



THE FINANCIAL SERVICES AUTHORITY  
OF THE REPUBLIC OF INDONESIA

**UNOFFICIAL TRANSLATION**

COPY  
OF THE REGULATION OF THE FINANCIAL SERVICES AUTHORITY  
NUMBER 51/POJK.03/2017  
REGARDING  
THE IMPLEMENTATION OF SUSTAINABLE FINANCE  
FOR FINANCIAL SERVICES INSTITUTIONS, ISSUER COMPANIES, AND PUBLIC COMPANIES  
BY THE GRACE OF THE ONE ALMIGHTY GOD  
THE COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY,

- Considering : a. that in order to achieve sustainable development that is capable of being inclusive and of maintaining economic stability, a national economic system is required that promotes harmony among economic, social, and environmental aspects;
- b. that in order to mobilize a national economy that promotes harmony among economic, social and environmental aspects, while maintaining economic stability and while being inclusive, adequate sources of funding are required;
- c. that the development of an environmental-friendly financial institution system has been mandated in Law Number 32 Year 2009 regarding Environmental Protection and Management;
- d. that the Sustainable Finance Roadmap in Indonesia issued by the Financial Services Authority needs to be followed up with a regulation that is specific and

binding to all financial services institutions, issuer companies, and public companies;

- e. that based on the considerations referred to in points a through d, it is necessary to stipulate a Financial Services Authority Regulation regarding the implementation of Sustainable Finance for Financial Services Institutions, Issuer Companies, and Public Companies;

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

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

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

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

5. Law Number 2 Year 2009 regarding Indonesian Export Financing Institution (State Gazette of the Republic of Indonesia Year 2016 Number 116, Supplement to State Gazette of the Republic of Indonesia Number 5256);

6. Law Number 21 Year 2011 regarding Financial Services Authority (State Gazette of the Republic of Indonesia Year 2011 Number 111, Supplement to State Gazette of the Republic of Indonesia Number 5253);

7. Law Number 24 Year 2011 regarding Social Security Organizing Agency (State Gazette of the Republic of Indonesia Year 2016 Number 116, Supplement to State Gazette of the Republic of Indonesia Number 5256);

8. Law Number 40 Year 2014 regarding Insurance (State Gazette of the Republic of Indonesia Year 2014 Number 337, Supplement to State Gazette of the Republic of Indonesia Number 5618);
9. Law Number 1 Year 2016 regarding Securitization (State Gazette of the Republic of Indonesia Year 2016 Number 9, Supplement to State Gazette of the Republic of Indonesia Number 5835);

HAVE DECIDED:

To stipulate : A REGULATION OF THE FINANCIAL SERVICES AUTHORITY REGARDING THE IMPLEMENTATION OF SUSTAINABLE FINANCE FOR FINANCIAL SERVICES INSTITUTIONS, ISSUER COMPANIES, AND PUBLIC COMPANIES.

## CHAPTER I GENERAL PROVISIONS

### Article 1

Referred to herein as:

1. Financial Services Institutions hereinafter abbreviated as FSI shall be the institutions carrying out activities in the banking, capital market, insurance and pension fund sectors, financing institutions, and other financial services institutions.
2. Other Financial Services Institutions shall be the mortgage companies, securitization institutions, Indonesian Export Financing Institution, secondary housing finance companies, and Social Security Administering Bodies as referred to in the provisions of laws and regulations on payables, securitization institutions, Indonesian export financing institution, secondary housing financing companies, and social security providers.
3. Commercial Banks shall be:
  - a. the Commercial Banks as referred to in Law Number 7 Year 1992 regarding Banking as amended by Law Number 10 Year 1998 regarding Amendment to Law Number 7 Year 1992 regarding Banking;

