



Building Quality of Life Through Responsible Business

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PT Bank Tabungan Negara (Persero) Tbk recorded a proud achievement in 2020. When Indonesia's economic growth fell into a recession zone, even recorded -2.07% due to the prolonged Covid-19 pandemic, the Company recorded brilliant performance. Assets, interest income, current year profit, and third party funds exceeded the Bank's Business Plan (RBB) target, while simultaneously recording an increase compared to the previous year. This achievement included the success of the Company in distributing housing loans to low-income people (Masyarakat Berdaya Rendah-MBR), which automatically reduced the backlog or housing deficit in Indonesia, which is still very large.

In line with the achievement of this economic performance, the Company also recorded achievements in implementing superior and priority programs as stipulated in the 2020 Sustainable Financial Action Plan. One of these priority programs was environmentally friendly construction financing, namely the Company developed products that paid attention to sustainability issues to help prevent and reduce

environmental damage so that it could support the achievement of sustainable development goals. The implementation of these programs became a tangible manifestation of the Company's support and contribution to the achievement of sustainable development goals, namely development that emphasized harmony between economic, social and environmental aspects.

The Company's achievement was more complete with the re-election of Company in the list of SRI-KEHATI Index issuers in 2020. The SRI-KEHATI index was a list of companies that had a commitment to make sustainable management efforts caring about the environment, social and good corporate governance. This achievement confirmed Company's target as a leading bank in the housing sector and a trusted family partner that applied the principles of sustainable finance as a support for sustainable development.



2020 SUSTAINABILITY REPORT

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Sustainable Performance Highlights

Economic Performance (B.1)

2017-2020

Quantity of Production/Services Sold



Consumer Banking



Commercial Banking



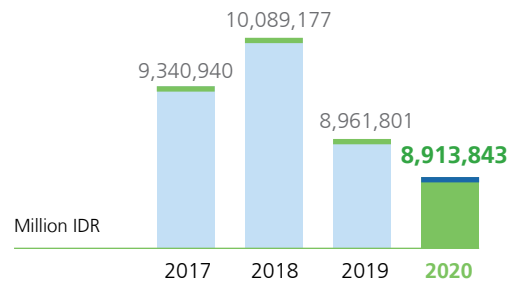
Sharia Business Unit



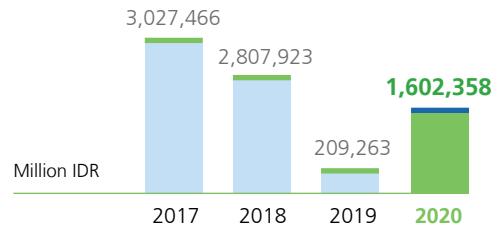
Banking Services



Interest Income and Net Profit Sharing



Profit for the Year



Social Performance (B.3)

2020



2019	2018	2017
11,647	11,810	10,690
Person	Person	Person

2020





2019	2018	2017
1.51	2.26	2.65
%	%	%

2020



2019	2018	2017
None	None	None
Case	Case	Case

Environmental Performance (B.2)

		2020	2019	2018
 Electricity Use (Head Office)	kWh	2,601,940	7,608,000	7,863,780
	GigaJoules	9,366,984	27,388.8	28,309,608
 Use of water - PDAM - Groundwater	Cubic meter	71,153	93,537	98,280
	Cubic meter	-	-	-



2020



2019	2018	2017
48.68	64.23	31.38
Billion IDR	Billion IDR	Billion IDR



Sustainability Strategy of PT Bank Tabungan Negara (Persero) Tbk.

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service



PT Bank Tabungan Negara (Persero) Tbk. and Sustainable Development

Implementing Sustainable Finance to Support Sustainable Development Goals

Banking has a big role to play in achieving sustainable development, the sustainable development has to meet with the current needs without compromising the needs of future generations by emphasizing the supporting capacity of the environment, the achievement of social justice, economic and environmental sustainability. In this matter, banks as financial institutions are required to be selective in channeling their financing so that the projects financed are in line with the principles of sustainable development, not the other way around.

As one of the largest banks in Indonesia, especially as a State-Owned Enterprise (SOE), the Company is committed to support the realization of sustainable development. The

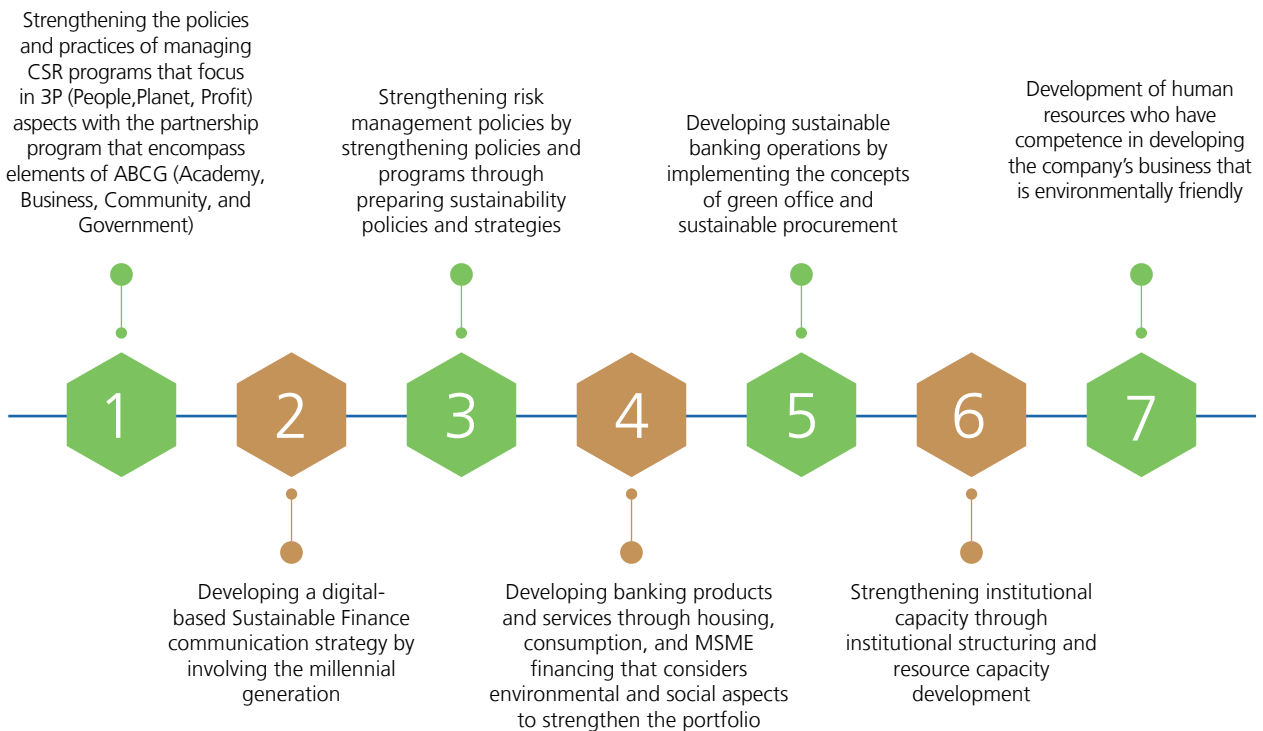
company real support is providing a selective financing, which is in line with the Sustainable Finance principles. With the enactment/effective of Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 on Implementation of Sustainable Financial for Financial Services Institutions, Issuers, and Public Companies. The company as of 1 January 2019 has prepared a Sustainable Finance Action Plan (RAKB) as a Guideline for the Implementation of Sustainable Finance.

The Existence of RAKB expected to create long-term value without any limitations in creating form of sustainable competitive advantage to the company by managing all environment risk as promptly, accurately and precisely in economic, social sector to strengthening resilience in wider community environment.

Objectives of the Sustainable Finance Action Plan

In 2024 realizing PT Bank Tabungan Negara (Persero) Tbk. a leader in the housing sector and a trusted family finance partner that applies the principles of Sustainable Finance to jointly achieve the goals of sustainable development in Indonesia.

Company's Strategic Steps for Sustainable Finance

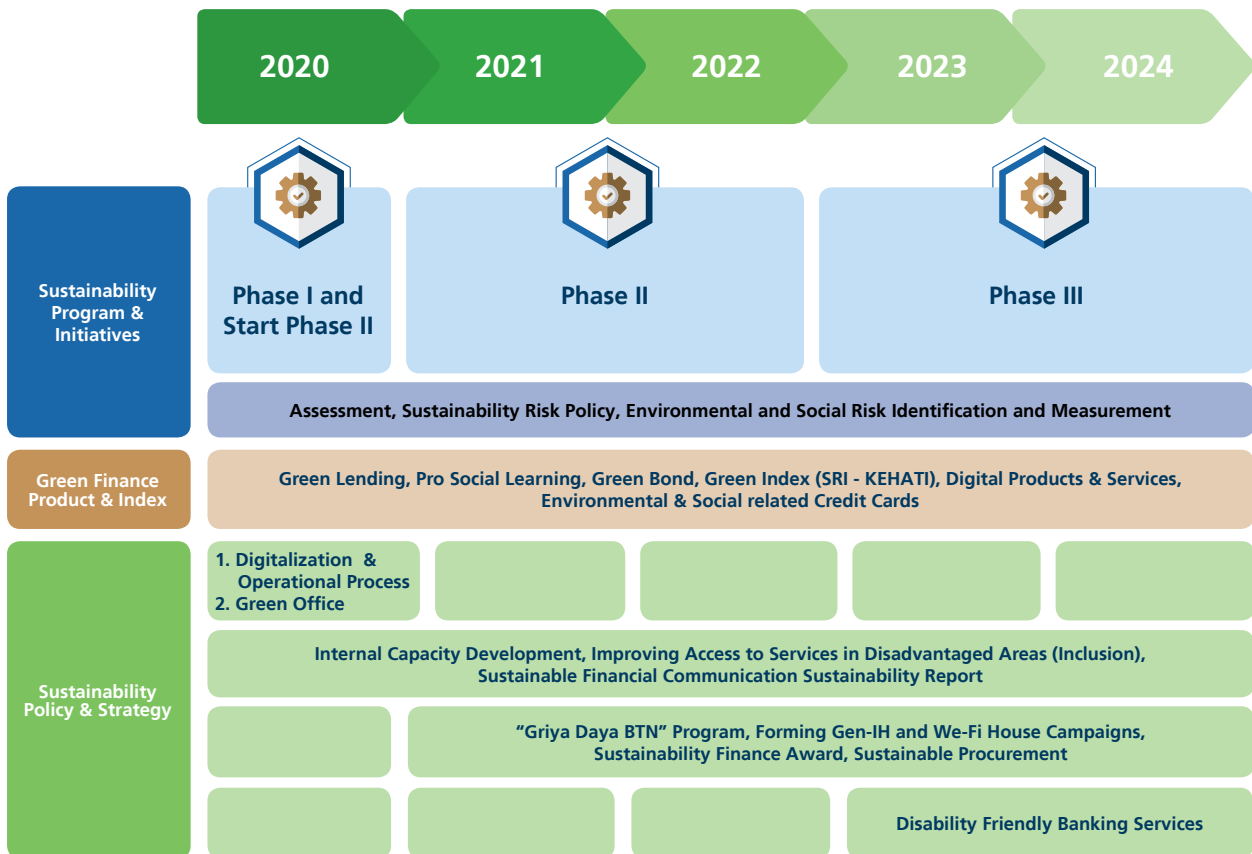


In accordance with Attachment 1 POJK No.51 / POJK.03 / 2017 in the Executive Summary Section, which regulated the need for employees, officers or work units had to be responsible for implementing the Sustainable Finance Action Plan, the Company established a Corporate Secretariat work unit with Sustainable Finance program implementers by the Risk Management Work Unit, HR Management Work Unit, Compliance Work Unit, Network & Distribution Work Unit, Policy & Procedure Work Unit, Information Technology Work Unit, Planning & Strategy Work Unit, Procurement Work Unit, Housing Finance Center Work Unit and Credit and Fund Business Work Unit. **(E.1)**

Duties and Authorities of the Company Secretariat Work Unit

Work unit	Standard Operating Procedure (SOP)	Duties and Authorities
Company Secretariat Work Unit	Supervises the implementation of all Sustainable Finance programs and assigns program implementation to the work units involved, namely, Risk Management, HR Management, Compliance, Network & Distribution, Policies & Procedures, Information Technology, Planning & Strategy, Procurement, Housing Finance Center and Business Credit and Funds	<ul style="list-style-type: none"> - Directing all aspects of implementing Sustainable Financial programs in accordance with the targets to be achieved. - Establishing strategies and implementation of corporate communication programs for various Sustainable Financial programs so that the Bank's reputation was well maintained - Coordinating, monitoring and evaluating all aspects of the implementation of the sustainable finance program

Roadmap of the Implementation of the Company's Sustainable Finance in 2020-2024



Implementation of Sustainable Finance Principles

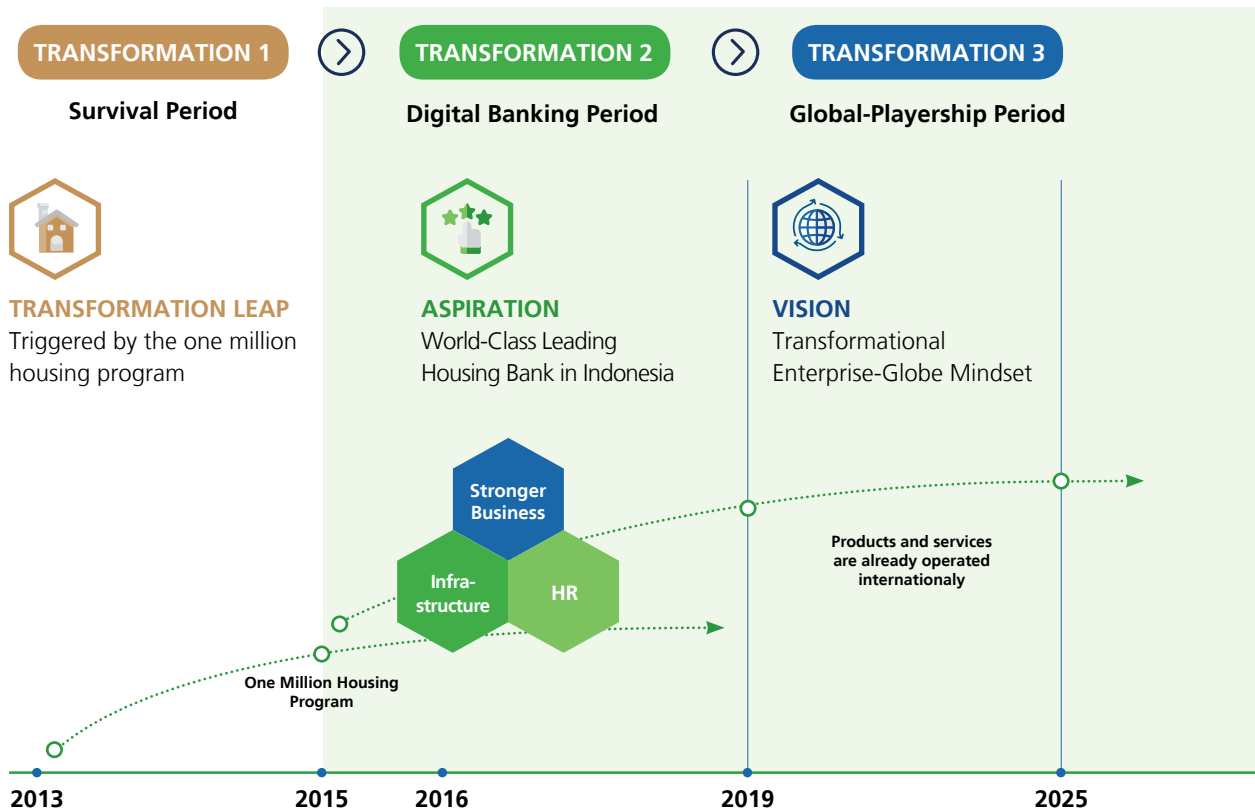
The principles of Sustainable Finance have been regulated in the Financial Services Authority Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance. This regulation contains seven principles that have been applied to the Company's business activities and will continue to be developed along with RAKB implementation.

Principle of Responsible Investment and Principle of Social and Environmental Risks Management	Green credit policy is a credit assessment that examines the results of an Environmental Impact Assessment (AMDAL) before deciding to extend credit to a project. This policy has been outlined in Circular Letter No. 17/DIR/CM/2016 dated 31 March 2016 on Standard Operating Procedures for Commercial Loans point 4.1.3.3, which is "Environmental Feasibility Efforts or Environmental Management Efforts (UKL/UPL) and/or Environmental Impact Analysis (AMDAL) if required by the local Government, or prerequisites in the Location Permit or Permit to Use Land". In addition to AMDAL, the Company also conducts direct field monitoring to ensure that debtor or developer meets the environmental requirements
Principle of Sustainable Business Strategy and Practice	The acceleration of Digital Banking transformation is a strategy to support the Company's business growth as well as a form of the Company's initiative in minimizing the negative impacts on the environment through reducing the use of paper (paperless). The initiatives are performed by synergizing the Digital Banking with the Company's superior products. iflow application is a correspondence application that is distributed directly online. The iflow application is a cross-division and/or cross-branch correspondence application with structured distribution. In addition to have an advantage in distributing structured correspondence, this application also has other benefits including fast distribution flow of correspondence, monitoring of documents or letters sent, and reducing the use of paper (paperless) since letter memos are not necessarily printed out. This application has been implemented at the Company's Head Office since 2011. Furthermore, the Company uses applications, one of which has also synergized the Digital Banking with the Company's flagship product, which is KPR, through BTN Properti Portal service
Principle of Priority Leading Sector Development	Implementing the BUMDes and Farmer Entrepreneurship Program, which was initiated by the Ministry of Villages, Disadvantaged Regions and Transmigration (Kemendes PDTT) in collaboration with the Ministry of Agriculture, the Ministry of SOE, and Banking to provide access to capital for the BUMDes business in order to encourage rural communities to manage the economy autonomously.
Principle of Governance	Integrating sustainability aspects into the principle of TARIF (Transparency, Accountability, Responsibility, Independency, and Fairness) and complying with the applicable regulations starting from labor-related regulations, customer data confidentiality, waste management, to the implementation of Partnership and Community Development Programs that comply with the regulations.
Principles of Inclusion	Presenting inclusive and sustainable banking products through TCASH Services - Cermat Company, providing KPR facilities for informal workers (the Company's KPR for Gojek Partners and Micro Enterprises KPR for associations and communities), the development of Micro, Small, and Medium Enterprises (MSME) through KUMK and KUR (People's Business Credit) scheme, development of Digital Banking services, and various financial literacy programs
Principles of Coordination and Collaboration	Approaching Regulators and Local Government to facilitate permits to build houses and buildings, and also approaching the National Land Agency (BPN) and collaborating with students from 25 Universities in Indonesia in the Property Entrepreneurship Literacy training program that aims to improve their ability to build property business
Principle of Informative Communication	Through the Sustainability Report, all information reported relating to economic, social, and environmental aspects is sufficient, clear, accurate, accountable, and can be accessed by all stakeholders

In preparing the Sustainable Finance Action Plan, the Company uses various world-class references, which have been applied globally. The references are:

- 2015-2019 Sustainable Finance Roadmap and POJK No. 51/POJK.03/2017 on the Implementation of Sustainable Finance
- UNEP-FI (United Nations Environment Program - Finance Initiative)
- IFC's (International Finance Corporation) Sustainability Framework
- GRI (Global Reporting Initiative) Standards
- ISO 26000 standard
- SDGs (Sustainable Development Goals)
- Law No. 40/2007 on Limited Liability Company that requires companies to perform Social and Environmental Responsibility (TJSL) and Law No. 32 of 2009 on Environmental Protection and Management.

Company's Strategic Transformation

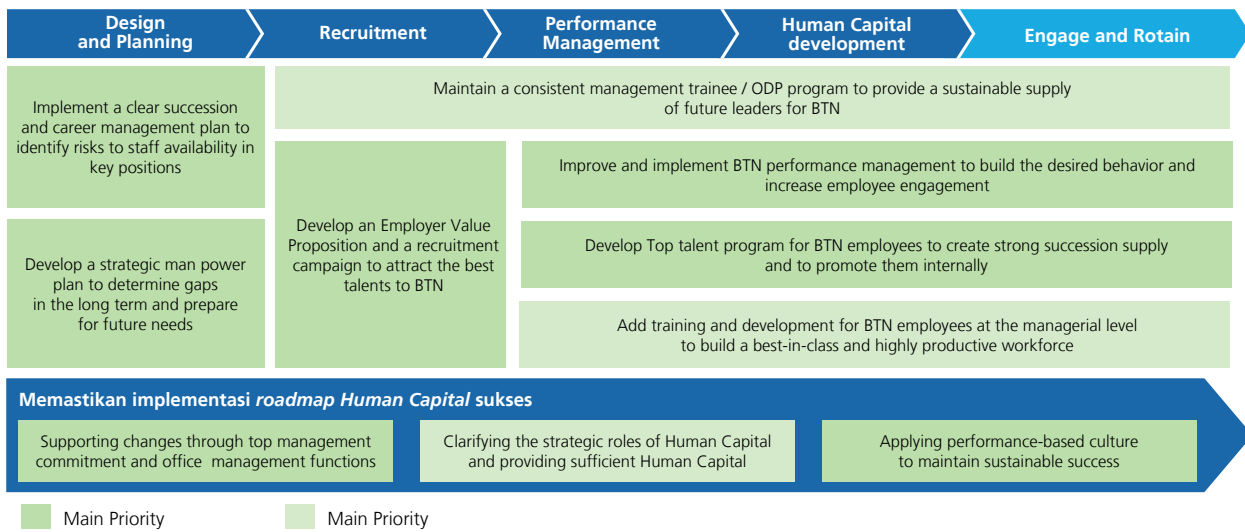


The implementation of the Company transformation roadmap was still in accordance with the initial transformation stages, namely the stronger business by focusing on two main segments, namely the Consumer Banking segment and Commercial Banking. In the Consumer Banking segment, the Company participated in supporting the realization of the million house program by strengthening the distribution of mortgages in the mass segment and expanding in other segments. Meanwhile, in the Commercial Banking segment, business development was directed at encouraging increased housing supply through realization of construction loans and expansion of the debtor value chain. In order to support the strengthening of the core business, the enabler pillar was also strengthened which included Human Resources (HR), IT infrastructure and the application of risk management to achieve sustainable business growth.

The Company conduct development activities such as:

1. Strengthening Business Fields: Consumer Banking and Commercial Banking The business strengthening strategy is based on its segmentation. In the consumer segment, the business development is directed to strengthen KPR position in the mass segment and to expand Digital Banking services. Meanwhile, the business development in commercial segment is focused on increasing housing supply and mapping customer's value chains. The expansion of KPR-based funding and strengthened cooperation with various agencies is an initiative undertaken to improve CASA in the commercial segment.
2. Strengthening Infrastructure
In accordance with the Bank's policy direction, strengthening the infrastructure pillars is aimed at supporting the transformation stages and sustainable business growth. These strengthened pillars focus on:
 - a. Infrastructure transformation focuses on increasing Information Technology (IT) capability in supporting the implementation of Digital Banking, digitizing process, and big data analytics.
 - b. Strengthening GCG pillars by implementing governance, risk and compliance in an integrated manner.
3. Strengthening Human Resources
Strengthening human resources is carried out by strengthening ten building blocks and increasing the capabilities of human resources as agents of transformation implementation.

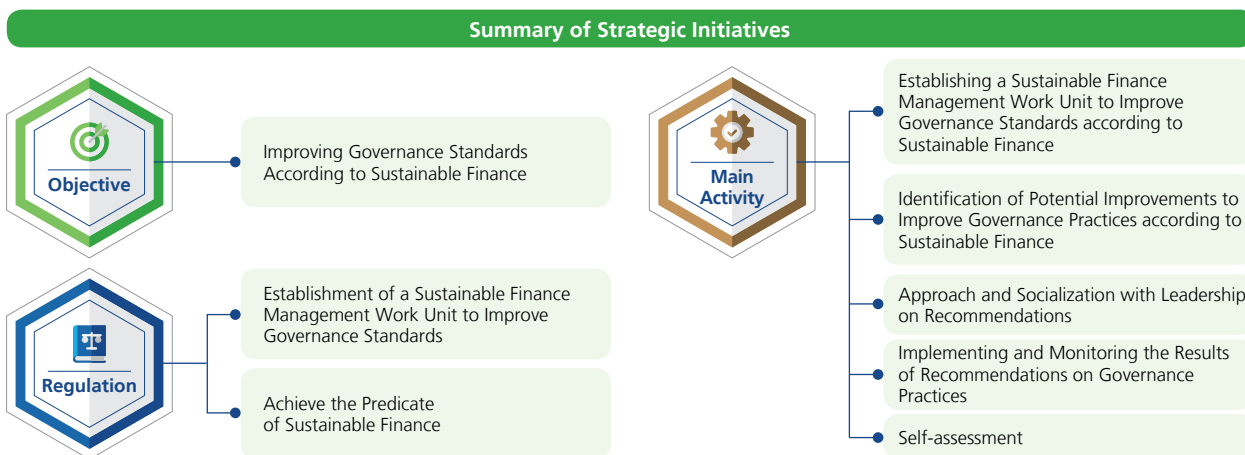
Human Resource Development Building Block



As a banking institution that actively supported sustainable development, the Company had a strategic plan initiative for the implementation of sustainable finance. This strategic plan initiative had the following main activities:

1. Creating and preparing a separate team to improve corporate governance standards according to Sustainable Finance;
2. Identifying potential improvements to improve governance practices according to Sustainable Finance;
3. Recommendations for approaches and socialization with leadership;
4. Implementing and monitoring the results of recommendations on governance practices;
5. Self assessment.

Summary of the strategic initiatives of the Company to improve corporate governance standards based on the principles of Sustainable Finance can be seen in the following figure:



RAKB 2020 Implementation

As a form of compliance with POJK No.51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, the Company started implementing the 2019 RAKB as of January 1, 2019, which was followed by the 2020 RAKB as of January 1, 2020.

Impact of the Implementation of the RAKB Strategy of PT Bank Tabungan Negara (Persero) Tbk.

It is important that RAKB be implemented in Company's Business Sustainability as it applies the balance concept between People, Planet, and Profit. The benefits of implementing RAKB for stakeholders, the Company, the community, and the government are as follows:

- o For the Bank:
 - Improving Brand Image and company product reliability
 - Strengthening resilience because the Company has managed all risks (economic, social, and environmental) more precisely
- o For Stakeholder:
 - Improving the reputation and trust of shareholders and stakeholders
- o For the Community:
 - Improving the quality of life and beneficial environment
 - Improving the economy and living standard of the people
- o For the Government
 - Supporting government programs in strengthening financial inclusion and literacy
 - Supporting leading sector development targets and priorities set by the Government
 - Supporting TOD infrastructure development and Tourism Development

Recapitulation of the 2020 RAKB Implementation

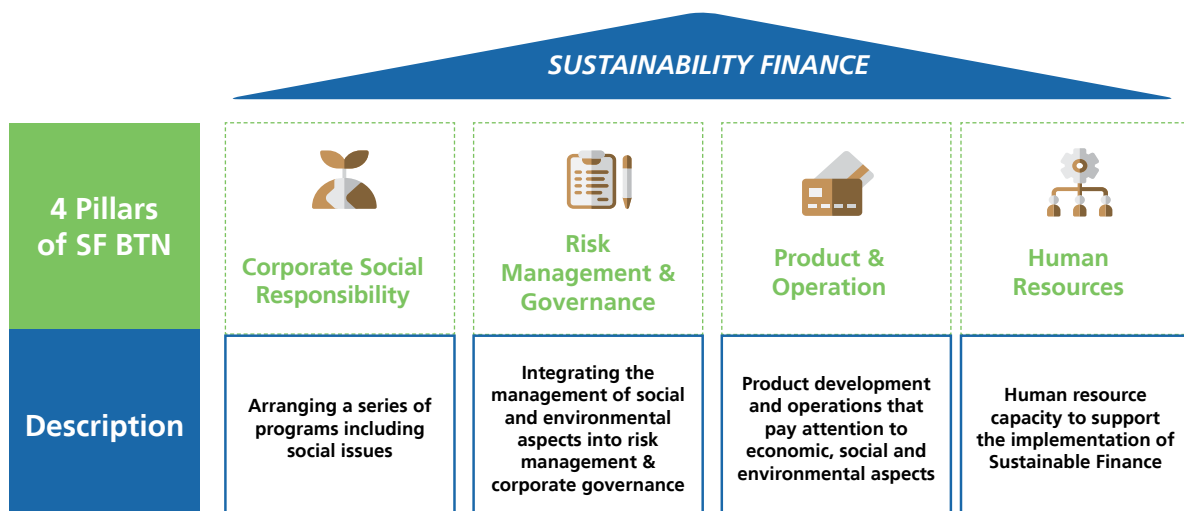
The company put a number of RAKB 2020 programs and made their best efforts to make it happen. The achievements of the RAKB program during 2020 are as follows:

Table of Percentage Achievement of RAKB Implementation as of December 31, 2020

No.	Program Initiatives	Success indicators	Progress
1	Micro, small and medium business financing	5% increase in financing from the previous year	100%
2	TJSL for sustainable home building / renovation (Bank BTN contributed in funding for the electrification of 400 houses in border areas)	<ul style="list-style-type: none"> • Electrification of 400 housing units in the border area • Renovation of 15 units of community houses that cannot afford to become healthy houses • Renovation of 5 homestay units 	100% 100% 100%
3	Provision of environmentally friendly building facilities and infrastructure	Expansion of the biopore area by 20 points	100%
4	HR competency training and development related to Sustainable Finance	<ul style="list-style-type: none"> • Implementation of Sustainable Finance training / socialization to 70% of employees • There were 100 new developers in the property sector 	100% 100%
5	Development of digitalization of banking services / products	<ul style="list-style-type: none"> • Increase in the use of non-cash transactions by 5% • Increase in the opening of a BTN SIAP savings account by 5% 	100% 100%
6	Increasing access to banking financial services in disadvantaged areas	Increase financial service access points to 19 in disadvantaged areas	100%
7	Commercial credit distribution that supports sustainable development	There is an additional 1 Transit Oriented Development (TOD) project financing	100%

2021 RAKB

The 2021 Company RAKB work program is based on the following 4 pillars:



Furthermore, the four pillars are detailed into core activities that will have an impact on improving the quality of the environment, social, and governance.

1. Pillars of Corporate Social Responsibility

Program and Activities	Impact	Information
1. Development / renovation program for facilities and infrastructure as well as deforestation in subsidized housing	Environment	External Purpose Creating a Reading Garden Communities in regional offices (Jakarta, Surabaya, Batam, Semarang, Makassar)
2. Retired Health Services	Social	Free health services for participants in pension payments (TASPEN, Pos Indonesia)
3. Destination development support priority	Social	Homestay renovation in Banyuwangi and Yogyakarta
4. Free internet program for College Students partnering with PT Bank Tabungan Negara (Persero) Tbk.	Environment	The Company collaborated with 39 universities in 20 provinces (including UI, ITB, Unair, Unpad, Unsoed, Unhas etc.)
5. Programs to improve the health of people affected by Covid-19	Social	Providing assistance for Wastafel and Healthy Kit Covid-19
6. Programs to improve people's lives in subsidized housing	Social	Construction of D-Kiosks for subsidized housing SME communities in Bogor
7. CSR to State Universities	Social	Educational scholarships for 39 universities that have collaborated with the Company
8. Financial Literacy & Property Literacy	Social	Financial Literacy in disadvantaged areas, Santri Developer (NU Circle), Property Literacy

External Purpose

2. Pillars of Risk Management & Governance

Program and Activities	Impact	Information
1. Environmental Risk Policy Making and social issues related to Sustainable Finance	Environment & social	Preparation of Environmental and Social Risk Assessment on Business & Support Policy
2. Procurement policies that pay attention to	Environment & social	Procurement policies that pay attention to social and environmental aspects
3. BTN SIIPS Whistle Blowing System (WBS)	Governance	Preparing PD / SE / SOP related to the implementation of Sustainable Finance
4. Formulation of policies related to the implementation and reporting of Sustainable Finance	Governance	Preparing PD / SE / SOP related to the implementation of Sustainable Finance
5. API Certification (Integration Development Expert)	Governance	The participation of all employees who become Change Leaders at the Head Office, Regional Offices and Branch Offices

Internal Purpose

3. Pillars of Product and Operation

Program and Activities	Impact	Information
1. Implementation of Green Office within the Company	Environment	Use of LEDs, iflow, biopores in branch offices, solar panels and replacement of plastic bottles.
2. Distribution of subsidized KPR	Social	Subsidized KPR in the form of FLPP, BP2BT and Tapera for MBR
3. Program for providing electric stoves in home financing	Environment	Working together with PLN in providing access to induction stoves in developer housing projects
4. Electric car financing	Environment	Electric Bus Body Financing in Semarang
5. Issuance of Green Bond	Environment	Providing assistance for Sink and Covid-19 Healthy Kit in collaboration with the Asian Infrastructure Investment Bank (AIIB) and Green Concept Financing

Program and Activities	Impact	Information
6. Providing credit to female MSMEs	Social	Financing in collaboration with AMARTHA for P2P Digital platform
7. Providing credit to Micro Enterprises that support property	Social	Source of funds from the Partnership Program
8. Cooperation with ultra micro financing fintech	Social	Collaboration with Koinworks for MSME credit distribution
9. Increasing access to banking financial services in disadvantaged areas	Social	The use of the Laku Pandai agent in the socialization of BTN products and services is to 21 locations
10. Lecturer housing construction	Social	

External Purpose
 Internal Purpose

4. Pillars of Human Resources

Program and Activities	Impact	Information
1. Implementation of online training for employees	Governance	Training for 11,342 BTN employees through DREAM media.
2. Conducting training for employees to increase their understanding of the RAKB in an applied manner.	Governance	Training for 11,342 BTN employees related to Sustainable Finance.
3. Property field training program (Mini MBA, School of Property Developer)	Social	The training for developers and young entrepreneurs is 500 participants.

External Purpose
 Internal Purpose

The Company and Sustainable Development Goals

“Creating cities and residential that are inclusive, safe, resilient, and sustainable”

Indonesia is committed to realizing the Sustainable Development Goals (SDGs). This commitment is strengthened by the enactment of Regulation of the President of the Republic of Indonesia No. 59 of 2017 on Implementation of Achieving Sustainable Development Goals. Furthermore, to implement the Presidential Regulation, the Minister of National Development Planning/Head of Bappenas as the TPB/SDGs Executive Coordinator of Indonesia issued a Regulation of Minister on National Development Planning/Head of Bappenas No. 7 of 2018 on Coordination, Planning, Monitoring, Evaluation, and Reporting of the Implementation of Sustainable Development Goals.

As a national ideal, SDGs need the support and participation of all stakeholders in Indonesia, including from corporates, such as Bank Tabungan Negara. Support from the banking

industry is very important because source of development funding is from this financial services institution. The Company participates in achieving the Sustainable Development Goals (SDGs), especially SDG point 11, which is building cities and residential that are feasible, safe, and affordable for everyone by 2030 through housing finance products for the community. This participation is in accordance with the mandate of Law No. 1 of 2011 on Housing and Residential Areas, and Government Regulation No. 14 of 2016 on Implementation of Housing and Residential Areas.

The Company develops feasible and affordable Housing Loan (KPR) products for everyone, including:

- KPR BTN Micro, which is only for those who have a low income and work in the informal sector such as street vendors, traders in traditional markets, fishermen, and farmers.
- KPR Micro Academy Business Community Government or (ABCG) which targets Low-Income Communities (MBR).
- Subsidized KPR from the Ministry of Public Works and Public Housing of the Republic of Indonesia aims at MBR with low-interest and low installments to purchase landed house and subsidized flat.

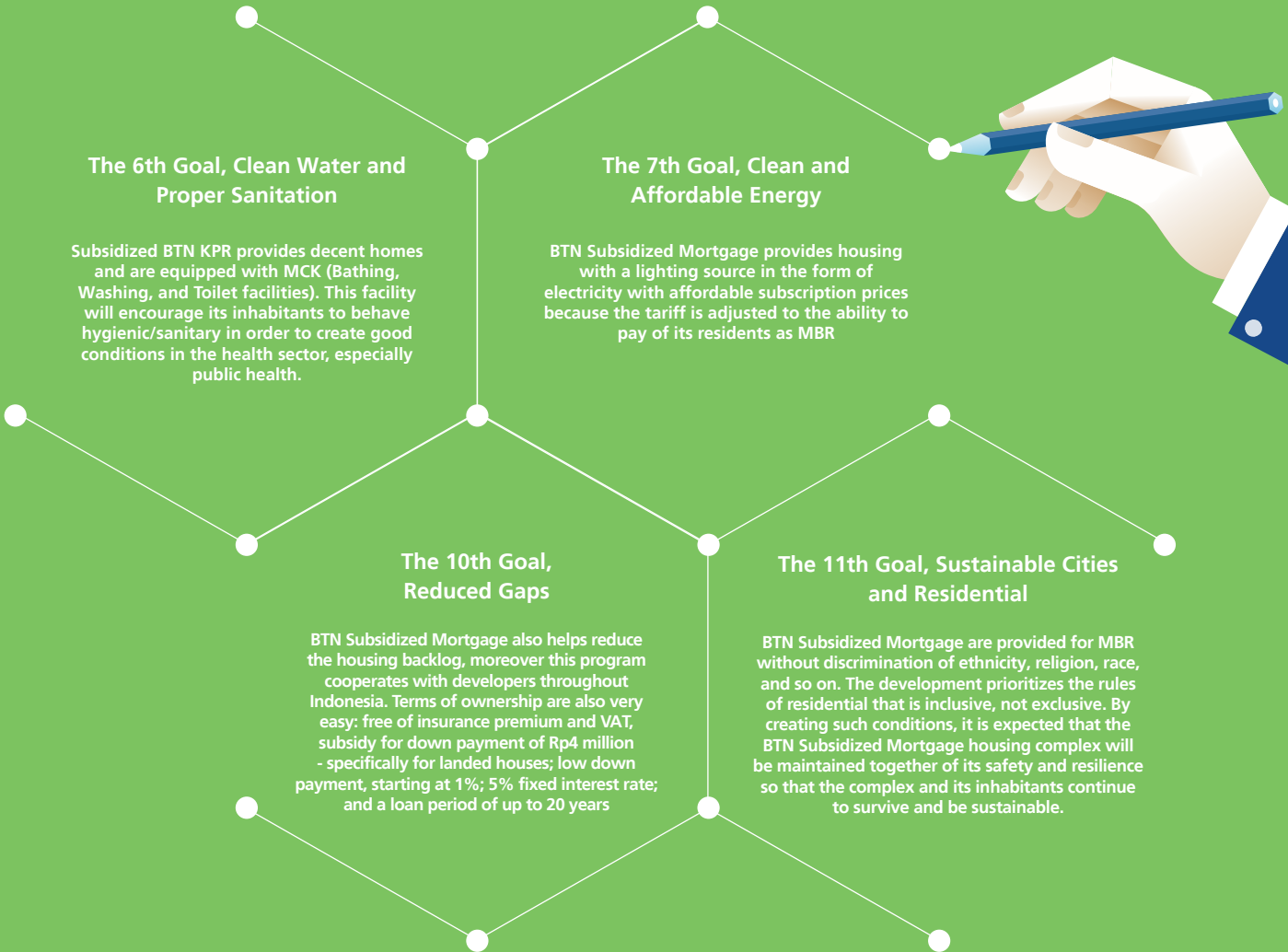
BTN Subsidized House Loans (KPR), Easy Way to Own a House

Subsidized KPR is a house ownership program from the Ministry of Public Works and Public Housing of the Republic of Indonesia aims at the low-income community (MBR) with low-interest and low installments to purchase landed house and subsidized flat. In this regard, the Company is one of the program's distributors, which is implemented through the BTN subsidized mortgage products. This product is worth choosing due to its various advantages, which are:



- Low down payment, starting from 1%
- Fixed interest rate at 5%
- Loan tenor is up to 20 years
- Down payment subsidy fund of Rp4 million* (only for landed houses)
- Free insurance premiums and VAT
- Extensive collaboration network with developers throughout Indonesia

The Company's involvement in distributing BTN Subsidized Mortgage is a form of support for attaining Sustainable Development Goals (SDGs). This program at least covers 4 (four) SDG objectives, which are:



Apart from using KPR products, the Company also supported the achievement of the SDGs directly and indirectly by implementing the Company's Social and Environmental Responsibility (TJSL) activities carried out through the Corporate Social Responsibility (CSR) Program.

Company's Contribution to Sustainable Development Goals



Based on the mapping of activities and programs carried out during this year, of the 17 sustainable development goals, the Company participates in realizing 13 goals as follows:

SDGs	Description	Company Contribution
 Without Poverty	To put an end of poverty in all forms everywhere	The Company opens jobs to anyone, regardless of ethnicity, religion, and race (SARA). By working at the Company, employees receive income that can be used to meet their daily needs so that they can avoid poverty
 Without Starvation	Eliminating hunger, achieving food security and good nutrition, and promoting sustainable agriculture	The Company donated staple food and held low-cost markets in several regions in Indonesia to help the people in need in accessing food
 Prosperous Healthy Life	Ensuring a healthy life and improving the welfare of all residents of all ages	Through the Community Development program, the Company helps providing clean water and sanitation infrastructure to improve health
 Quality Education	Ensuring the quality of education is inclusive and evenly distributed and also to improve learning opportunity for all people in their lifetime	Through the Community Development program, the Company assists Education activities in various fields, including: <ul style="list-style-type: none"> • Granting Educational Scholarships • Providing of Facilities and Infrastructure Supporting School Activities
 Gender Equality	Achieving gender equality and empowering women.	The Company opens wide opportunities for women to work and have a career with: <ul style="list-style-type: none"> • Sustainable Job Creation without Discrimination • Abolition of Forced Labor, Child Labor, and Discrimination Practices • Equality in Providing Employee Remuneration and Welfare
 Clean Water and Proper Sanitation	Ensuring the availability and management of clean water and sustainable sanitation for all	Through various housing financing programs, the Company also provides access/availability of clean water and sanitation that can be utilized by all homeowners. The provision of clean water and sanitation is also one of the Company's Community Development programs, especially during the dry season.
 Clean and Affordable Energy	Ensuring affordable, reliable, sustainable, and modern energy access for all.	Through the Community Development program, the Company helps electrification activities in areas that do not yet have electricity

SDGs	Deskripsi	Kontribusi Perseroan
 <p>Decent Work and Economic Growth</p>	<p>Promoting inclusive and sustainable economic growth, productive and comprehensive employment opportunities, and decent work for all</p>	<p>Through the Partnership Program, the Company facilitates revolving funds to develop MSME in Indonesia, including:</p> <ul style="list-style-type: none"> • Community Economic Development through the Village Economic Center (Balkondes) • BUMDes and Agricultural Entrepreneurship Program • BTN SimPel Savings (Student Savings) • Property Entrepreneurship Literacy Training
 <p>Reduced Gaps</p>	<p>Reducing external and internal disparities</p>	<p>The Company's existence which is spread to all corners of Indonesia opens up employment opportunities and helps local residents to be able to meet their needs. Thus, the income gap between residents, which has been a global problem, can be minimized</p>
 <p>Sustainable Cities and Residential</p>	<p>Creating cities and residential that are inclusive, safe, resilient, and sustainable..</p>	<p>Providing Housing Loan (KPR) products is BTN commitment to support the Million Houses Government Program including the low-income people to have safe and affordable housing, also Community Development activities:</p> <ul style="list-style-type: none"> • Road Repair and Arrangement • Construction of Worship Places in Various Region in Indonesia
 <p>Responsible Consumption and Production</p>	<p>Guaranteeing sustainable production and consumption patterns</p>	<p>The Company uses digitization of banking services and internal business processes to reduce the use of natural resources and waste production from administrative activities, including:</p> <ul style="list-style-type: none"> • TCASH-BTN Cermat services • Development of Electronic Channel
 <p>Handling Climate Change</p>	<p>Taking quick action to tackle climate change and its impacts</p>	<p>The Company carries out energy efficiency in the Head Office building and participates in the annual Earth Hour event to raise awareness of energy efficiency</p>
 <p>Land Ecosystem</p>	<p>Protecting, restoring, and enhancing the sustainable use of terrestrial ecosystems, managing forests sustainably, stopping desertification, restoring land degradation, and stopping biodiversity loss</p>	<p>The Company determines AMDAL fulfillment in housing development, including initiating a one-tree one-house program, as well as carrying out environmental conservation through the Community Development program</p>

Report of the Board of Directors





Report of the Board of Directors

(GRI 102-14) (D.1)

Nixon L.P. Napitupulu
Plt. President Director

- As one of the players in the property sector, the Company recorded positive economic performance during 2020. As of December 31, 2020, interest income and profit sharing were recorded at IDR 25.22 trillion or 100.79% of the target in the Bank's Business Plan of IDR 25.02. trillion. Meanwhile, net profit for the year reached IDR 1.60 trillion, or 145.45% of the target.



Dear Shareholders and Stakeholders,

Praise be to the presence of Almighty God, for His will, PT Bank Tabungan Negara (Persero) Tbk. could go through 2020 which was full of challenges by giving a proud performance. The toughest challenge during the reporting year was Indonesia's entry into a recession zone due to the prolonged Covid-19 pandemic. This condition had a real impact on all sectors of life, including national banking.

We are grateful, in the midst of these difficult conditions, Company was able to survive and further strengthen its role in the housing finance sector. Through this report, we convey the achievement of sustainability performance during 2020. In addition to economic performance, this

report also discusses various policies, strategies and impacts related to social, environmental and corporate governance performance.

This sustainability report became the second report issued by the Company as a Commercial Bank for Business Activities (BUKU) III since the enactment of the Financial Services Authority Regulation No. 51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies as of January 1, 2019.

However, before the FSA required the issuance of sustainability reports, the Company had published similar reports regularly since 2009, and 2020 was the 12th issue.

Policies to Respond to Challenges in Fulfilling the Sustainability Strategy

In accordance with the business sector of the Company, we define sustainability as an active role in the provision of financial products and services for housing, including the need for subsidized housing for the lower middle class and carrying out concern for the interests of the social and environmental community in a sustainable manner. This sustainability mission had become part of the Company's mission, namely in housing financing to always be "Caring for the interests of the social community and the environment in a sustainable manner."

a. Explanation of the Company's Sustainability Value

The value of sustainability as part of the mission of the Company came along with the existence of the Company. The socialization and internalization of the value of sustainability for all stakeholders had been carried out by means of various facilities, infrastructure and media. The latest medium for socialization and internalization was the Company to issue a Sustainable Finance Action Plan (RAKB) as an implementation of the mandate of POJK No.51 / POJK.03 / 2017.

