

In line with the principles of Good Corporate Governance, BCA Syariah must establish provisions regarding transactions with affiliated parties and transactions containing conflicts of interest in accordance with applicable regulations.

Legal Basis

- Financial Services Authority Regulation Number 2 of 2024 dated 16 February 2024 concerning the Implementation of Sharia Governance for Sharia Commercial Banks and Sharia Business Units
- Financial Services Authority Regulation Number 17 of 2023 dated 14 September 2023 concerning the Implementation of Governance for Commercial Banks
- BCA Syariah has established internal regulations under Decision Letter Number 079/SK/DIR/2024 concerning Good Corporate Governance Policy.
- Corporate Governance Guidelines.

The following are the key provisions governing affiliated transactions and transactions containing conflicts of interest:

A. Affiliated Transactions

Affiliate Transactions are any activity and/or transaction carried out by a public company or controlled company with an Affiliate of the public company or an Affiliate of a member of the board of directors, member of the board of commissioners, major shareholder, or Controller, including any activity and/or transaction carried out by a public company or controlled company for the benefit of an Affiliate of the public company or an Affiliate of a member of the board of directors, member of the board of commissioners, major shareholder, or Controller.

In its operations, BCA Syariah engages in transactions with related parties as defined in PSAK No. 7 (revised 2015) concerning "Related Party Disclosures." All significant transactions and balances with related parties, whether conducted under normal terms or

otherwise, are disclosed in the notes to the financial statements. Related parties include individuals or entities associated with the Bank:

- a. An individual or a close family member who has a relationship with the Bank if that individual:
 - i. has control or joint control over the Bank;
 - ii. has significant influence over the Bank; or
 - iii. is a key management personnel of the Bank or the Bank's parent entity.
- b. An entity is related to the Bank if any of the following conditions apply:
 - i. The entity and the Bank are members of the same business group (which means that the parent entity, subsidiaries, and subsequent subsidiaries are related to each other).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business group, of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of the Bank or an entity related to the Bank.
 - vi. The entity is controlled or jointly controlled by an individual identified in a).
 - vii. An individual identified in a) i) has significant influence over the entity or is a key management personnel of the entity (or the entity's parent).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or the Bank's parent entity.

These transactions are conducted based on terms agreed upon by both parties. Some of these terms may differ from those conducted with unrelated parties. All transactions and balances with related parties are disclosed in the notes to the financial statements.

The principles of transactions with affiliated parties that must be observed by the work units are as follows:

Key Policies on Affiliated Transactions & Conflicts of Interest



- Must adhere to the principles of Good Corporate Governance (GCG), namely transparency, accountability, responsibility, independence, and fairness.
- Must ensure the propriety and fairness of the value and terms of the transaction (arm's length transaction).

Fairness of Transactions

The principles of transactions with affiliated parties that must be observed are:

- Must adhere to the principles of good corporate governance, namely transparency, accountability, responsibility, independence, and fairness.
- Must ensure the propriety and fairness of the value and terms of the transaction (arm's length transaction).

B. Transactions Containing Conflicts of Interest

Conflict of Interest is a difference between the economic interests of a public company and the personal economic interests of members of the Board of Directors, members of the Board of Commissioners, major shareholders or controllers that may be detrimental to the company.

In this provision, a conflict of interest is defined as a condition where members of BCA Syariah's management, in carrying out their duties and obligations, are prohibited from having interests outside of their official duties, whether concerning personal interests, family interests, or other parties' interests, which might cause them to lose objectivity in making decisions and policies within the authority granted to them by BCA Syariah.

Forms of conflict of interest:

- a. Gifts or rewards.
- b. Souvenirs.
- c. Promotional items.

BCA Syariah has policies, systems, and procedures for resolving:

- a. Conflicts of interest binding on every director and employee of BCA Syariah.
- b. Conflicts of interest are disclosed in every decision and documented properly.

In case of a conflict of interest, members of the Board of Commissioners, the Board of Directors, and Executive Officers must not take actions that may diminish the assets or profits of BCA Syariah. Disclosure of transactions containing conflicts of interest is carried out based on the applicable regulations regarding the Implementation of Governance for Islamic Commercial Banks as outlined in Financial Services Authority Regulation Number 2 of 2024 dated 16 February 2024 concerning the Implementation of Sharia Governance for Sharia Commercial Banks and Sharia Business Units and Financial Services Authority Regulation Number 17 of 2023 dated 14 September 2023 concerning the Implementation of Governance for Commercial Banks

C. Material Affiliated Transactions

For material affiliated transactions that potentially contain conflicts of interest, a review will be conducted by the Audit Committee and reported to the Board of Commissioners.

D. Provision of Funds to Related Parties and Provision of Large Funds

Provisions regarding the principle of prudence in distributing funds to Related Parties

- a. To avoid potential business failure as a result of concentration of fund distribution, BCA Syariah needs to regulate fund distribution in accordance with the principle of prudence.
- b. BCA Syariah is required to apply the principle of prudence and risk management in providing Fund Distribution, including Fund Distribution to Related Parties, Large Fund Distribution, and Fund Distribution to other parties who have an interest in the Bank.