

COAL SECTOR GUIDANCE

Bank already has developed a Sector Guidance that provides financing guidelines for Banks in sectors/industry considered as having high sustainability risks, including Coal. Sector/industry identification is carried out by taking into account environmental, social, governance, climate change, carbon emissions, biodiversity, and human rights aspects. The Sector Guidance is expected to be able to encourage the formation of a financing ecosystem towards a low-carbon economy, achieve the Sustainable Development Goals, and contribute positively to climate change mitigation and adaptation actions in line with Paris Agreement goal.

Bank expects debtors of **coal mining companies and Coal Fired Power Plants (CFPP)** to have Environmental Documents, which explain the main risk, mitigation and monitoring process. In addition, Bank also expect debtors of Coal Fired Power Generation (CFPG) companies to have a diversification strategy in reducing the use of coal in energy mix. Furthermore, Bank also expects **coal contractor** to have Environmental Document and and prioritizing the principles of Occupational, Health, and Safety (OHS) by having a OHC Policy which contain risk management, mitigation, and OHS monitoring. Debtors are also expected to prioritizing the principles of Human Rights in terms of use the principle of Free, Prior and Informed Consent (FPIC), have a Human Rights commitment/policy, identify main risks related to human rights, and have a grievance mechanism.

Bank also continues to encourage debtors to implement best sustainability practices in coal sector. These sustainability practices include, but not limited to: have a policy or code of ethics that prohibits all forms of bribery and corruption; have a transparent mechanism for making complaints for all stakeholders; have a policy for gender equality in business processes; upgrading or repairing low-efficiency plants with high-efficiency and low-emissions technology; and regularly monitor and disclose environmental and social data.

Bank, in line with our sustainability commitments, will not provide financing to coal mining and CFPP companies that are specified as being for greenfield mines, or expansions in any locations. In addition, CIMB Niaga as part of the CIMB Group which is a signatory member of the United Nations Principles for Responsible Banking ("UN PRB") and Collective Commitment on Climate Action ("CCCA") will contribute positively to the low carbon economy and gradually reduce coal sector financing with a phase-out plan in 2040.