Through RAKB, the Company was optimistic that it would be able to create long-term value creation not only in the form of creating a sustainable competitive advantage for the company, but also for society and the wider environment as well as strengthening resilience because the Company managed all risks (economic, social and environmental) more precisely. The goal of Company's RAKB was that in 2024, PT Bank Tabungan Negara (Persero) Tbk. would become a leader in the housing sector and a trusted family financial partner that would apply the principles of Sustainable Finance to jointly achieve the goals of sustainable development in Indonesia.

b. Responses to Issues Related to the Implementation of Sustainable Finance

In running a business during 2020, the Company faced various issues that affected the quality and sustainability of the business. These issues related to the obligation to implement Statement of Financial Accounting Standards (PSAK) 71 in 2020, and the tightening of banking liquidity.

To respond to this issue, the Company made adjustments to the collectability of credit, which resulted in an increase in the ratio of non-performing loans (NPL), thus requiring an increase in allowance for impairment losses (CKPN). Meanwhile, tight banking liquidity resulted in interest competition and contributed

to an increase in the company's fund interest expense, which had a significant impact on the profitability of the Company. Regarding these issues, the Company adopted a policy that was to focus on improving credit quality and spurring third party fundraising to anticipate various challenges, as well as being an important capital to seize various business opportunities.

Apart from these issues, the Company also faced other issues related to the implementation of Sustainable Finance. The Company mapped these issues, and made them a program in the 2020 RAKB. There were six issues raised in the reporting year, namely Preparing a Sustainable Finance Policy and Model Toolkit (Sustainability Policy and Strategy); HR Competency Training and Development related to Sustainable Finance; Development of Digitalization of Banking Services; Distribution of Financing to Informal Sector Communities; Increasing Financial Inclusion; and, Environmentally Friendly Construction Financing.

Sustainability issues that were also faced by the Company as a public company were that there were still many community members who were not empowered socially and economically. To respond to this issue, the Company continuously and sustainably carried out social and environmental responsibility through its corporate social responsibility (CSR) program and the Partnership and Community Development Program (PKBL).

c. Commitment in Achieving Sustainable Finance Implementation

In accordance with the RAKB, Company's commitment to the implementation of sustainable finance was carried out by compiling Six Sustainable Finance Programs. The Company mapped the six programs towards the achievement of the Sustainable Development Goals (SDGs). The same commitment and mapping was carried out by the Company towards the implementation of social and environmental responsibility through CSR and PKBL, the allocation of which became a form of concrete support for the implementation of sustainable finance.

Based on the mapping, of the 17 SDGs, the Company participated in realizing 13 goals, namely Goals 1. No Poverty; 2. No Hunger; 3. Healthy and Prosperous Life; 4. Quality Education; 5. Gender Equality; 6. Clean Water and Proper Sanitation; 7. Clean and Affordable Energy; 8. Decent Work and Economic Growth; 10. Reducing Gaps; 11. Sustainable City and Settlements; 12. Responsible Consumption and Production; 13. Mitigation of Climate Change; and, 15. Land Ecosystem.

d. Achievement of Sustainable Finance Implementation Performance

At the end of 2020, The Company has implemented all the Sustainable Finance programs that have been determined with program achievements of 100%.

The Company's commitment to implementing Sustainable Finance through these various programs received appreciation from external parties in the form of awards such as Best Leader for Business Sustainability Through Business Innovation, Market Segmentation, Business Expansion And Product Development Category BUMN Bank BUKU III in the Indonesia Financial Top Leader event; Best PKBL for Indonesia CSRXPBBL Award With Outstanding Program in Housing Development Partnership For Community in the event: CSR and PKBL Award 2020; and, Appreciation for Extra Ordinary Achievement and Social Awareness for the Best and Consistent category in Financing People's Homes at the 15th Annual Property & Bank Award 2020.

Sustainable Finance Applications

In addition to the various selected sustainability programs as stated in the RKAB, the Company also implemented Sustainable Finance in every aspect of business operations including the economy, social and environment, as the Triple Bottom Line or the 3P (Profit, People, Planet) concept. During 2020, the achievement of these three aspects required effort and hard work in line with the Covid-19 pandemic which had not ended until the next year.

a. Achievement of Sustainable Finance Implementation Performance

In the midst of very unfavorable economic conditions due to the Covid-19 pandemic, business fields or the real estate / property sector were still able to survive, even recording positive performance. For the Company, this condition reversed the perception that previously emerged, that the property sector would decline due to the prolonged pandemic.

As one of the players in the property sector, the Company recorded positive economic performance during 2020. As of December 31, 2020, interest income and profit sharing were recorded at IDR 25.22 trillion or 100.79% of the target in the Bank's Business Plan of IDR 25.02. trillion. Meanwhile, net profit for the year reached IDR 1.60 trillion, or 145.45% of the revised target. This achievement increased by 665.71%

compared to 2019, which was recorded at IDR 0.21 trillion. As for lending, the Company managed to channel loans amounting to IDR 260.12 trillion, increasing IDR 4.32 trillion or 1.69% over the previous year, which amounted to IDR 255.80 trillion.

In the environmental field, in accordance with the spirit of sustainability, the Company succeeded in making efficient use of electricity at the Head Office. In 2020, the use of electrical energy in Head Office was recorded at 2,601,940 kWh, a significant decrease compared to 2019, which reached 7,608,000 kWh. The success in suppressing the use of automatic electrical energy by the Company also contributed to reducing indirect greenhouse gas emissions (coverage 2) as a contributing factor to global warming and climate change. The same efficiency was recorded for the volume of Drinking Water and water use at the Head Office, which was 71,153 m³ in 2020, a decrease compared to 2019, with water use of 93,537 m³.

As for the achievements in social performance, the Company recorded an increase in expenditure program funds for community investment through the TJSI program in the form of CSR and PKBL. The increase in funds was directly proportional to the greater benefits felt by elements of society as program recipients. If in 2019, the fund for this program was recorded at IDR 6.94 billion, the amount increased significantly in 2020 to IDR 18.23 billion or three times the previous year.

b. Achievements and Challenges During the Reporting Period

Great efforts made by all the Company's personnel resulted in positive results during 2020 in economic, social and environmental aspects / performance. This success received appreciation from internal stakeholders and received similar appreciation from external stakeholders. During 2020, at least the Company won 27 awards in various categories, as stated in the Profile Chapter of this report. The awarding of various awards was proof that the Company had been able to face various challenges during the reporting year, and culminates in making an achievement to be proud of.

Meanwhile, in line with its commitment to environmental sustainability, on 11 November 2020, the Company collaborated with PT PLN (Persero) to support the conversion movement of one million LPG stoves to induction stoves. Through this collaboration, Company encouraged and provided access to its

developer partners to use induction stoves in their housing projects. On the other hand, PLN made it easy for the Company partners to implement the conversion program. Other collaborations included cooperation in the use of banking services and products as well as cooperation in an information system for monitoring the electricity consumption of KPR debtors' homes. The Company hoped that this collaboration could provide added value for housing in the country that was financed by the Company while supporting the environmentally friendly energy movement.

Target Achievement Strategy

The achievements of the Company through 2020, which were full of challenges, could not be separated from the various strategic policies taken by management in responding to the Covid-19 pandemic, as well as responding to various policies taken by the government to stem the spread of Covid-19. Among the strategic policies taken by the Company were by making adjustments, starting from the business, business processes, to the Company's business targets. This achievement was also the foundation for the Company to run a sustainable business in the years to come.

a. Risk Management for the Implementation of Sustainable Finance

In running a business, faced various risks that brought the potential to hinder the achievement of the targets set in the Bank's Business Plan and the 2020 Sustainable Finance Action Plan (RKAB). To minimize the negative impact of these various risks, the Company owned policy guidelines in the field of risk management, namely the Risk Management Policy Guidelines (PKMR) which contained the minimum requirements required by the Bank Indonesia / Financial Services Authority Regulations. The risk management system was designed to support the Company in realizing sound business management and achieving sustainable growth to optimize stakeholder value.

More specifically, the Company also continued to manage environmental risks in funding or lending. This policy was in line with the implementation of sustainable finance and Bank Indonesia Regulation (PBI) No.7 / 2/2005 concerning Commercial Bank Asset Quality Assessment, which stipulated that the assessment of business prospects as an element of credit quality - includes an assessment of the efforts made by debtors in the context of maintain the environment.

Commercial Credit became one of the Company's portfolios which was very important to be developed. To support distribution of Commercial Credit by upholding the prudential principles of the Bank and the principles of good corporate governance, the Company established policies and procedures for commercial lending by taking into account environmental and social aspects.

Credit risk assessment had been implemented by the Company by considering the results of the Environmental Impact Analysis (AMDAL) before deciding to give credit to a project. Furthermore, the Company also conducted monitoring or review by checking directly into the field to ensure that prospective debtors complied with all environmental regulations. This became a form of the application of prudential principles in credit risk management.

b. Utilization of Business Opportunities and Prospects

The government's effort to provide vaccines for the entire population became an important key for Indonesia's economic recovery in 2021. In line with the handling of the pandemic, Indonesia's economy was projected to grow positively by 4.5-5.5% in 2021, improving compared to 2020 which recorded growth of minus 2, 07% as stated by the Central Statistics Agency.

The IMF, for example, predicted that Indonesia's economic rate would grow in the range of 4.8 percent in 2021. Meanwhile, the World Bank predicted Indonesia's economic growth in 2021 would be a positive growth of 4.4 percent. The existence of an automatic economic improvement would make various sectors of life stretch and grow, including the banking sector and the property / real estate business sector.

In the midst of this economic recovery, the Company set a profit target of around IDR 2.5 trillion to IDR 2.8 trillion. This target would be achieved with a credit growth strategy of between 7% -9% with third party funds (DPK) growing in the same range. To achieve this target, the Company would continue to improve the credit business process for all segments, and develop a number of strategies, including transforming branch operations, and developing non-subsidized KPR. In addition, the Company would also develop a value chain, including developing partnerships with developers and other partners in the housing

ecosystem, developing partnerships, for example forming a venture capital company, forming new subsidiaries to seize existing opportunities to earn fee-based income, and accelerating bad credit settlement.

c. External Economic, Social, and Environmental Situations Affecting Sustainability

Covid-19, which was firstly detected in Indonesia since March 2020 and could not be handled until the end of 2020, triggered a very difficult situation and had a negative impact on all sectors of life, including banking. In order to stem the spread of this virus, the government had taken various policies, including Large-Scale Social Restrictions (PSBB), which regulated various restrictions on social mobility, including in the workplace, use of transportation modes, and others.

As a response and responsibility to customers, as well as a commitment to support government programs to stem the spread of Covid-19, the Company continued to provide services to customers, although with a number of adjustments. There were a number of outlets that were temporarily closed. There were also outlets that operated on certain days, namely Monday. Adjustments were also made regarding working hours and operational services, from 09.00 to 15.00. We were grateful that these various adjustments did not

have a negative impact on the economic performance of the Company, but on the contrary the Company was still able to record a proud performance.

In 2021, even though the Covid-19 pandemic had not yet fully passed, the Company was optimistic that it would be able to book better economic performance. In line with that, the Company continued its commitment to carry out various Sustainable Financial programs as stated in the RAKB and TJSJ through CSR and PKBL 2021. The Company believes that maintaining harmony in achieving economic, social and environmental performance can be an important key for a sustainable business.

Closing

The success of the Company through 2020 which was full of challenges, especially in the condition of the Indonesian economy which was in a recession zone, became the result of hard work, cooperation and support from various parties. For that, let us express our gratitude and highest appreciation to all stakeholders, both internal and external, for this support and cooperation. We hope that this support and cooperation will continue to be given in the coming years. Because, for the Company, this support and cooperation are important assets to create a sustainable business, as well as a prerequisite so that we can provide higher quality services and products.

On behalf of the Board of Directors
Jakarta, February 2021

NIXON L.P. NAPITUPULU
Plt President Director

About Sustainability Report





About Sustainability Report

This sustainability report is the 12th report published by PT Bank Tabungan Negara (Persero) Tbk. As part of the Company's Annual Report, this report is published annually. The previous report was published in February 2020. **(GRI 102-50, 102-51, 102-52)**

The publication of this report becomes Company's commitment and compliance with various regulations such as Article 66 C, Law No. 40/2007 regarding Limited Liability Companies, which requires Limited Liability Companies to submit reports on Social and Environmental Responsibility (TJSL) activities in the Annual Report. In addition, this publication is also in line with the Financial Services Authority Circular Letter No. 30 / SEOJK.04 / 2016 concerning the Form and Content of the Annual Report of Issuers or Public Companies. This circular letter regulates the obligations of public companies or issuers to include reports on social and environmental responsibility in an Annual Report or in a separate report, such as a Sustainability Report.

We published this report that also becomes an implementation of the Financial Services Authority Regulation (POJK) Number 51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. For companies that are included in the category Bank BUKU III, the regulation was effective as of January 1, 2019. In Article 10, POJK Number 51 / POJK.03 / 2017 explicitly states, "LJKs, Issuers and Public Companies are required to prepare a Sustainability Report."

Referring to the POJK, a Sustainability Report is a report that is announced to the public that contains the economic, financial, social and environmental performance of an LJK, Issuer, and Public Company in running a sustainable business. Although the issuance of a new sustainability report is mandatory after the issuance of POJK No.51 / POJK.03 / 2017, the Company has published reports voluntarily since 2009. Submission of economic, financial, social and environmental performance and their impacts in this report is also a form of the Company support towards the achievement of the Sustainable Development Goals (SDGs), which Indonesia has adopted as the Indonesian SDGs (<http://sdgsindonesia.or.id/>).

Financial data in this report use Rupiah, unless stated otherwise. The financial data submitted has been audited by a Public Accounting Firm as required for the Company's

Annual Report. Reports are presented in two languages, namely Indonesian and English. Quantitative data in this report are presented using the principle of comparability, for at least two consecutive years. Thus, the stakeholders can use this report to analyze the Company's performance trends. In addition to the print edition, reports can also be viewed and downloaded on the Company's official website at: www.btn.co.id

Period, Limitation, and Standard of Reports Preparation

This report shows the performance of the Company, both at the Head Office and Branch Offices around Indonesia in one year, namely from January 1 to December 31, 2020. In accordance with the principles of good reporting, PT BTN has performed optimally to present data and information accurately. However, if there is a change in data or information in the previous report, for example due to different measurement methods, we will mark *restated. **(GRI-102-45, 102-48, 102-50)**

Besides referring to POJK No.51 / POJK.03 / 2017 as the latest guidance, this report has been prepared in accordance with the GRI Standards issued by the Global Sustainability Standards Board (GSBB) - an institution established by the Global Reporting Initiative (GRI) to handle the development of sustainability report standards. In accordance with the choices provided in the GRI Standard, namely Core Choices and Comprehensive Choices, this report has been prepared in accordance with GRI Standards: Core Choices. In accordance with its status as a financial institution, the report also refers to the Financial Services Sector Supplement (FSSS), which is also published by GRI. **(GRI 102-54)**

The Company is committed to conveying all information requested by POJK No.51 / 2017, GRI and FSSS Standards in this report. To help readers find information that matches the reference, we provide special markers in the form of numbers and letters according to the contents of the Sustainability Report as set out in Attachment II to POJK No.51 / 2017 or the inclusion of GRI Standard disclosure numbers or FSSS indicators at the back of the

relevant sentence or paragraph. The conformity of the report content with the three references is given at the back of this report, starting on the page 145. (GRI 102-55)

Report's Content Determination Process (GRI 102-46)

Referring to the GRI guidelines, BTN's uses 4 (four) steps in determining the topic and contents of the Report, namely:

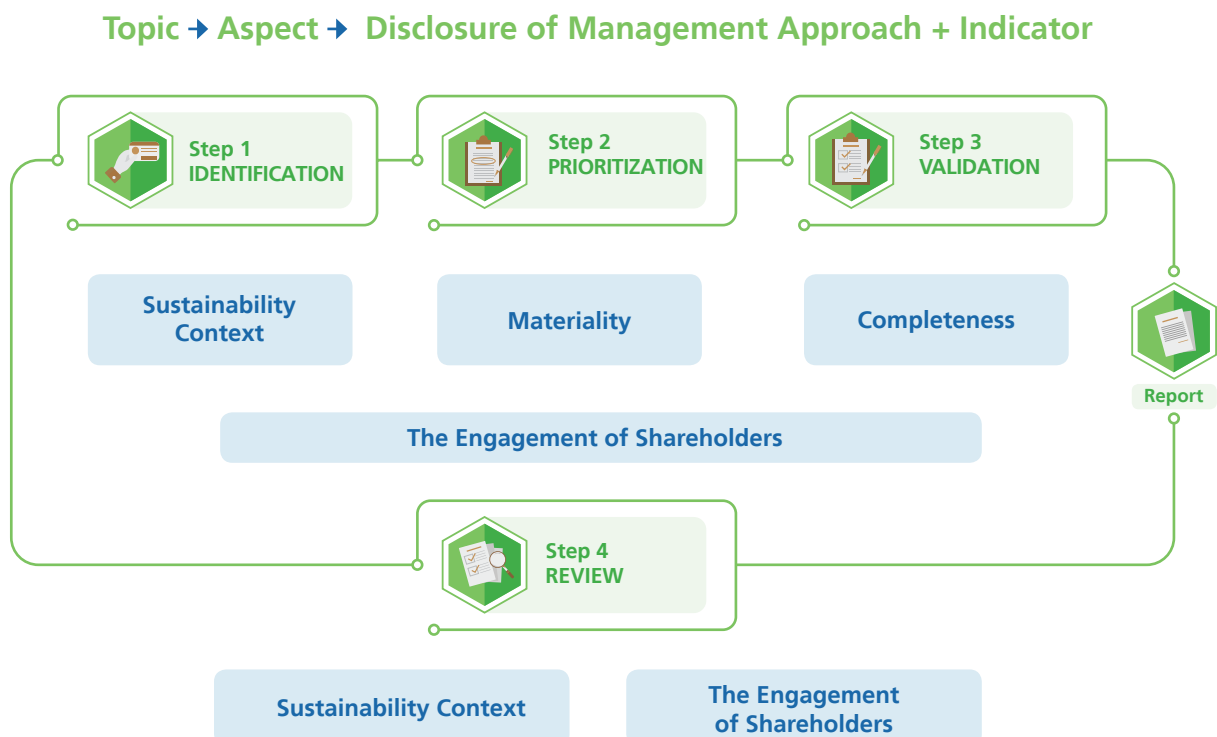
1. Identification
Identifying topics that are material / important and setting up boundaries
2. Priority
Prioritizing the topics identified in previous step
3. Validation
Validating the topics assessed by the material
4. Review
Conducting a review of the Report after it has been published in order to improve the quality of the following year's Report.

Furthermore, the process of determining the contents of this report is conducted by considering the compliance

with the sustainability reporting principles compiled by GRI which include:

1. Stakeholder Inclusiveness:
The Company has identified the Company's stakeholder groups and entered the expectations and interests of each group related to the Company's business activities.
2. Sustainability Context:
This report reveals the Company's performance and impact in the context of sustainability which includes economic, social and environmental aspects.
3. Materiality:
This report reveals the economic, social and environmental impacts of the Company that are relevant to the impact of the Company's business activities and is significant in the evaluation and decision making of stakeholders.
4. Completeness:
This report reveals all material aspects of sustainability and their relevant boundaries so that stakeholders can evaluate the Company's sustainability performance in the reporting period.

The four steps in defining the Report content are described in the Report Content Defining Process Flowchart below.



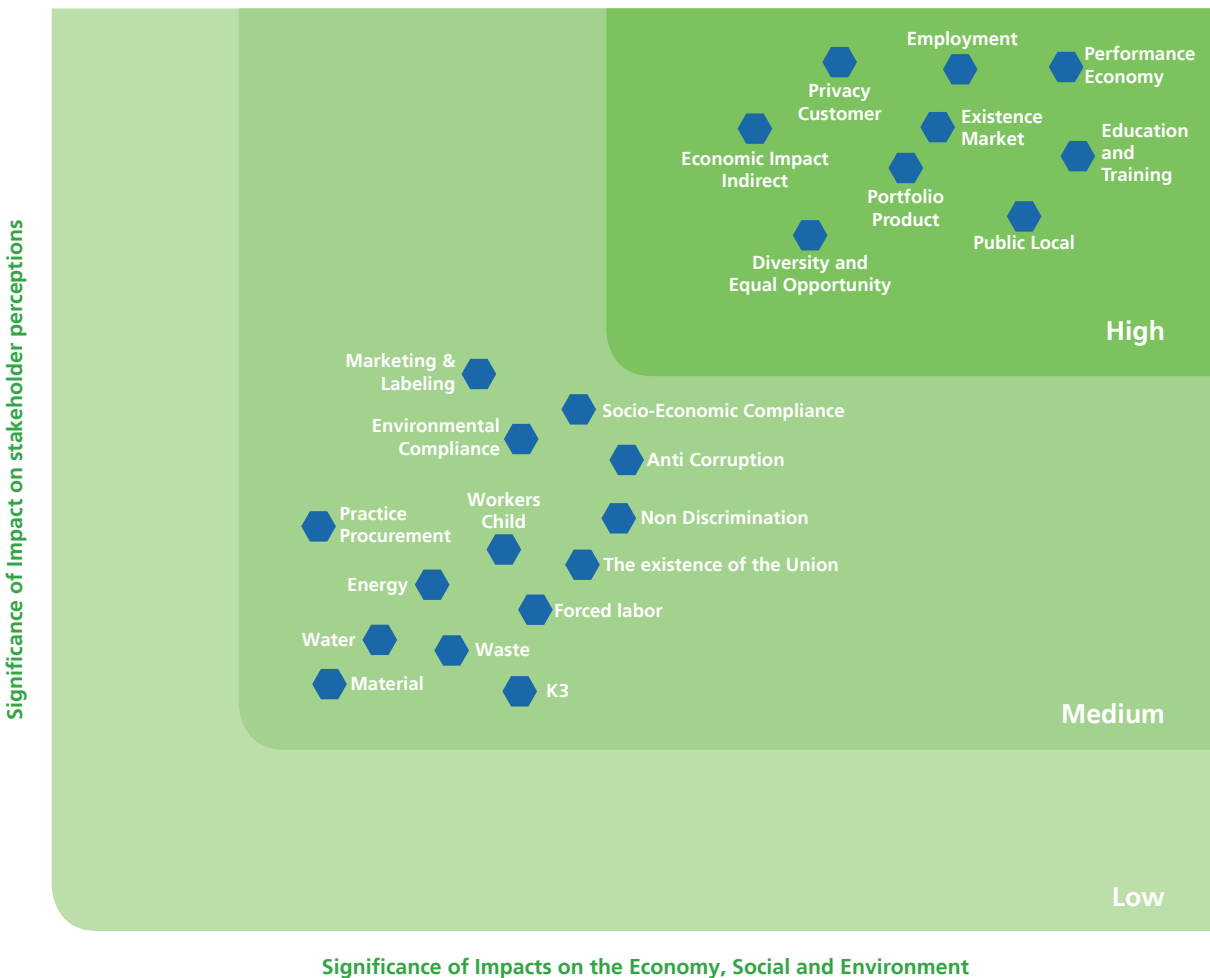
Furthermore, the report content is reviewed in order to meet the 6 (six) quality principles recommended by GRI, including:

1. Accuracy
The information presented must be accurate and in detail so that it can be used by stakeholders to assess the Company's performance.
2. Balance
The Company's performance presented must contain both positive and negative aspects so that it can be assessed rationally and comprehensively.
3. Clarity
The information presented must be understandable and open for stakeholders to access.

4. Comparability
The information presented must be consistent and can be used by stakeholders to assess the improvement in performance that occur in the Company within a certain period, can include data and information for several years before the reporting period.
5. Reliability
The report must contain and use the information and processes used in preparing the report, which can be checked and reflects the quality and materiality of the information presented.
6. Timeliness
Reports must be published regularly so that stakeholders are able to decide timely based on available information.

List of Material Topics and Boundaries (GRI 102-47)

To determine the topic of material and its boundaries, it is done by analyzing materiality. Materiality analysis is a process to determine material topics that are relevant to the Company business activities and have significant influence and impact on stakeholders. The Company has mapped the material topics in the materiality chart and graph as follows.



By prioritizing, relevant sustainability topics are mapped into three levels, namely High, Medium and Low. The material topics presented in this report are topics that are in the High-Medium category and the boundaries in the Company's supply chain are as follows: (GRI 102-47)

Material Topics (102-47)	Why This Topic is Material (103-1)	GRI Standards Disclosure Number in the Company	Topics Framework (102-46)	
			Inside of the Company	Outside of the Company
Economic Issues				
Economic performance	Describing the achievements and performance of the Company during the reporting year	201-1, 201-3	√	√
Market Existence	Describing the Company's commitment to the minimum wage for employees so that they are able to make ends meet	202-1	√	√
Indirect Economic Impacts	Describing the benefits of the Company's existence to the community	203-1	√	√
Procurement Practices	Illustrate the company's commitment to the existence of local suppliers	204-1	√	√
Product portfolio	Describes the Company's commitment to the importance of clarity and completeness of information regarding the products owned and offered to consumers	FS3, FS6, FS7, FS16		
Anti Corruption	Describes the Company's commitment to running its business in a clean and transparent manner, and avoiding despicable practices such as corruption	205-2	√	√
Environmental Issues				
Material	Describing the Company's concern for the management of material (paper) which in the manufacturing process requires tree trunks as raw material	301-1	√	
Energy	Describing the Company's concern for energy management, which the availability are increasingly limited	302-1, 302-4,	√	
Water	Describing the Company's concern for the management of water resources, which the availability are increasingly limited	303-1	√	
Effluents and Waste	Describing the Company's concern in managing wastewater so that it would not pollute the environment	306-2	√	√
Environmental compliance	Describing commitments to various environmental regulations so that the Company's operations do not have a negative impact on the environment	307-1	√	√

Material Topics (102-47)	Why This Topic is Material (103-1)	GRI Standards Disclosure Number in the Company	Topics Framework (102-46)	
			Inside of the Company	Outside of the Company
Social Issues				
Employment	Describing the Company's commitment to the importance of employee / HR management	401-1, 401-2, 401-3	√	
Occupational Health and Safety	Describing the Company's commitment to providing a safe and comfortable workplace	403-2, 403-3	√	
Training and Education	Describing the Company's commitment to improving employee competency	404-1, 404-3	√	
Diversity and Equal Opportunities	Describing the Company's commitment to equality of employees to develop without differentiating gender	405-1, 405-2	√	
Non-discrimination	Describing the Company's commitment to respecting mutual similarities	406-1	√	√
Freedom of Association and Collective Negotiations	Describing the Company's commitment to giving employees freedom to gather and organize, including the establishment of trade unions or similar institutions	407-1	√	
Child Employee	Describing the Company's commitment to the qualifications and age restrictions of workers	408-1	√	√
Forced or Compulsory Labor	Describing the Company's commitment to working hours, remuneration, and so on so that no force occurs at work	408-1	√	
Local Community	Describing the Company's commitment to the involvement of the surrounding community in various programs / activities	413-1	√	√
Marketing and Branding	Describing the Company's commitment to adhering the good marketing rules, as well as providing product information for customers / consumers	417-3	√	√
Customer Privacy	Describing the Company's commitment to maintaining the confidentiality of customer data	418-1	√	√
Socio-economic Compliance	Describing the Company's commitment to obeying socio-economic regulations, such as employment, fair competition, and nondiscrimination	419-1	√	√

With the consideration that the topics mentioned above are still relevant to the conditions in 2020, this report adopts all of these topics. Therefore, there are no significant changes regarding the material topics and limitations in this report compared to the previous year. (GRI 102-49)

External Assurance (GRI 102-56)(G.1)

GRI recommended the use of external assurance by an independent third party to ensure the quality and reliability of the information presented in this report. For this reason, the Company assigned an independent assurer, to carry out assurance on the 2020 Sustainability Report. The Company had no other cooperative relationship with the assurer other than assurance work on this report. The process of determining an assurer was carried out with the approval of the Board of Directors, who was represented by the Corporate Secretary.

Feedback

To establish two-way communication, the Company provides a Feedback Page at the end of this report. With this page, it is expected that the stakeholders can provide suggestions, feedback, opinions and others which are significantly necessary to improve the reporting quality in the future. Meanwhile, during 2020, the Company did not receive any response from stakeholders regarding the previous year's report (2019). (G.4)

Information Access of the Sustainability Report

This report is addressed to all stakeholders as one of the bases for evaluating the Company's performance. Stakeholders can conduct an evaluation concerning the Company's participation in performing its responsibilities on environmental, economic and social sustainability related to its business practices. The Company provides information openly to all stakeholders, and investors and any party relevant to this Sustainability Report by contacting: (GRI 102-53)



PT Bank Tabungan Negara (Persero) Tbk
 Corporate Secretary Division
 Menara BTN Lantai 20
 Jln. Gajah Mada No. 1
 Jakarta Pusat, 10130
 ☎ Telp : (021) 6336789 ext. 2003
 📠 Fax : (021) 6336719
 @ Email : csd@btn.co.id



Company Profile





General Information of the Company



Name (GRI 102-1,102-5)

PT Bank Tabungan Negara (Persero) Tbk



Date of Establishment

February 9, 1950



Company Status (GRI 102-5)

Limited Liability Company (PT) / Public Company / State Owned Enterprise (BUMN)



Legal Basis of Establishment

- Martial Law No. 9 Year 1950 dated February 9, 1950 concerning Amendments to the Postspaarbank Law (Staatblad 1934 No. 653, 1937 No. 176 and 197 and 1941 No. 295) (State Gazette of the Republic of Indonesia No. 12 Year 1950)
- Government Regulation Amendment of Law No. 4 Year 1963 dated June 22, 1963 concerning Amendments and Additions to Law No. 36 Year 1953 concerning Bank Tabungan Negara (State Gazette No. 86 of 1953)
- Government Regulation No. 24 Year 1992 dated April 29, 1992 concerning Adjustment of Legal Status of Bank Tabungan Negara to State-owned Limited Liability Corporation ("Persero")
- Deed of establishment of the Bank as Persero No. 136 Dated July 31, 1992 passed before Muhani Salim, S.H., Notary in Jakarta



Business Line

Commercial Bank, including to conduct Sharia principle-based business



Name Change and Effective Date Change Company Name

Tyokin Kyoku or Savings Office in 1942. It again changed its name to Taboengan Pos Office in 1945. In 1950, the name was changed to "Bank Tabungan Pos" by the Government of Republic of Indonesia. Effective in 1963, the Company changed its name to Bank Tabungan Negara. Since 1992, it has officially become Limited Liability Corporation (Persero).



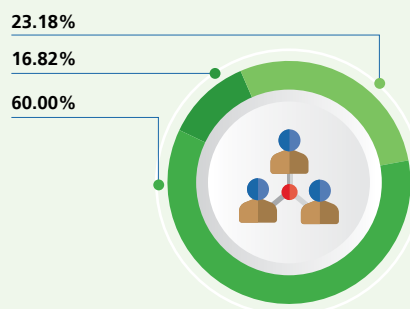
Activities, Brands, Products, and Services (GRI 102-2)

Based on the Bank's Articles of Association's Article 3, the scope of the Bank's activities is to carry out commercial banking activities in accordance with applicable laws and regulations, including conducting bank activities based on sharia principles



Ownership and Legal Form (GRI 102-5)

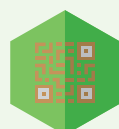
- The Government of the Republic of Indonesia : 60.00%
- Public – Domestic : 16.82%
- Public – Foreign : 23.18%



**Authorized Capital
Rp10,239,216,000,000,-**

(ten trillion two hundred thirty nine billion two hundred sixteen million Rupiah)) divided into:

1. 1 (one) Series A Dwiwarna share with nominal value of each share of Rp500 (five hundred Rupiah); and
2. 20,478,431,999 (twenty billion four hundred seventy eight million four hundred thirty one thousand nine hundred and ninety nine) Series B shares with a nominal value of each share of Rp500 (five hundred Rupiah).



**Stock Code
BBTN**



Areas of Operations (GRI 102-4)

34 Provinces in Indonesia



Head Office Address (GRI 102-3) (C.2)

Menara Bank BTN
 Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia
 ☎ 62-21 6336789
 📠 62-21 6346704
 @ csd@btn.co.id
 🌐 www.btn.co.id



Issued and Fully Paid Capital

From the Authorized Capital, some 51.71% or equal to 10,590,000,000 (ten billion five hundred ninety million) shares have been issued and fully paid in to the nominal amount of Rp5,295,000,000,000 (five trillion two hundred ninety five billion Rupiah), divided into:

1. 1 (one) Series A Dwiwarna share with nominal value of Rp500 (five hundred Rupiah);
2. 10,589,999,999 (ten billion five hundred eighty nine million nine hundred ninety nine thousand nine hundred ninety nine) series B shares, with a total nominal value of Rp5,294,999,999,500 (five trillion two hundred ninety four billion nine hundred ninety nine million nine hundred ninety nine thousand five hundred Rupiah).



Office Networks and Markets Served (GRI 102-4, 102-6)

- | | |
|----------------------------|--------------------------------|
| • 1 Head Office | Syaria Banking Network |
| • 6 Regional Offices | • 25 Sharia Branch Offices |
| • 78 Branch Offices | • 59 Sharia Sub-Branch Offices |
| • 314 Sub-Branch Offices | • 7 Sharia Cash Offices |
| • 247 Cash Offices | • 12 Sharia Payment Points |
| • 56 Payment Points | |
| • 2,922 Post Office Online | |
| • 23 Mobile Cash Car | • 2,086 ATM |



**Stock Exchange
Bursa Efek Indonesia**



Number of Employees

11,224 People
 as of December 31, 2020



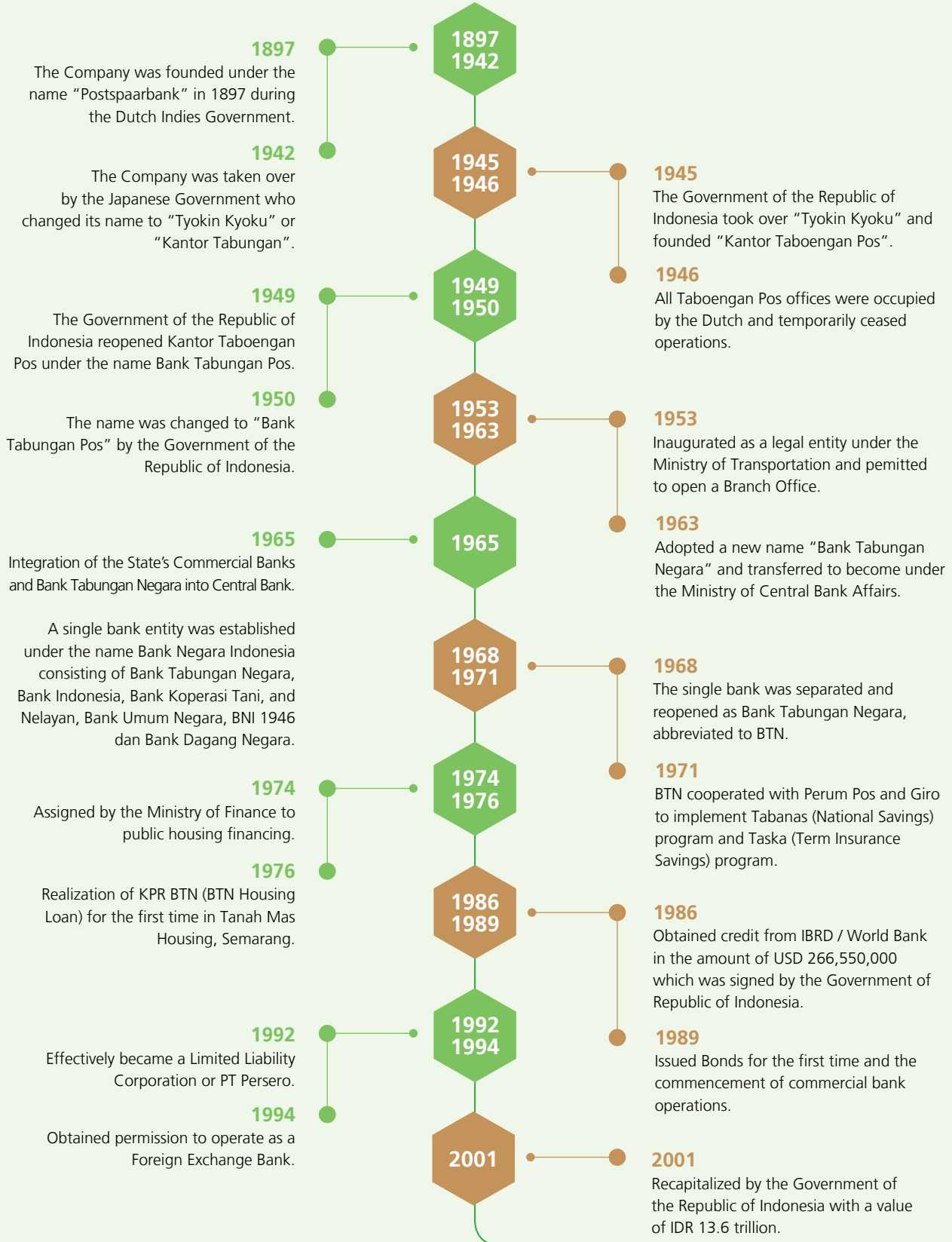
**Indonesia Stock Exchange (IDX)
December 17, 2009**

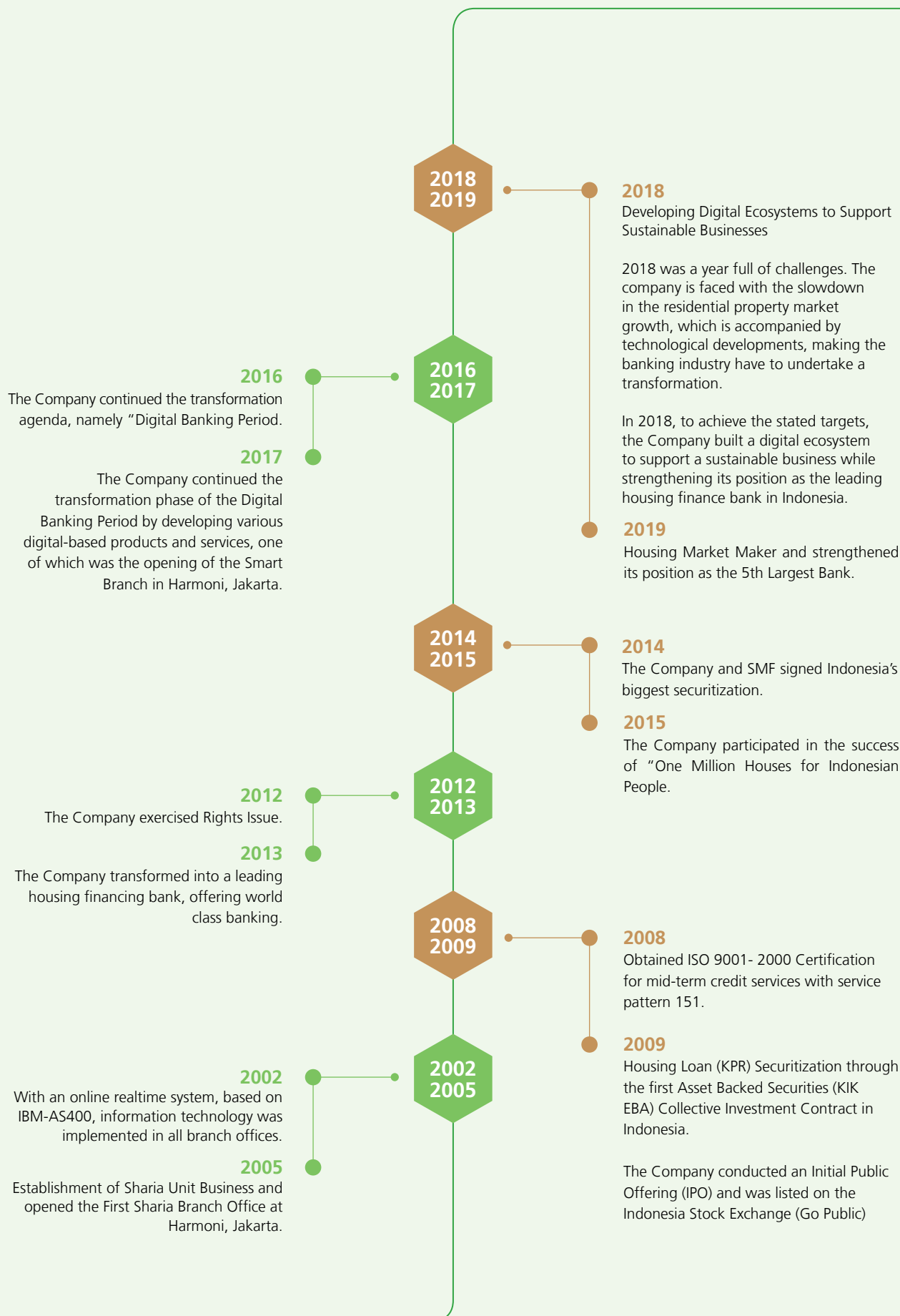


Contact Center

- ☎ 1500-286
- 🌐 www.btn.co.id
- f BankBTNcoid
- 🐦 @BankBTNcoid
- 📷 BankBTN

Milestone





Brief History —



The existence of PT Bank Tabungan Negara (Persero) Tbk. which is ,hereinafter, referred to as the Company or “we”, begins with the establishment of Postpaarbank in 1897 in the era of the Dutch East Indies. During the Japanese colonial empire, in 1942, Postpaarbank was taken from the Dutch government, and the Japanese government changed it to Tyokin Kyoku or Kantor Tabungan. After Indonesia’s declaration of independence, the government of the Republic of Indonesia took turn to acquire Tyokin Kyoku, and established the Kantor Taboengan Pos.

In 1946, the Kantor Taboengan Pos stopped operating due to the occupation of the Dutch. However, three years later, the Indonesian government regained control of the Kantor Taboengan Pos and reoperated the bank with the name Bank Tabungan Pos RI. A year later, the bank was changed to Bank Tabungan Pos in accordance with Emergency Law No. 9 of 1950 on February 9, 1950. This date

is then used as the Company’s day. After operating for 13 years, based on Government Regulation in lieu of Law No. 4, in 1963, the name of Bank Tabungan Pos was changed to Bank Tabungan which has been used to date.

In 1974, the Company was appointed by the government as the exclusive institution that distributes Mortgage (KPR) for the lower-to-middle class. Subsequently, on April 29, 1989, the Company began operating as a State-Owned Commercial Bank. Based on Government Regulation No. 24 of 1992, the status of Bank Tabungan Negara was changed to a state-owned Limited Liability Company (Persero). In its development, based on the decision of the Board of Directors of Bank Indonesia No. 27/55 / KEP / DIR on September 23, 1994, the Company has been authorized as a Foreign Exchange Bank.

Eight years later, Bank Tabungan Negara was approved by Bank Indonesia to conduct general banking activities based on sharia

In 2020, the Company was re-elected in The SRI-KEHATI index for the period May to October 2020, and it was in line with the commitment in applying the principles of Sustainable Finance. The SRI-KEHATI index became a list of companies which had a commitment to make sustainable management efforts caring about the environment, social, and good corporate governance.

principles through letter No. 6/1350 / DPbS on December 15, 2004. The Company began the sharia operations on February 14, 2005 with the operation of the first sharia branch in Jakarta - Harmoni.

Appointed as a mortgage institution (KPR) in 1974 and realizing the first project in Tanah Mas Housing, Semarang. In 1976, Company securitized the first mortgage in Indonesia in 2009. Bank Tabungan Negara securitized assets through the recording of Collective Investment Contract transactions – Asset-Backed Securities (KIK-EBA). The Company made another history when conducting an Initial Public Offering (IPO) and listing on the Indonesia Stock Exchange on December 17, 2009.

After becoming a public company, the issuer with BBTN Stock Symbol, BTN business grows and their operational area becomes larger. As of December 31, 2020, this State-Owned Enterprise (SOE) covered market share in

34 provinces in Indonesia. In running its business operations, in addition to the Head Office, the Company has 6 Regional Offices, 78 Branch Offices, 314 Sub-Branch Offices, 247 Cash Offices, 56 Payment Points, 2,922 Post Office Online, 23 Mobile Cash Car, 25 Sharia Branch Offices, 59 Sharia Sub-Branch Offices, 7 Sharia Cash Offices, 12 Sharia Payment Points, and 2,086 Atm spread in Indonesia.

In 2020, the Company was again selected in the SRI-KEHATI Index for the period May to October 2020, in line with its commitment to implementing sustainable finance principles. The SRI-KEHATI index became a list of companies having a commitment to make sustainable management efforts that care about the environment, social, and good corporate governance. The index, which was inaugurated on June 8, 2009, was launched by the Indonesian Biodiversity Foundation (KEHATI) in collaboration with the Indonesia Stock Exchange.

Vision, Mission, and Company Culture (GRI 102-16) (C.1)

VISION



“To become the Best Mortgage Bank in Southeast Asia in 2025.”



REVIEW VISION AND MISSION BY THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Vision and Mission are periodically reviewed by considering the changes in external and internal environmental conditions. The results of the Vision and Mission reviews by the Board of Commissioners and Directors conducted in 2020 and recommendations from McKinsey stated that the formulation of the new Vision and Mission was in accordance with changes in external and internal environmental conditions. The new vision and mission have been set out in the BTN Corporate Strategy 2021-2025 and have been outlined in the Bank's 2021-2023 Business Plan.

COMPANY CULTURE



**AMANAH
(Trustworthy)**

Uphold the trust given.



**KOMPETEN
(Competent)**

Continue to learn and develop capabilities.



**HARMONIS
(Harmonious)**

Mutual care and respect for differences.

MISSION



Actively supporting the government in advancing the welfare of the Indonesian people through home ownership.



Increasing shareholder value by focusing on sustainable profitability growth as a blue chip company with strong risk management principles.



Realizing the life that millions of Indonesians dream of by providing decent housing.



Becoming a financial partner for stakeholders in the housing ecosystem by providing comprehensive solutions and the best services through digital innovation.



Becoming the home of Indonesia's best talent.