- b. the Sharia Commercial Banks as referred to in Law Number 21 Year 2008 regarding Sharia Banking.
- 4. Rural Banks hereinafter abbreviated as BPR shall be the Rural Banks as referred to in Law Number 7 Year 1992 regarding Banking as amended by Law Number 10 Year 1998 regarding Amendment to Law Number 7 Year 1992 regarding Banking.
- 5. Sharia Rural Banks hereinafter abbreviated as BPRS shall be the Sharia Rural Banks as referred to in Law Number 21 Year 2008 regarding Sharia Banking.
- 6. Issuer Companies shall be the parties carrying out public offering.
- 7. Public Companies shall be the companies having their shares held by at least 300 (three hundred) shareholders and having paid-up capital of at least Rp. 3,000,000,000.00 (three billion rupiah) or a number of shareholders and an amount of paid-up capital determined in a government regulation.
- 8. Sustainable Finance shall be the comprehensive support from the financial services sector to create sustainable economic growth by harmonizing economic, social, and environmental interests.
- 9. Environment shall be the integration of space with all objects, energies, circumstances and living things, including human beings and their behaviors, affecting the nature itself, the viability of life and the welfare of men as well as other living things.
- 10. Sustainable Finance Products and/or Services shall be the financial products and/or services that integrate economic, social, and environmental aspects, as well as governance in its features.
- 11. Sustainable Finance Action Plan shall be a written document describing a short-term (one year) and a long-term (five year) business activity plan and work program that is in consistent with the principles used to apply Sustainable Finance, including strategies for realizing the aforementioned plan and work program in accordance with the stipulated targets and timelines, with due regard to compliance with prudential provisions and the implementation of risk management.

12. Corporate Social and Environmental Responsibility hereinafter abbreviated as CSER is the commitment to participate in sustainable economic development in order to increase the quality of life and of the environment, which is beneficial to the company itself, the local community and society in general.
13. Sustainability Report shall be a public report that contains the economic, financial, social and environmental performance of an FSI, Issuer Company, or Public Company in running sustainable business.

## Article 2

- (1) FSIs, Issuer Companies, and Public Companies are required to apply Sustainable Finance in the business activities of the relevant FSIs, Issuer Companies, and Public Companies.
- (2) The implementation of Sustainable Finance as referred to in paragraph (1) shall be performed by using:
  - a. Principles of responsible investments;
  - b. Principles of sustainable business strategy and practice;
  - c. Principle of social and environmental risk management;
  - d. Principles of governance;
  - e. Informative communication Principle;
  - f. Inclusiveness Principles;
  - g. Principles of priority prime sector development; and
  - h. Principles of coordination and collaboration.

## Article 3

- (1) The Implementation of Sustainable Finance by FSIs, Issuer Companies, and Public Companies, as referred to in Article 2, must be performed under the following provisions:
  - a. For FSIs in the form of Commercial Banks included in the categories of Commercial Banks by Business Activities (*Bank Umum berdasarkan*

*Kegiatan Usaha – BUKU*) 3, BUKU 4, and foreign banks, effective as from January 1, 2019;

- b. for FSIs in the form of BUKU 1 and BUKU 2, financing companies, sharia financing companies, venture capital companies, sharia venture capital companies, infrastructure financing companies, insurance companies, sharia insurance companies, reinsurance companies, sharia reinsurance companies, Indonesian Export Financing Institutions, secondary housing financing companies, Social Security administrating bodies, Issuer Companies other than Issuer Companies with small-scale assets and Issuer Companies with medium-scale assets, as well as Public Companies, effective as from January 1, 2020;
  - c. for FSIs in the form of Rural Banks by Business Activities (BPRKU) 3 including BPRS having core capital equal to BPRKU 3, securities companies administering customers' securities accounts, and Issuer Companies with medium-scale assets, effective as from January 1, 2022;
  - d. for FSIs in the form of BPRKU 1 and BPRKU 2 as well as BPRS having core capital equal to BPRKU 1 or BPRKU 2, Issuer Companies with small-scale assets, securities companies not administering customers' securities accounts, mortgage companies, securitization companies, and sharia securitization companies, effective as from January 1, 2024; and
  - e. For FSIs in the form of pension fund companies with minimum total assets of Rp. 1,000,000,000,000.00 (one trillion rupiah), effective as from January 1, 2025.
- (2) In case the FSIs as referred to in paragraph (1) are also Issuer Companies or Public Companies, the obligation to implement Sustainable Finance by the relevant FSIs shall be effective as from date of Sustainable Finance implementation that falls earlier.

