

## ESG Financing Policy for Coal Mining Sector

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### Disclaimer

This document is the "Environmental, Social, and Governance (ESG) Financing Policy for the Coal Mining Sector" of PT Bank Central Asia, Tbk based on Decree No. 198/SK/DIR/2022, which is prepared in accordance with the company's business processes and refers to regulations and standards concerning national and international issues. This policy is made in line with BCA's commitment to responsible financing. It is the sectoral umbrella that serves as the basis for BCA in providing financing to debtors in the coal mining sector by considering environmental, social, and governance (ESG) risks. This policy will be implemented 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 and Scope

PT Bank Central Asia Tbk (BCA), hereinafter referred to as "BCA", understands that lending carries risks that may affect the health and business continuity of the bank. The coal mining sector has the potential to pose environmental, social, and governance risks. Therefore, BCA considers, manages, and harmonizes environmental, social, and governance (ESG) aspects in carrying out sustainable business practices.

BCA encourages debtors in the coal mining sector to minimize the negative impact of their business activities, which aligns with BCA's commitment to responsible financing. Therefore, BCA applies sound credit principles and prudential principles in disbursing financing to the coal mining industry to maintain the quality of the bank's financing portfolio and reputation. The policy applies to productive credit in the corporate category of the coal mining sector financing.

### Coal Mining Sector Financing Policy

In channeling financing to the coal mining sector, BCA has the following policies.

- 1. BCA requires (prospective) debtors to comply with the following conditions:**
  - Holding complete legal documents on land used for business, as well as environmental and social licenses in accordance with applicable laws and regulations.
  - Complying with laws and regulations, government regulations, and government policies that apply to (prospective) debtors, especially those related to occupational safety and health, labor, environment, and applicable social responsibility.
- 2. BCA encourages prospective debtors to implement sustainable practices, including:**
  - Having clear policies and system management related to environmental management.

- Holding environmental and occupational health & safety certificates.
- Managing and improving environmental conditions from the impact of the company's business activities through biodiversity conservation, land rehabilitation, or other efforts.
- Conducting efforts to reduce the environmental impact of water, air, and soil pollution in accordance with the provisions of the laws and regulations applicable to the coal mining sector.
- Conducting efforts to improve the quality of the company's operations in accordance with the criteria of the Indonesia Green Taxonomy (THI) relevant to the Coal Mining Sector.
- Conducting social and stakeholder mapping, as well as using it as the basis for the process of preparing, implementing, monitoring, and evaluating community empowerment carried out by the company.
- Conducting empowerment and coaching programs for the surrounding community to improve their quality of life.
- Implementing utilization and management practices by minimizing risks to occupational health and safety aspects, minimizing and controlling the impact of environmental damage, as well as respecting and protecting the rights of local communities and/or customs and workers.
- Having a function or section that is responsible for managing ESG issues and performance.
- Having a clear and transparent grievance mechanism and process related to ESG aspects and are accessible to all stakeholders, both internal and external.
- Involving stakeholders in managing aspects of sustainability.
- Evaluating the application of ESG in accordance with the provisions of laws, government regulations, and government policies.
- Having a Mining Closure Plan (Rencana Penutupan Tambang) in accordance with applicable laws and regulations.

### **Monitoring and Evaluation**

In implementing and monitoring the aforementioned policies, BCA takes the following measures:

- Identifying the condition of (prospective) debtor in fulfilling the mandatory provisions in the policy.
- Continuously encouraging debtors to implement sustainable business practices.



## **Closing**

For more information, please contact:

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