LOYAL

Dedicated and prioritizing the interests of the nation and state.



ADAPTIF (Adaptive)

Continue to innovate and be enthAgestic in moving or facing change.



KOLABORATIF (Collaborative)

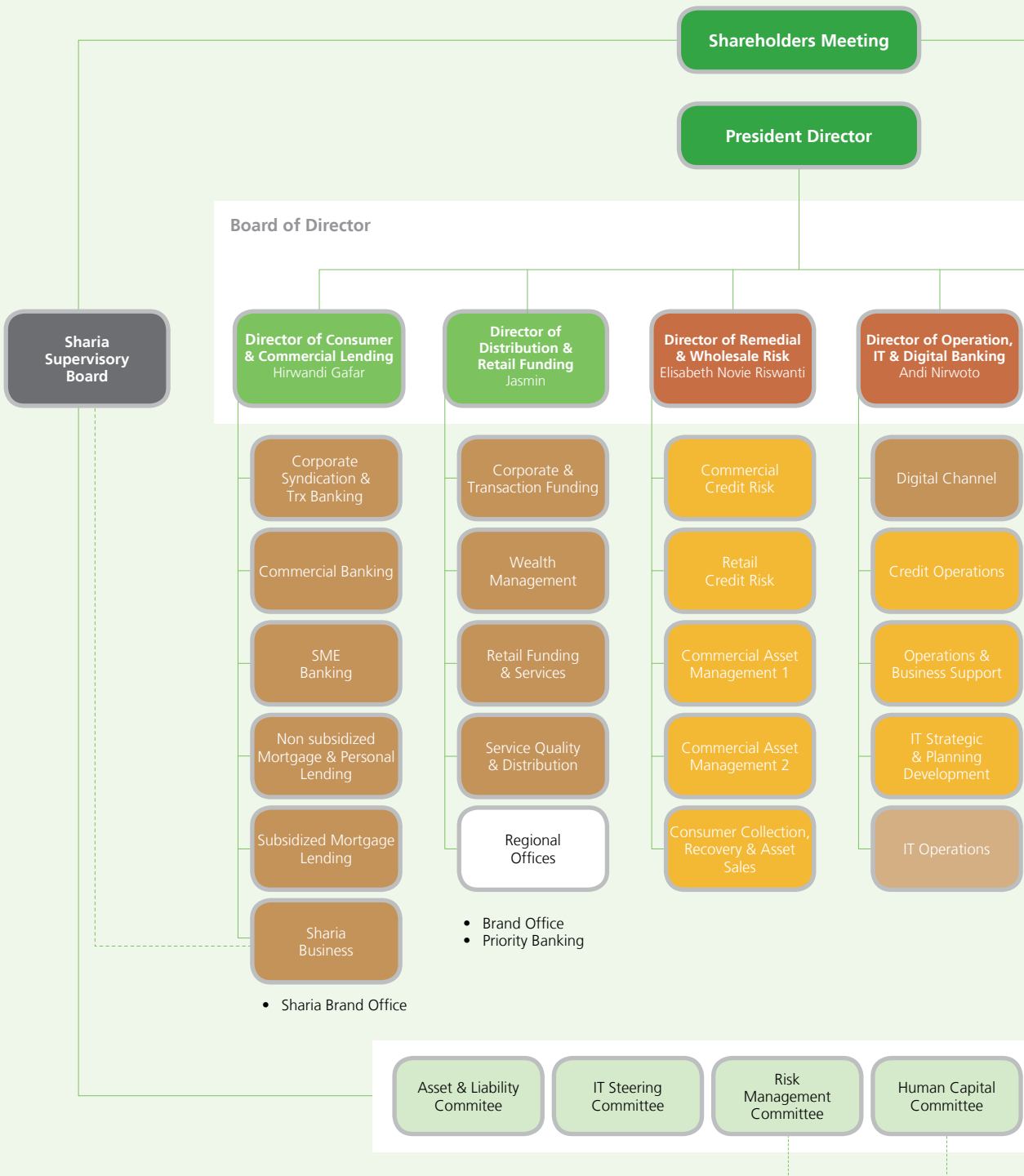
Build synergistic cooperation.

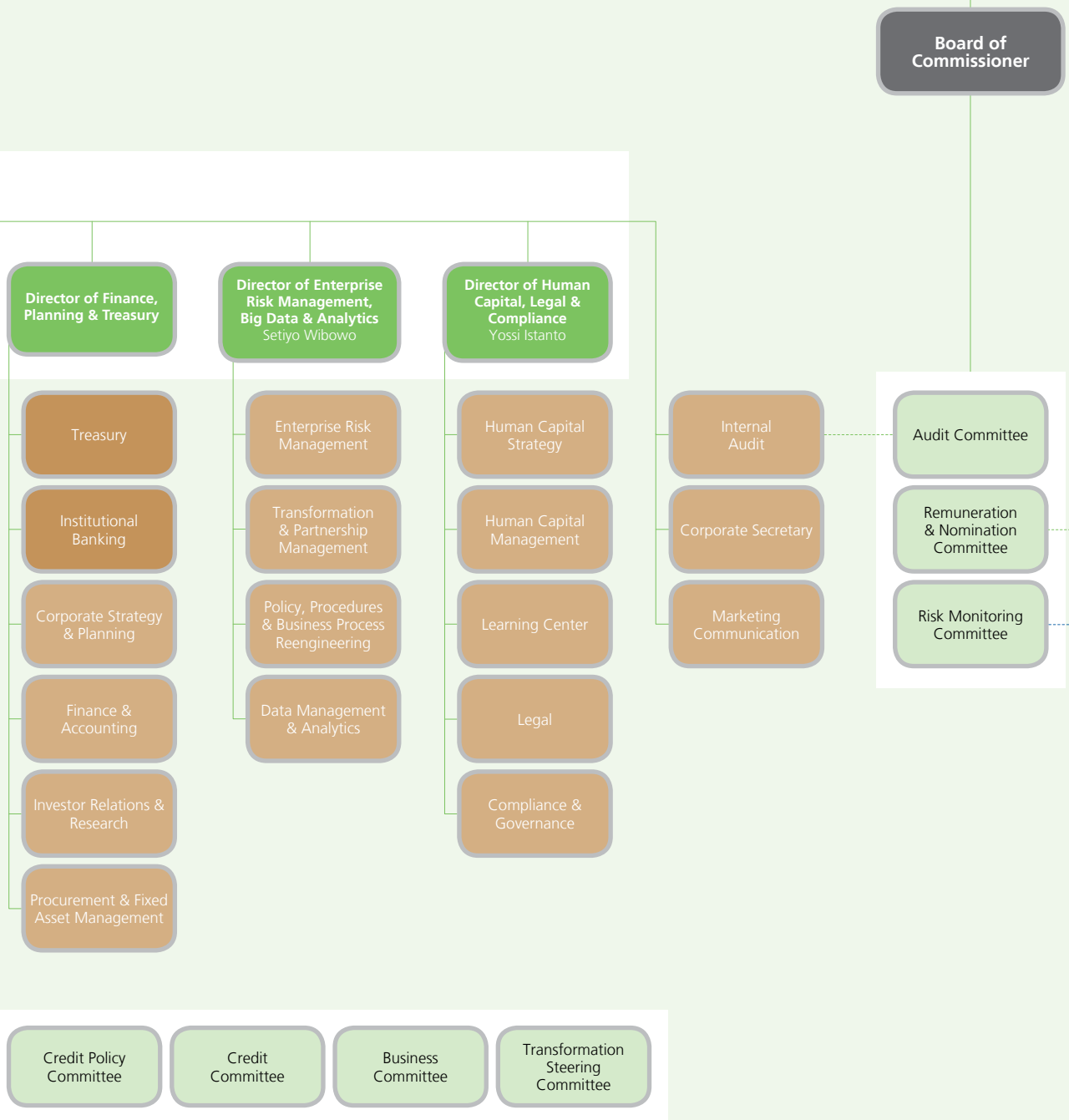
18 (Eighteen) AKHLAK Code of Conduct for BTNers





Organizational Structure (GRI 102-18)

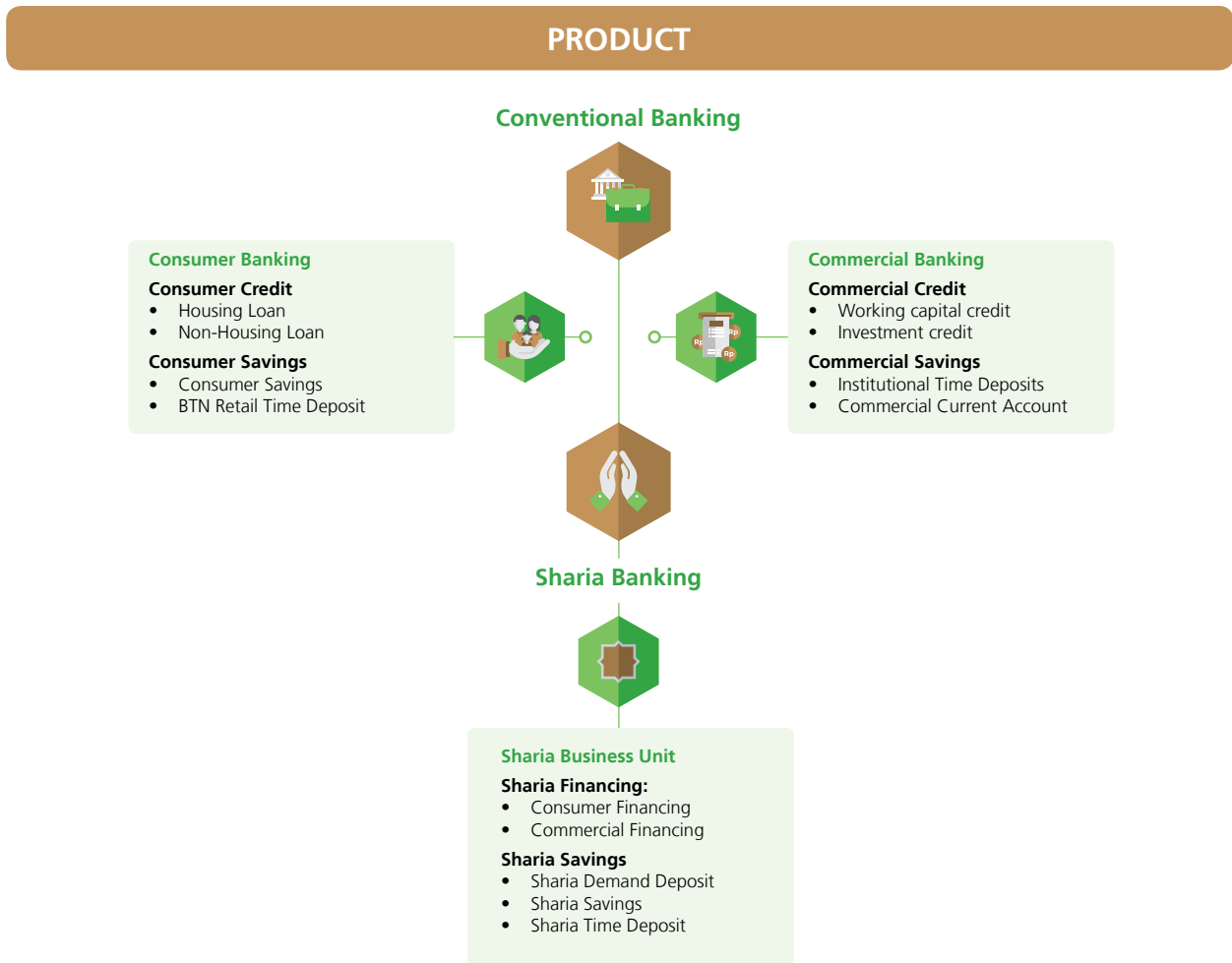




The Company's Business Activities (GRI 102-2) (C.4)

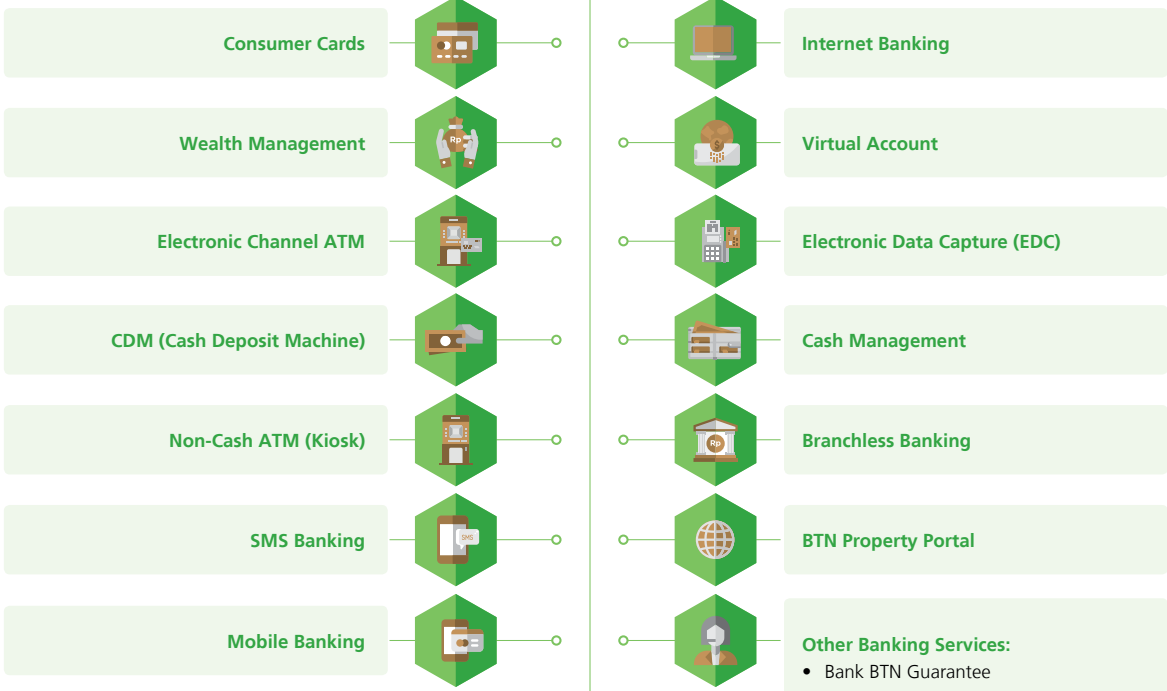
In accordance with the Deed of Statement of GMS Decisions concerning the Articles of Association of PT Bank Tabungan Negara (Persero) Number 51 dated March 24, 2015, the Company carried out the following business activities:

The Company Product and Service Development



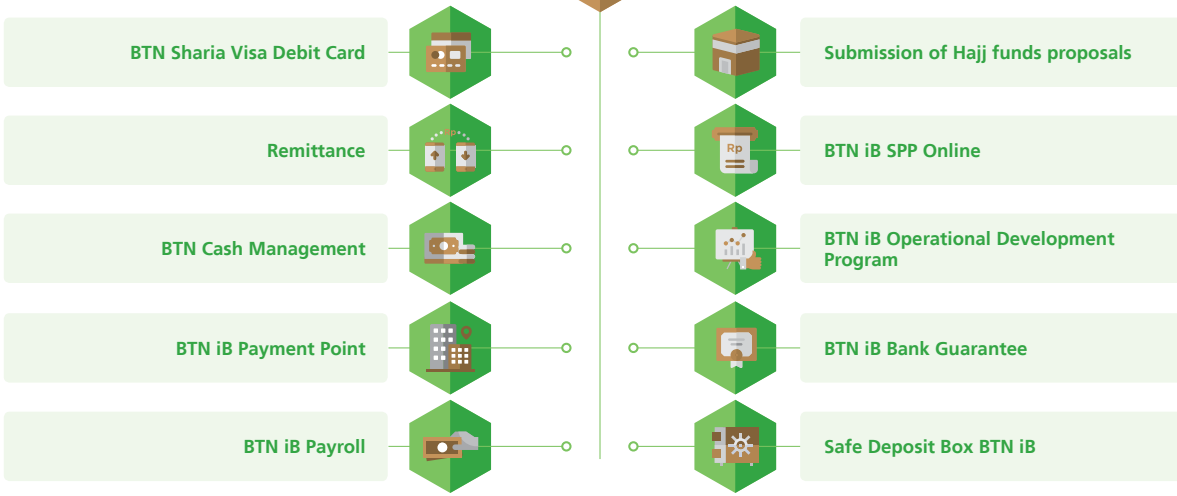
SERVICES

Conventional Banking



- Bank BTN Guarantee
- SKBDN or L/C Local
- Virtual Account BTN
- Transfer Management
- Payment Management
- Payroll Service BTN

Sharia Banking/ Sharia Business Unit



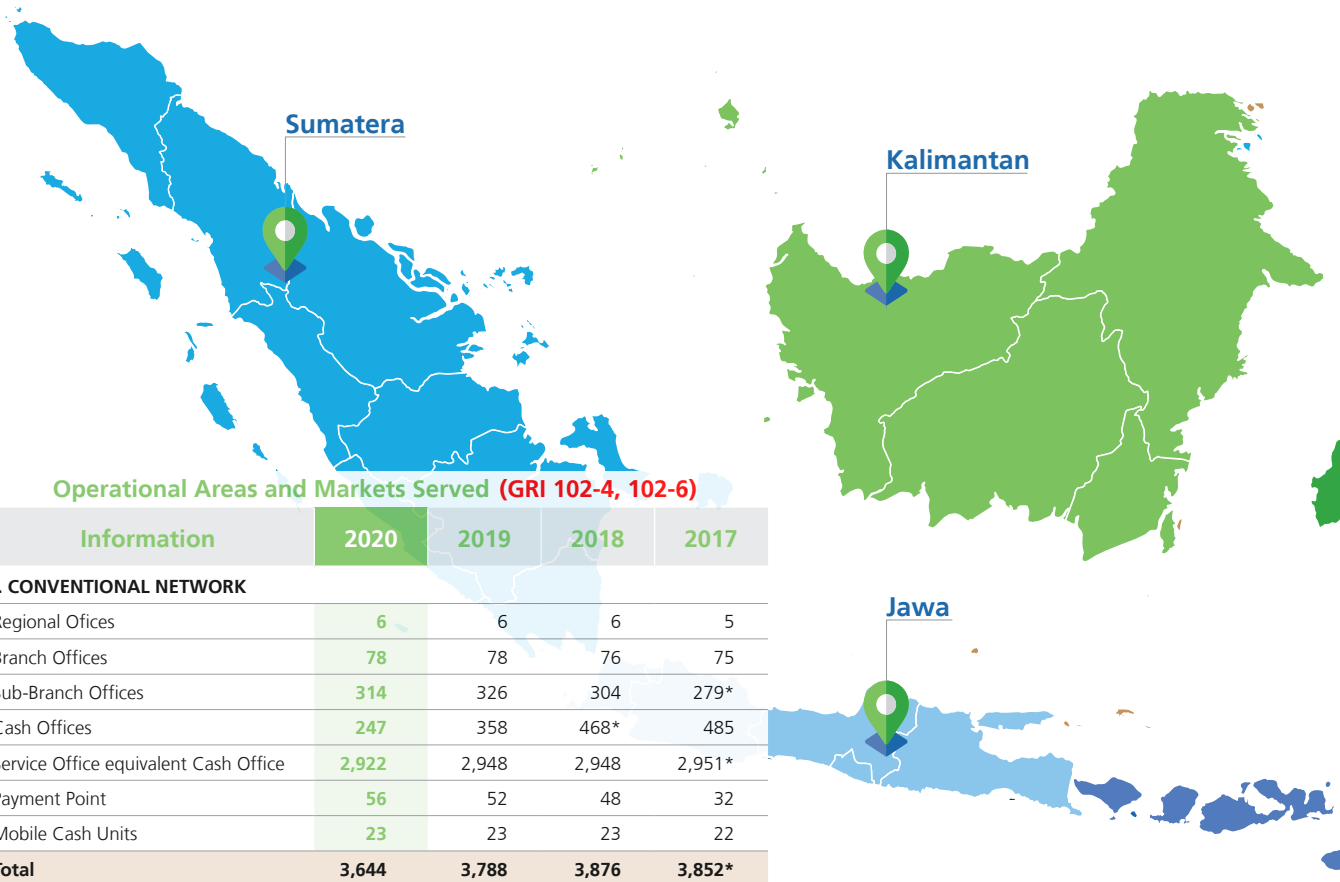
Areas of Operations and Markets Served

(GRI 102-4, 102-6)

In the reporting year, the Company only operates in 1 (one) country, namely Indonesia. The Company's Head Office at Jakarta with a network of offices spread across 34 provinces in Indonesia.

KALIMANTAN

Regional Office	-
Branch Office	7
Supporting Branch Office	21
Cash Office	10
Sharia Branch Office	2
Sharia Supporting Branch Office	2
Sharia Cash Office	1
Priority Outlet	5
Post Office	290
ATM	116



SUMATERA

Regional Office	1
Branch Office	12
Supporting Branch Office	48
Cash Office	28
Sharia Branch Office	6
Sharia Supporting Branch Office	12
Sharia Cash Office	2
Priority Outlet	8
Post Office	695
ATM	287

JAWA

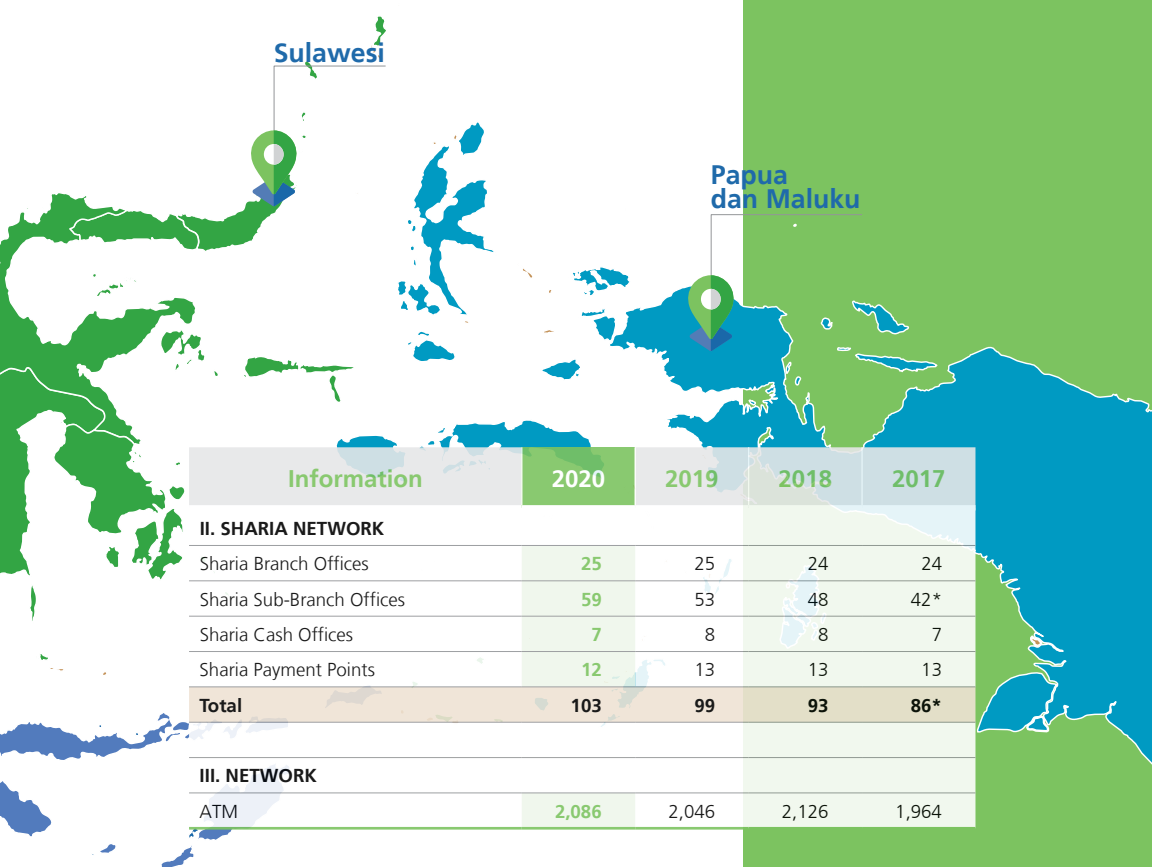
Regional Office	4
Branch Office	47
Supporting Branch Office	210
Cash Office	186
Sharia Branch Office	14
Sharia Supporting Branch Office	42
Sharia Cash Office	4
Priority Outlet	27
Post Office	1.612
ATM	1.471

BALI AND NUSA TENGGARA

Regional Office	-
Branch Office	3
Supporting Branch Office	13
Cash Office	6
Sharia Branch Office	1
Sharia Supporting Branch Office	-
Sharia Cash Office	-
Priority Outlet	2
Post Office	140
ATM	55

SULAWESI

Regional Office	1
Branch Office	6
Supporting Branch Office	24
Cash Office	13
Sharia Branch Office	2
Sharia Supporting Branch Office	3
Sharia Cash Office	-
Priority Outlet	2
Post Office	126
ATM	127



MALUKU AND PAPUA

Regional Office	-
Branch Office	3
Supporting Branch Office	3
Cash Office	5
Sharia Branch Office	-
Sharia Supporting Branch Office	-
Sharia Cash Office	-
Priority Outlet	3
Post Office	59
ATM	30

Composition of Share Ownership as of December 31, 2020 (GRI 102-5)

No.	Public Shareholders	Number of Shareholders	Shares (Sheet)	%
1	Republic of Indonesia	1	6,354,000,000	60,00%
2	Public			
	• Public – Local	38,339	3,046,149,946	28.76%
	• Public – Foreign	303	1,189,850,054	11.24%
	TOTAL	18,476	10,590,000,000	100.00%

Scale of the Company (GRI 102-7) (C.3)

Description	Unit	2020	2019	2018	2017
Interest Income and Income from Profit Sharing - Net	IDR Million	8,913,843	8,961,801	10,089,177	9,340,940
Total Assets	IDR Million	361,208,346	311,776,828	306,436,194	261,365,267
Total Equity	IDR Million	19,987,845	23,836,195	23,840,448	21,663,434
Total Liabilities	IDR Million	321,376,082	269,451,682	263,784,017	223,937,463
Total Employees	Person	11,224	11,647	11,810	10,690
Total Conventional Network	Office unit	3,644	3,793	3,848	3,818
Total Sharia Network	Office unit	103	97	93	84
Number of Products / Services Provided	Product / Service Category	4 (Four): 1. Housing Loan and Consumer Banking 2. Housing and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management	4 (Four): 1. Housing Loan and Consumer Banking 2. Housing and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management	4 (Four): 1. Housing Loan and Consumer Banking 2. Housing and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management	4 (Four): 1. Housing Loan and Consumer Banking 2. Housing and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management
The Largest Shareholder	Percent	Negara RI-60%	Negara RI-60%	Negara RI-60%	Negara RI-60%

Information Regarding Employees (GRI 102-8)

As of December 31, 2020, the number of employees of the Company was 11,224 employees, decrease by 423 people or 3.63% compared to 2019 with 11,647 employees. Employee data in this report is obtained from the Strategic Human Capital Directorate database so that its accuracy can be accounted for. Complete information about employees is presented in the following tables:

Employee Demographics by Gender

Gender	2020		2019		2018		2017	
	Total	(%)	Total	(%)	Total	(%)	Total	(%)
Male	6,121	54.53	6,343	54.46	6,465	54.74	5,797	55.96
Female	5,103	45.47	5,304	45.54	5,345	45.26	4,563	44.04
Total	11,224	100	11,647	100.00	11,810	100.00	10,360	100.00

Employee Demographics by Age and Gender

Range of Age	2020				2019				2018				2017			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
≥ 51	478	240	718	6.40	466	227	693	5.95	443	230	673	5.70	465	220	685	6.61
31-50	2,594	2,047	4,641	41.35	2,313	1,753	4,066	34.91	2,129	1,488	3,617	30.63	1,899	1,223	3,122	30.14
≤ 30	3,049	2,816	5,865	52.25	3,564	3,324	6,888	59.14	3,893	3,627	7,520	63.67	3,433	3,120	6,553	63.25
Total	6,121	5,103	11,224	100	6,343	5,304	11,647	100.00	6,465	5,345	11,810	100.00	5,797	4,563	10,360	100.00

M=Male/F=Female

Employee Demographics by Position and Gender

Employment Status	2020				2019				2018				2017			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
Level 22	2	2	4	0.04	2	2	4	0.03	2	2	4	0.03	1	3	4	0.04
Level 19 s/d 21	92	19	111	0.99	93	19	112	0.96	88	18	106	0.90	82	17	99	0.96
Level 15 s/d 18	919	317	1,236	11.01	910	300	1,210	10.39	852	277	1,129	9.56	755	238	993	9.58
Level 13 s/d 14	1,379	754	2,133	19.00	1,503	819	2,322	19.94	1,561	792	2,353	19.92	1,613	751	2,364	22.82
Level 11 s/d 12	2,880	2,747	5,627	50.13	2,950	2,818	5,768	49.52	3,045	2,856	5,901	49.97	2,697	2,442	5,139	49.60
Level 8 s/d 10	849	1,264	2,113	18.83	885	1,346	2,231	19.16	917	1,400	2,317	19.62	649	1,112	1,761	17.00
Total	6,121	5,103	11,224	100	6,343	5,304	11,647	100.00	6,465	5,345	11,810	100.00	5,797	4,563	10,360	100.00

M=Male/F=Female

Employee Demographics by Education Level and Gender

Level of Education	2020				2019				2018				2017			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
Master's Degree	294	117	411	3.66	303	111	414	3.55	312	110	422	3.57	319	113	432	4.17
Bachelor's Degree	4,822	3,574	8,396	74.80	4,895	3,651	8,546	73.38	4,957	3,644	8,601	72.83	4,461	3,219	7,680	74.13
Baccalaureate	754	984	1,738	15.48	847	1,074	1,921	16.49	857	1,084	1,941	16.44	755	888	1,643	15.86
High school	251	428	679	6.05	298	468	766	6.58	339	507	846	7.16	262	343	605	5.84
Total	6,121	5,103	11,224	100	6,343	5,304	11,647	100.00	6,465	5,345	11,810	100.00	5,797	4,563	10,360	100.00

M=Male/F=Female

Employee Demographics by Employment Status and Gender

Employment Status	2020				2019				2018				2017			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
Permanent	6,064	5,077	11,141	99.26	6,150	5,069	11,219	96.33	5,649	4,506	10,155	85.99	4,921	3,859	8,780	84.75
Contract	57	26	83	0.74	193	235	428	3.67	816	839	1,655	14.01	876	704	1,580	15.25
Number Without Outsource Employees	6,121	5,103	11,224	100	6,343	5,304	11,647	100.00	6,465	5,345	11,810	100.00	5,797	4,563	10,360	100.00

M=Male/F=Female

Employee Demographics by Working Period and Gender

Range of Work Period	2020				2019				2018				2017			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
> 30 years	116	67	183	1.63	127	42	169	1.45	96	25	121	1.02	55	21	76	0.73
25 – 30 years	291	230	521	4.64	369	251	620	5.32	355	253	608	5.15	425	235	660	6.37
20 – 25 years	709	135	844	7.52	765	194	959	8.23	788	234	1,022	8.65	651	276	927	8.95
15 – 20 years	0	66	66	0.59	-	-	-	0.00	148	21	169	1.43	372	46	418	4.03
10 – 15 years	294	373	667	5.94	232	345	577	4.95	129	275	404	3.42	27	223	250	2.41
5 – 10 years	2,120	1,976	4,096	36.49	1,562	1,882	3,444	29.57	1,158	1,672	2,830	23.96	925	1,360	2,285	22.06
0 – 5 years	2,591	2,256	4,847	43.18	3,288	2,590	5,878	50.47	3,791	2,865	6,656	56.36	3,342	2,402	5,744	55.44
Total	6,121	5,103	11,224	100	6,343	5,304	11,647	100.00	6,465	5,345	11,810	100.00	5,797	4,563	10,360	100.00

M=Male/F=Female

Supply Chain (GRI 102-9)

In running business operations, the Company cooperates with suppliers/vendors due to the Company cannot internally fulfill its needs, both goods and services.

The Company was committed to cooperating with local suppliers, which in this report were suppliers who were geographically domiciled in Indonesia. If the needs for goods and services could not be met by local suppliers, or for certain reasons / considerations, the Company would partner with foreign suppliers, namely those who were geographically domiciled outside Indonesia. (GRI 103-1)

The Company's commitment to prioritizing local / national suppliers was in accordance with the Circular of the Minister of SOEs Number SE-10 / MBU / 08/2020 dated August 26, 2020 concerning Increasing the Role of Micro, Small and Medium Enterprises in the Procurement of Goods and Services in State-Owned Enterprises. In addition, it was also in line with the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-08 / MBU / 12/2019 concerning General Guidelines for the Implementation of Procurement of Goods and Services for State-Owned Enterprises.

Prior to the issuance of this new regulation, the Company referred to the Regulation of the Minister for State-Owned Enterprises of the Republic of Indonesia Number PER-15 / MBU / 2012 concerning Amendments to the Regulation of the Minister for State-Owned Enterprises Number PER-05 / MBU / 2008 concerning General Guidelines for the Implementation of Goods Procurement. and Services for State-Owned Enterprises. As a State-Owned Enterprise (BUMN), the Company was a user of good and services, which in Article 2 was required to comply with the following provisions, "Users of goods and services prioritized the use of domestic production, design and national engineering, as well as expansion of opportunities for small businesses, as long as the quality, price, and objectives could be accounted for." (GRI 103-2)

In accordance with the aforementioned regulations, in the procurement of goods and services, the Company was based on the principles of efficiency, effectiveness, competition, transparency, fairness, openness and accountability. Meanwhile, in managing outsourcing, the Company complied with Bank Indonesia Regulation (PBI) Number 13/25/2011, dated December 9, 2011, regarding the Submission of Part of the Work Implementation to Other Parties, the Company did not outsource core activities to other parties. (GRI 103-3, 204-1)

Based on the policies and definitions above, the number of suppliers of goods and services in 2020 was recorded at 66, a decrease compared to 2019, which reached 69 suppliers. The decrease in the number of suppliers was followed by a reduction in the contract value, from IDR 174.60 billion in 2019 to IDR 95.70 billion. All suppliers are domiciled and run business in Indonesia (local suppliers).

Significant Changes in Organization and Supply Chain (GRI 102-10) (C.6)

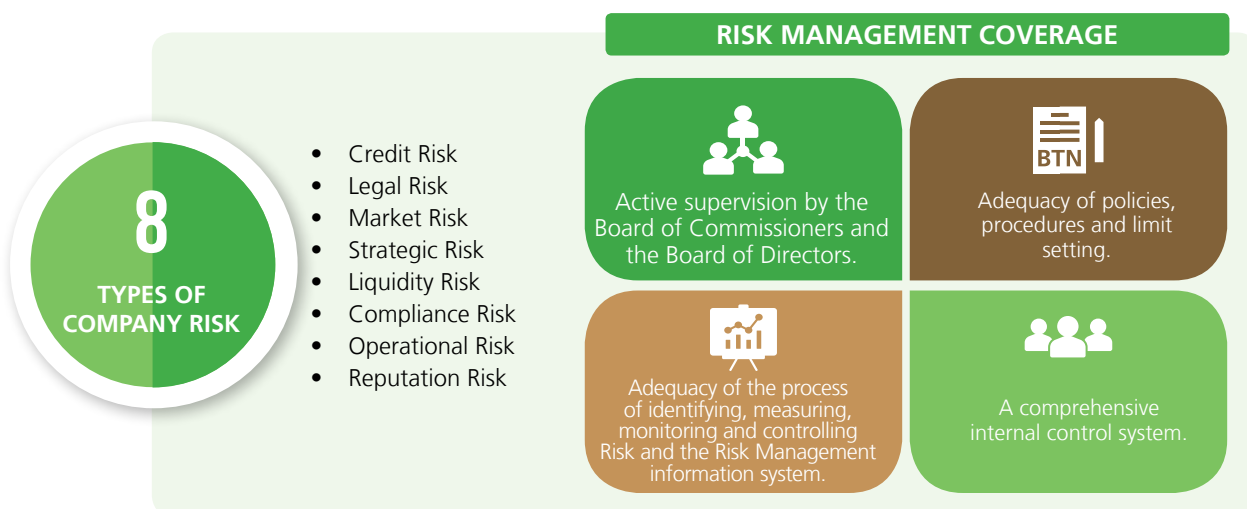
In the reporting year, there were significant changes in the Company with regard to business locations or operations, among others, the reduction in Sub-Branch Offices from 326 in 2019 to 314, Cash Offices from 358 offices in 2019 to 247, Service Offices Equivalent to Cash Offices from 2,950 offices in 2019 to 2,922, as well as an increase in Payment Points from 52 in 2019 to 56. As for sharia networks, the addition occurred in Sub-Branch Offices from 53 offices in 2019 to 59. The number of ATMs decreased from 2,159 locations to 2,086.

As for changes in the supply chain, there was a reduction in the number of suppliers, which was followed by a reduction in the value of the contract. This reduction is in line with the efficiency policy taken by the Company, and does not affect the Company's productivity and performance.

Prevention Approach or Prevention Principle (GRI 102-11)

The Company deals with various risks in running its daily operations. If the management is not performed properly, these risks will intervene the achievement of targets as specified in the Bank's Business Plan (RBB). To minimize the impact that may arise from various risks, the Company has a policy guideline in the field of risk management which is the Risk Management Policy Guidelines (PKMR) that contain the minimum requirements required by Bank Indonesia/ Financial Services Authority Regulations. The Company's risk management system is designed to support the Company in realizing sound business management and achieving sustainable growth, so as to optimize stakeholder value.

In addition, the Company also has a Risk Management Policy Manual (PKMR) which includes provisions required by Bank Indonesia / Financial Services Authority Regulations. A review of the PKMR has been conducted for at least once in a year by the Board of Directors and the Board of Commissioners to improve the risk management policy guidelines. The internal policy review is also carried out in order to comply with the current provisions by conducting a gap analysis and accommodating best practices commonly used in the banking industry that aims to improve the quality of risk management practices.



External Initiatives (GRI 102-12)

The company is committed to continuously achieving customer trust and satisfaction. This is realized as the Company provides the best quality goods and services so that it is in line with customer expectations. In an effort to realize customer expectations, the Company follows various guidelines developed by external parties that apply nationally and internationally, such as certification. Commitment in providing the best goods and services based on various quality standards has received appreciation from various parties, which is manifested through the awarding, as follows:

Award



1

2

3

1. 1st-The Best Corporate Secretary & Corporate Communication-V-2020

Event:
Corporate Secretary Award V 2020
Organizer:
Economic Review
Date:
7 February 2020

2. Top 100 Most Valuable Brands 2020

Event:
Indonesia's Most Valuable Brands 2020
Organizer:
SWA
Date:
6 June 2020

3. Top 3 Indonesia PLCs

Event:
ASEAN Corporate Governance Scorecard (ACGS) Award 2019
Organizer:
ASEAN Capital Markets Forum
Date:
9 June 2020

4. ASEAN Asset Class Thresholds ditingkat Negara-Negara ASEAN

Event:
ASEAN Corporate Governance Scorecard (ACGS) Award 2019
Organizer:
ASEAN Capital Markets Forum
Date:
9 June 2020



4



5

5. Best Millennial's Choice Brand in Home Loan Category

Event:
Indonesia Millennial Top Brand Award
Organizer:
Warta Ekonomi
Date:
19 June 2020



6

6. 20 Pilar Finansial Indonesia 2020

Event:

20 Pilar Finansial Indonesia Award 2020

Organizer:

Iconomics

Date:

16 July 2020



7

7. 1st Best ATM Public Area

Event:

Banking Service Excellence Award 2020

Organizer:

Infobank

Date:

23 July 2020



8

8. Best Leader For Business Sustainability Through Business Innovation, Market Segmentation, Business Expansion And Product Development Kategori BUMN Bank Buku III

Event:

Indonesia Financial Top Leader

Organizer:

Warta Ekonomi

Date:

23 July 2020

9. Bank with a Healthy Predicate BUKU Category 3 with Assets Above 100 Trillion Rupiah

Event:

Indonesia Best Bank Award

Organizer:

Warta Ekonomi

Date:

19 August 2020



9

10. The 14th Rangking of Indonesia The Best Public Companies Based on WAI (Overall) 2020, The 4th Rangking of Indonesia The Best Public Companies Based on WAI 2020

Event:

Indonesia Best Wealth Creators 2020

Organizer:

SWA

Date:

10 September 2020



10



11

11. TOP GRC 2020 #4 Stars

Event:
TOP GRC Awards 2020
Organizer:
Top Business Magazine
Date:
28 September 2020

12

12. The Most Committed GRC Leader 2020

Event:
TOP GRC Awards 2020
Organizer:
Top Business Magazine
Date:
28 September 2020

13

13. The High Performing Corporate Secretary on GRC 2020

Event:
TOP GRC Awards 2020
Organizer:
Top Business Magazine
Date:
28 September 2020

14

14. The Indonesia Living Legend Companies

Event:
Indonesia Living Legend Companies Award 2020
Organizer:
SWA
Date:
28 September 2020

15



16

15. The High Performing Board of Commissioners on GRC 2020

Event:
TOP BUSINESS TOP GRC 2020
Organizer:
Top Bisnis
Date:
7 October 2020

17

17. Best PKBL For Indonesia CSRXPKBL Award with Outstanding Program in Housing Development Partnership For Community

Event:
CSR and PKBL Award 2020
Organizer:
Warta Ekonomi
Date:
23 September 2020

16. Top Bank 2020 Predikat Gold Kategori BUKU 3

Event:
Top Bank Award 2020
Organizer:
Iconomics
Date:
28 October 2020

18. Successful Business in Pandemic Era

Event:
Indonesia Outstanding Performers in Pandemic Era 2020
Organizer:
SWA
Date:
6 November 2020

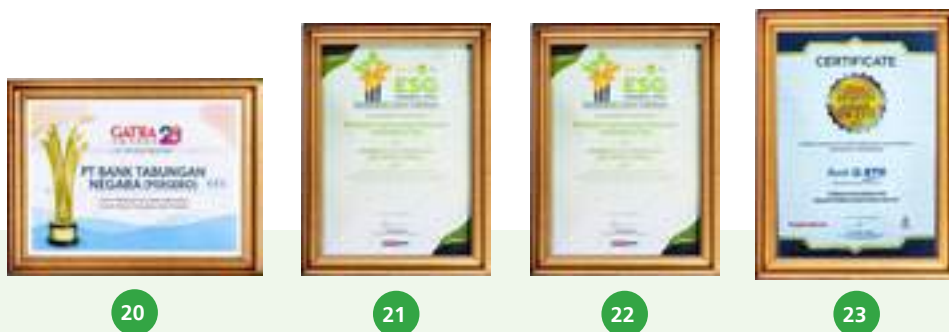


18

19. 1st The Best IT for Public Company kategori Bank BUKU III Asset > 100T

Event:
Indonesia Information Technology Award III 2020
Organizer:
Economic Review
Date:
6 November 2020

19



20. Innovations Create Access to Affordable Housing Ownership during the Pandemic

Event:
Gatra Award
Organizer:
Gatra
Date:
12 November 2020

21. Best IHSGK-ESG Disclosure Rating

Event:
ESG Awards 2020
Organizer:
Berita Satu Media Holdings – Investor Magazine
Date:
17 November 2020

22. ESG Disclosure Rating for Best SOE Banks, Best SOEs Bank Environmental Disclosure Rating (E), Best SOEs Bank Social Disclosure Rating (S)

Event:
ESG Awards 2020
Organizer:
Berita Satu Media Holdings - Investor Magazine
Date:
17 November 2020

23. Best and Consistent Appreciation for Extra Ordinary Achievement and Social Awareness in Financing People's Homes

Event:
15th Annual Property & Bank Award 2020
Organizer:
Property Bank and the Alliance of Property and Financial Journalists
Date:
20 November 2020

24. Excellent Financial Performance of Indonesia Best BUMN Award 2020

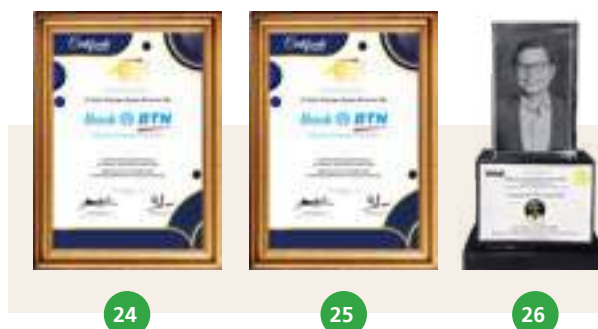
Event:
BUMN Award 2020
Organizer:
Warta Ekonomi
Date:
27 November 2020

26. Banker of the Year 2020

Event:
4th Infobank Top 100 Bankers
Organizer:
Infobank
Date:
1 December 2020

25. Digital Business Transformation of HR Management and Transaction Services

Event:
BUMN Award 2020
Organizer:
Warta Ekonomi
Date:
27 November 2020





27

27. The Best Bank in Mortgage Market

Event:
CNBC Indonesia Award
Organizer:
CNBC
Date:
9 December 2020



28

28. The 1st Winner Indonesia Best CFO 2020

Event:
Indonesia Best CFO 2020
Organizer:
SWA
Date:
10 December 2020



29

29. Indonesia Most Trusted Companies

Event:
Award CGPI 2019
Organizer:
IICG & SWA
Date:
17 December 2020



30

30. Indonesia Best Brand Award For 10 Consecutive Years 2010-2020 kategori KPR

Event:
Indonesia Best Brand Award Best Platinum 2020
Organizer:
SWA & MARS Indonesia Digital
Date:
18 December 2020

Certification



1



2

1. ISO 9001:2015

Validation:
15 September 2020 – 11 August 2023
Certification Awardee:
Internal Audit Division; Compliance and Governance Division; Enterprise Risk Management Division
Issued by:
SGS

2. ISO 37001:2016

Validation:
11 August 2020 – 10 August 2023
Certification Awardee:
Commercial Banking Division (CMBD), Corporate Syndication & Transaction Banking Division (CSTD), Procurement & Fixed Asset Management Division (PFAD)
Issued by:
Komite Akreditasi Nasional

Association Membership (GRI 102-13) (C.5)

Bank Tabungan Negara joins various associations that are in accordance with its business in the banking industry, including its status as a state-owned enterprise. By joining these associations, the Company can discuss issues and policies regarding the banking industry, including its impact and opportunities for banks in the short, medium and long term. In 2019, the Company joins the following associations:

Association name	Position in the Association
State Owned Banks Association (HIMBARA)	Chairperson 1
Indonesian Bankers Association (IBI)	Secretary General
World Saving Bank Institution (WSBI)	Head of WSBI Asia - Pasific Regional Group
National Commercial Banks Association (PERBANAS)	Deputy Chairperson 1
SOE Public Forum	Member
Indonesian Issuers Association	Member
External Loss Data Consortium (KDKE)	Member
Certified Wealth Manager's Association (CWMA)	Member
Indonesian Payment System Association (ASPI)	Member
Associate Cambiste Internationale (ACI) Indonesia (Forexindo)	Member
Communication Forum for Banking Compliance Director (FKDKP)	Member
Alternative Institution for Dispute Resolution PI (LAPSPI)	Member
Bank Internal Auditor Association	Member
Indonesian Internal Audit Association	Member
The Institute of Internal Auditor (IIA)-Indonesia Chapter	Member

Sustainable Corporate Governance





Sustainable Corporate Governance

Commitment to Implement Governance

Good Corporate Governance, hereinafter referred to as GCG, were the principles that underlie a company management process and mechanism based on laws and regulations and business ethics. As a corporation that upholds professionalism, the Company was committed to implementing GCG at all levels. The implementation was carried out not only to fulfill the provisions of the authorities or applicable laws and regulations, but was more driven by the awareness that good governance was an important key to improving performance, excellence and sustainable competitiveness.