## CHAPTER II

### SUSTAINABLE FINANCE APPLICATION

#### Article 4

- (1) In order to implement Sustainable Finance as referred to in Article 2 paragraph (1), FSIs are required to prepare a Sustainable Finance Action Plan as set forth in Attachment I, which is an integral part of this regulation.
- (2) The Sustainable Finance Action Plan as referred to in paragraph (1) must be submitted on an annual basis to the Financial Services Authority:
  - a. at the same time as the submission of a business plan for the FSIs required to submit a business plan, either as part of the business plan or in a separate document; and
  - b. no later than January 31 for the FSIs not required to submit a business plan.
- (3) If the due date for the submission of a Sustainable Finance Business Plan as referred to in paragraph (2) point b falls on Saturday, Sunday, or holiday, the relevant Sustainable Finance Business Plan must be submitted on the subsequent business day.
- (4) The Sustainable Finance Action Plan must be prepared by the Board of Directors and be approved by the Board of Commissioners.
- (5) The FSIs that are also Issuer Companies or Public Companies shall be required to implement the provisions as referred to in paragraph (1) up to and including paragraph (4).

#### Article 5

FSIs are required to implement the Sustainable Finance Action Plan effectively.

#### Article 6

FSIs shall communicate the Sustainable Finance Action Plan to:

- a. the shareholders; and
- b. all organizational levels existing in the relevant FSIs.

#### Article 7

- (1) The Sustainable Finance Action Plan, as referred to in Article 4 paragraph (1), must be prepared based on the priorities of the relevant FSIs, containing at least:
  - a. The development of Sustainable Products and/or Services, including improvements of the financing portfolios, investments or placements of financial instruments or projects that are in line with the implementation of Sustainable Finance;
  - b. FSIs' internal capacity building; or
  - c. adjustments to FSIs' organization, risk management, governance, and/or standard operating procedures that are in accordance with the Principles for the implementation of Sustainable Finance.
- (2) The Sustainable Finance Action Plan as referred to in paragraph (1) must be accompanied by an implementation timeline.

#### Article 8

- (1) The FSIs required to implement CSER must allocate a portion of the CSER fund to support activities related to the implementation of Sustainable Finance.
- (2) The Issuer Companies that are not FSIs and Public Companies that are not FSIs but that are required to implement CSER may allocate a portion of the CSER fund to support activities related to the implementation of Sustainable Finance.
- (3) The allocation of CSER funds, as referred to in paragraph (1), shall be set out in the Sustainable Finance Action Plan.
- (4) A report on the use of the CSER fund as referred to in paragraph (1) and paragraph (2) shall be set out in the Sustainability Report.

### CHAPTER III

#### INCENTIVE GRANTING



## Article 9

- (1) FSIs, Issuer Companies, and Public Companies applying Sustainable Finance effectively may be granted incentives by the Financial Services Authority.
- (2) The incentives as referred to in paragraph (1) can be in the form of:
  - a. inclusion of the relevant FSIs, Issuer Companies, and Public Companies in human resources capacity building programs;
  - b. the granting of Sustainable Finance Awards; and/or
  - c. other incentives.

## CHAPTER IV

### SUSTAINABLE FINANCE ACTION PLAN SUBMISSION, REPORTING, AND PUBLICATION

## Article 10

- (1) FSIs, Issuer Companies, and Public Companies are required to prepare a Sustainability Report.
- (2) The Sustainability Report as referred to in paragraph (1) shall be prepared separately from the annual report or as an integral part of the annual report.
- (3) The Sustainability Report as referred to in paragraph (1) must be submitted to the Financial Services Authority on an annual basis at the latest in accordance with the respective annual report submission due dates applicable for the relevant FSIs, Issuer Companies, and Public Companies.
- (4) In case the FSIs, Issuer Companies, and Public Companies submit the Sustainability Report separately from the annual report, the Sustainability Report must be submitted to the Financial Services Authority on an annual basis by no later than April 30 of the subsequent year.
- (5) If the Sustainability Report submission due date as referred to in paragraph (4) falls on Saturday, Sunday, or holiday, the Sustainability Report must be submitted on the subsequent business day.
- (6) The first Sustainability Report must be submitted for the report period of:

