green workforce initiatives tied to emerging clean energy projects, focusing on training and deploying skilled workers in renewable energy installation, maintenance, and operations.	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 13 CLIMATE ACTION	• Employment programs exploiting labor or failing to ensure equitable working conditions, including living wages and benefits. • Projects excluding marginalized groups or communities from access to job creation opportunities. • Initiatives lacking compliance with labor rights, gender equity standards, or fair workplace practices. • Job creation programs failing to provide sustainable, long-term employment or skill-building pathways aligned with emerging industries.
	Women Empowerment	1. Financing women-owned small businesses and startups by providing dedicated credit lines, micro-loans, or equity investments, combined with capacity-building (mentorship, business training) to empower female entrepreneurs and close the gender credit gap. 2. Supporting community microfinance programs and rotating savings groups that focus on women in both rural and urban areas, enabling women to access capital for income-generating activities without needing traditional collateral. 3. Investing in social infrastructure and services that reduce barriers to women's full economic participation: for instance, financing childcare centers, women's health clinics, or safe transportation services, which enable more women to join and remain in the workforce.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• "Empowerment" programs that do not ensure fair and equal treatment of women – for example, initiatives that claim to help women but offer sub-minimum wages, unstable employment, or unsafe working conditions to female participants. • Women-focused programs that are not inclusive of the most vulnerable women (such as failing to include women from minority groups, women with disabilities, or those in extreme poverty), thereby leaving out those who most need • Projects lacking clear gender-sensitive monitoring and evaluation – if an

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		4. Partnering with NGOs and community organizations to support programs addressing gender-based violence and discrimination, ensuring that women's empowerment initiatives operate in safe environments and in tandem with efforts to improve women's social rights and agency.		initiative cannot demonstrate actual improvements in women's income levels, skills, or leadership representation, it risks being a token effort rather than a true empowerment project.
Housing	Affordable Housing	1. Financing large-scale low-income housing projects with integrated energy-efficient systems, renewable energy sources, and sustainable waste management facilities. 2. Subsidized mortgage schemes targeting underserved populations, including rural households, female-headed families, and people impacted by climate disasters. 3. Construction of rental housing complexes equipped with community spaces, early childhood education centers, and health services in urban and peri-urban areas. 4. Rehabilitation of informal settlements with advanced safety features, sustainable building materials, and upgraded sanitation and water systems. 5. Development of modular housing units for rapid deployment in disaster-affected or high-density areas, incorporating smart energy monitoring and cost-reduction features for tenants. 6. Support for housing cooperatives and community-based ownership models that foster long-term affordability and social cohesion. 7. Financing climate-resilient housing developments in flood-prone and seismically active areas, incorporating advanced engineering and sustainability measures to withstand extreme weather events and natural disasters.	  	• Projects that displace marginalized communities without equitable resettlement plans. • Housing developments that lack basic infrastructure such as clean water, sanitation, and reliable power supply. • Housing initiatives that do not meet national safety, environmental, or energy standards. • Projects prioritizing high-income housing at the expense of equitable access for underserved populations. • Initiatives contributing to urban sprawl without addressing environmental and social sustainability challenges.
	Housing for Vulnerable Groups	1. Construction of inclusive housing units for the elderly, people with disabilities, and vulnerable populations, adhering to universal design principles.		• Housing initiatives that exclude accessibility features for vulnerable populations.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		2. Development of climate-resilient housing projects in disaster-prone regions, integrating early warning systems, rainwater harvesting, and renewable energy systems. 3. Financing transitional housing programs for refugees, internally displaced persons, and individuals experiencing homelessness, supported by integrated mental health, vocational training, and social reintegration services. 4. Creating gender-responsive housing solutions that include safety measures, community childcare centers, and employment resources for women-led households. 5. Establishing temporary modular housing solutions for emergency and post-crisis situations, designed for scalability and community needs. 6. Supporting innovative public-private partnerships to provide affordable, durable housing solutions tailored to local cultural and social needs.	5 GENDER EQUALITY 13 CLIMATE ACTION 11 SUSTAINABLE CITIES AND COMMUNITIES	• Disaster-resilient housing projects that fail to incorporate robust infrastructure and climate adaptation technologies. • Transitional housing programs lacking support for long-term social and economic reintegration of displaced individuals. • Projects neglecting participatory planning processes or community inclusion in design and implementation. • Temporary housing models that fail to consider cultural appropriateness, scalability, or long-term utility.
Healthcare	Access to Essential Services	1. Financing the construction, renovation, and expansion of healthcare facilities in underserved regions, including rural hospitals, maternity wards, diagnostic centers, and pediatric units. 2. Investment in mobile healthcare clinics and telemedicine platforms that connect remote communities to essential healthcare services, leveraging digital tools and local delivery mechanisms. 3. Supporting community healthcare centers offering preventive care, vaccinations, family planning, and nutritional programs for low-income groups. 4. Funding health equity programs providing affordable access to essential medicines, life-saving vaccines, and medical supplies in rural and low-income urban areas. 5. Developing healthcare workforce training facilities and scholarships to address critical staffing shortages, particularly in underserved and high-need regions.	3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES 4 QUALITY EDUCATION	• Healthcare infrastructure that fails to comply with national safety, quality, and biosafety standards. Facilities that do not include provisions for accessibility for people with disabilities and elderly populations. • Initiatives prioritizing profit over affordability, compromising equitable access for marginalized communities. • Investments lacking sustainable maintenance models or quality monitoring frameworks. • Healthcare programs that fail to include outreach and education for underserved or isolated populations.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		6. Supporting infrastructure for primary healthcare, integrated with digital health records and public health monitoring systems. 7. Financing mental health initiatives, including counseling services, outreach programs, and training for mental health professionals to reduce stigma and improve community well-being.		