In line with efforts to establish its existence in the midst of increasingly fierce competition in the banking industry, the Company believed that the implementation of GCG would be able to create a balance in company control so as to reduce opportunities for fraud. Another benefit, the implementation of GCG would also minimize the risk of mismanagement of the company. More than that, through the proper implementation of GCG in accordance with applicable laws and existing best practice standards, the Company was optimistic that it would be able to answer the challenges and demands of stakeholders, both internal and external stakeholders. As a financial service institution, the ability to meet stakeholder expectations was an important asset for the Company to continue to develop and be sustainable in the future.

In implementing GCG, the Company referred to a number of regulations, such as, the Regulation of the State Minister for State-Owned Enterprises Number: PER - 01 / MBU / 2011 concerning the Implementation of Good Corporate Governance in State Owned Enterprises, Copy of Regulations Financial Services Authority Number 30 / POJK.05 / 2014 concerning Good Corporate Governance for Financing Companies, and Circular to All Conventional Commercial Banks in Indonesia dated 29 April 2013 Regarding: Implementation of Good Corporate Governance for Commercial Banks.

The implementation of GCG was increasingly finding its importance amidst increasingly tight competition in the banking industry. At the Company, the implementation of governance (GCG) had become a necessity in order to achieve the goal of Moving Beyond Corporate Governance to True Business Value. The Company had changed the paradigm of governance implementation from being compliance driven to value driven in all of the Company's business processes. Evidence that increasing corporate value could be carried out simultaneously with continuous improvement in governance practices could be seen from the Company's business performance and governance

assessment, since 2014 the scores for the Corporate Governance Perception Index (CGPI) and the ASEAN Corporate Governance Scorecard (ACGS) had consistently increased in parallel with growth.

The Company's commitment to implementing GCG had brought results, such as, had succeeded in positioning itself as the 5 (fifth) biggest bank in Indonesia based on asset value (bank only). Apart from that, the Company had also recorded other achievements and achievements, namely:

- Top 3 Indonesia PLC's and 10 Indonesian companies as ASEAN Asset Class Thresholds from the ASEAN Corporate Governance event organized by the ASEAN Capital Markets Forum (ACMF)
- Trusted Company Based on Corporate Governance Perception Index (CGPI) at the Indonesia Most Trusted Companies Award 2020 from the Indonesian Institute for Corporate Governance (IICG).
- At the TOP GRC event organized by Top Business Magazine, the Company succeeded in obtaining 3 categories as follows: TOP GRC 2020 # 4 Stars; The Most Committed GRC Leader 2020 for the President Director of the Company; The High Performing Board of Commissioner on GRC 2020 and The High Performing Corporate Secretary on GRC 2020.
- The company successfully obtained the SNI ISO certificate 37001: 2016 Anti-Bribery Management System (SMAP) in the field of Commercial Credit (Commercial Lending) & the field of Procurement
- The Company sent 13 (thirteen) employees to participate in the Integrity Building Expert (API) certification and has been declared competent by the Corruption Eradication Commission.

Governance Principles

According to POJK No. 30 / POJK.05 / 2014, in carrying out its activities, the Company is required to implement the principles of Good Corporate Governance in each of its business activities at all organizational levels. The referred principles of Good Corporate Governance are as follows:

- a. Transparency, namely being transparent in the decision-making process and transparent in the disclosure and provision of relevant information about the Company, which is easily accessed by the Stakeholders in accordance with laws and regulations in the field of financing as well as standards, principles, and practices of conducting a fair financing business;
- b. Accountability, namely clarity of function and responsibility implementation organ of the Company so that the Company's performance can be transparent, fair, effective, and efficient;

- c. Responsibility, namely being responsible for the Company's management with the regulation in the field of financing and ethical values and standards, principles, and practices a healthy financing business operation;
- d. Independency, namely the condition of company that is managed independently and professionally and free of the Conflict of Interest and influence or pressure from any party that does not conform with legislation in the field of financing and ethical values as well as standards, principles and practices of conducting a healthy financing business; and equality; and
- e. Fulfilling Stakeholder rights based on agreements, laws and regulations, and ethical values and standards, principles, and the practice of implementation healthy financing business

The objectives of implementing Good Corporate Governance are as follows:

- a. Optimizing the value of the Company for Stakeholders, especially Debtors, creditors, and / or other Stakeholders;
- b. Increasing the management of the Company in a professional, effective and efficient manner;
- c. Increasing the compliance of Company Organs and DPS and their subordinates in order to make decisions and take actions based on high ethics, compliance with laws and regulations, and awareness of corporate social responsibility towards stakeholders and environmental sustainability;
- d. Creating a healthier, more reliable, trustworthy and competitive company; and
- e. Increasing the Company's contribution to the national economy.

Corporate Governance Strategy

The Company is committed to completing the implementation of sustainability governance. In 2019-2022, the Company has prepared a Bank Governance roadmap that is in line with the Company's long-term transformation plan, which is to consider the implementation of the Integrated Governance Risk & Compliance (IGRC) initiatives, the existence of plans for implementing financial conglomerates through the formation of subsidiaries and Sustainable Financial Action Plans.

Ultimately, the Governance Roadmap will further guide the achievement of the Company's goals, with the ultimate goal to become a company with best governance practices in the future. The Governance Roadmap began in 2019 through improving governance structures and infrastructure. The Company makes improvements to

policies at the main organ level in the form of a Committee Charter of the Board of Commissioners. The amendment and improvement of the Charter conducted throughout 2019 took the form of the Audit Committee Charter, the Remuneration and Nomination Committee Charter and the Risk Monitoring Committee Charter. In addition, the Company also mapped out human capital, recruitment, education and training; organizational structure adjustment; the formulation of new policy, systems and procedures to implement governance, risk and compliance comprehensively and integratedly.

The next stage is the optimization of business processes through the implementation of Integrated Governance Risk Compliance (iGRC) in each operational unit of the Company which includes the components of GCG, Risk Management, Compliance, Corporate Culture, Code of Conduct, and Anti-Fraud. Thus, the Company can operate effectively and efficiently, which can improve high quality/ advanced performance.

The ultimate goal of the Roadmap is effective and sustainable governance to support the achievement of prudent business transformation goals through smart and measured risk management. The effectiveness of the system and governance of the Company is expected to be able to create value for stakeholders in order to realize sustainable company growth in accordance with the principles of good corporate governance.

Integrated Governance, Risk and Compliance (GRC)

To create a stronger business infrastructure and Human Capital (HC), since 2018, the Company has implemented an Integrated Governance Risk Compliance (iGRC) which is a collaboration between several operational units. The Company optimizes Integrated Governance Risk Compliance (iGRC) in each work unit that includes GCG components, Risk Management, Compliance, Corporate Culture, Code of Conduct and Anti Fraud so that BTN can operate effectively and efficiently which can further improve advanced quality performance.

Focus on Governance Implementation 2020

In 2020, the focus of the implementation of the Company's governance was to strengthen the governance business process. The Company made improvements to the Business Process Improvement (BPI) for Commercial Credit and Consumer Credit.

Description	Implementation
Governance Structure	<ul style="list-style-type: none"> • Main Organs (GMS, Board of Commissioners, Directors) • Supporting Organs (Committees under the Board of Commissioners, Committees under the Board of Directors, Corporate Secretary) • Directors and Board of Commissioners policies such as: Board Manual, SKB, Code of Conduct, Committee Charter, GCG-based policies
Governance Process	<ul style="list-style-type: none"> • Strengthen the application of a culture based on AKHLAK core values to make the Company the Best Mortgage Bank in Southeast Asia • Improvement of Business Process Improvement (BPI), Establishment of Regional Processing Center (RPC), etc. • Gratification Control • Implementation of ISO 37001: 2016 Anti-Bribery Management System • Automation and digitization of business processes • Doing quality growth
Governance Outcome	<ul style="list-style-type: none"> • GCG Assessment (BI / FSA) • Third-Party Assessment • GCG Awareness • Governance reports • Governance disclosure • Sustainable Growth

Implementation of Sustainable Financing

In accordance with the mission of PT Bank Tabungan Negara (Persero) Tbk., the Company supports the establishment of a sustainable financial services sector to achieve the Sustainable Development Goals and address climate change. This is in accordance with the Financial Services Authority policy. Provisions and criteria for sustainable financing stipulated in Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the Application of Sustainable Financing for Financial Institutions, Issuers and Public Companies.

Support for the implementation of Sustainable Financing is realized by the preparation of the 2019-2023 Sustainable Financing Action Plan (RAKB) as the first period of RKAB. Through RAKB, it is expected to provide long-term value establishment not only in the form of establishing sustainable competitive advantages for a company but also for the wider community and environment and strengthening resilience as the Company has managed all risks (economic, social and environmental) more precisely. The purpose of the Company's Sustainable Financing Action Plan namely in 2023 is presented in the achievement of PT Bank Tabungan Negara (Persero) Tbk. as a leader in the housing sector and trusted financial partners which apply Sustainable Financial principles to jointly achieve sustainable development goals in Indonesia through the following strategic steps:

1. Strengthening the policies and practices of managing CSR programs that focused in to aspects of 3P (People, Planet, Profit) with the partnership element of Academy, Business, Community and Government (ABCG).
2. Development of a digital-based sustainable financing communication strategy by involving millennials.

3. Strengthening risk management policies through strengthening policies and programs through the preparation of sustainable policy and strategy.
4. Development of banking products and services through financing property purchases, consumption and MSMEs that are aware of environmental and social aspects to build portfolio.
5. Development of sustainability banking operations through the application of concepts green office and sustainable procurement.
6. Strengthening institutional capacity through institutional structuring and development resource capacity.

Before the RAKB the Company has applied Sustainable Financial principles through certain banking activities, products and services, including:

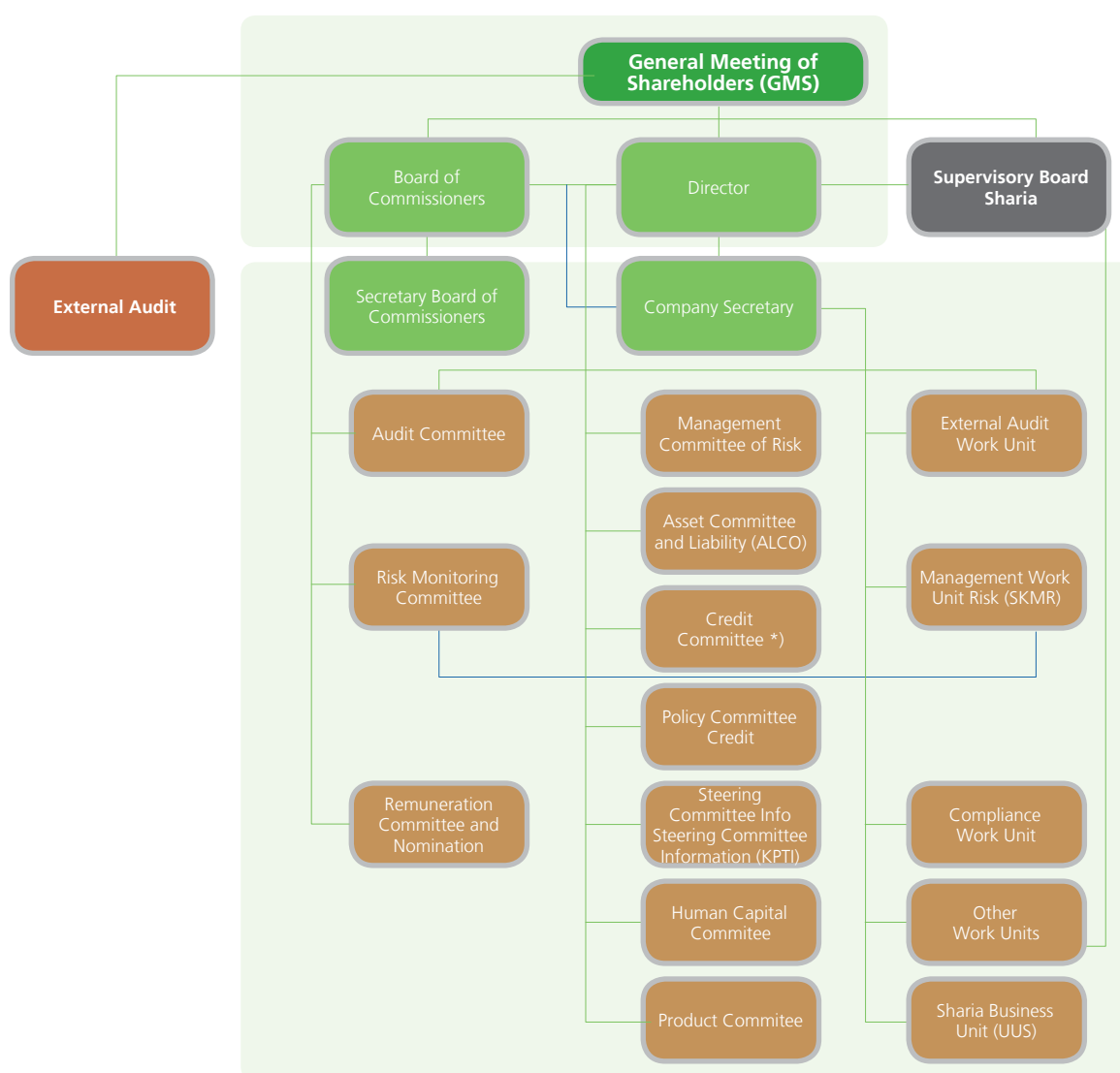
- o Officeless financial services are in line with OJK Regulation No. 19/POJK.03/2014 concerning Financial Services Without Offices in the Framework of Inclusive Finance, in the form of card-based and mobile-based saving product BTN CERMAT that can increase public accessibility in accessing banking services. This shows that the Company has implemented the principle of financial inclusive practices, where bank services have reached and can be accessed by various levels of society.
- o In providing financing facilities, both construction loans, land ownership loans, and investment loans, prospective customers must meet the requirements of the Environmental Impact Analysis (AMDAL) and other permits in accordance with the stipulated Product Policy. This policy is adopted by the Company to ensure that projects financed by the Company have met the required regulations both legally and procedurally.

- o The paperless program is intended to reduce the use of paper, mainly carried out by applying digital banking to the Company's products and services. This effort is also supported by the use of various facilities to increase fee-based income, namely through electronic channel services (ATM, Cash Deposit Machines / CDM), Internet Banking, Cash Management, SMS Banking, and Mobile Banking.

The Company has formulated RAKB into the Roadmap for the Implementation of Sustainable Finance including the time target to be targeted in the period of 1 to 5 years (2019-2023). The programs formulated in Roadmap for Sustainable Finance Implementation of PT Bank Tabungan Negara (Persero) Tbk. include the design and preparation of Sustainability Policy & Strategy (policies and adjustments to the structure and role of the organization), adjustment and launch of the Green Finance Product & Index, and the implementation of various Sustainability Programs and Initiatives.

Governance Structure (GRI 102-18)

Based on Limited Liability Company Law No. 40 of 2007, it is stated that the Company's Organs consist of General Meeting of Shareholders, Board of Directors and Board of Commissioners. The GMS, the Board of Directors and the Board of Commissioners regard each other's duties, responsibilities and authorities in accordance with the laws and regulations and the Articles of Association. The Company's organs are formed to ensure the implementation of the good corporate governance principles applied effectively with clear roles and responsibilities so as to create a check and balance control mechanism.



*) The Credit Committee has been established within the Company's organizational structure through the Board of Directors Decree No. 03/KD/ DIR/ SIPD/2017 concerning Head Office Organizational Structure. At the operational level, the function of the Credit Committee is continuously performed through the implementation of the Board of Directors Meeting which supervises the Credit Division.

Person in Charge of Sustainable Finance Implementation (E.1)

Service Institutions Finance, Issuers, and Public Companies, which came into effect for the Company as of January 1, 2019. This regulation regulated things such as the need for employees, officers and / or work units to be responsible for implementing Sustainable Finance. For this reason, the Company appointed a Corporate Secretariat work unit to be responsible for the implementation of Sustainable Finance by implementing Sustainable Financial programs by the Risk Management Work Unit, HR Management Work Unit, Compliance Work Unit, Network & Distribution Work Unit, Policy & Procedure Work Unit, Unit Information Technology Work, Planning & Strategy Work Unit, Procurement Work Unit, Housing Finance Center Work Unit and Credit and Fund Business Work Unit.

General Meeting of Shareholders

General Meeting of Shareholders (GMS) is an organ of the Company that has authority not granted to the Board of Directors or Board of Commissioners within the limits specified in the law and / or articles of association. In the Company, GMS is a forum where the Board of Commissioners and the Board of Directors report and are responsible for carrying out their duties and performance to the Shareholders. Shareholders are not permitted to interfere with the Company’s operational activities which are the responsibility of the Board of Directors in accordance with the provisions of the Company’s Articles of Association and applicable laws and regulations.

GMS consists of the Annual GMS and other GMS. The Annual GMS must be held no more than 6 (six) months after the fiscal year ends. Meanwhile, other GMS, which are commonly referred to as Extraordinary GMS, can be held at any time based on the need for the benefit of the Company.

In the reporting year, the Company held 1 (one) Annual GMS and did not hold an Extraordinary GMS, as shown in the following table:

Annual GMS

- Thursday, March 12th, 2020
- 2 P.M.- drop.
- Gedung Menara Bank BTN

Board of Commissioners

The Board of Commissioners is the Company’s Organ who is responsible to GMS. The Board of Commissioners has the collective duty and responsibility to supervise and provide advice to the Board of Directors and ensure that the Company implements good corporate governance at all levels of the organization.

In performing its supervisory duties, the Board of Commissioners can form a committee, whose members come from members of the Board of Commissioners. The committee is responsible to the Board of Commissioners. Other provisions concerning the Company’s Board of Commissioners function in accordance with Law No. 40 of 2007 concerning Limited Liability Companies and Law Number 7 of 1992 concerning Banking, SOE Ministry Regulations, OJK Regulations, Bank Indonesia Regulations, and Articles of Association of the Company.

During 2020, the composition of the Company’s Board of Commissioners did not change compared to the previous year. Thus, the composition of the Board of Commissioners as of December 31, 2020 is as follows:

Composition of the Board of Commissioners as of December 31, 2020

Name	Position	Executor	Basic Appointment	Effective date
Chandra M. Hamzah	President Commissioner / Independent	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Armand Bachtiar Arief	Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 14, 2020
Ahdi Jumhari Luddin	Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	March 16, 2020
Eko D. Heripoerwanto	Commissioner	Financial Services Authority	Annual GMS 2019 on May 17, 2019	December 20, 2019
Heru Budi Hartono	Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 16, 2020
Andin Hadiyanto	Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 10, 2020

Board of Directors

The Board of Directors is the organ of the Company that is authorized and fully responsible for management of the Company for the benefit of the Company, in accordance with the aims and objectives of the Company and representing the Company, both inside and outside the court in accordance with the provisions of the articles of association. In the Company, the Board of Directors is a central and exclusive figure in the Company's governance organs. Therefore, candidates for the Board to go through the stages of the fit and proper test as regulated in PBI No. 12/23/PBI/2010 which states that candidates for the Board shall pass the fit and proper test and obtained approval from Bank Indonesia before carrying out the duties and functions in his position as well as POJK No.27 / POJK.03 / 2016 concerning Assessment of Capability and Compliance for the Main Parties of Financial Services Institutions.

The appointment of members of the Board of Directors is carried out through GMS and through the fit and proper test process that refers to PBI Number 12/23 / PBI/2010 concerning the fit and proper test Article 17 which states that the Board of Directors must have integrity, competence and reputation finance. Whereas the dismissal of members of the Board of Directors is regulated in article 11 of the Articles of Association.

During 2020, the composition of the Board of Directors of the Company underwent changes compared to the previous year, such as Pahala Nugraha Mansury's tenure as President Director because he was appointed as The Deputy Minister of the State-Owned Enterprises (Vice Ministry of SOEs) as of December 23, 2020. Furthermore, on the same day, the Meeting of The Commissioner of the Company appointed Nixon LP Napitupulu as Acting President Director. Thus, the composition of the Board of Directors as of December 31, 2020 was as followed:

Composition of the Board of Directors as of December 31, 2020

Name	Position	Executor	Base of Appointment	Effective Date
Nixon L.P. Napitupulu	Acting Official of President Director	Financial Service Authority	Annual GMS on March 17, 2017	July 25, 2017
Hirwandi Gafar	Director of Consumer and Commercial Lending	Financial Service Authority	Extraordinary GMS on November 27, 2019	August 28, 2020
Yossi Istanto	Director of Human Capital, Legal, and Compliance	Financial Service Authority	Annual GMS on March 23, 2018 and accepted the assignment as Compliance Director at the Extraordinary GMS on November 27, 2019.	September 10, 2018
Elisabeth Novie Riswanti	Director of Remedial and Wholesale Risk	Financial Service Authority	Extraordinary GMS on August 29, 2019	June 26, 2020
Andi Nirwoto	Director of Operations, IT, and Digital Banking	Financial Service Authority	Annual GMS on March 17, 2018	September 10, 2018
Jasmin	Director of Distribution and Retail Funding	Financial Service Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Setiyo Wibowo	Director of Enterprise Risk Management, Big Data, and Analytics	Financial Service Authority	Extraordinary GMS on November 27, 2019	July 3, 2020

Competency Development of the Board of Directors, The Board of Commissioners and Company Secretariat Work Unit (E.2)

In line with the implementation of Sustainable Finance for the the Company as of January 1, 2019, The Board of Commissioners, Board of Directors and the Company Secretariat Work Unit were constantly developing insight and competence through various activities such as trainings, seminars, workshops, and the like. The complete details of competency development during 2020 were as followed:

Table of Board of Commissioners Competency Development

Name	Position	Competency and Training Development Materials	Time and Place of Implementation	Organizers
Chandra M. Hamzah	President Commissioner/ Independent Commissioner	Certification: Preparation and Certification Exam for Commissioner UKMR Level 1	18 January 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)
		Certification: Preparation and Certification Exam for Commissioners UKMR Level 2	8 February 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)
		Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)
Eko D Heripoerwanto	Commissioner	Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)
Heru Budi Hartono	Commissioner	Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)
Andin Hadiyanto	Commissioner	Certification: Preparation and Certification Exam for Commissioner UKMR Level 1	18 January 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)
		Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)
Armand B Arief	Independent Commissioner	Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)
Ahdi Jumhari Luddin	Independent Commissioner	Seminar: Management Trends for Directors and Commisioners, dan Challanges of Professionalism at The Board.	9 November 2020, Virtual Learning	Indonesian Institute for Corporate Directorship (IIDC)

Table of Competency Development of Directors

Name	Position	Competency and Training Development Materials	Time and Place of Implementation	Organizers
Nixon L. P. Napitupulu	Pjs. President Director	Competency Training and Development: Treasury Dealer Level Advance	11 June 2020, Virtual Learning	Lembaga Sertifikasi Profesi Perbankan (LSPP)
		Workshop: Asean Financials Forum	8 January 2020, Jakarta	Internal
Pahala Nugraha Mansury*	President Director	Workshop: Corporate Commercial and Risk	11 February 2020, Jakarta	Internal
		Workshop: Anti Bribery Management System	12 February 2020, Jakarta	Internal
		Workshop: Preparation of SOEs Financial Information	13 February 2020, Jakarta	Internal
		Workshop: Plan for Accelerated Settlement of Non-Performing Loans	18 February 2020, Jakarta	Internal
		Workshop: Discussion on Consumer NPL Settlement	5 March 2020, Jakarta	Internal
		Webinar: Deloitte Conference	25 June 2020, Virtual Learning	Deloitte Indonesia

Name	Position	Competency and Training Development Materials	Time and Place of Implementation	Organizers
Hirwandi Gafar	Director of Consumer and Commercial Lending	Certification: UKMR Level 5	31 January 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)
		Training: Basic Sharia Banking (PDPS)	1 August 2020, Jakarta	Pusat Ekonomi dan Bisnis Syariah (PEBS) FEB UI
Yossi Istanto	Director of Human Capital, Legal and Compliance	Certification: Compliance & AML Level 3 (Executive)	22-23 January 2020, Jakarta	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
		Seminar: Leadership, Entrepreneurship dan Innovation in the Global Economy (Refreshment UKMR Level 5)	25-28 March 2020, Jakarta	Badan Nasional Competency Training and Development Profesi
		Certification: Curators & Administrators Batch VI of 2020	3-15 August 2020, Virtual Learning	Himpunan Kurator dan Pengurus Indonesia
Elisabeth Novie Riswanti	Director of Remedial and Wholesale Risk	Workshop: Anti Bribery Management System	12 February 2020, Jakarta	Internal
		Workshop: Discussion on Consumer NPL Settlement	5 March 2020, Jakarta	Internal
		Workshop: Preparation of the Company's Corporate Plan 2021 - 2025	26 August 2020, Jakarta	Internal
		Workshop: Corporate Culture Transformation Executive	30 September 2020, Jakarta	Internal
		Workshop: BPI Konsumer McKinsey	24 November 2020, Jakarta	McKinsey
Andi Nirwoto	Director of Operation, IT and Digital Banking	Throughout 2020, he did not participate in competency development.		
Jasmin	Director of Distribution and Retail Funding	Certification: UKMR Level 5	17 January 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)
Setiyo Wibowo	Director of Enterprise Risk Management, Big Data and Analytics	Certification: UKMR Level 5	17 January 2020, Jakarta	Lembaga Competency Training and Development Profesi Perbankan (LSPP)

*Finished the service from December 23, 2020

Table of Company Secretary Development

Name	Position	Competency and Training Development Materials	Time and Place of Implementation	Organizers
Ari Kurniawan	Corporate Secretary	Seminar: Facing Business Strategies Impact of COVID-19	May 28, 2020, Virtual Learning	Lembaga Pengembangan Perbankan Indonesia (LPI)
		Certification: Management Refreshment Banking Risk Level 3	July 14, 2020, Virtual Learning	Lembaga Sertifikasi Profesi Perbankan (LSPP)
		4DX supply: Champion Summit	October 9, 2020, Virtual Learning	Dunamis Organization Services

Soft Structure GCG

In an effort to strengthen the application of governance, the Company's has developed, implemented and developed governance policies that govern the relations between organs within the Company . Thus, within the governance organ there are clear duties, responsibilities and authorities in accordance with applicable laws and regulations, GCG principles, well business ethics and best practices . This governance mechanism is outlined in various key GCG (soft-structure GCG) policies, which are living documents for all levels and levels of the Bank's organization.

o **Soft Structure GCG of The Company**

1. GCG which was approved in Directors’ Decree No.06 / DIR / DK / 2009 dated May 27, 2009;
2. The Board of Commissioners’ Work Guidelines and Work Procedures which were approved in the Joint Decree of the Board of Commissioners 01 / KOMCompany / 2017 dated August 10, 2017 as a renewal of the Board Manual that serves as a previous work guideline;
3. The Board of Directors Charter is approved in Board of Directors Decree No. 07 / DIR / KD / CMPD / 2017 dated September 28, 2017 as an update to the Board Manual that serves as a previous work guideline;
4. Work procedures for the Board of Directors and Board of Commissioners approved in the Joint Decree of the Board of Commissioners No.02 / DEKOM- Company / 2017 and Directors No. 01 / DIR-Company / 2017 dated 24 November 2017;
5. Code of Business Ethics and Conduct which was passed through Directors’ Regulation No. 16 / PD / CMPD / 2015;
6. Application of Gratification Control which was approved through Circular No. 68 / DIR / CMPD / 2017;
7. Violation Reporting System Policy - (Whistleblowing System - WBS) and Anti Fraud which have been approved through Circular Letter of the Directors of SE No. 21 / DIR / IAD / 2014.

Evaluation of the Implementation of Corporate Governance

The Company implements Self-Assessment annually at the end of June and December. The application of governance standards, besides referring to OJK Regulation No. 55 POJK.03/2016 concerning the Implementation of Governance for Commercial Banks, has also adopted the provisions of OJK Circular No. 13 / POJK.03 / 2017 concerning the Implementation of Governance for Commercial Banks.

The Company implements the Self-assessment of corporate governance by involving the Board of Commissioners, Board of Directors and work units relevant to the governance assessment factors. Information on the progress of the Corporate Governance self-assessment in the last 5 (five) years is as follows:

Table of Self-Assessment Results (Corporate Governance Self-Assessment) 2016 – 2020

Self-Assessment Result for Corporate Governance*



Part from the CGC assessment, the company also participated in the annual Corporate Governance Perception Index (CGPI) rating and survey held by the Indonesian Institute for Corporate Governance (IICG). CGPI was a research program and rating assessment of the quality of corporate governance. The Company’s 2020 CGPI Score was 89.62 with the predicate “Very Trusted”.

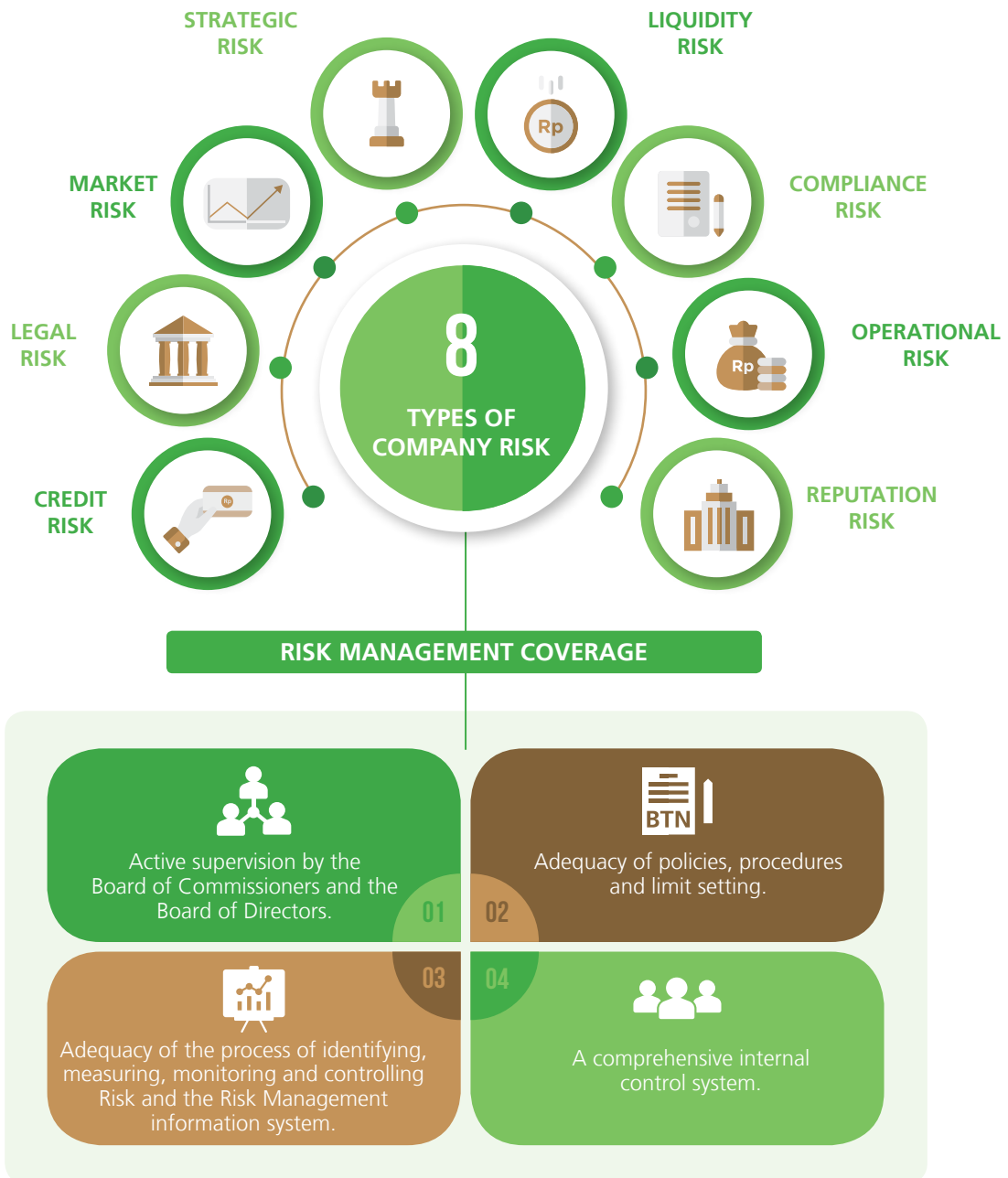
Another GCG assessment conducted by the Company is the ASEAN Corporate Governance Scorecard (ACGS) which is an indicator for corporate governance practices agreed by the ASEAN Capital Market Forum (ACMF). These indicators are based on the Organization for Economic Cooperation & Development (OECD) Principles with the aim of improving investor trust in listed companies in the ASEAN region.

Governance practices carried out by the company based on the ASEAN Corporate Governance Scorecard (ACGS) which were obtained through a Third Party Assessment. On the independent institution that assessed the ASEAN CG Scorecard was the ASEAN Capital Market Forum (ACMF). Regarding the result of the assessment of the ASEAN Corporate Governance Scorecard (ACGS) for 2020, until the preparation of this report had not been published by ASEAN Capital Market Forum (ACMF). As for the results of the assessment in 2019, the company succeeded in achieving 110.29.

Risk Management (102-11)(E.3)

In running a business, the Company's faces various risks that have the potential to hamper the achievement of targets set in the 2019 Bank Business Plan. To minimize the negative impacts of these risks, the Company already has policy guidelines in the field of risk management , namely Policy Guidelines of Risk Management (PGRM) which contains the minimum requirements required by Bank Indonesia Regulation / Financial Services Authority. The risk management system is designed to support the Company in realizing well business management and achieving sustainable growth, so as to optimize stakeholder value.

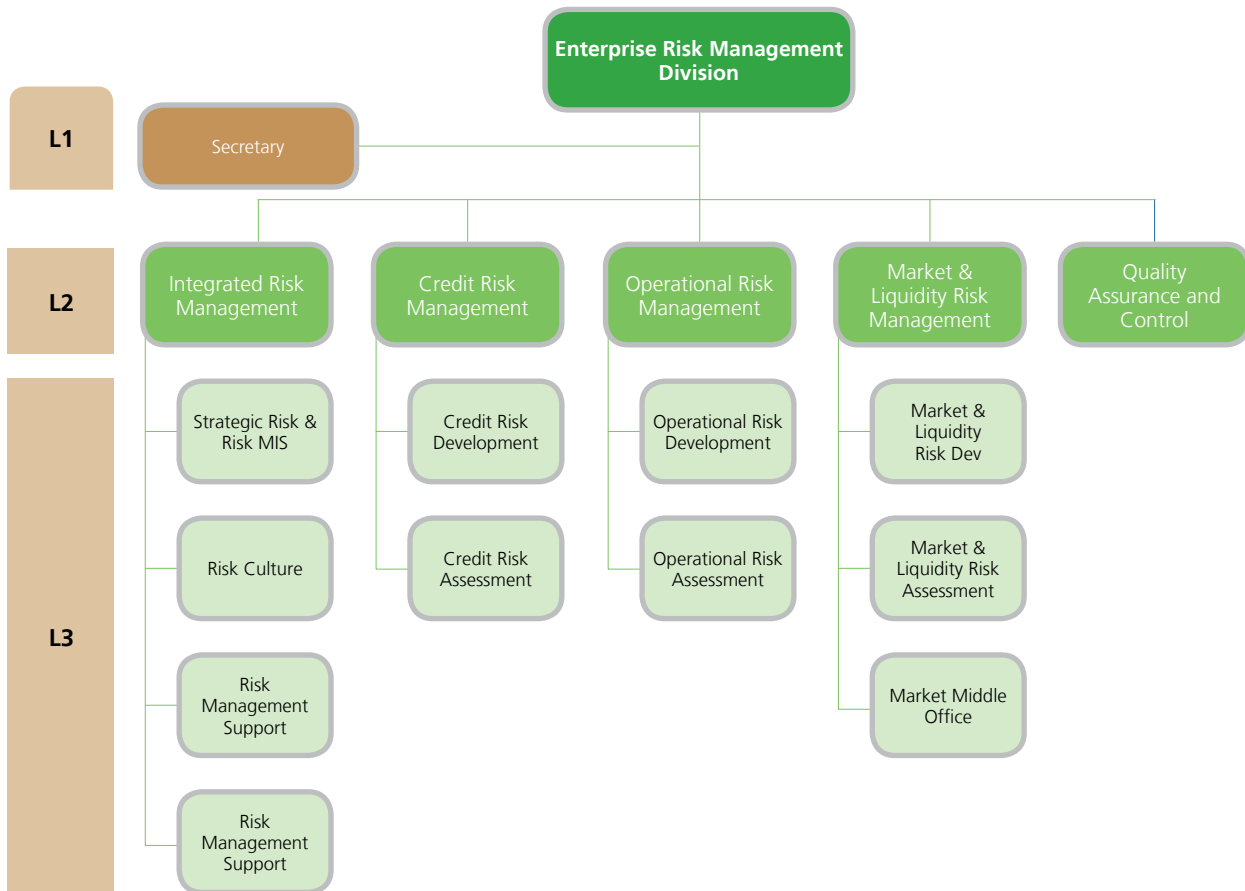
A review of MPGR has been carried out at least once a year by the Board of Directors and the Board of Commissioners to improve risk management policy guidelines. The internal policy review was also carried out to comply with the latest provisions of the regulator by conducting gap analysis and accommodating best practices commonly used in the banking industry to improve the quality of risk management implementation.



- o **Board of Commissioners and Board of Directors**
The Board of Commissioners and Directors play an active role in the risk management process in order to mitigate Bank's risk including risk management, risk management framework, risk management process, and the adequacy of management information systems and the adequacy of internal control systems. Active supervision by the Board of Commissioners and Directors is carried out through meeting of the Board of Commissioners with the Risk Monitoring Committee and Directors through Risk Management Committee Meeting.
- o **Risk Monitoring Committee**
Having duties and responsibilities to provide recommendations to the Board of Commissioners by evaluating policy guidelines of risk management (PGRM), evaluating the suitability of the Company's policy guidelines of risk management (PGRM) with their implementation and monitoring and evaluating the implementation of the Risk Management Committee's duties.

- o **Risk Management Committee**
Having duties and responsibilities to provide recommendations to President Director regarding the risks inherent in the policies to be determined by the Directors and to evaluate the provisions that are considered not in accordance with the latest developments and need to be adjusted. Risk Management Committee is actively involved in assessing the risks inherent in each new product and / or service / activity so that the Company can take the necessary mitigation measures and also evaluate Policy Guidelines of Risk Management (PGRM).
- o **Risk Management Work Unit**
The Enterprise Risk Management Division (RMD) is Risk Management Work Unit (SKMR) for the Company, led by a Division Head who is directly responsible to the Director of Enterprise Risk Management, Big Data & Analytics.

Enterprise Risk Management Division Structure



o Risk Profile Assessment

The Company evaluates risk profiles on a quarterly basis based on an assessment of the inherent risk rating and the quality rating of the application of risk management to determine the Company's risk rating.

- Inherent Risk Assessment is an assessment of the risks inherent in the Company's business activities, whether quantifiable or not, which have the potential to affect the Company's financial position.
- Quality Assessment of the Implementation of

Risk Management is an assessment of four interrelated aspects including risk management, risk management framework, risk management processes, adequacy of human resources, and adequacy of management information systems, as well as the adequacy of risk control systems.

Based on the results of the Company's independent assessment of the health level of the Company, the Company's Risk Profile based on the Composite Rating in the fourth quarter of 2020 was 2 (two).

Basel Implementation

In an effort to carry out risk management in particular the application of Basel-II , specifically pillar 1 that applies to all commercial banks, the Company has fulfilled the following conditions:

Requirements	Status
The measurement of credit risk uses the Standardized Approach in accordance with SE OJK No. 42/SEOJK.03/2016 dated September 28, 2016 concerning Guidelines for Calculation of Risk Weighted Assets for Credit Risk Using the Standard Approach	√
The use of the Standardized Model for market risk in accordance with SE OJK No.38/SEOJK.03/2016 dated September 8, 2016 concerning Guidelines for Using the Standard Method in Calculating the Minimum Capital Requirement for Commercial Banks by Calculating Market Risk	√
The calculation of minimum capital requirements uses the Basic Indicator Approach for operational risk in accordance with SE OJK No. 24 SEOJK.03/2016 dated 14 July 2016 concerning Calculation of Risk Weighted Assets for Operational Risk Using the Basic Indicator Approach	√

In connection with the regulator's plan to implement Basel-III as stipulated in OJK regulation No. 11/POJK.03/2016, specifically the Company has maintained the Bank Capital Ratio or Capital Adequacy Ratio (CAR) of 18.05% above the minimum provisions of the Basel-III framework of 10.5%. In addition, the Company has made preparations to meet the following conditions:

Requirements	Status
Calculate and report Liquidity Coverage Ratio (LCR) to the regulator on a monthly and quarterly basis in accordance with POJK No. 42/POJK.03/2015 dated 23 December 2015 concerning the Obligation to Meet the Liquidity Coverage Ratio for Commercial Banks.	√
Adequacy of Liquidity (Liquidity Coverage Ratio) for Commercial Banks. Calculate and report quarterly Net Stable Funding Ratio (NSFR) trials to regulators in accordance with POJK No. 50/POJK.03/2017 dated 13 July 2017 concerning the Obligation to Fulfill Net Stable Funding Ratio for Commercial Banks.	√
Calculation of minimum capital requirements using the Basic Indicator Approach for operational risk in accordance with SE OJK No. 24 SEOJK.03/2016 dated 14 July 2016 concerning Calculation of Risk Weighted Assets for Operational Risk Using the Basic Indicator Approach.	√
Calculate and report the trial calculation of Leverage Ratio (LR) to the regulator on a quarterly basis according to the Consultative Paper LR	√
Take into account the buffer in calculating the minimum capital adequacy, namely: <ul style="list-style-type: none"> o Conservation Buffer in accordance with article 6 POJK No. 11/POJK.03/2016 dated 29 January 2016 concerning the Minimum Capital Requirement for Commercial Banks. o Countercyclical Buffer according to PBI No. 17/22/PBI/2015 dated 23 December 2015 concerning the Requirement for Countercyclical Buffer Formation. o Capital Surcharge for Systemic Banks in accordance with POJK No. 6/POJK.03/2015 dated 23 December 2015 concerning the Establishment of Systemically Important Banks and Capital Surcharge as well as the existence of Systemic Bank bucket stipulations delivered by regulators. 	√

The Application of Prudential Principles

KYC and KYE

To strengthen the application of prudential principles in managing operational risk in bank business activities, the Company applies KYC (Know Your Customer) & KYE (Know Your Employee). In its journey, the application of KYC has evolved into Customer Due Diligence (CDD) which includes identification, verification and monitoring activities carried out by the Company to ensure that the transaction is in accordance with the profiles of prospective customers, Walk in Customer (WIC), or customers, in accordance with PBI No. 14/27 / PBI / 2012.

To improve employees' understanding of the application of the prudential principles, the Company provides access for training e-learning of CDD which contains examples of relevant cases to be known by employees.

Anti-Money Laundering (AML) and Prevention of Terrorism Funding (PTF) Program

The Company always implements AML and PTF programs in customer introduction activities by referring to the applicable laws and regulations. In order to anticipate the occurrence of money laundering and terrorism funding, the Company implements AML and PTF programs in customer introduction activities with reference to the applicable laws and regulations. AML and PTF programs that have been implemented by the Company include:

1. Active Supervision by Board of Directors.

The Board of Directors ensures that the Company has policies and procedures for implementing AntiMoney Laundering and Preventing Terrorism Funding Program. The Company has issued internal provisions regarding AML and PTF which are the Company's guidelines in implementing anti-money laundering and preventing terrorism financing programs, the contents of these guidelines are in accordance with Financial Services Authority Regulation Number 12 / POJK.01 / 2017 Regarding the Application of Anti Money Laundering and Prevention of Terrorism Funding in the Financial Services Sector in the Financial Services Sector and Financial Services Authority Circular Letter Number 32 / SEOJK.03 / 2017 concerning the Application of Anti-Money Laundering and Prevention of Terrorism Funding in the Banking Sector.

2. Active Supervision by Board of Commissioners.

The Board of Commissioners has an active role in supervising, among others, in giving approval to the policies and procedures for implementing the AML and PTF programs proposed by the Directors.

3. Implementation of Information System of AML and PTF

The Company has an information system that can identify, analyze, monitor and provide reports effectively and will continuously make improvements in accordance with changes in applicable regulations and the Company's experience.

In 2017, the Company developed and improved the Information Systems for managing and reporting AML and CFT which have been used in Branch Offices and Head Office.

4. Employee Awareness

The Company conducts ongoing training related to AML and PTF programs by:

- o Face to face to Branch Manager, Service Quality Unit Head / DBM Business, Sub Branch Head, Cash Office Head, Priority Banking, Customer Service and Teller Service in several Branch Offices.
- o Module Implementation Sharing concerning AntiMoney Laundering and Prevention of Terrorism Funding in Knowledge Management System (KMS), which can be accessed throughout employees.
- o Training through E-Learning media, namely Micro Film Customer Due Diligence to All Frontliners and Responsible AML and PTF at the Branch Office and conduct evaluations.

