

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**

- BCA Syariah has established internal regulations under Decision Letter Number 025/SK/DIR/2020 dated August 10, 2020 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**

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

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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:

- 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).

Categories of transactions with affiliated parties are as follows:

- Transactions that must be disclosed to the public and evidence of the announcement and supporting documents must be submitted to the Financial Services Authority (OJK).
- Transactions that do not need to be disclosed to the public but must be reported to OJK.
- Transactions exempted from the obligation of public disclosure and reporting to OJK.

Reporting to OJK must be done no later than the end of the second business day after the 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
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length transaction).

### **B. Transactions Containing Conflicts of Interest**

BCA Syariah has established internal regulations under Decision Letter Number 025/SK/DIR/2020 dated August 10, 2020, concerning Good Corporate Governance Policy.

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 Bank Indonesia Regulation No. 11/33/PBI/2009 dated December 7, 2009, and Bank Indonesia Circular Letter No. 12/13/DPbS dated April 30, 2010, concerning the Implementation of Good Corporate Governance for Islamic Commercial Banks and Islamic Business Units and used as the basis for internal regulations with Decision Letter No. 025/SK/DIR/2020 dated August 10, 2020, concerning Good Corporate Governance Policy.

If an independent appraiser declares a transaction with affiliated parties to be unfair, the transaction is considered to contain a conflict of interest and must be approved by the shareholders of BCA Syariah through an Extraordinary General Meeting of Shareholders (EGMS).

Transactions Containing Conflicts of Interest Exempt from Independent Shareholder Approval.

- Transactions valued at no more than 0.5% of BCA Syariah's paid-up capital and not exceeding IDR 5 billion.
- Transactions conducted by BCA Syariah as mandated by laws and regulations or court decisions.

### **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. Independent Parties in Affiliated Transactions and Conflicts of Interest**

According to the Company's policy, in the case of material transactions containing conflicts of interest requiring shareholder approval, the Company must appoint an independent party to evaluate the fairness of the transaction value.

If the independent appraiser deems the transaction unfair, it is considered a conflict of interest transaction requiring prior approval from the Company's Independent Shareholders through an Independent General Meeting of Shareholders.