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OTORITAS JASA KEUANGAN
REPUBLIK INDONESIA

COPY

REGULATION OF FINANCIAL SERVICES AUTHORITY

NUMBER 51 / POJK.03/2017

ABOUT

SUSTAINABLE FINANCE APPLICATION

FOR FINANCIAL SERVICES INSTITUTIONS, ISSUERS, AND PUBLIC COMPANIES

BY THE GRACE OF ALMIGHTY GOD

BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY,

Considering: a. that to realize development sustainable that is able to maintain stability economic and inclusive system is needed national economy that prioritizes harmony between economic, social, and environment;

b. that in order to move the national economy that prioritizes harmony between economic, social, and environmental maintain economic stability and be inclusive required sources of funding in large amounts adequate;

c. that the development of a system of financial institutions that environmentally friendly has been mandated in Law Number 32 of 2009 concerning Protection and management of the environment;

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d. that the *Roadmap* for Sustainable Finance in Indonesia that has been issued by the Financial Services Authority needs to be followed up with specific regulations and binding on all financial services institutions, issuers, and public companies;

e. that based on the considerations as referred to in letters a to d, need to stipulate a Financial Services Authority Regulation on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Companies Public;

In view of: 1. Law Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia 1992 Number 31, Supplement to the State Gazette Republic of Indonesia Number 3472) as already amended by Law Number 10 Year 1998 on Changes to the Law Number 7 of 1992 concerning Banking (Gazette Republic of Indonesia Year 1998 Number 182, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Law Number 11 of 1992 concerning Funds Pension (State Gazette of the Republic of Indonesia 1992 Number 37, Supplement to the State Gazette Republic of Indonesia Number 3477);

3. Law Number 8 of 1995 concerning Markets Capital (State Gazette of the Republic of Indonesia 1995 Number 64, Supplement to the State Gazette Republic of Indonesia Number 3608);

4. Law Number 21 of 2008 concerning Sharia Banking (National Gazette of the Republic Indonesia Year 2008 Number 94, Supplement State Gazette of the Republic of Indonesia Number 4867);

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5. Law Number 2 of 2009 concerning Indonesian Export Financing Agency (Gazette Republic of Indonesia Year 2016 Number 116, Supplement to the State Gazette of the Republic of Indonesia Number 5256);
6. Law Number 21 of 2011 concerning Financial Services Authority (State Gazette of the Republic of Indonesia) Indonesia Year 2011 Number 111, Supplement State Gazette of the Republic of Indonesia Number 5253);
7. Law Number 24 Year 2011 concerning Social Security Administering Body (State Gazette Republic of Indonesia Year 2016 Number 116, Supplement to the State Gazette of the Republic of Indonesia Number 5256);
8. Law Number 40 of 2014 concerning Insurance (State Gazette of the Republic of Indonesia Year 2014 Number 337, Supplement to the State Gazette of the Republic of Indonesia Number 5618);
9. Law Number 1 Year 2016 concerning Guarantee (State Gazette of the Republic of Indonesia 2016 Number 9, Supplement to the State Gazette Republic of Indonesia Number 5835);

DECIDE:

To stipulate: REGULATION OF THE FINANCIAL SERVICES AUTHORITY CONCERNING APPLICATION OF SUSTAINABLE FINANCE FOR FINANCIAL SERVICES INSTITUTIONS, ISSUERS AND COMPANIES PUBLIC.

CHAPTER I

GENERAL REQUIREMENTS

article 1

In this Financial Services Authority Regulation which is meant by:

1. Financial Services Institutions hereinafter abbreviated LJK is an institution that carries out activities in

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banking sector, capital market, insurance, funds pensions, financial institutions, and other financial service institutions.

2. Other Financial Services Institutions are pawnshops, guarantee agency, Export Financing Agency Indonesia, secondary finance company housing, and the Social Security Administration as referred to in the provisions of the regulations legislation about pawn shop, guarantees, Indonesian export financing institutions, secondary housing finance companies, and Social Security Administrator.