5. Reporting

The Company carries out reporting obligations to the Financial Transaction Reports and Analysis Center, including:

- o Reporting on Cash Financial Transactions (LTKT) and Suspicious Financial Transactions (LTKM)
- o Reporting on Transaction of Funds From and To Overseas (LTKL) / International Fund Transfer Instruction Report (IFTI)
- o Reporting to Law Enforcement Officials and Regulators

Environmental and Social Impact Management Requirements

In accordance with the role of banks in carrying out the intermediation function, the Company has an indirect responsibility to manage the environmental and social impacts that occur on the debtor, because if there is a mismatch in its management it will affect credit risk and reputation risk.

In line with the implementation of Sustainable Finance and Bank Indonesia Regulation (PBI) No.7 / 2/2005 concerning Asset Quality Rating for Commercial Banks, which regulates that the assessment of business prospects as an element of credit quality includes an assessment of the efforts made by the debtor in the context of protecting the environment life, the Company always manages environmental risks in funding or lending.

Commercial credit is one of the Company's portfolios that is very important to develop. To support commercial lending by upholding the Bank's prudential principles and the principles of good corporate governance, the Company has established policies and procedures for commercial lending with due regard to environmental and social aspects.

In the Circular of the Boards of Directors of PT Bank Tabungan Negara (Persero) Tbk. Number: 17 / DIR / CMLD / 2016, it has been regulated concerning the legality of the project, which consists of:

1. Permit land allotment
2. Site plan approved by a legitimate and authorized party
3. Building permit
4. Proof of mastery
5. Copy of SPPT
6. Proof of mastery of the entrance
7. Certificate of Flood Recommendation
8. Water Supply and Sanitation statement
9. Certificate of environmental feasibility or efforts to manage the Environment and/or Environmental Impact Analysis (AMDAL)

AMDAL is a study of the large and important impacts of a planned business and/or activity on the environment required for the decision making process regarding the conduct of a business and/or activity. This AMDAL is made when the planning of expected project have an influence on the environment (abiotic, biotic and cultural aspects) around it. The legal basis for AMDAL in Indonesia is Government Regulation No. 27 of 2012 concerning "Environmental Permit".

The credit risk assessment began to be implemented by the Company by taking into account the results of the Environmental Impact Assessment (AMDAL) before deciding to extend credit to a project. Furthermore, the Company also conducts monitoring or review by conducting direct checks in the field to ensure that prospective debtors meet all environmental regulations. This is a form of application of the prudential principle in managing credit risk.

In addition, the Company also requires that every house built must have greening and tree planting with the slogan "one house one tree" and the existence of fasum (public facilities) and social facilities (social facilities). This is one of the Company's initiatives in protecting the environment and social sustainability. **(FS3)**

Business Ethics and Culture (102-16)

The Company's encourages every element in the company to behave properly and maintain harmonious relationships with stakeholders and foster social sensitivity. Ethical behavior is closely related to reputation risk and can further affect operational risk and credit risk of the Company. In this context, the Company strives to apply ethical and behavioral standards in carrying out all its business activities in accordance with its vision, mission, and cultural values through the implementation of Business Ethics and Behavior. The Company's Code of Conduct has been ratified through Directors' Regulation No. 16/PD/ CMPD/015.

The Code of Conduct applies to all Management, in this case the Board of Commissioners and the Board of Directors and Employees in carrying out every business activity of the Company and interacting between Commissioners, Directors and Employees with all stakeholders. The successful implementation of the Code of Conduct is the responsibility of all leaders in their respective work units.

Four Main Contents of the Code of Conduct



Preface

This Code of Conduct is a codification or compilation of policies, employee regulations, and agreements that have been jointly developed between the Bank and employees that will influence, shape and set standards of behavior, both for management and employees in carrying out all business activities.



Business Ethics Standards

Regulates: Bank Ethics with Employees, Bank Ethics with Customers, Bank Ethics with the Provision of Goods and Services, Bank Ethics with Competitors, Bank Ethics with Working Partners, Bank Ethics with the Government, Bank Ethics with the Community, Bank Ethics with Mass Media, and Ethics Bank with Professional Organizations.



Standards of Behavior Policy

- o Conflict of interest and Misuse of position
- o Anti-Gratification and Anti-Corruption
- o Kepatuhan terhadap Peraturan ompliance with statutory regulations and bank regulations.



Implementation and Enforcement

The Board of Directors and Board of Commissioners supervise the implementation of the Code of Conduct within the Company and provide guidance, discipline sanctions and/or corrective and preventive actions related to violations of the Code of Conduct.

The implementation of the Code of Conduct within the Company is carried out thoroughly including introduction, campaigning, application, reporting, and follow-up of violations of the Code of Conduct.

Socialization	Application	Reporting and Follow Up
<ul style="list-style-type: none"> • Access Internal Management Standard (AIMS) and websites that can be accessed easily at any time; • Leveled outreach to Most Valuable Player (MVP) from all work units at Head Office and Branch Offices; • This is included in the anti-fraud socialization held at the Head Office and Regional Offices; • Code of Conduct awareness and Gratification Control program through compliance quiz activities. 	<ul style="list-style-type: none"> • Filling out the Integrity Pact by all employees in accordance with the values of the Code of Conduct; • Working closely with the KPK to disseminate the gratification control program and Code of Conduct; • Manage reports on the receipt of gratuities from all work units and report to the KPK in accordance with the provisions; • Submission of Net Commitment Declaration Letter to Head Office and Branch Office Stakeholders; • The use of "Reject Gratification" PINs by all members of the Company; • Making a micro learning gratification control program through the BTN Smartshare media. 	<ul style="list-style-type: none"> • Implementing a Whistleblowing System (WBS) program; • Penalties for employees who violate the Code of Conduct in the form of administrative sanctions and financial sanctions in accordance with the category of violation.

Anti-Fraud

The Company is committed to apply business activities honestly, fairly and without corruption or bribery and trustworthiness. This commitment is built because the Company is aware that negative actions will greatly affect the Company's name, brand, reputation and business sustainability. **(GRI 103-1)**

For the Company's, every violation of anti-corruption and fraud policies are serious matter and are taken firmly according to the policies and regulations in force. The implementation of anti-corruption and fraud is regulated by the Directors Circular No. 22 / DIR / IAD / 2014 dated 28 May 2014 concerning the Standard Operating Procedure of the Company's Anti-Fraud Strategy . This anti-corruption and fraud policy apply to all permanent and contract employees, the Company's management, the Board of Commissioners and the Board of Directors who act on behalf of the Company. **(GRI 103-2)**

To uphold integrity, the Company implements Zero Tolerance to Fraud and Zero Defect program which are guided by the Application of Anti-Fraud Strategy for Commercial Banks , as stipulated in the provisions of Bank Indonesia Circular Letter Number 13/28/DPNP dated December 9, 2011. Implementation of Zero Tolerance to Fraud Program and Zero Defect in 2019 are prevention acts through awareness or dissemination program of the Zero Tolerance to Fraud and Defect programs in Branches and Regional Offices. The awareness or dissemination program of the Zero Tolerance to Fraud and Defect program in 2018 has been conducted in several Branches with priority order of implementation based on consideration of potential operational risks and fraud risks (based on historical data). **(GRI 103-2)**

Meanwhile, to ensure that every effort made to mitigate the risk of fraud is effective, the Company continues to increase BTNers' awareness of compliance aspects through ongoing socialization of anti-fraud programs and forming an Anti- Fraud Team. The Anti Fraud Strategy is supported by the implementation of 4 (four) pillars namely (a) Prevention; (b) Detection; (c) Investigation, Reporting and Sanctions; and (d) Monitoring, Evaluation and Follow-up. Furthermore, the anti- fraud commitment is also demonstrated by the submission of the Clean Commitment Declaration letter to all stakeholders of the Company. "Clean Commitments" includes clearing of bribery, corruption, collusion and nepotism (KKN), and the practice of extortion (illegal levies), mark ups and all other acts that lead to KKN. **(GRI 103-3)**

The other prioritized program to enhance anti-corruption and anti-fraud cultures is that the Company regularly engages its employees in training and seminars related to anti-corruption and fraud, both organized by nongovernmental institutions and government agencies , such as the Financial Services Authority (OJK) and other parties. This policy was taken with the aim that the implementation of anti-corruption prevention policies within the Company can be carried out properly in accordance with applicable standards and regulations. **(GRI 103-3, 205-2)**

Table of internal fraud for 2020

Internal Fraud	Total Cases by					
	Administrators		Permanent Employee		Non-permanent Employees	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Number of internal fraud	-	0	38	11	1	0
Resolved	-	0	22	6	1	0
In internal settlement process	-	0	16	5	-	0
No resolution has been attempted yet	-	0	-	0	-	0
Has been followed up through a legal process	-	0	5	4	-	0

Internal Control System

The Company is committed to reduce the risk of financial losses, irregularities and violations of the prudential principle. For this reason, the Company has implemented an effective internal control system in line with Bank Indonesia regulations and the Implementation of Standards for the Implementation of Commercial Bank Internal Audit Functions. The Internal Control System of the Company line with Bank Indonesia regulation and application of the Internal Audit Standards for Commercial Banks in order to reduce the risk of financial loss, abuse and violation of the prudential principle.

In addition, the internal control system of the Company has also been prepared in accordance with regulations regarding Internal Control System Guidelines for Commercial Banks and best practices of the Committee of Sponsoring Organizations of The Treadway Commission (COSO) framework . With such a policy, the supervision mechanism has been established by the Company's management on an ongoing basis to safeguard and secure the Company's assets , ensure the availability of accurate reports, increase compliance with applicable regulations, reduce the impact of financial losses, irregularities including fraud and violations of prudential aspects, as well as increasing organizational effectiveness and increasing cost efficiency.

Violation Report

Policy of Whistleblowing System (WBS) of the Company is guided by Bank Indonesia Regulation No.5/8/PBI/2003 Sustainability Report 2019 88 89 amended by PBI Number 11/23/PBI/2009 and Bank Indonesia Circular Letter Number 13/28/DPNP concerning Anti-Fraud Policy. WBS of the Company is part of the internal control system in preventing the occurrence of irregularities and aims to detect early and prevent the occurrence of irregularities or violations and gradually create a work environment that is open, transparent, fair and accountable in the Company.

WBS mechanism in the Company ensures that every report receives appropriate responses and follows-up, including enforcement of sanctions that can provide a deterrent effect for violators and also for those who intend to do so.

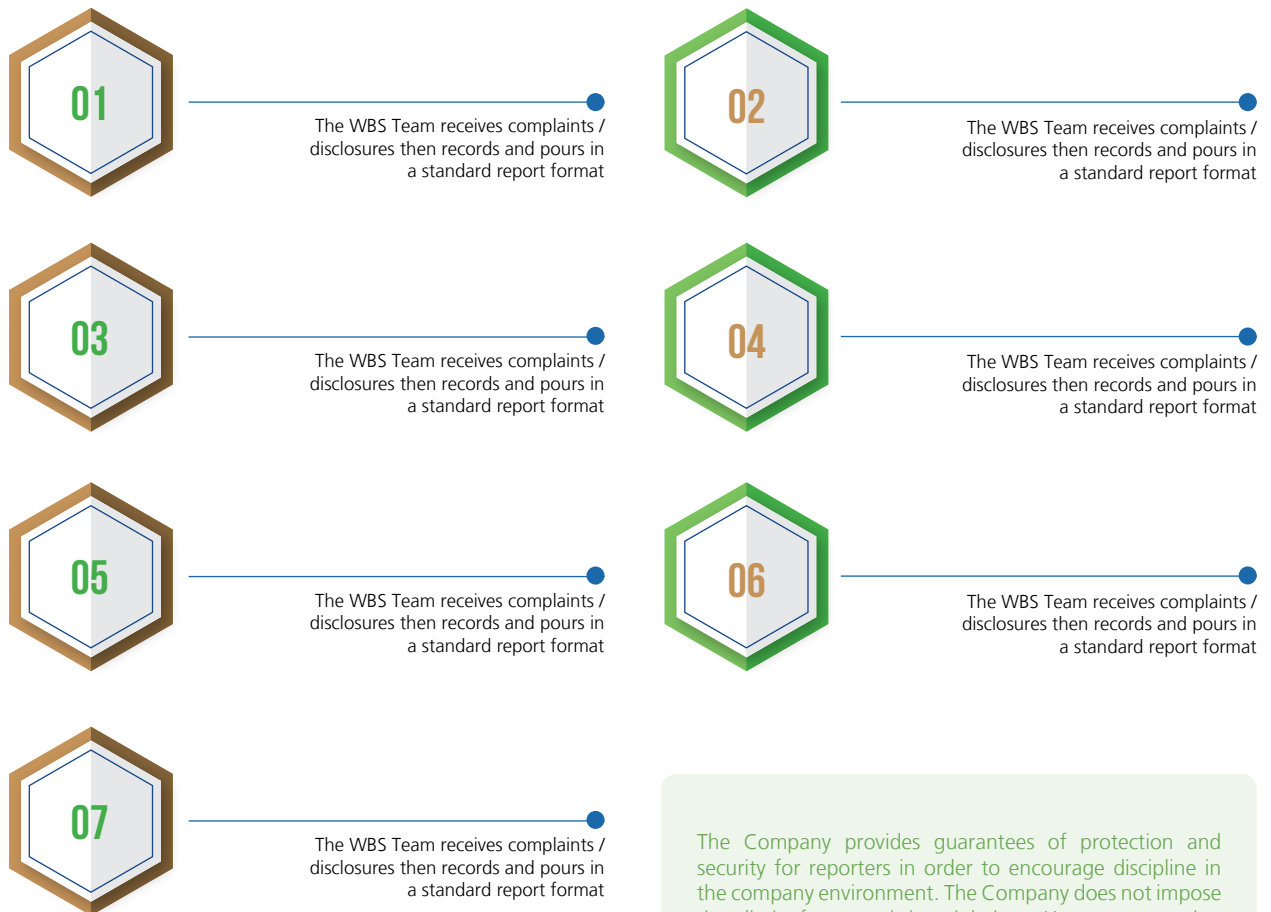
WBS aims to strengthen internal control mechanisms to support business growth.

1. Early detection and prevention of irregularities or violations;
2. Gradually creating an open, voluntary, truthful and responsible work culture in the Company.

Violation Reporting Channel



Mechanism of Violation Reporting (GRI 103-2, GRI 103-3)



The Company provides guarantees of protection and security for reporters in order to encourage discipline in the company environment. The Company does not impose time limits for committing violations. However, reporting should be carried out as soon as possible after the reporter believes the truth of the violation and is submitted no later than three months after the violation has occurred.

To encourage the use of WBS, the Company provides guarantees of protection and a sense of security for reporters to encourage discipline enforcement within the Company. In this case, the Company does not apply a time limit for reporting violations. However, reporting should be carried out as soon as possible after the reporter believes the truth of the violation and is submitted no later than 3 (three) months after the violation has occurred in order to facilitate further investigation.

Number of Complaints and Follow Up

Year	Media of Delivery			Case Closed (Not Proven)	Follow-up		
	Mail/PO BOX	Messages/ By Phone/ Visit	E-Mail		On-Going Process (Audit Process/ Reporting Process/ Inter Division Process)	Imposed Sanctions on Reports (Including Administrative Sanctions)	Report Forwarded to auditor (Related to Public Crime or Corruption)
2016	5	2	1	0	1	7	0
2017	1	0	4	0	2	2	1
2018	1	0	5	0	6	0	0
2019	5	2	3	0	1	9	0
2020	3	2	9	0	12	2	0

Stakeholder Engagement (E.4)

In running a business, the Company had a number of stakeholders. In this report, stakeholders were entities or individuals who were affected by the Company's activities, products and services. On the other hand, their existence also influenced the Company in realizing the success of strategy implementation and goal achievement.

With regard to stakeholders, the Company has identified key stakeholder groups using the stakeholder mapping method. Thus, the Company has clear understanding about who has the most interests with the Company in a reciprocal manner, what relationships are established, what needs to be communicated, and how to maximize the characteristics of the communication media in order to effectively communicate with stakeholders and ultimately to achieve further targets as expected by the Company. The full list of stakeholders is presented in the following table:

Table of Stakeholders and Their Engagement

Stakeholders (GRI 102-40)	Engagement Method (GRI 102-43)	Frequency (GRI102-43)	Priority Topics (GRI 102-44)
Shareholders	Annual GMS	Once a year	Achievement of the Company's targets
	Performance Exposure	Quarter	
	Extraordinary GMS	Once a year	
Customer	Customer Satisfaction Survey	2 times a year	Service and quality of service to customers
	Communication Media for Customers	Once a month	
	Customer Call Center Services	Anytime if needed	
	Company website and Frontline Information		
	Direct visit		
Development Partners	Property Awards	Every year	Home sales opportunities
	Gathering	Anytime if needed	The Success of the Million Homes Program
	Capacity Building	Anytime if needed	Transparency

Stakeholders (GRI 102-40)	Engagement Method (GRI 102-43)	Frequency (GRI102-43)	Priority Topics (GRI 102-44)
Employees	Employee Engagement Survey	Once a year	Employee satisfaction level
	Internal Bulletin	Once a month	Employment-related policies and strategies
	SmartShare	Can be accessed any time	Discussion forums, sharing about work, quizzes, exchange of information
	Innovation Award	Once a year	Speed up business processes
Partners / Suppliers	Employment Contract	If needed	Procurement process
	Investment Partners		Business cooperation
	Workshop Seminar		Development of corporate merchants
Labor Union	Discussion of Collective Bargaining Agreements	Once a year	Harmonious working relationship Employee Rights and Obligations
Government and Financial Authority	Reporting on the Implementation of GCG in the Company's Sharia Business Unit	Once a year	Fulfillment of the delivery of information and reports related to the implementation of GCG UUS Company
	Self-Assessment GCG	Twice a year	Fulfillment of the delivery and assessment of the implementation of GCG in the Company
	GCG Compliance Report	Once a year	Fulfillment of the delivery of GCG implementation in the Company
	PKBL Activity Reporting to the Ministry of BUMN/SOE	Four times a year	Means of Submitting Information on reports related to the implementation of PKBL activities in the Company
	SOE Synergy PKBL Program Reporting	Once a year	Fulfillment of the delivery of information and reports related to the implementation of PKBL Synergy activities within the SOE scope
	Reporting on the Results of Supervision by the Sharia Supervisory Board of the Company's Sharia Business Unit	Twice a year	Submission of information related to compliance with sharia principles in the operations of a Sharia Bank BTN
Business Organizations	Meetings and activities, both on a national, regional and international scale	If needed	Improvement of corporate governance
Community / Social Organizations / Non-Governmental Organizations	Strategic cooperation to carry out Corporate Responsibility programs, both in the social and environmental fields	If needed	Optimization of the Company's CSR Program
Media	Press Release & Press Conference	If needed	Providing information related to the Company's business that the public needs to know

Problems of the Implementation of Sustainable Finance (E.5)

During 2020, the Company successfully completed all priority programs in the 2020 RKAB.

Sustainable Economic Performance

banking assis



Getting Stronger in the Housing Sector

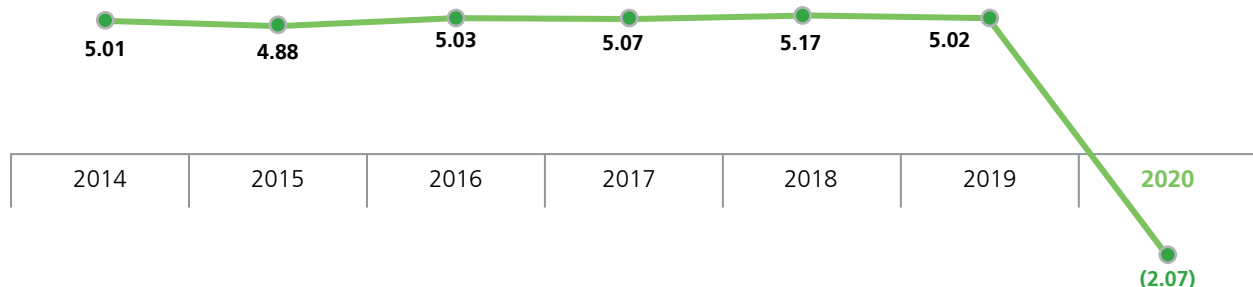
Indonesian Economic Overview

2020 became a year full of challenges for Indonesia. The prolonged Covid-19 pandemic affected all sectors of life. In fact, for the first time after the reform era, in the third quarter of 2020, the Indonesian economy officially entered a recession zone. This was indicated by the economic pace in the third quarter which recorded a negative return, namely (3.49)%, after previously having fallen to (5.32)% percent in the second quarter.

Furthermore, in the fourth quarter, although there was improvement, it still recorded a minus figure, namely (2.19)%. According to Bank Indonesia, the improvement in the domestic economy in the fourth quarter of 2020 was supported by the realization of stimulus and positive contributions from the external sector. Government consumption grew positively in 2020 at 1.94% influenced by the realization of government stimuli, especially in the form of social assistance, spending on other goods and services, as well as Transfers to Regions and Village Funds (TKDD).

With such economic growth conditions, the Central Statistics Agency (BPS) stated that Indonesia's economic growth in 2020 contracted 2.07% year on year. The contraction was influenced by weakness in various economic sectors due to the Covid-19 pandemic. Great impact of Covid-19 on the economy became the reason if the Minister of Finance Sri Mulyani stated that the Covid-19 pandemic problem was much more complex when compared to the economic crises in 2008-2009 and 1997-1998.

Growth of 2014-2020 Gross Domestic Product



Source: Berita Resmi Statistik, Badan Pusat Statistik (BPS), 5 Februari 2021

In line with the contraction in national economic growth, according to Central Bureau of Statistics, a number of business fields experienced the same thing. However, a number of business fields continued to record growth, albeit decreasing compared to the previous year. Real estate business became one of them. In 2020, real estate grew 2.32%, while in 2019 it grew by 5.76% or more than double that in 2020. The Company as a housing (property) loan provider became one of those that posted positive performance, as found by Central Bureau of Statistics. **(GRI 103-1)**

Economic Performance of Company's in 2020

In the midst of very unfavorable economic conditions due to the Covid-19 pandemic, business fields or the real estate / property sector were still able to survive, even recording positive performance. For the Company, this condition reverses the perception that previously emerged, that the property sector will decline due to the prolonged pandemic.

As one of the players in the property sector, as stated by Central Bureau of Statistics, the Company recorded positive performance during 2020. Currently, the Company became the largest bank in mortgage distribution in Indonesia with a portfolio of IDR 196.5 trillion and controls a market share of 40 percent. From 2015 to September 2020, the Company financed 1.9 million housing loans (KPR) with 1.9 million borrowers. At the end of 2020, KPR BTN was estimated to reach IDR 200 trillion.

The achievements of the Company could not be separated from the various strategic policies taken by management in responding to the Covid-19 pandemic, as well as responding to various policies taken by the government to stem the spread of Covid-19. Among the strategic policies taken by the Company were by making adjustments, starting from the business, business processes, to the company's business targets. **(F.1)**

With these adjustments, the Company aimed for net profit in the range of IDR 1.1 trillion-IDR 1.2 trillion by the end of 2020. The total assets were targeted to grow at the level of 4%-5%, credit and financing were targeted to increase at the level of 5%-6%. while Third Party Funds (DPK) grew in the range of 8%-9%. In line with that, the Company remained focused on improving asset quality and increasing low-cost funds to reduce the cost of funds. **(GRI 103-2)**

The efforts and consistency of the Company to realize the adjusted targets brought encouraging results. The net profit for the current year, for example, reached IDR 1.60 trillion, or 145.45% of the revised target. This achievement increased by 665.71% compared to 2019, which was recorded at IDR 0.21 trillion. The full target and realization for 2020 are presented in the following table: **(GRI 103-3)(F.2)**

Table of Comparison of Bank Business Plans and Financial Realizations in 2020

(in billion IDR)

Description	2020 Realization	2020 Plan	Achievements
1	2	3	4=2/3
Financial Position			
Assets	361,208	324,840	111.20%
Loans*)	260,114	267,282	97.32%
Liability	321,276	307,666	104.42%
Deposits from Customers	279,135	244,288	114.26%
Current Account	72,045	60,409	119.26%
Saving	42,719	45,688	93.50%
Time deposit	164,371	138,191	118.94%
Equity	19,988	17,174	116.39%
Profit and loss			
Interest income	25,106	25,020	100.34%
Operating Income Other than Interest	2,514	2,106	119.37%
Profit Before Tax	2,271	1,364	166.50%
Net Profit	1,602	1,085	147.65%
Financial Ratios			
Capital Adequacy Ratio (CAR)	19.34%	16.70%	115.81%
Non Performing Loan (NPL)	4.37%	4.50%	97.11%
Return on Assets (ROA)	0.69%	0.44%	156.82%
Return on Equity (ROE)	10.02%	7.26%	138.02%

*) Include Sharia Loans

Loan Disbursement

As of December 31, 2020, the Company disbursed loans of IDR 260.12 trillion, an increase of IDR 4.32 trillion or 1.69% over the previous year, which was IDR 255.80 trillion. This achievement was 97.32% of the RBB 2020 amounting to IDR276.28 trillion. The increase was contributed by the absorption of housing loans, namely Subsidized Housing Loan and Non-Subsidized Housing Loan.

In connection with the support for the One Million Houses Program as an effort to reduce the housing backlog or deficit, the Company's consumer loan volume was recorded at 138,633 housing units, decreasing 48,127 units or 25.77% compared to 2019, which reached 186,760 housing units. The decline came from the decline in subsidized housing loans by 33,094 units or 24.49%.

Table of Consumer Loan Product Distribution Volume

Type of Consumer Loan	2020 (Unit)	2019 (Unit)	Increase (Decrease)	
			(Unit)	(%)
Housing Loan				
Subsidized Loan	102,024	135,118	(33,094)	(24.49%)
Non- Subsidized Loan	17,692	31,103	(13,411)	(43.12%)
Other Housing Loan	3,315	6,134	(2,819)	(45.96%)
Housing Loan Amount	123,031	172,355	(49,324)	(28.62%)
Non Housing Loan	15,602	14,405	1,197	8.31%
Lending volume Consumer	138,633	186,760	(48,127)	(25.77%)

The value of distribution of Consumer Credit products as of December 31, 2020 was recorded at IDR 190.87 billion, an increase of IDR 5.84 billion or 3.16% compared to 2019, which reached IDR 185.03 billion. This increase came from the growth in Housing Loans of 3.09% or IDR 5.57 billion.

Table of Consumer Credit Product Distribution Value

Type of Consumer Loan	2020 (IDR-million)	2019 (IDR-million)	Increase (Decrease)	
			Nominal (IDR-million)	Percentage (%)
Housing Loan				
Subsidized Housing Loan	107,130	99,499	7,630	7.67%
Non Subsidized Housing Loan	71,575	72,872	(1,297)	(1.78%)
Other Housing Loan	7,183	7,947	(764)	(9.61%)
Housing Loan Amount	185,888	180,318	5,570	3.09%
Non Housing Loan	4,985	4,710	275	5.84%
Total Consumer Credit Distribution Value	190,873	185,028	5,844	3.16%

As an integrator in the Million Houses Program, the Company also contributes to the construction of houses through Construction Loans to housing developers so as to support the growth of the property business through financing for developers, contractors and the construction sub-sector as well as financing new contractors. The total construction credit disbursed in 2020 reached IDR 4.53 trillion, down IDR 5.11 trillion or 53.00% compared to 2019, which reached IDR 9.64 trillion.

Financial Performance

During 2020, the Company recorded a proud financial performance which was shown by good financial performance indicators, as shown in the table below:

Table of Financial Position Report

Description	(in Billion IDR)			
	2020	2019	2018	2017
Total Assets	361,208	311,777	306,436	261,365
Bank Loan/Financing	260,121	255,825	237,758	198,991
Third Party Fund	279,135	225,401	230,264	192,949
Total Liabilities	321,376	269,452	263,784	223,937
Total Equity	19,988	23,836	23,840	21,663
Net Income	1,602	209	2,808	3,027

Description	2020	2019	2018	2017
Financial Ratio (%)				
Capital Adequacy Ratio (CAR)	10.34	17.32	18.21	18.87
Non Performing Loan (NPL) Gross	4.37	4.78	2.81	2.66
Return On Asset (ROA)	0.69	0.13	1.34	1.71
Return On Equity (ROE)	10.02	1.00	14.89	18.11
Net Interest Margin (NIM)	3.06	3.32	4.32	4.76
Operating Costs to Operating Income (BOPO)	91.61	98.12	85.58	82.06
Loan to Deposit Ratio (LDR)	93.19	113.50	103.49	103.13

With the aforementioned performance achievements, the distribution of the Company economic value, namely the direct economic value generated, the economic value distributed, and the economic value retained could be mapped. The resulting direct economic value was the amount of revenue obtained from the results of the Company's business activities. Meanwhile, the distributed economic value was a number of expenditures distributed as a form of the Company's contribution in increasing the rate of economic growth and the welfare of stakeholders, such as payment of salaries, taxes, dividends, payments for suppliers, and realization of funds for the community as a form of social responsibility. and the Environment (TJSL) implemented through various Corporate Social Responsibility (CSR) Programs and the Partnership and Community Development Program. The economic value withheld was the difference between the economic value generated minus the distributed economic value, which was used for the development of the Company's business. **(GRI 103-3, 201-1)**

Table of Economic Value Generated and Distributed

(Billion IDR)

Description	2020	2019	2018	2017
Economic Value				
Interest Income	22,947.25	23,271.43	20,781.51	18,446.73
Income from Sharia Profit Sharing	2,158.53	2,448.44	2,070.24	824.85
Other Operating Income	2,514.61	2,109.85	2,071.59	1,605.93
Non-Operating Income	(59.43)	(110.71)	16,475	(30.35)
Total Economic Value Generated	27,560.96	27,719.02	41,398.34	20,847.17
Economic Value Distributed				
Interest Expense and Bonus	(16,191.93)	(16,758.07)	(10,355.00)	(9,930.64)
Other Operating Expense *)	(6,835.90)	(7,063.22)	(3,966.00)	(3,616.14)
Employee Salary and other benefits	(2,977.21)	(2,863.96)	(2,876.56)	(2,554.43)
Procurement of Goods and Services	(798.09)	(366.56)	(526.74)	(556.77)
Dividend Payout to Shareholders	(20.93)	(561.59)	(605.49)	(523.78)
Government Expenditure	(2,258.93)	(2,539.17)	(1,247.30)	(2,467.50)
Social Community Investment Expenditure **)	(18.23)	(6.94)	(5.18)	(5.15)
Total Economic Value Distributed	(29,101.22)	(30,159.51)	(19,582.27)	(19,654.41)
Total Economic Value withheld	(1,540.26)	(2,440.49)	(21,816.07)	(1,192.76)

*) Other Operating Expenses excluding employee salaries and benefits

**) Realization of CSR Program Fund Distribution

Contribution to the State

As a State-Owned Enterprise with 60.00% of its shares owned by the Government of the Republic of Indonesia, the Company continues to contribute to national economic development through dividends and tax payments. In 2020 the Company paid a dividend of IDR20.93 Billion increase or decrease compared to 2019, with a dividend payment of IDR561.59 billion.

In addition to dividends, the Company has a contribution to the country through several types of tax payments. Taxes paid in 2020 amounted to IDR2.26 trillion, up compared to tax payments in 2019, which reached IDR2.54 trillion.

Table of Company Contribution to Government

(in full IDR)

Type of Tax	2020	2019
Income Tax (Corporate Income Tax)	341,465,927,000	590,026,490,800
Individual Income Tax 21	257,990,626,669	264,042,095,496
Value Added Tax (VAT)	24,152,640,627	17,366,799,311
Sales Tax on Luxury Goods (PPnBM)	-	-
Property tax	9,797,188,881	12,028,977,874
Other Taxes	1,625,526,082,591	1,655,702,144,770
Total	2,258,932,465,768	2,539,166,508,251

Economic Benefits Distribution

The Company's Loans and financing have an impact on many lines of industry, especially the housing sector. Other sectors related to housing finance also increased. As an Agent of Development, the Company contributes to maintaining national economic growth.

To achieve this big goal, the Company has partnered with around 10,000 developers, both for subsidized and non-subsidized houses. In addition to increasing partnerships, the Company is also undertaking various other initiatives to encourage the housing sector in Indonesia.

The Company seeks to create prospective developers through the Housing Finance Center (HFC) initiative. HFC partners with many parties, both formal education institutions and developers through various education and training. HFC is established to become a data and information center related to the housing industry in Indonesia. HFC is expected to fill the information gap related to housing sector development and become a trusted reference institution. HFC programs The services provided by HFC include Learning, Advisory, and Research

BTN Housing Finance Center (HFC)

The availability of houses is one of the big problems in Indonesia to date. This happens because housing supply still cannot meet housing demand which continues to increase

every year. The level of home ownership in Indonesia is still relatively low compared to other countries in the world. For example, the neighboring Singapore, where almost 90% of the people own a house or residence. The Ministry of Public Works and Housing revealed that, based on the 2015 Indonesia Statistics data, the backlog reached 11.4 million units. This figure also shows that the level of home ownership of Indonesian people reached only 82%.

The need for houses every year reaches 800,000 - 1,000,000 units per year, while the ability of the government and developers is only at 400,000 units per year. If the condition does not change, then the national housing backlog will be even higher, especially by looking at the average population growth in Indonesia which reaches 1.49% per year or 3.2 million people. Assuming that Government's capability to provide houses remains the same, then housing backlog will increase sharply.

The housing backlog in Indonesia has indeed been a dilemma for a long time. The increase in the housing gap came from the supply, demand and regulator sides. From the demand side, the supporting factor for the increase in demand for housing is the increasing number of households every year. In addition, the number of uninhabitable houses supports the increase in demand for inhabitable houses.

Meanwhile, from the supply side, the number of houses built by developers is still unable to meet the demands of the community. The limited number of developers in housing projects is one of the causes of the housing backlog. In terms of regulators, the Government has not yet established rules or bodies that regulate / control the movement of land prices, which are the main components forming housing prices.

To overcome the high backlog, the Jokowi-JK Government initiated the "One Million Houses for the People" program in 2015. This program targets housing needs for low-income people "MBR". In the initial stage, the target of building one million houses consisted of 603.516 housing units for the MBR and 296.484 housing units for the non-MBR. Financing for MBR houses is prioritized from Housing Loans (KPR) which are almost entirely funded by the Company. From year to year, the number of houses successfully built continues to increase, according to the following table:

One Million Houses Program Achievement

Year	Number of Houses Built
2015	699,770 units
2016	805,169 units
2017	904,758 units
2018	1,132,621 units
2019	1,257,852 units
2020	965,217 units

02 Land & Environment

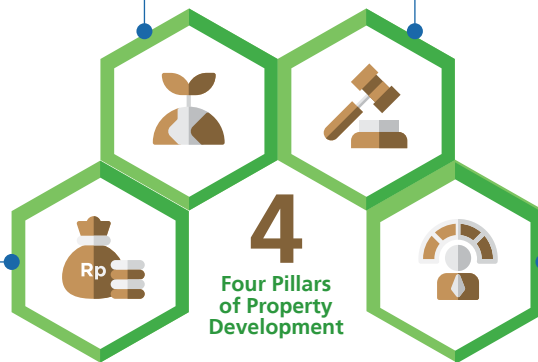
- Land Identification Techniques
- Land Development Analysis
- Land Acquisition and Acquisition Strategy

Legal 03

- Licensing Aspects
- Legal Property Aspects
- Agreement with a third party

01 Capital

- Financing Strategies
- Taxation Strategies
- Financial Management and Accounting



Skill 04

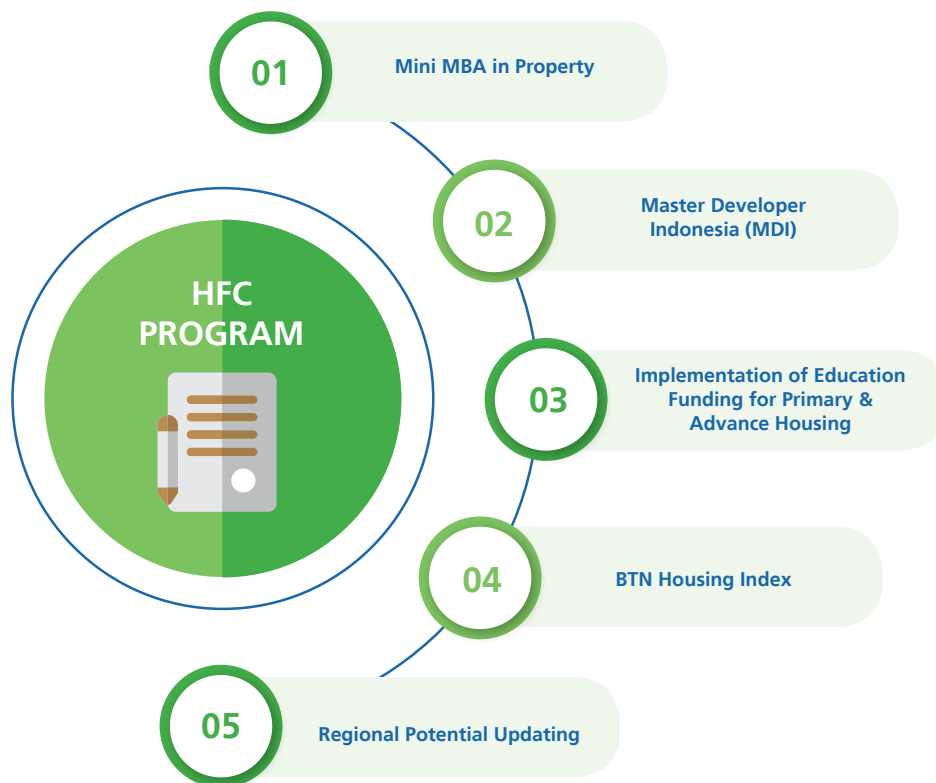
- Project Management
- Sales and Marketing Strategies
- Financial Strategy
- People & Organization Strategy
- Negotiation skills
- Risk Management

In line with the government program, the Company established the BTN Housing Finance Center (HFC) to support the government in overcoming the housing backlog problem, through a series of research and education in the field of property since October 2014 with the inauguration of the HFC secretariat conducted in April 2015 by formulating objectives, vision, and the mission as follows:



HFC has three main activities, namely Research (Indonesian housing finance information and innovation center through various scientific studies related to markets, businesses, and housing industry trends), Learning (Indonesian housing finance education center through various forms of education and training programs), and Advisory (Indonesian property consultation and housing finance center to help stakeholders, namely the community, developers, government in decision making). BTN HFC was established to become a data and information center related to the housing industry in Indonesia. HFC is expected to fill the information gap related to housing sector development and become a trusted reference institution. HFC programs include:

HFC Main Activities	
Learning	<p>Seminar Seminar is a technical and academic meeting whose purpose is to conduct a thorough study of a particular topic by solving a problem that requires interaction between the seminar participants who are assisted by a professor or intellectual.</p>
	<p>Workshop</p> <ul style="list-style-type: none"> Workshops are meetings that are designed to teach or introduce to participants both technical skills, practice or ideas that can be used in their work in the same interests and fields.
	<p>Short Course</p> <ul style="list-style-type: none"> Foundation Property Developer: intended for small or novice developers. Besides this program is designed for the general public who have a passion to grow into a developer. Professional Developers: For middle-scale developers, who have built in several locations at once. Executive Property Developer: Is intended for large-scale developers, who are oriented to the development of an independent region or city.
Advisory	<p>Supply Chain Consultancy and Housing Project Financing Services</p> <ul style="list-style-type: none"> Developing the concept of Housing Supermarket, in which the Company works on the industry in a total upstream-downstream manner. Going forward, the Company will become a residential gateway in Indonesia. Housing project financing solutions focus on Commercial Credit activities, which not only focus on housing developers, but also support of other resources.
	<p>Home Financing Consultation Services and Other Needs</p> <ul style="list-style-type: none"> Home Financing Solutions Focus on Consumer Credit activities, which provide solutions for ownership of subsidized and non-subsidized KPR as well as solutions for home development. Other financing needs solutions provide credit for the contents of the house and other family needs.
	<p>Home Financing Consultation Services and Other Needs</p> <ul style="list-style-type: none"> The housing problem facilitator bridges housing solutions with third parties who acting as resource persons, decision makers, and regulators. The Company develops strategic partnership relations with parties who may help solve housing problems, especially related to the Housing Project.
Research and Development	<p>Housing Business Incubator Services</p>
	<p>Research Collaboration with leading academics and research institutions with the aim that the research conducted by the Company is not only beneficial for the Company in terms of bank business, the research conducted may also benefit the wider community.</p>
	<p>Development</p> <ul style="list-style-type: none"> Property and housing development includes various activities ranging from land selection, development of facilities and buildings to meet customer needs. This also includes the sale or rental of property when completed. Developers generally coordinate activities on generating plans, taking into account needs and implementing ideas into property projects. In addition to the development of other parties that contribute to housing development such as the Government, Financial Sector Industry Actors, Law, and other related sectors may contribute to the creation of new projects that are based on one innovation or incorporate some innovations from actors related to housing development The Development pages on the HFC website will discuss and present various ideas and concepts, as well as innovations that have been applied to the development of housing projects.



Mini MBA In Property

As a form of implementing cooperation programs in education, the Company together with SBM-ITB initiated the Mini MBA in Property program. This is a comprehensive education program in the field of property that refers to the four pillars of property development, namely Land and Environment, Capital, Law, and Skill Set. The subjects of the Mini MBA in Property learning study material consist of General Property Policies, Property Business Mindset, Property Business Land and Environment, Property Business Financing, Legal and Licensing, Property Management, and Field Studies. Every participant who follows the training and meets the attendance requirements will be given a Mini MBA in Property certificate signed by the Company & SBM ITB, while participants who pass the mini thesis examination will also have the opportunity to receive construction financing from the Company (in accordance with applicable regulations in the Company).

Master Developer Indonesia (MDI)

The Indonesian Master Developer (MDI) is a developer education program that focuses on the practice of development, marketing, and management of the property business. The MDI program is a continuation of the Mini MBA in Property program in which participants are expected to be able to go

directly into the property business. The program focuses in four areas of competence as follows:

1. Digital Marketing Property
Digital Marketing is now a more prospective marketing strategy because potential customers start buying any product through internal means, including property products.
2. Property Financing
After assessing the feasibility of the project, the developer is also required to rotate existing funds for all purposes from all sources. The developer must be able to make proper financial planning up to careful financial audit.
3. Building a Super Team
This module focuses on building a group that is solid and synergized so that each work can be more directed and controlled. This super team is very important because the development of the property business involves various kinds of professional expertise or skills so the management must be able to manage the allocation of human capital (HC).
4. Project Operation Property
In this material, the stages of planning a project property will be discussed so that each process or stage may proceed in sequence. This material also discusses how to monitor and evaluate project implementation.

MDI Program Has Several Advantages, including:

1. The program provided is in the form of mentoring in the first week and field assignments for one week, then in the second week there is a check point assignment, and FGD (Focus Group Discussion) to see the progress of applying mentoring to the project.
2. Participants have the opportunity to get priority in loans / property financing from the Company for the best participants in the MMDI program (in accordance with the terms and conditions applicable in the Company).
3. Participants have the opportunity to get a free advisory / consultation (Coaching Clinic) in the property sector.
4. After graduating, participants may immediately practice becoming a developer together with MMDI alumni.

Home Financing Education for Basic & Advanced Levels

- **Basic Education Home Financing**

Basic Education for Home Financing is a property education program to educate prospective housing developers in Indonesia. This education includes the basics of understanding about the construction of housing projects that focus on the development of small-scale housing projects, syllabus or curriculum compiled referring to the four pillars of the property sector namely licensing and legality, financing or capital, skillset in the property field, and land. This is a literacy program for the participants.

- **Advanced Education For Home Financing**

Advanced Education for Home Financing is education in the field of property aimed at developers or developers who already have a housing project business. In this

program, participants will be challenged to complete case studies or problems related to property business. Participants were also invited directly to practice in building a property business. The expected result in this training is that participants may enrich their knowledge and improve their skills or new skills in property business management. In this program participants are taught to develop medium or regional scale housing development projects.

BTN Housing Index

This activity aims to develop and update the property database that is owned by the Company so that its reliability and validity can be maintained. The development and updating of the property and potential area database will be complemented by the preparation of property-related studies with a focus on analyzing property growth trends, development and potential housing needs, consumer preferences for KPR / KPA financing schemes, mapping of housing developer cooperation with banks in financing KPR / KPA, property finance market, property-related credit mapping, housing development policies, and property development licensing processes.

The research areas are Medan, Pekanbaru, Batam, Bandar Lampung, Jakarta, Bekasi City, Bekasi Regency, Bogor City, Bogor Regency, Purwakarta Regency, Karawang Regency, Bandung City, Bandung Regency, Cimahi City, Surabaya City, Bantul Regency, Sleman Regency, Yogyakarta City, Mojokerto Regency, Mojokerto City, Gresik, Bangkalan, Surabaya, Tangerang Regency, Tangerang City, South Tangerang City, Cilegon City, Denpasar, Bandung Regency, Banjarmasin City, Balikpapan City, Gowa Regency, Maros Regency, and Makassar City.

Commitment to Empower and Develop the Community —

The Company fully realizes that business sustainability is very dependent on the creation of mutually beneficial relationships between all stakeholders, both external and internal, including the communities around the company's operating area. As an important part of the national economic chain, the Company has an important role in the implementation of Social and Environmental Responsibility (TJSL), as stipulated in Law No. 40 of 2007 concerning Limited Liability Companies. TJSL is the Company's commitment to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, both for the Company itself, the local community, and society in general. **(GRI 103-1)**

For the Company, TJSL is not just a program to return part of the proceeds from business activities, but also as a long-term social investment activity. Thus, the program will not only have a positive impact on the community and the surrounding environment, but also on the Company. In allocating funds for the implementation of TJSL activities, the Company always pays attention to the principles of compliance and fairness.

