BUMN UNTUK INDONESIA

Bank BTN

Sustainable Growth for Green Indonesia

2023 Sustainability Report

9. Telecommunication
10. Education Service
11. Oil and Gas
12. Retail
13. Service
14. Pulp & Paper
15. Consumer Goods (Food & Beverage, Household Goods, and Personal Care)

In addition to the portfolio guidelines, one way to ensure that the credit provided is not used for projects or activities that are detrimental to the environment is to have environmental requirements documents such as an Environmental Impact Analysis. The company also considers it important to have competency development activities for developers or partners related to financing schemes and their potential impact on the environment. [FS5] [FS10]

A sustainability risk management policy has been developed to ensure that lending is provided in accordance with social and environmental aspects. The requirements that have been set consist of: [GRI 3-3] [FS1] [FS2]

- Environmental Feasibility Efforts or Environmental Management Efforts (UKL/UPL) and/or Requirements for Environmental Impact Analysis (AMDAL), Flood Peil Permit (permit to carry out the construction of a building in a certain area), and other permits;
- Undertaking direct field visits or observations to verify that the location of the residential land to be built is not green land or disputed land;
- Including ecolabelling regulations or the use of environmentally friendly materials that have been certified by the Indonesian Ecolabelling Institute (LEI) in middle class construction financing;
- Ensuring that the house or construction being built meets the greenship homes criteria compiled by the Green Building Council Indonesia (GBCI);
- Arranging requirements for developers to plant trees in every house or provide large allocations for social and environmental related facilities and infrastructure. This policy refers to the company's commitment to efforts to realize biodiversity; and [OJK F.9, F.10]
- Formulating an exclusion list that lists activities and practices that the bank does not want to carry out, including activities that have a negative impact on humans and the planet.

Apart from fulfilling environmental responsibilities through implementing regulations, the company also strives to preserve the environment through conservation programs and activities. To support this program, the company does not have operational offices located in conservation areas or those with protected biodiversity.[GRI 3-3] [OJK F.9, F.10]

The company's consistency in always complying with the prevailing environmental regulations and provisions is proven by zero violations of environmental laws and regulations that resulted in fines or non-monetary sanctions in 2023. [GRI 2-27, 3-3, 307-1] [F.16].

GREENHOUSE GAS EMISSIONS

BTN's ESG Framework, GHG emission management is included in the Climate Change and Ecosystems pillar. The company has set a minimum emission reduction target of 30% in its operational activities for the next five years. Efforts to fulfill this target are carried out with various initiatives, such as adopting solar panels as an energy source, using electric vehicles as much as 20% or at least 50 of the total company fleet, and other programs. Until the year 2023, the Company has operated 29 electric vehicles, consisting of 21 electric motorcycles and 8 electric cars. Additionally, the Company has installed 3 solar panels at its office. [GRI 3-3]

Setting this target is the company's commitment to support the government's commitment to be carbon neutral (Net Zero Emission/NZE) by 2060 and meet the Enhanced Nationally Determined Contributions target of 43.20%. By referring to this commitment, the company views GHG emission tracking as important to calculate emissions originating from global warming potential (GWP) gas sources such as CO_2, N_2O, CH_4, CFC. This calculation will later be displayed in units of tons of CO_2 equivalent or CO_2 eq. [GRI 3-3]

The Company's emission calculations are based on an operational control approach utilizing the methodology outlined in the 2006 IPCC Guidelines, updated in 2019, and referencing the ISO 14064 Greenhouse Gases standard. The electricity emission factors rely on those published by the Directorate General of Electricity, Ministry of Energy and Mineral Resources (DJK-ESDM) in 2020. On the other hand, the emission factors for oil-based fuels (BBM) are based on those published by the Institute of Oil and Natural Gas (Lemigas), ESDM, in 2021. The calculated emissions exclusively include CO_2 gas, multiplied by a GWP factor of 1, and do not encompass biogenic CO_2 emissions. [GRI 305-1, 305-2, 305-3] [F.11] [TCFD Metrics.b]

The company's Scope 1 emissions come from the use of fuel for transportation and the use of fuel for generators. Meanwhile, Scope 2 emissions come from the use of electrical energy from state-owned electricity company PT PLN.