3. Commercial Banks are:

   a. Commercial Banks as referred to in Law Number 7 of 1992 concerning Banking as amended by Law Number 10 of 1998 concerning Amendment to Law Number 7 of 1992 concerning Banking;

   b. Sharia Commercial Banks as referred to in Law Number 21 of 2008 regarding Islamic Banking.

4. Rural Bank, hereinafter abbreviated as BPR is a Rural Bank as referred to in referred to in Law Number 7 of 1992 concerning Banking as amended with Law Number 10 of 1998 about Change above Law Number 7 of 1992 concerning Banking.

5. The next Sharia People's Financing Bank abbreviated as BPRS is the People's Financing Bank Sharia as meant in Law Number 21 of 2008 concerning Islamic Banking.

6. Issuer is the party making the offer general.

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7. Public Company is a company whose shares has been owned by at least 300 (three hundred) shareholders and has paid-up capital at least a minimum of IDR 3,000,000,000.00 (three billion rupiah) or a number of shareholders and paid-in capital determined by government regulations.
8. Sustainable Finance is support comprehensive range of the financial services sector to create sustainable economic growth by aligning economic, social and environmental interests.

9. Environment is a unitary space with all things, forces, conditions and living beings, including humans and their behavior, which affect nature itself, survival livelihoods and human well-being and other living beings.
10. Sustainable Financial Products and/or Services are financial products and/or services that integrate economic, social, and financial aspects Environment, as well as governance in features features.
11. The Sustainable Finance Action Plan is written document describing the plan short-term LJK business activities and work programs (one year) and long term (five years) according to the principles used for implementing Sustainable Finance, including strategies to realize work plans and programs is in accordance with the target and time determined, with due regard to the fulfillment of prudential provisions and application of management risk.
12. Social and Environmental Responsibility hereinafter abbreviated as TJSL is a commitment to

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participate in economic development in order to improve the quality of life and the environment that is beneficial, both for the Company themselves, the local community, and the community in general.

13. The *Sustainability Report* is a report announced to the community that contains economic, financial, social and economic performance Environment of an FSI, Issuer, and Public Company in doing business sustainable.

Section 2

(1) LJK, Issuers, and Public Companies are required to implementing Sustainable Finance in activities LJK businesses, Issuers, and Public Companies.

(2) The implementation of Sustainable Finance as referred to in paragraph (1) is carried out using:

a. the principle of responsible investment;
b. principles of sustainable business strategies and practices;
c. social and environmental risk management principles Life;
d. governance principles;
e. the principle of informative communication;
f. inclusive principles;
g. the principle of developing priority leading sectors; and
h. principles of coordination and collaboration.

Article 3

(1) Implementation of Sustainable Finance for LJK, Issuers and Public Companies as referred to in Article 2 must be carried out by provision:

a. for LJK in the form of Commercial Banks which include in the Commercial Bank group based on

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Business Activities (BUKU) 3, BUKU 4, and foreign banks, come into force on January 1 2019;

b. for LJK in the form of BUKU 1 and BUKU 2, company financing, company sharia financing, venture capital companies, sharia venture capital company, company infrastructure financing, insurance companies, sharia insurance company, company reinsurance, sharia reinsurance company, Indonesian Export Financing Agency, housing secondary finance company, Social Security Administering Body, Issuer other than Issuers with small-scale assets and Issuers with medium-scale assets, as well as companies Public comes into effect on January 1 2020;

c. for LJK in the form of BPR based on Business Activities (BPRKU) 3 including BPRS that have core capital equivalent to BPRKU 3, securities company that administers customer securities accounts, and Issuers with assets medium scale comes into effect on 1 January 2022;

d. for LJK in the form of BPRKU 1 and BPRKU 2 as well as BPRS that have an equivalent core capital with BPRKU 1 or BPRKU 2, Issuers with small-scale assets, securities companies that do not administering customer securities accounts, pawnshops, guarantee companies, and sharia guarantee companies started take effect on January 1, 2024; and

e. for LJK in the form of a pension fund with a total asset of at least Rp1,000,000,000,000.00 (one trillion rupiah) shall come into force on 1 January 2025.

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(2) In the event that the LJK as referred to in paragraph (1) is also an Issuer or Public Company, the obligation to implement Sustainable Finance is by:
LJK comes into force on the implementation date of Finance Early sustainability.