In addition to referring to Law (UU) No.40 of 2007 concerning Limited Liability Companies, as one of the State-Owned Enterprises, the implementation of TJSL by the Company is also guided by the Regulation of the Minister of BUMN PER-02 / MBU / 04/2020 dated April 2, 2020 concerning Third Amendment to the Regulation of the Minister for State-Owned Enterprises Number PER-09 / MBU / 07/2015 concerning the Partnership and Community Development Program for State-Owned Enterprises. **(GRI 103-2)**

The Company implements TJSL through two approaches, namely through the Corporate Social Responsibility (CSR) Program and the implementation of the Partnership and Community Development Program. Both are managed based on the laws governing the Company and SOEs. The provisions for implementing CSR and PKBL have been stipulated in the Board of Directors Regulation Number 6 / PD / CSD / 2018 concerning the Partnership Program, Community Development Program, and Corporate Social Responsibility Program. **(GRI 103-2)**

The implementation of TJSL by the Company also becomes the Company's support for the 17 Sustainable Development Goals (SDGs), which were discussed at the United Nations Conference (UN) in Rio de Janeiro (Brazil) in June 2012. SDGs are a set of goals, objectives, and sustainable development indicators that are universal, and are a continuation and expansion of the Millennium Development Goals (MDGs) that have been carried out by several countries from 2001 to the end of 2015. As part of global citizens, Indonesia has adopted the SDGs to become Indonesia's SDGs. (<http://sdgsindonesia.or.id/>) **(GRI 103-2)**

CSR Program

Company's CSR Policy

The Corporate Social Responsibility (CSR) Program is the Company's commitment to participate in the sustainable economic development in order to improve the quality of life and environment that is beneficial, either for the Company itself, for the local communities, or for community at large. This program is implemented based on Law No. 40 of 2007 on Limited Liability Companies and Law No. 1 of 2013. The meaning of CSR implementation for the Company is as follows: **(GRI 103-1)**

- a. CSR is the Bank's commitment in the form of a written statement and allocation of resources.
- b. CSR contributes to sustainable development, which is development that meets the needs of the present generation without compromising the ability of future generations to meet their needs.
- c. CSR aims to improve the quality of life, which is the fulfillment of basic human or community needs for a decent life.
- d. CSR activities are aimed at stakeholders, i.e. all parties affected and/or influencing the Bank's performance both directly and indirectly, the community surrounding the Bank operational office and the wider community.

CSR Vision and Mission



Vision

➤

“

Caring for the interests of community and environment by contributing to economic development and community empowerment in a sustainable manner, especially in housing/residential environment that is the Company's core business.

”



Mission

➤

- 01 Improving community welfare and the environment.
- 02 Developing the Bank's values and culture.
- 03 Creating a positive Bank image in the public eye.
- 04 Increasing cooperation and mutual respect with the community and the environment in which the Bank Office operates.

The Company's Harmony Environment Program is an umbrella program for implementing CSR in the Company that integrates the interests of improving the quality of people's life in line with the Company's business interests so that they work together. The aim is to make the Company and the community equally benefit from the program in the long run, to increase the benefits to the community, the Company makes every effort to involve them in finding, formulating, and establishing programs. The Company's CSR implementation covers the following processes: **(GRI 103-2)**

1. The targets of CSR activities are individuals including, but not limited to, a group of community members and organizers of CSR activities.
2. The Work Unit responsible for CSR activities is the Corporate Secretary Division. The intended CSR activities are the administration of implementation, coordination with related parties, and reporting on the activity results.
3. The budget of the Company's CSR funds is stipulated in the Company's budget work plan that considers the aspects of propriety and fairness.
4. The CSR program is focused on giving donations aimed at charity and social assistance in the form of giving cash or goods, to the recipient of donations outside of PKBL. Donor recipients are the people who live around

the Company's operational areas, the committees of the activities of educational organizations, non-governmental organizations (NGOs), or agencies engaged in charity and social affairs.

5. The field of CSR activities includes programmed or incidental activities.
6. Fields of programmed CSR activities include:
 - a. The social sector, which is activity that has an impact on improving the quality of social life, culture, religion, and social welfare, which includes:
 - 1) Education, including improving services, facilities, and infrastructure of education;
 - 2) Health, including improving nutrition and health, and health infrastructure;
 - 3) Arts and culture, including the preservation of arts and culture and the improvement of arts and cultural infrastructure;
 4. Sports, including improving sports performance and infrastructure; and
 - 5) Religious, including improving religious infrastructure.
 - b. Environmental sector, which is activity that has an impact on increasing comfort and environmental sustainability, which among others include; environmental management, waste management, handling of degraded land, reforestation,

- land reclamation, clean water and irrigation infrastructure, air, water, and soil pollution control, noise, water and sanitation, residential environment (drainage and flood management, as well as energy savings and alternative energy use).
- c. Economic sector, which is activity that has an impact on increasing employment opportunities and business opportunities, increasing income and reducing poverty in the community. These fields include the development of cooperatives, micro finance institutions, micro-small businesses, micro-small industries, entrepreneurial technology, markets and marketing, economic infrastructure, agricultural food crops, plantations, fisheries, livestock and food security.
7. Fields of CSR activities that are incidental include activities to ease the burden on the community due to calamity or certain economic conditions, which include assistance to victims of earthquakes or other natural disasters and assistance to alleviate the burden of the community due to rising prices of basic commodities.
 8. The field of CSR activities to support the implementation of Sustainable Finance activities includes:
 - a. Distribution of funding to feasible micro business that does not have access yet to funding from Financial Services Institutions (LJK) which is directed towards sustainable business development;
 - b. Training for prospective customers on sustainable business;
 - c. Carrying out campaign of sustainable production and consumption patterns; and
 - d. Insurance premium subsidies for farmers, fishermen, and poor and/or low-income people who are vulnerable to disasters.
 9. The monitoring of CSR activities is carried out by:
 - a. Taking notes including keeping detail records of each distribution of aid and CSR activities; or
 - b. Reporting periodically to regulators in accordance with the applicable regulations and monitoring the progress of CSR activities that have been carried out.
 10. Evaluation of CSR Activities
 - a. Periodically reviewing CSR activities; and/or
 - b. Recommending the implementation of an effective CSR implementation strategy to be in line with the Bank's purposes and objectives.
 11. Reporting CSR activities
 - a. Reporting the implementation of CSR in the Bank's Annual Report to the GMS in accordance with the applicable regulations.
 - b. If the CSR implementation uses the Community Development Program budget, the use of the budget referred must be reported in accordance with the applicable Minister of State-Owned Enterprises Regulation.

Realization of CSR Costs

During 2020, the Company has realized CSR Program funds of IDR 18.225 billion, an increase of 162.53% compared to 2019, which funds reached IDR 6.942 billion. Based on the type of activity, the largest portion of distribution of CSR funds is in the sector of facilities and infrastructure, amounting to IDR 5.803 billion or 31.84% of the total CSR budget in 2020, as shown in the following table: **(GRI 103-3, 203-1, 203-2, 413-1) (F.23) (F.25) (F.3)**

Table of CSR Program Cost Realization (Million IDR)

	Tahun	Jumlah biaya
	2020	18,225
	2019	6,942
	2018	5,180
	2017	5,148
	2016	4,371

Table of CSR Program Realization By Field of Activity

No.	Field of Activity	2020		2019		2018	
		Total (Million IDR)	Percentage	Total (Million IDR)	Percentage	Total (Million IDR)	Percentage
1	Economics	2,642	14.50	662	9.54	1,456	28.1
2	Sports	-	-	63	0.91	100	1.93
3	Arts and Culture	-	-	-	-	149	2.88
4	Education	3,813	20.92	2,304	33.19	1,047	20.22
5	Health	5,241	28.76	-	-	204	3.93
6	Building and Facilities	5,803	31.84	2,952	42.52	665	12.44

No.	Field of Activity	2020		2019		2018	
		Total (Million IDR)	Percentage	Total (Million IDR)	Percentage	Total (Million IDR)	Percentage
7	Religious Affairs	557	3.06	946	13.63	1,573	30.38
8	Nature Conservation	167	0.92	15	0.22	6	0.12
Total		18,225	100	6,942	100	5,180	100

During the reporting period, the Company has disbursed partnership programs for MSMEs of IDR23.15 billion consisting of financing of IDR13.473 billion, and funding capacity building, and funding to Specified SOE (dhi PT Permodalan Nasional Madani (PNM)) of IDR10.031 billion. Partnership program loans are disbursed to 319 fostered partners.

Highlights of 2020 CSR and Environmental Development Activities

No.	Photos Activities	Activity Description
1		<p>The Company also assisted in meeting the needs of victims of natural disasters. Some of the locations given assistance were Cirebon, Bekasi, Padang and other disaster locations, including the response to Covid-19.</p> <p>In distributing aid to victims of natural disasters, more was given in the form of food, clothing, medicine and tent facilities and infrastructure.</p>
2		<p>President Director of PT Bank Tabungan Negara (Persero) Tbk. Pahala N Mansury planted trees and provided CSR assistance to residents of Perum Delta Asri 7 Kendal, Semarang, to support reforestation in the housing so that natural preservation was maintained and the home environment became beautiful,</p> <p>More than 6,000 tree seedlings had been handed over to subsidized housing for the Kendal, Jakarta, Makassar, Batam and Bangkalan areas.</p> <p>This assistance is a form of concern for PT Bank Tabungan Negara (Persero) Tbk. to the environment in the subsidized housing area built by the Company.</p>
3		<p>Director of Finance, Planning & Treasury of PT Bank Tabungan Negara (Persero) Tbk. Nixon L. P. Napitupulu chatted casually with Special Staff III of the Ministry of State-Owned Enterprises (BUMN) Arya Sinulingga at the BUMN Ministry Building in Jakarta.</p> <p>On that occasion, the Company also handed over ventilators coordinated by the Ministry of SOEs to be forwarded to hospitals that treat corona positive patients. This assistance became a CSR activity of the Company in the health sector to support the government in overcoming Corona Virus Disease 2019 (Covid-19) with the Covid-19 Task Force of the Ministry of SOEs.</p>

Highlights of 2020 CSR and Environmental Development Activities

No.	Photos Activities	Activity Description
	 	<p>Director of Distribution & Retail Funding of PT Bank Tabungan Negara (Persero) Tbk. Jasmin (second right) accompanied by the Head of Corporate & Commercial Funding Division Anton Rijanto (right) handing over the portable Covid-19 sink (public infrastructure) to the Secretary of the Directorate General of Treasury (DJPb) Ministry of Finance, Regina Maria Wiwieng Handayaningsih (second left) and Head of Section General DGT of the Ministry of Finance Yuni Wibawa at the DJPb Building in Jakarta.</p> <p>PT Bank Tabungan Negara (Persero) Tbk. Banda Aceh Branch Office participated in preventing the spread of Covid-19 in Aceh. This was shown by distributing 10 units of portable sinks to Syiah Kuala University.</p> <p>Until October 2020, the Company had provided assistance for public facilities and infrastructure (portable sinks) of 289 units spread across all major universities from Sabang to Merauke.</p>
4	 	<p>President Director of PT Bank Tabungan Negara (Persero) Tbk. Pahala Nugraha Mansury together with Attorney General ST Burhanuddin symbolically put the groceries in a box car for distribution in Jakarta.</p> <p>The 3,000 basic food packages were provided by the Company as a form of support to stakeholders in organizing social activities related to the Covid-19 pandemic. More than 20,000 basic food packages had been distributed by the Company to people affected by Covid-19 as an effort to alleviate poverty.</p> <p>PT Bank Tabungan Negara (Persero) Tbk together with the main working partner of the Indonesian Real Estate Companies (REI) initiated the distribution of aid for people affected by the corona virus disease (COVID-19) pandemic.</p> <p>Assistance was provided in six Regional Offices of the Company and involved six REI Regional Executive Boards (DPD). A total of 1,800 food packages were distributed to people in six provinces, namely Palembang (South Sumatra), Bandung (West Java), Semarang (Central Java), Surabaya (East Java), Makassar (South Sulawesi), and activities were centered in DKI Jakarta.</p>
5		<p>President Director of PT Bank Tabungan Negara (Persero) Tbk. Pahala Nugraha Mansury (left) with the Director General of Treasury of the Ministry of Finance Andin Hadiyanto and Secretary of the Directorate General of Treasury of the Ministry of Finance RM Wiwieng Handayaningsih (right) posing together at the handover ceremony of the Company's Corporate Social Responsibility program assistance for Kuncup Kencana Preschool in Jakarta.</p> <p>The Company provided CSR assistance in the form of renovation of the Kuncup Kencana Preschool learning building located in Pondok Bambu as a form of company support for the early childhood education sector. The CSR assistance was expected to provide social benefits to the community around the preschool, especially in supporting early childhood teaching and learning activities which were considered very critical in shaping children's mind-sets as well as introducing the importance of saving early on.</p>
6		<p>PT Bank Tabungan Negara (Persero) Tbk. conducted a rapid test on more than 500 non-organic employees consisting of cleaning services, office boys, security guards, drivers, technicians, parking attendants, cooperative employees and canteen guards at Head Office of PT Bank Tabungan Negara (Persero) Tbk, in Jakarta. This activity included the Company's focus in supporting the readiness of the new normal in the office environment to break the chain of transmission of Covid19.</p> <p>The Company provided commitment and consistently carried out health protocols and services, especially for employees and customers to avoid the corona virus.</p>

Partnership and Community Development Program

The Partnership and Community Development Program or PKBL basically refers to Law No. 19 of 2003 on State-Owned Enterprises and Minister of SOE Regulation No. PER-09/MBU/12/2016 dated 16 December 2016 on Partnership and Community Development Program of State-Owned Enterprises. PKBL is a place for the Company to carry out community development and empowerment programs and improve the quality of life of people outside the CSR Program. PKBL program is carried out on an ongoing basis through two main activities which are the Partnership Program and Community Development Program. **(GRI 103-1)**

In accordance with the provisions, the Company issues a separate report covering PKBL's performance which forms an inseparable part of the Company's Annual Report. PKBL performance report is adjusted to the provisions of the Minister of SOE Regulation No. PER-02/MBU/7/2017 dated 5 July 2017 on the Second Amendment to the Regulation of Minister of State-Owned Enterprise No. PER-09/MBU/04/2015 on Partnership Program and Community Development Program of State-Owned Enterprise.

Basis of PKBL Implementation (GRI 103-2)

The Partnership and Community Development Program ("PKBL") of PT Bank Tabungan Negara (Persero) Tbk. ("BTN") was formed in accordance with the decision of the Minister of Finance of the Republic of Indonesia No. 1232/KMK.013/1989 dated 11 November 1989, which was then renewed by Letter of the Minister of Finance of RI No. 306/KMK.013/1991 dated 20 March 1991 in conjunction with No. 368/KMK.013/1991 dated 19 April 1991, which was then judicially reviewed by decision of the Minister of Finance RI No. 316/KMK.016/1994 dated 27 June 1994 on Guidelines for the Development of Small Business and Cooperatives through the use of funds from the profit share of State-Owned Enterprises (BUMN).

The regulation was subsequently updated with the Minister of SOE Decision Letter No. KEP-236/MBU/2003 dated 17 June 2003 on the Partnership Program of State-Owned Enterprises with Small Business and Community Development Program and Circular of the Minister of SOE No. SE-433/MBU/2003 dated 16 September 2003 on Guidelines for the Implementation of SOE Partnership Program with Small Business and the Community Development Program.

The activities as regulated in the decision letters above are Government policies carried out by all SOEs with the intention that besides conducting their business operations, SOEs also carry out social tasks as supervisors of small businesses and cooperatives.

PKBL regulations have been amended several times, in 2014 BTN PKBL refers to the Regulation of the Minister of State Owned Enterprises (Permen BUMN) No. PER-05/MBU/2007 dated 27 April 2007 on the Partnership Program for State-Owned Enterprises with Small Business and the Community Development Program, most recently amended by Regulation of SOE Minister No. PER-08/MBU/2013 dated 10 September

2013. Based on the SOE Ministerial Regulation, the funding source for the Partnership and Community Development Program (BL Program) comes from the company's budget (Fostering SOE) which is calculated as a cost, each a maximum of 2% of the previous year's net income.

Based on the Regulation of Minister of State-Owned Enterprise No. PER-07/MBU/05/2015 dated 22 May 2015 on the Partnership Program of State-Owned Enterprises with Small Business and Community Development Program stating that the previous regulations, which were the Regulation of SOE State Minister No. PER-05/MBU/2007 dated 27 April 2007, SOE Minister Regulation No. PER-20/MBU/2012 dated 27 December 2012, SOE Minister Regulation No. PER-05-MBU/2013 dated 1 May 2013, SOE Minister Regulation No. PER-07-MBU/2013 dated 27 June 2013, SOE Minister Regulation No. PER-08-MBU/2013 dated 10 September 2013, and Letter of the Deputy of Restructuring and Strategic Planning of SOE No. S-92/DS.MBU/2013 dated 3 April 2013 were revoked and declared invalid.

State-Owned Enterprise Minister Regulation No. PER-07/MBU/05/2015 dated 22 May 2015 was revoked again, which was replaced by Regulation of Minister of State-Owned Enterprises No. PER-09/MBU/07/2015 dated 3 July 2015 on Partnership Program and Community Development Program of State-Owned Enterprises.

In 2016, PKBL regulations were then changed with SOE Minister Regulation No. PER-03/MBU/12/2016 dated 16 December 2016 on Amendment to Regulation of State Minister of State-Owned Enterprise No. PER-09/MBU/07/2015 and became effective in the 2016 fiscal year. The latest SOE Ministerial Regulation, among others, regulates the source of funds for the Partnership Program and the Community Development Program, which originates from the provision of net income and/or budget calculated as costs and operational expenses of PKBL to be borne by the Fostering BUMN.

In 2017, PKBL regulations were then changed with SOE Minister Regulation No. PER-02/MBU/7/2017 dated 5 July 2017 on Second Amendment to Regulation of State Minister of State-Owned Enterprise No. PER-09/MBU/07/2015 and became effective in the 2017 fiscal year. The latest SOE Ministerial Regulation, among others, regulates the maximum changes in the number of fostered partner loans, the amount of administrative services, the minimum period of business, the parties allowed in the distribution of partnership programs, as well as the distribution of partnership program funds by Special SOEs.

Finally, the PKBL Regulation was completed through the SOE Ministerial Regulation PER-02 / MBU / 04/2020 dated 02 April 2020 concerning the Third Amendment to the Regulation of the Minister of State-Owned Enterprises Number PER-09 / MBU / 07/2015 concerning the Partnership and Community Development Program for Business Entities State Owned. This regulation included the implementation of environmental development programs in the form of natural disaster relief and non-natural disasters, including those caused by outbreaks that have been implemented by State-Owned

Enterprises before this Ministerial Regulation comes into force, declared as part of the Environmental Development program based on this Ministerial Regulation as long as included in the company's annual financial report.

Main Activities

The main activities of the Company's PKBL are lending and providing coaching funds through the Partnership Program and providing assistance through the Community Development Program.

Partnership Program (PK)

The Partnership Program is aimed at fostered partners who have a small business scale for productive investment and/or working capital purposes. The requirements that must be met by the fostered partners to obtain the Partnership Program funding are as follows:

- Meeting the criteria to be categorized as Small Business.
- In the form of an individual business, a business entity that is not a legal entity, or a business entity with a legal body, including cooperatives.
- Has conducted business activities for a minimum of 6 (six) months except for small business established or formed as BTN program implementation.
- Has the potential and business prospects to be developed and has a business license or business statement from the authorities.
- Providing or owning a share of 25% (twenty-five percent) of the funds needed for grants and loans.
- Priority is addressed to small business that does not yet have the ability to access banks (non-bankable).

Maximum Loan Amount

The maximum limit of the loan amount is IDR200,000,000 (two hundred million rupiah).

Loan Form

Loans to fostered partners are provided in the following forms:

- a. Loans to finance working capital and/or purchase fixed assets in order to increase production and sales.
- b. Additional loans to finance short-term needs in the context of fulfilling orders from business partners of the fostered partners.

Tenor

The maximum loan tenor of the Partnership Program is 5 (five) years, by considering the plan to use the loans and limits on assets or turnover owned by the fostered partners.

Loan Distribution

Loans are given directly to the fostered partners individually or in groups. Administrative Services (Loan Interest Rates). From January 2017 to June 2017, the amount of loan administration services for the Partnership Program is set once, at the time of the loan disbursement, which is 6% (six percent) per year from the loan balance at the beginning of year in accordance with PERMEN No. PER-09/MBU/07/2015.

After July 2017 to the present, the amount of loan administration services for the Partnership Program is set once, at the time of the loan disbursement, which is 3% (three percent) per year from the loan balance at the beginning of year in accordance with PERMEN No. PER-02/MBU/7/2017.

Partnership Program Funds for fostered partners are distributed in the form of:

- a. Loans to finance working capital and/or purchase fixed assets in order to increase production and sales;
- b. Special loans to finance short-term needs in the context of fulfilling orders from business partners of the fostered partners;
- c. Fostering expenses:
 - 1) To finance education, training, research, apprenticeship, marketing, promotion, which involves improving the quality of human resources and the ability to manage their business;
 - 2) Fostering expenses are in the form of grants and a maximum of 20% (twenty percent) of the Partnership Program funds disbursed in the current year; and
 - 3) Fostering expenses can only be given to or for the benefit of the fostered partner.

Community Development Program

The Community Development Program, hereinafter referred to as the BL Program, is a program to empower the social community conditions by SOEs in the SOE business area through the utilization of SOE funds.

The Community Development Program is distributed in the form of:

- a. Natural disasters and non-natural disasters, including those caused by outbreaks, victim assistance;
- b. Educational assistance, which can be in the form of training, educational infrastructure and facilities;
- c. Health Improvement Assistance;
- d. Public Facilities and/or Infrastructures Construction assistance;
- e. Worship Facilities Assistance;
- f. Natural Preservation Assistance;
- g. Community social assistance in the context of poverty alleviation includes:
 - 1) Electrification ;
 - 2) Providing Clean water facilities;
 - 3) Providing sanitation facilities;
 - 4) Education, training, apprenticeship, promotion, and other forms of assistance related to efforts to increase the economic independence of Small Businesses in addition to the fostered Partnership Program;
 - 5) Home improvement for the poor;
 - 6) Seeding support for agriculture, animal husbandry, and fisheries; or
 - 7) Business equipment assistance.

PKBL Vision and Mission



Vision

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“

Caring for the interests of community and environment by contributing to economic development and community empowerment in a sustainable manner, especially in housing/residential environment that is the Company’s core business.

”

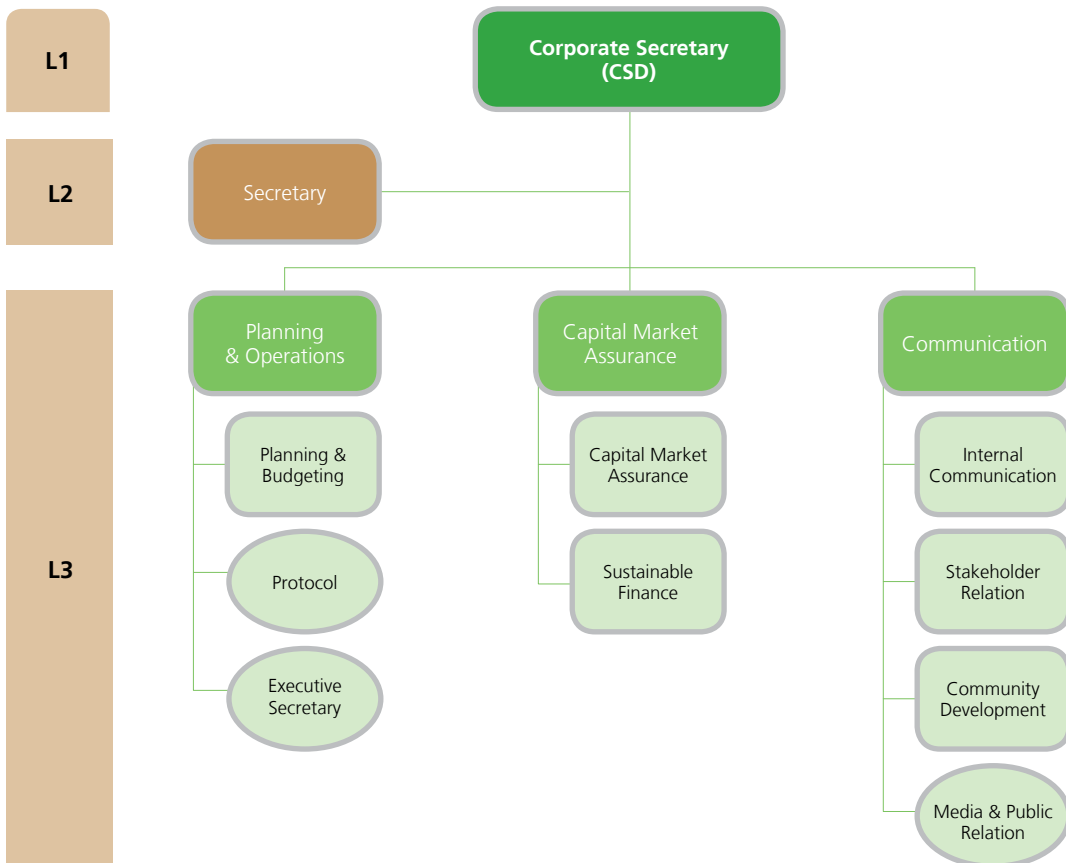


Mission

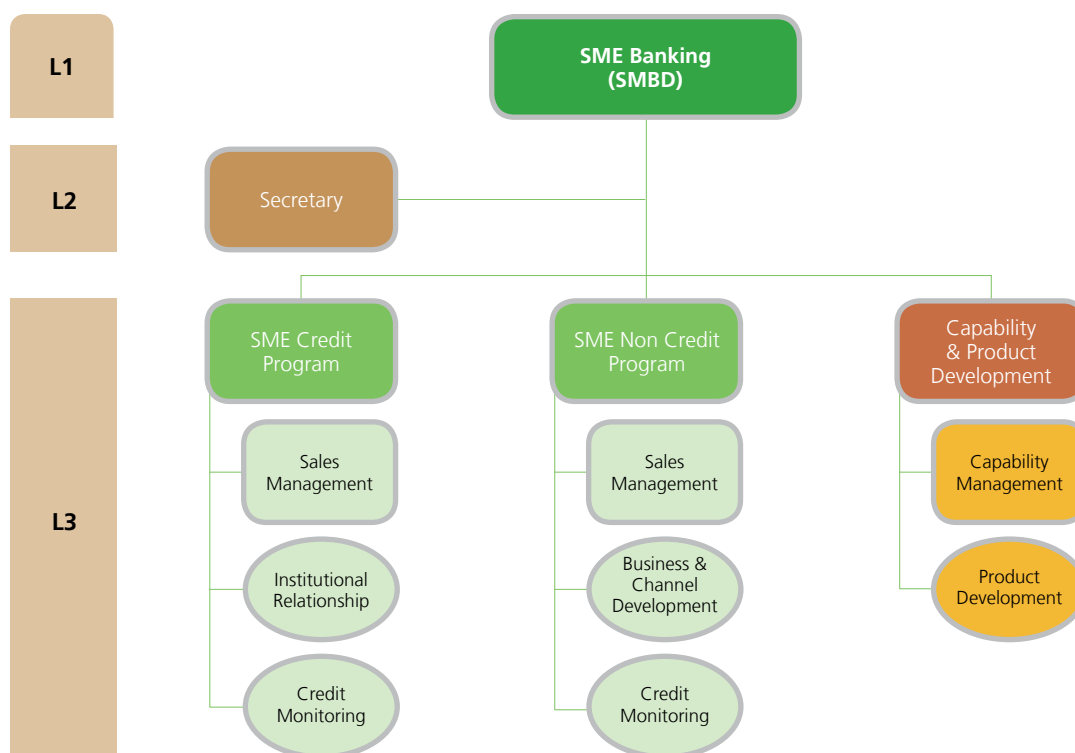
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- 01 Increasing people’s welfare and improve the environment;
- 02 Developing the Bank’s values and culture;
- 03 Creating a positive Bank image in the public eye;
- 04 Increasing cooperation and mutual respect with the community and the environment in which the Bank Office operates.

Organizational Structure of Community Development Program



Organizational Structure of Partnership Program



Partnership Program 2020 (GRI 103-3, 203-1, 203-2, 413-1) (F.23)(F.25)

The Partnership Program is an economic empowerment program aimed at helping to improve the ability of the Company's small business fostered partners to become independent while contributing to improving the welfare of the community around the operational area. Whereas the Community Development Program is focused on improving the quality of life and empowering the social conditions of the community. (GRI 103-2)

The Company channeled the Partnership Program funds to fostered partners who have a small business scale for investment purpose and/or productive working capital distributed by region and business sector. During the reporting year, the Company distributed loans for the Partnership Program amounting to IDR 23.504 billion, which was disbursed to 319 fostered partners, decreased 17.84% when compared to the previous year, which was recorded at IDR 21.673 billion distributed to 278 fostered partners.

Table Number of Binaan MSME Partners (Business Activities) and Disbursed Funds (Million IDR)

Year	Amount Partner	Amount of service distribution
2020	319	23,505
2019	278	21,673
2018	760	37,274
2017	169	6,201
2016	43	1,780

*Restated

Table of Realization of Partnership Program Distribution By Type of Business

No.	Business Sector	2020		2019		2018	
		Total (Million IDR)	Percentage	Total (Million IDR)	Percentage	Total (Million IDR)	Percentage
1	Industry	270	1.15	223	1.03	1,608	4.31
2	Trading	9,419	40.07	7,090	32.71	13,810	37.05
3	Agriculture	125	0.53	25	0.12	3,750	10.06
4	Plantation	50	0.21	-	-	1,065	2.86
5	Animal Husbandry	818	3.48	1,988	9.17	7,421	19.91
6	Fisheries	80	0.34	1,073	4.95	150	0.40
7	Service	2,711	11.53	4,587	21.16	8,237	22.10
8	Capacity Building/ Coaching/Grants	10,031	42.68	6,637	30.62	1,155	3.10
9	Creative Industry	-	-	50	0.23	78	0.21
Total		23,505	100	21,673	100	37,274	100

Table of Realization of Partnership Program Distribution by Area

No.	Field of activity	2020		2019		2018	
		Total (Million IDR)	Percentage	Total (Million IDR)	Percentage	Total (Million IDR)	Percentage
1	Sumatera	1,287	5.48	6,880	6.37	2,125	5.70
2	DKI Jakarta	12,229	52.03	2,266	35.83	4,269	11.45
3	DI Yogyakarta	260	1.12	235	1.08	665	1.78
4	West Java & Banten	3,159	13.44	4,686	21.62	8,426	22.60
5	Central Java	1,268	5.39	2,466	11.38	4,657	12.49
6	East Java	2,664	11.33	2,655	12.25	7,999	21.46
7	Bali	60	0.26	132	0.61	1,000	2.68
8	East Nusa Tenggara	235	1.00	70	0.32	83	0.22
9	West Nusa Tenggara	290	1.23	470	2.17	980	2.63
10	Kalimantan	1,013	4.31	917	4.23	1,852	4.97
11	Sulawesi	457	1.94	658	3.03	4,825	12.95
12	Maluku	285	1.21	158	0.73	185	0.49
13	Papua	138	0.59	80	0.37	208	0.56
Jumlah		23,505	100.00	21,673	100.00	37,274	100.00

Community Development Program

The Community Development Program (BL) is a program of empowering the social conditions of the community which aims to help improve the community welfare, especially the communities around the Company's operational areas. The funds for the Community Development Program are channeled through various aid activities including natural disasters and non-natural disasters, including those caused by outbreaks, environmental preservation, education and training, public infrastructure and facilities, religious facilities, health and social improvement for poverty alleviation. (GRI 103-1, 103-2)

Realization of Community Development Funds (103-3, 203-1, 203-2, 413-1) F.23)(F.25)

In 2020, the realization of the Community Development Program distribution assistance amounted to IDR8.357 billion, a decrease 41.64% % compared to that of 2019, which was recorded at IDR20.072 billion. In the reporting year, funds were distributed to communities in 34 provinces through the Company's six working areas.

Table of Community Development Fund Allocation (Billion IDR)

Year	Total Fund Allocation
2020	8,357
2019	20,072
2018	21,782
2017	20,033
2016	13,153

*restated

Table of Realization of Community Development Program Distribution By Activities

No.	Field of activity	2020		2019		2018	
		Total (Million IDR)	Percentage	Total (Million IDR)	Percentage	Total (Million IDR)	Percentage
1	Natural disaster and non-natural disaster, including those caused by outbreaks	2,221	26.58	427	21.27	1,790	9.08%
2	Education/Training	715	8.56	5,375	26.78	5,465	27.71%
3	Health Improvement	2,291	27.41	365	1.82	292	1.48%
4	Public Facilities and Infrastructure Development	601	7.19	438	2.18	4,152	21.05%
5	Worship Facilities	1,436	17.18	7,917	39.44	1,580	8.01%
6	Nature Conservation	151	1.81	350	1.74	73	0.37%
7	Community Social Assistance in context of Poverty Alleviation*	939	11.24	5,200	25.91	6,370	32.30%
Jumlah		8,357	100%	20,072	100	19,723	100

* Community social assistance in the context of poverty alleviation includes:

- 1) Electrification ;
- 2) Providing Clean water facilities;
- 3) Providing sanitation facilities;
- 4) Education, training, apprenticeship, promotion, and other forms of assistance related to efforts to increase the economic independence of Small Businesses in addition to the Fostered Partnership Program;
- 5) Home improvement for the poor;
- 6) Seeding support for agriculture, animal husbandry, and fisheries; or
- 7) Business equipment assistance.

Public Complaint Management Mechanism

As a responsible corporation, the Company always strives to ensure that its business decisions and operations have a minimal negative impact on society and the environment. For this form of control, the Company opens communication channels that can be used by stakeholders and the local community to submit their complaints or responses to the impact of the Company's operations. During the reporting period, complaints received were 115 complaints, of that number 103 complaints had been followed up, while the rest were still in the process of being resolved. The number of these complaints increased compared to the previous year, which was recorded as many 90 Complaints. (F.24)

Community Complaints Received and Followed Up

Year	Received Complaints	Followed up complaints	Finished complaints
2020	115	12	103
2019	90	8	82
2018	112	6	106

Sustainable Environmental Performance



Strengthening Environmental Friendly Financing —

Environmental sustainability becomes a global issue that demands the attention of all citizens of the world, including Indonesia. This issue is getting bigger along with the impact of massive environmental damage, especially due to global warming. It is hard to deny that global warming is a big threat to human life. As a result of global warming, climate change has occurred, which has worsened the quality of the environment and threatens the survival of humans and other living creatures on earth. To reduce these impacts, a serious and consistent movement for environmental protection and management by all stakeholders is needed. **(GRI 103-1)**

As one of the stakeholders, financial service institutions, especially banks, can play a role and contribute greatly to environmental sustainability. This is inseparable from the strategic position of the bank as a credit channeling institution for various projects undertaken by debtors. Before disbursing loans, in accordance with the precautionary principle, banks have to research and pay attention to the risks of the project to the environment. If there is a risk to the environment, then the bank must have the courage to take a firm stand, as is the case against Anti Money Laundering (AML) and Counter Terrorism Financing (CTF).

The banking commitment to environmental sustainability is in line with Law of the Republic of Indonesia Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, which regulates the principle of prudence in lending. In this case, banks must pay serious attention to Environmental Impact Analysis (AMDAL) for large-scale and / or high-risk companies.

Another regulation that regulates the importance of banking care for environmental sustainability is Law of the Republic of Indonesia Number 32 of 2009 concerning Environmental Protection and Management. In Article 43, paragraph (3), letter c, there is a clause, "Development of an environmentally friendly financial institution and capital market system." In the elucidation of article 43, what is meant by "environmentally friendly financial institution system" is a financial institution system that implements environmental protection and management requirements in financing policies and system practices for bank financial institutions and non-bank financial institutions.

The most recent policy regarding the importance of banking in protecting the environment is the Financial Services Authority Regulation No.51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies. Through this regulation, Financial services Authority emphasizes the importance of banking implementing sustainable finance, which defines it as comprehensive support from the financial services sector to create sustainable economic growth by aligning economic, social and environmental interests.

As a responsible corporation, the Company committed to implementing all regulations governing the need for banks to implement environmentally friendly financing. In this regard, the Company fully supported the green banking concept, namely banking which in carrying out its business based on the principles of sustainable development, namely promoting harmony between economic, social, environmental aspects.

The concrete steps taken by the Company as an environmentally friendly financing institution was to provide certain environmental requirements, including the existence of an Environmental Impact Analysis. Environmental requirements became very important so that the Company was not mistaken in distributing credit because the debtor used the funds to finance projects or activities that had a negative impact on the environment. In other words, the Company was serious about managing environmental, social and governance risks when distributing loans. **(GRI 103-2)**

The Company's Commitment to Environmental Preservation

To become a green bank, one of the efforts made by the Company is to implement Sustainable Finance, as stipulated in the Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the Application of Sustainable Finance for Financial Institutions, Issuers and Public Companies. In accordance with these regulations, as a Financial Service Institution, the Company also prepared a 2019-2023 Sustainable Finance Action Plan (RAKB), and the 2020-2024 RAKB.

For the Company, the RAKB became a guide for integrating environmental, social, and governance (LST) aspects into daily strategy and operations. The objective of implementing Sustainable Finance was explicitly stated in one of the RAKB programs related to the environment, which was to conduct a social and environmental risk study as an initial stage in the preparation of a Sustainability Risk Policy, which included: **(GRI 103-2)**

- Requirements of Environmental Impact Analysis, Flood Recommendation and Licensing.
- Conducting site visits or field observations to determine that the residential land that will be built is not a green land, disputed land, and others.
- Adapting ecolabelling regulations or the use of green materials that have been certified by the Indonesian Ecolabeling Institute (LEI) in the financing of mediumlevel construction.
- Ensuring that the settlement or construction built has passed the Greenship Home Assessment from Indonesia's Green Building Council.
- Making a requirement for developers to plant trees within the settlement or providing a large portion of social and environmental facilities and infrastructure.
- Making an Exclusion List that lists activities and practices that the bank refuses to conduct--activities that have a negative impact on people and planet.

One of initiatives stated in Sustainable Financing Action Plan 2020-2024 related to the environment is Financing for Green Construction. The program is implemented through financing vertical housing development financing with the Transit Oriented Development (TOD) concept and infrastructure construction (homestay) and tourism development.

Prior to the official Sustainable Financing Action Plan took effect, the Company had also managed banking operations with minimal pollution on banking activities and financial products. The policy was taken as a form of the Company's compliance with laws and regulations related to the environment, especially Law No. 32 of 2009 concerning the Environmental Management and Preservation. In this condition, compliance is the basis for the implementation of preservation and management of environmental impacts on all activities, products and services of the Company. By observing the prudential principle, the Company ensures that all relevant activities have environmental permits in accordance with the provisions. With this commitment, throughout 2020 there were no incidents of violations of environmental related laws and regulations. **(GRI 103-3, 102-11, 307-1)**

Green Office in Head Office

Environmental management in banking practice is also one of the objectives of the Company's Sustainable Financing Action Plan, namely; "Development of sustainable financial operations through the application of the green office concept and sustainable procurement". In this report, the scope of implementing green office is focused on the activities at the Company's Head Office. The real policies taken by the Company as an implementation of a commitment to environmental preservation in the Head Office area were as follows:

- a. Having a temporary garbage dump (TPS) with a capacity of 5 m³, and the garbage was transported to the landfills every day.
- b. Having 4 (four) infiltration wells with a capacity of 48 m³ each.
- c. Making energy savings:
 - Using solar power for heating water.
 - Setting the water discharge for water consumption (toilets, places for ablution, etc.).
 - Automatic operation of utility and electricity by using BAS (Building Automation System) for blackout, elevators and a chiller AC unit.
- d. Prevent environmental pollution through continuous improvement activities:
 - Using Freon air conditioning (Air Conditioning) types R32, R134A and R410.
 - Having a place for storing B3 waste (Toxic Hazardous Materials) with a capacity of 104.5 Kg.
 - Having a building wastewater treatment plant with a capacity of 260m³ / day. The current condition of the output was 220 m³ / day in accordance with the Wastewater Disposal Permit (IPAL) issued on 19 July 2018.

- e. Plastic waste free movement by reducing the use of bottled mineral water and disposable cutlery at events or meetings, both with internal and external parties and encouraging awareness of using tumblr or plastic free drinking bottles.
- f. Suggestion for employees to use public transportation to the office. Requiring operational vehicles to use higher-octane fuel which is more environmentally friendly in accordance with the Government of the Republic of Indonesia policy that requires SOE operational vehicles to use non-subsidized fuel. Through Memo No.1836 / M / PGSD / GS / XI / 2013 dated November 6, 2013, the Procurement and General Services Division submitted a Memo to Regional Offices, Branch Offices and Sharia Branch Offices regarding the prohibition of using certain petroleum fuels in the form of gasoline (RON) 88 for the Company's operational vehicles.
- g. Participation in the 2019 & 2020 Earth Hour Program.

Environmentally friendly office operations referred to a number of regulations, including Law Number 32 of 2009 concerning Environmental Protection and Management (Law No. 32/2009), Law of the Republic of Indonesia Number 17 of 2019 concerning Water Resources, Law -Law of the Republic of Indonesia Number 18 of 2008 concerning Waste Management, Government Regulation No. 101 of 2014 concerning Hazardous Waste Management, Government Regulation No. 74 concerning Management of Hazardous and Toxic Materials, and so on. **(GRI 103-2)**

In addition to compliance with regulations, environmentally friendly banking operations were also included in day-to-day operations, as well as concrete support for the Company towards global development goals (SDGs), especially goal 6: Clean Water and Proper Sanitation, goal 7: Clean Energy and Affordable, goal 13: Addressing and Climate Change, and goal 15: Land Ecosystem.

A complete description of the Company's commitment and support for environmental sustainability could be presented as follows: **(GRI 103-3)**

Digital Banking for Paper Saving (Paperless)

Paper is an important need for the Company's operations. One of the use of paper is for office administration, such as mailing, memos, printing various company reports, registration, and printing customer books, recording deposit transactions, deposit-taking, transfer and others. Paper is also used as proof of transactions using an ATM machine. The paper is also used as tissue roll for the bathroom and other rooms with various types of purposes. **(GRI 103-1)**

The Company realizes that the raw material for paper is wood pulp obtained from mature tree logging. In addition, the manufacturing process required large amounts of chemicals, water and energy, which simultaneously produced greenhouse gas emissions as a factor causing global warming and climate change. Reflecting on the paper-making process,

the Company made every effort to save paper usage through the use of Digital Banking. By saving paper, the Company also reduced negative impacts on the environment, such as tree cutting and greenhouse gas emissions.

Paper reduction was carried out by the Company through document digitization. With digitization, paper usage could be reduced in the following ways: **(GRI 103-3)**

- a. No longer using fax, correspondence was done using e-mail.
- b. Paperless: disposition and distribution of letters using the IFlow system.
- c. Smart Branch: did not use deposit slips and maximizes digitization.
- d. BTN Property.co.id: makes it easy for people to buy houses, find houses and enjoy 3 (three) dimensional feature facilities through the support of the latest digital technology and in its application the Company does not require a lot of paper.
- e. Rumah Murah BTN (BTN Cheap House): provides convenience and comfort for the public to find assets through the support of the latest digital technology and in its application, the Company does not require a lot of paper.

Other than the previous features, the Company also supported paper efficiency by continuing to use used paper for Internal Memos.

In terms of business operations, the Company made efficient use of paper through the IFlow application, which became a cross-division and / or cross-branch correspondence application with a structured distribution. Apart from having advantages in distributing correspondence in a structured manner, this application also had other benefits, including the speed of time in correspondence distribution flow, monitoring of documents or letters that had been sent, and reducing the use of paper (paperless) for printing.

In addition, the Company's commitment to conserving paper usage was also consistently implemented by reusing used paper, streamlining telephone billing or in person using information technology applications that support mobile, paperless, historical record and parameterized applications, using the 2-sided printing method, utilizing email, as well as the Smart Branch initiative by not using Deposit Slips and maximizing digitization.

Meanwhile, related to the paper that is no longer used, especially important documents, Bank Tabungan Negara uses paper shredders. Whereas papers which do not include important documents will be given to third parties to be reused as well as recycled. Although paper waste can be recycled, the Company does not use the recycled paper in its daily operations. **(GRI 103-3, 301-1, 306-2) (F.5)**

Energy Management

Apart from paper, energy is a vital requirement in the daily operations of the Company. The energy used by the Company is electricity and fuel oil (BBM). Electricity provided by PT PLN, while fuel is provided by PT Pertamina or other similar companies. Electricity is used for lighting, generating office infrastructure such as elevators, copiers, air conditioners, and others. While for the fuel oil, besides being used as generator, fuel is also used for office operational vehicles. **(GRI 103-1)**

The Company realizes that most of the electricity used is currently generated by Coal-fired Power Plants, which uses coal as their fuel, which includes non-renewable energy sources. The same category applies to the types of fuel oil used by the Company, namely diesel and gasoline. Due to decreasing availability of electricity and fuel, the Company strives to improve efficiency so that energy waste can be prevented. In this report, the energy used by the Company refers to the Head Office. In the following year's report, the Company will expand the scope of energy use and savings initiatives. **(GRI 103-2)**

The energy management programs carried out by the BTN Tower Building include: **(GRI 103-3, 302-4) (F.7) (F.12)**

- a. Utility and electricity operational set-up such as blackouts, elevators and chiller units apply the BAS (Building Automation System) system which makes the management of utility operations easier which results in efficiency.
- b. The lighting set-up is divided in each zone or division to turn off lights of idle rooms easier.
- c. Energy saving awareness / socialization by turning off the unused electrical equipment (Turn off lights when idle, unplug electrical equipment that is idle, install signage on toilets to reduce the use of water, etc)
- d. Use of solar water-heaters to supply water in the Directors' restroom.
- e. Arrangement of chiller and elevator unit operating schedules based on operational needs

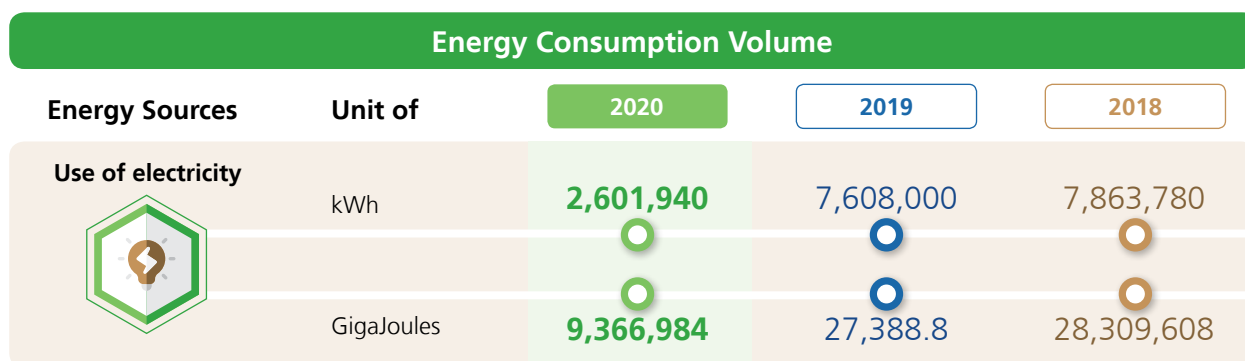
Chiller Operation Schedule	Number of Chillers in operation
Chiller turns on at 06.00 WIB	2 units
Chiller turns on at 06.30 WIB	3 units
Chiller turns on at 07.00 WIB	4 units
Chiller turns on at 07.30 WIB	5 units
Chiller turns off at 14.00 WIB	1 Unit
Chiller turns off at 16.00 WIB	1 Unit
Chiller turns off at 17.00 WIB	2 Units
Chiller turns off at 19.00 WIB	1 Unit

Elevators Operation Schedule	Number of Elevators in operation
All elevators turn on at 06.00	all units/operational
Elevator turns off at 18.00 WIB	2 Units
Elevator turns off at 20.00 WIB	2 Units
Elevator turns off at 22.00 WIB	2 Units
Low zone, high zone, and parking elevators on Saturday/Sunday	1 lift

- f. Replacement of TL and essential lamps into LED lamps
- g. Modernization of 10 elevator units with the latest system control and mechanical upgrades that are more efficient in electricity consumption and replacement of damaged AC units or the procurement of new AC units with the inverter feature.
- h. Advertising media uses the Videotron LED system.
- i. Use PDAM water as the main water source in the BTN Tower Building

Chiller-type air conditioning units consume energy significantly in BTN Tower Building as well as elevators. To manage both of them, the Company has set operating hours based on daily load requirements.

