

OIL AND GAS 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 Oil and Gas. 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 that involved in upstream activities for instance; oil and gas mining, oil and gas contractor and oil and gas manufacturing companies to have Environmental Document and prioritizing the principles of Human Rights in terms of using the principle of Free, Prior and Informed Consent (FPIC), have a Human Rights commitment/policy, identify main risks related to human rights, have a grievance mechanism and prioritizing the principles of Occupational, Health, and Safety (OHS).

Bank also continues to encourage debtors to implement best sustainability practices in oil and gas sector in onshore oil and gas mining, offshore oil and gas mining, oil and gas mining contractor, and oil and gas mining manufacturing companies including but not limited to; reduction and eventual elimination of venting and routine flaring in accordance with the World Bank Zero Routine Flaring 2030 initiative, public commitment in the form of policies surrounding issues regarding climate change, for Floating Production Storage and Offloading (FPSO) management of marine risks in accordance with the International Association of Oil & Gas Producers' (IOGP) guidelines, identify potential physical and transitional risks, Implement an Environmental Management System up to industry standard certification, and meets the criteria of the Indonesian Green Taxonomy, namely obtain a Green or Gold Public Disclosure Program for Environmental Compliance (PROPER).