BAB II

SUSTAINABLE FINANCE APPLICATION

Article 4

(1) To implement Sustainable Finance as referred to in Article 2 paragraph (1) LJK obliged to prepare a Financial Action Plan Sustainable as stated in Appendix I which is an integral part of this Financial Services Authority Regulation.

(2) Sustainable Finance Action Plan as referred to in paragraph (1) must be submitted every year to the Financial Services Authority:

a. at the same time as delivery business plans for FSIs that are required to submit a business plan as part of from a business plan or in a document separated; and

b. no later than January 31 for LJK who not required to submit plans business.

(3) When the deadline for submitting the Action Plan Sustainable Finance as referred to in paragraph (2) letter b falls on a Saturday, Sunday, or holiday, the Sustainable Finance Action Plan must be submitted on the next working day.

(4) Sustainable Finance Action Plans must be prepared by the Board of Directors and approved by the Board of Commissioners.

(5) LJK which is also an Issuer or Company The public is obliged to implement the provisions as referred to in paragraph (1) to paragraph (4).

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Article 5

LJK must implement the Sustainable Finance Action Plan effectively.

Article 6

LJK must communicate the Financial Action Plan
Continuous to:

a. shareholder; and

b. all levels of organization in LJK.

Article 7

(1) Action Plan for Sustainable Finance as referred to
referred to in Article 4 paragraph (1) must be prepared based
on the priorities of each LJK at least
a little:

a. Development of Financial Products and/or Services
Sustainability includes portfolio enhancement
financing, investing or placing in
financial instruments or compatible projects
with the implementation of Sustainable Finance;

b. development of internal capacity of LJK; or

c. organizational adjustment, risk management, governance
manage, and/or standard operating procedures
(standard operating procedure) appropriate LJK
with principle application Finance
Sustainable.

(2) Sustainable Finance Action Plan as
referred to in paragraph (1) must be accompanied by a target
time for implementation.

Article 8

(1) LJK that are required to implement TJSL must
allocate part of TJSL funds for
support activities Application of Finance
Sustainable.

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(2) Issuers who are not LJK and companies
The public who are not LJK but are required to implement TJSL can allocate part of the
TJSL funds to support implementation activities
Sustainable Finance.

(3) TJSL fund allocation as referred to in
paragraph (1) is stated in the Financial Action Plan
Sustainable.

(4) The report on the use of TJSL funds as referred to in paragraph (1)
and paragraph (2) is stated in
Sustainability Report.

CHAPTER III

INCENTIVES GIVING

Article 9

(1) LJK, Issuers, and Public Companies that
implement Sustainable Finance effectively
can be given incentives by the Financial Services Authority.

(2) The incentives as referred to in paragraph (1) may
in the form of:

a. involving LJK, Issuers, and Companies
Public in competency development program
human Resources;

b. the awarding of the *Sustainable Finance Award;*
and/or

c. other incentives.

CHAPTER IV

SUBMISSION OF FINANCIAL ACTION PLAN
SUSTAINABILITY, REPORTING, AND PUBLICATION

Article 10

(1) LJK, Issuers, and Public Companies are required to prepare
Sustainability Report.

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(2) The Sustainability Report as referred to in paragraph (1) is prepared separately from the annual report or as an integral part of the report yearly.

(3) The Sustainability Report as referred to in paragraph (1) must be submitted to the Service Authority Finance every year no later than in accordance with the deadline for submitting the annual report applies to each LJK, Issuer, and Public Company.

(4) In the case of LJK, Issuers, and Public Companies submit a Sustainability Report separate from the annual report, the Sustainability Report must be submitted to the Financial Services Authority every year no later than April 30 next year.

(5) When the deadline for submitting the Report The sustainability as referred to in paragraph (4) falls on Saturdays, Sundays, or holidays, The Sustainability Report must be submitted on next work.