With the management as mentioned above, the energy consumption in BTN Tower in 2020 is as follows: **(GRI 103-3, 302-1) (F.6)**



*) 1 kWh = 0,0036 GJ

Water Management

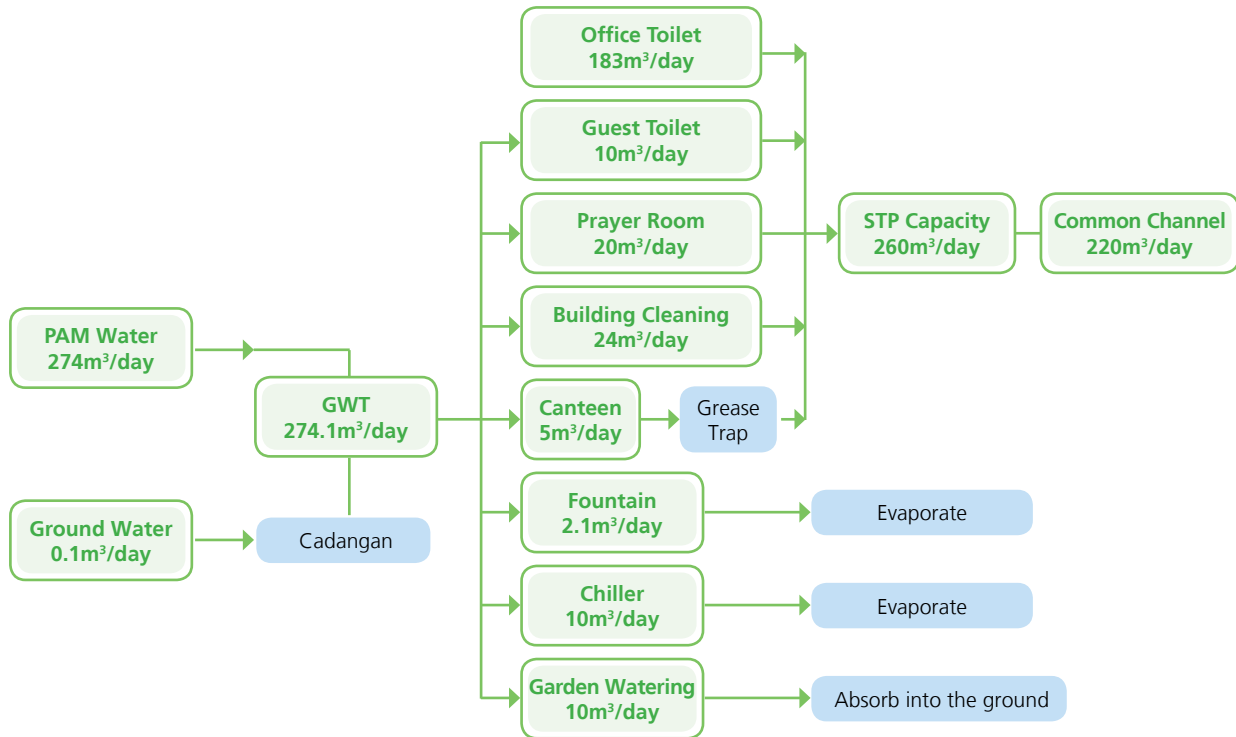
Besides energy, water is one of the vital needs for the Company. Water is used for various internal needs, such as ablution, rinse water in toilets, watering plants, filling pond fountains, and so on. Water needs are mostly supplied by PDAM, and some are taken from deep wells. The use of water in this report refers to the Head Office / BTN Tower. In the following year's report, the Company will expand the scope of water use and its saving efforts. **(GRI 103-1)**

Similar with energy, the supply of clean water becomes limited. The use of ground water is tightly regulated, while the raw material of water that is managed by the PDAM is also polluted so it needs harder efforts to obtain clean water supply. Therefore, the Company is also committed to conserving the use of water. **(GRI 103-2)**

The following is water management by the Company which aims to minimize excessive water use so that the Company is able to reduce the use of clean water: **(103-2)**

- a. Water use is optimized using PDAM as the main water supply in accordance with the Regional Regulation related to ground water use.
- b. Constructing 2 (two) infiltration wells with each capacity of 48 m³, so that the total absorption capacity of rainwater can reach 96 m³.
- c. Water distribution for the internal use (toilets, ablutions, etc).
- d. Waste water has been processed through the STP (Sewage Treatment Plan) so that it is not harmful to the environment and has obtained a Waste Water Discharge Permit (IPAL) from the relevant institutions. The wastewater treatment plant (IPAL) of the BTN Tower currently has a capacity of 260m³ per day. Currently, the output reaches 220m³ / day in accordance with the Wastewater Discharge Permit (WWTP) issued on July 19, 2018.
- e. Utilization of STP (Sewage Treatment Plan) and rainwater storage for the needs of watering plants, filling fountain ponds and car washing

In addition to the various efforts above, efforts to save water were also carried out by the Company by regulating water debit at the BTN Tower Building with a clean water use balance as follows:



By implementing efficiency initiatives and refers to the payment of water to the PDAM and monitoring through flow meters: **(GRI 103-3, 303-1) (F.8)**

Table of water use for the BTN Tower Building 2017-2020

Water Sources	2020	2019	2018*
PDAM	71,153	93,537	97,859
Deep Well	0	199	579
Total	71,153	93,736	98,438

*Restated

Based on the table above, in 2020, the volume of water use decrease as much as 22,583 m³ compared to 2019, with as much water use 93,736 m³. **(GRI 103-3)**

Emission Management

Greenhouse gas emissions become one of the triggers for global warming and climate change. In day-to-day operations, the Company produced Greenhouse Gases (GHG), among others, from the use of fuel (direct GHG emission [Scope 1]) and electricity use (indirect [Scope 2] GHG emissions). The dominant GHG emissions produced, both coverage 1 and 2, was carbon dioxide (CO₂).

Considering the negative impact on the environment, the Company continues to reduce greenhouse gas emissions produced by company operations. The policies applied, among others, by conducting efficient use of electricity and fuel.

Indirect greenhouse gas emissions (scope 2, i.e. those sourced from outside energy in the form of electricity) are obtained by multiplying electricity consumption (in Kwh per year) with the average grid emission factor issued by the Ministry of Energy and Mineral Resources referring to the 2015-2024 Electricity Supply Business Plan (RUPTL) PLN, which is 0.934. kgCO₂ / Kwh (2017). Based on that calculation, the indirect greenhouse gas emissions (scope 2) are as follows: **(F.11)**

Table of Indirect House Gas Emissions (Scope 2) in 2020

Energy Consumption	Unit of	Year			Generated CO ₂ Emissions (kg / Kwh)		
		2020	2019	2018	2020	2019	2018
Electricity	Kwh	2,601,940	7,608,000	7,863,780	2,430,212	7,105,872	7,344,770.52

Waste and Wastewater Management

Waste is a serious problem for the environment. Without proper management, waste can become a source of pollutants for land and water which then results in damage to the supporting capacity of the environment. In conducting business activities, the

Company produces solid and liquid waste, both included in hazardous and toxic waste (B3) and non-B3 waste. Solid waste produced by the Company is in the form of internal waste; scraps of electronic equipment, lamps, batteries, furniture; and others. Whereas liquid waste includes waste oil from operational vehicles and generators, waste water from toilets, cafes and others. (GRI 103-1)

To reduce waste production, the Company issued an appeal not to use disposable plastic foods and beverages. The company also provides enough trash bins on each floor. The waste is then disposed to a temporary landfill with a capacity of 5 m³. whereas B3 waste is disposed in a temporary storage area for B3 (Toxic and Hazardous Waste) with a capacity of 104.5 kg.

Furthermore, the waste produced by the Company will be processed in accordance with the applicable regulations. For B3 waste management, the Company cooperates with third parties who already have the Ministry of Environment and the Ministry of Transportation permits. B3 waste management in the Company is carried out by referring to PP 101 of 2014 concerning B3 Waste Management. Specifically for leaf litter, the Company processes it into a decomposer. (GRI 103-2)

During 2020, the Company carried out measurements of the quality of wastewater at the Head Office every three months. Thus, the Company obtained information that the discharged water was confirmed to have met quality standards in accordance with the Regulation of the Governor of the Special Capital Region of Jakarta Province No. 122 of 2005 concerning Domestic Wastewater Management in the Province of the Special Capital Region of Jakarta. Thus, the disposed wastewater did not pollute the environment.

Through these various efforts, the volume of waste produced and managed is as follows: (GRI 103-3, 306-2)(F.13)(F.14)

No.	Waste Type	Treatment	2020	2019	2018
	Building Trash	Produced	113,340 kg	30,706kg	28,800kg
1	Waste Food Waste Drinks, Paper, Cardboard	Stored in a disposal site	0	0	0
		Submitted to Third Parties	3,825 kg	Yes	Yes
		Licensed			
2	Used Oil	Produced	300 kg	15kg	20kg
		Stored in a disposal site	300 kg	0	0
		Submitted to Third Parties	Yes	Yes	Yes
3	Used Accu / Battery	Licensed			
		Produced	8 pieces	20kg	60kg
		Stored in a disposal site	0	0	0
4	Lights (TI, Plc, Ballast, Cable lights)	Submitted to Third Parties	Yes	Yes	Yes
		Licensed			
		Produced	681 pieces	7.5kg	4.4kg
5	Freon Tube Waste	Stored in a disposal site	166 pieces	0	0
		Submitted to Third Parties	Yes	Yes	Yes
		Licensed			
5	Freon Tube Waste	Produced	15 kg	10kg	20kg
		Stored in a disposal site	0	0	0
		Submitted to Third Parties	Yes	Yes	Yes
		Licensed			

Environmental Costs

During 2020, the Company spent environmental costs of IDR163.1 million, decreasing compared to 2019, with an environmental cost of IDR231 million. The funds were used for solid and liquid waste management costs (STP, sewage treatment plan), and B3 and non-B3 waste management costs. (F.4)

Environmental Compliance

As a form of corporate responsibility, the Company's is always responsible and compliant with every regulation that apply in the environmental sector. In addition, the Company is committed to be aware and contributive in protecting the environment through various programs and activities held during the reporting period. This commitment and concern is the Company's contribution to the conservation and preservation of the environment. (GRI 103-1, 103-2)

The Company's commitment in complying with various environmental regulations and regulations has resulted in the absence of non-monetary fines and sanctions due to non-compliance with environmental laws and regulations. In addition, there are also no cases of environmental complaints whose resolution is submitted through disputed resolution mechanisms, such as appealed to the court. (GRI 103-3, 307-1)

Sustainable Social Performance



Best Human Resources as the Progress Support

Human resources became a strategic asset for the Company in creating value in order to meet customer satisfaction, as well as the key to facing competition. One important aspect, human resources, namely individuals who worked at Company, became the main driving force of the Company, even controlling other resources, such as capital and technology. They were also at the forefront of services so that they played a very important role in shaping the image of the Company in the eyes of customers. **(GR 103-1)**

With such a very strategic position, what the Company needed was employees who were superior, capable and competent in their fields, highly dedicated, having broad insight, and having high creativity to advance. Another requirement that could not be missed was that they should have the same vision as the Company's vision. If such qualifications were met, then half of the progress and sustainability of the Company was already in hand. The other half's role was determined by the expertise of human resource management in managing employees so that all existing potential could be fully developed.

The management of human resources at the Company referred to a number of regulations, especially Law No. 13 of 2003 concerning Manpower, as well as common labor practices in Indonesia, from planning, selection and recruitment, career management, remuneration, to social security and pensions. In addition, the Company also paid attention to occupational health and safety aspects. With these various efforts, employees could contribute optimally to achieve the targets that had been set by the Company. **(GRI 103-2)**

Human Capital Development Strategies

Human capital management of the Company is under the Strategic Human Capital Directorate, which is led by the Director of Strategic Human Capital as stipulated in the Board of Directors' Decree No. 04 / DIR / KD / TMO / 2018 on April 30, 2018. In performing its duties and responsibilities in the field of Human Capital management, the Directorate of Strategic Human Capital are divided into three Divisions namely Human Capital Management, Human Capital Strategy, and Learning Center Division. Human capital management in the Company starts from planning, recruitment, competency development, performance management systems, job and career design, remuneration and benefits, productivity analysis and other matters related to human capital.

As a long-term human capital development strategy, the Company has prepared a Roadmap for human capital (HR) based on the Bank Transformation stages as follows: **(GRI 103-2)**

The Bank conducts comprehensive human capital development initiatives that begin with the alignment of agile and high capability organizations based on a process of transformation of human capital to increase employee productivity and high competitiveness.

o **Implementation of Organizational Structure Transformation**

The organizational development plan is intended to support the implementation of an agile and high-capacity organizational structure transformation to achieve the Bank's business targets.

o **Digital Workforce Planning**

To support the achievement of the Bank's business targets and the growth of Bank digitalization aspect, the need for employees (workforce) in quantitative terms needs to be planned. Therefore, Digital Workforce Planning needs to be prepared in which this is in line with the transformation stages carried out by the Company.

o **Career Path Acceleration and Succession Planning to Build Employee Competencies that are Aligned With Industry 4.0**

The Company is aware of the importance of human capital factors in the banking industry, especially in the trend of industry 4.0 where the Company is required to be able to produce successors with competencies in accordance with industry 4.0 era.

o **Development of Performance Management That Encourages Talent Management System**

Performance management system is enhanced through the following stages:

- Improving performance management system policies in line with organizational changes to support the achievement of the Company's targets.
- Implementing a performance management system by setting appropriate, measurable and realistic targets to encourage talent management systems.
- Optimizing the performance coaching and counseling process to obtain high performance.

o **Implementing Remuneration System Governance in Accordance With Best Practices**

Good remuneration system governance aims to increase employee engagement with the Company. The Company remuneration system is designed according to best practice and is maintained its competitiveness in the market and the fairness.

o **Strengthening Corporate Culture Towards the Global Playership Era**

In accordance with the stages of the Company transformation, the Corporate Culture is intended to strengthen cultural internalization to support digital transformation towards the global playership stage.

o **Optimization of Employee Communication & Social Media Network to Improve the Company's EVP**

Technological developments open the social media access as a tool to deliver management messages in order to improve the Company's EVP.

o **Improving Human Capital Governance and Talent Mobility Alignment with Subsidiaries & Affiliations**

Human capital policy governance is also intended to integrate the Company talent mobility with subsidiaries and affiliations.

o **Integration of Human Capital Information System to Enhance People Analytics**

HCIS (Human Capital Information System) is an integrated application to support in implementing alignment in the management of the Human Capital system in the Company. With the development of human capital and global talent competition, HCIS is required to function as a people analytic or talent analytic that can help management make decisions about employees.

o **Learning & Development Which Focuses on The Development of Integrated Talent Management System**

The learning & development process is intended to focus on developing employee competencies that refer to the integrated talent management system.

Human Capital Management

Recruiting the Best Talents

The Company recruits based on the level of the Company's requirements. The Company policies in the recruitment process are regulated in the Board of Directors' Circular Letter Number 43 / DIR / CMO / 2011 sub-themed "Human Capital Acquisition regarding employee recruitment". The company recruits through two approaches, namely: **(GRI 103-2)**

1. Internal Recruitment, a recruitment conducted by utilizing existing employees to fill a vacant position in a particular unit, based on organizational needs or based on Workload Analysis calculations. The methods for internal employee recruitment include:
 - o Promotion
 - o Rotation
2. External Recruitment, an Employee Recruitment conducted to hire a candidate from outside the Company to fill a vacant position in a particular unit. External recruitment is done by 2 (two) methods, namely:
 - 2.1. Direct Hire, consisting of:
 - o Fresh Graduate
 - o Experienced (Prohire)
 - 2.2. Outsourcing.

To meet the needs of employees, the Company has also compiled a Manpower Plan according to the needs of the organization and conducted a recruitment process

including job fairs, campus hiring, seminars and public lectures to support employee recruitment at universities in Indonesia. This process is also supported by online / digital recruitment tools or the Company's recruitment website. **(GRI 103-2)**

In the recruitment process, the Company sets the age requirement to be more than 18 years old for prospective employees. This commitment is also a prerequisite in establishing cooperation with universities. The Company provides equal opportunities to the public to get career opportunities regardless of gender, ethnicity, race, religion or any form of discrimination. To prevent forced labor, employees of the Company work with a set amount of time, and employees at certain levels who work over time will be granted compensation in the form of overtime pay.

The various labor provisions are applied as a form of the Company's compliance commitments to Law No. 13 of 2003 concerning Manpower. This commitment has resulted in the zero cases of child labor, discrimination or forced labor in the Company or suppliers of goods and services throughout 2020. **(GRI 103-3, 406-1, 408-1, 409-1)(F.19)**

During the reporting period, based on data from the Directorate of Strategic Human Capital, the Company recruited 15 employees (fresh graduates & professional hire). **(GRI 103-3, 401-1)**

New employees have a certain mechanism before they are appointed as permanent employees. For those employees who are qualified and then appointed as permanent employees, they will be granted remuneration in accordance with applicable labor regulations. The ratio of basic salary and remuneration for male and female employees in the Company is the same as the Company does not differ the ratio of basic salary and remuneration based on gender.

In addition to increasing due to the recruitment program, the number of employees has decreased due to employees who have stopped working for various reasons, such as retirement, resignation, contract expiration, death and so on. The company terminated the employment relationship based on the policy of the Directors Circular Letter Number 66 / DIR / HCD / 2014 sub Human Capital Engagement concerning the Termination of the Work Relationship. According to data from the Strategic Human Capital Directorate, during the reporting year, employees who left the company were recorded as 189 people.

Based on the number of employees joining and leaving the Company as mentioned above, the employee turnover rate for 2020 is 1.68%, an increase compared to 2019, which reached 1.51%. The Company manages the termination of employment based on the policy of the Board of Directors Circular Number 66 / DIR / HCD / 2014 sub-themed "Human Capital Engagement" regarding the Termination of Employment. **(103-3, 401-1)**

Table of Employees Turnover in 2020

Description	2020	2019	2018
New employees	15	410	1.400
Employees leaving the Company	189	176	267
Total Employees at Beginning of Year	11,647	11,810	10.690
Total Employees at End of Year	11,224	11,647	11.810
Turnover Rate	1.68%	1.51%	2,26%

Occupational Health and Safety Management (F.21)

Occupational health and safety is one of the priorities of the Company. Therefore, the Company optimally creates a safe and convenience work environment, which leads to the creation of zero accident ratio. In this case, the Company believes that a safe and convenience work environment will enhance employee's morale and productivity in which it then improves the performance of the Company. (GRI 103-1)

The implementation of a safe and convenience work environment refers to article 86, paragraph 2, Act No. 13 of 2003 concerning Manpower, which states that "To ensure employees/labors safety in order to optimize work productivity, occupational health and safety efforts are implemented". In line with that, the Company has policies related to Occupational Health and Safety Management System (SMK3) which are listed in: (GRI 103-2)

- o Board of Directors Regulation Number 5 / PD / PGSD / 2017 on October 31, 2017, concerning Policy Guidelines for Occupational Health and Safety Management Systems.
- o Circular of the Board of Directors Number 60 / DIR / PGSD / 2017 on October 31, 2017, concerning Standard Operating Procedure for the Implementation of Occupational Health and Safety Management System.

Referring to SMK3, the Company implements various programs related to the occupational health and safety as follows: (GRI 103-3)

Employee Safety Management Program

- o All operational offices have been acomodated with work safety devices such as APAR (Portable Fire Extinguisher), Smoke Detector, Diesel Pump, and Emergency Escapes that are in accordance with fire safety equipment standards based on the Minister of Public Works Regulation on Technical Requirements for Fire Protection Systems in Buildings and the environment.
- o Routine checking of work safety tools to determine their level of eligibility.
- o Certified which is issued by the DKI Jakarta Province Department of Manpower and Transmigration for operators of occupational safety devices, such as lift and transport aircraft.
- o Fire situation plan and fire safety operational procedures in the staff room and every floor of the building so that all employees are well informed.

- o Employee involvement in the certification training "Development and Certification of Public Occupational Health and Safety (AK3U)" organized by BPJS Kesehatan.

Employee Healthcare Program

- o Providing medical facilities in the form of periodic Medical Check-Up and treatment facilities such as guaranteed reimbursement of inpatient hospital fees and outpatient care after leaving the hospital, labor costs, dental care costs, glasses replacement, hearing aids, laboratory examinations, and medication other medical doctors recommended post-treatment.
- o Providing polyclinic facilities and doctors to provide medical or medical services to employees and their families.
- o Include employees and their families with health insurance organized by BPJS Kesehatan.

Standard Operational Procedure (SOP) of Health and Safety Management (SMK3)

The Company implemented an Occupational Health and Safety Management System as the Company's commitment in managing Occupational Health and Safety which regulated the Occupational Health and Safety Management System Standard Operational Procedure (SOP) and the Company's Occupational Health and Safety Special Policy. The purpose of implementing Occupational Health and Safety Management System was to increase the effectiveness of occupational safety and health protection in a planned, measured, structured and integrated manner and to prevent occupational accidents and occupational diseases.

In 2020, the Company also conducted AK3U Certification again for several employees of the Company. This certification program was carried out in the context of implementing the Occupational Health and Safety Regulations issued by the Indonesian Ministry of Manpower and Transmigration. The material for occupational safety and health certification includes:

- a. Supporting facilities and infrastructure for building operations, for example elevators, generators, air conditioning, lighting;
- b. Carrying out routine medical check-ups for employees;
- c. Work support equipment should have no effect on health; and
- d. Periodic employee rotation so that employees were not psychologically disturbed.

The Company Occupational Health and Safety (K3) Specified Policies

- o Prohibition of Narcotics, Psychotropic and Addictive Substance Abuse
- o Prevention of Spread of Communicable Diseases
- o Management of Associates / Third Parties Regarding OHS

In accordance with commitments held by the Company, during 2020, the Company made every effort to create a safe and comfortable work environment by complying with various applicable rules and procedures. These efforts bring results in the absence of work accident incidents in the Company's environment so that it does not impact the missing in work-day counting and others. Evaluations related to Hazard Identification, Assessment, and Risk Control during the reporting year also did not find any cases of employees suffering from certain diseases due to their daily operation. (GRI 103-3, 403-2, 403-3)

Training and Competency Development for Employees (F.22)

The Company periodically conducts education and training programs to improve employee competencies and skills. Education and training are intended for employees based on individual development plans and in accordance with the needs of the Company. Management of employee training and education is regulated in the Board of Directors Decree No. 04 / KD / SIPD / 2017 on May 29, 2017, amendment to the Board of Directors Decree No.3 / KD / DIR / SIPD / 2017 concerning Head Office Organizational Structure in article 8 point 5h concerning Organizational Structure of Learning Center Division. (GRI 103-2)

Through careful planning, in 2020, the Learning Center achieved a performance target based on the target number of batches and the number of participants from three schools that conduct training for employees, namely: (GRI 103-3)

1. School of Leadership

Providing training that aims to build leadership personality at the level of the Company's Leader. This program consists of ODP (Officer Development Program), MDP (Management Development Program), SDP (Supervisor Development Program), Overseas and Domestic Scholarship for Master Program, SESPIBANK (School for Staff and Bank Leaders) Board of Commissioners and Directors, EDP (Executive Development Program) study abroad for Head of Divisions, and other leadership programs.

2. School of Operation Banking

Providing training that aims to enhance expertise or competence to the supporting structures of the Company as the Company's business support. This training consists of the fields of Faculty of Audit, Faculty of Compliance, Faculty of Corporate Affairs, Faculty of Human Capital, Faculty of Information Technology, Faculty of Law, Faculty of Management System, Faculty of Risk, Finance & Accounting, Operational Banking, and Others.

3. School of Business Banking

Providing training that aims to provide expertise or competence that focuses on business development and management which consists of Collection & Asset Management, Commercial Funding, Retail Funding & Service, Commercial Lending, Consumer Lending, Digital Banking, Sharia Financing, Service Quality, Sharia Funding, Other Sharia Services, Treasury, Wealth Management, and Others.

During the reporting period, the learning process in the Company was developed by implementing a virtual classroom and improving Knowledge Management System (KMS) to encourage e-learning. Both are important platforms to facilitate access to learning for all employees, especially those in remote areas. The company is also preparing tools to develop BTN Corporate University in the future.

In addition to education and training programs aforementioned, competency development is also provided by accomodating selected permanent staff to continue their study to a higher level. It aims to meet and improve employee competencies which can create skillful, resilient, and responsive workforces in accordance with the needs and development of the bank. Employee education is regulated in the Directors' Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Development. (GRI 103-3)

In addition to employees who were still active, the Company also provided training for employees who were about to retire. Training was provided so that they had readiness and skills so that they could remain productive when they retired. (GRI 103-3, 404-1)

Employee's Performance Assessment and Career Development

The Company has a certain mechanism in providing reviews or assessments to employees. The results of performance assessments that have been conducted, the Company use it as an indicator to decide employee career development. In developing employee careers, the Company does not differ based on gender, but the aspects that are assessed are employee competency and capability. More specifically, the Company has policies related to employee career planning and development as stipulated in the Board of Directors Circular Letter Number 26 / DIR / HCD / 2014 concerning Employee Career Planning of PT Bank Tabungan Negara (Persero) Tbk. (GRI 103-2)

To provide opportunities for employee growth and motivation to develop, the Company has arranged career paths based on the position rank and job family and individual career planning structures based on employee's core competencies (core, leadership, and job family) and learning curriculum.

During 2020, all employees of the Company (100%), both men and women, at all levels of the organization's positions received performance evaluations. (GRI 103-3, 404-3)

Protection of Employee Right

Pegawai Employee Diversity and Equality

The Company applies the principle of diversity and equality for all employees in accordance with the basic principles of employment stated in Act No. 13 of 2003 concerning manpower. This principle is applied to regulations or policies on human rights contained in the Board of Directors Regulations, Circular Letters, and Collective Labor Agreements. In the regulation, the Company applies the principle of equality from recruitment, training programs and employee competency development, employee career development, as well as remuneration and employee welfare regardless of gender, religion, ethnicity, race, and other diversity. (GRI 103-2, 405-1) (F.18)

Harmonious Industrial Relations

The Company upholds the freedom of association and assembly, and even establishes Trade Unions (TU) as a medium for employees to argue and fight for their rights. For the Company, employee rights are inherent rights once a person works and is appointed as an employee. Respect for such rights is one of the keys to building a harmonious relationship between the Company and its employees.

This award is also a form of the Company's compliance with Article 28E paragraph (3) of the 1945 Constitution of Indonesia which states that "Everyone has the right to freedom of association, union and opinion", Law Number 21 of 2000 concerning States Workers, and ILO (International Labor Organization) Convention Number 87 of 1948 concerning Freedom of Association and Protection of the Right to Organize, the Company since June 24, 1999 facilitated the formation of trade unions named the Financial Services Union and has been registration at the DKI Ministry of Manpower No. Kep-2241 / W.26 / K.2 / 1000. The establishment of the Company's trade union is an effective communication forum between the Company's management and all employees of the Company.

The Company provides freedom of association to all employees of the Company which includes:

- o Joining Company's trade union
- o Conveying aspirations through Company's trade union
- o Gathering in Company's trade union activities

With the implementation of the Company's commitment to the granting of freedom of association to all employees, during 2020 there were no incidents of violations or complaints reports related to freedom of association within the Company. (GRI 103-3, 407-1)

Collective Labor Agreement

As a follow-up on the existence of trade unions of the Company, the employees and management of the Company then agreed to prepare a Collective Labor Agreement (CLA). On October 2, 2012, the Company registered the Collective Labor Agreement (PKB) with Indonesia's Ministry of Manpower and Transmigration Number: Kep.157 / PHIJSK-PKKAD / PKB / X / 2012. The Company is committed to preventing the occurrence of forced labor incidents in the Company's environment by the existence of regulations related to employee work hours regulated in the Board of Directors Circular Letter Number: 11 / DIR / HCD / 2013 concerning Work Days and Hours in the sub-Human Capital Administration. PKB is updated periodically with the Workers Union to be registered with the Manpower Office. In 2019, all employees of the Company (100%) have been protected by PKB rights. (GRI 102-41, 103-2)

The Company establishes two-way communication with employees including to provide information related to important changes in the Company such as changes in organizational structure and the addition of business units to employees as well as matters relating to other staffing. Notification related to these changes, informed through memos to all work units and can be accessed through AIMS (internal application related to the Company's provisions).

The Company is committed to preventing the occurrence of forced labor incidents in the Company's environment by the existence of regulations related to employee work hours regulated in the Directors' Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Administration. The regulation regulates bank days and hours so employees can attend, work and rest in accordance with the specified time. However, if in certain condition that a duty must be completed by exceeding the working hours, the Company provides compensation in the form of overtime money to employees who work overtime. This has been regulated in the Board of Directors Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Reward. (GRI 103-2, 103-3, 409-1)

Remuneration and Benefits for Employees

In the Company, the remuneration and employee benefits system is regulated in the Board of Directors Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Reward. In providing remuneration, the Company applies a fair reward pattern and equal treatment without discrimination to all employees regardless of gender, ethnicity, race, religion, color, and other diversity; however, based on the achievement of performance and job responsibilities. (GRI 103-2, 103-3, 405-2)

Based on employment status, the Company provides different components of remuneration and facilities, but the Company ensures that the rights received by contract employees are in accordance with applicable regulatory standards. (GRI 103-3, 401-2)

Components of Remuneration and Facilities	Permanent Employees	Contract Employees
Basic salary	√	√
Holiday allowance	√	√
Leave allowance	√	
Clothing allowance	√	√
Allowance (position, housing, vehicle, expertise, fuel, location, tax)	√	
Performance bonus	√	√
Housing Loan	√	
Pension Allowance	√	
Health Insurance	√	√
Periodic health maintenance facilities	√	√
Medical assistance	√	√
Grief support	√	√

In 2018, the Company amended the employee remuneration, namely; salary adjustment on P75 percentile so that it is competitive, amendments to benefits (employee relocation facilities, credit, health, overtime) as well as a variable compensation system for salespeople.

The Company applies salary adjustments due to inflation and adheres to the minimum wage provisions based on the Republic of Indonesia Minister of Manpower and Transmigration Regulation No. 7 of 2013 concerning Minimum Wages. The Company is committed to always providing employee salaries at entry level positions above the Minimum Wage standard applicable in the Company's operational areas. **(GRI 103-3, 202-1) (F.20)**

Maternity leave

The Company provides maternity leave to female permanent employees for 1.5 (one and a half) months before and 1.5 (one and a half) months after childbirth or three months of maternity leave. While the miscarriage leave facility is given for 45 days after the miscarriage. In addition, the Company also gives permits for five days to male employees to leave work if their wife gives birth (paternity leave). This facility has been regulated in the Directors' Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Administration. **(GRI 103-2, 103-3, 401-3)**

Pension Program

The Company provides several pension benefits to employees in accordance with the Board of Directors Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Engagement. Employees who are granted pension benefits are permanent employees who have reached the normal retirement period of 56 years. Pension benefits consist of: **(GRI 103-2)**

1. Manfaat Pasti Program, in the form of pension benefits formulated by the Pension Fund.
2. Luran Pasti Program, in the form of pension benefits from the accumulation of fixed employee contribution balances amounting to 2.5% of the salary concerned, 7.5% from the Company, and the results of its development.

Referring to the Decree of the Board of Directors governing the Pension Fund Regulation of PT Bank Tabungan Negara (Persero) Tbk. (BTN Dapen), the amount of Pension Benefits is as high as 80% of the Basic Pension Income. **(GRI 103-3, 201-3)**

Handling of Employee Complaints

A harmonious relationship between employees and management of the Company is a prerequisite for the day-to-day operations of the Company. To support employee relations and interaction, the Company has used the BTN Employee Service (iBES/HCIS) digital intelligence staffing tool that facilitates employee accessibility in staffing related arrangements. Meanwhile, to manage employee complaints or reports related to violations of labor practices and human rights within the Company, the Whistleblowing System (WBS) is used. This is regulated in the Board of Directors Circular Letter Number: 21/DIR/IAD/2014 concerning the Whistleblowing System of PT Bank Tabungan Negara (Persero) Tbk.

The regulation also regulates the WBS mechanism which is as follows:

- a) WBS processes & mechanisms are the responsibility of the President Director and WBS Manager consisting of the WBS Committee and the WBS Monitoring Committee.
- b) The WBS Committee consists of a submission of several divisions and the WBS management unit, while the WBS Monitoring Committee consists of the President Commissioner and other members of the Board of Commissioners in the Company.
- c) Otherwise, in condition that the reported person is a member of the Board of Directors as well as a person who is affiliated with the directors and or members of the WBS committee, then the report can be submitted to the WBS Monitoring Committee.
- d) If the reported person is a member of the board of commissioners as well as someone who is affiliated with the commissioner, then the report can be submitted to the President Director.

Real Contribution to Reduce the Backlog of Housing —

The housing backlog or deficit still becomes a big job for the government. Based on data from the Ministry of Public Works and Public Housing (PUPR), the backlog reached 7.64 million units as of early 2020, consisting of 6.48 million houses for non-fixed income of Low-Income People (MBR), and 1.72 million housing units for fixed income of low-income people (MBR) and 0.56 million housing units for non- low-income people (MBR).

To reduce the 2020 backlog, the government had three mainstay programs that had been implemented internationally. First, a community-based housing development program. In its implementation, this program was integrated with the Self-Help Housing Stimulant Assistance (BSPS) program or house renovation and housing financing assistance for Home Ownership Credit with the Housing Financing Liquidity Facility (KPR FLPP) scheme. Second, large-scale housing development integrated with the City Without Slum Program (Kotaku) by involving large developers. Third, the process of finalizing the housing provision scheme for the State Civil Apparatus (ASN) / TNI / Polri, as well as housing schemes for the millennial generation.

These three flagship programs complemented the previously launched program, namely the One Million Houses Program since 2015. However, the realization of this program in 2020 did not reach the target. The Ministry of Public Works and Public Housing said that in 2020, only 965,217 houses were recorded that were successfully built, missing the target of 1,250,000 housing units. This achievement was divided into two, namely the construction of houses for low-income people (MBR) totaling 772,324 units and houses for non-MBR 192,893 units. With this realization, in the 2015-2020 period, the Government, through Public Works and Public Housing, realized the construction of 5,735,387 houses.

As a financial safeguard institution with a core business of providing housing finance and its derivative industries, the Company committed to providing housing, while reducing the high housing backlog. This commitment had

been held by the Company since assuming the trust of the government as the housing loan distributor (KPR). To reduce the housing backlog, as well as an effort to meet the needs of the community, the Company continued to innovate in developing KPR products.

As of 1976, when the realization of the BTN KPR was first conducted by the Company in Tanah Mas Housing, Semarang City, until the end of 2020, or approximately 44 years, the Company has helped to realize about five million dream home units for Indonesian families, both in form of Subsidized and Non-Subsidized KPR. As for the KPR value that has been realized has reached around 300 trillion, with diverse beneficiaries, ranging from low, middle and high-income communities. The Low-Income Communities (MBR) are those whom have limited purchasing power so they need government support to obtain or build a house.

During 2020, the Company provided construction and KPR loans to 125,831 housing units in support of the One Million Houses Program, which consisted of 102,204 units for Subsidized Housing Loans and 2,935 units for Non-Subsidized Housing construction, as well as the distribution of 17,692 Non-Subsidized KPR.

Provision of Products that are Inclusive and Sustainable

The Company is committed to continuing to deliver products that are inclusive and sustainable. The commitment was present, especially to provide easy access to banking services and improve financial services that reach various levels of society inclusively. The Company has also provided various products that may provide social benefits for low-income communities (MBR). In addition, there are also products developed to support financial literacy education for the community such as the SimPel Savings (Student Savings), which may encourage the culture of saving early on.

Inclusive and Sustainable Products (FS7)

Product	Description	Target	Portfolio (IDR million)		
			2020	2019	2018
Consumer Banking					
BTN Subsidized KPR	Home Ownership program of the Public Works and People's Housing Ministry of the Republic of Indonesia with low-interest rates and affordable installments for the purchase of Rumah Sejahtera Tapak (Landed Homes) and Rumah Sejahtera Susun (Modest Apartment)	Low Income Communities (MBR)	14,336,884	17,311,658	24,657,784
KPR BTN Micro	Banking product for the ease of purchasing land or house, or gradual house renovation.	Customer workings in the informal sector	0	145	2,406
Commercial Banking					
BTN Small and Micro Enterprises Credit (KUMIK)	Loan for customer who has productive business in line with the requirement of MSME. The loan may be utilised to fund the capital and/or investment with a maximum loan up to Rp 5 billion.	Pelaku Usaha Mikro dan Kecil (UMK)	1,673,739	1,617,846	1,537,423
Partnership Program	Program to increase the competence of small business in order to grow stronger and independent.	Small Enterprises	23,505	15,036	37,274
Kredit Usaha Rakyat (KUR)	Capital loan and/or investment granted to debtor in MSMEs status, in a productive and viable business field but do not have additional collateral or insufficient additional collateral.	Micro, Small, and Medium Enterprises (MSMEs)	97,160	91,870	111,192

Product	Description	Target	Portfolio (IDR million)		
			2020	2019	2018
BTN Linkage Credit	Loan to facilitate legal entities i.e. Rural Banks (BPR) and Cooperatives, to be disbursed to Mirco, Small, and Medium Enterprises (MSMEs) sector.	Rural Banks and Cooperatives	50,000	2,400	153,605
Sharia Business Unit					
My Saving iB	Saving product with Wadi'ah (Entrusted) principle which has attractive bonus. Issued simultaneously by banks in Indonesia in order to foster the culture of saving and to improve the public welfare.	General Public	6,011	5,967	3,805
BTN Sempel iB Saving	Saving product special for Students up to 17 years old who do not have Identity Card yet. The initial deposit is very small and it still gives lucrative bonus.	Student under 17 years old.	2,974	3,535	2,141

Laku Pandai

In 2015, the Financial Service Authority (OJK) launched Branchless Financial Services for financial inclusion (Laku Pandai), that is a financial inclusion program that enable communities to open saving accounts, save, and withdraw money through bank agents intermediaries.

Laku Pandai is designed for the unbanked society to know more about banking and its products in accordance with the objectives of the Indonesian government stipulated in the National Strategy of Financial Inclusion (SNKI) in June 2012. With the access for formal financial services, the society can be protected from the burdening loan practices.

The Company takes role in the Laku Pandai with "Griya BTN" brand by maximizing agents with the information technology support that equipped with payment applications for PLN, PDAM, Telkom, BPJS, KPR BTN, and the like. Beside of the payment, Griya BTN also provides saving and withdrawal facilities by utilizing BTN Cermat Saving Product.

The BTN Cermat Saving is a saving program based on Card without a passbook and the registration can be done through the Electronic Data Capture (EDC) machine owned by the Agent. The BTN Cermat Saving in the BTN Griya enables customers to withdraw and deposit money with the minimum limit of Rp2,000 and the withdrawal of existing saving accounts of at least Rp5,000.

BTN Cermat LAKU PANDAI Saving Products is based on cell-phone by using USSD (Unstructured Supplementary Service Data) system so that it can be done via a regular cellular phone or feature phone. In addition, the Company also collaborates with PT Pos Indonesia (Persero) as an agent. Therefore, the customer can simply come to the nearest Post Office and make direct transaction.

In 2018, the Company collaborated with PT Telekomunikasi Selular or known as Telkomsel to work together to increase the penetration of inclusive financial services through TCash. This product made it easier for the Company's Griya Agents to provide financial services to people who were not yet reached by banking.

The Company was increasingly convinced that more complete services and changes in lifestyle led to changes in customer habits. As evidence, since 2012 transactions with e-channels had been higher than conventional transactions at Branch Offices.

ATM / Debit Card Issuance

Month	Visa	Non Visa	Total	Target
Year 2018	1,233,726	356,784	1,593,510	1,800,000
Year 2019	1,058,960	912,274	1,971,734	2,300,000
Year 2020	789,435	595,622	1,385,057	1,700,000

Products and Services Innovation

The level of housing demand in Indonesia continued to increase, while housing availability was still limited. Conditions such as making the backlog number was still high. The large level of housing needs was a great opportunity for the Company, which had served and experienced for 70 years. Because the Company was not the only provider of Home Ownership Credit products in Indonesia, the Company was required to be able to present products and services suitable for customer segments. The Company responded to this challenge by continuing to innovate financial products and services so that it now had a variety of innovative mortgage products according to the targeted customer segments. These products were complemented by companion products, for example planning savings products, namely SIAP savings and Simuda savings.

In addition, the Company has also been pro-actively engaging the private sector to enable the lower-income community to get access for the Subsidized KPR, among others with the online ojek and taxi company. Meanwhile, for the higher segmentation, the Company has also been responsive towards the need and capability of lower-income communities that are mostly comprising millenials generation, including the latest product, KPR Gaesss! that is designed in line with their desire and lifestyle in order to enable them get access for the housing loan.

Meanwhile, the Company's efforts to reduce the backlog in 2020 were carried out by developing a role that was not limited to being a financing institution, but also acted as a partner for all housing stakeholders both from the supply and demand side to expand affordable housing finance for the low-income segment.

Digital Financial Services

The Company developed digital services particularly for supporting the business, among others improve the customer service quality, one of strategy conducted is by collaborating with the startup in line with the business development needs. In addition, the Company continues to develop digital products and service features both from the development of existing and new products.

Month	Visa	Non Visa	Total	Target
January	86,203	42,098	128,301	200,000
February	83,038	43,126	126,164	100,000
March	46,836	42,350	89,186	100,000
April	29,400	36,459	65,859	200,000
May	27,138	34,166	61,304	200,000
June	44,323	55,449	99,772	100,000
July	71,942	51,986	123,928	100,000
August	76,075	52,690	128,765	200,000
September	70,594	54,159	124,753	200,000
October	59,326	45,757	105,083	100,000
November	82,239	60,935	143,174	100,000
December	112,321	76,447	188,768	100,000

Inclusive KPR

BTN Subsidized KPR for Indonesian Families

The Company offers subsidized KPR product in the scheme of Housing Financing Liquidity Facility (FLPP) in which the government covers 90 percent of the cost and the bank covers the remaining 10 percent; Interest Subsidy (SSB) where the Government only pays for the interests ; and the Advance Payment Subsidy (SBUM). These three programs are launched by the Government in aims to realise the One Million Houses Program.

The majority of subsidized KPRs came from civil servants (PNS) and informal workers. KPR interest for subsidized houses had been set at 5%, and small installments were for the purchase of a Prosperous Site and a Flat.

BTN Micro KPR

Micro KPR is a financing scheme with the credit ceiling of Rp75 million for housing payment, renovation, and construction for the informal workers that have unstable income. This product combines saving, loans, insurance/ guarantee in a micro scale.

Micro KPR program is the Company's pure initiative for the lower-income communities, ranging from Rp1.8 million to Rp2.8 million per month, who are not in the category of subsidized KPR recipients. Lower loan interests, namely 6%-7% per year or about Rp900-956 thousand per month. Should the debtor feel burdened, they can adjust the ceiling taken from the instalment payment, which can be done monthly, daily, or even weekly based on their capacity.


Micro KPR deposits is very low to only 1% for the first-home purchase or 10% for the renovation. This Micro KPR program can also be used to build house on their own land. This scheme will help the community that already owned the land but constrained by the custom land where the Company offers help in the land certification process prior to the land development by the debtor.

BTN Micro KPR Market Potential

	Micro Seller	Fisherman	Cattleman	Farmer
Total Population	22 million	2.80 million	12.9 million	26.1 million
Own no house	2.3 million	300 thousand	1.3 million	2.7 million

Statistic Data Resources

- With assumption that not have home yet using the Gini Ratio uses the Indonesian Statistic Central Board (BPS) Data per September 2016 of 10.7%
- Fisherman and Micro Seller data per 2016
- Cattleman and Farmer Data per 2013



Conditions of Micro KPR Prospective Debtor

- Open the Smart Saving and active at least for 3 months with the account nominal average at least enough to cover the monthly installment projection. The opening of Smart Account just requires the first deposit of Rp10,000 and without administration fee
- Have been running business minimal 1 year. Such standard is required to assess whether their business can run well or not.
- Join the community, paguyuban, or cooperatives member that can give recommendation that its members have been given trust through the BTN Micro KPR
- Certification must be carried out by the BTN as each prospective Micro KPR debtor provides guarantee in the form of house or land being financed that are bound by the SHT and SKMHT

As the early stage, the Company has facilitated informal workers that joined the Association of Noodle and Bakso Seller (Apmiso), Garut Barber Solidarity, Blue Bird Driver, and Ojek-application based driver (Go-Jek and Grab). In the future, workers from other informal sectors like fisherman, vegetable seller, or artisans will be given an equal opportunities in order for them to have their own houses.

Through the BTN Micro KPR program, the informal workers are indirectly being forced to save some parts of their income, particularly for buying important assets in the future such as houses and other property. Most importantly, they now can dream having a house and then accomplish it.