- a. January 1 to December 31, 2019 for FSIs in the form of BUKU 3, BUKU 4, and foreign banks;
  - b. January 1 to December 31, 2020 for FSIs in the form of BUKU 1 and BUKU 2, financing companies, sharia financing companies, venture capital companies, sharia venture capital companies, infrastructure financing companies, insurance companies, sharia insurance companies, reinsurance companies, sharia reinsurance companies, Indonesian Export Financing Institution, housing secondary financing companies, Social Security Organizing Agency, Issuer Companies other than Issuer Companies with small-scale assets and Issuer Companies with medium-scale assets, as well as Public Companies;
  - c. January 1 to December 31, 2022 for FSIs in the form of BPRKU 3 including BPRS having core capital equal to BPRKU 3, securities companies administering customers' securities accounts, and Issuer Companies with medium-scale assets;
  - d. January 1 to December 31, 2024 for FSIs in the form of BPRKU 1 and BPRKU 2 as well as BPRS having core capital equal to BPRKU 1 or BPRKU 2, Issuer Companies with small-scale assets, securities companies not administering customers' securities accounts, mortgage companies, securitization companies, and sharia securitization companies; and
  - e. January 1 to December 31, 2025 for FSIs in the form of pension fund companies with minimum total assets of Rp. 1,000,000,000,000.00 (one trillion rupiah).
- (7) In case the FSIs as referred in paragraph (1) are also Issuer Companies or Public Companies, the obligation to submit a Sustainability Report shall be first performed by the FSIs for the Sustainability Report period that falls earlier.
- (8) The Sustainability Report as referred to in paragraph (1) must be prepared using the format as referred to in Attachment II, which is an integral part of this regulation.

The Sustainable Finance Action Plan as referred to in Article 4 paragraph (1) and the Sustainability Report as referred to in Article 10 paragraph (1) shall be submitted offline to the Financial Services Authority:

- a. for FSIs in the form of banks, the Sustainable Finance Action Plan and Sustainability Report shall be submitted to:
  1. The relevant Bank Supervisory Department or Sharia Banking Department for banks having their head offices, or banks domiciled overseas having their branch offices, located within the territory of the Special Capital City Region of Jakarta Province; or
  2. The regional office of the Financial Services Authority or the office of the Financial Services Authority which oversees the territory of the bank's head office;
- b. for FSIs in the form of Securities Companies, Non-FSI Issuer Companies, and Non-FSI Public Companies, the Sustainable Finance Action Plan and the Sustainability Report shall be submitted to the relevant Capital Market Supervisory Department;
- c. for FSIs in the form of financing companies, sharia financing companies, venture capital companies, sharia venture capital companies, infrastructure financing companies, insurance companies, sharia insurance companies, reinsurance companies, sharia reinsurance companies, and pension fund companies, the Sustainable Finance Action Plan and the Sustainability Report shall be submitted to the relevant Non-Bank Financial Industry Supervisory Department; and
- d. for Other Financial Services Institutions, the Sustainable Finance Action Plan and Sustainability Report shall be submitted to the Department supervising each of the Other Financial Services Institutions.

## Article 12

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

- (2) The publication of the Sustainability Report, as referred to in paragraph (1), must be performed through the respective websites of the relevant FSIs, Issuer Companies and Public Companies, by no later than April 30 of the subsequent year.
- (3) For the FSIs that do not have a website, the Sustainability Report must be published through a printed media or any other publicly available media by no later than April 30 of the subsequent year.

## CHAPTER V

### SANCTIONS

#### Article 13

- (1) The FSIs violating the provisions as referred to in Article 2 paragraph (1), Article 3 to Article 7, Article 8 paragraph (1), Article 10, and/or Article 12 shall receive administrative sanctions in the form of reprimands or a written warnings.
- (2) The Non-FSI Issuer Companies and Non-FSI Public Companies violating the provisions as referred to in Article 2 paragraph (1), Article 10, and/or Article 12 shall receive administrative sanctions in the form of a reprimands or written warnings.

## CHAPTER VI

### CLOSING PROVISIONS

#### Article 14

This Financial Services Authority Regulation shall come into force as from the date of its promulgation.

For public cognizance, it is hereby ordered the promulgation hereof by publishing it in a State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

on July 18, 2017

THE HEAD OF THE BOARD OF  
COMMISSIONERS  
OF THE FINANCIAL SERVICES AUTHORITY,

sgd

MULIAMAN D. HADAD

Promulgated in Jakarta  
on July 27, 2017

THE MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA,

sgd

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2017 NUMBER 169

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Legal Director 1  
of the Legal Department

sgd

Yuliana