Environmental, Social, and Governance (ESG) Policy on Financing for the Cement and Basic Steel Industry Sector

Disclaimer
This document is the "Environmental, Social, and Governance (ESG) Policy on Financing for the Cement and Basic Steel Sector" of PT Bank Central Asia, Tbk based on Decree No. 213/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 a basis for BCA in providing financing to debtors in the cement and basic steel industry 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 cement and basic steel industry sector, have 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 cement and basic steel industry 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 cement and basic steel industry sector to maintain the quality of the bank’s financing portfolio and reputation. This policy applies to productive credit in the corporate category of the cement and basic steel industry sector that has a smelting process.

Cement and Basic Steel Industry Sector Financing Policy
In financing the cement and basic steel industry sector, BCA has the following policies.

1. BCA requires (prospective) debtors to comply with the following conditions:
   - Holding complete documents required based on the industry, according to the applicable laws;
   - Complying with laws and regulations, government regulations, and government policies that apply to (prospective) debtors, especially those related to occupational health and safety, labor, the environment, and applicable social responsibility.
2. **BCA encourages prospective debtors to implement sustainable practices, including:**
   - Having a clear policy and management system related to environmental management.
   - Holding environmental and occupational health and safety certifications.
   - Conducting efforts to reduce the impact of environmental pollution according to the relevant criteria of the Indonesia Green Taxonomy to the cement and basic steel industry sector.
   - Minimizing events or incidents that may cause potential social vulnerabilities to individuals, families, groups, and/or communities resulting from the organization’s activities.
   - Respecting human rights and minimizing other social risks in the company's area of operation.
   - Minimizing the potential events that can cause potential activities by business actors due to non-compliance with applicable laws and regulations.
   - Having a clear and transparent grievance mechanism and process concerning ESG aspects, and are accessible to all stakeholders, both internal and external.

**Monitoring and Evaluation**
In implementing and monitoring the aforementioned policy, BCA takes the following measures:
   - Identifying the condition of (prospective) debtor in fulfilling mandatory provisions in the policy.
   - Continuously encouraging debtors to implement sustainable business practices.

**Closing**
For more information, please contact:

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