(6) Sustainability Report is mandatory for the first time submitted for the reporting period:

a. January 1 to 31 December 2019 for LJK in the form of BUKU 3, BOOK 4, and foreign banks;

b. January 1 to 31 December 2020 for LJK in the form of BOOK 1 and BOOK 2, finance company, company sharia financing, venture capital companies, sharia venture capital company, company infrastructure financing, insurance companies, sharia insurance company, reinsurance company, sharia reinsurance company, Indonesian Export Financing Agency, housing secondary finance company, Social Security Administering Body, Issuer

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other than Issuers with small-scale assets and Issuers with medium-scale assets, as well as companies Public;

c. January 1 to 31 December 2022 for LJK in the form of BPRKU 3 including BPRS which have a core capital that is equivalent to BPRKU 3, a securities company that administering customer securities accounts, and Issuers with medium-scale assets;

d. January 1 to December 31, 2024 for LJK in the form of BPRKU 1 and BPRKU 2 and BPRS with core capital which is equivalent to BPRKU 1 or BPRKU 2, Issuers with small-scale assets, securities companies who do not administer securities accounts customer, pawnshop, company guarantee, and sharia guarantee company; and

e. January 1 up to December 31, 2025 for LJK in the form of pension funds with total assets most a little Rp1,000,000,000,000.00 (one trillion rupiah).

(7) In the event that the LJK as referred to in paragraph (1) is also an Issuer or Public Company, obligation to submit a Sustainability Report first submitted by LJK for the period An earlier Sustainability Report.

(8) The Sustainability Report as referred to in paragraph (1) must be compiled with the format as referred to in Appendix II which is part of inseparable from the Service Authority Regulation This finance.

Article 11

Sustainable Finance Action Plan as referred to in Article 4 paragraph (1) and the Report Sustainability as referred to in Article 10

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paragraph (1) is submitted *offline* to the Authority Financial Services:

a. for LJK in the form of banks, it is addressed to:

1. The relevant Bank Supervision Department or Department of Islamic Banking for banks that head office or have a branch office from Banks located outside the country is in the territory of the Special Region Province the capital city of Jakarta; or
2. Financial Services Authority Regional Office or The Office of the Financial Services Authority which in charge of the bank's head office area;

b. for LJK in the form of Securities Companies, Issuers who are not is an LJK, and a Public Company that is not is an LJK addressed to the Department of related Capital Market Supervision;

c. for LJK in the form of finance companies, sharia finance companies, venture capital companies, sharia venture capital company, company infrastructure financing, insurance companies, sharia insurance companies, reinsurance companies, sharia reinsurance companies, and pension funds addressed to the Department of Industrial Supervision related Non-Bank Finance; and

d. for Other Financial Services Institutions, it is addressed to the Department that supervises each of them Other Financial Services Institutions.

Article 12

(1) LJK, Issuers, and Public Companies are required to publish the Sustainability Report as referred to in Article 10 paragraph (1).

(2) Publication of the Sustainability Report as referred to in paragraph (1) must be done through the website Most LJK, Issuer, and Public Company web no later than April 30 of the following year.

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(3) For FSIs that do not yet have a website, Report Sustainability must be published through print media or other easy announcement media read by the public no later than the 30th April of the following year.

BAB V

PENALTY

Article 13

(1) LJK that violates the provisions as referred to in referred to in Article 2 paragraph (1), Article 3 to Article 7, Article 8 paragraph (1), Article 10, and/or Article 12 is subject to administrative sanctions in the form of: written warning or warning.

(2) Issuers who are not LJK and companies The public who are not LJKs who violate provisions as referred to in Article 2 paragraph (1), Article 10, and/or Article 12 apply administrative sanctions in the form of a warning or warning written.

BAB VI

CLOSING

Article 14

This Financial Services Authority Regulation comes into force on date of promulgation.

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For everyone to know, command
the promulgation of this Financial Services Authority Regulation by
placing it in the State Gazette of the Republic of Indonesia
Indonesia.

Set in Jakarta
on July 18, 2017

CHAIRMAN OF THE BOARD OF COMMISSIONERS
FINANCIAL SERVICES AUTHORITY,

ttd

MULIAMAN D. HADAD

Promulgated in Jakarta on
27 July 2017

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

ttd

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2017 NUMBER 169

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Yuliana