	Pandemic Response	1. Establishing isolation centers, infectious disease hospitals, and quarantine facilities with integrated early detection and monitoring systems. 2. Financing vaccine cold chain logistics and distribution networks for equitable delivery to remote and vulnerable populations. 3. Expansion of laboratory systems, including genomic sequencing and biosafety laboratories, to strengthen national and regional pandemic preparedness. 4. Supporting public-private partnerships in vaccine production and distribution to lower costs and improve local access. 5. Financing education and awareness programs focused on hygiene, preventive health, and vaccine uptake in rural and underserved communities. 6. Promoting collaborative international research initiatives for developing affordable treatments for infectious diseases. 7. Establishing disaster-preparedness hubs combining emergency response planning, healthcare resources, and public health education tailored to regional needs.	 	• Pandemic-related projects that lack compliance with international health regulations or biosafety standards. • Initiatives failing to ensure equitable access to vaccines, diagnostics, and treatments for disadvantaged populations. • Projects excluding transparent governance, stakeholder accountability, and monitoring mechanisms for pandemic response investments. • Health campaigns or infrastructure investments that do not consider localized challenges and community-specific health disparities. • Investments in pandemic response infrastructure lacking flexibility for future health challenges and emergency re-purposing.
Education	Educational Infrastructure	1. Financing the construction and modernization of schools, vocational training centers, and e-learning hubs in underserved areas. 2. Support for inclusive education infrastructure, incorporating digital learning platforms, assistive technologies, and accessible classroom designs for children with disabilities.		• Education initiatives excluding provisions for sanitation, drinking water, or accessible infrastructure. • Digital education projects fail to address gaps in device accessibility or internet connectivity for marginalized groups.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		3. Establishing STEM-focused innovation labs, including robotics, renewable energy systems, and AI training modules to prepare students for emerging industries.4. Expanding e-learning networks and providing free or subsidized access to digital devices for students in remote or marginalized communities. 4. Offering scholarships, financial aid, and grants to increase enrollment and retention among students from low-income and vulnerable groups, with a focus on girls and gender-diverse individuals. 5. Climate education programs, integrating sustainability principles into primary and secondary curriculums. 6. Initiatives to expand adult education and literacy programs in remote communities, promoting lifelong learning and empowerment for marginalized populations.	  	• Vocational and technical education programs disconnected from local labor market demands or lacking certification mechanisms. • Educational infrastructure projects that fail to incorporate environmental and climate resilience principles into designs. • Programs neglecting adult education and upskilling opportunities for economically disadvantaged populations.
	Vocational Training	1. Development of vocational training centers targeting green technologies, digital skills, sustainable agriculture, and renewable energy systems. 2. Offering certification programs in high-growth sectors, including eco-tourism, IT, healthcare, and sustainable construction. 3. Establishing entrepreneurship and innovation hubs to support small business creation in underserved regions, focusing on women and youth entrepreneurs. 4. Collaborating with industries to provide apprenticeships, on-the-job training, and job placement services aligned with local economic needs. 5. Financing lifelong learning programs for older workers and displaced individuals to re-skill for emerging job markets in digital and green sectors. 6. Promoting vocational pathways through digital platforms connecting trainees with regional employers and funding opportunities for business startups. 7. Supporting intergenerational workforce training programs, where experienced professionals mentor younger workers to	  	• Vocational training projects disconnected from regional and national job market demands. • Programs failing to include equitable access for women, youth, or marginalized populations. • Initiatives lacking mechanisms to track outcomes, including employment rates, income improvements, and skills development metrics. • Training facilities that do not adhere to environmental and energy efficiency standards in operations and infrastructure. • Training models lacking integration with national certification bodies or recognized industry frameworks.

Sector	Area	Eligible Activities considered for sustainable financing	Alignment with SDGs	Exclusion Activities to be considered
		transfer knowledge and skills critical for high-demand industries.		
Digital Inclusion	Connectivity and Digital Equity	1. Financing the expansion of broadband and mobile networks in remote and underserved areas to bridge the digital divide, including fiber optic infrastructure and 5G deployments. 2. Digital literacy programs for marginalized populations, including women, elderly individuals, and rural communities, integrating hands-on training for practical adoption of technologies. 3. Online platforms for remote education, telemedicine, and e-commerce targeting underserved regions, ensuring multilingual accessibility for diverse populations. 4. Establishing public digital access centers with renewable energy systems to ensure reliable and sustainable operations in rural communities. 5. Cybersecurity training and resources for communities adopting digital tools to safeguard personal data and financial transactions. 6. Expanding e-governance initiatives to ensure citizens in remote areas can access essential public services digitally, such as healthcare, legal aid, and financial support.	  	• Connectivity projects excluding marginalized communities or focusing on high-income areas. • Initiatives lacking digital literacy or support programs for targeted populations. • Infrastructure developments reliant on non-sustainable energy sources. • Projects failing to prioritize affordability or equitable access to digital technologies for underserved groups. • Programs without provisions for ongoing maintenance and technology updates to ensure long-term sustainability. • Initiatives that do not include stakeholder feedback or monitoring mechanisms for digital inclusion progress. • Digital connectivity programs that do not address accessibility barriers for differently-abled individuals or the elderly.