KPR BTN BP2T

Saving-based House Financing KPR (BR2BT) is a subsidized home ownership loan that is a part of collaborative program between the BTN Bank and the PUPR Ministry which is disbursed along with the Deposit Subsidy for communities who have savings for the Landed-Home Purchase and House Construction, as well as benefits of BPJS Employment additional services.

Home ownership financing through this scheme emanates from the Company KPR, prospective debtor's savings, and BP2BT Funding from the Ministry of PUPR. The targeted group is family or individuals having aggregate income of Rp2-5 million per month to build Landed-Home or Modest Apartment as well as Self-Help Houses. Through this scheme, the debtor can enjoy the Subsidized Deposit from the BP2PT and maximum instalment for 20 years with particular conditions.

KPR with this scheme was introduced in 2018. In this case, the Company and the Government set a target of providing houses for 105,500 units in 2018-2020. KPR BTN BP2BT was a collaboration between the Company, the Ministry of Public Works and Public Housing and the World Bank.

Micro, Small and Medium Enterprises Development (FS6)

MSME is a very potential market for the financial services industry, especially banks for channeling financing. In addition to contributing to economic growth of up to 60.34%, Micro, Small and Medium Enterprises (MSMEs) absorb 96% of the national workforce based on data from the Coordinating Ministry for the Economy. So that the development of this business sector will improve community welfare on an ongoing basis.

The Company provides the widest possible access to capital the nation, especially in providing business capital to encourage the development of MSME Credit in all economic sectors that are feasible, to finance investment and / or working capital in the context of running and developing its business.

In addition, the Company distributes Construction Loans to small developers who build housing for MBR and business activities related to small-scale construction value chains, ranging from the brick, ceramic, tile manufacturing industry or those who have furniture or home furnishings businesses.

Another approach taken by the Company to increase the loan portfolio in this segment was through the development of SOEs Creative Houses (RKB). Here the Company synergized with other SOEs to facilitate the development of local community economic activities.

In addition to providing capital to MSMEs, the Company contributed to developing the capacity of MSME customers to be more productive, competitive, and had a global perspective through monitoring, coaching, mentoring activities for MSMEs that received credit facilities, research & socialization, and sponsorship.

In addition to the Commercial Credit product line, starting at the end of 2017, the Company also received a mandate to distribute People's Business Credit (KUR) from the Government. KUR was a credit or working capital financing and / or investment to individual debtors, business entities and / or business groups that were productive and feasible but did not have additional collateral or were insufficient additional collateral.

This mandate was carried out by the Company during 2020, namely to have distributed KUR Retail and KUR Micro to 425 borrowers with a total distribution plafond of IDR 98 billion from the target of IDR 132 billion which was focused on the construction, housing and supporting sectors. As reported on the kur.ekon.go.id website, up to October 2020, the government had realized KUR disbursements reaching IDR 151.7 trillion.

Table of Company KUR Distribution in 2020

KUR BTN	Target (IDR Million)	Realization until Dec-20		%Achievement
		Plafond (IDR Million)	Debtor	
Micro	2,000	2,451	73	122.55%
Small	130,000	95,644	352	73.57%
Total	132,000	98,095	425	74.31%

KUR Distribution by Economic Sector (FS6, FS7)

Sektor Ekonomi	Total Allocation					
	2020					
	KUR Micro		Retail KUR		Total	
	(until 50 million)		(50 million – 500 million)			
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
Agriculture, Plantation and Forestry	100	3	915	7	1,015	10
Fishery	-	-	650	2	650	2
Mining and excavation	-	-	-	-	-	-
Processing industry	250	6	3,157	9	3,407	15
Electricity, Gas and Water	-	-	-	-	-	-
Construction	-	-	27,589	62	27,589	62
Wholesale and Retail Trade	1,198	35	37,590	155	38,787	190
Provision of Accommodation and Provision of Food and Drink	303	9	3,958	18	4,261	27
Transportation, Warehousing	-	-	200	1	200	1
Real Estate, Enterprises Rental, and Services Company	45	2	5,181	19	5,226	21

KUR Distribution by Economic Sector (FS6, FS7)

Economic Sector	Total Allocation							
	2019							
	KUR Micro		KUR Retail		Total		KUR Micro	
	(until 25 million)		(25 million - 500 million)				(until 25 million)	
Limit (IDR Million)	Debtor	million)	Debitur	Limit (IDR Million)	Debtor	Limit (IDR Million)	Debtor	
Agriculture, Plantation and Forestry	-	-	1,190	7	1,190	10	113	10
Fishery	-	-	-	-	-	-	25	1
Mining and excavation	-	-	-	-	-	-	-	-
Processing industry	95	4	3,438	15	3,533	19	45	2
Electricity, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	14,640	15	14,640	34	-	-
Wholesale and Retail Trade	648	30	37,219	180	37,867	210	290	16
Provision of Accommodation and Provision of Food and Drink	126	6	5,459	26	5,585	32	75	3
Transportation, Warehousing and Communication	-	-	2,350	10	2,350	10	-	-
Real Estate, Rental Business, and Company Services	46	2	14,908	54	14,954	56	25	1
Financial Intermediary	-	-	-	-	-	-	-	-
Education Services	-	-	400	1	400	1	-	-
Health Services and Social Activities	-	-	300	2	300	2	-	-

Sektor Ekonomi	Total Allocation					
	2020					
	KUR Micro		Retail KUR		Total	
	(until 50 million)		(50 million – 500 million)			
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
Financial Intermediary	-	-	-	-	-	-
Education Services	-	-	-	-	-	-
Health Services and Social Activities	-	-	-	-	-	-
Community Services, Socio-Culture, Entertainment, and Other Individuals	248	6	6,560	28	6,808	34
International Bodies and International Extraordinary Agency Others	-	-	-	-	-	-
Individual Services Serving Households	97	4	1,010	5	1,107	9
Unclear activities Limits	210	8	8,835	46	9,045	54
Total	2,451	73	95,644	352	98,095	425

	2018				2017					
	KUR Retail		Total		KUR Micro		KUR Retail		Total	
	(25 million - 500 million)				(until 25 million)		(25 million - 500 million)			
	million	Debitur	Limit (IDR Million)	Debtor	Limit (IDR Million)	Debtor	million	Debitur	Limit (IDR Million)	Debtor
	1,830	8	1,943	18	-	-	200	1	200	1
	80	1	105	105	-	-	-	-	-	-
	-	-	-	-	-	-	500	1	500	1
	6,381	29	6,426	31	-	-	150	1	150	1
	-	-	-	-	-	-	3,600	8	3,600	8
	26,408	60	26,408	60	-	-	3,275	10	3,275	10
	47,894	207	48,184	223	25	1	300	2	325	3
	5,123	23	5,288	26	-	-	-	-	-	-
	2,490	9	19,396	59	-	-	-	-	-	-
	19,396	19,396	19,421	60	-	-	-	-	-	-
	-	-	-	-	-	-	700	2	700	2
	200	1	200	1	-	-	-	-	-	-
	-	-	-	-	25	1	-	-	25	1

Economic Sector	Total Allocation							
	2019							
	KUR Micro		KUR Retail		Total		KUR Micro	
	(until 25 million)		(25 million - 500 million)				(until 25 million)	
Limit (IDR Million)	Debtor	million)	Debitur	Limit (IDR Million)	Debtor	Limit (IDR Million)	Debtor	
Community, Socio-Cultural, Entertainment, and Other Individual Services	186	8	9,720	50	9/906	58	50	2
International Bodies and Other Extra-International Agencies	-	-	-	-	-	-	-	-
Individual Services Serving Households	-	-	-	-	-	-	-	-
Activities with unclear boundaries	-	-	485	4	485	4	-	-
Total	1,101	50	90,108	383	91,209	433	623	35

Distribution of KUR by Province (FS6, FS7)

Provinsi	Total Allocation					
	2020					
	KUR Micro		Retail KUR		Total	
	(until 50 million)		(50 million - 500 million)			
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
Bali	31	1	2.300	6	2.331	7
Bangka Belitung	80	2	1.000	2	1.080	4
Banten	233	8	10.238	41	10.471	49
Bengkulu	-	-	1.330	5	1.330	5
D.I. Yogyakarta	50	1	1.488	8	1.538	9
DKI Jakarta	364	12	15.865	52	16.229	64
Gorontalo	-	-	-	-	-	-
Jambi	50	1	2.110	6	2.160	7
West Java	250	8	14.306	51	14.556	59
Central Java	440	10	9.769	39	10.209	49
East Java	188	6	7.758	36	7.946	42
North Kalimantan	-	-	100	1	100	1
West Kalimantan	50	1	3.580	13	3.630	14
South Kalimantan	25	1	300	1	325	2
Central Kalimantan	-	-	2.270	10	2.270	10
East Kalimantan	20	1	870	6	890	7
Riau Islands	-	-	2.370	6	2.370	6

	2018						2017			
	KUR Ritel		Total		KUR Micro		KUR Ritel		Total	
	(25 million - 500 million)				(until 25 million)		(25 million - 500 million)			
million)	Debitur	Limit (IDR Million)	Debtor	Limit (IDR Million)	Debtor	million)	Debitur	Limit (IDR Million)	Debtor	
	3,099	17	3,149	19	-	-	-	-	-	-
	-	-	-	-	-	-	1,000	3	1,000	3
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total	114,7223	419	115,345	454	50	2	9,725	28	9,775	30

Provinsi	Total Allocation					
	2020					
	KUR Micro		Retail KUR		Total	
	(until 50 million)		(50 million - 500 million)			
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
Lampung	-	-	1.920	5	1.920	5
Maluku	125	4	1.200	6	1.325	10
North Maluku	85	2	1.300	4	1.385	6
Nanggroe Aceh Darussalam	-	-	-	-	-	-
West Nusa Tenggara	245	7	2.330	12	2.575	19
East Nusa Tenggara	50	1	1.176	5	1.226	6
Papua	15	1	1.080	3	1.095	4
Riau	-	-	1.360	5	1.360	5
South Sulawesi	-	-	1.505	4	1.505	4
Central Sulawesi	-	-	1.485	5	1.485	5
Southeast Sulawesi	-	-	420	1	420	1
North Sulawesi	60	3	-	-	60	3
West Sumatera	40	2	2.350	7	2.390	9
South Sumatera	-	-	2.815	8	2.815	8
North Sumatera	50	1	1.050	4	1.100	5
Total	2.451	73	95.644	352	98.095	425

Distribution of KUR by Province (FS6, FS7)

Province	Total Allocation							
	2019							
	KUR Micro		Retail KUR		Total		KUR Micro	
	(until 25 million)		(25 million – 500 million)				(until 25 million)	
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
Bali	-	-	1,455	5	1,455	5	-	-
Bangka Belitung	-	-	500	1	500	1	-	-
Banten	280		8,868	40	9,148	53	104	6
Bengkulu	-	-	260	2	260	2	20	1
IN. Yogyakarta	-	-	1,368	5	1,368	5	-	-
DKI Jakarta	61	3	11,770	49	11,831	52	70	3
Gorontalo	50	2	221	2	271	4	-	-
Jambi	-	-	200	1	200	1	-	-
West Java	75	4	10,644	41	10,719	45	131	11
Central Java	120	5	10,401	58	10,521	63	195	9
East Java	223	10	14,065	65	14,288	75	48	2
West Kalimantan	-	-	400	3	400	3	-	-
South Borneo	-	-	4,735	15	4,735	15	-	-
Central Kalimantan	-	-	270	2	270	2	-	-
East Kalimantan	-	-	1,420	5	1,420	5	25	1
North Kalimantan	-	-	-	-	-	-	-	-
Riau Islands	-	-	1,480	8	1,480	8	-	-
Lampung	-	-	720	2	720	2	-	-
Maluku	70	3	1,020	8	1,090	11	10	1
North Maluku	40	2	700	3	740	5	-	-
Nanggroe Aceh Darussalam	-	-	1,560	5	1,560	5	-	-
West Nusa Tenggara	50	2	4,915	20	4,965	22	20	1
East Nusa Tenggara	-	-	1,500	3	1,500	3	-	-
Papua	22	1	1,469	8	1,491	9	-	-
Riau	-	-	975	3	975	3	-	-
South Sulawesi	75	3	2,300	5	2,375	8	-	-
Central Sulawesi	-	-	830	3	830	3	-	-
Southeast Sulawesi	-	-	575	2	575	2	-	-
North Sulawesi	-	-	613	2	613	2	-	-
West Sumatra	-	-	2,030	9	2,030	9	-	-
South Sumatra	25	1	1,645	5	1,670	6	-	-
North Sumatra	10	1	1,200	3	1,210	4	-	-
Total	1,101	50	90,108	383	91,209	433	623	35

2018					2017					
Retail KUR (25 million – 500 million)		Total		KUR Micro (until 25 million)		Retail KUR (25 million – 500 million)		Total		
Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	Limit (IDR million)	Debtor	
1,450	4	1,450	4	-	-	-	-	-	-	
780	3	780	3	-	-	-	-	-	-	
8,759	34	8,863	40	-	-	300	1	300	1	
900	3	920	4	-	-	-	-	-	-	
3,860	16	3,860	16	-	-	400	1	400	1	
15,773	50	15,843	53	-	-	3,000	9	3,000	9	
140	2	140	2	-	-	-	-	-	-	
2,500	5	2,500	5	-	-	-	-	-	-	
15,486	60	15,617	71	-	-	2,600	6	2,600	6	
9,146	55	9,341	64	25	1	975	4	1,000	5	
20,222	72	20,270	74	25	1	1,150	4	1,175	5	
300	2	300	2	-	-	-	-	-	-	
5,821	17	5,821	17	-	-	-	-	-	-	
420	2	420	2	-	-	-	-	-	-	
4,715	14	4,740	15	-	-	400	1	400	1	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
960	3	960	3	-	-	-	-	-	-	
285	3	295	4	-	-	-	-	-	-	
150	1	150	1	-	-	-	-	-	-	
1,100	3	1,100	3	-	-	-	-	-	-	
5,205	16	5,225	16	-	-	400	1	400	1	
1,555	4	1,555	4	-	-	500	1	500	1	
2,000	5	2,000	5	-	-	-	-	-	-	
4,656	17	4,656	17	-	-	-	-	-	-	
4,790	13	4,790	13	-	-	-	-	-	-	
225	1	225	1	-	-	-	-	-	-	
500	1	500	1	-	-	-	-	-	-	
300	1	300	1	-	-	-	-	-	-	
1,455	7	1,455	7	-	-	-	-	-	-	
625	2	625	2	-	-	-	-	-	-	
645	4	645	4	-	-	-	-	-	-	
114,7223	419	115,345	454	50	2	9,725	28	9,775	30	

KUMK Distribution by Economic Sector (IDR Million) (FS6, FS7)

Economic Sector	Total Allocation				
	2020				
	until 100 million	100 million - 500 million	500 million - 5 billion	5 billion - 10 billion	Total
Agriculture, Hunting and Forestry	-	-	1.600	-	1.600
Fishery	-	-	-	-	-
Mining and excavation	-	348	1.000	-	1.348
Processing industry	-	-	6.229	-	6.229
Electricity, Gas, and Water	-	1.763	23.097	3.000	27.860
Construction	261	25.842	1.047.646	358.936	1.432.685
Wholesale and Retail Trade	80	8.680	115.441	33.824	158.026
Provision of Accommodation and Food and Drink	-	-	3.550	-	3.550
Transportation, Warehousing and Communication	52	167	-	-	219

KUMK Distribution by Economic Sector (IDR Million) (FS6, FS7)

Economic Sector	Total Allocation				Total Allocation			
	2019				2018			
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total
Agriculture, Hunting and Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Mining and excavation	-	-	-	-	-	-	-	-
Processing industry	-	-	4,214	4,214	-	1,067	5,240	6,307
Electricity, Gas and Water	-	1,560	19,044	20,604	-	390	34,095	34,485
Construction	562	22,725	983,561	1,006,848	700	33,074	1,164,304	1,198,078
Wholesale and Retail Trade	12	8,702	141,806	150,521	94	11,524	148,390	160,008
Provision of Accommodation and Food and Drink	--	-	2,454	2,454	-	130	2,794	2,924
Transportation, Warehousing and Communications	-	203	2,000	2,203	-	-	3,950	3,950
Real Estate, Rental Business and Corporate Services	-	3,654	29,350	33,004	98	8,954	68,110	77,162
Education Services	-	-	-	-	-	-	-	-
Health Services and Social Activities	-	-	-	-	-	-	-	-
Community, Socio-Cultural, Entertainment and Other Individual Services	-	649	18,679	19,328	91	1,479	44,465	46,035
Activities with unclear boundaries	-	876	3,170	4,046	-	1,897	6,576	8,473
Total	575	38,369	1,204,277	1,243,222	983	58,515	1,477,924	1,537,423

Economic Sector	Total Allocation				
	2020				
	until 100 million	100 million - 500 million	500 million – 5 billion	5 billion – 10 billion	Total
Real Estate, Rental Business and Corporate Services	-	7.926	9.380	-	17.306
Education Services	-	-	-	-	-
Health Services and Social Activities	-	-	-	-	-
Community, Socio-Cultural, Entertainment and Other Individual Services	-	671	6.906	-	7.577
Activities with unclear boundaries	-	1.000	6.339	10.000	17.339
Total	393	46.396	1.221.190	405.760	1.673.739

	Total Allocation				Total Allocation			
	2017				2016			
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total
	-	325	-	325	32	350	-	382
	-	-	-	-	60	-	-	60
	-	-	50	50	-	120	8,299	8,419
	155	2,371	10,679	13,205	-	2,947	13,370	16,317
	-	4,183	66,583	70,766	-	2,095	18,029	20,124
	-	26,397	918,993	945,390	-	15,301	552,569	567,870
	214	22,317	209,688	232,219	818	25,951	149,903	176,672
	-	394	3,637	4,031	-	250	7,099	7,349
	50	359	500	909	79	250	300	629
	-	17,536	115,706	133,242	80	18,158	76,863	95,101
	-	-	-	-	-	-	3,283	3,283
	-	-	-	-	-	-	-	-
	50	2,161	99,254	101,466	134	2,510	92,296	94,939
	50	1,641	4,938	6,630	125	6,507	15,267	21,899
Total	519	77,685	1,430,028	1,508,232	1,328	74,438	937,280	1,013,045

Distribution of the Company's KUMK Credit by Province (IDR Million) (FS6, FS7)

Province	Total Allocation				
	2020				
	until 100 million	100 million - 500 million	500 million - 5 billion	5 billion - 10 billion	Total
Nanggroe Aceh Darussalam	-	500	11.220	4.320	16.040
North Sumatera	-	-	6.715	-	6.715
West Sumatera	-	600	21.045	3.788	25.433
Riau	-	-	9.305	-	9.305
Jambi	-	7.837	22.545	-	30.382
South Sumatera	-	1.238	35.303	15.690	52.231
Bengkulu	-	200	16.837	-	17.037
Lampung	-	-	9.077	4.500	13.577
Kepulauan Riau	-	-	12.048	15.300	27.348
Bangka Belitung	-	765	13.865	-	14.630
DKI Jakarta	230	14.972	205.569	82.475	303.246
West Java	-	7.974	242.970	98.558	349.502
Central Java	83	5.044	122.555	18.110	145.792
D.I. Yogyakarta	-	300	9.025	1.100	10.425
East Java	80	613	107.004	62.670	170.367
Banten	-	1.585	83.832	48.842	134.259

Distribution of the Company's KUMK Credit by Province (Rp Million) (FS6, FS7)

Provinsi	Total Allocation				Total Allocation			
	2019				2018			
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total
Nanggroe Aceh Darussalam	-	1,400	34,924	36,324	100	850	33,940	34,890
North Sumatra	-	-	14,613	14,613	-	1,438	51,863	53,301
West Sumatra	-	500	11,060	11,560	-	1,020	20,870	21,890
Riau	-	-	10,955	10,955	-	220	18,443	18,663
Jambi	12	4,182	21,165	25,359	-	7,741	15,785	23,526
South Sumatra	-	-	37,330	37,330	-	500	21,885	22,385
Bengkulu	-	1,000	23,251	24,251	-	500	31,347	31,847
Lampung	-	-	14,027	14,027	-	-	23,423	23,423
Riau islands	-	500	23,722	24,222	-	675	19,435	20,110
Bangka Belitung	165	835	19,443	20,443	-	1,168	11,305	12,473
DKI Jakarta	272	8,320	258,561	267,154	320	8,762	305,975	315,058
West Java	25	8,627	199,719	208,371	24	11,633	290,270	301,927
Central Java	-	4,061	83,981	88,043	-	2,906	100,930	103,836
D.I. Yogyakarta	-	-	9,595	9,595	-	500	24,198	24,698
East Java	100	2,888	126,064	129,052	-	5,644	152,417	158,061

Province	Total Allocation				
	2020				
	until 100 million	100 million - 500 million	500 million - 5 billion	5 billion - 10 billion	Total
Bali	-	-	6.369	1.908	8.277
West Nusa Tenggara	-	430	27.177	5.500	33.107
East Nusa Tenggara	-	-	13.707	3.000	16.707
North Kalimantan	-	-	16.935	11.010	27.945
West Kalimantan	-	200	2.820	2.350	5.370
Central Kalimantan	-	-	14.510	-	14.510
South Kalimantan	-	1.900	40.781	7.010	49.691
East Kalimantan	-	500	16.264	-	16.764
North Sulawesi	-	-	6.715	-	6.715
Central Sulawesi	-	500	5.080	3.510	9.090
South Sulawesi	-	1.238	35.303	15.690	52.231
Southeast Sulawesi	-	-	42.463	-	42.463
Gorontalo	-	339	3.065	-	3.404
Maluku	-	500	-	239	739
North Maluku	-	-	16.210	4.050	20.260
Papua	-	-	17.677	3.000	20.677
Total	393	46.396	1.221.190	405.760	1.673.739

	Total Allocation				Total Allocation			
	2017				2016			
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total
-	2,190	8,635	10,825	-	860	6,100	6,960	
-	608	101,411	102,019	-	136	49,305	49,441	
-	946	18,838	19,784	-	1,901	15,690	17,592	
-	-	23,465	23,465	-	-	11,475	11,475	
-	17,149	9,763	26,912	-	15,169	3,251	18,420	
-	-	23,580	23,580	-	490	2,575	3,065	
-	1,410	19,821	21,231	100	1,886	7,806	9,792	
-	500	14,468	14,968	-	-	6,147	6,147	
-	500	17,340	17,840	-	810	21,804	22,614	
-	2,370	14,815	17,185	-	385	6,010	6,395	
50	9,483	394,666	404,199	100	10,884	323,128	334,112	
81	17,192	324,704	341,977	255	16,756	220,796	237,807	
-	3,205	56,305	59,510	-	1,894	17,973	19,866	
-	225	18,227	18,452	-	373	8,574	8,947	
155	6,366	110,781	117,302	133	5,363	72,766	78,261	

Provinsi	Total Allocation				Total Allocation				
	2019				2018				
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	
Banten	-	2,993	41,613	44,606	-	3,916	54,025	57,940	
Bali	-	390	19,303	19,693	-	460	28,816	29,276	
West Nusa Tenggara	-	570	30,500	31,070	-	-	27,722	27,722	
East Nusa Tenggara	-	100	12,669	12,769	200	2,010	25,578	27,788	
North Kalimantan	-	-	-	-	-	-	-	-	
West Kalimantan	-	-	7,235	7,535	-	-	4,255	4,255	
Central Kalimantan	-	-	9,039	9,039	-	400	8,535	8,935	
South Borneo	-	-	38,958	38,958	80	1,450	30,516	32,046	
East Kalimantan	-	-	27,109	27,109	70	952	25,301	26,323	
North Sulawesi	-	-	8,235	8,235	-	475	10,079	10,554	
Central Sulawesi	-	-	1,768	1,768	-	250	5,758	6,008	
South Sulawesi	-	690	39,315	40,005	-	1,200	44,091	45,291	
Southeast Sulawesi	-	-	20,558	20,558	-	900	16,093	16,993	
Gorontalo	-	1,014	8,726	9,740	-	788	12,804	13,592	
Maluku	-	-	8,300	8,300	189	1,547	4,700	6,436	
North Maluku	-	-	24,377	24,377	-	390	44,713	45,103	
Papua	-	-	18,162	18,162	-	221	12,852	13,073	
Total	575	38,069	1,204,277	1,243,222	983	58,515	1,477,924	1,537,423	

	Total Allocation				Total Allocation			
	2017				2016			
	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total	Until 100 Million	100 Million - 500 Million	500 Million - 5 Billion	Total
-	6,449	48,073	54,523	194	11,451	56,613	68,258	
-	-	14,470	14,470	-	-	12,510	12,510	
50	1,304	20,215	21,569	185	2,304	12,438	14,927	
83	915	38,011	39,009	112	642	31,292	32,046	
-	-	-	-	-	-	-	-	
-	-	9,500	9,500	-	-	4,100	4,100	
-	-	5,078	5,078	-	-	2,570	2,570	
-	3,780	11,220	15,000	-	450	2,070	2,520	
-	-	26,689	26,689	249	-	15,752	16,001	
-	-	1,000	1,000	-	250	-	250	
50	495	6,567	7,112	-	680	1,810	2,490	
-	-	32,178	32,178	-	-	7,490	7,490	
-	-	13,274	13,274	-	-	8,750	8,750	
-	520	12,624	13,144	-	1,086	1,958	3,044	
50	1,188	-	1,238	-	319	-	319	
-	590	24,860	25,450	-	150	4,526	4,676	
-	300	9,450	9,750	-	200	2,000	2,200	
519	77,685	1,430,028	1,508,232	1,328	74,438	937,280	1,013,045	

Financial Services for Low-Population Areas and Underdeveloped Regions

To improve financial access, the Company has operated in some low-population provinces and underdeveloped regions. Access to financial services in these areas is expanded by providing bank offices and ATMs.

Financial Literacy Program (FS16)

Financial literacy, which is an effort to gain an understanding of the benefits and risks of financial products and services, is very important in the world of Financial Service Institutions, such as banking. Through financial literacy, the public may determine financial products and services that suit their needs. They may also properly understand the benefits and risks, rights and obligations and believe that the selected financial products and services may improve their welfare.

According to the latest results, the 2019 National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority, the financial literacy index and financial inclusion recorded a significant increase in 2019. The financial literacy index in 2019 was recorded at 38.03%, an increase compared to the results the 2016 FSA survey with an index of only 29.7%. While the 2019 financial inclusion index was 76.19%, also increased compared to 2016 with an index of 67.8%.

Referring to the survey, in the last 3 (three) years there was an increase in public financial understanding (literacy) of 8.33% points and an increase in access to financial services products by 8.39% points. The increase in the literacy index was at the same time a success because it succeeded in achieving the financial inclusion index target launched by the government through Presidential Regulation Number 82 of 2016 concerning the National Inclusive Financial Strategy (SNKI), which amounted to 75% in 2019.

In the latest survey, as many as 12,773 respondents from 34 provinces and 67 cities / regencies in Indonesia were involved while still considering gender and urban / rural area strata. Based on regional strata, the financial literacy index in urban areas reached 41.41%, while the financial inclusion index was 83.60%. The index is higher when compared to rural areas, namely the financial literacy index was recorded at 34.53%, while the financial inclusion index was 68.49%.

According to the FSA, a significant increase in the index, while being able to achieve the targets set by the government, is the result of synergy and joint work of various parties, including from the banking community. The financial literacy program by Company is implemented with reference to Financial Services Authority Circular Letter No. 1/SEOJK.07/2014 dated February 14th, 2014 on Education for Financial Literacy Improvement to Customers and/or Public and support for the National Saving Movement based on the Government Regulation No. 82 Year 2016 on the National Strategy of Financial Inclusion (SNKI). The Company also provides SimPel product or Student Saving for students with the ease of opening account and transactions requirements. SimPel is designed for improving the education and financial inclusion as well as to encourage awareness of saving among school-age children.

Social Economic Compliance

The Company believes that compliance with various regulations, including in the social and economic fields, is one of the keys to moving forward and developing. Through compliance, the Company does not need to face various problems, including the possibility of receiving fines or other non-monetary sanctions. **(GRI 103-1)**

Compliance in the social field, the Company is committed to meeting regulations related to employment, Occupational Health and Safety (K3), and so on. Its implementation, among others, recruits employees for a certain time, there are no child laborers, treats employees and customers equally, creates a safe and comfortable work environment in accordance with K3 principles, and so on. Meanwhile, compliance in the economic field is performed, among others, by competing healthily, antitrust, anti-corruption, providing a decent wage, and so on. **(GRI 103-2)**

The Company's efforts to earnestly fulfill this commitment bring results in the absence of fines or non-monetary sanctions resulting in non-compliance with laws or regulations in the social and economic fields. The Company also has no case to be reported to the dispute resolution mechanism in Indonesia, for example labor disputes, product legality and so on. **(GRI 103-3, 419-1)**

Best Products and Services for Customer Satisfaction

Customers become one of the main stakeholders for the Company. Their existence greatly determines the development and sustainability of the Company. The greater the number of customers, the more secure the sustainability of the business will be. Vice versa. Reflecting on the importance of customers, the Company continued to strive to provide the best and equal products and services to all customers without exception. Through these efforts, the Company expected to be able to maintain, even increase the trust of its customers, which results in realizing satisfaction among them. **(GRI 103-1)(F.17)**

In serving customers, Sahabat Keluarga Indonesia (Indonesian Family's Best Friend) became the spirit of the Company. In accordance with the line of business in the Articles of Association, the Company served and supported the housing sector through three main products, personal banking, business and sharia. In the midst of increasingly fierce competition, the Company established the best policies and service standards to achieve customer satisfaction. To achieve customer satisfaction, the Company did various things, among others: **(GRI 103-2)**

1. Offering products and services in accordance with predetermined quality standards.
2. Providing the best service to customers and following up on customer complaints fairly without discrimination.
3. Conducting sustainable promotions in a healthy, fair, honest, not misleading manner and are accepted by the norms that are generally accepted in society.
4. Employees were required to support the Company in its efforts to achieve customer satisfaction and trust.

Another effort to achieve customer satisfaction was that the Company continued to make various product and service innovations. Innovations during 2020 included launching a new Mobile Banking service application that was expected to attract millennial customers to make transactions. Meanwhile, to increase the acquisition of third party fund savings, the Company launched the Batara Spekta, held a promotion of mortgage loan interest rates starting at 4.44% fixed for one year, and free of fees such as administration fees, appraisals, provisions and additional top-up savings of IDR 144,000 to IDR 440,000 depending on the amount of the plafond received along with the momentum of the 44th Anniversary of KPR on December 10, 2020; launched a Special KPR TNI / Polri to coincide with the 75th Anniversary of the TNI, October 5, 2020, under the name KPR BTN Patriot, and others. **(F.26)**

Like existing products and services, the Company provided clear information about the products and innovations made so that customers felt safe with their choices. As for the marketing of products and services provided, the Company conducted marketing communications by referring to various applicable regulations. Thus, during the reporting year, there was no negative impact on products and services issued by the Company. In addition, there were also no products and services withdrawn or canceled for some reason. Moreover, during 2020, the Company also did not record any incidents of non-compliance related to marketing communications. **(GRI 103-3, 417-3)(F.27)(F.28)(F.29)**

The Company's commitment to providing the best services and products, as well as being equal to all customers, was the implementation and adherence to various regulations on customer protection as consumers. These regulations were the Financial Services Authority Regulation No. 1 / POJK.07 / 2013 concerning Consumer Protection in the Financial Services Sector and the Law of the Republic of Indonesia No. 8 of 1999 concerning Consumer Protection. **(F.17)**

Furthermore, in line with the government's program to cut the spread of Covid-19, the Company continued to provide services to customers, although with a number of adjustments. There were a number of outlets that were temporarily closed; there were also outlets that operated on certain days, namely Monday. Adjustments were also made regarding working hours and operational services, from 09.00 to 15.00.

In the effort to achieve customer satisfaction, the human capital factor behind those various programs, including their competence and expertise, are very important. When information technology dominates, Digital Banking is the answer offered by Bank Tabungan Negara. In this context, the technological aspects are very important, even become the main necessity. Therefore, the Company continues to strive and ensure that the existing IT system is well planned and able to adjust to the needs and trends of business development (IT as Business Enabler). In line with that, to provide plenary services, the Company is also aware of the importance of Risk Management, the effective implementation of the Compliance Function, and the implementation of Internal Control.

Transformation and Implementation of the Company's IGRC

Transformation is a mandatory aspect for the Company to be able to sustain, even to grow in the midst of intense competition in the field of financial services. To achieve that goal, the Company has set some strategic pillars, namely: focused and specific business segment, agile organization, human capital, and work culture, optimization of sales channels and IT infrastructure.

In carrying out the strategic pillars, the Company has launched the transformation of the main functions of Head Office, Regional Offices and Branch Offices. Furthermore, the transformation plan is also supported by the development of new operating models that include: (1) Business Process Improvement, (2) Network & Distribution Design, and (3) completing the organizational design such as increasing the role of risk management and improving human capital capacity.

To ensure that Head Office, Regional Offices, and Branch Offices can perform its function properly and integratedly, the role of Integrated Governance, Risk, and Compliance (IGRC) is very important. IGRC is also very important to ensure that business processes and Risk Management run properly and supported by human capital with sufficient competence.

The framework of iGRC used by the Company includes aspects as follows:

1. Business Strategy:
This aspect is very important for Head Office in determining the overall strategy and direction of the bank's Risk Strategy.
2. Business Management:
This aspect is significantly needed for the Head Office to determine policies, monitoring tools, and risk analysis.

Digital Banking

Saat ini, disrupsi ekonomi tidak dapat dihindari. Selain At present, economic disruption is inevitable. In addition to optimize the flow of funds from unicorns in the digital ecosystem, banks must also be flexible in opening opportunities for collaboration with start-ups and financial technology to improve service excellence in financial services, which has an impact on the increasing customer trust and fee-based income.

In facing the development of digital technology, the Company took advantage of the development of the digital ecosystem in Indonesia through two strategies. First, the Company partners with Plug n Play Indonesia in finding start-up companies that will serve as strategic partners to meet the Company's needs in digital transformation. Second, enhancing e-channel

- The company focuses on increasing collaboration with e-commerce and fintech.
- One of them becomes e-commerce acquirer considering e-commerce transaction in Indonesia rapidly develops.

In line with the strengthening of digital banking, the Company continued to polish the features of Mobile Banking transactions so that customers were increasingly interested in using them. As an illustration, at the end of 2019, there were only 62 features in Bank BTN Mobile Banking, now no less than 297 features appeared on Mobile Banking, including SPP payments to a number of universities, Drinking Water Company payments, purchasing streaming vouchers, BPJS (National Health insurance) payments and so on. The company planned to continue adding these features to reach more than 489 features in the Mobile Banking of the Company.

Customer Education

The Company continued to make efforts to disseminate its products and services. These activities were packaged into customer education programs, including:

- o **BTN Zone**
The Company provided BTN Zone facilities on several college campuses. This facility was a system infrastructure and services with a digital solution concept from the Company's with the aim of increasing convenience and facilitating smartcard / digital-based transaction and access services. The BTN Zone provided access for students to connect to the internet, learnt about the Company's banking products, and experienced firsthand the ease of making transactions with digital solutions applications that could encourage a cashless society. BTN Zone had been present at Diponegoro University, Syiah Kuala University, Jenderal Soedirman University, Yogyakarta State University, and Bandung Institute of Technology.

- o **Digital Application**

Education programs for customers were also carried out through banking applications for smart phones other than internet banking which could be downloaded via the playstore/appstore. This application made it easy for customers to make credit card/insurance bill payments, transfer and pay for e-commerce purchases as well as top up digital payments such as gopay, grabpay, and so on.

Customer Data Privacy and Security

The Company has complete data from every customer. The data are obtained since every applicant must fill the form completely before they become customers. The data is personal information that is only known by the Company and customers so that their privacy must be strictly maintained. In the midst of various ease of data access along with advances in information technology, including the risk of cybercrime, the privacy and security of customer data are the top priority for the Company. **(GRI 103-1)**

With regard to customer data privacy, the Company has always complied with relevant laws and regulations. In this context, the Company refers to Act Number 7 of 1992 concerning Banking, Act Number 10 of 1998 concerning the amendment to Act Number 7 of 1992, and Bank Indonesia Regulation Number 2/19 / PBI / 2000 concerning Requirements and Procedures for the Issuance of Bank's Confidential or Written Permits related to customer privacy. Guided by these various regulations, the Company always preserves and maintains the privacy and security of customer data on every transaction. **(GRI 103-2)**

To realize the commitment and to increase information security that are able to ensure smooth-running business and create better, safer, successful, and auditable operational activities, and to maintain the image of the Company as a trusted bank, the Company has a specific policy, namely the Board of Directors' Circular Number 40/DIR/ICTD / 2016 concerning the Information Security Guidelines of PT Bank Tabungan Negara (Persero) Tbk. In this policy, prerequisites have been established to ensure that all confidential and sensitive information is protected from computer malwares, thus minimizing the malware attack.

The various efforts have been made by the Company to protect customer data including installing all software that has been authorized (approved) and periodically updated, providing information technology security (IT) training to users who use IT resources, implementing management or standardizing passwords to ensure secure access to protected information. In addition, periodically, the Company also evaluates the overall data security system. Until now, in general, our data security system is still very adequate and effective to provide security protection for customer data.

The Company's high commitment in maintaining customer privacy and data result in the zero complaints related to violations of customer privacy, such as data leakage, hack, or loss of customer data. In addition, there are also no similar complaints from the authorities in the financial industry. **(GRI 103-3, 418-1)**

Customer Satisfaction Survey [F.30]

The Company continues to strive to provide the best service to customers. The company hopes that the efforts made can answer and meet customer expectations so that they get satisfaction with the service. Referring to the results of the survey "Bank Service Excellence Monitor (BSEM)" held by Infobank and Marketing Research Indonesia (MRI) in 2020, the Company's customer satisfaction according to the category "Overall Service Performance, plus Digital Services in 2020" is 75.62%.



Board of Commissioners Statement on Accountability for PT Bank Tabungan Negara (Persero) Tbk. (G.2) 2020 Sustainability Report

We as the Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk. have evaluated the contents of this Sustainability Report and declared that the report has covered all sustainability topics that are material to the Company and its Stakeholders. We hold accountability for the truthfulness of this Sustainability Report contents.

Jakarta, February 2021



Chandra M. Hamzah
President Commissioner/Independent



Eko D. Heripoerwanto
Commissioner



Heru Budi Hartono
Commissioner



Andin Hadiyanto
Commissioner



Armand B. Arief
Independent Commissioner



Ahdi Jumhari Luddin
Independent Commissioner

Board of Directors Statement on Accountability for PT Bank Tabungan Negara (Persero) Tbk. (G.2) 2020 Sustainability Report

We as Board of Directors of PT Bank Tabungan Negara (Persero) Tbk. has evaluated the contents of this Sustainability Report and declared that the report has covered all sustainability topics that are material to the Company and its Stakeholders. We will be hold accountable for the truthfulness of this Sustainability Report contents.

Jakarta, February 2021



Nixon L. P. Napitupulu
Plt. President Director



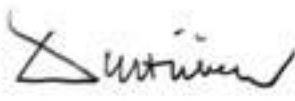
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Andi Nirwoto
Director Operation, IT
and Digital Banking



Jasmin
Director of Distribution and
Retail Funding



Setiyo Wibowo
Director of Enterprise Risk
Management, Big Data and Analytics

Feedback Sheet (G.3)

Thank you for reading PT Bank Tabungan Negara (Persero) Tbk. 2020 Sustainability Report. To realize better reporting quality in the coming year, we expect suggestions, criticisms and suggestions from readers and users of this report. The company is committed to continuously improving sustainability performance and providing the best for stakeholders.

Profile

Name :

Institution / Company :

Telp/HP :

Stakeholder Category :

- Customer
- Shareholders
- Employee
- Government and Policy makers
- Work Partners, Supplier
- Mass Media
- Community, Local Community
- Other, please specify

Please choose the appropriate answer by putting a √ in front of the available answers:

1. Does this report describe the Company's performance in contributing to sustainable development?
 - Agree
 - Disagree
 - I don't know
2. Is this report useful for?
 - Agree
 - Disagree
 - I don't know
3. Is this report easy to understand?
 - Agree
 - Disagree
 - I don't know
4. Is this report interesting?
 - Agree
 - Disagree
 - I don't know

Please write the answers according to your opinion:

1. Which piece of information is the most useful and interesting?
.....
2. Which part of the information is not useful so it needs to be improved?
.....
3. Is the data presented transparent, reliable and balanced?
.....
4. Suggestion/comment for future improvement of the report:
.....

We really appreciate the feedback you provide. For this, please send this feedback sheet to:

PT Bank Tabungan Negara Persero Tbk (GRI 102-53)

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Financial Services Sector Supplements

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Link GRI Standard and SDGs

Sustainable Development Goals/SDGs are new development agreements that encourage changes that shift towards sustainable development based on human rights and equality to encourage social, economic, and environmental development. SDGs consist of 17 Objectives and 169 targets in the framework of continuing the efforts and achievements of Millennium Development Goals (MDGs), which ended late in 2015.

In accordance with the national development goals set out in the National Medium-Term Development Plan (RPJMN), Indonesia adopted SDGs in Indonesia's SDGs (<http://sdgsindonesia.or.id/>). Referring to this site, there are four pillars of SDGs as follows:

- o Pillar of Social Development
SDGs Social Development is the achievement of fair and equal fulfillment of quality basic human rights to improve the whole community's welfare.
- o Pillar of Environmental Development
SDG's Environmental Development is the achievement of sustainable management of natural resources and the environment as a buffer for all life.





- o Pillar of Economic Development
SDG's Economic Development is the achievement of quality economic growth through the sustainability of work and business opportunities, innovation, inclusive industry, adequate infrastructure, affordable clean energy, and supported by partnerships.
- o Pillar of Legal Development and Governance
SDG's Legal Development and Governance is the realization of legal certainty and effective, transparent, accountable, and participatory governance to create security stability and achieve a state based on law.

SDGs are enforced with universal, integrated, and inclusive principles to ensure that no one will be left behind or "No-one Left Behind". Ministry of PPN/Bappenas invites all parties to actively participate in voicing and making efforts to achieve SDGs.

The Company is committed to contributing to the achievement of SDGs in Indonesia. This commitment is realized through various operational activities and the implementation of the Company's social responsibility, as stated in the Bank's Sustainability Action Plan (RAKB), Corporate Social Responsibility (CSR), and the Partnership and Community Development Program (PKBL).

Support for SDGs is implemented by linking various programs/activities carried out by the Company with Indonesian SDGs, as well as GRI Standard with SDGs, in accordance with SDG Compass guidelines published by GRI, United Nations Global Compact, and World Business Council for Sustainable Development (WBCSD), as per the table below:

Logo	Company Programs/ Activities that are appropriate	Compliance with GRI Standards Disclosures	Page
	<ul style="list-style-type: none"> o Economic Performance o Provision of employment / staffing o Supply chain provision o Indirect Economic Impact, CSR and PKBL Programs o Socio-Economic Compliance 	<p>201-1</p> <p>102-8, 401-1, 401-2, 401-3</p> <p>102-9</p> <p>203-1, 203-2</p> <p>419-1</p>	<p>90</p> <p>55,117,120,121</p> <p>56</p> <p>105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Economic Performance o Provision of employment / staffing o Supply chain provision o Indirect Economic Impact, CSR and PKBL Programs o Socio-Economic 	<p>201-1</p> <p>102-8, 401-1, 401-2, 401-3</p> <p>102-9</p> <p>203-1, 203-2</p> <p>419-1</p>	<p>90</p> <p>55,117,120,121</p> <p>56</p> <p>105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Occupational Health and Safety o Indirect Economic Impact, CSR and PKBL Programs o Socio-Economic Compliance 	<p>403-2</p> <p>203-1, 203-2</p> <p>419-1</p>	<p>119</p> <p>105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Training and Education o Indirect Economic Impact, CSR, and PKBL Programs o Socio-Economic Compliance 	<p>404-1, 404-3</p> <p>203-1, 203-2</p> <p>419-1</p>	<p>119,120</p> <p>105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Diversity and Equal Opportunity o Provision of employment / staffing o Customer Privacy o Indirect Economic Impact, CSR and PKBL Programs o Socio-Economic Compliance 	<p>405-1</p> <p>102-8, 401-1, 401-2, 401-3</p> <p>418-1</p> <p>203-1, 203-2</p> <p>419-1</p>	<p>120</p> <p>55,117,120,121</p> <p>140</p> <p>105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Water o Environmental Compliance 	<p>303-1</p> <p>307-1</p>	<p>113</p> <p>114</p>
	<ul style="list-style-type: none"> o Energy o Environmental Compliance 	<p>302-1, 302-4</p> <p>307-1</p>	<p>112,11</p> <p>114</p>

Logo	Company Programs/ Activities that are appropriate	Compliance with GRI Standards Disclosures	Page
	<ul style="list-style-type: none"> o Provision of employment / staffing o Indirect Economic Impact, CSR and PKBL o Socio-Economic Compliance 	<p>102-8, 401-1, 401-2, 401-3 203-1, 203-2</p> <p>419-1</p>	<p>55,117,120,121 105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Economic Performance o Provision of employment o Diversity and Equal Opportunity o Indirect Economic Impact, CSR and PKBL o Socio-Economic Compliance 	<p>201-1 201-3 102-8, 401-1, 401-2, 401-3 405-1, 405-2 203-1, 203-2</p> <p>419-1</p>	<p>105,106 55,117,120,121 120 105,106</p> <p>138</p>
	<ul style="list-style-type: none"> o Indirect Economic Impact, CSR and PKBL 	<p>203-1, 203-2</p>	<p>105,106</p>
	<ul style="list-style-type: none"> o Material o Effluent and waste o Environmental compliance 	<p>301-1 306-2 307-1</p>	<p>111 114 114</p>
	<ul style="list-style-type: none"> o Material o Energy o Water o Effluent and waste o Environmental compliance o Indirect Economic Impact, CSR and PKBL 	<p>301-1 302-1, 302-4 303-1 306-2 307-1 203-1, 203-2</p>	<p>111 112,111 113 114 114 105,106</p>
	<ul style="list-style-type: none"> o Material o Energy o Water o Effluent and waste o Environmental compliance o Indirect Economic Impact, CSR and PKBL 	<p>301-1 302-1, 302-4 303-1 306-2 307-1 203-1, 203-2</p>	<p>111 112,111 113 114 114 105,106</p>



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2020 SUSTAINABILITY REPORT

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